

Diversified
United
Investment
Limited

ABN 33 006 713 177

2020

Annual Financial Report

for the year ended 30 June 2020

Directory

Directors

C B Goode AC - Chairman
A R Burgess
S G Hiscock
A J P Larke

Company Secretaries

Andrew J Hancock FCA
James A Pollard CA

Registered Office

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101 Collins Street
Melbourne VIC 3000
Tel: (613) 9654 0499
Email: info@dui.com.au

Website

www.dui.com.au

Bankers

Australia and New Zealand Banking Group Limited
National Australia Bank Limited

Auditors

KPMG
Chartered Accountants

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235
Tel: (+61) 1300 554 474
Email: registrars@linkmarketservices.com.au
Web: www.linkmarketservices.com.au

Securities Exchange

The Company is listed on the Australian Securities Exchange Ltd.
ASX Code: DUI

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Chairman's Report

I present the twenty-eighth Annual Report of Diversified United Investment Ltd which is for the year ended 30 June 2020.

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

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

At 30 June 2020, 17.9% of the portfolio was invested in international equities through seven Exchange Traded Index Funds and three emerging markets unlisted managed funds. The foreign exchange currency exposure is currently unhedged.

Profit after tax for the year was \$30,070,000 which is a decrease of 20.9% on the previous year or a decrease of 17.2% if special dividends received and capital gains distributed by managed funds in which the Company invests are excluded. The profit for the year excludes net realised gains and losses on the investment portfolio which are recorded in the Asset Realisation Reserve.

Income earned during the year was \$36,893,000 comprising \$30,690,000 from dividends and trust distributions, \$5,676,000 from foreign income, \$328,000 from interest and \$199,000 from options premium and other items. The Company incurred operating expenses of \$1,377,000 (before interest costs) which is equivalent to 0.13% of the average value of the portfolio (2019: 0.12%). Including the management fees of the international ETF's and managed funds in which the Company is invested, the expense ratio was 0.17% (2019: 0.16%).

This year special dividends and capital gains distributed by managed funds totalled \$2,448,000 after tax. Special dividends were principally received from Rio Tinto, ASX and Coles Group. In 2019 special dividends and capital gains distributed by managed funds of \$4,653,000 after tax were received.

Excluding the special dividends and capital gains distributions, the Company's revenue fell 17.1% on last year. During the second half of the financial year the COVID-19 pandemic affected the operations and outlook for many of the investee companies and a number of dividends and distributions were deferred, reduced or cancelled.

Leaving aside the special dividends and distributed capital gains, the year's result reflects a 19% decrease in income from dividends and trust income, a 4% increase in income from international investments and a 39% fall in net interest expense. \$199,000 options trading and other income was received through 2020 (2019: nil).

The weighted average number of ordinary shares for the year was 211,502,436 as against 210,464,960 in the previous year, an increase of 0.5%.

Excluding the special dividends received and capital gains distributed by managed funds, the earnings per share based on the weighted average number of shares on issue for the year was 13.1 cents per share compared to 15.9 cents for the year to 30 June 2019. Including the special dividends and capital gains distributed, earnings per share fell 21.5% to 14.2 cents.

Bank facilities as at 30 June 2020 were \$115,000,000, drawn as to \$72,500,000 (2019: \$115,000,000, drawn as to \$95,000,000). Gross debt as a proportion of the portfolio including cash was 7.1% (2019: 8.5%). Cash on hand, cash deposits and net short term receivables were \$38,058,000, or 3.7% of the investment portfolio at market values (2019: \$80,398,000 or 7.2%). Net debt as a proportion of the portfolio excluding cash was 3.5% (2019: 1.4%). Annual interest expense was covered 12.7 times by profit before interest and tax (2019: 11.2 times).

The net asset backing per share before estimated tax on unrealised gains and before provision for the final dividend was \$4.45 at 30 June 2020, compared to \$4.82 at 30 June 2019, a decrease of 7.7%.

The Directors have declared a fully franked final dividend of 8.5¢ per share for the year to 30 June 2020, which with the interim dividend of 7.0¢ per share fully franked makes a total fully franked dividend of 15.5¢ per share for the year, unchanged from the previous year. The final dividend does not include a Listed Investment Company capital gain.

The directors have decided to maintain the final dividend even though total dividends for year ended 30 June 2020 are not covered by earnings in the year. Over the previous years, the Company has accumulated retained earnings, particularly by the retention of special dividends received. A modest drawdown of retained earnings has been made to maintain the final dividend. The Company has adequate franking credits to fully frank the final dividend.

Due to the continuing economic effects of the COVID-19 pandemic, the Company expects a further reduction in dividend income in the current financial year ending 30 June 2021. The Company will assess the dividend policy for the year ended 30 June 2021, having regard to the actual earnings outcome and the medium term earnings and future outlook.

Dividends paid or payable for each of the last 5 financial years are as follows:

Year	Dividend Cents Per Share
2019/20	15.5
2018/19	15.5
2017/18	15.0
2016/17	14.5
2015/16	14.0

The Company's net tangible asset backing per share before provision for the final dividend (based on investments at market value, after tax on net realised gains, before any future tax benefit of net realised losses and before estimated tax on net unrealised gains/losses) over the last 5 years was as follows:

	Net Tangible Asset Backing per Share
30 June 2020	\$4.45
30 June 2019	\$4.82
30 June 2018	\$4.47
30 June 2017	\$4.00
30 June 2016	\$3.53

The Australian equities portfolio is mainly in leading companies and at 30 June 2020, in terms of market values, 89% of the Australian equities portfolio was in the leading 50 companies (73% in the top 20 companies and 16% in the next 30 companies), with a further 9% invested in the second 50 companies and 2% invested in companies other than the largest 100 companies. The international equities portfolio comprised 17.9% of total investments.

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

	DUI Net Asset Backing Accumulation % p.a.	DUI Share Price Accumulation % p.a.	S&P ASX 200 Accumulation Index % p.a.
1 Year	(4.72)	0.23	(7.68)
3 Years	7.18	8.17	5.19
5 Years	7.69	7.84	5.95
10 Years	8.62	8.60	7.80

Including the benefit of franking credits for shareholders who can fully utilise them, the Company's accumulation return for the year to 30 June 2020 was a fall of 3.6% compared to a fall of 6.6% in the S&P/ASX 200 franking credit adjusted return.

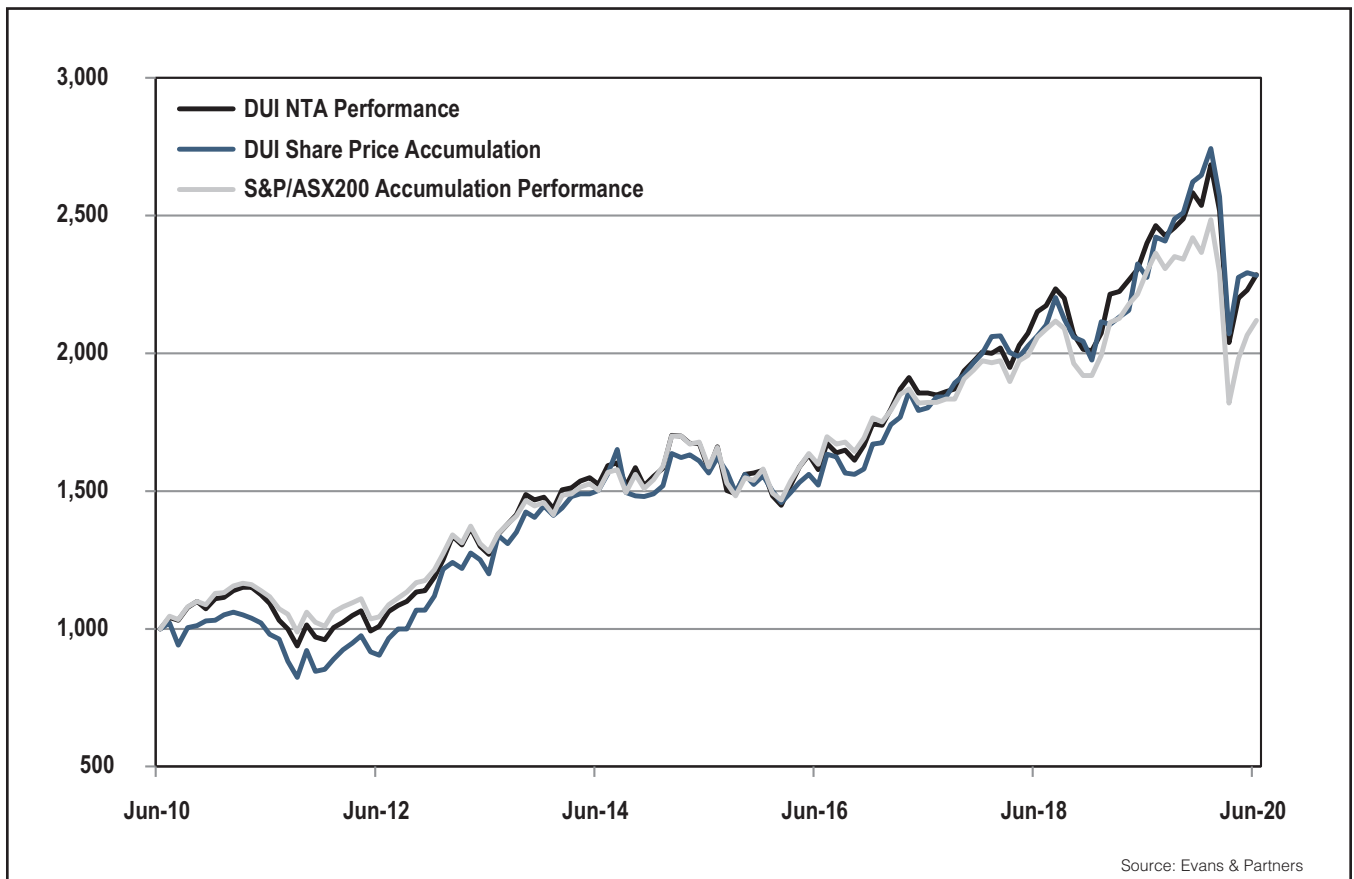
The Company's net asset backing accumulation performance is after all expenses, tax, and the impact of the Company's gearing. Such items are not included in the S&P/ASX indices.

