

15 March 2017

The Manager  
ASX Market Announcements  
Australian Securities Exchange  
Exchange Centre  
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Sydney NSW 2000

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**Electronic Lodgement**

**Djerriwarrh Investments Limited  
Information Meetings Presentation**

Dear Sir or Madam,

Please find attached the presentation to be given at the Information Meetings being held in March 2017.

Yours faithfully



Matthew Rowe  
Company Secretary

# SHAREHOLDER MEETINGS MARCH 2017



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# COMPANY OBJECTIVES AND RECENT FINANCIAL PERFORMANCE

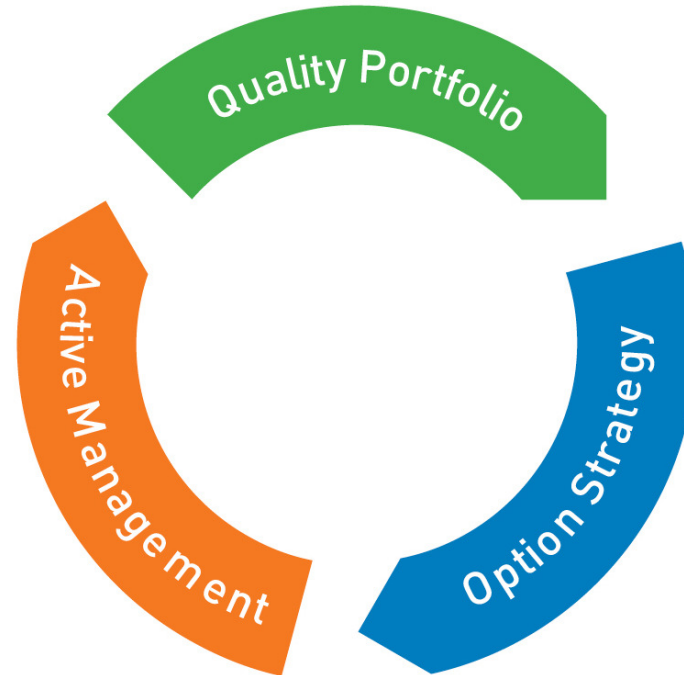
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# HOW DJERRIWARRH INVESTS

Income and capital growth

Balance between income and capital growth



Additional income from options

## HOW DJERRIWARRH INVESTS - continued

Outcome of this approach:

- Higher income than the market.
- Lesser capital gains than the market.



## HALF YEAR FINANCIAL SUMMARY – 31 DECEMBER 2016

PROFIT FOR THE HALF-YEAR

**\$12.4m**

▼ Down 41.5% from 2015

FULLY FRANKED INTERIM DIVIDEND

**10¢** Per share

Unchanged

NET OPERATING RESULT

**\$16.7m**

▼ Down 34.8% from 2015

MANAGEMENT EXPENSE RATIO

**0.42%** Annualised

0.45% in 2015

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## MAJOR COMPONENTS OF INCOME FOR THE HALF to 31 DECEMBER 2016

	Half-Year 2016 \$'000	Half-Year 2015 \$'000
Dividends and Distributions	<b>15,988</b>	20,574
Net Gains on Trading Portfolio	2,273	1,799
Income from Options Written Portfolio	<b>2,696</b>	11,076

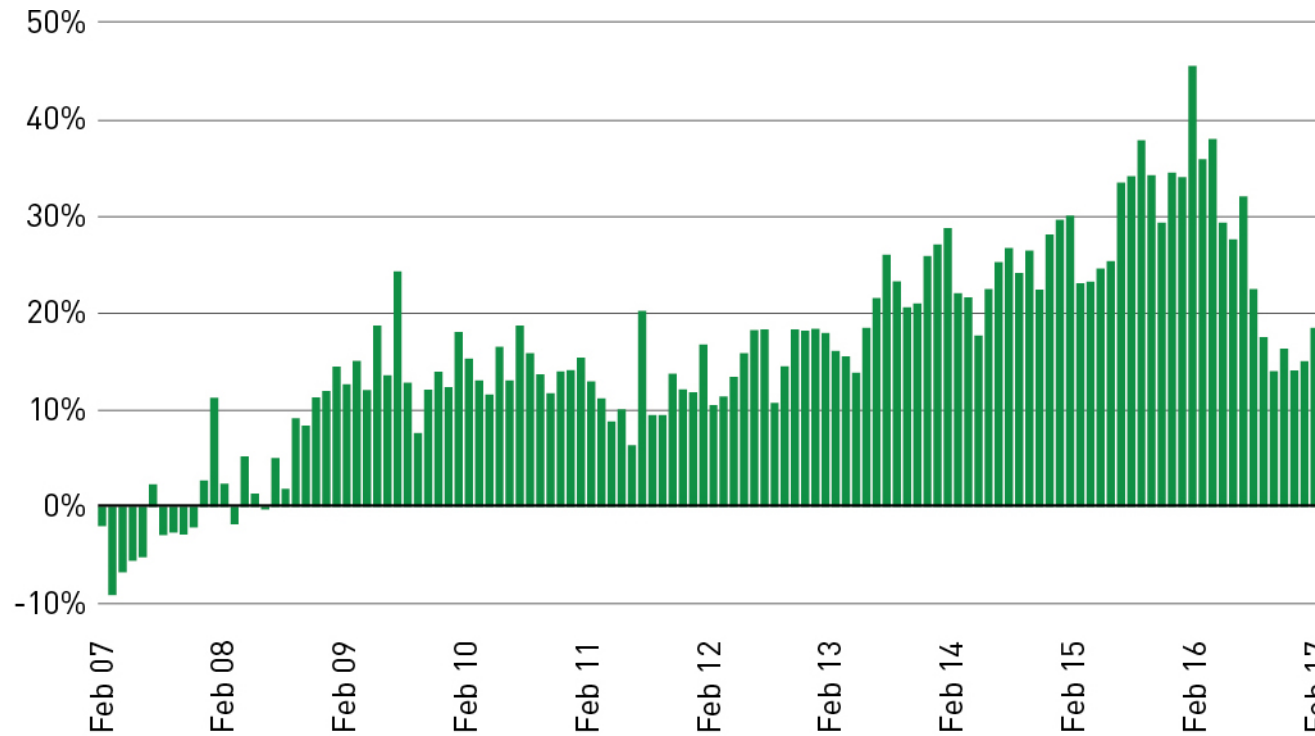
- Dividends from investee companies remained under pressure in the first half.
- Decline as a result of buying back 'in the money call' options to capture more of the potential capital upside in the second half due to the strong market.



