

14 March 2018

The Manager
ASX Market Announcements
Australian Securities Exchange
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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 2018.

Yours faithfully



Matthew Rowe
Company Secretary



Shareholder Meetings March 2018

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Introduction

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Labor Party have announced the ending of refundability of franking credits

- The Labor Party has announced that if elected it will stop excess franking credits being refunded to shareholders.
- This particularly impacts individuals and self-managed super funds – charities, not-for-profits and most other super funds will not be impacted
- This removes the principle that the individual tax-payer's marginal tax rate defines how much tax they have to pay.
- Shareholders in a pension-phase (nil tax payable) of their SMSF will be in effect paying 30% tax on franked dividends. Assuming that you received a gross income of \$25,000 from franked dividends (including a refund of franking credits), this will be cut to \$17,500 – a reduction of \$7,500.

Labor Party have announced the ending of refundability of franking credits

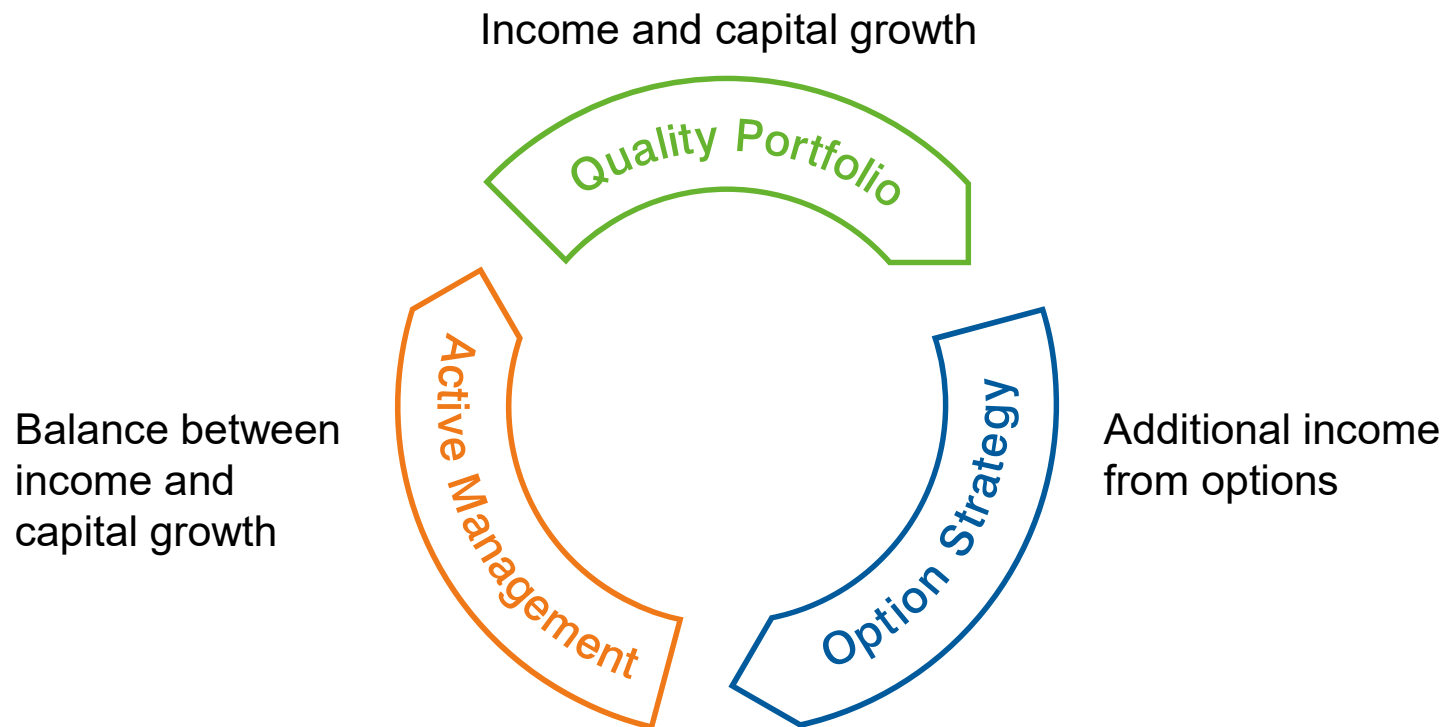
- We feel that this is an unfair attack on a specific section of the investing public and on low-income earners who hold investments outside super-funds that can offset extra franking-credits against contribution taxes.
- Many shareholders will be considerably worse off under this proposal, particularly those who have been planning for their retirement over many years.
- Concerned shareholders should take the issue up with their local MPs.



