

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

(NSX Code: AID)

The Profit after income tax for the financial year ended 30 June 2023 was \$166,027 which initially on its face represents a decrease in the profit from the previous year of \$239,211. However, this gives a somewhat incomplete or distorted picture in that the results were materially stronger than the previous financial year evidenced by unrealised upward changes in the value of equity investments at fair value (referred to as "other comprehensive income") for the financial year showing a profit of \$256,042 compared to a loss of \$315,924 in prior corresponding year, and an overall total comprehensive income for financial year end 30th June 2023 of \$422,069, with a comparative of a loss of \$76,713 in the prior corresponding year.

The Board declared a final dividend of 6.0 cents per share fully franked, which was paid in October 2023. An interim dividend of 6.0 cents, fully franked, was paid earlier in April 2023.

The Net Asset Value ("NAV") stood at \$3.16 post tax (\$3.43 pre-tax) per share at 30 June 2023. Net assets over the financial year in question increased by almost \$500,000. Having said that, the NAV has decreased to \$3.03 post tax (or \$3.28 pre-tax) as at 9th November 2023 just prior to preparation of this Chairman's address. Earnings per share ("EPS") based on net operating results are 9.69 cents per share which is a decrease from the previous year's EPS of 14.42 cents per share.

In November 2022, AIH raised a further capital through a 1-for-20 non-renounceable Entitlement Offer at \$2.94 each New Share. It raised \$244,358 (before Offer Costs) and issued 83,115 New Shares.

Other reflections in respect of the financial year ended 30 June 2023 and some comments as to the period post balance sheet date are as follows:

- The financial year to 30th June 2023 saw the share markets in which AIH is ultimately invested (particularly the domestic market) perform above expectations with overall strong gains in book value. This showed in resultant increases in pre-tax net returns to shareholders of 8.41% and a post-tax return of 7.73% for the period.
- These strong results were achieved despite materially higher interest rates, surging bond yields and geopolitical tensions which all cause investors to be wary. The Ukraine-Russia war continued unabated and there were more strong statements from Xi Jinping from China to worry the markets. As well, there were continued high energy prices particularly restricting the EU economy, but also having an adverse impact domestically and elsewhere.
- On a look through basis, the Company's investments as at 30th June 2023 by geographic area showed approximately 76.6% invested in Australia and New Zealand, 7.5% in the Americas and 15.9% invested globally elsewhere.
- Also on a look through basis, as at 30th June 2023, the investment portfolios of BAET, BWET and BSMaRT by industry sector showed the great predominance of investment to be in 'Financials' as to 37.3%, with 14.2% being in 'Materials', 16.9% being largely in health care, information technology, telecoms and utilities, and the balance in other sectors.

- The Australian economy (including the local share market) has shown considerable resilience although economic activity has weakened somewhat post balance date as contractionary measures from interest rates increases and other inflationary control mechanisms take effect. World economies are generally slowing post balance date (including China's economy), and volatility and lower prices have returned to the share markets.
- Australian and US employment has also been strong, aiding the economies of both countries.
- Immigration has continued to be strong (and has increased) in Australia.
- The UK economy has been generally poor.
- 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 a measure of concern.
- The US Dollar has strengthened against most currencies.
- BWET's top holdings include (amongst others) Apple, Merck & Co, Deutsche Boerse, ING Groep, Shell, Exxon Mobil and Roche Holding.
- 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) ANZ, NAB, Westpac, BHP, Woodside Petroleum, CSL, Amcor, Macquarie Group, South 32, Santos, Suncorp Group, Sonic Healthcare and Brambles.
- Small, Mid-Cap & Resources holdings (BSMaRT) investments in the battery minerals space have seen a significant decline in the last quarter given inflationary pressures and lower demand for EVs recently. Significant BSMaRT sub-trust holdings include Beach Energy, Santos, Ventia Services, Shaver Shop, AUB Group, Auswide Banking, and Ooh!Media.

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, Burrell Stockbroking in managing the AIH and the relevant Trusts portfolios have advised that they 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 and governance (ESG) managed funds sector are popular. They are in many cases exciting and technologically interesting. However, it is important to consider whether a number of the said technologies are yet investible with a reasonable degree level of risk, or whether it is as yet still too early because they are still in the reasonably early research phase. The recent quarter has seen numerous renewable projects suffer significant losses and delays as the higher interest rate environment, supply chain issues and company debt levels come to bear.

The first quarter of the 2023-24 financial year has been steady but solid. However, inflation and the rising interest rate environment has raised not only the prospect of a slowing economy, but the prospect of possible and increased unemployment for the forthcoming year and beyond. With the geopolitical factors of the ongoing war between Ukraine and Russia as well as the recent Israel-

Palestine conflict and the ongoing China concerns, more 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 and relevant trusts through which it invests.

In conclusion, the Company's results for the financial year ended 30th June 2023 were strong, but there are significant headwinds in the year ahead having the potential to compress returns and unrealised book values. However, there are also investment opportunities as good quality stocks fall to reasonable or better than reasonable prices.

Thank you.

A handwritten signature in blue ink, appearing to read 'R Burrell', with a stylized flourish at the end.

Roger Burrell

Acting Chairman

15-11-2023