

# DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

LEVEL 20  
101 COLLINS STREET  
MELBOURNE VIC 3000  
AUSTRALIA

TEL (613) 9654 0499  
EMAIL [INFO@DUL.COM.AU](mailto:INFO@DUL.COM.AU)

20 October 2022

## **ASX Announcement**

### **2022 Annual General Meeting (AGM)** **Chairman's Address and Presentation**

In accordance with the ASX Listing Rules, attached for release to the market is the Chairman's Address and Presentation which will be delivered to shareholders today at the Company's 2022 Annual General Meeting.

Authorised for release by James Pollard, Company Secretary.

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## CHAIRMAN'S ADDRESS

Delivered by Mr Charles Goode at the 31<sup>st</sup> Annual General Meeting of the Company, held at Level 32, 360 Collins Street and by audio webcast on Thursday 20<sup>th</sup> October 2022 at 10.00am.

Profit after income tax was \$45.8 million for the year to 30 June 2022, an increase of 48% on the previous year. If special dividends received, capital gains distributed from managed funds and unrealised losses on unlisted investments are excluded, the result of \$38.8 million is an increase of 72% on the previous year. In the year to 30 June 2022, special dividends were received from BHP and Rio Tinto.

During the first half of the 2022 financial year, the Company's portfolio benefited from an environment of low interest rates, financial stimulus and the reopening of economies following COVID-induced shutdown. However, during the second half of the year headwinds emerged including geopolitical tensions, volatility in energy markets, and rising inflation and interest rates. The effects of these challenges were seen in the later part of the financial year throughout the portfolio and financial markets.

A fully franked final dividend of 9 cents per share has been paid which, with the fully franked interim dividend of 7 cents, brought the total dividend for the year to 16 cents per share fully franked, an increase of half a cent from last year. DUI has maintained or increased its dividend paid per share every year since listing in 1991.

Operating expenses, excluding borrowing costs, represented 0.12% of the average market value of the portfolio, (last year 0.13%). Including the management fees of the international exchange traded funds and the managed funds in which the Company is invested, the see-through total expense ratio was 0.16% (last year 0.18%).

Bank borrowing facilities were \$150 million at the end of the financial year, fully drawn. The additional borrowings drawn were used to further invest in the investment portfolio. Net debt as a proportion of the portfolio excluding cash was 11.6%, which is within our historical range of 10 – 12%.

The pre-tax net tangible asset backing per share after provision for the final dividend fell from \$5.26 at 30 June 2021 to \$4.87 at 30 June 2022, a fall of 7.4%.

This was in a year in which the Australian S&P/ASX 200 Price Index fell 10.2%, while the MSCI All Countries World Index Ex Australia fell by 17.4% in Australian dollar terms. In local currencies, Standard & Poors 500 fell 11.9%, the UK Financial Times 100 Index rose 1.9%, and the Japan Nikkei-225 Index fell 8.3%.

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

	<b>DUI NTA Backing Accumulation % p.a.</b>	<b>DUI Share Price Accumulation % p.a.</b>	<b>S&amp;P/ASX 200 Accumulation Index % p.a.</b>
1 year	(4.6)	(8.7)	(6.5)
3 years	4.2	5.2	3.3
5 years	7.9	8.0	6.8
10 years	10.4	11.3	9.3

Including the benefit of franking credits for shareholders who can fully utilise them, the Company's accumulation return for the year was a fall of 3.4%, compared to the fall of 5.1% in the S&P/ASX 200 accumulation franking credit adjusted return.

The relative performance of the Company's equity portfolio for the year was assisted by overweight allocations to Computershare, Atlas Arteria and Transurban, and underweight allocation to the underperforming technology and consumer discretionary sectors.

Relative performance was held back by our overweight holding in Washington Soul Pattinson, underweight holdings in NAB and Macquarie and exposure to global markets.

At 30 June 2022 we were 81% invested in 35 Australian listed companies or trusts, 18% invested in international equities via nine exchange traded funds and four emerging markets managed funds, and 1% in cash and short term receivables. The foreign exchange currency exposure is currently unhedged.

