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ANNUAL REPORT

2022

**DIVERSIFIED
UNITED
INVESTMENT
LIMITED**

ABN 33 006 713 177

DUI

Directory

Directors

Charles Goode AC - Chairman
Anthony Burgess
Stephen Hiscock
Andrew Larke
Andrew Sisson AO

Company Secretary

James Pollard

Registered Office

Level 20
101 Collins Street
Melbourne VIC 3000
Tel: +61 3 9654 0499
Email: info@dui.com.au

Website

www.dui.com.au

Bankers

Australia and New Zealand Banking Group Limited (ANZ)
National Australia Bank Limited (NAB)

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)
ASX Code: DUI

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Chairman's Report

I present the Annual Report of Diversified United Investment Ltd for the year ended 30 June 2022.

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 2022, 18.1% of the portfolio was invested in international equities through nine Exchange Traded Index Funds and four unlisted managed funds. The foreign exchange currency exposure is currently unhedged.

Profit after tax for the year was \$45.8 million which is an increase of 47.7% on the previous year. If special dividends, capital gains distributed from unlisted managed investment funds and unrealised gains or losses from unlisted managed investment funds are excluded, profit after tax increased by 71.7%. Profit for the year excludes net realised gains and losses on the investment portfolio which are recorded in the Realisation Reserve.

Income earned during the year was \$57.2 million, comprising \$53.1 million from dividends and trust distributions, \$4.0 million from foreign income, and \$19,000 from interest income.

Operating expenses (excluding interest) for the year grew modestly by 1.9% to \$1,468,000 (2021: \$1,440,000). Operating expenses (excluding interest) were 0.12% of the average market value of the portfolio (2021: 0.13%). Including the management fees of the listed ETFs and managed funds in which the Company is invested, the expense ratio was 0.16% (2021: 0.18%).

This year special dividends, capital gains distributed from unlisted managed investment funds and unrealised gains or losses from unlisted managed investment funds totalled \$7.0 million after tax (2021: \$8.4 million after tax). Special dividends were received from Rio Tinto Limited and BHP Group Limited. Capital gains were distributed by Northcape Capital Global Emerging Markets Fund and Northcape Capital Global Equities Fund.

Excluding special dividends, capital gains distributed from unlisted managed investment funds and unrealised gains or losses from unlisted managed investment funds, the Company's revenue rose 54.0% on last year.

The weighted average number of ordinary shares for the year was 213,350,061 as against 212,458,875 in the previous year, an increase of 0.4%.

Excluding special dividends, capital gains distributed from unlisted managed investment funds and unrealised gains or losses from unlisted managed investment funds, the earnings per share based on the weighted average number of shares on issue for the year was 18.2 cents per share compared to 10.7 cents for the year to 30 June 2021. Including special dividends, capital gains distributed from unlisted managed investment funds and unrealised gains or losses from unlisted managed investment funds, earnings per share rose 47.3% to 21.5 cents.

Bank facilities as at 30 June 2022 were \$150 million fully drawn (2021: \$135 million drawn as to \$117.5 million). Gross debt as a proportion of the portfolio including cash was 12.4% (2021: 9.3%). Cash, net receivables and pending settlements were \$10.3 million, or 0.8% of the investment portfolio at market values (2021: \$14.7 million or 1.2%). Net debt as a proportion of the portfolio excluding cash was 11.6% (2021: 8.3%). Annual interest expense was covered 21.6 times by profit before interest and tax (2021: 15.0 times).

The Pre-tax Net Tangible Asset ("Pre-tax NTA") backing per share was \$4.96 at 30 June 2022, compared to \$5.35 at 30 June 2021, a decrease of 7.3%. The Pre-tax NTA is calculated before any future tax benefit of net realised losses, before estimated tax on net unrealised gains and losses, and before provision for the final dividend.

The Directors have declared a fully franked final dividend of 9.0 cents per share for the year to 30 June 2022, which with the fully franked interim dividend of 7.0 cents per share makes a total fully franked dividend of 16.0 cents per share for the year, an increase of 0.5 cents per share from the previous year. The final dividend does not include a Listed Investment Company capital gain.

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

| Year | Dividends Paid |
|---------|----------------------|
| 2021/22 | 16.0 cents per share |
| 2020/21 | 15.5 cents per share |
| 2019/20 | 15.5 cents per share |
| 2018/19 | 15.5 cents per share |
| 2017/18 | 15.0 cents per share |

The Company's Pre-tax NTA backing per share over the last 5 years was as follows:

| | Pre-tax NTA Backing Per Share |
|--------------|-------------------------------|
| 30 June 2022 | \$4.96 |
| 30 June 2021 | \$5.35 |
| 30 June 2020 | \$4.45 |
| 30 June 2019 | \$4.82 |
| 30 June 2018 | \$4.47 |

The Australian equities portfolio is invested mainly in leading ASX-listed companies and at 30 June 2022, in terms of market values, 86.8% of the Australian equities portfolio was in the leading 50 companies (72.2% in the top 20 companies and 14.6% in the next 30 companies), with a further 9.2% invested in the second 50 companies and 4.0% invested in companies other than the largest 100 companies. The international equities portfolio comprised 18.1% 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 Pre-tax NTA Backing Accumulation % p.a. | DUI Share Price Accumulation % p.a. | S&P ASX 200 Accumulation Index % p.a. |
|----------|---|-------------------------------------|---------------------------------------|
| 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 to 30 June 2022 was a fall of 3.4% compared to a fall of 5.1% in the S&P/ASX 200 franking credit adjusted return.

The Company's Pre-tax NTA 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.

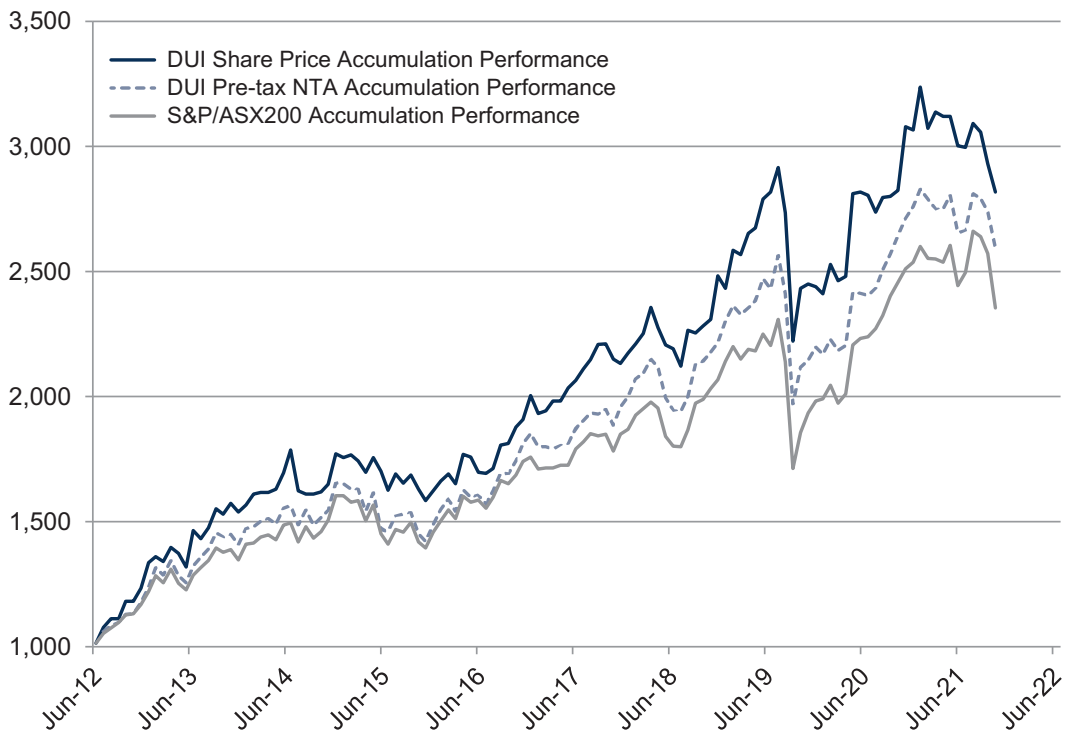
The year saw mixed performance in world equity markets with the Australian S&P/ASX 200 price index falling 10.2%, the Standard & Poors 500 falling 11.9%, the FTSE 100 rising 1.9% and the Nikkei-225 falling 8.3% in local currency terms.

