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10 October 2019

The Manager
ASX Market Announcements
Australian Securities Exchange
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

Electronic Lodgement

AMCIL Limited
2019 Annual General Meeting Presentation

Dear Sir / Madam

Please find attached a presentation that will be delivered to shareholders at the Company's Annual General Meeting to be held today.

Yours faithfully

Matthew Rowe
Company Secretary

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Annual General Meeting 2019

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Financial Results

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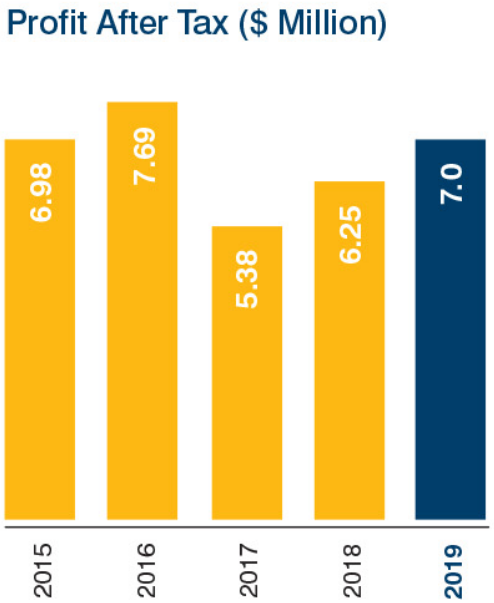
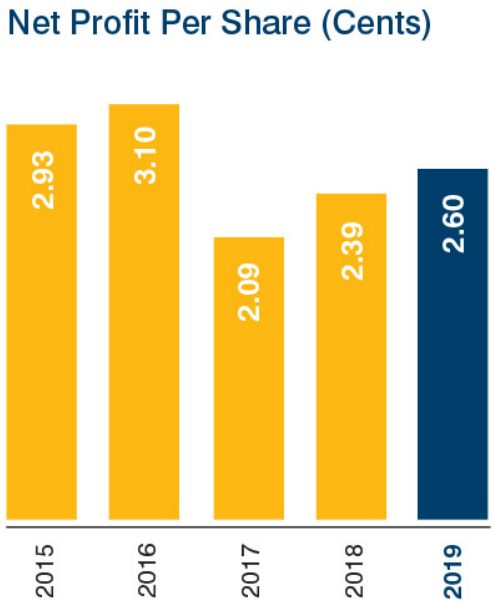
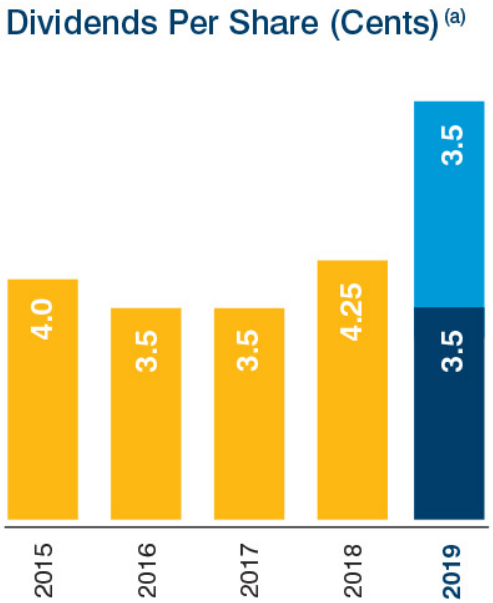
Financial results







(a) 3.5 cent dividend (interim and special) paid February 2019.

