



18 March 2019

Amcil Limited  
ABN 57 073 990 735  
Level 21, 101 Collins St  
Melbourne VIC 3000  
T 03 9650 9911  
F 03 9650 9100  
[invest@amcil.com.au](mailto:invest@amcil.com.au)  
[amcil.com.au](http://amcil.com.au)

The Manager  
ASX Market Announcements  
Australian Securities Exchange  
Exchange Centre  
Level 4  
20 Bridge Street  
Sydney NSW 2000

**Electronic Lodgement**

**AMCIL Limited  
Information Meetings Presentation**

Dear Sir / Madam

Please find attached the presentation to be given at the Information Meetings being held in March 2019.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Matthew Rowe', written in a cursive style.

Matthew Rowe  
Company Secretary



## Shareholder Meetings March 2019



## Disclaimer

AMCIL Limited and Australian Investment Company Services Limited (AFSL: 303209) and each of their respective directors, officers and agents (together the *Disclosers*) have prepared the information contained in these materials in good faith. However, no warranty (express or implied) is made as to the accuracy, completeness or reliability of any statements, estimates or opinions or other information contained in these materials (any of which may change without notice) and to the maximum extent permitted by law, the Disclosers disclaim all liability and responsibility (including, without limitation, any liability arising from fault or negligence on the part of any or all of the Disclosers) for any direct or indirect loss or damage which may be suffered by any recipient through relying on anything contained in or omitted from these materials. Any reader is strongly advised to make their own enquiries and seek independent professional advice regarding information contained in these materials.

These materials have been prepared solely for the purpose of information and do not constitute, nor are they intended to constitute advice nor an offer or invitation to any person to subscribe for, buy or sell any shares or any other securities.





## Financial Results

Shareholder Meetings March 2019

AMCIL

## Half-year summary – to 31 December 2018

### Profit for the Half-Year

\$3.7m

Up 42.7% from 2017

### Management Expense Ratio

0.66%<sub>Annualised</sub>

0.66% in 2017

### Fully Franked Dividend

2¢	Interim	3.5¢	Total
1.5¢	Special		

Nil interim dividend in 2017

### Total Portfolio

\$240.3m

Including cash at 31 December 2018

\$254.6 million in 2017

## Payment of an interim and special dividend

- Normal policy is to only pay a dividend at financial year end.
- However, the Board felt it was prudent to pay an interim dividend given the policy uncertainty surrounding the future refundability of franking credits.
- 2 cent per share interim dividend sourced from franking balance at calendar year end.
- 1.5 cent per share special dividend sourced from participation in Rio Tinto and BHP off-market share buy-backs.
- These payments will lessen the amount of franking credits available for distribution.

## Ending refundability of franking credits – we continue to act on shareholders behalf

- AMCIL has provided a template letter on its website for shareholders to write to their parliamentary representatives.
- We have engaged through various industry groups to lobby on your behalf.
- Publicised where appropriate through the media.
- Submission by AMCIL to the House Economics Committee.
- Extensive survey of shareholders so we can better understand the issue about the impact on shareholders.
- Looking at further strategies to try and influence policy makers.



## Shareholder survey refundability of franking credits – your response

- 227 replies received.
- 91% of respondents negatively impacted and dependent on franking credit refunds.
- 90% retired or approaching retirement.



A photograph showing a close-up of a business meeting. In the foreground, a person's hand in a light blue shirt points at a document on a table. Another hand, holding a wooden pencil, rests on the same document. To the left, a laptop is partially visible. The background is blurred, showing other people in a professional setting. A dark blue rectangular box is overlaid on the left side of the image, containing the title text.

