

24 August 2023

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**Electronic Lodgement**

**Djerriwarrh Investments Limited  
Statutory Annual Report, Annual Shareholder Review and  
Annual General Meeting Documentation**

Dear Sir / Madam

Please find attached the 2023 Statutory Annual Report, Annual Shareholder Review and Annual General Meeting Documentation being sent to shareholders.

Yours faithfully



Matthew Rowe  
Company Secretary

Authorised by the Company Secretary

Australian Equities,  
Enhanced Yield



Annual Report  
2023



DJERRIWARRH INVESTMENTS LIMITED IS A LISTED INVESTMENT COMPANY INVESTING IN A DIVERSIFIED PORTFOLIO OF AUSTRALIAN AND NEW ZEALAND EQUITIES. FOR STOCKS WHERE THERE IS AN OPTIONS MARKET, THE COMPANY OFTEN USES EXCHANGE TRADED AND OVER-THE-COUNTER OPTIONS TO ENHANCE THE INCOME RETURN TO INVESTORS.

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## Year in Summary

2023

<b>Profit for the Year</b>	<b>\$39.1m</b>	\$44.5m in 2022 <sup>#</sup>	
<b>Net Operating Result</b>	<b>\$39.0m</b>	\$40.4m in 2022 <sup>#</sup>	
<b>Fully Franked Dividend</b>	<b>7.75¢</b> Final	<b>15.0¢</b> Total	13.75 cents total in 2022
<b>Portfolio Dividend Yield</b>	<b>6.8%</b> Including franking*	S&P/ASX 200 Index Yield 5.6% (grossed up for franking credits)	
<b>Management Expense Ratio</b>	<b>0.40%</b>	0.45% in 2022	
<b>Total Portfolio Return</b>	<b>14.2%</b> Including franking*	S&P/ASX 200 Accumulation Index including franking* 16.6%	
<b>Total Portfolio</b>	<b>\$911.0m</b>	Including cash at 30 June. \$783.0 million in 2022	

\* Assumes a shareholder can take full advantage of the franking credits.

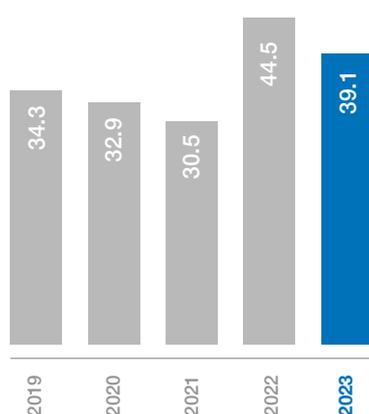
<sup>#</sup> Includes a non-cash dividend of \$6.5 million from the BHP Petroleum/Woodside merger in 2022.



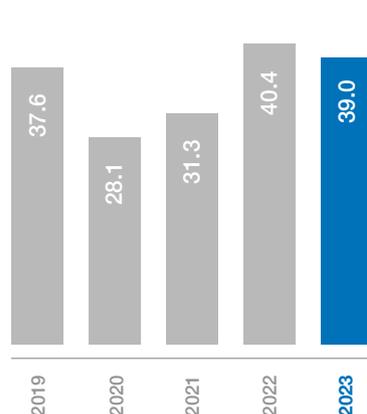
# DIRECTORS' REPORT

## 5 Year Summary

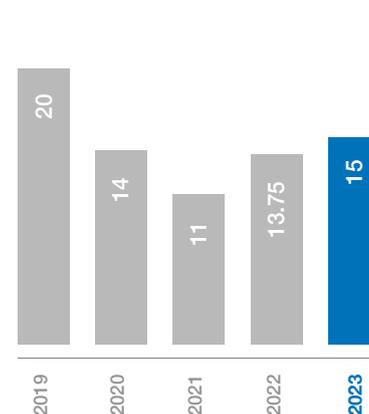
**Net Profit After Tax  
(\$ Million)**



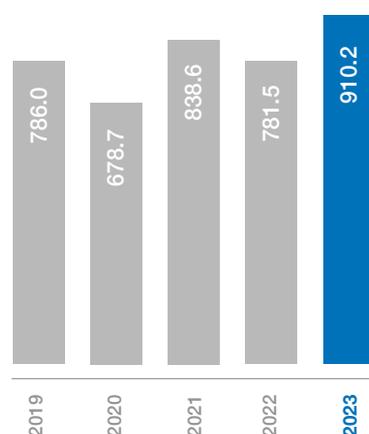
**Net Operating Result  
(\$ Million)**



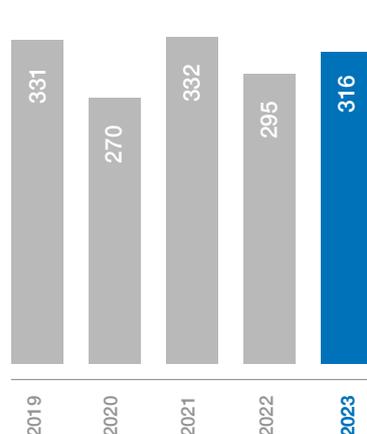
**Dividends Per Share  
(Cents)<sup>(a)</sup>**



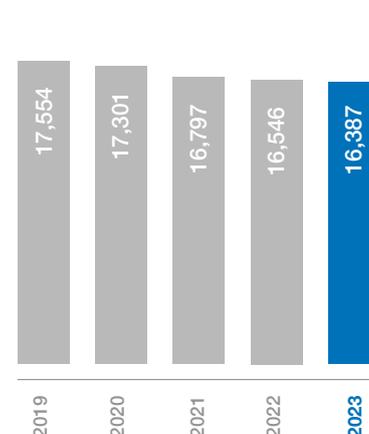
**Investments at Market Value  
(\$ Million)<sup>(b)</sup>**



**Net Asset Backing Per Share  
(Cents)<sup>(c)</sup>**



**Number of Shareholders  
(30 June)**



### Notes

(a) All dividends were fully franked. For 2021 the final dividend carried an attributable LIC gain of 1.43 cents per share. For 2019 the final dividend carried an attributable LIC gain of 4.29 cents per share and the interim dividend carried an attributable LIC gain of 7.14 cents per share.

(b) Excludes cash.

(c) Net asset backing per share based on year-end data before the provision for the final dividend. The figures do not include a provision for capital gains tax that would apply if all securities held as non-current investments had been sold at balance date as Directors do not intend to dispose of the portfolio.

## About the Company

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

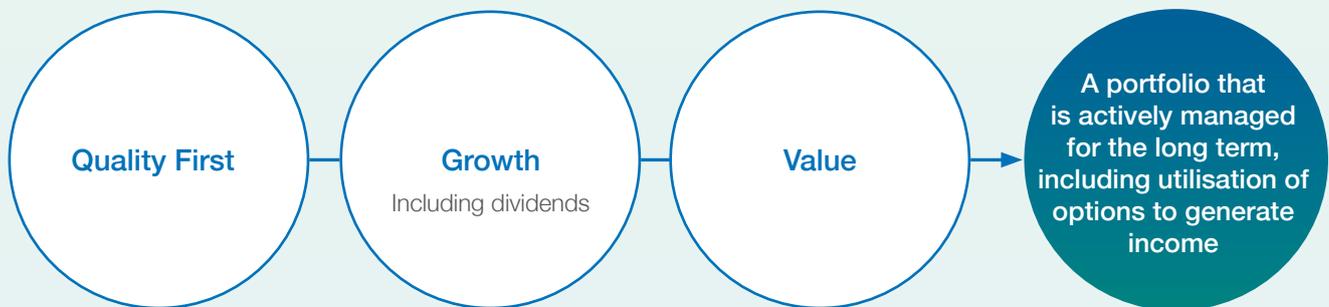
### Investment Objectives

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

In this regard the primary investment goals are:

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

### How Djerriwarrh Invests – What We Look For in Companies



## Approach to Investing

### Investment Philosophy

Our investment philosophy is built on taking a medium to long term view on companies in a diversified portfolio with an emphasis on identifying and investing in quality companies that are likely to sustainably grow their earnings and dividends over this timeframe.

Quality in this context is an outcome of our assessment of the following factors:

1. We prefer companies that have a leadership position or are developing one within the industry in which they operate. This will often mean we are investing in a unique set of assets with competitive advantages that produces attractive returns on invested capital.
2. As a long term, tax aware investor, we seek to be in companies that have a long term sustainable business model, with low risk of disruption. This helps to ensure portfolio turnover remains low. The analysis may consider technological disruption, environmental issues, including the impact of climate change, and social risks as all of these factors can have a material impact on the assessment of a company's long term sustainability.
3. We consider how a company's business can be potentially impacted by influences outside the control of management such as change in government regulation and/or policy.
4. We are attracted to companies with outstanding management teams and boards with strong governance processes, whose interests are closely aligned with shareholders, and act in the best interest of all their stakeholders, including their employees, customers, suppliers and wider communities. We consider matters including safety, diversity, social impacts, environmental impact, and modern slavery where material or appropriate in the context of that company. We regularly review and meet with companies to ensure ongoing alignment with our investment frameworks. Our process may include an assessment of the board in terms of its past performance, history of capital allocation, level of accountability, mix of skills, relevant experience and succession planning. We also consider a company's degree of transparency and disclosure.

Voting on resolutions is one of the key functions that a shareholder has in ensuring better long term returns and management of investment risk. We take input from proxy advisers but conduct our own evaluation of the merits of any resolution. We vote on all company resolutions as part of our regular engagement with the companies in the portfolio and our voting record is on the Company's website. We actively engage

with companies when we are concerned about resolutions that are not aligned with shareholders' interests. We seek to stay engaged with the companies and satisfy ourselves that any issues are taken seriously and worked through constructively. Ideally we seek to remain invested to influence a satisfactory outcome for stakeholders.

5. We prefer companies with more stable income flows. We are wary of companies that have large, inconsistent profit streams.
6. We like our companies to be financially strong and the assessment of the balance sheet and the degree to which the company is self-funding is critical in our analysis. Cash generation is also an important consideration.

Analysis of the above factors helps to inform us of the structure of the industry and a company's sustainable competitive position as well as the quality of the people running the business, strength of the balance sheet and consistency of earnings. Within this analysis some key financial metrics are considered. These include return on capital employed, return on equity, the level of gearing in the balance sheet, margins and free cash flow generation.

Alongside the assessment of quality is an analysis of the ability of companies to grow earnings over time, which ultimately should drive good dividend growth.

Recognising value is also an important aspect of sound long term investing. Short term measures such as the price earnings ratio, price to book or price to sales may be of some value but aren't necessarily strong predictors of future performance. Our assessment of value tries to capture the opportunity a business has to prosper and thrive over the medium to long term.

Reporting of social and environmental issues will be influenced by the development of standards by the International Sustainability Standards Board (ISSB). Their potential introduction in Australia should enable investors over time to better make informed decisions on these issues based on company disclosures arising from these standards. Assessment of commitments and plans by companies to reach net zero by 2050 may also be considered having regard to several factors. These include the industry in which they operate, progress against their plans, their broader contribution to social good in addressing the challenge of reducing global carbon emissions, and the impact on their value if they fail to achieve their stated goals. In applying external data for benchmarking\*, the current carbon intensity of Djerriwarrh's portfolio is considerably less than the S&P/ASX 200 Index.

The selling of options over part of its investment and trading portfolios is an important component of Djerriwarrh's ability to pay a higher yield than the S&P/ASX 200 Index. This activity generates current income from the option premium Djerriwarrh receives for selling the options. The use of options will however typically reshape the profile of returns producing more immediate income at the expense of potential capital growth.

The amount that the Company receives from selling options depends on a number of factors:

- level of volatility in share price anticipated for the underlying stock;
- level of the option exercise price and particularly how far it is from the current share price;
- time to expiry, i.e. how far the option has to run;
- level of interest rates: the lower interest rates are, other things being equal, the lower the option premium received; and
- the percentage of the portfolio over which we are prepared to sell options.

It is our preference for the options to either lapse at expiry or, prior to exercise, to seek to buy the options back and sell new options with a later expiry date and preferably at a higher exercise price.

From time to time, where the share price increases strongly, we do take decisions to allow the options to be exercised (meaning the shares are disposed of) when we have formed the view that it is economic to allow that to occur. Gains or losses on disposals of investments upon the exercise of such options, after applicable tax, are taken to the realised capital gains reserve. Any gains when taxed are available for distribution to shareholders as fully franked dividends. It should be noted option positions are monitored daily and the portfolio is managed to try and maintain an appropriate balance between income generation and capital growth.

Djerriwarrh also has access to lines of credit, which allows the Company to gear its balance sheet when appropriate investment returns are available to enhance shareholder returns. Gearing is kept to a maximum of around 10 per cent. When it is appropriate, exposure to rising interest rates is also capped.

In building the investment portfolio with the principles outlined, we believe we can offer investors a well-diversified portfolio of quality companies structured to deliver a higher level of fully franked dividend than is available from the market in general, and which can provide an attractive total return including capital growth over the medium to long term.

\* Data provided by ISS ESG. Portfolio at 30 June 2023.

# Review of Operations and Activities

## Profit

The full year profit was \$39.1 million, up from the previous corresponding period figure of \$38.0 million (the 2022 figure excludes the non-cash dividend of \$6.5 million received last year resulting from the BHP Petroleum/Woodside merger).

In the financial year to 30 June 2023 there was significant improvement in the amount of option income generated, \$14.8 million versus \$12.5 million in the corresponding period last year.

Dividend income increased 16 per cent to \$35.6 million from \$30.7 million (excluding the BHP Petroleum/Woodside merger dividend) in the previous financial year. The portfolio benefitted this year from large increases in dividend income received from JB Hi-Fi, Woodside Energy Group, Region Group and National Australia Bank because of our increased holdings in these companies. We also benefitted from higher dividends paid by Macquarie Group, Commonwealth Bank of Australia and Transurban.

These contributions helped offset the expected fall in dividends provided by BHP and Rio Tinto over the year. We also saw lower dividend income from James Hardie given its decision to suspend its dividend.

Net operating result (which excludes the impact of open option positions and is considered a better measure of the Company's income from its investment activities) was \$39.0 million. Excluding the merger dividend, the figure for the corresponding period last year was \$33.9 million.

## Dividend

Djerriwarrh seeks to provide an enhanced level of fully franked income that is higher than is available from the S&P/ASX 200 Index, and which is delivered at a low cost to shareholders. The enhanced yield is achieved through a bias to investing in companies with higher dividend income, produced over the short and long term, as well as using option strategies to generate additional income.

The level of dividend declared each period is determined by taking into consideration the net operating result (which is made up of the dividends received from the companies that Djerriwarrh invests in, as well as the income generated from option strategies) and a prudent distribution of realised capital gains when available. The Company believes the net operating result, which excludes the valuation impact of open option positions, is a better measure of Djerriwarrh's income from its investment activities.

The net operating result per share for the year to 30 June 2023 was 15.2 cents per share. Excluding the BHP Petroleum/Woodside merger dividend, the figure for the corresponding period last year was 14.3 cents per share.

The final dividend has been increased to 7.75 cents per share fully franked, up 10.7 per cent from 7.0 cents per share fully franked for the corresponding period last year, and an increase from the interim dividend of 7.25 cents per share fully franked.



Total dividends for the year are 15.0 cents per share fully franked an increase of 9.1 per cent over last financial year's total dividend of 13.75 cents per share fully franked.

Based on the total dividends for the year, the dividend yield on the net asset backing at 30 June 2023 was 4.7 per cent, and 6.8 per cent grossed up for franking credits (assuming a shareholder can take full advantage of the franking credits). Based on the net asset backing and including franking this represents an

enhanced yield of 1.2 percentage points higher than available from the S&P/ASX 200 Index. Based on the share price of \$2.84 (at 30 June 2023), the yield was 5.3 per cent and 7.5 per cent, grossed up for franking (Figure 1).

### Market and Portfolio Performance

The Australian equity market produced a strong return for the year despite market-wide concerns about high inflation, rising interest rates, the potential for slower

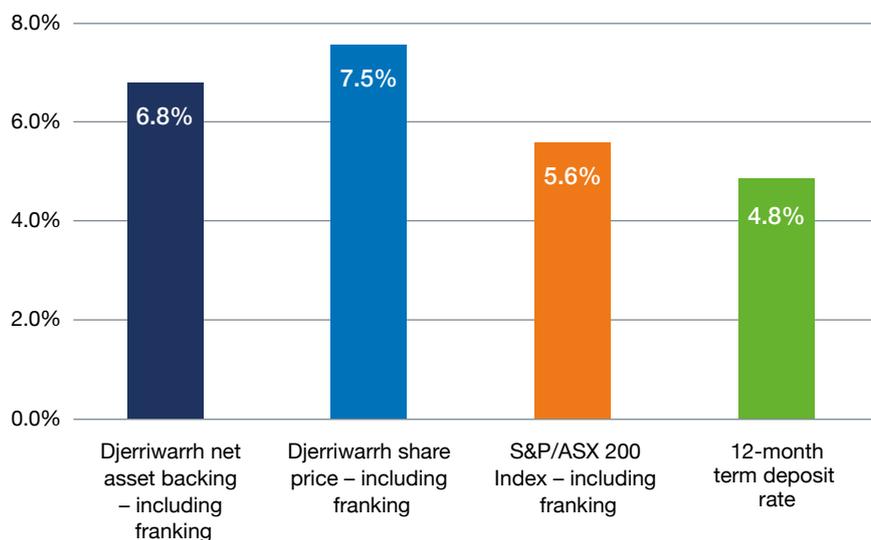
economic growth across developed markets and a significant slowdown in China. In total the S&P/ASX 200 Accumulation Index return including franking was 16.6 per cent for the financial year.

All sectors produced positive returns, with Information Technology and Materials the standout sectors, returning 38.1 per cent and 22.6 per cent respectively (Figure 2). The use of options will typically reshape the profile of returns producing more immediate income at the expense of potential capital growth. In the context of the strong market over the financial year, Djerriwarrh produced satisfactory capital growth in addition to the enhanced income from the portfolio.

Djerriwarrh's total portfolio return for the 12 months to 30 June 2023 was 14.2 per cent after including the benefit of franking credits (Figure 3 on page 8).

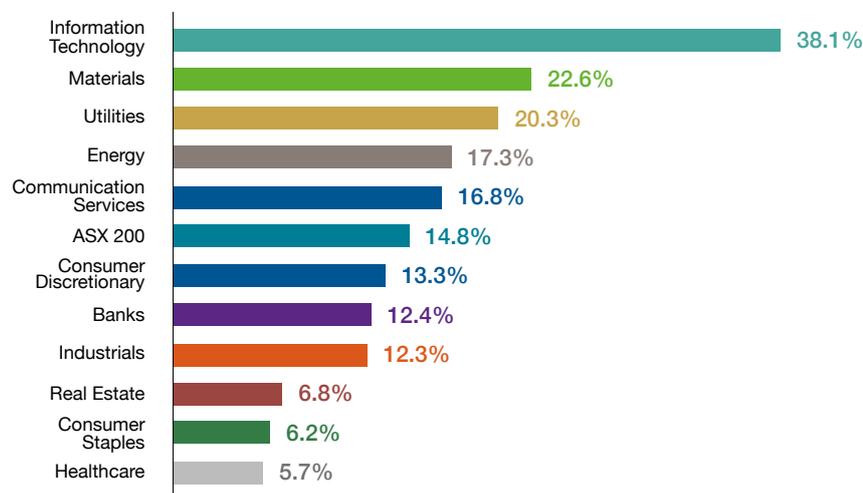
The more significant contributors (including dividends and option income) to Djerriwarrh's portfolio performance over the 12-month period were BHP, Wesfarmers, Commonwealth Bank of Australia, Westpac Banking Corporation and Carsales.com.

**Figure 1: Yield at 30 June 2023 (Based on the Interim Dividend Paid and Final Dividend Declared)**



Note: Assumes an investor can take full advantage of the franking credits.

**Figure 2: Sector Performance for the 12 Months to 30 June 2023\***



\* Does not include franking.

### Portfolio Adjustments

We continue to focus on constructing a portfolio that will deliver a suitable balance between short term income yield and long term growth in capital and income. We also have to be prepared to reinvest potential sizeable option exercise proceeds which typically occur in rising markets at appropriate times.

Major purchases for the 12-month period focused on quality companies that we assessed as being able to deliver the right amount of income and growth for the portfolio.

The largest purchase for the period was BHP. This was done both to replace the stock that was sold as a result of option exercises, as well as to increase our overall position in the company.

We significantly increased our position in National Australia Bank. The vast majority of our buying was done at attractive prices post the share price sell-off after its first half profit result.

# Review of Operations and Activities

continued

Given the attractive value and dividend yields that we saw in the financials and real estate sectors through March and April, we also made significant purchases in Westpac Banking Corporation, Macquarie Group, Commonwealth Bank of Australia, Region Group and Computershare.

Figure 4 shows the top 10 contributors to Djerriwarrh's dividend and distribution in the financial year for 2022/23.

The relative dividend yield on Djerriwarrh's portfolio versus that of the S&P/ASX 200 Index is outlined in Figure 5. Note the 2022 number excludes the non-cash merger dividend from the BHP Petroleum/Woodside merger.

We added two new stocks to the portfolio during the year – Port of Tauranga and Macquarie Technology Group.

Port of Tauranga is a New Zealand listed company that owns that country's dominant port asset, as well as ownership stakes in a number of other assets and businesses in New Zealand. We view Port of Tauranga as a high-quality, unique infrastructure investment that we think can offer our portfolio strong income and growth over the long term.

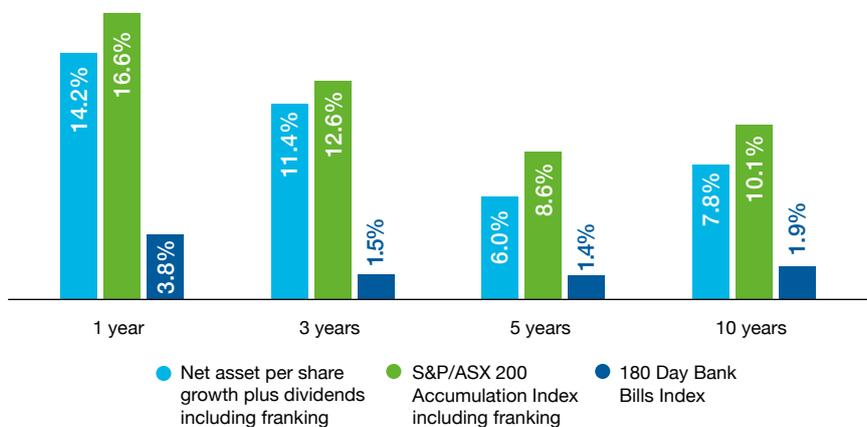
Macquarie Technology Group is a business that provides cloud, data centre and cyber security services to Australian Government agencies and corporates. It owns and operates high-quality data centres and has significant growth potential from the strong customer demand that they are experiencing.

We were able to establish a position in the company through their equity raising in June 2023.

Major sales for the period included option exercises in companies such as BHP, Woolworths, Commonwealth Bank of Australia, Westpac Banking Corporation and Carsales.com.