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 overweight holding in Washington Soul Pattinson, underweight holdings in NAB and Macquarie and exposure to global markets.

The following graph shows the accumulation performance of the Company's Pre-tax NTA backing 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 2022**



Source: Evans & Partners

Outlook

We are moving from "asset inflation" to "consumer inflation" as we transition from large budget deficits, quantitative easing, and extraordinary low interest rates to a period of budgetary restraint, quantitative tightening, and rising interest rates.

We also have supply shortages as demand after the COVID-19 lockdowns has recovered more quickly than the supply of goods and in addition, food and energy prices have risen due to the Russian / Ukraine war.

We see little zest for productivity reforms and are concerned we are in for a period of stagflation.

For our part, we are a long term, diversified, yield conscious investor. It is our intention to remain fully invested in high quality companies with strong long-term prospects. We expect our portfolio of investments to provide a steady income in the year ahead, excluding special dividends.



Charles Goode
Chairman

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 2022 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 September 1991

Mr Goode is the Chairman of the Boards of Australian United Investment Company Limited (Director since 1990, Chairman since 1993), 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), FFIN, CPA
Non-Executive Director, appointed September 2008

Mr Burgess has over 40 years' experience in corporate finance in Melbourne, London and New York. He is Chairman of Flagstaff Partners Pty Ltd, an independent corporate finance advisory firm, having been Chief Executive Officer 2010 to 2019. He was formerly Global Co-Head of Mergers and Acquisitions at Deutsche Bank AG, based in London. He 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 Melbourne Business School Limited (since 2013) and is a member of the Board of Management of the Melbourne Theatre Company (since 2015).

Stephen Hiscock B.Com (Melb), M.App.Fin (Macq), FFIN
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 approximately 30 years. He is Chairman of the Company's Audit and Risk Management Committee.

Andrew Sisson AO, BSc (Melb), FAICD
Non-Executive Director, appointed April 2022

Mr Sisson has over 40 years investment management experience and in 1988 founded Balanced Equity Management to manage portfolios of Australian shares. He is a director of Opera Australia (since 2017), a trustee of the Helen Macpherson Smith Trust (since 2020), and a member of the Council of the University of Melbourne (since 2020) and of the Grattan Institute Investment Committee (since 2010). He has previously been a Trustee of the National Gallery of Victoria, a Director of Save the Children Australia and a member of the Takeovers Panel.

Company Secretary

James Pollard B.BusCom (Mon), Grad Cert FP (Kaplan), FGIA, CA
Company Secretary, Appointed February 2020

Mr Pollard is also Company Secretary of Australian United Investment Company Limited (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.

For the year ended 30 June 2022, profit after tax was \$45,839,000 compared to \$31,010,000 in 2021 – an increase of 47.8%.

Profit after tax includes special dividends, capital gains distributed from unlisted managed funds and net unrealised gains or losses on unlisted managed investment funds in which the Company invests. In 2022, these items totalled \$7,047,000 after tax (2021: \$8,370,000). If these items are excluded, profit increased by 71.3%.

Excluding special dividends, capital gains distributed from unlisted managed funds and net unrealised gains or losses on unlisted managed investment funds before tax, revenue rose 54.0%.

The weighted average number of ordinary shares for the year was 213,350,061 as against 212,458,875 in the previous year, an increase of 0.4%.

Earnings per share was 18.2 cents excluding special dividends, capital gains distributed from unlisted managed funds and net unrealised gains or losses on unlisted managed investment funds (2021: 10.7 cents), or 21.5 cents including these items (2021: 14.6 cents).

At 30 June 2022, Australian equities accounted for 81.1%, international equities 18.1% and cash and short-term receivables (net of pending settlements) 0.8% of the market value of the portfolio. The foreign exchange currency exposure is currently unhedged.

The Pre-tax Net Tangible Asset ("Pre-tax NTA") backing of the Company's shares at 30 June 2022 was \$4.96 per share (2021: \$5.35). The Pre-tax NTA backing calculation is before any future tax benefit of net realised losses, 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 NTA backing would have been \$4.17 per share (2021: \$4.41).

Bank facilities as at 30 June 2022 were \$150 million, drawn to \$150 million (2021: \$135 million, drawn to \$117.5 million). Gross debt as a proportion of the portfolio including cash was 12.4% (2021: 9.3%). Cash, net receivables and pending settlements were \$10,289,000, or 0.8% of the investment portfolio at market values (2021: \$14,662,000, or 1.2%). Net debt as a proportion of the portfolio excluding cash was 11.6% (2021: 8.3%). Annual interest expense was covered 21.6 times by profit before interest and tax (2021: 15.0 times).

During the year the accumulation performance of the Company's Pre-tax NTA backing was a decrease of 4.6%, compared to the S&P/ASX 200 Accumulation Index decrease of 6.5%.

Dividends declared by the Company for the 2022 financial year total 16.0 cents per share fully franked (2021: 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 18 and 19 to the Financial Statements.

Expenses (excluding finance costs) were 0.12% of the average market value of the investment portfolio (2021: 0.13%). 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 0.16% (2021: 0.18%).

Directors' Report

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

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--------|--------|--------|--------|--------|
| Profit (\$ Millions) | 45.9 | 31.0 | 30.1 | 38.1 | 34.6 |
| Underlying profit (excluding special dividends, capital gains distributed by managed funds and unrealised gains or losses on unlisted investments after tax) (\$ Millions) ⁽¹⁾ | 38.8 | 22.6 | 27.6 | 33.4 | 31.8 |
| Earnings per share (excluding special dividends, capital gains distributed by managed funds and unrealised gains on unlisted investments after tax) (cents per share) | 18.2 | 10.7 | 13.1 | 15.9 | 15.5 |
| Dividends (cents per share) | 16.0 | 15.5 | 15.5 | 15.5 | 15.0 |
| Pre-tax NTA backing per share before tax on unrealised gains 30 June | \$4.96 | \$5.35 | \$4.45 | \$4.82 | \$4.47 |
| Share Price 30 June | \$4.60 | \$5.19 | \$4.23 | \$4.36 | \$4.10 |
| Management expense ratio | 0.12% | 0.13% | 0.13% | 0.12% | 0.12% |
| Management expense ratio including managed funds fees | 0.16% | 0.18% | 0.17% | 0.16% | 0.15% |
| Pre-tax NTA backing accumulation return before tax on unrealised gains | (4.6%) | 24.4% | (4.7%) | 11.6% | 15.8% |
| S&P/ASX 200 Index accumulation return | (6.5%) | 27.8% | (7.7%) | 11.6% | 13.0% |

¹ Underlying profit represents the ordinary and recurring income of the Company's investment portfolio, and is determined by deducting non-recurring, non-cash items or income which is capital in nature from statutory net profit after tax.