## RECAP OF ANNOUNCED DIVIDEND ADJUSTMENT

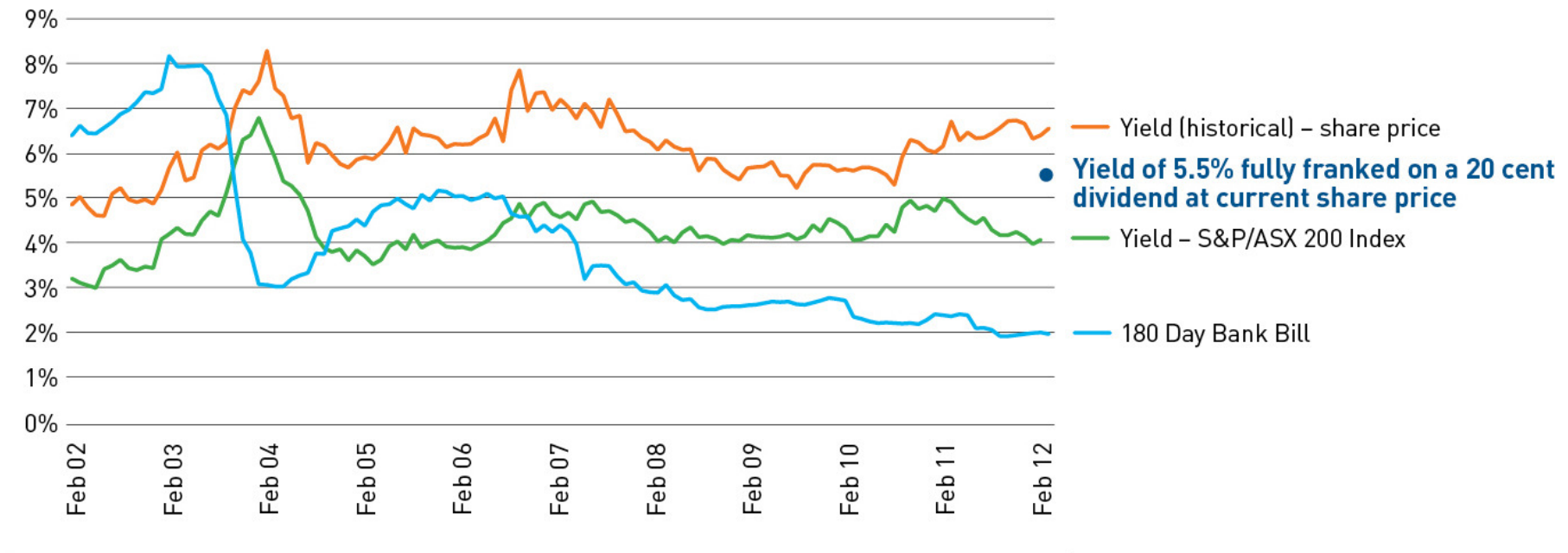
- A rebased 20 cent full year dividend – 10 cent interim and expected final.
- Provides a better balance between enhanced yield and capital growth.
- Franking position remains sound.
- The Company recommenced the dividend reinvestment plan for the interim dividend – 18.8% of shareholders participated, 12.3% of capital.

