

# DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

LEVEL 20  
101 COLLINS STREET  
MELBOURNE VIC 3000  
AUSTRALIA

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19 October 2023

## **ASX Announcement**

### **2023 Annual General Meeting (AGM)** **Chairman's Address and Presentation**

In accordance with the ASX Listing Rules, attached for release to the market is the Chairman's Address and Presentation which will be delivered to shareholders today at the Company's 2023 Annual General Meeting.

Authorised for release by James Pollard, Company Secretary.

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## Chairman's Address

Delivered by Mr Charles Goode at the 32nd Annual General Meeting of the Company, held at 171 Collins Street, Melbourne and by audio webcast on Thursday 19th October 2023 at 10.00am.

Profit after income tax was \$42.8 million for the year to 30 June 2023, a decrease of 7% on the previous year. If special dividends received, capital gains distributed from managed funds and fair value movements on unlisted investments are excluded, the result of \$40.7 million is an increase of 5% on the previous year.

A fully franked final dividend of 9 cents per share was paid in September which, with the fully franked interim dividend of 7 cents per share, brought the total dividend for the year to 16 cents per share fully franked, in line with last year. DUI has maintained or increased its dividend paid per share every year since listing in 1991.

Operating expenses, excluding borrowing costs, represented 0.12% of the average market value of the portfolio, in line with last year. Including the management fees of the international exchange traded funds and the managed funds in which the Company is invested, the see-through total expense ratio was 0.17% compared to 0.16% last year.

Bank borrowing facilities were \$180 million at the end of the financial year, drawn as to \$90 million. Drawn debt was reduced following the rise in interest rates during the year and in line with our cautious outlook. Our debt capacity puts us in a good position to invest in quality companies as opportunities arise.

The performance of an investment in DUI based on the Net Asset Backing per share, and separately based on the share price, assuming all dividends were reinvested, compared to the S&P/ASX 200 Accumulation Index over the one, three, five and ten year periods is as shown on the slide.

Our portfolio on a net tangible asset accumulation basis returned 12.3% for the year to 30 June 2023 against the ASX200 Accumulation Index return of 14.8%. Our 2.5% under performance can be partly attributed to certain of our shareholdings under performing the index including CSL, Atlas Arteria, Ramsay Health, Transurban and Computershare. It can also be partly attributed to not being invested in the emerging rare earth mining sector, and certain high technology companies.

Our investment strategy focuses on quality established companies paying dividends with a good track record and future prospects.

We actively monitor our investee companies and potential investments. During the year, the Board had 22 meetings with investee companies, and 5 meetings with companies in which we had no holding.

Our investment in the international sector outperformed the ASX 200 Accumulation Index.

The composition of the portfolio by sector at 30 September is as shown in the slides. Since the end of the financial year, we have increased our holding in Resmed.

## Outlook

We are cautious in respect to the year ahead and do not think the share market at its current level fully reflects the uncertainties and challenges we face.

On the positive side, we acknowledge the economy has been remarkably resilient: we expect to avoid a recession; inflation is moderating; interest rates are probably at their high for this cycle; the profit reporting season has been reasonable, and notwithstanding the current hostilities in the Middle east we seem to have become accustomed to the current geopolitical uncertainties.

On the negative side there are concerns as to the economic growth of China; the maintenance of our current favourable terms of trade (our high mineral, oil, gas and agricultural export prices); and the restraint on general consumption expenditure arising from high electricity, petrol, rent and insurance prices and mortgage interest charges. There are also increasing expectations of Government in the areas of health, disability, education, social welfare, affordable housing, infrastructure and defence.

Much is made of our low productivity growth, or the efficiency of the economy in getting more output from a given input. We do not have the zeal to reform with less red and green tape, more flexible workplace regulations and improving our taxation system and government services.

However, we can become too morose in this area as productivity is very difficult to measure with 80% of our economy in the service sector including government services and it is not easy to measure the benefit we have of significant improvements in the quality of our goods and services.

