



CHAIRMAN'S REPORT TO SHAREHOLDERS YEAR ENDED 30 JUNE 2023

Dear Shareholder,

The Company's Appendix 4E and the Financial Report for the year ended 30 June 2023 were lodged with the Australian Securities Exchange (ASX) on 15 August 2023 and are available to be downloaded from the company's website or the ASX website.

I present to you the Group's consolidated results for the year ended 30 June 2023.

Group's operations and results

Profit for the year ended 30 June 2023 was \$37,406,000 compared to \$33,757,000 for the prior 2022 financial year, an increase of \$3,649,000 or 10.8%. It should be noted that the profit for the prior financial year included \$4,755,000 from a one-off, fully franked in-specie dividend of Woodside Energy shares resulting from the merger of BHP's petroleum business into Woodside Energy. If this one-off BHP in-specie dividend was excluded from the prior year result, the profit increase for the year ended 30 June 2023 was \$8,404,000 or 24.9%. Most of this increase in profit resulted from dividends received from EVT (formerly Event Hospitality & Entertainment), the Group's largest investment holding. EVT recommenced paying dividends in November 2022. This was after two years of no dividends being paid by EVT due to the impact of COVID related restrictions on the businesses of that group. Fully franked dividends totalling \$8,005,000 were received from EVT during the year to 30 June 2023.

Dividends and distributions received totalled \$38,398,000, compared to the prior year amounts of \$35,570,000. As noted above, prior year dividends included the BHP in-specie dividend of \$4,755,000. The impact of EVT recommencing paying dividends is also noted above. Excluding the BHP in-specie dividend from the prior year, dividend and distribution income increased by 24.6% from the prior year. Included in dividends and distributions received were dividends described as special dividends amounting to \$4,087,000. These special dividends included \$3,694,000 received from EVT in November 2022. In the prior financial year, special dividends totalling \$1,205,000 were received.

With much higher interest rates and a higher level of funds held on term deposits, interest income increased from \$73,000 in the prior year to \$747,000 in the year to 30 June 2023. Average funds on term deposit increased by \$11,900,000 and the weighted average interest rate on term deposits increased from 0.60% in the prior year to 3.31%.

Administration expenses were \$970,000 compared to \$898,000 in the previous year. The management expense ratio (MER) for the year ended 30 June 2023 was 0.10%, compared to the prior year of 0.09%.

Earnings per ordinary share

Basic and diluted earnings were \$1.413 per ordinary share for the year to 30 June 2023 compared to \$1.275 per share for the 2022 financial year.

Dividends

On 15 August 2023 the directors declared a final fully franked dividend of 60 cents per ordinary share, payable on 18 September 2023. The prior year final fully franked dividend was 44 cents per ordinary share, plus a fully franked special dividend of 14 cents per ordinary share, which were both paid in September 2022. The special dividend in the prior year was declared as a result of the profit derived from the one off in-specie dividend received from BHP.

An interim dividend of 40 cents per ordinary share, together with a special dividend of 9 cents per ordinary share was paid in March 2023. The special interim dividend was declared due to the increase in special dividends received in the first half of the year, including the EVT special dividend. The prior year interim dividend, paid in March 2022, was 40 cents per ordinary share.



Dividends (continued)

Total ordinary share dividends paid and payable for year ended 30 June 2023, including the special interim dividend, amount to \$1.09 per share, being an increase of 11.2% on the prior year dividends paid.

A final preference share dividend of 7 cents per share fully franked is also payable on 18 September 2023.

The record date for both the ordinary and preference final dividends is 1 September 2023.

The Dividend Reinvestment Plan remains suspended.

Net tangible asset backing

The net tangible asset backing for each issued ordinary share at 30 June 2023, prior to the payment of the final dividend noted above and before provision for estimated capital gains tax in respect of unrealised investment portfolio gains, was \$37.15 (2022: \$36.99). Although the Board has no present intention of disposing of any of the Group's equity investments, the net tangible asset backing per share after provision for tax on unrealised capital gains was \$31.19 (2022: \$30.95). The relevant figures at 31 July 2023 were \$38.62 and \$32.25 respectively,

Investments

The market value of the equity investment portfolio as at 30 June 2023 was \$956,399,000 compared to \$949,299,000 at the prior year end. Short term cash holdings and term deposits totalled \$24,073,000 as at 30 June 2023 (2022: \$27,480,000).

The Board's policy is to acquire additional investments in equities that meet the criteria of providing high levels of income through predominantly fully franked dividends and have the potential for long term capital growth. The cost of equity investments purchased during the year to 30 June 2023 totalled \$13,663,000 (2022: \$8,804,000).

Acquisitions above \$400,000 during the year were:

South32	\$5,019,000
ANZ	\$2,272,000
JB Hi-Fi	\$1,003,000
Woodside Energy	\$1,002,000
Sonic Healthcare	\$1,001,000
BHP Group	\$1,000,000
Elders	\$996,000
Santos	\$994,000

The Group also received shares in the PEXA Group via an in-specie distribution from the Link Group with a market value, at that time, totalling \$460,000.

During the year the company disposed of its investments in the Tassal Group and the Pandal Group, these disposals were a result of takeover offers. The consideration received for all investment disposals during the year was \$1,815,000. Prior year consideration received on disposals totalled \$7,844,000. Capital returns received during the year totalled \$178,000. In 2022 capital returns totalling \$4,303,000 were received, with large capital returns paid by Boral and Wesfarmers.



Investments (continued)

There was ongoing investment market volatility during the year to 30 June 2023, with fluctuating levels of concern about ongoing issues of high inflation, rapidly increasing interest rates, economic growth prospects and geopolitical uncertainty. After a decrease of 10.2 % in the prior 2021/22 financial year, the S&P/ASX 200 Index increased by 9.7% in the year to 30 June 2023. The market value of the Group's investment portfolio, after adjusting for investment acquisitions and disposals, decreased during the year by \$4.9 million or 0.5%. Many of the Group's larger investment holdings showed good market value increases for the year, however the overall market value performance of the portfolio was impacted by a fall in value for the Group's largest holding, EVT. The EVT share price decreased by 10.0% for the year. Excluding the EVT holding, the increase in the Group's investment portfolio was 6.3%.

On a total portfolio return basis (measured by the movement in NTA per share assuming dividends are reinvested), the return for the twelve months was 3.4% (2022: minus 2.1%) compared with an increase in the S&P ASX 200 Accumulation Index over the period of 14.8% (2022: decrease 6.5%).

The Group continues to hold its equity investments for the long term and does not act as a share trader nor does it invest in speculative stocks.

Outlook

Equity markets continue to operate in an environment of uncertainty with, persistent high inflation, high interest rates, an outlook for slow growth in China and future economic growth levels remaining in question. Trends in global markets could also influence the Australian market.

We continue to have confidence in the quality and mix of the businesses in which the Group has invested. The Group will continue to seek to take advantage of market volatility and invest in well run businesses when it is considered that market prices offers good long-term value.

Annual General Meeting and Annual Report

The Annual General Meeting will be held at The Screening Room, State Theatre Building, 49 Market Street, Sydney, on Wednesday 25th October 2023, commencing at 10.00am. Copies of the Annual Report and Notice for the Annual General Meeting are expected to be distributed to shareholders by 20 September 2023.

A G RYDGE AM
Chairman
15 August 2023