# SHARE PRICE PREMIUM TO NET ASSET BACKING HAS ADJUSTED TO DIVIDEND OUTLOOK



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# HISTORY OF YIELD ON THE SHARE PRICE RELATIVE TO THE ASX 200 AND INTEREST RATES



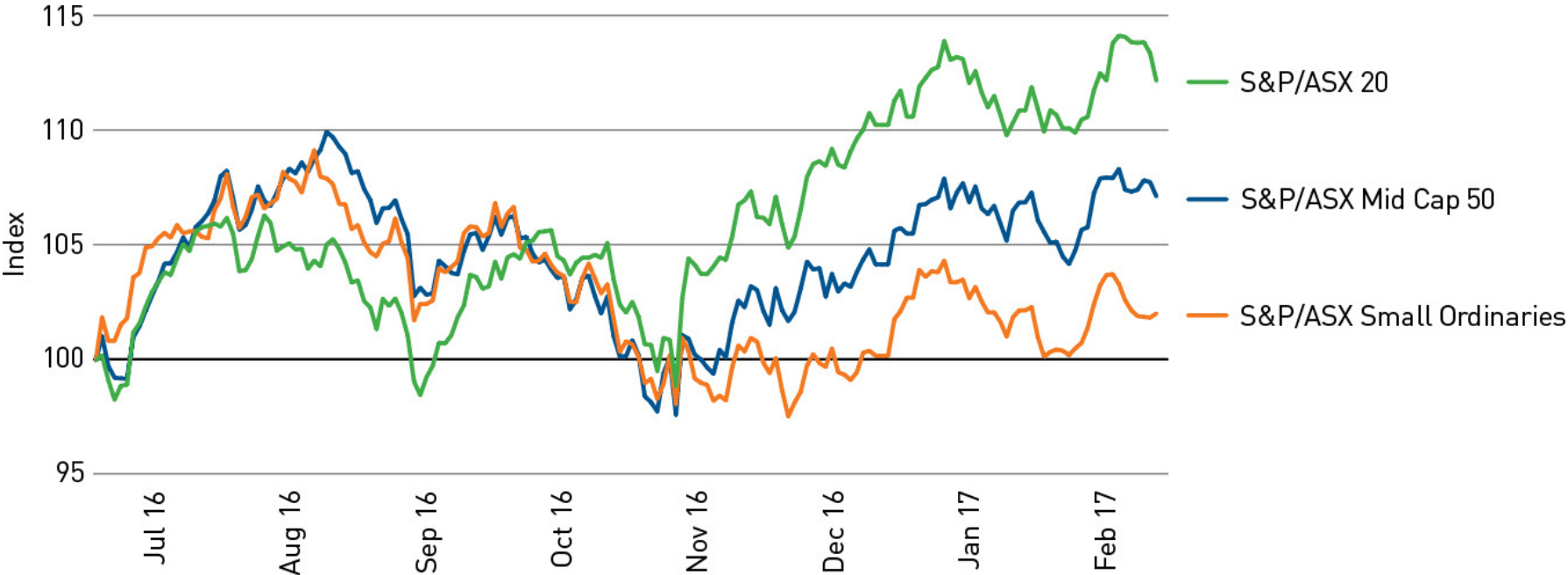
# THE PORTFOLIO



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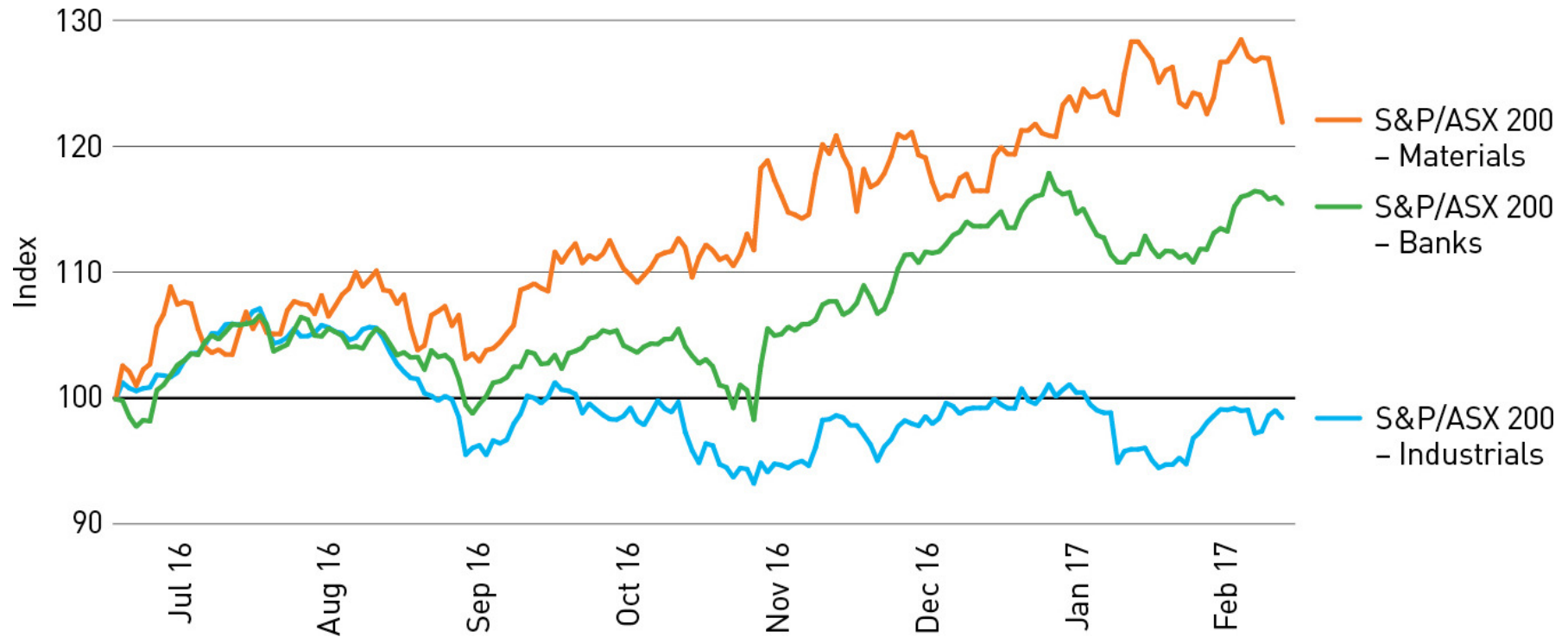
# LARGE COMPANIES HAVE REBOUNDED