## The Investment Approach

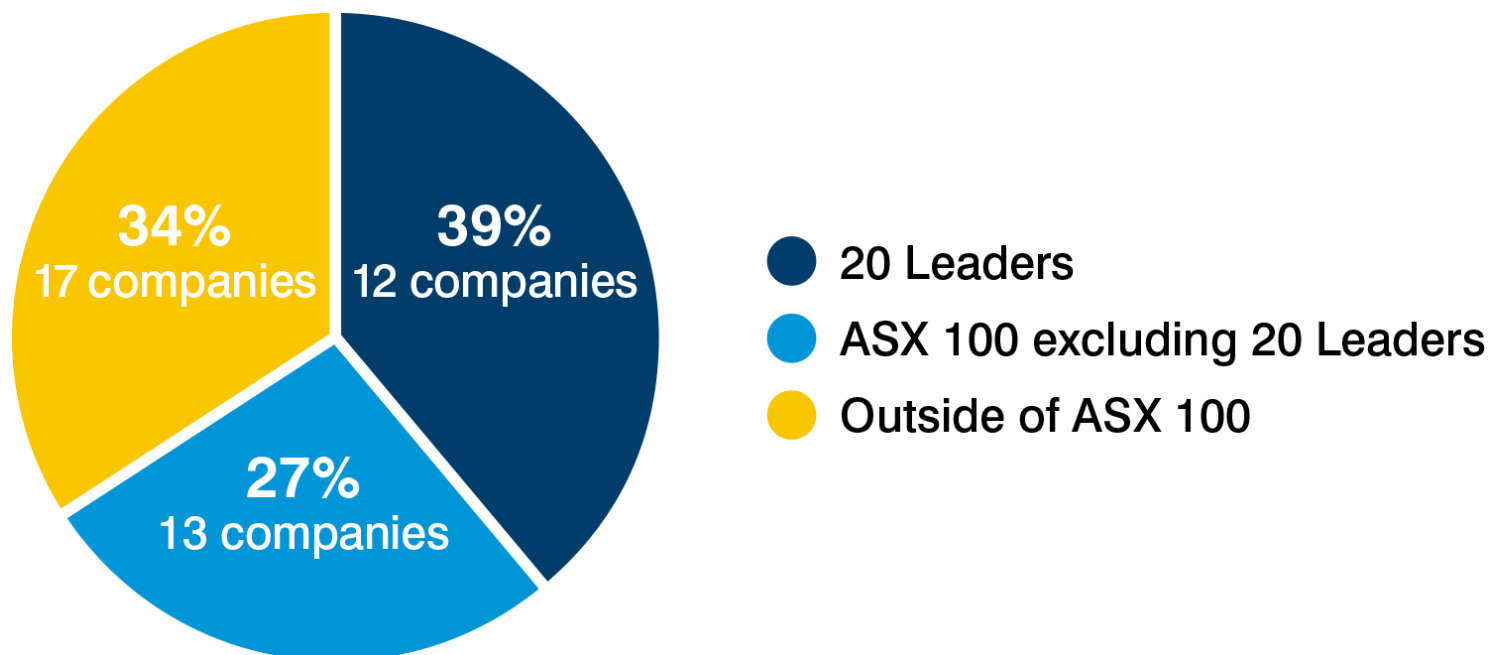
## AMCIL's approach

Focused portfolio covering large and small companies.

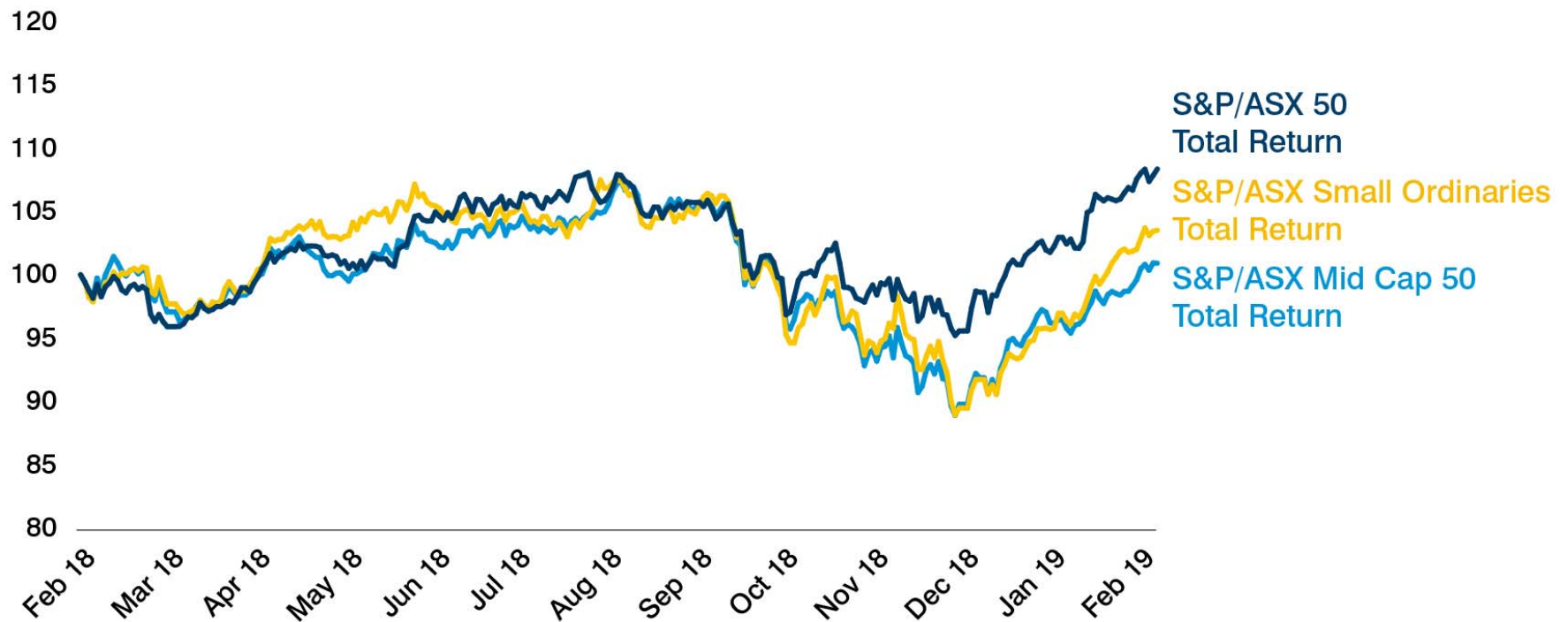
Our size means small companies can have an equally important impact on portfolio returns as large ones.

Use of the buy and write option strategies and small trading portfolio to generate additional fully franked income.