Company Objectives and Recent Financial Performance

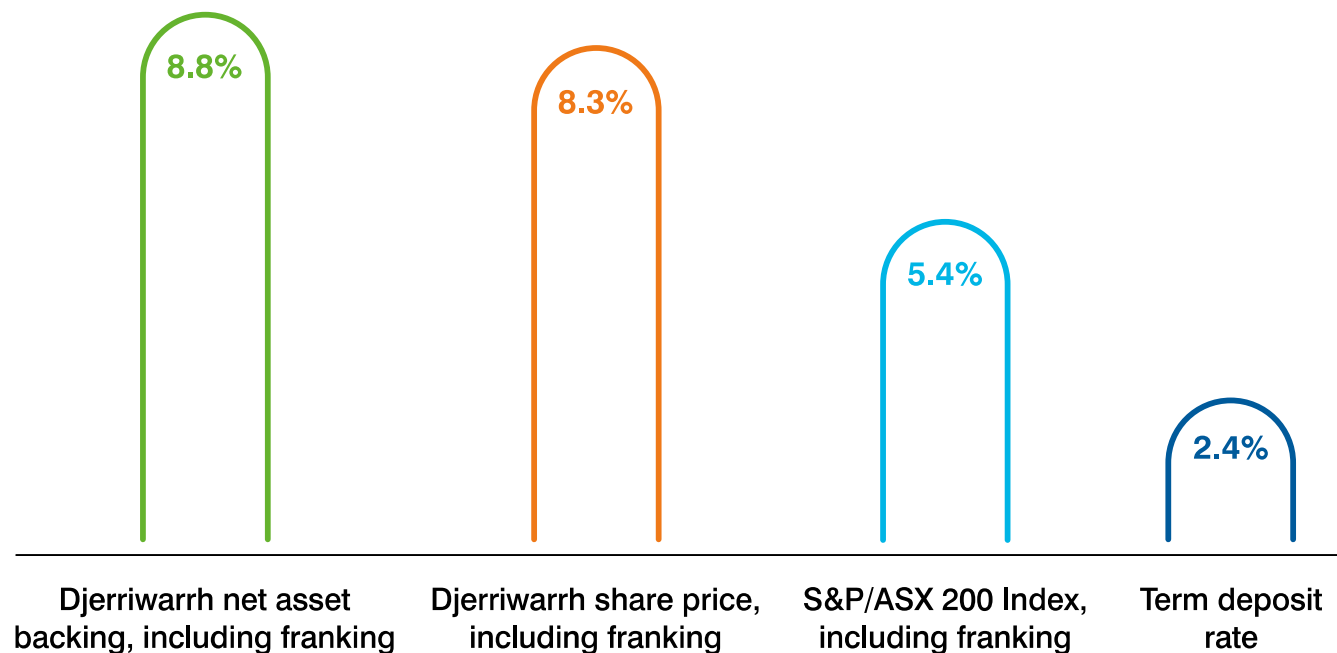
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Djerriwarrh looks to construct a portfolio that provides an enhanced fully franked dividend as well capital growth over time



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The outcome of this approach is a higher yield than the market...

