

19 January 2023



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

Djerriwarrh Investments Limited  
ABN 38 006 862 693  
Level 21, 101 Collins St  
Melbourne VIC 3000  
T 03 9650 9911  
F 03 9650 9100  
invest@djerri.com.au  
djerri.com.au

## Electronic Lodgement

### Djerriwarrh Investments Limited (the “Company”) Half Yearly Results Webcast Presentation

Please find attached the presentation to be given at the half Year Results webcast presentation being held today **Thursday 19 January 2023 at 3.30pm (AEDT)**.

**Webcast Link:** Please register for the results webcast [here](#) (This link will open directly in your internet browser). Questions can be asked through the webcast link.

## Conference Call

Alternatively to join via the teleconference, please register using the following link:  
[conference call registration link](#)

Upon registering for the conference call you will have the option to dial in or to be called directly. International dial in numbers are available through the registration process.

You will be joined automatically to the conference. During the call you can indicate if you would like to ask a question by pressing (\*1) on your telephone keypad and wait for your name to be announced.

The shareholder presentation material will be made available through the Company’s website [www.djerri.com.au](http://www.djerri.com.au).

ASX Release authorised by Matthew Rowe, Company Secretary.



## Half-Year Results January 2023



# Disclaimer

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# Agenda

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| Overview and Objectives | Mark Freeman |
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| Half-Year in Summary | Andrew Porter |
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| Results in Detail | Brett McNeill |
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| Portfolio Update | Brett McNeill |
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| Outlook | Brett McNeill |
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The background of the slide is an abstract composition of overlapping, semi-transparent geometric shapes. The top half features a light blue sky with a white horizontal band. The bottom half is a gradient of teal and green, with a white horizontal band. The overall design is modern and clean, with a focus on lines and color gradients.

## Overview and Objectives

# Overview

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Djerriwarrh is one of the largest income focused Listed Investment Companies (LIC).

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Djerriwarrh listed on the ASX in 1989. Shareholders get the benefit of full transparency associated with being an LIC, as well as the high governance standards delivered by an Independent Board of Directors.

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Djerriwarrh shareholders own the management rights to the company, with no fee leakage to third parties and no additional fees.

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Djerriwarrh is part of the broader group of LIC's, which also includes AFIC, AMCIL and Mirrabooka. This supports a broader research approach and scale of operations.

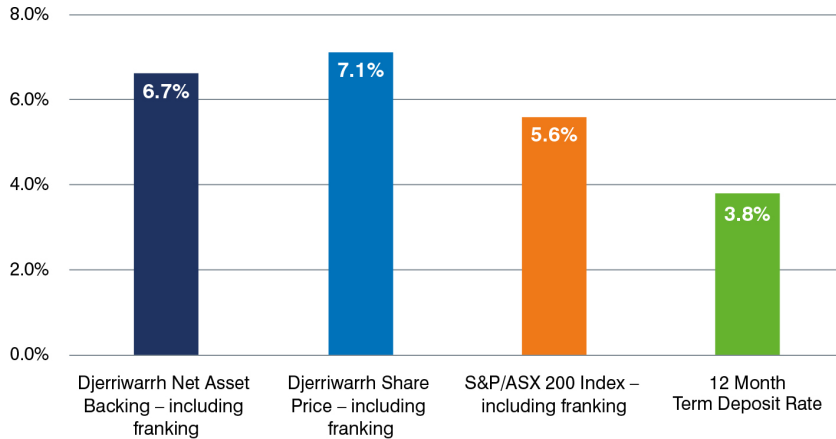
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# Investment Objectives

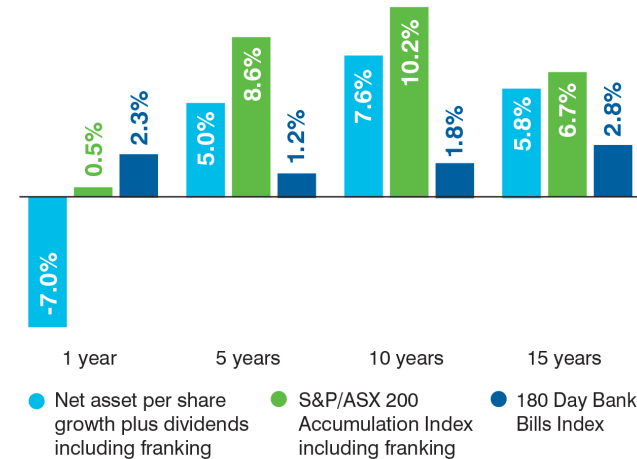
Djerriwarrh primarily seeks to provide an enhanced level of fully franked income, that is higher than what is available from the S&P/ASX 200 and which is delivered at a low cost to shareholders.

