



### **CHAIRMAN'S ADDRESS TO SHAREHOLDERS**

Net profit after tax for the 2014 fiscal year was \$3,497,734, compared with \$1,365,959 in 2013. The increase in the profit was principally the result of a special dividend flowing from the Vodafone/Verizon demerger.

At 30 June 2014 the net tangible asset backing per share of the company's shares ("NTA") was 137 cents, up from 118 cents, at 30 June 2013. This was after the payment of a dividend of 2.5 cents per share in September 2013.

The increase in the NTA reflects continuing strong investment gains in the year, albeit not quite at the same level as last year. The TGG portfolio return for the year was 23.2% net of fees compared to the index return of 19.9% gross. The comparable returns last year were 41.2% and 31.2% respectively. Thus we have seen two years of strong performance in both absolute and relative terms.

The return based on the share price, a 23% gain, was pretty much in line with the portfolio return. This is considered a good result given the capital raising during the year resulted in the issuing of over 54m new shares at a price of \$1.25. The stock closed yesterday at \$1.34, a modest premium to the estimated NTA as at the 20<sup>th</sup> of October.

A dividend of 3.5 cents per share fully franked was paid on the 26<sup>th</sup> of September. The dividend/distribution target for the 2015 financial year will be 4.1 cps.

At last year's meeting I discussed three key initiatives which we hoped would add value to shareholders' interests in the company. These were a new distribution policy; new administrative arrangements which would lower the costs of doing business; and new communication arrangements with shareholders. It is pleasing to be able to say each initiative has now been successfully implemented, to the advantage of shareholders we believe.

One initiative not canvassed last year but undertaken in February this year was a successful capital raising. We judged the timing was conducive to both tapping the market's increasing interest in investing in international equities, noting several other investment groups launched similar undertakings in much the same time frame; and also to take advantage of continuing value investment opportunities identified by the investment manager. The funds raised, some \$67m, have now been wholly invested into

the markets by the portfolio manager.

Before asking the portfolio manager to address the meeting I would like to say one or two things about your board. Mr. Michael Bartlett stepped down from the board in June due to the pressure of other commitments. I take this opportunity to thank Michael for his excellent contribution during his service as a director. Later in the meeting you will be asked to vote on the two new appointments we have made in recent months. I commend both candidates to you. They bring continuity in the case of Martin, and fresh but experienced eyes in the case of Mick, and in combination will add to diversity and renewal in the membership of the board.

Following the investment manager's presentation we will be pleased to discuss, and respond to any questions that you may wish to ask, concerning the statutory reports for the 2014 fiscal year.

**J A (Tony) Killen**  
Chairman

22 October 2014