



BENJAMIN HORNIGOLD  
LIMITED

*“veritas et aequitas”*

# ANNUAL GENERAL MEETING

17 NOVEMBER 2021



# Your Board

Mr Michael Glennon	Non-Executive Chairman and Company Secretary
Mr Sulieman Ravell	Non-Executive Director
Mr Gary Miller	Non-Executive Director



# AGENDA

- Director's Presentation
- Consideration of Accounts
- Consideration of Resolutions
- Questions and answer time



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# BHD Directors Presentation

1. Investment Strategy
2. BHD Performance
3. Update on JBFG
4. Investment Portfolio
5. Portfolio Holdings



# Investment Strategy

1. Structure - all three directors are actively involved in idea generation, research and investment selection.
2. An investment idea must be supported by at least two directors to be added to the portfolio.
3. We are open to a wide investment universe and seek to build a relatively concentrated portfolio of our best 5 to 20 ideas. This will generally include exposure to domestic and global equities.
4. We actively seek out arbitrage opportunities, particularly when markets appear to be fully valued.
5. **Opportunistic with an absolute return focus**



# Investment Strategy

- We are opportunistic, value orientated, risk aware and index unaware.
- We do not feel compelled to be fully invested through the cycle.
- Rather we will be inclined to selectively increase exposure during periods of market weakness and trim positions by profit taking when markets appear expensive.
- Liquidity is a consideration for us, however in managing a smaller pool of funds we may be able to participate in opportunities that others are simply too large to take advantage of in a meaningful way.
- We will participate in IPOs and Placements where we see value and where we can obtain allocations.





# Investment Strategy

## **Focus on overall return to shareholders**

- The size of the company requires us to be conscious of costs
- Investment management is in house, reducing costs
- Our focus is on Total Return including the accrual of franking credits, a benefit that is often overlooked within investment mandates
- Portfolio reporting in house, reducing costs
- Typically pay 0.05% brokerage
- The company is unlikely to need to pay tax for some time, we carry a significant Deferred Tax Asset of 9c



# Investment Strategy

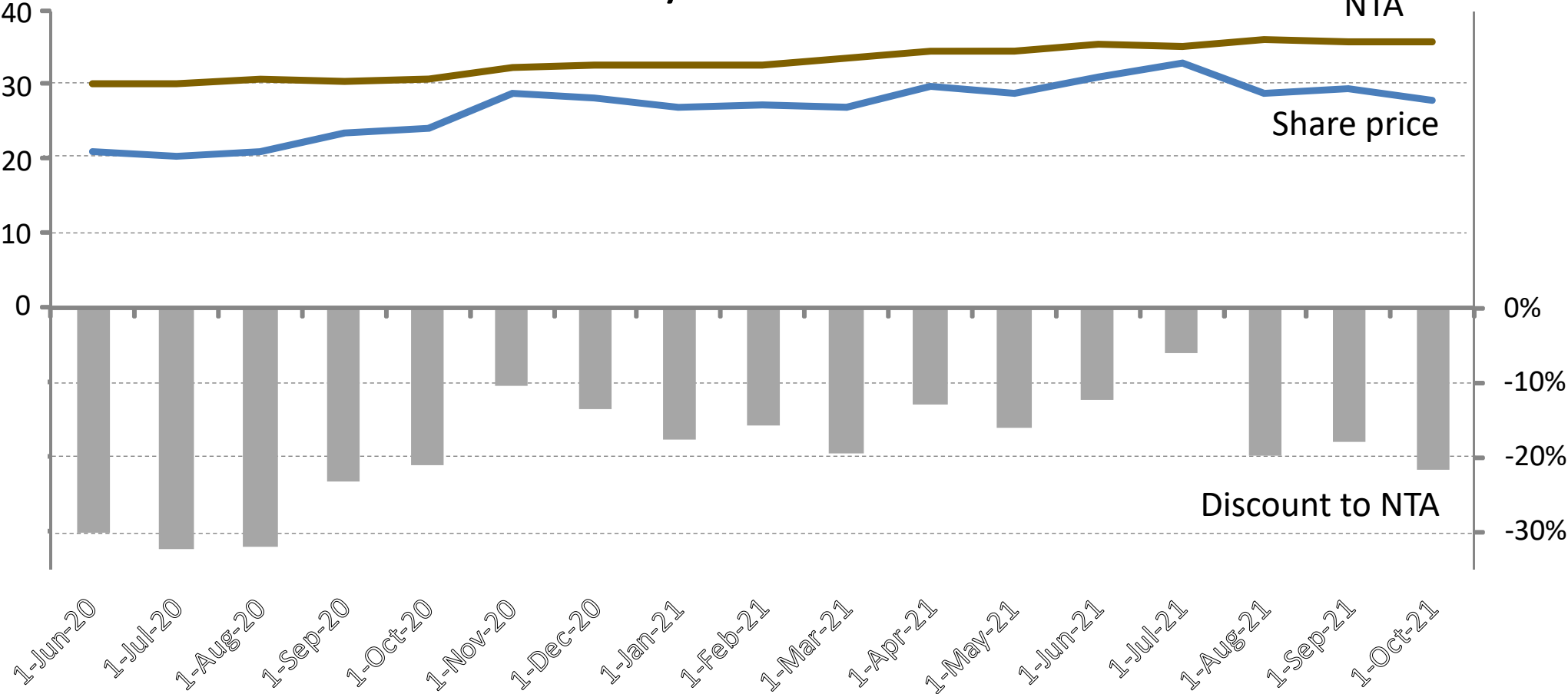
## **Why haven't we returned capital to shareholders?**