We exited our positions in IRESS, Atlas Arteria, Amcor, InvoCare, Brambles and Sonic Healthcare, and significantly reduced our position in IAG towards the end of the financial year as a result of option exercises combined with active selling.

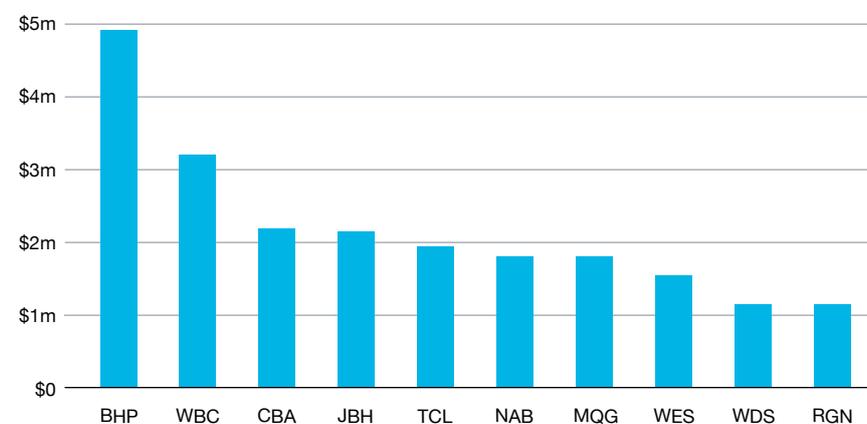
**Figure 3: Portfolio Performance to 30 June 2023 – Per Annum Returns, Including the Benefit of Franking Credits Distributed with Dividends Paid**



Assumes an investor can take full advantage of the franking credits. Past performance is not indicative of future performance.

Note: Djerriwarrh's net asset per share growth plus dividend series is calculated after management fees, income tax and capital gains tax paid on realised sales of investments. It should be noted that Index returns for the S&P/ASX 200 do not include management expenses and tax.

**Figure 4: Profile of Dividend Income Received in Financial Year 2023 by Holding**



As at 30 June 2023 the investment portfolio comprised holdings in 48 companies with a total market value of \$913.8 million. This compares to 52 companies with a total value of \$783.9 million at 30 June 2022. Part of this increase was due to the Share Purchase Plan undertaken in August 2022 which raised \$63.5 million.

## Option Activity

Option income increased 18 per cent to \$14.8 million for the financial year. This was a very pleasing result, especially given the portfolio's average call option coverage for the financial year was

32 per cent, which was at the lower end of our target 30 per cent to 40 per cent range. This meant that we generated a significant amount of option income while still benefiting from the majority of the capital growth produced by the market.

Call option positions were actively managed through the financial year (Figures 6 and 7). The portfolio's call option coverage began the year at 26 per cent, below our 30 per cent to 40 per cent target range. This proved beneficial as the S&P/ASX 200 Index rose by 9 per cent from early July 2022 through to late August 2022.

**Figure 5: Dividend and Distribution Income Yield for Djerriwarrh Versus the S&P/ASX 200 Index**



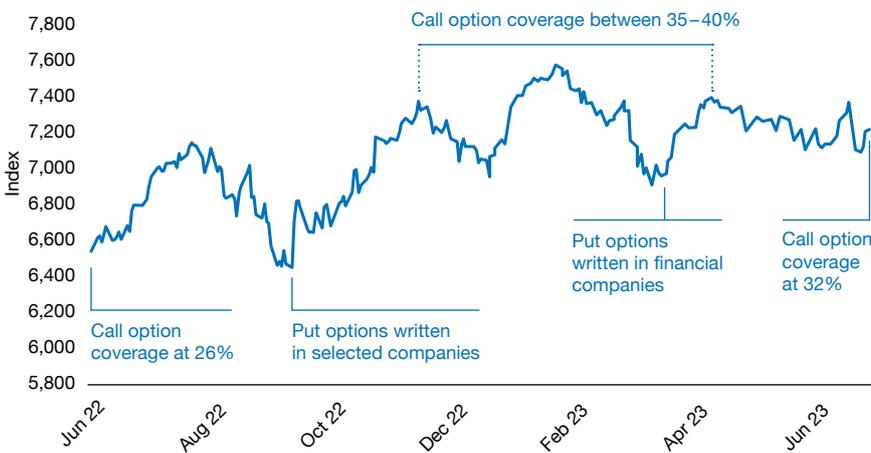
Call option coverage was subsequently increased to 35 per cent to 40 per cent when the S&P/ASX 200 Index traded in a broad range between early November 2022 to March 2023. This enabled us to book a significant amount of option income without foregoing much capital growth.

Call option coverage finished the financial year at 32 per cent. Overall, call options contributed \$14.2 million of option income for the financial year.

Put options were also selectively written throughout the period when we saw good value. Overall, \$0.6 million of income was generated from put options, and we were not exercised on any of these positions.

Figure 6 provides an overview of some of the key components of our option activities during the financial year relative to the performance of the Australian share market.

**Figure 6: S&P/ASX 200 Price Index and Option Activity for the Financial Year**



In terms of our overall option strategy, our goal remains to write single stock options against companies held in the portfolio to generate additional income. This is a key contributor to Djerriwarrh's ability to meet its enhanced yield objective. We also limit our overall call option coverage of the portfolio in order to achieve long term capital growth.



# Review of Operations and Activities

continued

The yield from option activity over the past financial years is outlined in Figure 8, noting the marked improvement in recent years.

With the largest contributors to option income received by holding outlined in Figure 9.

The level of option income generated each year will largely be a result of our option coverage levels, option premium prices (largely dependent on market volatility levels with recent history outlined in Figure 10 and interest rates which experienced a sharp uplift over this period) and the exercise prices at which we write the options.

## Share Price

The share price continued to trade at a discount to net asset backing through the financial year. At 30 June 2023 the discount was 10 per cent whereas at 30 June 2022 the discount was 3 per cent (Figure 11). As a result, despite the increase in value of the net asset backing over the financial year, share price return has been lower at 6.5 per cent when the benefit of franking is included.

## Outlook

We believe that the adjustments made to the portfolio during the last 12 months set the portfolio up well for dividend income in the coming financial year.

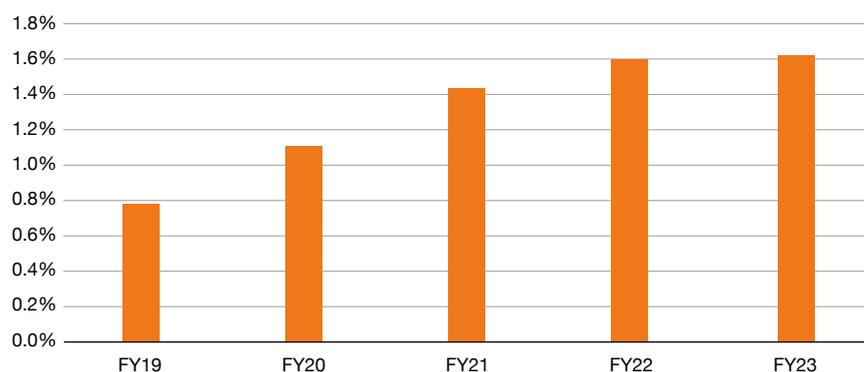
On the positive side we expect the major banks to largely hold their dividend payments over the next 12 months. Our increased holdings in high dividend yielding stocks such as National Australia Bank and Westpac Banking Corporation should increase our dividend income received from these companies.

In the case of resources, current market expectations are for another fall in the dividends paid by BHP, Rio Tinto and Woodside Energy. Commodity markets are inherently volatile and so earnings and dividend forecasts for resource companies can move around significantly in the short term. Even factoring in expected dividend cuts we have been able to selectively add to our holdings in these companies at what we believe to be attractive prices and yields.

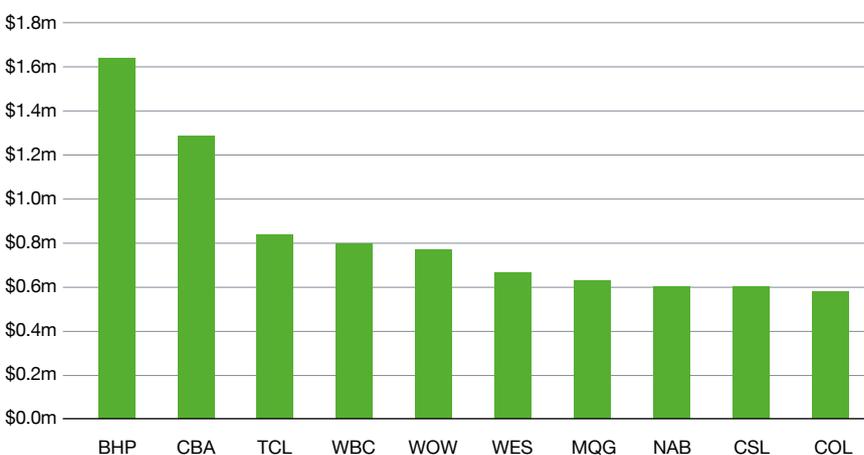
**Figure 7: Option Coverage as a Percentage of the Portfolio**



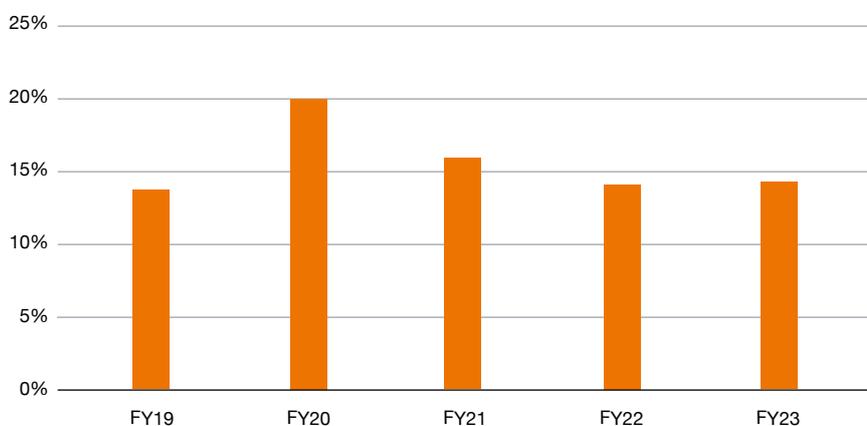
**Figure 8: Option Income as a Percentage of End of Period Portfolio Value for the Last Five Financial Years**



**Figure 9: Profile of Option Income Received in Financial Year 2023 by Holding**

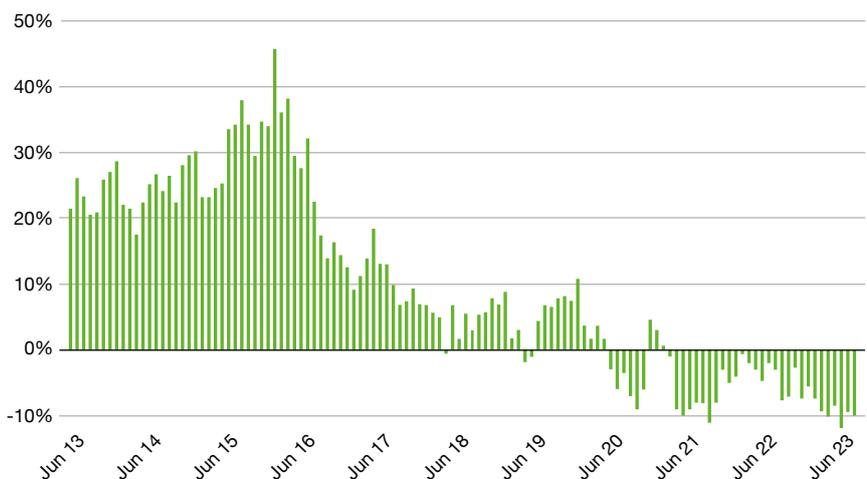


**Figure 10: Average Volatility of the Market for the Last Five Financial Years**



ASX VIX; Source: Factset.

**Figure 11: Share Price Premium to Net Asset Banking**



The financial health of Australian households will have a large influence on the profitability of retail businesses such as JB Hi-Fi, Wesfarmers, Coles and Woolworths. These companies are all large holdings in our portfolio and are typically strong contributors to our dividend income. At this stage, despite some concerns about the economy, the strength of their respective balance sheets should support a reasonable level of dividends.

The current positioning of the options book is encouraging. Call option coverage sits at 32 per cent with very few positions currently 'in the money'. This leaves us well placed to generate option income for the first half of the financial year while also

being well positioned to benefit from any potential capital growth in the market.

Our ability to match or slightly improve on last year's option income result will largely be a function of our ability to rewrite call option coverage in the latter part of calendar year 2023. In addition, our option income potential will continue to be influenced by volatility levels across the broader share market which can vary depending on investor sentiment. We continue to believe that owning a diversified portfolio of quality companies alongside our actively managed options strategy can produce an attractive level of income and capital growth over the long term, thereby enabling us to meet Djerriwarrh's investment objectives.

## Directorship Matters

Mr Geoffrey Roberts was appointed as a Non-Executive Director of the Company, effective 20 July 2022.

Mr Roberts has over 35 years' finance experience, including as Group Chief Financial Officer of SEEK Limited, Managing Partner of Deloitte Victoria, and as Group Chief Financial Officer of AXA Asia Pacific Holdings Limited. He was appointed to the Board of Walter and Eliza Hall Institute of Medical Research in September 2022, JB Hi Fi Limited in January 2021 and the Melbourne Cricket Club Committee in March 2019.

Mr Roberts holds an Executive MBA from the Australian Graduate School of Management and is a Fellow of both the Institute of Chartered Accountants and the Australian Institute of Company Directors.

We are delighted to welcome Mr Roberts to the Board. The broad experience he has across a range of sectors will be of significant value to our discussions and his depth of understanding in senior executive leadership roles will complement the Board's existing mix of skills and experience.

Mr John Paterson retired as Chairman and as a Director of the Company at the conclusion of the Annual General Meeting on 13 October 2022.

Mr Paterson has been a Director since 2002, appointed Deputy Chairman in September 2009 and Chairman since October 2013. The Board wishes to record its deep thanks to Mr Paterson for his invaluable contribution to the Board deliberations over the last 20 years. His deep understanding of the investment industry has been of outstanding value to the Board, executives and shareholders of Djerriwarrh Investments Limited.

The Board elected Mr Graham Goldsmith as the Chairman with effect from the conclusion of the Annual General Meeting on 13 October 2022. Mr Goldsmith has been an independent Non-Executive Director since April 2013 and was appointed Deputy Chairman in May 2020.

# Review of Operations and Activities

continued

He is Chairman of SEEK Limited, Deputy Chairman of Gandel Foundation and a Panel Member of Adara Partners. Mr Goldsmith is a former Vice Chairman and a former Managing Director of Goldman Sachs Australia, and its predecessor firm Goldman Sachs JBWere. He was also previously the Chancellor of Swinburne University of Technology.

## Capital Changes

Under the Company's Dividend Reinvestment Plan, 645,033 shares were issued in August 2022 at a price of \$2.85 per share and 703,774 shares were issued in February 2023 at a price of \$2.89 per share.

Under the Company's Dividend Substitution Share Plan, 51,027 new shares were issued at nil cost in August 2022 and 61,933 new shares were issued at nil cost in February 2023.

22,843,048 ordinary shares were issued under the 2022 SPP in August 2023.

At the close of the year the Company had 261.5 million shares on issue. The Company's buy-back facility remains open although no shares were bought back during the year.

## Dividends

A final fully franked dividend of 7.75 cents per share has been declared (2022: 7.0 cents).

The dividends paid during the year ended 30 June 2023 were as follows:

	<b>\$'000</b>
Final dividend for the year ended 30 June 2022 of 7.0 cents fully franked at 30 per cent paid 26 August 2022	16,456
Interim dividend for the year ended 30 June 2023 of 7.25 cents per share fully franked at 30 per cent, paid 22 February 2023	18,721
	<b>35,177</b>

## Listed Investment Company Capital Gains

Listed Investment Companies (LIC) which make capital gains on the sale of investments held for more than one year are able to attach to their dividends a LIC capital gains amount which some shareholders are able to use to claim a tax deduction. This is called an 'LIC capital gain attributable part'. The purpose of this is to put shareholders in Listed Investment Companies on a similar footing with holders of managed investment trusts with respect to capital gains tax on the sale of underlying investments.

Tax legislation sets out the definition of a 'Listed Investment Company' which Djerriwarrh satisfies. Furthermore, from time to time the Company sells securities out of the investment portfolio held for more than one year which may result in capital gains being made and tax being paid. The Company is therefore on occasion in a position to be able to make available to shareholders a LIC capital gain attributable part with our dividends. There were no LIC gains attached to the dividends for the year ended 30 June 2023.

## Financial Condition

The Company's financing consists primarily of shareholders' funds. The Company also has agreements with the Commonwealth Bank of Australia for cash advance facilities of \$130 million and with the National Australia Bank via a securities lending arrangement for \$20 million (see Note D2). As at 30 June 2023, \$93.5 million had been drawn down on existing facilities (2022: \$89.0 million). The Company's total borrowings of \$93.5 million at balance date represented 11.3 per cent of net assets.

## Likely Developments

The Company intends to continue its investment activities in future years as it has done since inception. The results of these investment activities will depend upon the performance of the companies and securities in which we invest. Their performance in turn depends on many economic factors (macro, which include economic growth rates, inflation, interest

rates, exchange rates and taxation levels and micro which includes industry economics and competitive behaviour) and their approach to, and management of, material Environmental, Social and Governance (ESG) risks.

The Directors do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of the Company's investments. Accordingly, Directors do not provide a forecast of the likely results of our activities. However, the Company's focus is on results over the medium to long term and its twin objectives are as set out above.

## Significant Changes in the State of Affairs

Directors are not aware of any other significant changes in the operations of the Company or the environment in which it operates that will adversely affect the results in subsequent years.

## Events Since Balance Date

The Directors are not aware of any other matter or circumstance not otherwise disclosed in the Financial Report or the Directors' Report which has arisen since the end of the financial year that has affected or may affect the operations, or the results of those operations, or the state of affairs of the Company in subsequent financial years.

## Environmental Regulations

The Company's operations are such that they are not materially affected by environmental regulations.

## Rounding of Amounts

The Company is of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases to the nearest dollar.

## Top 20 Investments

As at 30 June 2023

Includes investments held in both the investment and trading portfolios.

### Value at Closing Prices at 30 June 2023

		Total Value \$ Million	% of the Portfolio
1	BHP*	67.1	7.4
2	Commonwealth Bank of Australia*	58.1	6.4
3	Westpac Banking Corporation*	52.1	5.7
4	CSL*	52.0	5.7
5	National Australia Bank*	49.7	5.5
6	Macquarie Group*	48.2	5.3
7	Transurban Group*	47.0	5.2
8	Wesfarmers*	41.0	4.5
9	JB Hi-Fi*	29.3	3.2
10	Woolworths Group*	29.2	3.2
11	Coles Group*	27.3	3.0
12	EQT Holdings	26.0	2.9
13	ASX*	22.7	2.5
14	Carsales.com*	21.3	2.3
15	James Hardie Industries*	20.3	2.2
16	Mirvac Group*	20.0	2.2
17	Telstra Group*	19.7	2.2
18	Goodman Group*	19.0	2.1
19	Woodside Energy Group*	18.8	2.1
20	Region Group*	18.2	2.0
<b>Total</b>		<b>687.0</b>	

As percentage of total portfolio value (excludes cash)

**75.5%**

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

## Board Members



### Graham B Goldsmith AO

**Chairman and Independent Non-Executive Director**

B Bus (Acctg),  
FCPA, FAICD

Chairman of the Investment Committee. Member of the Nomination Committee. Non-Executive Director of the Company's associated entity, Australian Investment Company Services Limited (AICS).

Mr Goldsmith was appointed to the Board in April 2013, appointed Deputy Chairman in May 2020 and Chairman in October 2022. He is Chairman of SEEK Limited, Deputy Chairman of Gandel Foundation and a Panel Member of Adara Partners. Mr Goldsmith is a former Vice Chairman and a former Managing Director of Goldman Sachs Australia, and its predecessor firm Goldman Sachs JBWere. He was also previously the Chancellor of Swinburne University of Technology.



### Mark Freeman

**Managing Director**

BE, MBA, Grad Dip  
App Fin (Sec Inst),  
AMP (INSEAD)

Member of the Investment Committee. Managing Director of AICS.

Mr Freeman became Chief Executive Officer and Managing Director in January 2018 having been Chief Investment Officer since joining the Company in February 2007. Prior to this he was a Partner with Goldman Sachs JBWere where he spent 12 years advising the investment companies on their investment and dealing activities. He has a deep knowledge and experience of investment markets and the Company's approaches, policies and processes. He is also Managing Director of Australian Foundation Investment Company Limited, Mirrabooka Investments Limited and AMCIL Limited.



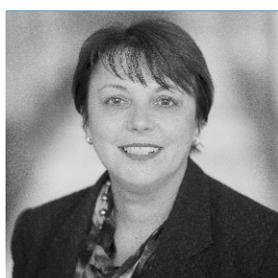
### Bruce R Brook

**Independent Non-Executive Director**

BCom, BAcc,  
FCA, MAICD

Member of the Investment Committee.

Mr Bruce Brook joined the Board on 1 August 2021. Mr Brook is a Non-Executive Director of CSL Limited, Incitec Pivot Limited and Newmont Corporation. During his executive career, Mr Brook was the Chief Financial Officer of Western Mining Resources Limited and Deputy Chief Financial Officer of the Australia and New Zealand Banking Group.



### Kathryn J Fagg AO

**Independent Non-Executive Director**

BE (Hons),  
MCom (Hons)

Chair of the Nomination Committee and Member of the Investment and Audit Committees.

Ms Fagg joined the Board in May 2014. Her executive and professional roles have been broad and diverse. She started her career as a chemical engineer. She became a management consultant and then held a number of senior executive positions in the banking, steel and logistics industries across Australia, New Zealand and Asia. Ms Fagg is Chair of CSIRO and a Non-Executive Director of Medibank Limited and National Australia Bank Limited. She is Chair of the Breast Cancer Network Australia, Inaugural Chair of Watertrust Australia Limited and is a board member of the Grattan Institute, The Myer Foundation and Champions of Change Coalition. Ms Fagg was previously Chair of Boral, a board member of the Reserve Bank of Australia, Chair of Parks Victoria, President of Chief Executive Women, Chair of Melbourne Recital Centre and Non-Executive Director of Incitec Pivot Limited. She also has a number of other significant interests including as a Fellow of the Academy of Technological Sciences and Engineering.

Ms Fagg has been awarded Honorary Doctorates by the University of New South Wales in Business and in Chemical Engineering by the University of Queensland. She was made an Officer of the Order of Australia (AO) in June 2019 for distinguished service to business and finance, to the central banking, logistics and manufacturing sectors, and to women.



**Geoffrey I  
Roberts**

**Independent  
Non-Executive  
Director**

BCom, FCA, FAICD,  
Exec MBA (AGSM)

Member of the Investment and Audit Committees.

Mr Roberts was appointed to the Board in July 2022.