Management expense ratio of 0.72%

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Our Approach

AMCIL as a listed investment company

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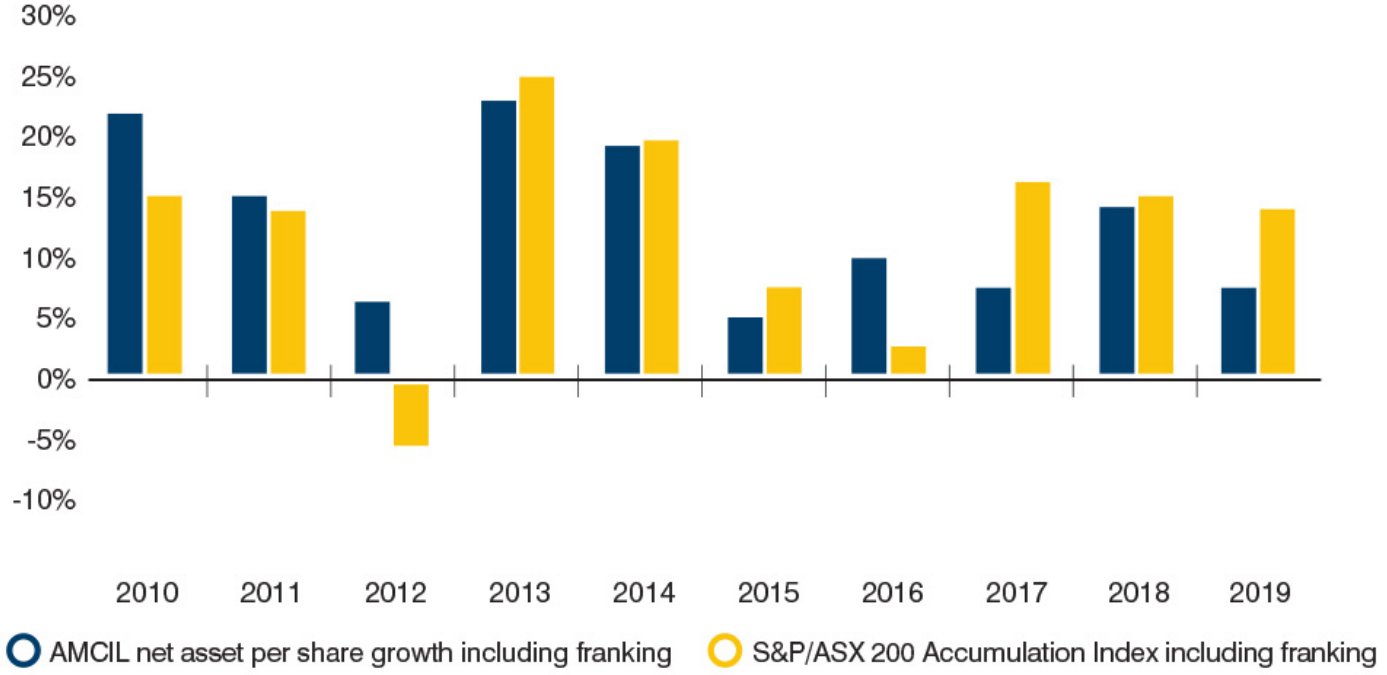
Shareholders own the Company	**Disciplined investment approach**	**Transparent**
Tax effective	**Low cost – no performance fees**	**Benefits of a closed end fund**

Annual performance can vary quite differently to the index – portfolio performance each financial year with franking*



* Assumes an investor can take full advantage of the franking credits.