Djerriwarrh also aims to provide shareholders with attractive investment returns through access to fully franked dividends and growth in capital invested.

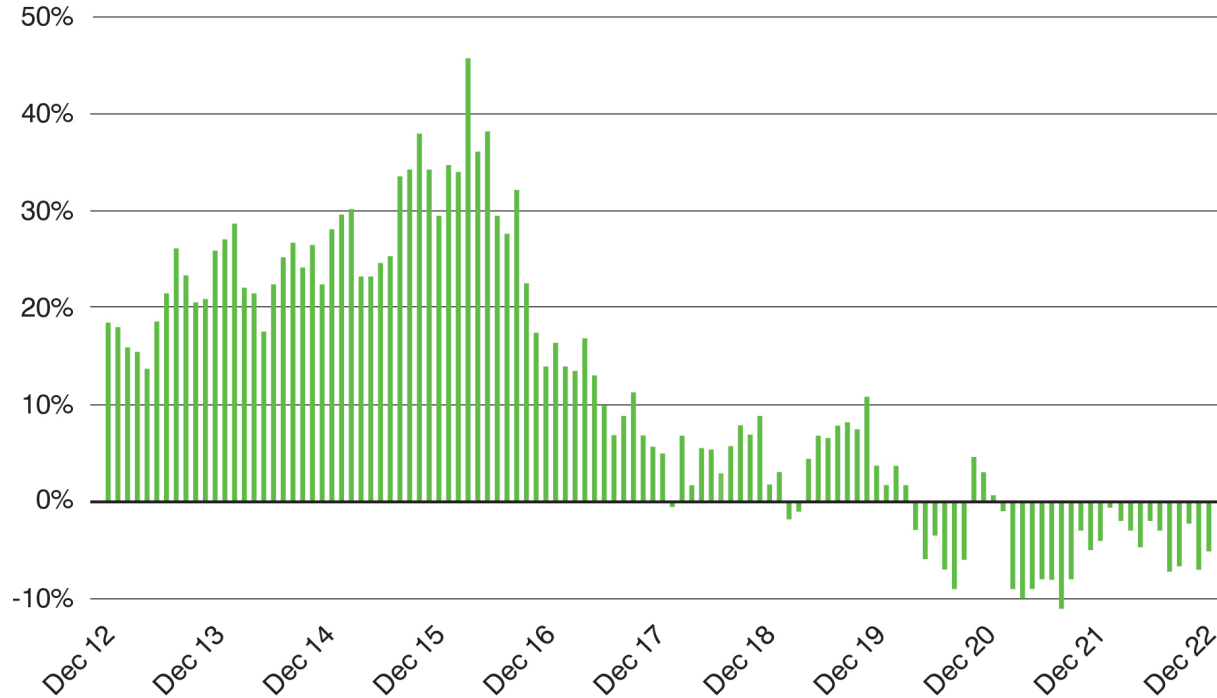
## Yield vs Benchmark: First Half FY23 (1H23)