At 30 June the largest industry sectors were Banks and other Financials 25%, Healthcare 18%, Mining and Energy 15%, Infrastructure and Transport 10%, Consumer 10%, and Property 3%. International equities represented 18%, and cash on hand was 1%.

Since the end of the financial year, we have participated in the ANZ Bank and Atlas Arteria capital raisings.

At 30 September 2022, the portfolio was invested in Banks and other Financials 25%, Healthcare 19%, Mining and Energy 14%, Infrastructure and Transport 10%, Consumer 10%, Property 3%, and International Equities 18%, while cash represented 1% of the portfolio.

We have increased our borrowing facilities since 30 June to \$180 million, currently drawn as to \$160 million. Additional capacity was added to our borrowing facilities to provide liquidity. At 30 September, net debt as a proportion of the portfolio excluding cash was 12%.

At the end of September, we completed the 2022 Share Purchase Plan, raising \$11.8 million. These funds will be used to further invest in the Company's equities portfolio. On behalf of the Board, we thank shareholders for their participation and continued support of DUI.

## OUTLOOK:

Last year at the AGM, we gave the analogy that we felt like being in a bath with four taps pouring in warm water. One of these taps “Quantitative Easing” has closed and another “Government Expenditure” is being throttled back.

We identified five outlet plugs and during the year, three of these have been opened quite fully, namely, “Inflation”, “Interest Rates” and “International Tensions”.

The result is that the level of the water fell by 6% in the 12 months to 30 June 2022, as measured by the ASX200 Accumulation Index.

With the shock to energy and food prices triggered by the Russia-Ukraine conflict, and the somewhat belated determination of central banks, led by the Federal Reserve, to avoid the embedding of inflation expectations by aggressive monetary policy tightening, the outlook for the global economy and financial markets remains challenged. We see a real risk of stagflation, as economic activity slows and core inflation remains sticky.

As a patient, long-term investor we are well prepared to weather this environment.

We are fully invested, with an Australian portfolio of 35 listed companies or trusts in strong competitive positions in industries with structural growth. Approximately 18% of our portfolio is invested in international managed funds, which offer diversification of risk.

We expect to receive steady dividend income from our portfolio in the year ahead.

