



## **Management Agreement**

**Australian Governance Masters Index Fund Limited**  
(ACN 140 842 397)

**Walsh & Company Asset Management Pty Limited**  
(ACN 159 902 708)

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# This Management Agreement

30 January 2015

## Parties:

1. **Australian Governance Masters Index Fund Limited** (ACN 140 842 397) of Level 15, 100 Pacific Highway, North Sydney NSW 2060 (**Company**);
2. **Walsh & Company Asset Management Pty Limited** (ACN 159 902 708) of Level 15, 100 Pacific Highway, North Sydney NSW 2060 (**Manager**).

## Recitals:

- A. The Company proposes to carry on the business of making and holding investments in Securities and other permitted Investments.
- B. The Company has agreed to appoint the Manager to manage the investment portfolio of the Company with effect from the Commencement Date and the Manager has agreed to accept its appointment to manage the investment portfolio of the Company on the terms and conditions contained in this Agreement.

## 1. Definitions and Interpretation

### 1.1. Definitions

In this Agreement, unless a contrary intention appears:

**Applicable Regulations** means any statute, regulation, by-law, ordinance or other determination of any Government Agency with the force of law in any jurisdiction in which:

- (a) the Company holds any Investments;
- (b) the Manager acquires Investments on behalf of the Company; or
- (c) the Manager provides services for the benefit of the Company under this Agreement,

including the Corporations Act and, while the Company is a Listed Entity, the ASX Listing Rules as they apply to the Company for the purposes of this Agreement.

**Approved Valuer** means any duly qualified persons independent both of the Company and the Manager recommended by the Manager (who when making such recommendations must have regard to the particular type or types of Investment which are to be the subject of the valuation) and appointed and instructed in writing by the Manager to value an Investment for the purpose of this Agreement.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the listing rules of the ASX.

**Board** means the board of directors of the Company.

**Business Day** means a day other than a Saturday or Sunday on which banks located in the Sydney metropolitan area are open for general banking business.

**Cash** includes cheques, bank deposits, bank cheques, bank transfers, bank drafts and bills of exchange in each case that is the lawful currency of the Commonwealth of Australia.

**Commencement Date** means 2 February 2015.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Custodian** means the custodian appointed by the Manager to hold all or part of the Portfolio from time to time.

**Force Majeure** includes fire, storm, flood, earthquake, explosion, accident, act of the public enemy, war, rebellion, insurrection, sabotage, epidemic, terrorist attack, quarantine restriction, labour dispute, labour shortage, transportation embargo or failure or delay in transportation, act of God, act (including laws, regulations, disapprovals or failure to approve) of any government or agency whether national, municipal or otherwise.

**Government Agency** means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

**GST:**

- (a) has the same meaning as in the GST Law;
- (b) includes any other goods and services tax or any Tax applying to this Agreement in a similar way; and
- (c) includes any additional tax, penalty tax, fine, interest or other charge under a law for such a tax.

**GST Law** has the meaning given to that term in Section 195–1 of the A New Tax System (Goods and Services Tax) Act 1999 (as amended).

**Initial Term** has the meaning set out in Clause 11.1(a).

**Insolvency Event** means in relation to a Party:

- (a) an order is made or an application is made for the winding up of that Party and that order or application is not withdrawn or set aside within 15 Business Days;
- (b) a liquidator or provisional liquidator of that Party is made or appointed or an application is made for the appointment of a liquidator or provisional liquidator and that application is not withdrawn or set aside within 15 Business Days;
- (c) an effective resolution is passed for the winding up of that Party or a meeting is convened for the purpose of considering any such resolution;
- (d) that Party is placed under any formal or informal kind of insolvency administration or a meeting is convened for the purpose of considering the appointment of an insolvency administrator;
- (e) a receiver, manager, receiver and manager or controller of the main undertaking, property or material assets of that Party is appointed or any step is taken for the appointment of such a receiver, manager, receiver and manager or controller or execution or distress or any other process is levied or attempted or imposed against any of the main undertaking, property or material assets of that Party;
- (f) that Party stops payment or ceases to carry on the whole or any material part of its business or threatens to do so;
- (g) an order for payment is made or judgment is entered or signed against that Party in an amount of not less than \$100,000 and is not satisfied, stayed or set aside within 5 Business Days;
- (h) that Party becomes insolvent or unable to pay its debts;

- (i) a compromise, composition or arrangement is proposed with or becomes effective in relation to the creditors or any class of creditors of that Party or that Party proposes a reorganisation, moratorium or other administration involving its creditors or any class of its creditors; or
- (j) any action is commenced to strike that Party's name off any register of companies.

**Investment** means an investment for the time forming part of or comprised in the Portfolio permitted by this Agreement and includes investments acquired by the application of the proceeds of borrowings by the Company.

**Investment Decision** means a decision to sell, realise or deal with any Investment or to vary, convert, exchange or add another Investment in lieu of that Investment.

**Investment Strategy** means the investment strategy agreed by the Company and the Manager from time to time being initially the investment process outlined in Section 3 of the Prospectus, as amended by agreement with the Company from time to time in accordance with Clause 5.3.

