



Westoz Weekly

Dermot Woods, Executive Director

Dear Investor,

Rising COVID-19 case-counts in areas of the US and China made for a volatile week on financial markets. The US Federal Reserve arrested the market downturn by announcing on Monday night that it would commence buying corporate bonds to support market liquidity and the availability of credit for large employers. This policy announcement lifted markets but the ASX All Ordinaries Accumulation Index still ended the week down 3.3%.

Commodity prices were largely flat over the week. Iron ore was the standout rising 5%. By sector, Energy and Financials were sold off the most.

After a strong rebound in NTA values, the Westoz and Ozgrowth portfolios declined over the week. Price retracement in our mining services companies and energy holdings impacted portfolio values. Click on the blue numbers within the table below to access the NTA figures released to the ASX today.

	WIC.ASX	OZG.ASX
Pre Tax NTA	109.5	20.0c
Share Price	90.0c	16.5c
Share Price Discount to NTA	17.8%	17.5%
Gross Dividend Yield	9.5%	5.2%

Land Rush - WA Lot Sales Take Off



Recent talks with property market participants indicate sales of blocks of land in Western Australia have gone exponential in the last couple of weeks. People entering contracts to build new homes in Western Australia prior to the 31st December 2020 can now access up to \$69,440 in incentives through a combination of: Federal Homebuilder Grant (\$25,000), WA Government Building Bonus Grant (\$20,000) State First Home Owner Grant (\$10,000) and State stamp duty concessions (max. \$14,440). This, arguably over generous package, has ignited land sales in the State.

Anecdotal evidence suggests that titled stock will be exhausted prior to the end of this month. There is no shortage of readily developable land in WA. Years of stagnant demand have seen low levels of forward development, so the race is now on for land developers to develop lots and have titles issued prior to year's end. Incentives in other States are not yet as generous as WA, or as relevant in terms of property value, but we still expect to see a very reasonable amount of brought forward demand elsewhere nationally. It will also be interesting to see if there are policy reactions from other States as the level of economic stimulation from the WA scheme becomes apparent.

It is debatable whether this level of incentivisation is sound Government policy, but it is indisputably good news for our holdings in land development companies. We expect significant volume increases and some margin expansion to be experienced in the first half of FY2021. The inevitable hangover can be worried about another day.

Macmahon's Strategy On Track



Macmahon Holdings Limited (MAH.ASX) released a presentation yesterday, reporting their clients have been resilient to COVID-19 impacts and consequently their operations have had minimal disruption to productivity, supply chains and margins. MAH's order book now stands at \$4.6 billion, with a tender pipeline worth \$7 billion of which \$2-\$4 billion is expected to be awarded over the next 12 months. Accordingly, MAH recently reinstated their FY20 EBIT guidance of \$85-95 million. The midpoint of this range indicates growth of 20% on last year's and a doubling in operating profitability over the last two years.

We continue to like MAH, particularly because of their experienced management team and the fact that approximately 80% of their revenue comes from gold and copper/gold mines, which have not been materially impacted by COVID-19. MAH is a disclosed holding in both the Westoz and Ozgrowth portfolios.

How To Become A Shareholder

Investors wishing to gain exposure to our investments can purchase shares in Westoz Investment Company Limited and Ozgrowth Limited through your investment platform, stockbroker or affiliated advisor. Shares trade on the ASX under the tickers WIC.ASX and OZG.ASX.

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Westoz Funds Management

Westoz Funds Management Pty Ltd is the appointed investment manager for two listed investment companies: Westoz Investment Company Limited (WIC.ASX); and, Ozgrowth Limited (OZG.ASX). Westoz Funds Management is a wholly owned subsidiary of Euroz Limited (EZL.ASX).

Net Tangible Assets

The NTA figures reported above are unaudited and are our estimate as at the close of business on the specified date. Further detail on NTAs can be found on our [website](#).

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