The year saw a mixed performance in world equities markets with the Australian S&P/ASX 200 price index falling 10.9%, the Standard & Poors 500 rising 5.4%, the FTSE 100 falling 16.9% and the Nikkei-225 rising 4.8%.

The Company's performance for the year was assisted by overweight positions in healthcare stocks (including CSL), consumer stocks and Transurban. Performance was held back by overweight positions in the energy sector and underweight positions in the strongly performing technology and gold sectors. In Australian dollar terms the international portfolio also contributed significantly to outperformance.

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

**DUI Accumulated Investment Return vs S&P/ASX 200 Accumulation Index
(Excluding the Benefit of Franking Credits)
10 Years to 30 June 2020**



Australian Equities	Market Value \$'000	% of Market Value of Total Investments
CSL Ltd	162,155	15.9%
Transurban Group	77,715	7.6%
Commonwealth Bank of Australia Ltd	69,420	6.8%
Rio Tinto Ltd	46,041	4.5%
BHP Group Ltd	42,984	4.2%
Westpac Banking Corporation	42,236	4.2%
Australian & New Zealand Banking Group Ltd	37,280	3.7%
Atlas Arteria Ltd	33,100	3.3%
Woodside Petroleum Ltd	26,630	2.6%
Sydney Airport Group	20,979	2.1%
National Australia Bank Ltd	20,315	2.0%
Wesfarmers Ltd	19,725	1.9%
Washington H Soul Pattinson & Company Ltd	19,530	1.9%
Woolworths Group Ltd	18,640	1.8%
Ramsay Health Care Ltd	16,963	1.7%
Sonic Healthcare Ltd	15,215	1.5%
Resmed Inc	13,770	1.4%
Computershare Ltd	13,250	1.3%
Total Australian Equities in Top 25	695,948	68.4%
International Equities		
Vanguard US Total Market Index ETF	35,271	3.5%
Vanguard All-World Ex-US Index ETF	34,990	3.5%
Vanguard Information Technology Index ETF	29,934	2.9%
iShares TR MSCI USA Min Vol Index ETF	21,750	2.1%
Northcape Capital Global Emerging Market Fund	16,749	1.6%
iShares Global Healthcare Index ETF	14,771	1.5%
Vanguard FTSE Developed European Ex-UK Index ETF	10,666	1.0%
Total International Equities in Top 25	164,131	16.1%
Total Top 25 Australian & International Equities	860,079	84.5%
Total Investments at Market Value, Net Short Term Receivables and Cash	1,017,207	



Charles Goode
Chairman

Corporate Governance Statement

The Company has adopted corporate governance principles in accordance with the Australian Securities Exchange Corporate Governance Council's "Good Corporate Governance Principles and Recommendations." Any material departures from the recommendations are referred to in this statement. This Statement is available in both the Company's Annual Report and on its website.

1. Accountability and Responsibility

The Board is accountable to the shareholders and is responsible for:

- Setting strategic and financial objectives;
- Monitoring the Company's performance and financial position and overseeing the financial accounts and reporting;
- Identifying and managing business and compliance risks;
- Managing the Company's investment portfolio;
- Overseeing relationships with outside service providers;
- Appointing the Company Secretaries, and setting and overseeing responsibilities delegated to the Company Secretaries; and
- Setting ethical standards for the Company.

2. Composition

The Board currently comprises 4 directors. The Company's constitution requires 3 to 6 directors. If a Board vacancy arises the Nomination and Remuneration Committee chooses the best available candidate using professional advice if this is deemed necessary. In this process the Company has a neutral approach to all forms of diversity. A director who is appointed during the year is required to stand for election at the next Annual General Meeting.

Mr C B Goode and Mr Burgess are associated with The Ian Potter Foundation, a substantial shareholder. They bring significant relevant experience to the Board, but in that the Chairman of the Board is not independent and there is not a majority of independent directors, the Company departs from the Australian Securities Exchange Corporate Governance Council's Recommendations. Both other directors are regarded as independent. A lead independent director is not considered necessary given the small size of the Board. Appointed directors must stand for election at the next Annual General Meeting. One third of directors stand for re-election at each Annual General Meeting. There is no set retirement age or term for directors. Extensive experience in the investment markets is valued. Details of the qualifications, experience and length of service of directors are set out in the Annual Report.

3. Operation

The Board usually meets eleven times each year and consults on investment matters between meetings. The Board has responsibility for day to day management of the investment portfolio. Transaction levels are low as the portfolio is held for the long term. The Board reviews financial statements, forecasts, the investment portfolio, the net asset backing per share, and compliance reports monthly. The Company Secretaries are responsible for either providing the information or co-ordinating it from outside service providers.

4. Delegation

The duties and responsibilities of the Company Secretaries and employees are set out in their employment contracts, which the Board approves. The Company Secretaries are directly accountable to the Board, through the Chairman. The Board also approves letters of engagement for the externally provided accounting, tax, custody and audit services. Share registry services are on commercial terms.

5. Directors' Terms of Appointment, Remuneration and Performance

Directors' terms of appointment are set out by letter at the time of their appointment and new directors are inducted by the Chairman and the Company Secretaries.

Directors' fees are reviewed annually by the Nomination and Remuneration Committee in the light of the Company's activity, changing responsibilities and in comparison to fee levels of a peer group of companies. Independent remuneration advice may be sought. The maximum total of directors' fees is set by the shareholders in general meeting. Details of directors' remuneration are set out in the Remuneration Report in the Annual Report.

Each director appointed before October 2006 entered into a Retirement Agreement at that time to convert accrued retirement benefits into shares in the Company to be held in the Non-Executive Directors 2006 Accrued Entitlements Share Plan until retirement, as approved by shareholders.

Each director has entered into a Deed of Access, Indemnity and Insurance with the Company and is covered by the Company's Directors and Officers Liability Insurance.

The duties of directors are as set out in the Corporations Law, in this statement and by letter at the time of their appointment. In addition to Board meetings, directors are expected to attend committee meetings where applicable, for no additional fee. They are expected to make a pro-active contribution to the management of the Company's investment portfolio from their reading, research, analysis and information collected outside of Board meetings.

Directors are not required to own shares in the Company. Directors have agreed not to enter into any margin loans over their shareholdings in the Company.

After prior discussion with the Chairman, directors are entitled to seek independent advice at the expense of the Company, which advice will then be made available to all other directors. Directors are entitled to unlimited access to the Company's records.

The Board reviews its performance annually by discussion and by individual communication with the Chairman and by reference to generally accepted Board performance standards. The Board also conducts an annual review of the performance of the Board Committees, the Company Secretaries, and outside service providers.

