AUSTRALIAN GOVERNANCE MASTERS

INDEX FUND LIMITED ABN 48 140 842 397

2017 ANNUAL REPORT

CONTENTS

CHAIRMAN'S LETTER

30 JUNE 2017

Welcome to the Annual Report for the Australian Governance Masters Index Fund Limited (**Company** or **AQF**) for the financial year ended 30 June 2017 (**FY17**).

STRONG SHAREHOLDER RETURNS

FY17 produced strong returns for investors, with a total shareholder return of 16.3%[1] and a net profit after tax and unrealised movements of $5.5 million. This compares to a net after tax and unrealised movements of $0.8 million the prior financial year ended 30 June 2016.

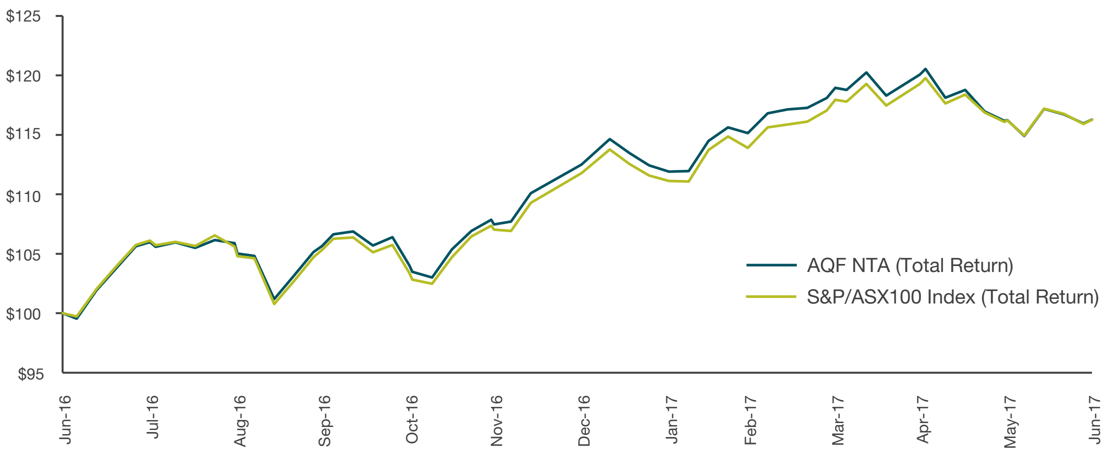
As at 30 June 2017, the Company's pre-tax net tangible asset (**NTA**) value was at $1.94 per share and the post-tax NTA was at $1.83 per share. This compares to the pre-tax NTA of $1.78 per share and post-tax NTA of $1.72 per share as at 30 June 2016.

The Company paid a fully franked dividend of 3 cents per share on 22 September 2016, a special fully franked dividend of 2 cents per share on 9 January 2017 and a fully franked dividend of 3 cents per share on 31 March 2017. Total dividends paid for the year were $2,184,078, of which $644,137 was reinvested as part of the Company's Dividend Reinvestment Plan.

Basic and diluted earnings per share after tax were 7.08 cents, while the Company produced a fully franked dividend yield of 4.7% during FY17.

The performance over the financial year of the Company's weekly pre-tax NTA per share against the S&P/ASX 100 Accumulation Index (**Index**) is shown below (assuming reinvestment of dividends including franking credits and prices rebased to $100 at the beginning of FY17):

AQF NTA performance relative to Index



Source: Bloomberg, Walsh & Company Asset Management Pty Ltd

1. Based on the Company's pre-tax NTA performance and assuming reinvestment of dividends (including franking credits).

PROMOTING POSITIVE CORPORATE GOVERNANCE

The Company pursues an active corporate governance strategy by investing in approximately 75 to 85 of the best governed Australian companies within the Index, as ranked by the Company's corporate governance analysis and third party research.

The Company actively participates in shareholder meetings and corporate actions by voting in accordance with corporate governance best practices. During FY17, the Company participated in 77 shareholder votes, voting on a total of 473 resolutions.

CAPITAL MANAGEMENT

The Company's goal is to manage its capital to achieve the most efficient capital structure and optimise returns to shareholders. At the Company's Annual General Meeting (**AGM**) on 28 November 2016, shareholders approved:

- the on-market buy-back of up to 25% of the issued ordinary Shares during the 12-month period beginning 29 November 2016; and
- the issue of up to 14,142,728 fully paid ordinary Shares.

In FY17, the Company bought back 3,830,208 shares.

Sincerely

Mr Jeffrey Robert Whalan

Chairman

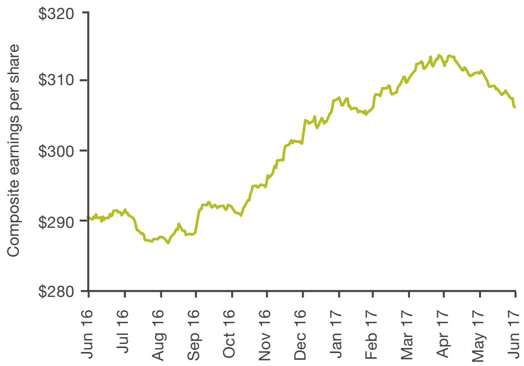
MANAGER'S REPORT

30 JUNE 2017

MARKET COMMENTARY

The S&P/ASX 100 Accumulation Index (**Index**), which adjusts for the reinvestment of dividends, posted a strong gain of 14.6% in FY17 which was broadly in line with the positive return of 14.4% posted by the US large-cap, S&P 500 Total Return Index. The pick-up in global economic conditions, supported by improving growth in China, Europe and Japan, helped push S&P/ASX 100 earnings per share estimates and equity markets higher. Interestingly, Price-to-Earnings ratios finished FY17 very close to where they started. Overall, it was a more optimistic earnings outlook for Australia's largest companies that drove share prices gains.

S&P/ASX 100 consensus earnings estimates (1 July 2016 – 30 June 2017)



S&P/ASX 100 Price-to-Earnings ratio (1 July 2016 – 30 June 2017)

Source: Bloomberg, composite consensus earnings estimates (12 months forward)

FY17 was an eventful year marked by political uncertainty and continued attention on central banks' policies. Perhaps most notable was the initial volatility in November 2016, following Donald Trump's surprise presidential election win. Market concerns regarding Trump's policies (or lack there-of) and a global markets sell-off were both very short-lived, with a frenzied re-evaluation of views on President Trump by market participants and a remarkable perspective shift towards the benefits of the Trump administration's pro-growth agenda. US equity markets quickly resumed their upward trajectory and largely maintained positive momentum over the remainder of FY17. The US Federal Reserve (**Fed**) announced three rate hikes during the year, with the target range for the federal funds rate at 1.0% – 1.25% by financial year end. The current stance of US monetary policy remains accommodative to further strengthening of the labour market and potentially a sustained return to inflation at, or above, 2.0%. The European Central Bank left its easy monetary policy stance unchanged and retained its asset purchases outlook of €60 billion a month until December 2017 or beyond, if necessary. China's economic growth continued to exceed consensus expectations. March quarter, 2017 GDP increased 6.9% from a year earlier as the government continued to implement an expansionary fiscal policy while maintaining a prudent monetary policy. Locally, the Reserve Bank of Australia (**RBA**) cut the official cash rate by 25 basis points to a record low of 1.5% last August, citing persistent low inflation and the need for stronger growth. This rate setting has since remained unchanged.

Within the broader Index, Information Technology (+35.8%), Materials (+28.8%), Utilities (+20.5%), Financials (+19.9%) and Health Care (+19.0%) were the top performing sectors while Telecommunication Services (-22.2%) and REITs (-4.3%) were the only sectors posting losses.

Information Technology was the best performing sector, driven primarily by the strong performance of Computershare (+58.8%). The Company's share price reached its highest point since its IPO in 1999 and delivered a net profit of $150.2 million for 1H17, a 78% rise from the prior corresponding period. While known primarily for its share registry business, Computershare has seen strong growth in its US mortgage processing and servicing business, following the acquisition of two US mortgage servicing companies, Specialised Loan Servicing Group and Capital Markets Co-operative.

The Materials sector rebounded from a poor FY16, benefitting from stronger steel prices (+40.9%)[2] and iron ore prices (+13.2%)[3]. Meanwhile, oil prices appeared to have found support levels with Brent crude oil trading between US$44/barrel to US$56/barrel, after plummeting below US$30/barrel last year. BlueScope Steel (+108.8%) was one of the sector's strongest performers during the period. As Australia's largest steelmaking business, it announced an earnings guidance upgrade of 18% from $510 million to $600 million for the first half of 2017. The Company reported that the increase in guidance was attributable to stronger steel prices across its Australian and New Zealand steel operations, higher profitability on iron sand exports and productivity improvements.

The Utilities sector posted a strong return, largely attributable to higher wholesale electricity prices, with the FY17 annual volume-weighted average spot price increasing more than 60% in New South Wales and Queensland compared with the prior year[4]. AGL Energy (+37.1%) and DUET Group (+24.8%) were the leading performers.

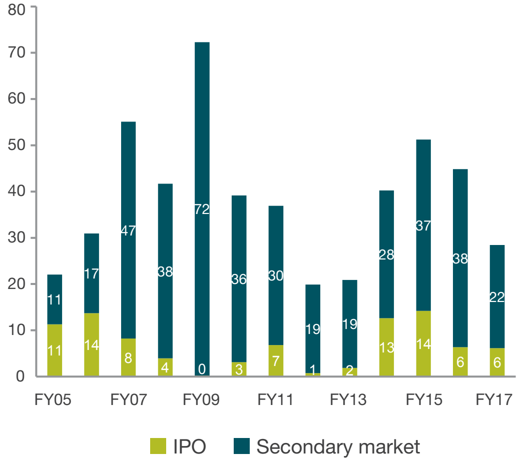
Across the year, the Financials sector, and the 'Big 4' in particular, performed solidly posting double-digit total returns. Australian banks rallied along-side interest rate sensitive financials offshore, as global bond yields increased in anticipation of tighter monetary policy. In the first half of calendar year 2017, the 'Big 4' all recorded solid half-year-profit results. However, concerns around an overextended domestic housing market, new regulatory policies and a softer credit environment generated significant share price volatility across the banking sector, including weakness towards financial year end. In March, Australian Prudential Regulation Authority (**APRA**) initiated additional supervisory measures, including to limit interest only lending, further manage lending to investors, and restrain lending growth in high risk segments. In May, a bank levy was announced, which stipulates that banks with liabilities of more than $100 billion will incur a 0.06% levy. Finally, in June the credit rating agency Moody's cited rising household debt, rising housing prices, and sluggish wage growth as contributing factors to the long-term credit rating downgrades of the Australian banks. The 'Big 4' were all stripped of their Aa2 long-term credit ratings and downgraded to an Aa3 rating.