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 2021 of 8.5 cents per share fully franked at 30% payable on 23 September 2021. | 18,095 |
| An interim dividend in respect of the year ended 30 June 2022 of 7.0 cents per share fully franked at 30% paid on 18 March 2022. | 14,934 |
| Paid or declared after end of year | |
| A final dividend in respect of the year ended 30 June 2022 of 9.0 cents per share fully franked at 30% payable on 9 September 2022. | 19,236 |

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:

| | 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 | 12 | 12 | 2 ⁽¹⁾ | 2 ⁽¹⁾ | 1 | 1 |
| Anthony Burgess | 12 | 12 | 2 | 2 | 1 | 1 |
| Stephen Hiscock | 12 | 12 | 2 | 2 | 1 | 1 |
| Andrew Larke | 11 | 12 | 2 | 2 | 1 | 1 |
| Andrew Sisson ⁽²⁾ | 3 | 3 | - | - | - | - |

¹ In attendance – not a Committee member.

² Appointed April 2022.

The Audit and Risk Management Committee comprises Andrew Larke (Chairman), Anthony Burgess, Stephen Hiscock and Andrew Sisson.

All Directors are members of the Nomination and Remuneration Committee, which is chaired by Stephen 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 | 2,613,667 | 4,257,170 | 140,000 |
| Anthony Burgess | - | 1,831,968 | - |
| Stephen Hiscock | - | 80,000 | - |
| Andrew Larke | - | 17,500 | - |
| Andrew Sisson * | - | 77,554 | - |

* Appointed April 2022.

Note:

1. Beneficial in own name
2. Held by an entity / related party in which the Director has a relevant interest
3. 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 -

- (a) has any relevant interest in shares of the Company or a related body corporate;
- (b) has any relevant interests in debentures of, or interests in a registered scheme made available by, the Company or a related body corporate;
- (c) 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;
- (d) 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 paid were as follows:

| | 2022 | | | 2021 | | |
|------------------------------|----------------|----------------------|----------------|----------------|----------------------|----------------|
| | Fee \$ | Superannuation \$ | Total \$ | Fee \$ | Superannuation \$ | Total \$ |
| Charles Goode | 163,636 | 16,364 | 180,000 | 168,365 | 7,635 | 176,000 |
| Anthony Burgess | 87,955 | 2,045 | 90,000 | 88,000 | - | 88,000 |
| Stephen Hiscock | 87,955 | 2,045 | 90,000 | 80,365 | 7,635 | 88,000 |
| Andrew Larke | 90,000 | - | 90,000 | 88,000 | - | 88,000 |
| Andrew Sisson ⁽¹⁾ | 16,234 | 1,623 | 17,857 | - | - | - |
| Total | 445,780 | 22,077 | 467,857 | 424,730 | 15,270 | 440,000 |

¹ Appointed April 2022.

Remuneration Report (audited) (continued)

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

The services of the Company Secretaries, James Pollard and Andrew Hancock (retired April 2021) are provided to the Company through an administrative services agreement with Australian United Investment Company Limited. The amount of the fees paid which relate to the remuneration (including superannuation) of the Company Secretaries were as follows:

| | 2022 | 2021 |
|-------------------------------|----------------|----------------|
| James Pollard | 100,000 | 77,642 |
| Andrew Hancock ⁽¹⁾ | - | 115,651 |
| Total | 100,000 | 193,293 |

¹ Retired April 2021.

The Nomination and Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to employees 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 Secretary.

The remuneration structures are designed to attract and retain suitably qualified candidates, and to facilitate the broader outcome of supporting the Company's objectives of obtaining current income and longer-term capital gains within an acceptable level of risk. The Nomination and Remuneration Committee may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies and considering Company activity and changing responsibilities. Directors' fees are fixed, are reviewed annually and are not conditional on the Company's performance. The maximum total of Directors' fees is set by the shareholders in general meeting.

Each Director and the Company Secretary has signed a Deed of Access, Indemnity and Insurance with the Company and is covered by the Company's Directors and Officers Liability Insurance. No Director has entered 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, other than the Deeds of Access, Indemnity and Insurance held.

Indemnification and insurance of Directors and Officers

The names of persons holding the position of Director of the Company during the year were Charles Goode, Anthony Burgess, Stephen Hiscock, Andrew Larke and Andrew Sisson (appointed April 2022).

The Company has indemnified each current Director and the Company Secretary 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.

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 2022 to 18 June 2023.

Events Subsequent to Balance Date

On 26 July 2022, the Company established a new \$30 million debt facility with NAB.

On 18 August 2022, the Directors approved a Share Purchase Plan to be undertaken over the course of the next 2 months.

Other than the above and 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 periods.

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.

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

There were no non-audit services provided by the auditor during the financial year (2021: \$11,100).

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2022 will be published at the same time as the 2022 Annual Report.

The Company's most recent Corporate Governance Statement can be found on the Company's website at <https://www.dui.com.au/corporate-governance>.

Environmental Regulation

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

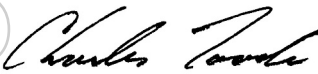
Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

The lead auditor's independence declaration is set out on page 12 and forms part of the Directors' Report for the year ended 30 June 2022.

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 Statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors, for and on behalf of the Board.



Charles Goode
Chairman
18 August 2022

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 2022 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', written in a cursive style.

Chris Sargent

Partner

Melbourne

18 August 2022

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Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|---|------|----------------|----------------|
| Revenue from investment portfolio | 2(a) | 57,196 | 37,243 |
| Net unrealised (losses) / gains on unlisted investments | | (7,975) | 1,987 |
| Administration and other expenses | | (1,468) | (1,440) |
| Finance expenses | 2(b) | (2,215) | (2,516) |
| Profit before income tax | | 45,538 | 35,274 |
| Income tax benefit / (expense) | 4(a) | 301 | (4,264) |
| Profit | | 45,839 | 31,010 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Revaluation of investment portfolio for the year | | (94,323) | 190,890 |
| Provision for tax benefit / (expense) on revaluation of the investment portfolio for the year | | 29,558 | (58,491) |
| Other comprehensive (loss) / profit net of income tax | | (64,765) | 132,399 |
| Total comprehensive (loss) / profit | | (18,926) | 163,409 |
| Basic and diluted earnings per share (cents) | 5 | 21.5 | 14.6 |

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 17 to 29.

Balance Sheet

as at 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|--------------------------------------|-------|----------------|----------------|
| Current assets | | | |
| Cash and cash equivalents | 16(a) | 5,338 | 5,156 |
| Receivables | 7 | 6,018 | 9,506 |
| Other assets | 8 | 104 | 117 |
| Current tax receivable | 4(c) | 38 | - |
| Total current assets | | 11,498 | 14,779 |
| Non-current assets | | | |
| Investment portfolio | 9 | 1,199,380 | 1,242,603 |
| Total non-current assets | | 1,199,380 | 1,242,603 |
| Total assets | | 1,210,878 | 1,257,382 |
| Current liabilities | | | |
| Payables | 10 | 1,582 | 321 |
| Current tax payable | 4(c) | - | 714 |
| Total current liabilities | | 1,582 | 1,035 |
| Non-current liabilities | | | |
| Borrowings – interest bearing | 11 | 150,000 | 117,500 |
| Deferred tax liability | 4(b) | 167,775 | 199,688 |
| Total non-current liabilities | | 317,775 | 317,188 |
| Total liabilities | | 319,357 | 318,223 |
| Net assets | | 891,521 | 939,159 |
| Equity | | | |
| Issued capital | 13(a) | 446,415 | 442,098 |
| Reserves | 13(b) | 445,106 | 497,061 |
| Total equity | | 891,521 | 939,159 |

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 17 to 29.