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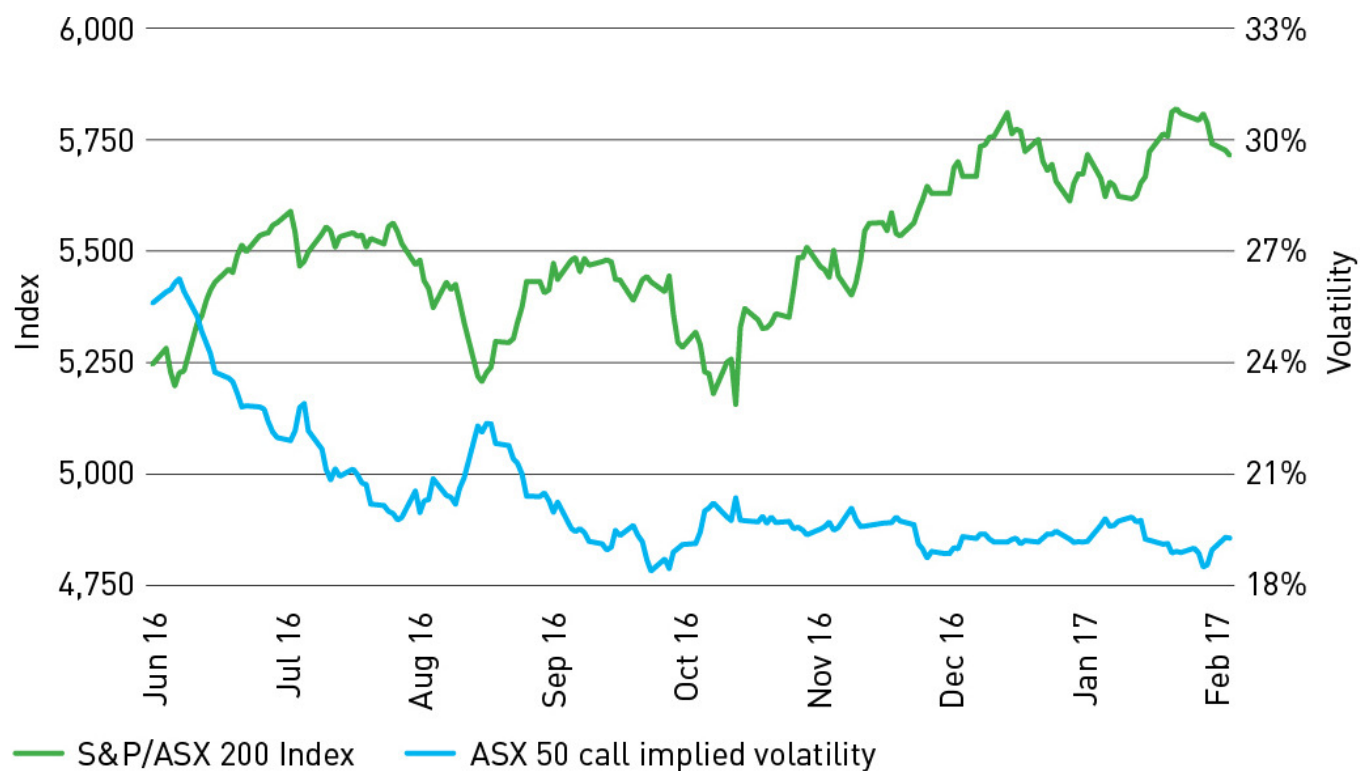
## DRIVEN LARGELY BY FINANCIAL AND MATERIAL STOCKS