The Telecommunications sector remained under pressure throughout FY17 due to profitability concerns. The share prices of Vocus Group (-59.0%), TPG Telecom (-50.2%), and Telstra (-17.7%) all declined considerably. Vocus' share price dropped due to underperforming acquisitions and NBN issues, which have resulted in consecutive profit downgrades. There was however some reprieve for Vocus shareholders, with the announcement of a $2.18 billion takeover proposal from US private equity firm Kohlberg Kravis Roberts & Co. (**KKR**) worth $3.50 cash per share.

In FY17, there were 104 Initial Public Offerings on the ASX, with a total value of $6.2 billion, broadly in line with FY16. The largest listings in FY17 were Viva Energy REIT ($911.0 million) and Charter Hall Long Wale REIT ($826.8 million). Neither Company was included in the S&P/ASX 100 during the period and so did not qualify for investment consideration by AQF.

2. Bloomberg Composite Steel Price Index in AUD.
3. Iron ore delivered to Qingdao China – 62% Ferrous Content in AUD.
4. Australian Energy Regulator Statistics - https://www.aer.gov.au/wholesale-markets/wholesale-statistics/annual-volume-weighted-average-spot-prices.

Equity Raisings (by value) in $bn



Source: Bloomberg

The value of completed Australian mergers and acquisitions increased to $96.5 billion in FY17 from $54.5 billion in FY16. The Industrials sector (22.0%) was the most active, followed closely by the Consumer (21.9%) and Utilities (18.8%) sectors. The largest completed deal was the takeover of Australian energy network operator, DUET Group, by a consortium led by Cheung Kong Infrastructure Holdings, at a value of $7.4 billion. Some other notable deals were the acquisition of Headwaters Inc by Boral Ltd for $3.4 billion and Chow Tai Fook Enterprises Limited's $4.0 billion acquisition of Alinta Energy Holdings Pty Limited from TPG Capital.

INVESTMENT PORTFOLIO

The market value of the investment portfolio, allocated across 75 companies, at 30 June 2017 is shown below:

Company	Market value ($)	Weight (%)
COMMONWEALTH BANK OF AUSTRALIA	5,430,763	10.98
WESTPAC BANKING CORPORATION	3,882,459	7.85
AUSTRALIA AND NEW ZEALAND BANKING GROUP	3,197,311	6.47
NATIONAL AUSTRALIA BANK LTD	3,001,758	6.07
BHP BILLITON LTD	2,832,804	5.73
CSL LTD	2,377,015	4.81
TELSTRA CORPORATION LTD	1,939,137	3.92
WESFARMERS LTD	1,724,839	3.49
WOOLWORTHS LTD	1,253,529	2.53
MACQUARIE GROUP LTD	1,141,916	2.31
RIO TINTO LTD	1,017,635	2.06
TRANSURBAN GROUP	921,409	1.86
WOODSIDE PETROLEUM LTD	820,559	1.66
SCENTRE GROUP	817,626	1.65
SUNCORP GROUP LTD	722,994	1.46
AMCOR LIMITED	711,846	1.44
AGL ENERGY LTD	636,200	1.29
QBE INSURANCE GROUP LTD	611,227	1.24
INSURANCE AUSTRALIA GROUP LTD	608,641	1.23
SYDNEY AIRPORT HOLDINGS PTY LTD	601,664	1.22
BRAMBLES LTD	585,941	1.18
NEWCREST MINING LTD	583,511	1.18
AMP LTD	576,059	1.16

Company	Market value ($)	Weight (%)
ARISTOCRAT LEISURE LTD	545,004	1.10
SOUTH32 LTD	535,126	1.08
ORIGIN ENERGY LTD	453,549	0.92
AURIZON HOLDINGS	417,415	0.84
STOCKLAND CORPORATION LTD	398,580	0.81
ASX LTD	393,497	0.80
QANTAS AIRWAYS LTD	392,180	0.79
SONIC HEALTHCARE LTD	387,472	0.78
APA GROUP	387,460	0.78
LEND LEASE GROUP	368,365	0.74
TREASURY WINE ESTATES	368,322	0.74
RAMSAY HEALTH CARE LTD	359,830	0.73
DEXUS PROPERTY GROUP	345,138	0.70
JAMES HARDIE INDUSTRIES	344,646	0.70
COCHLEAR LTD	337,637	0.68
GPT GROUP	325,983	0.66
CALTEX AUSTRALIA LTD	312,591	0.63
BORAL LTD	308,934	0.62
MIRVAC GROUP	299,239	0.61
ORICA LTD	293,987	0.59
MEDIBANK PRIVATE LTD	292,390	0.59
BLUESCOPE STEEL LTD	287,463	0.58
COMPUTERSHARE LTD	268,420	0.54
SEEK LTD	220,625	0.45

Company	Market value ($)	Weight (%)
INCITEC PIVOT LTD	216,654	0.44
TATTS GROUP LTD	208,377	0.42
BENDIGO AND ADELAIDE BANK	198,543	0.40
COCA-COLA AMATIL LTD	184,868	0.37
ALUMINA LTD	169,644	0.34
BANK OF QUEENSLAND LTD	168,155	0.34
MAGELLAN FINANCIAL GROUP LTD	152,419	0.31
DOWNER EDI LTD	151,052	0.31
THE STAR ENTERTAINMENT GROUP LTD	149,510	0.30
HEALTHSCOPE LTD	148,211	0.30
ILUKA RESOURCES LTD	140,642	0.28
TABCORP HOLDINGS LTD	136,956	0.28
ORORA LTD	133,622	0.27
REA GROUP LTD	125,297	0.25
CLYDESDALE BANK PLC	124,203	0.25
JANUS HENDERSON GROUP PLC	117,354	0.24
LINK ADMINISTRATION HOLDINGS	110,055	0.22
BT INVESTMENT MANAGEMENT LTD	107,188	0.22
JB HI-FI LTD	101,286	0.20
DULUXGROUP LTD	100,283	0.20
PERPETUAL LTD	100,007	0.20
ADELAIDE BRIGHTON LTD	94,911	0.19
CSR LTD	85,755	0.17
OZ MINERALS LTD	85,689	0.17

Company	Market value ($)	Weight (%)
FLIGHT CENTRE TRAVEL GROUP LTD	83,647	0.17
GRAINCORP LTD	81,963	0.17
VOCUS COMMUNICATIONS LTD	78,909	0.16
PRIMARY HEALTH CARE LTD	57,315	0.12
LINK ADMINISTRATION HOLDINGS - RIGHTS	5,801	0.01
SUBTOTAL	**48,259,007**	**97.59**
CASH	1,191,333	2.41
TOTAL	**49,450,341**	**100.00**

Note some figures may not reconcile due to rounding. The historical performance of the Manager is not a guarantee of the future performance of the Portfolio or the Company.

Source: Walsh & Company Asset Management Pty Limited.

CORPORATE GOVERNANCE STATEMENT

30 JUNE 2017

The Company is a listed investment company whose shares are traded on the Australian Securities Exchange Limited (**ASX**). The Company has no employees and its day-to-day functions and investment activities are managed by Walsh & Company Asset Management Pty Limited (**Manager**) in accordance with the Management Agreement.

The Company's directors and the Manager's directors and senior management recognise the importance of good corporate governance. The Company's corporate governance framework, policies and practices are designed to ensure the effective management and operation of the Company and will remain under regular review.

A description of the Company's practices in respect of the eight Principles and Recommendations from the Third Edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (**ASX Recommendations**) are set out below. All these practices, unless otherwise stated, were in place for the entire year.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

BOARD ROLES AND RESPONSIBILITIES

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Company and, in particular, is responsible for the Company's growth and success. In meeting its responsibilities, the Board undertakes the following functions:

- providing and implementing the Company's strategic direction;
- reviewing and overseeing the operation of systems of risk management to ensure that any significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and risk is appropriately dealt with;
- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- ensuring the Board is comprised of individuals who will discharge the responsibilities of directors having regard to the law and the best standards of governance;
- reviewing and overseeing internal compliance and legal regulatory compliance;
- ensuring compliance with the Company's Constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*;
- overseeing the Company's process for making timely and balanced disclosures of all material information concerning the Company; and
- communicating with and protecting the rights and interests of all security holders.

Subject to legal or regulatory requirement and the Company's Constitution, the Board may delegate any of the above powers to individual directors, committees of the Board or the Manager. Any such delegation shall be in compliance with the law and the Company's Constitution.

CORPORATE GOVERNANCE STATEMENT

30 JUNE 2017

APPOINTMENT OF DIRECTORS

The Company has adopted a formal process to ensure that appropriate checks are undertaken before appointing a person, or putting forward to security holders a candidate for election as a director. The Company has outsourced part of this function to an external service provider, which specialises in completing background checks, to verify the candidate's experience, education, criminal record and bankruptcy history.

Upon proposing a candidate for election or re-election as a director, the Company provides security holders with all the relevant material information in its possession to allow security holders to make an informed decision on whether or not to elect or re-elect the candidate. This information will generally include:

- biographical details of the candidate, including their qualifications, experience and skills which may be relevant to the Board of the Company; and
- details of any current or past directorships held by the candidate.