Charles Goode  
Chairman

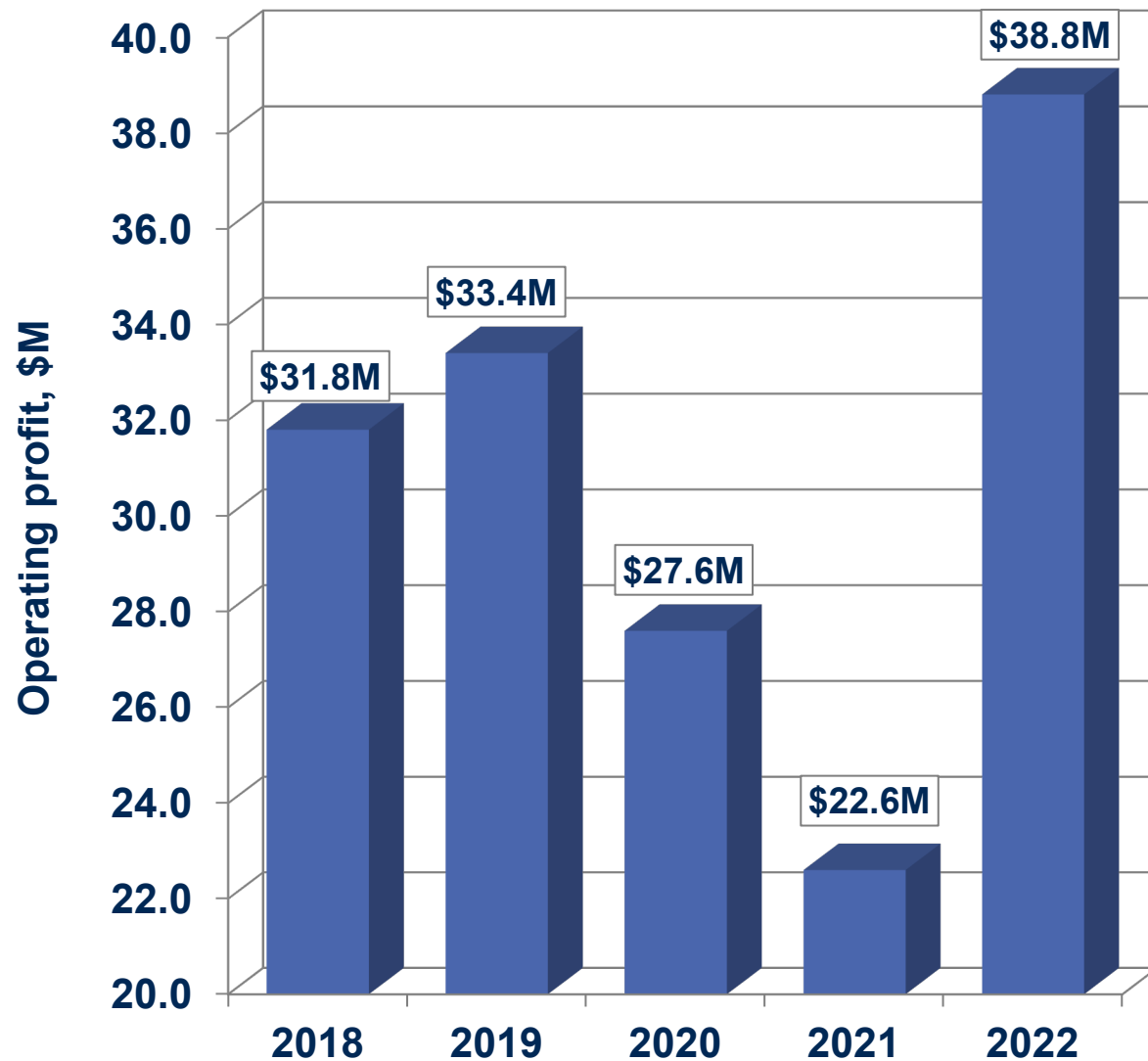


# Diversified United Investment Limited

2022 Annual General Meeting  
20 October 2022

# Operating Profit

(excludes special dividends, distributed capital gains and unrealised gains on unlisted investments)