## Portfolio Performance to 31 December 2022



# Share Price Relative to NTA







## Half-Year in Summary



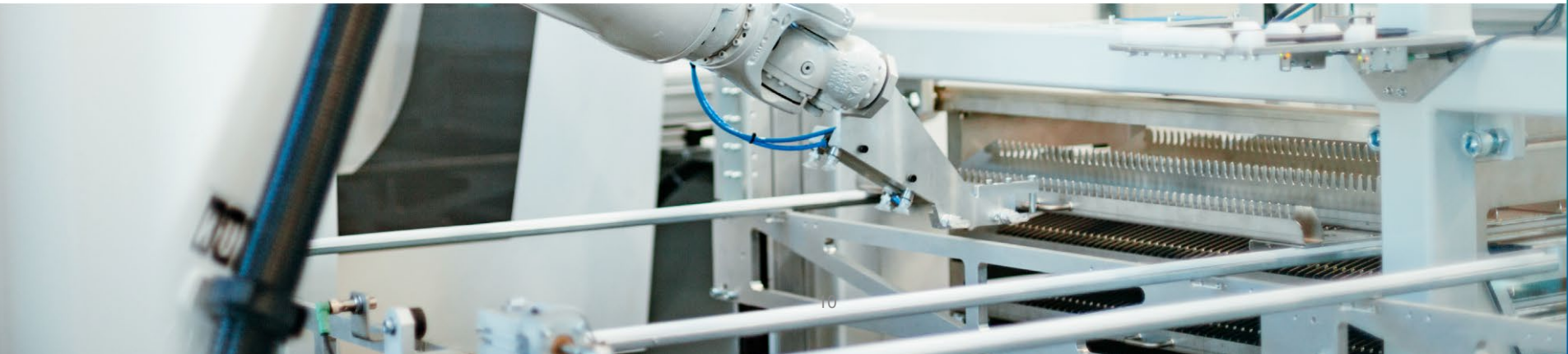
# Half-Year to 31 December 2022 in Summary

|   |                        |                                  |  |  |   |
|---|------------------------|----------------------------------|--|--|---|
| <b>Profit for the Half-Year</b>               | 2022<br><b>\$21.7m</b> | Up 10.3%<br>from 2021            | <b>Portfolio Dividend Yield</b>              | 2022<br><b>6.7%</b><br>Including franking* | S&P/ASX 200<br>Index Yield 5.6%<br>(grossed up for<br>franking credits) |
| <b>Net Operating Result for the Half-Year</b> | <b>\$21.3m</b>         | Up 17.6%<br>from 2021            | <b>Management Expense Ratio (Annualised)</b> | <b>0.36%</b>                               | 0.40%<br>in 2021  |
| <b>Fully Franked Interim Dividend</b>         | <b>7.25¢</b>           | Up 7.4%<br>6.75 cents<br>in 2021 | <b>Total Portfolio Return</b>                | <b>6.2%</b><br>Including franking*         | S&P/ASX 200<br>Accumulation Index<br>including franking*<br>10.8%       |

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



## Results in Detail



## Half-Year Results in Detail: Profit and Loss – Net Operating Result

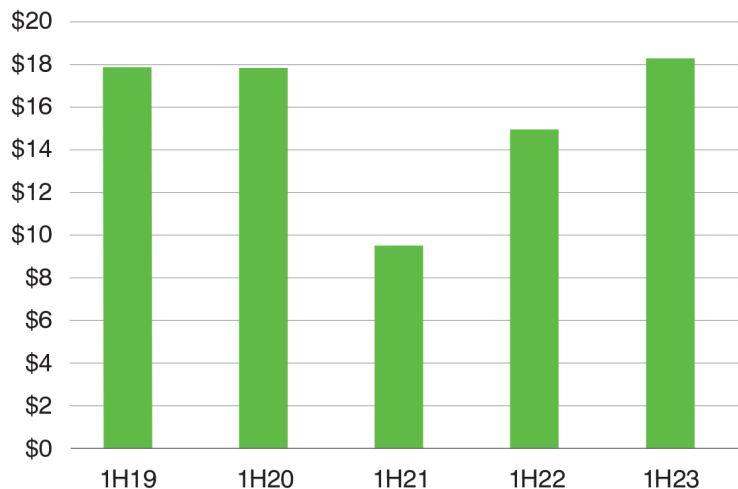
|  | 1H22 (\$m)          | 1H23 (\$m)          | Change            |
|--|---------------------|---------------------|-------------------|
| Dividend and Distribution Income             | \$15.1              | \$18.4              | 22%               |
| Option Income                                | \$7.9               | \$8.4               | 7%                |
| Operating Income (including Other Income)    | \$22.8              | \$26.9              | 18%               |
| Finance Costs                                | \$0.7               | \$1.6               | 132%              |
| Administration Costs                         | \$1.7               | \$1.5               | -10%              |
| Operating Result before Tax Expense          | \$20.4              | \$23.8              | 17%               |
| Income Tax Expense                           | \$2.3               | \$2.5               | 8%                |
| <b>Net Operating Result</b>                  | <b>\$18.1</b>       | <b>\$21.3</b>       | <b>18%</b>        |
| <b><i>Net Operating Result per Share</i></b> | <b><i>7.68c</i></b> | <b><i>8.42c</i></b> | <b><i>10%</i></b> |
| <b><i>Dividends per Share</i></b>            | <b><i>6.75c</i></b> | <b><i>7.25c</i></b> | <b><i>7%</i></b>  |