6. Board Committees

The Board has an Audit and Risk Management Committee and a Nomination and Remuneration Committee. The Audit and Risk Management Committee meets at least twice and the Nomination and Remuneration Committee at least once per annum. The Charter of each committee is reviewed by the Board annually and is published on the Company's website. The Audit and Risk Management Committee Charter includes inter alia, appointment of the auditor, assessing its independence, managing the audit relationship, and overseeing internal controls and risk management. The external audit partner rotates every 5 years.

The Audit and Risk Management Committee comprises all directors except the Company's Chairman, and it has an independent Chairman and a majority of independent directors. The Committee is considered to have sufficient relevant expertise. All members are non-executive.

The Nomination and Remuneration Committee comprises all directors. It has an independent Chairman, one other independent and two non-independent directors. The non-independent directors, Messrs Goode and Burgess bring significant relevant expertise to the Committee. The Committee considers and makes recommendations to the Board regarding Board composition and remuneration of the directors, the Company's employees. The Company Secretaries remuneration is disclosed in the Remuneration Report in the Annual Report.

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

Committee Members' qualifications and attendance at meetings are set out in the Directors' Report in the Annual Report.

7. Disclosure Procedures and Share Trading

The Company has established policies and procedures to ensure compliance with the Australian Securities Exchange listing rule disclosure requirements including monthly disclosure of the Company's net tangible asset backing per share on both a pre and post tax basis. Directors and the Company Secretaries are prohibited from dealing in the Company's securities (other than to participate in the Dividend Reinvestment Plan or any Share Purchase Plan or rights issue) from 1 January to the day after the announcement of the Company's half year results and interim dividend, and from 1 July to the day after the announcement of the Company's financial year results and final dividend.

8. Shareholder Communication

The Company communicates with shareholders through:

- The annual report
- The half year report
- The Company's website
- Telephone and email availability of the Company Secretaries at the Company's office
- Annual General Meeting including Chairman's address and question time
- Mailing of Chairman's Address to all shareholders and posting to website

Shareholders may opt to receive Company communications electronically.

The external auditor is available for questioning at the Annual General Meeting.

9. Risk Management

The Company does not have an internal audit function. The Audit and Risk Management Committee reviews the internal control system and the management of risk half yearly after receiving reports from the Company Secretaries on these matters and makes appropriate recommendations to the Board.

The Board receives a letter half yearly from the Company's external accountants and custodians (Mutual Trust) regarding their procedures, and reporting whether the financial records have been properly maintained and the financial statements comply with the Accounting Standards. The Company receives a copy of the Independent Audit Report to the Management of Mutual Trust in relation to the control procedures of their portfolio administration operations.

The Board receives a report half yearly from the auditors on matters arising from their audit procedures.

The Company Secretaries, based on their review of the internal control systems, management of risk and the letter from the Company's external accountants, provide half yearly the declarations required by Section 295A of the Corporations Act and confirm that in their opinion the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view.

The Company does have direct material exposure to economic, environmental and social sustainability risk through its diversified portfolio of investments and through its borrowings and regularly reviews these risks in the ongoing management of the portfolio. Details of the Company's financial risk management are set out in the notes to the financial statements in the Annual Report.

10. Ethical Conduct

Each director and employee is expected to adopt high ethical standards in acting for the Company and in the interests of the shareholders. Directors are required to disclose potential conflicts of interest and to refrain from involvement in Board decisions, or leave the room, during discussion of a conflicted matter.

By approval of the Board
15 July 2020

Directors' Report

The directors of Diversified United Investment Limited present their Directors' Report together with the financial report for the financial year ended 30 June 2020 and the auditor's report thereon.

Directors

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

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

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

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

Mr Burgess has over 35 years' experience in corporate finance in Melbourne, London and New York. He is Chairman of Flagstaff Partners Pty Ltd (having been Chief Executive Officer 2010 – 2019), an independent corporate finance advisory firm. He was formerly Global Co-Head of Mergers and Acquisitions at Deutsche Bank AG, based in London. He is a director of Gandel Group Pty Ltd (since 2018) and is a Governor of The Ian Potter Foundation Limited (since 2013), Chairman of the Foundation for Business and Economics at the University of Melbourne (since 2010), a Director of the Melbourne Business School Limited (since 2013) and a member of the Board of Management of the Melbourne Theatre Company (since 2015).

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

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

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

Mr Larke is Chairman of L1 Long Short Fund Ltd (since 2018) and of IXOM (a leading Australasian chemicals business), and is a Non-Executive Director of DuluxGroup Ltd (since 2010). Formerly he held senior corporate strategy roles in Orica Ltd and North Ltd and has been involved in mergers, acquisitions and divestments as well as corporate advisory for over 27 years. He is Chairman of the Company's Audit and Risk Management Committee.

Company Secretaries

Andrew Hancock FCA, B.Ec (Mon), Grad. Dip. CDP (RMIT)

Company Secretary

Appointed September 1991

Mr Hancock is also a Company Secretary of Australian United Investment Company Limited (since 1995), has served as Chairman and is currently Secretary of the Australian Listed Investment Companies Association.

James Pollard CA, B.BusCom (Mon), Grad Cert FP (Kaplan)

Company Secretary

Appointed February 2020

Mr Pollard is also a Company Secretary of Australian United Investment Company Ltd (since 2020), and has over a decade of experience in accounting, taxation and private wealth advisory.

Operating and Financial Review

The principal activity of the Company is to take a medium to long term view and to invest in Australian equities, listed property trusts and international equities (through exchange traded index funds and unlisted managed funds). The target range for allocation to international equities is 10-20% of the portfolio. Investments may also be made from time to time in interest bearing securities and convertible notes. The directors have sought to invest in a diversified portfolio of investments with the objective of obtaining current income and longer term capital gain within an acceptable level of risk. There has been no significant change in the nature of the Company's activities during the financial year.

The Company's investment portfolio was affected in the second half of the financial year by the COVID-19 pandemic. The market value of the investment portfolio has been volatile and revenue has been reduced by the fall in dividend and distribution income from the Company's investments. Day to day operations have not been significantly affected.

For the year ended 30 June 2020 profit after tax before net gains and losses on the investment portfolio was \$30,070,000 (compared to \$38,018,000 in 2019) – a decrease of 20.9%.

The profit after tax includes special dividends and capital gains distributed by managed funds in which the Company invests. In 2020 these items totalled \$2,448,000 after tax (2019: \$4,653,000). If these items are excluded, profit decreased by 17.2%.

Excluding the special dividends and capital gains distributions, revenue fell 17.1%.

The weighted average number of ordinary shares for the year was 211,502,436 as against 210,464,960 in the previous year, an increase of 0.5%.

The earnings per share was 13.1 cents excluding special dividends and distributed capital gains (2019: 15.9 cents), or 14.2 cents including these items (2019: 18.1 cents).

At 30 June 2020 Australian equities accounted for 78.4%, international equities 17.9% and cash and short term receivables 3.7% of the market value of the portfolio. The foreign exchange currency exposure is currently unhedged.

The net tangible asset backing of each of the Company's shares at 30 June 2020 was \$4.45 (2019: \$4.82). This net tangible asset backing calculation is based on investments at market value and is after tax on net realised gains, before any future tax benefit of net realised losses, and before estimated tax on net unrealised gains and losses, and before provision for the Company's final dividend. The Company is a long term investor and does not intend disposing of its total portfolio. If, however, estimated tax on net unrealised portfolio gains were to be deducted, the net tangible asset backing per share would have been \$3.80 (2019: \$4.06).

Bank facilities as at 30 June 2020 were \$115,000,000, drawn as to \$72,500,000 (2019: \$115,000,000, drawn as to \$95,000,000). Gross debt as a proportion of the portfolio including cash was 7.1% (2019: 8.5%). Cash on hand, cash deposits and net short term receivables were \$38,058,000, or 3.7% of the investment portfolio at market values (2019: \$80,398,000 or 7.2%). Net debt as a proportion of the portfolio excluding cash was 3.5% (2019: 1.4%). Annual interest expense was covered 12.7 times by profit before interest and tax (2019: 11.2 times).

During the year the accumulation performance of the Company's net asset backing (before provision for tax on unrealised gains) was a fall of 4.7%, compared to the S&P/ASX 200 Accumulation Index fall of 7.7%.

Dividends declared by the Company for the 2020 financial year total 15.5 cents per share fully franked (2019: 15.5 cents per share fully franked).

