



Dear Investor,

A more positive economic outlook helped the ASX ALL Ordinaries Accumulation Index to a 1% gain this week, led by the Financials and Materials sectors. Iron ore prices rallied 4% to more than US\$100/t as Brazilian supply concerns linger, while copper and nickel prices gained more than 3%. Brent oil rose almost 10% and gold was 1% higher.

The Westoz and Ozgrowth portfolios continued their strong recovery from the COVID-19 led sell off. The Westoz NTA increased 7.4% following a 21% rise in the share price of its largest holding, Perenti Global (PRN.ASX), while the Ozgrowth NTA rose 2.0% with West African Resources (WAF.ASX) leading the performance (see below). In contrast to these positive developments we were disappointed not to see an increased bid for Ozgrowth’s largest portfolio holding Zenith Energy (ZEN.ASX) (commentary below). 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	110.3	20.4c
Share Price	89.0c	16.0c
Share Price Discount to NTA	17.1%	19.6%
Gross Dividend Yield	9.6%	5.4%

Zenith Energy Revised Scheme Disappoints

Zenith Energy Directors released an updated statement on a revised scheme of arrangement proposal from Elemental over the week. Details have remained the same as the previously announced proposal other than a new joint venture being formed at the bid company level to now include 17.6% ZEN shareholder Apex. It is disappointing that no increase has been made in the \$1.01 bid price for Zenith given the following positive developments have occurred since the original bid was announced:

1. A potential new counter bidder emerged.
2. Zenith Energy Directors have increased FY2020 EBITDA guidance by approximately 13%.
3. The Scheme has been delayed approximately two months.
4. Zenith Directors announced a 100% expansion and 52 month extension to the Power Purchasing Agreement with Billabong Gold.
5. Dacian Gold, a large client of Zenith, has emerged from a two month suspension in ASX trading of its shares following a successful capital raise.
6. Gascoyne Resources Limited, a client of Zenith's in administration, has: continued operating; posted record production results; and, stated a successful operational turnaround has occurred.
7. The S&P/ASX Small Resources Accumulation Index has increased in value by 28%, which indicates a significantly improved funding environment for current and prospective Zenith Energy customers.

Westoz Funds Management filed a change in substantial for Zenith Energy yesterday and presently holds 10.04% of the outstanding share capital and voting power.

Westoz and Ozgrowth May Updates



May updates for Westoz and Ozgrowth were released on the ASX platform yesterday. Both portfolios increased strongly in May with Westoz rising of 9.5% and Ozgrowth up 7.1%. The ASX All Ordinaries Accumulation Index rose 5.0% in May. Click the images to read the reports. Video updates discussing recent portfolio activity will be available next week.

Emeco Announces Solid Earnings Update



Mining equipment rental business Emeco Holdings Limited (EHL.ASX) has announced a solid update to its FY20 earnings, guiding the market to between \$244m-\$247m EBITDA, indicating a second half improvement on its first half's \$119m EBITDA. Net debt guidance was unchanged at 1.5x times EBITDA.

EHL reported that COVID-19 has added some additional costs to its second half operations and the fall in coal price has led to lower equipment utilisation in the Eastern States. EHL stated its iron ore and gold operations continue to perform well and its Pit N Portal business executed a five year contract with Mincor Resources, subject to final approval in Q1 2021. EHL is a disclosed holding in the Westoz portfolio.

West African Resources Cash Generative Already



West African Resources (WAF.ASX) held their AGM last week, with shareholders tuning in via webcast. FY2020 has been an exceptional year for the company with the successful completion of its Sanbrado gold processing plant and commissioning into production. Of note from the AGM presentation was the fact that WAF generated over US\$7m in cash in April, its first full month of production, following the production of 13,644 ounces of gold and spending US\$23m on capital expenditure.

WAF remains on track to produce over 300,000 ounces in this first full year of production at a cost of less than US\$500/oz. WAF is a disclosed holding in the Westoz and Ozgrowth portfolios, its share price rose 14% over the week.

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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