

AIH Chairman's Address 2018

The profit after tax for the 2017/2018 year was \$288,239. This was \$169,982 higher than the previous year which had an Income Tax benefit of \$5,495 against a tax expense for 2017/2018 of \$34,058. The basic earnings per share was 18.5 cents against 7.3 cents for the prior year.

The majority of shareholder funds are invested over a medium to long term period. This is facilitated through investments in the Burrell Australian Equities Trust (BAET), Burrell World Equities Trust (BWET) and Burrell Small-cap, Mid-caps and Resources Trust (BSMART). At October 2018 AIH consisted of approx. 62% BAET and long-term Australian equity holdings, 22% BWET and 11% BSMART with the remainder in cash.

For 2017/2018 financial year the Australian core portfolio increased 14.6% while the ASX200 Accumulation Index increased 13.0%. The international core portfolio increased 12.5% against MSCI ex-Australia increase of 13.1%. BSMART increased 24.8% against 24.3% increase for ASX Small Ordinaries Index.

Interest rates continue to remain very low by long term standards in major parts of the world markets. Many Central Banks including Australia's Reserve Bank have used interest rates as a tool to stimulate demand and overcome deflation in consumer prices with mixed success. The unwinding of interest rates and bond prices which has begun in USA is likely to be dominant influence in markets over the next few years. The trade wars initiated by USA have also added a destabilising element to many markets particularly Asia. The growth trajectory of the world economy is expected to be dampened in response. Our manager remains alert to emerging trends and will continue to seek quality companies in growing sectors of all our markets which has served AIH well over many years.