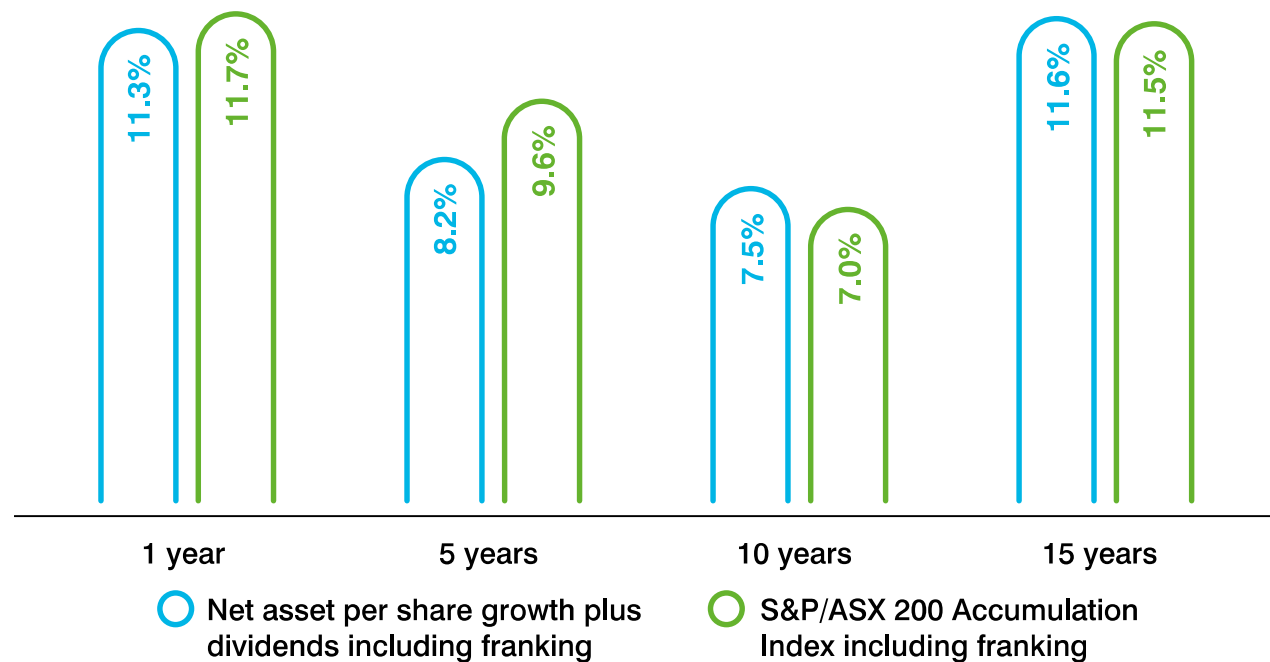


Note: Djerriwarrh yield based on 20 cent full year dividend. Assumes an investor can take full advantage of the franking credits. S&P/ASX 200 Index 80 per cent franked. Figures are as at 28 February 2018.

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But typically with less capital growth, as options can limit some of the gains



Note: Returns to 28 February 2018.

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Half Year Financial Summary – 31 December 2017

Profit for the Half-Year

\$11.9m

Down 3.8% from 2016

Fully Franked Interim Dividend

10¢

Per Share
Unchanged

Net Operating Result

\$16.4m

Down 1.9% from 2016

Management Expense Ratio

0.38% Annualised

0.42% in 2016

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Major Components of Income for the Half Year to 31 December 2017

