



**CHAIRMAN'S ADDRESS**  
**2022 ANNUAL GENERAL MEETING**  
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I will commence my address today with the 2022 financial performance of Ironbark Capital Limited. The 2022 financial year saw Ironbark deliver a positive result for shareholders both financially and in performance, which although down from the record high of the prior year was still extremely satisfactory in the current environment.

Ironbark financial results and investment performance

The Ironbark portfolio delivered a pleasing return of 4.1% for the financial year inclusive of franking credits, compared to the Benchmark (1 year swap + 6%p.a.) of 6.9%. This is a very satisfactory result when compared to the broader market S&P/ASX300 Accumulation Index of negative 6.8% for the year. The impressive performance over 2 years of 10.1%p.a. inclusive of franking credits, has been achieved in these challenging economic times. The performance since inception of the current investment mandate of almost 20 years is 8.8% p.a.

For the 2022 financial year, the Company reported a profit after tax of \$1.4 million, down from the record high of \$6.7 million achieved in the previous corresponding year. Dividend income increased by 82% reflecting the higher earnings of companies in the portfolio, as many companies increased their dividends in the recovery from the pandemic downturn. The net loss of \$2.4 million from the realised and unrealised gains and losses on the trading portfolio was the main contributor to the lower profit result, representing the decline in valuations from the previous years' high levels.

The performance highlights the impact on valuations of the increasing share market volatility and challenging economic conditions, and reflects the Investment Manager's absolute return and income emphasis which includes the writing of call options.

Dividends

The rebound in corporate earnings supported the improvement in fully franked dividends received. This allowed the Company to pay fully franked dividends of 2.25 cents per share in the financial year. The current dividend yield, grossed up for franking is an attractive 6.25%. The Hybrid portfolio will continue to benefit from the rising interest rates with increased income and franking credits, allowing Ironbark to continue to pay a consistent level of fully franked dividends.

## Capital Management

During the 2022 financial year, Ironbark completed an on-market buy-back for a period of one month during October/November 2021. The Buy-Back achieved its aim of narrowing the discount and providing liquidity at a share price near NTA. Approximately 3.5% of shareholders participated in the buy-back for part or all of their holding. The Independent Directors participated for part of their holdings, and always have the option of buying back in the market at any time. By way of example, I have purchased an additional 150,000 shares in recent months.

As part of the Company's capital management program, on 30 June 2022 the Company announced an on-market share buy-back for up to 10% of the Company's shares over the next 12 months. The on-market buy-back will provide the Company the opportunity to buy back its shares during prolonged periods of share price volatility where there is a significant discount to underlying NTA.

## Board Renewal

In the last financial year, Mr Sam Kaplan was appointed to the Board as a Non-Executive Director following the retirement from the Board of Mr Ross Finley. On behalf of the Board, I would like to thank Ross for his valuable contribution and dedication to the Board and Audit Committee over many years.

Sam Kaplan joined the Board in December 2021 as a non-independent Director, and is an experienced company director with extensive industry experience, and is introduced to you today. Sam has a long association through related parties as a shareholder and as the Investment Manager of Ironbark.

The Board will continue to maintain a majority of independent directors in accordance with its Corporate Governance Charter.

## The Outlook

For the first quarter of this financial year the portfolio returned 2.7% against a benchmark of 2.4%, a good result in these uncertain times.

On the global and domestic front, central banks continue to raise interest rates in an effort to curb inflationary pressures. In conjunction with government policy their attempts to balance their economies and avoid recession creates very volatile and uncertain times ahead. The geopolitical factors and the flow-on effects to energy and inventory as economies continue to recover from the pandemic, add to the inflationary mix. Domestically, we can add the recent floods to that mix, these multiple headwinds creating a slowing economy.

On a positive note, the Ironbark portfolio remains positioned to deliver fully franked dividends and 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 Cole AM**  
**Chairman**