



DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

An abstract graphic composed of overlapping, semi-transparent geometric shapes in various shades of blue and grey, extending from the left side of the page towards the right.

ANNUAL REPORT
2023

Directory

Directors

Charles Goode AC (Chairman)
Anthony Burgess
Stephen Hiscock
Andrew Larke
Andrew Sisson AO

Company Secretary

James Pollard

Auditors

KPMG Chartered Accountants

Registered Office

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MELBOURNE VIC 3000

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Share Registry

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SYDNEY NSW 2000
Locked Bag A14
SYDNEY SOUTH NSW 1235

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Securities Exchange

Australian Securities Exchange Ltd (ASX)
ASX Code: DUI

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Chairman's Report

for the year ended 30 June 2023

I present the Annual Report of Diversified United Investment Limited for the year ended 30 June 2023.

About DUI

The Company's objective is to continue to provide shareholders with dividends and capital appreciation over the longer term within acceptable levels of risk.

The investment philosophy of the Company is to take a medium to long-term view and to invest in Australian equities, listed property trusts, and international equities. Investments may also be made from time to time in interest bearing securities, convertible notes, or unlisted managed funds.

Investment strategy

DUI's investment objectives are:

1. To create and maintain a diversified portfolio of quality Australian companies, primarily through shares listed on the ASX and an investment in international markets;
2. The investment policy is based on a medium to long-term view of providing income and capital appreciation;
3. To actively review the portfolio to monitor and reduce risks and identify market opportunities as they arise; and
4. To provide dividend income to shareholders which is sustainable over the long-term, maintaining full franking when possible.

Australian Portfolio Criteria

In deciding whether to add a stock to the watch to buy list or to the portfolio, or to increase or decrease its size in the portfolio, the following criteria are considered:

1. Industry outlook;
2. Position of the company in its industry;
3. EPS growth potential;
4. Yield and franking;
5. Management strength and alignment with shareholder returns;
6. Balance Sheet strength; and
7. Environmental, Social & Governance (ESG)

Investment decisions are made after consideration has been given to relevant Environmental, Social and Governance (ESG) matters. The Company's Responsible Investing policy can be found on our website.

Chairman's Report

for the year ended 30 June 2023

International Investment Policy

The Company's international portfolio policy is as follows:

1. To make investments in managed international funds of 10% to 20% of the portfolio.
2. The base policy position is to have an unhedged currency exposure which is reviewed from time to time. Currency hedging could be undertaken in normal circumstances up to a maximum of 50% of the exposure. There could be higher hedging where very strong views are held.
3. The allocation at market value to be broadly:
 - a. Developed Countries – 50 to 60%
 - b. Developing Countries – 25%
 - c. Specific industries not easily available in Australia – 15 to 25%
4. The international investments are monitored at each Board meeting, but they are considered long-term strategic investments.

About the portfolio

At 30 June 2023, 19.7% of the portfolio was invested in international equities through nine Exchange Traded Index Funds and one unlisted managed fund. The foreign exchange currency exposure is currently unhedged.

The Australian equities portfolio is mainly in leading companies. At 30 June 2023, 89.4% of the Australian equity's portfolio was invested in companies within the S&P/ASX50 index (76.7% in the S&P/ASX20 and 12.7% in the S&P/ASX50 but not in the S&P/ASX20), with a further 6.4% invested in companies within the S&P100 but not in the S&P/ASX50, and 4.2% invested in companies outside the S&P/ASX100. At 30 June 2023, the Australian equities portfolio was spread over 29 companies.

The Annual Report provides a list of the shareholdings at 30 June 2023 and 30 June 2022 and the market values as at 30 June 2023 of each investment together with its percentage of the portfolio.

The Company is a long-term investor, with the average age of holdings across the portfolio being 12.9 years. 51% of the portfolio has been held for longer than 10 years.

Investee company engagement

The Board of Directors regularly engage with investee companies, in particular through direct meetings with management or representatives of the company. This is an effective way in which we can raise and discuss matters of concern. During the year, 22 meetings were held with management or representatives of investee companies.

We also vote on resolutions raised at investee company meetings. Advice from proxy advisors is reviewed as part of our consideration as to how the Company will vote on various resolutions. Votes were placed at 34 shareholder meetings throughout the year.

Results

Statutory profit after tax for the year ended 30 June 2023 was \$42.8 million (2022: \$45.8 million). Statutory profit after tax includes special dividends, capital gain distributions from managed funds and fair value movements on unlisted investments ("special income items") of \$2.1 million (2022: \$7.0 million). Excluding these items, the Company's revenue rose 13.3% and net profit after tax increased 5.0%.

Chairman's Report

for the year ended 30 June 2023

More information on the Company's activities, performance and financial results can be found in the Operating and Financial Review on page 6.

Outlook

Last year we said that "We are moving from 'asset inflation' to 'consumer inflation' as we transition from large budget deficits, quantitative easing, and extraordinarily low interest rates to a period of budgetary restraint, quantitative tightening, and rising interest rates."

We are now seeing an easing in inflation, interest rates at or near their high for this cycle, and some fiscal budgetary restraint. We have a cautionary outlook in respect of corporate profits with rising costs, softening demand, profit margins under pressure, and more government regulation.

With the share market near its all-time-high, we see limited scope for a general lift in price earnings ratios. It is our intention to remain fully invested in high quality companies with long-term prospects. During the year, we reduced our net debt as a proportion of the portfolio excluding cash from 11.6% to 6.3% which provides us with some capacity to take advantage of opportunities as and when they emerge.

Our income from dividends received will be significantly affected by the dividends paid by the banks and the leading mining companies. While our dividend income is expected to be lower in the year ahead, we expect to maintain a steady dividend to our shareholders.



Charles Goode
Chairman

Directors' Report

for the year ended 30 June 2023

The Directors of Diversified United Investment Limited present their Directors' Report together with the financial report for the financial year ended 30 June 2023 and the auditor's report thereon.

Board and Management

Board of Directors

The Directors of the Company at any time during or since the end of the financial year are:

Charles Goode AC B.Com (Hons) (Melb), MBA (Columbia), Hon LLD (Melb), Hon LLD (Mon)
Non Executive Chairman, appointed September 1991

Mr Goode is the Chairman of the Boards of Diversified United Investment Limited (Director since 1990, Chairman since 1993), The Ian Potter Foundation Limited (Governor since 1987, Chairman since 1994) and is Chairman Emeritus of Flagstaff Partners Pty Ltd (having been Chairman 2010 – 2019). Mr Goode was formerly a Director of Australia and New Zealand Banking Group Limited (1991 – 2010, Chairman 1996 – 2010) and Woodside Petroleum Limited (1988 – 2007, Chairman 1999 – 2007).

Anthony Burgess B.Com (Hons) (Melb), MBA (Dist'n) (Harvard), FFIN, CPA
Non-Executive Director, appointed September 2008

Mr Burgess has over 40 years' experience in corporate finance in Melbourne, London and New York. He is co-founder and Chairman of Flagstaff Partners Pty Ltd, an independent corporate finance advisory firm, having been Chief Executive Officer 2010 to 2019. He was formerly Global Co-Head of Mergers and Acquisitions at Deutsche Bank AG, based in London. He is a Governor of The Ian Potter Foundation Limited (since 2013), Chairman of the Foundation for Business and Economics at the University of Melbourne (since 2010), a Director of Melbourne Business School Limited (since 2013) and is a member of the Board of Management of the Melbourne Theatre Company (since 2015).

Stephen Hiscock B.Com (Melb), M.App.Fin (Macq), FFIN
Non-Executive Director, appointed November 2011

Mr Hiscock is Chairman and a founding shareholder of SG Hiscock & Company Ltd (SGH), a fund manager specialising in Australian Equities, REITs and Individually Managed Portfolios. Prior to setting up SGH, Mr Hiscock was Chief Investment Officer, National Asset Management Ltd (NAM), a subsidiary of National Australia Bank Ltd and he was also the Chairman of their Asset Allocation Committee. Prior to that he was the Head of NAM's Australian Equities team (for 5 years) and the Head of NAM's Property Team. He is the Chairman of the Company's Nomination and Remuneration Committee and is Lead Independent Director.

Andrew Larke LLB (Melb), B.Com (Melb), Grad Dip (Corporations & Securities Law) (Melb)
Non-Executive Director, appointed March 2015

Mr Larke is Chairman of LI Long Short Fund Ltd (since 2018) and of IXOM (a leading Australasian chemicals business) and is a Non-Executive Director of DuluxGroup Ltd (since 2010). Formerly he held senior corporate strategy roles in Orica Ltd and North Ltd and has been involved in mergers, acquisitions and divestments as well as corporate advisory for approximately 30 years. He is Chairman of the Company's Audit and Risk Management Committee.

Directors' Report

for the year ended 30 June 2023

Andrew Sisson AO BSc (Melb), FAICD
Non-Executive Director, appointed April 2022

Mr Sisson has over 40 years investment management experience and in 1988 founded Balanced Equity Management to manage portfolios of Australian shares. He is a director of Opera Australia (since 2017), a trustee of the Helen Macpherson Smith Trust (since 2020), and a member of the Council of the University of Melbourne (since 2020) and of the Grattan Institute Investment Committee (since 2010). He has previously been a Trustee of the National Gallery of Victoria, a Director of Save the Children Australia and a member of the Takeovers Panel.