We are on balance a very fortunate community with a high standard of living and we should have a prosperous future. Investing in the share market should be rewarding over the medium term. We do however get frustrated that we are not achieving the full economic potential that is before us.

Your Company is fully invested with lower borrowings than in recent years. We are invested in 29 quality Australian listed companies or trusts and we have around 20% of the portfolio invested in internationally managed funds which provides further diversification.

We expect the income we receive from our investments to be lower in the year ahead, mainly due to lower dividends from major mining companies. Dividends we received from mining and energy companies made up 35% of our investment income in the 2023 year. Based on broker consensus forecasts for the current period, this is forecast to fall to 25% of our total income. Nevertheless, we expect to be able to maintain our dividend per share in the year ahead.

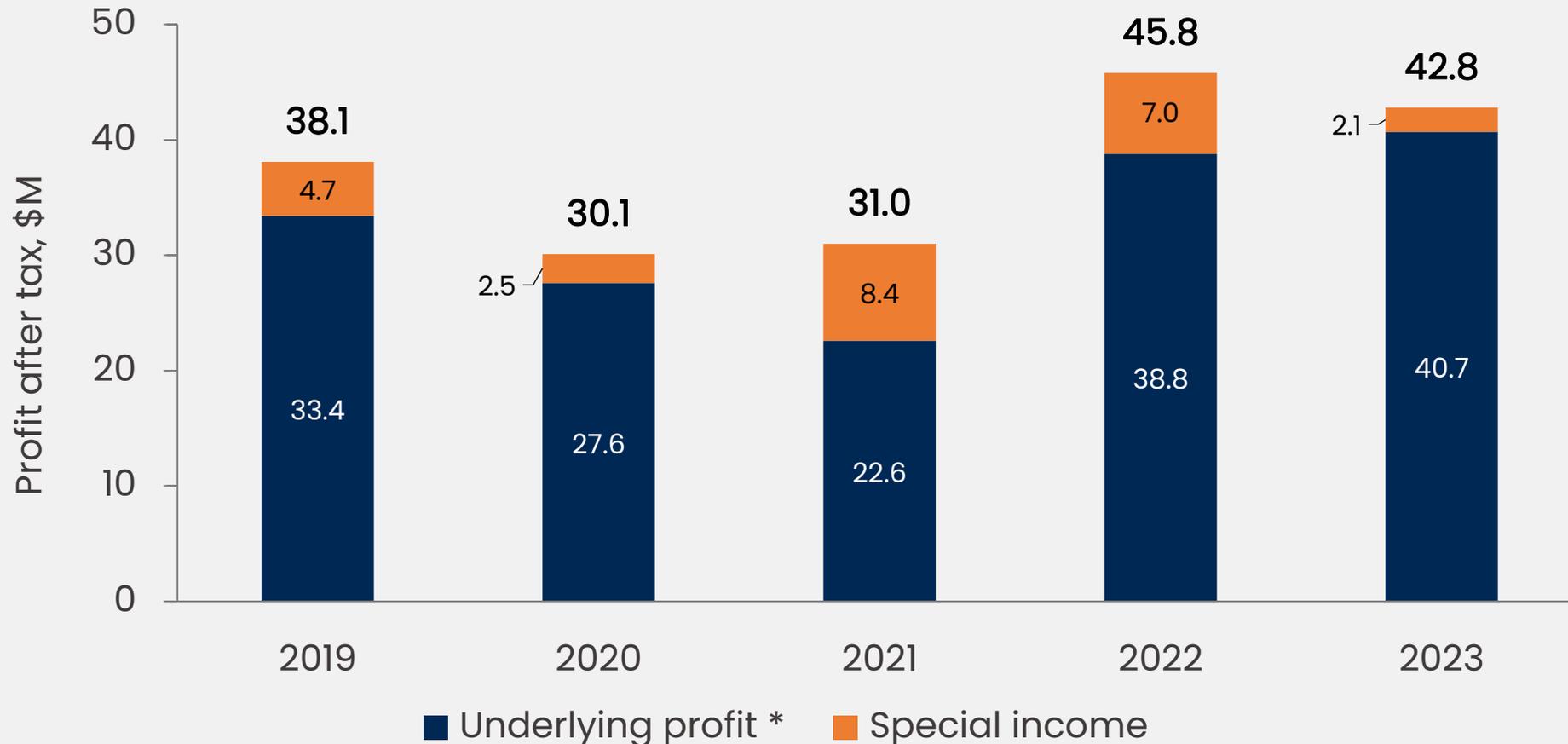
Charles Goode  
Chairman



# **Diversified United Investment Limited**

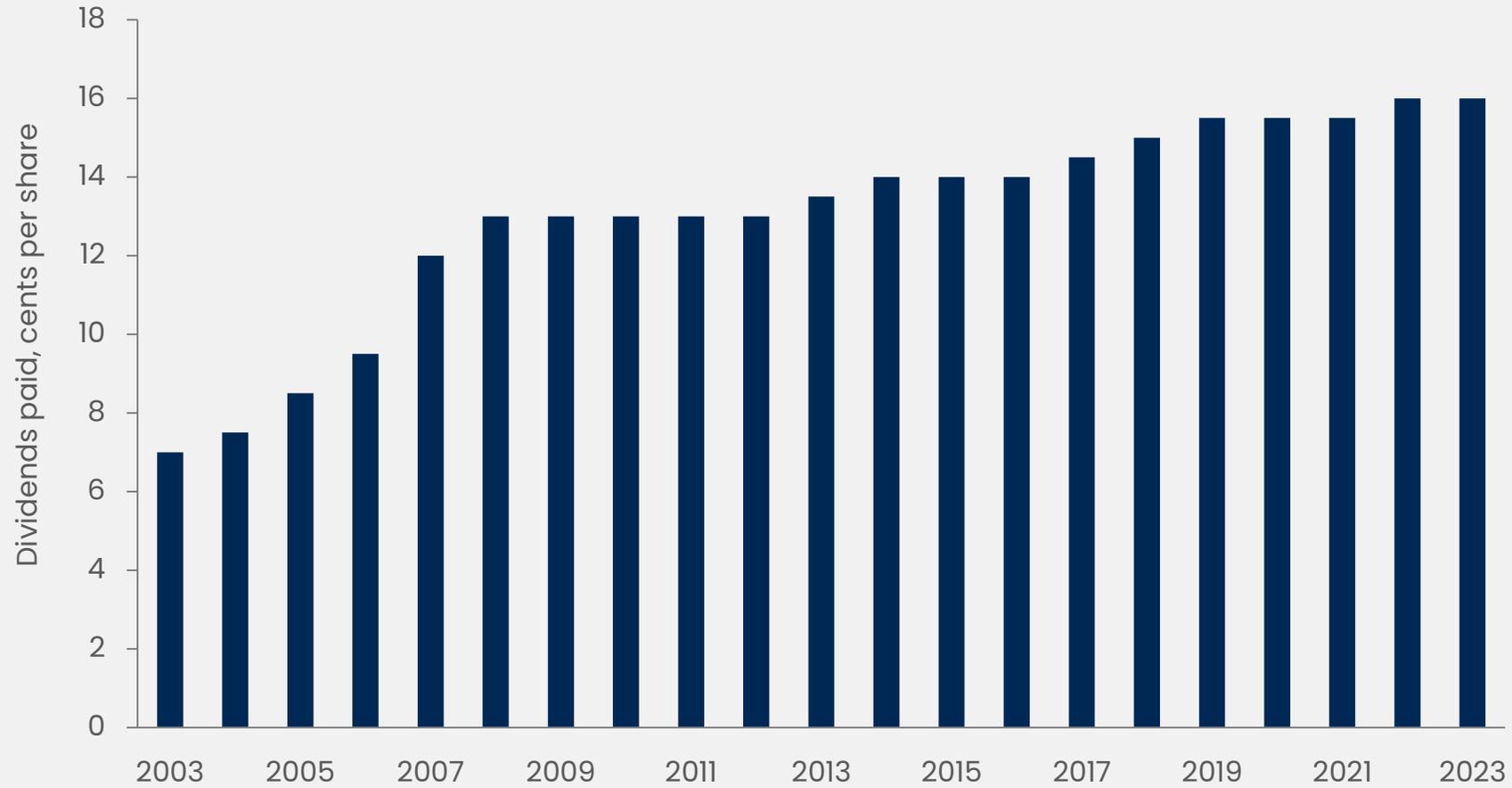
