

19 March 2012

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

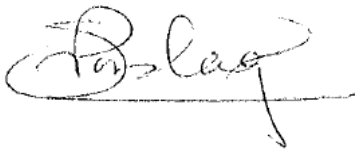
**Electronic Lodgement**

**Djerriwarrh Investments Limited  
Shareholder Information Meetings**

Dear Sir / Madam

Please find attached the presentation to be given to shareholders at the Shareholder Information Meetings being held in March and April 2012.

Yours faithfully,



Simon Pordage  
Company Secretary



**Djerriwarrh**

AUSTRALIAN EQUITIES, ENHANCED YIELD

# Shareholder Meetings

March 2012

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# Djerriwarrh

AUSTRALIAN EQUITIES, ENHANCED YIELD

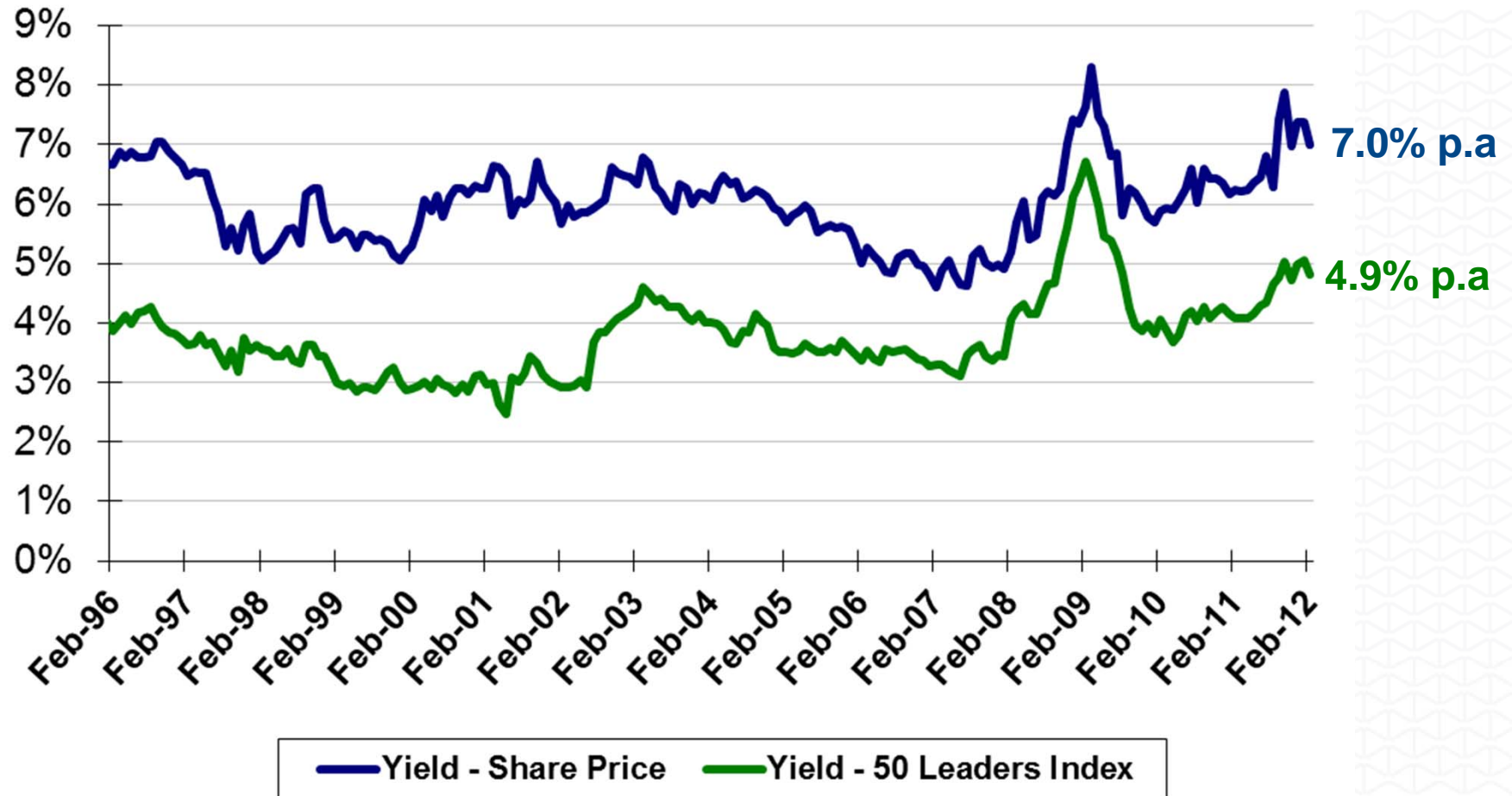
- **A diversified portfolio of Australian equities**
- **Dividend yield enhanced with option premiums**
- **Capital growth over the medium to long term**

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# Djerriwarrh's Investment Structure – 29 February 2012

- Long Term Investment portfolio:
  - A\$752.4 million
  - Approximately 40 securities
- Trading portfolio:
  - A\$22.6 million or 2.8% of total portfolio
  - Short term positions
- Borrowings of \$50 million hedged to 2013 (approximately 5.29% p.a.) and \$50 million hedged to 2016 (5.52% p.a.)
- Cash of \$29.5 million