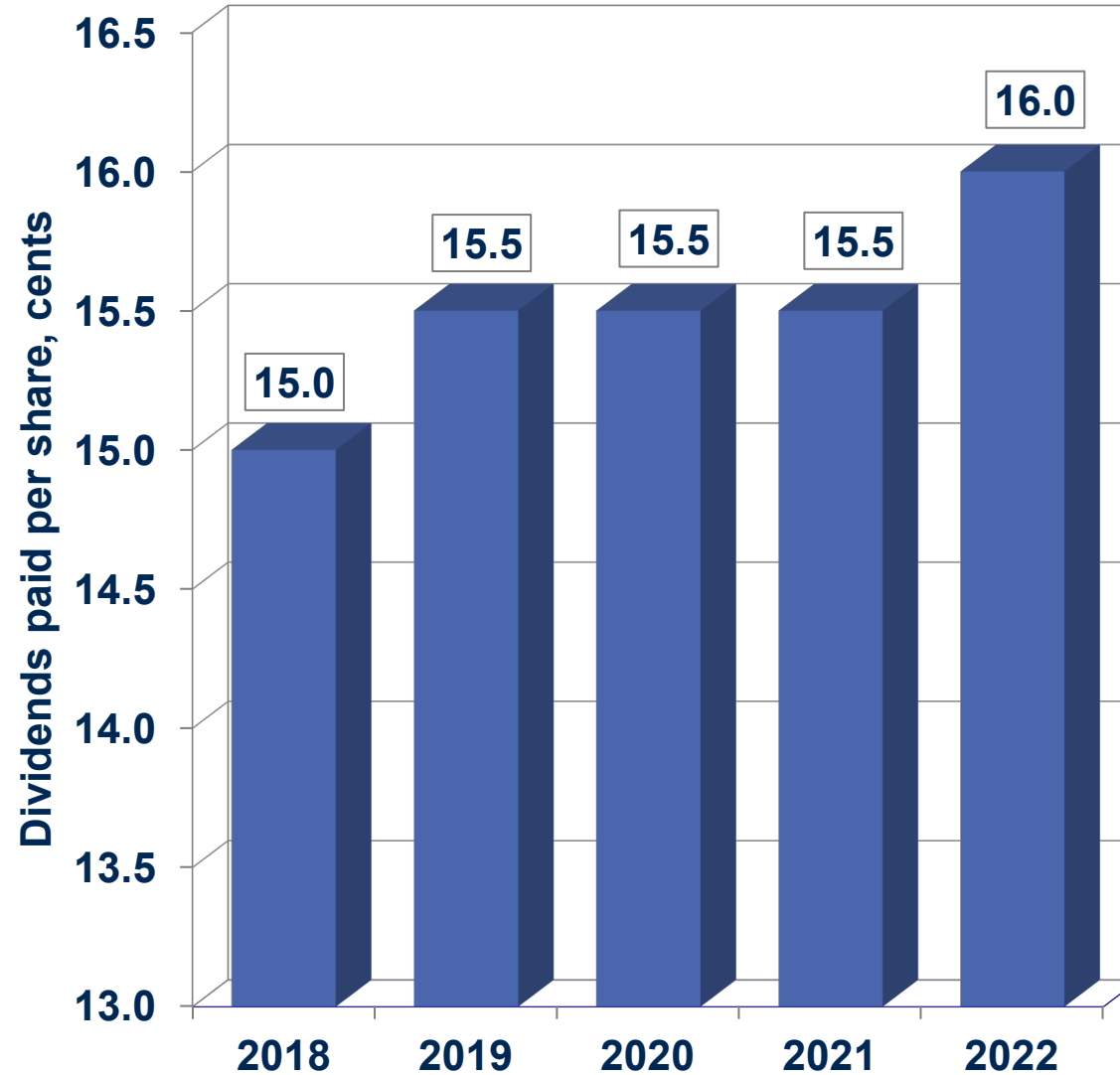


## 2022 operating profit represented by:

Net profit after tax, 2022	\$45.8M
Less: special dividends, capital gains distributed and unrealised losses from unlisted investments	(\$7.0M)
	<hr/>
	<b>\$38.8M</b>

