



CHAIRMAN'S REPORT TO SHAREHOLDERS YEAR ENDED 30 JUNE 2024

Dear Shareholder,

The Company's Appendix 4E and the Financial Report for the year ended 30 June 2024 were lodged with the Australian Securities Exchange (ASX) on 20 August 2024 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 2024.

Group's operations and results

Profit for the year ended 30 June 2024 was \$38,771,000 compared to \$37,406,000 for the prior 2023 financial year, an increase of \$1,365,000 or 3.6%.

Dividends and distributions received totalled \$40,408,000, compared to the prior year's dividends and distributions of \$38,398,000, an increase of \$2,010,000 or 5.2%. The above amounts included special dividends received of \$769,000 and \$4,087,000 respectively. Fully franked dividends of \$10,467,000 (2023: Ordinary \$4,311,000 and Special \$3,694,000) were received by the Group from EVT during the year ended 30 June 2024.

Interest income received totalled \$1,170,000, compared with the prior year's interest of \$747,000. This increase is attributable to higher interest rates and an increase in the weighted average term deposits during the year ended 30 June 2024. The weighted average term deposits held during the year ended 30 June 2024 was \$23,120,000 (2023 \$19,411,000) and the weighted average interest rate on term deposits increased from 3.31% in the prior year to 4.67%.

Administration expenses were \$924,000 compared to \$970,000 in the previous year. The management expense ratio (MER) for the year ended 30 June 2024 was 0.09%, compared to the prior year of 0.10%.

Earnings per ordinary share

Basic and diluted earnings were \$1.465 per ordinary share for the year to 30 June 2024 compared to \$1.413 per share for the 2023 financial year.

Dividends

On 20 August 2024 the directors declared a final fully franked dividend of 63 cents per ordinary share, payable on 16 September 2024. The prior year final fully franked dividend was 60 cents per ordinary share, which was paid on 18 September 2023.

On 14 February 2024 the directors declared a fully franked interim dividend of 41 per ordinary share, which was paid on 18 March 2024. The prior year interim fully franked dividend was 40 cents per ordinary share, together with a special dividend of 9 cents per ordinary share, which was paid on 20 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.

Total ordinary share dividends paid and payable for year ended 30 June 2024, amount to \$1.04 per share, being an increase of 4.0% on the prior year dividends paid.

A final preference share dividend of 7 cents per share fully franked is also payable on 16 September 2024.

The Dividend Reinvestment Plan remains suspended.

Net tangible asset backing

The net tangible asset backing for each issued ordinary share at 30 June 2024, 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 \$39.71 (2023: \$37.15). 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 \$33.26 (2023: \$31.19). The relevant figures as at 31 July 2024 were \$40.83 and \$34.07 respectively.

Investments

The market value of the equity investment portfolio as at 30 June 2024 was \$1,021,639,000 compared to \$956,399,000 at the prior year end. Short term cash holdings and term deposits totalled \$26,864,000 as at 30 June 2024 (2023: \$24,073,000).

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 for cash during the year to 30 June 2024 totalled \$14,041,000 (2023: \$13,663,000).

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

Ampol	\$2,019,000
Origin Energy	\$2,010,000
IPH	\$1,498,000
Telstra Group	\$2,002,000
Endeavour Group	\$1,004,000
ANZ Group Holdings	\$1,003,000
Woodside Energy Group	\$1,001,000
Sonic Healthcare	\$1,000,000
Ramsay Health Care	\$501,000
Amcor	\$500,000
Incitec Pivot	\$500,000
Brambles	\$498,000

The Group also received shares as takeover consideration in the following companies:

- Newmont Corporation with a fair value at the time of \$99,000 in respect of its takeover of Newcrest Mining.
- Seven Group Holdings with a fair value at the time of \$5,090,000 in respect of its takeover of Boral.

In the prior year, the Group also received Perpetual shares as takeover consideration in respect of the Pandal Group. At the time, these shares had a fair value of \$283,000.

In addition to the above investment acquisitions, the Company under its on-market buy-back, also bought-back 26,290 (2023: nil) of its own shares for total consideration of \$810,000 (2023: \$nil).

During the year to 30 June 2024 the Group disposed of its investments in Blackmores, Boral, Estia Health, Link Administration and United Malt Group. These disposals were all as a result of takeovers. The consideration received for all investment disposals during the year was \$9,912,000, including shares received as takeover consideration with a fair value of \$5,189,000. In the prior year, consideration received on all investment disposals totalled \$1,815,000, including shares with a fair value of \$283,000 received as takeover consideration. No capital returns were received in the year ended 30 June 2024 (2023: \$178,000).

For the year to 30 June 2024, there was a strong performance from the Group's holdings in the major banks, Wesfarmers, Origin Energy, Boral and James Hardie, whilst the holdings in in EVT, Woodside, Telstra and BHP all trailed the overall market. We still consider that these companies have sound long term prospects.



Results and review of operations (continued)

For the year, the fair value of the Group's investment portfolio increased by \$55,922,000 or 5.8% (2023: decrease of \$4,852,000, or 0.5%), after adjusting for investment acquisitions and disposals. The performance of the Group's portfolio was adversely impacted by a fall of 1% in the fair value of the Group's largest holding, EVT. Excluding the EVT holding, the increase in the fair value of Group's investment portfolio was 9.9%. The S&P/ASX 200 Index increased during the year to 30 June 2024 by 7.8% (2023: increase 9.7%).

On a total portfolio return basis (measured by the movement in NTA per share assuming dividends are reinvested), the return for the year was 9.4% (2023: 3.4%) compared with an increase in the S&P ASX 200 Accumulation Index over the period of 12.1% (2023: increase 14.8%).

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 and likely developments

We anticipate the current elevated inflation and interest rates to continue for a further six to 12 months and then begin to moderate. There are also numerous domestic and global uncertainties which are likely to impact on investment market valuations and its volatility for the foreseeable future.

The Board continues to have confidence in the mix and quality of the companies in which the Group has invested. The Group will continue to take a cautious approach when pursuing its policy of purchasing equity investments for the long term through reinvesting dividends and other income in entities listed on the Australian Securities Exchange.

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 23rd October 2024, commencing at 10.00am. Copies of the Annual Report and Notice for the Annual General Meeting are expected to be distributed to shareholders by 18 September 2024.

A G RYDGE AM
Chairman
20 August 2024