# Djerriwarrh Yield vs. Market Yield



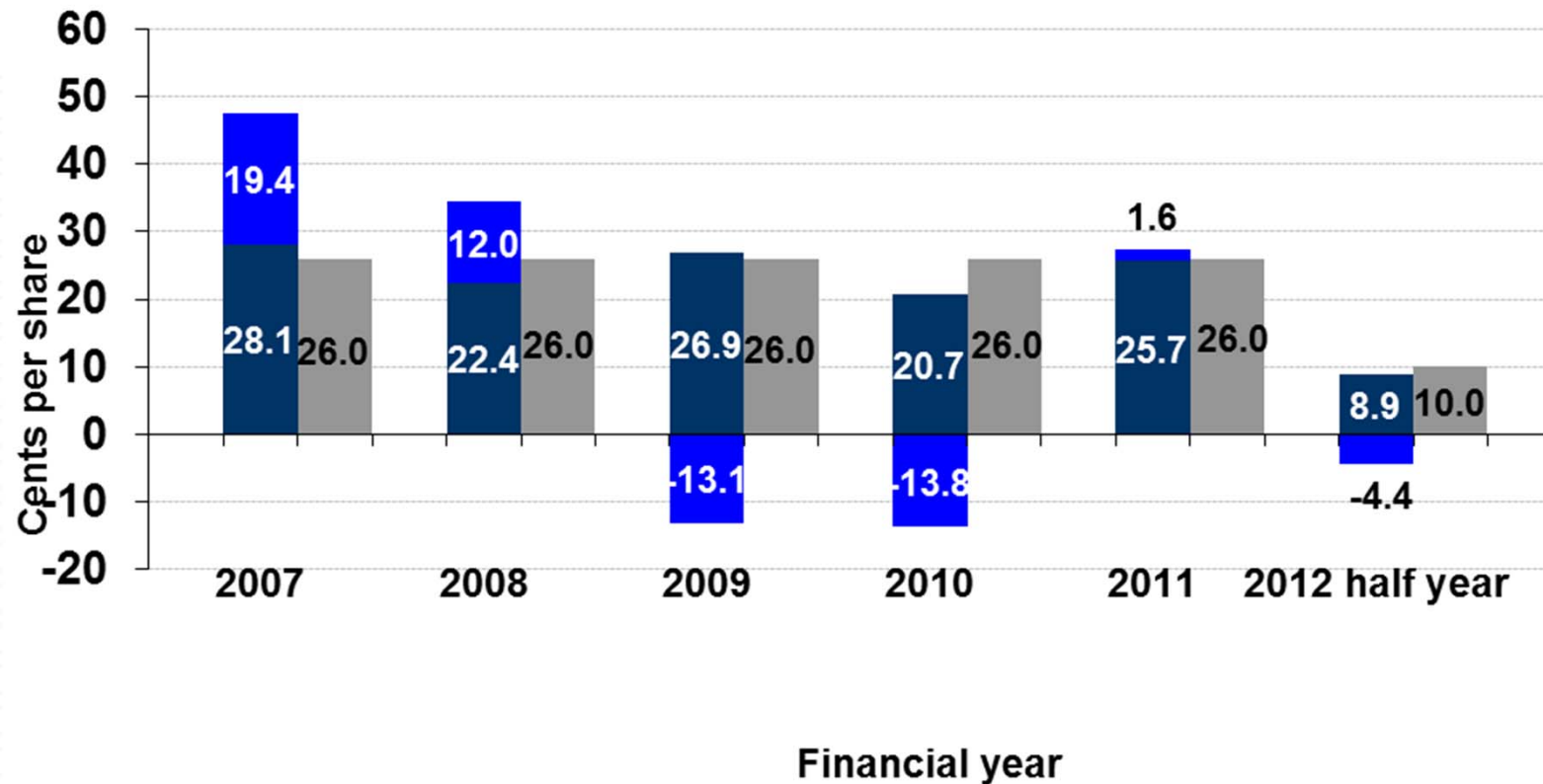
## Profit was down as the market declined over the half year and dividends received were flat

	HY11 \$m	HY10 \$m
Income	25.5	27.7
Finance Costs	(3.5)	(2.0)
Operating Expenses	(1.6)	(1.6)
Income Tax	(1.2)	(0.7)
<i>Net Operating Result</i>	<i>19.1</i>	<i>23.4</i>
Net capital gains on investments	4.0	2.2
<i>Profit for the Half Year</i>	<i>23.1</i>	<i>25.6</i>

### Key factors:

- Dividends received in line with last year
- Contribution from option income \$5.1m, up from \$4.2m
- Trading Portfolio income was -\$2.2m vs. \$1.2m last year as the market declined
- Increase in borrowings

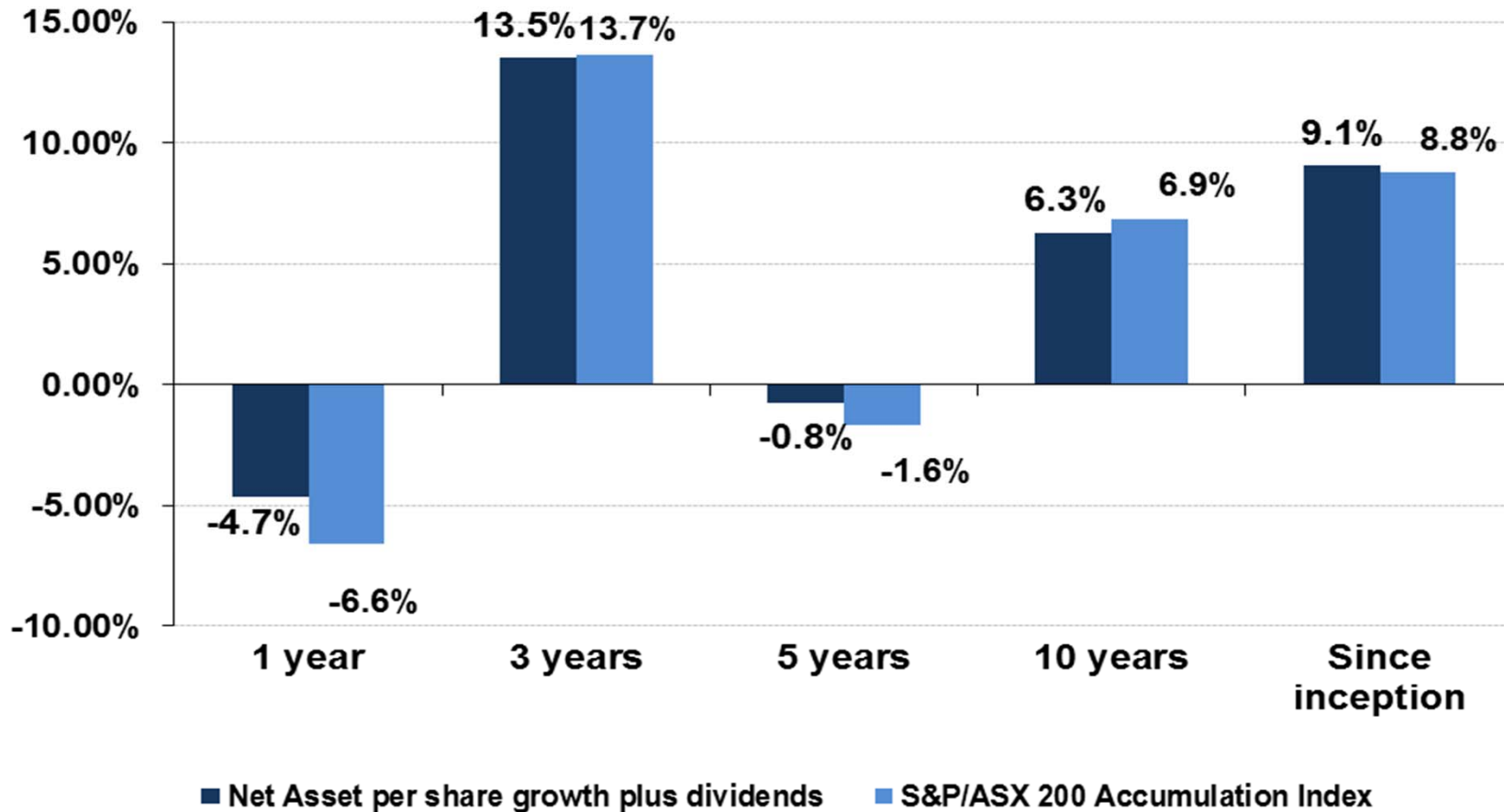
# Earnings Per Share vs. Dividends Per Share



