

AIH QNews

March 2023

AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED

BURRELL'S OWN INVESTMENT COMPANY

As at 31st March 2023, AIH had net assets of approximately \$6.1M held in a strategically balanced and well-diversified set of portfolios. Across the AIH sub-entities, total funds under management is \$17.6M. The majority of shareholder funds are invested over a medium to long-term period in both Australian and international companies, as well as managed funds.

Dividends

An interim dividend of 6 cents per share, fully franked, was paid on 12th April 2023. A final dividend of 5.5 cents fully franked was paid on 14th October 2022. At the current price, this brings total full year yield of AIH to 3.76% fully franked.

A dividend history since 2003 is shown in Figure 1.

Net Asset Value

The company is listed on the National Stock Exchange under the code AID and a weekly Net Asset Value (unaudited) is calculated. The Net Assets per share was \$3.21 as at 31st March 2023 after subtracting deferred tax on unrealised capital gains for the core portfolio. The NTA before tax was \$3.49.

The rest of this update focuses on the core Australian and International share holdings as well as the Small, Mid-cap & Resources sector. Comparisons are made against the ASX200 & MSCI World Index ex-Australia in AUD.

AIH Structure

AIH is structured in order to provide investors with the opportunity to invest in a vehicle that holds positions in a strategically balanced and well-diversified set of portfolios. The majority of shareholder funds are invested over a medium to long-term period in both Australian and international companies and managed funds. This is facilitated through its investments in the Burrell Australian Equities Trust ("BAET"), Burrell World Equities Trust ("BWET"), and Burrell Small-caps, Mid-caps and Resources Trust ("BSMaRT"). BSMaRT is a managed trust akin to BAET and BWET. BSMaRT applies a portfolio concept to small-mid-sized companies including resource stocks. By applying a portfolio concept, investors participate in a diversified portfolio of 15-50 small-midcaps stocks. This is actively managed. BAET, BWET and BSMaRT are now available to retail investors.

At present AIH consists of approximately 66% BAET and long-term Australian equity holdings, 23% BWET and 11% of BSMaRT. The remainder is in cash.

The sub-trusts have produced above market returns for below market risk in recent years. Value and growth at reasonable price (GARP) stocks are preferred to growth at any price (GAAP) including technology and high risk smallcap mining.

Domestic Holdings (BAET)

So far this financial year, the Australian core portfolio has increased 10.22% (ASX200 Accum up 13.63%). Last financial year the portfolio increased 0.81% (ASX200 Accum declined 6.47%).

The ASX200 Index was up 2% during the quarter as ongoing interest rate hikes and geopolitical tension caused investors to be wary. Real Estate, Bank & Energy sectors declined with the spectre of a possible recession later this year increased as well as US & European banking sector distress. ASX 200 ended March at 7,177. Sectors that were positive during March were Materials and Telecoms. The gold sector was strong as investors looked to hedge in an uncertain investment environment.

Portfolio positioning has been to avoid the high P/E stocks where we believe the growth numbers will not materialize which leaves those names susceptible to significant pullbacks. We favour companies that are more reasonably valued with a measure of pricing power in their respective industries in order to pass on any inflationary costs that they may incur.

The commodities sector, especially gold, continued to outperform in the March quarter with the price of the yellow metal breaching US\$2,000/oz recently. We continue to position the portfolio for volatility taking advantage of oversold bluechip names that can hold margins during this period.

The top five holdings in the domestic portfolio are ANZ, Westpac, BHP, Woodside & National Australia Bank. We also hold 4,035 CBA shares directly in AIH.

We recently bought / topped up Challenger, Domino's & Computershare whilst selling / taking profits in Invocare, Pexa, Orica and BHP amongst others.

We still are wary of those companies trading on P/E valuations greater than 20 times but are not growing their earnings at 20% as we believe these companies will correct further than those companies trading on reasonable valuations.

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International Holdings (BWET)

So far this financial year, the international core portfolio is up 12.65% (MSCI ex-Australia Index up 13.25% currency adjusted). Last Financial Year, the Trust was down 5.55% (MSCI ex-Australia Index down 8.33%).

The fund is currently holding a significant level of cash to take a more cautious approach given the market environment. Recent US market strength is likely on the cooling of inflation, however given valuations and US Quarterly earnings in the coming weeks, we see a potential for disappointment and further market volatility given interest rate increases and concerns about a potential global recession.

Our preference remains towards brand name, market-leading stocks with conservative debt levels within our international equities portfolio (BWET).

We have looked to purchase stocks on recent volatility by buying/adding to positions in Merck, JPMorgan and Shimano whilst taking some profits in Teck Resources. We will look to continue with this strategy as we expect volatility to continue until the end of the financial year.

We currently hold AUD\$300,000 in a US Dollar Account as a currency hedging strategy and \$30,000 in a strong bear hedged fund over the NASDAQ leveraged at 2x. The portfolio has 11.5% in cash.

Small, Mid-Cap & Resources Holdings (BSMaRT)

So far this financial year, the portfolio is up 13.77% whilst the Small-cap Index is up 9.04%. Last financial year the portfolio declined 4.02% whilst the Small-cap Index was down 19.52%.