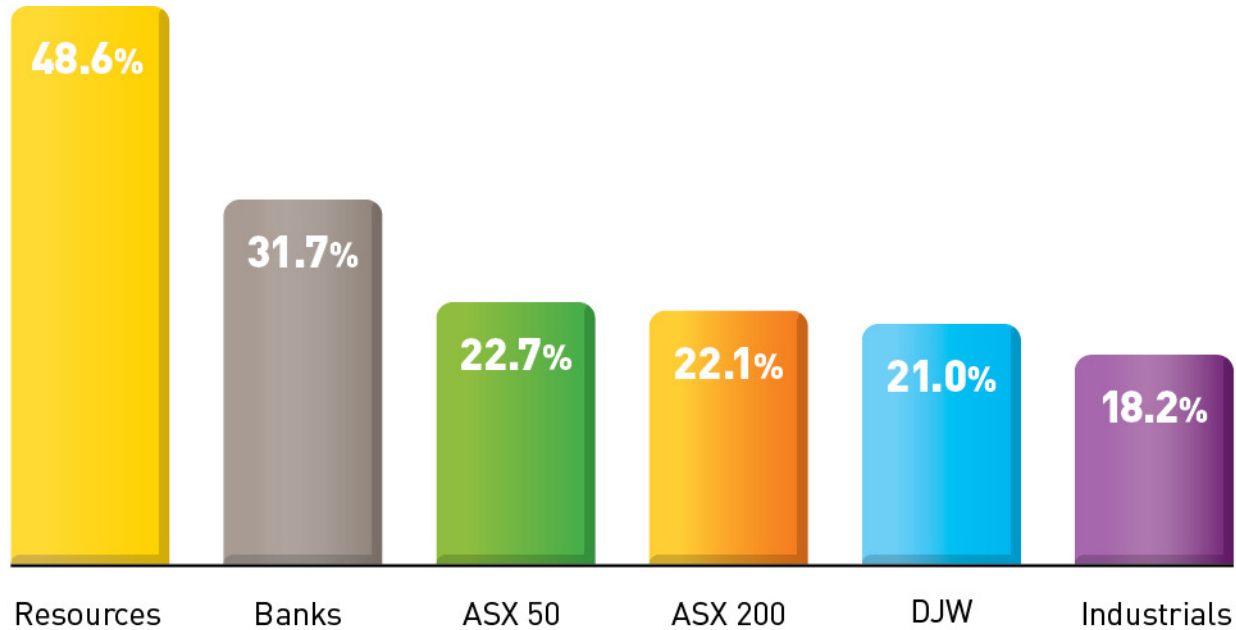
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## THE STRONG MARKET HAS ALSO MEANT LOW VOLATILITY



# RETURNS\* ONE YEAR TO 28 FEBRUARY 2017 - DJERRIWARRH PORTFOLIO VERSUS DIFFERENT SECTORS OF THE MARKET

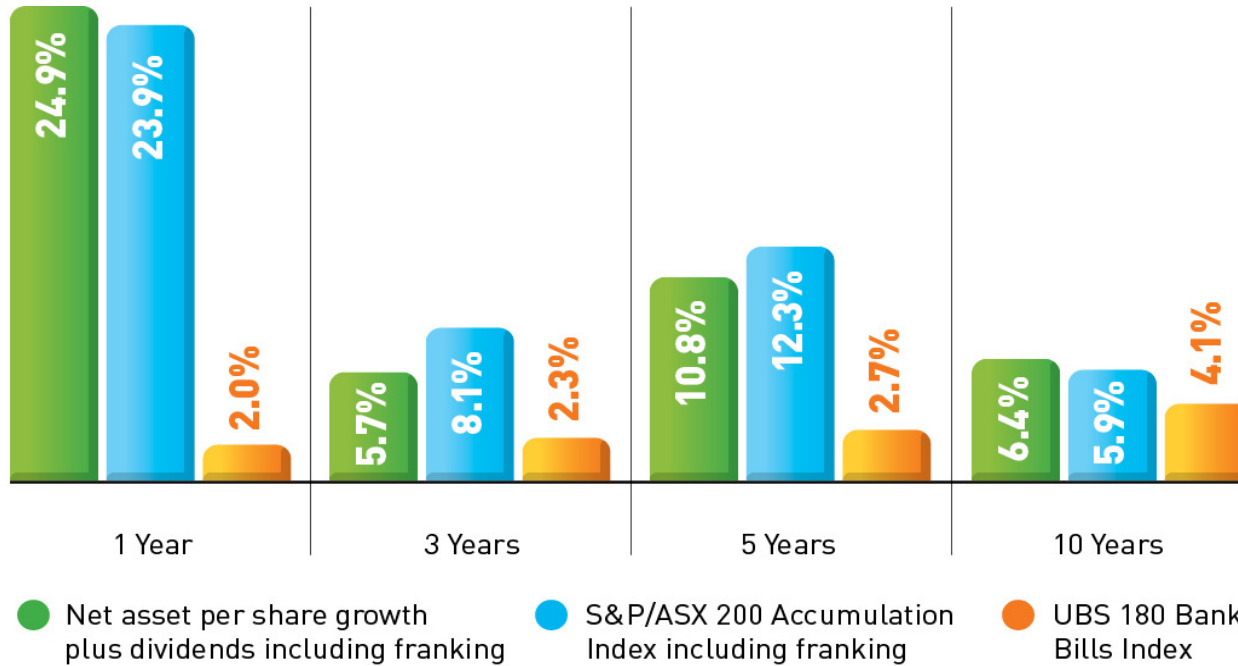


\*includes dividends but excludes franking

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# PORTFOLIO RETURN TO 28 FEBRUARY 2017, INCLUDING BENEFITS OF FRANKING\*



After tax paid and expenses.