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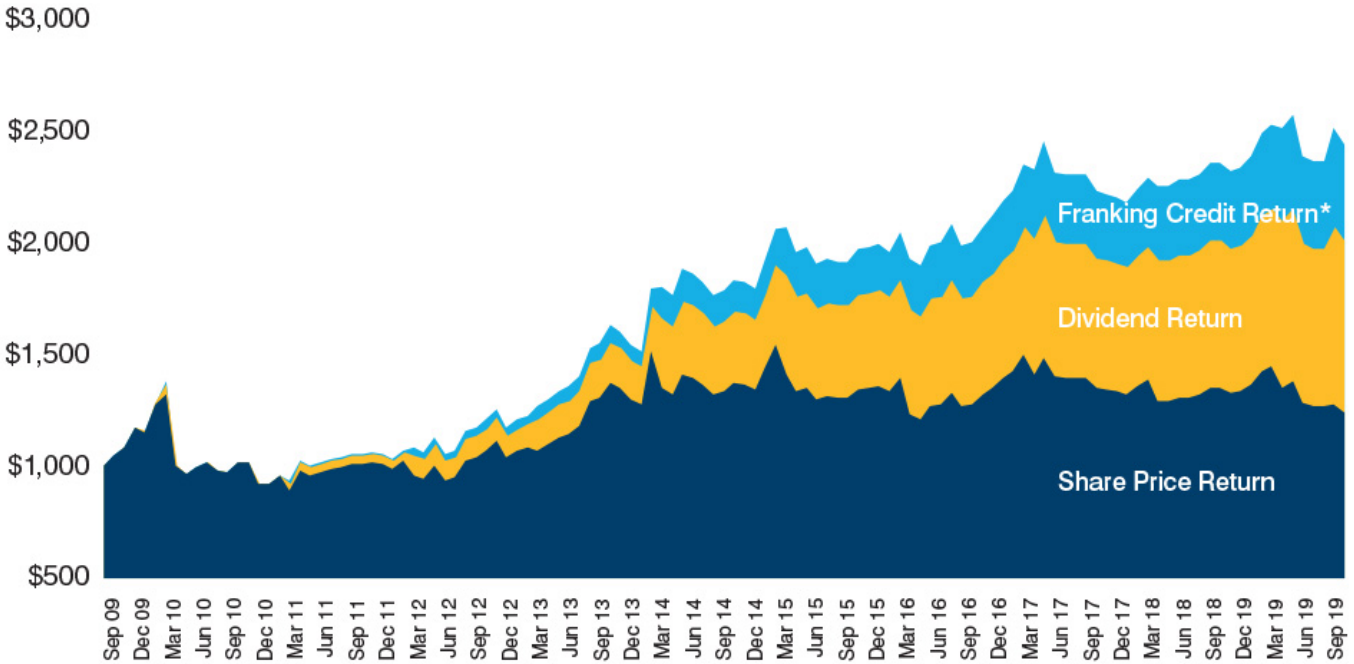
Components of share price return – 10 year return to 30 September 2019, including franking, has been 10.5% per annum



* Assumes an investor can take full advantage of franking credits.

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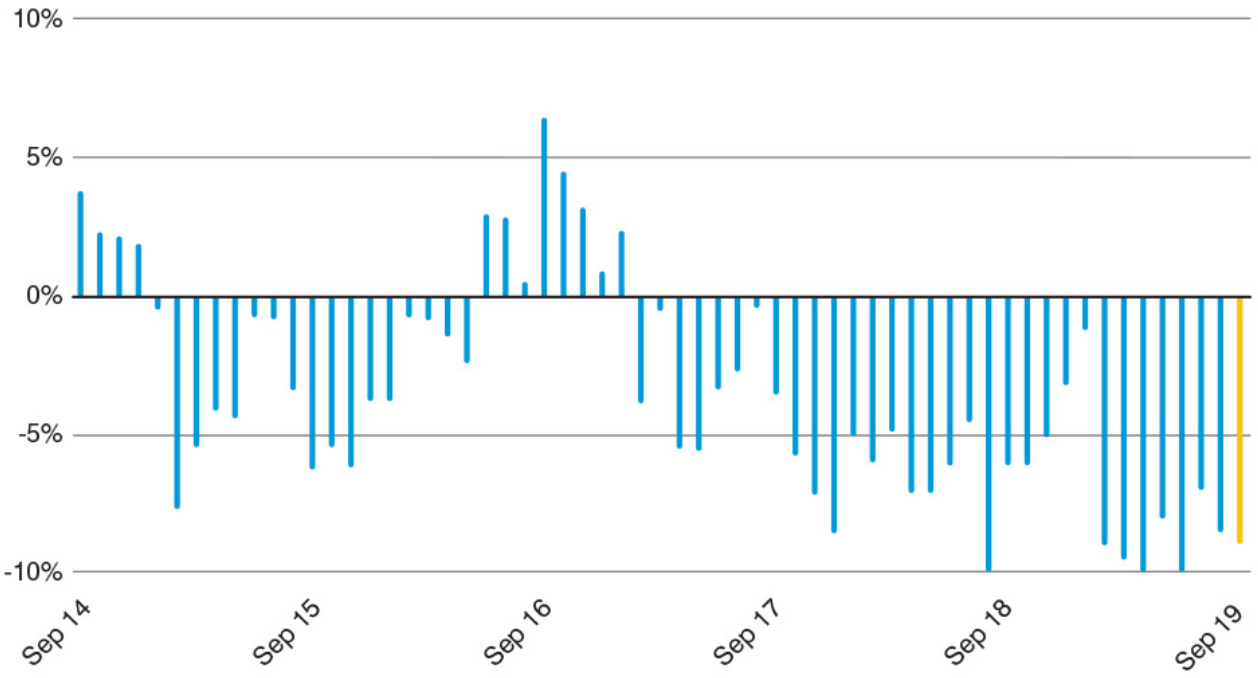
Share price relative to net asset backing per share