It is the Directors' intention to continue to invest in a portfolio of listed Australian equities and international equities (through exchange traded index funds and some unlisted managed funds) for long term capital gain and current income. The risks to which the Company is exposed are set out in Notes 20 and 21 to the Financial Statements.

	2020 \$'000	2019 \$'000
The composition of the profit after income tax was:		
Revenue from investment portfolio		
Dividends	25,205	33,517
Trust Distributions	5,485	7,685
Foreign Income	5,676	3,713
Interest	328	541
Option Premium Income	167	-
Other	32	-
	36,893	45,456
Expenses		
Administration and other expenses:		
Administration, Company Secretarial and Insurance	439	361
Accounting and Custody Fees	204	202
ASIC Fees	50	39
ASX Fees	136	121
Audit	52	52
Directors' Fees	435	420
Share Registry	61	61
Finance Costs:		
Interest	2,802	3,935
	4,179	5,191
Profit before income tax expense and net gains and losses on investment portfolio	32,714	40,265
Income tax expense	(2,644)	(2,247)
Profit before net gains and losses on investment portfolio	30,070	38,018

Expenses (excluding finance costs) were 0.13% of the average market value of the investment portfolio (2019: 0.12%). Including the management fees of the International Exchange Traded Funds and Managed Funds in which the Company was invested during the year, the expense ratio was 0.17% (2019: 0.16%).

Dividends

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

	\$'000
Paid or declared during the year	
A final dividend in respect of the year ended 30 June 2019 of 8.5 cents per share fully franked at 30% payable on 20 September 2019.	17,932
An interim dividend in respect of the year ended 30 June 2020 of 7.0 cents per share fully franked at 30% paid on 16 March 2020.	14,805
Paid or declared after end of year	
A final dividend in respect of the year ended 30 June 2020 of 8.5 cents per share fully franked at 30% payable on 22 September 2020.	18,011

Directors' Meetings

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

Director	Directors' Meetings		Audit & Risk Management Committee Meetings		Nomination & Remuneration Committee Meetings	
	No. of Meetings attended	No. of Meetings eligible	No. of Meetings attended	No. of Meetings eligible	No. of Meetings attended	No. of Meetings eligible
Charles Goode	14	14	2*	2*	1	1
Anthony Burgess	14	14	1	2	1	1
Stephen Hiscock	13	14	2	2	1	1
Andrew Larke	13	14	2	2	1	1

* In attendance – not a committee member.

The Audit and Risk Management Committee comprises Mr Larke (Chairman), Mr Burgess, and Mr Hiscock.

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

Directors' Interests

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

	1	Shares 2	3
Charles Goode	2,519,784	4,112,026	140,000
Anthony Burgess	-	1,465,000	-
Stephen Hiscock	-	80,000	-
Andrew Larke	-	17,500	-

Note:

- Beneficial in own name
- Held by an entity/related party in which the director has a relevant interest
- Held for the Director in accordance with the terms of the Non-Executive Directors 2006 Accrued Entitlements Share Plan

Except as stated above, no director -

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

Remuneration Report (audited)

Non-executive Directors' Fees ¹

	2020			2019		
	Fee \$	Superannuation \$	Total \$	Fee \$	Superannuation \$	Total \$
Charles Goode	158,904	15,096	174,000	153,425	14,575	168,000
Anthony Burgess	83,226	3,774	87,000	76,712	7,288	84,000
Stephen Hiscock	79,452	7,548	87,000	76,712	7,288	84,000
Andrew Larke	83,226	3,774	87,000	76,712	7,288	84,000
Total	404,808	30,192	435,000	383,561	36,439	420,000

¹ No additional fees are paid to members of the board committees.

The Nomination and Remuneration Committee reviews and makes recommendations to the board on remuneration packages and policies applicable to the Company Secretaries and directors of the Company including superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity policies. The Company's Key Management Personnel are the Directors and the Company Secretaries.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors. The Nomination and Remuneration Committee may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies and in light of Company activity and changing responsibilities. The remuneration structures are designed to attract suitably qualified candidates, and to affect the broader outcome of increasing the Company's net profit. Directors' fees are fixed and reviewed annually and the maximum total of directors' fees is set by the shareholders in general meeting, taking into account the Company's performance and market conditions.

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

	2020	2019	2018	2017	2016
Profit (\$ millions)	30.1	38.1	34.6	32.8	30.5
Earnings per share (excluding special dividends and capital gains from managed funds) (cents per share)	13.1	15.9	15.5	14.3	14.6
Dividends (cents per share)	15.5	15.5	15.0	14.5	14.0
Net asset backing per share before tax on unrealised gains 30 June	\$4.45	\$4.82	\$4.47	\$4.00	\$3.53
Share Price 30 June	\$4.23	\$4.36	\$4.10	\$3.72	\$3.27
Management Expense Ratio	0.13%	0.12%	0.12%	0.12%	0.13%
Management expense ratio including managed funds fees	0.17%	0.16%	0.15%	0.15%	0.14%
Net asset backing accumulation return before tax on unrealised gains	(4.7%)	11.6%	15.8%	17.6%	0.0%
S&P/ASX 200 Index accumulation return	(7.7%)	11.6%	13.0%	14.1%	0.6%

Each director has entered into a Deed of Access, Indemnity and Insurance with the Company and is covered by the Company's Directors and Officers Liability Insurance. Refer to Note 16 of the financial statements for information relating to the insurance contracts. No director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

The services of the Company Secretaries, Mr Andrew J Hancock and Mr James A Pollard, are provided through an administrative services agreement with Australian United Investment Company Ltd. The amount of the fees paid which relate to the remuneration of the Company Secretaries is as follows:

	Fees paid	
	2020	2019
Andrew Hancock	113,000	-
James Pollard	74,500	-
Total	187,500	-

In 2019, the Company paid Mr Andrew J Hancock \$126,000 for services provided as Company Secretary.

Events Subsequent to Balance Date

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

Likely Developments

The directors do not anticipate any particular developments in the operations of the Company which will affect the results of future financial years other than the value of the investment portfolio is expected to fluctuate broadly in line with market movements, and dividend and distribution revenue is expected to continue to be impacted by the effects of the Covid-19 pandemic on the earnings of and distributions from investee companies.

State of Affairs

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

Non-audit services

During the year KPMG, the Company's auditor, has provided taxation services in addition to its statutory duties. KPMG received fees of \$10,531 (2019: \$10,429) for these services including GST.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Management Committee, is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were reviewed by the Audit and Risk Management Committee to ensure they do not affect the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Environmental Regulation

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

Indemnification

Details of directors' indemnification are set out in Note 16 to the financial statements.

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

The lead auditor's independence declaration is set out on page 15 and forms part of the Directors' Report for the year ended 30 June 2020.

Rounding Of Amounts

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



Charles Goode
Director

Dated at Melbourne this 18th day of August 2020

Lead Auditor's Independence Declaration



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

To the Directors of Diversified United Investment Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Diversified United Investment Limited for the financial year ended 30 June 2020 there have been:

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



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

Chris Sargent

Partner

Melbourne

18 August 2020

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Revenue from investment portfolio	2(a)	36,893	45,456
Administration and other expenses		(1,377)	(1,256)
Finance expenses	2(b)	(2,802)	(3,935)
Profit before Income Tax		32,714	40,265
Income tax expense	4(a)	(2,644)	(2,247)
Profit		30,070	38,018
Other Comprehensive Income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of investment portfolio for the year		(74,866)	69,212
Provision for tax benefit/(expense) on revaluation for the year of investment portfolio		21,565	(21,732)
Other Comprehensive (Loss)/Profit net of Income Tax		(53,301)	47,480
Total Comprehensive(Loss)/ Income		(23,231)	85,498
Basic and diluted earnings per share (cents)	18	14.2	18.1

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 31.

Balance Sheet as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Assets			
Cash assets	6	33,092	73,392
Receivables	7	5,019	7,009
Other	9	87	90
Total Current Assets		38,198	80,491
Investment portfolio	8	979,149	1,031,995
Total Non-Current Assets		979,149	1,031,995
Total Assets		1,017,347	1,112,486
Liabilities			
Payables	10	499	473
Current tax payable	4(c)	905	772
Borrowings – interest bearing	11	-	22,500
Total Current Liabilities		1,404	23,745
Provision for long service leave		-	50
Borrowings – interest bearing	11	72,500	72,500
Deferred tax liability	4(b)	139,193	160,315
Total Non-Current Liabilities		211,693	232,865
Total Liabilities		213,097	256,610
Net Assets		804,250	855,876
Equity			
Issued capital	13(a)	437,714	433,372
Reserves	13(b)	366,536	422,504
Total Equity		804,250	855,876

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 31.