# Dividends Paid

Dividends paid maintained or increased every year since listing



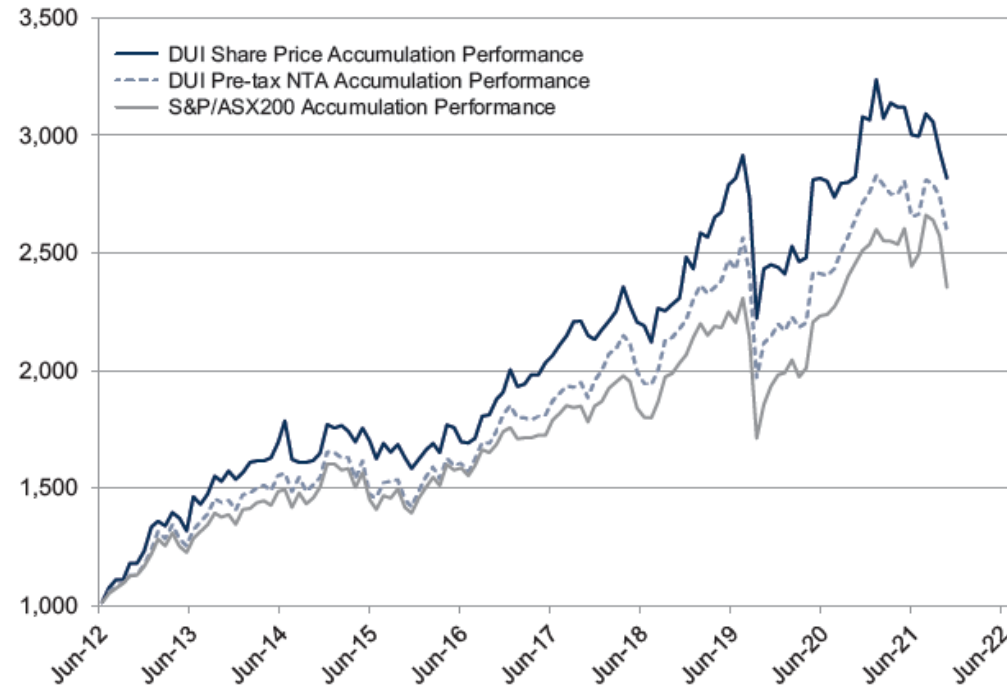
# At 30 June 2022

	2022	2021
Operating expenses	0.12%	0.13%
- with external fund fees	0.16%	0.18%
Bank borrowing facilities	\$150M	\$135M
Bank borrowings drawn	\$150M	\$117.5M
Net debt / portfolio ex-cash	11.6%	8.3%
NTA After Provision for Dividend	\$4.87	\$5.26



# Net Asset Backing Accumulation

**DUI Accumulated Investment Return vs S&P/ASX 200 Accumulation Index**  
 (Excluding the Benefit of Franking Credits)  
 10 Years to 30 June 2022



