



KAIZEN GLOBAL
Investments

Dividend February 2024

20 February 2024

Kaizen Global Investments Limited (“**KGI**”) is pleased to announce that it will pay a 5 cent per share, fully franked dividend to shareholders.

The Board is pleased to announce the payment of a **fully franked dividend of 5 cents per share**. This is equivalent to a 7.14 cent gross dividend (tax has been paid by the company at 30% tax rate, and the franking credit of approximately 2.14 cents will be passed to investors for their tax return).

The record date, for receiving the dividend, is Monday 18th March 2024, the ex-dividend date Friday 15th March with the payment to take place on 26th March 2024.

In Australia, a **100% fully franked dividend** has a **credit attached** which allows domestic investors to record in their tax return that 30% tax has already been paid. Hence the dividend could be thought of as a gross number (7.14 cents) when comparing against other potential return streams e.g. a term deposit.

Our maiden dividend payment of 6.5 cents was announced in April 2023. Today, within 12 calendar months, we are announcing a further dividend of 5 cents. Together these equate to 11.5 cents of fully franked dividends, which is equivalent to a 16.42 cents gross dividend (adding the franking credits at 30%). Based on the current share price of \$1.10, this would represent a gross yield of 14.9% when adding in the franking credit.

The Board will consider, subject to trading conditions and outlook for the 2024/2025 year, payment of **further dividends**.

Mr Grindlay said “*We have made investments in private businesses and aim to continue to do so if we find attractive opportunities. As a board, we will always consider the various options for redeployment of capital at the highest returns for the lowest risk. In previous years we have bought back and cancelled shares (which was accretive to NTA per share) and this is something that we will always consider. It is pleasing to be able to return a fully franked dividend of 5 cents, which means shareholders will have received 11.5 cents within 12 calendar months (with a franking credit attached). We thank our investors for their patience and commitment to the company’s journey. It is worth noting that many of the listed investment companies (LICs) we have observed/analysed, trade on yields of 4-5% and pay dividends from investment market gains. KGI is different as it can pay dividends from the cash flows generated from private business(es) that is/are owned.*”

Dividend reinvestment plan (DRP)

One sometimes sees a DRP plan running in parallel with a dividend payment. This allows a shareholder to ‘buy’ new shares immediately instead of taking the cash, and there is often a small discount to the share price to make this more attractive (e.g. a 3% discount). At this point, we do not think that issuing new shares at these prices is attractive to all shareholders over the long-term.

One should speak to their financial advisor if they have any questions regarding the dividend or franking credits or investing in general.

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Timing of franking credit for maiden dividend

As announced in the December 2023 NTA report, there is a **timing issue** on the recognition of the franking credit from the maiden dividend. See paragraphs below.

In April 2023 a payment was made to investors in anticipation of paying a fully franked dividend. As the company's FY 2023 income tax payment was not made until December 2023 – the payment cannot be treated as a fully franked dividend for the year ended 30 June 2023. **This is a timing issue.**

For tax purposes, this amount will be treated as a loan for 2023 and not as a fully franked dividend. In the 2024 financial year, since the tax was paid in that financial year, the loan will be converted to dividends and the payment will be treated as a fully franked dividend. The effective tax rate for a listed investment company is 30% on any fully franked dividends received. If you have any questions about this please speak to your accountant or advisor.

All holding enquiries should be directed to our share registry, Boardroom on 1300 737 760.
www.boardroomlimited.com.au



Connor Grindlay
Chief Investment Officer