

Chairman Address  
Australian and International Holdings Limited ACN 009 706 414  
("the Company" / "AIH")

The Profit after income tax for the financial year ended 30 June 2022 was \$239,211 representing a substantial increase in the profit from the previous year (compared with \$106,422). The unrealised changes in the value of equity investments at fair value (referred to as "other comprehensive income") for the financial year showed a loss of \$315,924 which was due to the fall in the market mainly in May and June 2022 and compared to a gain of \$795,400 in prior corresponding year.

The Board declared a final dividend of 5.5 cents per share fully franked, which was paid in October 2022. An interim dividend of 5 cents, fully franked, was paid earlier in April 2022.

The Net Asset Value stood at \$3.04 per share at 30 June 2022. This figure has increased to \$3.17 post tax (or \$3.47 pre-tax) as at 10 November 2022 just prior to preparation of this Chairman's address. Earnings per share based on net operating results are 14.42 cents per share which is a significant increase from the previous year.

Other reflections in respect of the financial year ended 30 June 2022 are as follows:

- The financial year to 30 June 2022 showed considerable volatility. The first portion of the year showed overall strong gains in book value, whereas the latter part of the year saw a pull back. This was due to a number of factors highlighted by increasing inflation in many jurisdictions (and an increasing belief that such inflation may be 'non-transitory'), an unsettled geo-political environment with the on-going Ukraine-Russia war, strong statements from Xi Jinping prior to his election for a third term and high energy prices restricting the EU economy and causing higher commodity prices throughout the world.
- The Australian economy (including the local share market) has shown considerable resilience from commodity price strength and Australian commodity exports being at strong levels.
- Australian and US employment has also been strong, aiding the economies of both countries.
- The UK economy has been generally poor with the tax strategies of Liz Truss not gaining favour and their economy being particularly savagely hit by inflation outweighing any tourism uplift due to celebrations of the life of Queen Elizabeth II and the appointment of a new monarch in King Charles III.
- The worst of the pandemic and the uncertainties created by it, is thought to have passed. However, new variants and new outbreaks continue to cause concern.
- The US Dollar has strengthened against most currencies. BWET has held some significant cash holdings in US dollars as a hedge against inflation, whilst awaiting good investment opportunities when P/E valuations of 'name stocks' reduce to reasonable levels.
- BWET's top holdings include (amongst others) Apple, Exxon Mobil, Merck & Co, Deutsche Boerse, Roche Holding, Shell, Home Depot and ING Group.
- Domestic holdings through the investment in the BAET trust have held their value and provided reasonable income returns. High P/E stocks have generally been avoided for new investments.

BAET's top holdings include (without being exhaustive) BHP Group, NAB, ANZ, Westpac, Woodside Petroleum, Macquarie Group, CSL, Amcor, South 32, Santos, Suncorp Group, Sonic Healthcare and Brambles.

- Small, Mid-Cap & Resources holdings (BSMaRT) investments in the battery minerals space and energy sector have been beneficial. Significant BSMaRT sub-trust holdings include Santos, Shaver Shop, Beach Energy, Myer, and Motorcycle Holdings. Other BSMaRT holdings include notably Bendigo & Adelaide Bank, Bank of Queensland, Incitec Pivot, Austwide Bank, Ampol Ltd, South 32 and GARDA Property Group.

Over the last year and a quarter, the BSMaRT portfolio has generally outperformed the small-cap Index but within that period, there would be sub-periods where that was not the case.

- Analysts views as to the future are mixed. Accordingly, Burrells in managing AIH and the trusts have taken a cautious view and are generally seeking to pick up good value stocks at times of weakness. This often involves carrying an increased level of cash for a period so as to avail itself of opportunities when they present.
- Investments in green energy and in the environmental, social & governance (ESG) managed funds sector are popular. They are in many cases exciting and technologically interesting. However, it is important to ask whether a number of said technologies are yet investible with a reasonable level of risk, or whether it is as yet still too early because they are still in the reasonably early research phase.

Overall, apart from a late dip in the market per 30 June 2022 which reduced the Net Asset Value (and which dip has essentially been recovered as at the date of this report), the relevant financial year has been strong with earnings facilitating good dividends which are fully franked. The first quarter of the 2022/2023 financial year has remained solid. However, inflation and rising interest rates seeking to slow the economy, are issues for this forthcoming year and beyond. With the geopolitical factors of the ongoing war between Ukraine & Russia and China concerns, volatility in share markets around the world is expected. Seeking good value stocks with reasonable PE ratios is expected to be the prime focus for AIH & relevant trusts through which it invests.

Roger Burrell

Acting Chairman

16-11-2022