Mr Roberts has over 35 years' finance experience, including as Group Chief Financial Officer of SEEK Limited, Managing Partner of Deloitte Victoria, and as Group Chief Financial Officer of AXA Asia Pacific Holdings Limited. He was appointed to the board of Walter and Eliza Hall Institute of Medical Research in September 2022, JB Hi-Fi Limited in January 2021 and the Melbourne Cricket Club Committee in March 2019.



**Alice J M  
Williams**

**Independent  
Non-Executive  
Director**

B.Com, FCPA,  
FAICD, CFA, ASFA AIF

Chair of the Audit Committee. Member of the Investment Committee.

Ms Williams was appointed to the Board in May 2010. Ms Williams is a Director of Mercer Investments (Australia) Ltd, Advance Asset Management Ltd, Australian Submarine Corporation, Tobacco Free Portfolios, Vocus Group and Pro Medicus.

She was formerly a Director of Defence Health, Cooper Energy, Equity Trustees Limited, Victorian Funds Management Corporation (VFMC), Port of Melbourne Corporation, Guild Group, Airservices Australia, State Trustees Limited, Western Health, the Australian Accounting Standards Board, Telstra Sale Company, V/Line Passenger Corporation and Barristers Chambers Limited. She previously held senior management positions in the financial services sector including NM Rothschild and Sons (Australia) Limited and JP Morgan Australia and is a former member of the Foreign Investment Review Board (FIRB).



**Karen J Wood**

**Independent  
Non-Executive  
Director**

B ED, LLB (Hons)

Member of the Audit, Nomination and Investment Committees.

Ms Wood was appointed to the Board in July 2016. Ms Wood is the Chair of South32 Limited and a Director of the Library Board of Victoria. She is a former senior executive of BHP. During her executive career with that company she served in a number of global roles including as Group Company Secretary, Chief People Officer and President, Corporate Affairs. She retired from BHP in 2014. Following her retirement she chaired the BHP Foundation until 2019. She served on the Takeovers Panel from 2000 to 2012.

# Board Members

continued

## Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2023 and the numbers of meetings attended by each Director were:

	Board		Investment Committee		Audit Committee		Nomination Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
GB Goldsmith	9	9	15	15	-	3 <sup>#</sup>	1	1
RM Freeman	9	9	15	15	-	3 <sup>#</sup>	-	-
BR Brook	9	9	7 <sup>**</sup>	13	-	3 <sup>#</sup>	-	-
KJ Fagg	9	8	15	13	3	3	1	1
J Paterson <sup>^</sup>	3	3	4	4	-	1 <sup>#</sup>	-	-
GI Roberts	8	8	7 <sup>**</sup>	11	2	2	-	-
AJM Williams	9	8	15	12	3	3	-	-
KJ Wood	9	8	15	13	3	3	1	1

# Attended meetings as non-members.

<sup>^</sup> J Paterson retired from the Board on 13 October 2022.

\*\* BR Brook and GI Roberts appointed to the Investment Committee on 1 January 2023.

## Retirement, Election and Continuation in Office of Directors

Ms KJ Fagg, being eligible, will offer herself for re-election at the forthcoming 2023 Annual General Meeting.

## Insurance of Directors and Officers

During the financial year, the Company paid insurance premiums to insure the Directors and officers named in this report to the extent allowable by law. The terms of the insurance contract preclude disclosure of further details.

## Corporate Governance Statement

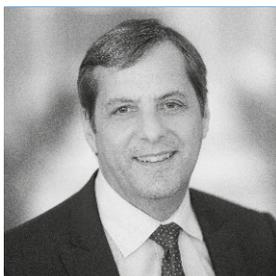
A copy of the Company's Corporate Governance Statement for the financial year ended 30 June 2023 can be found on the Company's website at:

[djerrri.com.au/corporate-governance](http://djerrri.com.au/corporate-governance)

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## Senior Executives

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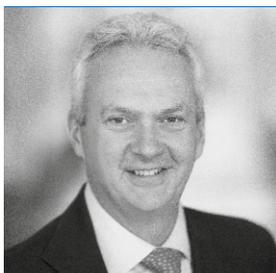


### **Geoffrey N Driver**

**General Manager  
Business Development  
and Investor Relations**

BEd, Grad Dip Finance,  
MAICD

Mr Driver joined the Company in January 2003. Previously, he was with National Australia Bank Ltd for 18 years in various roles covering business strategy, marketing, distribution, investor relations and business operations. Mr Driver was formerly Chairman of Trust for Nature (Victoria).

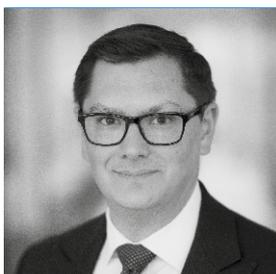


### **Andrew JB Porter**

**Chief Financial Officer/  
Company Secretary**

MA (Hons) (St And),  
FCA, MAICD

Mr Porter joined the Company in January 2005. He is a Chartered Accountant and has had over 25 years' experience in accounting and financial management both in the United Kingdom with Andersen Consulting and Credit Suisse First Boston, and in Australia where he was Regional Chief Operating Officer for the Corporate and Investment Banking Division of CSFB. He is a Director of the Auditing and Assurance Standards Board (AUASB) and a Director of the Melbourne Anglican Foundation. Mr Porter is a former Chair of The Group of 100 (G100), the peak body for CFOs.



### **Matthew J Rowe**

**Company Secretary**

BA (Hons), MSc Corp  
Gov, FGIA, FCG

Mr Rowe joined the Company in July 2016. He is a Chartered Secretary with over 18 years of experience in corporate governance with a particular focus in Listed Investment Companies. He was previously a corporate governance adviser at a professional services firm which included acting as Company Secretary for three ASX listed companies. Prior to that he was the Company Secretarial Manager for a funds management company based in the United Kingdom.

# Remuneration Report

## (a) Principles Used to Determine Nature and Amount of Remuneration

The Company has no employees (only Directors). Day-to-day operations and investment activities are carried out under the Board's direction by employees of Australian Investment Company Services Limited (AICS), a company which Djerriwarrh has a 25 per cent shareholding in. Djerriwarrh has one Director who serves as a Director of AICS (Mr Graham Goldsmith).

The Remuneration Report of the Parent of AICS (Australian Foundation Investment Company) includes full details of the basis upon which the executives of AICS are remunerated. Djerriwarrh bears a portion of the cost of this remuneration through the fee which AICS charges.

Mr Freeman is made available as Managing Director of Djerriwarrh by Australian Investment Company Services Ltd (AICS). As part of his remuneration arrangements with AICS, Mr Freeman receives an 'at risk' component which is based on performance, as do other executives (see Section d)).

## Director Remuneration

The constitution of Djerriwarrh requires approval by the shareholders in general meeting of a maximum amount of remuneration per year to be allocated between and paid to Non-Executive Directors as they determine. At the Company's 2015 Annual General Meeting, the total aggregate amount approved by shareholders for Non-Executive Director remuneration was \$900,000 and there has been no change of the total aggregate amount since that time. In determining remuneration allocated and paid to Non-Executive Directors, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Australian corporate Directors. Non-Executive Directors do not receive any performance-based remuneration. Remuneration includes SGC where applicable.

Directors hold office until such time as they retire, resign or are removed from office under the terms set out in the Constitution of the Company.

## (b) Remuneration of Directors

Details of the nature and amounts of each Director's remuneration in respect of the year to 30 June 2023 were as follows:

	Primary Fee \$	Post-employment Superannuation \$	Total Remuneration \$
<b>GB Goldsmith AO – Chairman from 13 October 2022 (Non-Executive)</b>			
2023	168,304	-	168,304
2022	92,841	2,159	95,000
<b>J Paterson – Chairman (Non-Executive) Retired 13 October 2022</b>			
2023	50,610	5,314	55,924
2022	181,364	8,636	190,000
<b>BR Brook – Director (Non-Executive) Appointed 1 August 2021</b>			
2023	88,688	9,312	98,000
2022	79,167	7,916	87,083
<b>RJ Edgar – Director (Non-Executive) Retired 7 October 2021</b>			
2022	23,247	2,325	25,572
<b>KJ Fagg AO – Director (Non-Executive)</b>			
2023	88,688	9,312	98,000
2022	86,364	8,636	95,000
<b>RM Freeman – Managing Director (Executive)</b>			
2023	-	-	-
2022	-	-	-
<b>GI Roberts – Director (Non-Executive) Appointed 20 July 2022</b>			
2023	84,109	8,831	92,940
<b>AJM Williams – Director (Non-Executive)</b>			
2023	88,688	9,312	98,000
2022	86,364	8,636	95,000
<b>KJ Wood – Director (Non-Executive)</b>			
2023	95,672	2,328	98,000
2022	92,841	2,159	95,000
<b>Total remuneration: Directors</b>			
2023	664,759	44,409	709,168
2022	642,188	40,467	682,655

### (c) Directors' Retirement Allowances

The Board proposed and shareholders approved at the 2004 AGM discontinuing the practice of paying Directors' retirement allowances.

The Directors' retirement allowance provided in past years was equal to the total emoluments that the Director received in the three years immediately preceding retirement, where a Director had held office for five or more years and a proportionate part for less than five years' service.

No Directors retain a retirement allowance. Mr John Paterson was paid the sum of \$44,468 on the occasion of his retirement, which was the amount accruing.

### Holdings of Securities Issued by the Company

As at 30 June 2023 Directors and Executives who hold stock units issued by the Company for their own benefit or who have an interest in holdings in the name of another party and the total number of such securities are as follows (changes include conversion of DJWN shares to DJW shares):

<b>DJW Ordinary Shares</b>	<b>1 July 2022</b>	<b>Net Changes During the Year</b>	<b>30 June 2023</b>
GB Goldsmith	199,963	32,173	232,136
J Paterson	878,891	n/a	n/a
BR Brook	15,000	11,815	26,815
KJ Fagg	20,220	-	20,220
RM Freeman	89,713	25,822	115,535
GI Roberts	n/a	35,859	35,859
AJM Williams	137,935	28,909	166,844
KJ Wood	249,228	21,784	271,012
GN Driver	68,720	15,970	84,690
AJB Porter	37,291	12,936	50,227
MJ Rowe	7,708	5,918	13,626

It is the Company's policy that no Djerriwarrh shares owned by Directors or Executives are held subject to margin loans.

# Remuneration Report

continued

## (d) Executives

Executives are officers who are involved in, concerned with, or who take part in, the management of the affairs of the Company. The Company has four executives, RM Freeman, Managing Director; GN Driver, General Manager – Business Development and Investor Relations; AJB Porter, Chief Financial Officer; and MJ Rowe who is Company Secretary (30 June 2022: four Executives).

As noted in Section (a), no remuneration is paid to the executives directly by Djerrivarrh as their services are provided pursuant to an arrangement with AICS as outlined in the Notes to the Financial Statements. However, the Managing Director, General Manager – Business Development and Investor Relations, the Chief Financial Officer and the Company Secretary are all required to purchase Djerrivarrh shares as part of their Annual Incentive Plans.

## (e) Incentives

Djerrivarrh does not directly pay any incentives. Part of the incentive payments that the executives are eligible for through AICS is, however, based on the performance of Djerrivarrh. These incentive payments are all 'at risk' and are dependent upon Company and personal performance.

The portion of incentive payments that relate to Djerrivarrh are designed to reflect the risks that the Company and its shareholders face and how the Company has responded to those risks. In particular:

- the key performance indicators chosen to determine performance-related pay are those that the Company considers most relevant to its objectives of improving shareholder wealth over the medium to long term; and
- the focus is on performance over the medium to long term with only a small proportion of incentive being dependent on a single year's performance.

In addition, Executives are required to hold, or to build, a relevant amount of Djerrivarrh shares.

As well as personal objectives (20 per cent of potential target incentive), which include advice to the Board, succession planning, management of staff, risk management, service levels of internal support functions and promotion of corporate culture and satisfaction of key internal stakeholders a portion of any incentive awarded is based on investment and Company performance (80 per cent of target annual incentive, 20 per cent of which is dependent on Djerrivarrh's performance). The portion related to Djerrivarrh's performance takes account of the following factors:

- (a) Growth in net operating result or dividend per share: measured against CPI.
- (b) Management expense ratio (MER): at Board discretion but normally measured against prior years' results.
- (c) Grossed up yield achieved: at Board discretion but currently measured at one percentage point higher outcome than the grossed up yield of the ASX 200 for the year.
- (d) Relative investment return: measure of the return on the portfolio invested (including cash) over the previous one, three, five and 10 years, relative to the S&P/ASX 200 Accumulation Index up to a 7.5 per cent index growth, then assessed at 70 per cent of the index growth above 7.5 per cent, reflecting Djerrivarrh's key focus on income, and the effect that option-writing has on Djerrivarrh's portfolio returns in a strongly rising market.
- (e) Gross return (GR): measure of the movement in the net asset backing of the Company (per share) plus the dividends assumed to be reinvested, grossed up for franking credits over the previous one, three, five and 10 years. This return is compared to the S&P/ASX 200 Accumulation Index grossed up for franking credits up to a 7.5 per cent Index return, then assessed at 70 per cent of the Index growth above 7.5 per cent, for the same reasons as (d) above.

For the Managing Director, the total target amount of incentive that can be paid is 100 per cent of the Fixed Annual Remuneration (FAR) whilst for the other executives it is 50 per cent. As noted above, Djerrivarrh only bears a portion of these costs through the payments that it makes to AICS.

The Board monitors these measures to ensure that they remain consistent and aligned with the objectives of the Company.

Details of the incentives paid during the year, and the outcomes of the relevant measures, including Djerrivarrh's performance against the targets, are available in the AFIC Annual Report, available on its website [afi.com.au](http://afi.com.au).

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## Non-audit Services

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Details of non-audit services performed by the auditors may be found in Note F2 of the Financial Report.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the *Corporations Act 2001* including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company, or jointly sharing economic risk and rewards.

A copy of the Auditor's Independence Declaration is set out on page 22.

This report is made in accordance with a resolution of the Directors.



**Graham Goldsmith AO**  
Chairman

24 July 2023



## Auditor's Independence Declaration

As lead auditor for the audit of Djerriwarrh Investments Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Kate L Logan'.

Kate L Logan  
Partner  
PricewaterhouseCoopers

Melbourne  
24 July 2023

PricewaterhouseCoopers, ABN 52 780 433 757  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999  
Liability limited by a scheme approved under Professional Standards Legislation.

# FINANCIAL STATEMENTS

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# Income Statement

## For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Dividends and distributions	A3	35,613	37,210
Revenue from deposits and bank bills		118	2
<b>Total revenue</b>		<b>35,731</b>	<b>37,212</b>
Net gains/(losses) on trading portfolio	A3	93	(30)
Income from options written portfolio	A3	14,829	12,524
<b>Income from operating activities</b>		<b>50,653</b>	<b>49,706</b>
Finance costs	D2	(3,541)	(1,420)
Administration expenses	B1	(4,095)	(3,838)
Share of net profit from associate	B1	642	30
<b>Operating result before income tax expense</b>		<b>43,659</b>	<b>44,478</b>
Income tax expense*	B2, E2	(4,633)	(4,039)
<b>Net operating result for the year</b>		<b>39,026</b>	<b>40,439</b>
Net gains/(losses) on open options positions		44	5,843
Deferred tax on open options positions*	B2, E2	(13)	(1,753)
		31	4,090
<b>Profit for the year</b>		<b>39,057</b>	<b>44,529</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	A5	15.18	18.81
		<b>2023 \$'000</b>	<b>2022 \$'000</b>
* Total tax expense	B2, E2	4,646	5,792

This Income Statement should be read in conjunction with the accompanying notes.

# Statement of Comprehensive Income

For the Year Ended 30 June 2023

	Year to 30 June 2023			Year to 30 June 2022		
	Revenue <sup>1</sup> \$'000	Capital <sup>1</sup> \$'000	Total \$'000	Revenue <sup>1</sup> \$'000	Capital <sup>1</sup> \$'000	Total \$'000
<b>Profit for the year</b>	<b>39,026</b>	<b>31</b>	<b>39,057</b>	<b>40,439</b>	<b>4,090</b>	<b>44,529</b>
Other comprehensive income						
<i>Items that will not be recycled through the Income Statement</i>						
Gains/(losses) for the period	-	57,500	57,500	-	(103,590)	(103,590)
Tax on above	-	(17,587)	(17,587)	-	30,639	30,639
<i>Items that may be recycled through the Income Statement</i>						
Net movement in fair value of swap contracts	-	-	-	-	83	83
<b>Total other comprehensive income</b>	<b>-</b>	<b>39,913</b>	<b>39,913</b>	<b>-</b>	<b>(72,868)</b>	<b>(72,868)</b>
<b>Total comprehensive income</b>	<b>39,026</b>	<b>39,944</b>	<b>78,970</b>	<b>40,439</b>	<b>(68,778)</b>	<b>(28,339)</b>

1. 'Capital' includes realised or unrealised gains or losses (and the tax on those) on securities in the investment portfolio and unrealised gains or losses (and the tax thereon) on options in the options written portfolio. Income in the form of distributions and dividends and realised gains or losses on options is recorded as 'revenue'. All other items, including expenses, are included in 'net operating result', which is categorised under 'revenue'.

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Balance Sheet

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Current assets</b>			
Cash	D1	789	1,454
Receivables		6,093	3,677
Trading portfolio		256	974
<b>Total current assets</b>		<b>7,138</b>	<b>6,105</b>
<b>Non-current assets</b>			
Investment portfolio	A2	913,798	783,888
Deferred tax assets – investment portfolio	B2	368	15,415
Deferred tax assets – other	E2	1,113	3,746
Shares in associate	F5	1,534	1,086
<b>Total non-current assets</b>		<b>916,813</b>	<b>804,135</b>
<b>Total assets</b>		<b>923,951</b>	<b>810,240</b>
<b>Current liabilities</b>			
Payables		768	2,180
Borrowings – bank debt	D2	93,500	89,000
Tax payable		414	1,344
Options sold	A2	3,864	3,352
<b>Total current liabilities</b>		<b>98,546</b>	<b>95,876</b>
<b>Total liabilities</b>		<b>98,546</b>	<b>95,876</b>
<b>Net assets</b>		<b>825,405</b>	<b>714,364</b>
<b>Shareholders' equity</b>			
Share capital	A1, D6	756,573	689,325
Revaluation reserve	A1, D3	47,673	9,167
Realised capital gains reserve	A1, D4	(69,601)	(71,008)
Retained profits	A1, D5	90,760	86,880
<b>Total shareholders' equity</b>		<b>825,405</b>	<b>714,364</b>

This Balance Sheet should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

For the Year Ended 30 June 2023

Year Ended 30 June 2023	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains \$'000	Retained Profits \$'000	Total \$'000
<b>Total equity at the beginning of the year</b>		<b>689,325</b>	<b>9,167</b>	<b>(71,008)</b>	<b>86,880</b>	<b>714,364</b>
Dividends paid	A4	-	-	-	(35,177)	(35,177)
Shares issued under Dividend Reinvestment Plan	D6	3,872	-	-	-	3,872
Shares issued under Share Purchase Plan	D6	63,508	-	-	-	63,508
Share issue costs	D6	(132)	-	-	-	(132)
<b>Total transactions with shareholders</b>		<b>67,248</b>	<b>-</b>	<b>-</b>	<b>(35,177)</b>	<b>32,071</b>
Profit for the year		-	-	-	39,057	39,057
<b>Other comprehensive income (net of tax)</b>						
Net gains for the period on investments <sup>1</sup>		-	39,913	-	-	39,913
Other comprehensive income for the year		-	39,913	-	-	39,913
Transfer to realised capital gains reserve of cumulative gains on investments sold		-	(1,407)	1,407	-	-
<b>Total equity at the end of the year</b>		<b>756,573</b>	<b>47,673</b>	<b>(69,601)<sup>2</sup></b>	<b>90,760</b>	<b>825,405</b>

1. Consists of an unrealised gain on investments held at the year-end of \$38.5 million (after tax) plus cumulative gains on investments sold during the year of \$1.4 million (after tax).

2. See Note D4.

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Year Ended 30 June 2022	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains \$'000	Interest Rate Hedging \$'000	Retained Profits \$'000	Total \$'000
<b>Total equity at the beginning of the year</b>		<b>686,297</b>	<b>85,822</b>	<b>(74,712)</b>	<b>(83)</b>	<b>71,385</b>	<b>768,709</b>
Dividends paid	A4	-	-	-	-	(29,034)	(29,034)
Shares issued under Dividend Reinvestment Plan	D6	3,043	-	-	-	-	3,043
Share issue costs	D6	(15)	-	-	-	-	(15)
<b>Total transactions with shareholders</b>		<b>3,028</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,034)</b>	<b>(26,006)</b>
Profit for the year		-	-	-	-	44,529	44,529
<b>Other comprehensive income (net of tax)</b>							
Net losses for the period on investments <sup>1</sup>		-	(72,951)	-	-	-	(72,951)
Net movement in fair value of swap contracts		-	-	-	83	-	83
Other comprehensive income for the year		-	(72,951)	-	83	-	(72,868)
Transfer to realised capital gains reserve of cumulative gains on investments sold		-	(3,704)	3,704	-	-	-
<b>Total equity at the end of the year</b>		<b>689,325</b>	<b>9,167</b>	<b>(71,008)<sup>2</sup></b>	<b>-</b>	<b>86,880</b>	<b>714,364</b>

1. Consists of an unrealised loss on investments held at the year-end of \$76.7 million (after tax) less cumulative gains on investments sold during the year of \$3.7 million (after tax).

2. See Note D4.

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Cash Flow Statement

For the Year Ended 30 June 2023

	Note	2023 \$'000 Inflows/ (Outflows)	2022 \$'000 Inflows/ (Outflows)
<b>Cash flows from operating activities</b>			
Sales from trading portfolio		3,230	1,217
Purchases for trading portfolio		(1,979)	-
Interest received		118	2
Proceeds from entering into options in options written portfolio		18,444	16,051
Payment to close out options in options written portfolio		(3,058)	(5,865)
Dividends and distributions received		33,272	29,240
		<b>50,027</b>	<b>40,645</b>
Administration expenses		(4,076)	(3,831)
Finance costs paid		(3,461)	(1,386)
Income taxes paid		(5,297)	(5,218)
<b>Net cash inflow/(outflow) from operating activities</b>	E1	<b>37,193</b>	<b>30,210</b>
<b>Cash flows from investing activities</b>			
Sales from investment portfolio		161,631	260,972
Purchases for investment portfolio		(236,060)	(288,958)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(74,429)</b>	<b>(27,986)</b>
<b>Cash flows from financing activities</b>			
Drawing down/(repayment) of bank debt		4,500	24,000
Shares issued under SPP		63,508	-
Share issue costs		(132)	(15)
Dividends paid		(31,305)	(25,991)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>36,571</b>	<b>(2,006)</b>
Net increase/(decrease) in cash held		(665)	218
Cash at the beginning of the year		1,454	1,236
<b>Cash at the end of the year</b>	D1	<b>789</b>	<b>1,454</b>

For the purpose of the Cash Flow Statement, 'cash' includes cash and deposits held at call.

This Cash Flow Statement should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

## A. Understanding Djerriwarrh's Financial Performance

### A1. How Djerriwarrh Manages its Capital

Djerriwarrh's objective is to provide shareholders with attractive total returns including capital growth over the medium to long term and to pay an enhanced level of fully franked dividends.