Statement of Changes in Equity

for the Year Ended 30 June 2022

| | Issued Capital \$'000 | Revaluation Reserve \$'000 | Realisation Reserve \$'000 | Retained Earnings \$'000 | Total Equity \$'000 |
|---|-----------------------------|----------------------------------|----------------------------------|--------------------------------|---------------------------|
| As at 1 July 2020 | 437,714 | 303,750 | (7,455) | 70,241 | 804,250 |
| Comprehensive income | | | | | |
| Revaluation of investment portfolio | - | 190,890 | - | - | 190,890 |
| Tax (expense) / benefit | - | (58,491) | - | - | (58,491) |
| Net realised losses on investment portfolio | - | 13,616 | (13,616) | - | - |
| Tax (expense) / benefit | - | (3,588) | 3,588 | - | - |
| Profit | - | - | - | 31,010 | 31,010 |
| Transfer unrealised gains on unlisted investments to Revaluation Reserve | - | 1,987 | - | (1,987) | - |
| Tax (expense) / benefit | - | (596) | - | 596 | - |
| | - | 143,818 | (10,028) | 29,619 | 163,409 |
| Transactions with shareholders | | | | | |
| Dividend reinvestment plan | 4,384 | - | - | - | 4,384 |
| Dividends paid | - | - | - | (32,884) | (32,884) |
| | 4,384 | - | - | (32,884) | (28,500) |
| As at 30 June 2021 | 442,098 | 447,568 | (17,483) | 66,976 | 939,159 |
| As at 1 July 2021 | 442,098 | 447,568 | (17,483) | 66,976 | 939,159 |
| Comprehensive Income | | | | | |
| Revaluation of investment portfolio | - | (94,323) | - | - | (94,323) |
| Tax (expense) / benefit | - | 29,558 | - | - | 29,558 |
| Net realised gains on investment portfolio | - | (5,752) | 5,752 | - | - |
| Tax (expense) / benefit | - | 1,809 | (1,809) | - | - |
| Profit | - | - | - | 45,839 | 45,839 |
| Transfer unrealised losses on unlisted investments to Revaluation Reserve | - | (7,975) | - | 7,975 | - |
| Tax (expense) / benefit | - | 2,393 | - | (2,393) | - |
| | - | (74,290) | 3,943 | 51,421 | (18,926) |
| Transactions with shareholders | | | | | |
| Dividend reinvestment plan | 4,317 | - | - | - | 4,317 |
| Dividends paid | - | - | - | (33,029) | (33,029) |
| | 4,317 | - | - | (33,029) | (28,712) |
| As at 30 June 2022 | 446,415 | 373,278 | (13,540) | 85,368 | 891,521 |

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 17 to 29.

Statement of Cash Flows

for the Year Ended 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|--|-------|----------------|----------------|
| Cash flows from operating activities | | | |
| Interest received | | 19 | 113 |
| Dividends and trust distributions received | | 52,411 | 27,037 |
| Foreign income received | | 7,690 | 5,147 |
| Administration and other expenses paid | | (1,433) | (1,470) |
| Finance costs paid | | (2,044) | (2,639) |
| Income taxes paid | | (2,269) | (2,029) |
| Other | | - | 63 |
| Net cash from operating activities | 16(b) | 54,374 | 26,222 |
| Cash flows from investing activities | | | |
| Proceeds from sale of investments | | 77,980 | 41,945 |
| Purchases of investments | | (135,959) | (112,603) |
| Net cash used in investing activities | | (57,979) | (70,658) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 40,000 | 45,000 |
| Repayment of borrowings | | (7,500) | - |
| Dividends paid net of dividend reinvestment plan | | (28,713) | (28,500) |
| Net cash from financing activities | | 3,787 | 16,500 |
| Net increase / (decrease) in cash held | | 182 | (27,936) |
| Cash and cash equivalents at 1 July | | 5,156 | 33,092 |
| Cash and cash equivalents at 30 June | 16(a) | 5,338 | 5,156 |

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 17 to 29.

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 2022.

(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 prepared an assessment of its ability to continue as a going concern, taking into account all available information for a period of 12 months from the date of these Financial Statements. It is the view of the Directors that the Company will be able to pay its debts as and when they become due and payable and as such these Financial Statements are prepared on a going concern basis.

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 2022 ("the inoperative standards"). The inoperative standards have been assessed as having no impact. The Company only intends to adopt inoperative standards at the date at which their adoption becomes mandatory.

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.

Where other investments (such as unlisted managed funds) are not eligible for this treatment under Australian Accounting Standards, fair value and foreign exchange movements are recognised in profit and loss. The net impact of these unrealised changes in fair value are subsequently transferred from Retained Earnings to the Revaluation Reserve in the period in which they occur.

After initial recognition at fair value (being cost), all investments are measured at fair value.

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

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 accrual basis. Special Dividends are those dividends received which have been designated as special 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.

Notes to the Financial Statements

for the Year Ended 30 June 2022

1. Statement of Significant Accounting Policies (continued)

(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 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.

After 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 investments are treated as part of the overall revaluation of the investment portfolio and are recognised in other comprehensive income (equity investments) or profit and loss (other investments) in line with the accounting treatment adopted for the underlying investment.

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
|--|----------------|----------------|

2. Revenue and Expenses

(a) Revenue

| | | |
|--|--------|--------|
| Ordinary dividends received or due and receivable | 34,938 | 20,432 |
| Special dividends received or due and receivable | 12,362 | 3,729 |
| | 47,300 | 24,161 |
| Trust distributions received or due and receivable | 5,840 | 4,886 |
| Foreign income received or due and receivable | 4,037 | 8,038 |
| Interest received or due and receivable | 19 | 113 |
| Other | - | 45 |
| | 57,196 | 37,243 |

(b) Expenses

| | | |
|---------------------------------|---------|---------|
| Finance expenses: | | |
| Interest and borrowing expenses | (2,215) | (2,516) |

2022
\$

2021
\$

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 | 60,924 | 59,657 |
| - Tax related services ⁽¹⁾ | - | 11,100 |

¹ During the year ended 30 June 2022, KPMG ceased providing tax related services to the Company and Pitcher Partners were engaged as the Company's tax advisor.

2022
\$'000

2021
\$'000

4. Taxation

(a) Income Tax Expense

(i) Income tax recognised in the income statement

Income tax expense represented by:

Current tax expense

| | | |
|--------------------------------------|---------|---------|
| Current year tax liability | (1,595) | (1,448) |
| Withholding tax on foreign dividends | (536) | (423) |
| | (2,131) | (1,871) |

Deferred tax expense

| | | |
|-----------------------|-------|---------|
| Temporary differences | 2,354 | (2,003) |
| | 2,354 | (2,003) |

| | | |
|---|-----|---------|
| Income tax benefit / (expense) | 223 | (3,874) |
| Over / (under) provision of prior year income tax expense | 78 | (390) |

| | | |
|--|-----|---------|
| Total income tax benefit / (expense) recognised in the income statement | 301 | (4,264) |
|--|-----|---------|

(ii) Reconciliation between pre-tax net profit and income tax expense

| | | |
|---|----------|----------|
| Profit before income tax | 45,538 | 35,274 |
| Prima facie income tax expense, calculated at 30% of pre-tax net profit | (13,661) | (10,582) |

Adjust for increases in income tax expense due to:

| | | |
|---|---------|---------|
| Franking credits gross up on dividends received | (5,667) | (2,121) |
| | (5,667) | (2,121) |

Adjust for decreases in income tax expense due to:

| | | |
|--|--------|-------|
| Tax deferred distributions received | 359 | 287 |
| Franking credits on dividends received | 18,890 | 7,069 |
| Non-taxable demerger dividend received | - | 922 |
| Sundry items | 302 | 551 |
| | 19,551 | 8,829 |

| | | |
|---|-----|---------|
| Income tax benefit / (expense) | 223 | (3,874) |
| Over / (under) provision of prior year income tax expense | 78 | (390) |

| | | |
|--|-----|---------|
| Total income tax benefit / (expense) recognised in the income statement | 301 | (4,264) |
|--|-----|---------|