Each Director of the Company receives a formal appointment letter outlining their terms of employment, responsibilities, conditions and expectations of their engagement.

ROLE OF THE COMPANY SECRETARY

The Company Secretary of the Company is directly accountable to the Board, through the Board Chairperson on all matters to do with the proper functioning of the Board. This includes:

- advising the Board on governance matters;
- circulating to the Board all board papers in advance of any proposed meeting;
- ensuring that the business at board meetings is accurately captured in the minutes; and
- facilitating the induction and professional development of directors.

DIVERSITY

The Company currently does not have any employees and therefore has adopted a Diversity Policy which is applicable only at the Board Level. A copy of the policy setting out its objectives and reporting practices can be found on the Company's website.

As required by the policy, at the commencement of each financial year, the Board is required to set measurable objectives to allow it to achieve diversity on the board. The measurable objectives for gender diversity, agreed by the Company's Board of Directors for FY2016-17, are set out below:

- At least one female director representation on the Board.

The outcome for the year, as reported by the Board, is set out below:

- As at 30 June 2017, there were 2 female and 2 male directors; and
- The Board was satisfied it had achieved its measurable objectives for FY2016-2017.

2. STRUCTURE THE BOARD TO ADD VALUE

BOARD COMPOSITION

The Company seeks to maintain a Board of Directors with a broad range of skills. The Company has developed a Skills Matrix below which lists the skills that have been identified as the ideal attributes the Company seeks to achieve across its Board membership:

- Leadership
- Industry Knowledge
- Corporate Governance
- Financial & Accounting
- Funds Management
- Risk Based Auditing & Risk Management
- Capital Raising
- Legal

The composition of the current Board is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director at the date of this report are given in the Directors' Report, including the period in office, skills, experience and expertise relevant to the position of director.

The directors of the Company during the reporting period were:

Mr Jeffrey Whalan – Independent Non-Executive Chairman

Mr Maximilian Walsh – Non-Executive Director (retired on 30 June 2017)

Ms Josephine Tan – Independent Non-Executive Director

Dr Ian Watt – Independent Non-Executive Director (appointed on 30 June 2017)

Ms Nerida Cole – Non-Executive Director (appointed on 30 June 2017)

The Company's Constitution stipulates that there must be a minimum of three and a maximum of 10 directors. Having regard to the size of the Company and the nature of its business, the Board has determined that a Board with four members is the appropriate composition and will enable it to continue to effectively discharge its responsibilities to the Company. However, the composition of the Board and its independence will be reviewed periodically.

The Board comprises of three independent non-executive directors, Jeffrey Whalan, Josephine Tan and Ian Watt. An independent non-executive director is a non-executive director who is independent of the Manager and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their judgement.

The Company is committed to diversity in the composition of the Board. The directors will continue to monitor the composition of the Board.

The Company recognises the ASX Recommendations with respect to establishing remuneration and nomination committees as good corporate governance. However, considering the size of the Company, the functions that would be performed by these committees are best undertaken by the Board.

The Board will review its need to have committees in line with the ASX Recommendations and in light of any changes to the size or nature of the Company and, if required, may establish committees to assist it in carrying out its functions. At that time, the Board will adopt a charter for such committees in accordance with the ASX Recommendations and industry best practices.

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case-by-case basis and in conformity with the requirements of the ASX Listing Rules and the *Corporations Act 2001*. In accordance with the corporate governance policy, directors are entitled to seek independent advice at the expense of the Company. Written approval must be obtained from the chair prior to a director incurring any expense on behalf of the Company.

PERFORMANCE EVALUATION

The Board conducts a review of its collective performance and the performance of its directors annually. This process includes consideration of feedback provided by directors via a questionnaire. The Board and individual directors, including the chairman, were evaluated during the year ended 30 June 2017 in accordance with these processes.

INDUCTION AND ONGOING PROFESSIONAL DEVELOPMENT

On appointment, the Directors are individually briefed by the Fund Manager and the Management team. Directors are entitled to receive appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. The Company's Induction Program is structured to enable a new Director to gain an understanding of the Company's Investments, the Company's financial, strategic, operational and risk management position, and their rights, duties and responsibilities.

The Company Secretary is responsible for facilitating the induction and ongoing development of all Directors, and where necessary, from time to time, will recommend relevant courses and industry seminars which may assist Directors in discharging their duties.

3. ACT ETHICALLY AND RESPONSIBLY

CODE OF CONDUCT

The Company is committed to maintaining ethical standards in the conduct of its business activities. The Company's reputation as an ethical business organisation is important to its ongoing success and it expects all its officers to be familiar with, and have a personal commitment to, meeting these standards. In this regard, the directors have adopted a Code of Conduct (**Code**) to define basic principles of business conduct. The Code requires officers and the manager to abide by the policies of the Company and the law. The Code is a set of principles giving direction and reflecting the Company's approach to business conduct and is not a prescriptive list of rules for business behaviour. The Code covers ethical operations, compliance with laws, dealings with customers and public officials, conflicts of interest, confidential and proprietary information and insider trading.

A copy of the Code is available on the Company website in the corporate governance section.

SHARE TRADING POLICY

The Board of the Company has established a Share Trading Policy to apply to trading of the Company's shares on the ASX. This policy outlines the permissible dealing of the Company's shares while in possession of price-sensitive information and applies to all directors of the Company.

The policy places restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

A copy of the Company's Share Trading Policy is available on the Company website.

In addition, the Manager has also established its own Share Trading Policy, which is applicable to its staff in the Funds Management division. Similarly, this policy also places restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

AUDIT COMMITTEE

The Company recognises the ASX Recommendations with respect to establishing an Audit Committee as good corporate governance. However, considering the size of the Company and that the majority of the Board is independent, the functions that would be performed by the Committee are best undertaken by the Board. This is also in line with ASX Recommendations which recognise that "the ultimate responsibility of the integrity of a company's financial reporting rests with the full Board". The Board has adopted a policy to independently verify and safeguard the integrity of its corporate reporting including, but not limited to, the appointment or removal of the external auditor and the rotation of the audit engagement partner.

5. MAKING TIMELY AND BALANCED DISCLOSURE

The Company is committed to complying with its continuous disclosure obligations under the *Corporations Act 2001*, the ASX Listing Rules, releasing relevant information to the market and security holders in a timely and direct manner and to promoting investor confidence in the Company and its securities.

The Board has adopted a Continuous Disclosure Policy to ensure the Company complies with its continuous disclosure obligations under the *Corporations Act 2001* and the ASX Listing Rules.

This policy is administered by the Board and the Manager as follows:

- the Board is involved in reviewing significant ASX announcements and ensuring and monitoring compliance with this policy;
- the Company Secretary is responsible for the overall administration of this policy and all communications with the ASX; and
- Senior management of the Manager is responsible for reporting any material price-sensitive information to the Company Secretary and observing the Company's no comments policy.

6. RESPECT THE RIGHTS OF SECURITY HOLDERS

RIGHTS OF SECURITY HOLDERS

The Company promotes effective communication with security holders. The Board of Directors has developed a strategy within its Continuous Disclosure Policy to ensure security holders are informed of all major developments affecting the Company's performance, governance, activities and state of affairs. This includes the use of a website to facilitate communication with security holders. Each security holder is also provided online access to the Registry to allow them to receive communications from, and send communication to, the Company and the Registry. Information is communicated to security holders through announcements to the ASX, releases to the media and dispatch of financial reports. ASX announcements are also available via the Company website at **www.governancemasters.com.au**.

These include:

- weekly and monthly net tangible asset backing announcements;
- quarterly investment updates;
- the half-year report;
- the annual report;
- the notice of annual general meeting, explanatory memorandum and the Chairman's address;
- occasional ASX announcements made to comply with the Company's continuous disclosure requirements; and
- occasional correspondence sent to security holders on matters of significance to the Company.

The Board encourages full participation of security holders at the general meetings to ensure a high level of accountability and identification with the Company's strategy. Security holders who are unable to attend the Annual General Meeting are given the opportunity to provide questions or comments ahead of the meeting and where appropriate, these questions are answered at the meeting. The external auditor is also invited to attend the annual general meeting of security holders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report.

7. RECOGNISE AND MANAGE RISK

RISK MANAGEMENT

The Board is responsible for identifying, assessing, monitoring and managing the significant areas of risk applicable to the Company and its operations. It has not established a separate committee to deal with these matters as the directors consider that the size of the Company and its operations does not warrant a separate committee at this time. The Board liaises with the Manager to identify and manage risk. The Board also monitors and appraises financial performance, including the approval of annual and half-year financial reports and liaising with the Company's auditors.

In order to evaluate and continually improve the effectiveness of its risk management and internal control processes, the Company has adopted a Risk Management Guideline. The Board will annually review the Company's Risk Management Guideline in the Annual Strategy Meeting to satisfy itself that the Risk Management framework continues to be sound. The last review took place on 28 November 2016.

The Company does not have a material exposure to sustainability risks.

The Board receives a letter half-yearly from the Company's external auditor regarding its procedures and reporting that the financial records have been properly maintained and the financial statements comply with the relevant Accounting Standards.

The Manager provides declarations required by Section 295A of the *Corporations Act 2001* for all financial periods and confirms that in its opinion the financial records of the Company have been properly maintained and that the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view of the financial position and performance of the Company, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Company's external auditor.

Details of the Company's financial risk management are set out in the notes to the financial statements in the Annual Report.

8. REMUNERATE FAIRLY AND RESPONSIBLY

REMUNERATION POLICIES

Due to the relatively small size of the Company and its operations, the Board does not consider it appropriate, at this time, to form a separate committee to deal with the remuneration of the directors.

In accordance with the Company's Constitution, each director may be paid remuneration for ordinary services performed as a director. Under ASX Listing Rules, the maximum fees payable to directors may not be increased without the prior approval from security holders at a general meeting of the Company. Directors will seek approval from time to time as deemed appropriate. The Company does not intend to remunerate its directors through an equity based remuneration scheme.