A strong performance in some of the smallcap resource names especially the battery minerals space and energy sector helped the portfolio. This was aided by relative outperformance of some small industrial companies as well. Meanwhile, we continue to be wary of holdings where earnings growth may not keep up with current valuations and look to reduce/sell off these companies.

In the trust, we have recently added/topped up Allkem, EVT, Garda Property Group and Ventia Services amongst others and taken profits/reduced holdings of Strike Energy, AP Eagers & Invocare.

Our five largest holdings are Shaver Shop, Santos, Myer Holdings, Bendigo & Adelaide Bank and Beach Energy.

For a comprehensive market wrap please ask your Burrell adviser for a copy of the latest Burrell Bourse. For further information on AIH please contact Dylan Katzer on 3006 7228 or go to www.burrell.com.au

Burrell Australian Equities Trust Consolidated Top 25 Direct Holdings & Managed Funds

| Description | % Value |
|---|--------------------------|
| Direct Holdings | |
| ANZ | 6.03% |
| WESTPAC BANKING CORP | 5.65% |
| BHP GROUP LTD | 5.54% |
| WOODSIDE ENERGY | 5.28% |
| NATIONAL AUSTRALIA BANK | 4.88% |
| MACQUARIE GROUP | 4.12% |
| AMCOR | 3.72% |
| SOUTH32 | 3.59% |
| CSL | 3.48% |
| SANTOS | 3.24% |
| SONIC HEALTHCARE | 2.86% |
| BRAMBLES | 2.68% |
| SUNCORP GROUP | 2.56% |
| NEWCREST MINING LTD | 2.52% |
| MIRVAC GROUP | 2.20% |
| INGHAMS GROUP | 1.94% |
| CHALLENGER LTD | 1.61% |
| PERPETUAL LTD | 1.55% |
| LENDLEASE GROUP | 1.53% |
| BANK OF QUEENSLAND | 1.52% |
| CARSales | 1.50% |
| APA GROUP | 1.19% |
| COLES GROUP LTD | 1.06% |
| VIRGIN MONEY UK PLC | 1.03% |
| TELSTRA | 0.99% |
| OTHER | 17.68% |
| Managed Funds & ETFs | |
| REDCAPE PROPERTY GROUP HOLDINGS | 1.37% |
| FIDELITY AUSTRALIAN EQUITIES FUND | 1.05% |
| BENNELONG EX-20 AUSTRALIAN EQUITIES FUND | 0.72% |
| GREENCAPE BROADCAP FUND | 0.27% |
| CASH | 12.41% |
| TOTAL | 100.00% |

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Burrell World Equities Trust Top 25 Direct Holdings & Managed Funds

| Description | Value |
|--|----------------|
| Direct Holdings | |
| APPLE | 5.68% |
| MERCK & CO | 4.19% |
| EXXON MOBIL ORD | 3.90% |
| TECK RESOURCES | 3.14% |
| DEUTSCHE BOERSE | 3.02% |
| SIEMENS AG | 2.40% |
| ING GROEP | 2.35% |
| SHELL | 2.32% |
| PM CAPITAL GLOBAL OPP FUND | 2.31% |
| MICROSOFT | 2.13% |
| HOME DEPOT | 2.00% |
| RECKITT BENCKISER GROUP | 1.88% |
| NOVARTIS | 1.80% |
| TAIWAN SEMICONDUCTOR | 1.76% |
| ROCHE HOLDING AG | 1.76% |
| WALT DISNEY CO | 1.72% |
| RAYTHEON TECHNOLOGIES | 1.69% |
| INTEL CORP | 1.47% |
| ASAHI GROUP | 1.37% |
| BMW ORD | 1.35% |
| PFIZER INC | 1.30% |
| CISCO SYSTEMS | 1.29% |
| SOCIEDAD QUIMICA | 1.20% |
| LOCKHEED MARTIN | 1.16% |
| JPMORGAN CHASE & CO | 1.12% |
| OTHER | 16.68% |
| Managed Funds | |
| INCOMETRIC FUND – GLOBAL VALOR – CLASS B | 14.27% |
| WALTER SCOTT GLOBAL EQUITY HEDGED | 2.79% |
| FIDELITY GLOBAL EQUITIES | 2.41% |
| PLATINUM INTERNATIONAL FUND | 2.25% |
| PLATINUM INT'L BRANDS FUND | 1.54% |
| CASH | 11.75% |
| TOTAL | 100.00% |

