

17 March 2023

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 / Madam

Please find attached the presentation to be given at the Information Meetings being held in March 2023.

Yours faithfully



Matthew Rowe  
Company Secretary

ASX Release authorised by the Company Secretary.



# Shareholder Meeting March 2023

# Agenda

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Overview of the Investment Process

Mark Freeman/Investment Team

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Market Conditions

Mark Freeman

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Portfolio Updates:

Djerriwarrh

Brett McNeill

Mirrabooka

Kieran Kennedy

AMCIL

Mark Freeman

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Outlook

Mark Freeman

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# Disclaimer

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Djerriwarrh Investments Limited, Mirrabooka Investments Limited and AMCIL Limited and their service provider Australian Investment Company Services Limited (AICS) (AFSL 303209), their related entities 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.

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## Overview of the Investment Process



# Investment Approach

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## Attributes of a high-quality company that we seek:

- Industry leadership position (or developing one)
- Unique assets that are hard to replicate
- Conservative balance sheets (low debt)
- Not unduly burdened by external risk factors
- Consistency of earnings
- Run by effective, passionate management with ownership alignment
- Have opportunities for growth

## Why this matters:

- The presence of these factors drives a competitive advantage
- Which leads to high return on capital
- And allows for reinvestment opportunities to drive growth
- Which allows for market share capture – and further enhancement of leadership position
- Which combines to deliver long term shareholder value creation, which includes dividends

We seek to buy these companies when we identify long term value



# ESG Components are Integrated into our Investment Framework



## Approach to Environmental, Social and Governance (ESG) Factors

- Assessment of ESG risk factors is an important part of our investment process as the sustainability of a business is a key input in our assessment of a company.
- As a long term investor, we seek to invest in companies that have strong governance and risk management processes, which includes consideration of environmental and social risks.
- We regularly review companies to ensure ongoing alignment with our investment framework.



## Engagement with Companies

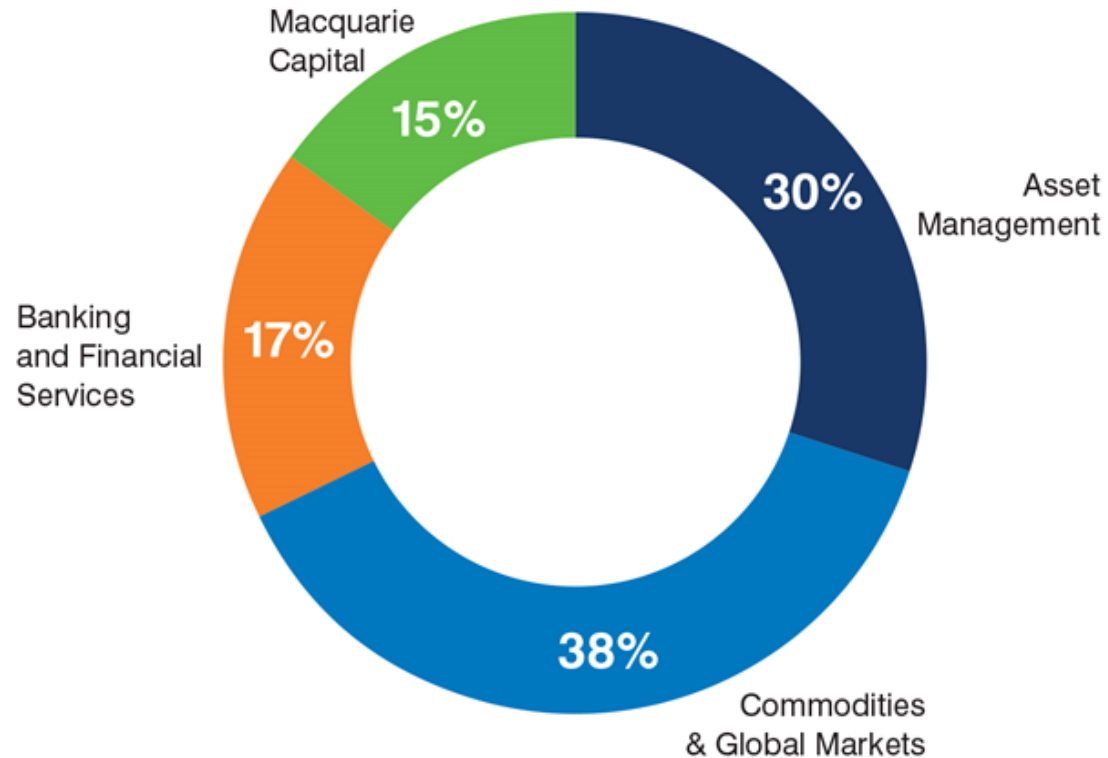
Voting on resolutions is one of the key functions that a shareholder has in ensuring better long term returns and management of investment risk:

- We conduct our own evaluation of the merits of any shareholder resolution and also take input from proxy advisors.
- We vote on all company resolutions as part of our regular engagement with companies.
- We actively engage with companies when we have concerns those resolutions are not aligned with shareholders' interests.

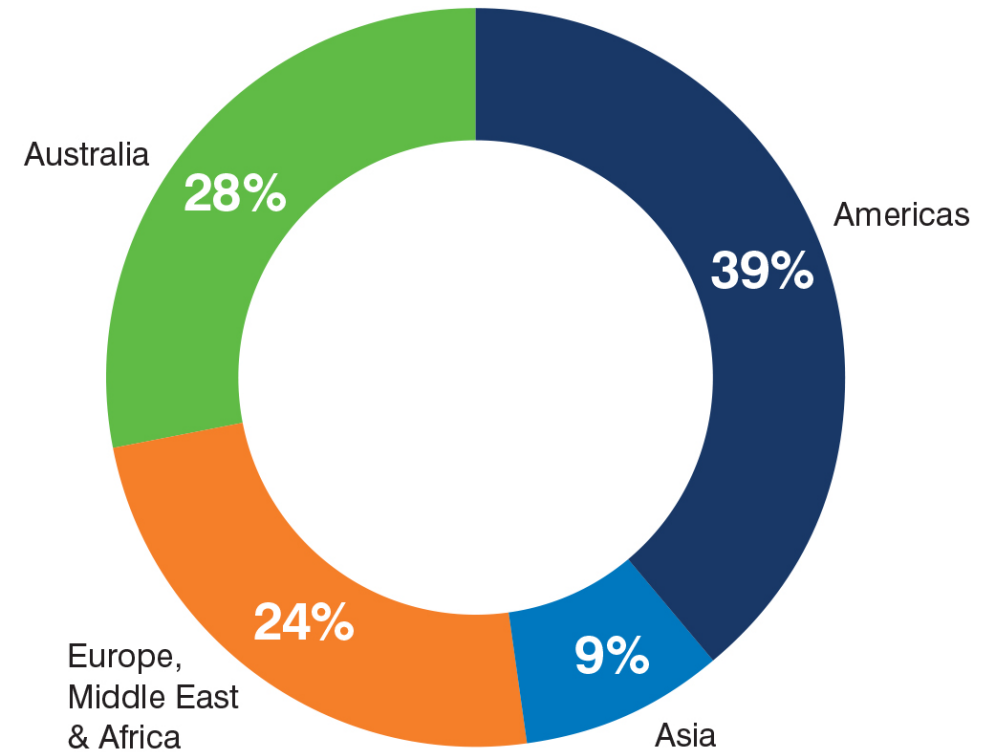
# Examples of Companies Fitting the Investment Process:



Profit Split by Business



Profit Split by Region



Source: 1H23 Company Reports, Factset.