**Issue Manager Agreement** means the issue manager agreement dated on or about the date of this Agreement between the Company and Dixon Advisory & Superannuation Services Limited as issue manager for the offer of shares in the Company under the Prospectus.

**Licence** means a licence required to be held by the Manager by Applicable Regulations to perform its obligations under this Agreement including an Australian Financial Services Licence issued by ASIC under the Corporations Act with authorisations necessary to enable the Manager to perform its obligations under this Agreement.

**Listed Entity** means an entity admitted to, and not removed from, the official list of the ASX.

**Month** means a calendar month.

**Portfolio** means all monies, investments, additions or borrowings which may from time to time be paid to or received or held by the Company or the Manager or Custodian on behalf of the Company (whether or not pending investment) and any investments for the time being representing them, any income derived from them and any capital accretions to them regardless of how they arise.

**Proposed Investment** means an Investment proposed by the Manager to be made on behalf of the Company.

**Prospectus** means the prospectus dated December 2009 relating to an initial public offering of up to 31,250,000 ordinary shares, with an ability to raise a further 31,250,000 ordinary shares, at an issue price of \$1.60 per share, for the benefit of the Company.

**Relevant Interest** has the meaning given to that term in Section 608 of the Corporations Act.

**Security** means:

- (a) a security as defined in section 92(3) of the Corporations Act including a security that would fall within that definition if the security were issued within Australia or by a body established in Australia;
- (b) an interest in a limited partnership;
- (c) an equity instrument or investment analogous to any of the above.

**Short Term Securities** means cash, deposits, certificates of deposit, bills of exchange, promissory notes, bonds, floating rate notes, units, debentures, loans, letters of credit and similar money market and fixed interest instruments (whether issued at fixed or floating rates or at a discount to face value and whether specified as a given rate or referenced to an index) denominated in dollars and rated AA or better by a recognised rating agency or, if not rated, are assessed by the Manager as being of at least equivalent rating with such assessment being notified to the Company.

**Term** means the period from the Commencement Date to the date of termination of this Agreement under Clause 11.

**Value of the Portfolio** means, at any date that such value is required to be ascertained, the aggregate sum of the values of each Investment calculated for each category of Investment comprising the Portfolio, in the following manner:

- (a) **Securities (other than Short Term Securities)** – the last price at which the Security has traded on ASX in the course of ordinary trading (for the avoidance of doubt excluding any "special crossings" or other off-market trades) unless the Manager and the Company agree that the last quoted price does not fairly reflect the value, in which case the value as agreed by the Company and the Manager or, failing agreement, as so determined by the Approved Valuer;
- (b) **Short Term Securities (other than cash)** – the market value as determined by the Company and the Manager unless the Manager or the Company requests of the other in writing that the value be determined by an Approved Valuer, in which case the value will be as so determined by the Approved Valuer;
- (c) **Cash (including income)** – the amount of such Cash;
- (d) **other** – if an Investment is not included within paragraphs (a) to (c) of this definition, the value as determined by the Company and the Manager, unless the Manager or the Company requests the other in writing that the value be determined by an Approved Valuer, in which case the value will be as so determined by the Approved Valuer.

## 1.2. Interpretation

In this Agreement except to the extent that the context otherwise requires:

- (a) headings are for ease of reference only and do not affect the meaning of this Agreement;
- (b) the singular includes the plural and vice versa and words importing a gender include other genders;
- (c) other grammatical forms of defined words or expressions have corresponding meanings;
- (d) a reference to a clause, paragraph, schedule or annexure is a reference to a clause or paragraph of, or schedule or annexure to, this Agreement and a reference to this Agreement includes any schedules and annexures;
- (e) a reference to a document or agreement, including this Agreement, includes a reference to that document or agreement as novated, altered or replaced from time to time;
- (f) a reference to **\$** or **dollar** is a reference to Australian currency;
- (g) a reference to a specific time for the performance of an obligation is a reference to that time in the State, Territory or other place where that obligation is to be performed;
- (h) a reference to a party includes its executors, administrators and successors;
- (i) a reference to the Manager includes its permitted assigns;
- (j) a reference to any legislation or statutory instrument or regulation is construed in accordance with the Acts Interpretation Act 1901 (Cth) or the equivalent State legislation, as applicable;
- (k) words and expressions defined in the Act as at the date of this Agreement have the meanings given to them in the Corporations Act at that date; and

- (l) a reference to writing includes typewriting, printing, lithography, photography and any other method of representing or reproducing words, figures or symbols in a permanent and visible form.

### **1.3. Inclusive Expressions**

Specifying anything in this Agreement after the words **include** or **for example** or similar expressions does not limit what else is included unless there is express wording to the contrary.

## **2. Relationship Between Parties**

### **2.1. Nature of Relationship**

Nothing in this Agreement constitutes or gives rise to or may be deemed to constitute or give rise to the relationships of trustee and beneficiary, joint venture or partnership as between the Company and the Manager, nor subject to Clause 2.4, to give rise to any association between the Parties.

