

WESTOZ

INVESTMENT COMPANY LIMITED

ABN 99 113 332 942

18 November 2020

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 eighth as Chairman, and to provide you with this address today.

Our Company recorded a modest financial loss over a tumultuous year in financial markets with the investment portfolio showing a return of -1.7% for the year to 30th June 2020.

To recap the 2020 financial year results:

- Westoz Investment Company Limited recorded a net loss after tax of \$1.2 million, versus a loss of \$2.9 million in the previous year;
- The underlying portfolio return was negative 1.7% 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 2020 on a similar basis since inception of our investment activities in 2005 stands at 11.8%, versus a 6.8% 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 of the Company closed at \$143.3 million, or 107.1 cents per share after tax.

Since inception in 2005, we have now returned 102 cents per share to shareholders by way of fully franked dividends, totalling more than \$125 million. With the addition of franking credits, this number grosses up to \$179 million, or \$1.46 per share. For FY2021, the Board has again targeted a 6 cents per share fully franked dividend.

To date in FY2021, the market and our portfolio has benefitted from accommodative monetary and fiscal policy, and more recently, increased optimism on the prospect of finding a healthcare resolution for the COVID pandemic. As at 17 November 2020, I am pleased to report the Westoz investment portfolio has increased by 23% since 30th June 2020. By way of comparison, the All Ordinaries Accumulation Index has risen 13%. We expect volatility to remain at elevated levels whilst the world manages its way through the coronavirus pandemic.

To date, Western Australia has proven to be the lucky State in the lucky Country. The swiftness and ease with which our borders were secured has allowed life to continue close to normality post the

initial lockdown period. Booming commodity prices and project expenditure have boosted the coffers of the State Government and many companies in WA. These conditions have also softened the impact of the economic slowdown on the local labour market. We are now starting to see signs of strain across the local Economy with job vacancies and residential lettings having returned to the highs and lows respectively not seen since the last sustained period of infrastructure build in the State.

The ructions in the global Economy over the last nine months and ensuing liquidity pumped into financial markets has ensured a ready supply of investment opportunities for your Company to assess. It has been a volatile but rewarding time to be investing in the share market, and we remain confident of continuing to generate positive investment returns for shareholders.

The biggest question arising from this massive pandemic driven liquidity tide is how quickly it pushes up inflation and what this means for interest rates, commodity prices etc and, ultimately, how our investment portfolio should be positioned.

2020 has been a year for remaining calm and your team should be congratulated for embracing the wave as it hit and taking the opportunity to emerge with a better portfolio. When you have confidence in the investments you have made it is easier to endure ensuing liquidity crunches. This is the first time many people in the wider community have had to face fear and risk head on. Fortunately, or not, confronting fear of the unknown and associated risks is the norm for us. The quote that best sums up this year for me comes from the most unlikely of sources, Lenin: 'there are decades where nothing happens, and there are weeks where decades happen.'

Your Board remains highly committed to the philosophy of identifying small capitalisation, growth focused investment opportunities from its base in WA. Furthermore, we remain dedicated to delivering a consistent stream of dividends to our shareholders. Accordingly, the Board has announced a target dividend for the current financial year of 6 cents fully franked per share.

Finally, as always, I would like to encourage all shareholders to make use of our enhanced channels to interact with our Company. We have a range of opportunities to get up to date information on our activities, including monthly video updates, weekly email news and an informative website. You are also always welcome to contact the team directly with any queries you may have.

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