Statement of Changes in Equity for the Year Ended 30 June 2020

	Issued Capital \$'000	Revaluation Reserve \$'000	Realisation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
As at 1 July 2018	428,689	305,862	(3,746)	67,466	798,271
Comprehensive Income					
Revaluation of investment portfolio	-	69,212	-	-	69,212
Tax expense on revaluation	-	(21,732)	-	-	(21,732)
Net realised losses on investment portfolio	-	2,134	(2,134)	-	-
Tax benefit on net realised losses	-	14	(14)	-	-
Profit	-	-	-	38,018	38,018
	-	49,628	(2,148)	38,018	85,498
Transactions with Shareholders					
Dividend reinvestment plan	4,683	-	-	-	4,683
Dividends	-	-	-	(32,576)	(32,576)
	4,683	-	-	(32,576)	(32,576)
As at 30 June 2019	433,372	355,490	(5,894)	72,908	855,876
As at 1 July 2019	433,372	355,490	(5,894)	72,908	855,876
Comprehensive Income					
Revaluation of investment portfolio	-	(74,866)	-	-	(74,866)
Tax expense on revaluation	-	21,565	-	-	21,565
Net realised losses on investment portfolio	-	1,635	(1,635)	-	-
Tax benefit on net realised losses	-	(74)	74	-	-
Profit	-	-	-	30,070	30,070
	-	(51,740)	(1,561)	30,070	(23,231)
Transactions with Shareholders					
Dividend reinvestment plan	4,342	-	-	-	4,342
Dividends	-	-	-	(32,737)	(32,737)
	4,342	-	-	(32,737)	(28,395)
As at 30 June 2020	437,714	303,750	(7,455)	70,241	804,250

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 31.

Statement of Cash Flows for the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Cash Flows from Operating Activities			
Interest received		328	541
Dividends and trust distributions received		34,276	45,766
Foreign income received		3,385	2,638
Option premium income received		180	-
Administration and other expenses paid		(1,481)	(1,156)
Finance costs paid		(2,756)	(3,892)
Income taxes paid		(1,370)	(1,559)
Net Cash from Operating Activities	17(b)	32,562	42,338
Cash Flows from Investing Activities			
Proceeds from sale of investments		47,719	115,532
Purchases of investments		(69,686)	(60,716)
Net Cash used in Investing Activities		(21,967)	54,816
Cash Flows from Financing Activities			
Repayment of borrowings		(22,500)	-
Dividends paid net of dividend reinvestment plan		(28,395)	(27,893)
Net Cash used in Financing Activities	11	(50,895)	(27,893)
Net increase / (decrease) in cash held		(40,300)	69,261
Cash and cash equivalents at 1 July		73,392	4,131
Cash and Cash Equivalents at 30 June	17(a)	33,092	73,392

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 31.

1. Statement of Significant Accounting Policies

Diversified United Investment Limited (“the Company”) is a for-profit company domiciled in Australia. The financial report was authorised for issue by the directors on 18 August 2020.

(a) Statement of compliance

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

(b) Basis of preparation

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

The Company has not applied any Australian Accounting Standards that have been issued as at balance date but are not yet operative for the year ended 30 June 2020 (“the inoperative standards”). The effect of inoperative standards has been assessed and the effect has been identified as not being material. The Company only intends to adopt inoperative standards at the date at which their adoption becomes mandatory.

AASB16 Leases was adopted effective 1 July 2019. The company assessed the impact of the new standard and, because the company has no leases, AASB16 did not have an impact to the Company’s financial statements.

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

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

(c) Investments

The Company is a long term investor. Under Australian Accounting Standards, the Company has elected to classify equity investments at fair value through other comprehensive income, as they are not held for trading. After initial recognition at fair value (being cost), equity investments are measured at fair value.

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

The Company derecognises an investment when it is sold, or it transfers the investment and the transfer qualifies for derecognition in accordance with AASB 9. Upon derecognition, unrealised gains/losses net of tax relating to the investment are transferred from the revaluation reserve to the realisation reserve.

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

(d) Revenue from investment portfolio

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

The managed funds in which the Company invests distribute realised capital gains from time to time and these are included in operating revenue, as required under accounting standards.

The Company may write covered call options where it is prepared to sell or reduce a long term investment at prices higher than current market. Open option contracts are marked to market through the profit and loss account.

1. Statement of Significant Accounting Policies (cont.)

(e) Taxation

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

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

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

(f) Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

(g) Ordinary Shares

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

(h) Foreign Currency

Transactions in foreign currencies are translated into Australian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Australian dollars at the exchange rate at the reporting date. Realised foreign currency gains or losses are generally recognised in profit or loss. However, foreign currency differences arising from the translation of available for-sale equity investments are recognised in Other Comprehensive Income.

	2020 \$'000	2019 \$'000
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2. Revenue and Expenses

(a) Revenue

Ordinary dividends received or due and receivable	24,503	29,330
Special dividends received or due and receivable	702	4,187
	25,205	33,517
Trust distributions received or due and receivable	5,485	7,685
Foreign income received or due and receivable	5,676	3,713
Interest received or due and receivable	328	541
Option Premium Income	167	-
Other	32	-
	36,893	45,456

(b) Expenses

Finance expenses:		
- Interest and borrowing expenses	2,802	3,935

	2020 \$	2019 \$
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3. Auditor's Remuneration

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

- Audit and review of financial reports	52,484	51,506
- Tax related services	10,531	10,429

	2020 \$'000	2019 \$'000
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4. Taxation

(a) Income Tax Expense

(i) Recognised in the income statement

Current tax expense

Current year tax payment accrued	(2,336)	(1,547)
Withholding tax on foreign dividends	(615)	(458)
	(2,951)	(2,005)

Deferred tax expense

Temporary differences	210	(206)
Tax expense on operating profit	(2,741)	(2,211)
Over/(Under) provision for prior years	97	(36)

Income tax expense in income statement	(2,644)	(2,247)
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(ii) Reconciliation between tax expense and pre-tax net profit

Prima facie tax expense calculated at 30% on the pre-tax profit	(9,814)	(12,079)
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Increase in tax expense due to:

Franking credits gross up on dividends received	(2,995)	(4,188)
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Decrease in tax expense due to:

Tax deferred distributions received	521	783
Franking credits on dividends received	9,985	13,960
Sundry items	(438)	(687)

Tax expense on operating profit	(2,741)	(2,211)
(Under)/over provision prior year	97	(36)

Tax expense attributable to profit	(2,644)	(2,247)
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(iii) Deferred tax recognised directly in equity

Increase/(decrease) in provision for tax on net unrealised gains on the equity investment portfolio	(21,565)	21,732
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	2020 \$'000	2019 \$'000
4. Taxation (cont.)		
(b) Deferred Tax Assets and Liabilities		
Recognised deferred tax assets and liabilities		
Revaluation reserve – Provision for tax on net unrealised gains on the equity investment portfolio	138,952	160,443
Other	241	438
Tax benefit of capital losses carried forward	-	(566)
Net deferred tax liabilities	139,193	160,315
(c) Current Tax Payable		
Current year tax liability	1,599	1,539
Tax paid	(597)	(877)
Prior period under/(over) provision	(97)	110
Net current tax payable	905	772

5. Dividends

Dividends recognised in the current year by the Company are:

(i) 2019 final dividend of 8.5 cents per share (2019: 8.5¢) fully franked at 30% paid 20 September 2019	17,932	17,841
(ii) 2020 interim dividend of 7.0 cents per share (2019: 7.0¢) fully franked at 30% paid 16 March 2020	14,805	14,735
	32,737	32,576

Subsequent to reporting date:

Since 30 June 2020, the directors have declared the following dividend payable on 22 September 2020:

Final dividend of 8.5 cents per share fully franked at 30% (2019: 8.5¢)	18,011	17,932
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The final dividend will not contain a Listed Investment Company capital gain dividend (2019: no LIC capital gain dividend).

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2020.

Dividend Franking Account:

The balance of the Franking Account at 30 June 2020 is \$13,203,573 (2019: \$16,654,250) after adjusting for:

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

After allowing for the final 2020 dividend, which is not provided for in the 30 June financial statements, the balance of the franking account would be \$5,484,606 (2019: \$8,969,051). The ability to utilise the franking credits is dependent upon the ability of the Company to declare dividends.