### **2.2. No Agency**

Without limiting the generality of Clause 2.1 and except as otherwise expressly provided in this Agreement, the Manager:

- (a) is not an agent of the Company; and
- (b) has no capacity to bind the Company to contracts with third parties without the express written consent and acknowledgment of the Company.

### **2.3. Capacity**

Each Party enters into this Agreement in its own capacity and not as trustee, agent, partner or joint venturer of any person.

### **2.4. Fiduciary Obligations**

The Manager acknowledges that it is subject to a fiduciary obligation to the Company in the performance of its functions and the observance of its duties under this Agreement.

## **3. Appointment of Manager**

### **3.1. Appointment of Manager**

With effect on and from the Commencement Date, the Company appoints the Manager, and the Manager accepts its appointment to act as manager of the Portfolio for the Term with the duties and obligations and on the terms and conditions set out in this Agreement.

## **4. Duties of the Manager**

### **4.1. Duties of the Manager**

- (a) Subject to and in accordance with the Applicable Regulations, the Manager must manage the Portfolio, manage and supervise all Investments, and make Investment Decisions.
- (b) Subject to Clause 4.1(c), the Manager must also provide or procure the provision of administrative support services reasonably required by the Company to conduct its business. These services include:
  - (i) maintenance of the corporate and statutory records of the Company;
  - (ii) liaison with the ASX with respect to compliance with the ASX Listing Rules;

- (iii) liaison with ASIC with respect to compliance with the Corporations Act;
  - (iv) liaison with the share registrar of the Company; and
  - (v) the provision of information necessary for the maintenance of financial accounts of the Company to be completed.
- (c) The Manager is responsible for the payment of any fees or charges of any third party engaged to provide any of the services required in accordance with Clause 4.1(b).
- (d) The Manager may be engaged to provide certain other services including drafting the Company's annual report and arranging for the printing and distribution of such report on terms and at a price to be agreed between the Parties.

#### **4.2. Monthly Valuations**

The Manager must arrange for the calculation of the Value of the Portfolio at least monthly or at such more frequent times as may be agreed between the Manager and the Company.

#### **4.3. Provision of Information**

The Manager must keep the Company informed in respect of the management of the Portfolio. This includes providing the following:

- (a) as reasonably required by the Company, details of Investments comprising the Portfolio;
- (b) other valuations and reports as may be reasonably required by the Company from time to time;
- (c) sufficient information to enable the Company to observe and perform its covenants as set out in Clause 7 and its duties and obligations under the Company's constitution; and
- (d) without limiting the generality of Clauses 4.3(a) to 4.3(c), sufficient information to enable the Company to comply with the Applicable Regulations (if necessary).

### **5. Powers of the Manager**

#### **5.1. Investment of the Portfolio**

- (a) Subject to the Applicable Regulations, on and from the Commencement Date the Manager must from time to time and on behalf of the Company invest money constituted in or available to the Portfolio, including money received as a consequence of disposal of Investments or any dividend or other distribution received, in all or any making and holding Investments and, subject to the Applicable Regulations, realise or dispose of Investments.
- (b) Investments that may be made by the Manager without the prior written approval of the Company are limited to the following:
  - (i) Securities officially quoted on ASX;
  - (ii) Cash;
  - (iii) Short Term Securities; and
  - (iv) any other financial products which the Manager may use in the management of the Company's Portfolio in accordance with the Manager's Licence, or where the Manager itself acts as authorised representative of a third party holding a Licence, that third party's Licence.



## 5.2. Discretions of the Manager

Each of the Parties acknowledges and agrees that, within the Applicable Regulations and subject to Clause 5.1(b) and Clause 5.3, on and from the Commencement Date, the Manager has the discretion to manage the Portfolio and do all things considered necessary or desirable in relation to the Portfolio, including:

- (a) the investigation of, negotiation for, acquisition of or disposal of, every Investment and any Proposed Investment and the provision of its services to the Company;
- (b) from time to time and on behalf of the Company, to sell, realise or deal with all or any of the Investments or to vary, convert, exchange or add other Investments in lieu of those Investments;
- (c) if any of the Investments for the time being comprised in the Portfolio is at any time during the continuance of this Agreement redeemed or the capital paid on it is wholly or partly repaid (whether by way of reduction of capital or otherwise) by the company or other person or body by which that Investment was issued or created, either:
  - (i) convert (if an option is given to convert) the Investment into some other Investment or Investments in pursuance of the option; or
  - (ii) accept repayment in case of the capital paid or advanced on the Investment and any other monies payable in connection with that redemption or repayment and reinvest all or any of the monies becoming payable (whether in respect of capital, premium, surplus or otherwise) by reason of such redemption or repayment in cash in the purchase of Investments to be added to the Portfolio pursuant to the provisions of this Agreement;
- (d) either to retain as part of the Portfolio or to retain part and sell the balance of any Security or other property received by the Company by way of bonus or in lieu of or in satisfaction (in whole or in part) of a dividend in respect of any Investments.

