



Company	Duxton Water Limited
Code	D20
Meeting	AGM
Date	30 May 2022
Venue	Lion Hotel, Melbourne St, North Adelaide
Monitor	Brad Martin & Greg O'Connell

Number attendees at meeting	50 with 25% known to be ASA members
Number of holdings represented by ASA	4
Value of proxies	\$71,000
Number of shares represented by ASA	45,635
Market capitalisation	\$185.8m
Were proxies voted?	Yes, on a poll
Pre-AGM Meeting?	Yes, with Ed Peter (Non-Executive Chairman) & Dirk Wiedmann (Independent Non-Executive Director) & staff

A popular company with S.A. members

The AGM was held in a new location, there were some teething problems with the sound and Chairman Ed Peter was not feeling 100%. The Chairman's report was detailed and well backed up by presentations from Lachlan Campbell, Portfolio Manager Water, Strategy and Research and Lachlan Beech, Portfolio Manager Water Trading.

Neither Brendan Rinaldi nor Dennis Mutton, director up for re-election, was asked to speak. All motions were passed quickly and without contention.

A question on the Investment Manager fee was well answered. Our view is that while it is not an ideal arrangement, the fee charged is lower than the nearest comparison companies.

A question regarding the on-market buyback, asked by one of our members was along the lines of "you are trying to grow the company but your buying shares". Reply was that it is a way to give a return to the shareholders willing to sell and for the remaining shareholders to benefit from an increase in earnings per share. Our view is it may enhance the current share price while noting it doesn't always work out that way for every company that goes down that path.

Capital raising extra placement – will only be used when the share price is at fair value or close to it to be fair in maintaining value for existing shareholders. (The chairman’s meaning of ‘fair value’ is book value adjusted by substituting independent value of water assets for their book value.) The ambition to re-join the S&P/ASX300 Index given the current market capitalisation and the capital required is a multi-year challenge in current market conditions. Given the single asset class mantra, growth by acquisition will be difficult as Duxton is the only company that is listed that deals in water rights only. The company has a conservative borrowing policy.

Our question was on investor confidence around news in the press relating to the company and the effect on the share price. There was a detailed response to this with a summary being that bad news is magnified and good news is ignored by the media, therefore discounted by the market.

Some of the directors took part in the discussion.

Ed Peter talked about his personal investment style and values.

Duxton is a company that is willing to state its dividend targets two years in advance and the share price has a low correlation to the broader market. The portfolio mix to deliver returns in either wet or drought conditions combined with trading to capitalise on asset price movements while maintaining a low risk investment policy is a challenge to understand.