# Examples of Companies Fitting the Investment Process

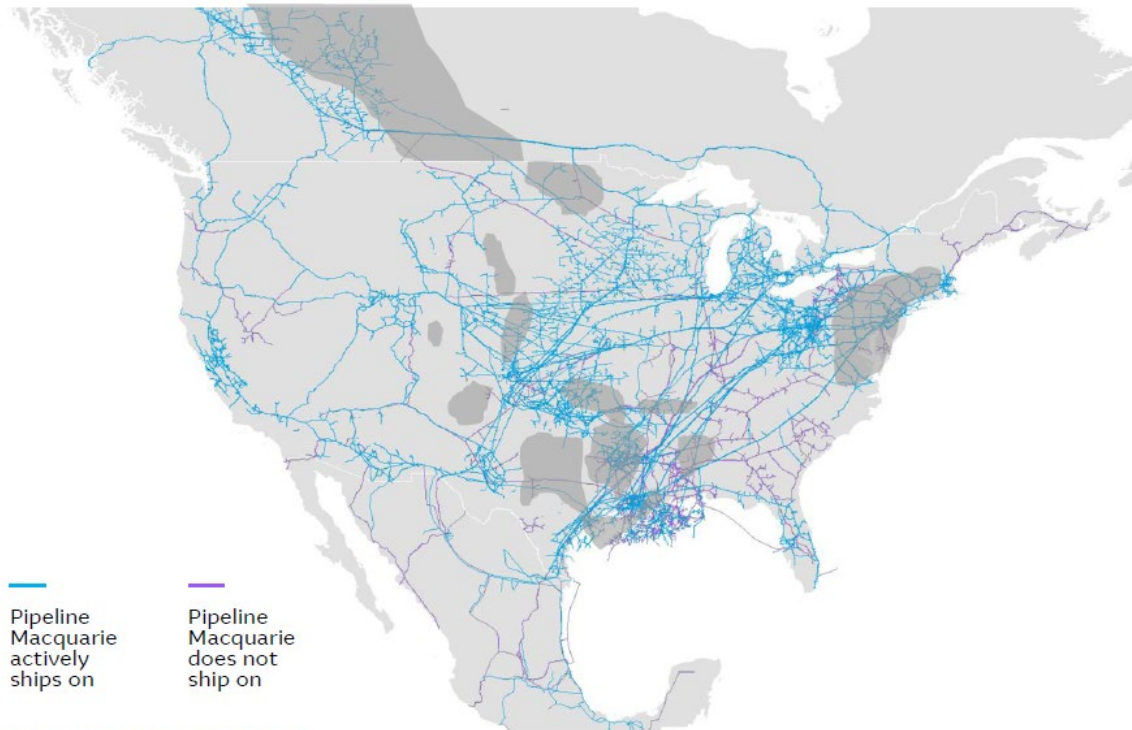


Image Source: Energy Velocity, Macquarie Energy.

© Macquarie Group Limited

## Commodities and Global Markets

- Macquarie are now a leader in commodities trading in North America.
- Their scale and expertise has been built over decades, and is now very hard to replicate.
- As a result, Macquarie is uniquely positioned to capitalise given their position in the market.
- This business has been a terrific contributor to Macquarie's recent profit results.

Source: Company Reports

# Examples of Companies Fitting the Investment Process



Source: Brett's iphone.

## Capital and Asset Management

- The Maher Asset Terminals is the largest container terminal operator in the Port of New York/New Jersey.
- It is a unique asset in terms of its location and pricing power.
- Recent sales of nearby container terminals imply a significant uplift in valuation vs Macquarie's purchase price in 2016.

# Examples of Companies Fitting the Investment Process

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Source: Company Website

Australia's leading producer and distributor of four-wheel drive accessories establishing a growing presence in the US, Europe and Asia.

Owner driver business with the Brown family heavily involved since its founding in 1975.

Strong focus on engineering great products has built a highly regarded global brand with attractive margins.

Recent partnerships with Ford and Toyota to develop ARB licensed accessories could provide significant long-term growth.