Company Secretary

James Pollard B.BusCom (Mon), Grad Cert FP (Kaplan), FGIA, CA
Company Secretary, Appointed February 2020

Mr Pollard is also Company Secretary of Diversified United Investment Limited (since 2020), and has over 15 years' experience in accounting, taxation and private wealth advisory.

Directors' meetings

The number of Directors' meetings held (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

	Directors' meetings (including subcommittees)		Audit and Risk Management Committee meetings		Nomination & Remuneration Committee meetings	
	Meetings attended	Meetings eligible	Meetings attended	Meetings eligible	Meetings attended	Meetings eligible
Charles Goode	11	11	2 ⁽¹⁾	2 ⁽¹⁾	1	1
Anthony Burgess	12 ⁽²⁾	12 ⁽²⁾	2	2	1	1
Stephen Hiscock	11	11	2	2	1	1
Andrew Larke	11 ⁽²⁾	12 ⁽²⁾	2	2	1	1
Andrew Sisson	10	11	2	2	-	1

(1) In attendance – not a committee member.

(2) Anthony Burgess and Andrew Larke formed a sub-committee of the Board which held one meeting.

The Audit and Risk Management Committee comprises Andrew Larke (Chairman), Anthony Burgess, Stephen Hiscock and Andrew Sisson.

All Directors are members of the Nomination and Remuneration Committee, which is chaired by Stephen Hiscock.

Directors' Report

for the year ended 30 June 2023

Directors' interests

As at the date of this report the relevant interest of each Director in the issued capital of the Company as notified by the Directors to the Australian Securities Exchange in accordance with Section 205G(1) of the Corporations Act 2001 is as follows:

	Ordinary shares		
	Note 1	Note 2	Note 3
Charles Goode	2,798,114	4,551,818	140,000
Anthony Burgess	-	1,831,968	-
Stephen Hiscock	-	86,438	-
Andrew Larke	-	23,938	-
Andrew Sisson	-	83,992	-

Note 1 Beneficial in own name.

Note 2 Held by an entity / related party in which the Director has a relevant interest.

Note 3 Held for the Director in accordance with the terms of the Non-Executive Directors 2006 Accrued Entitlements Share Plan.

Except as stated above, no Director:

- (a) has any relevant interest in shares of the Company or a related body corporate;
- (b) has any relevant interests in debentures of, or interests in a registered scheme made available by, the Company or a related body corporate;
- (c) has any rights or options over shares in, debentures of, or interests in a registered scheme made available by, the Company or a related body corporate;
- (d) is a party to a contract, or is entitled to a benefit under a contract, that confers a right to call for or deliver shares in, or debenture of or interests in a registered scheme made available by the Company or a related body corporate.

Operating and Financial Review

About the Company

The principal activity of the Company is to take a medium to long-term view and to invest in Australian equities, listed property trusts and international equities (through exchange traded index funds and unlisted managed funds). The target range for allocation to international equities is 10-20% of the portfolio. Investments may also be made from time to time in interest bearing securities and convertible notes.

The Directors have sought to invest in a diversified portfolio of investments with the objective of obtaining current income and longer-term capital gain within an acceptable level of risk.

Review of activities during the year

There has been no significant change in the nature of the Company's activities during the financial year.

The risks to which the Company is exposed are set out in Notes 18 and 19 to the Financial Statements.

At 30 June 2023 Australian equities accounted for 79.5%, international equities 19.7% and cash and short-term receivables (net of pending settlements) 0.8% of the market value of the portfolio. The foreign exchange currency exposure is currently unhedged.

Directors' Report

for the year ended 30 June 2023

Portfolio turnover for the year to 30 June 2023 was 6.4%. The largest acquisitions and disposals during the period were:

Acquisitions		Disposals	
Macquarie ⁽¹⁾	\$9.3M	Atlas Arteria ^(4,5)	\$26.5M
Perpetual ^(1,2)	\$9.0M	Star Entertainment ⁽⁴⁾	\$7.4M
ANZ ^(1,3)	\$2.9M	Endeavour ⁽⁴⁾	\$6.6M
Computershare ⁽¹⁾	\$1.7M	Link Group ⁽⁴⁾	\$5.4M
NAB ⁽¹⁾	\$0.9M	ChinaAMC China Opportunities Fund ⁽⁴⁾	\$4.9M

(1) Additions to existing positions.

(2) Net of purchases and sales.

(3) Participated in the July 2022 rights issue.

(4) Fully disposed of holding.

(5) Net of participation in September 2022 rights issue.

At 30 June, the Company had total borrowing facilities available of \$180 million (2022: \$150 million). Following the rise in interest rates seen throughout the year, the Board has reduced the amount of debt drawn to \$90 million (2022: \$150 million).

During the year, Stephen Hiscock was nominated as Lead Independent Director. This nomination was made to strengthen the Board's independent functioning in situations where the Chairman may be conflicted. The responsibilities of the Lead Independent Director are set out in the Board Charter, which can be found on the Company's website.

Performance

During the year the accumulation performance of the Company's Pre-tax Net Tangible Asset (NTA) backing (before provision for tax on unrealised gains) was an increase of 12.3%, compared to the S&P/ASX 200 Accumulation Index increase of 14.8%.

Including the benefit of franking credits for shareholders who can fully utilise them, the Company's accumulation return for the year to 30 June 2023 was an increase of 13.7% compared to an increase of 16.6% in the S&P/ASX 200 franking credit adjusted return.

The Company's Pre-tax NTA backing accumulation performance is after all expenses, tax, and the impact of the Company's gearing. Such items are not included in the S&P/ASX indices.

The Company's relative performance for the year was assisted by overweight allocations to Washington H Soul Pattinson and Reece, an underweight allocation to NAB, and exposure to international markets. Performance was held back by overweight holdings in CSL, Ramsay and Transurban, and an underweight allocation to the broader mining sector and certain high technology companies.

World equities markets generally rose throughout the year, with varied relative performance to the domestic market. The Australian S&P/ASX 200 price index rose 9.7%, while in world markets the Standard & Poor's 500 rose 17.8%, the FTSE 100 rose 5.1% and the Nikkei-225 rose 25.7% in local currency terms.

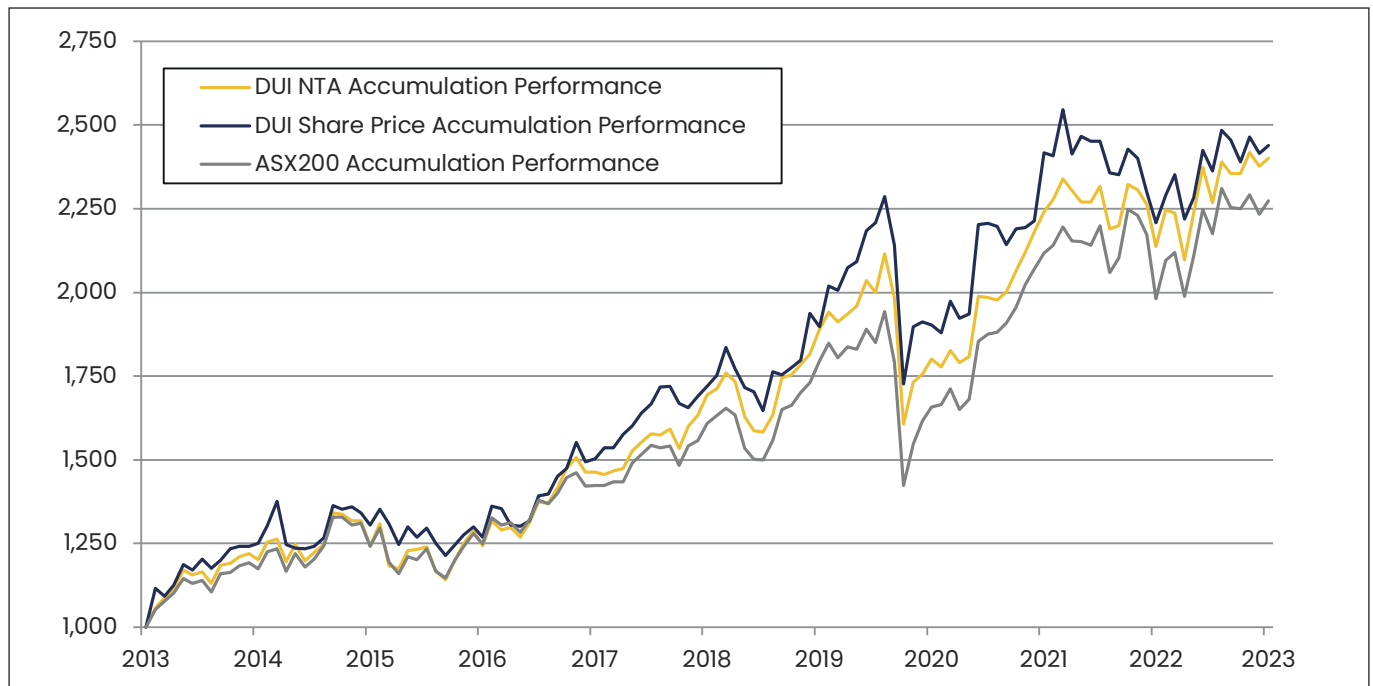
Directors' Report

for the year ended 30 June 2023

The Company's NTA and share price performance in recent years (assuming all dividends paid by the Company were re-invested in its shares) is as follows:

	1 year	3 years	5 years	10 years
DUI Pre-tax NTA backing accumulation p.a.	12.3%	10.0%	7.2%	9.1%
DUI share price accumulation p.a.	10.5%	8.6%	7.3%	9.3%
S&P/ASX200 accumulation index p.a.	14.8%	11.1%	7.2%	8.6%

The following graph shows the accumulation performance of the Company's Pre-tax NTA backing (before provision for tax on unrealised gains) and the Company's share price accumulation performance, assuming in both cases that all dividends were re-invested, and the S&P/ASX 200 Accumulation Index, over the last ten years.