## **2023 Annual General Meeting**

# Profit after tax



\* Statutory profit less special dividends, capital gains distributed by managed funds and fair value movements on unlisted investments (together, "special income").

# Dividends Paid



2023 Annual General Meeting

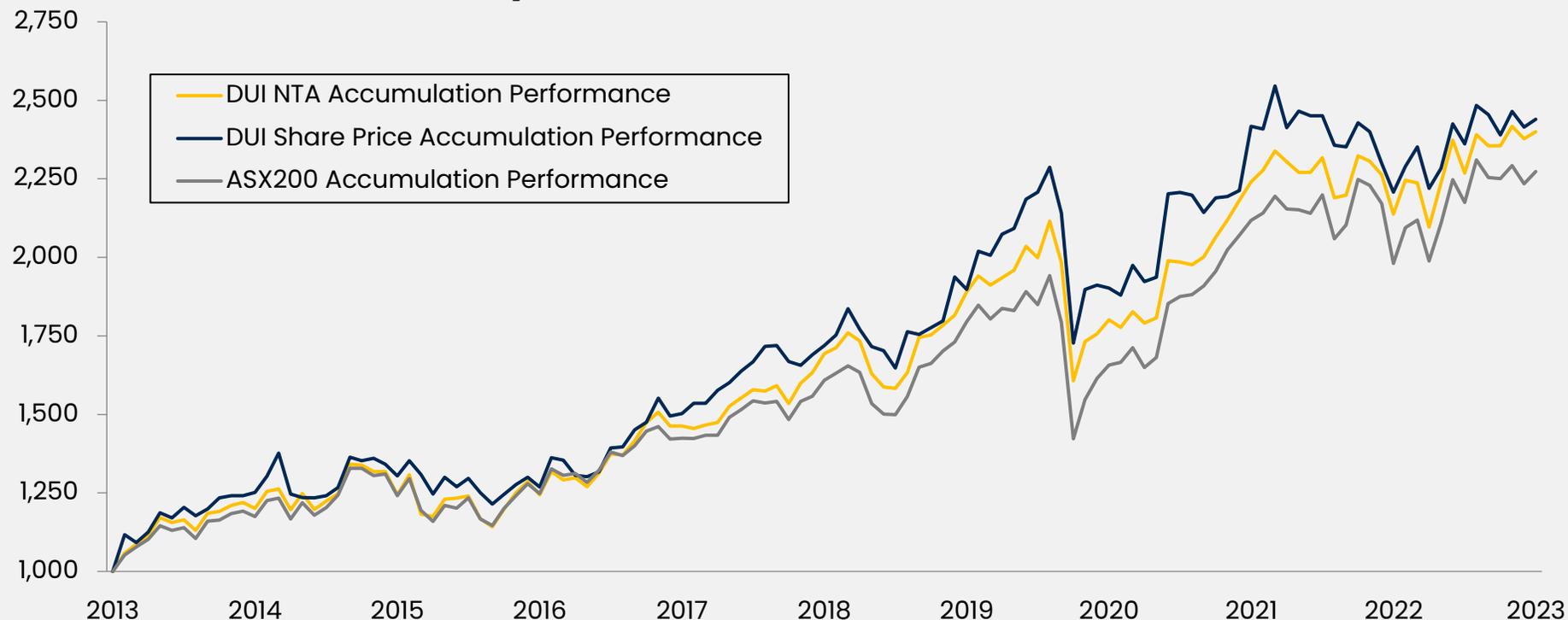
Diversified United Investment Limited

# At 30 June 2023

	FY23	FY22
Operating expenses	0.12%	0.12%
- with external fund fees	0.17%	0.16%
Bank borrowing facilities	\$180M	\$150M
Bank borrowings drawn	\$90M	\$150M
Net debt / portfolio ex-cash	6.3%	11.6%