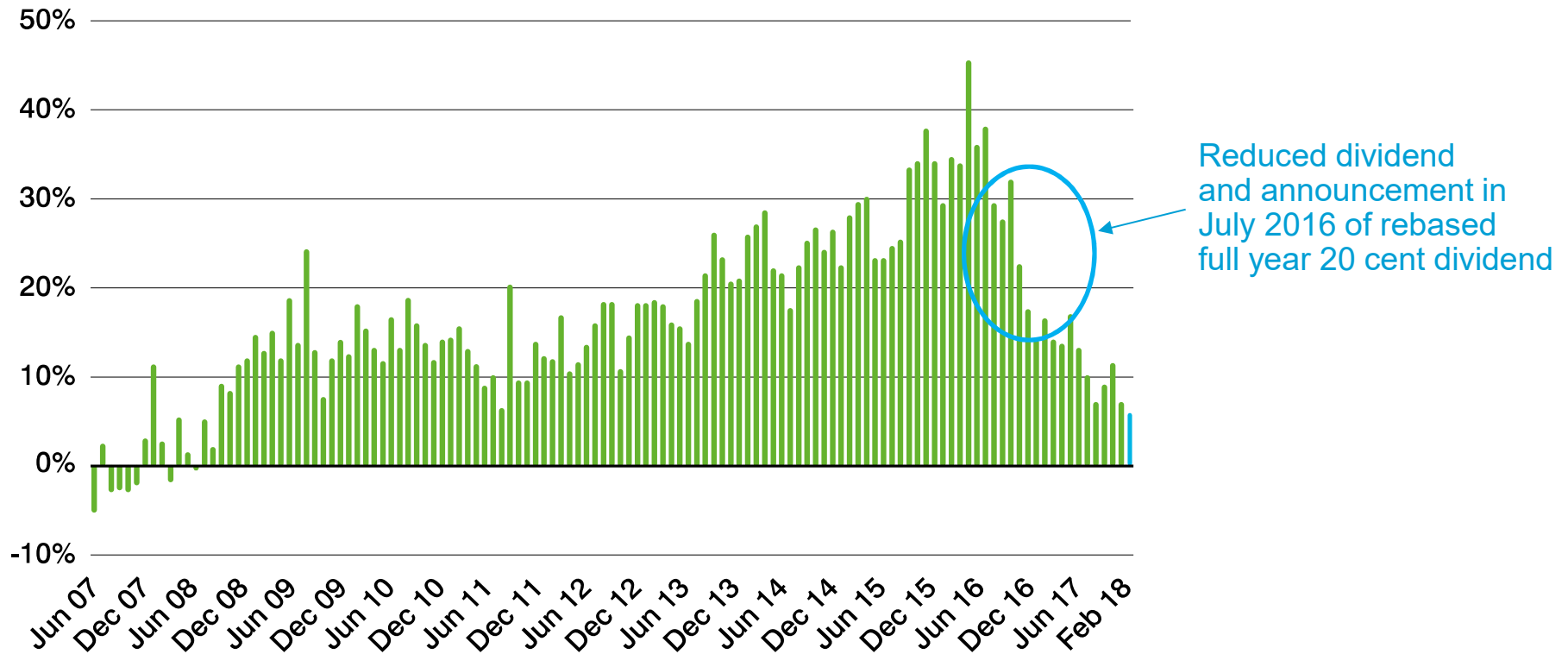
	Half-Year 2017 \$'000	Half-Year 2016 \$'000
Dividends and Distributions	17,339	15,988
Income from Options Written Portfolio	2,648	2,696
Net Gains on Trading Portfolio	64	2,273

Dividends from investee companies increased.

The gains made in the trading portfolio last year were not repeated.

A significant number of in-the-money call option positions were bought back and moved into the second half of the financial year to capture more of the potential upside of these holdings.