■ Net operating result per share ■ Realised gains/losses per share ■ Dividends per share

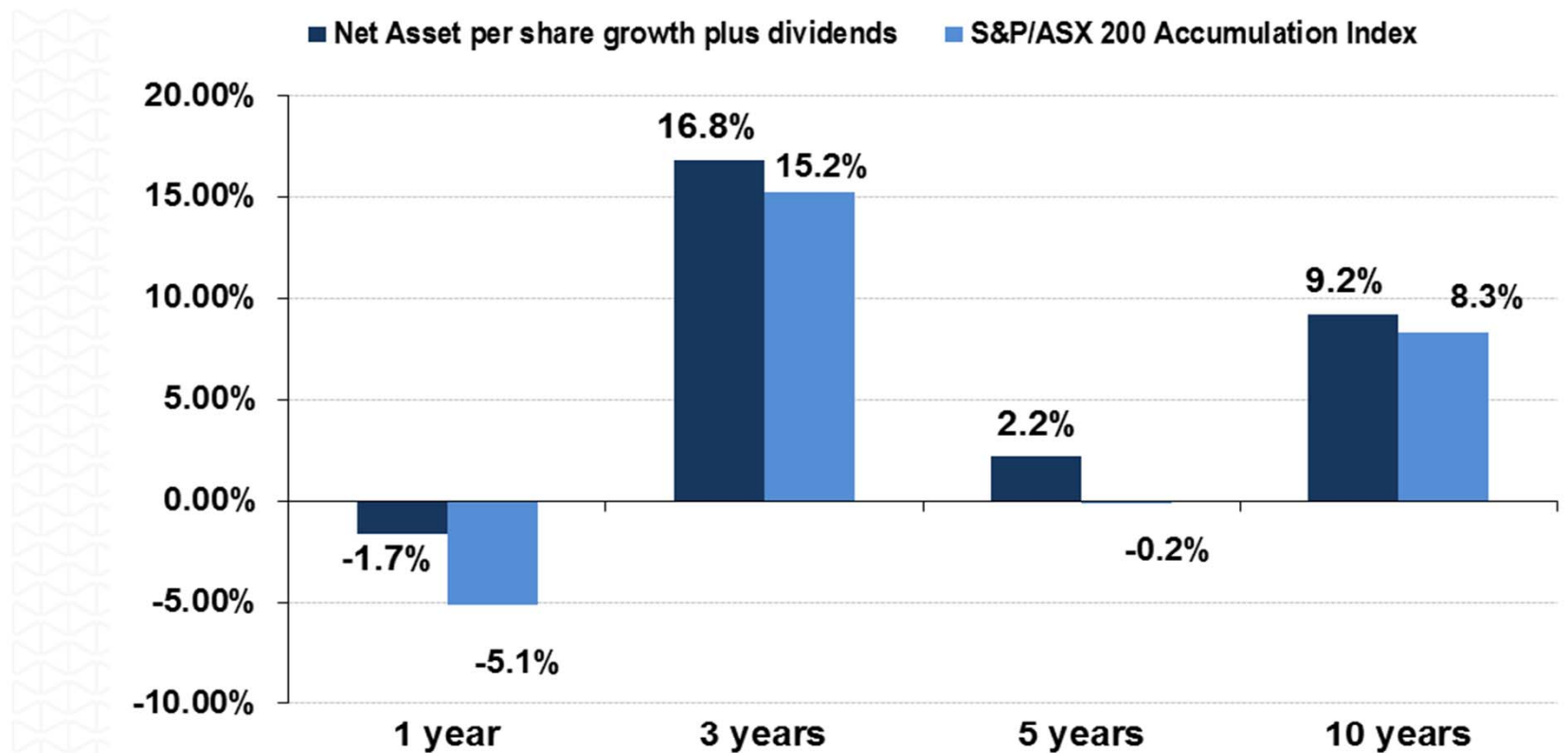


# Annualised Portfolio Returns\* to 29 February 2012



\* After tax and expenses. Ignores benefits of franking and LIC tax credits

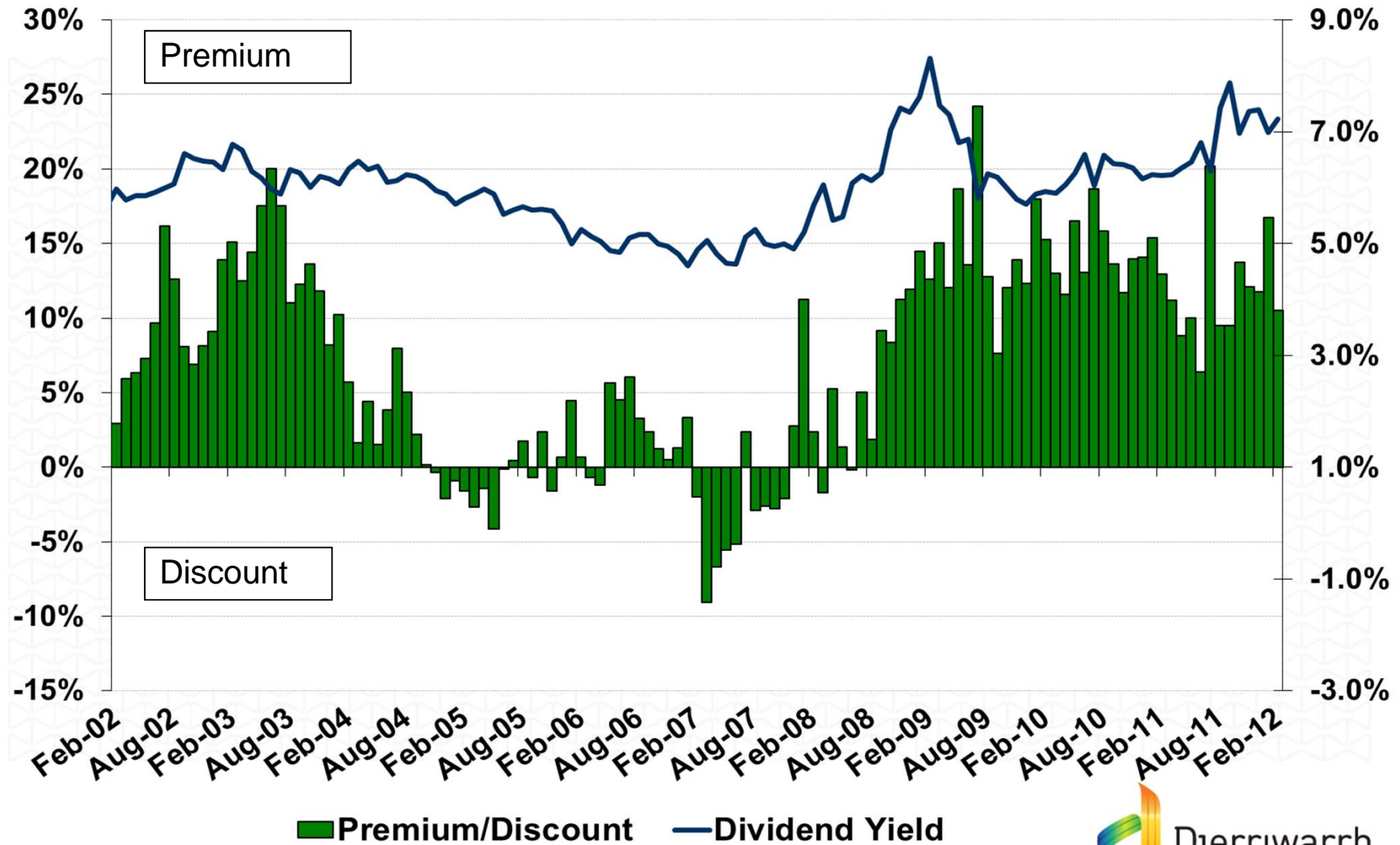