- We stated in the initial Notice of Meeting in 2019 that we would “return the maximum amount of capital to shareholders”
- Impractical while funding for litigation likely to be required
- Investors looking to exit have had the opportunity at prices close to NTA net of winding up costs over the last year
- The company self insures as an alternative to costly D&O insurance



# BHD Performance

## Difference between BHD Share Price & NTA (cents) July 20 – Oct 21



# Update on JB Financial Group Pty Ltd (JBFG) & John Bridgeman Ltd

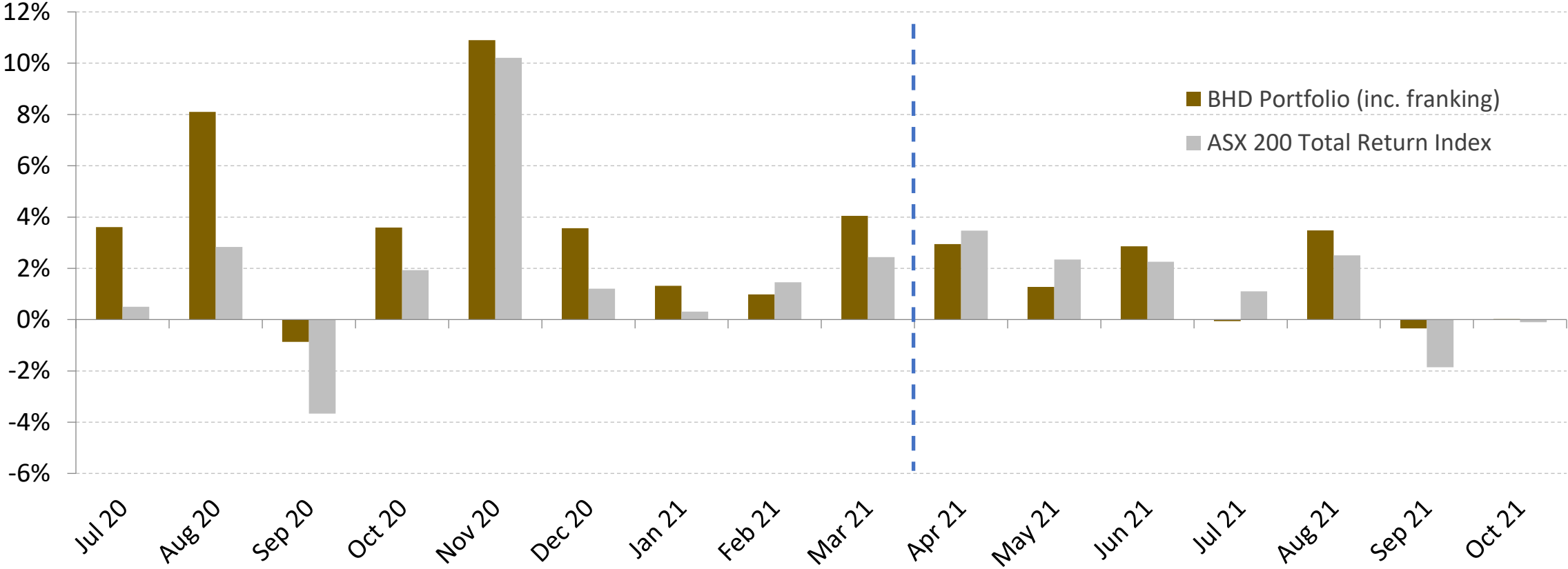


- JBFG currently in liquidation
- Loans at 30 June 2021 including interest
  - \$3.1 million unlisted convertible loan secured to JBFG
  - \$1.2 million unsecured loan to JBFG
  - \$1.0 million unsecured loan to JBL
- JBL audited accounts have not been lodged in 3 years
- **Not carried in NTA numbers**
- BHD has entered into an agreement with the liquidators of JBFG (subject to their obtaining approval) to fund an investigation into certain matters. That agreement is confidential.



# Investment Portfolio Returns

## BHD Performance of investment portfolio



*Investment returns shown prior to April are only reflective of the funds allocated to investments (ex cash) while cash was allocated to the portfolio*