Share Price premium to Net Asset Backing has declined to 6%



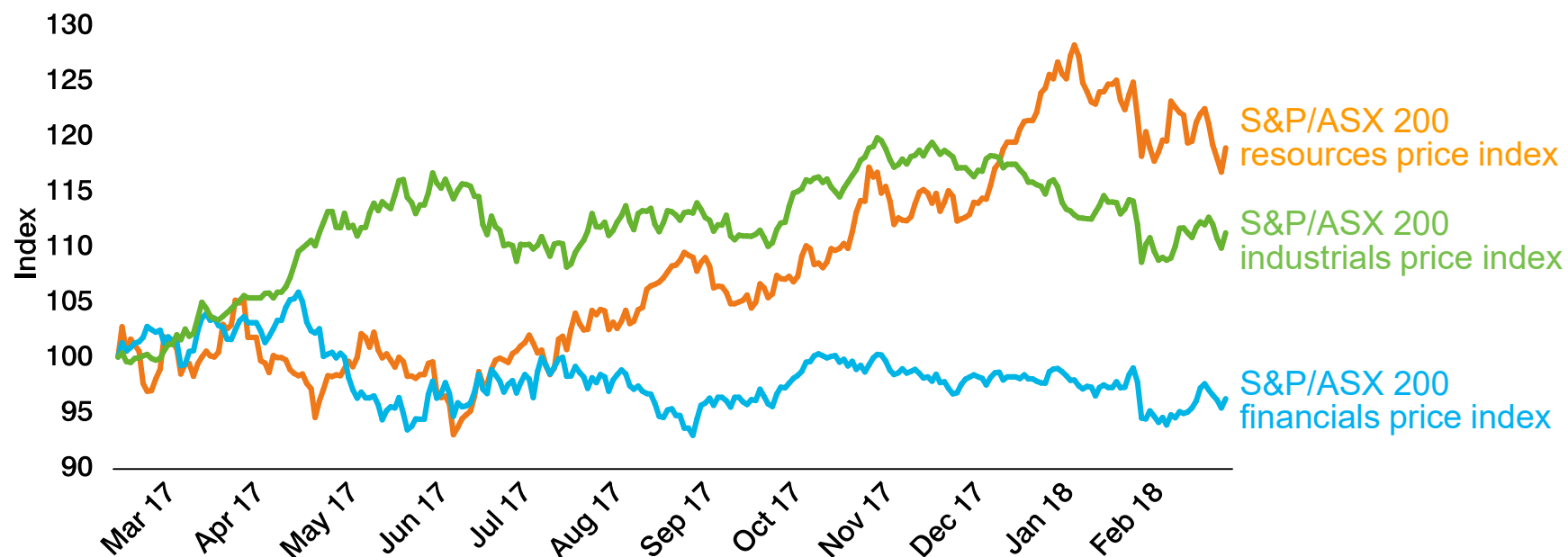
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The Market and Portfolio

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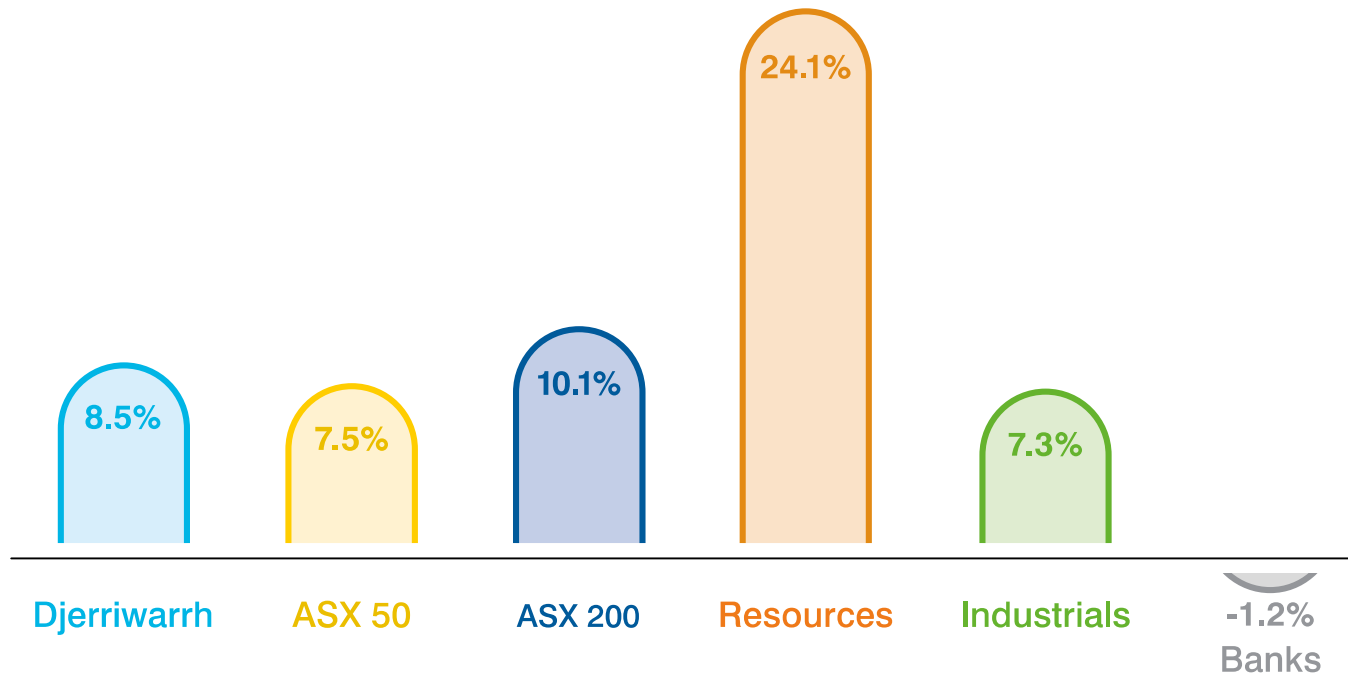
It has been a strong year for resources (which includes energy)



