

AIH QNews

September 2023

AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED

BURRELL'S OWN INVESTMENT COMPANY

As at 30th September 2023, AIH had net assets of approximately \$5.9M 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

A final dividend of 6 cents per share is to be paid on 9th October 2023. An interim dividend of 6 cents per share, fully franked, was paid on 12th April 2023. At the current price, this brings total full year yield of AIH to 3.87% 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 \$3.14 as at 30th September 2023 after subtracting deferred tax on unrealised capital gains for the core portfolio. The NTA before tax was \$3.40.

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-midcap stocks. This is actively managed. BAET, BWET and BSMaRT are now available to retail investors.

At present AIH consists of approximately 60% BAET and long-term Australian equity holdings, 24% 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 0.08% (ASX200 Accum down 0.77%). Since July 1 2021 to 30 September 2023 the portfolio has increased 5.12% (ASX200 Accum increased 2.85%).

The ASX200 Index was down 2% during the quarter as investors grappled with potential "higher for longer" interest rate environment, surging bond yields and geopolitical tension caused investors to be wary. Mining stocks drove the markets lower on weaker than expected earnings results and weaker China outlook. Utilities were also weaker on higher interest rate costs. Consumer discretionary stocks outperformed as consumer resilience withstood the rising cost of living. ASX 200 ended September at 7,048. 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.

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, National Australia Bank, Westpac, Woodside and BHP. We also hold 4,035 CBA shares directly in AIH.

We recently bought / topped up CSL, Telstra, Coles, Brickworks & Resmed whilst selling / taking profits in Inghams, James Hardie and Computershare 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 down 2.87% (MSCI ex-Australia Index up 0.72% currency adjusted). Last Financial Year, the Trust was up 15.65% (MSCI ex-Australia Index up 16.90%).

The fund is currently holding a significant level of cash to take a more cautious approach given the market environment. Recent US market volatility on surging bond yields and higher for longer interest rate environment as well as US congress changes and potential for shutdown could see further market volatility given ongoing 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 Lockheed Martin, Novartis, Alibaba and Verizon whilst taking some profits in Apple and Microsoft. 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\$510,000 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 18.84% in cash.

Small, Mid-Cap & Resources Holdings (BSMaRT)

So far this financial year, the portfolio is down 1.80% whilst the Small-cap Index is down 4.43%. Last financial year the portfolio increased 10.56% whilst the Small-cap Index was up 8.56%.

A weaker performance in some of the smallcap resource names especially have led the small-cap index lower as companies grapple with higher interest rates and a more difficult funding environment have seen investors rotate into larger names. This being said, there are still good companies now trading on more attractive multiples that we have added to the portfolio. 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 Ventia Services, Southern Cross Electrical, Eagers Automotive and Tribeca Global Natural Resources Fund and taken profits/reduced holdings of Strike Energy, Reece & Virgin Money UK.

Our five largest holdings are Santos, Beach Energy, Ventia Services, United Malt Group and Shaver Shop Group.

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

Description	% Value
Direct Holdings	
ANZ	6.75%
NATIONAL AUSTRALIA BANK	5.82%
WESTPAC BANKING CORP	5.61%
WOODSIDE ENERGY	5.56%
BHP LTD	5.21%
MACQUARIE GROUP	3.97%
AMCOR	3.93%
SOUTH32	3.64%
SANTOS	3.56%
CSL	3.53%
SUNCORP GROUP	2.91%
BRAMBLES	2.57%
RESMED	2.52%
SONIC HEALTHCARE	2.48%
NEWCREST MINING	2.33%
CHALLENGER LTD	2.27%
MIRVAC GROUP	2.24%
CARSALES	2.00%
ENDEAVOUR GROUP	1.76%
COLES GROUP LTD	1.48%
LENDLEASE GROUP	1.48%
PERPETUAL	1.45%
TELSTRA	1.38%
BANK OF QUEENSLAND	1.35%
DEXUS	1.32%
OTHER	16.05%
Managed Funds & ETFs	
REDCAPE PROPERTY GROUP HOLDINGS	1.34%
FIDELITY AUSTRALIAN EQUITIES FUND	1.03%
BENNELONG EX-20 AUSTRALIAN EQUITIES FUND	0.72%
GREENCAPE BROADCAP FUND	0.27%
CASH	6.14%
TOTAL	100.00%

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Burrell World Equities Trust Top 25 Direct Holdings & Managed Funds

Description	Value
Direct Holdings	
APPLE	4.44%
MERCK & CO	3.98%
EXXON MOBIL ORD	2.61%
ING GROEP	2.54%
DEUTSCHE BOERSE	2.54%
SHELL	2.46%
PM CAPITAL GLOBAL OPP FUND	2.34%
NOVARTIS AG	2.33%
SIEMENS AG	2.05%
HOME DEPOT	2.13%
LOCKHEED MARTIN	1.95%
TECK RESOURCES	1.92%
RECKITT BENCKISER GROUP	1.70%
ROCHE HOLDING AG	1.62%
INTEL CORP	1.60%
ALLISON TRANSMISSION	1.43%
WALT DISNEY CO	1.35%
CISCO SYSTEMS	1.30%
ASAHI GROUP	1.29%
MICROSOFT	1.28%
JPMORGAN CHASE & CO	1.22%
BMW GROUP	1.22%
RAYTHEON TECHNOLOGIES	1.19%
FLETCHER BUILDING GROUP LIMITED	1.09%
PFIZER	1.05%
OTHER	11.93%
Managed Funds	
INCOMETRIC FUND – GLOBAL VALOR – CLASS B	12.62%
WALTER SCOTT GLOBAL EQUITY HEDGED	2.59%
FIDELITY GLOBAL EQUITIES	2.40%
PLATINUM INTERNATIONAL FUND	1.94%
PLATINUM INT'L BRANDS FUND	1.22%
CASH	18.84%
TOTAL	100.00%