Financial results

Source: Evans & Partners

For the year ended 30 June 2023, profit after tax was \$42.8 million compared to \$45.8 million in 2022 – a decrease of 6.5%.

Profit after tax includes certain items which are non-recurring or capital in nature, including special dividends, capital gains distributed by managed funds and fair value movements on unlisted investments in which the Company invests (collectively referred to as “special income items”). Special income items received during the year totalled \$2.1 million after tax (2022: \$7.0 million). If these items are excluded, revenue rose 13.3% and profit after tax increased by 5.0%.

The weighted average number of ordinary shares for the year was 216.2 million as against 213.4 million in the previous year, an increase of 1.3%.

Earnings per share was 18.9 cents excluding special income items (2022: 18.2 cents), or 19.8 cents including special income items (2022: 21.5 cents).

Directors' Report

for the year ended 30 June 2023

Net Tangible Asset backing

The Pre-tax NTA backing of the Company's shares at 30 June 2023 was \$5.40 per share (2022: \$4.96). This is calculated based on investments at market value and is after tax on net realised gains, before any future tax benefit of net realised losses, and before estimated tax on net unrealised gains and losses, and before provision for the Company's final dividend.

The Company is a long-term investor and does not intend disposing of its total portfolio. If, however, estimated tax on net unrealised portfolio gains were to be deducted, the NTA backing would be \$4.50 per share (2022: \$4.17).

Borrowings

Key information in relation to the Company's borrowings is provided below:

	2023	2022
Bank facilities available	\$180 million	\$150 million
Amount drawn	\$90 million	\$150 million
Cash on hand, net receivables and pending settlements	\$10.8 million	\$10.3 million
Net debt as a proportion of the portfolio excluding cash	6.3%	11.6%
Interest expense coverage by profit before interest and tax	9.2 times	21.6 times

Management expense ratio

Expenses (excluding finance costs) were 0.12% of the average market value of the investment portfolio (2022: 0.12%).

Including the management fees of the international Exchange Traded Funds and managed funds in which the Company was invested during the year, the expense ratio was 0.17% (2022: 0.16%).

Dividends

Dividends paid or declared by the Company since the end of the previous financial year were:

	Cents per share	Total \$'000	Franking	Payment date
Declared during the year 2023				
Final 2022 dividend	9.0	19,236	100%	9 September 2022
Interim 2023 dividend	7.0	15,174	100%	17 March 2023
Declared after end of year				
Final 2023 dividend	9.0	19,544	100%	19 September 2023

Directors' Report

for the year ended 30 June 2023

Financial results history

The Company's financial results in respect of the current financial year and the previous four financial years was:

	2023	2022	2021	2020	2019
Profit after tax (\$ Millions)	42.8	45.8	31.0	30.1	38.1
Special income items after tax (\$ Millions)	2.1	7.0	8.4	2.5	4.7
Underlying profit (profit after tax less special income items after tax) (\$ Millions) ⁽¹⁾	40.7	38.8	22.6	27.6	33.4
Earnings per share (cents per share)	19.8	21.5	14.6	14.2	18.1
Earnings per share (excluding special income items after tax) (cents per share)	18.9	18.2	10.7	13.1	15.9
Dividends (cents per share)	16.0	16.0	15.5	15.5	15.5
Pre-tax NTA backing per share before tax on unrealised gains, 30 June	\$5.40	\$4.96	\$5.35	\$4.45	\$4.82
Share Price 30 June	\$4.92	\$4.60	\$5.19	\$4.23	\$4.36
Management expense ratio	0.12%	0.12%	0.13%	0.13%	0.12%
Management expense ratio including managed funds fees	0.17%	0.16%	0.18%	0.17%	0.16%

(1) Underlying profit represents the ordinary and recurring income of the Company's investment portfolio, and is determined by deducting non-recurring items, non-cash items, dividends which have been declared as special dividends or income which is capital in nature from statutory net profit after tax.

Share buyback

The Company has an on-market share buyback capability in place which provides the Company the option to purchase its own shares on-market when at a broad discount to NTA, with any shares bought back being cancelled. Cancelling these shares increases the value of all remaining shares on issue.

No shares were bought back during the financial year.

Indemnification and insurance of Directors and Officers

The names of persons holding the position of Director of the Company during the year were Charles Goode, Anthony Burgess, Stephen Hiscock, Andrew Larke and Andrew Sisson.

The Company has indemnified each current Director and the Company Secretary against all liabilities to another person (other than the Company or a related body corporate) that may arise from his position with the Company except where the liability arises out of conduct involving a lack of good faith. The agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses insurance, for current and former Directors and Officers, insuring them against liabilities, costs and expenses arising out of conduct which does not involve a wilful breach of duty. This insurance premium covers the period from 18 June 2023 to 18 June 2024.

Directors' Report

for the year ended 30 June 2023

Events subsequent to balance date

Other than as disclosed in the Financial Statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature, likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial periods.

Likely developments

The Directors do not anticipate any particular developments in the operations of the Company which will affect the results of future financial years other than the value of the investment portfolio is expected to fluctuate broadly in line with market movements.

It is the Directors' intention to continue to invest in a portfolio of listed Australian equities and international equities (through exchange traded index funds and some unlisted managed funds) for long-term capital gain and current income.

State of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Non-audit services

There were no non-audit services provided by the auditor during the financial year (2022: nil).

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2023 will be published together with the 2023 Annual Report.

The Company's most recent Corporate Governance Statement can be found on the Company's website at <https://www.dui.com.au/corporate-governance>.

Environmental regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 15 and forms part of the Directors' Report for the year ended 30 June 2023.

Directors' Report

for the year ended 30 June 2023

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that instrument, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated. Signed in accordance with a resolution of the Directors, for and on behalf of the Board.



Charles Goode
Chairman
17 August 2023

Remuneration Report

for the year ended 30 June 2023

This Remuneration Report has been audited.

Directors

Non-executive Directors fees paid were as follows:

	2023			2022		
	Fee \$	Superannuation \$	Total \$	Fee \$	Superannuation \$	Total \$
Charles Goode	190,000	-	190,000	163,636	16,364	180,000
Anthony Burgess	90,486	4,514	95,000	87,955	2,045	90,000
Stephen Hiscock	85,973	9,027	95,000	87,955	2,045	90,000
Andrew Larke	95,000	-	95,000	90,000	-	90,000
Andrew Sisson	85,973	9,027	95,000	16,234	1,623	17,857
Total	547,432	22,568	570,000	445,780	22,077	467,857

No additional fees are paid to members of the Board Committees.

Company Secretary

The services of the Company Secretary, James Pollard, are provided to the Company through an administrative services agreement with Australian United Investment Company Limited.

The amount of the fees paid during the year which relate to the remuneration (including superannuation) of the Company Secretary was \$110,000 (2022: \$100,000).

Remuneration process

The Nomination and Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to employees and Directors of the Company including superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity policies. The Company's key management personnel are the Directors and the Company Secretary.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors. The Nomination and Remuneration Committee may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies and considering Company activity and changing responsibilities. The remuneration structures are designed to attract suitably qualified candidates, and to facilitate the broader outcome of supporting the Company's objectives of obtaining current income and longer-term capital gains within an acceptable level of risk.

Directors' fees are fixed and reviewed annually, and the maximum total of Directors' fees is set by the shareholders in general meeting, considering the Company's performance and market conditions. The current maximum is \$750,000.

Non-executive directors do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation and any shares issued as a result of accumulated benefits from the Non-Executive Directors' 2006 Accrued Entitlements Share Plan.

Remuneration Report

for the year ended 30 June 2023

Dealings with Directors and the Company Secretary

Each Director and the Company Secretary has signed a Deed of Access, Indemnity and Insurance with the Company and is covered by the Company's Directors and Officers Liability Insurance.

No Director has entered a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end, other than the Deeds of Access, Indemnity and Insurance held.

Lead Auditor's Independence Declaration



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Diversified United Investment Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Diversified United Investment Limited for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The KPMG logo, consisting of the letters 'KPMG' in a stylized, handwritten font.

KPMG

A handwritten signature in black ink, appearing to read 'Chris Sargent'.