# Annualised Returns\* to 29 February 2012 – Adjusted for Franking Credits



Grossing Improvement over the index	1 year	3 years	5 years	10 years
	1.5	1.8	1.4	1.4

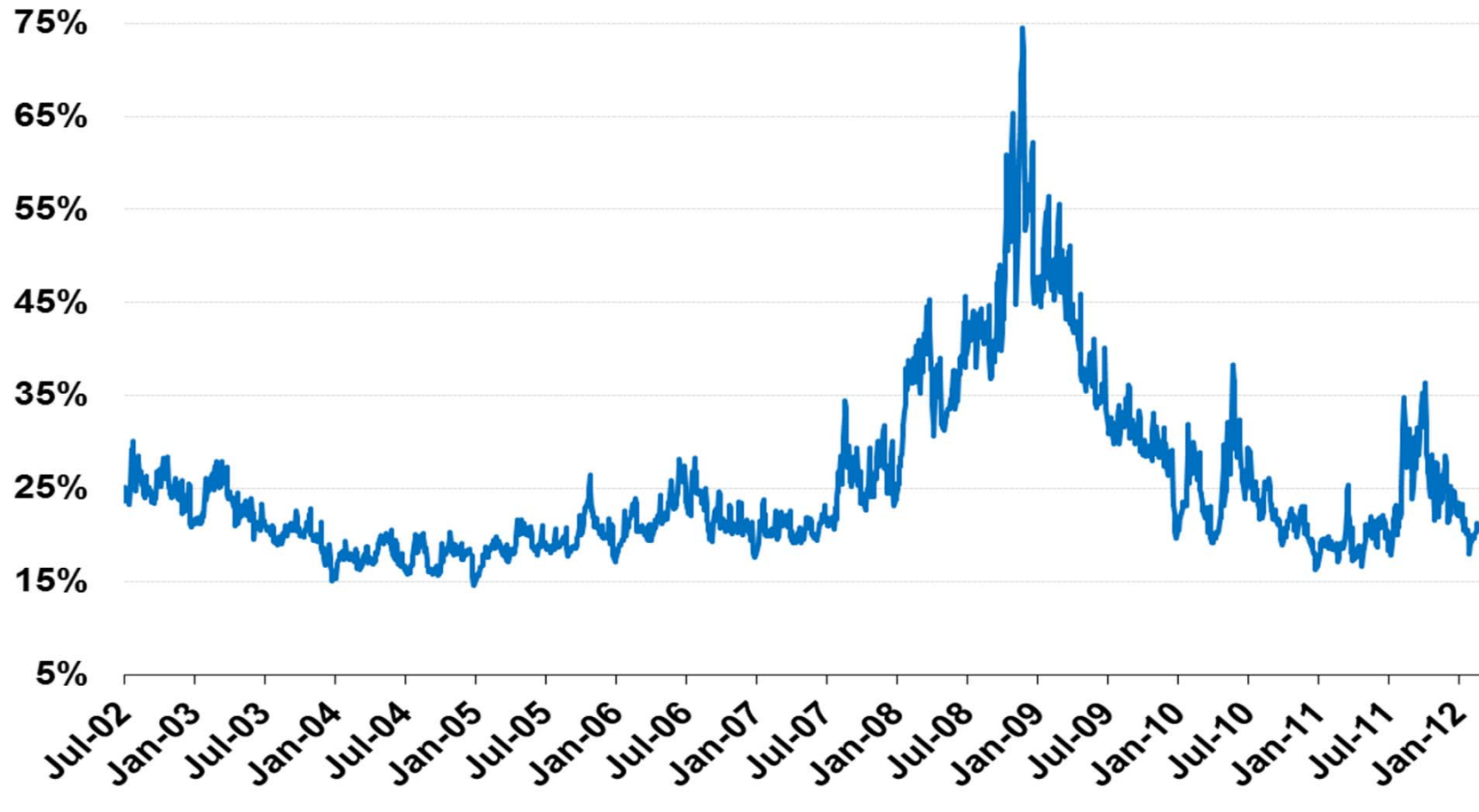
\* After tax, expenses and assuming an investor can take full advantage of the franking credits. Ignores benefits of LIC tax credits