Source: FactSet

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One year returns* to 28 February 2018 – Djerriwarrh Portfolio compared to different sectors of the Market

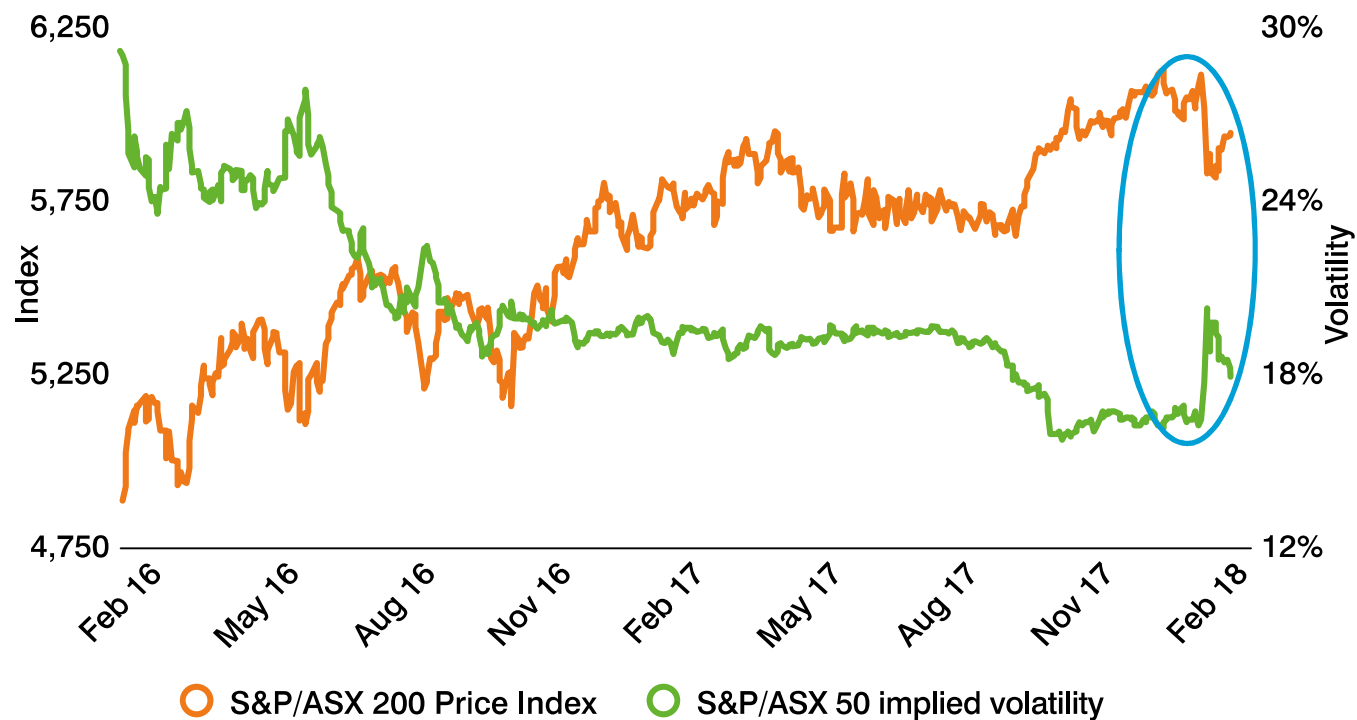


* Includes dividends but excludes franking.