Chris Sargent

Partner

Melbourne

17 August 2023

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Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Revenue from investment portfolio	2(a)	51,095	57,196
Fair value movements on unlisted investments		1,927	(7,975)
Administration and other expenses		(1,588)	(1,468)
Finance expenses	2(b)	(5,582)	(2,215)
Profit before tax		45,852	45,538
Income tax (expense) / benefit	4(a)	(3,014)	301
Profit after tax		42,838	45,839
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of the investment portfolio for the year		86,924	(94,323)
Provision for tax (expense) / benefit on revaluation of the investment portfolio for the year		(26,167)	29,558
Other comprehensive profit / (loss) after tax		60,757	(64,765)
Total comprehensive profit / (loss)		103,595	(18,926)
Basic and diluted earnings per share (cents)	5	19.8	21.5

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 37.

Balance Sheet

as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Cash and cash equivalents	16(a)	4,119	5,338
Receivables	7	6,720	6,018
Current tax receivable	4(c)	-	38
Other assets	8	99	104
Current assets		10,938	11,498
Investment portfolio	9	1,252,086	1,199,380
Non-current assets		1,252,086	1,199,380
Total assets		1,263,024	1,210,878
Liabilities			
Payables	10	695	1,582
Current tax payable	4(c)	29	-
Current liabilities		724	1,582
Borrowings – interest bearing	11	90,000	150,000
Net deferred tax liability	4(b)	195,512	167,775
Non-current liabilities		285,512	317,775
Total liabilities		286,236	319,357
Net assets		976,788	891,521
Equity			
Issued capital	13(a)	462,497	446,415
Reserves	13(b)	514,291	445,106
Total equity		976,788	891,521

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 37.

Statement of Changes in Equity

for the year ended 30 June 2023

	Issued capital \$'000	Revaluation Reserve \$'000	Realisation Reserve \$'000	Retained earnings \$'000	Total equity \$'000
As at 1 July 2021	442,098	447,568	(17,483)	66,976	939,159
Total comprehensive income					
Profit after tax	-	-	-	45,839	45,839
Revaluation of investment portfolio	-	(94,323)	-	-	(94,323)
Tax benefit	-	29,558	-	-	29,558
Net realised gains on disposals	-	(5,752)	5,752	-	-
Tax expense	-	1,809	(1,809)	-	-
Transfer fair value movements on unlisted investments to Revaluation Reserve	-	(7,975)	-	7,975	-
Tax benefit	-	2,393	-	(2,393)	-
	-	(74,290)	3,943	51,421	(18,926)
Transactions with shareholders					
Dividend Reinvestment Plan	4,317	-	-	-	4,317
Dividends paid	-	-	-	(33,029)	(33,029)
	4,317	-	-	(33,029)	(28,712)
As at 30 June 2022	446,415	373,278	(13,540)	85,368	891,521
As at 1 July 2022	446,415	373,278	(13,540)	85,368	891,521
Total comprehensive income					
Profit after tax	-	-	-	42,838	42,838
Revaluation of investment portfolio	-	86,924	-	-	86,924
Tax expense	-	(26,167)	-	-	(26,167)
Net realised losses on disposals	-	4,870	(4,870)	-	-
Tax benefit	-	(141)	141	-	-
Transfer fair value movements on unlisted investments to Revaluation Reserve	-	1,927	-	(1,927)	-
Tax expense	-	(578)	-	578	-
	-	66,835	(4,729)	41,489	103,595
Transactions with shareholders					
Dividend Reinvestment Plan	4,310	-	-	-	4,310
Share Purchase Plan	11,772	-	-	-	11,772
Dividends paid	-	-	-	(34,410)	(34,410)
	16,082	-	-	(34,410)	(18,328)
As at 30 June 2023	462,497	440,113	(18,269)	92,447	976,788

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 37.

Statement of Cash Flows

for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Interest received		283	19
Dividends and trust distributions received		45,394	52,411
Foreign income received		4,027	7,690
Other income		9	-
Administration and other expenses paid		(1,574)	(1,433)
Finance costs paid		(5,412)	(2,044)
Income taxes paid		(697)	(2,269)
Net cash from operating activities	16(b)	42,030	54,374
Cash flows from investing activities			
Proceeds from sale of investments		81,578	77,980
Purchases of investments		(46,499)	(135,959)
Net cash from / (used in) investing activities		35,079	(57,979)
Cash flows from financing activities			
Proceeds from borrowings		140,500	40,000
Repayment of borrowings		(200,500)	(7,500)
Share Purchase Plan		11,772	-
Dividends paid net of Dividend Reinvestment Plan		(30,100)	(28,713)
Net cash (used in) / from financing activities	11	(78,328)	3,787
Net (decrease) / increase in cash held		(1,219)	182
Cash and cash equivalents at 1 July		5,338	5,156
Cash and cash equivalents at 30 June	16(a)	4,119	5,338

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 37.

Notes to the Financial Statements

for the year ended 30 June 2023

1. Statement of significant accounting policies

Diversified United Investment Limited (“the Company”) is a for-profit company domiciled in Australia. The financial report was authorised for issue by the Directors on 17 August 2023.

(a) Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (‘AASBs’) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (‘AASB’) and the Corporations Act 2001. The financial report of the Company also complies with International Financial Reporting Standards (‘IFRSs’) and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The financial report is presented in Australian dollars. The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

The Company has prepared an assessment of its ability to continue as a going concern, taking into account all available information for a period of 12 months from the date of these Financial Statements. It is the view of the Directors that the Company will be able to pay its debts as and when they become due and payable and as such these Financial Statements are prepared on a going concern basis.

The Company has not applied any Australian Accounting Standards that have been issued as at balance date but are not yet operative for the year ended 30 June 2023 (“the inoperative standards”). The inoperative standards have been assessed as having no impact. The Company only intends to adopt inoperative standards at the date at which their adoption becomes mandatory.

The financial report is prepared on a historical cost basis except that the investment portfolio is stated at its fair value.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

(c) Investments

The Company is a long-term investor. Under Australian Accounting Standards, the Company has elected to classify equity investments at fair value through other comprehensive income, as they are not held for trading.

Where other investments (such as unlisted managed funds) are not eligible for this treatment under Australian Accounting Standards, fair value and foreign exchange movements are recognised in profit and loss. The net impact of these unrealised changes in fair value are subsequently transferred from Retained Earnings to the Revaluation Reserve in the period in which they occur.

Notes to the Financial Statements

for the year ended 30 June 2023

1. Statement of significant accounting policies (continued)

After initial recognition at fair value (being cost), all investments are measured at fair value.

Unrealised gains or losses on equity and other investments are recognised in the Revaluation Reserve until the investment is sold or otherwise disposed of, at which time the cumulative gain or loss is transferred to the Realisation Reserve.

The Company derecognises an investment when it is sold, or it transfers the investment, and the transfer qualifies for derecognition in accordance with AASB 9.

Interest bearing investments are recognised at fair value and then measured at amortised cost. Amortised cost is calculated with any difference between cost and redemption value being recognised in the income statement over the period of the investment on an effective interest basis.

(d) Revenue from investment portfolio

The activity of the Company is that of an investment company, returns being in the form of dividends, interest income, trust income and option premiums. Dividend income is recognised in the income statement at ex-dividend date and all other income is recognised on an accrual basis. Special Dividends are those dividends received which have been designated as special by the declaring company.

The managed funds in which the Company invests distribute realised capital gains from time to time and these are included in operating revenue, as required under accounting standards. The Company may write covered call options where it is prepared to sell or reduce a long-term investment at prices higher than current market. Open option contracts are marked to market through the profit and loss account.

(e) Taxation

The income tax expense or revenue for the period is the tax payable or receivable on the current period's taxable income based on the applicable company tax rate of 30% adjusted by changes in deferred tax assets and liabilities which arise from items being brought to account in different periods for income tax and accounting purposes.

The expected tax on disposal of equity securities in the investment portfolio is recognised directly in the Revaluation Reserve and as a deferred tax liability. When the Company disposes of such securities, tax is calculated on gains made according to the particular parcels allocated to the sale for tax purposes and offset against any capital losses carried forward. At this time, the tax recognised directly in the Revaluation Reserve is transferred to the Realisation Reserve. The associated deferred tax liability is similarly adjusted and transferred to current tax payable.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements

for the year ended 30 June 2023

1. Statement of significant accounting policies (continued)

(f) Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. After initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

(g) Ordinary shares

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(h) Foreign currency

Transactions in foreign currencies are translated into Australian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Australian dollars at the exchange rate at the reporting date. Realised foreign currency gains or losses are generally recognised in profit or loss. However, foreign currency differences arising from the translation of investments are treated as part of the overall revaluation of the investment portfolio and are recognised in other comprehensive income (equity investments) or profit and loss (other investments) in line with the accounting treatment adopted for the underlying investment.