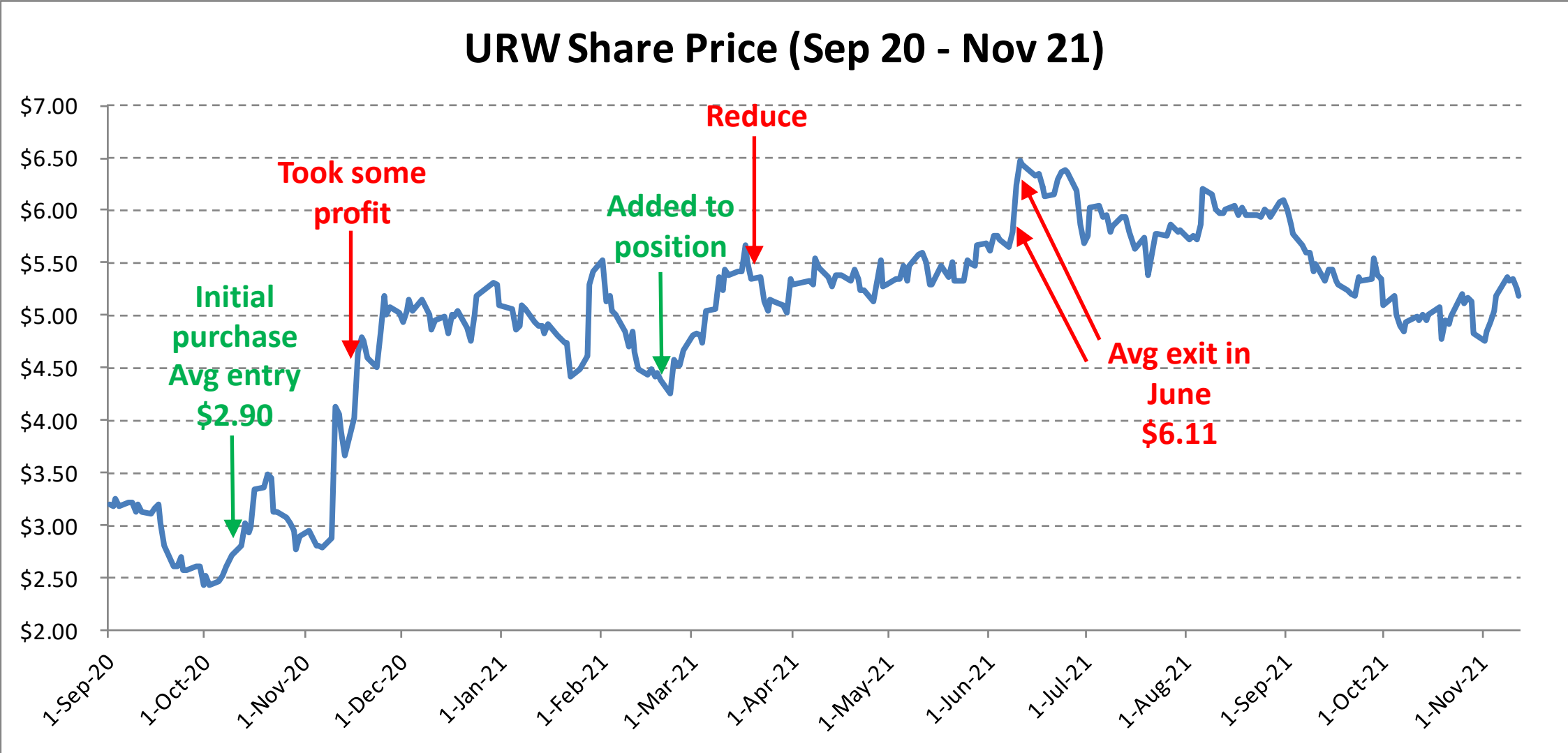
# Portfolio Holdings

## Examples:

1. Deep Value/Event Driven - Unibail-Rodamco-Westfield (URW)
2. Takeover - Vitalharvest Freehold Trust (VTH)
3. Deep Value – Z Energy (ZEL)