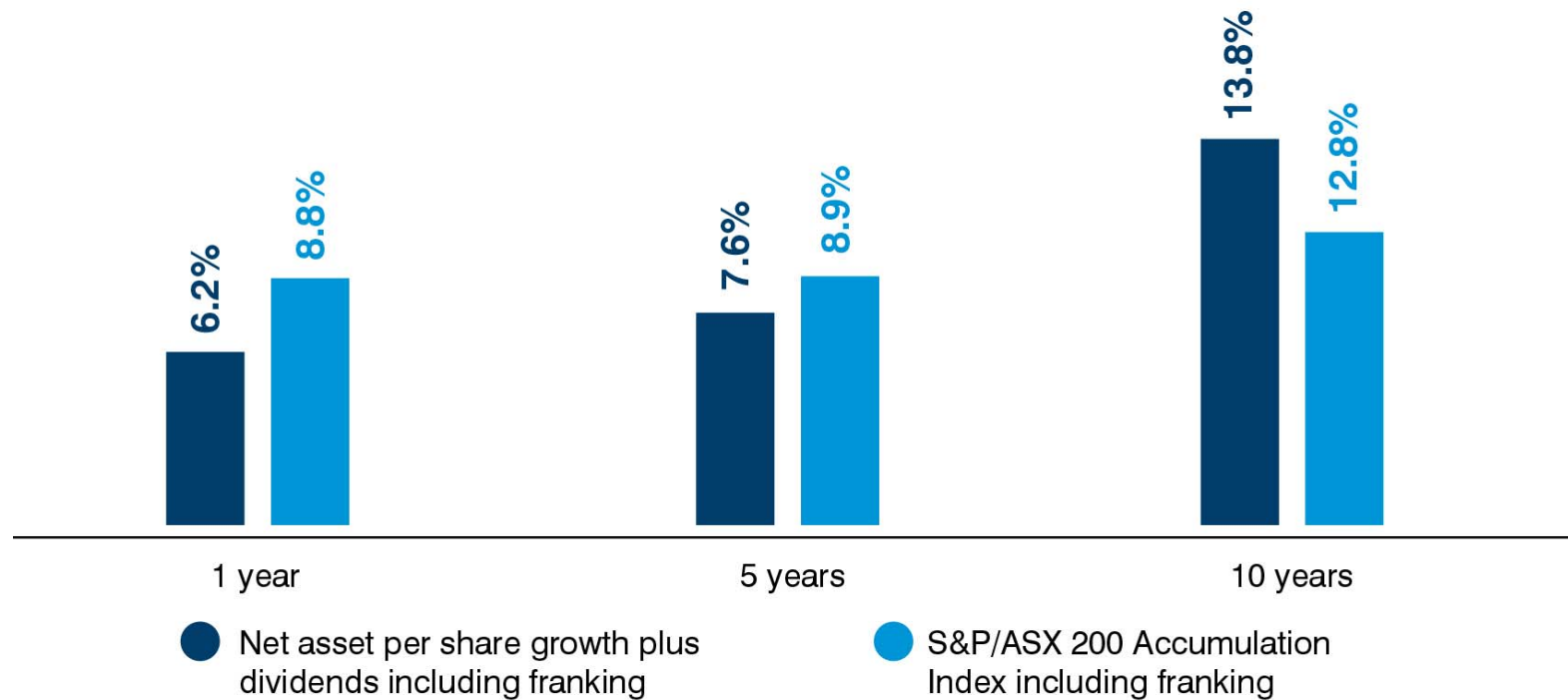
## Profile of the portfolio by value – as at 28 February 2019