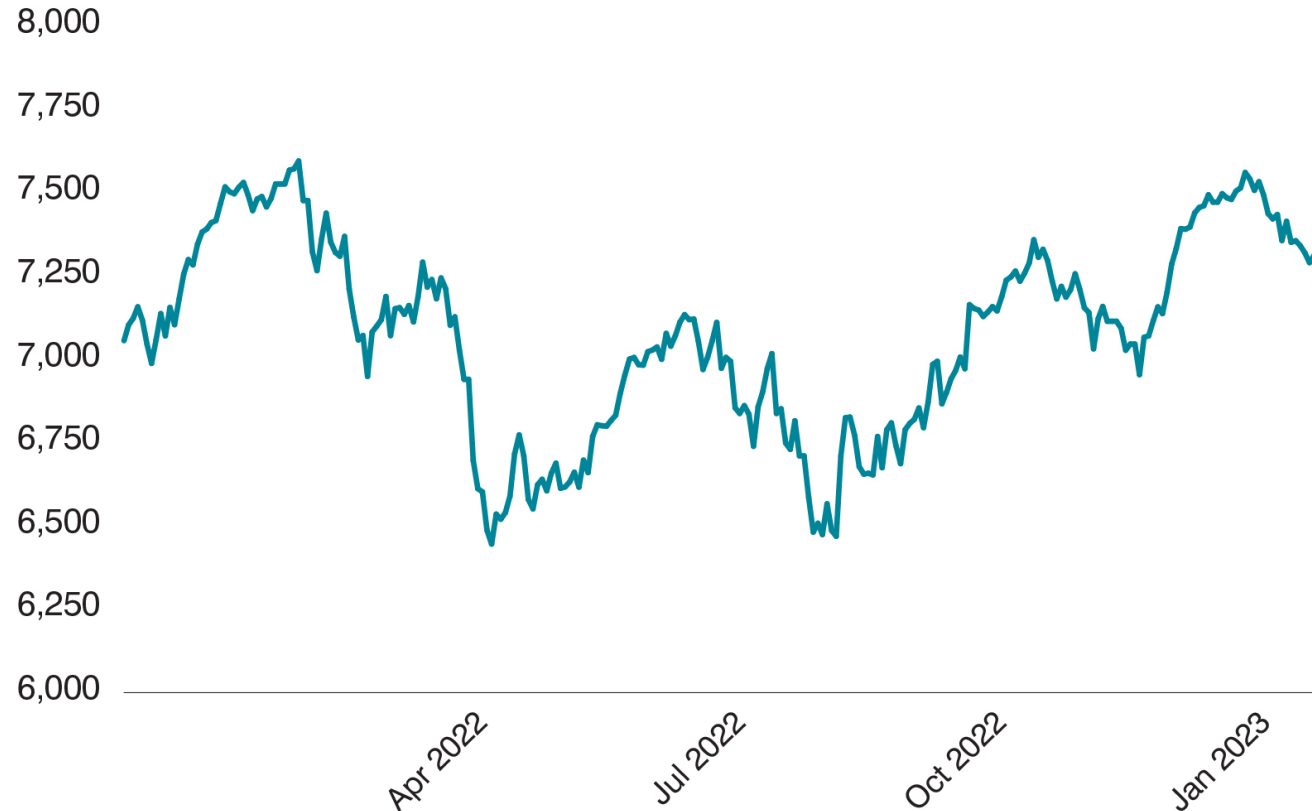
# Market Conditions

# Global conditions remain very volatile

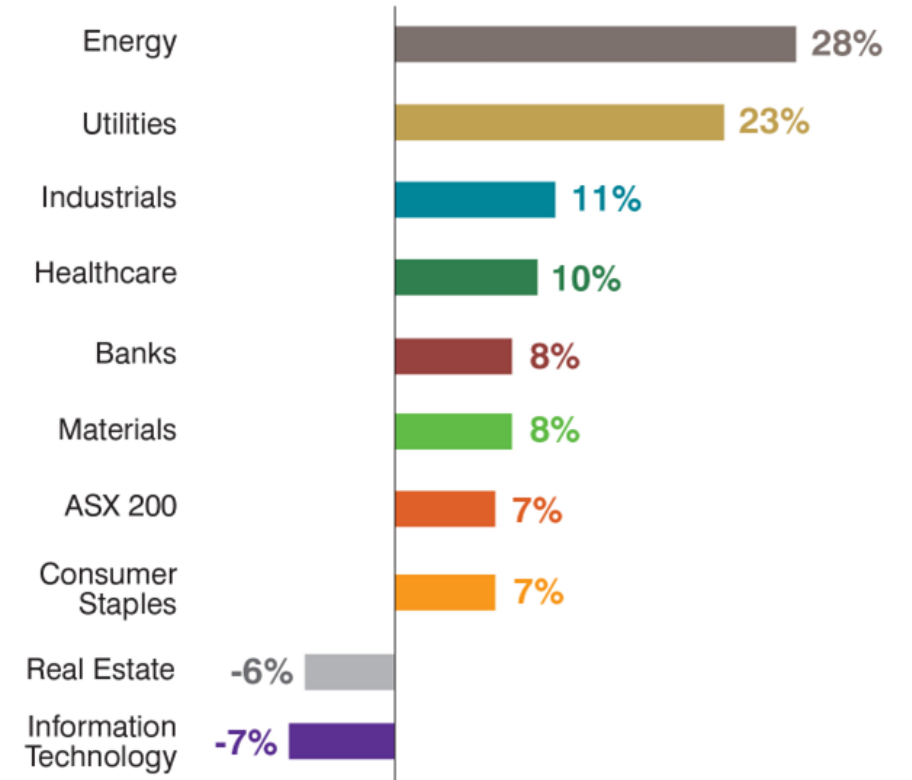


# These conditions have produced a large divergence in sector performance – annual return to 28 February 2023

S&P/ASX200 Price Index



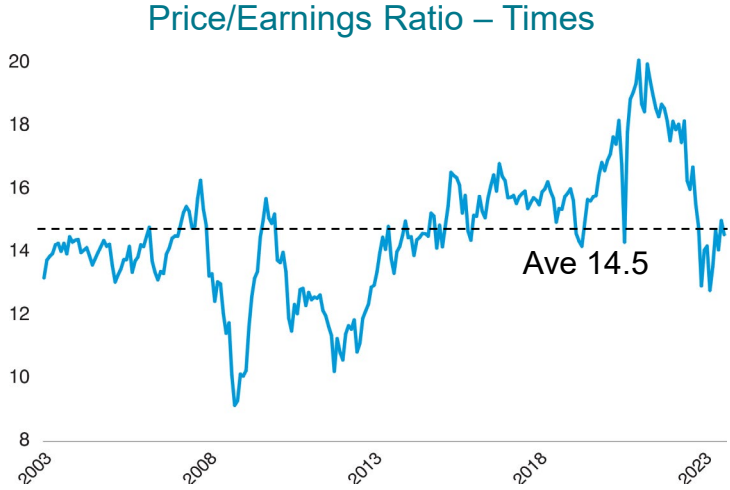
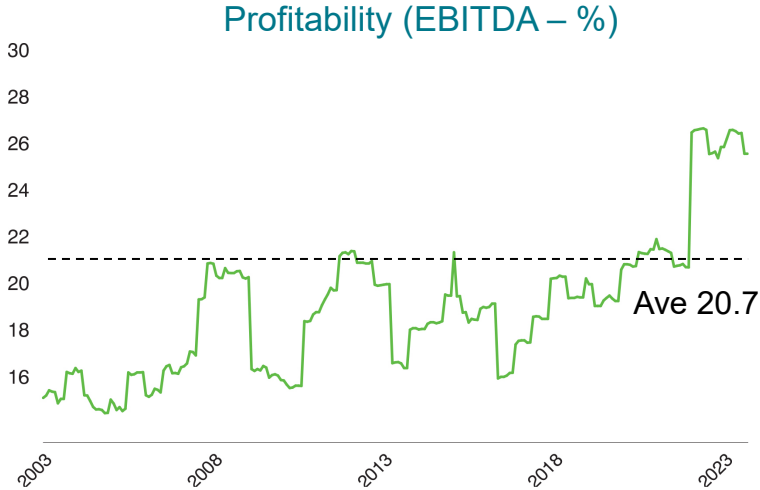
Sector Performance\*



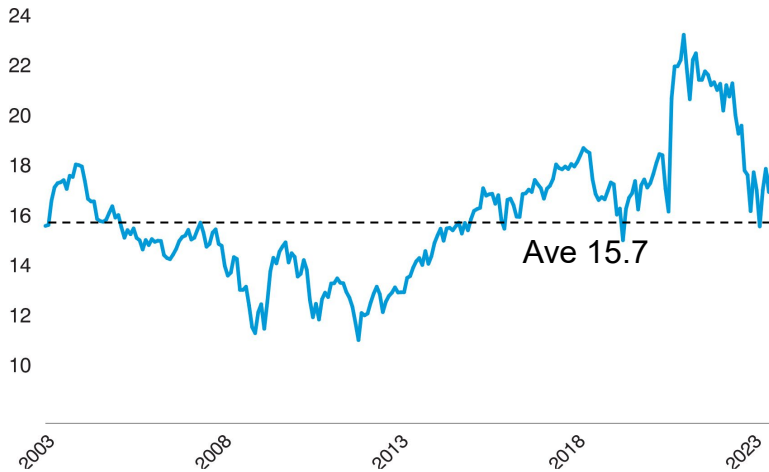
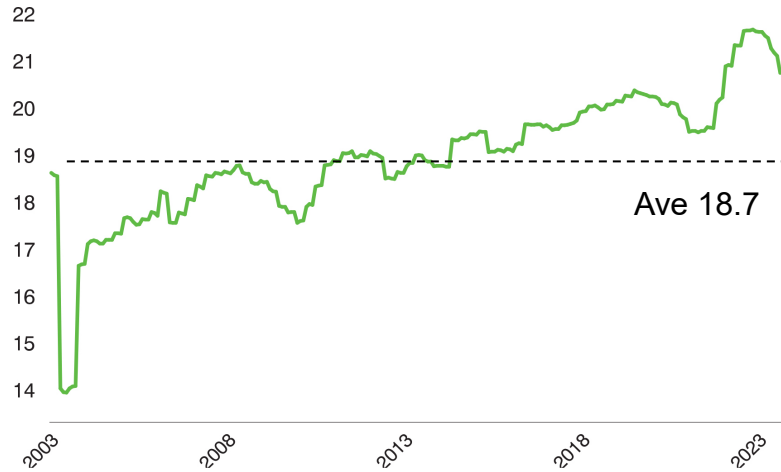
\*Includes dividends but not franking

# The Australian and US markets – margins now coming under pressure, valuations down from their peaks

## Australia S&P ASX 200



## US S&P 500



Source: FactSet. As at 28 February 2023





# State of play in early 2023



## Inflation outbreak

- Some temporary impacts have eased from their peak...
    - \$ freight rates
    - \$ European energy crisis averted due to mild winter
- ...but core inflation, particularly "sticky" in wages and rent remains elevated.



## Sharp interest rate increases

- Much anticipation/hope that a cycle peak in rates is near.
- Looks clear that the era of ultra-low interest rates (free money) is over.



## Slowing economic activity

- Activity has remained relatively resilient to date.
- Sentiment surveys are weak, confidence low.
- Increased caution about trading conditions in recent reporting season.

# What were the themes of the recent reporting season?



## Cost inflation

Cost Inflation evident –  
Key manufacturing inputs, energy,  
wages, freight, insurance.



## Prices driving revenue

Price rises taken to maintain margins  
– price a far more material revenue  
driver than volume.



## Margin pressure building

Caution that future price rises are  
likely to be more impactful on  
volume.



## Interest Costs Rising

Interest costs rising for companies  
with variable rate debt.



## Elevated inventories

Recent supply chain constraints saw  
some companies securing additional  
inventory. An area to watch as demand  
potentially slows.

But well-run companies continue to invest for growth opportunities that will outlast these pressures.



# About Djerriwarrh

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Djerriwarrh Investments Limited is a Listed Investment Company (LIC) investing in a diversified portfolio of Australian and New Zealand equities. For stocks where there is an options market, the Company often uses exchange traded and over-the-counter options to enhance the income return to investors.