# Unibail-Rodamco-Westfield (URW)





# Unibail-Rodamco-Westfield (URW)

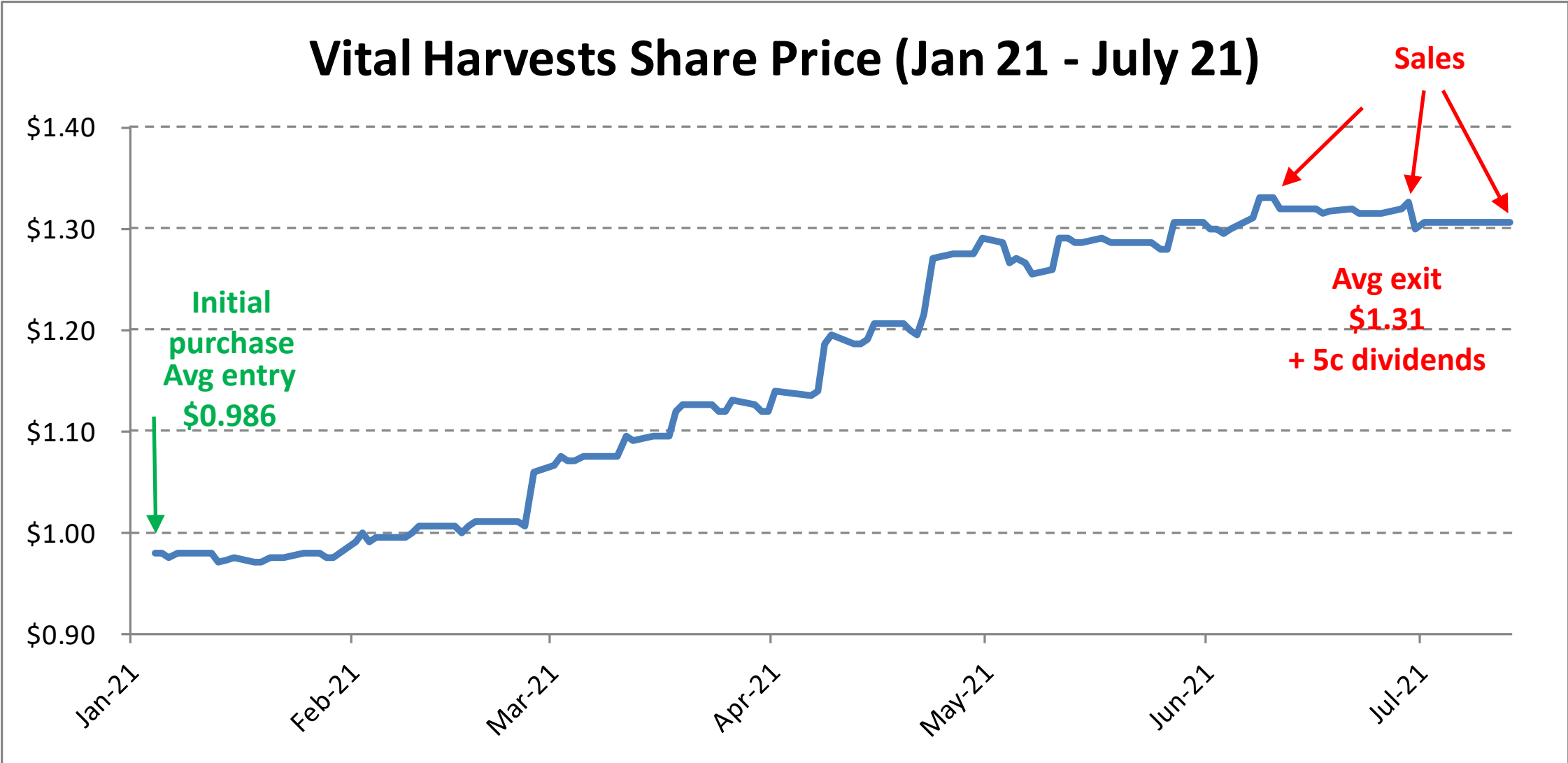
## Deep Value

- Average entry price in Oct 20 at \$2.90
- Large NTA discount in excess of 75%
- Retail shopping - Unloved sector – COVID-19!
- High quality property portfolio – less likely to be impacted long term
- Initial signs suggested less impact from COVID-19 than anticipated
- Anticipated capital raise – Dilutive and created uncertainty
- Market hates uncertainty
- **Taken profits in excess of our investment and we retain the balance of holding as a free carry**





# Vitalharvest (VTH) – Takeover Offer





# Vitalharvest (VTH) – Takeover Offer

## Takeover Offer

- Average entry price at \$0.986
- Offer on the table of \$1.00 plus 2.5c fully franked dividend
- 5% return for 72 days
- Annualised return of 31%pa (low risk)