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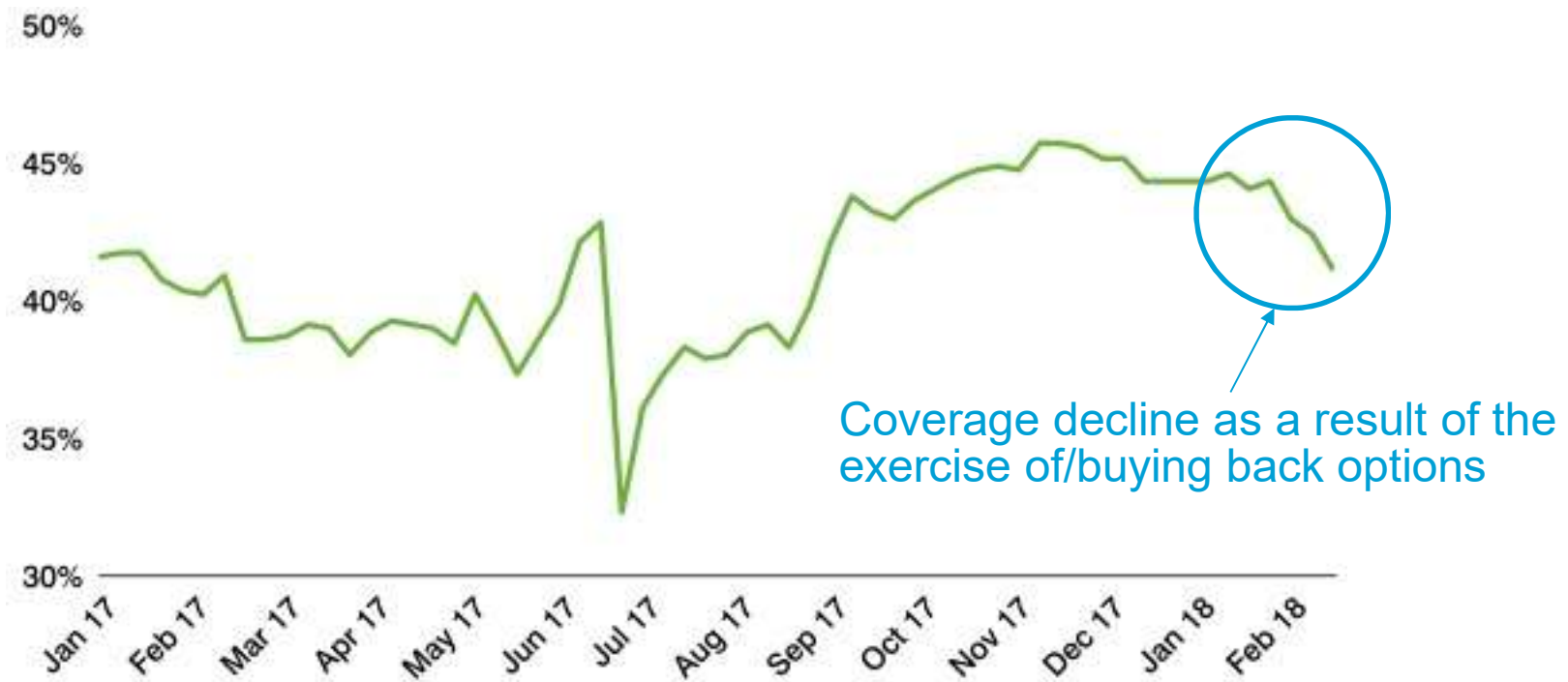


Early February fall in the market in response to rising US Long Term Rates – this is likely a precursor to more volatility



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With the strength in the market option coverage as a percentage of the portfolio has been kept at the higher end of the normal band



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In constructing a diversified portfolio the Investment Process considers



Recent adjustments to the Portfolio

- Repositioned the portfolio, including further additions to key holdings.
- Replenished holdings where call option exercises occurred or were about to occur.
- Sold positions in some smaller companies where concerns about the original investment case have arisen.
- Added a small number of new companies to the portfolio.