2. Revenue and expenses

	2023 \$'000	2022 \$'000
(a) Revenue		
Ordinary dividends received or due and receivable	38,612	34,938
Special dividends received or due and receivable	740	12,362
	39,352	47,300
Trust distributions received or due and receivable	7,117	5,840
Foreign income received or due and receivable	4,334	3,655
Capital gains distributed by managed funds	-	382
Interest received or due and receivable	283	19
Other	9	-
	51,095	57,196

(b) Expenses

Finance expenses:

Interest and borrowing expenses	(5,582)	(2,215)
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3. Auditor's remuneration

During the year, KPMG, the Company's auditor, received the following remuneration:

	2023 \$	2022 \$
Audit and review of financial reports (including GST)	60,154	60,924

Notes to the Financial Statements

for the year ended 30 June 2023

4. Taxation

	2023 \$'000	2022 \$'000
(a) Income tax expense		
Income tax recognised in the income statement		
Current year tax liability	(935)	(1,595)
Withholding tax on foreign dividends	(679)	(536)
Temporary differences	(1,569)	2,354
Over provision of prior year income tax expense	169	78
Income tax (expense) / benefit	(3,014)	301
Reconciliation between profit and income tax expense		
Profit before tax	45,852	45,538
Prima facie income tax expense at 30%	(13,756)	(13,661)
Adjustments:		
Franking credits gross up on dividends received	(4,507)	(5,667)
Franking credits on dividends received	15,022	18,890
Other	58	661
Over provision of prior year income tax expense	169	78
Income tax (expense) / benefit	(3,014)	301
Deferred tax recognised directly in equity		
Increase / (decrease) in provision for tax on net unrealised gains on investments	26,167	(29,558)
(b) Net deferred tax assets and liabilities		
Provision for tax on net unrealised gains on investments	195,401	167,869
Tax benefit of capital losses carried forward	(331)	(150)
Other	442	56
Net deferred tax liabilities	195,512	167,775
(c) Current tax payable / (receivable)		
Current year tax liability	935	1,595
Tax instalments paid	(906)	(1,615)
Withholding taxes receivable	-	(18)
Current tax payable / (receivable)	29	(38)

Notes to the Financial Statements

for the year ended 30 June 2023

5. Earnings per share

	2023 \$'000	2022 \$'000
Weighted average number of ordinary shares	216,156	213,350
	\$'000	\$'000
Profit after tax	42,838	45,839
	Cents	Cents
Basic and diluted earnings per share	19.8	21.5
Earnings per share excluding special income received (refer Note 1(d))	18.9	18.2

There are no factors which cause diluted earnings per share to be different from basic earnings per share.

6. Dividends

Dividends recognised in the current year by the Company are:

	2023 \$'000	2022 \$'000
2022 final dividend of 9.0 cents per share (2021: 8.5 cents) fully franked paid 9 September 2022	19,236	8,095
2023 interim dividend of 7.0 cents per share (2022: 7.0 cents) fully franked paid 17 March 2023	15,174	14,934
	34,410	33,029

Since 30 June 2023, the Directors have declared the following dividend:

	2023 \$'000	2022 \$'000
2023 final dividend of 9.0 cents per share (2022: 9.0 cents) fully franked payable on 19 September 2023	19,544	18,095

The financial effect of this dividend has not been brought to account in the Financial Statements for the year ended 30 June 2023.

The final dividend will not contain a Listed Investment Company (LIC) capital gain dividend (2022: no LIC capital gain dividend).

Notes to the Financial Statements

for the year ended 30 June 2023

6. Dividends (continued)

Franking Account

The balance of the Franking Account at 30 June 2023 is \$16,289,555 (2022: \$14,958,413) after adjusting for:

- (a) franking credits that will arise from any current income tax liability, and
- (b) franking credits that will arise from the receipt of dividends recognised as receivables at year end.

After allowing for the final 2023 dividend, which is not provided for in these Financial Statements, the balance of the franking account would be \$7,913,428. The ability to utilise the franking credits is dependent upon the ability of the Company to declare dividends.

Listed Investment Company (LIC) capital gain account

The balance of the LIC Capital Gain Account at 30 June 2023 was \$125,092 (2022: \$125,092). When distributed, LIC capital gains may entitle certain shareholders to a special deduction in their taxation return, as set out in the relevant dividend statement.

7. Receivables

	2023 \$'000	2022 \$'000
Current		
Dividends receivable	3,082	2,418
Trust distributions receivable	2,620	2,209
Foreign income receivable	1,018	1,391
	6,720	6,018

8. Other assets

	2023 \$'000	2022 \$'000
Current		
Prepayments	90	96
GST	9	8
	99	104

Notes to the Financial Statements

for the year ended 30 June 2023

9. Investments

	2023 \$'000	2022 \$'000
Non-current		
Investments in equities quoted on prescribed stock exchanges and in managed funds (at fair value)	1,252,086	1,199,380

10. Payables

	2023 \$'000	2022 \$'000
Current		
Pending settlements	-	1,067
Trade creditors	125	116
Accrued interest	570	399
	695	1,582

11. Borrowings

	2023 \$'000	2022 \$'000
Non-current		
Bank borrowings - secured	90,000	150,000

At 30 June 2023 the Company had facilities totalling \$90.0 million drawn and \$27.5 million undrawn with Australia and New Zealand Banking Group Ltd (ANZ) and \$62.5 million undrawn with National Australia Bank Ltd (NAB) as follows:

Maturity	Bank	Interest rate ⁽¹⁾	Facility limit \$'000
1 July 2024	NAB ⁽²⁾	Floating 5.02%	62,500
2 July 2024	ANZ	Floating 5.62%	20,000
2 July 2024	ANZ	Floating 5.37%	20,000
2 July 2025	ANZ	Floating 4.68%	20,000
2 July 2025	ANZ	Floating 5.10%	20,000
2 July 2026	ANZ	Floating 5.66%	37,500
			180,000

(1) Interest rate includes bank margins and fees.

(2) Established during the year.

The terms of the ANZ agreement require that the loan to value ratio should not exceed 50% (2022: 50%) of the market value of the equity securities pledged as collateral. As at 30 June 2023 the securities pledged as collateral had a market value of \$363.3 million (2022: \$345.0 million) giving a ratio of 38% (2022: 43%).

Notes to the Financial Statements

for the year ended 30 June 2023

11. Borrowings (continued)

The terms of the NAB agreement require that the value of stock committed to the facility be at least 110% of the amount drawn. As at 30 June 2023, the facility was undrawn with no minimum committed value required and the actual value of stock committed was \$37.5 million.

Reconciliation of movements in borrowings to cash flows from financing activities

	Liabilities		Equity	
	Borrowings	Retained Earnings	Issued Capital	Total
	2022	2022	2022	2022
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	117,500	66,976	442,098	626,574
Changes from financing cash flows				
Proceeds from borrowings	40,000	-	-	40,000
Repayment of borrowings	(7,500)	-	-	(7,500)
Cash dividends paid	-	(28,373)	-	(28,713)
Total changes from financing cash flows	32,500	(28,713)	-	3,787
Equity-related other changes	-	47,105	4,317	51,422
Balance at 30 June 2022	150,000	85,368	446,415	681,783

	Liabilities		Equity	
	Borrowings	Retained Earnings	Issued Capital	Total
	2023	2023	2023	2023
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	150,000	85,368	446,415	681,783
Changes from financing cash flows				
Proceeds from borrowings	140,500	-	-	140,500
Repayment of borrowings	(200,500)	-	-	(200,500)
Proceeds from Share Purchase Plan	-	-	11,772	11,772
Cash dividends paid	-	(30,100)	-	(30,100)
Total changes from financing cash flows	(60,000)	(30,100)	11,772	(78,328)
Equity-related other changes	-	37,179	4,310	41,489
Balance at 30 June 2023	90,000	92,447	462,497	644,944

Notes to the Financial Statements

for the year ended 30 June 2023

12. Financing arrangements

The Company has access to the following lines of credit:

	2023 \$'000	2022 \$'000
Total facility available		
Loan facility – secured	180,000	150,000
Facilities utilised at balance date		
Loan facility – secured	90,000	150,000

13. Capital and reserves

(a) Issued capital

The Company has access to the following lines of credit:

	2023 \$'000	2022 \$'000
Issued and paid-up share capital		
217,158,853 ordinary fully paid shares (2022: 213,737,670)	462,497	446,415
Movements in issued capital		
Balance at beginning of the year	446,415	442,098
Shares issued:		
Dividend Reinvestment Plan ⁽¹⁾	4,310	4,317
Share Purchase Plan ⁽²⁾	11,772	-
	462,497	446,415

(1) In respect of the final dividend paid in September 2022, 491,962 ordinary shares were issued at \$4.90 each and in respect of the interim dividend paid in March 2023, 387,629 ordinary shares were issued at \$4.92 each.

(2) In respect of the Share Purchase Plan in September 2022, 2,541,592 ordinary shares were issued at \$4.66 each. Transaction costs associated with the Share Purchase Plan were \$71,000.

(b) Reserves

	2023 \$'000	2022 \$'000
Retained earnings	92,447	85,368
Revaluation Reserve	440,113	373,278
Realisation Reserve	(18,269)	(13,540)
	514,291	445,106

Revaluation Reserve

Increments or decrements arising from the revaluation of long-term equity investments after provision for deferred tax are recorded in this reserve.

Notes to the Financial Statements

for the year ended 30 June 2023

13. Capital and reserves (continued)

Increments or decrements arising from the revaluation of unlisted investments are initially recognised in profit and loss. They are subsequently transferred from Retained Earnings to the Revaluation Reserve in the period in which they occur.

When an investment has been sold or de-recognised, realised gains or losses (after tax) are transferred from the Revaluation Reserve to the Realisation Reserve.

Realisation Reserve

The Realisation Reserve records realised gains and losses (after tax) from the sale of investments in equities which are transferred from the Revaluation Reserve.

14. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments as at 30 June 2023.

15. Related parties

Per the definition in *AASB124 – Related Party Disclosures*, Australian United Investment Company Limited (AUI) has been identified as a related party of the Company due to the provision of services of key management personnel (being the Company Secretary, James Pollard) from AUI to the Company.

In July 2019, the Company entered into an agreement with AUI for the provision of administrative services which includes a portion of the Company Secretary's salary. The total fees paid for services provided during the year were \$317,900 including GST (2022: \$309,100).

The Company's office premises, which is provided via the administrative services agreement with AUI, is leased from Flagstaff Partners Pty Ltd (Flagstaff) on commercial, arms-length terms. The Company advises that Charles Goode, Chairman of the Company, is also Chairman Emeritus of Flagstaff and that Anthony Burgess, Director of the Company, is also Chairman of Flagstaff.

Key management personnel compensation

The Company's key management personnel include its Directors and the Company Secretary.

The total Directors' remuneration for the year was \$570,000 (2022: \$467,857). Details of the Directors' remuneration are set out in the Remuneration Report that forms part of the Directors' Report.

Key management personnel compensation during the year comprised the following:

	2023 \$'000	2022 \$'000
Amounts paid or payable to Directors	570,000	467,857
Short-term employee benefits	99,548	90,909
Post-employment benefits (superannuation)	10,452	9,091
	680,000	567,857

Notes to the Financial Statements

for the year ended 30 June 2023

16. Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits at call. Cash as at the end of the financial year is shown in the Statement of Cash Flows and in the Balance Sheet as \$4,119,000 (2022: \$5,338,000).

(b) Reconciliation of profit after tax to net cash flows from operating activities

	2023 \$'000	2022 \$'000
Profit after tax	42,838	45,839
Adjustments for:		
Decrease in other assets	4	13
(Increase) / decrease in receivables	(703)	3,460
Increase in deferred tax asset	(169)	(78)
Increase in accrued expenses	180	193
(Increase) / decrease in unlisted investment valuation	(1,927)	7,975
Increase / (decrease) in current tax payable	238	(674)
Increase / (decrease) in deferred tax liability	1,569	(2,354)
Net cash flows from operating activities	42,030	54,374

17. Capital management

The Company's objective in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term within acceptable levels of risk.

The Company may adjust the quantum of dividends paid, issue new shares or buy back shares, or increase or reduce debt in order to manage its capital structure.

The Company is not subject to any externally imposed capital requirements.

18. Financial risk management

AASB 7 – Financial Instruments: Disclosures identifies three types of risk associated with financial instruments (i.e. investments, receivables, payable and borrowings).

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and receives advice from the Audit and Risk Management Committee.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk exposure of the Company lies principally in its cash and receivables to the extent of their carrying values and any accrued unpaid interest. Refer Note 16.

Notes to the Financial Statements

for the year ended 30 June 2023

18. Financial risk management (continued)

Cash

The Company invests in cash management units with the Mutual Trust Cash Fund. Investments are restricted to at-call deposits and term deposits with APRA-regulated banks. Banks are limited to a minimum counterparty credit risk rating of Standard & Poor's A-2 short term and BBB- long-term.

All other cash deposits are held with Australian banks with a direct or underlying AA- credit rating assigned by Standard & Poor's.

Receivables

Receivables are non-interest bearing and represent dividends, proceeds of sales and distributions yet to be received. The credit risk exposure of the Company in relation to receivables is the carrying amount.

Given the nature of the counterparties with which the Company deals, management does not expect any counterparty to fail to meet its obligations. Additionally, none of these assets is overdue or considered to be impaired.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities as they fall due. The Company monitors its cash flow requirements and ensures that it has cash or access to sufficient borrowing facilities or liquid securities to meet all its financial obligations as they fall due.

Bank Borrowings were \$90.0 million at the end of the financial year (2022: \$150.0 million), and net debt as a proportion of the portfolio excluding cash was 6.3% (2022: 11.6%). At 30 June 2023 the Company had interest bearing loan facilities in place with the Australia and New Zealand Banking Group Ltd and the National Australia Bank Ltd. The facilities expire at various intervals through to 2 July 2026, unless renewed. Annual interest expense was covered 9.2 times by profit before interest and tax (2022: 21.6 times).

The Company's significant cash inflows are derived from dividends, distributions, and the sale proceeds received from its investment portfolio and proceeds from borrowings. Its major cash outflows include the purchase of securities, finance expenses, borrowing repayments and dividends paid to shareholders, which are managed by the Company.

The Company's investments are quoted on a prescribed stock exchange or are in managed investment funds and can be realised if required.

Notes to the Financial Statements

for the year ended 30 June 2023

18. Financial risk management (continued)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities at the reporting date. The carrying amount represents the account balance of the liability in the financial statements and the contractual cash flows are the undiscounted future cash payments as required by the relevant arrangement.

Financial liabilities 2022	Carrying amount \$'000	Contractual cash flows					
		Total \$'000	12 months or less \$'000	1 to 2 years \$'000	2 to 3 years \$'000	3 to 4 years \$'000	4 to 5 years \$'000
Pending settlements	1,067	(1,067)	(1,067)	-	-	-	-
Trade creditors	116	(116)	(116)	-	-	-	-
Accrued interest	399	(399)	(399)	-	-	-	-
Borrowings	150,000	(150,000)	-	(32,500)	(40,000)	(40,000)	(37,500)
	(151,582)	(151,582)	(1,582)	(32,500)	(40,000)	(40,000)	(37,500)

Financial liabilities 2023	Carrying amount \$'000	Contractual cash flows					
		Total \$'000	12 months or less \$'000	1 to 2 years \$'000	2 to 3 years \$'000	3 to 4 years \$'000	4 to 5 years \$'000
Pending settlements	-	-	-	-	-	-	-
Trade creditors	125	(125)	(125)	-	-	-	-
Accrued interest	570	(570)	(570)	-	-	-	-
Borrowings	90,000	(90,000)	-	(36,500)	(40,000)	(13,500)	-
	90,695	(90,695)	(695)	(36,500)	(40,000)	(13,500)	-

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Inherently, the Company is not free of market risk as it invests its capital in securities whose market prices can fluctuate.

Market risk is managed by ensuring that the Company's Australian investment portfolio is not overly exposed to one company or one sector relative to the S&P/ASX 200 index after taking into account unrealised capital gains and that the international portfolio is held through Exchange Traded Index funds and managed investment funds invested across geographic regions and sectors.

The Company's asset allocation, the relative weightings of the individual securities and the relative market sector weightings are reviewed by the Board at each Directors' meeting.

Exposure to foreign currency movements is regularly monitored and while the base policy position is to have an unhedged currency exposure, hedging may be undertaken in normal circumstances up to a maximum of 50% of the exposure. There could be higher hedging where very strong views are held.

Notes to the Financial Statements

for the year ended 30 June 2023

18. Financial risk management (continued)

Price risk

The Company is exposed to price risk to the extent that the value of investments held may fluctuate with movements in market prices.

Price risk sensitivity

Based on a tax rate of 30% (2022: 30%), a general movement in market prices of 5% and 10% would lead to a change in the Company's equity as follows:

	2023		2022	
	\$'000	%	\$'000	%
Market prices increase by 5%	43,823	4.5	41,978	4.7
Market prices increase by 10%	87,646	9.0	83,957	9.4
Market prices fall by 5%	(43,823)	(4.5)	(41,978)	(4.7)
Market prices fall by 10%	(87,646)	(9.0)	(83,957)	(9.4)

Currency risk

The Company is exposed to currency risk to the extent that the value of investments which are denominated in foreign currencies may fluctuate due to movements in exchange rates against the Company's reporting currency.

Investments held in the portfolio are denominated in Australian dollars (AUD), US dollars (USD) and Euros (EUR). The Company's reporting currency is AUD.

The Company's investments grouped by their denominated currencies is as follows:

	2023 AU\$'000	2022 AU\$'000
AUD denominated investments	1,139,523	1,109,943
USD denominated investments	98,991	78,602
EUR denominated investments	13,572	10,835
Investments in equities quoted on prescribed stock exchanges and in managed funds (at fair value)	1,252,086	1,199,380

Currency risk sensitivity

Based on a tax rate of 30% (2022: 30%), a general movement in the value of the Australian dollar relative to other currencies of 5% and 10% would lead to a change in the Company's equity as follows:

	2023		2022	
	\$'000	%	\$'000	%
AUD strengthens by 5%	(3,940)	(0.4)	(4,472)	(0.4)
AUD strengthens by 10%	(7,879)	(0.8)	(8,944)	(0.7)
AUD weakens by 5%	3,940	0.4	4,472	0.4
AUD weakens by 10%	7,879	0.8	8,944	0.7

The Company also has exposure to interest rate risk on its borrowings as detailed in Note 19.

Notes to the Financial Statements

for the year ended 30 June 2023

19. Financial instruments disclosure

Interest rate risk

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets which bear interest is set out below.

Interest income

The Company is exposed to interest rate risk through its cash accounts and short-term deposits. Interest bearing investments are not core to the Company's investment strategy, therefore the exposure to interest rate risk on interest income is not material.