The Company believes the Net Operating Result, which excludes the valuation impact of open option positions, is a better measure of Djerriwarrh's income from its investment activities. Note that the above numbers may not add due to rounding.

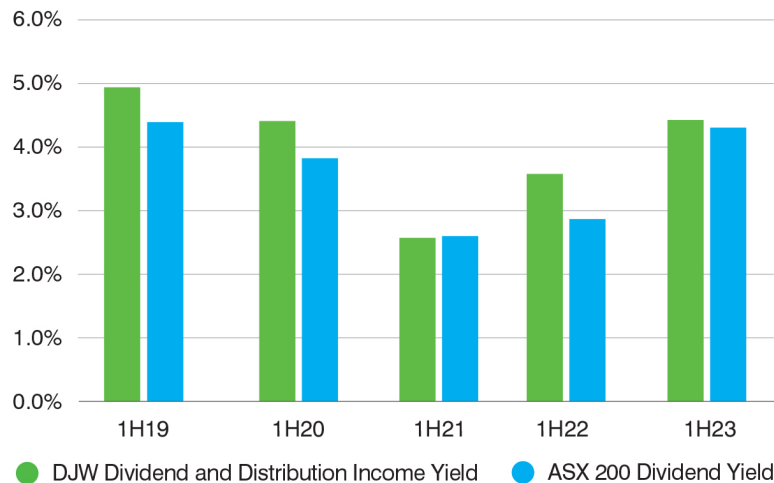
# Half-Year Results in Detail: Profit and Loss – Dividends

|                                  | 1H22 (\$m) | 1H23 (\$m)    | Change |
|----------------------------------|------------|---------------|--------|
| Dividend and Distribution Income | \$15.1     | <b>\$18.4</b> | 22%    |

## Djerriwarrh's Dividend and Distribution Income Received (\$m)



## Djerriwarrh's 'Dividend and Distribution Income Received' Yield vs Market Dividend Yield

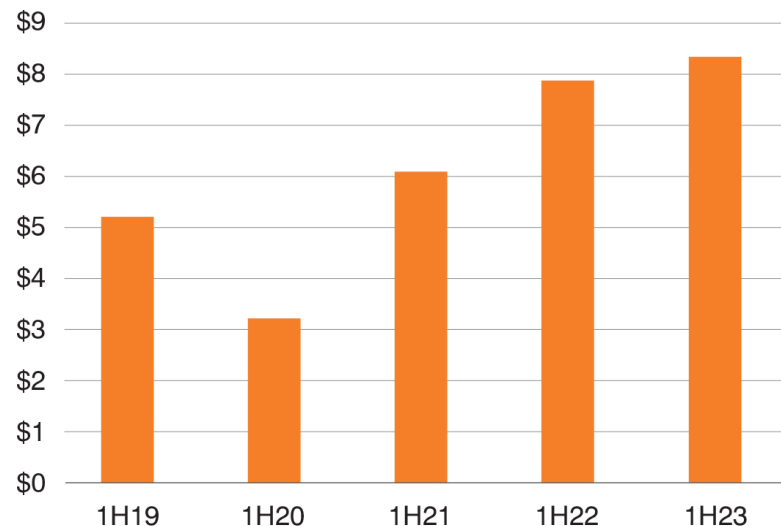


Source: FactSet. Note that the Djerriwarrh Dividend and Distribution Income received excludes any non-cash demerger dividends.