Djerriwarrh recognises that its capital will fluctuate with market conditions. In order to manage those fluctuations, the Board may adjust the amount of dividends paid, issue new shares, buy back the Company's shares or, where applicable, sell assets to settle any debt.

Djerriwarrh's capital consists of its shareholders' equity plus any net borrowings. A summary of the balances in equity is provided below:

	2023 \$'000	2022 \$'000
Share capital	756,573	689,325
Revaluation reserve	47,673	9,167
Realised capital gains reserve	(69,601)	(71,008)
Retained profits	90,760	86,880
	<b>825,405</b>	<b>714,364</b>

Refer to Notes D3–D6 for a reconciliation of movement for each equity account from period to period.

### A2. Investments Held and How They Are Measured

Djerriwarrh has three portfolios of securities: the investment portfolio, the options written portfolio and the trading portfolio. Details of all holdings (except for the specific option holdings) as at the end of the reporting period can be found at the end of the Annual Report.

The investment portfolio holds securities which the Company intends to retain on a long term basis. The options written portfolio and trading portfolio are held for short term trading only. The latter is relatively small in size when utilised. The Company predominantly writes call options but a small number of put options are also written at times (see below). Call options are only written over securities held in the investment portfolio whilst put options are fully backed by cash, cash equivalents or access to liquidity facilities.

The balance and composition of the investment portfolio was:

	2023 \$'000	2022 \$'000
Equity instruments (at market value)	913,798	783,888
	<b>913,798</b>	<b>783,888</b>

The fair value (the price at which the option may be bought) at 30 June of the securities in the options written portfolio was:

	2023 \$'000	2022 \$'000
Call options	(3,776)	(3,126)
Put options	(88)	(226)
	<b>(3,864)</b>	<b>(3,352)</b>

If all call options were exercised, this would lead to the sale of \$320.4 million worth of securities at an agreed price – the 'exposure' (2022: \$252.8 million). If all put options were exercised, this would lead to the purchase of \$12.1 million of securities at an agreed price (2022: \$13.1 million).

\$93.6 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2022: \$86.0 million). These shares are lodged with ASX Clear under the terms of ASX Clear Pty Ltd which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

# Notes to the Financial Statements

continued

## How Investments Are Shown in the Financial Statements

The accounting standards set out the following hierarchy for fair value measurement:

**Level 1:** quoted prices in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices).

**Level 3:** inputs for the asset or liabilities that are not based on observable market data.

All financial instruments held by Djerriwarrh are classified as Level 1 (other than options which are Level 2). Their fair values are initially measured at the costs of acquisition and then remeasured based on quoted market prices at the end of the reporting period. Options are valued daily using an independent third-party data provider. OTC options are valued internally using external data reference points.

## Net Tangible Asset Backing Per Share

The Board regularly reviews the net asset backing per share both before and after provision for deferred tax on the unrealised gains or losses in Djerriwarrh's long term investment portfolio. Deferred tax is calculated as set out in Note B2. The relevant amounts as at 30 June 2023 and 30 June 2022 were as follows:

	30 June 2023 \$	30 June 2022 \$
<b>Net tangible asset backing per share</b>		
Before tax	3.16	2.95
After tax	3.16	3.01

## Equity Investments

The shares in the investment portfolio are designated under the accounting standards as financial assets measured at fair value through 'other comprehensive income' (OCI), because they are equity instruments held for long term capital growth and dividend income, rather than to solely make a profit from their sale. This means that changes in the value of these shares during the reporting period are included in OCI in the Statement of Comprehensive Income. The cumulative change in value of the shares over time is then recorded in the revaluation reserve. On disposal, the amounts recorded in the revaluation reserve are transferred to the realised capital gains reserve.

## Options

Options are classified as financial assets or liabilities at fair value through profit and loss and usually have an expiry date within 12 months from the date that they are sold. Options written are initially brought to account at the amount received upfront for entering into the contract (the premium) and subsequently revalued to current market value.

## Securities Sold and How They Are Measured

During the period \$161.7 million (2022: \$260.1 million) of equity securities were sold from the investment portfolio. The cumulative gain (after tax) on the sale of securities was \$1.4 million for the period (2022: \$3.7 million), both after tax. This has been transferred from the revaluation reserve to the realised capital gains reserve (see Statement of Changes in Equity). These sales were accounted for at the date of trade.

Where securities are sold from the investment portfolio, any difference between the sale price and the cost is transferred from the revaluation reserve to the realised capital gains reserve and the amounts noted in the Statement of Changes in Equity. This means the Company is able to identify the realised gains out of which it can pay a 'Listed Investment Company' (LIC) gain as part of the dividend, which conveys certain taxation benefits to many of Djerriwarrh's shareholders.

The realised gain or loss on options written is not recognised until the option expires, is exercised or is closed out. All unrealised gains or losses which represent movements in the market value of the options are recognised through the Income Statement.

### A3. Operating Income

The total income received from Djerriwarrh's investments in 2023 is set out below.

	2023 \$'000	2022 \$'000
<b>Dividends and distributions</b>		
Dividends from securities held in investment portfolio at 30 June	31,336	32,378
Dividends from investment securities sold during the year	4,253	4,796
Dividends from securities held in trading portfolio at 30 June	6	36
Dividends from trading securities sold during the year	18	-
	<b>35,613</b>	<b>37,210</b>

#### Dividend Income

Dividends from listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis. Dividends from unlisted securities are recognised as income when they are received. Capital returns on ordinary shares are treated as an adjustment to the carrying value of the shares.

#### Trading Income and Non-equity Investments

Net gains on the trading and options portfolio are set out below.

	2023 \$'000	2022 \$'000
<b>Net gains</b>		
Net realised gains from securities in the trading portfolio	107	14
Net unrealised gains/(losses) from securities in the trading portfolio	(14)	(44)
Realised gains on options written portfolio	14,829	12,524
	<b>14,922</b>	<b>12,494</b>

Including the realised gain on options written above, plus the unrealised gain on open options, a total of \$14.9 million before tax was recorded through the Income Statement from options in the options written portfolio (2022: \$18.4 million).

### A4. Dividends Paid and Franking Credits

The dividends paid and payable for the year ended 30 June 2023 are shown below:

	2023 \$'000	2022 \$'000
<b>(a) Dividends Paid During the Year</b>		
Final dividend for the year ended 30 June 2022 of 7.0 cents fully franked at 30 per cent paid 26 August 2022 (2022: 5.75 cents fully franked at 30 per cent paid on 27 August 2021)	16,456	13,179
Interim dividend for the year ended 30 June 2023 of 7.25 cents per share fully franked at 30 per cent, paid 22 February 2023 (2022: 6.75 cents fully franked at 30 per cent paid 23 February 2022)	18,721	15,855
	<b>35,177</b>	<b>29,034</b>
<b>(b) Franking Credits</b>		
Balance on the franking account after allowing for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	32,562	32,085
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(8,684)	(7,115)
Net available	<b>23,878</b>	<b>24,970</b>
These franking account balances would allow Djerriwarrh to frank additional dividend payments up to an amount of:	<b>55,715</b>	<b>58,263</b>

Djerriwarrh's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and on Djerriwarrh paying tax on its other operating activities and on any capital gain.

# Notes to the Financial Statements

continued

## (c) Dividends Declared After Balance Date

Since the end of the year Directors have declared a final dividend of 7.75 cents per share fully franked at 30 per cent. The aggregate amount of the final dividend for the year to 30 June 2023 to be paid on 25 August 2023, but not recognised as a liability at the end of the financial year is \$20.3 million.

## (d) Listed Investment Company Capital Gain Account

	2023 \$'000	2022 \$'000
Balance of the Listed Investment Company (LIC) capital gain account	2,266	1,389
This equates to an attributable amount	3,237	1,985

Distributed LIC capital gains may entitle certain shareholders to a deduction in their tax return, as set out in the dividend statement. LIC capital gains available for distribution are dependent on the disposal of investment portfolio holdings that qualify for LIC capital gains or the receipt of LIC distributions from LIC securities held in the portfolios.

## A5. Earnings Per Share

The table below shows the earnings per share based on the profit for the year:

	2023 Number	2022 Number
<b>Basic Earnings Per Share</b>		
Weighted average number of ordinary shares used as the denominator	257,353,859	236,701,342
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	39,057	44,529
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	15.18	18.81
<b>Basic Net Operating Result Per Share</b>	<b>\$'000</b>	<b>\$'000</b>
Net operating result	39,026	40,439
	<b>Cents</b>	<b>Cents</b>
Basic net operating result per share	15.16	17.08

## Dilution

As there are no options, convertible notes or other dilutive instruments on issue, diluted earnings per share is the same as basic earnings per share. This also applies to diluted net operating result per share.

Excluding the impact of the Woodside/BHP Petroleum merger dividend, the profit for the previous corresponding period (year ended 30 June 2022) would have been \$38.0 million, the net operating result would have been \$33.9 million and the net operating result per share would have been 14.33 cents per share.

## B. Costs, Tax and Risk

### B1. Management Costs

The total management expenses for the period are as follows:

	2023 \$'000	2022 \$'000
Administration fees paid to AICS	(2,442)	(2,262)
Share of net profit from AICS as an associate	642	30
Other administration expenses	(1,653)	(1,576)

#### Administration Fees Paid to AICS

Australian Investment Company Services Limited (AICS) undertakes the day-to-day administration of Djerrivarrh's investments and its operations, including financial reporting. Djerrivarrh has a 25 per cent shareholding in AICS and has one Director on the AICS Board who is also involved (as part of the Company's Board) in approving the annual expenses budget of the Company (Djerrivarrh), amongst other duties which include oversight of risk management and compliance.

A large proportion of the administration fee paid consists of remuneration payments to the AICS staff. See the Remuneration Report for more details.

#### Other Administration Expenses

A major component of other administration expenses is Directors' remuneration. This has been summarised below:

	Short Term Benefits \$	Post- Employment Benefits \$	Total \$
<b>2023</b>			
Directors	664,759	44,409	709,168
<b>2022</b>			
Directors	642,188	40,467	682,655

Djerrivarrh recognises Directors' retirement allowances that have been crystallised as 'amounts payable'. There are no further retirement allowances that will need to be expensed.

Detailed remuneration disclosures are provided in the Remuneration Report.

The Company does not make loans to Directors.

### B2. Tax

Djerrivarrh's tax position, and how it accounts for tax, is explained here. Detailed reconciliations of tax accounting to the financial statements can be found in Note E2.

The income tax expense for the period is the tax payable on this financial year's taxable income, adjusted for any changes in deferred tax assets and liabilities attributable to temporary differences and for any unused tax losses. Deferred tax assets and liabilities (except for those related to the unrealised gains or losses in the investment portfolio) are offset, as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

A provision has been made for taxes on any unrealised gains or losses on securities valued at fair value through the Income Statement – i.e. the trading portfolio, puttable instruments, convertible notes that are classified as debt and the options written portfolio.

A provision has also been made for any taxes that could arise on sale of securities in the investment portfolio, even though there is no intention to dispose of them. Where Djerrivarrh disposes of such securities, tax is calculated according to the particular parcels allocated to the sale for tax purposes, offset against any capital losses carried forward.

# Notes to the Financial Statements

continued

## Tax Expense

The income tax expense for the period is shown below:

### (a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable

	2023 \$'000	2022 \$'000
<b>Operating result before income tax expense</b>	<b>43,659</b>	<b>44,478</b>
Tax at the rate of 30 per cent (2022: 30 per cent)	13,098	13,343
Tax offset for franked dividends received	(7,685)	(8,989)
Tax effect of sundry items not taxable in calculating taxable income or taxable in current year but not included in income	(309)	64
	<b>5,104</b>	<b>4,418</b>
Over provision in prior years	(471)	(379)
Income tax expense on operating result before net gains on investments	<b>4,633</b>	<b>4,039</b>
<b>Net gains (losses) on open options positions</b>	<b>44</b>	<b>5,843</b>
Tax at the rate of 30 per cent (2022: 30 per cent)	13	1,753
Tax expense (credit) on net gains on open options positions	<b>13</b>	<b>1,753</b>
<b>Total tax expense</b>	<b>4,646</b>	<b>5,792</b>

## Deferred Tax – Investment Portfolio

	2023 \$'000	2022 \$'000
Deferred tax (assets)/liabilities on unrealised gains or losses in the investment portfolio	(368)	(15,415)
Opening balance at 1 July	(15,415)	15,828
Tax on realised gains or losses	(2,540)	(604)
Charged to OCI for ordinary securities on gains or losses for the period	17,587	(30,639)
	<b>(368)</b>	<b>(15,415)</b>

A deferred tax asset has arisen on unrealised losses in the investment portfolio. The Company considers its reversal to be probable through the usual course of market movements.

## B3. Risk

### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

As a Listed Investment Company that invests in tradeable securities, Djerrivarrh will always be subject to market risk as it invests its capital in securities which are not risk free – the market price of these securities will fluctuate.

A general fall in market prices of 5 per cent and 10 per cent on values at 30 June, if spread equally over all assets in the investment portfolio, would have led to the following reductions (after tax):

	2023 \$'000		2022 \$'000	
	5%	10%	5%	10%
Profit after tax	-	-	-	-
Other comprehensive income	(31,983)	(63,966)	(27,436)	(54,872)

An general fall in market prices of 5 per cent and 10 per cent would have impacted the options written portfolio and trading portfolio and led to the following increases (after tax) 30 June:

	2023 \$'000		2022 \$'000	
	5%	10%	5%	10%
Profit after tax	126	253	83	166
Other comprehensive income	-	-	-	-

Djerriwarrh seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Investment Committee (normally fortnightly) and risk can be managed by reducing exposure where necessary. Djerriwarrh does not have a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

Djerriwarrh's investment exposures by sector is as below:

	2023 %	2022 %
Energy	3.19	2.60
Materials	10.80	9.90
Industrials	11.59	12.77
Consumer Discretionary	10.43	9.41
Consumer Staples	6.19	8.24
Banks	18.81	14.21
Other Financials (including real estate)	22.95	22.21
Telecommunications	6.61	6.84
Healthcare	9.01	11.48
Other – including information technology and utilities	0.33	2.15
Cash	0.09	0.19

Securities representing over 5 per cent of the combined investment and trading portfolio (including options) at 30 June were:

	2023 %	2022 %
BHP	7.4	
CBA	6.4	
Westpac	5.7	
CSL	5.7	
National Australia Bank	5.5	
Macquarie Group	5.3	
Transurban	5.2	
CSL		6.5
Transurban		6.4
BHP		5.9
Westpac		5.4
CBA		5.3

No other security represents over 5 per cent of the Company's investment and trading portfolios.

The writing of call options provides some protection against a fall in market prices as it generates income to partially compensate for a fall in capital values. Options are only written against securities that are held in the trading or investment portfolios although stock may be purchased on-market to meet call obligations.

Djerriwarrh is also not directly exposed to material currency risk as most of its investments are quoted in Australian dollars.

# Notes to the Financial Statements

continued

## Interest Rate Risk

Djerriwarrh is not currently materially exposed to interest rate risk as all its cash investments and borrowings are short term for a fixed interest rate.

## 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. Djerriwarrh is exposed to credit risk from cash, receivables and securities in the investment portfolio respectively. None of these assets are overdue. The risk in relation to each of these items is set out below.

## Cash

All cash investments not held in a transactional account are invested in short term deposits with Australia's 'big four' commercial banks or cash management trusts which invest predominantly in securities with an A1+ rating.

In the unlikely event of a bank default or default on the underlying securities in the cash trust, there is a risk of losing the cash deposits and any accrued unpaid interest.

## Receivables

Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within two days of the date of a transaction. Receivables are non-interest bearing and unsecured. In the event of a payment default, there is a risk of losing any difference between the price of the securities sold and the price of the recovered securities from the discontinued sale. Receivables also include dividends from securities that have passed the record date for the distribution but have not paid as at balance date.

## Trading and Investment Portfolios

Interest-bearing securities that are not equity securities carry credit risk to the extent of their carrying value. This risk would be realised in the event of a shortfall on winding up of the issuing companies. As at 30 June 2023, no such investments are held (2022: nil).

## Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial liabilities.

Djerriwarrh monitors its cash flow requirements daily. The Investment Committee also monitors the level of contingent payments on a regular basis by reference to known sales and purchases of securities, dividends and distributions to be paid or received, put options that may require Djerriwarrh to purchase securities, and facilities that need to be repaid. Djerriwarrh ensures that it has either cash or access to short term borrowing facilities sufficient to meet these contingent payments.

Djerriwarrh's inward cash flows depend upon the dividends received. Should these drop by a material amount, Djerriwarrh would amend its outward cash flows accordingly or draw down on more debt. Djerriwarrh's major cash outflows are the purchase of securities and dividends paid to shareholders, and both of these can be adjusted by the Board and management. Furthermore, the assets of Djerriwarrh are largely in the form of readily tradeable securities which can be sold on-market if necessary.

The table below analyses Djerrivarrh's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less Than 6 Months \$'000	6-12 Months \$'000	Greater Than 1 Year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
<b>30 June 2023</b>					
<b>Non-derivatives</b>					
Payables	768	-	-	768	768
Borrowings	93,500	-	-	93,500	93,500
	<b>94,268</b>	-	-	<b>94,268</b>	<b>94,268</b>
<b>Derivatives</b>					
Options written*	12,074	-	-	12,074	3,864
	<b>12,074</b>	-	-	<b>12,074</b>	<b>3,864</b>
<b>30 June 2022</b>					
<b>Non-derivatives</b>					
Payables	2,180	-	-	2,180	2,180
Borrowings	89,000	-	-	89,000	89,000
	<b>91,180</b>	-	-	<b>91,180</b>	<b>91,180</b>
<b>Derivatives</b>					
Options written*	13,121	-	-	13,121	3,352
	<b>13,121</b>	-	-	<b>13,121</b>	<b>3,352</b>

\* In the case of call options, there are no contractual cash flows as if the option is exercised the contract will be settled in the securities over which the option is written. The contractual cash flows for put options written are the cash sums the Company will pay to acquire securities over which the options have been written, and it is assumed for the purpose of the above disclosure that all options will be exercised (i.e. maximum cash outflow).

## C. Unrecognised Items

Directors are not aware of any material contingent liabilities or contingent assets other than those already disclosed elsewhere in the Financial Report.

# Notes to the Financial Statements

continued

Further notes to the financial statements are included here. These are grouped into three sections:

- D. Balance Sheet Reconciliations
- E. Income Statement Reconciliations
- F. Further Information

## D. Balance Sheet Reconciliations

This section provides information about the basis of calculation of line items in the financial statements.

### D1. Current Assets – Cash

	2023 \$'000	2022 \$'000
Cash at bank and in hand (including on-call)	789	1,454

Cash holdings yielded an average floating interest rate of 2.97 per cent (2022: 0.08 per cent). All cash investments are held in a transactional account or an overnight 'at call' account invested in cash management trusts which invest predominantly in securities with an A1+ rating.

### D2. Credit Facilities

The Company was party to agreements under which Commonwealth Bank of Australia and National Australia Bank would extend cash advance facilities. Details of the facilities are given below.

	2023 \$'000	2022 \$'000
Commonwealth Bank of Australia – cash advance facility	130,000	130,000
Amount drawn down at 30 June	83,500	79,000
Undrawn facilities at 30 June	46,500	51,000
National Australia Bank – cash advance facility	20,000	20,000
Amount drawn down at 30 June	10,000	10,000
Undrawn facilities at 30 June	10,000	10,000
Total short term loan facilities	150,000	150,000
Total drawn down at 30 June	93,500	89,000
Total undrawn facilities at 30 June	56,500	61,000

The above borrowings, with the exception of the National Australia Bank facility, are unsecured. Repayment of facilities is done either through the use of cash received from distributions or the sale of securities, or by rolling existing facilities into new ones. Facilities are usually drawn down for no more than three months and hence are classified as current liabilities when drawn.

The current debt facilities are as follows:

Facility Provider	Amount	Expiry Date
Commonwealth Bank of Australia	\$10 million	31 October 2023
Commonwealth Bank of Australia	\$20 million	31 December 2023
Commonwealth Bank of Australia	\$30 million	31 December 2024
Commonwealth Bank of Australia	\$30 million	29 June 2025
Commonwealth Bank of Australia	\$40 million	29 October 2025
National Australia Bank	\$20 million	25 July 2023
<b>Total facilities</b>	<b>\$150 million</b>	

The debt facility with National Australia Bank is structured in the form of a securities lending arrangement. The terms of the agreement require that securities be pledged as collateral for the drawn secured borrowings under that facility and that such securities satisfy a minimum value of \$11 million (110 per cent of the total drawn facility). These securities are held by the National Australia Bank but are included as part of the Company's investment portfolio. As at 30 June 2023 the market value of the securities pledged as collateral was \$15.9 million (2022: \$13.3 million).

### D3. Revaluation Reserve

	2023 \$'000	2022 \$'000
Opening balance at 1 July	9,167	85,822
Gains/(losses) on investment portfolio	57,500	(103,590)
Deferred tax on above	(17,587)	30,639
Cumulative taxable realised (gains)/losses (net of tax)	(1,407)	(3,704)
	<b>47,673</b>	<b>9,167</b>

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy Note A2.

### D4. Realised Capital Gains Reserve

	2023 \$'000			2022 \$'000		
	Taxable Realised Gains (Net of Tax)	Difference Between Tax and Accounting Costs	Total	Taxable Realised Gains (Net of Tax)	Difference Between Tax and Accounting Costs	Total
Opening balance at 1 July	(10,321)	(60,687)	(71,008)	(11,474)	(63,238)	(74,712)
Dividends paid	-	-	-	-	-	-
Cumulative taxable realised (losses)/gains for period	8,146	(4,199)	3,947	1,757	2,551	4,308
Tax on realised gains/(losses)	(2,540)	-	(2,540)	(604)	-	(604)
	<b>(4,715)</b>	<b>(64,886)</b>	<b>(69,601)</b>	<b>(10,321)</b>	<b>(60,687)</b>	<b>(71,008)</b>

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in Note A2. The difference between tax and accounting costs is a result of realised gains or losses being accounted for on an average cost basis, whilst taxable gains or losses are made based on the specific cost of the actual stock sold – i.e. on a parcel selection basis. These differences also include non-taxable realised gains or losses, e.g. losses under off-market buy-backs.

Note that LIC gains paid to shareholders also include the LIC gains received from other LICs that Djerrirwarrh invests in.

Since inception, the Company has paid out approximately \$170 million of fully franked dividends from the realised capital gains reserve.

No dividends have been paid from the realised capital gain reserve during the current year or the previous year.

### D5. Retained Profits

	2023 \$'000	2022 \$'000
Opening balance at 1 July	86,880	71,385
Dividends paid	(35,177)	(29,034)
Profit for the year	39,057	44,529
	<b>90,760</b>	<b>86,880</b>

This reserve reflects cumulative profits less cumulative dividends paid.