The maximum total remuneration of the directors has been set at $200,000 per annum to be divided among them in such proportions as they agree. However, both Maximilian Walsh and Nerida Cole have agreed not to be paid any remuneration for the services performed as director. Total directors' fees for the year ended 30 June 2017 were $100,000.

Remuneration of the directors during the year ended 30 June 2017 is set out in the Directors' Report and in the notes to the financial statements.

OTHER INFORMATION

Further information relating to the Company's corporate governance practices and policies has been made available on the Company website at **www.governancemasters.com.au**.

DIRECTOR'S REPORT

30 JUNE 2017

The directors present their report, together with the financial statements, on the Company for the year ended 30 June 2017.

DIRECTORS

The names of the directors in office at any time during, or since the end of, the year are:

Mr Jeffrey Robert Whalan – Independent Non-Executive Chairman

Mr Maximilian Sean Walsh – Non-Executive Director (retired on 30 June 2017)

Ms Josephine Tan – Independent Non-Executive Director

Dr Ian Watt – Independent Non-Executive Director (appointed on 30 June 2017)

Ms Nerida Cole – Non-Executive Director (appointed on 30 June 2017)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

INFORMATION ON DIRECTORS

JEFFREY ROBERT WHALAN AO, BA

Independent Non-Executive Chairman

Jeffrey is an Independent Director of Australian Governance Masters Index Fund Limited. He is Managing Director of the Jeff Whalan Learning Group, a specialist human resources company. He was a senior executive officer in the Australian Public Service from 1990 to 2008.

Jeffrey was appointed an Officer in the Order of Australia in 2008 for his work as chief executive officer of Centrelink. Among other things, the award recognised his achievements in 'the development of corporate accountability processes'.

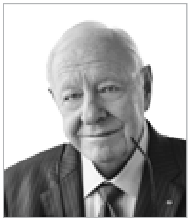
Jeffrey is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

As CEO of Centrelink, Jeffrey was responsible for the largest agency of the Australian Public Service, $70 billion of government outlays and 27,000 staff. Prior to joining Centrelink, he was chief executive officer of Medicare Australia. Jeffrey has held Deputy Secretary positions in the Departments of Prime Minister and Cabinet, Defence and the then Department of Family and Community Services. He has also held senior executive positions in the Transport and Health departments.

He was appointed as independent director and Non-Executive Chairman on 30 November 2009 and he beneficially holds 76,971 fully paid ordinary shares in the capital of the Company.

During the past three years, he has acted as a Non-Executive Director of the following Australian listed public company:

- Global Resource Masters Fund Limited (since 2008, delisted on 11 March 2016).



MAXIMILIAN SEAN WALSH AM, BEC

Non-Executive Director

Max is regarded as one of Australia's leading economics and business journalists. He has specialised in the areas of business, economics and politics in a journalistic career spanning many decades. He has been the Editor and Managing Editor of The Australian Financial Review and editor-in-chief of The Bulletin. He has also served on the board of Northern Star TV (predecessor to Channel Ten).

He was appointed as Non-Executive Director on 30 November 2009 and he directly holds one and beneficially holds 50,000 fully paid ordinary shares in the capital of the Company. Max also served as a Non-Executive Director of the Asian Masters Fund Limited and was also on the Advisory Board of Emerging Markets Masters Fund. He retired from all positions on 30 June 2017. During the past three years, he has acted and was a Non-Executive Director or a director of the responsible entity of the following Australian listed public entities:

- Asian Masters Fund Limited (since 2007, retired on 30 June 2017)
- Global Resource Masters Fund Limited (since 2008, delisted on 11 March 2016)
- Australian Masters Corporate Bond Fund No 5 Limited (since 2009, retired on 25 November 2015)
- Australian Masters Yield Fund No 1 Limited (since 2010, delisted on 28 July 2017, retired on 25 November 2015)
- Australian Masters Yield Fund No 2 Limited (since 2010, delisted on 28 July 2017, retired on 25 November 2015)
- Australian Masters Yield Fund No 3 Limited (since 2011, retired on 25 November 2015)
- US Masters Residential Property Fund (since 2011, until 22 June 2015)
- US Select Private Opportunities Fund (since 2012, until 23 April 2014).

JOSEPHINE TAN BCOM, BSC

Independent Non-Executive Director

Josephine is currently the founding member, Chief Operating Officer (**COO**) and Chief Financial Officer (**CFO**) of Sandown Bay Resource Capital, a London based mining private equity fund focused on turnaround investments in the junior mining sector. Ms Tan is responsible for designing the investment process, governance structure, operation and compliance framework of the fund, as well as overseeing risk management, financial reporting and regulatory compliance.

Prior to her role at Sandown Bay, Josephine was a senior investment banker for UBS AG in both Melbourne and London. During her 10 years at UBS she worked across various teams and industry sectors, including as part of the Australian Resources Group, the European Energy Group and the Global Industrials Group. Ms Tan commenced her career at Boston Consulting Group in Melbourne.

Josephine was appointed as a Non-Executive Director on 25 February 2015 and holds no shares in the capital of the Company. During the past three years, she has not acted as director of any other Australian listed public company.

DR IAN WATT AC

Independent Non-Executive Director

Dr Watt has worked for nearly 20 years at the highest levels of the Australian Public Service, with his most recent appointment as Secretary of the Department of the Prime Minister and Cabinet where he advised on all Government decisions. Prior to that he was Secretary of the Departments of Defence, Finance and Deregulation, Communications, Information Technology and the Arts, and various other public service roles.

Dr Watt was appointed a Companion of the Order of Australia in 2016 for his eminent service to the community through public sector leadership and administration, to innovative and effective governance, program delivery and policy reform, and to the promotion of workplace diversity. He is currently Chair of BAE Systems Australia, and of the National Innovation and Science Agenda Implementation Committee, he holds Board roles with SMART Infrastructure Facility Advisory Council at the University of Wollongong, Prader-Willi Research Foundation Australia and the International Centre for Democratic Partnerships. Dr Watt is also a Director of Citigroup Pty Limited, Smartgroup Corporation, O'Connell Street Associates Pty Ltd and CEDA.

He was appointed as Non-Executive Director on 30 June 2017 and beneficially holds 10,000 fully paid ordinary shares in the capital of the Company.

During the past three years, he has acted as director of the following Australian listed public company:

- Smartgroup Corporation Limited (since 2015)

NERIDA COLE BCOM, SSA, CFP, GAICD

Non-Executive Director

Nerida, Managing Director of the Financial Advisory division of Dixon Advisory, is a highly-respected expert on superannuation, including self managed super funds (**SMSF**), retirement planning and wealth-building strategies. Her expertise in these areas is well regarded, and has been called upon to assist the Parliamentary Joint Committee on Corporations and Financial Services. She also coordinates Dixon Advisory submissions to the federal government on issues affecting SMSF trustees and superannuation members as well as matters of concern to the financial planning industry. Nerida is an executive director on the Board of the Dixon Advisory Group, a member of the Investment Committee and Chair of the Compliance Committee. Prior to her last 12 years at Dixon Advisory, Nerida worked for NAB Financial Planning and ANZ Bank as well as five years of government experience.

She was appointed as Non-Executive Director on 30 June 2017 and beneficially holds 16,109 fully paid ordinary shares in the capital of the Company. During the past three years, she has not acted as director of any other Australian listed public company.

COMPANY SECRETARY

The name of the Company Secretary in office at the date of this report is Ms Hannah Chan.

INFORMATION ON COMPANY SECRETARY

HANNAH CHAN BCOM, MCOM, CA

Hannah has a Bachelor of Commerce degree in Finance from the University of NSW and a Master of Commerce degree in Accounting from the University of Sydney. She is also a member of Chartered Accountants Australia and New Zealand. Prior to joining Dixon Advisory, Hannah gained extensive audit experience while working with Deloitte Touche Tohmatsu and EY (formerly Ernst & Young).

She is also the Company Secretary of Australian Masters Yield Fund Series, Asian Masters Fund Limited, joint Company Secretary of New Energy Solar Limited, Walsh & Company Investments Limited and Walsh & Company Asset Management Pty Limited. She was appointed as Company Secretary on 30 November 2009.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACITIVITIES

The principal activity of the Company during the financial year was investing in securities included in the S&P/ASX 100 Index screened for the relative quality of their corporate governance. There were no significant changes in the nature of these activities of the Company that occurred during the year.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable and where noted ($'000)) under the option available to the Company under ASIC Instrument 2016/191. The Company is an entity to which the ASIC Instrument applies.

REVIEW OF OPERATIONS

The profit for the Company after providing for income tax amounted to $1,922,000 (30 June 2016: $2,346,000).

Total comprehensive income for the financial year was $5,543,000 (2016: $808,000 loss) for the Company.

At 30 June 2017, the Company is in a strong position with total assets of approximately $49.9 million with no borrowings. The net asset value per ordinary share of the Company was $1.83 after unrealised gains and adjustment for tax (2016: $1.72 per ordinary share).

The weighted average number of ordinary shares for the year was 27,149,229. The basic and diluted earnings per share after tax was 7.08 cents.

During the year ended 30 June 2017, the Company bought back 3,830,208 ordinary shares for a total consideration of $6,999,000.

Further details are included in the Chairman's Letter which forms part of this report.

DIRECTOR'S REPORT

30 JUNE 2017

DIVIDENDS PAID

The Company paid a fully franked dividend of 3 cents per share on 22 September 2016, a special fully franked dividend of 2 cents per share on 9 January 2017 and a fully franked dividend of 3 cents per share on 31 March 2017. Total dividends paid for the year was $2,184,000 of which $644,000 was reinvested as part of the Company's Dividend Reinvestment Plan.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year.

Future developments, prospects and business strategies

The Company will continue to undertake its activities as described in this report, that being, investing in approximately 75 to 85 of the best governed Australian companies within the S&P/ASX 100 Index as ranked by the Company's corporate governance analysis and third party research.

ENVIRONMENTAL ISSUES

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

OPTIONS

No options over issued shares or interests in the Company were granted during, or since the end of, the financial year and there were no options outstanding at the date of this report.