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Performance and the Portfolio

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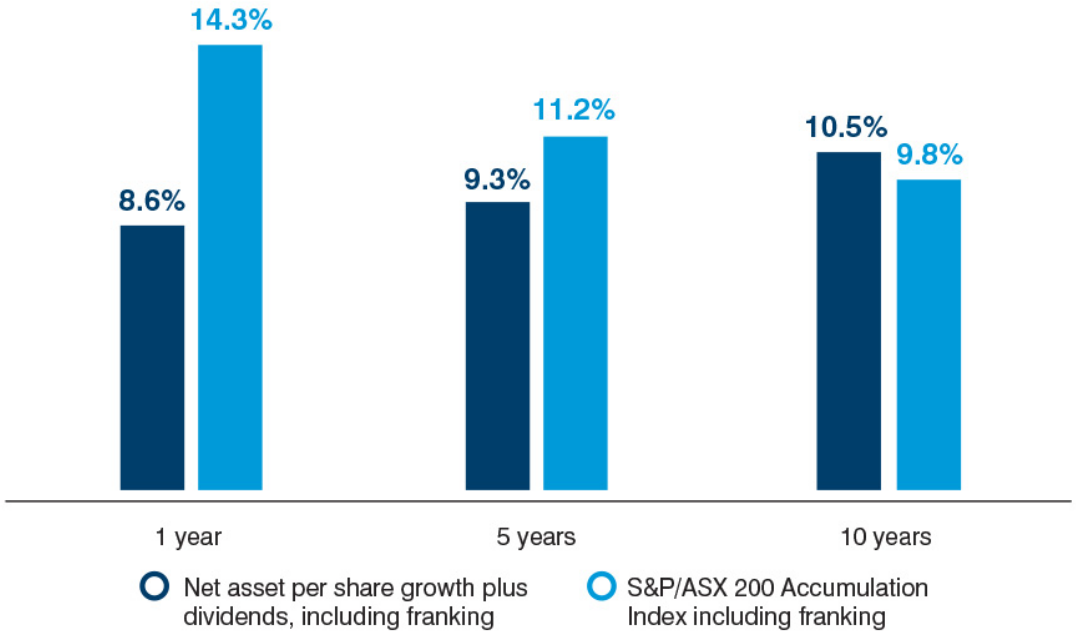
Portfolio performance including benefit of franking credits* – to 30 September 2019



* Assumes an investor can take full advantage of the franking credits.

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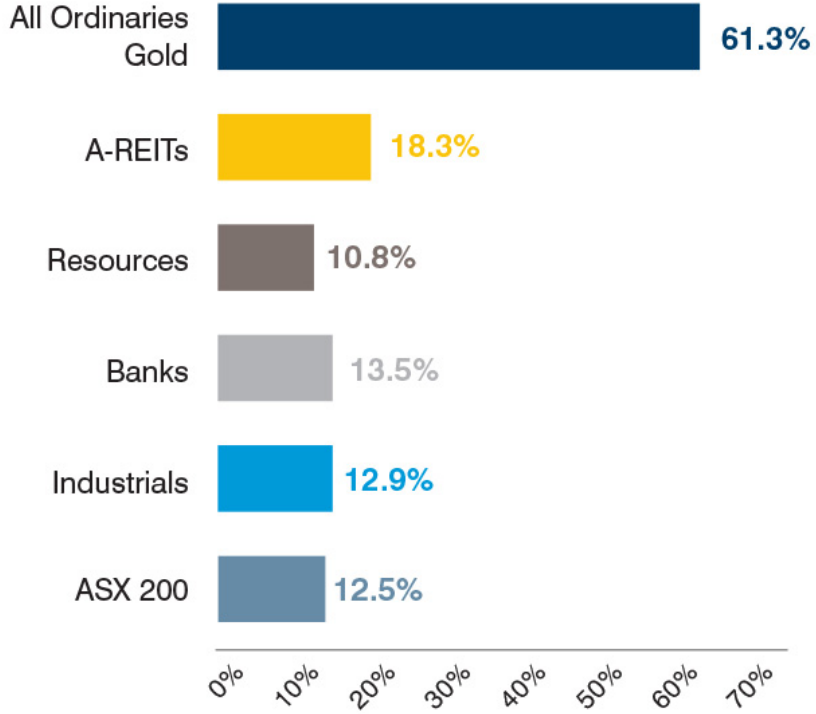
Some sectors of the market have been very strong over the 12 months to 30 September 2019