(iii) Deferred tax recognised directly in equity

| | | |
|---|----------|--------|
| (Decrease) / increase in provision for tax on net unrealised gains on the equity investment portfolio | (29,559) | 58,491 |
|---|----------|--------|

Notes to the Financial Statements

for the Year Ended 30 June 2022

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
| 4. Taxation (continued) | | |
| (b) Deferred Tax Assets and Liabilities | | |
| Recognised deferred tax assets and liabilities | | |
| Provision for tax on net unrealised gains on the equity investment portfolio | 167,869 | 201,033 |
| Other | 56 | 844 |
| Tax benefit of capital losses carried forward | (150) | (2,189) |
| Net deferred tax liabilities | 167,775 | 199,688 |
| (c) Current tax (receivable) / payable | | |
| Current year tax liability | 1,595 | 1,448 |
| Tax instalments paid | (1,615) | (701) |
| Withholding taxes receivable | (18) | (33) |
| Current tax (receivable) / payable | (38) | 714 |

| | 2022 Cents | 2021 Cents |
|--|---------------|---------------|
| 5. Earnings Per Share | | |
| Basic and diluted earnings per share | 21.5 | 14.6 |
| Earnings per share excluding special dividends received, capital gains distributed from managed funds and unrealised gains on unlisted investments after tax (refer Note 1(d)) | 18.2 | 10.7 |

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 213,350,061 (2021: 212,458,875). The weighted average adjusted number of ordinary shares includes the shares issued in the dividend re-investment plan.

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| 6. Dividends | | |
| Dividends recognised in the current year by the Company are: | | |
| (i) 2021 final dividend of 8.5 cents per share (2020: 8.5 cents) fully franked paid 23 September 2021 | 18,095 | 18,011 |
| (ii) 2022 interim dividend of 7.0 cents per share (2021: 7.0 cents) fully franked paid 18 March 2022 | 14,934 | 14,873 |
| | 33,029 | 32,884 |

Since 30 June 2022, the Directors have declared the following dividend payable on 9 September 2022:

| | | |
|--|--------|--------|
| Final dividend of 9.0 cents per share fully franked at 30% (2021: 8.5 cents) | 19,236 | 18,095 |
|--|--------|--------|

The final dividend will not contain a Listed Investment Company capital gain dividend (2021: 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 2022.

6. Dividends (continued)

Dividend Franking Account

The balance of the Franking Account at 30 June 2022 is \$14,958,413 (2021: \$8,599,488) 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 2022 dividend, which is not provided for in these Financial Statements, the balance of the franking account would be \$6,714,245. 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 2022 was \$125,092 (2021: \$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.

| | 2022 \$'000 | 2021 \$'000 |
|--------------------------------|----------------|----------------|
| 7. Receivables | | |
| Current | | |
| Dividends receivable | 2,418 | 2,108 |
| Trust distributions receivable | 2,209 | 1,789 |
| Foreign income receivable | 1,391 | 5,581 |
| Other receivables | - | 28 |
| | 6,018 | 9,506 |

8. Other assets

Current

| | | |
|-------------|-----|-----|
| Prepayments | 96 | 111 |
| GST | 8 | 6 |
| | 104 | 117 |

9. Investments

Non-current

| | | |
|---|-----------|-----------|
| Investments in equities quoted on prescribed stock exchanges and in managed funds (at fair value) | 1,199,380 | 1,242,603 |
|---|-----------|-----------|

10. Payables

Current

| | | |
|---------------------|-------|-----|
| Pending settlements | 1,067 | - |
| Trade creditors | 116 | 94 |
| Accrued interest | 399 | 227 |
| | 1,582 | 321 |

Notes to the Financial Statements

for the Year Ended 30 June 2022

| | 2022 \$'000 | 2021 \$'000 |
|---------------------------|----------------|----------------|
| 11. Borrowings | | |
| Non-current | | |
| Bank borrowings - secured | 150,000 | 117,500 |
| | 150,000 | 117,500 |

At 30 June 2022 the Company had facilities totalling \$150 million (fully drawn) with ANZ as follows:

| Maturity | Interest Rate ⁽¹⁾ | Facility Limit |
|-------------|------------------------------|-----------------------------|
| 2 July 2022 | Floating 1.34% | \$57,500,000 ⁽²⁾ |
| 4 July 2022 | Floating 2.10% | \$20,000,000 ⁽³⁾ |
| 3 July 2023 | Fixed 4.02% | \$7,500,000 |
| 3 July 2023 | Fixed 4.02% | \$5,000,000 |
| 3 July 2023 | Floating 2.75% | \$20,000,000 |
| 2 July 2024 | Floating 2.80% | \$20,000,000 |
| 2 July 2025 | Floating 1.71% | \$20,000,000 |
| | | \$150,000,000 |

¹ Interest rates are as at 30 June 2022 and include bank margins and fees.

² As per the accepted letter of offer dated 8 June 2022, at the maturity date, this facility will be refinanced as follows:

a. A \$20 million facility with a floating interest rate of 2.18% maturing 2 July 2024.

b. A \$37.5 million facility with a floating interest rate of 1.90% maturing 2 July 2026

³ As per the accepted letter of offer dated 8 June 2022, at the maturity date, this facility will be refinanced by a facility for the same amount with a floating interest rate of 2.11% maturing 2 July 2025.

The terms of the ANZ agreement require that the loan to value ratio should not exceed 50% (2021: 50%) of the market value of the equity securities pledged as collateral. As at 30 June 2022 the securities pledged as collateral had a market value of \$345 million (2021: \$365 million) giving a ratio of 43% (2021: 32%).

Reconciliation of movements in borrowings to cash flows from financing activities

| | Liabilities Borrowings 2021 \$'000 |
|--|---|
| Balance at 1 July 2020 | 72,500 |
| Changes from financing cash flows | |
| Proceeds from borrowings | 45,000 |
| Total changes from financing cash flows | 45,000 |
| Balance at 30 June 2021 | 117,500 |

| | Liabilities Borrowings 2022 \$'000 |
|--|---|
| 11. Borrowings (continued) | |
| Balance at 1 July 2021 | 117,500 |
| Changes from financing cash flows | |
| Proceeds from borrowings | 40,000 |
| Repayments of borrowings | (7,500) |
| Total changes from financing cash flows | 32,500 |
| Balance at 30 June 2022 | 150,000 |

| | 2022 \$'000 | 2021 \$'000 |
|--|------------------------|------------------------|
|--|------------------------|------------------------|

12. Financing Arrangements

The Company has access to the following lines of credit:

| | | |
|--|---------|---------|
| <i>Total facility available</i> | | |
| Loan facility – Secured | 150,000 | 135,000 |
| <i>Facilities utilised at balance date</i> | | |
| Loan facility – Secured | 150,000 | 117,500 |

13. Capital and Reserves

(a) Issued Capital

Issued and paid-up share capital

| | | |
|--|---------|---------|
| 213,737,670 ordinary fully paid shares (2021: 212,885,526) | 446,415 | 442,098 |
| Movements in issued capital: | | |
| Balance at beginning of the year | 442,098 | 437,714 |
| Shares issued: | | |
| - Dividend re-investment plan ⁽¹⁾ | 4,317 | 4,384 |
| | 446,415 | 442,098 |

⁽¹⁾ In respect of the final dividend paid in September 2021, 455,000 ordinary shares were issued at \$5.24 each and in respect of the interim dividend paid in March 2022, 397,144 ordinary shares were issued at \$4.89 each.

(b) Reserves

| | | |
|---------------------|----------|----------|
| Retained Earnings | 85,368 | 66,976 |
| Revaluation Reserve | 373,278 | 447,568 |
| Realisation Reserve | (13,540) | (17,483) |
| | 445,106 | 497,061 |

Notes to the Financial Statements

for the Year Ended 30 June 2022

13. Capital and Reserves (continued)

Revaluation Reserve

Increments or decrements arising from the revaluation of long-term equity investments after provision for deferred tax are recorded in this reserve.