Burrell Small-cap, Mid-cap and Resources Trust Top 25

| Description | %Value |
|---|----------------|
| Direct Holdings | |
| SHAVAR SHOP | 4.08% |
| SANTOS LTD | 3.87% |
| MYER HOLDINGS LIMITED | 3.65% |
| BENDIGO & ADELAIDE BANK | 3.47% |
| BEACH ENERGY | 3.18% |
| OOH!MEDIA LTD | 3.00% |
| IGO LIMITED | 2.83% |
| UNITED MALT GROUP | 2.72% |
| BANK OF QUEENSLAND | 2.67% |
| AUB GROUP LTD | 2.56% |
| MOTORCYCLE HOLDINGS | 2.48% |
| ALLKEM LTD | 2.28% |
| AMPOL LTD | 2.26% |
| AUSWIDE BANK LTD | 2.22% |
| SOUTH32 | 2.14% |
| GREENWING RESOURCES LTD | 2.02% |
| INCITEC PIVOT | 1.96% |
| STRIKE ENERGY | 1.96% |
| NUFARM LTD | 1.81% |
| PETER WARREN AUTO | 1.79% |
| GENEX POWER LTD | 1.75% |
| SELECT HARVESTS | 1.73% |
| EVT LTD | 1.70% |
| BAPCOR LTD | 1.55% |
| STEADFAST GROUP | 1.42% |
| OTHER | 35.06% |
| Managed Funds | |
| REDCAPE HOTEL GROUP | 3.02% |
| ELEY GRIFFITHS GROUP SMALL COMPANIES FUND | 0.82% |
| TOTAL EQUITIES | 82.43% |
| CASH | 7.57% |
| TOTAL | 100.00% |

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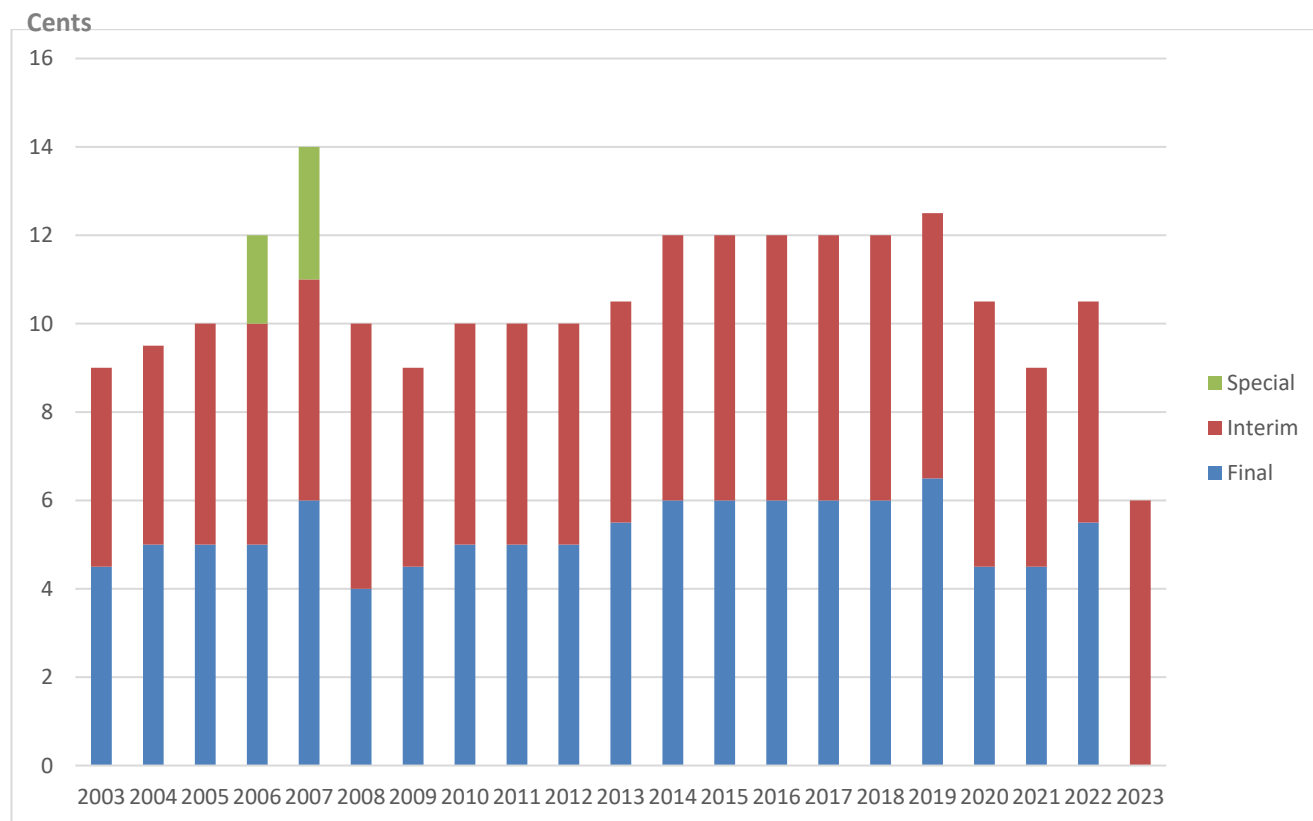


Figure 1: AIH Dividend History

Note:

AIH is our in-house Listed Investment Company that is listed on the National Stock Exchange. It was founded over 20 years ago and consists of investments into three Trusts: Burrell Australian Equities Trust (BAET), Burrell World Equities Trust (BWET) & Burrell Smallcap, Midcap & Resources Trust (BSMaRT).

You may like to review the stock lists and include some of the holdings in your own portfolio. Conversely, you can simply buy AIH or Retail investors can invest directly in BWET and BSMaRT