## Large companies outperformed small and mid caps – year to 28 February 2019



## Portfolio performance per annum returns, including benefit of franking credits\* – to 28 February 2019

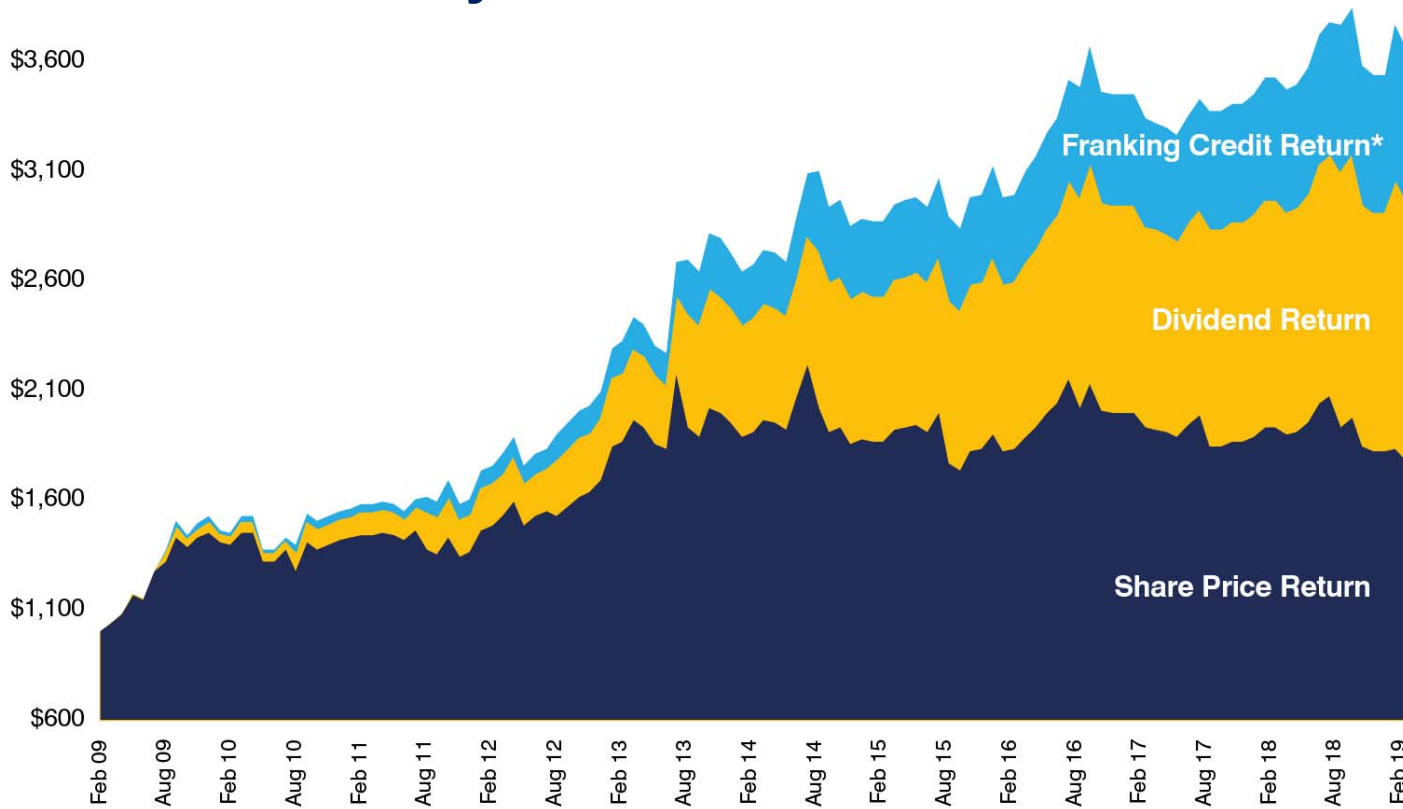


After tax and expenses. Ignores benefits of LIC tax credits.