\*Assumes an investor can take full advantage of the franking credits

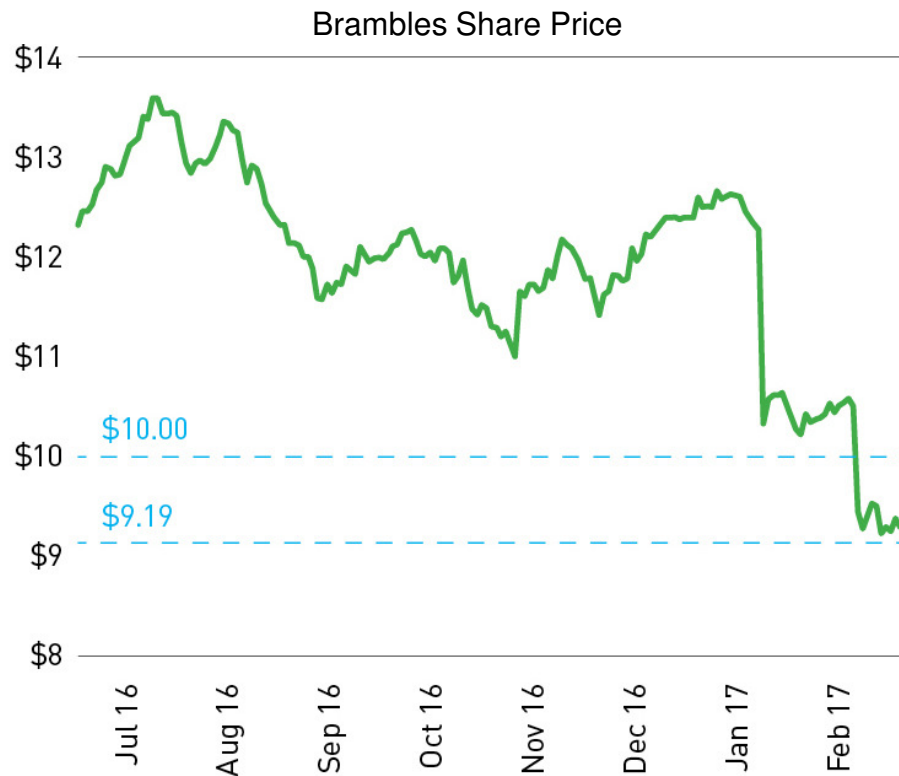
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## WHAT WE HAVE BEEN DOING IN THIS ENVIRONMENT

- Allowed selected option positions to be exercised given the rally in these share prices
- Redeployed some proceeds into buy/write transactions
- Allowed option exercises to reduce the level of gearing within the fund as valuations in the market have moved upwards
- Worked to keep option coverage around 40% of the portfolio.
- Small reduction in the number of stocks in the portfolio