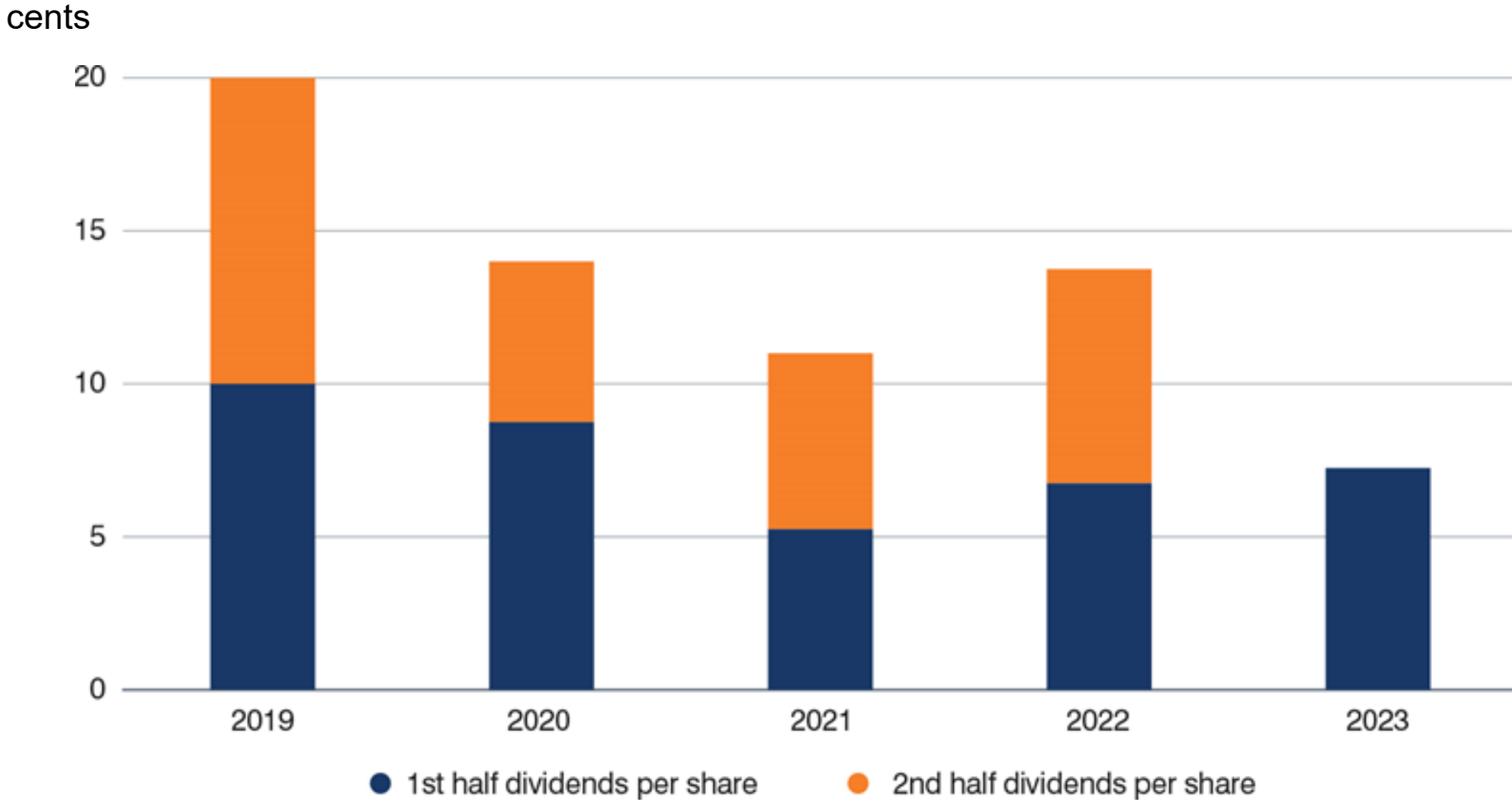
## Investment Objectives

Djerriwarrh seeks to provide an enhanced level of fully franked income that is higher than what is available from the S&P/ASX 200 Index.

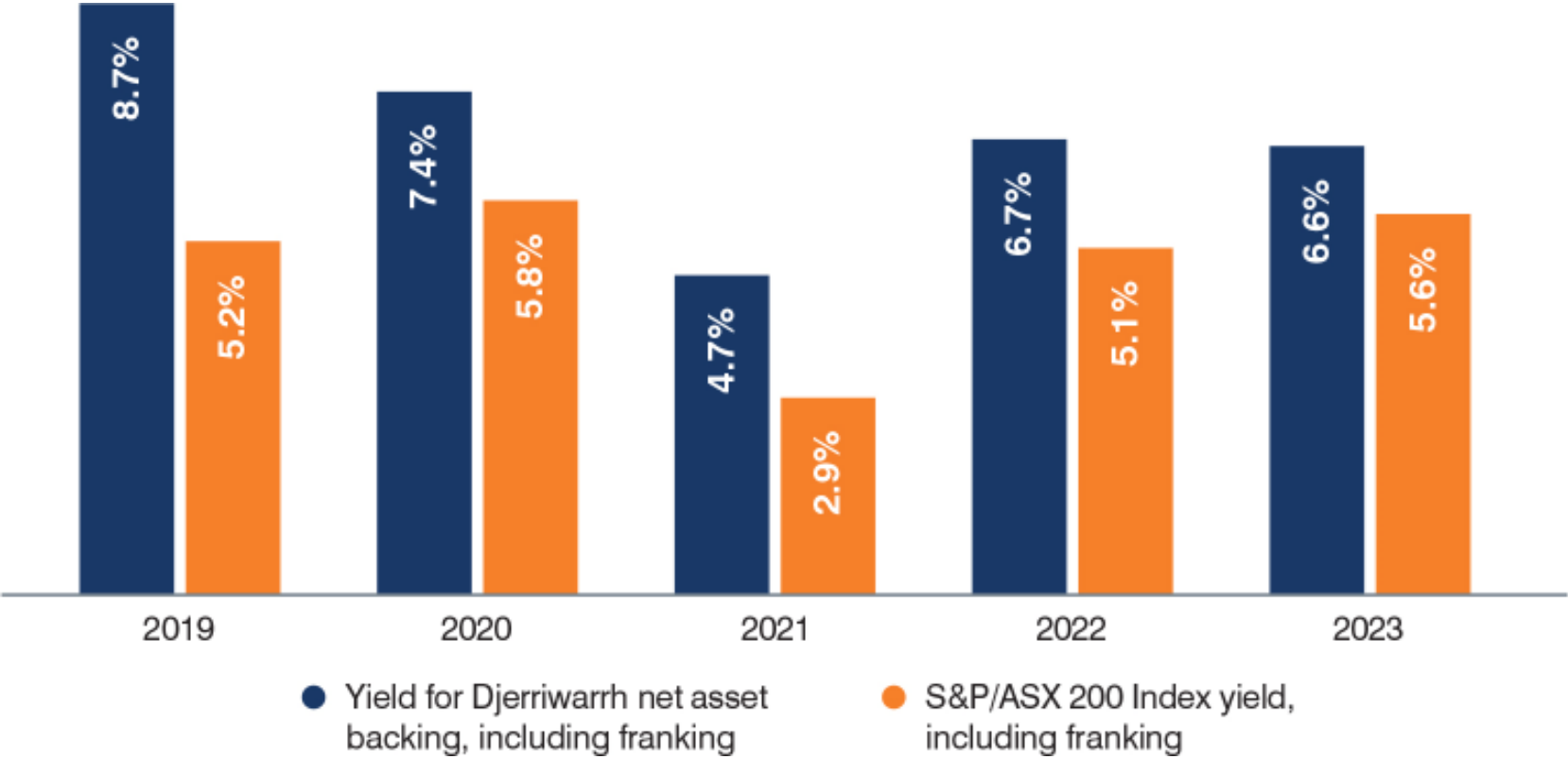
In this regard the primary investment goals are:

- to pay a higher level of fully franked dividend than is available from the market in general; and
- to provide attractive total return including capital growth over the medium to long term.