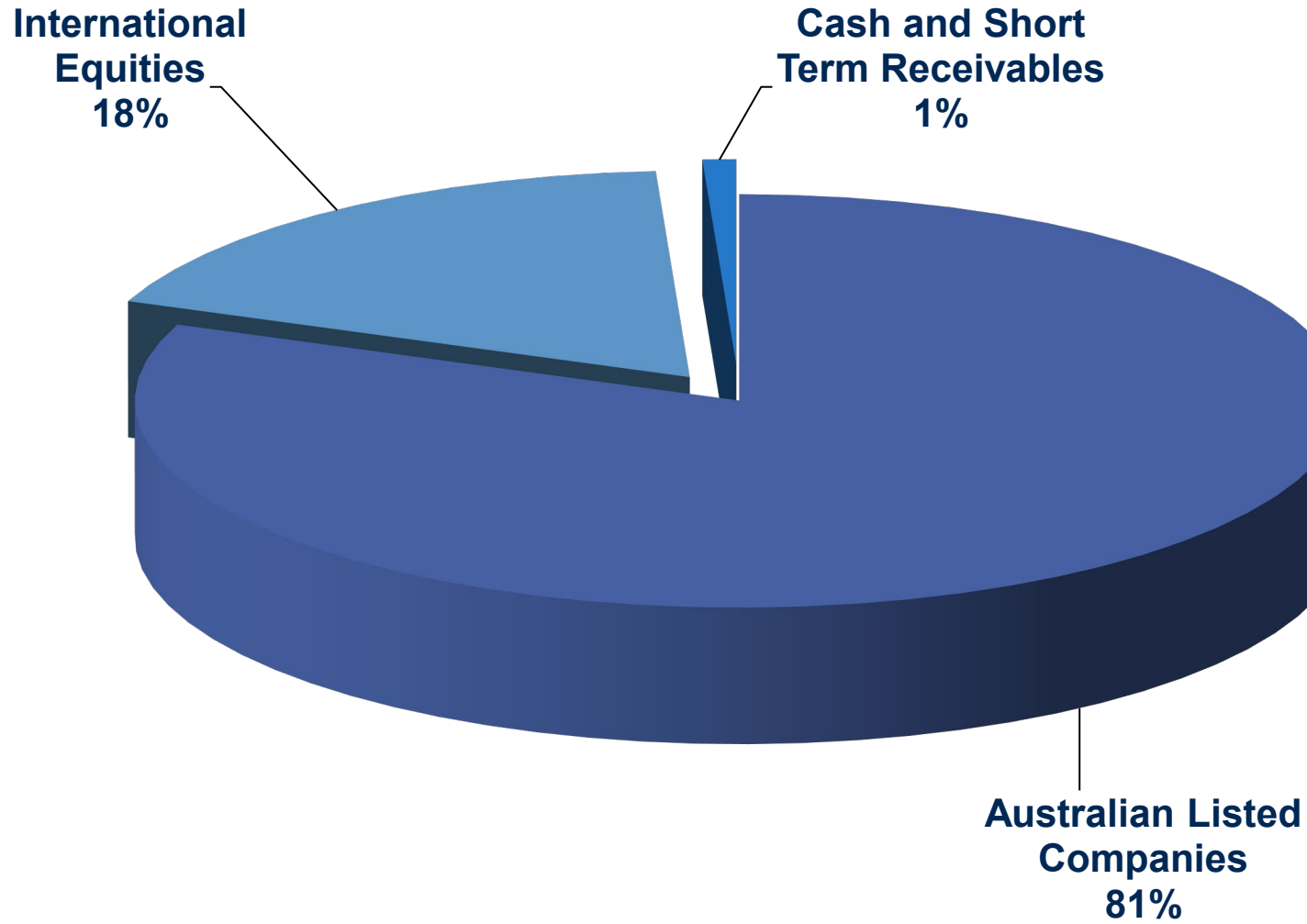
Source: Evans & Partners