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

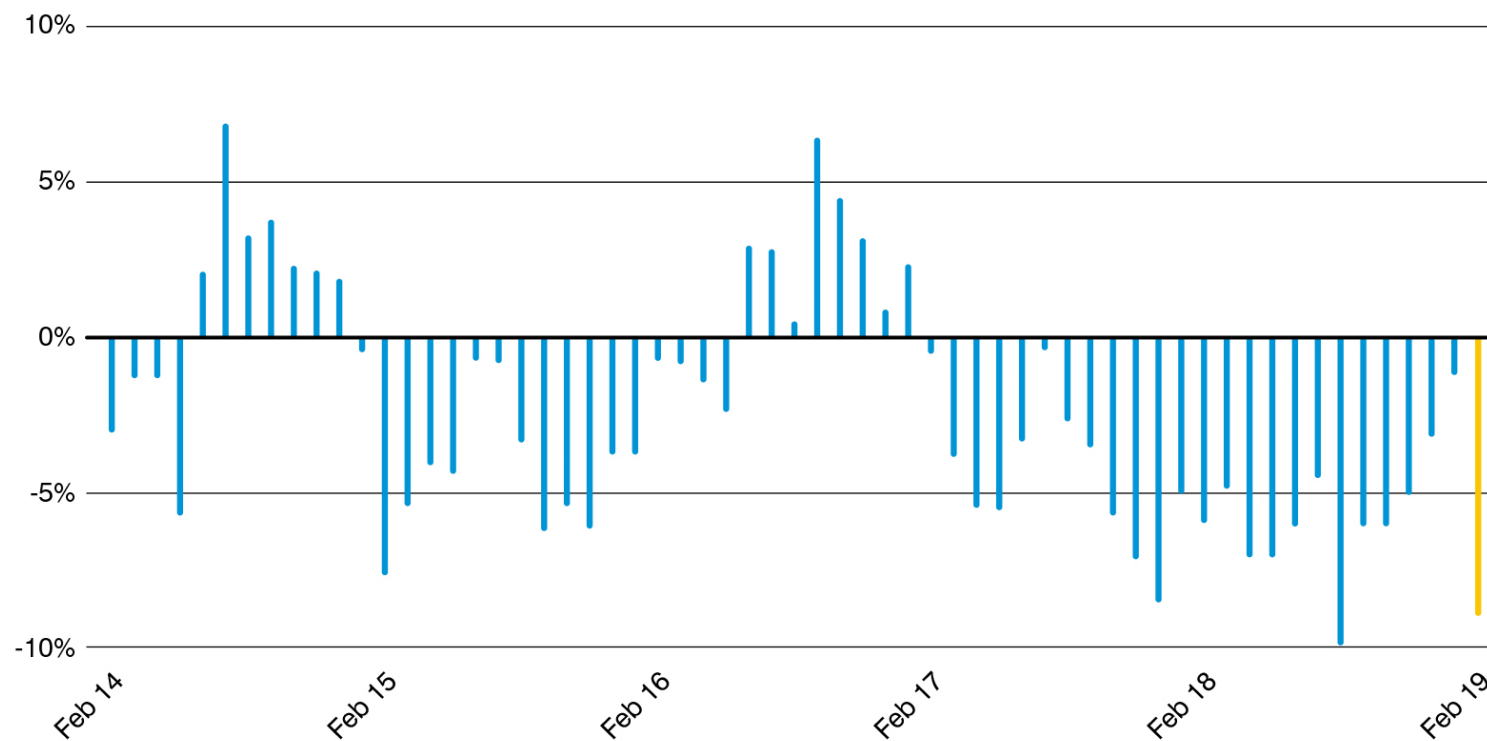


## Dividends are a significant component of shareholder returns – 10 years to 28 February 2019

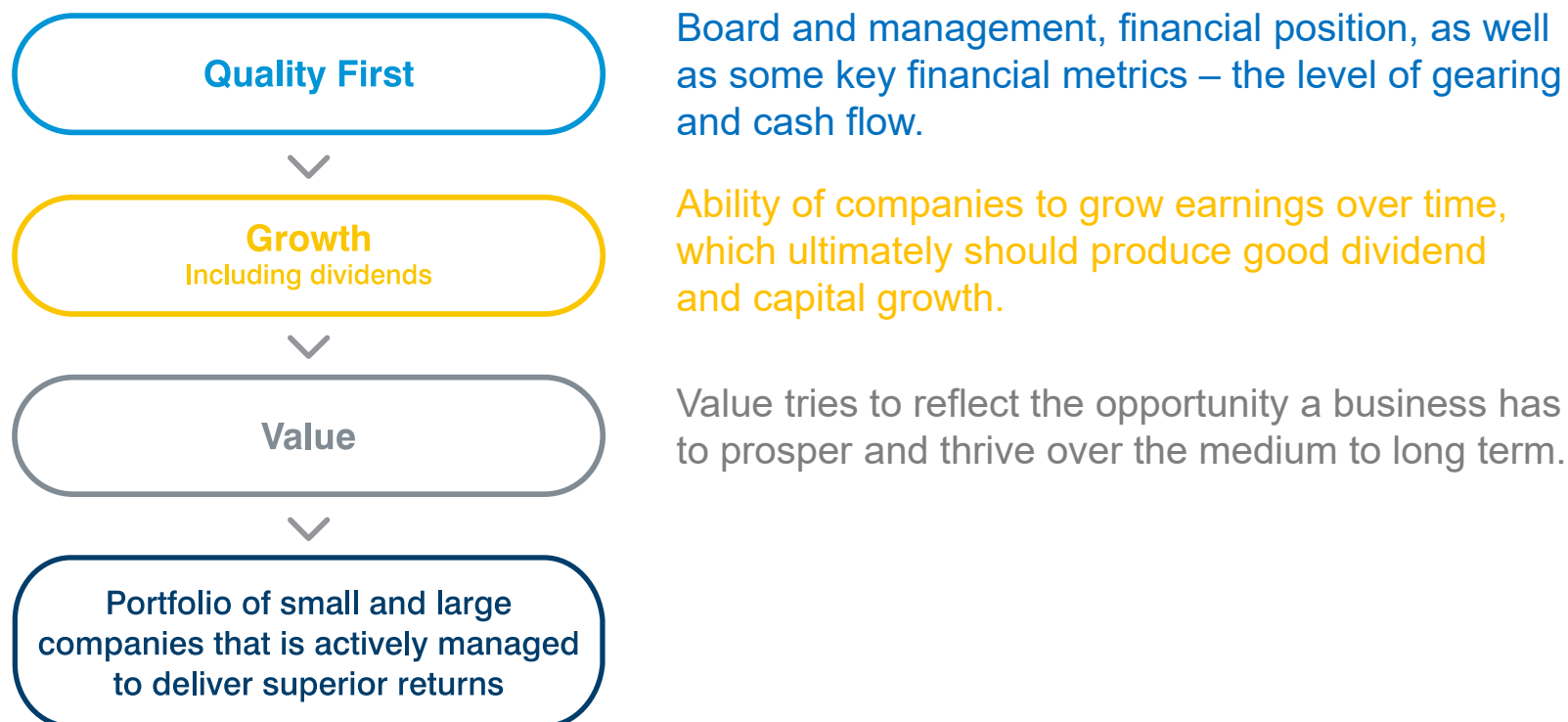


\* Assumes an investor can take full advantage of franking credits.

## Share price relative to net asset backing



## How AMCIL invests – what we look for in companies



## The core part of the portfolio is positioned around the following key attributes

Large companies with strong structural positions.

The logo for BHP, consisting of the letters "BHP" in a bold, orange, sans-serif font.The logo for Transurban, featuring a green icon of three horizontal bars of increasing height to the left of the word "Transurban" in a dark grey, sans-serif font.The logo for Oil Search, featuring a blue circular icon with a white stylized oil drop or wave inside, and the words "Oil Search" in a bold, black, sans-serif font below it.The logo for Sonic Healthcare, featuring a blue circular icon with a red stylized DNA helix inside, followed by a vertical line and the words "SONIC HEALTHCARE" in a blue, sans-serif font.The logo for Sydney Airport, featuring the words "Sydney Airport" in a bold, blue, sans-serif font, followed by a blue stylized star or atom icon.

## The core part of the portfolio is positioned around the following key attributes continued

Businesses with long-term growth opportunities,  
many of which are outside top 20 ASX.