The weighted average interest rate on cash accounts is as follows:

	Note	Floating Interest Rate \$'000
2023		
Cash	16	4,119
Weighted Average Interest Rate		3.0%
2022		
Cash	16	5,338
Weighted Average Interest Rate		0.1%

Interest paid

The Company is also exposed to interest rate risk through its floating rate loan facilities, which is mitigated through conservative levels of gearing, ensuring that appropriate interest cover exists and establishing fixed interest rate facilities when appropriate.

At 30 June 2023, the Company had drawn floating rate borrowings of \$90.0 million (2022: \$137.5 million). The interest paid on these loans can fluctuate with changes in the floating interest rate, which is affected by external factors and notably movements in the Bank Bill Swap Rate (BBSW).

Interest paid sensitivity

A movement in the floating rates on these facilities of 50 basis points and 100 basis points would lead to a change in profit after tax of \$315,000 or 0.7% (2022: \$481,000 or 1.1%), and \$630,000 or 1.5% (2022: \$963,000 or 2.1%) respectively.

Net fair values of financial assets and liabilities

Valuation approach

Net fair values of financial assets and liabilities are determined by the Company on the following basis:

Recognised financial instruments

Listed securities included in "Investments" are readily traded on organised markets in a standardised form.

Notes to the Financial Statements

for the year ended 30 June 2023

19. Financial risk management (continued)

The net fair value of listed securities is determined by valuing them at the last quoted market price as at balance date. In accordance with Australian Accounting Standards, this is considered "Level 1" under the fair value measurement hierarchy, which is defined as quoted prices (unadjusted) in active markets for identical assets or liabilities.

The net fair value of unlisted managed funds is determined by valuing them at the net asset value provided by the fund manager as at balance date. Unlisted managed funds included in "Investments" are considered "Level 2" under the fair value measurement hierarchy, which is defined as inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices).

As at 30 June 2023, the Company's Level 1 investments totalled \$1,229,577,000 (2022: \$1,168,298,000) and Level 2 investments totalled \$22,509,000 (2022: \$31,082,000). The net fair value of investments is set out in Notes 9 and 22.

Fixed interest borrowings

At 30 June 2023, the fair value of the Company's fixed interest rate borrowings was nil (2022: \$12,745,000) while the face value was nil (2022: \$12,500,000).

For all other financial assets and liabilities, the carrying amount closely approximates its fair value.

20. Segment Reporting

The Company operates as an investment company in Australia.

At 30 June 2023, the allocation of the investment portfolio was as follows:

	2023		2022	
	\$'000	%	\$'000	%
Australian equities	1,003,780	79.5	980,505	81.1
International equities	248,306	19.7	218,875	18.1
Cash and receivables, net pending settlements	10,839	0.8	10,289	0.8
	1,262,925	100.0	1,209,669	100.0

Income received during the year grouped by each investment allocation was as follows:

	2023		2022	
	\$'000	%	\$'000	%
Australian equities	46,469	91.5	53,140	92.9
International equities	4,334	8.5	4,037	7.1
Cash and receivables, net pending settlements	283	-	19	-
Non-portfolio income	9	-	-	-
	51,095	100.0	57,196	100.0

Notes to the Financial Statements

for the year ended 30 June 2023

21. Events subsequent to balance date

Other than as disclosed in this report, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature, likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial periods.

Notes to the Financial Statements

for the year ended 30 June 2023

22. Holdings of securities as at 30 June 2023

The following is a list of the Company's top 25 Investments as at 30 June 2023, which represent 89.5% of the total investment portfolio (2022: 85.9%). All Investments are valued at fair value through Other Comprehensive Income, or if the investment is not eligible for this treatment under Australian Accounting Standards, through profit and loss.

2023		2022	
Security	Market Value \$'000	Security	Market Value \$'000
Australian equities		Australian equities	
CSL Ltd	165,041	CSL Ltd	160,091
Commonwealth Bank of Australia Ltd	100,270	Commonwealth Bank of Australia Ltd	90,380
BHP Group Ltd	89,980	Transurban Group	89,875
Transurban Group	89,063	BHP Group Ltd	82,500
Rio Tinto Ltd	57,345	Rio Tinto Ltd	51,350
Woodside Energy Group Ltd	55,104	Woodside Energy Group Ltd	50,944
ANZ Group Holdings Ltd	50,977	ANZ Group Holdings Ltd	44,060
Westpac Banking Corporation	38,412	Westpac Banking Corporation	35,100
Computershare Ltd	32,732	Computershare Ltd	32,648
Washington H Soul Pattinson & Co Ltd	31,780	Atlas Arteria	32,240
Perpetual Ltd	31,056	Ramsay Health Care Ltd	29,296
Aristocrat Leisure Ltd	30,928	Aristocrat Leisure Ltd	27,504
Wesfarmers Ltd	24,670	Washington H Soul Pattinson & Co Ltd	23,540
Ramsay Health Care Ltd	22,516	Wesfarmers Ltd	20,955
Woolworths Ltd	21,852	Perpetual Ltd	20,216
Macquarie Group Ltd	21,314	Woolworths Ltd	19,580
Sonic Healthcare Ltd	17,785	Sonic Healthcare Ltd	16,505
Resmed Inc	16,405	National Australia Bank Ltd	15,612
Stockland Corporation Ltd	16,120	Resmed Inc	15,345
Total Australian equities in Top 25	913,350	Total Australian equities in Top 25	857,741
International equities		International equities	
Vanguard US Total Market Index ETF	52,694	Vanguard US Total Market Index ETF	43,763
Vanguard Info Tech Index ETF	50,097	Vanguard All World Ex- US Index ETF	36,939
Vanguard All World Ex- US Index ETF	41,483	Vanguard Info Tech Index ETF	35,598
iShares TR MSCI USA Min Vol Index ETF	31,441	iShares TR MSCI USA Min Vol Index ETF	28,574
Northcape Capital Emerging Market Fund	22,509	Northcape Capital Emerging Market Fund	19,112
iShares Global Healthcare Index ETF	19,056	iShares Global Healthcare Index ETF	17,654
Total international equities in Top 25	217,280	Total international equities in Top 25	181,640
Total top 25 investments	1,130,630	Total top 25 investments	1,039,381
Total investments at market value, net short-term receivables and cash	1,262,925	Total investments at market value, net short-term receivables and cash	1,209,669

Directors' Declaration

for the year ended 30 June 2023

1. In the opinion of the Directors of Diversified United Investment Limited ("the Company"):
 - (a) The Financial Statements and Notes set out on pages 16 to 37, and the remuneration disclosures that are contained in the Remuneration Report on pages 13 and 14, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 2023 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) The financial report also complies with International Financial Reporting Standards;
 - (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors.



Charles Goode
Chairman
17 August 2023

Independent Auditor's Report



Independent Auditor's Report

To the shareholders of Diversified United Investment Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Diversified United Investment Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Balance Sheet as at 30 June 2023
- Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Independent Auditor's Report

Key Audit Matters

The **Key Audit Matters** we identified are:

- Valuation and existence of financial assets
- Completeness of the deferred tax liability

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and existence of financial assets (\$1,252.1m)

Refer to Note 9 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The Company's investment portfolio consists of investments in listed and unlisted securities, and in accordance with the Company's accounting policy, is accounted for either at fair value through "Other Comprehensive Income" or, where this election is not available under accounting standards, at fair value through profit or loss.</p> <p>The Company outsources certain processes and controls relevant to (a) the recording and valuing of the investments and (b) maintaining custody and underlying records relevant to the investments.</p> <p>Valuation and existence of financial assets is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Size of the Company's investment portfolio. These financial assets represent 99% of the Company's total assets as at 30 June 2023; and • Importance of the performance of these investments in driving the Company's income and capital performance, as reported in the Financial Report. <p>As a result, this was an area which had the greatest effect on our overall audit strategy and allocation of time and resources in planning and completing our audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the Company's accounting policies, including those relevant to the fair value of investments, against the requirements of the accounting standards; • Understanding the Company's processes in place to buy and sell securities in the investment portfolio, including assessing the controls over transactions, specifically, director approval of investment purchases and sales; • We obtained and read the Company's GS007 (<i>Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services</i>) assurance report for the period from 1 July 2022 to 30 June 2023 to understand the processes and assess the controls relevant to the recording and valuing of the investments and to maintaining custody and underlying records of the Company's investments; • Testing the existence, being ownership and number of shares or units held in individual investments for the investment portfolio, through reconciliation to custodian records and obtaining external custody confirmations as at 30 June 2023; • We checked the valuation of the listed investments as recorded in the general ledger, based on the number of shares or units held and the externally quoted market price from relevant stock exchanges on 30 June 2023; • We checked the valuation of the unlisted investments as recorded in the general ledger based on the external statement of advice from the investment manager or the externally quoted market price on 30 June 2023 of the underlying