Market moves as well as purchases/sales have changed the profile of the Portfolio – top 10 holdings 28 February 2018

Rank	Company	% of Portfolio	Major Changes – Percentage Feb 2017
1	Commonwealth Bank of Australia	8.3%	6.5%
2	BHP	7.8%	4.8%
3	Westpac Banking Corporation	7.7%	
4	National Australia Bank	5.1%	6.8%
5	Australia and New Zealand Banking Group	4.9%	6.2%
6	CSL	4.8%	4.2%
7	Wesfarmers	3.3%	
8	Telstra Corporation	2.6%	3.9%
9	Woolworths Group	2.5%	1.8%
10	Brambles	2.4%	

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Market moves as well as purchases/sales have changed the profile of the Portfolio – next 10 holdings 28 February 2018

Rank	Company	% of Portfolio	Major Changes – Percentage Feb 2017
11	Macquarie Group	2.3%	Outside of top 20
12	James Hardie Industries	2.0%	1.5%
13	Oil Search	2.0%	
14	Seek	1.8%	
15	Woodside Petroleum	1.7%	
16	Qube Holdings	1.5%	
17	Transurban Group	1.5%	
18	Amcor	1.5%	
19	Rio Tinto	1.5%	2.1%
20	AMP	1.5%	

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Major purchases for the Financial Year, some of which were to cover sales through the exercise of call options

CSL™

BHP

 MACQUARIE




WOOLWORTHS GROUP


 nab

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 Djerriwarrh
AUSTRALIAN EQUITIES, ENHANCED YIELD

New companies added to the portfolio

Company	What we like
	Leading global player in protective gloves with strong balance sheet and simplified focus on market share gains in Industrial protection.
	Improved building products industry structure improves future return on capital. Latent long term value through: <ul style="list-style-type: none">• realisation of surplus property assets; and• exposure to Soul Pattinson's Investment Portfolio
	Australia's No 1 branded paint company with consistent track record of dividend and profit growth.

Going Forward



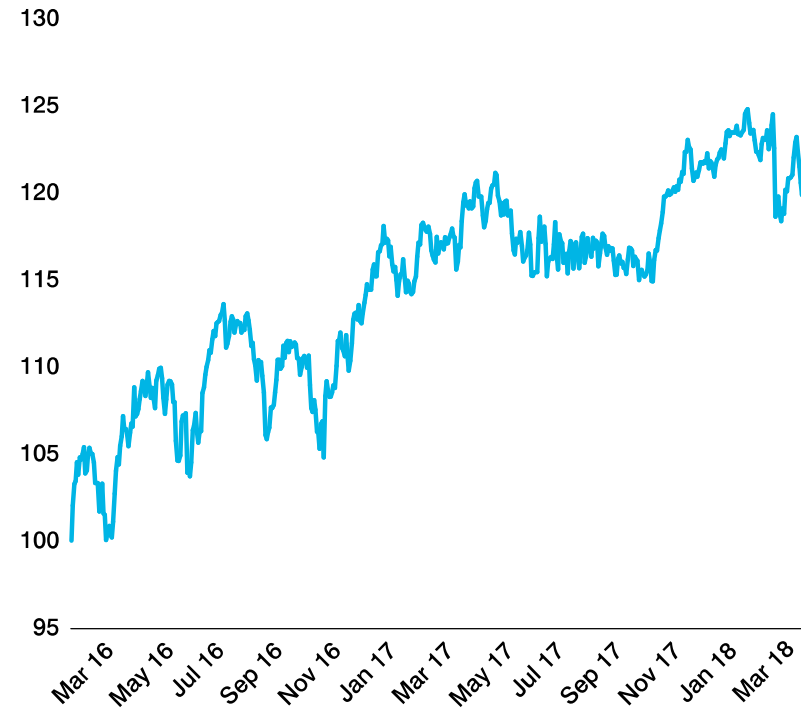
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Perspective on recent market moves – 2 Year returns have been strong

S&P500 Price Index



S&PASX 200 Price Index



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Moving forward over the remainder of the year

- Recent company reporting season showed some encouraging signs for dividends.
- Evidence of a broad improvement in global growth.
- A move to higher interest rates in the US likely to mean greater volatility for the Australian market.
- Heightened geopolitical tensions, including trade may also amplify market volatility.
- These factors provide a better environment for Djerriwarrh's option activities.
- Djerriwarrh satisfied with current portfolio settings – fully invested with call option coverage at the upper end of the range.