# Share Price Relative to Net Asset Backing\*

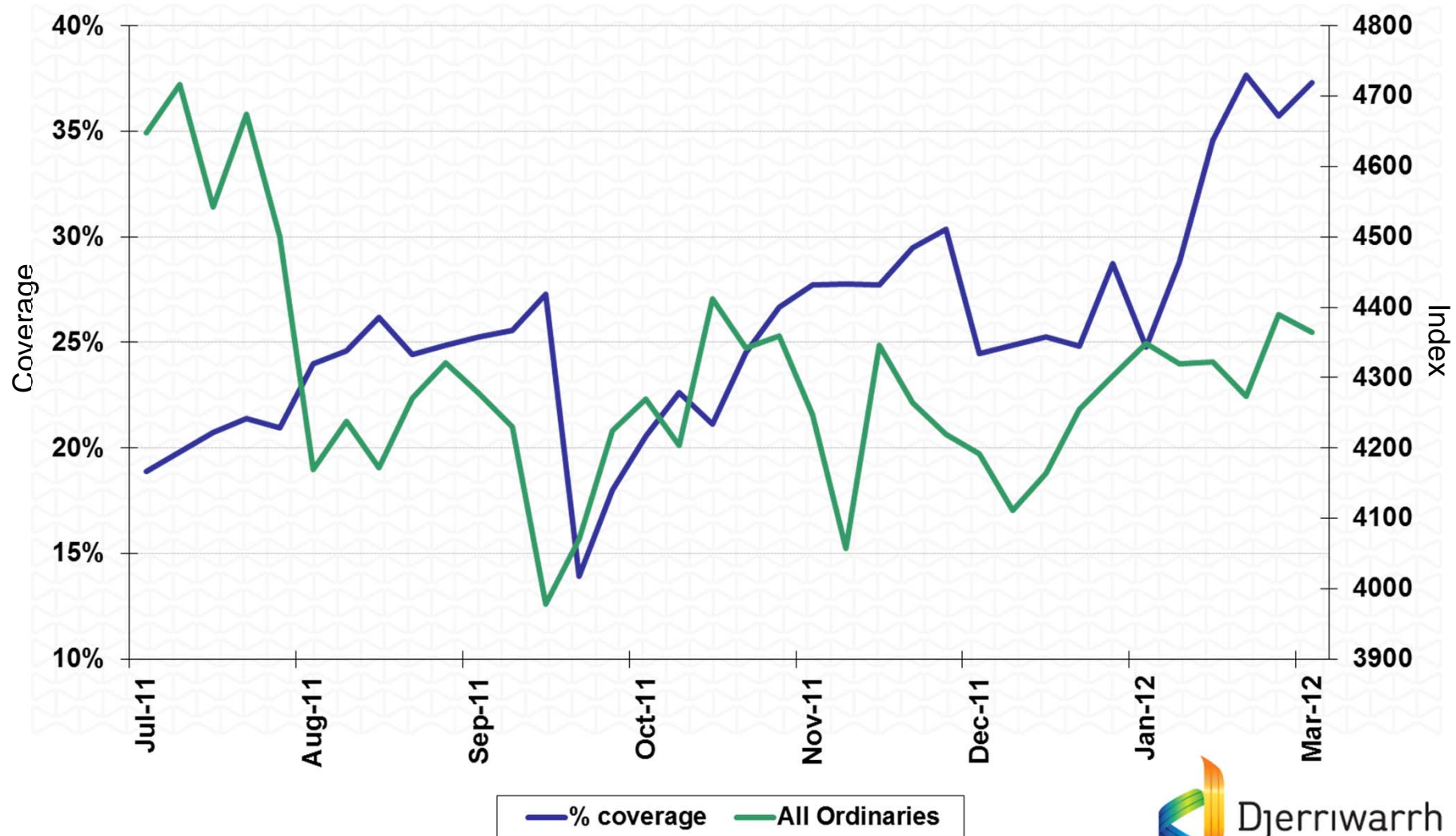


\* Before provision for capital gains tax

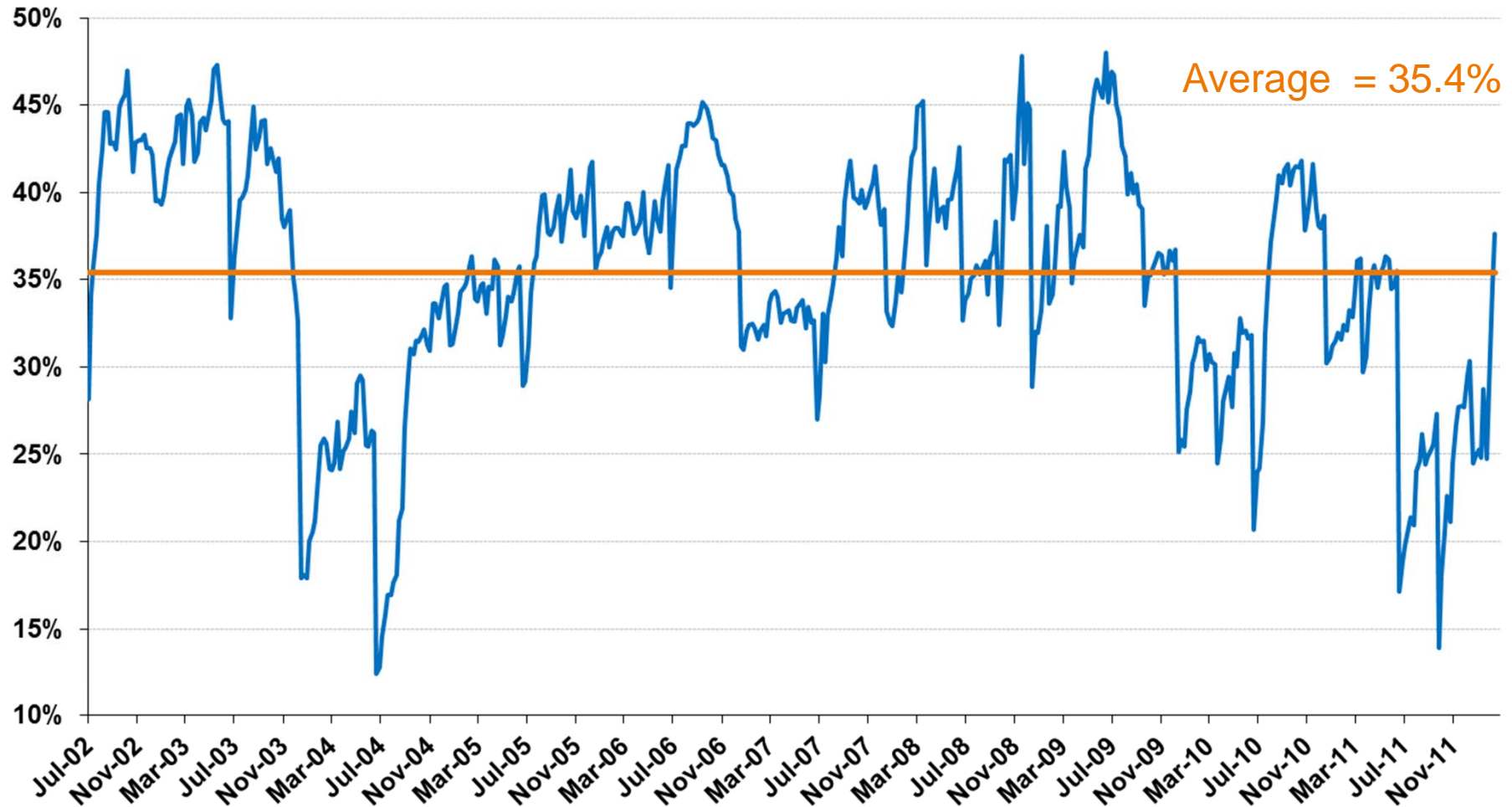
# Volatility has declined as the market is caught in a trading range



However options coverage has been increased even though the market is at low levels



# Now above the average long term option cover



## Top 10 stocks by option coverage\*

Company	% Call Option Coverage
<b>PanAust</b>	<b>61.7%</b>
<b>Origin Energy</b>	<b>44.7%</b>
<b>ANZ Bank</b>	<b>43.5%</b>
<b>Woodside Petroleum</b>	<b>43.4%</b>
<b>Rio Tinto</b>	<b>43.4%</b>
<b>CBA</b>	<b>42.6%</b>
<b>BHP Billiton</b>	<b>41.9%</b>
<b>Santos</b>	<b>41.9%</b>
<b>Woolworths</b>	<b>41.6%</b>
<b>Wesfarmers</b>	<b>41.6%</b>

\*At 6 March 2012. Excludes the Trading Portfolio

## Top 20 Holdings – 29 February 2012

		\$m	% of portfolio (excl. cash)
1	* BHP Billiton	85.4	11.1%
2	* Westpac Banking Corporation	68.4	8.9%
3	* Commonwealth Bank of Australia	62.7	8.1%
4	* Australia & New Zealand Banking Group	50.1	6.5%
5	* National Australia Bank	48.6	6.3%
6	Telstra Corporation	43.8	5.7%
7	* Woodside Petroleum	34.7	4.5%
8	* Oil Search	34.2	4.4%
9	Hastings Diversified Utilities Fund	26.3	3.4%
10	* Santos	25.4	3.3%

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



## Top 20 Holdings continued – 29 February 2012

		\$m	% of portfolio (excl. cash)
11	* Rio Tinto	23.5	3.1%
12	* AMP	22.6	2.9%
13	* Woolworths	19.7	2.6%
14	* Brambles	18.6	2.4%
15	* Wesfarmers (a)	18.2	2.4%
16	* Transurban Group	17.5	2.3%
17	* QBE Insurance Group	17.3	2.2%
18	* Origin Energy	15.8	2.0%
19	* Coca-Cola Amatil	14.1	1.8%
20	* Amcor	12.1	1.6%

**Top 20 holdings represent 85.5% of total holdings  
(excluding cash)**

(a) Includes \$3.9m WESN partially protected securities

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

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Since 1 January 2012 we have been buying the following stocks