## EXAMPLE OF A RECENT BUY/WRITE TRANSACTION - BRAMBLES

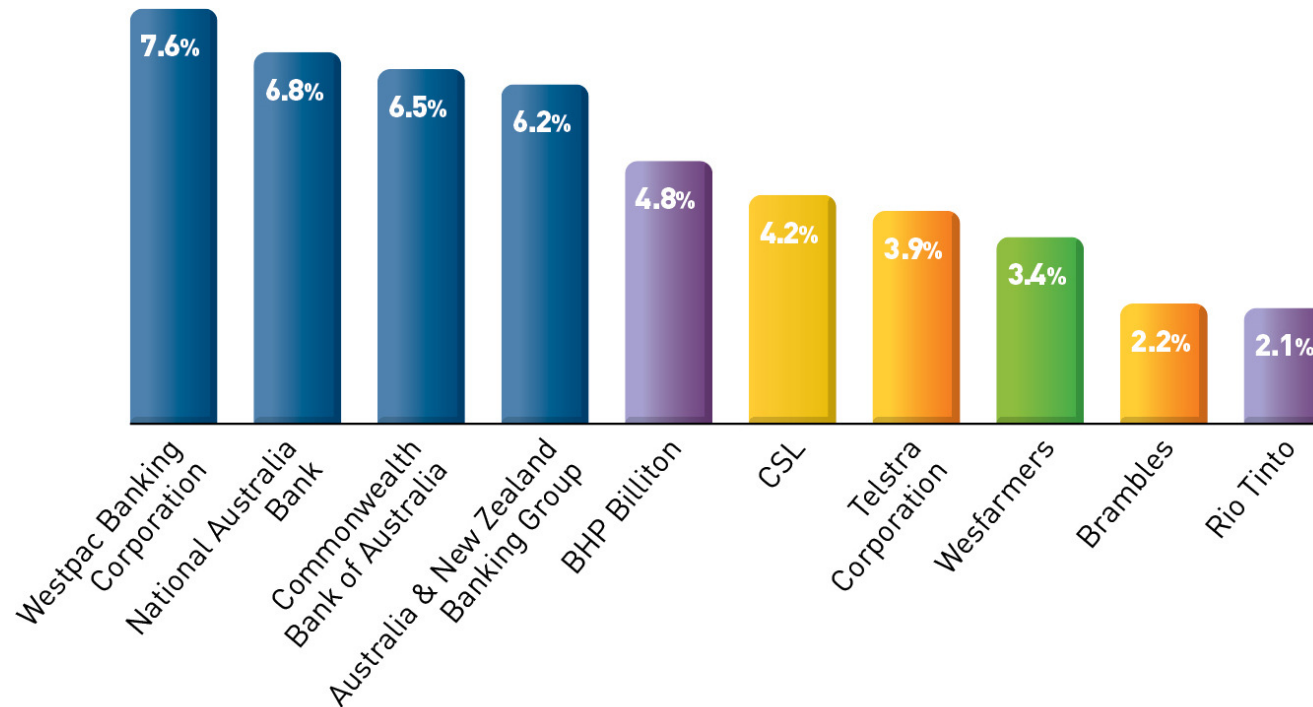


Bought 110,000 shares at \$9.40, Sold June \$10.00 Call Options @21.7cents per share.

Effective entry price of \$9.19, partially franked fully franked 14.5c dividend at 8 March:

- Partially franked yield of 3.5%
- Annualised return if option not exercised 10.0%
- Annualised return if option exercised 29.5%

## TOP 10 HOLDINGS\* AT 28 FEBRUARY 2017 REPRESENT 47.8% OF THE PORTFOLIO

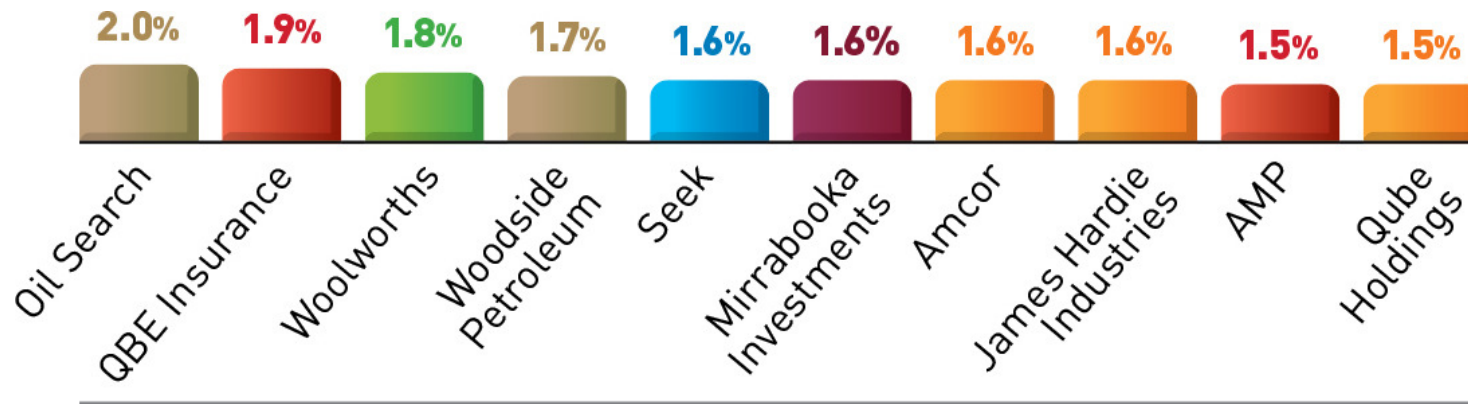


\* Options were outstanding against part of each holding.

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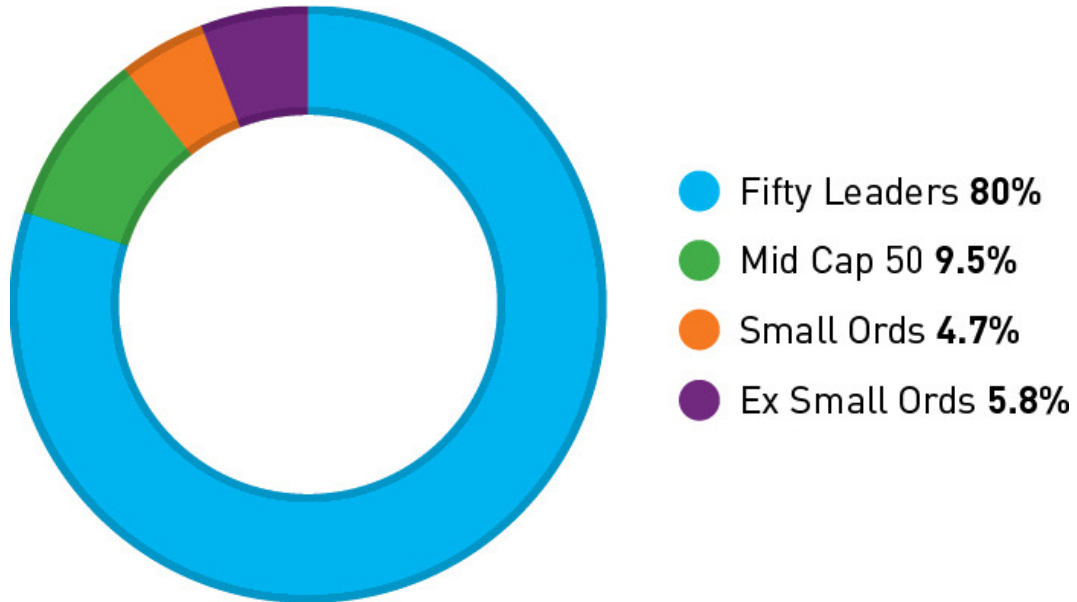
## NEXT 10 HOLDINGS\* AT 28 FEBRUARY 2017 REPRESENT 16.8 % OF THE PORTFOLIO



