



Australian United  
Investment  
Company Limited

ABN 37 004 268 679

# 2020 ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

# Directory

## Directors

C B Goode AC - Chairman  
J S Craig  
F S Grimwade  
D C Hershman

## Company Secretaries

Andrew J Hancock FCA  
James A Pollard CA

## Registered Office

Level 20  
101 Collins Street  
Melbourne Vic 3000  
Tel: (613) 9654 0499  
Email: [info@aii.com.au](mailto:info@aii.com.au)

## Website

[www.aii.com.au](http://www.aii.com.au)

## Bankers

National Australia Bank Limited  
Australia and New Zealand Banking Group Limited

## 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](mailto:registrars@linkmarketservices.com.au)  
Web: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## Securities Exchange

The Company is listed on the Australian Securities Exchange Ltd.  
ASX Code: AUI

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# Chairman's Report

I present the Annual Report of Australian United Investment Company Ltd which is for the year ended 30 June 2020.

The Company's objective is to take a medium to long term view and to invest in a diversified portfolio of listed Australian equities which have the potential to provide income and capital appreciation over the longer term.

The profit for the year after income tax was \$41,145,000 compared to \$55,777,000 in the previous year, a decrease of 26.2%. If special dividends are excluded, operating profit decreased 18.2%. Special dividends of \$1,103,000 after tax were received this year compared to \$6,806,000 in the previous year.

Excluding special dividends received the Company's revenue fell 25.6% on last year. During the second half of the financial year the COVID-19 pandemic affected the operations and outlook for many of the investee companies and a number of dividends and distributions were deferred, reduced or cancelled.

The total net profit after tax for the year of \$41,145,000 excludes net realised gains and losses on the investment portfolio which are transferred directly to the Asset Realisation Reserve.

The weighted average number of ordinary shares for the year was 124,488,838 against 124,180,194 last year, taking into account the shares issued under the dividend re-investment plan, an increase of 0.3%.

Earnings per share based on profit after tax was 32.2 cents excluding the special dividends received, a decrease of 18.3% from the prior corresponding period. Including the special dividends received, earnings per share fell by 26.3% to 33.1 cents.

Operating expenses (excluding borrowing costs) were 0.12% of the average market value of the portfolio compared to 0.10% in 2019.

At 30 June the Company had cash reserves and undrawn debt of \$86 million.

Bank borrowings facilities were \$150 million, drawn as to \$85 million at the end of the financial year (previous year \$150 million, drawn as to \$100 million). Gross debt as a proportion of the portfolio including cash was 7.4% (2019: 7.5%). Cash on hand, cash deposits and net short term receivables were \$20,805,000 or 1.8% of the investment portfolio at market values (2019: \$95,692,000, 7.2%). Net debt as a proportion of the portfolio excluding cash was 5.7% (2019: 0.4%). Annual interest expense was covered 14.8 times by investment revenue (2019: 13.5 times).

Annual interest expense was covered 14.8 times by investment revenue (2019: 13.5 times).

The net asset backing per share before provision for estimated tax on unrealised gains and before provision for the final dividend was \$8.59 at 30 June 2020, compared to \$9.85 at 30 June 2019.

The final dividend for the year ending 30 June 2020 is 19.0¢ per share fully franked at 30% which, with the interim dividend of 17.0¢ per share fully franked at 30%, makes 36.0¢ per share fully franked for the year, unchanged from the previous year. The final dividend does not include a Listed Investment Company capital gain dividend.

The directors have decided to maintain the final dividend even though total dividends for year ended 30 June 2020 are not covered by earnings in that year. Over the previous years, there have been some accumulated retained earnings and franking credits and these are being drawn on to cover the dividends for the year ended 30 June 2020.

Given the uncertainties, the directors cannot foreshadow whether or not this will be the case for the current year which will see another significant fall in dividends received by the company.

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

Year	Dividend Paid
2019/20	36.0 cents per share
2018/19	36.0 cents per share
2017/18	35.0 cents per share
2016/17	34.0 cents per share
2015/16	34.0 cents per share

The Company's reported net tangible asset backing per share before provision for the final dividend (based on investments at market values and after provision for tax on net realised gains but not on unrealised gains) over the last 5 years are as follows:

	Net Tangible Asset Backing Per Share
30 June 2020	\$8.59
30 June 2019	\$9.85
30 June 2018	\$9.21
30 June 2017	\$8.57
30 June 2016	\$7.57

The Company's performance in recent years (assuming all dividends were re-invested) is as follows:

	AUI Net Asset Backing Accumulation % p.a.*	AUI Share Price Accumulation % p.a.	S&P ASX 200 Accumulation Index % p.a.
1 Year	(9.55)	(7.86)	(7.68)
3 Years	3.98	3.96	5.19
5 Years	4.91	4.33	5.95
10 Years	6.86	6.43	7.80

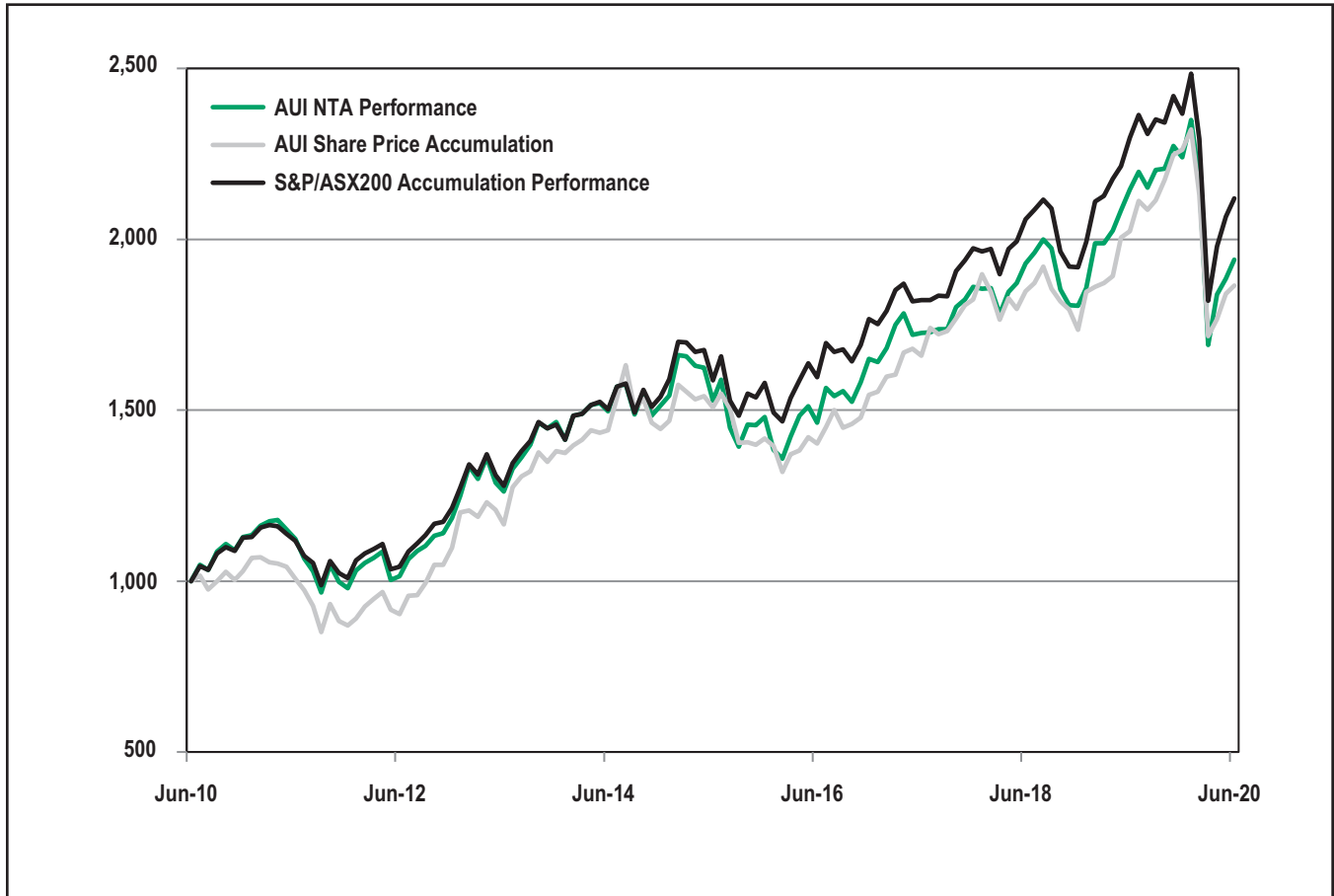
Including the benefit of franking credits for shareholders who can fully utilise them, the Company's accumulation return for the year to 30 June 2020 was a fall of 8.0% compared to a fall of 6.6% in the S&P/ASX 200 franking credit adjusted return.