# Notes to the Financial Statements

continued

## D6. Share Capital

Date	Details	Notes	Number of Shares '000	Issue Price \$	Paid-up Capital \$'000
1/7/2021	Balance		236,119		686,297
27/8/2021	Dividend Reinvestment Plan	(i)	420	3.10	1,303
27/8/2021	Dividend Substitution Share Plan	(ii)	27	3.10	n/a
23/2/2022	Dividend Reinvestment Plan	(i)	558	3.12	1,740
23/2/2022	Dividend Substitution Share Plan	(ii)	36	3.12	n/a
	Costs of issue		-	-	(15)
30/6/2022	Balance		237,160		689,325
25/8/2022	Share Purchase Plan	(iii)	22,842	2.78	63,508
26/8/2022	Dividend Reinvestment Plan	(i)	645	2.85	1,838
26/8/2022	Dividend Substitution Share Plan	(ii)	51	2.85	n/a
22/2/2023	Dividend Reinvestment Plan	(i)	704	2.89	2,034
22/2/2023	Dividend Substitution Share Plan	(ii)	62	2.89	n/a
	Costs of issue		-	-	(132)
30/6/2023	Balance		261,464		756,573

(i) Shareholders elect to have all or part of their dividend payment reinvested in new ordinary shares under the Dividend Reinvestment Plan (DRP). The price of the new DRP shares is based on the average selling price of shares traded on the Australian Securities Exchange and Cboe in the five days after the shares begin trading on an ex-dividend basis.

(ii) The Company has a Dividend Substitution Share Plan (DSSP) whereby shareholders may elect to forgo a dividend and receive shares instead. Pricing for the DSSP shares is done as per the DRP shares.

(iii) The Company had a Share Purchase Plan (SPP) during the year. Shareholders could apply for up to \$30,000 worth of new securities. Shares were issued at a 2.5 per cent discount to the five-day VWAP calculated prior to the day on which the SPP was announced, being the 19 July 2022. Shares issued under the SPP were not entitled to the final dividend paid on 26 August 2022.

All shares have been fully paid, rank pari passu (except as related to dividends as noted above) and have no par value.

The Company has an on-market buy back plan in place. No shares were purchased under this plan during the year.

## E. Income Statement Reconciliations

### E1. Reconciliation of Net Cash Flows From Operating Activities to Profit

	2023 \$'000	2022 \$'000
<b>Profit for the year</b>	39,057	44,529
Net profit from associate	(448)	(20)
(Increase) decrease in trading portfolio	718	45
Increase (decrease) in options sold portfolio	512	(8,192)
Dividends received as securities under DRP investments	-	(6,515)
Decrease (increase) in current receivables	(2,416)	1,618
- Less increase (decrease) in receivables for investment portfolio	19	(1,899)
Increase (decrease) in deferred tax	17,680	(28,853)
- Less (increase) decrease in deferred tax on investment portfolio	(15,047)	31,243
- Add increase (decrease) in CGT losses carried forward	(2,540)	(604)
Increase (decrease) in current payables	(1,412)	2,102
- Less decrease (increase) in payables for investment portfolio	2,000	(2,000)
Increase (decrease) in provision for tax payable	(930)	(1,244)
- Less CGT provision	-	-
<b>Net cash flows from operating activities</b>	<b>37,193</b>	<b>30,210</b>

## E2. Tax Reconciliations

### Tax Expense Composition

	2023 \$'000	2022 \$'000
Charge for tax payable relating to the current year	5,024	4,385
Over provision in prior years	(471)	(379)
Decrease (increase) in deferred tax assets (excluding capital losses)	93	1,786
	<b>4,646</b>	<b>5,792</b>

### Amounts Recognised Directly Through Other Comprehensive Income

Capital gains absorbed by brought-forward losses	(2,540)	(604)
Net increase in deferred tax assets/liabilities relating to capital gains tax on the movement in gains or losses in the investment portfolio	(15,047)	31,243
	<b>(17,587)</b>	<b>30,639</b>

### Deferred Tax Assets – Other

The deferred tax balances are attributable to:

	2023 \$'000	2022 \$'000
(a) Tax on unrealised (gains)/losses in the options written portfolio	(536)	(522)
(b) Tax on unrealised (gains)/losses in the trading portfolio	(31)	(3)
(c) Provisions and expenses charged to the accounting profit which are not yet tax deductible	21	14
(d) Interest and dividend income receivable which is not assessable for tax until receipt	(252)	(194)
(e) Capital losses	1,911	4,451
	<b>1,113</b>	<b>3,746</b>
Movements:		
Opening balance at 1 July	3,746	6,136
Credited/charged to Income statement	(93)	(1,786)
Credited/charged to other comprehensive income	(2,540)	(604)
	<b>1,113</b>	<b>3,746</b>

Deferred tax assets arise when provisions and expenses have been charged but are not yet tax deductible or where the Company has carried forward capital losses. These assets are realised when the relevant items become tax deductible, as long as enough taxable income has been generated to claim the assets against, and as long as there are no changes to the tax legislation that affect Djerriwarrh's ability to claim the deduction.

## E3. Reconciliation of Profit Before Tax

The Board considers Djerriwarrh's operating result after tax to be a key measure of Djerriwarrh's performance. This amount excludes the impact of unrealised gains/losses on options and any gains or losses on Djerriwarrh's investment portfolio. It reconciles to Djerriwarrh's profit before tax as follows:

	2023 \$'000	2022 \$'000
Operating result after income tax expense	39,026	40,439
Add back income tax expense	4,633	4,039
Net gains (losses) on open options positions	44	5,843
<b>Profit for the year before tax</b>	<b>43,703</b>	<b>50,321</b>

# Notes to the Financial Statements

continued

## F. Further Information

This section covers information that is not directly related to specific line items in the financial statements, including information about related party transactions and other statutory information.

### F1. Related Parties

All transactions with related parties were made on normal commercial terms and conditions and approved by independent Directors. The only such transactions were in connection with the services provided by AICS (see Notes B1 and F5).

### F2. Remuneration of Auditors

During the year the auditor earned the following remuneration:

	2023 \$	2022 \$
<b>PricewaterhouseCoopers</b>		
Audit or review of financial reports	105,870	98,415
<b>Permitted non-audit services</b>		
CGT compliance review	63,702	51,729
Taxation compliance services	20,116	19,196
<b>Total remuneration</b>	<b>189,688</b>	<b>169,340</b>

### F3. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board, through its sub-committees, has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments.

#### Description of Segments

The Board makes the strategic resource allocations for Djerrivarrh. Djerrivarrh has therefore determined the operating segments based on the structure of the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for Djerrivarrh's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and Djerrivarrh's performance is evaluated on an overall basis.

#### Segment Information Provided to the Board

The internal reporting provided to the Board for Djerrivarrh's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards, except that net assets are reviewed both before and after the effects of unrealised capital gains tax on investments (as reported in Djerrivarrh's Net Tangible Asset announcements to the ASX).

#### Other Segment Information

Revenues from external parties are derived from the receipt of dividend, distribution and interest income, and income arising on the trading portfolio and realised income from the options portfolio.

Djerrivarrh is domiciled in Australia and most of Djerrivarrh's income is derived from Australian entities or entities that maintain a listing in Australia. Djerrivarrh has a diversified portfolio of investments, with only one investment comprising more than 10 per cent of Djerrivarrh's income from operating activities – BHP 12.9 per cent (2022: BHP (26.5 per cent including the Woodside/BHP Petroleum merger dividend)).

#### F4. Summary of Other Accounting Policies

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. This Financial Report has been authorised for issue on 24 July 2023 in accordance with a resolution of the Board and is presented in the Australian currency. The Directors of Djerriwarrh have the power to amend and reissue the Financial Report.

Djerriwarrh has attempted to improve the transparency of its reporting by adopting 'plain English' where possible. Key 'plain English' phrases and their equivalent AASB terminology are as follows:

<b>Phrase</b>	<b>AASB Terminology</b>
Market value	Fair value for actively traded securities
Cash	Cash and cash equivalents
Share capital	Contributed equity
Options	Derivatives written over equity instruments that are valued at fair value through profit or loss

Other terminology used in the report is defined as follows:

<b>Phrase</b>	<b>Definition</b>
Net operating result	Total operating income after operating expenses and income tax are deducted

Djerriwarrh complies with International Financial Reporting Standards (IFRS). Djerriwarrh is a 'for profit' entity.

Djerriwarrh has not applied any Australian Accounting Standards or AASB Interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2023 ('the inoperative standards'). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. Djerriwarrh only intends to adopt other inoperative standards at the date at which their adoption becomes mandatory.

#### Basis of Accounting

The financial statements are prepared using the valuation methods described in Note A2. All other items have been treated in accordance with the historical cost convention.

#### Fair Value of Financial Assets and Liabilities

The fair value of cash and non-interest bearing monetary financial assets and liabilities of Djerriwarrh approximates their carrying value.

#### Rounding of Amounts

Djerriwarrh is a company of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases to the nearest dollar.

#### F5. Associate Accounting

Associates are entities over which the Company has significant influence but not control, generally accompanied by a shareholding of between 20 and 50 per cent of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost, in the Company's financial statements.

The Company has one associate – Australian Investment Company Services (AICS), incorporated in Australia, in which it has a 25 per cent shareholding. AICS provides investment and administrative services to the Company and to other Listed Investment Companies, including its Parent, Australian Foundation Investment Company Limited (AFIC) which holds the other 75 per cent.

The Company's share of its associate's post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in net income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

## DIRECTORS' DECLARATION

In the Directors' opinion:

- (1) the financial statements and notes set out on pages 24 to 43 are in accordance with the *Corporations Act 2001* including:
  - (a) complying with accounting standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note F4 to the financial statements confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and the Chief Financial Officer regarding the financial statements in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023. The declarations received were that, in the opinion of the Managing Director and the Chief Financial Officer to the best of their knowledge, the financial records of the Company have been properly maintained, that the financial statements comply with accounting standards and that they give a true and fair view.



**Graham Goldsmith AO**  
Chairman

Melbourne  
24 July 2023

# INDEPENDENT AUDIT REPORT



## Independent auditor's report

To the members of Djerriwarrh Investments Limited

### *Report on the audit of the financial report*

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#### Our opinion

In our opinion:

The accompanying financial report of Djerriwarrh Investments Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) 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 then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **What we have audited**

The financial report comprises:

- the balance sheet as at 30 June 2023
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the income statement for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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#### Basis for opinion

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

#### **Independence**

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999

Liability limited by a scheme approved under Professional Standards Legislation.

# INDEPENDENT AUDIT REPORT

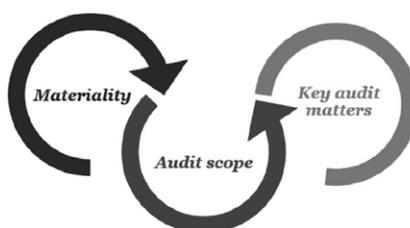
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## Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, its accounting processes and controls and the industry in which it operates.



## Materiality

- For the purpose of our audit we used overall materiality of \$8.25 million, which represents approximately 1% of the Company's net assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets as the benchmark because, in our view, net assets is:
  - the metric against which the performance of the Company is most commonly measured
  - key driver of the business and the determinant of the Company's value.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable net asset related thresholds.

## Audit Scope

- Our audit focused on assessing the financial report for risks of material misstatement in account balances, classes of transactions or disclosures, and designing and performing audit procedures to obtain reasonable assurance that the financial statements as a whole were free of material misstatement due to fraud or error. This included identifying areas of higher risk, based on quantitative and qualitative assessments of the Company's operations and activities.



### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

Key audit matter	How our audit addressed the key audit matter
<p><i>Existence and valuation of Investment Portfolio</i> Refer to note A2</p> <p>\$913.8m</p> <p>The Investment Portfolio consists mainly of listed Australian equities.</p> <p>Whilst there is no significant judgement in determining the existence or valuation of the Company's investments, investments represent a key measure of the Company's performance and comprise a significant proportion of total assets in the balance sheet. The fluctuations in investment valuation will also impact the realised and unrealised gains/(losses) recognised in the statement of comprehensive income, which also impacts the deferred tax provisions. Given the pervasive nature investments have on the Company's key financial metrics, we determined the existence and valuation of investments to be a key audit matter.</p>	<p>1) Agreed the investment quantity holdings at 30 June 2023 to third party confirmations or registry sources.</p> <p>2) Obtained the purchases and sales listing for the year ended 30 June 2023, and agreed a sample of purchases and sales to contracts.</p> <p>3) Performed a reconciliation of the opening investment balances and the number of units, plus addition/subtraction of purchases, sales and other relevant transactions, and agreed this back to the 30 June 2023 closing investment positions.</p> <p>4) Agreed listed equities investment prices to third party market pricing sources.</p>

# INDEPENDENT AUDIT REPORT

continued



## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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## Auditor's responsibilities for the audit of the financial report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf). This description forms part of our auditor's report.



### ***Report on the remuneration report***

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#### **Our opinion on the remuneration report**

We have audited the remuneration report included in pages 18 to 20 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Djerrivarrh Investments Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

---

#### **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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Kate L Logan*

Kate L Logan  
Partner

Melbourne  
24 July 2023

## OTHER INFORMATION

### Information About Shareholders

At 13 July 2023 there were 16,380 holdings of ordinary shares. These holdings were distributed in the following categories:

Size of Holding	Shareholdings (at 13 July 2023)	Percentage of Shares in Issue
1 to 1,000	1,903	0.33
1,001 to 5,000	4,775	5.27
5,001 to 10,000	3,392	9.75
10,001 to 100,000	6,055	59.11
100,001 and over	255	25.54
<b>Total</b>	<b>16,380</b>	<b>100.00</b>
20 largest shareholding		10.9%
Average shareholding		15,962

There were 483 shareholdings of less than a marketable parcel of \$500 (174 shares).

### Voting Rights of Ordinary Shares

The Constitution provides for votes to be cast:

- (i) on a show of hands, one vote for each shareholder; and
- (ii) on a poll, one vote for each fully paid ordinary share.

### Major Shareholders

The 20 largest holdings of ordinary shares as at 13 July 2023 are listed below:

Rank	Name	Units	% Units
1	HSBC Custody Nominees (Australia) Limited	8,086,311	3.09
2	Australian Foundation Investment Company Limited	7,505,346	2.87
3	Bruce Teele	2,376,056	0.91
4	Miss Margaret Frances Erskine	1,901,317	0.73
5	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <Drp A/C>	1,162,661	0.44
6	John Paterson	945,191	0.36
7	National Nominees Limited	705,077	0.27
8	Netwealth Investments Limited <Wrap Services A/C>	701,561	0.27
9	Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	583,000	0.22
10	Australian Executor Trustees Limited <No 1 Account>	470,698	0.18
11	Invia Custodian Pty Limited <Inverary Super Fund A/C>	465,896	0.18
12	Mr Bevan Robert Johnson + Mrs Karen Jane Johnson	459,403	0.18
13	Pure Pride Pty Ltd <Murray Richmond A/C>	434,986	0.17
14	P N B W Pty Ltd <F & JA Arrowsmith Family A/C>	420,156	0.16
15	Lavender Purple Pty Ltd <Lavender Purple A/C>	416,500	0.16
16	Ms Roslyn Webster + Mr Jon Webster <RJW Super Fund A/C>	396,838	0.15
17	Mr Ian Stanley Fraser + Mr Andrew Tweedie + Mr Andrew Stanley Fraser <Joe White Bequest Cap A/C>	396,360	0.15
18	Willpower Investments Pty Ltd <Woodlands Superfund A/C>	380,791	0.15
19	Brownell Superannuation Pty Ltd <Brownell Super Fund A/C>	380,000	0.15
20	Miss Lillian Johnson	378,907	0.14

## **Sub-underwriting**

During the year the Company did not participate as a sub-underwriter in any issues of securities.

## **Substantial Shareholders**

The Company has not been notified of any substantial shareholders.

## **Transactions in Securities**

During the year ended 30 June 2023, the Company recorded 1,782 transactions in securities (including options). \$985,557 (including GST) in brokerage was paid or accrued for the year.

# Holdings of Securities

As at 30 June 2023

Details of the Company's portfolios are given below. The list should not be used to evaluate portfolio performance or to determine the net asset backing per share (which is advised to the Australian Securities Exchange each month and recorded on the toll free telephone service at 1800 780 784).

Individual holdings in the portfolios may change significantly during the course of the year. In addition, holdings may be subject to call options or sale commitments by which they may be sold at a price significantly different from the market price prevailing at the time of the exercise or sale.

Unless otherwise stated, the securities in this list are fully paid ordinary shares, trust units, stapled securities or convertible notes.

Code	Company Name	Number Held 2022 '000	Number Held 2023 '000	Market Value 2023 \$'000
AIA*	Auckland International Airport	2,409	1,594	12,502
ALQ	ALS	127	127	1,422
AMH	AMCIL	10,599	10,599	10,652
AMP	AMP	602	602	680
ANZ*	ANZ Group Holdings	487	487	11,532
ARB*	ARB Corporation	335	524	14,995
ASX*	ASX	258	360	22,677
BHP*	BHP Group	1,133	1,498	67,140
BWP	BWP Trust	3,134	2,744	9,961
CAR*	Carsales.com	1,192	907	21,305
CBA*	Commonwealth Bank of Australia	461	581	58,099
COH*	Cochlear	37	30	6,892
COL*	Coles Group	1,536	1,491	27,321
CPU*	Computershare	46	354	8,247
CSL*	CSL	188	188	51,974
DMP	Domino's Pizza Enterprises	78	152	7,057
EQT	EQT Holdings	804	1,002	25,980
FCL	FINEOS Corporation	1,399	1,399	3,106
FPH*	Fisher & Paykel Healthcare Corporation	396	356	8,013
GMG*	Goodman Group	677	950	18,975
IAG*	Insurance Australia Group	3,304	330	1,728

Code	Company Name	Number Held	Number Held	Market Value
		2022 '000	2023 '000	2023 \$'000
JBH*	JB Hi-Fi	480	673	29,328
JHX*	James Hardie Industries	645	535	20,320
MAQ	Macquarie Technology Group	0	46	3,153
MFT*	Mainfreight (NZX listed)	275	275	18,169
MGR*	Mirvac Group	8,900	8,897	20,049
MIR	Mirrabooka Investments	4,215	4,215	11,549
MQG*	Macquarie Group	160	272	48,182
NAB*	National Australia Bank	629	1,885	49,682
NWL*	Netwealth Group	384	384	5,262
PNI*	Pinnacle Investment Management Group	1,144	1,144	11,210
POT	Port of Tauranga (NZX listed)	0	854	4,901
PXA*	PEXA Group	292	292	3,922
REA*	REA Group	71	73	10,313
REH*	Reece	410	730	13,438
RGN*	Region Group	3,005	8,020	18,205
RHC*	Ramsay Health Care	200	102	5,752
RIO*	Rio Tinto	59	95	10,895
RMD*	ResMed	288	288	9,433
SEK*	SEEK	195	257	5,589
STO*	Santos	1,373	1,373	10,211
TCL*	Transurban Group	3,484	3,309	46,998
TLS*	Telstra Group	5,122	4,612	19,745
TPW*	Temple & Webster Group	452	452	2,565
WBC*	Westpac Banking Corporation	2,146	2,442	52,087
WDS*	Woodside Energy	322	548	18,824
WES*	Wesfarmers	828	833	41,000
WOW*	Woolworths	1,051	739	29,153
<b>Total</b>				<b>910,190</b>

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

## Major Transactions in the Investment Portfolio

<b>Acquisitions</b>	<b>Cost (\$m)</b>
BHP	42.0
National Australia Bank	39.0
Commonwealth Bank of Australia	21.1
Macquarie Group	19.1
Westpac Banking Corporation	15.0
Region Group	13.1
JB Hi-Fi	11.0

<b>Disposals</b>	<b>Proceeds (\$m)</b>
BHP (because of the exercise of call options)	29.1
Insurance Australia Group	14.0
IRESS#	12.6
Woolworths (because of the exercise of call options)	11.6
Westpac Banking Corporation (because of the exercise of call options)	9.9

# Complete disposal from the portfolio.

### **New Companies Added to the Portfolio**

Port of Tauranga

Macquarie Technology Group

# Company Particulars

## Djerriwarrh Investments Limited

ABN 38 006 862 693

### Directors

Graham B Goldsmith AO, Chairman  
Mark Freeman, Managing Director  
Bruce R Brook  
Kathryn J Fagg AO  
Geoffrey I Roberts  
Alice JM Williams  
Karen J Wood

### Company Secretaries

Matthew J Rowe  
Andrew JB Porter

### Auditor

PricewaterhouseCoopers  
Chartered Accountants

### Country of Incorporation

Australia

## Registered Office and Mailing Address

Level 21, 101 Collins Street  
Melbourne Victoria 3000

### Contact Details

**Telephone** (03) 9650 9911  
**Facsimile** (03) 9650 9100  
**Email** invest@djerrri.com.au  
**Website** djerrri.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):

**Telephone** 1800 780 784 (toll free)

# Shareholder Information

## Share Registrar

Computershare Investor Services Pty Ltd  
Yarra Falls  
452 Johnston Street  
Abbotsford Victoria 3067

### Shareholder

**Enquiry Line** 1300 653 915  
+61 3 9415 4190 (from overseas)  
**Facsimile** (03) 9473 2500  
**Website** [investorcentre.com/contact](http://investorcentre.com/contact)

For all enquiries relating to shareholdings, dividends and related matters, please contact the Share Registrar as above.

## Securities Exchange Code

**DJW** Ordinary shares

## Annual General Meeting

**Time** 10.00am  
**Date** Thursday 12 October 2023  
**Venue** Dexus Place  
**Location** Level 6, 80 Collins Street  
Melbourne Victoria 3000

The AGM will be a hybrid meeting with a physical meeting and access via an online platform. Further details are provided in the Notice of Annual General Meeting.



Australian Equities,  
Enhanced Yield



Annual Review  
2023



DJERRIWARRH INVESTMENTS LIMITED IS A LISTED INVESTMENT COMPANY INVESTING IN A DIVERSIFIED PORTFOLIO OF AUSTRALIAN AND NEW ZEALAND EQUITIES. FOR STOCKS WHERE THERE IS AN OPTIONS MARKET, THE COMPANY OFTEN USES EXCHANGE TRADED AND OVER-THE-COUNTER OPTIONS TO ENHANCE THE INCOME RETURN TO INVESTORS.

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## Contents

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2	5 Year Summary	23	Summarised Statement of Changes in Equity
4	About the Company	24	Holdings of Securities
8	Review of Operations and Activities	27	Major Transactions in the Investment Portfolio
20	Top 20 Investments	28	Company Particulars
21	Income Statement	29	Shareholder Information
22	Balance Sheet		

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# Year in Summary

2023

<b>Profit for the Year</b>	<b>\$39.1m</b>	\$44.5m in 2022 <sup>#</sup>
<b>Net Operating Result</b>	<b>\$39.0m</b>	\$40.4m in 2022 <sup>#</sup>
<b>Fully Franked Dividend</b>	<b>7.75¢ Final</b>   <b>15.0¢ Total</b>	13.75 cents total in 2022
<b>Portfolio Dividend Yield</b>	<b>6.8%</b> Including franking*	S&P/ASX 200 Index Yield 5.6% (grossed up for franking credits)
<b>Management Expense Ratio</b>	<b>0.40%</b>	0.45% in 2022
<b>Total Portfolio Return</b>	<b>14.2%</b> Including franking*	S&P/ASX 200 Accumulation Index including franking* 16.6%
<b>Total Portfolio</b>	<b>\$911.0m</b>	Including cash at 30 June. \$783.0 million in 2022

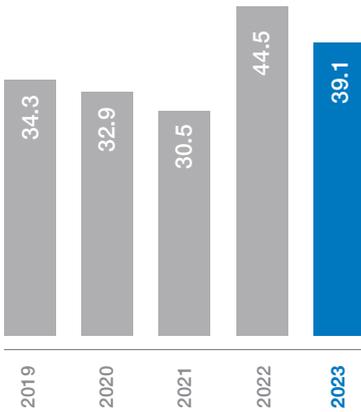
\* Assumes a shareholder can take full advantage of the franking credits.