# Djerriwarrh dividends paid - five year recap

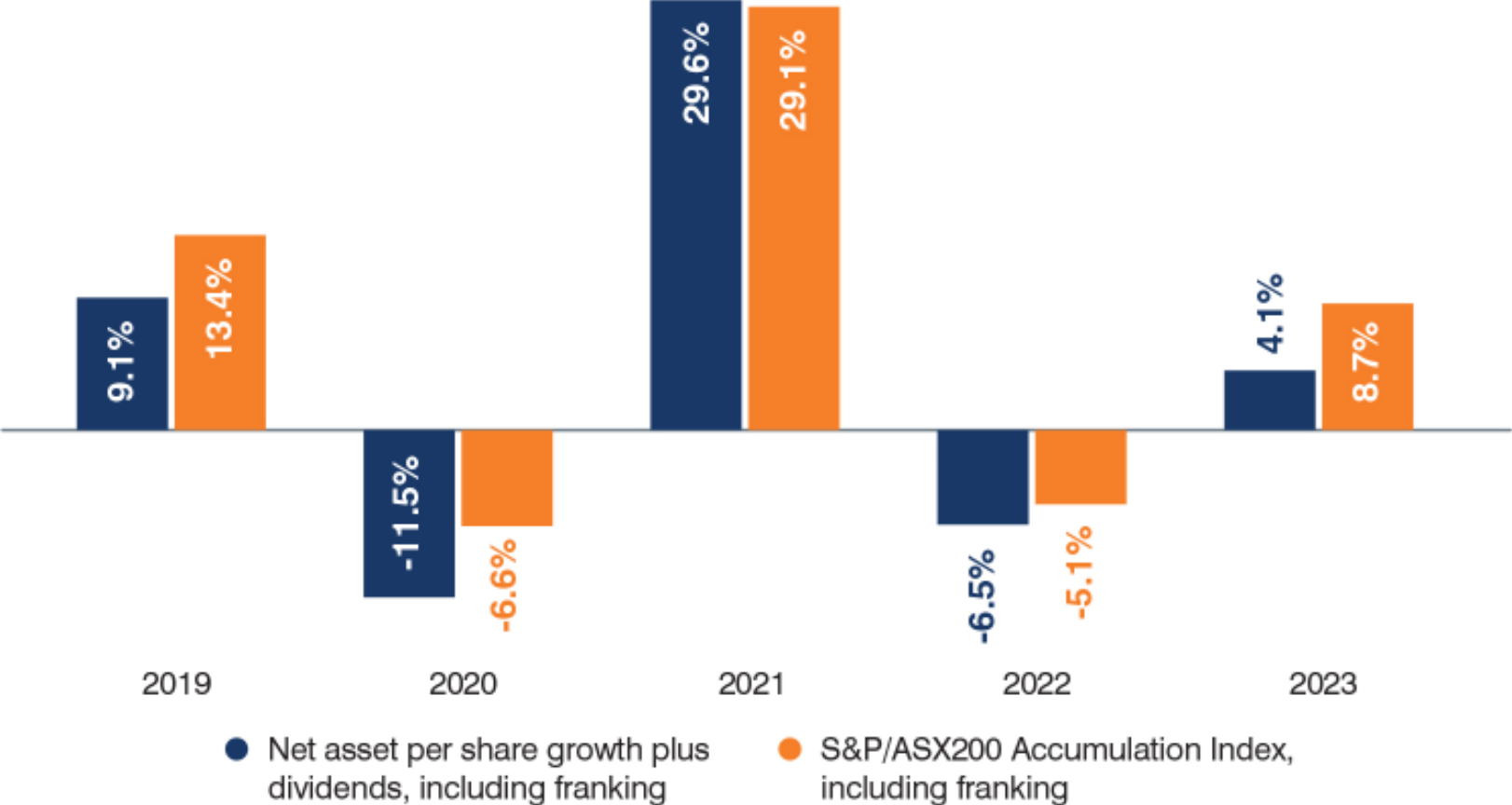


# Djerriwarrh dividend yield vs the ASX 200 Index - five year recap



Assumes an investor can take full advantage of the franking credits. S&P/ASX 200 Index is the historic yield and 70 per cent franked. Financial years other than 2023 where figures for Djerriwarrh are based on the interim dividend and final dividend declared – in total 14.25 cents per share.

# Djerriwarrh net asset backing performance - five year recap



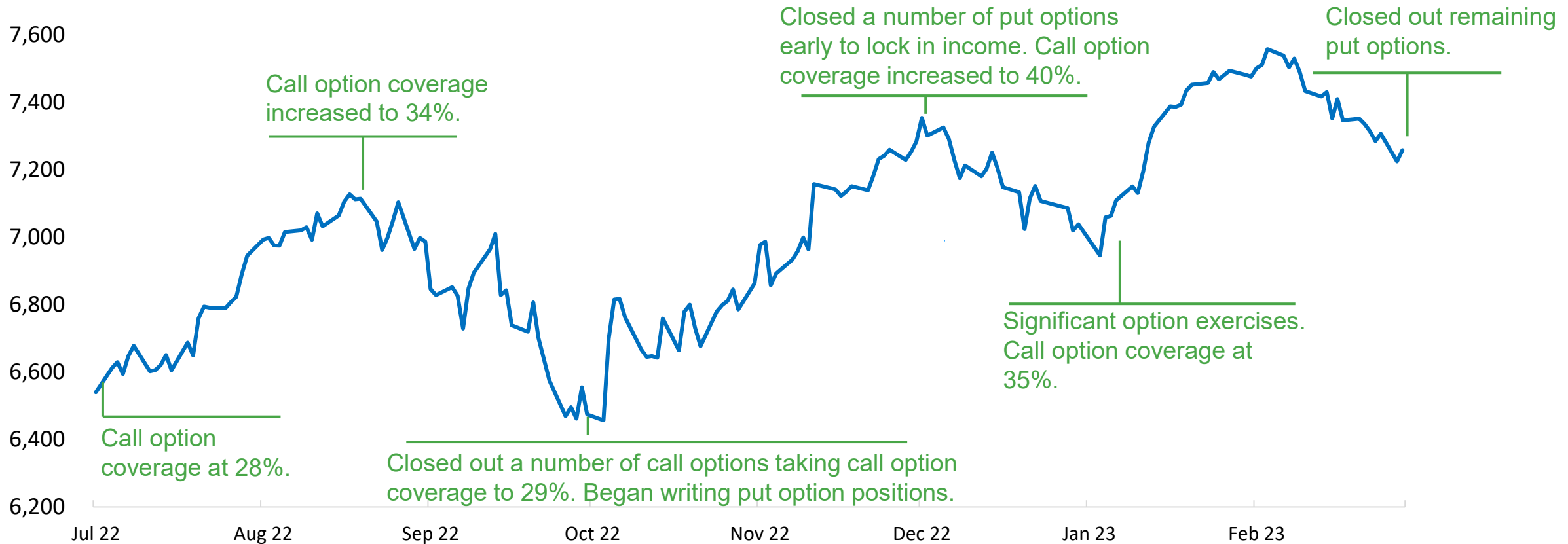
Financial years other than 2023 which is 12 months to 28 February. Assumes an investor can take full advantage of the franking credits. Past performance is not indicative of future performance.



# 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



# 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>\$851m</b>	<b>48</b>
Portfolio Value*	Stocks in the Portfolio
<b>36%</b>	<b>0%</b>
Call Option Exposure	Put Option Exposure
<b>\$3.10</b>	
Net Tangible Asset (NTA) Backing Per Share	

Source: Based on 28 February 2023 Portfolio.

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

## Top 20 Holdings





# About Mirrabooka

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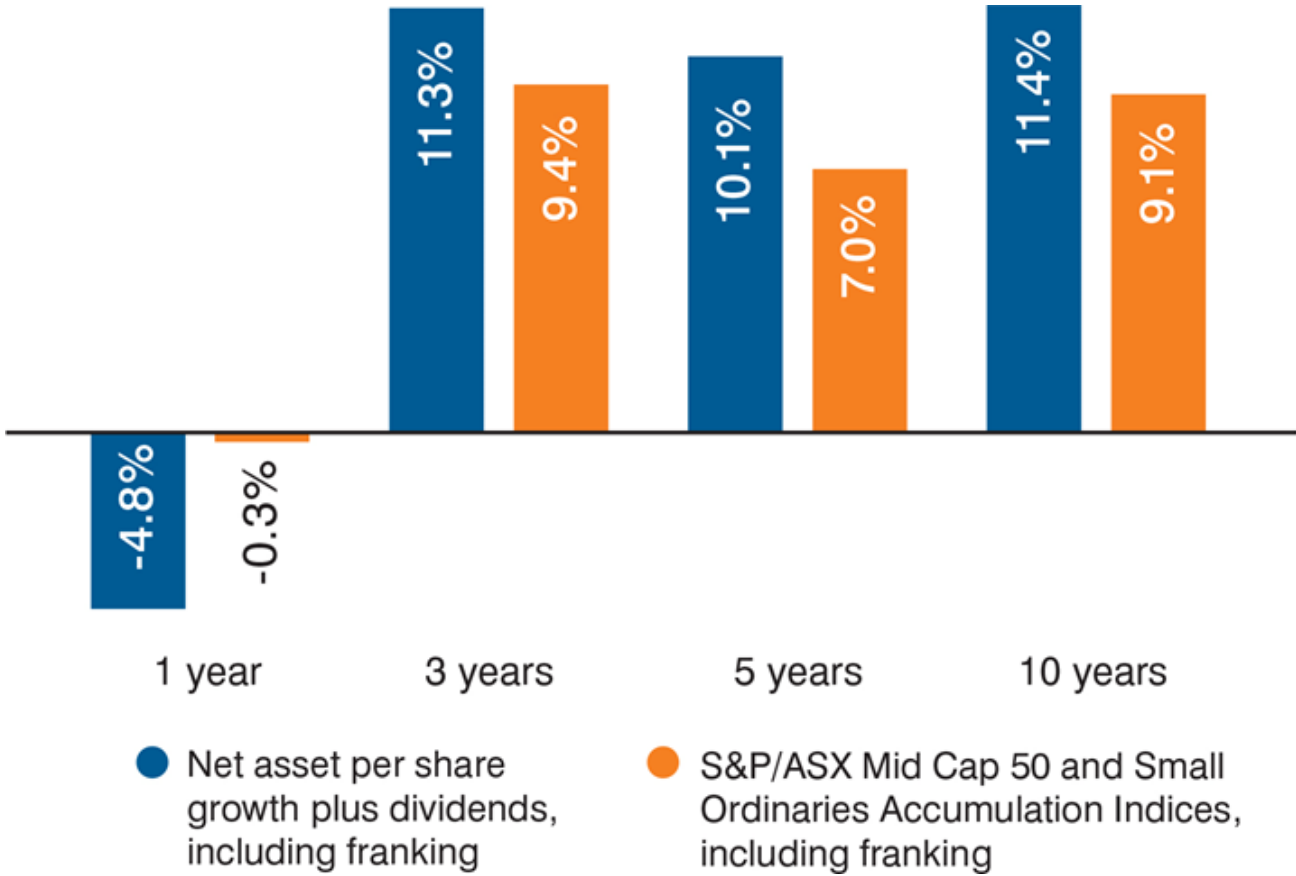
Mirrabooka is a listed investment company specialising in investing in small and medium-sized companies located within Australia and New Zealand. Our general definition of small and medium-sized companies is those companies which fall outside the S&P/ASX 50 Leaders Index.