INDEMNIFYING OFFICERS OR AUDITOR

The Company has agreed to indemnify, to the extent permitted by the *Corporations Act 2001*, each officer in respect of certain liabilities, which the director may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director of the Company. The Company has also agreed to maintain in favour of each director a directors' and officers' policy of insurance for the period that he or she is a director and for a period of seven years after the officer ceases to be a director. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during, or since the end of, the financial year for the auditor of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all, or any part of, those proceedings.

The Company was not a party to any such proceedings during the year.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

Since 30 June 2017, the Company bought back a further 618,995 fully paid ordinary shares for a total consideration of $1,183,124. The Company's buyback program will continue until close of trade on 28 November 2017.

On 16 August 2017, the Company undertook a rebalancing of it's portfolio, yielding a net consideration of approximately $728,000 to fund further buybacks in accordance with it's buyback program and for fund expenses.

On 21 August 2017, the Company announced a fully franked dividend of $0.03 per share which is anticipated to be paid to shareholders on, or around, 25 September 2017. The record date for determining entitlement to the dividend is 28 August 2017.

Other than those disclosed in the financial report, there were no other matters or circumstances that have arisen since the end of the financial year that will significantly affect the entity's operations, the results of those operations or the state of affairs in future financial years.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors (the Board) held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Board meetings Attended	Board meetings Held
Jeffrey Whalan	5	5
Maximilian Walsh	4	5
Josephine Tan	5	5
Ian Watt	-	-
Nerida Cole	-	-

Held: represents the number of meetings held during the time the director held office.

REMUNERATION REPORT - AUDITED

Under the Company's Constitution, each director may be remunerated for ordinary services performed as a director. Under ASX Listing Rules, the maximum fees payable to directors may not be increased without the prior approval from shareholders of the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate. The maximum total remuneration of the directors has been set at $200,000 per annum, to be divided among them in such proportions as they agree.

(A) REMUNERATION OF NON-EXECUTIVE DIRECTORS

The independent non-executive directors are remunerated by the Company. It is the policy of the Board to remunerate at the market rates corresponding with the responsibilities borne by the independent non-executive directors.

The non-independent and non-executive Directors of the Company, Maximilian Walsh and Nerida Cole, have agreed not to be paid any remuneration for the services they perform as directors.

Directors' Fees

The independent non-executive directors' base remuneration is reviewed annually. Fees paid to each director have remained unchanged from the time of their appointment. The amount of base remuneration is not dependent on the satisfaction of a performance condition, or on the performance of the Company, the Company's share price, or dividends paid by the Company.

These fees exclude any additional fee for any service-based agreement, which may be agreed upon from time to time, and any reimbursement of out-of-pocket expenses.

These fees are inclusive of statutory superannuation benefits.

Retirement Benefits to Directors

The Company does not provide retirement benefits, other than superannuation, to the non-executive directors.

Other Benefits and Incentives

The Company does not pay other benefits and incentives to the non-executive directors.

(B) KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel include the directors who have authority and responsibility for planning, directing and controlling the activities of the Company. No other executive personnel are employed or remunerated by the Company. Details of remuneration paid during the year to key management personnel are set out in the table below.

2017			
Directors	**Short-term benefits – Cash salary $**	**Post-employment benefits – Superannuation $**	**Total $**
Jeffrey Whalan	45,662	4,338	50,000
Josephine Tan	50,000	-	50,000
Total	**95,662**	**4,338**	**100,000**

2016			
Directors	**Short-term benefits – Cash salary $**	**Post-employment benefits – Superannuation $**	**Total $**
Jeffrey Whalan	45,662	4,338	50,000
Josephine Tan	50,000	-	50,000
Total	**95,662**	**4,338**	**100,000**

(C) SERVICE AGREEMENTS

The Company does not presently have formal service agreements or employment contracts with any key management personnel.

(D) BENEFICIAL AND RELEVANT INTEREST OF DIRECTORS IN SHARES AND OPTIONS

At the date of this report, details of directors who hold shares for their own benefit or have an interest in holdings through a third party and the total number of such shares held are listed as follows:

Directors	Number of shares
Jeffrey Whalan	76,971
Maximilian Walsh	50,001
Josephine Tan	-
Ian Watt	10,000
Nerida Cole	16,109

None of the directors holds options over the ordinary shares of the Company. During the year, there were no changes to the number of shares held by Jeffrey Whalan, Maximilian Walsh, Josephine Tan and Ian Watt. Nerida Cole's shareholding increased from 15,669 shares to 16,109 shares from DRP allotments during the year.

(E) RELATED-PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

i) Management fee - Walsh & Company Asset Management Pty Limited

Ms Nerida Cole is a director of the Company, and a director of Dixon Advisory & Superannuation Services Limited and Dixon Advisory Group Limited.

Mr Maximilian Walsh was a Director of the Company and a Director of the ultimate parent of the Manager during the year. The Manager received an annualised management fee of 0.49% (exclusive of GST), calculated with reference to the gross value of the Portfolio less fees payable to Directors of the Company for the performance of their duties as directors and fees payable to the Auditor in connection with the audit of the annual financial statements and the review of the half-yearly financial statements of the Company.

The management fee paid or payable for the year ended 30 June 2017 was $165,000 (2016: $187,000), inclusive of GST. The management fee owed by the Company to Walsh & Company Asset Management Pty Limited at 30 June 2017 was $13,000 (2016: $15,000). The Directors of the Company are satisfied that the management fee is in line with market rates.

ii) Brokerage

Ms Nerida Cole is a director of the Company, and a director of Dixon Advisory & Superannuation Services Limited and Dixon Advisory Group Limited.

Mr Maximilian Walsh was a director of the Company and a director of Dixon Advisory & Superannuation Services Limited.

Dixon Advisory & Superannuation Services Limited, a related entity of Walsh & Company Asset Management Pty Limited, is engaged as a broker by the Company. As investment broker, Dixon Advisory & Superannuation Services Limited receives brokerage of 0.25% (exclusive of GST), on all transactions undertaken by Australian Governance Masters Index Fund Limited in managing the investment portfolio of the Company. During the year, the brokerage paid was $52,000 (2016: $44,000), inclusive of GST. The directors of the Company are satisfied that the brokerage rate is in line with market rates.

This concludes the Remuneration Report, which has been audited.

AUDITOR

William Buck continues in office in accordance with section 327 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 21 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 21 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services are reviewed and approved prior to the engagement commencing to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Mr Jeffrey Robert Whalan
Chairman

21 August 2017

AUDITOR'S INDEPENDENCE DECLARATION

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AUSTRALIAN GOVERNANCE MASTERS INDEX FUND LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2017 there have been:

– no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

– no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
Chartered Accountants
ABN 16 021 300 521

Leo Tutt

L.E. Tutt
Partner

Dated this 21st day of August, 2017

CHARTERED ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000
Telephone: +61 2 8263 4000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150
PO Box 19
Parramatta NSW 2124
Telephone: +61 2 8836 1500
williambuck.com

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Revenue	3	2,258	2,699
Expenses			
Management fee		(154)	(174)
Directors' fees		(100)	(100)
Other expenses		(65)	(50)
Profit before income tax expense		**1,939**	**2,375**
Income tax expense	4	(17)	(29)
Profit after income tax expense for the year attributable to the owners of Australian Governance Masters Index Fund Limited		**1,922**	**2,346**
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on sale and revaluation of investments		4,835	(4,508)
Provision for tax on the above		(1,214)	1,354
Other comprehensive income/(loss) for the year, net of tax		**3,621**	**(3,154)**
Total comprehensive income/(loss) for the year attributable to the owners of Australian Governance Masters Index Fund Limited		**5,543**	**(808)**
		Cents	**Cents**
Basic earnings per share	**5**	**7.08**	**7.64**
Diluted earnings per share	**5**	**7.08**	**7.64**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Assets			
Current assets			
Cash and cash equivalents	6	1,204	206
Receivables	7	464	1,600
Total current assets		**1,668**	**1,806**
Non-current assets			
Financial assets	8	48,259	50,068
Total non-current assets		**48,259**	**50,068**
Total assets		**49,927**	**51,874**
Liabilities			
Current liabilities			
Trade and other payables	9	40	195
Total current liabilities		**40**	**195**
Non-current liabilities			
Deferred tax	10	2,606	1,384
Total non-current liabilities		**2,606**	**1,384**
Total liabilities		**2,646**	**1,579**
Net assets		**47,281**	**50,295**
Equity			
Issued capital	11	38,419	44,792
Reserves	12	7,805	4,184
Retained profits		1,057	1,319
Total equity		**47,281**	**50,295**

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Issued capital $'000	Asset revaluation reserve $'000	Capital profits reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2015	48,624	7,632	(294)	1,445	57,407
Profit after income tax expense for the year	-	-	-	2,346	2,346
Other comprehensive income for the year, net of tax	-	(3,154)	-	-	(3,154)
Total comprehensive income/(loss) for the year	**-**	**(3,154)**	**-**	**2,346**	**(808)**
Transfer to capital profits reserve of cumulative realised gain on disposal of investments (net of tax)	-	(72)	72	-	-
Transactions with owners in their capacity as owners:					
Shares issued (note 11)	733	-	-	-	733
Shares bought back (note 11)	(4,553)	-	-	-	(4,553)
Issue and buyback costs (net of tax) (note 11)	(12)	-	-	-	(12)
Dividends paid (note 13)	-	-	-	(2,472)	(2,472)
Balance at 30 June 2016	**44,792**	**4,406**	**(222)**	**1,319**	**50,295**
Balance at 1 July 2016	44,792	4,406	(222)	1,319	50,295
Profit after income tax expense for the year	-	-	-	1,922	1,922
Other comprehensive income for the year, net of tax	-	3,621	-	-	3,621
Total comprehensive income for the year	**-**	**3,621**	**-**	**1,922**	**5,543**
Transfer to capital profits reserve of cumulative realised gain on disposal of investments (net of tax)	-	(1,122)	1,122	-	-
Transactions with owners in their capacity as owners:					
Shares issued (note 11)	645	-	-	-	645
Shares bought back (note 11)	(6,999)	-	-	-	(6,999)
Issue and buyback costs (net of tax) (note 11)	(19)	-	-	-	(19)
Dividends paid (note 13)	-	-	-	(2,184)	(2,184)
Balance at 30 June 2017	**38,419**	**6,905**	**900**	**1,057**	**47,281**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Interest received from bank		14	20
Dividends received		2,316	2,720
Payment to suppliers		(304)	(324)
Net cash from operating activities	14	2,026	2,416
Cash flows from investing activities			
Proceeds from disposal of investments		10,634	7,208
Payments for purchase of investments		(3,009)	(3,855)
Net cash from investing activities		7,625	3,353
Cash flows from financing activities			
Dividends paid		(1,540)	(1,740)
Payments of issue and buyback costs		(27)	(18)
Payments for share buy-backs		(7,086)	(4,466)
Net cash used in financing activities		(8,653)	(6,224)
Net increase/(decrease) in cash and cash equivalents		**998**	**(455)**
Cash and cash equivalents at the beginning of the financial year		**206**	**661**
Cash and cash equivalents at the end of the financial year	6	**1,204**	**206**

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. GENERAL INFORMATION

The financial statements cover Australian Governance Masters Index Fund Limited (**Company**) as an individual entity. Australian Governance Masters Index Fund Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange Limited (**ASX**).

