

DIVERSIFIED UNITED INVESTMENT LIMITED

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HALF YEARLY REPORT TO SHAREHOLDERS

16 March 2020

Dear Shareholder,

Dividend Payment

The 7.0¢ per share fully franked interim dividend has been paid today, by way of cheque, notification of direct banking, or notification of allotment of shares under the Dividend Reinvestment Plan, according to your instructions.

Net Asset Backing 29 February 2020: \$4.90 per share

At 29 February 2020 the unaudited net tangible asset backing of the Company's ordinary shares, based on investments at market value, after tax on realised gains, before any future tax benefit of realised losses, before estimated tax on net unrealised gains and losses, and after provision for the interim dividend of 7.0¢ per share was \$4.90 per share, or \$4.10 per share after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2019

On 13 February 2020 the Directors made the following report to the Australian Securities Exchange concerning the Company's performance and the interim dividend:-

Profit and Realised Capital Gains

The Directors make the following report concerning the company's performance and interim dividend:-

Profit and Realised Capital Gains

Profit after income tax for the half year ended 31 December 2019 was \$17,427,000 (prior corresponding period: \$17,059,000) an increase of 2.2%. The profit for this period includes special dividends of \$650,000 (prior corresponding period: \$150,000). Excluding special dividends, profit after tax fell by 0.8%. There were no capital distributions received from managed funds (prior corresponding period: nil).*

The profit for the half year excludes net realised gains and losses which are transferred directly to the Asset Realisation Reserve. The net realised losses on the investment portfolio after tax for the half year were \$1,763,000 (prior corresponding period net losses: \$3,623,000).

Operating expenses (excluding interest) for the half year were 0.06% of the average market value of the portfolio (prior corresponding period: 0.06%). Including the management fees of the international exchange traded funds and managed funds in which the Company is invested, the expense ratio was 0.08% (prior corresponding period: 0.07%).

* Additional non IFRS information, not subject to external review.

Earnings Per Share

Earnings per share excluding the special dividends received fell 1.3% to 7.9 cents per share.*

The weighted average number of ordinary shares for the period was 211,272,654 (prior corresponding period: 210,174,553) taking into account the shares issued in the dividend re-investment plan.

Dividends

The Directors have declared an interim dividend of 7.0 cents per share fully franked to shareholders registered on 24 February 2020, to be paid on 16 March 2020. The comparable 2019 interim dividend was 7.0 cents per share fully franked.

LIC Capital Gains

The interim dividend will not include any Listed Investment Company capital gain dividend.

Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan ("DRP") under which shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares will be at the volume weighted average selling price of shares traded on the Australian Securities Exchange on the Dividend ex date of 21 February 2020 and the four business days immediately following that date. The last day for the receipt of an election notice for participation in the plan is 25 February 2020.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$5.01 at 31 December 2019 and \$5.30 at 31 January 2020. These calculations are after tax on net realised gains, but before any future tax benefit of net realised losses and before estimated tax on net unrealised gains and losses. They are also before provision for the interim dividend.

The Company is a long term investor and does not intend disposing of its total portfolio. If estimated tax on net unrealised gains were to be deducted, the above figures would be \$4.19 at 31 December 2019 and \$4.39 at 31 January 2020.

Performance

The Company's net asset backing accumulation performance (assuming all dividends paid by the Company were reinvested in its shares, and after all expenses and tax) for the half year to 31 December 2019 was a rise of 5.8% while the S&P/ASX 200 accumulation index rose 3.1% over the same period. The Company's accumulation performance is after tax, all expenses, and the impact of the Company's gearing. Such items are not included in the S&P/ASX Index.

Including the value of franking credits the Company's accumulation return for the half year to 31 December 2019 was an increase of 6.5% compared to an increase of 3.8% in the S&P/ASX 200 Franking Credit Adjusted Total Return Index.

** Additional non IFRS information, not subject to external review.*

Investment Portfolio

As at 31 December 2019 the twenty-five largest shareholdings of the company, at market values were:

	Market Value \$'000	Market Value of Total Investments
Australian Equities		
CSL Ltd	155,804	13.8%
Transurban Group	82,005	7.2%
Commonwealth Bank of Australia Ltd	79,900	7.0%
Westpac Banking Corporation	57,011	5.0%
Australia & New Zealand Banking Group Ltd	49,260	4.3%
Rio Tinto Ltd	47,188	4.2%
BHP Billiton Ltd	46,704	4.1%
Woodside Petroleum Ltd	38,506	3.4%
Atlas Arteria Ltd Ordinary Stapled Sec	35,235	3.1%
Sydney Airport Group	32,042	2.8%
National Australia Bank Ltd	27,093	2.4%
Wesfarmers Ltd	26,910	2.4%
Woolworths Ltd	25,312	2.2%
Washington H Soul Pattinson & Company Ltd	23,650	2.1%
IDP Education Ltd	17,170	1.5%
Ramsay Health Care Ltd	14,506	1.3%
Sonic Healthcare Ltd	14,375	1.3%
Stockland Units	13,860	1.2%
Computershare Ltd	11,746	1.1%
Total Australian Equities in Top 25:	798,277	70.4%
International Equities		
Vanguard All World Ex- US	38,711	3.4%
Vanguard US Total Market	36,756	3.2%
Vanguard Information Tech ETF	25,833	2.3%
iShares TR MSCI USA Min Vol ETF	23,089	2.1%
Northcape Capital Global Emerging Market Fund	17,169	1.5%
iShares Global Healthcare ETF	14,562	1.3%
Total International Equities in Top 25:	156,120	13.8%
Total Top 25 Australian & International Equities	954,697	84.2%
Total Investments at Market Value, Net Short Term Receivables and Cash	1,134,338	

Yours faithfully,

A J Hancock
Company Secretary