## Investment Objectives

The Company aims to provide medium to long term investment gains through holding core investments in selected small and mid-sized companies.

To provide attractive fully franked dividend returns.

# Portfolio Performance – Per Annum Returns to 28 February 2023



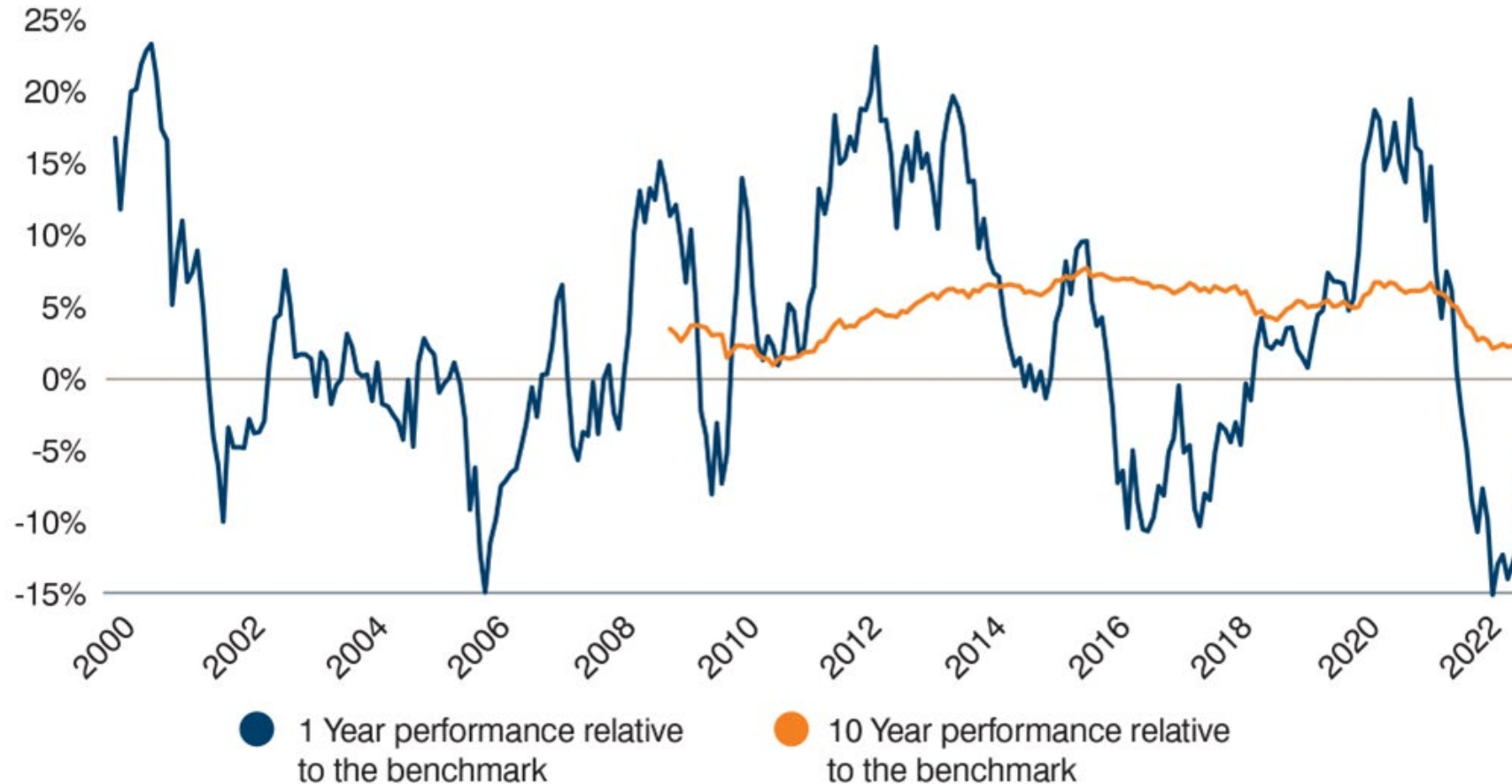
\* Assumes an investor can take full advantage of the franking credits. Mirrabooka's portfolio return is also calculate after management fees, income tax and capital gains tax on realised sales of investments. It should be noted that Index returns for the market do not include management expenses or tax.

Past performance is not indicative of future performance.

# Portfolio performance – long term relative to short term

Consistent with our approach, our long term performance track record is far more consistent than short term.

Mirrabooka Relative Performance Since Inception



# How are we responding to challenging market conditions?

- Portfolio decisions based on fundamentals, not economic predictions
  - forecasters are far more often wrong because circumstances change
  - we won't be able to predict, and will be late to identify, when pressures have eased
  - and the best long term investment opportunities will move sharply higher in price as they do
- Using higher interest rates (more in line with long term history) in value judgements when buying
- Staying long term in our views:
  - continuing to invest in interesting new opportunities
  - selling holdings for long term fundamental reasons, not based on short term risk



# Recent portfolio changes

## New

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## Exited

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## Material reduction

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# Mirrabooka Top 20 Holdings – 28 February 2023

	Company	% of Portfolio	Ownership Period		Company	% of Portfolio	Ownership Period
1	 MAINFREIGHT	5.7%	7.5 yrs	11	 Equity Trustees	2.6%	17.5 yrs
2	 macquarie TELECOM GROUP	4.9%	6 yrs	12	 AUB GROUP	2.5%	17 yrs
3	 ARB	4.2%	12.5 yrs	13	 Breville	2.5%	5.5 yrs
4	 carsales	3.6%	6.5 yrs	14*	 REA Group	2.4%	3 yrs
5*	 Fisher & Paykel HEALTHCARE	3.0%	9 yrs	15	 eagers automotive	2.3%	9 yrs
6*	 netwealth	3.0%	5.5 yrs	16	 PEXA	2.1%	2 yrs
7	 ALS	2.9%	17 yrs	17*	 Pinnacle	2.1%	3.5 yrs
8*	 reece	2.8%	16.5 yrs	18	 JamesHardie	2.0%	4.5 yrs
9*	 Auckland Airport	2.7%	3 yrs	19	 OZ Minerals	2.0%	4.5 yrs
10*	 ResMed	2.6%	12 yrs	20	 HUB 24	2.0%	8 yrs