Includes dividends

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AMCIL's investment focus

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We are long term investors in high quality companies reflecting our greatest conviction.

Focused portfolio covering large, medium and small companies.

Our size means smaller companies can have an equally important impact on portfolio returns as large ones.

Can utilise buy and write option strategies and small trading portfolio when appropriate to generate additional fully franked income.

AMCIL's investment approach – focus on investing in quality companies that can grow over the long term

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Companies that have a sustainable competitive advantage:

- Unique set of assets
- Sustainable over the long term – have survival characteristics
- Independence from outside influences
- Business exhibits leadership position or developing one
- Makes returns above cost of capital

AMCIL's investment approach focus on investing in quality companies that can grow over the long term continued

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Are run by people we can trust:

- Shareholder focus (owner/driver)
- Passionate about their business
- Have deep understanding of industry and their business
- Are good stewards of capital
- Willing to take long term views on what is best for the business

AMCIL's investment approach focus on investing in quality companies that can grow over the long term continued

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- Preference for businesses which generate more consistent earnings streams
- With strong balance sheets – avoid companies with high levels of debt
- Want to invest in companies that can grow over the long term
- Seek to buy these stocks when we identify value

Companies with a dominant market position

MACQUARIE	Competitive advantage in growing green energy opportunities with a strong Return on Equity and balance sheet.
CSL	Strong management team, high returns, lowest cost, good balance sheet, investing in R&D for future earnings growth.
Ramsay Health Care	High quality portfolio of difficult to replicate assets and demand underpinned by an ageing population. Strong financial metrics.
SONIC HEALTHCARE	High quality portfolio of pathology assets globally. Opportunities to increase scale via industry consolidation. Medical leadership culture.
JamesHardie	Very strong market position with broadening distribution network and sustainable competitive advantage. Strong balance sheet.

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Companies with a sustainable competitive advantage

Transurban	Very unique toll road assets which benefit from population growth and have set inflation linked pricing. Further opportunities to add new growth projects which support long term cash flow growth.
Sydney Airport	Attractive monopolistic assets which generate attractive returns. Opportunities to invest to generate further growth. Strong management team.
carsales.com	Dominant market position in Australia auto classifieds with a growing presence in South Korea and South America. Technology investment provides competitive advantage. Strong management team.
Wesfarmers	Bunnings (60% of Wesfarmers) is a leading DIY retailer generating very attractive growth and returns. Lowest cost and scale provide competitive advantage. Management very focused on growing returns on capital. Strong balance sheet.

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Owner/driver companies

	Emerging leader in logistics solutions globally. Unique owner/driver culture which enables long term view of investment. Generates attractive Return on Invested Capital (ROIC).
	Strong management team who have built a successful Australian business which generates attractive returns. Seeking to replicate this in the US.
	Founder led telecommunications business which is utilising its strong balance sheet to build long life, high ROIC data centre assets.
	Quality portfolio of difficult to replicate assets seeking to reduce freight costs and benefit from the modal shift from road to rail. Focused management who take a long term view.