The Company's net asset backing accumulation performance is after tax and expenses and the impact of the Company's gearing for which no allowance is made in the index.

The Company's relative performance for the year was assisted by overweight allocations to CSL, Rio Tinto and consumer stocks, and underweight holdings in property stocks. Performance was held back by holdings in Woodside, Westpac, ANZ and underweight allocations to the strong technology and gold sectors.

The following graph shows the accumulation performance of the Company's net asset backing (before provision for tax on unrealised gains) 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.

**AUI Accumulated Investment Return vs S&P/ASX 200 Accumulation Index  
(Excluding the Benefit of Franking Credits)  
10 Years to 30 June 2020**



Source: Evans & Partners

The equity portfolio of the Company is invested in Australian equities and at 30 June 2020 was spread over 39 companies. The Annual Report provides a list of the shareholdings at 30 June 2020 and 30 June 2019, the changes to the portfolio during the year and the market values as at 30 June 2020 of each investment together with its percentage of the portfolio.

As at 30 June 2020 the twenty-five largest shareholdings of the Company, at market value were:

Company	Market Value \$'000	% of Market Value of Total Investments
CSL Ltd	114,800	9.9%
Commonwealth Bank of Australia Ltd	90,246	7.8%
Transurban Group	78,704	6.8%
Rio Tinto Ltd	73,470	6.4%
BHP Group Ltd	66,267	5.7%
Diversified United Investment Ltd	60,912	5.3%
Wesfarmers Ltd	59,176	5.1%
Australia & New Zealand Banking Group Ltd	55,920	4.8%
Westpac Banking Corporation	55,089	4.8%
Woodside Petroleum Ltd	44,382	3.8%
Atlas Arteria Ltd	42,699	3.7%
Woolworths Ltd	37,280	3.2%
National Australia Bank Ltd	36,804	3.2%
Ramsay Health Care Ltd	26,941	2.3%
Sydney Airport	25,515	2.2%
Coles Group Ltd	22,664	2.0%
Washington H Soul Pattinson & Company Ltd	22,459	1.9%
Seek Ltd	21,890	1.9%
Resmed Inc.	20,655	1.8%
Brambles Ltd	17,664	1.5%
Aurizon Holdings Ltd	14,760	1.3%
Origin Energy Ltd	14,600	1.3%
Carsales.com Ltd	14,192	1.2%
Event Hospitality and Entertainment Ltd	12,615	1.1%
Orica Ltd	12,480	1.1%
	1,042,184	90.1%
<b>Total Investments at Market Value, Net Short Term Receivables and Cash</b>	1,155,923	



Charles Goode  
Chairman

# Corporate Governance Statement

The Company has adopted corporate governance principles in accordance with the Australian Securities Exchange Corporate Governance Council's "Corporate Governance Principles and Recommendations". Any material departures from the recommendations are referred to in this statement. This Statement is available in both the Company's Annual Report and on its website.

## 1. Accountability and Responsibility

The Board is accountable to the shareholders and is responsible for:

- Setting strategic and financial objectives;
- Monitoring the Company's performance and financial position and overseeing the financial accounts and reporting;
- Identifying and managing business and compliance risks;
- Managing the Company's investment portfolio;
- Overseeing relationships with outside service providers;
- Appointing the Company Secretaries and setting and overseeing responsibilities delegated to the Company Secretaries; and
- Setting ethical standards for the Company.

## 2. Composition

The Board currently comprises 4 directors. The Company's constitution requires 3 to 6 directors. If a Board vacancy arises the Nomination and Remuneration Committee chooses the best available candidate using professional advice if this is deemed necessary. In this process the Company has a neutral approach to all forms of diversity. A director who is appointed during the year is required to stand for election at the next Annual General Meeting.

Mr C B Goode, being a governor of The Ian Potter Foundation, is associated with a substantial shareholder. He brings significant and relevant experience to the Board. All other directors are regarded as independent.

However, in that the Chairman of the Board is not independent the Company departs from the Australian Securities Exchange Corporate Governance Council's Recommendations. A lead independent director is not considered necessary given the small size of the Board. Appointed directors must stand for election at the next Annual General Meeting. One third of directors stand for re-election at each Annual General Meeting. There is no set retirement age or term for directors. Extensive experience in the investment markets is valued. Details of the qualifications, experience and length of service of directors are set out in the Annual Report.

## 3. Operation

The Board usually meets eleven times each year and consults on investment matters between meetings. The Board has responsibility for day to day management of the investment portfolio. Transaction levels are low as the portfolio is held for the long term. The Board reviews financial statements, forecasts, the investment portfolio, the net asset backing per share, and compliance reports monthly. The Company Secretaries are responsible for either providing the information or co-ordinating it from outside service providers.

## 4. Delegation

The duties and responsibilities of the Company Secretaries and employees are set out in their employment contracts, which the Board approves. The Company Secretaries are directly accountable to the Board, through the Chairman. The Board also approves letters of engagement for the externally provided accounting, tax, custody and audit services. Share registry services are on commercial terms.



## 5. Directors' Terms of Appointment, Remuneration and Performance

Directors' terms of appointment are set out by letter at the time of their appointment and new directors are inducted by the Chairman and the Company Secretaries.

Directors' fees are reviewed annually by the Nomination and Remuneration Committee with reference to the Company's activity, changing responsibilities and in comparison to fee levels of a peer group of companies. Independent remuneration advice may be sought. The maximum total of directors' fees is set by the shareholders in general meeting. Details of directors' remuneration are set out in the Remuneration Report in the Annual Report.

Each director appointed before October 2006 entered into a Retirement Agreement at that time to convert accrued retirement entitlements into shares in the Company to be held in the Non-Executive Directors 2006 Accrued Entitlements Share Plan until retirement, as approved by shareholders.

Each director has entered into a Deed of Access, Indemnity and Insurance with the Company and is covered by the Company's Directors and Officers Liability Insurance.

The duties of directors are as set out in the Corporations Law, in this statement and by letter at the time of their appointment. In addition to Board meetings directors are expected to attend committee meetings where applicable, for no additional fee. They are expected to make a pro-active contribution to the management of the Company's investment portfolio from their reading, research, analysis, and information collected outside of Board meetings.

Directors are not required to own shares in the Company. Directors have agreed not to enter into margin loans over their shareholdings in the Company.

After prior discussion with the Chairman, directors are entitled to seek independent advice at the expense of the Company, which advice will then be made available to all other directors. Directors are entitled to unlimited access to the Company's records.

The Board reviews its performance annually by discussion and by individual communication with the Chairman, and by reference to generally accepted Board performance standards. The Board also conducts an annual review of the performance of the Board Committees, the Company Secretaries, and outside service providers.

## 6. Board Committees

The Board has a Nomination and Remuneration Committee comprising all directors and an Audit and Risk Management Committee comprising all directors except the Chairman. The Audit and Risk Management Committee meets at least twice and the Nomination and Remuneration Committee at least once per annum.

The Charter of each committee is reviewed by the Board annually and is published on the Company's website.

The Audit and Risk Management Committee Charter includes inter-alia, appointment of the auditor, assessing its independence, managing the audit relationship, and overseeing internal controls and risk management. The external audit partner rotates every 5 years.

The Audit and Risk Management Committee has an independent Chairman and a majority of independent directors. All members are non-executive. It is considered to have sufficient relevant expertise and to comply with the Australian Securities Exchange Corporate Governance Council's Recommendations.