The logo for CSL, featuring the letters "CSL" in a bold, red, sans-serif font.The logo for Mainfreight, featuring the word "MAINFREIGHT" in a blue, italicized, sans-serif font, with a blue arrow pointing to the right.The logo for Breville, featuring the word "Breville" in a bold, purple, sans-serif font.The logo for Macquarie, featuring a black circle with a white dot in the center, followed by the word "MACQUARIE" in a bold, black, sans-serif font.The logo for James Hardie, featuring a green square with a white "JH" inside, followed by the words "James Hardie" in a bold, black, sans-serif font.The logo for iress, featuring a red dot above the letter "i", followed by the word "ress" in a bold, dark blue, sans-serif font.



**The banks recently have offered good opportunities relative to other sectors to generate additional income, including use of options – for example**



**Commonwealth**Bank

Buy at \$74.75, call  
exercise price \$79

Standstill return: 10.3%  
(yield from dividend plus  
option premium)

Called away return: 21.3%



Buy at \$26.70, call  
exercise price of \$28

Standstill return:  
11.7%(yield from dividend  
plus option premium)

Called away return: 27.6%



Buy at \$24.95, call  
exercise price of \$26

Standstill return:  
14.4%(yield from dividend  
plus option premium)

Called away return: 27.2%

## Some recent adjustments to the portfolio (excluding share buy backs)

### Purchases



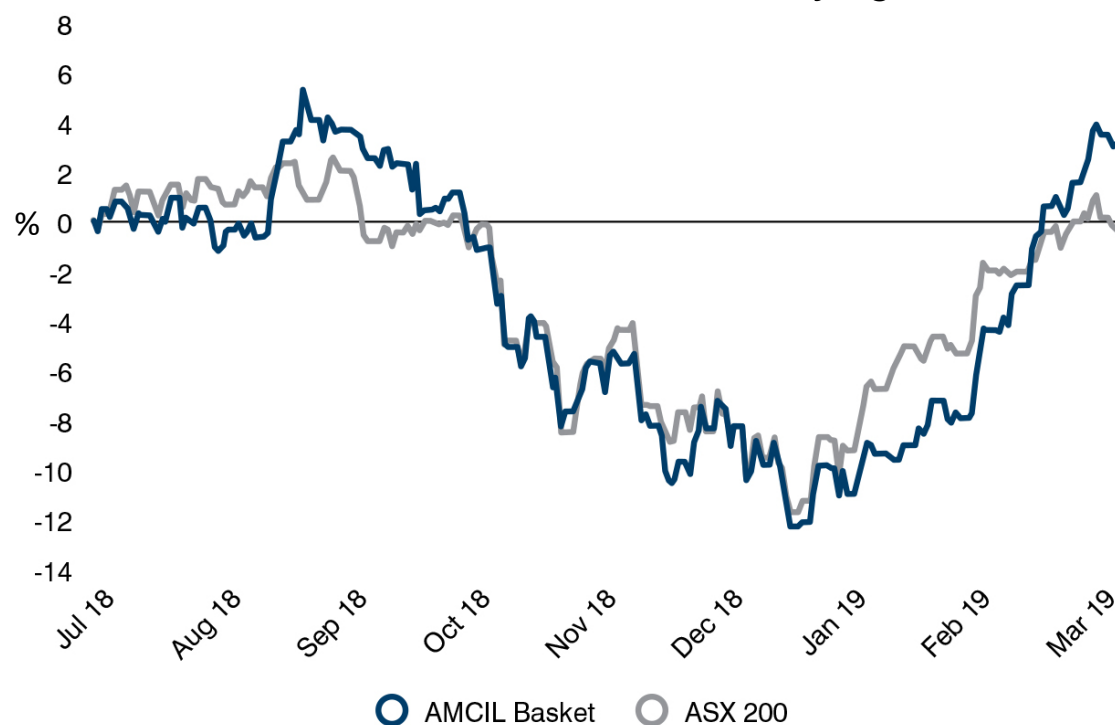
### Complete Sales



## Market volatility providing opportunities

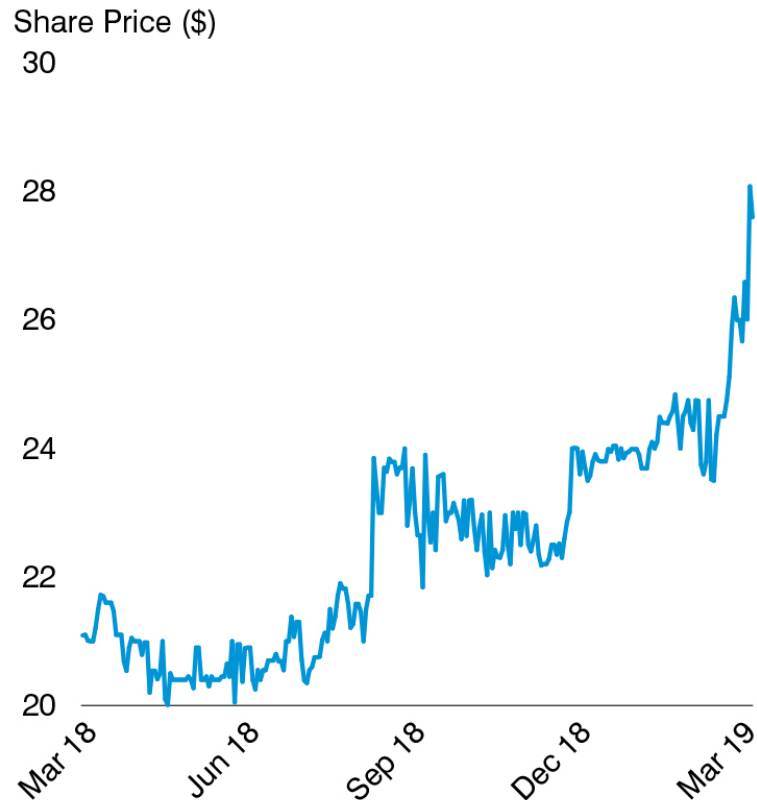
*Share price performance of a basket of high quality stocks that AMCIL has been buying*