# NTA Accumulation Performance

## 10 years to 30 June 2023



	1 year	3 years	5 years	10 years
DUI NTA Accum. % p.a.	12.3	10.0	7.2	9.1
DUI Share price Accum. % p.a.	10.5	8.6	7.3	9.3
S&P/ASX200 Accum. Index % p.a.	14.8	11.1	7.2	8.6

Source: Evans and Partners

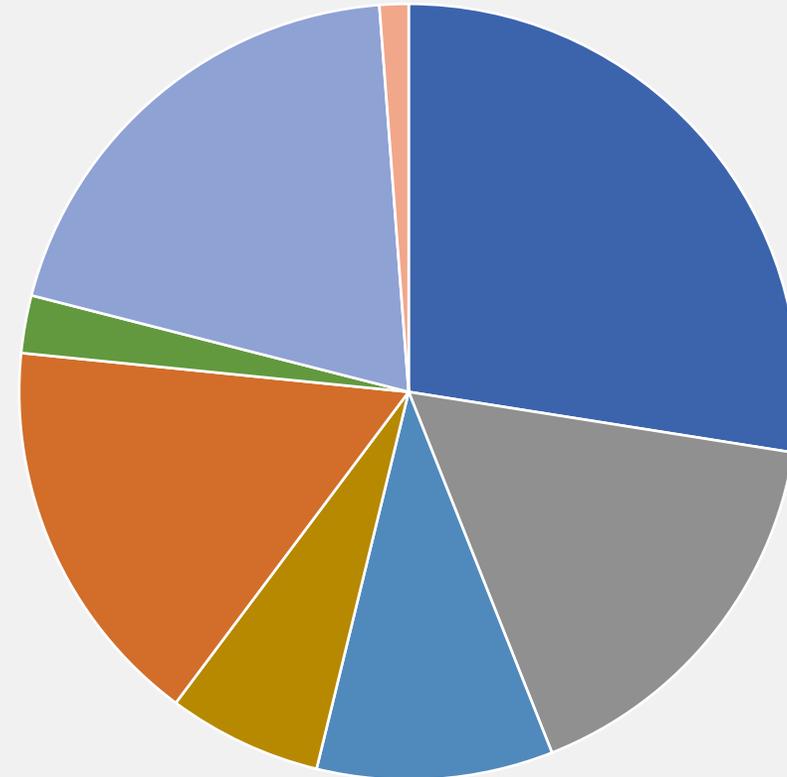
2023 Annual General Meeting

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# Sector Allocations

## As at 30 September 2023

- Banks and Other Financials - 27.5%
- Mining and Energy - 16.5%
- Consumer - 9.8%
- Infrastructure and Industrials - 6.4%
- Healthcare - 16.4%
- Property - 2.4%
- International equities - 19.8%
- Cash - 1.2%





# **Diversified United Investment Limited**

## **2023 Annual General Meeting**

# Resolution 2

## Remuneration Report

*That the Remuneration Report that forms part of the Directors' Report for the Company for the financial year ended 30 June 2023 be adopted.*

Proxy votes received prior to the meeting are as follows:

For	Open	Against	Abstain
62,858,739	16,167,543	1,236,475	3,674,193
78.32%	20.14%	1.54%	

# Resolution 3

## Re-election of Mr Andrew Larke

*That Mr Andrew Larke, a Director retiring from office by rotation in accordance with clause 65 of the Constitution, being eligible, is re-elected as a Director of the Company.*

Proxy votes received prior to the meeting are as follows:

For	Open	Against	Abstain
65,891,683	16,162,643	104,020	2,056,453
80.20%	19.67%	0.13%	



# **Diversified United Investment Limited**

## **2023 Annual General Meeting**