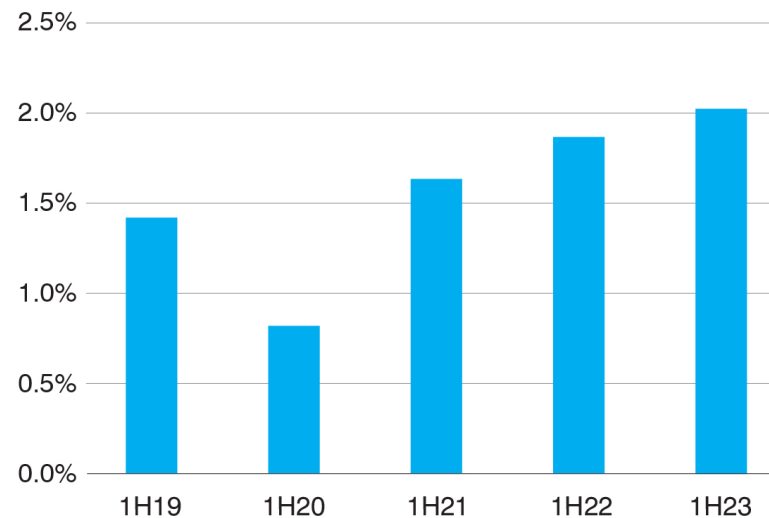
# Half-Year Results in Detail: Profit and Loss – Options

|               | 1H22 (\$m) | 1H23 (\$m) | Change |
|---------------|------------|------------|--------|
| Option Income | \$7.9      | \$8.4      | 7%     |

Djerriwarrh's Option Income Received (\$m)



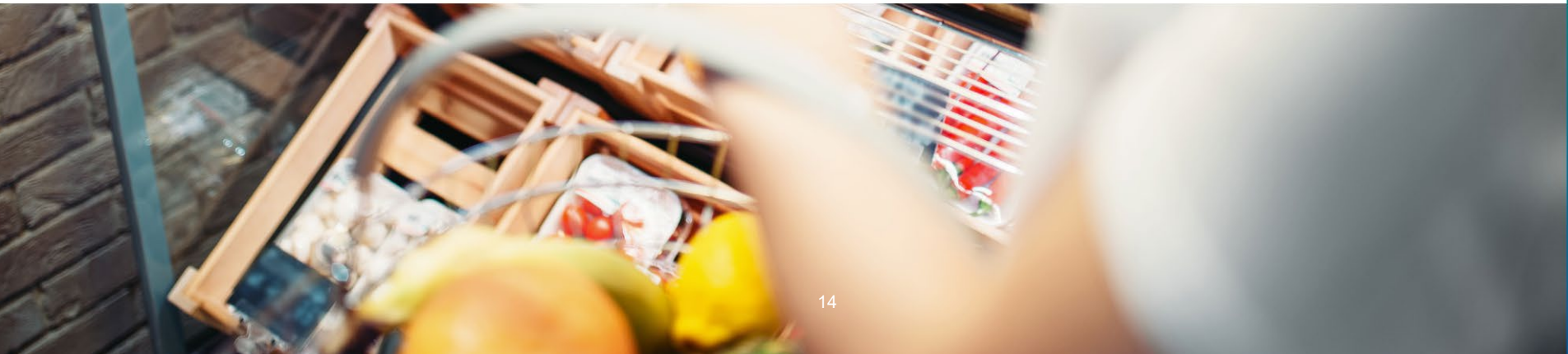
Djerriwarrh's Option Income Yield











## Portfolio Update



# Portfolio Update: Performance

Djerriwarrh's performance has been significantly below the S&P/ASX 200 Index over the last 12 months.

The majority of this underperformance has come from the following five portfolio positions.

|  | Portfolio Relative Position | 12-month Total Return* |
|--|-----------------------------|------------------------|
|  <b>JamesHardie</b> | Overweight                  | -52%                   |
|                     | Overweight                  | -50%                   |
|                     | Overweight                  | -27%                   |
|                     | Underweight                 | 38%                    |
|                     | Underweight                 | 79%                    |