Listed Investment Company (LIC) Capital Gain Account:

The balance of the Listed Investment Company (LIC) Capital Gain Account at 30 June 2020 was \$125,092 (2019: \$125,092). When distributed, LIC capital gains may entitle certain shareholders to a special deduction in their taxation return, as set out in the relevant dividend statement.

Notes to the Financial Statements for the Year Ended 30 June 2020

	2020 \$'000	2019 \$'000
6. Cash Assets		
Units in Cash Management Trusts and Deposits at Call	33,092	73,392
7. Receivables		
<i>Current</i>		
Sundry debtors	5,019	7,009
8. Investments		
<i>Non-Current</i>		
Investments in equities quoted on prescribed stock exchanges and in managed funds (at fair value)	979,149	1,031,995
9. Other Assets		
<i>Current</i>		
Prepayments	82	85
GST	5	5
	87	90
10. Payables		
<i>Current</i>		
Settlements Pending	53	-
Trade Creditors	96	168
Accrued Interest	350	305
	499	473
11. Borrowings		
<i>Current</i>		
Bank Borrowings – Secured	-	22,500
<i>Non-Current</i>		
Bank Borrowings - Secured	72,500	72,500
	72,500	95,000

At 30 June 2020 the Company had facilities totalling \$72.5 million (fully drawn) with Australia and New Zealand Banking Group Ltd and \$42.5 million (undrawn) with Australia and New Zealand Banking Group Ltd as follows:

Bank	Amount	Maturity	Interest Rate ¹
ANZ	\$20,000,000	2 July 2020 ²	Fixed 4.09%
ANZ	\$10,000,000	2 July 2021	Fixed 3.59%
ANZ	\$10,000,000	2 July 2021	Fixed 3.72%
ANZ	\$20,000,000	2 July 2022	Fixed 3.66%
ANZ	\$7,500,000	2 July 2023	Fixed 4.02%
ANZ	\$5,000,000	2 July 2023	Fixed 4.02%
ANZ	\$22,500,000 (undrawn)	31 May 2021	Floating 1.15%
ANZ	\$20,000,000 (undrawn)	31 May 2021	Floating 1.15%
Total Facilities	\$115,000,000		

1 Interest rate includes bank margins and fees.

2 At the maturity date, this facility will be replaced by a new loan for the same amount, maturing 2 July 2024 with a floating interest rate of 1.61%.

11. Borrowings (cont.)

The terms of the ANZ agreement require that the loan to value ratio should not exceed 50% (2019: 50%) of the market value of the equity securities pledged as collateral. As at 30 June 2020 the securities pledged as collateral had a market value of \$343 million (2019: \$386 million) giving a ratio of 21% (2019: 25%).

Reconciliation of movements in borrowings to cash flows from financing activities

	Liabilities Borrowings 2019 \$'000	Equity/Retained Earnings 2019 \$'000
Balance at 1 July 2018	95,000	67,466
Changes from financing cash flows		
Proceeds from loans and borrowings	-	-
Repayment of borrowings	-	-
Cash dividends paid	-	(27,893)
Total changes from financing cash flows	-	(27,893)
Equity-related other changes	-	33,335
Balance at 30 June 2019	95,000	72,908

	Liabilities Borrowings 2020 \$'000	Equity/Retained Earnings 2020 \$'000
Balance at 1 July 2019	95,000	72,908
Changes from financing cash flows		
Proceeds from loans and borrowings	-	-
Repayment of borrowings	(22,500)	-
Cash dividends paid	-	(28,395)
Total changes from financing cash flows	(22,500)	(28,395)
Equity-related other changes	-	25,728
Balance at 30 June 2020	72,500	70,241

	2020 \$'000	2019 \$'000
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12. Financing Arrangements

The Company has access to the following lines of credit:

Total facility available

Loan Facility – Secured	115,000	115,000
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Facilities utilised at balance date

Loan Facility – Secured	72,500	95,000
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	2020 \$'000	2019 \$'000
13. Capital and Reserves		
(a) Issued Capital		
Issued and paid-up share capital 211,893,222 ordinary fully paid shares (2019: 210,966,260)	437,724	433,372
Movements in issued capital		
Balance at beginning of the year	433,372	428,689
Shares issued		
- Dividend re-investment plan ¹	4,342	4,683
	437,714	433,372

¹ In respect of the 2019 final dividend, paid on 20 September 2019, 531,853 shares were issued at \$4.4554 each under the dividend re-investment plan.
In respect of the 2020 interim dividend, paid on 16 March 2020, 395,109 shares were issued at \$5.0164 each under the dividend re-investment plan.

(b) Reserves

Retained Earnings	70,241	72,908
Revaluation Reserve	303,750	355,490
Realisation Reserve	(7,455)	(5,894)
	366,536	422,504

Revaluation Reserve

Increments or decrements arising from the revaluation of long term equity investments after provision for deferred tax are recorded in this reserve. When an investment has been sold or de-recognised, realised gains or losses (after tax) are transferred from the revaluation reserve to the realisation reserve.

Realisation Reserve

The realisation reserve records realised gains and losses (after tax) from the sale of investments in equities which are transferred from the revaluation reserve.

14. Directors' Remuneration

Details of the directors' remuneration are set out in the Remuneration Report that forms part of the Directors' Report. Total remuneration received by the directors for 2020 was \$435,000 (2019: \$420,000).

15. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 30 June 2020.

16. Related Parties

The Company has entered into an agreement with Australian United Investment Company Ltd for the provision of administrative services, commencing 1 July 2019. The total fees paid for services provided are \$288,200 including GST (2019: nil).

The names of persons holding the position of director of the Company during the year were Messrs C B Goode, A R Burgess, S J Hiscock and A J P Larke.

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

16. Related Parties (cont.)

The Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance, for current and former directors and officers, insuring them against liabilities, costs and expenses arising out of conduct which does not involve a wilful breach of duty. This insurance premium covers the period from 18 June 2020 to 18 June 2021.

Directors' Holdings Of Shares

The relevant interests of directors and their director related entities in shares of the Company at year end are set out below:

Directors	Held at 1/7/2019	Purchases	Sales	Held at 30/6/2020
Charles Goode	6,553,582	218,228	-	6,771,810
Anthony Burgess	1,315,000	150,000	-	1,465,000
Stephen Hiscock	80,000	-	-	80,000
Andrew Larke	-	17,500	-	17,500

Directors' Transactions In Shares

The movement in directors' holdings of ordinary shares resulted from purchases under the Company's dividend reinvestment plan which were made on the same terms and conditions offered to other shareholders, and/or purchases on the open market.

	2020 \$'000	2019 \$'000
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17. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year is shown in the statement of cash flows and in the balance sheet as follows:

Units in Cash Management Trusts and Deposits at Call	33,092	73,392
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(b) Reconciliation of operating profit after income tax to net cash provided by operating activities

Profit for the year	30,070	38,018
Adjustments for:		
(Increase) / decrease in prepayments	3	13
(Increase) / decrease in debtors	2,061	4,023
(Increase) / decrease in deferred tax asset	566	36
(Increase) / decrease in prepaid interest	46	43
(Increase) / decrease in other assets	-	-
Increase / (decrease) in current tax payable	133	(91)
Increase / (decrease) in deferred tax liability on operating activities	(210)	206
Increase / (decrease) in operating creditors	(73)	87
Increase / (decrease) in other liabilities	(34)	3
Net cash provided by operating activities	32,562	42,338

(c) Financing Facilities

The Company's financing facilities are set out in notes 11 and 12 of these Financial Statements.

	2020 cents	2019 cents
18. Earnings per Share		
Basic and diluted earnings per share	14.2	18.1
Earnings per share excluding special dividends received and capital gains distributed from managed funds net of tax (refer Note 1(d))	13.1	15.9

There are no factors which cause diluted earnings per share to be different from basic earnings per share. The earnings per share for the year is calculated on a weighted average adjusted number of ordinary shares of 211,502,436 (2019: 210,464,960). The weighted average adjusted number of ordinary shares takes into account the shares issued in the dividend re-investment plan.

19. Capital Management

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

The Company's capital will fluctuate with prevailing market movements and the Company may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt.

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

20. Financial Risk Management

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

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

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

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk exposure of the Company lies principally in its cash and receivables to the extent of their carrying values and any accrued unpaid interest. Refer Notes 7 and 17.

Cash

The Company invests in cash management units with the Mutual Trust Cash Management Fund and cash deposits with Australian banks, with a direct or underlying AA- credit rating assigned by Standard & Poor's, being a Recognised Rating Agency.