The Nomination and Remuneration Committee has an independent Chairman, and a majority of independent directors. It considers and makes recommendations to the Board regarding Board composition and remuneration of the directors, the Company's employees. The Company Secretaries remuneration is disclosed in the Remuneration Report in the Annual Report.

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

Committee members' qualifications and attendance at meetings are set out in the Directors' Report in the Annual Report.

## 7. Disclosure Procedures and Share Trading

The Company has established policies and procedures to ensure compliance with the Australian Securities Exchange listing rule disclosure requirements including monthly disclosure of the Company's net tangible asset backing per share on both a pre and post tax basis. Directors and the Company Secretaries are prohibited from dealing in the Company's securities (other than to participate in the Dividend Reinvestment Plan or any Share Purchase Plan or rights issue) from 1 January to the day after the announcement of the Company's half year results and interim dividend, and from 1 July to the day after the announcement of the Company's financial year results and final dividend.

## 8. Shareholder Communication

The Company communicates with shareholders through:

- The annual report
- The half year report
- The Company's website
- Telephone and email availability of the Company Secretaries at the Company's office
- Annual General Meeting including Chairman's address and question time
- Mailing of Chairman's Address to all shareholders and posting to website

Shareholders may opt to receive Company communications electronically.

The external auditor is available for questioning at the Annual General Meeting.

## 9. Risk Management

The Company does not have an internal audit function. The Audit and Risk Management Committee reviews the internal control system and the management of risk half yearly after receiving reports from the Company Secretaries on these matters, and makes appropriate recommendations to the Board.

The Board receives a letter half yearly from the Company's external accountants and custodian (Mutual Trust) regarding their procedures, and reporting whether the financial records have been properly maintained and the financial statements comply with the Accounting Standards. The Company receives a copy of the Independent Audit Report to the Management of Mutual Trust in relation to the control procedures of their portfolio administration operations.

The Board receives a report half yearly from the auditors on matters arising from their audit procedures.

The Company Secretaries, based on their review of the internal control systems, management of risk, the financial statements and the letter from the Company's external accountants, provide half yearly the declarations required by Section 295A of the Corporations Act and confirm that in their opinion the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view.

The Company does have direct material exposure to economic, environmental and social sustainability risk through its diversified portfolio of investments and through its borrowings and regularly reviews these risks in the ongoing management of the portfolio. Details of the Company's financial risk management are set out in the notes to the financial statements in the Annual Report.

## 10. Ethical Conduct

Each director and employee is expected to adopt high ethical standards in acting for the Company and in the interests of the shareholders. Directors are required to disclose potential conflicts of interest and to refrain from involvement in Board decisions, or leave the room, during discussion of a conflicted matter.

By approval of the Board  
15 July 2020

The directors of Australian United Investment Company Limited present their Directors' Report together with the financial report for the year ended 30 June 2020 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 April 1990

Mr Goode is the Chairman of the Boards of Diversified United Investment Limited (since 1991), The Ian Potter Foundation Limited (Governor since 1987, Chairman since 1994) and is Chairman Emeritus of Flagstaff Partners (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).

**James Craig** B.Ec/LLB (Adel), LLM (Melb)  
Non-executive Director, Appointed October 2009

Mr Craig is Chairman of River Capital Pty Ltd and IP Generation Pty Ltd, and a director of SC Storage Holdings Pty Ltd and Australian Super. He is Chair of the investment committee of Australian Super. He is Chairman of the Company's Nomination and Remuneration Committee.

**Fred Grimwade** B.Com/LLB (Hons) (Melb), MBA (Columbia), FAICD  
Non-executive Director, Appointed March 2014

Mr Grimwade is a Principal and Director of Fawkner Capital Management Pty Ltd. He is currently Chairman of CPT Global Limited and XRF Scientific Limited, and a director of Select Harvests Limited. Formerly he held senior executive positions with Colonial First State Investments Group, Colonial Mutual Group, Western Mining Corporation and Goldman, Sachs & Co. He is the Chairman of the Company's Audit and Risk Management Committee.

**Dion Hershman** B.Com/B.A. (Mon), MBA (Columbia)  
Non-executive Director, Appointed April 2018

Mr Hershman is Managing Director and Head of Australian Equities at Yarra Capital Management. He has more than 20 years' finance industry experience. Formerly he held senior executive positions with Goldman Sachs Asset Management, Citadel Investment Group (New York), Fidelity Investments (Boston) and Boston Consulting Group.

## Company Secretaries

**Andrew Hancock** FCA, B.Ec (Mon), Grad. Dip. CDP (RMIT)  
Company Secretary, Appointed October 1995

Mr Hancock is also the Company Secretary of Diversified United Investment Ltd (since 1991), has served as Chairman and is currently Secretary of the Australian Listed Investment Companies Association.

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

Mr Pollard is also a Company Secretary of Diversified United Investment Ltd (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 that of an investment company which seeks, through a portfolio of securities predominantly comprising shares of companies listed on the ASX, to provide income and capital appreciation over the longer term. There has been no significant change in the nature of the Company's activities during the financial year.

The Company was affected in the second half of the financial year by the COVID-19 pandemic. The market value of the investment portfolio has been volatile and revenue has been reduced by the fall in dividend and distribution income from the Company's investments. Day to day operations have not been significantly affected.

For the year ended 30 June 2020 the profit after income tax was \$41,145,000 compared to \$55,777,000 in the previous year – a decrease of 26.2%. Special dividends received during the 2020 year were \$1,103,000 after tax (2019: \$6,806,000). Excluding these items, operating profit decreased 18.2%.

The weighted average number of ordinary shares for the year was 124,488,838 compared to 124,180,194 in the previous year, an increase of 0.3%.

The earnings per share was 32.2 cents per share excluding special dividends (2019: 39.4 cents) or were 33.1 cents per share including special dividends (2019: 44.9 cents). The Company incurred expenses (excluding finance costs and after cost recoveries) of \$1,416,000 (2019: \$1,273,000) which is equivalent to 0.12% (2019: 0.10%) of the average market value of the portfolio.

Bank borrowings facilities were \$150 million, drawn as to \$85 million at the end of the financial year (previous year \$150 million, drawn as to \$100 million). Gross debt as a proportion of the portfolio including cash was 7.4% (2019: 7.5%). Cash on hand, cash deposits and net short term receivables were \$20,805,000 or 1.8% of the investment portfolio at market values (2019: \$95,692,000, 7.2%). Net debt as a proportion of the portfolio excluding cash was 5.7% (2019: 0.4%). Annual interest expense was covered 14.8 times by investment revenue (2019: 13.5 times).

As at 30 June 2020 the Company's portfolio had a market value (including cash and net receivables) of \$1,155,923,000 (2019: \$1,325,504,000). A list of the Company's top 25 investments is set out in Note 24 to the financial statements. The net tangible asset backing of the Company's ordinary shares at 30 June 2020 was \$8.59 (2019: \$9.85). This net tangible asset backing calculation is based on investments at market value and is after tax on net realised gains, before any future tax benefit of net realised losses, before estimated tax on net unrealised gains and losses, and before the Company's final dividend. The Company is a long-term investor and does not intend disposing of its portfolio. However, if estimated tax on net unrealised portfolio gains were to be deducted, the net tangible asset backing would be \$7.49 (2019: \$8.38).

During the year the accumulation performance of the Company's net asset backing (before provision for tax on unrealised gains) was a fall of 9.6%, compared to the S&P/ASX 200 Accumulation Index fall of 7.7%.

Dividends declared by the Company for the 2020 financial year total 36.0 cents per share fully franked (2019: 36.0 cents per share fully franked).

It is the Directors' intention to continue to invest in a portfolio of listed securities for long term capital gain and current income. The risks to which the Company is exposed are set out in Notes 19 and 20 to the Financial Statements.

## Dividends

Dividends paid or declared by the Company since the end of the previous financial year were:

	\$'000
<b>Paid or declared during the year</b>	
A final dividend in respect of the year ended 30 June 2019 of 19.0 cents per share fully franked at 30% paid on 20 September 2019.	23,622
An interim dividend in respect of the year ended 30 June 2020 of 17.0 cents per share fully franked at 30% paid on 16 March 2020.	21,162
<b>Paid or declared after end of year</b>	
A final dividend in respect of the year ended 30 June 2020 of 19.0 cents per share fully franked at 30% payable on 22 September 2020.	23,678

## Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Directors' Meetings		Audit and 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 B Goode	14	14	2*	2*	1	1
James S Craig	14	14	2	2	1	1
Fred S Grimwade	14	14	2	2	1	1
Dion C Hershan	14	14	2	2	1	1

\* In attendance – not a committee member.