\* Options were outstanding against part of each holding other than Mirrabooka.

# PROFILE OF PORTFOLIO BY SIZE OF COMPANY

At 28 February 2017



Mid cap 50 largest holdings:



Small Ord's largest holdings:



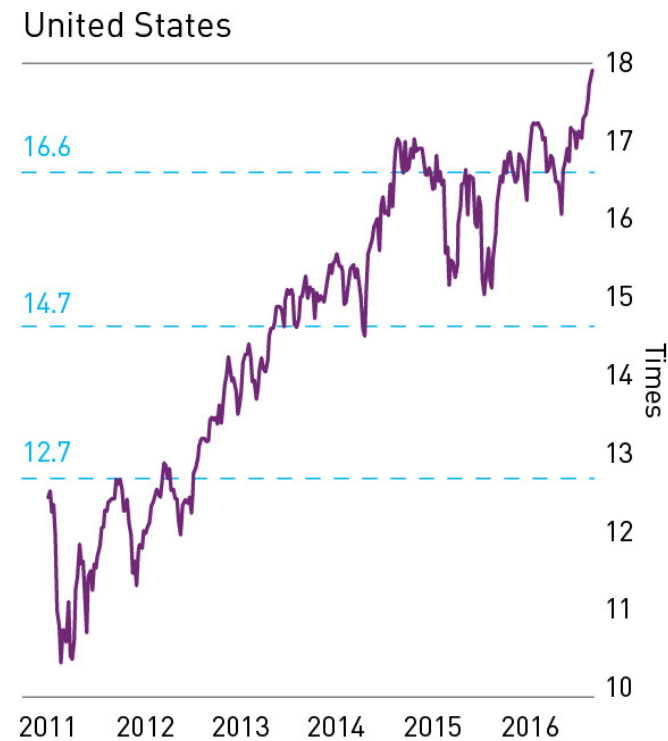
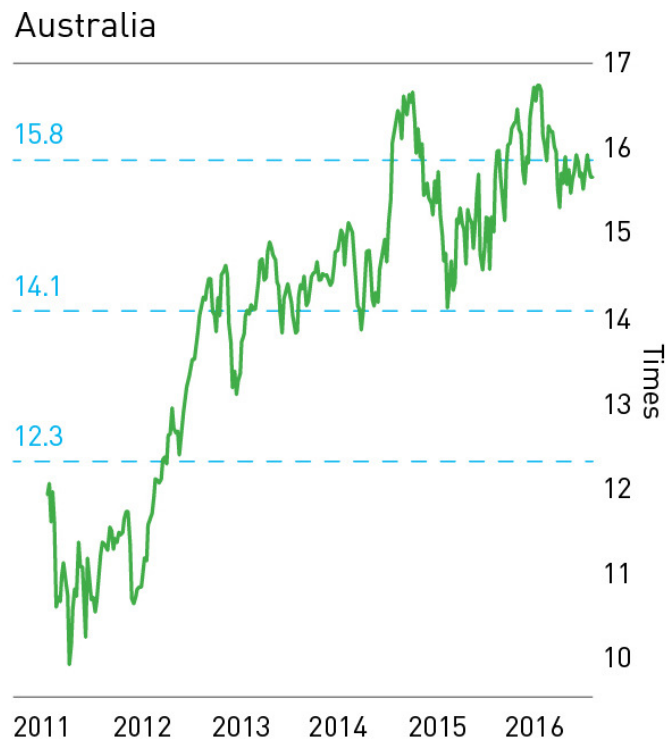


# GOING FORWARD

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# WHERE MARKETS ARE TRADING – PRICE TO EARNINGS RATIO\*



\*based on 1 year forward earnings

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## GOING FORWARD

- Recent company results were generally positive – marginal upturn in dividends.
- Australian economy showings signs of improvement.
- US economy strong, interest rates rising.
- China growth expected to be sound although not without risks.
- We are conscious of current high stock prices
- Current conditions sees Djerriwarrh with lower gearing and a number of call options “in the money” - trying to maintain selected holdings where it makes financial sense.