Increments or decrements arising from the revaluation of unlisted investments are initially recognised in profit and loss. They are subsequently transferred from Retained Earnings to the Revaluation Reserve in the period in which they occur.

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. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 30 June 2022.

15. Related Parties

Per the definition in *AASB124 – Related Party Disclosures*, Australian United Investment Company Limited (AUI) has been identified as a related party of the Company due to the provision of services of key management personnel (being the Company Secretary, James Pollard) from AUI to the Company.

In July 2019, the Company entered into an agreement with AUI for the provision of administrative services which includes a portion of the Company Secretary's salary. The total fees paid for services provided during the year were \$309,100 including GST (2021: \$311,300).

Key Management Personnel compensation

The Company's key management personnel include its Directors and the Company Secretary.

The total Director's remuneration for the year was \$467,857 (2021: \$440,000). Details of the Directors' remuneration are set out in the Remuneration Report that forms part of the Directors' Report.

Key management personnel compensation during the year comprised the following:

| | 2022 \$ | 2021 \$ |
|--|------------|------------|
| Amounts paid or payable to Directors: | | |
| - Short-term benefits | 445,780 | 424,730 |
| - Post-employment benefits (superannuation) | 22,077 | 15,270 |
| Amounts paid or payable to the Company Secretaries: ⁽¹⁾ | | |
| - Short-term benefits | 90,909 | 176,523 |
| - Post-employment benefits (superannuation) | 9,091 | 16,770 |
| | 567,857 | 633,293 |

⁽¹⁾ Key management personnel compensation for the year ended 30 June 2021 included the services of Andrew Hancock who retired in April 2021, in addition to James Pollard.

2022
\$'000

2021
\$'000

16. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash 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 \$5,338,000 (2021: \$5,156,000).

(b) Reconciliation of operating profit after income tax to net cash flows from operating activities

| | | |
|--|---------------|---------------|
| Profit for the year | 45,839 | 31,010 |
| Adjustments for: | | |
| Decrease / (increase) in other assets | 13 | (29) |
| Decrease / (increase) in receivables | 3,460 | (4,459) |
| (Increase) / decrease in deferred tax asset | (78) | 390 |
| Increase / (decrease) in accrued expenses | 193 | (125) |
| Decrease / (increase) in unlisted investment valuation | 7,975 | (1,987) |
| Decrease in current tax payable | (674) | (581) |
| (Decrease) / increase in deferred tax liability | (2,354) | 2,003 |
| Net cash flows from operating activities | 54,374 | 26,222 |

17. 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 may adjust the quantum of dividends paid, issue new shares or buy back shares, or increase or reduce debt in order to manage its capital structure.

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

18. 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 Note 16.

18. Financial Risk Management (continued)

Cash

The Company invests in cash management units with the Mutual Trust Cash Fund, of which underlying investments are restricted to at-call deposits and term deposits with APRA-regulated banks and are limited to a minimum counterparty credit risk rating of BBB- by Standard & Poor's, being a recognised Rating Agency.

All other cash deposits are held with Australian banks with a direct or underlying AA- credit rating assigned by Standard & Poor's.

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.

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 or liquid securities to meet all its financial obligations as they fall due.

Bank Borrowings were \$150 million at the end of the financial year (2021: \$117.5 million), and gross debt as a proportion of the portfolio was 12.4% (2021: 9.3%). At 30 June 2022 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 2026, unless renewed. Annual interest expense was covered 21.6 times by profit before interest and tax (2021: 15.0 times).

The Company's significant cash inflows are derived from dividends, distributions, and the sale proceeds received from its investment portfolio and proceeds from borrowings. Its major cash outflows include the purchase of securities, finance expenses, borrowing repayments and dividends paid to shareholders, which are managed by the Company.

The Company's investments are quoted on a prescribed stock exchange or are in managed investment funds and can 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% (2021: 30%), a general movement in market prices of 5% and 10% would lead to a change in the Company's equity of \$41,978,000, or 4.7% (2021: \$43,491,000, or 4.6%) and \$83,957,000, or 9.4% (2021: \$86,982,000 or 9.3%) respectively.

Market risk is managed by ensuring that the Company's Australian investment portfolio is not overly exposed to one company or one sector relative to the S&P/ASX 200 index and that 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 19.

19. 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 which bear interest is set out below.

Interest Income

The Company is exposed to interest rate risk through its cash accounts and short-term deposits. Interest bearing investments are not core to the Company's investment strategy, therefore the exposure to interest rate risk on interest income is not material.

The weighted average interest rate on cash accounts is as follows:

| | Note | Floating Interest Rate \$'000 |
|--------------------------------|------|-------------------------------|
| 2022 | | |
| <i>Financial Assets</i> | | |
| Cash | 16 | 5,338 |
| Weighted average Interest Rate | | 0.1% |
| 2021 | | |
| <i>Financial Assets</i> | | |
| Cash | 16 | 5,156 |
| Weighted average Interest Rate | | 0.4% |

Interest Paid

The Company is also exposed to interest rate risk through its floating rate loan facilities, which is mitigated through conservative levels of gearing, ensuring that appropriate interest cover exists and establishing fixed interest rate facilities when appropriate.

At 30 June 2022, the Company had drawn floating rate borrowings of \$137.5 million (2021: \$85 million). The interest paid on these loans can fluctuate with changes in the floating interest rate, which is affected by external factors and notably movements in the Bank Bill Swap Rate (BBSW). A movement in the floating rates on these facilities of 50 basis points and 100 basis points would lead to a change in profit after tax of \$481,000 or 1.1% (2021: \$298,000 or 1.0%), and \$963,000 or 2.1% (2021: \$595,000 or 1.9%) respectively.

Net Fair Values of Financial Assets and Liabilities

Valuation approach

Net fair values of financial assets and liabilities are determined by the Company on the following basis:

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).

As at 30 June 2022, the Company's Level 1 investments totalled \$1,168,298,000 (2021: \$1,203,547,000) and Level 2 investments totalled \$31,082,000 (2021: \$39,056,000). The net fair value of investments is set out in Notes 9 and 22.

Fixed Interest Borrowings

At 30 June 2022, the fair value of the Company's fixed interest rate borrowings was \$12,745,000 (2021: \$33,946,000) while the face value was \$12,500,000 (2021: \$32,500,000).

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

20. Segment Reporting

The Company operates as an investment company in Australia.

At 30 June 2022, \$980,505,000 or 81.1% of the investment portfolio is in Australian equities (2021: \$1,008,417,000 or 80.2%) and \$218,875,000 or 18.1% of the investment portfolio is in international equities (2021: \$234,186,000 or 18.6%).

Income received from these assets during the year totalled \$53,140,000 or 92.9% of investment portfolio revenue from Australian equities (2021: \$29,047,000 or 78.0%) and \$4,037,000 or 7.1% of investment portfolio revenue from international equities (2021: \$8,038,000 or 21.5%).

21. Events Subsequent to Balance Date

On 26 July 2022, the Company established a new \$30 million debt facility with NAB.

On 18 August 2022, the Directors approved a Share Purchase Plan to be undertaken over the course of the next 2 months.

Other than the above and 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.