\$25m invested this financial year in:



- Sydney Airport
- Ramsay Healthcare
- James Hardie
- National Australia Bank
- Brickworks
- ARB Corporation
- Breville
- Carsales
- Commonwealth Bank
- Reliance Worldwide
- EQT Holdings
- Iress

## Featured holding – EQT Holdings



Source: FactSet

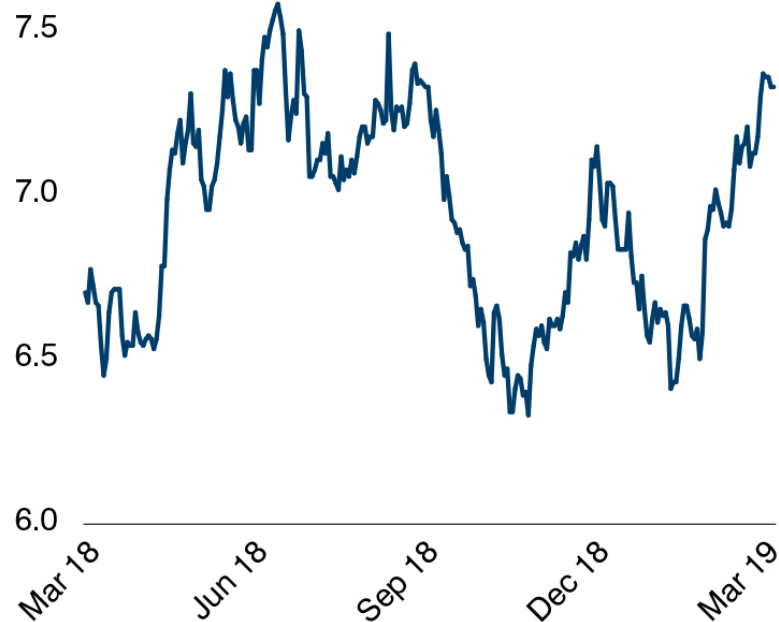
### What we like:

- Strength of position in Trustee Services.
- Strong brand.
- Annuity style revenue streams.
- Revitalised management.

## New holding – Sydney Airport

Share Price (\$)

8.0



Source: FactSet

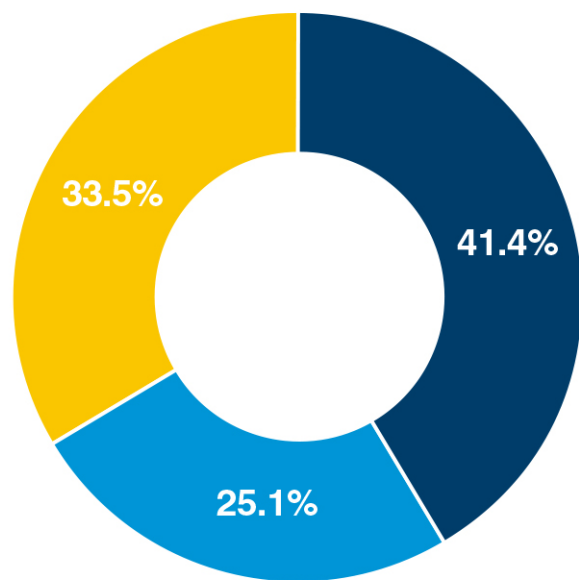
What we like:

- Quality long-term assets.
- Monopoly infrastructure:
  - Long haul & domestic
- Long term growth drivers:
  - Affordable travel
  - Proximity to Asia
  - Tourism, education
- Solid and growing dividend yield.



## Top 20 investments as at 28 February 2019

Focused Portfolio  
– 42 holdings in total



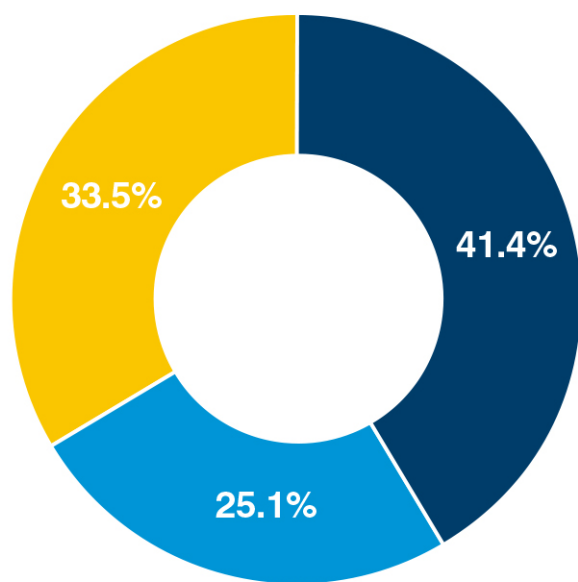
● Top 10   ● Next 10   ● Remainder

Rank	Company	% of Portfolio
1	CSL Limited	5.8%
2	BHP Group*	5.5%
3	Mainfreight	4.3%
4	Westpac Banking Corporation*	4.2%
5	Macquarie Group	4.0%
6	National Australia Bank*	4.0%
7	Commonwealth Bank of Australia*	3.9%
8	Transurban Group	3.3%
9	Oil Search*	3.2%
10	Lifestyle Communities	3.2%