## 5.3. Change to Investment Strategy

- (a) Notwithstanding any other provision of this Agreement, the Manager may only manage the Portfolio in accordance with the Investment Strategy.
- (b) If a Proposed Investment is not consistent with the Investment Strategy, the Manager may seek approval from the Company to:
  - (i) undertake that Proposed Investment; or
  - (ii) amend the Investment Strategy.
- (c) In seeking approval, the Manager must provide such information to the Company regarding the Proposed Investment to enable the Company to determine how the Investment deviates from the Investment Strategy and the proposed change to the Investment Strategy (if any) as the Company may reasonably request.
- (d) The Company may withhold its approval under this Clause 5.3 in its absolute discretion.

## 5.4. Delegation by the Manager

Subject to and in accordance with the Applicable Regulations, the Manager may, with the prior approval of the Company (such approval not to be unreasonably withheld), appoint or employ by writing or otherwise any person to be sub-contractor for the Manager to perform any or all of the duties and obligations imposed on it by this Agreement.

### **5.5. Specific Powers of Delegation**

Without limiting Clause 5.4, in managing the Portfolio and in carrying out and performing the duties and obligations on its part contained in this Agreement (but subject always to the Applicable Regulations), the Manager may:

- (a) by power of attorney or other instrument, appoint any person to be attorney or agent of the Manager for such purposes and with such powers, authorities and discretions (not exceeding those vested in the Manager) as the Manager thinks fit with power for the attorney or agent to sub-delegate any such powers, authorities or discretions and also to authorise the issue in the name of the Manager of documents bearing facsimile signatures of the Manager or of the attorney or agent either with or without proper manuscript signatures of its officers thereon and provided further that the Manager in any such power of attorney and the attorney or agent by the terms of any such sub-delegation may insert such provisions for the protection and convenience of those dealing with any such attorney or agent or sub-delegate as the Manager may think fit; and
- (b) appoint and engage any investment manager (which may be a related body corporate), barrister, solicitor, stockbroker, stock market consultant, accountant, contractor, qualified adviser, registrar and such other person as may be necessary, usual or desirable in the opinion of the Manager for the purpose of exercising its powers and performing its obligations. Subject to Clause 5.6, all reasonable and proper fees, charges and moneys payable to any such persons and all disbursements, expenses, duties and outgoings properly chargeable in respect of those persons must be paid by the Manager,

then the Company must ratify and confirm all transactions and appointments made by the Manager in accordance with this Agreement.

### **5.6. Responsibility for Fees**

The Manager will not be reimbursed by the Company under Clause 5.4 or Clause 5.5 for any fees, costs and expenses incurred by the Manager pursuant to Clause 5.4 or Clause 5.5, unless otherwise agreed by the Parties.

### **5.7. Approved Valuer**

The Manager may appoint the auditor of the Company or the Approved Valuer to calculate the Value of the Portfolio in accordance with Clause 4.2.

### **5.8. Execution of Authorisations**

The Company must execute all proxies, powers of attorney and other instruments as may be reasonably necessary or expedient to enable the Manager or any officer or delegate of the Manager to fulfil the duties and exercise the powers referred to in Clause 4 and this Clause 5 respectively.

### **5.9. Directions**

- (a) Subject to this Clause 5.9, throughout the Term the Manager must comply with all proper and reasonable directions and instructions given to it by the Board.
- (b) The Board cannot require the Manager to undertake duties not imposed on the Manager by this Agreement, to act contrary to this Agreement or in a manner which in the reasonable opinion of the Manager will, or is likely to result in a breach by the Manager of the terms of this Agreement.
- (c) If the Manager acts in accordance with any directions given to it by the Board, then the Company is solely responsible for the consequences of the Manager's actions, and in particular:
  - (i) the consequences of the Manager acting in accordance with the Company's directions will not be grounds for termination or breach of this Agreement; and

- (ii) the Manager is entitled to an indemnity from the Company in its capacity as the Company, in respect of losses, damage, costs and expenses suffered or incurred by the Manager as a result of the Manager acting in accordance with the directions.

## **6. Expenses**

### **6.1. Manager Expenses**

Subject to the terms of the Issue Manager Agreement and Clause 6.2, the Manager is liable for all fees, costs and expenses when properly incurred in connection with the investment and management of the Portfolio or the acquisition, disposal or maintenance of any Investment or performance of the Manager's obligations under this Agreement including:

- (a) fees payable to the Company's share registrar and the Approved Valuer for valuations undertaken under Clause 5.6;
- (b) fees payable to legal advisers of the Company in respect of the affairs of the Company to the extent they are incurred in the ordinary course of business of the Company;
- (c) fees payable to ASX (other than the initial application for admission of the Company to the official list of the ASX and official quotation of new shares issued after the Commencement Date not undertaken under the Prospectus) to maintain the admission of the Company to the official list of ASX and quotation of shares to be issued pursuant to the Prospectus and shares issued subsequently by the Company from time to time;
- (d) costs incurred in preparation, printing and despatch of the annual report of the Company; and
- (e) costs incurred in convening and holding the annual general meeting of the Company.

