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Chairman's Address – Annual General Meeting

4 November 2016

Ladies and Gentlemen, I welcome you to the 19th Annual General Meeting of our Company.

The 2015/16 Financial Year

In many respects it has been a difficult year for investing with increased uncertainty and volatility across global markets generally. There were ongoing concerns around China's slowing growth and high debt levels, growth in Europe was generally muted, while growth in the US was sluggish. The UK was also affected by the divisive debate around Brexit with the eventual decision in June to leave the European Union, weighing on markets.

The Australian share market was not immune from these global influences as well as the impacts of a modest growth outlook for the domestic economy.

However despite the difficult conditions, I am very pleased to say that the Company's investment portfolio had another very successful year with the portfolio returning 11 per cent after fees, compared with a decrease of 2.6 per cent in the All Ordinaries Index in the same period.

Our Total Comprehensive Income for the year increased from \$1.888 million to \$3.189 million. The excellent investment return resulted in a performance fee of \$0.642 million being payable to the Manager.

The Net Tangible Asset per share (NTA) on an after tax on realised gains only basis, also increased by 5.7 per cent in the same period.

The Year Ahead

We remain cautiously optimistic about the outlook for investment markets, but with optimism tempered by the high level of uncertainty in a sustained low interest rate environment, that is not delivering the economic growth one might have hoped.

However our long time Manager, E C Pohl & Co, has a proven track record in navigating through challenging times and we believe our portfolio is well positioned for whatever the future might hold.

In this regard, it is quite remarkable that our Manager has been able to outperform the All Ordinaries Index - and in many cases comprehensively so - in 15 of the past 18 years of our existence. This is a truly outstanding feat.

Dividend

The Board approved a final dividend for the year of 3.75 cents per share, fully franked, making the total dividend for the year 7.25 cents per share, fully franked.

Share Buy-Back Scheme

A share buy-back scheme was available in the 2015/16 year but expired on 15 July 2016. There were no transactions under the scheme and the decision was taken by the Board not to institute a further buy-back scheme at this time.

Our Investment Manager

We are indeed fortunate to have the services of E C Pohl & Co, one of the most formidable investment teams one could wish for. I and my fellow Board members greatly appreciate the talent, commitment and professionalism of the team at E C Pohl & Co, led by Dr Manny Pohl. I have already referred to the outstanding investment performance of the Company over the past 18 years and Manny has been the constant over this whole period. Manny deserves enormous credit for much of the success we have achieved.

The Board

Firstly I want to thank my fellow Board members for their encouragement and support and their unrelenting commitment and contributions to the Company's success in the past year. They are great individuals as well as a great team.

I have previously foreshadowed that I would be stepping down as a Director and Chair of the Company following this meeting. I have been a Director for the past 16 years, having joined the Board in its very early days, as well as Chair for the past 10 years. The Company is in a strong position and has reached that stage of maturity where a change of baton is appropriate.

I have enjoyed my time on the Board immensely having worked with some wonderful individuals, including my predecessor as Chair, Steve Wilson, Russell McCrory, Deon Huysamer, Grace Grace, Justine Hickey and Pat Corrigan, as well as my current colleagues, Sophie Mitchell and Dominic McGann and of course that truly outstanding investment professional, Manny Pohl, who provided me with great support and encouragement over the years. A huge thank you to each one of you.

In conclusion I also want to thank our Shareholders most sincerely for their on-going support. It has been a great journey so far and one that I believe will continue to be rewarding for our Shareholders.



Henry Smerdon AM
Chairman