

# RYDER CAPITAL LIMITED

23 October 2017

Market Announcements Platform  
Australia Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

## **2017 Annual General Meeting – Chairmans' Address**

Please find attached the Chairmans' address from the Company's Annual General Meeting held earlier today.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'D Bottomley', with a stylized flourish at the end.

David Bottomley  
Director and Company Secretary

# RYDER CAPITAL LIMITED

## **2017 Annual General Meeting – Chairmans’ Address**

On behalf of the Board, I would like to welcome all Ryder Capital Limited (Ryder or Company) shareholders and other visitors present to our second Annual General Meeting. As we have a quorum, I now declare the Annual General Meeting open.

My name is Peter Constable and I am Chairman of Ryder. Our Board present here today consists of David Bottomley, Executive Director and Ray Kellerman, Non-Executive Director.

Ryder performed well in its second year of operation since listing in September 2015. This performance when compared to FY2016, benefitted from a more fully invested portfolio, good stock selection and a broadly supportive equity market environment.

I would like to take this opportunity to remind you of what our investment strategy and objectives are.

Our strategy is to build and manage a concentrated portfolio of between 10 and 20 securities with a bias towards micro and small caps. We focus on both value (including deep value and out of favour businesses) together with growth opportunities where we see a material discount for growth. We take a long term view requiring conviction, patience and in some circumstances courage.

Our investment objective is to provide shareholders with consistent long term capital growth above our benchmark which is the RBA Cash rate plus 4.25%.

## **Results for the year ended 30 June 2017**

At 30 June 2017, approximately 84% of the Company’s capital was deployed in equities and 16% held in cash, term deposits or other liquid investments.

The Company’s performance is best measured by the movement in Net Tangible Assets (NTA) per share before tax. For the 12 month period to 30 June 2017 the Company’s NTA per share appreciated 24.63% from a pre-tax NTA of \$0.9738 to \$1.2136 per share.

Whilst 2017 was a much improved year it is important to note that we have been operating for less than 2 years and therefore performance during relatively short periods of review such as this are not overly instructive in the context of our long term strategy. Cash weightings held during a period where long term investments were being initiated and/or managed remained high at an arithmetic average of 29% for the year.

# RYDER CAPITAL LIMITED

We are patient in our approach to building meaningful stakes in undervalued or what we consider to be valuable companies.

## Investment Performance

Ryder's NTA performance is reported monthly accompanying our ASX NTA announcements. As at 30 September 2017, Ryder had continued to generate strong absolute and relative performance, outperforming its benchmark across all time periods we report on after all fees and expenses as summarised below:

	<b>3 Months</b> (%)	<b>6 Months</b> (%)	<b>1 Year</b> (%)	<b>Since Inception<sup>(2)</sup></b> (% per annum)
<b>NTA Return (Pre Tax)</b>	<b>10.05%</b>	<b>12.81%</b>	<b>19.35%</b>	<b>15.89%</b>
<b>Hurdle (RBA Cash Rate + 4.25% Return)</b>	<b>1.42%</b>	<b>2.84%</b>	<b>5.75%</b>	<b>5.93%</b>
<b>Excess Return</b> NTA Return (Pre Tax) - RBA Cash Rate + 4.25%	<b>8.63%</b>	<b>9.97%</b>	<b>13.60%</b>	<b>9.96%</b>

1. Unaudited investment performance less all costs of operating Ryder Capital Ltd including investment management and performance fees

2. Inception Date of 22 September 2015

While NTA is our key performance measure, the Company's share price performance can reasonably occupy shareholders minds from time to time. I am pleased to report that the Ryder share price has begun to more closely track the Company's underlying investment performance and I see no reason why this will not continue.

The improved correlation between the Company's share price and NTA is a function of many inputs such as underlying investment performance, market awareness/communication, liquidity, overall market sentiment and capital management. However, it is my firm belief that in the medium to longer term, what matters most is performance and the more superior the performance the more attractive Ryder will become to current and prospective shareholders.

While we don't propose to 'sing from the roof tops', we are endeavouring to improve our communication which you will begin to see over the course of this year, starting this month with a new more informative monthly NTA report to be released in early November (2017).

# RYDER CAPITAL LIMITED

## **Outlook**

The Company entered FY2017 in a strong position with a cash and equivalents weighting of approximately 16% as of 30 June. Cash weightings have further reduced to approximately 8.5% as at 30 September as new opportunities have been identified during the first quarter of FY2017. The Company is now fully invested with a Portfolio that we believe can continue to drive strong absolute performance into the future.

With equity markets around the globe pushing to record highs, and some of our investments having risen substantially we are targeting an increase in cash over the coming months/quarters and as such we are actively identifying positions in the Portfolio where we can trim exposures.

To the extent we realise a portion of the Company's strong investment performance as part of our rebalancing of the Portfolio, the Board intends to review and consider the merits of an interim dividend for FY2018.

## **Portfolio Comments**

All investments held by the Company as at 30 June 2017 were disclosed in the Company's 2017 Annual Report consistent with our ASX reporting obligations. In the interests of keeping shareholders more informed and for the benefit of those shareholders present here today we provide the following disclosure of our Top 10 holdings as at 30 September 2017.

# RYDER CAPITAL LIMITED

<b>Top 10 Holdings - September 30th 2017</b>	<b>Portfolio % (Market Value)</b>
Updater Inc- CDI	18.3
Codan Ltd	9.5
NextDC Ltd	7.9
Topbetta Holdings Ltd	7.4
Billabong International Ltd	7.0
SRG Ltd	6.6
Kogan.com Ltd	6.3
Flexigroup Ltd	3.9
BC Iron Ltd	3.1
Pacific Energy Ltd	<u>3.1</u>
Top 10 Holdings	73.2
Other	18.3
Cash	<u>8.5</u>
Total	100.0

Peter Constable  
Chairman

October 23, 2017