\* Indicates that options were outstanding against part of the holding.

## Top 20 investments as at 28 February 2019 continued

Focused Portfolio  
– 42 holdings in total



● Top 10   ● Next 10   ● Remainder

Rank	Company	% of Portfolio
11	James Hardie Industries	3.1%
12	Qube Holdings	2.8%
13	Carsales.com	2.7%
14	EQT Holdings	2.7%
15	Breville Group	2.4%
16	Brickworks	2.3%
17	Reliance Worldwide Corporation	2.3%
18	IRESS	2.3%
19	Sonic Healthcare*	2.3%
20	Wellcom Group	2.2%

\* Indicates that options were outstanding against part of the holding.

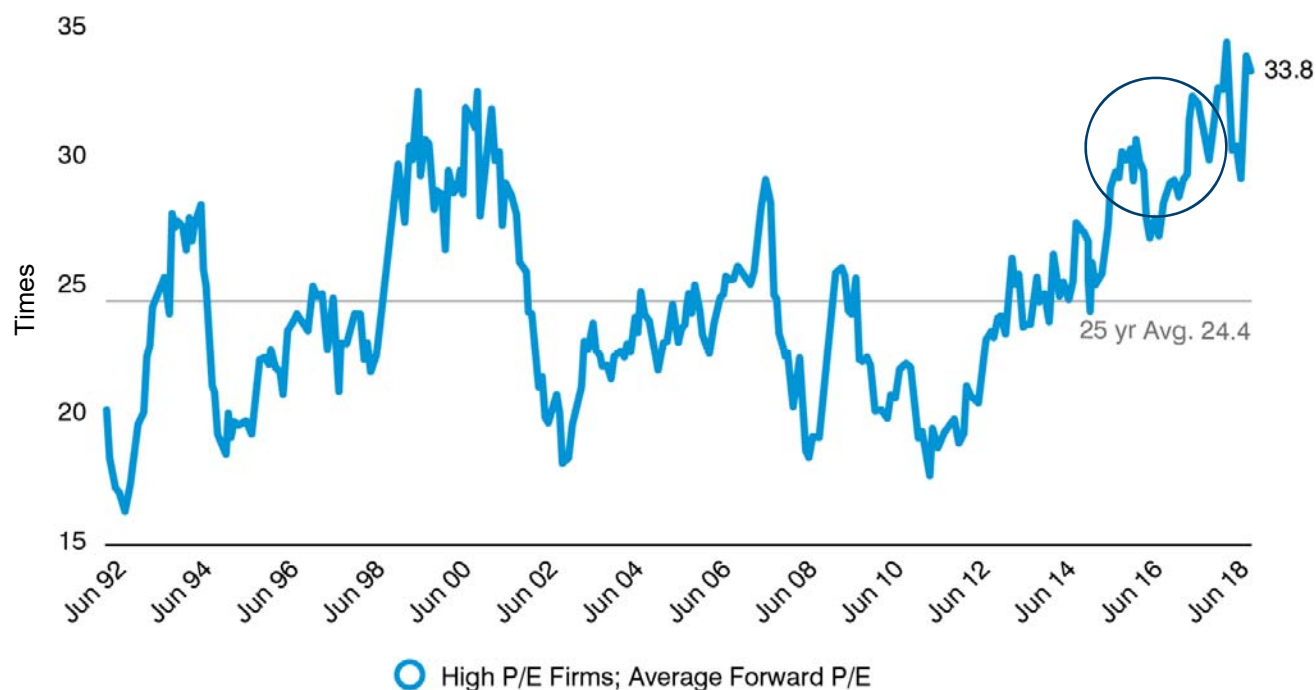


## The Market and Closing Comments

Shareholder Meetings March 2019

AMCIL

## Very highly rated growth stocks are fully priced – these are trading on valuations 39% above the 15 year average



These stocks can be subject to sudden changes in sentiment as was experienced recently in December

Source: FactSet, Goldman Sachs Global Investment Research.

## How we are repositioning the portfolio

- High prices for many 'growth stocks'.
- We are extra vigilant in our process – quality, before growth and value.
- Currently in an investment environment where returns are likely to be more subdued – buy and write call option strategies can be attractive.
- Reduced the number of holdings in the portfolio.
- Have built up the cash position.



## Issues to consider

- China, including trade tariffs and commodity prices.
- The direction of US interest rates and the impact on global equities, including Australia.
- Financial Services enquiry and potential impacts.
- Domestic economy, including impact of falling house prices.
- Election year in Australia