Receivables

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

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

20. Financial Risk Management (cont.)

Liquidity Risk

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

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

Bank Borrowings were \$72.5 million at the end of the financial year (2019: \$95 million) gearing the investment portfolio by 7.1% (2019: 8.5%). At 30 June 2020 the Company had interest bearing loan facilities in place with the Australia and New Zealand Banking Group Ltd which include fixed rate components. The facilities expire at various intervals through to 2 July 2024, unless renewed. Annual interest expense was covered 12.7 times by profit before interest and tax (2019: 11.2 times).

The major cash inflows for the Company include dividends, distributions, sales proceeds received and the proceeds from the issue of further shares to shareholders. The major cash outflows are the purchase of securities, interest expense and dividends paid to shareholders, which can be managed by the Company.

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

Market Risk

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

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

Based on a tax rate of 30% (2019: 30%), a general movement in market prices of 5% and 10% would lead to a change in the Company's equity of \$34,270,000, or 4.3% (2019: \$36,120,000, or 4.2%) and \$68,540,000 or 8.5% (2019: \$72,240,000, or 8.4%) respectively.

Market risk is managed by ensuring that the Company's Australian investment portfolio is not overly exposed to one company or one particular sector relative to the S&P/ASX 200 index and the international portfolio is held through Exchange Traded Index funds and managed investment funds invested across geographic regions and sectors. The Company's asset allocation, the relative weightings of the individual securities and the relative market sector weightings are reviewed by the Board at each Directors' meeting.

The Company also has exposure to interest rate risk on its borrowings as detailed in Note 11 which is minimised through conservative levels of gearing and ensuring that there is appropriate interest cover at all times.

21. Financial Instruments Disclosure

Interest Rate Risk

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

	Note	Floating Interest Rate \$'000
2020		
<i>Financial Assets</i>		
Cash	6	33,092
Weighted average interest rate		0.68%
2019		
<i>Financial Assets</i>		
Cash	6	73,392
Weighted average interest rate		1.44%

21. Financial Instruments Disclosure (cont.)

Net Fair Values of Financial Assets and Liabilities

Recognised Financial Instruments

Listed securities included in "Investments" are readily traded on organised markets in a standardised form. The net fair value of listed securities is determined by valuing them at the last quoted market price as at balance date. In accordance with Australian Accounting Standards, this is considered "level 1" under the fair value measurement hierarchy, which is defined as quoted prices (unadjusted) in active markets for identical assets or liabilities. The net fair value of unlisted managed funds is determined by valuing them at the net asset value provided by the fund manager as at balance date. Unlisted managed funds included in "Investments" are considered "level 2" under the fair value measurement hierarchy, which is defined as inputs other than quoted prices, which can be observed either directly (as prices or indirectly (derived from prices)). Level 2 investments comprised \$28,125,000 (2019: \$23,646,000). The net fair value of investments is set out in notes 8 and 24.

Fixed Interest Borrowings

At 30 June 2020, the fair value of the Company's fixed interest rate borrowings was \$75,221,000 (2019: \$96,707,000) while the face value was \$72,500,000 (2019: \$95,000,000).

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

22. Segment Reporting

The Company operates as an investment company in Australia. 17.9% of the investment portfolio is in international equities (2019: 15.1%).

23. Events Subsequent to Balance Date

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

Notes to the Financial Statements for the Year Ended 30 June 2020

24. Holdings of Securities as at 30 June 2020

The following is a list of the Company's top 25 Investments as at 30 June 2020, which represent 84.6% of the total investment portfolio (2019: 81.1%). All Investments are valued at fair value through Other Comprehensive Income.

Security	2020	Market Value \$'000's	Security	2019	Market Value \$'000's
Australian Equities			Australian Equities		
CSL Ltd		162,155	CSL Ltd		121,475
Transurban Group		77,715	Commonwealth Bank of Australia Ltd		82,780
Commonwealth Bank of Australia Ltd		69,420	Transurban Group		81,070
Rio Tinto Ltd		46,041	Westpac Banking Corporation		65,228
BHP Group Ltd		42,984	Australia & New Zealand Banking Group Ltd		56,420
Westpac Banking Corporation		42,236	BHP Group Ltd		49,392
Australia & New Zealand Banking Group Ltd		37,280	Rio Tinto Ltd		48,767
Atlas Arteria Ltd		33,100	Woodside Petroleum Ltd		40,723
Woodside Petroleum Ltd		26,630	Sydney Airport		29,748
Sydney Airport		20,979	National Australia Bank Ltd		29,392
National Australia Bank Ltd		20,315	Washington H Soul Pattinson & Company Ltd		24,189
Wesfarmers Ltd		19,725	Atlas Arteria Ltd		23,520
Washington H Soul Pattinson & Company Ltd		19,530	Wesfarmers Ltd		23,504
Woolworths Ltd		18,640	Woolworths Group Ltd		23,261
Ramsay Health Care Ltd		16,963	IDP Education Ltd		17,660
Sonic Healthcare Ltd		15,215	Sonic Healthcare Ltd		13,550
Resmed Inc		13,770	Stockland Group		12,510
Computershare Ltd		13,250	Computershare Ltd		11,347
Total Australian Equities in Top 25		695,948	Total Australian Equities in Top 25		754,536
International Equities			International Equities		
Vanguard US Total Market Index ETF		35,271	Vanguard All World Ex-US Index ETF		36,570
Vanguard All World Ex- US Index ETF		34,990	Vanguard US Total Market Index ETF		33,452
Vanguard Information Technology Index ETF		29,934	Vanguard Information Technology Index ETF		22,169
iShares TR MSCI USA Min Vol Index ETF		21,750	iShares TR MSCI USA Min Vol Index ETF		21,640
Northcape Capital Global Emerging Market Fund		16,749	iShares Global Healthcare Index ETF		13,113
iShares Global Healthcare Index ETF		14,771	Northcape Capital Global Emerging Market Fund		12,719
Vanguard FTSE Developed European Ex UK Index ETF		10,666	Vanguard FTSE Developed European Ex UK Index ETF		10,944
Total International Equities in Top 25		164,131	Total International Equities in Top 25		150,607
Total Top 25 Investments		860,079			905,143
Total Investments at Market Value, Net Short Term Receivables and Cash		1,017,207			1,112,396

Directors' Declaration

1. In the opinion of the directors of Diversified United Investment Limited ("the Company"):
 - (a) The financial statements and notes set out on pages 16 to 31, and the remuneration disclosures that are contained in the Remuneration Report on page 13 of the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 2020 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) The financial report also complies with International Financial Reporting Standards;
 - (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the directors.



Charles Goode
Director
Dated at Melbourne this 18th day of August 2020



Independent Auditor's Report

To the shareholders of Diversified United Investment Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the **Company's** financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises:

- Balance Sheet as at 30 June 2020
- Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



Key Audit Matters

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

- Valuation and existence of the investment portfolio
- Completeness of the deferred tax liability

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

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

Valuation and existence of investment portfolio (\$979.1m)

Refer to Note 8 - Investments

The key audit matter	How the matter was addressed in our audit
<p>The Company's investment portfolio is \$979.1m which constitutes 96% of the Company's total assets as at 30 June 2020 and is considered to be one of the key drivers of operations and performance results.</p> <p>We do not consider the fair value of the investment portfolio to be judgemental in nature as it is comprised of equity securities listed on the ASX and some unlisted unit funds. However, due to the size of the investment portfolio, valuation and existence is considered a key audit matter. It is an area which had the greatest effect on our overall audit strategy and allocation of time and resources in planning and completing our audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Documenting and assessing the processes in place to buy and sell equities in the portfolio, including assessing the controls over transactions; • Checking the number of shares or units in each equity investment for the entire investment portfolio to electronic share registry records; • Recalculating the fair value of investments based on the last quoted market price; and • Assessing the disclosures in the financial statements with reference to the requirements of accounting standards.