<sup>#</sup> Includes a non-cash dividend of \$6.5 million from the BHP Petroleum/Woodside merger in 2022.

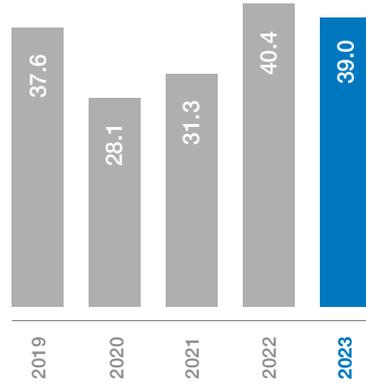
# DIRECTORS' REPORT

## 5 Year Summary

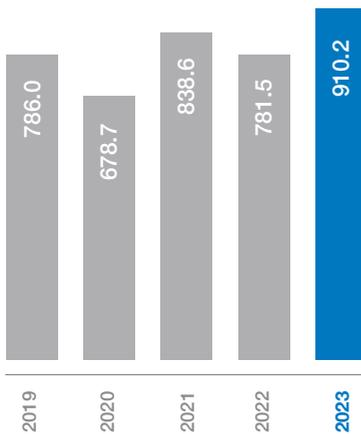
Net Profit After Tax  
(\$ Million)



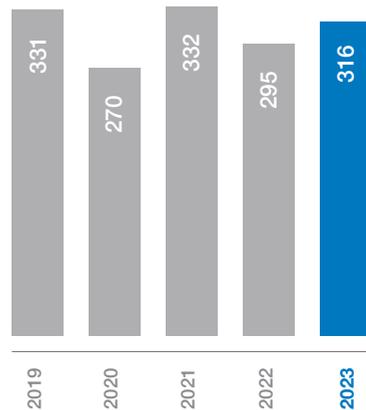
Net Operating Result  
(\$ Million)



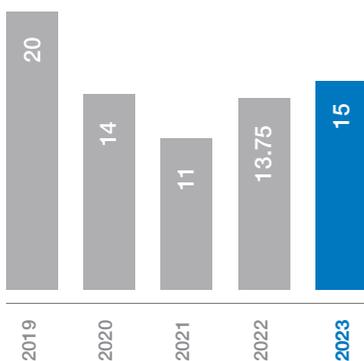
Investments at Market Value  
(\$ Million)<sup>(b)</sup>



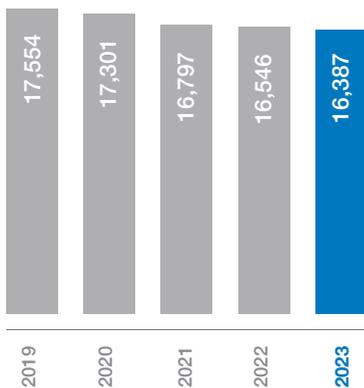
Net Asset Backing Per Share  
(Cents)<sup>(c)</sup>



## Dividends Per Share (Cents)<sup>(a)</sup>



## Number of Shareholders (30 June)



### Notes

- (a) All dividends were fully franked. For 2021 the final dividend carried an attributable LIC gain of 1.43 cents per share. For 2019 the final dividend carried an attributable LIC gain of 4.29 cents per share and the interim dividend carried an attributable LIC gain of 7.14 cents per share.
- (b) Excludes cash.
- (c) Net asset backing per share based on year-end data before the provision for the final dividend. The figures do not include a provision for capital gains tax that would apply if all securities held as non-current investments had been sold at balance date as Directors do not intend to dispose of the portfolio.

# About the Company

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

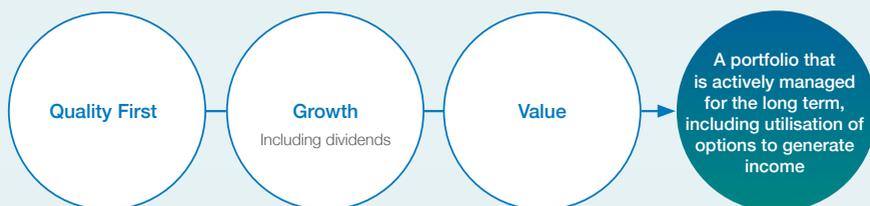
## Investment Objectives

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

In this regard the primary investment goals are:

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

## How Djerriwarrh Invests – What We Look For in Companies



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## Approach to Investing

### Investment Philosophy

Our investment philosophy is built on taking a medium to long term view on companies in a diversified portfolio with an emphasis on identifying and investing in quality companies that are likely to sustainably grow their earnings and dividends over this timeframe.

Quality in this context is an outcome of our assessment of the following factors:

1. We prefer companies that have a leadership position or are developing one within the industry in which they operate. This will often mean we are investing in a unique set of assets with competitive advantages that produces attractive returns on invested capital.
2. As a long term, tax aware investor, we seek to be in companies that have a long term sustainable business model, with low risk of disruption. This helps to ensure portfolio turnover remains low. The analysis may consider technological disruption, environmental issues, including the impact of climate change, and social risks as all of these factors can have a material impact on the assessment of a company's long term sustainability.
3. We consider how a company's business can be potentially impacted by influences outside the control of management such as change in government regulation and/or policy.
4. We are attracted to companies with outstanding management teams and boards with strong governance processes, whose interests are closely aligned with shareholders, and act in the best interest of all their stakeholders, including their employees, customers, suppliers and wider communities. We consider matters including safety, diversity, social impacts, environmental impact, and modern slavery where material or appropriate in the context of that company. We regularly review and meet with companies to ensure ongoing alignment with our investment frameworks. Our process may include an assessment of the board in terms of its past performance, history of capital allocation, level of accountability, mix of skills, relevant experience and succession planning. We also consider a company's degree of transparency and disclosure.
5. We prefer companies with more stable income flows. We are wary of companies that have large, inconsistent profit streams.
6. We like our companies to be financially strong and the assessment of the balance sheet and the degree to which the company is self-funding is critical in our analysis. Cash generation is also an important consideration.

Voting on resolutions is one of the key functions that a shareholder has in ensuring better long term returns and management of investment risk. We take input from proxy advisers but conduct our own evaluation of the merits of any resolution. We vote on all company resolutions as part of our regular engagement with the companies in the portfolio and our voting record is on the Company's website. We actively engage with companies when we are concerned about resolutions that are not aligned with shareholders' interests. We seek to stay engaged with the companies and satisfy ourselves that any issues are taken seriously and worked through constructively. Ideally we seek to remain invested to influence a satisfactory outcome for stakeholders.

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# About the Company

## continued

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Analysis of the above factors helps to inform us of the structure of the industry and a company's sustainable competitive position as well as the quality of the people running the business, strength of the balance sheet and consistency of earnings. Within this analysis some key financial metrics are considered. These include return on capital employed, return on equity, the level of gearing in the balance sheet, margins and free cash flow generation.

Alongside the assessment of quality is an analysis of the ability of companies to grow earnings over time, which ultimately should drive good dividend growth.

Recognising value is also an important aspect of sound long term investing. Short term measures such as the price earnings ratio, price to book or price to sales may be of some value but aren't necessarily strong predictors of future performance. Our assessment of value tries to capture the opportunity a business has to prosper and thrive over the medium to long term.

Reporting of social and environmental issues will be influenced by the development of standards by the International Sustainability Standards Board (ISSB). Their potential introduction in Australia should enable investors over time to better make informed decisions on these issues based on company disclosures arising from these standards. Assessment of commitments and plans by companies to reach net zero by 2050 may also be considered having regard to several factors. These include the industry in which they operate, progress against their plans, their broader contribution to social good in addressing the challenge of reducing

global carbon emissions, and the impact on their value if they fail to achieve their stated goals. In applying external data for benchmarking\*, the current carbon intensity of Djerriwarrh's portfolio is considerably less than the S&P/ASX 200 Index.

The selling of options over part of its investment and trading portfolios is an important component of Djerriwarrh's ability to pay a higher yield than the S&P/ASX200 Index. This activity generates current income from the option premium Djerriwarrh receives for selling the options. The use of options will however typically reshape the profile of returns producing more immediate income at the expense of potential capital growth.

The amount that the Company receives from selling options depends on a number of factors:

- level of volatility in share price anticipated for the underlying stock;
- level of the option exercise price and particularly how far it is from the current share price;
- time to expiry, i.e. how far the option has to run;
- level of interest rates: the lower interest rates are, other things being equal, the lower the option premium received; and
- the percentage of the portfolio over which we are prepared to sell options.

It is our preference for the options to either lapse at expiry or, prior to exercise, to seek to buy the options back and sell new options with a later expiry date and preferably at a higher exercise price.

From time to time, where the share price increases strongly, we do take decisions to allow the options to be exercised (meaning the shares are disposed of) when we have formed the view that it is economic to allow that to occur. Gains or losses on disposals of investments upon the exercise of such options, after applicable tax, are taken to the realised capital gains reserve. Any gains when taxed are available for distribution to shareholders as fully franked dividends. It should be noted option positions are monitored daily and the portfolio is managed to try and maintain an appropriate balance between income generation and capital growth.

Djerriwarrh also has access to lines of credit, which allows the Company to gear its balance sheet when appropriate investment returns are available to enhance shareholder returns. Gearing is kept to a maximum of around 10 per cent. When it is appropriate, exposure to rising interest rates is also capped.

In building the investment portfolio with the principles outlined, we believe we can offer investors a well-diversified portfolio of quality companies structured to deliver a higher level of fully franked dividend than is available from the market in general, and which can provide an attractive total return including capital growth over the medium to long term.

\* Data provided by ISS ESG.  
Portfolio at 30 June 2023.



# Review of Operations and Activities

## Profit

The full year profit was \$39.1 million, up from the previous corresponding period figure of \$38.0 million (the 2022 figure excludes the non-cash dividend of \$6.5 million received last year resulting from the BHP Petroleum/Woodside merger).

In the financial year to 30 June 2023 there was significant improvement in the amount of option income generated, \$14.8 million versus \$12.5 million in the corresponding period last year.

Dividend income increased 16 per cent to \$35.6 million from \$30.7 million (excluding the BHP Petroleum/Woodside merger dividend) in the previous financial year. The portfolio benefitted this year from large increases in dividend income received from JB Hi-Fi, Woodside Energy Group, Region Group and National Australia Bank because of our increased holdings in these companies. We also benefitted from higher dividends paid by Macquarie Group, Commonwealth Bank of Australia and Transurban.

These contributions helped offset the expected fall in dividends provided by BHP and Rio Tinto over the year. We also saw lower dividend income from James Hardie given its decision to suspend its dividend.

Net operating result (which excludes the impact of open option positions and is considered a better measure of the

Company's income from its investment activities) was \$39.0 million. Excluding the merger dividend, the figure for the corresponding period last year was \$33.9 million.

## Dividend

Djerriwarrh seeks to provide an enhanced level of fully franked income that is higher than is available from the S&P/ASX 200 Index, and which is delivered at a low cost to shareholders. The enhanced yield is achieved through a bias to investing in companies with higher dividend income, produced over the short and long term, as well as using option strategies to generate additional income.

The level of dividend declared each period is determined by taking into consideration the net operating result (which is made up of the dividends received from the companies that Djerriwarrh invests in, as well as the income generated from option strategies) and a prudent distribution of realised capital gains when available. The Company believes the net operating result, which excludes the valuation impact of open option positions, is a better measure of Djerriwarrh's income from its investment activities.

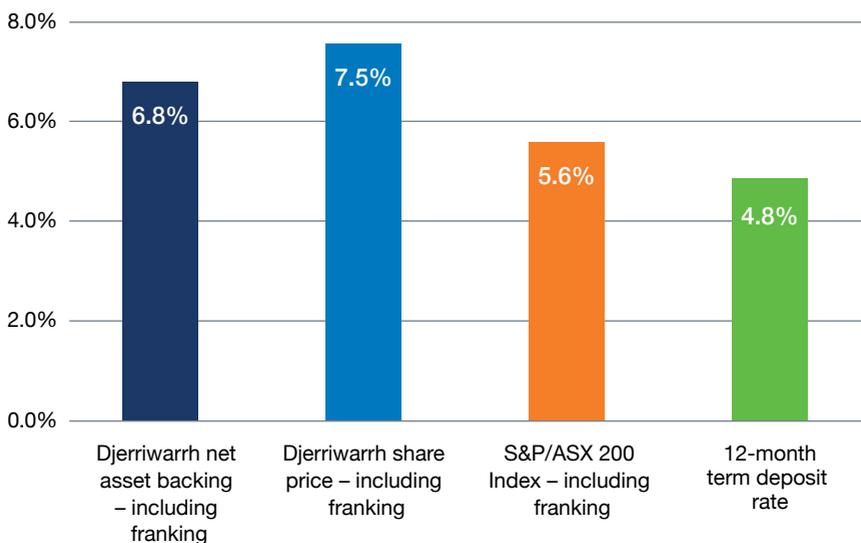
The net operating result per share for the year to 30 June 2023 was 15.2 cents per share. Excluding the BHP Petroleum/Woodside merger dividend, the figure for the corresponding period last year was 14.3 cents per share.

The final dividend has been increased to 7.75 cents per share fully franked, up 10.7 per cent from 7.0 cents per share fully franked for the corresponding period last year, and an increase from the interim dividend of 7.25 cents per share fully franked.

Total dividends for the year are 15.0 cents per share fully franked an increase of 9.1 per cent over last financial year's total dividend of 13.75 cents per share fully franked.

Based on the total dividends for the year, the dividend yield on the net asset backing at 30 June 2023 was 4.7 per cent, and 6.8 per cent grossed up for franking credits (assuming a shareholder can take full advantage of the franking credits). Based on the net asset backing and including franking this represents an enhanced yield of 1.2 percentage points higher than available from the S&P/ASX 200 Index. Based on the share price of \$2.84 (at 30 June 2023), the yield was 5.3 per cent and 7.5 per cent, grossed up for franking (Figure 1).

**Figure 1: Yield at 30 June 2023 (Based on the Interim Dividend Paid and Final Dividend Declared)**



Note: Assumes an investor can take full advantage of the franking credits.

# Review of Operations and Activities

continued

## Market and Portfolio Performance

The Australian equity market produced a strong return for the year despite market-wide concerns about high inflation, rising interest rates, the potential for slower economic growth across developed markets and a significant slowdown in China. In total the S&P/ASX 200 Accumulation Index return including franking was 16.6 per cent for the financial year.

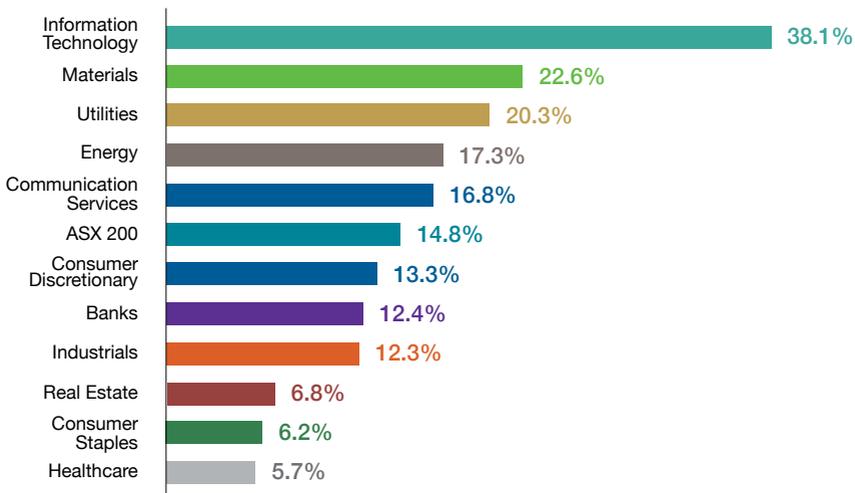
All sectors produced positive returns, with Information Technology and Materials the standout sectors, returning 38.1 per cent and 22.6 per cent respectively (Figure 2). The use of options will typically reshape the profile of returns producing more

immediate income at the expense of potential capital growth. In the context of the strong market over the financial year, Djerriwarrh produced satisfactory capital growth in addition to the enhanced income from the portfolio.

Djerriwarrh's total portfolio return for the 12 months to 30 June 2023 was 14.2 per cent after including the benefit of franking credits (Figure 3).

The more significant contributors (including dividends and option income) to Djerriwarrh's portfolio performance over the 12-month period were BHP, Wesfarmers, Commonwealth Bank of Australia, Westpac Banking Corporation and Carsales.com.

**Figure 2: Sector Performance for the 12 Months to 30 June 2023\***



\* Does not include franking.

## Portfolio Adjustments

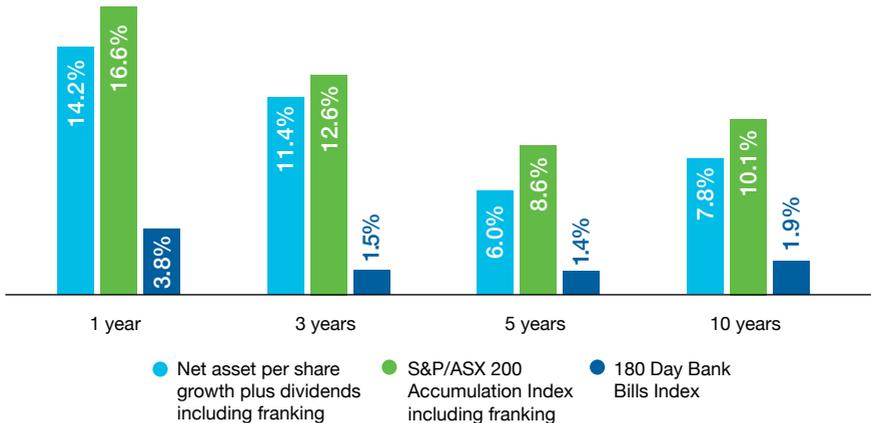
We continue to focus on constructing a portfolio that will deliver a suitable balance between short term income yield and long term growth in capital and income. We also have to be prepared to reinvest potential sizeable option exercise proceeds which typically occur in rising markets at appropriate times.

Major purchases for the 12-month period focused on quality companies that we assessed as being able to deliver the right amount of income and growth for the portfolio.

The largest purchase for the period was BHP. This was done both to replace the stock that was sold as a result of option exercises, as well as to increase our overall position in the company.

We significantly increased our position in National Australia Bank. The vast majority of our buying was done at attractive prices post the share price sell-off after its first half profit result.

**Figure 3: Portfolio Performance to 30 June 2023 – Per Annum Returns, Including the Benefit of Franking Credits Distributed with Dividends Paid**



Assumes an investor can take full advantage of the franking credits. Past performance is not indicative of future performance.

Note: Djerriwarrh's net asset per share growth plus dividend series is calculated after management fees, income tax and capital gains tax paid on realised sales of investments. It should be noted that Index returns for the S&P/ASX 200 do not include management expenses and tax.

# Review of Operations and Activities

continued

Given the attractive value and dividend yields that we saw in the financials and real estate sectors through March and April, we also made significant purchases in Westpac Banking Corporation, Macquarie Group, Commonwealth Bank of Australia, Region Group and Computershare.

Figure 4 shows the top 10 contributors to Djerriwarrh's dividend and distribution in the financial year for 2022/23.

The relative dividend yield on Djerriwarrh's portfolio versus that of the S&P/ASX 200 Index is outlined in Figure 5. Note the 2022 number excludes the non-cash merger dividend from the BHP Petroleum/Woodside merger.

We added two new stocks to the portfolio during the year – Port of Tauranga and Macquarie Technology Group.

Port of Tauranga is a New Zealand listed company that owns that country's dominant port asset, as well as ownership stakes in a number of other assets and businesses in New Zealand. We view Port of Tauranga as a high-quality, unique infrastructure investment that we think can offer our portfolio strong income and growth over the long term.

Macquarie Technology Group is a business that provides cloud, data centre and cyber security services to Australian Government agencies and corporates. It owns and operates high-quality data centres and has significant growth potential from the strong customer demand that they are experiencing.

We were able to establish a position in the company through their equity raising in June 2023.

Major sales for the period included option exercises in companies such as BHP, Woolworths, Commonwealth Bank of Australia, Westpac Banking Corporation and Carsales.com.

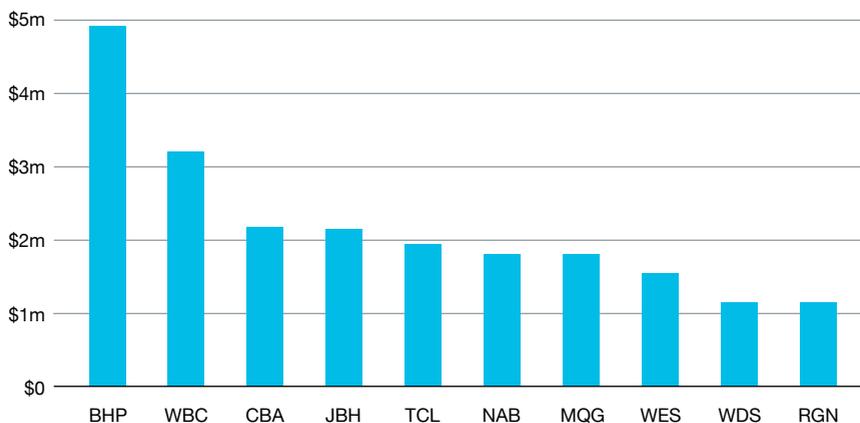
We exited our positions in IRESS, Atlas Arteria, Amcor, InvoCare, Brambles and Sonic Healthcare, and significantly reduced our position in IAG towards the end of the financial year as a result of option exercises combined with active selling.

As at 30 June 2023 the investment portfolio comprised holdings in 48 companies with a total market value of \$913.8 million. This compares to 52 companies with a total value of \$783.9 million at 30 June 2022. Part of this increase was due to the Share Purchase Plan undertaken in August 2022 which raised \$63.5 million.