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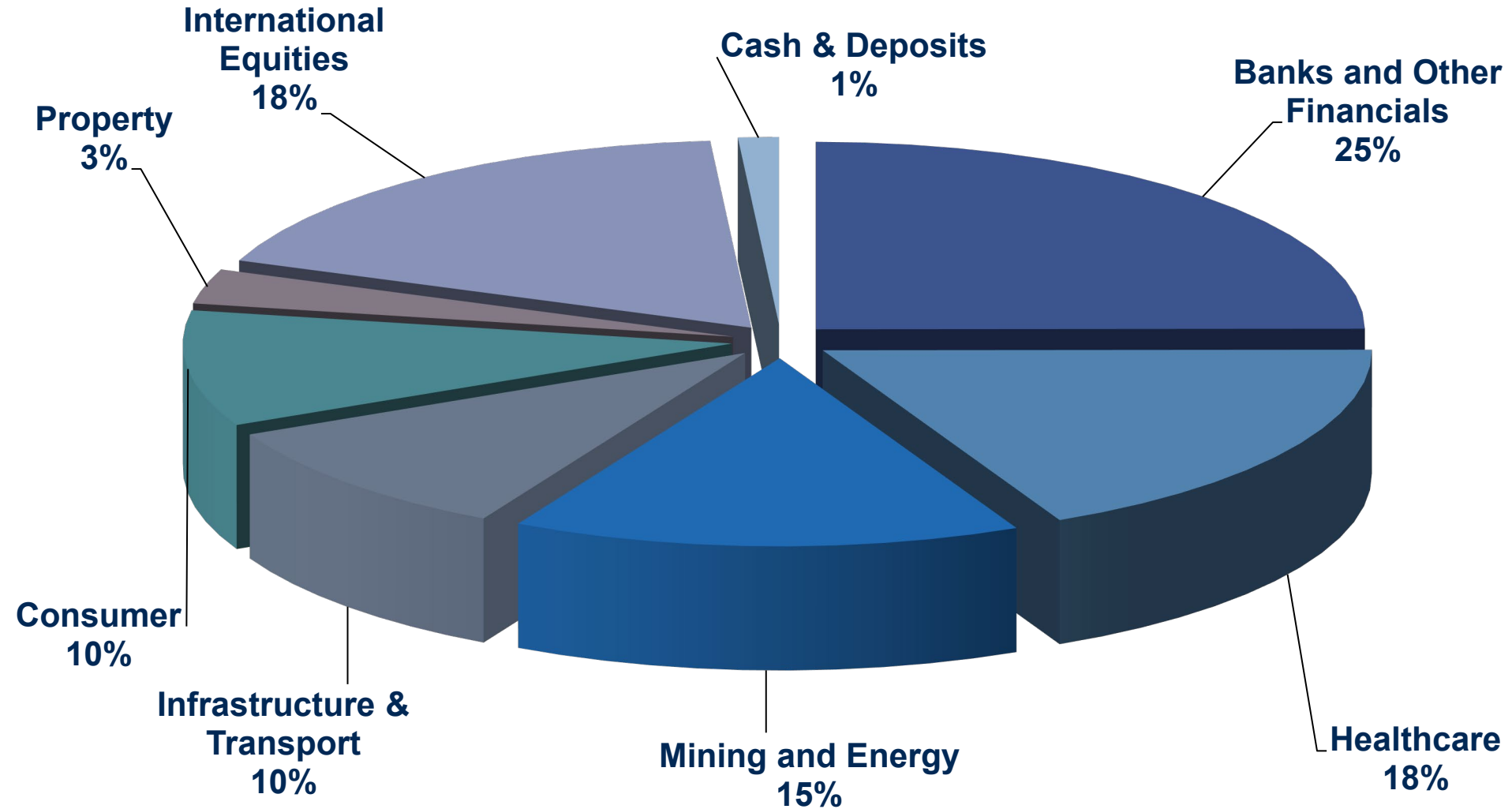
# Asset Allocation