22. Holdings of Securities as at 30 June 2022

The following is a list of the Company's top 25 Investments as at 30 June 2022, which represent 85.9% of the total investment portfolio (2021: 83.2%). All Investments are valued at fair value through Other Comprehensive Income.

| Security | 2022 | Market Value \$'000's | Security | 2021 | Market Value \$'000's |
|---|------|-----------------------|---|------|-----------------------|
| Australian Equities | | | | | |
| CSL Ltd | | 160,091 | CSL Ltd | | 161,132 |
| Commonwealth Bank of Australia Ltd | | 90,380 | Commonwealth Bank of Australia Ltd | | 99,870 |
| Transurban Group | | 89,875 | Transurban Group | | 78,265 |
| BHP Group Ltd | | 82,500 | BHP Group Ltd | | 65,570 |
| Rio Tinto Ltd | | 51,350 | Rio Tinto Ltd | | 59,521 |
| Woodside Energy Group Ltd | | 50,944 | Australia & New Zealand Banking Group Ltd | | 56,300 |
| Australia & New Zealand Banking Group Ltd | | 44,060 | Westpac Banking Corporation | | 46,458 |
| Westpac Banking Corporation | | 35,100 | Washington H Soul Pattinson & Company Ltd | | 33,730 |
| Computershare Ltd | | 32,648 | Aristocrat Leisure Ltd | | 30,163 |
| Atlas Arteria | | 32,240 | Woodside Energy Group Ltd | | 27,318 |
| Ramsay Health Care Ltd | | 29,296 | Wesfarmers Ltd | | 26,595 |
| Aristocrat Leisure Ltd | | 27,504 | Sydney Airport | | 25,765 |
| Washington H Soul Pattinson & Company Ltd | | 23,540 | Atlas Arteria | | 25,480 |
| Wesfarmers Ltd | | 20,955 | Computershare Ltd | | 22,392 |
| Perpetual Ltd | | 20,216 | Sonic Healthcare Ltd | | 19,200 |
| Woolworths Ltd | | 19,580 | Woolworths Ltd | | 19,065 |
| Sonic Healthcare Ltd | | 16,505 | Stockland | | 18,640 |
| National Australia Bank Ltd | | 15,612 | Resmed Inc | | 16,380 |
| Resmed Inc | | 15,345 | Ramsay Health Care Ltd | | 16,367 |
| Total Australian Equities in Top 25 | | 857,741 | | | 848,211 |
| International Equities | | | | | |
| Vanguard US Total Market Index ETF | | 43,763 | Vanguard US Total Market Index ETF | | 47,458 |
| Vanguard All World Ex- US Index ETF | | 36,939 | Vanguard All World Ex- US Index ETF | | 43,243 |
| Vanguard Information Technology Index ETF | | 35,598 | Vanguard Information Technology Index ETF | | 39,811 |
| iShares TR MSCI USA Min Vol Index ETF | | 28,574 | iShares TR MSCI USA Min Vol Index ETF | | 27,435 |
| Northcape Capital Global Emerging Market Fund | | 19,112 | Northcape Capital Global Emerging Market Fund | | 23,135 |
| iShares Global Healthcare Index ETF | | 17,654 | iShares Global Healthcare Index ETF | | 16,695 |
| Total International Equities in Top 25 | | 181,640 | | | 197,777 |
| Total Top 25 Investments | | 1,039,381 | | | 1,045,988 |
| Total Investments at Market Value, Net Short Term Receivables and Cash | | 1,209,669 | | | 1,257,266 |

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 13 to 29, and the remuneration disclosures that are contained in the Remuneration Report on pages 9 and 10 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 2022 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 2022.

Signed in accordance with a resolution of the Directors.



Charles Goode
Chairman
18 August 2022



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 2022 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 2022
- 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 (including Independence Standards)* (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.

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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 the investment portfolio (\$1,199.4m)

Refer to Note 9 - Investments

| The key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>Valuation and existence of the investment portfolio is a key audit matter due to the size of the Company's investment portfolio. The Company's investment portfolio is \$1,199.4m which constitutes 99% of the Company's total assets as at 30 June 2022 and is considered to be one of the key drivers of operations and performance results.</p> <p>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"> • We assessed the appropriateness of the Company's accounting policies against the requirements of the accounting standards and our understanding of the business and industry practice; • Understanding the Company's processes in place to buy and sell securities in the investment portfolio, including assessing the controls over transactions, specifically, director approval of investment purchases and sales; • Testing the existence, being ownership and number of shares or units held in individual investments, for the investment portfolio through reconciliation to custodian records; • We recalculated the fair value of the listed investment portfolio based on the number of shares or units held and the last quoted market price from relevant stock exchanges on 30 June 2022; • We recalculated the fair value of the unlisted investment portfolio based on the external statement of advice from the investment manager or the last quoted market price on 30 June 2022 of the underlying securities held by the Company's unlisted investment fund (as applicable); and • We assessed the disclosures in the financial statements, using our understanding obtained from our testing and with reference to the requirements of the accounting standards. |

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| Completeness of the deferred tax liability (\$167.8m) | |
|--|--|
| Refer to Note 4 - Taxation | |
| The key audit matter | How the matter was addressed in our audit |
| <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.</p> <p>The Company's deferred tax liability is \$167.8m which constitutes 53% of the Company's total liabilities as at 30 June 2022.</p> <p>The deferred tax liability primarily relates to the expected tax on disposal of securities in the investment portfolio. This deferred tax liability is determined by the Company 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>Our procedures included:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the Company's accounting policies against the requirements of the accounting standard and our understanding of the business and industry practice; • We assessed the scope, competency and objectivity of the external expert engaged by the Company to assist in determining the Company's deferred tax liability; • We recalculated the closing tax cost base of the Company's investment portfolio. We did this by obtaining the total purchases and sales of securities for the year stated at their tax cost base obtained from the Company's investment register, as tested by us in the "Valuation and existence of the investment portfolio" key audit matter above. We added these to the opening balances of the Company's investment portfolio and compared this to the Company's closing tax cost base of the investment portfolio. We then recalculated the deferred tax liability by multiplying the difference between the Company's closing accounting value of the investment portfolio and the closing tax cost base by the Company's tax rate and compared this to the deferred tax liability recorded by the Company; • Assessing the tax effects of significant events identified during the audit, such as investment fair value or tax base adjustments, for identification, calculation and recording in the Company's calculation of deferred tax liability for consistency, as applicable; and • We assessed the disclosures in the financial statements, using our understanding obtained from our testing and with reference to the requirements of the accounting standards. |



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 and whether the use of the going concern basis of accounting is appropriate. 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.

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Diversified United Investment Limited for the year ended 30 June 2022 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 2022.

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 2022

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Additional Information

Distribution of shareholders as at 31 July 2022

| Category Holders | Ordinary Shares | No of Holders | % |
|------------------|-----------------|---------------|--------|
| 1 - 1,000 | 456,612 | 1,208 | 0.21 |
| 1,001 – 5,000 | 6,045,075 | 2,067 | 2.83 |
| 5,001 – 10,000 | 11,367,491 | 1,526 | 5.32 |
| 10,001 – 100,000 | 73,596,435 | 2,794 | 34.43 |
| 100,001 and over | 122,272,057 | 165 | 57.21 |
| | 213,737,670 | 7,760 | 100.00 |

There were 232 ordinary shareholders holding less than a marketable parcel (104 shares) at 31 July 2022.