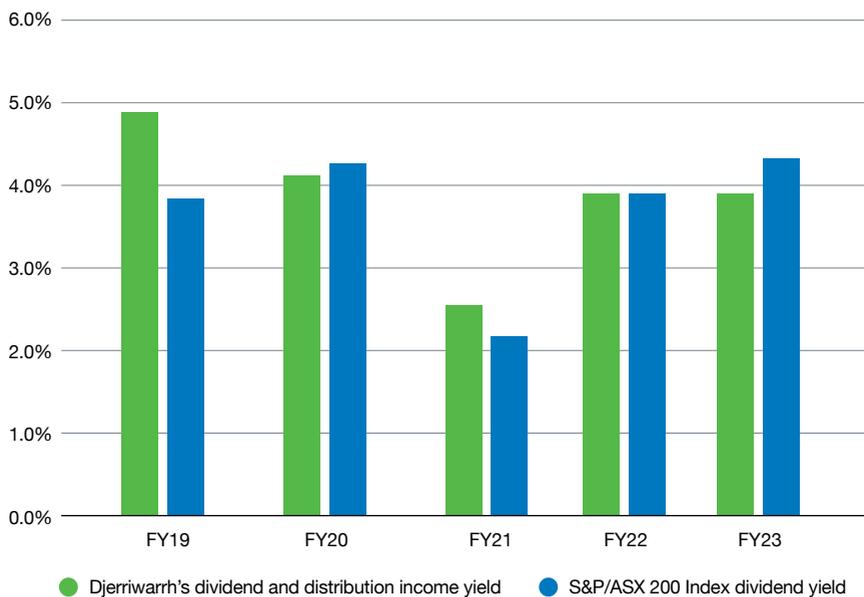
## Option Activity

Option income increased 18 per cent to \$14.8 million for the financial year. This was a very pleasing result, especially given the portfolio's average call option coverage for the financial year was 32 per cent, which was at the lower end of our target 30 per cent to 40 per cent range. This meant that we generated a significant amount of option income while still benefiting from the majority of the capital growth produced by the market.

**Figure 4: Profile of Dividend Income Received in Financial Year 2023 by Holding**



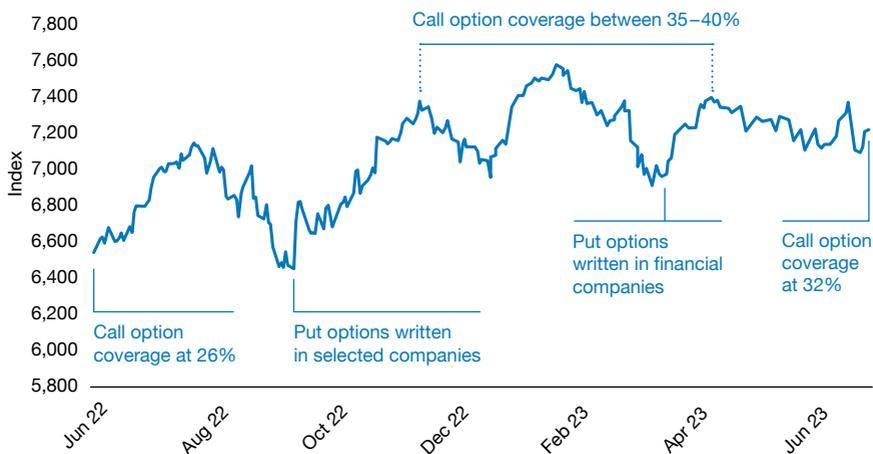
**Figure 5: Dividend and Distribution Income Yield for Djerriwarrh Versus the S&P/ASX 200 Index**



# Review of Operations and Activities

continued

**Figure 6: S&P/ASX 200 Price Index and Option Activity for the Financial Year**



Call option positions were actively managed through the financial year (Figures 6 and 7). The portfolio's call option coverage began the year at 26 per cent, below our 30 per cent to 40 per cent target range. This proved beneficial as the S&P/ASX 200 Index rose by 9 per cent from early July 2022 through to late August 2022.

Call option coverage was subsequently increased to 35 per cent to 40 per cent when the S&P/ASX 200 Index traded in a broad range between early November 2022 to March 2023. This enabled us to book a significant amount of option income without foregoing much capital growth.

Call option coverage finished the financial year at 32 per cent. Overall, call options contributed \$14.2 million of option income for the financial year.

Put options were also selectively written throughout the period when we saw good value. Overall, \$0.6 million of income was generated from put options, and we were not exercised on any of these positions.

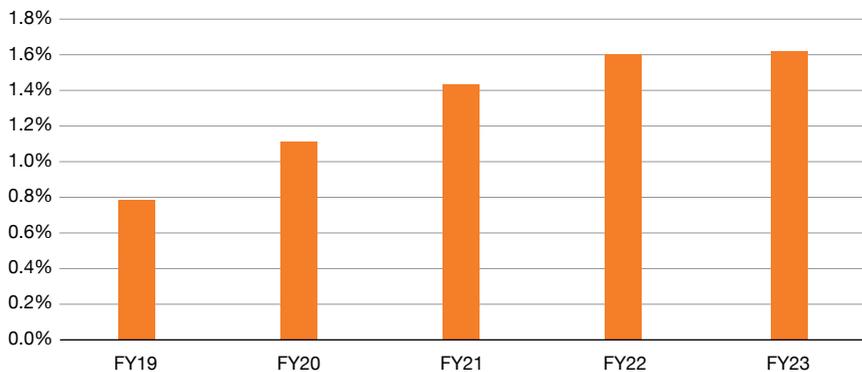
Figure 6 provides an overview of some of the key components of our option activities during the financial year relative to the performance of the Australian share market.

In terms of our overall option strategy, our goal remains to write single stock options against companies held in the portfolio to generate additional income. This is a key contributor to Djerriwarrh's ability to meet its enhanced yield objective. We also limit our overall call option coverage of the portfolio in order to achieve long term capital growth.

**Figure 7: Option Coverage as a Percentage of the Portfolio**



**Figure 8: Option Income as a Percentage of End of Period Portfolio Value for the Last Five Financial Years**



# Review of Operations and Activities

continued

The yield from option activity over the past financial years is outlined in Figure 8, noting the marked improvement in recent years.

With the largest contributors to option income received by holding outlined in Figure 9.

The level of option income generated each year will largely be a result of our option coverage levels, option premium prices (largely dependent on market volatility levels with recent history outlined in Figure 10 and interest rates which experienced a sharp uplift over this period) and the exercise prices at which we write the options.

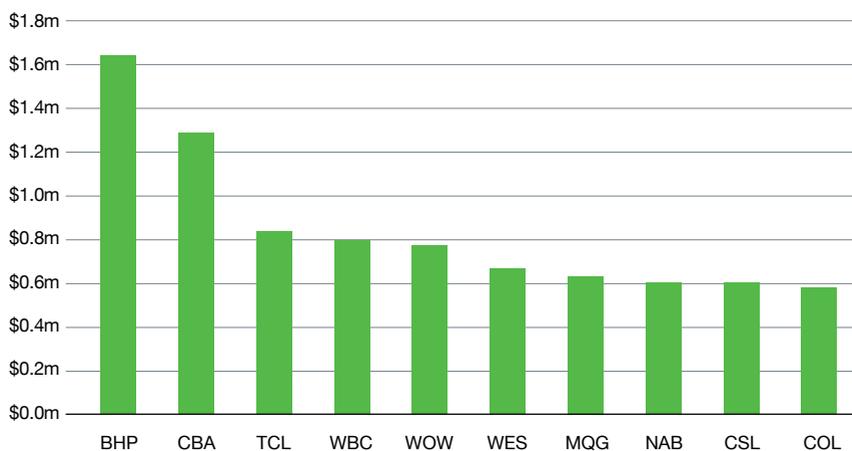
## Share Price

The share price continued to trade at a discount to net asset backing through the financial year. At 30 June 2023 the discount was 10 per cent whereas at 30 June 2022 the discount was 3 per cent (Figure 11). As a result, despite the increase in value of the net asset backing over the financial year, share price return has been lower at 6.5 per cent when the benefit of franking is included.

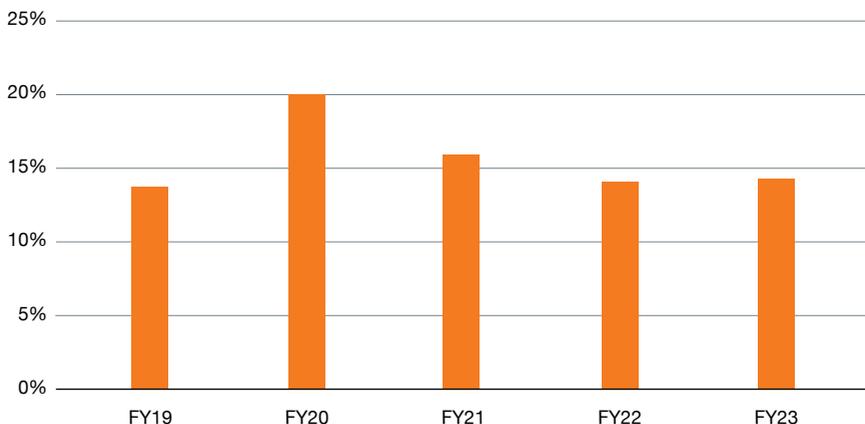
## Outlook

We believe that the adjustments made to the portfolio during the last 12 months set the portfolio up well for dividend income in the coming financial year.

**Figure 9: Profile of Option Income Received in Financial Year 2023 by Holding**

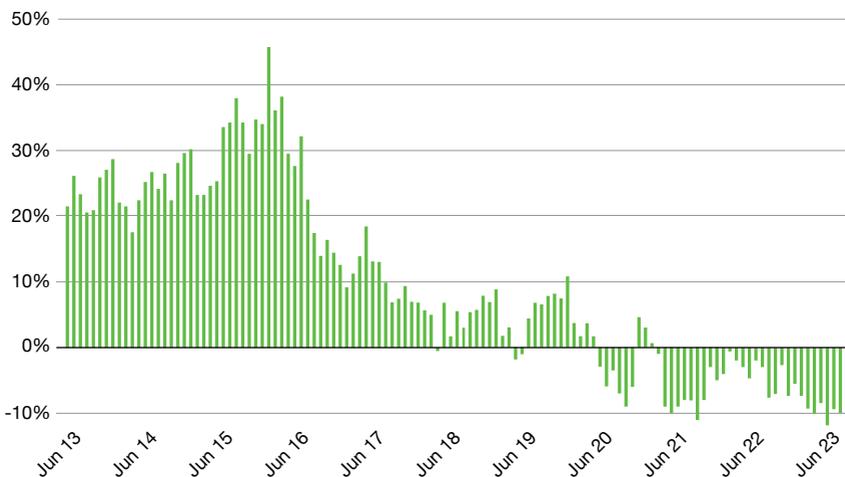


**Figure 10: Average Volatility of the Market for the Last Five Financial Years**



ASX VIX; Source: Factset.

**Figure 11: Share Price Premium to Net Asset Banking**



# Review of Operations and Activities

continued

On the positive side we expect the major banks to largely hold their dividend payments over the next 12 months.

Our increased holdings in high dividend yielding stocks such as National Australia Bank and Westpac Banking Corporation should increase our dividend income received from these companies.

In the case of resources, current market expectations are for another fall in the dividends paid by BHP, Rio Tinto and Woodside Energy. Commodity markets are inherently volatile and so earnings and dividend forecasts for resource companies can move around significantly in the short term. Even factoring in expected dividend cuts we have been able to selectively add to our holdings in these companies at what we believe to be attractive prices and yields.

The financial health of Australian households will have a large influence on the profitability of retail businesses such as JB Hi-Fi, Wesfarmers, Coles and Woolworths. These companies are all large holdings in our portfolio and are typically strong contributors to our dividend income. At this stage, despite some concerns about the economy, the strength of their respective balance sheets should support a reasonable level of dividends.

The current positioning of the options book is encouraging. Call option coverage sits at 32 per cent with very few positions currently 'in the money'. This leaves us

well placed to generate option income for the first half of the financial year while also being well positioned to benefit from any potential capital growth in the market.

Our ability to match or slightly improve on last year's option income result will largely be a function of our ability to rewrite call option coverage in the latter part of calendar year 2023. In addition, our option income potential will continue to be influenced by volatility levels across the broader share market which can vary depending on investor sentiment.

We continue to believe that owning a diversified portfolio of quality companies alongside our actively managed options strategy can produce an attractive level of income and capital growth over the long term, thereby enabling us to meet Djerriwarrh's investment objectives.

## Directorship Matters

Mr Geoffrey Roberts was appointed as a Non-Executive Director of the Company, effective 20 July 2022.

Mr Roberts has over 35 years' finance experience, including as Group Chief Financial Officer of SEEK Limited, Managing Partner of Deloitte Victoria, and as Group Chief Financial Officer of AXA Asia Pacific Holdings Limited. He was appointed to the Board of Walter and Eliza Hall Institute of Medical Research in September 2022, JB Hi Fi Limited in January 2021 and the Melbourne Cricket Club Committee in March 2019.

Mr Roberts holds an Executive MBA from the Australian Graduate School of Management and is a Fellow of both the Institute of Chartered Accountants and the Australian Institute of Company Directors.

We are delighted to welcome Mr Roberts to the Board. The broad experience he has across a range of sectors will be of significant value to our discussions and his depth of understanding in senior executive leadership roles will complement the Board's existing mix of skills and experience.

Mr John Paterson retired as Chairman and as a Director of the Company at the conclusion of the Annual General Meeting on 13 October 2022.

Mr Paterson has been a Director since 2002, appointed Deputy Chairman in September 2009 and Chairman since October 2013. The Board wishes to

record its deep thanks to Mr Paterson for his invaluable contribution to the Board deliberations over the last 20 years. His deep understanding of the investment industry has been of outstanding value to the Board, executives and shareholders of Djerriwarrh Investments Limited. The Board elected Mr Graham Goldsmith as the Chairman with effect from the conclusion of the Annual General Meeting on 13 October 2022. Mr Goldsmith has been an independent Non-Executive Director since April 2013 and was appointed Deputy Chairman in May 2020.

He is Chairman of SEEK Limited, Deputy Chairman of Gandel Foundation and a Panel Member of Adara Partners. Mr Goldsmith is a former Vice Chairman and a former Managing Director of Goldman Sachs Australia, and its predecessor firm Goldman Sachs JBWere. He was also previously the Chancellor of Swinburne University of Technology.



# Top 20 Investments

As at 30 June 2023

Includes investments held in both the investment and trading portfolios.

## Value at Closing Prices at 30 June 2023

		Total Value \$ Million	% of the Portfolio
1	BHP*	67.1	7.4
2	Commonwealth Bank of Australia*	58.1	6.4
3	Westpac Banking Corporation*	52.1	5.7
4	CSL*	52.0	5.7
5	National Australia Bank*	49.7	5.5
6	Macquarie Group*	48.2	5.3
7	Transurban Group*	47.0	5.2
8	Wesfarmers*	41.0	4.5
9	JB Hi-Fi*	29.3	3.2
10	Woolworths Group*	29.2	3.2
11	Coles Group*	27.3	3.0
12	EQT Holdings	26.0	2.9
13	ASX*	22.7	2.5
14	Carsales.com*	21.3	2.3
15	James Hardie Industries*	20.3	2.2
16	Mirvac Group*	20.0	2.2
17	Telstra Group*	19.7	2.2
18	Goodman Group*	19.0	2.1
19	Woodside Energy Group*	18.8	2.1
20	Region Group*	18.2	2.0
<b>Total</b>		<b>687.0</b>	

As percentage of total portfolio value (excludes cash)

**75.5%**

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

# Income Statement

## For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
Dividends and distributions	35,613	37,210
Revenue from deposits and bank bills	118	2
<b>Total revenue</b>	<b>35,731</b>	<b>37,212</b>
Net gains/(losses) on trading portfolio	93	(30)
Income from options written portfolio	14,829	12,524
<b>Income from operating activities</b>	<b>50,653</b>	<b>49,706</b>
Finance costs	(3,541)	(1,420)
Administration expenses	(3,453)	(3,808)
<b>Operating result before income tax</b>	<b>43,659</b>	<b>44,478</b>
Income tax	(4,633)	(4,039)
<b>Net operating result</b>	<b>39,026</b>	<b>40,439</b>
<b>Net capital gains/(losses) on options</b>		
Net gains/(losses) on open options positions	44	5,843
Tax expense on above	(13)	(1,753)
	31	4,090
<b>Profit for the year</b>	<b>39,057</b>	<b>44,529</b>
	<b>Cents</b>	<b>Cents</b>
<b>Net operating result per share</b>	<b>15.16</b>	<b>17.08</b>
Profit for the year per share	15.18	18.81

# Balance Sheet

As at 30 June 2023

	2023 \$'000	2022 \$'000
<b>Current assets</b>		
Cash	789	1,454
Receivables	6,093	3,677
Trading portfolio	256	974
<b>Total current assets</b>	<b>7,138</b>	<b>6,105</b>
<b>Non-current assets</b>		
Investment portfolio	913,798	783,888
Deferred tax assets – investment portfolio	368	15,415
Deferred tax assets – other	1,113	3,746
Shares in associate	1,534	1,086
<b>Total non-current assets</b>	<b>916,813</b>	<b>804,135</b>
<b>Total assets</b>	<b>923,951</b>	<b>810,240</b>
<b>Current liabilities</b>		
Payables	768	2,180
Borrowings – cash advance facilities	93,500	89,000
Tax payable	414	1,344
Options sold portfolio	3,864	3,352
<b>Total current liabilities</b>	<b>98,546</b>	<b>95,876</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities – investment portfolio	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>98,546</b>	<b>95,876</b>
<b>Net assets</b>	<b>825,405</b>	<b>714,364</b>
<b>Shareholders' equity</b>		
Share capital	756,573	689,325
Revaluation reserve	47,673	9,167
Realised capital gains reserve	(69,601)	(71,008)
Retained profits	90,760	86,880
<b>Total shareholders' equity</b>	<b>825,405</b>	<b>714,364</b>

# Summarised Statement of Changes in Equity

For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
<b>Total equity at the beginning of the year</b>	<b>714,364</b>	<b>768,709</b>
Dividends paid	(35,177)	(29,034)
Shares issued – Dividend Reinvestment Plan	3,872	3,043
Shares issued – Share Purchase Plan	63,508	-
Cost of share issues	(132)	(15)
<b>Total transactions with shareholders</b>	<b>32,071</b>	<b>(26,006)</b>
Profit for the year	39,057	44,529
Revaluation of investment portfolio	57,500	(103,590)
Provision for tax on revaluation	(17,587)	30,639
Net revaluation of investment portfolio	39,913	(72,951)
Net movement in fair value for interest rate swaps	-	83
<b>Total comprehensive income for the year</b>	<b>78,970</b>	<b>(28,339)</b>
Realised gains/(losses) on securities sold	3,947	4,308
Tax expense on realised gains or losses on securities sold	(2,540)	(604)
Net realised gains/(losses) on securities sold	1,407	3,704
Transfer from revaluation reserve to realised gains reserve	(1,407)	(3,704)
<b>Total equity at the end of the year</b>	<b>825,405</b>	<b>714,364</b>

A full set of Djerrirwarrh's final accounts are available on the Company's website.

# Holdings of Securities

At 30 June 2023

Details of the Company's portfolios are given below. The list should not be used to evaluate portfolio performance or to determine the net asset backing per share (which is advised to the Australian Securities Exchange each month and recorded on the toll free telephone service at 1800 780 784).

Individual holdings in the portfolios may change significantly during the course of the year. In addition, holdings may be subject to call options or sale commitments by which they may be sold at a price significantly different from the market price prevailing at the time of the exercise or sale.

Unless otherwise stated, the securities in this list are fully paid ordinary shares, trust units, stapled securities or convertible notes.

Code	Company Name	Number Held 2022 '000	Number Held 2023 '000	Market Value 2023 \$'000
AIA*	Auckland International Airport	2,409	1,594	12,502
ALQ	ALS	127	127	1,422
AMH	AMCIL	10,599	10,599	10,652
AMP	AMP	602	602	680
ANZ*	ANZ Group Holdings	487	487	11,532
ARB*	ARB Corporation	335	524	14,995
ASX*	ASX	258	360	22,677
BHP*	BHP Group	1,133	1,498	67,140
BWP	BWP Trust	3,134	2,744	9,961
CAR*	Carsales.com	1,192	907	21,305
CBA*	Commonwealth Bank of Australia	461	581	58,099
COH*	Cochlear	37	30	6,892
COL*	Coles Group	1,536	1,491	27,321
CPU*	Computershare	46	354	8,247
CSL*	CSL	188	188	51,974
DMP	Domino's Pizza Enterprises	78	152	7,057

<b>Code</b>	<b>Company Name</b>	<b>Number Held 2022 '000</b>	<b>Number Held 2023 '000</b>	<b>Market Value 2023 \$'000</b>
EQT	EQT Holdings	804	1,002	25,980
FCL	FINEOS Corporation	1,399	1,399	3,106
FPH*	Fisher & Paykel Healthcare Corporation	396	356	8,013
GMG*	Goodman Group	677	950	18,975
IAG*	Insurance Australia Group	3,304	330	1,728
JBH*	JB Hi-Fi	480	673	29,328
JHX*	James Hardie Industries	645	535	20,320
MAQ	Macquarie Technology Group	0	46	3,153
MFT*	Mainfreight (NZX listed)	275	275	18,169
MGR*	Mirvac Group	8,900	8,897	20,049
MIR	Mirrabooka Investments	4,215	4,215	11,549
MQG*	Macquarie Group	160	272	48,182
NAB*	National Australia Bank	629	1,885	49,682
NWL*	Netwealth Group	384	384	5,262
PNI*	Pinnacle Investment Management Group	1,144	1,144	11,210
POT	Port of Tauranga (NZX listed)	0	854	4,901
PXA*	PEXA Group	292	292	3,922
REA*	REA Group	71	73	10,313
REH*	Reece	410	730	13,438
RGN*	Region Group	3,005	8,020	18,205
RHC*	Ramsay Health Care	200	102	5,752
RIO*	Rio Tinto	59	95	10,895
RMD*	ResMed	288	288	9,433
SEK*	Seek	195	257	5,589
STO*	Santos	1,373	1,373	10,211

# Holdings of Securities

At 30 June 2023 continued

<b>Code</b>	<b>Company Name</b>	<b>Number Held 2022 '000</b>	<b>Number Held 2023 '000</b>	<b>Market Value 2023 \$'000</b>
TCL*	Transurban Group	3,484	3,309	46,998
TLS*	Telstra Group	5,122	4,612	19,745
TPW*	Temple & Webster Group	452	452	2,565
WBC*	Westpac Banking Corporation	2,146	2,442	52,087
WDS*	Woodside Energy	322	548	18,824
WES*	Wesfarmers	828	833	41,000
WOW*	Woolworths	1,051	739	29,153
<b>Total</b>				<b>910,190</b>

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

# Major Transactions in the Investment Portfolio

Acquisitions	<b>Cost (\$m)</b>
BHP	42.0
National Australia Bank	39.0
Commonwealth Bank of Australia	21.1
Macquarie Group	19.1
Westpac Banking Corporation	15.0
Region Group	13.1
JB Hi-Fi	11.0

Disposals	<b>Proceeds (\$m)</b>
BHP (because of the exercise of call options)	29.1
Insurance Australia Group	14.0
IRESS <sup>#</sup>	12.6
Woolworths (because of the exercise of call options)	11.6
Westpac Banking Corporation (because of the exercise of call options)	9.9

<sup>#</sup> Complete disposal from the portfolio.