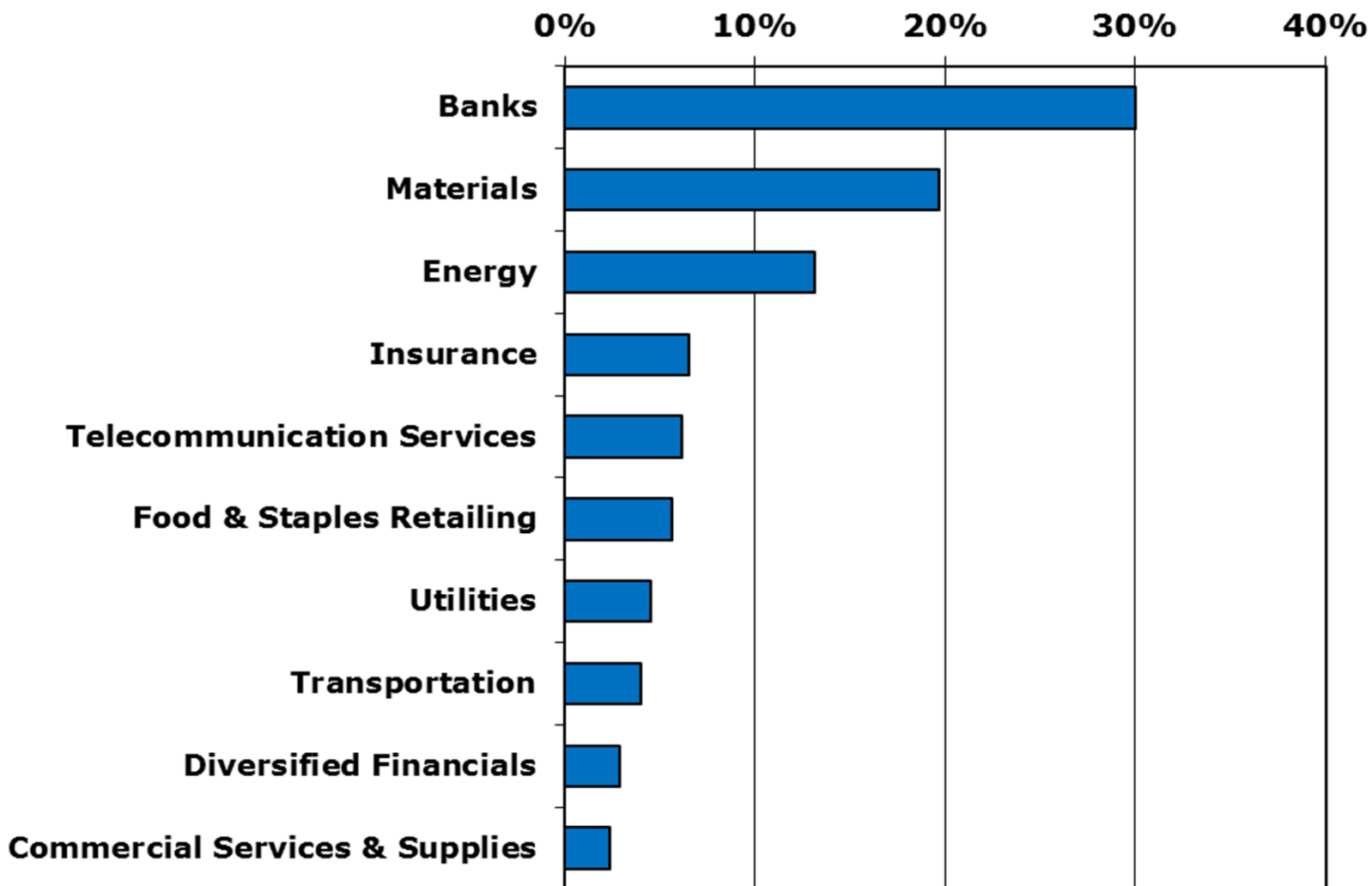
- ASX
- QBE Insurance (participated in rights issue)

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## Sold since 1 January 2012

- Santos (exercised on call options)

# Major Industry Exposures\*



\* Delta Weighted

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# The reporting season reflected recent trends

- Balance sheets remain strong
- Dividends a little below expectations
- Margins remain low
- Continuing strong demand for resources
- Many other sectors adjusting to slow growth and high \$A
- Consumers are still cautious

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# Current issues facing the corporate sector

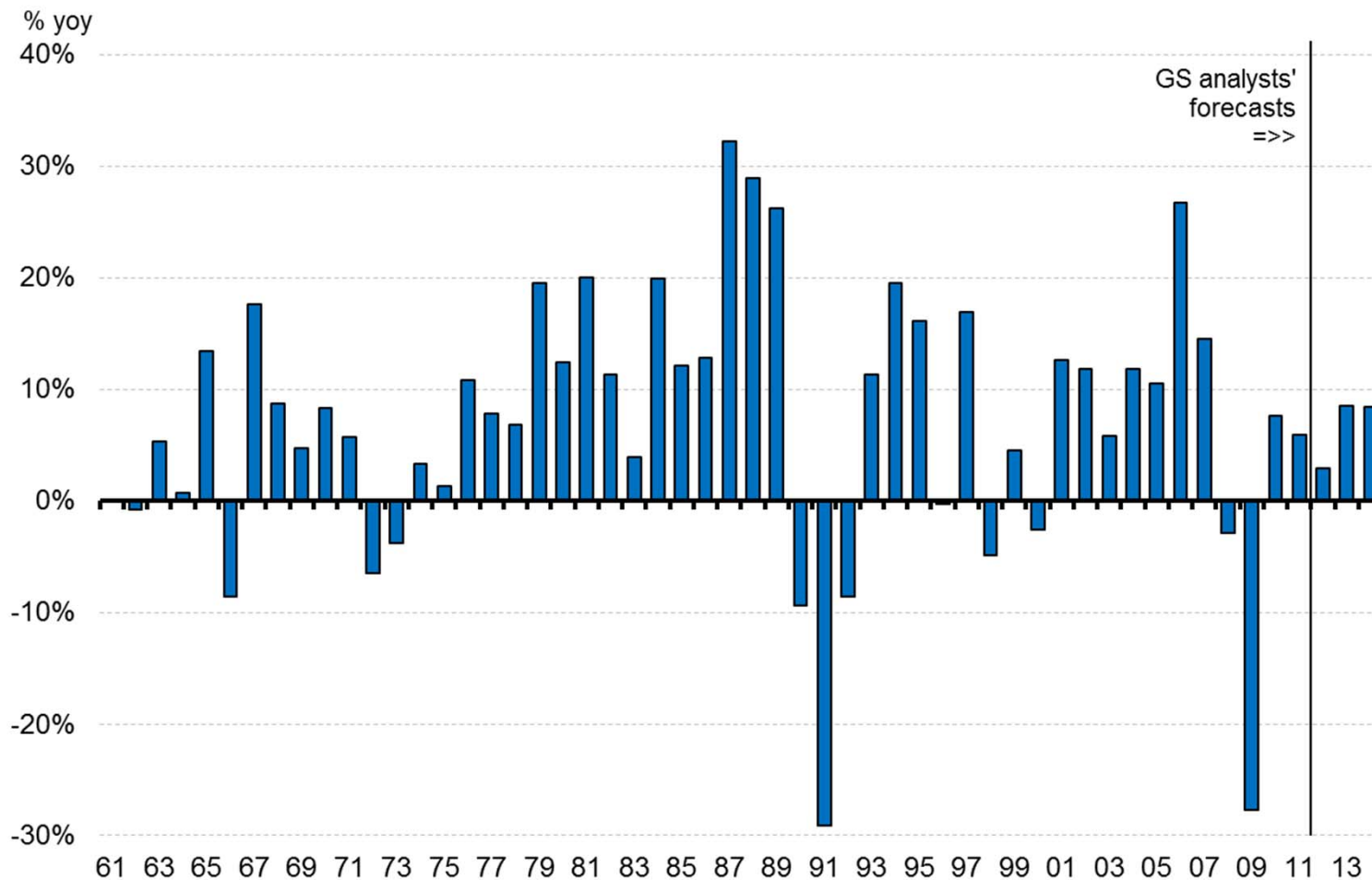
- Impact of resources boom and high Australian dollar
- Revenue growth expected to be low
- Cost reduction a key focus
- Concern about access to funds