The financial statements were approved for issue in accordance with a resolution of the directors on 21 August 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company has adopted all of the new and revised pronouncements which became mandatory for the first time in the current annual reporting period. The adoption of these new and revised pronouncements did not result in any changes to the recognition, measurement or disclosure of amounts presented in the financial statements.

OPERATING SEGMENTS

The Company operates in Australia and is engaged in investing activities and derives revenue from financial assets, the results of which are disclosed in these financial statements.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The functional currency of the Company is measured using the currency of the primary economic environment in which that Company operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT)

REVENUE RECOGNITION

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Dividends

Revenue is recognised when the Company's right to receive the payment is established.

All revenue is stated net of the amount of Goods and Services Tax (**GST**).

INCOME TAX

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense. Current income tax expense (benefit) charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, at the end of the reporting period.

Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists. The deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

FINANCIAL INSTRUMENTS

Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by market place convention. The Company has early adopted AASB 9 'Financial Instruments', which was issued on 7 December 2009. AASB 9 includes requirements for the classification and measurement of financial assets. The revised standard was adopted from 1 July 2012. There were no adjustments required upon initial adoption of this standard.

(i) Financial assets

Initial recognition and measurement

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs. The Company determines the classification of its financial assets at initial recognition.

Subsequent measurement

The Company classifies its financial assets into those to be measured subsequently at fair value and those to be measured at amortised cost. The classification depends on the Company's business model for managing the financial asset, and the contractual terms of the cash flow.

Equity investments

The Company has irrevocably elected to present subsequent changes in fair value of equity instruments in other comprehensive income through the asset revaluation reserve after deducting a provision for the potential deferred capital gains tax liability as these investments are long term holdings of equity instruments. Dividends earned from such investments are recognised in the profit or loss unless they clearly represent a repayment of part of the cost of the investment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT)

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest rate method and net of any impairment losses if:

- The asset is held within a business model with an objective to hold assets in order to meet contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Derecognition

Cumulative gain or loss on derecognition of equity investments, net of tax thereon, are transferred from the asset revaluation reserve to the capital profits reserve.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as derivative and non-derivative instruments, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Subsequent measurement

Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method.

(iii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal (or most advantageous) market at balance date under market conditions.

Fair value is determined as the redemption value for investments. When the redemption price is not available, alternative techniques are applied to determine the fair value of these investments, including recent arm's length transactions, reference to similar instruments and option pricing models.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(iv) Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets carried at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For trade and other receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

OTHER PAYABLES

Other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. The balance is unsecured and is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

DIVIDENDS

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

EARNINGS PER SHARE

Basic earnings per share is determined by dividing the operating profit or loss after income tax excluding any cost of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is the same because there are no dilutive potential ordinary shares.

COMPARATIVE FIGURES

Comparative figures are, where appropriate, reclassified so as to be compatible with the figures presented for the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT)

GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

In most cases, the Company qualifies for Reduced Input Tax Credits (**RITCs**) at a rate of 75%; hence expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office.

The net amount of GST recoverable from the Australian Taxation Office is included in Receivables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable and where noted ($'000)) under the option available to the Company under ASIC Instrument 2016/191. The Company is an entity to which the ASIC Instrument applies.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2017. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard was early adopted in part during the 2013 financial year in accordance with the transitional provisions of AASB 9 which was issued in December 2009 and available for early adoption at that time. The complete AASB 9 standard as issued in December 2014 incorporating the impairment and hedge accounting requirements has not yet been adopted by the Company, however on mandatory application it was not expected to have any significant impact on the Company's reported financial position or performance due to the nature of the Company's financial instruments. The Company will adopt this standard from 1 July 2018.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. AASB 15 establishes a single, comprehensive framework for revenue recognition, and replaces the previous revenue Standards AASB 118 Revenue and AASB 111 Construction Contracts, and the related Interpretations on revenue recognition Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers and Interpretation 131 Revenue—Barter Transactions Involving Advertising Services.

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the Company expects to be entitled in exchange for those goods or services.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company will adopt this standard from 1 July 2018 but the impact of its adoption is expected to be minimal.

3. REVENUE

	2017 $'000	2016 $'000
Dividends revenue	2,244	2,687
Interest income	14	12
Revenue	**2,258**	**2,699**
Dividend and distribution income from:		
Investments held at the end of the year	2,040	2,531
Investments derecognised during the year	204	156
Total dividend revenue	**2,244**	**2,687**

4. INCOME TAX EXPENSE

	2017 $'000	2016 $'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	1,939	2,375
Tax at the statutory tax rate of 30%	**582**	**713**
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Rebateable franked dividends	(571)	(684)
	11	29
Other	6	-
Income tax expense	**17**	**29**

5. EARNINGS PER SHARE

	2017 $'000	2016 $'000
a) Earnings used in calculating earnings per share		
Profit after income tax attributable to the owners of Australian Governance Masters Index Fund Limited	1,922	2,346

	Number	Number
b) Weighted average number of shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	27,149,229	30,713,172
Weighted average number of ordinary shares used in calculating diluted earnings per share	**27,149,229**	**30,713,172**

	Cents	Cents
Basic earnings per share	7.08	7.64
Diluted earnings per share	7.08	7.64

There are no instruments on issue that could potentially dilute basic earnings per share in the future.

6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2017 $'000	2016 $'000
Cash at bank	1,204	206

The weighted average interest rate on cash at bank is 1.39% (2016: 1.61%) as at year end.

7. CURRENT ASSETS - RECEIVABLES

	2017 $'000	2016 $'000
Unsettled trades	-	1,065
Dividends receivable	457	530
GST receivable	7	5
	464	**1,600**

There are no balances above that contain assets that are impaired or past due. All the receivables above are non-interest bearing.

Due to the short-term nature of the balances, the carrying amount is considered a reasonable approximation of fair value.

The unsettled trades receivable balance represents the value of equity investments sold prior to 30 June where consideration is due to be received post balance date.

8. NON-CURRENT ASSETS - FINANCIAL ASSETS

	2017 $'000	2016 $'000
Equity investments		
Fair value through other comprehensive income	48,259	50,068

	2017 $'000	2016 $'000
Reconciliation of financial assets		
Carrying amount at the beginning of the year	50,068	58,917
Additions	2,929	3,934
Revaluation to fair value	3,229	(4,514)
Disposals	(7,967)	(8,269)
Carrying amount at the end of the year	**48,259**	**50,068**

8. NON-CURRENT ASSETS - FINANCIAL ASSETS (CONT)

DISPOSAL OF INVESTMENTS

During the year ended 30 June 2017, the fair value of disposed equity investments at disposal date was $9,561,000 (2016: $8,205,000), and the total realised gain on disposals transferred to capital profits reserve was $1,122,000 (2016: $72,000).

Disposals occurred in the normal course of the Company's operations as a listed investment company.

Equity investments at 30 June 2017

All of the following investments are measured at fair value through other comprehensive income.

Investment	Fair Value 2017 $'000
COMMONWEALTH BANK OF AUSTRALIA	5,431
WESTPAC BANKING CORPORATION	3,882
AUSTRALIA AND NEW ZEALAND BANKING GROUP	3,197
NATIONAL AUSTRALIA BANK LTD	3,002
BHP BILLITON LTD	2,833
CSL LTD	2,377
TELSTRA CORPORATION LTD	1,939
WESFARMERS LTD	1,725
WOOLWORTHS LTD	1,254
MACQUARIE GROUP LTD	1,142
RIO TINTO LTD	1,018
TRANSURBAN GROUP	921
WOODSIDE PETROLEUM LTD	821
SCENTRE GROUP	818
SUNCORP GROUP LTD	723
AMCOR LIMITED	712
AGL ENERGY LTD	636
QBE INSURANCE GROUP LTD	611
INSURANCE AUSTRALIA GROUP LTD	609

Investment	Fair Value 2017 $'000
SYDNEY AIRPORT HOLDINGS PTY LTD	602
BRAMBLES LTD	586
NEWCREST MINING LTD	584
AMP LTD	576
ARISTOCRAT LEISURE LTD	545
SOUTH32 LTD	535
ORIGIN ENERGY LTD	454
AURIZON HOLDINGS	417
STOCKLAND CORPORATION LTD	399
ASX LTD	393
QANTAS AIRWAYS LTD	392
SONIC HEALTHCARE LTD	387
APA GROUP	387
LEND LEASE GROUP	368
TREASURY WINE ESTATES	368
RAMSAY HEALTH CARE LTD	360
DEXUS PROPERTY GROUP	345
JAMES HARDIE INDUSTRIES	345
COCHLEAR LTD	338
GPT GROUP	326
CALTEX AUSTRALIA LTD	313
BORAL LTD	309
MIRVAC GROUP	299
ORICA LTD	294
OTHER LISTED INVESTMENTS	4,686
Total Investments at fair value through other comprehensive income	**48,259**

9. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2017 $'000	2016 $'000
Unsettled trades	-	166
Accrued liabilities	25	16
Other payables	15	13
Carrying amount at the end of the year	**40**	**195**

The unsettled trades payable balance represents the value of equity investments purchased prior to 30 June where consideration is due to be paid post balance date.