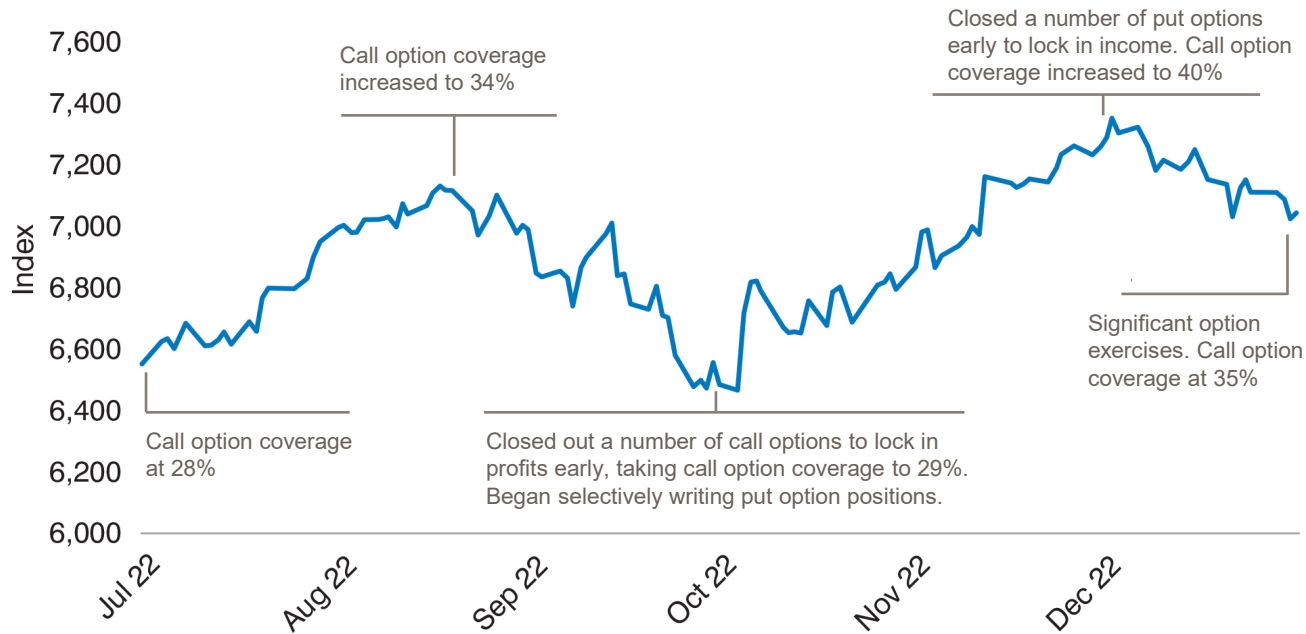
Source: IRESS. \*12-month total return to 31 December 2022.



# Portfolio Update: Options

Options are written against selected portfolio holdings in order to generate additional income. The options strategy is a key component of Djerriwarrh's **Enhanced Yield** objective.