The Audit and Risk Management Committee comprises Messrs Grimwade (Chairman), Craig and Hershan.

All directors are members of the Nomination and Remuneration Committee, which is chaired by Mr Craig.

## Directors' Interests

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 S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Shares		
	1	2	3
Charles B Goode	126,657	1,303,475	33,583
James S Craig	-	350,000	-
Fred S Grimwade	-	20,000	-
Dion C Hershan	-	12,000	-

### 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 <sup>1</sup>					
	Fee \$	2020 Superannuation \$	Total \$	Fee \$	2019 Superannuation \$	Total \$
Charles B Goode	162,100	15,400	176,000	155,708	14,792	172,000
James S Craig	80,365	7,635	88,000	78,539	7,461	86,000
Fred S Grimwade	80,365	7,635	88,000	78,539	7,461	86,000
Dion C Hershan	80,365	7,635	88,000	78,539	7,461	86,000
<b>Total</b>	<b>403,195</b>	<b>38,305</b>	<b>440,000</b>	<b>391,325</b>	<b>37,175</b>	<b>430,000</b>

<sup>1</sup> No additional fees are paid to members of the Board Committees.

The Nomination and Remuneration Committee reviews and makes recommendations to the board on remuneration packages and policies applicable to the Company Secretaries and directors of the Company, including superannuation entitlements, retirement and termination entitlements, and professional indemnity policies. The Company's Key Management Personnel are the Directors and the Company Secretaries.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors. The Nomination and Remuneration Committee may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies and in light of Company activity and changing responsibilities. The remuneration structures are designed to attract suitably qualified candidates, and for the broader outcome of increasing the Company's net profit. Directors' fees are fixed and reviewed annually and the maximum total of directors' fees is set by the shareholders in annual general meeting.

Directors' fees are fixed and not conditional on the Company's performance. However, consideration of the Company's performance and benefits for shareholder wealth in respect of the current financial year and the previous four financial years include:

	2020	2019	2018	2017	2016
Operating Profit (\$ Million)	41.1	55.8	47.8	44.1	42.2
Earnings Per Share (total) (cents)	33.1	44.9	38.6	35.7	35.2
Earnings Per Share (excluding special dividends and capital gains from managed funds) (cents)	32.2	39.4	37.0	34.3	35.0
Dividends paid (cents per share)	36.0	36.0	35.0	34.0	34.0
Share Price 30 June	\$8.05	\$9.08	\$8.65	\$8.09	\$7.15
Management Expense Ratio	0.12%	0.10%	0.09%	0.10%	0.10%
Net asset backing per share before tax on unrealised gains 30 June	\$8.59	\$9.85	\$9.21	\$8.57	\$7.57
AUI net asset backing accumulation return before tax or unrealised gains	(9.6%)	11.2%	11.8%	18.0%	(4.2%)
S&P/ASX 200 Index accumulation return	(7.7%)	11.6%	13.0%	14.1%	0.6%

Each director has entered into a Deed of Access, Indemnity and Insurance with the Company and is covered by the Company's Directors and Officers Liability Insurance. Refer to Note 16 of the financial statements for information relating to the insurance. No director has entered into a material contract with the Company since the end of the previous financial year and there were no other material contracts involving directors' interests existing at year end.

From 1 July 2019, the services of the Company Secretaries, Mr Andrew J Hancock and Mr James A Pollard, are also provided to Diversified United Investment Ltd through an administrative services agreement with the Company. After cost recovery for those services provided to Diversified United Investment Ltd, remuneration paid in relation to their services to the Company are as follows:

	2020 \$	2019 \$
Andrew Hancock	113,000	126,000
James Pollard	74,500	–
<b>Total</b>	<b>187,500</b>	<b>126,000</b>

## Non-audit services

During the year KPMG, the Company's auditor, has provided taxation services in addition to their statutory duties. They received fees of \$10,531 (2019: \$10,429) for these services including GST.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were reviewed by the Audit and Risk Management Committee to ensure they do not affect the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional Independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

## 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.

## Environmental Regulation

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

## Events Subsequent to Balance Date

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 years.

## 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, and dividend and distribution revenue is expected to continue to be impacted by the effects of the COVID-19 pandemic on the operations of investee companies..

## Indemnification

Details of directors' indemnification are set out in Note 16 to the financial statements.

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

The lead auditor's independence declaration is set out on page 14 and forms part of the Directors' Report for the year ended 30 June 2020.

## 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 report 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  
Director  
Melbourne, 19th August 2020

# Lead Auditor's Independence Declaration



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

To the Directors of Australian United Investment Company Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian United Investment Company Limited for the financial year ended 30 June 2020 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'.

Chris Sargent

Partner

Melbourne

19 August 2020



# Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Revenue from investment portfolio	2(a)	46,529	62,530
Administration and other expenses		(1,678)	(1,273)
Administraton Costs recovered		262	-
Finance expenses	2(b)	(3,164)	(4,634)
<b>Profit before Income Tax</b>		41,949	56,623
Income tax expense	4(a)	(804)	(846)
<b>Profit</b>		41,145	55,777
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of investment portfolio for the year		(153,055)	68,013
Provision for tax benefit/(expense) on revaluation of investment portfolio for the year		45,229	(21,017)
<b>Other Comprehensive (Loss)/Profit Net of Income Tax</b>		(107,826)	46,996
<b>Total Comprehensive (Loss)/Profit</b>		(66,681)	102,773
Basic and diluted earnings per share (cents)	5	33.1	44.9

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 pages 19 to 31.

# Balance Sheet as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Assets</b>			
Cash assets	17	18,578	83,837
Receivables	7	2,226	11,855
Current tax receivable	4(c)	145	-
Other	9	79	87
<b>Total Current Assets</b>		21,102	95,779
Investment portfolio	8	1,135,118	1,229,812
Plant and equipment	10	28	3
Other	9	235	-
<b>Total Non-Current Assets</b>		1,135,381	1,229,815
<b>Total Assets</b>		1,156,409	1,325,594
<b>Liabilities</b>			
Payables	11	810	873
Borrowings – interest bearing	13	15,000	20,000
Current tax payable	4(c)	-	411
<b>Total Current Liabilities</b>		15,810	21,284
Payables	11	173	-
Provision for long service leave		104	50
Borrowings – interest bearing	13	70,000	80,000
Deferred tax liability	4(b)	137,159	182,370
<b>Total Non-Current Liabilities</b>		207,436	262,420
<b>Total Liabilities</b>		223,246	283,704
<b>Net Assets</b>		933,163	1,041,890
<b>Equity</b>			
Issued capital	14(a)	448,411	445,673
Reserves	14(b)	484,752	596,217
<b>Total Equity</b>		933,163	1,041,890

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 19 to 31.

# Statement of Changes in Equity for the Year Ended 30 June 2020

	Issued Capital \$'000	Revaluation Reserve \$'000	Realisation Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>As at 1 July 2018</b>	442,948	383,882	20,322	133,910	981,062
<b>Comprehensive Income</b>					
Revaluation of investment portfolio	-	68,013	-	-	68,013
Tax expense on revaluation	-	(21,017)	-	-	(21,017)
Net realised losses on investment portfolio	-	2,794	(2,794)	-	-
Tax expense on net realised gains	-	1,521	(1,521)	-	-
Profit	-	-	-	55,777	55,777
	-	51,311	(4,315)	55,777	102,773
<b>Transactions with Shareholders</b>					
Dividend reinvestment plan	2,725	-	-	-	2,725
Dividends paid	-	-	-	(44,670)	(44,670)
	2,725	-	-	(44,670)	(41,945)
<b>As at 30 June 2019</b>	445,673	435,193	16,007	145,017	1,041,890
<b>As at 1 July 2019</b>	445,673	435,193	16,007	145,017	1,041,890
<b>Comprehensive Income</b>					
Revaluation of investment portfolio	-	(153,055)	-	-	(153,055)
Tax benefit on revaluation	-	45,229	-	-	45,229
Net realised gains on investment portfolio	-	(343)	343	-	-
Tax expense on net realised gains	-	1,273	(1,273)	-	-
Profit	-	-	-	41,145	41,145
	-	(106,896)	(930)	41,145	(66,681)
<b>Transactions with Shareholders</b>					
Dividend reinvestment plan	2,738	-	-	-	2,738
Dividends paid	-	-	-	(44,784)	(44,784)
	2,738	-	-	(44,784)	(42,046)
<b>As at 30 June 2020</b>	448,411	328,297	15,077	141,378	933,163

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 19 to 31.