10. NON-CURRENT LIABILITIES - DEFERRED TAX

	2017 $'000	2016 $'000
Deferred tax liabilities/(assets) comprise:		
Transaction costs	(12)	(11)
Fair value adjustments and accrued dividends	2,618	1,887
Revenue and capital losses	-	(492)
Deferred tax liability	**2,606**	**1,384**
Movements:		
Opening balance	1,384	2,712
Charged to profit or loss	17	29
Debited to equity	1,205	(1,357)
Closing balance	**2,606**	**1,384**

At 30 June 2017, the Company has $82,610 of unused tax losses for which no deferred tax asset has been recognized in the statement of financial position.

11. EQUITY - ISSUED CAPITAL

	2017 Shares	2016 Shares	2017 $'000	2016 $'000
Ordinary shares - fully paid	25,770,370	29,247,386	38,419	44,792

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	$'000
Balance	**1 July 2015**	**31,407,171**	**48,624**
Issue of ordinary shares(i)	24 September 2015	167,940	280
Issue of ordinary shares(ii)	18 December 2015	109,478	185
Issue of ordinary shares(iii)	30 March 2016	156,561	268
Buyback of shares		(2,593,764)	(4,553)
Issue and buyback costs (net of tax)		-	(12)
Balance	**30 June 2016**	**29,247,386**	**44,792**
Issue of ordinary shares(iv)	22 September 2016	142,880	250
Issue of ordinary shares(v)	9 January 2017	88,675	161
Issue of ordinary shares(vi)	31 March 2017	121,637	234
Buyback of shares		(3,830,208)	(6,999)
Issue and buyback costs (net of tax)		-	(19)
Balance	**30 June 2017**	**25,770,370**	**38,419**

(i) With respect to dividend paid on 24 September 2015, 167,940 ordinary shares were issued at $1.67 per share.
(ii) With respect to dividend paid on 18 December 2015, 109,478 ordinary shares were issued at $1.68 per share.
(iii) With respect to dividend paid on 30 March 2016, 156,561 ordinary shares were issued at $1.71 per share.
(iv) With respect to dividend paid on 22 September 2016, 142,880 ordinary shares were issued at $1.75 per share.
(v) With respect to dividend paid on 9 January 2017, 88,675 ordinary shares were issued at $1.81 per share.
(vi) With respect to dividend paid on 31 March 2017, 121,637 ordinary shares were issued at $1.92 per share.

11. EQUITY - ISSUED CAPITAL (CONT)

ORDINARY SHARES

Holders of ordinary shares participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

CAPITAL RISK MANAGEMENT

The Company's objective in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term.

The Company's capital will fluctuate with prevailing market movements and it may undertake a buyback of its shares in the event that they trade at a sizeable discount to Net Tangible Asset backing.

The Company's capital consists of shareholders' equity. The movement in equity is shown in the Statement of Changes in Equity. There are no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Continuing with its pre-existing buy-back program, the Company was granted shareholder approval at a General Meeting held on 28 November 2016 to purchase up to 25% of the shares on issue. During the year ended 30 June 2017, 3,830,208 shares were bought back at a total cost (excluding securities trade fees) of approximately $7.0 million. This represents 13.1% of the share capital on issue at the end of the previous financial year.

12. EQUITY - RESERVES

	2017 $'000	2016 $'000
Asset revaluation reserve	6,905	4,406
Capital profits reserve	900	(222)
	7,805	**4,184**

ASSET REVALUATION RESERVE

Changes in fair value of financial assets at fair value through other comprehensive income, after provision of deferred tax, are recorded in this reserve.

CAPITAL PROFITS RESERVE

The capital profits reserve records realised gains and losses, after provision of deferred tax, from sale of investments which are transferred from asset revaluation reserve.

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

	Asset revaluation reserve $'000	Capital profits reserve $'000	Total $'000
Balance at 1 July 2015	**7,632**	**(294)**	**7,338**
Gain on investment revaluations	(4,508)	-	(4,508)
Tax on the above	1,354	-	1,354
Transfer to capital profits reserve	(103)	103	-
Tax on the above	31	(31)	-
Balance at 30 June 2016	**4,406**	**(222)**	**4,184**
Gain on investment revaluations	4,835	-	4,835
Tax on the above	(1,214)	-	(1,214)
Transfer to capital profits reserve	(1,602)	1,602	-
Tax on the above	480	(480)	-
Balance at 30 June 2017	**6,905**	**900**	**7,805**

13. EQUITY - DIVIDENDS

DIVIDENDS

Dividends paid during the financial year were as follows:

	2017 $'000	2016 $'000
Fully franked dividend of 3.0 cents per share paid on 24 September 2015	-	940
Fully franked dividend of 2.0 cents per share paid on 18 December 2015	-	619
Fully franked dividend of 3.0 cents per share paid on 30 March 2016	-	913
Fully franked dividend of 3.0 cents per share paid on 22 September 2016	862	-
Fully franked dividend of 2.0 cents per share paid on 9 January 2017	537	-
Fully franked dividend of 3.0 cents per share paid on 31 March 2017	785	-
	2,184	**2,472**

FRANKING CREDITS

	2017 $'000	2016 $'000
Franking credits available at the reporting date based on a tax rate of 30%	819	938
Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date based on a tax rate of 30%	147	174
Franking credits available for subsequent financial years	**966**	**1,112**

The above amounts represent the balance of the franking account at the end of the reporting period, adjusted for:

a. franking credits that will arise from the payment of the amount of provision for income tax;

b. franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period; and

c. franking credits that will arise from the receipt of dividends recognised as receivables at the end of the reporting period.

14. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	2017 $'000	2016 $'000
Profit after income tax expense for the year	1,922	2,346
Change in operating assets and liabilities:		
Decrease in other receivables	70	35
Decrease in tax assets	17	29
Increase in trade payables and accruals	17	6
Net cash from operating activities	**2,026**	**2,416**

The Company does not have any formal loan facilities in place at the date of these financial statements (2016: nil).

15. RELATED PARTY TRANSACTIONS

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the directors' report.

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

Management fee - Walsh & Company Asset Management Pty Limited

Ms Nerida Cole is a director of the Company, and a director of Dixon Advisory & Superannuation Services Limited and Dixon Advisory Group Limited.

Mr Maximilian Walsh was a director of the Company and a director of the parent of the Manager retiring from both positions on 30 June 2017.

The Manager received an annualised management fee of 0.49% (exclusive of GST), calculated with reference to the gross value of the Portfolio less fees payable to directors of the Company for the performance of their duties as directors and fees payable to the Auditor in connection with the audit of the annual financial statements and the review of the half-yearly financial statements of the Company.

The management fee paid or payable for the year ended 30 June 2017 was $165,000, inclusive of GST (2016: $187,000). The management fee owed by the Company to Walsh & Company Asset Management Pty Limited at 30 June 2017 was $13,000 (2016: $15,000).

The Directors of the Company are satisfied that the management fee is in line with market rates.

15. RELATED PARTY TRANSACTIONS (CONT)

Brokerage - Dixon Advisory & Superannuation Services Limited

Ms Nerida Cole is a director of the Company, and a director of Dixon Advisory & Superannuation Services Limited and Dixon Advisory Group Limited.

Mr Maximilian Walsh was a director of the Company and a director of Dixon Advisory Group Pty Limited, retiring from both positions on 30 June 2017. As investment broker, Dixon Advisory & Superannuation Services Limited receives brokerage of 0.25% (excl. GST) on all transactions undertaken by Australian Governance Masters Index Fund Limited in managing the investment portfolio of the Company. During the year, the brokerage paid was $52,000 (2016: $44,000), inclusive of GST.

The directors of the Company are satisfied that the brokerage rate is in line with market rates.

TERMS AND CONDITIONS

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

DIRECTORS

The following persons were directors of Australian Governance Masters Index Fund Limited during the financial year:

Jeffrey Robert Whalan – Independent non-executive chairman

Maximilian Sean Walsh – Non-executive director (retired 30 June 2017)

Josephine Tan – Independent non-executive director

Ian Watt – Independent non-executive director

Nerida Cole – Non-executive director

COMPENSATION

The aggregate compensation made to directors of the company is set out below:

	2017 $'000	2016 $'000
Short-term employee benefits	95,662	95,662
Post-employment benefits	4,338	4,338
	100,000	**100,000**

17. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's financial instruments consist mainly of deposits with banks and long term investments. The main risks the Company is exposed to through its financial instruments are market price risk, credit risk and liquidity risk.

MARKET RISK

Market price risk

Market price risk is the risk that changes in market prices such as interest rates and equity prices will affect the Company's income and the value of its holdings of financial instruments.

Inherently, the Company is not free of market price risk because it invests its capital in securities whose market prices can fluctuate.

Market risk is moderated by ensuring that the Company's investment portfolio is not over exposed to one company or a particular sector. The relative weightings of the individual securities are reviewed by the Board frequently.

The Company has performed sensitivity analysis relating to its exposure to its market price risk at the end of the reporting period. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a reasonably possible change in risk variable on these financial assets.

At 30 June, the effect on profit and equity as a result of changes in market price on financial assets at fair value through other comprehensive income, with all other variables remaining constant, would be as follows:

2017	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Financial assets*	5%	-	2,412	(5%)	-	(2,412)
Financial assets*	10%	-	4,826	(10%)	-	(4,826)

2016	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Financial assets*	5%	-	2,503	(5%)	-	(2,503)
Financial assets*	10%	-	5,007	(10%)	-	(5,007)

*Financial assets are designated as at fair value through other comprehensive income.