Substantial Shareholders

The number of shares disclosed by the substantial shareholders and their associates in substantial shareholder notices received up to 31 July 2022 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 2022 were:

| Shareholder | Ordinary Shares | % Held |
|---|-----------------|--------|
| The Ian Potter Foundation Ltd | 30,059,402 | 14.06 |
| Mutual Trust Pty Ltd | 17,321,291 | 8.10 |
| Australian Foundation Investment Company Ltd | 12,030,202 | 5.63 |
| Argo Investments Limited | 7,677,716 | 3.59 |
| The Ian Potter Foundation Ltd (No 1 GA A/c) | 5,927,785 | 2.77 |
| HSBC Custody Nominees (Australia) Ltd | 4,262,681 | 1.99 |
| Beta Gamma Pty Ltd | 3,155,036 | 1.48 |
| Mr Charles Barrington Goode | 2,698,372 | 1.26 |
| BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd | 2,232,391 | 1.04 |
| J P Morgan Nominees Australia Pty Ltd | 1,832,835 | 0.86 |
| Willpower Investments Pty Ltd | 1,101,668 | 0.52 |
| Primrose Properties Pty Ltd | 1,083,271 | 0.51 |
| Brownell Superannuation Pty Ltd | 1,020,000 | 0.48 |
| Chabar Pty Ltd | 888,694 | 0.42 |
| Somoke Pty Limited | 650,126 | 0.30 |
| Mr James Vincent Chester Guest | 616,903 | 0.29 |
| Mr John James Timbs | 590,323 | 0.28 |
| A J Dixon Pty Ltd | 573,546 | 0.27 |
| Yelgarn Pty Ltd | 512,553 | 0.24 |
| Invia Custodian Pty Ltd | 499,920 | 0.23 |
| | 94,734,715 | 44.32 |

Brokerage Paid

The amount of brokerage paid or charged to the Company during the financial year ended 30 June 2022 totalled \$238,862 (2021: \$217,183). No 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 2022

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

| Market Value | Market Value \$ | 2022 Units Held | % of Portfolio at Market Value | 2021 Units Held |
|--|--------------------|-----------------------|-----------------------------------|-----------------------|
| Australian Equities | | | | |
| Banks | | | | |
| Australian & New Zealand Banking Group Ltd | 44,060,000 | 2,000,000 | 3.6 | 2,000,000 |
| Commonwealth Bank of Australia Ltd | 90,380,000 | 1,000,000 | 7.5 | 1,000,000 |
| National Australia Bank Ltd | 15,612,300 | 570,000 | 1.3 | 570,000 |
| Westpac Banking Corporation | 35,100,000 | 1,800,000 | 2.9 | 1,800,000 |
| Consumer | | | | |
| Aristocrat Leisure Ltd | 27,504,000 | 800,000 | 2.3 | 700,000 |
| Carsales.com Ltd | 5,702,684 | 310,097 | 0.5 | - |
| Coles Group Ltd | 8,905,000 | 500,000 | 0.7 | 450,000 |
| Endeavour Group Ltd | 7,570,000 | 1,000,000 | 0.6 | 500,000 |
| IDP Education Ltd | 11,910,000 | 500,000 | 1.0 | 500,000 |
| REA Group Ltd | 2,795,750 | 25,000 | 0.2 | - |
| Reece Ltd | 6,890,000 | 500,000 | 0.6 | 66,000 |
| The Star Entertainment Group Ltd | 7,254,000 | 2,600,000 | 0.6 | 2,600,000 |
| Wesfarmers Ltd | 20,955,000 | 500,000 | 1.7 | 450,000 |
| Woolworths Group Ltd | 19,580,000 | 550,000 | 1.6 | 500,000 |
| Energy | | | | |
| Origin Energy Ltd | - | - | - | 1,400,000 |
| Woodside Energy Group Ltd | 50,944,000 | 1,600,000 | 4.2 | 1,230,000 |
| Health Care | | | | |
| CSL Ltd | 160,090,700 | 595,000 | 13.2 | 565,000 |
| Ramsay Health Care Ltd | 29,296,000 | 400,000 | 2.4 | 260,000 |
| Resmed Inc | 15,345,000 | 500,000 | 1.3 | 500,000 |
| Sonic Healthcare Ltd | 16,505,000 | 500,000 | 1.4 | 500,000 |
| Infrastructure and Utilities | | | | |
| Atlas Arteria | 32,240,000 | 4,000,000 | 2.7 | 4,000,000 |
| Napier Port Holdings | - | - | - | 1,500,000 |
| Sydney Airport | - | - | - | 4,450,000 |
| Transurban Group | 89,875,000 | 6,250,000 | 7.4 | 5,500,000 |
| Industrials | | | | |
| Cleanaway Waste Management Ltd | - | - | - | 1,200,000 |
| Mining | | | | |
| BHP Group Ltd | 82,500,000 | 2,000,000 | 6.8 | 1,350,000 |
| Rio Tinto Ltd | 51,350,000 | 500,000 | 4.2 | 470,000 |

List of Investments

as at 30 June 2022

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

| Market Value | Market Value \$ | 2022 Units Held | % of Portfolio at Market Value | 2021 Units Held |
|--|----------------------|-----------------------|-----------------------------------|-----------------------|
| Australian Equities (continued) | | | | |
| Other Financials | | | | |
| ASX Ltd | 8,171,000 | 100,000 | 0.7 | 100,000 |
| Computershare Ltd | 32,648,000 | 1,325,000 | 2.7 | 1,325,000 |
| Link Administration Holdings Ltd | 9,475,000 | 2,500,000 | 0.8 | 2,500,000 |
| Macquarie Group Ltd | 10,693,150 | 65,000 | 0.9 | 50,000 |
| Magellan Financial Group Ltd | - | - | - | 200,000 |
| Pendal Group Ltd | 2,652,000 | 600,000 | 0.2 | 600,000 |
| Perpetual Ltd | 20,216,000 | 700,000 | 1.7 | 200,000 |
| PEXA Group Ltd | 6,945,000 | 500,000 | 0.6 | 467,017 |
| Washington H Soul Pattinson & Company Ltd | 23,540,000 | 1,000,000 | 1.9 | 1,000,000 |
| Property | | | | |
| Australian Unity Office Fund | - | - | - | 2,000,000 |
| GPT Group | 4,642,000 | 1,100,000 | 0.4 | 1,100,000 |
| Lendlease Group | 4,099,500 | 450,000 | 0.3 | 800,000 |
| Scentre Group | 10,619,000 | 4,100,000 | 0.9 | 4,100,000 |
| Stockland | 14,440,000 | 4,000,000 | 1.2 | 4,000,000 |
| Transportation | | | | |
| Aurizon Holdings Ltd | - | - | - | 1,600,000 |
| Total Australian Equities | 980,505,084 | | 81.1 | |
| International Equities | | | | |
| Global X Copper Miners | 3,885,814 | 88,000 | 0.3 | - |
| ChinaAMC China Opportunities Fund | 4,874,400 | 4,500,000 | 0.4 | 4,500,000 |
| Cooper Investors Asian Equities Fund | 5,103,985 | 2,900,486 | 0.4 | 2,900,000 |
| iShares Global Healthcare Index ETF | 17,653,500 | 150,000 | 1.5 | 150,000 |
| iShares TR MSCI USA Min Vol Index ETF | 28,573,837 | 280,000 | 2.4 | 280,000 |
| Northcape Capital Global Emerging Market Fund | 19,112,055 | 9,000,000 | 1.6 | 9,000,000 |
| Northcape Capital Global Equities Fund | 1,991,254 | 1,600,000 | 0.2 | 1,600,000 |
| Vanguard FTSE Japan UCITS ETF | 6,308,140 | 155,000 | 0.5 | 155,000 |
| Vanguard FTSE Developed European Ex UK Index ETF | 10,835,139 | 230,000 | 0.9 | 230,000 |
| VanEck Global Mining UCITS ETF | 4,236,453 | 107,000 | 0.3 | - |
| Vanguard Information Technology Index ETF | 35,597,747 | 75,000 | 2.9 | 75,000 |
| Vanguard All-World Ex-US Index ETF | 36,939,300 | 510,000 | 3.1 | 510,000 |
| Vanguard US Total Market Index ETF | 43,763,200 | 160,000 | 3.6 | 160,000 |
| Total International Equities | 218,874,824 | | 18.1 | |
| Cash & Short Term receivables | 10,288,839 | | 0.8 | |
| Total | 1,209,668,747 | | 100.0 | |

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