# Statement of Cash Flows for the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Cash Flows from Operating Activities</b>			
Interest received		488	1,046
Dividends and trust distributions received		49,854	65,535
Option premium income received		213	96
Other revenue received		262	-
Finance costs paid		(3,276)	(4,821)
Administration and other expenses paid		(1,637)	(1,167)
Income taxes paid		(826)	(693)
<b>Net Cash Flow from Operating Activities</b>	17	45,078	59,996
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of investments		48,621	164,307
Return of capital from investment portfolio		195	-
Purchases of investments		(102,075)	(91,334)
Purchases of fixed assets		(31)	(3)
<b>Net Cash Flow from Investing Activities</b>		(53,290)	72,970
<b>Cash Flows from Financing Activities</b>			
Repayment of borrowings		(15,000)	(30,000)
Dividends paid net of dividend reinvestment plan		(42,047)	(41,945)
<b>Net Cash Flow used in Financing Activities</b>	13	(57,047)	(71,945)
Net increase / (decrease) in cash held		(65,259)	61,021
Cash and cash equivalents at 1 July	17	83,837	22,816
<b>Cash and Cash Equivalents at 30 June</b>	17	18,578	83,837

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 19 to 31.

## 1. Statement of Significant Accounting Policies

Australian United Investment Company Limited (the 'Company') is a for-profit Company domiciled in Australia.

The financial report was authorised for issue by the directors on 19 August 2020.

### (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 complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

### (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 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 2020 ("the inoperative standards"). The effect of inoperative standards has been assessed and the effect has been identified as not being material.

The Company adopted AASB 16 Leases effective 1 July 2019, using the modified retrospective approach. The application of this standard has not had a material impact on the Company's financial statements. As at 1 July 2019 (the date of adoption by the Company), the Company's office lease gave rise to a right of use asset of \$309,000 and was recognised together with an offsetting lease liability of \$309,000.

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 effect the application of accounting policies and 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. After initial recognition at fair value (being cost), investments are measured at fair value.

Unrealised gains or losses on equity investments are recognised as a separate component of equity in the Asset Realisation Reserve until the investment is sold, collected or otherwise disposed of, at which time the cumulative gain or loss is transferred to the Asset 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. Upon derecognition, unrealised gains/losses net of tax relating to the investment are transferred from the Revaluation Reserve to the Realisation Reserve.

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, 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 accruals basis. Special dividends are those dividends received which have been designated as special and non-recurring by the declaring company.

The managed funds in which the Company may invest 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 an investment at prices higher than current market. Open options contracts are marked to market through the profit and loss account.

## 1. Statement of significant accounting policies (cont.)

### (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 company tax rate 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 Asset Realisation Reserve and as a deferred tax liability. Where 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. Subsequent to 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) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

	2020 \$'000	2019 \$'000
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## 2. Revenue and Expenses

### (a) Revenue

Ordinary dividends received or due and receivable	40,556	48,640
Special dividends received or due and receivable	1,103	6,806
Dividends received or due and receivable	41,659	55,446
Interest received or due and receivable	488	1,046
Trust distributions received or due and receivable	4,169	5,942
Option premium income	213	96
	46,529	62,530

### (b) Expenses

#### *Finance expenses*

Interest and borrowing expenses	3,164	4,634
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	2020 \$	2019 \$
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### 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	50,994	48,785
- Tax related services	10,531	10,429

	2020 \$'000	2019 \$'000
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### 4. Taxation

#### (a) Income Tax Expense

##### (i) Recognised in the income statement

##### Current tax expense

Current year tax payment accrued	(750)	(832)
Withholding tax on foreign dividends	(121)	(27)
	(871)	(859)

##### Deferred Tax Expense

Recognition of tax losses and deferred tax balances	-	-
Temporary differences	(33)	33
Tax expense on operating profit	(33)	33
(Under)/Over provision for prior years	100	(20)
<b>Total income tax expense in income statement</b>	<b>(804)</b>	<b>(846)</b>

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

Prima facie tax expense calculated at 30% on the profit for the year	(12,585)	(16,987)
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##### Increase in tax expense due to:

Franking credits gross-up on dividends received	(5,157)	(7,007)
Sundry Items	(859)	(838)

##### Decrease in tax expense due to:

Tax deferred revenue received	508	650
Franking credits on dividends received	17,189	23,356
Tax expense on operating profit	(904)	(826)
(Under)/Over provision for prior years	100	(20)

<b>Income tax expense attributable to profit for the year</b>	<b>(804)</b>	<b>(846)</b>
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##### (iii) Deferred tax recognised directly in equity

Increase/(Decrease) in provision for tax on unrealised gains on the equity investment portfolio	(45,229)	21,017
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# Notes to the Financial Statements for the Year Ended 30 June 2020

	2020 \$'000	2019 \$'000
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## 4. Taxation (cont.)

### (b) Deferred Tax Assets and Liabilities

#### Recognised Deferred Tax Assets and Liabilities

Revaluation reserve – Provision for tax on unrealised gains on the equity investment portfolio	(143,278)	(189,780)
Tax effect of unfranked dividend receivable	(88)	(49)
Tax benefit of audit fee accrual	8	7
Tax benefit of capital losses carried forward	6,164	7,437
Tax benefit of income tax losses carried forward	-	-
Tax benefit of annual leave	4	-
Tax benefit of long service leave	31	15
<b>Net deferred tax liabilities</b>	<b>(137,159)</b>	<b>(182,370)</b>

### (c) Current Tax Receivable

Current year tax liability	750	833
Less: tax instalments paid	(516)	(381)
Less: withholding taxes receivable	(379)	(41)
<b>Current tax payable</b>	<b>(145)</b>	<b>411</b>

	2020 cents	2019 cents
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## 5. Earnings Per Share

Basic and diluted earnings per share	33.1	44.9
Earnings per share excluding special dividends received and capital gains distributed from managed funds net of tax (refer Note 1(d))	32.2	39.4

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 124,488,838 (2019: 124,180,194). The weighted average adjusted number of ordinary shares takes into account the shares issued in the dividend re-investment plan.

	2020 \$'000	2019 \$'000
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## 6. Dividends

Dividends recognised in the current year by the Company are:

(i) 2019 final dividend of 19.0 cents per share (2019: 19.0 cents) fully franked paid 20 September 2019	23,622	23,561
(ii) 2020 interim dividend of 17.0 cents per share (2019: 17.0 cents) fully franked paid 16 March 2020	21,162	21,109
	44,784	44,670

Since 30 June 2020, the directors have declared the following dividend payable on 22 September 2020:

Final dividend of 19.0 cents per share fully franked (2019: 19.0 cents)	23,678	23,622
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The final dividend will not contain a Listed Investment Company (LIC) capital gain dividend (2019: nil).

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2020.



## 6. Dividends (cont.)

### Dividend Franking Account:

The balance of the Franking Account at 30 June 2020 is \$43,603,337 (2019: \$46,300,435) 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 2020 dividend, which is not provided for in the 30 June financial statements, the balance of the franking account would be \$33,455,818 (2019: \$36,176,608). 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 LIC Capital Gain Account at 30 June 2020 was \$372,101 (2019: \$372,101). 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.

