



**CHAIRMAN'S ADDRESS**  
**2021 ANNUAL GENERAL MEETING**  
**11 NOVEMBER 2021**

I will commence my address today with the 2021 financial performance of Ironbark Capital Limited.

Ironbark 2021 results and investment performance

For the 2021 financial year, the Company reported a pre-tax profit of \$8.4m and a post-tax profit of \$6.7m. The rebound in the share market from pandemic lows contributed to the strong result particularly from the banks, BHP and some of the property and infrastructure trusts. A recovering global economy and the Government's stimulus package resulted in a strong economy and assisted companies to adapt to the challenging conditions of a Covid world.

The Investment Manager's focus is to deliver consistent returns and a fully franked dividend yield from the portfolio. In this regard, the portfolio returned 16.5% for the year inclusive of franking credits, outperforming the Benchmark (1 year swap + 6%p.a.) by 10.4%. This was a very satisfactory result with performance achieved with a portfolio that has a lower volatility than the market. The performance over 10 years of 7.7% inclusive of franking credits, is in line with the Benchmark return.

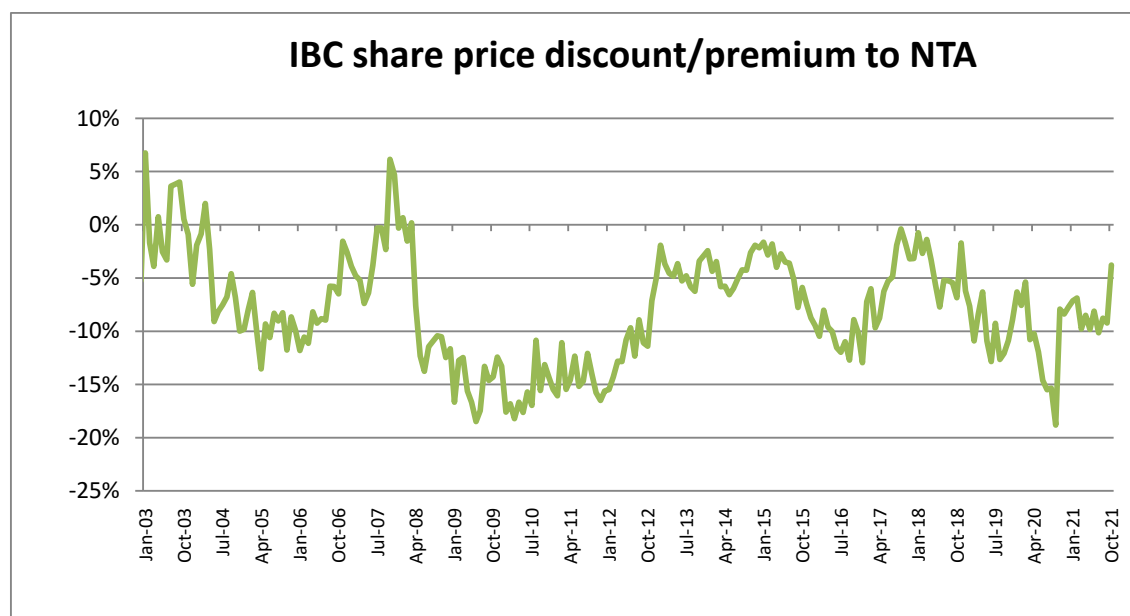
Revenue excluding net gains and losses on the trading portfolio was down 4.1% on the prior year, with dividends and distributions from the underlying investments rebounding in the second half, as the economy recovered, and companies re-assessed their capacity to pay dividends.

Dividends

While profits have been substantial, the ability to pay fully franked dividends was constrained in FY21 by a lack of franking credits. Despite another year with lower dividend income, Ironbark was able to increase the dividend on the prior year to 2.25 cents per share fully franked. The outlook for dividends received from the underlying investments looks promising and should continue in the 2022 financial year. Ironbark will continue to pay fully franked dividends as conditions allow.

### NTA Discount/Premium

The Ironbark shares saw a narrowing in the discount to NTA after tax as the buy-back date approached and as at 31<sup>st</sup> October the discount was around 2%. In the last month, the discount has narrowed. The directors believe the on-market buy-back has assisted somewhat in reducing the discount, as indicated in the following chart.



### On-Market Buy-Back

A resolution for the extension of the on-market buy-back is being put to the meeting today, to complete the 4-week program. The delay in the commencement of the buy-back due to administrative delays associated with COVID meant that the 12-month period approved at last year's AGM expired on the 10<sup>th</sup> November and the resolution to extend will see the completion of the 4 week on-market buy-back program on 23<sup>rd</sup> November 2021.

The buy-back provides the opportunity for shareholders to sell IBC shares for near adjusted NTA. The Board will monitor this mechanism to ascertain its effectiveness particularly in narrowing the size of the share price discount to NTA that prevails in the period between the buy-backs. In addition, the impact of the buy-back on reducing the size of the investment portfolio will also have to be considered having regard to the minimum scale required for an efficient Listed Investment Company (LIC) operation.

Finally, shareholders should not automatically assume buy-backs in the future, as shareholder approval of such major actions is required.

### The Year Ahead

For the first four months of this financial year the portfolio returned 2.8% against a benchmark of 1.9%. Whilst the domestic and global markets have recovered from the low of 2020, we can expect continued volatility as the on-going challenges of 'living with Covid', the unwinding of stimulus measures, and inflationary conditions emerge.

Going forward, the Ironbark portfolio remains positioned to deliver satisfactory returns within an acceptable risk profile.

This concludes my address, and I will now hand over to Doug Hew who will discuss the investment performance and the outlook for equity markets on behalf of the Investment Manager.

**Michael J Cole AM**  
**Chairman**