Completeness of the deferred tax liability (\$139.2m)	
Refer to Note 4 - Taxation	
The key audit matter	How the matter was addressed in our audit
<p>The Company's deferred tax liability is \$139.2m which constitutes 65% of the Company's total liabilities as at 30 June 2020.</p> <p>The deferred tax liability relates to the expected tax on disposal of equity securities in the investment portfolio. The deferred tax liability is determined as the difference between the carrying amount of the investment portfolio as per the financial statements and the tax base of the individual investments, multiplied by the applicable company tax rate.</p> <p>The Company's deferred tax assets are set off against the deferred tax liability to the extent that it is probable taxable profit will be available against which the deductible temporary difference can be utilised.</p> <p>The completeness of the deferred tax liability is a key audit matter given it represents a significant portion of the total liabilities of the Company and involved the use of senior audit team members, including tax specialists.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Recalculating the closing tax cost base of the investment portfolio by adding the total purchases and sales for the year, stated at their tax cost base, to the opening balances of the investment portfolio and reconciling this to the Company's portfolio valuation report; • Recalculating the gross deferred tax liability, including checking the valuation and accuracy of the market value of the investment portfolio and checking the tax base to the Company's investment register; • Recalculating the net deferred tax liability by reconciling the opening and closing deferred tax balances, including the offset of deferred tax assets and liabilities; • Assessing whether the tax effects of significant events identified during the audit, such as fair value or tax base adjustments, have been appropriately identified, calculated and recorded, as applicable; and • Engaging KPMG tax specialists to assess the tax calculations prepared by the Company, including the deferred tax liability relating to the investment portfolio.

Other Information

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

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



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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Diversified United Investment Limited for the year ended 30 June 2020 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2020.

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



Chris Sargent

Partner

Melbourne

18 August 2020

Additional Information

Distribution of shareholders as at 31 July 2020

Category Holders	Ordinary Shares	No of Holders	%
1 - 1,000	367,036	1,029	0.17
1,001 – 5,000	5,645,445	1,927	2.66
5,001 – 10,000	11,948,751	1,618	5.64
10,001 – 100,000	74,744,988	2,911	35.28
100,001 and over	119,187,002	161	56.25
	211,893,222	7,646	100.00

There were 265 ordinary shareholders holding less than a marketable parcel (120 shares) at 31 July 2020.

Substantial Shareholders

The number of shares disclosed by the substantial shareholders and their associates in substantial shareholder notices received up to 31 July 2020 are set out below:

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

Voting Rights

All ordinary shares carry equal voting rights.

Top Twenty Shareholders

The number of shares held by the top twenty shareholders listed in the Company's register as at 31 July 2020 were:

Shareholder	Ordinary Shares	% Held
1. The Ian Potter Foundation Ltd	30,059,402	14.19
2. Australian United Investment Company Ltd	14,400,000	6.80
3. Australian Foundation Investment Company Ltd	12,030,202	5.68
4. Argo Investments Limited	9,269,575	4.37
5. The Ian Potter Foundation Ltd (No 1 GA A/c)	5,552,785	2.62
6. Mutual Trust Pty Ltd	4,760,927	2.25
7. HSBC Custody Nominees (Australia) Ltd	3,778,059	1.78
8. Beta Gamma Pty Ltd	2,956,525	1.40
9. Mr Charles Barrington Goode	2,519,784	1.19
10. Primrose Properties Pty Ltd	1,083,271	0.51
11. Brownell Superannuation Pty Ltd	1,020,000	0.48
12. Willpower Investments Pty Ltd	938,868	0.44
13. Chabar Pty Ltd	832,778	0.39
14. Mr James Vincent Chester Guest	616,903	0.29
15. A J Dixon Pty Ltd	573,546	0.27
16. Mr John James Timbs	553,178	0.26
17. Yelgarn Pty Ltd	512,553	0.24
18. Bellwether Investments Pty Ltd	500,000	0.24
19. Melbourne Business School Ltd	486,000	0.23
20. Somoke Pty Ltd	477,575	0.23
	92,921,931	43.86

Brokerage Paid

The amount of brokerage paid or charged to the Company during the financial year ended 30 June 2020 totalled \$154,845 (2019: \$222,273). None of that brokerage was paid to any stock or sharebroker, or any employee or nominee of any stock or sharebroker, who is an officer of the Company.

List of Investments as at 30 June 2020

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

Market Value	Market Value \$	30/6/2020 Units Held	% of Portfolio at Market Value	30/6/2019 Units Held
Australian Equities				
<i>Banks</i>				
Australian & New Zealand Banking Group Ltd	37,280,000	2,000,000	3.7	2,000,000
Commonwealth Bank of Australia Ltd	69,420,000	1,000,000	6.8	1,000,000
National Australia Bank Ltd	20,315,300	1,115,000	2.0	1,100,000
Westpac Banking Corporation	42,236,350	2,353,000	4.2	2,300,000
<i>Building Materials</i>				
Adelaide Brighton Ltd	-	-	-	1,000,000
<i>Consumer</i>				
IDP Education Ltd	7,745,000	500,000	0.8	1,000,000
Reece Ltd	606,540	66,000	0.1	-
<i>Energy</i>				
Oil Search Ltd	-	-	-	1,000,000
Origin Energy Ltd	8,176,000	1,400,000	0.8	1,000,000
Woodside Petroleum Ltd	26,629,500	1,230,000	2.6	1,120,000
<i>Health Care</i>				
CSL Ltd	162,155,000	565,000	15.9	565,000
Ramsay Health Care Ltd	16,962,600	255,000	1.7	75,000
Resmed Inc	13,770,000	500,000	1.4	500,000
Sonic Healthcare Ltd	15,215,000	500,000	1.5	500,000
<i>Infrastructure and Utilities</i>				
Atlas Arteria	33,100,000	5,000,000	3.3	3,000,000
Napier Port Holdings	5,049,902	1,500,000	0.5	-
Sydney Airport	20,979,000	3,700,000	2.1	3,700,000
Transurban Group	77,715,000	5,500,000	7.6	5,500,000
<i>Mining</i>				
BHP Group Ltd	42,984,000	1,200,000	4.2	1,200,000
Rio Tinto Ltd	46,041,200	470,000	4.5	470,000
South32 Ltd	5,100,000	2,500,000	0.5	2,500,000
<i>Other Financials</i>				
ASX Ltd	8,538,000	100,000	0.8	100,000
Challenger Ltd	-	-	-	550,000
Computershare Ltd	13,250,000	1,000,000	1.3	700,000
Link Administration Holdings Ltd	4,100,000	1,000,000	0.4	-
Macquarie Group Ltd	5,574,200	47,000	0.6	-
Pendal Group Ltd	2,985,000	500,000	0.3	500,000
Perpetual Ltd	4,747,200	160,000	0.5	160,000
Washington H Soul Pattinson & Company Ltd	19,530,000	1,000,000	1.9	1,100,000

List of Investments as at 30 June 2020

Market Value	Market Value \$	30/6/2020 Units Held	% of Portfolio at Market Value	30/6/2019 Units Held
Australian Equities (cont.)				
<i>Property</i>				
Australian Unity Office Fund	2,477,812	1,185,556	0.2	1,160,000
LendLease Group	9,586,750	775,000	0.9	600,000
Scentre Group	5,902,400	2,720,000	0.6	2,000,000
Stockland	9,930,000	3,000,000	1.0	3,000,000
Unibail-Rodamco-Westfield	-	-	-	750,000
Vicinity Centres	5,720,000	4,000,000	0.6	1,500,000
<i>Retailers</i>				
Coles Group Ltd	7,554,800	440,000	0.7	650,000
Wesfarmers Ltd	19,725,200	440,000	1.9	650,000
Woolworths Group Ltd	18,640,000	500,000	1.8	700,000
<i>Transportation</i>				
Aurizon Holdings Ltd	7,380,000	1,500,000	0.7	1,500,000
Total Australian Equities	797,121,754		78.4	
International Equities				
ChinaAMC China Opportunities Fund	6,040,278	4,040,590	0.6	4,040,590
Coopers Investors Asian Tiger Fund	5,335,252	2,803,975	0.5	2,801,161
iShares Global Healthcare Index ETF	14,771,094	148,200	1.5	148,200
iShares TR MSCI USA Min Vol Index ETF	21,750,118	246,200	2.1	246,200
Northcape Capital Global Emerging Market Fund	16,749,061	7,118,475	1.6	5,463,512
Vanguard FTSE Japan UCITS ETF	6,521,398	153,000	0.7	153,000
Vanguard FTSE Developed European Ex UK Index ETF	10,666,348	230,000	1.0	230,000
Vanguard Information Technology Index ETF	29,933,491	73,800	2.9	73,800
Vanguard All-World Ex-US Index ETF	34,989,570	504,900	3.5	504,900
Vanguard US Total Market Index ETF	35,270,964	157,200	3.5	157,200
Total International Equities	182,027,574		17.9	
Cash, Bills of Exchange & Net Short Term Receivables	38,057,265		3.7	
Total	1,017,206,593		100.0	

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Diversified United Investment Ltd

ABN 33 006 713 177