	2020 \$'000	2019 \$'000
<b>7. Receivables</b>		
<b>Current</b>		
Dividends Receivable	1,335	4,225
Trust Distributions Receivable	891	2,527
Other - Unsettled equity sales	-	5,103
	2,226	11,855

## 8. Investments

### Non-Current

Investments in equities quoted on prescribed stock exchanges (at fair value)	1,135,118	1,229,812
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## 9. Other Assets

### Current

Prepayments	79	82
Input Tax Credits	-	5

### Non-Current

Right of use asset	235	-
	314	87

## 10. Plant and equipment

Plant and equipment at cost	34	3
Accumulated depreciation		-

### Movements

Carrying amount at beginning of year	3	-
Additions	32	3
Depreciation	(7)	-
<b>Carrying amount at end of year</b>	<b>28</b>	<b>3</b>

	2020 \$'000	2019 \$'000
<b>11. Payables</b>		
<b>Current</b>		
Trade Creditors	106	159
Accrued Interest	602	714
Lease Liability	71	-
Annual Leave Provision	12	-
Input Tax Credits	19	-
<b>Non-Current</b>		
Lease Liability	173	-
	983	873

## 12. Finance Facilities

The Company has access to the following lines of credit:

*Total facility available*

Loan Facility – Secured	150,000	150,000
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*Facilities utilised at balance date*

Loan Facility – Secured	85,000	100,000
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	2020 \$'000	2019 \$'000
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## 13. Borrowings Drawn

### Current

Loan Facility Drawn – Secured	15,000	20,000
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### Non-Current

Loan Facility Drawn – Secured	70,000	80,000
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For information regarding the Company's exposure to interest risk and liquidity risk, see Notes 19 and 20.

### Reconciliation of movements in borrowings to cash flows from financing activities

	Liabilities Borrowings 2019 \$'000	Equity/Retained Earnings 2019 \$'000
<b>Balance at 1 July 2018</b>	130,000	133,910
<b>Changes from financing cash flows</b>		
Proceeds from loans and borrowings	-	-
Repayment of borrowings	(30,000)	-
Cash dividends paid	-	(41,945)
<b>Total changes from financing cash flows</b>	(30,000)	(41,945)
<b>Equity-related other changes</b>	-	53,052
<b>Balance at 30 June 2019</b>	100,000	145,017

	Liabilities Borrowings 2020 \$'000	Equity/Retained Earnings 2020 \$'000
<b>Balance at 1 July 2019</b>	100,000	145,017
<b>Changes from financing cash flows</b>		
Proceeds from loans and borrowings	15,000	-
Repayment of borrowings	(30,000)	-
Cash dividends paid	-	(42,047)
<b>Total changes from financing cash flows</b>	(15,000)	(42,047)
<b>Equity-related other changes</b>	-	38,408
<b>Balance at 30 June 2020</b>	85,000	141,378

	2020 \$'000	2019 \$'000
<b>14. Capital and Reserves</b>		
<b>(a) Issued Capital</b>		
Issued and paid-up share capital		
124,618,646 (2019: 124,327,707) fully paid ordinary shares	448,411	445,673
Movements in issued capital:		
Balance at beginning of the financial year	445,673	442,948
Shares issued		
- Dividend re-investment plan <sup>1</sup>	2,738	2,725
	448,411	445,673
<b>(b) Nature and Purpose of Reserves</b>		
Retained Earnings	141,378	145,017
Revaluation Reserve	328,297	435,193
Realisation Reserve	15,077	16,007
	484,752	596,217

<sup>1</sup> In respect of the final dividend paid in September 2019, 156,424 ordinary shares were issued at \$9.13 each and in respect of the interim dividend paid in March 2020, 134,515 ordinary shares were issued at \$9.71 each.

### **Revaluation Reserve**

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

## **15. Directors' Remuneration**

The total director's remuneration for the year is \$441,500 (2019: \$428,500). Details of the directors' remuneration are set out in the Remuneration Report that forms part of the Directors' Report.

## **16. Related Parties**

The Company has entered into an agreement with Diversified United Investment Ltd for the provision of administrative services, commencing 1 July 2019. The total fees received for services provided in the current year are \$288,200, including GST (2019: nil).

### **Directors and Director-Related Entities**

The names of each person holding the position of director of Australian United Investment Company Limited during the financial year are C B Goode (Chairman), J S Craig, F S Grimwade and D C Hershan.

The Company has indemnified each current director and the company secretaries against all liabilities to another person (other than the Company or a related body corporate) that may arise from their 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 contracts, 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 18 June 2020 to 18 June 2021.

## 16. Related Parties (cont.)

### Directors' Holdings of Shares

The relevant interests of directors and their director related entities in shares of the Company as at year end are set out below:

Directors	Held at 01/07/2019	Purchases	Sales	Held at 30/06/2020
Charles B Goode	1,409,226	54,489	-	1,463,715
James S Craig	350,000	-	-	350,000
Fred S Grimwade	10,000	10,000	-	20,000
Dion C Hershan	12,000	-	-	12,000

### Directors' Transactions in Shares

The movements in directors' holdings of ordinary shares resulted from purchases or sales on the open market or purchases under the Company's dividend reinvestment plan which were made on the same terms and conditions offered to other shareholders.

	2020 \$'000	2019 \$'000
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## 17. Notes to the Statement of Cash Flows

### Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and 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 the balance sheet as follows:

Units in Cash Management Trusts and Deposits at call	18,578	83,837
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### Reconciliation of operating profit after income tax to net cash provided by operating activities:

Profit for the year	41,145	55,777
Add / (less) changes in assets and liabilities:		
(Increase) / decrease in dividends receivable	3,000	3,020
(Increase) / decrease in trust distributions receivable	1,526	1,195
(Increase) / decrease in interest receivable	9	-
(Increase) / decrease in other prepayments	2	18
(Increase) / decrease in deferred tax assets	(21)	879
(Increase) / decrease in other assets	(211)	2
Increase / (decrease) in deferred tax liability	38	(33)
Increase / (decrease) in other taxes	(555)	(761)
Increase / (decrease) in prepaid interest and borrowing costs	(112)	(189)
Increase / (decrease) in accrued expenses	190	84
Increase / (decrease) in provisions	67	4
<b>Net cash provided by operating activities</b>	<b>45,078</b>	<b>59,996</b>

## 18. Capital Management

The Company's objective in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term.

The Company's assets will fluctuate in accordance with prevailing market movements, and it may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt.

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

## 19. Financial Risk Management

AASB 7 – *Financial Instruments: Disclosures* identifies three types of risk associated with financial instruments (i.e. investments, receivables, payables 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 Notes 7 and 17.

#### Cash

The Company invests in cash management units with the Mutual Trust Cash Management Fund and cash deposits with Australian banks, with a direct or underlying AA- credit rating assigned by Standard & Poor's, being a Recognised Rating Agency.

#### 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 are 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 \$85 million at the end of the financial year (previous year \$100 million) gearing the investment portfolio by 7.4% (previous year 7.5%). The Company has interest bearing loan facilities in place with the National Australia Bank which include both fixed and floating rate components. These facilities expire on various intervals through to 31 July 2022, unless renewed. Annual interest expense during the year was covered 14.8 times by investment revenue (previous year 13.5 times).

The major cash inflows for the Company include dividends, distributions and sales proceeds received. The major cash outflows are the purchase of securities, interest expense and dividends paid to shareholders, which are able to be managed by the Company. The Company's investments are quoted on a prescribed stock exchange and are able to 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 and the value of its holdings of financial instruments.

Inherently, the Company is not free of market risk as it invests in securities whose market prices can fluctuate.

Based on a tax rate of 30% (2019: 30%), a general movement in market prices of 5% and 10% would lead to a change in the Company's equity of \$39,729,000 or 4.3% (2019: \$43,043,000 or 4.1%) and \$79,458,000 or 8.5% (2019: \$86,087,000 or 8.3%) respectively, after tax.

Market risk is managed by ensuring that the Company's investment portfolio is not overly exposed to one Company or one particular sector. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Board at each Director's meeting.

## 19. Financial Risk Management (cont.)

The Company also has exposure to interest rate risk on its borrowings as detailed in Note 20, which is minimised through conservative levels of gearing and ensuring that there is appropriate interest cover at all times.

