

WESTOZ

INVESTMENT COMPANY LIMITED

ABN 99 113 332 942

17 November 2021

Chairman's AGM Address

Good afternoon ladies and gentlemen. My name is Jay Hughes and on behalf of my fellow Directors, I am pleased to welcome you to this meeting, my ninth as Chairman, and to provide you with this address today.

Our Company recorded a strong profit result amidst a backdrop of buoyant equity markets and recovering economies. To recap the 2021 financial year results:

- Westoz Investment Company Limited recorded a net profit after tax of \$27.9 million;
- The gross portfolio performance returned 34% for the year. This figure is quoted before fees and taxes to allow comparison to broader equity market benchmarks;
- The portfolio's annualised return to end October 2021 on a similar basis since inception of our investment activities in 2005 stands at 13.4%, versus an 8.1% comparative annualised return for the All Ordinaries Accumulation Index;
- We paid \$8.0 million of fully franked dividends over the year, representing 6 cents fully franked per share; and
- Net assets after tax of the Company closed at \$167 million, or 124.9 cents per share after tax.

Since inception in 2005, we have now returned \$1.08 per share to shareholders by way of fully franked dividends, totalling more than \$133.6 million. With the addition of franking credits, this number grosses up to \$191 million, or \$1.54 per share.

To date in FY2022, our investment portfolio has continued to perform well. As at 16 November 2021, I am pleased to report the Westoz investment portfolio has increased by 12% since 30th June 2021. By way of comparison, the All Ordinaries Accumulation Index has risen 4%. For FY2022, the Board has targeted a 6.5 cent per share fully franked dividend.

Global equity markets and economies continue to benefit from the extraordinarily generous liquidity measures adopted to aid the recovery from the COVID pandemic. We are, however, increasingly aware that the moment of peak liquidity has most likely passed; and, has no doubt facilitated the creation of a bubble or two. This belief is shared by our investment manager whose recent commentary talks to a focus on realising profits and growing cash balances.

The biggest question that remains from this massive pandemic driven liquidity tide, is how quickly it pushes up inflation and what it means for interest rates. Personally, I see an 'effective' negative interest rate environment where rates rise but inflation also rises at a greater rate.

Once again, I would like to thank our team on behalf of all shareholders and I am reminded of the Benjamin Franklin quote “Diligence is the mother of good luck.” Thank you Derm, Phil, Naika and Joe.

Finally, as always, I would like to encourage all shareholders to make use the numerous available channels to interact with our Company and the Investment Manager.

I would like to thank you again for your continued support and I look forward to providing further updates throughout the year.

Thank you.

Jay Hughes
Non-Executive Chairman