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

AMCIL

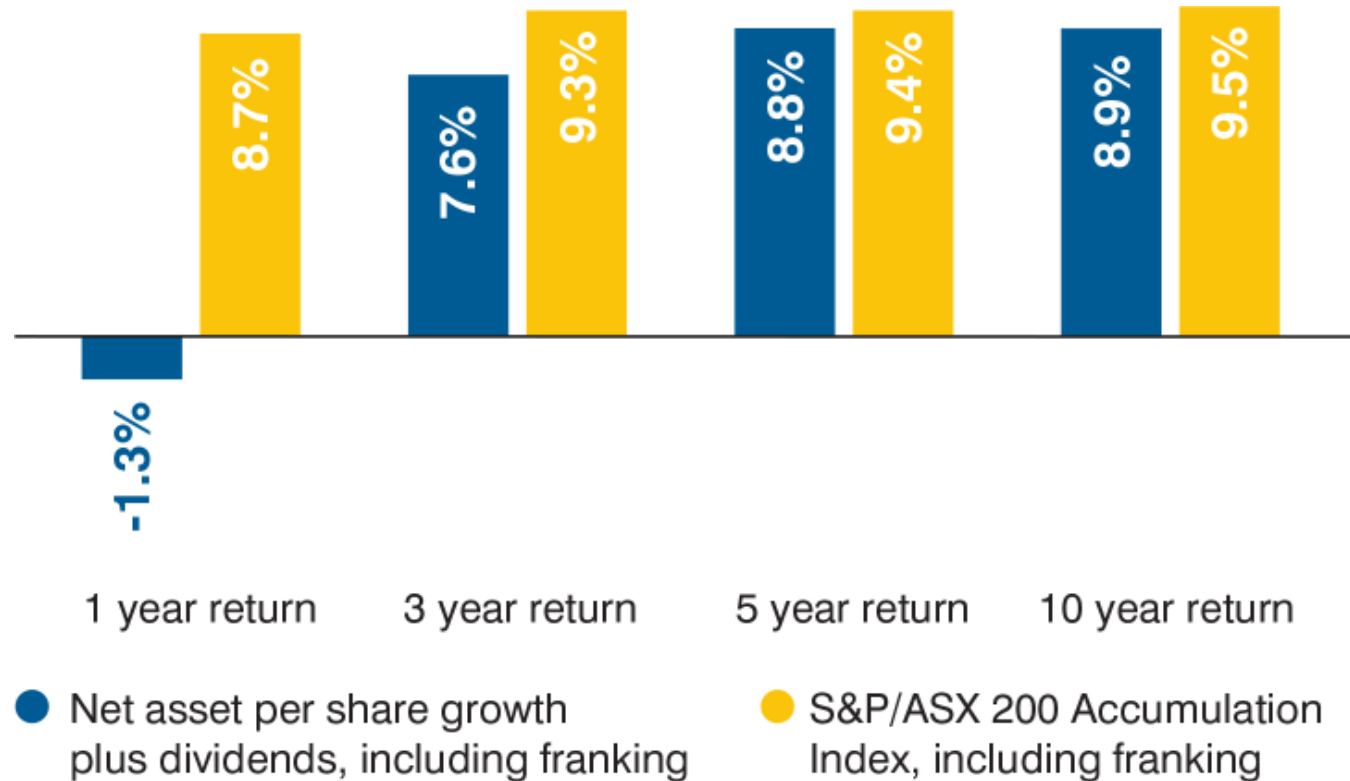
AMCIL manages a focused portfolio covering large and small companies in the Australian equity market. As a result, small companies by market size can have an equally important impact on portfolio returns as larger companies in the Australian market.

## Investment Objectives

Attractive returns through strong capital growth in the portfolio over the medium to long term.

The generation of fully franked dividends.

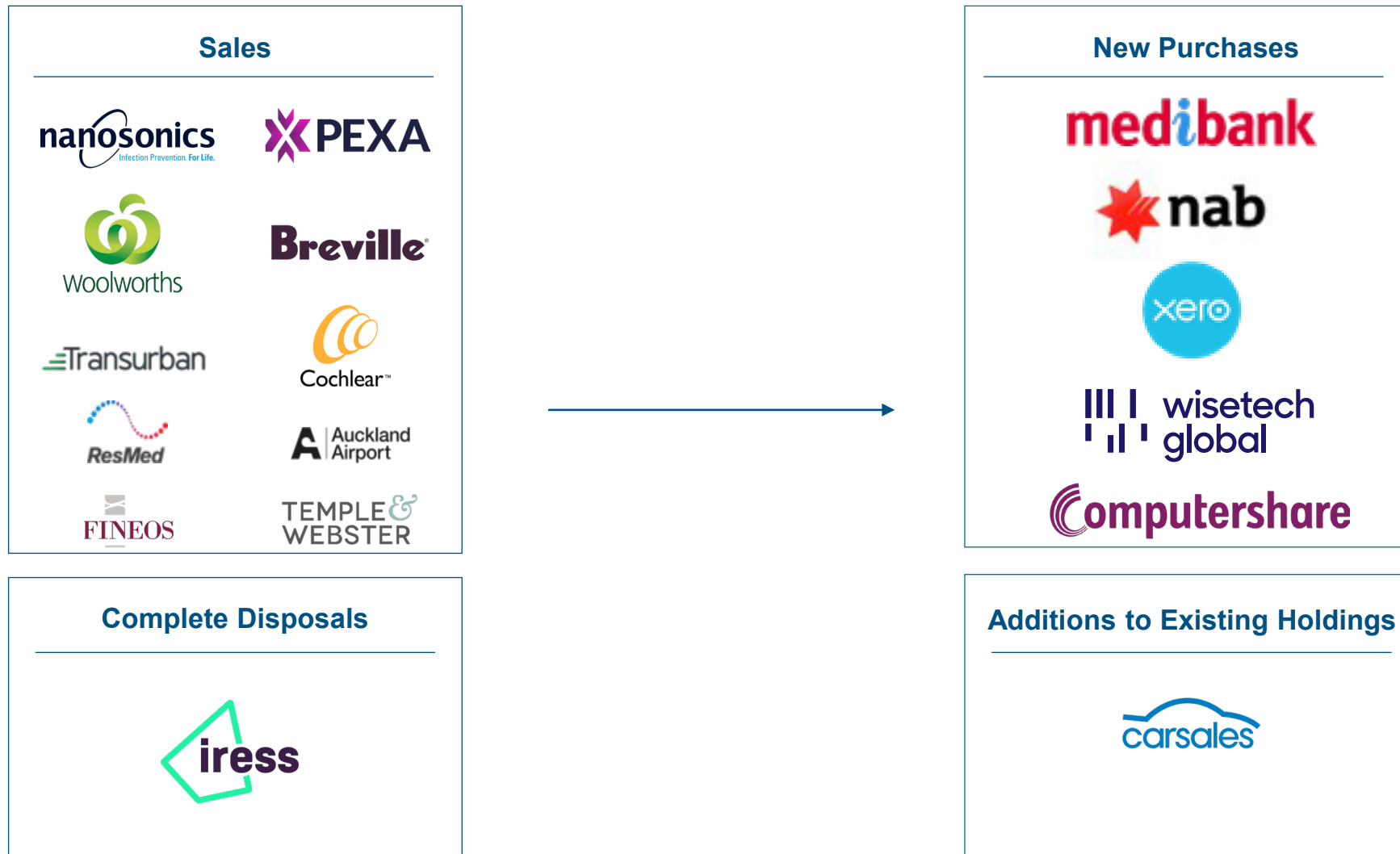
# Portfolio Performance – Per Annum Returns to 28 February 2023\*



\* Assumes an investor can take full advantage of the franking credits. AMCIL's portfolio return is also calculated after management fees, income tax and capital gains tax on realised sales of investments. It should be noted that Index returns for the market do not include management expenses or tax.

Past performance is not indicative of future performance.

# Portfolio Management – Recent Transactions



# New Purchases



- Market leader/stalwart.
- Well capitalised, strong cash generation and solid dividend yield and option income.
- Established a position during recent share price weakness.



- Preferred bank exposure (alongside CBA).
- Backable management team.
- Attractive fully franked dividend yield and option income.
- Established a position during recent share price weakness.



- High-quality business with a scalable model.
- Recent cost-out initiatives (implemented by new CEO) highlight a focus on balancing growth and profitability.
- Established small position, seeking better value to build.