### **6.2. Company expenses**

The Company is liable for and, if required by the Manager, must pay out of the Portfolio (or if paid by the Manager, reimburse the Manager out of the Portfolio) the following fees and expenses when properly incurred:

- (a) all costs, stamp duties, financial institutions duty, bank account debits tax and legal fees and other duties, taxes, fees, disbursements and expenses, commissions and brokerage incurred by the Company or the Manager (or both) in connection with:
  - (i) the acquisition and negotiation of any Investment or Proposed Investment;
  - (ii) any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any Investment;
  - (iii) the receipt of income or other entitlements from the Investments of the Portfolio; and
  - (iv) the engagement of a custodian to hold any Investment on behalf of the Company;
- (b) outgoings in relation to the Portfolio such as duties and taxes ;
- (c) expenses referred to in Clause 4.1(d);
- (d) independent legal advice obtained by the directors of the Company in accordance with the Company's corporate governance policy;
- (e) costs associated with undertaking the issue of additional shares, distributions, returns of capital, share buy-backs or other reductions of capital;
- (f) costs of calling and holding general meetings of the Company other than the annual general meeting;

- (g) costs associated with any winding-up of the Company; and
- (h) any other cost incurred outside the ordinary course of business of the Company.

### **6.3. Manager Expenses**

The Manager must bear the cost of, and is not entitled to be reimbursed by the Company in respect of its internal labour costs in connection with the performance of its obligations under this Agreement.

## **7. Warranties, Undertakings and Acknowledgement by the Company**

### **7.1. Warranties**

The Company warrants and represents to the Manager that the Company has the power to enter into and perform this Agreement.

### **7.2. Company Undertakings**

The Company undertakes to the Manager that it will:

- (a) not do or permit to occur any act, matter or thing or omit to do any act, matter or thing constituting a breach or contravention by the Company of the Applicable Regulations, other than acts or omissions by or on behalf of the Manager not instigated or caused by the Company;
- (b) except as provided in this Agreement, not sell, dispose of or part with possession of any of the Investments or mortgage or charge any of the Investments;
- (c) not carry on any business in relation to the Portfolio (including the investment of any funds or dealing in the Portfolio or any part of it) other than pursuant to or as contemplated in this Agreement; and
- (d) without delay forward to the Manager copies of all notices, reports, circulars and other documents relating to the Investments received by it.

### **7.3. Acknowledgment**

The Company acknowledges that neither the Manager nor any related body corporate of the Manager guarantees the repayment of capital or the performance of the Portfolio or makes any representation concerning any of these matters.

## **8. Warranties and Undertakings by the Manager**

### **8.1. Manager Warranties**

The Manager warrants and represents to the Company that:

- (a) it has the power to enter into and perform this Agreement, subject only to those express limitations that have been advised to the Company in writing; and
- (b) at all times during the Term, the Manager will itself hold a Licence or will act lawfully as an authorised representative of a third party holding a Licence.

### **8.2. Manager Undertakings**

The Manager undertakes to the Company that it must:

- (a) maintain sufficient resources necessary to perform its duties under this Agreement;

- (b) not do or permit to occur any act, matter or thing or omit to do any act, matter or thing constituting a breach or contravention by the Manager or the Company of the Applicable Regulations, other than acts or omissions by the Company not instigated or caused by, or on behalf of, the Manager;
- (c) act consistently with the Applicable Regulations and the written guidelines issued by the Board from time to time;
- (d) keep or cause to be kept proper books of account in relation to the Portfolio and cause the accounts of the Company kept in accordance with the law to be audited in compliance with the Corporations Act;
- (e) subject to Clause 12.2, without delay, forward to the Company copies of all notices, reports, circulars and other documents relating to the Investments received by it;
- (f) on receipt, deliver or cause to be delivered all documents and papers relating to the Portfolio including share certificates, debenture certificates and documents of title, to the Secretary of the Company;
- (g) maintain a register of bodies corporate that it holds a Relevant Interest in from time to time during the Term and must make access available to this register to the Company and its advisers on the Company giving 2 Business Days notice to the Manager; and
- (h) not permit the Company to acquire any Relevant Interest in any body corporate so as to cause the Company to contravene Section 606 of the Corporations Act.

## **9. Liability of the Manager and the Company**

### **9.1. No Liability**

Subject to the Applicable Regulations and the terms of this Agreement, the Manager will, in relation to all the powers, authorities and discretions vested in it, have absolute and uncontrolled discretion as to:

- (a) whether or not to exercise them; and
- (b) the manner or mode of, and time for, their exercise,

and in the absence of gross negligence, other default, fraud or dishonesty, the Manager will not be in any way whatsoever responsible for any loss, costs, damages or inconvenience that may result from the exercise or failure to exercise those powers, authorities and discretions.

### **9.2. No Responsibility to Check Documents**

The Company will not be responsible for checking any information, documents, forms or lists supplied to it by the Manager or any employees, attorneys, agents, delegates or sub-agents of the Manager reasonably believed by the Company to be genuine whether or not in error if any such information, documents, forms or lists is reproduced by the Company.

### **9.3. No Responsibility for Non-realisation**

Neither the Company nor the Manager (nor any of their respective officers and employees) will on any account be under any liability to the other by reason of it not having realised any specific price or reserve in respect of any Investment or property disposed of or having acquired any Proposed Investment at a particular price.