All of the Company's investments are quoted in Australian dollars therefore avoiding any direct exposure to currency risk. Nevertheless, a number of the underlying investee companies' businesses may have currency risk exposures.

## 20. Financial Instruments Disclosure

### Interest Rate Risk

The Company's exposure to interest rate risk as at 30 June 2020 and the effective weighted average interest rate for classes of financial assets which bear interest is set out below.

	Note	Floating Interest Rate \$'000
<b>Financial Assets – 2020</b>		
Cash	17	18,578
Weighted Average Interest Rate		0.7%
<b>Financial Assets – 2019</b>		
Cash	17	83,837
Weighted Average Interest Rate		1.67%

The Company has secured borrowing facilities in place with the National Australia Bank Ltd totalling \$150,000,000 (2019: \$150,000,000) as follows:

#### National Australia Bank Ltd

	Amount	Maturity	Interest Rate <sup>1</sup>
1	\$5,000,000	2 July 2021	Floating 1.53%
	\$15,000,000	2 July 2021	Fixed 4.01%
2	\$20,000,000	31 July 2022	Fixed 3.94%
3 <sup>2</sup>	\$10,000,000	31 October 2020	Floating 1.48%
4 <sup>3</sup>	\$20,000,000	31 July 2020	Fixed 4.05%
	\$10,000,000	14 January 2021	Floating 1.24%
5	\$5,000,000	10 March 2021	Floating 1.24%
	\$65,000,000 (undrawn)	28 November 2020	Floating 1.24%
<b>Total</b>	<b>\$150,000,000</b>		

<sup>1</sup> Interest rate includes bank margins and fees

<sup>2</sup> At the maturity date, this facility will be replaced by a new loan for the same amount, maturing 3 July 2023 with a floating interest rate of 1.53%.

<sup>3</sup> At the maturity date, this facility was replaced by a new loan for the same amount, maturing 1 July 2024 with a floating interest rate of 1.63%.

The terms of the agreement require the market value of the securities pledged as collateral for the drawn secured borrowings (Facilities 1 - 5) to satisfy a minimum value of \$380 million. As at 30 June 2020 the market value of the securities pledged as collateral was \$520 million (2019: \$427 million).

## 20. Financial Instruments Disclosure (cont.)

### 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 2020 the Company does not hold any Level 2 investments (2019: none). The net fair value of investments is set out in notes 8 and 24.

#### *Fixed Interest Borrowings*

At 30 June 2020, the fair value of the Company's fixed interest rate borrowings was \$57,039,000 (2019: \$91,557,000) while the face value was \$55,000,000 (2019: \$90,000,000).

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

## 21. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 30 June 2020.

## 22. Segment Reporting

The Company operates as an investment company in Australia.

## 23. Events Subsequent to Balance Date

There has not arisen in the interval between the end of the 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.



## 24. Holdings of Securities as at 30 June 2020

The following is a list of the Company's top 25 investments as at 30 June 2020, which represent 90% of the total investment portfolio (2019: 85%). All investments are valued at fair value through Other Comprehensive Income.

2020		2019	
Company	Market Value \$'000's	Company	Market Value \$'000's
1 CSL Ltd	114,800	Commonwealth Bank of Australia Ltd	107,614
2 Commonwealth Bank of Australia Ltd	90,246	CSL Ltd	86,000
3 Transurban Group	78,704	Westpac Banking Corporation	85,080
4 Rio Tinto Ltd	73,470	Australia & New Zealand Banking Group Ltd	84,630
5 BHP Group Ltd	66,267	Transurban Group	81,070
6 Diversified United Investment Ltd	60,912	Rio Tinto Ltd	77,820
7 Wesfarmers Ltd	59,176	BHP Group Ltd	76,146
8 Australia & New Zealand Banking Group Ltd	55,920	Woodside Petroleum Ltd	69,084
9 Westpac Banking Corporation	55,089	Diversified United Investment Ltd	62,784
10 Woodside Petroleum Ltd	44,382	National Australia Bank Ltd	53,440
11 Atlas Arteria	42,699	Wesfarmers Ltd	50,624
12 Woolworths Group Ltd	37,280	Sydney Airport	36,180
13 National Australia Bank Ltd	36,804	Woolworths Group Ltd	33,230
14 Ramsay Health Care Ltd	26,941	Atlas Arteria	26,656
15 Sydney Airport	25,515	Washington H Soul Pattinson & Company Ltd	21,990
16 Coles Group Ltd	22,664	Seek Ltd	21,160
17 Washington H Soul Pattinson & Company Ltd	22,459	Brambles Ltd	20,930
18 Seek Ltd	21,890	Invocare Ltd	19,188
19 Resmed Inc	20,655	Event Hospitality and Entertainment Ltd	18,750
20 Brambles Ltd	17,664	Coles Group Ltd	18,690
21 Aurizon Holdings Ltd	14,760	Aurizon Holdings Ltd	16,200
22 Origin Energy Ltd	14,600	Orica Ltd	15,203
23 Carsales.com Ltd	14,192	Origin Energy Ltd	14,620
24 Event Hospitality and Entertainment Ltd	12,615	Ramsay Health Care Ltd	14,448
25 Orica Ltd	12,480	LendLease Group	14,300
<b>Total Top 25 Investments</b>	<b>1,042,184</b>		<b>1,125,837</b>
<b>Total Investments at Market Value, Net Short Term Receivables and Cash</b>	<b>1,155,923</b>		<b>1,325,504</b>

# Directors' Declaration

1. In the opinion of the directors of Australian United Investment Company Limited ("the Company"):
  - (a) The financial statements and notes set out on pages 15 to 31, and the remuneration disclosures that are contained in the Remuneration Report on page 12 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 2020 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 2020.

Signed in accordance with a resolution of the directors.



Charles Goode  
Director

Dated at Melbourne this 19th day of August 2020



## Independent Auditor's Report

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To the shareholders of Australian United Investment Company Limited

### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of Australian United Investment Company 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 2020 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 2020
- 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* (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.



## 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 investment portfolio (\$1,135.1 million)

Refer to Note 8 - Investments

#### The key audit matter

The Company's investment portfolio is \$1,135.1 million which constitutes 98% of the Company's total assets as at 30 June 2020 and is considered to be one of the key drivers of operations and performance results.

We do not consider the fair value of the investment portfolio to be judgemental in nature as it is comprised of equity securities listed on the ASX. However, due to the size of the investment portfolio, valuation and existence is considered a key audit matter. 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.

#### How the matter was addressed in our audit

Our procedures included:

- Documenting and assessing the processes in place to buy and sell equities in the portfolio, including assessing the controls over transactions;
- Checking the number of shares or units in each equity investment for the entire investment portfolio to electronic share registry records;
- Recalculating the fair value of investments based on the last quoted market price; and
- Assessing the disclosures in the financial statements with reference to the requirements of accounting standards.



Completeness of the net deferred tax liability (\$137.2 million)	
Refer to Note 4 - Taxation	
The key audit matter	How the matter was addressed in our audit
<p>The Company's deferred tax liability is \$137.2 million which constitutes 61% of the Company's total liabilities as at 30 June 2020.</p> <p>The deferred tax liability relates to the expected tax on disposal of equity securities in the investment portfolio. The deferred tax liability is determined 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>The Company's deferred tax assets are set off against the deferred tax liability to the extent that it is probable taxable profit will be available against which the deductible temporary difference can be utilised.</p> <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, including tax specialists.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Recalculating the closing tax cost base of the investment portfolio by adding the total purchases and sales for the year, stated at their tax cost base, to the opening balances of the investment portfolio and reconciling this to the Company's portfolio valuation report;</li> <li>Recalculating the gross deferred tax liability, including checking the valuation and accuracy of the market value of the investment portfolio and checking the tax base to the Company's investment register;</li> <li>Recalculating the net deferred tax liability by reconciling the opening and closing deferred tax balances, including the offset of deferred tax assets and liabilities;</li> <li>Assessing whether the tax effects of significant events identified during the audit, such as fair value or tax base adjustments, have been appropriately identified, calculated and recorded, as applicable; and</li> <li>Engaging KPMG tax specialists to assess the tax calculations prepared by the Company, including the deferred tax liability relating to the investment portfolio.</li> </ul>

## Other Information

Other Information is financial and non-financial information in Australian United Investment Company 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. 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](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf). This description forms part of our Auditor's Report.



## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Australian United Investment Company Limited for the year ended 30 June 2020 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 2020.

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

19 August 2020

# Additional Information

## Distribution of shareholders as at 31 July 2020

Category Holders	Ordinary Shares	No of Holders	%
1 - 1,000	462,552	1,174	0.37
1,001 - 5,000	5,655,140	2,054	4.54
5,001 - 10,000	6,468,868	912	5.19
10,001 - 100,000	20,749,466	918	16.65
100,001 and over	91,282,620	45	73.25
	124,618,646	5,103	100.00

There were 149 ordinary shareholders holding less than a marketable parcel (62 shares) at 31 July 2020.

## Substantial Shareholders

The number of shares disclosed by the substantial shareholders and their associates in substantial shareholder notices received up to 31 July 2020 are set out below:

Substantial Shareholder	No. of Shares
The Ian Potter Foundation Limited	44,446,603
Argo Investments Ltd	14,416,456
Lady Primrose Catherine Potter, Primrose Properties Pty Ltd and Decerna Pty Ltd	7,773,293

## Voting Rights

All ordinary shares carry equal voting rights.



**Twenty Largest Equity Security Holders**

The twenty largest shareholders, listed below as at 31 July 2020, hold 87,811,704 ordinary shares which is 70.46% of the issued capital.

**Ordinary Shares**

Shareholder Name	No. of Shares	% Held
The Ian Potter Foundation Ltd	51,824,774	41.59
Argo Investments Ltd	14,314,840	11.49
HSBC Custody Nominees (Australia) Ltd	8,442,199	6.77
Primrose Properties Pty Ltd	6,849,584	5.50
Beta Gamma Pty Ltd	1,058,281	0.85
Lady Primrose Catherine Potter	847,100	0.68
Decerna Pty Ltd	632,785	0.51
Brownell Superannuation Pty Ltd	480,000	0.38
Mythia Pty Ltd	358,151	0.29
Bellwether Investments Pty Ltd	350,000	0.28
Allan Farrell Pty Ltd	346,867	0.28
Invia Custodian Pty Ltd	344,388	0.27
Matluc Nominees Pty Ltd	288,443	0.23
Mr James Gordon Moffatt	261,743	0.21
Duesburys Services Pty Ltd (Carolyn Anne Parker Bowles)	248,973	0.20
Pards Pty Ltd	248,001	0.20
Chabar Pty Ltd	245,194	0.20
Mr Paul William Brotchie & Mr Kenneth Francis Wallace	241,136	0.19
Dandav Pty Ltd	218,307	0.17
The Manly Hotels Pty Ltd	210,938	0.17
	87,811,704	70.46

**Brokerage Paid**

The amount of brokerage paid or charged to the Company during the financial year ended 30 June 2020 totalled \$206,208 (2019: \$374,008). None of that 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 2020

Unless otherwise stated, the securities in this list are fully paid ordinary shares or stock units. The industry percentages shown are based on market values of the listed share investments.

		30/6/2020			30/6/2019
	Market Value \$	% of Portfolio at Market Value	Units Held	Capital Movements or Portfolio Adjustments	Units Held
<b>Banks (20.6%)</b>					
Australia & New Zealand Banking Group Ltd	55,920,000	4.8	3,000,000		3,000,000
Commonwealth Bank of Australia Ltd	90,246,000	7.8	1,300,000		1,300,000
National Australia Bank Ltd	36,804,400	3.2	2,020,000	Purchased 20,000	2,000,000
Westpac Banking Corporation	55,088,550	4.8	3,069,000	Purchased 69,000	3,000,000
<b>Consumer (15.4%)</b>					
Carsales.com Ltd	14,192,000	1.2	800,000		800,000
Coles Group Ltd	22,664,400	2.0	1,320,000	Sold 80,000	1,400,000
Event Hospitality and Entertainment Ltd	12,615,000	1.1	1,500,000		1,500,000
Reece Ltd	5,514,000	0.5	600,000	Purchased 600,000	-
IDP Education Ltd	-	-	-	Sold 500,000	500,000
Ooh!Media Ltd	-	-	-	Sold 500,000	500,000
Seek Ltd	21,890,000	1.9	1,000,000		1,000,000
Tabcorp Holdings Ltd	4,056,000	0.4	1,200,000		1,200,000
Wesfarmers Ltd	59,175,600	5.1	1,320,000	Sold 80,000	1,400,000
Woolworths Group Ltd	37,280,000	3.2	1,000,000		1,000,000
<b>Energy (6.0%)</b>					
Oil Search Ltd	-	-	-	Sold 1,100,000	1,100,000
Origin Energy Ltd	14,600,000	1.3	2,500,000	Purchased 500,000	2,000,000
Santos Ltd	7,420,000	0.6	1,400,000	Purchased 150,000	1,250,000
Woodside Petroleum Ltd	44,382,500	3.8	2,050,000	Purchased 150,000	1,900,000
Worley Ltd	3,880,400	0.3	445,000	Purchased 445,000	-
<b>Health Care (14.8%)</b>					
CSL Ltd	114,800,000	9.9	400,000		400,000
Invocare Ltd	9,484,400	0.8	905,000	Sold 295,000	1,200,000
Ramsay Health Care Ltd	26,940,600	2.3	405,000	Purchased 205,000	200,000
Resmed Inc	20,655,000	1.8	750,000		750,000
<b>Infrastructure &amp; Utilities (13.3%)</b>					
Atlas Arteria	42,699,000	3.7	6,450,000	Purchased 3,050,000	3,400,000
Napier Port Holdings	6,733,202	0.6	2,000,000	Purchased 2,000,000	-
Sydney Airport	25,515,000	2.2	4,500,000		4,500,000
Transurban Group	78,704,100	6.8	5,570,000	Purchased 70,000	5,500,000

## List of Investments as at 30 June 2020

Unless otherwise stated, the securities in this list are fully paid ordinary shares or stock units. The industry percentages shown are based on market values of the listed investments.

	30/6/2020			30/6/2019
	Market Value \$	% of Portfolio at Market Value	Units Held	Capital Movements or Portfolio Adjustments Units Held
<b>Mining (12.9%)</b>				
Alumina Ltd	8,937,500	0.8	5,500,000	5,500,000
BHP Group Ltd	66,267,000	5.7	1,850,000	1,850,000
Rio Tinto Ltd	73,470,000	6.4	750,000	750,000
South32 Ltd	-	-	-	Sold 3,000,000 3,000,000
<b>Mining Services (1.1%)</b>				
Orica Ltd	12,480,000	1.1	750,000	750,000
<b>Other Financials (9.5%)</b>				
Challenger Ltd	10,187,100	0.9	2,310,000	Purchased 510,000 1,800,000
Diversified United Investment Ltd	60,912,000	5.3	14,400,000	14,400,000
Link Administration Holdings Ltd	10,455,000	0.9	2,550,000	Purchased 1,050,000 1,500,000
Macquarie Group Ltd	1,423,200	0.1	12,000	Purchased 12,000 -
Pendal Group Ltd	4,776,000	0.4	800,000	800,000
Washington H Soul Pattinson & Company Ltd	22,459,500	1.9	1,150,000	Purchased 150,000 1,000,000
<b>Property (1.8%)</b>				
LendLease Group	11,133,000	1.0	1,100,000	1,100,000
Scentre Group	6,510,000	0.6	3,000,000	Purchased 3,000,000 -
Unibail-Rodamco-Westfield	2,424,000	0.2	600,000	Purchased 600,000 -
<b>Transportation (2.8%)</b>				
Aurizon Holdings Ltd	14,760,000	1.3	3,000,000	3,000,000
Brambles Ltd	17,663,750	1.5	1,625,000	1,625,000
<b>Cash Trust &amp; Other Deposits (1.8%)</b>				
Cash Trust Units, Bank Deposits and Net Short Term Receivables	20,804,584	1.8	20,804,584	95,691,791
<b>Total</b>	<b>1,155,922,786</b>	<b>100.0</b>		



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Australian United Investment  
Company Limited

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