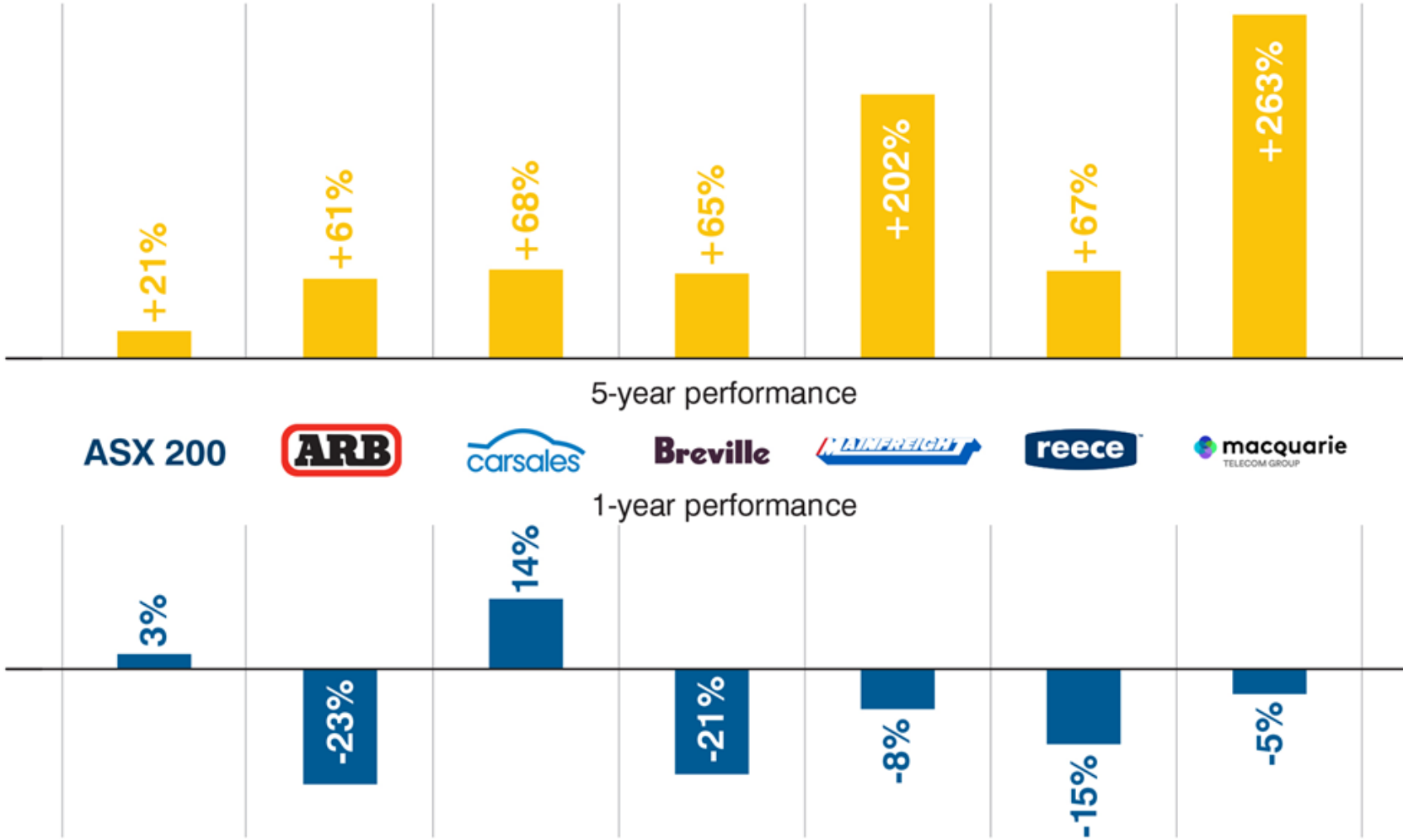


- Market leader solving complexity for freight forwarding customers.
- Owner-driver management team.
- Established small position, seeking better value to build.



- Market leader/stalwart with cyclical elements.
- Have refocused on core business.
- Established a position during recent share price weakness.

# AMCIL key holdings – A longer term context against recent falls



Returns to 28 February 2023, do not include dividends and franking



# We remain confident about the quality of companies in AMCIL's Top 20 Holdings

Rank	Company	% of Portfolio
1	CSL*	11.3%
2	Macquarie Group	6.3%
3	BHP*	6.0%
4	Wesfarmers*	5.8%
5	Transurban Group	5.8%
6	Mainfreight	5.7%
7	Westpac Banking Corporation	4.2%
8	Goodman Group	4.0%
9	Woolworths Group	3.6%
10	James Hardie Industries	3.6%

Rank	Company	% of Portfolio
11	Carsales.com*	3.2%
12	ResMed	3.0%
13	Macquarie Telecom Group	3.0%
14	Auckland International Airport	2.7%
15	EQT Holdings	2.6%
16	ARB Corporation	2.6%
17	Commonwealth Bank of Australia	2.4%
18	Netwealth Group	2.3%
19	Medibank Private*	2.2%
20	Reece	1.9%

As at 28 February 2023.

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

The background of the slide is a dark blue, textured surface, possibly a carpet or fabric. It is overlaid with several light trails and patterns. On the left side, there are diagonal streaks of light in shades of yellow, orange, and red, suggesting motion or light trails. On the right side, there are vertical streaks of light in shades of red and orange. The overall effect is a dynamic, abstract composition with a central white band containing the text.

# Outlook

# Outlook

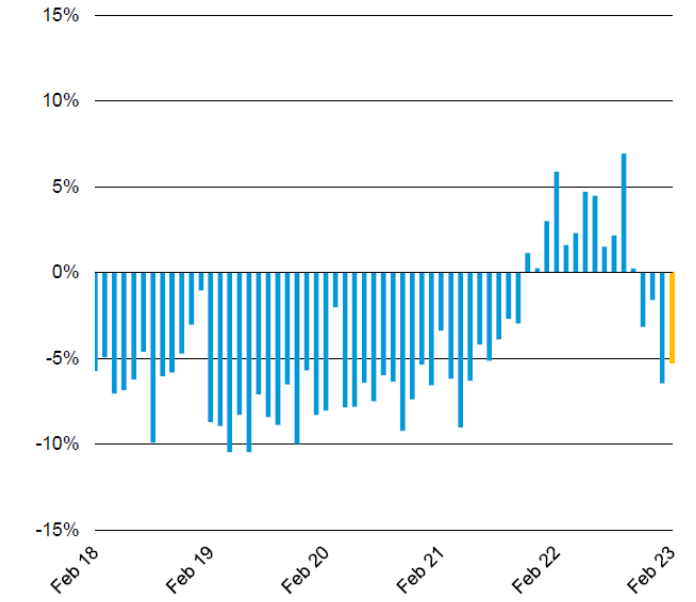
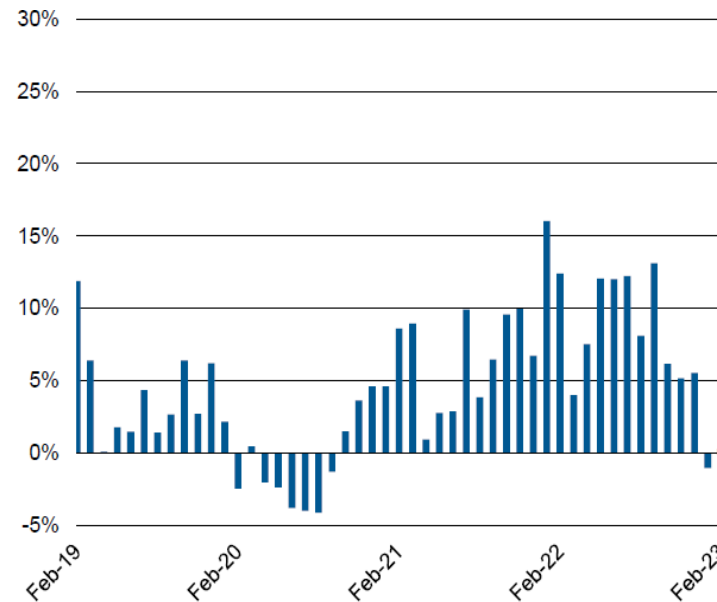
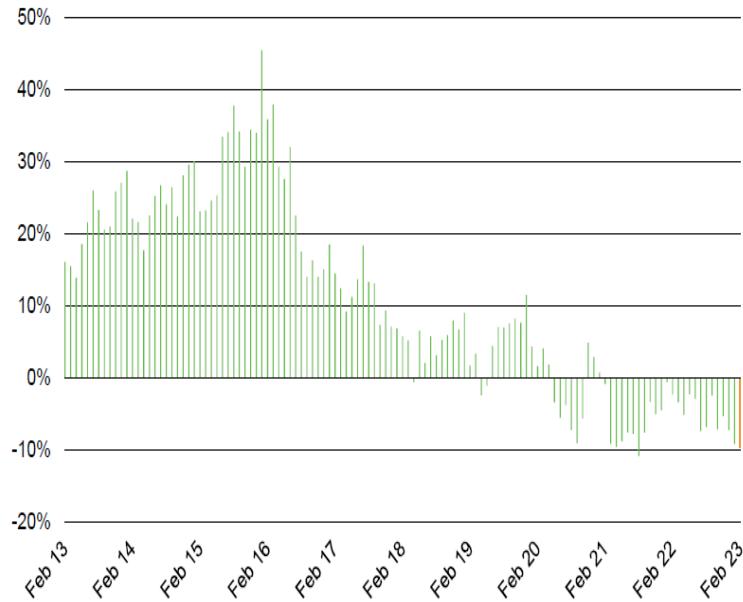
## **We are cautious due to:**

- A challenged economic outlook while central banks continue to battle elevated inflation with higher interest rates
- Company valuations that remain relatively high compared to returns now available on competing investments like term deposits
- Geopolitical risk factors remain uncertain ranging from the war in Ukraine to the outlook for China

## **But we continue to believe in:**

- ✓ The superior long term returns available from a well selected portfolio
- ✓ The ability of our diversified portfolios to weather challenging conditions
- ✓ Share prices are driven by earnings growth in the long term

# Share Price Relative to Net Asset Backing – 28 February 2023



# Questions