Independent Auditor's Report

	<p>securities held by the Company's unlisted investment fund (as applicable); and</p> <ul style="list-style-type: none"> We assessed the disclosures in the financial statements, using our understanding obtained from our testing, against the requirements of the accounting standards.
<p>Completeness of the deferred tax liability \$195.5m</p>	
<p>Refer to Note 4 to the Financial Report</p>	
<p>The key audit matter</p>	<p>How the matter was addressed in our audit</p>
<ul style="list-style-type: none"> The completeness of the deferred tax liability is a key audit matter given it represents a significant portion of the total liabilities of the Company and involved the use of senior audit team members. The Company's deferred tax liability is \$195.5 million which constitutes 68% of the Company's total liabilities as at 30 June 2023. The deferred tax liability primarily relates to the expected tax on disposal of securities in the investment portfolio. This deferred tax liability is determined by the Company as the difference between the carrying amount of the investment portfolio as per the financial statements and the tax base of the individual investments, multiplied by the applicable company tax rate. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> We assessed the appropriateness of the Company's accounting policies against the requirements of the accounting standards and our understanding of the business and industry practice; We assessed the scope, competency and objectivity of the external expert engaged by the Company to assist in determining the Company's deferred tax liability; Assessing the tax effects of significant events identified during the audit, such as investment fair value or tax base adjustments, for identification, calculation and recording in the Company's calculation of deferred tax liability for consistency, as applicable; We recalculated the closing tax cost base of the Company's investment portfolio. We did this by obtaining the total purchases and sales of securities for the year stated at their tax cost base obtained from the Company's investment register, as tested by us in the "Valuation and existence of financial assets" key audit matter above. We added these to the opening balances of the Company's investment portfolio and compared this to the Company's closing tax cost base of the investment portfolio (after adjusting for transactions which affect the tax cost base such as deferred tax distributions). We then recalculated the deferred tax liability by multiplying the difference between the Company's closing accounting value of the investment portfolio and the closing tax cost base by the Company's tax rate and compared this to the deferred tax liability recorded by the Company; and We assessed the disclosures in the financial statements, using our understanding obtained from our testing and with reference to the requirements of the accounting standards.

Independent Auditor's Report

Other Information

Other Information is financial and non-financial information in Diversified United Investment Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards and the Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our Auditor's Report.

Independent Auditor's Report

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Diversified United Investment Limited for the year ended 30 June 2023 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.


KPMG



Chris Sargent

Partner

Melbourne

17 August 2023

Additional Information

Distribution of shareholders as at 31 July 2023

Category Holders	Ordinary Shares	%	No of Holders	%
1 – 1,000	452,737	0.21	1,216	16.45
1,001 – 5,000	5,558,607	2.56	1,936	26.19
5,001 – 10,000	10,227,749	4.71	1,386	18.75
10,001 – 100,000	71,640,638	32.99	2,685	36.34
100,001 and over	129,279,122	59.53	168	2.27
	217,158,853	100.00	7,391	100.00

There were 213 ordinary shareholders holding less than a marketable parcel (98 shares) at 31 July 2023.

Substantial Shareholders

The number of shares disclosed by the substantial shareholders and their associates in substantial shareholder notices received up to 31 July 2023 are set out below:

Shareholder	Ordinary Shares
The Ian Potter Foundation Ltd, Dundee Trading Pty Ltd, The Ian Potter Foundation Ltd ATF The George Alexander Foundation and Australian United Investment Company Limited	49,652,187
Australian Foundation Investment Company Limited	13,283,243

Voting Rights

All ordinary shares carry equal voting rights.

Additional Information

Top Twenty Shareholders

The number of shares held by the top twenty shareholders listed in the Company's register as at 31 July 2023 were:

Shareholder	Ordinary Shares	% Held
The Ian Potter Foundation Ltd	30,059,402	13.84
Mutual Trust Pty Ltd	16,363,858	7.54
Australian Foundation Investment Company Ltd	12,030,202	5.54
HSBC Custody Nominees (Australia) Ltd	6,961,189	3.21
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd	6,509,415	3.00
Argo Investments Limited	6,417,226	2.96
The Ian Potter Foundation Ltd (No 1 GA A/c)	5,927,785	2.73
Beta Gamma Pty Ltd	3,265,176	1.50
Mr Charles Barrington Goode	2,798,114	1.29
J P Morgan Nominees Australia Pty Ltd	2,203,723	1.01
Primrose Properties Pty Ltd	1,089,709	0.50
Willpower Investments Pty Ltd	1,077,755	0.50
Brownell Superannuation Pty Ltd	1,026,438	0.47
Chabar Pty Ltd	924,408	0.43
Somoke Pty Limited	650,126	0.30
Mr James Vincent Chester Guest	616,903	0.28
A J Dixon Pty Ltd	607,282	0.28
Timbs Family Investments Pty Ltd	590,323	0.27
Invia Custodian Pty Ltd	522,867	0.24
Yelgarn Pty Ltd	518,991	0.24
	100,160,892	46.13

Brokerage Paid

The amount of brokerage paid or charged to the Company during the financial year ended 30 June 2023 totalled \$154,911 (2022: \$238,862). No brokerage was paid to any stock or sharebroker, or any employee or nominee of any stock or sharebroker, who is an officer of the Company.

List of Investments

as at 30 June 2023

	2023			2022
	Market Value \$	Units Held	% of Portfolio	Units Held
Australian Equities				
Banks				
ANZ Group Holdings Ltd	50,976,500	2,150,000	4.0	2,000,000
Commonwealth Bank of Australia Ltd	100,270,000	1,000,000	7.9	1,000,000
National Australia Bank Ltd	15,822,000	600,000	1.2	570,000
Westpac Banking Corporation	38,412,000	1,800,000	3.0	1,800,000
Consumer				
Aristocrat Leisure Ltd	30,928,000	800,000	2.4	800,000
Carsales.com Ltd	8,337,000	350,000	0.7	310,097
Coles Group Ltd	9,210,000	500,000	0.7	500,000
Endeavour Group Ltd	-	-	-	1,000,000
IDP Education Ltd	11,050,000	500,000	0.9	500,000
REA Group Ltd	3,575,750	25,000	0.3	25,000
Reece Ltd	9,285,000	500,000	0.7	500,000
The Star Entertainment Group Ltd	-	-	-	2,600,000
Wesfarmers Ltd	24,670,000	500,000	2.0	500,000
Woolworths Group Ltd	21,851,500	550,000	1.7	550,000
Energy				
Woodside Energy Group Ltd	55,104,000	1,600,000	4.4	1,600,000
Health Care				
CSL Ltd	165,041,100	595,000	13.1	595,000
Ramsay Health Care Ltd	22,516,000	400,000	1.8	400,000
Resmed Inc	16,405,000	500,000	1.3	500,000
Sonic Healthcare Ltd	17,785,000	500,000	1.4	500,000
Infrastructure and Utilities				
Atlas Arteria	-	-	-	4,000,000
Transurban Group	89,062,500	6,250,000	7.1	6,250,000
Mining				
BHP Group Ltd	89,980,000	2,000,000	7.1	2,000,000
Rio Tinto Ltd	57,345,000	500,000	4.5	500,000

Unless otherwise stated, the securities in this list are fully paid ordinary shares or stock units.

List of Investments

as at 30 June 2023

	2023			2022
	Market Value \$	Units Held	% of Portfolio	Units Held
Australian Equities (continued)				
Other Financials				
ASX Ltd	6,300,000	100,000	0.5	100,000
Computershare Ltd	32,732,000	1,400,000	2.6	1,325,000
Link Administration Holdings Ltd	-	-	-	2,500,000
Macquarie Group Ltd	21,314,400	120,000	1.7	65,000
Pendal Group Ltd	-	-	-	600,000
Perpetual Ltd	31,056,000	1,200,000	2.5	700,000
PEXA Group Ltd	11,432,400	840,000	0.9	500,000
Washington H Soul Pattinson & Company Ltd	31,780,000	1,000,000	2.5	1,000,000
Property				
GPT Group	4,554,000	1,100,000	0.4	1,100,000
LendLease Group	-	-	-	450,000
Scentre Group	10,865,000	4,100,000	0.9	4,100,000
Stockland Corporation Ltd	16,120,000	4,000,000	1.3	4,000,000
Total Australian Equities	1,003,780,150		79.5	
International Equities				
Global X Copper Miners	5,005,212	88,000	0.4	88,000
ChinaAMC China Opportunities Fund	-	-	-	4,500,000
Cooper Investors Asian Equities Fund	-	-	-	2,900,486
iShares Global Healthcare Index ETF	19,056,000	150,000	1.5	150,000
iShares TR MSCI USA Min Vol Index ETF	31,441,045	280,000	2.5	280,000
Northcape Capital Global Emerging Market Fund	22,509,000	9,000,000	1.8	9,000,000
Northcape Capital Global Equities Fund	-	-	-	1,600,000
Vanguard FTSE Japan UCITS ETF	7,602,481	155,000	0.6	155,000
Vanguard FTSE Dev. European Ex-UK Index ETF	13,572,076	230,000	1.1	230,000
VanEck Global Mining UCITS ETF	4,844,864	107,000	0.4	107,000
Vanguard Information Technology Index ETF	50,097,439	75,000	3.9	75,000
Vanguard All-World Ex-US Index ETF	41,483,400	510,000	3.3	510,000
Vanguard US Total Market Index ETF	52,694,400	160,000	4.2	160,000
Total International Equities	248,305,917		19.7	
Cash and net short-term receivables	10,835,666		0.8	
Total	1,262,921,733		100.0	

Unless otherwise stated, the securities in this list are fully paid ordinary shares or stock units.

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DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177