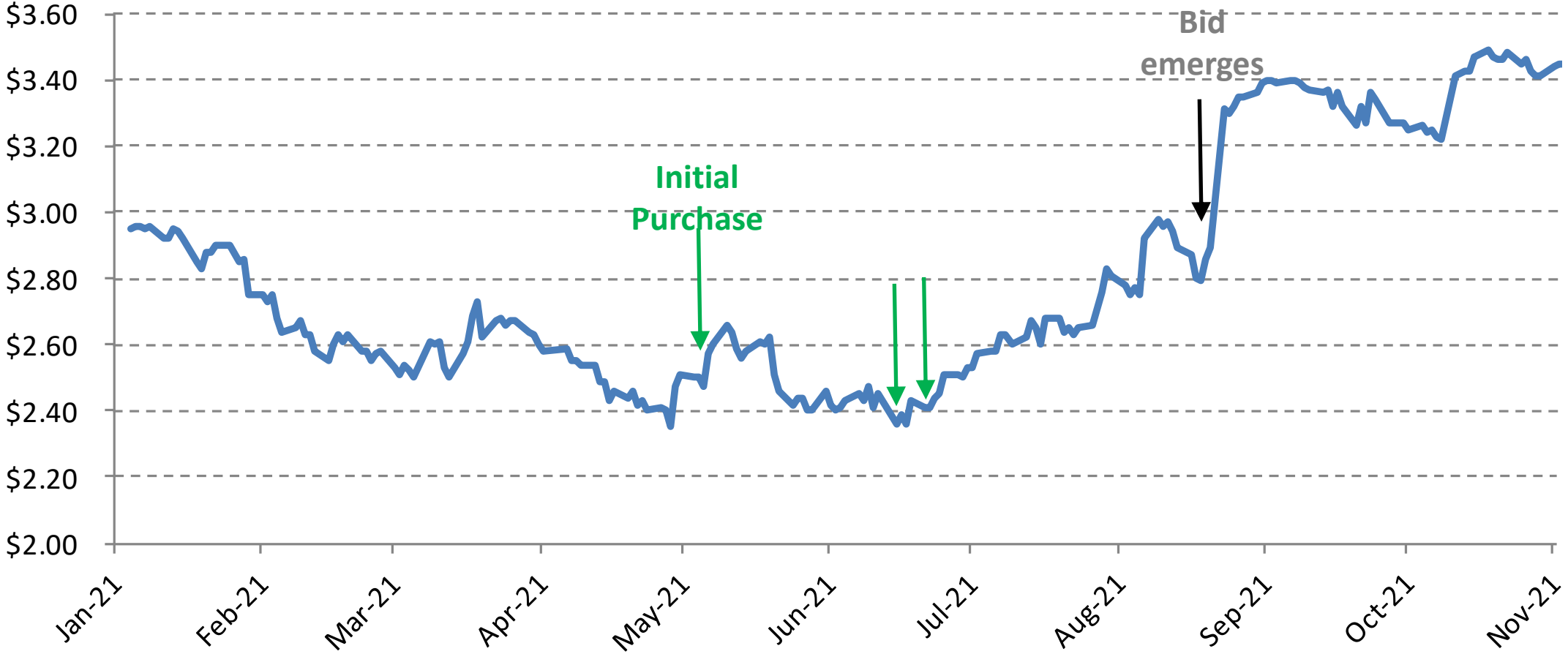
## Alternative bidder emerged

- If you consider as a yield play
- Current yield circa 7%pa
- Our fair value assessment of 5% yield suggested a bidding war likely
- Overall return of 40%



# Z Energy (ZEL) – Deep Value

## Z Energy Share Price (Jan 21 - Nov 21)





# Z Energy (ZEL) – Deep Value

## Deep Value

- Average price of entry \$2.45
- Yield of 8%pa
- Bid from Ampol at NZ\$3.78 (A\$3.54)
- Overall return of 49% to date
- We continue to hold



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# Consideration of Accounts

- To receive and consider:
  - (a) the financial statements;
  - (b) the Directors' report; and
  - (c) the Auditor's report
- ... of BHD for the year ended 30 June 2021.
- These statements and reports are placed before the Shareholders for discussion and Shareholders will be given the opportunity to ask questions and make comments on these statements and reports.
- No voting is required on this matter.



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# Resolution 1

## Adoption of the Remuneration Report

*“That the Remuneration Report required by section 300A of the Corporations Act 2001 (Cth) as contained in the Company’s Directors Report for the year ended 30 June 2021 be adopted by the Shareholders.”*

### Proxy Summary

FOR	OPEN	AGAINST	ABSTAIN
2,240,579	449,445	3,246,235	-
37.74%	7.57%	54.68%	-





# Resolution 2

## Re-election of Mr Michael Glennon as a Director

*“That Mr Michael Glennon, who retires by rotation in accordance with Rule 5.1 of the Company’s Constitution, and being eligible, be re-elected as a Director of the Company.”*

### Proxy Summary

FOR	OPEN	AGAINST	ABSTAIN
9,419,786	450,045	3,237,135	-
71.87%	3.43%	24.70%	-



# Resolution 3

## **SPECIAL Resolution 3: Approval of increased Share issue capacity under Listing Rule 7.1A**

*“That, for the purpose of ASX Listing Rule 7.1A, and for all other purposes, the issue of equity securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum be approved.”*

- Proxy Summary

FOR	OPEN	AGAINST	ABSTAIN
9,410,286	449,445	3,245,735	1,500
71.80%	3.43%	24.77%	n/a



# End of Resolutions

*Please ensure you had cast your votes on the 3 resolutions*



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# Questions and answers



# AGM 2021



*Thank you for your attendance and participation in this meeting.*