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## Current issues facing the corporate sector – con't.

- Cost inflation in capital projects
- Industrial relations a constant challenge
- Continued uncertainty about government policies
- Foreign equity investors cautious about Australia

# Dividend growth likely to be subdued



Industrial company dividend growth per share per annum – excludes financials and Telstra

Source: IRESS, Goldman Sachs Research estimates.



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# Outlook

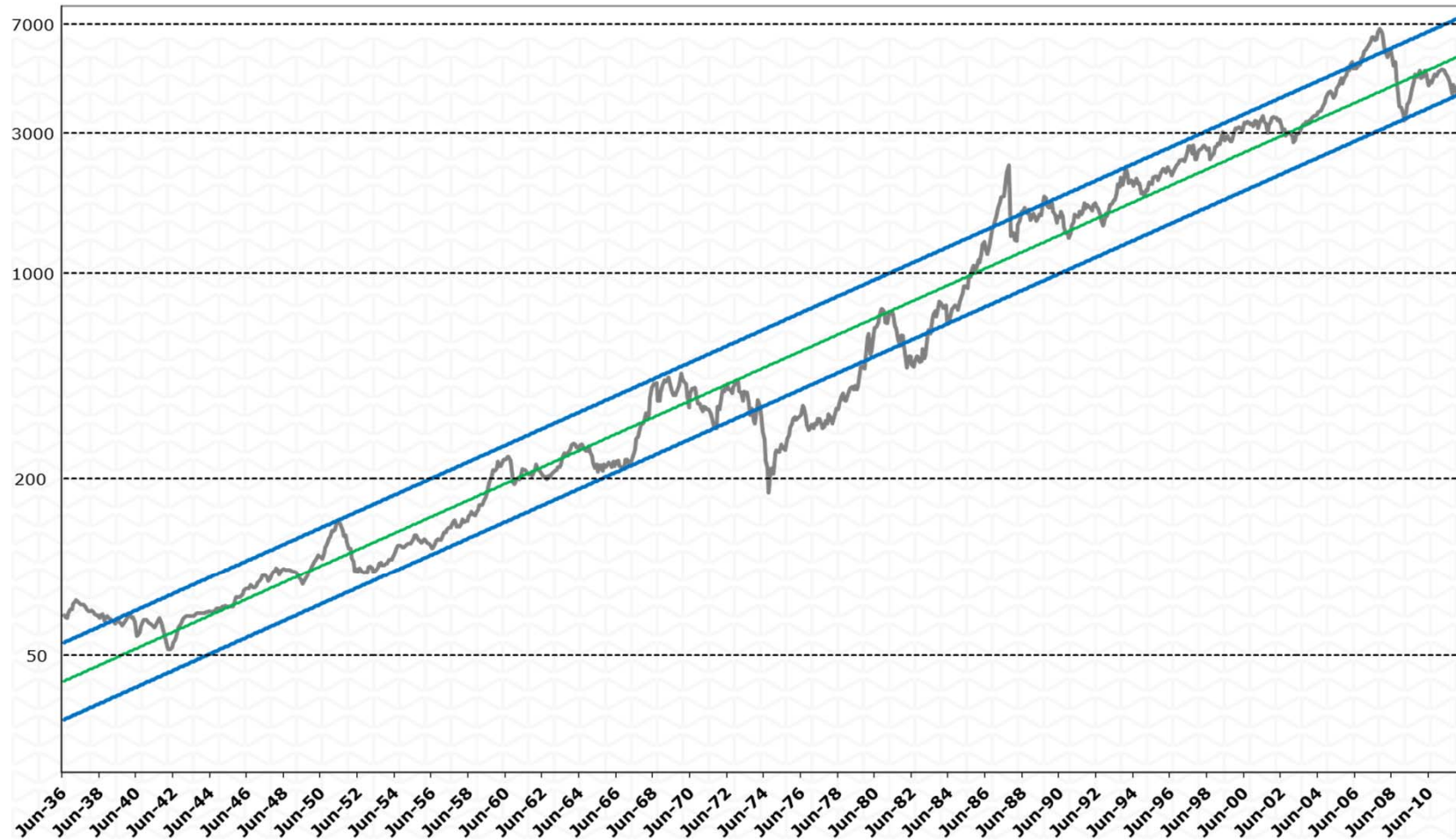
- Long term value is on offer but the Australian market is short on confidence
- Structural change is negatively impacting many sectors of the economy
- However strong demand for resources/energy feeding into capital investment
- Expect overall economic growth to be patchy which is likely to weigh on any market recovery

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# Djerriwarrh's Response

- Currently close to fully invested, although lines of credit available where appropriate
- Lift option coverage into market strength – stock specific approach
- Add to holdings with high dividend yields/attractive returns where possible
- Djerriwarrh to maintain focus on quality companies with reliable cash flows even during uncertain conditions

# Australian Equities – A Long Term View





**Djerriwarrh**

AUSTRALIAN EQUITIES, ENHANCED YIELD

# Shareholder Meetings

March 2012