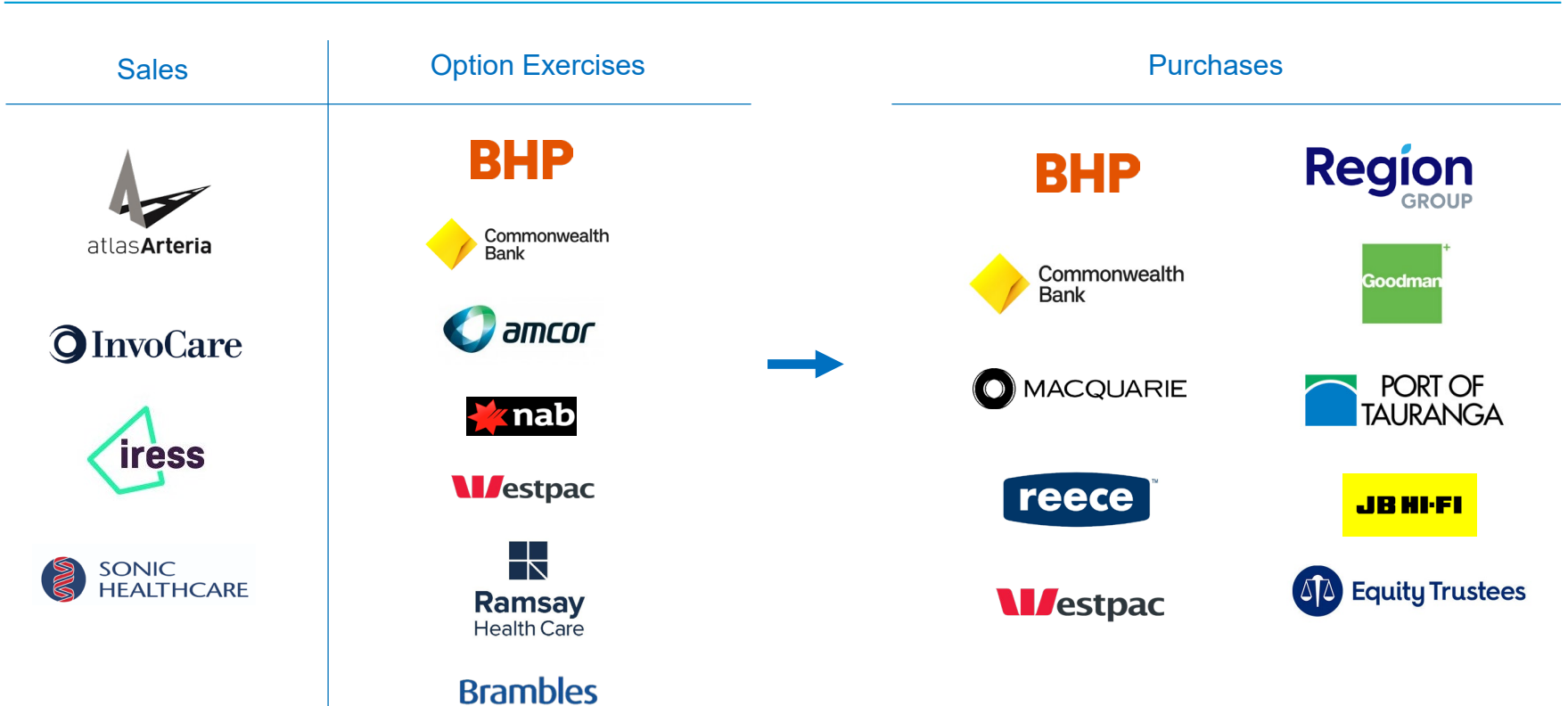
S&P/ASX 200 Price Index



The level of option income generated each period is largely a result of:

- our option coverage levels;
- option premium prices (dependent on market volatility levels and interest rates); and
- the exercise prices at which we write the options.

# Portfolio Update: Recent Changes



\* Based on major transactions for the 6 months to 31 December 2022.

# Portfolio Update: Summary

Constructing a diversified portfolio of **high-quality** companies across different sectors and with the appropriate balance of **Income and Growth** is the key for Djerriwarrh to deliver on its Investment Objectives in a variety of market conditions.

## Key Portfolio Statistics

|  |                         |
|--|-------------------------|
| <b>\$830m</b>                              | <b>48</b>               |
| Portfolio Value*                           | Stocks in the Portfolio |
| <b>35%</b>                                 | <b>0.5%</b>             |
| Call Option Exposure                       | Put Option Exposure     |
| <b>\$3.03</b>                              |                         |
| Net Tangible Asset (NTA) Backing Per Share |                         |

Source: Based on 31 December 2022 Portfolio.

\* Portfolio Value is based on the Investment Portfolio plus the Trading portfolio, not including the Options portfolio.

## Top 20 Holdings





## Outlook



# Outlook

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Our outlook for company dividends for the next six months is largely positive. This is based on our assessment of company outlook statements, balance sheets and dividend payout ratios.

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Beyond this, iron ore prices will continue to be a major determinant given their large influence on the level of profitability and dividends produced by BHP and Rio Tinto. We expect some normalisation in iron ore prices and BHP and RIO's dividends from Financial Year 2023 onwards. The profitability of the banks will also be a large determinant of dividend levels across the Australian sharemarket. Despite general market concerns around house prices and interest rates, we think the banks balance sheets are in good shape.

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In terms of our Option Income, our options portfolio is in good shape. We enter the Calendar Year with a healthy amount of premium income already written, with an expiry profile that gives us scope to write additional premium income for Financial Year 2023.

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We continue to believe that owning a diversified portfolio of high-quality companies can produce an attractive level of income and capital growth over the long term. We believe that the current portfolio settings should enable Djerriwarrh to achieve its long-term objectives.



Djerriwarrh  
AUSTRALIAN EQUITIES, ENHANCED YIELD