## 10. Remuneration of Manager

### 10.1. Management Fee

- (a) In return for the performance of its duties as Manager of the Portfolio, the Manager is entitled to be paid, and the Company must pay to the Manager, (which remuneration is to be retained for the use and benefit of the Manager) a management fee payable Monthly in arrears (**Management Fee**) calculated in accordance with the following formula:

$$F = (VP \times 0.0049) / 12 - AE$$

Where:

F is the Management Fee payable in respect of that Month;

VP is the Value of the Portfolio calculated on the first Business Day of each Month;

AE is the Allowable Expenses in respect of that Month.

- (b) For the purposes of Clause 10.1(a), **Allowable Expenses** means the aggregate of:
- (i) subject to Clause 10.1(c), fees payable to directors of the Company for the performance of their duties as directors in the ordinary course of business. For the avoidance of doubt this excludes any retirement benefits payable to a director, any fees paid to an executive director and any fees payable to a director in connection with the performance of any extra services or special exertions or reimbursement of any expenses incurred by a director;
  - (ii) fees payable to the Auditor in connection with the audit of the annual financial statements of the Company and the audit-review of the half-yearly financial statements of the Company,
- in each case in respect of that Month.
- (c) The maximum amount to be taken into account as an Allowable Expense under Clause 10.1(b)(i) is \$16,666.66 or such greater amount approved by the Manager from time to time. Nothing in this Clause 10.1(c) limits the ability of the Company to pay a greater amount to directors.
- (d) If the Management Fee in respect of a Month is negative, that negative amount is notionally set off against subsequent Management Fees payable to the Manager to the intent that amount is paid to the Manager in subsequent Months until the negative amount is extinguished by set-off.
- (e) If this Agreement is terminated on a day other than the last Business Day of a Month, the Management Fee for that Month will be determined on the last Business Day of the Term adjusted pro-rata for the number of Business Days in that Month.
- (f) Where the Agreement commences on a date other than the first day of a Month, the Management Fee payable in respect of the first Month will be calculated on a pro-rata basis for that initial period.

### 10.2. No Performance Fee

The Manager acknowledges that it will not receive from the Company a performance fee under this Agreement.

## 11. Period of Agreement and Termination

### 11.1. Term

- (a) Subject to Clause 11.1(b), this Agreement remains in force for the period of 5 years from the Commencement Date unless terminated earlier by either Party in accordance with this Clause 11 (**Initial Term**).
- (b) This Agreement is automatically extended upon expiry of the Initial Term for a further term of 5 years and, if not terminated earlier, on each subsequent fifth anniversary of the expiry of the Initial Term.
- (c) Either Party may terminate this Agreement on expiry of the Initial Term or each subsequent fifth anniversary of expiry of the Initial Term by giving not less than 3 months' written notice.

### 11.2. Termination by Manager

The Manager may terminate this Agreement at any time by giving to the Company at least 6 months' written notice.

### 11.3. Termination by Company

The Company may remove the Manager and terminate this Agreement:

- (a) If shareholders of the Company resolve by ordinary resolution in general meeting that the Manager should be removed as manager of the Company, on delivery of 3 months' prior written notice;
- (b) with immediate effect if:
  - (i) an Insolvency Event occurs with respect to the Manager;
  - (ii) the Manager is in default or breach of its obligations under this Agreement in a material respect and such default or breach cannot be rectified; or
  - (iii) the Manager is in default or breach of its obligations under this Agreement in a material respect and fails to remedy that default or breach within 30 days after receiving notice of that default or breach; or
- (c) the Manager persistently fails to ensure that Investments made on behalf of the Company are consistent with the Investment Strategy applicable at the time the Investment is made; or
- (d) the Licence under which the Manager performs its obligations under this Agreement is suspended for a period of not less than 1 month or cancelled at any time and the Manager fails to obtain an authorisation enabling it to perform its obligations under this Agreement from a third party holder of a Licence.

### 11.4. Termination Fee Payable

If the Company terminates this Agreement under Clause 11.3(a) , the Company must pay the Manager a termination payment on the termination date calculated in accordance with the following formula:

$$TP = VP \times 5 \times 0.49 \times \left(1 - \frac{M}{60}\right) \%$$

where:

TP is the termination payment;

VP is the Value of the Portfolio as at the termination date; and

M is the number of Months since the later of the Commencement Date and the last date on which the Term has been automatically extended under Clause 11.1(b).

### **11.5. Termination Does Not Prejudice Rights**

The termination of this Agreement will not affect or prejudice:

- (a) the continued operation of this Clause 11 and Clause 17 or any other provisions of this Agreement necessary to give effect to those provisions;
- (b) any right which a Party may have in respect of any breach by the other Party which occurred prior to the termination; and
- (c) the obligation of the Company to indemnify the Manager under Clause 17 of this Agreement with respect to any default, negligent act or omission of the Company occurring prior to the termination date.

## **12. Voting**

### **12.1. Voting**

The Company authorises the Manager to exercise any right to vote attached to a share or unit forming part of the Portfolio.

### **12.2. No Entitlement to Notice of Meeting**

The Manager is not required to dispatch to the Company a notice of meeting relating to any person, company or managed investment scheme in which the Portfolio is invested.