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

Description	%Value
Direct Holdings	
SANTOS	4.54%
BEACH ENERGY	4.43%
VENTIA SERVICES GROUP	4.29%
UNITED MALT GROUP	3.74%
SHAVER SHOP GROUP	3.69%
AUB GROUP LTD	3.45%
AUSWIDE BANK LTD	3.36%
MYER HOLDINGS	2.92%
BENDIGO & ADELAIDE BANK	2.88%
OOHMEDIA LTD	2.87%
MOTORCYCLE HOLDINGS	2.71%
IGO LTD	2.50%
ALLKEM LTD	2.38%
GARDA PROPERTY GROUP	2.35%
AMPOL	2.30%
CENTURIA INDUSTRIAL PROPERTY REIT	2.10%
GREENWING RESOURCES	2.08%
BANK OF QUEENSLAND	2.02%
INCITEC PIVOT	1.95%
SOUTH32	1.82%
SELECT HARVESTS	1.75%
BAPCOR LTD	1.69%
PETER WARREN GROUP	1.59%
GENEX POWER	1.59%
EVT LTD	1.53%
OTHER	26.89%
Managed Funds	
REDCAPE HOTEL GROUP	2.97%
ELEY GRIFFITHS GROUP SMALL COMPANIES FUND	0.83%
TOTAL EQUITIES	97.22%
CASH	2.78%
TOTAL	100.00%

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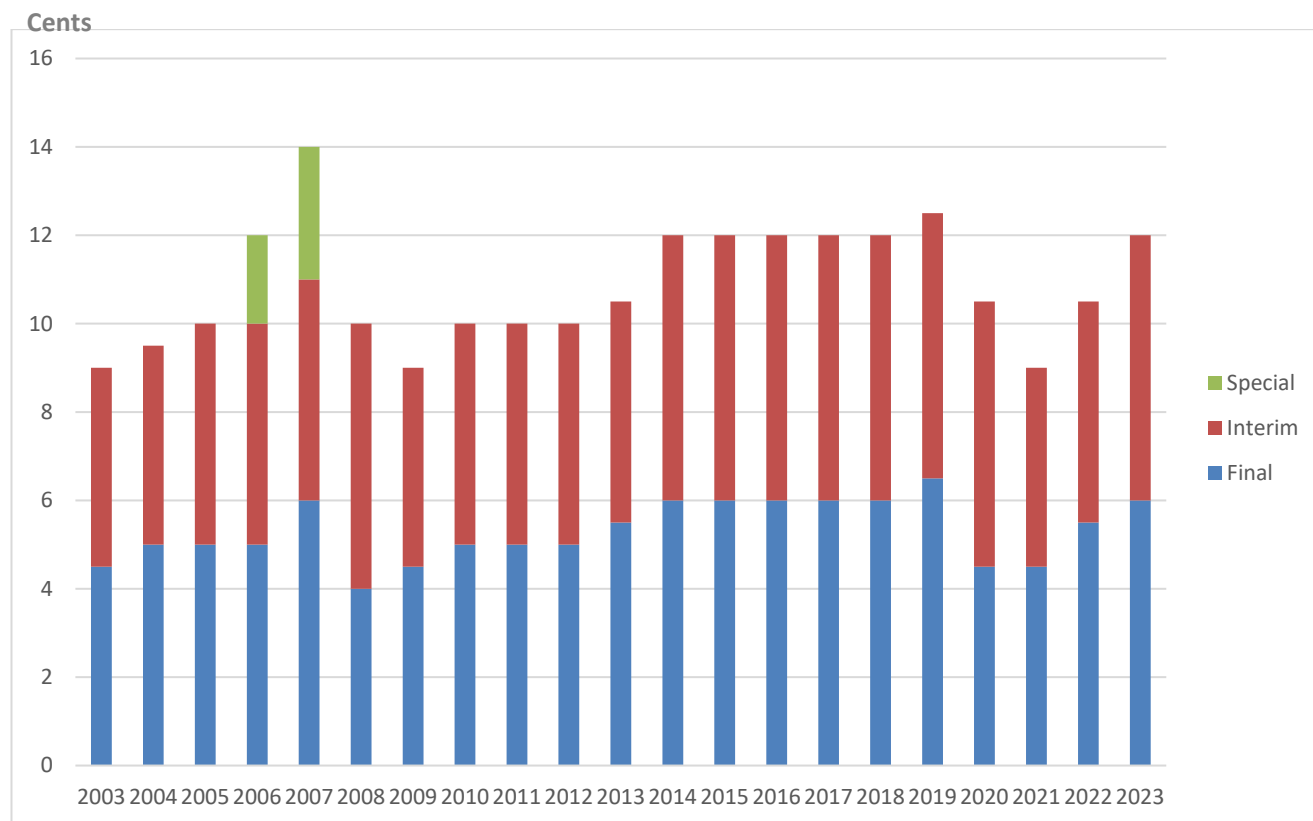


Figure 1: AIH Dividend History

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 BAET, BWET and BSMaRT

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