## New Companies Added to the Portfolio

Port of Tauranga

Macquarie Technology Group

# Company Particulars

## Djerriwarrh Investments Limited

ABN 38 006 862 693

### Directors

Graham B Goldsmith AO, Chairman  
Mark Freeman, Managing Director  
Bruce R Brook  
Kathryn J Fagg AO  
Geoffrey I Roberts  
Alice JM Williams  
Karen J Wood

### Company Secretaries

Matthew J Rowe  
Andrew JB Porter

### Auditor

PricewaterhouseCoopers  
Chartered Accountants

### Country of Incorporation

Australia

### Registered Office and Mailing Address

Level 21, 101 Collins Street  
Melbourne, Victoria 3000

### Contact Details

**Telephone** (03) 9650 9911  
**Facsimile** (03) 9650 9100  
**Email** invest@djerrri.com.au  
**Website** djerrri.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):

**Telephone** 1800 780 784 (toll free)

# Shareholder Information

## Share Registrar

Computershare Investor Services Pty Ltd  
Yarra Falls  
452 Johnston Street  
Abbotsford Victoria 3067

## Shareholder

**Enquiry Line** 1300 653 915  
+61 3 9415 4190  
(from overseas)

**Facsimile** (03) 9473 2500

**Website** [investorcentre.com/contact](http://investorcentre.com/contact)

For all enquiries relating to shareholdings, dividends and related matters, please contact the Share Registrar as above.

## Securities Exchange Code

**DJW** Ordinary shares

## Annual General Meeting

**Time** 10.00am  
**Date** Thursday 12 October 2023  
**Venue** Dexus Place  
**Location** Level 6, 80 Collins Street  
Melbourne Victoria 3000

The AGM will be a hybrid meeting with a physical meeting and access via an online platform. Further details are provided in the Notice of Annual General Meeting.



24 August 2023



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MR JOHN SAMPLE  
FLAT 123  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLETOWN VIC 3030

Djerriwarrh Investments Limited  
ABN 38 006 862 693  
Level 21, 101 Collins St  
Melbourne VIC 3000  
T 03 9650 9911  
F 03 9650 9100  
invest@djjerri.com.au  
djjerri.com.au

Dear Shareholder,

I am pleased to invite you to the 36<sup>th</sup> Annual General Meeting (AGM) of Djerriwarrh Investments Limited (Djerriwarrh or the Company) which has been scheduled as follows:

**Date:** Thursday 12 October 2023

**Time:** 10.00am Australian Eastern Daylight Time (AEDT)

The AGM will be held as a hybrid meeting providing shareholders with an opportunity to either attend in person or to participate online.

To attend in person and engage with Directors, shareholders are invited to attend at the **Dexus Place, Level 6, 80 Collins St, Melbourne, Victoria, Australia.**

If shareholders are attending online they must use the Computershare Meeting Platform (AGM Platform) to participate in the meeting. To participate in the meeting, you can log in by entering the following URL <https://meetnow.global/M49GAJ4> on your computer, tablet or smartphone.

Shareholders who participate in the AGM online using the online platform are able to ask questions via this platform and vote in real time.

Full details on how to lodge a proxy, attend and participate in the AGM are set out in our Notice of Meeting.

### Notice of Meeting

Please visit [www.djerri.com.au](http://www.djerri.com.au) to view and download our Notice of Meeting, Our Annual Report and other meeting documents are also available on this webpage.

### Proxy Form

If you are unable to join us for the AGM, we encourage you to lodge a vote prior to the meeting or, alternatively, to appoint a proxy to attend either in person or virtually, and vote on your behalf. Enclosed with this letter is a hard copy of your Proxy Form which is personalised to you. Please complete the Proxy Form if you would like to appoint a proxy to attend the meeting and vote on your behalf. The Notice of Meeting sets out the various ways in which you can submit the Proxy Form. Please note that for a proxy appointment or direct vote to be effective, it must be received by 10.00am (AEDT) on Tuesday 10 October 2023.

## Questions from shareholders

Shareholders will have a reasonable opportunity to ask questions at the AGM (including an opportunity to ask questions of the Auditor) verbally or via the meeting platform.

As was the case last year, we also welcome shareholder questions in advance of the meeting. These can be emailed to the Company at [agm@djerri.com.au](mailto:agm@djerri.com.au) or enclosed with your returned Proxy Form if you elect to return a hard copy.

On behalf of the Board, I thank you for your continuing support as a shareholder. We look forward to welcoming you to our hybrid AGM either virtually or in person on 12 October 2023.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Graham Goldsmith', written in a cursive style.

Graham Goldsmith AO  
Chairman

Australian Equities,  
Enhanced Yield



Notice of Annual  
General Meeting  
2023



The Annual General Meeting of  
Djerriwarrh Investments Limited,  
ABN: 38 006 862 693, ('Company')  
will be held at 10.00am (AEDT)  
on Thursday 12 October 2023

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# BUSINESS OF THE MEETING

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The Annual General Meeting of **Djerriwarrh Investments Limited** (ABN: 38 006 862 693, 'Company') will be held at **10.00am (AEDT)** on **Thursday 12 October 2023** at **Dexus Place, Level 6, 80 Collins Street, Melbourne, Victoria, Australia** and via an online AGM platform at **meetnow.global/M49GAJ4**.

Shareholders are requested to participate in the AGM in person, via our online AGM platform or via the appointment of a proxy. Further information on how to participate virtually is set out in this Notice and the Online Meeting Guide.

The Company has determined that, for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register at **7.00pm (AEDT)** on **Tuesday 10 October 2023**.

## 1. Financial Statements and Reports

To consider the Directors' Report, Financial Report and Independent Audit Report for the financial year ended 30 June 2023.

(Please note that no resolution will be required to be passed on this matter).

## 2. Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution (as an ordinary resolution):

"That the Remuneration Report for the financial year ended 30 June 2023 be adopted."

(Please note that the vote on this item is advisory only)

## 3. Re-election of Director

To consider and, if thought fit, to pass the following resolution (as an ordinary resolution):

"That Ms Kathryn Fagg, a Director retiring from office in accordance with Rule 46 of the Constitution, being eligible is re-elected as a Director of the Company."

By Order of the Board



**Matthew Rowe**  
Company Secretary

24 August 2023

# EXPLANATORY NOTES

The Explanatory Notes below provide additional information regarding the items of business proposed for the Annual General Meeting.

**IMPORTANT: Shareholders are urged to direct their proxy how to vote by clearly marking the relevant box for each item on the proxy form.**

**Please ensure that your properly completed proxy form reaches the share registry by the deadline of 10.00am (AEDT) on Tuesday 10 October 2023.**

**Where permitted, the Chairman of the meeting intends to vote undirected proxies in favour of all items of business.**

## 1. Financial Statements and Reports

During this item there will be a reasonable opportunity for shareholders to ask questions and comment on the Directors' Report, Financial Report and Independent Audit Report for the financial year ended 30 June 2023. No resolution will be required to be passed on this matter.

Shareholders who have not elected to receive a hard copy of the Company's 2023 Annual Report can view or download it from the Company's website at:

[djerri.com.au/our-company](http://djerri.com.au/our-company)

## 2. Adoption of Remuneration Report

During this item there will be a reasonable opportunity for shareholders at the meeting to comment on and ask questions about the Remuneration Report which is contained within the 2023 Annual Report.

The vote on the proposed resolution is an advisory one.

### Voting Exclusions on Item 2

Pursuant to Sections 250BD and 250R of the *Corporations Act 2001* (Cth), votes may not be cast, and the Company will disregard any votes cast, on the resolution proposed in Item 2 ('Resolution 2'):

- by or on behalf of any member of the key management personnel of the Company (a 'KMP member') whose remuneration details are included in the Remuneration Report or any of their closely related parties; or
- as a proxy by a person who is a KMP member at the date of the meeting or any of their closely related parties,

unless the votes are cast:

- as a proxy for a person who is entitled to vote on Resolution 2 in accordance with a direction in the proxy appointment; or

- by the Chairman of the Annual General Meeting as a proxy for a person who is entitled to vote on Resolution 2 in accordance with an express authorisation in the proxy appointment to cast the votes even though Resolution 2 is connected directly or indirectly with the remuneration of a KMP member.

If the Chairman of the Annual General Meeting is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chairman to vote for or against, or to abstain from voting on, Resolution 2 by marking the appropriate box opposite Item 2 on the proxy form.

For the purposes of these voting exclusions, a 'closely related party' of a KMP member means (1) a spouse or child of the KMP member, (2) a child of the KMP member's spouse, (3) a dependant of the KMP member or of the KMP member's spouse, (4) anyone else who is one of the KMP member's family and may be expected to influence the KMP member, or be influenced by the KMP member, in the KMP member's dealings with the Company, or (5) a company the KMP member controls.

The Company will also apply these voting exclusions to persons appointed as attorney by a shareholder to attend and vote at the Annual General Meeting under a power of attorney, as if they were appointed as a proxy.

Pursuant to Sections 250BD(2) and 250R(5) of the *Corporations Act 2001*, if the Chairman of the meeting is a proxy and the relevant shareholder does not mark any of the boxes opposite Item 2, the relevant shareholder will be expressly authorising the Chairman to exercise the proxy in relation to Item 2.

**Board recommendation: Noting that each director has a personal interest in their own remuneration from the Company, as described in the Remuneration Report, the Board unanimously recommends that shareholders vote IN FAVOUR of this resolution.**

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# EXPLANATORY NOTES

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continued

### 3. Re-election of Director

Ms Kathryn Fagg was re-elected as a Director by shareholders at the 2020 AGM and as such is required to seek re-election by shareholders at this AGM. Her biographical details are set out below:

#### **Kathryn J Fagg AO**

Independent Non-Executive Director  
BE (Hons), MCom (Hons)

Chair of the Nomination Committee and  
Member of the Investment and Audit  
Committees

Ms Fagg joined the Board in May 2014. Her executive and professional roles have been broad and diverse. She started her career as a chemical engineer. She became a management consultant and then held a number of senior executive positions in the banking, steel and logistics industries across Australia, New Zealand and Asia. Ms Fagg is Chair of CSIRO and a Non-Executive Director of Medibank Limited and National Australia Bank Limited. She is Chair of the Breast Cancer Network Australia, Inaugural Chair of Watertrust Australia Limited and is a Board Member of the Grattan Institute, The Myer Foundation and Champions of Change Coalition. Ms Fagg was previously Chair of Boral, a Board member of the Reserve Bank of Australia, Chair of Parks Victoria, President of Chief Executive Women, Chair of Melbourne Recital Centre and Non-Executive Director of Incitec Pivot Limited. She also has a number of other significant interests including as a Fellow of the Academy of Technological Sciences and Engineering.

Kathryn has been awarded Honorary Doctorates by the University of New South Wales in Business and in Chemical Engineering by the University of Queensland. Kathryn was made an Officer of the Order of Australia (AO) in June 2019 for distinguished service to business and finance, to the central banking, logistics and manufacturing sectors, and to women.

Further information regarding the Company's corporate governance arrangements and the Board's role can be found on the Company's website at:

**[djerri.com.au/corporate-governance](https://www.djerri.com.au/corporate-governance)**

**Board recommendation and undirected proxies: The Board (with the exception of Ms Fagg in relation to her own re-election) recommends that shareholders vote IN FAVOUR of this resolution, and the Chairman of the meeting intends to vote any undirected proxies IN FAVOUR of this resolution.**

# SHAREHOLDER INFORMATION

Shareholders and Proxyholders have two options for participating at the AGM:

In person

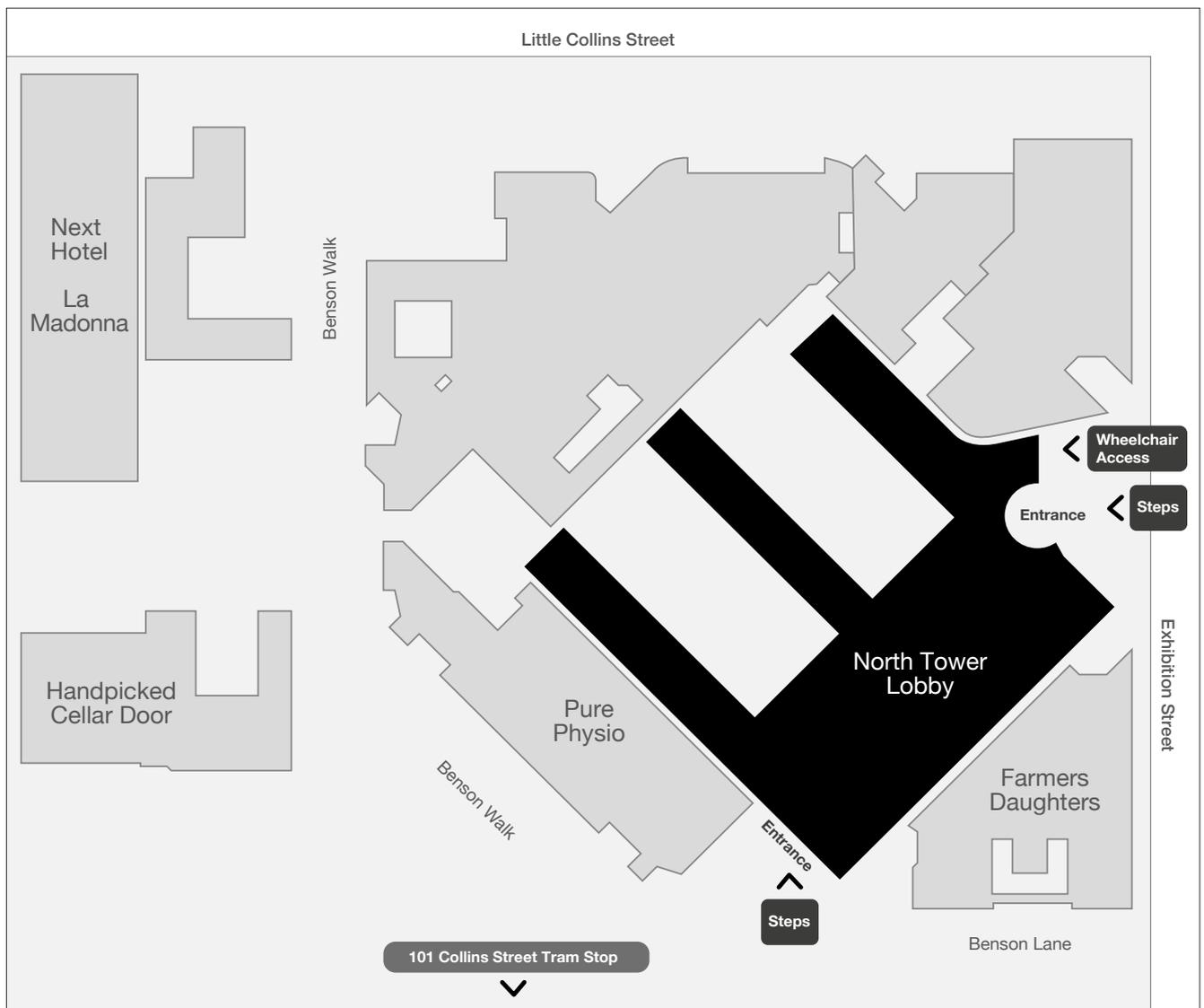
Online via the Computershare Meeting Platform (access via [meetnow.global/M49GAJ4](https://meetnow.global/M49GAJ4))

## In Person

The AGM will be held at the Dexus Place, Level 6, 80 Collins Street, Melbourne, Victoria

## Dexus Place

Directional Map



# SHAREHOLDER INFORMATION

continued

## Via the Online Platform

If shareholders are attending online, they must use the Computershare Meeting Platform to participate in the meeting.

To participate in the meeting, you can log in by entering the following URL **meetnow.global/M49GAJ4** on your computer, tablet, or smartphone.

Online registration will open 1 hour before the meeting.

To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready. **Proxyholders will need to contact Computershare prior to the meeting to obtain their login details.**

To participate in the meeting online follow the instructions below.

1. Click on 'Join Meeting Now'.
2. Enter your SRN/HIN. Proxyholders will need to contact Computershare on +61 3 9415 4024 one hour prior to the meeting to obtain their login details.
3. Enter your postcode registered to your holding if you are an Australian securityholder. If you are an overseas securityholder select the country of your registered holding from the drop-down list.
4. Accept the Terms and Conditions and 'Click Continue'.

A detailed guide on how to participate virtually is set out in the Online Meeting Guide ([computershare.com.au/virtualmeetingguide](https://computershare.com.au/virtualmeetingguide)) or on our website at [djerri.com.au](https://djerri.com.au). This Guide explains how you can ensure your browser is compatible with the online platform, as well as a step-by-step guide to successfully log in and navigate the site.

## Voting Options for the AGM

- Voting in person at the meeting
- Direct voting via the online AGM platform during the AGM
- Appointing a proxy

## All Resolutions Will be Conducted by Poll

As some shareholders may participate virtually in the Meeting each resolution considered at the Meeting will be conducted by a poll. The Board considers voting by poll to be in the interests of the shareholders as a whole and ensures the views of as many shareholders as possible are represented at the Meeting.

## Direct Voting Via Online AGM Platform – During the AGM

In accordance with the Company's Constitution ('Constitution'), the Directors have determined that at the AGM, a shareholder who is entitled to vote on a resolution at the AGM is entitled to a direct vote in respect of that resolution and have approved the use of the online AGM platform as the means by which shareholders can deliver their direct vote in real time during the AGM.

Shareholders can participate in the AGM via the online AGM platform and will be able to vote directly through the online platform in real time. Shareholders and proxyholders can vote directly online at any time between the start of the AGM at 10.00am (AEDT) and the closure of voting as announced by the Chairman during the Meeting.

More information regarding direct voting during the AGM is detailed in the Online Meeting Guide available on our website [djerri.com.au](https://djerri.com.au).

## Proxies

If you cannot attend the meeting in person or online at the scheduled time, you can participate in the AGM by appointing a proxy to attend and vote at the AGM. Shareholders can appoint a proxy on the enclosed Proxy Form.

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend, vote and speak in the shareholder's place and to join in any demand for a poll.
2. A shareholder who appoints two proxies may specify a proportion or number of the shareholder's votes each proxy is appointed to exercise. Where no such specification is made, each proxy may exercise half of the votes (any fractions of votes resulting from this are disregarded).
3. **Proxy forms may be lodged online by visiting [investorvote.com.au](https://investorvote.com.au) or by scanning the QR Code on the proxy form with a mobile device.**
4. **Relevant custodians may lodge their proxy forms online by visiting [intermediaryonline.com](https://intermediaryonline.com)**
5. Proxy forms and any authorities (or certified copies of those authorities) under which they are signed may be also delivered, by mail or by fax to the Company's Share Registry (see details below) no later than 48 hours before the meeting, being **10.00am (AEDT) on Tuesday 10 October 2023**. Further details are on the proxy form.

6. A proxy need not vote in that capacity on a poll (unless the proxy is the Chairman of the meeting). However, if the proxy's appointment specifies the way to vote on a resolution, and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of this Notice, including the voting exclusions noted above).

7. In certain circumstances the Chairman of the meeting will be taken to have been appointed as the proxy of the relevant shareholder in respect of the meeting or the poll on that resolution even if the shareholder has not expressly appointed the Chairman of the meeting as their proxy. This will occur where:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution; and
- the appointed proxy is not the Chairman of the meeting; and
- at the meeting, a poll is called on the resolution; and
- either of the following apply:
  - if a record of attendance is made for the AGM and the proxy is not recorded as attending
  - the proxy does not vote on the resolution.

## Corporate Representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. Evidence of the appointment of a corporate representative must comply with Section 250D of the *Corporations Act 2001* and be lodged with the Company before the AGM.

## Attorneys

A shareholder may appoint an attorney to vote on their behalf. To be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the deadline for the receipt of proxy forms (see above), being no later than 48 hours before the meeting.

## Questions from Shareholders

We welcome shareholders' questions at the meeting. However, in the interests of all attending the meeting, we request that shareholders confine their questions to matters before the meeting that are relevant to shareholders as a whole.

For shareholders present at the meeting, you will have the opportunity to ask questions from the floor.

For shareholders attending online at **meetnow.global/M49GAJ4** then follow the instructions in the platform on how to ask a question. Please note, only shareholders may ask questions online.

Shareholders who are unable to attend the meeting or who prefer to register questions in advance are invited to use the question form included with their proxy form or via email **agm@djerrri.com.au**. The deadline for receipt of questions by email to be considered at the AGM is **29 September 2023**. During the course of the meeting, the Chairman will endeavour to address the themes most frequently raised in the submitted question forms. Please note that individual responses will not be sent to shareholders.

## Share Registry

The Company's Share Registry details are as follows:

## Computershare Investor Services Pty Limited

### Street Address

Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

### Postal Address

GPO Box 242  
Melbourne VIC 3001

### Telephone

1300 662 270 (within Australia)  
0800 333 501 (within New Zealand)  
+61 3 9415 4373 (outside Australia)

### Facsimile

1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

### Internet

[investorcentre.com/contact](http://investorcentre.com/contact)



Djerriwarrh

AUSTRALIAN EQUITIES, ENHANCED YIELD



000001  
000  
SAM  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



### Phone

1300 653 915 (within Australia)  
+61 3 9415 4190 (outside Australia)



### Online

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10.00am (AEDT)** Tuesday 10 October 2023.

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions. Each resolution considered at the meeting will be conducted by a poll.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE MEETING

### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form: **XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is:



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia

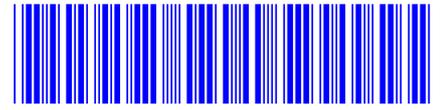


**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR JOHN SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.



I 1234567890

I N D

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a proxy to vote on your behalf

XX

I/We being a shareholder/s of DJERRIWARRH INVESTMENTS LIMITED hereby appoint

the Chairman of the meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the meeting. Do not insert your own name(s).

or failing the individual or body corporate named in relation to the meeting generally or in relation to a poll on a given resolution, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting or in relation to a poll on the given resolution (as applicable) on my/our behalf, including to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of **Djerriwarrh Investments Limited** held at **Dexus Place, Level 6, 80 Collins Street, Melbourne, Victoria, Australia and via an online platform at 10.00am (AEDT) on Thursday 12 October 2023** and at any adjournment or postponement of that meeting.

**Chairman to vote undirected proxies in favour:** I/We acknowledge that the Chairman of the meeting intends to vote undirected proxies in favour of each item of business, to the extent permitted by law.

**Chairman authorised to exercise proxies on remuneration related matters:** If I/we have appointed the Chairman of the meeting as my/our proxy (or the Chairman of the meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the meeting (to the extent permitted by law) to exercise my/our proxy in respect of item 2 even though the item is connected directly or indirectly with the remuneration of a member of key management personnel of Djerriwarrh Investments Limited, which includes the Chairman of the meeting.

### STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Item 2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of Director - Ms Kathryn Fagg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Board recommendations and undirected proxies:** The Board recommends shareholders vote in favour of each item of business. The Chairman of the meeting intends to vote undirected proxies in favour of each item of business, to the extent permitted by law.

### SIGN Signature of Shareholder(s) *This section must be completed.*

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_

D J W

2 9 9 4 2 4 A



Computershare

