



ABN 53 000 364 465

11 January 2019

TRADING UPDATE AND INTERIM DIVIDEND

Euroz Limited (“**Euroz**”) can report solid trading in the first half of the 2019 financial year.

Underlying cash earnings and cash earnings per share (“**EPS**”) are ahead of the corresponding period last year but headline profitability has been impacted by difficult and volatile markets affecting the mark to market value of our various investments as at 31 December 2018.

Euroz expects an unaudited net loss after tax (attributable to members) of approximately -\$2.1 million for the 6 months to 31 December 2018 compared to a net profit after tax (attributable to members) of \$13.7 million for the 6 months to 31 December 2017.

Underlying “cash” profits of \$6.8 million after tax were offset by -\$8.9 million “non-cash” after tax losses from the mark to market on investments.

The Directors are pleased to announce a first half dividend of 1.75 cents per share fully franked.

Underlying cash profitability was driven by a strong performance from Euroz Securities Limited (“**Euroz Securities**”) which delivered Equity Capital Market (“**ECM**”) raisings of \$277 million versus the corresponding half of \$270 million. Euroz Securities was ranked the top Western Australian based broker for ECM transactions for calendar year 2018 by Business News. Brokerage income at the half was naturally affected by weaker markets and was modestly down when compared to the corresponding period. Euroz Securities Funds Under Management (“**FUM**”) is steady over the past 6 months reflecting modest organic new FUM growth being offset by declining portfolio values from volatile equity markets.

After two very good years of performance Westoz Investment Company Limited (ASX:WIC) and Ozgrowth Limited (ASX:OZG) were also affected by negative markets and recorded gross investment performance of -12.1% and -15.5% respectively. The share prices of these significant investments continue to be a major influence on our reported profitability and the decline in their share prices for the 6 months to 31 December 2018 contributed -\$5.9 million to our headline reported losses.

Entrust Private Wealth Management Pty Ltd (“**Entrust**”) has seen a continuation of modest organic growth with FUM of \$809 million where new FUM was partially offset by decreases in portfolio values. The Hayne Royal Commission is likely to continue to disrupt the wealth industry prompting dealer groups to review their alignment to various licensing and platform arrangements. Entrust is well positioned to potentially benefit from this disruption and be a destination for quality advisers looking for a market leading platform given its wide Approved Product List, multi asset class portfolios and choice of discretionary versus non-discretionary direct and indirect investments.

Prodigy Investment Partners Limited (“**Prodigy**”) funds management strategy has made steady progress but flows to our products have also naturally been affected by poor investor sentiment from market weakness and volatility.

Flinders Investment Partners Pty Ltd (“**Flinders**”) is performing very well with top quartile investment performance since inception. In the past 12 months Flinders has outperformed its benchmark by 2.3% (after all fees and expenses). This relative investment outperformance differentiates Flinders from many of its small cap competitors and provides a better opportunity for future fund flows.

Dalton Street Capital Pty Ltd (“**Dalton**”) can report gross investment performance for the 6 months to 31 December 2018 of -13.2% as a result of its exposure to Asia Pacific markets which have been hard hit this half year period due to trade war and China slowdown fears. We are pleased that Dalton has had minor net fund inflows during this half year and that emerging intra-day volatility will assist the futures side of their alternative investment strategy.

Prodigy’s new partnership with Equus Point Capital Pty Ltd was announced last August and was formally launched on 1 December 2018. We believe that this market neutral strategy will resonate well with investors in the current market and early consultant and research feedback continues to be positive.

Group FUM remains an important measure for our various businesses and the Directors can report FUM of \$1.425 billion as at 31 December 2018 versus \$1.46 billion at 30 June 2018.

Summary

Your Directors are pleased that our business has weathered a tough past 6 months with solid underlying profitability.

The Board is very comfortable with our strategy to remain leveraged to the commodity price cycle and to Western Australia in general, where we see good upside in the medium-longer term. The current market weakness is an inevitable part of the market cycle and creates opportunities for many of our businesses.

Your Directors remain committed to our incremental diversification strategy to supplement our traditional transactional revenue streams with more annuity-based revenue.

We remind investors that our second half performance and final dividend will be dependent on market sentiment, commodity prices and resulting ECM activity.

The relevant dates for the interim dividend are as follows:

Interim Dividend:	1.75 cents per share fully franked
Ex-Dividend Date:	16 January 2019
Record Date:	17 January 2019
DRP Election Date:	18 January 2019
Payment Date:	30 January 2019

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