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Owner/driver companies continued

seek	Dominant market position in the provision of online employment classifieds in Australia and New Zealand. Emerging market opportunities in China, South East Asia and South America.
wellcom WORLDWIDE	Founder led business which is currently being taken over by a large Korean advertising agency.
ARB	Founder led business which has developed a very strong brand in the Australian 4WD parts market. Long runway in overseas markets provides opportunity to capture substantial market share.
Objective	Founder led, content management software business. Invested heavily in R&D over many years, is now generating strong growth in annuity style revenues.

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Option strategies are used to enhance the income of the portfolio

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- Banks and resource companies face some challenges in terms of longer term growth and offer a more cyclical earnings profile
- However, they rank highly on our quality ranking (given strong industry/asset positioning) and when bought at attractive prices offer attractive franked income
- Using option strategies further adds to the income generated from the investment and compensates for the lower expected growth outlook

Top 20 investments as at 30 September 2019

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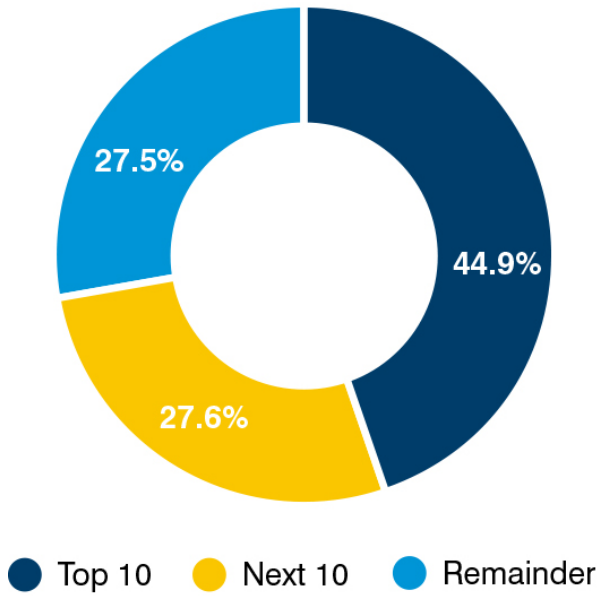
Focused Portfolio – 36 holdings in total



Rank	Company	% of Portfolio
1	CSL Limited	7.6%
2	National Australia Bank*	5.7%
3	Mainfreight	4.7%
4	Macquarie Group	4.4%
5	Transurban Group	4.3%
6	BHP*	4.2%
7	Wesfarmers	4.0%
8	James Hardie Industries	3.5%
9	Sydney Airport	3.4%
10	Reliance Worldwide Corporation	3.1%

* Indicates that options were outstanding against part of the holding.

Top 20 investments as at 30 September 2019 continued

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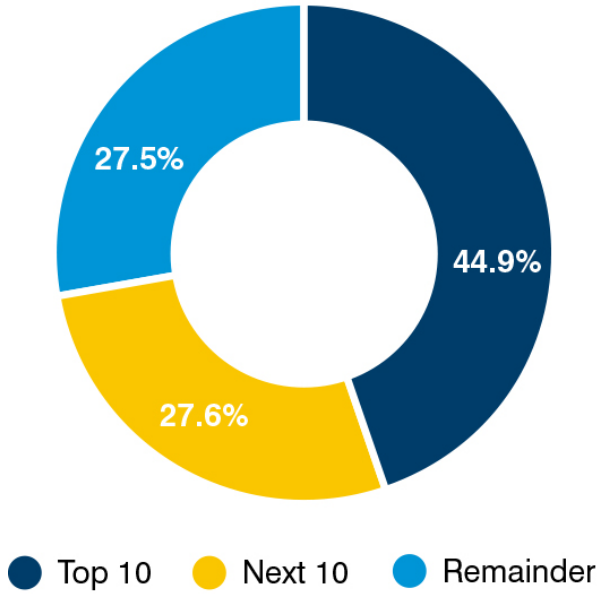
Focused Portfolio – 36 holdings in total



Rank	Company	% of Portfolio
11	EQT Holdings	3.0%
12	Carsales.com	3.0%
13	Qube Holdings	2.9%
14	Wellcom Group	2.9%
15	Commonwealth Bank of Australia*	2.8%
16	Oil Search	2.7%
17	Objective Corporation	2.6%
18	Reece	2.6%
19	Sonic Healthcare	2.6%
20	Seek Limited	2.5%

* Indicates that options were outstanding against part of the holding.