At 30 June 2022



# Asset Allocation

At 30 June 2022

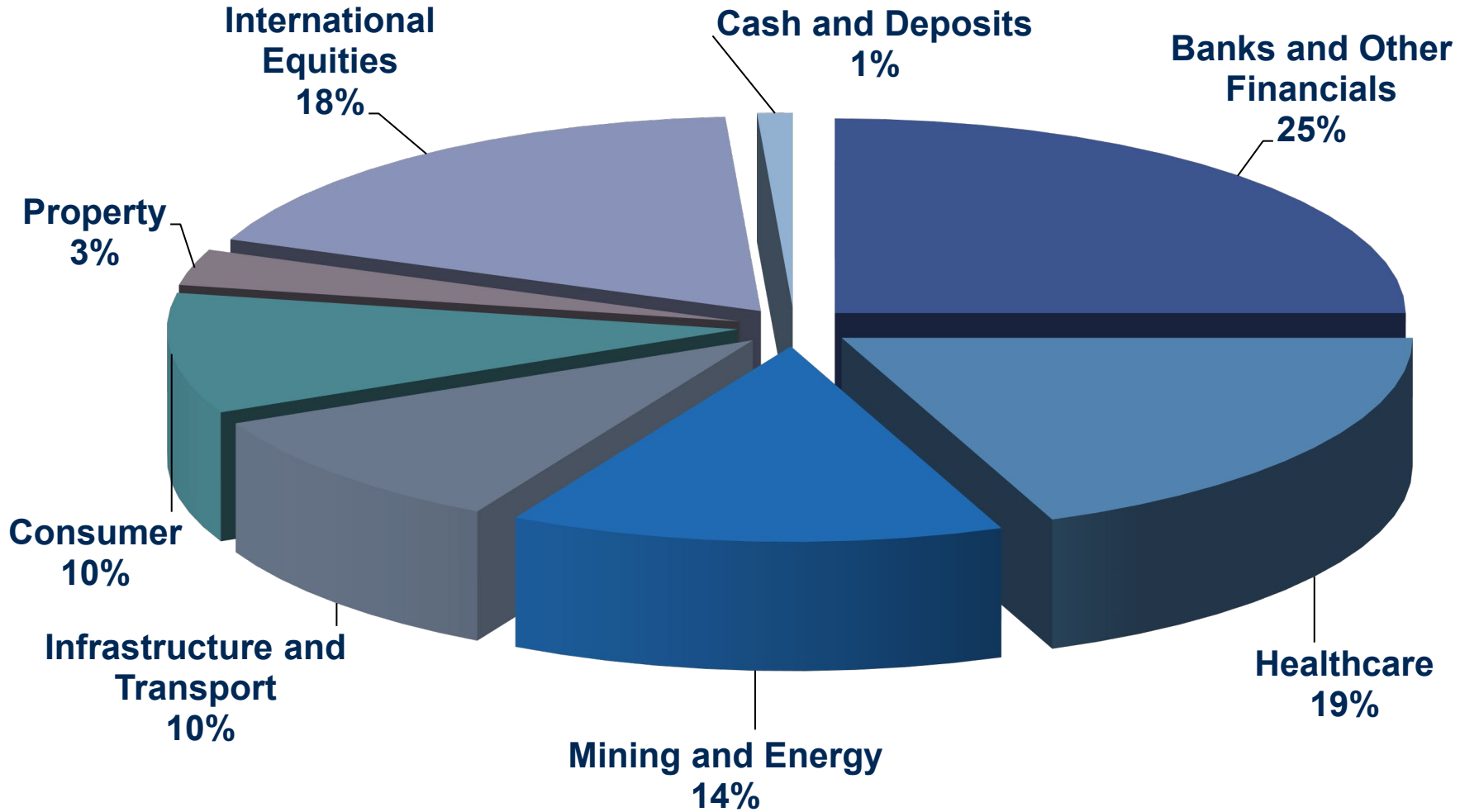


# Purchases and Sales since 30 June 2022

Purchases	Sales
<ul style="list-style-type: none"><li>• ANZ Banking Group</li><li>• Atlas Arteria Group</li></ul>	<ul style="list-style-type: none"><li>• None</li></ul>

# Asset Allocation

At 30 September 2022





# Diversified United Investment Limited

2022 Annual General Meeting  
20 October 2022

# Resolution 2

## Remuneration Report

*That the Remuneration Report that forms part of the Directors' Report for the Company for the financial year ended 30 June 2022 be adopted.*

Proxy votes received prior to the meeting:

For	Open	Against	Abstain
61,433,175	16,263,366	526,554	1,819,822
78.54%	20.79%	0.67%	

# Resolution 3

## Election of Mr Andrew R N Sisson

*That Mr Andrew R N Sisson, a Director who offers himself for election, be elected as a Director of the Company.*

Proxy votes received prior to the meeting:

For	Open	Against	Abstain
63,749,416	16,155,160	142,523	19,756
79.64%	20.18%	0.18%	



# Resolution 4

## Re-Election of Mr Charles B Goode

*That Mr Charles B Goode, a Director retiring from office by rotation in accordance with clause 62 of the Constitution, being eligible, is re-elected as a Director of the Company.*

Proxy votes received prior to the meeting:

For	Open	Against	Abstain
63,530,323	16,295,160	200,795	40,577
79.39%	20.36%	0.25%	

# Resolution 5

## Re-Election of Mr Stephen G Hiscock

*That Mr Stephen G Hiscock, a Director retiring from office by rotation in accordance with clause 62 of the Constitution, being eligible, is re-elected as a Director of the Company.*

Proxy votes received prior to the meeting:

For	Open	Against	Abstain
63,710,424	16,295,160	45,947	15,324
79.59%	20.36%	0.06%	

# Resolution 6

## Adoption of New Company Constitution (Special resolution)

*"That, with effect from the close of the annual general meeting (**Meeting**), the Company adopts as its constitution the document tabled at the Meeting and signed by a director of the Company for the purposes of identification, in substitution for, and to the exclusion of, the existing constitution of the Company, which existing constitution is repealed."*

Proxy votes received prior to the meeting:

For	Open	Against	Abstain
62,442,782	16,393,445	989,104	241,524
78.22%	20.54%	1.24%	



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