## **13. General**

### **13.1. Assignment and Novation**

- (a) The Manager may not assign all or any of its right, title and interest in this Agreement to a third party except with the prior consent in writing of the Company, which consent must not be unreasonably withheld or delayed.
- (b) The Company may not assign all or any of its rights under this Agreement except with the prior consent in writing of the Manager, which consent must not be unreasonably withheld or delayed.

### **13.2. Waiver**

- (a) Waiver of a breach of this Agreement or of any rights created by or arising upon default under this Agreement, or upon an event of default, must be in writing and signed by the Party granted the waiver.
- (b) A breach of this Agreement is not waived by a failure to exercise, a delay in exercising or the partial exercise of any remedy available under this Agreement or in law or equity.
- (c) Any right created by, or arising upon, default under this Agreement, or upon an event of default, is not waived by:
  - (i) a failure to exercise;
  - (ii) a delay in exercising; or
  - (iii) a partial exercise of,
 that right.



### 13.3. Notice

- (a) A notice required or authorised to be given or served upon a Party pursuant to this Agreement will be in the English language, in writing and may be given or served by facsimile, telex, telegram, cable, email, post or hand to that Party at its address, telex or facsimile number or such other address, facsimile number as the Party may have notified in writing to other Party or Parties.
- (b) A notice will be deemed, (in the absence of proof to the contrary), to have been given or served on the Party to whom it was sent:
  - (i) in the case of hand delivery, upon delivery during Business Hours;
  - (ii) in the case of prepaid post, 2 Business Days after the date of dispatch;
  - (iii) in the case of facsimile transmission, at the time of dispatch provided that following transmission the sender receives a transmission confirmation report or if the sender's facsimile machine is not equipped to issue a transmission confirmation report the recipient confirms in writing that the notice has been received; or
  - (iv) in the case of email transmission, at the time of dispatch provided that following transmission the sender does not receive an error message indicating that the email transmission has not been completed.
- (c) A certificate, notice, instruction or other communication given or served under this Agreement will be sufficient if signed by one director or secretary of the respective Party to the Agreement giving such notice or by any other person or persons purporting to be and reasonably believed to be duly authorised by the respective Party to the Agreement giving such notice.
- (d) The provisions of this clause are in addition to any other mode of service permitted by law.
- (e) In this clause **notice** includes a demand, request, consent, approval, offer and any other instrument or communication made, required or authorised to be given under or pursuant to a provision of this Agreement.
- (f) In this clause **Business Hours** means from 9:00am to 5:00pm on a Business Day.

### 13.4. Further Assurance

Each of the Parties will and will procure their respective officers, servants and agents to sign, execute and do all such further documents, acts, matters and things as will be necessary or desirable to give effect to the provisions of this Agreement.

### 13.5. Governing Law and Jurisdiction

- (a) This Agreement is governed by and is to be construed in accordance with the laws of the State of New South Wales.
- (b) Each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the Courts of the State of New South Wales.

### 13.6. Severability

Part or all of any provision of this Agreement that is illegal or unenforceable may be severed from this Agreement and, except where the severance of such a provision fundamentally alters this Agreement, the remaining provisions of this Agreement continue in force.

### **13.7. Entire Agreement**

This Agreement contains the entire understanding of the Parties as to its subject matter and there is no other understanding, agreement, warranty or representation whether expressed or implied in any way extending, defining or otherwise relating to these provisions or binding on the Parties with respect to any of the matters to which this Agreement relates.

### **13.8. Amendment**

This Agreement may only be altered:

- (a) in writing executed by all Parties; and
- (b) while the Company is a Listed Entity after complying with all requirements of the ASX Listing Rules and other requirements imposed by ASX from time to time in accordance with the ASX Listing Rules.

### **13.9. Counterparts**

This Agreement may be executed in any number of counterparts each of which, when so executed, is deemed to be an original and those counterparts will constitute one and the same instrument.

## **14. Force Majeure**

### **14.1. Force Majeure**

- (a) The obligations of a Party under this Agreement will be suspended to the extent that it is wholly or partially precluded from complying with its obligations under this agreement by Force Majeure.
- (b) This Clause 14.1 will not apply to any obligation to pay money.
- (c) If after a period of 6 months the Force Majeure persists the Party affected by the Force Majeure will have the right in its sole discretion to terminate this Agreement on giving 30 days notice of its intention to do so.

## **15. Non-Exclusivity**

### **15.1. Non-Exclusivity**

Provided that the Manager does not prejudice or otherwise derogate its responsibilities specified in this Agreement, the Manager may from time to time perform similar investment and management services for other persons.

### **15.2. Acknowledgment Regarding Other Companies**

The Company acknowledges that:

- (a) the Manager has no obligation to purchase or sell, or recommend for purchase or sale, for the account of the Company, any investment which the Manager purchases or sells for its own account or for the account of any other company; and
- (b) the Manager may give advice and take action in the performance of its duties for other companies which differ from advice given and action taken in relation to the Portfolio.