17. FINANCIAL INSTRUMENTS (CONT)

CREDIT RISK

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Company does not have any material credit risk exposure to a single receivable or group of debtors under financial instruments entered into by the Company.

There are no amounts of collateral held as security at 30 June 2017 (2016: nil).

LIQUIDITY RISK

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay their financial liabilities when they fall due. The Company's exposure to liquidity risk is minimal. The Company has no borrowings as at 30 June 2017 (2016: nil) and cash inflows from dividends are received to meet the operating expense obligations of the Company. Listed securities can be readily traded on the Australian Securities Exchange, in the case the Company needs to convert investments into cash.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

18. FAIR VALUE MEASUREMENT

NET FAIR VALUES

The net fair values of:

- other assets and other liabilities approximate their carrying value;
- listed securities included in "Equity Investments" are readily traded on the Australian Securities Exchange in a standardised form. The net fair value of listed securities is determined by valuing them at the last quoted sale price as at the end of the reporting period. The net fair value of investments is set out in note 8.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at the end of the reporting period are disclosed in the statement of financial position and in the notes to the financial statements.

AASB 13 'Fair Value Measurement' requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

2017 Financial assets at fair value through other comprehensive income	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Equity investments	48,259	-	-	48,259

2016 Financial assets at fair value through other comprehensive income	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Equity investments	50,068	-	-	50,068

There were no transfers between levels during the financial year.

19. CONTINGENT LIABILITIES

The directors are not aware of any potential liabilities or claims against the Company as at the date of these financial statements (2016: nil).

20. MATTERS SUBSEQUENT TO THE REPORTING PERIOD

Since 30 June 2017, the Company bought back a further 618,995 fully paid ordinary shares for a total consideration of $1,183,124. The Company's buyback program will continue until close of trade on 28 November 2017.

On 16 August 2017, the Company undertook a rebalancing of it's portfolio, yielding a net consideration of approximately $728,000 to fund further buybacks in accordance with it's buyback program and for fund expenses.

On 21 August 2017, the Company announced a fully franked dividend of $0.03 per share which is anticipated to be paid to shareholders on, or around, 25 September 2017. The record date for determining entitlement to the dividend is 28 August 2017.

Other than those disclosed above, there were no other matters or circumstances that have arisen since the end of the financial period that will significantly affect the entity's operations, the results of those operations or the state of affairs in future financial years.

21. REMUNERATION OF AUDITORS

During the financial year, the following fees were paid or payable for services provided by William Buck, the auditor of the company:

	2017 $'000	2016 $'000
Audit services - William Buck		
Audit or review of the financial statements	37,700	36,300
Other services - William Buck		
Tax review	12,600	12,200
	50,300	**48,500**

Under the Management Agreement, the Manager, Walsh & Company Asset Management Pty Limited, is liable for all audit and accounting costs of the Company, hence there is no accrued liability for these expenses in the Company's financial statements.

DIRECTORS' DECLARATION

30 JUNE 2017

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Mr Jeffrey Robert Whalan
Chairman

21 August 2017

William Buck

Australian Governance Masters Index Fund Limited

Independent auditor's report to the members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Governance Masters Index Fund Limited. (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CHARTERED ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000
Telephone: +61 2 8263 4000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150
PO Box 19
Parramatta NSW 2124
Telephone: +61 2 8836 1500
williambuck.com

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value Assessment of Investments	
Area of focus **Refer also to notes 2(iii) and 18**	**How our audit addressed it**
The Company's key business activity is investing in securities included in the S&P/ASX 100. At 30 June 2017 the financial assets owned by the Company amounted to $48,259,000 (2016: $50,068,000). Given the volatility within the capital markets, this increases the risk associated with the fair value assessment of the investments held.	Our audit procedures included: — Evaluating the Fair Value calculations prepared by the company in light of current market conditions; — Obtaining external confirmation of the year end quantities of shares held in each investment; — Assessing the adequacy of the Company's disclosures in respect of their investment portfolio.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

William Buck

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 26 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Australian Governance Masters Index Fund Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck
Chartered Accountants
ABN: 16 021 300 521

Leo Tutt

L.E. Tutt
Partner

Sydney, 21 August 2017

SHAREHOLDER INFORMATION

31 JULY 2017

The shareholder information set out below was applicable as at 31 July 2017.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

Distribution of Shareholders Category (size of holding)	Number of shareholders
1 to 1,000	30
1,001 to 5,000	104
5,001 to 10,000	337
10,001 to 100,000	866
100,001 and over	12
Total Holders	**1,349**
Holding less than a marketable parcel	**24**

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Shareholder Name	Number of shares held	% of Total
G & A MORRISON S/F A/C	140,000	0.54
HAWES FAMILY SUPER FUND A/C	135,000	0.52
THE GALLERY SUPER FUND A/C	125,654	0.49
G & R SEABURY S/FUND A/C	120,772	0.47
R & S TAYLOR SUPER FUND A/C	118,750	0.46
THE D & J MAHER S/FUND A/C	118,362	0.46
SARBRO SUPER FUND A/C	113,970	0.44
JP & LM CALLUAUD S/F A/C	111,000	0.43
WILLIAM JOHN EARLE S/F A/C	106,250	0.41
BREWER SUPER FUND A/C	105,035	0.41
R & D KEEN SUPER FUND A/C	102,933	0.40
A S & J M CARTER S/F A/C	100,282	0.39
JOHN G KING S/F A/C	98,700	0.38
S TRANTER & P JACKSON SF A/C	97,917	0.38
GOODBAN FAMILY S/FUND A/C	97,524	0.38
ROSENSHUL S/F A/C	94,001	0.36
PURCELL FAMILY RETIRE A/C	87,500	0.34
KE DOWNES PROVIDENT FUND A/C	87,037	0.34
THE ALNJEN JONES S/F A/C	84,896	0.33
HISCOCK S/FUND A/C	84,500	0.33
Total held by top 20 holders of ordinary shares	**2,130,083**	**8.26**

SHAREHOLDER INFORMATION

31 JULY 2017

UNQUOTED EQUITY SECURITIES

There are no unquoted equity securities.

SUBSTANTIAL HOLDERS

There are no substantial holders in the Company.

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

RESTRICTED SECURITIES

By way of further disclosure, the Company provides the following additional information:

MANAGEMENT AGREEMENT

The Company's investment activities are managed on an exclusive basis by the Manager. The management agreement is dated 30 January 2015 (**Management Agreement**).

Subject to any applicable regulations, the Company's investment policies and any written guidelines issued by the Company from time to time, the Manager will manage the portfolio and has discretion to acquire, hold and dispose of investments on behalf of the Company.

The term of the Management Agreement is five years expiring on 2 February 2020 (**Initial Term**). The Management Agreement is automatically extended upon expiry of the Initial Term for a further term of five years, if not terminated earlier, on each subsequent anniversary of the expiry of the Initial Term.

The Manager is entitled to receive an annualised management fee of 0.49% (exclusive of GST) of the value of the portfolio minus allowable expenses which includes fees payable to directors of the Company and fees paid to the auditor. The management fee is payable monthly in arrears and calculated on the first business day of each month. The Manager is not entitled to a performance fee.

The Manager is liable for fees, costs and expenses when properly incurred in connection with the investment and management of the portfolio, the acquisition, disposal or maintenance of any investment or performance of the Manager's obligations under the Management Agreement, including costs of convening and holding the annual general meeting of the Company, any costs and expenses associated with maintaining the Company's share registrar, fees in respect of legal affairs incurred in the ordinary course of business of the Company, fees payable to the ASX to maintain the admission of the Company to the official list and costs incurred in the preparation, printing and dispatch of the Company's annual report.

The Company may terminate the Management Agreement immediately if the Manager:

a) becomes insolvent; or

b) materially breaches its obligations and such breach cannot be rectified; or

c) breaches its obligations and does not remedy that breach within 30 days after the Company has notified the Manager in writing to remedy the breach; or

d) persistently fails to ensure that investments made on behalf of the Company are consistent with the Company's investment strategy.

The Company may also terminate the Management Agreement if the licence under which the Manager performs its obligations is suspended for a period of one month or more or is cancelled at any time and the Manager fails to maintain an authorisation enabling it to perform its obligations under the Agreement from a third party holder of a licence.

The Company may also terminate the Management Agreement after the expiration of the Initial Term on delivery of three months' prior written notice.

The Manager may terminate the Management Agreement at any time after expiration of the Initial Term by giving to the Company at least three months' written notice.

A copy of the Management Agreement can be obtained from the Company's website (**www.governancemasters.com.au**).

CORPORATE DIRECTORY

30 JUNE 2017

The Company's shares are quoted on the official list of the Australian Securities Exchange Limited (**ASX**).

The Company's ASX Code is AQF.

DIRECTORS

Mr Jeffrey Robert Whalan
(Non-Executive Chairman)

Mr Maximilian Sean Walsh
(Non-Executive Director)
(retired 30 June 2017)

Ms Josephine Tan
(Non-Executive Director)

Dr Ian Watt
(Non-Executive Director)
(appointed 30 June 2017)

Ms Nerida Cole
(Non-Executive Director)
(appointed 30 June 2017)

COMPANY SECRETARY

Ms Hannah Chan

REGISTERED OFFICE

Level 15, 100 Pacific Highway
North Sydney NSW 2060

T 1300 454 801
F 1300 457 349

PRINCIPAL OFFICE

Level 15, 100 Pacific Highway
North Sydney NSW 2060

T 1300 454 801
F 1300 457 349

governancemasters.com.au

SHARE REGISTER MANAGED BY

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

T (02) 9290 9600
F (02) 9279 0664

boardroomlimited.com.au

AUDITOR

William Buck
Level 29, 66 Goulburn Street
Sydney NSW 2000

T (02) 8263 4000
F (02) 8263 4111

williambuck.com

BANKERS

Macquarie Bank

ANZ Bank