Current factors at play in the market

- Interest rates are very low globally and appear to be going lower
- Investors search for yield in the low rate environment has driven up equity prices
- Multiples for high PE stocks vs low PE stocks (growth vs value) are at extreme levels
- US/China trade war and Brexit creating uncertainty
- Slowing growth in Chinese economy is impacting outlook for growth for Australia's resource companies

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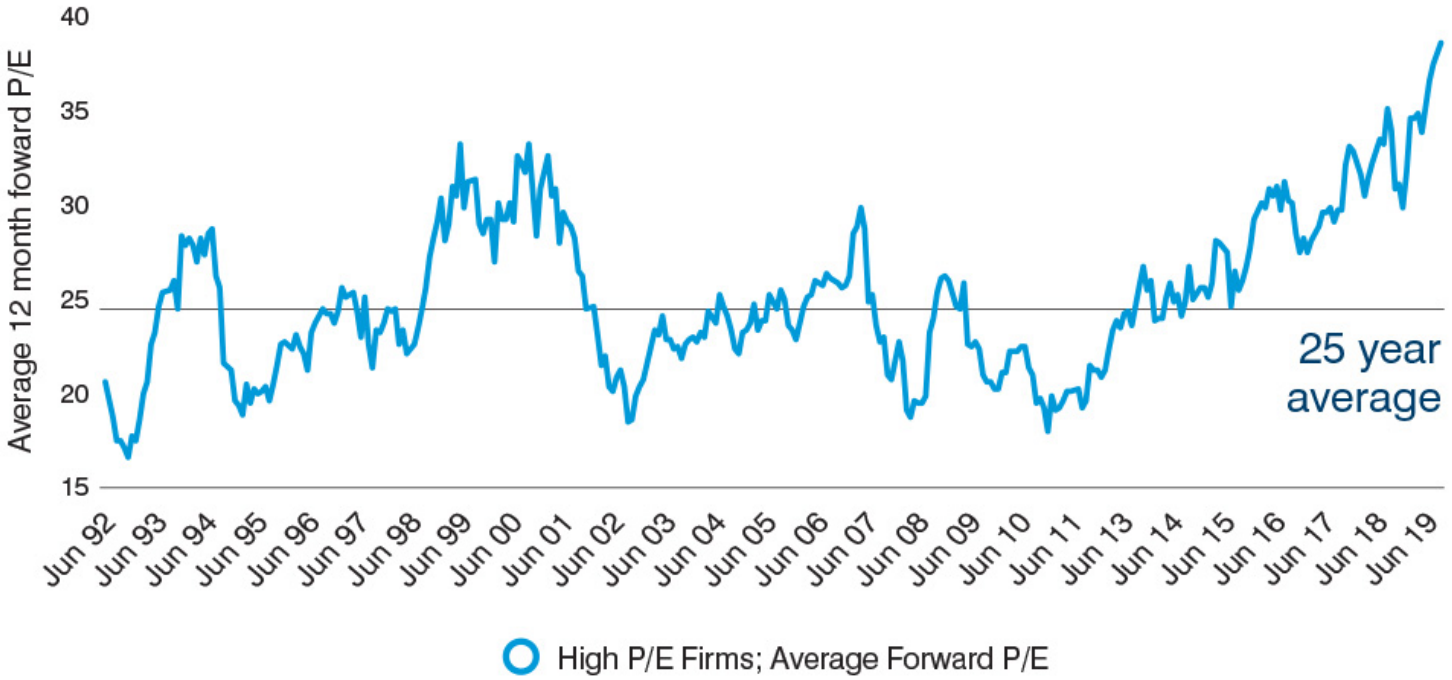
With valuations remaining well above the long term average for high PE stocks



Source: Goldman Sachs Research

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How the portfolio is positioned in this environment

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- Reduced number of holdings in the portfolio
- Quality, including balance sheet strength, before growth and value
- Cash available to buy long term value in substantial dips
- Currently in an investment environment where returns are likely to be more subdued – income strategies, including buy and write call options can be attractive

Closing Comments

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Issues to consider

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