## **16. Confidentiality**

### **16.1. Confidentiality**

Each Party undertakes to the other that it and any of its attorneys, agents, employees and contractors will, during the continuance of this Agreement and also after its termination faithfully and honestly keep and cause to be kept confidential and not reveal or make known any of the matters, affairs and concerns of the other Party and will not reveal or make known any of the matters, affairs or concerns of the other Party which may come to its knowledge or its attorneys, agents, employees and contractors as contemplated by this Agreement unless required by law or when authorised to do so by the other Party.

## **17. Indemnity**

### **17.1. Company Indemnity**

The Company must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses on a solicitor/own client basis) incurred in connection with the Manager or any of its officers, employees or agents acting under this Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, costs, charge or expense is caused by the negligence, default, fraud or dishonesty of the Manager or its officers or employees. This obligation continues after the termination of this Agreement.

### **17.2. Manager Indemnity**

The Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, default, fraud or dishonesty of the Manager or its officers or supervised agents. This obligation continues after the termination of this Agreement.

### **17.3. Conduct of Proceedings**

If any person commences any legal or statutory proceeding against the Manager or to which the Manager is joined as a party arising out of any alleged default, negligent act or omission of the Manager, the Company or its employees, agents or contractors in the performance of obligations under this Agreement, the Manager may by written notice to the Company require the Company to be responsible for the conduct and costs of any defence or other resolution of such proceedings provided that the Manager will provide the Company with all assistance reasonably requested for the purpose of such defence.

### **17.4. Indemnity not affected by delegation**

Notwithstanding any delegation or appointment pursuant to Clause 5.4 or Clause 5.5 the Company will remain liable for and indemnify the Manager against any losses, expenses or liabilities arising from acts or omissions of any officer, employee, attorney, agent, sub-delegate or sub-agent to whom any delegation is made or who is appointed under Clause 5.4 or Clause 5.5 of this Agreement except in so far as any loss or liability is caused by an act or omission in breach of this Agreement, negligence, other default, fraud or dishonesty of the Manager or its officers, employees or agents where the Manager, its officers, employees or agents know or ought reasonably to have known that the action would constitute a breach of this Agreement, negligence, other default, fraud or dishonesty and know or ought reasonably to have known that the loss or liability was likely to arise.

## **18. Disputes**

### **18.1. Notice of Dispute**

If any dispute or difference or disputed question concerning this Agreement or the construction, meaning, operation or effect of any of the terms of this Agreement or as to the rights, duties or liabilities of the Manager or the Company under this Agreement arises between the Manager and the

Company, then the Manager or the Company may give to the other notice in writing of such dispute or difference.

## **18.2. Arbitration**

- (a) Upon the expiration of 7 days after giving the notice referred to in Clause 18.1, unless it will have been otherwise settled between them, the matter in question may be submitted by either the Manager or the Company to such person as the Parties agree in writing or failing agreement within 7 days to the president for the time being of the Law Society of New South Wales or if he is unwilling to act, to such counsel as will be willing to act as he may select in accordance with and subject to the Commercial Arbitration Act 1984 (NSW).
- (b) The award of the arbitrator will be final and binding on the Parties.
- (c) Upon every or any such reference, the costs of or incidental to the reference and award respectively will be in the discretion of the arbitrator who may determine the amount thereof, or direct the same to be taxed as between solicitor and Company, or as between party and party, and will direct by whom and to whom, and in what manner the same should be borne and paid.

## **19. GST**

### **19.1. GST**

- (a) Unless expressly included, the amounts payable for any supply under or in connection with this Agreement does not include GST.
- (b) To the extent that any supply made under or in connection with this Agreement is a taxable supply, the supplier may increase the amounts payable for that supply by an amount not exceeding the amounts payable multiplied by the rate at which GST is imposed in respect of the supply.
- (c) If either Party is entitled under this Agreement to be reimbursed or indemnified by the other Party for a cost or expense incurred in connection with this Agreement, the reimbursement or indemnity payment must not include any GST component of the cost or expense to the extent that the cost or expense is:
  - (i) a creditable acquisition incurred by the Party being reimbursed or indemnified or by its representative member; and
  - (ii) for a creditable purpose.
- (d) Words used in this Clause 19.1 which have a defined meaning in the GST Law have the same meaning as in the GST Law.
- (e) A Party need not make a payment for a taxable supply made under or in connection with this Agreement in respect of the tax or supply until the supplier has given the recipient a tax invoice for the supply to which the payment relates.
- (f) Each Party must do all things necessary or reasonably desirable to ensure that the other Party may claim input tax credits or refunds in respect of payments or set-offs pursuant to this Agreement.

**Executed** as an Agreement.

**SIGNED** by )  
**Australian Governance Masters Index** )  
**Fund Limited (ACN 140 842 397)** )  
in accordance with section 127 of the )  
Corporations Act: )



Director/Secretary

Jeffrey Whalan

Name (please print)



Director

David Hawes

Name (please print)

**SIGNED** by )  
**Walsh & Company Asset Management** )  
**Pty Limited (ACN 159 902 708)** in )  
accordance with section 127 of the )  
Corporations Act: )



Director/Secretary

Alex MacLachlan

Name (please print)



Director

Tom Kline

Name (please print)