

AIH QNews

September 2021

AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED

BURRELL'S OWN INVESTMENT COMPANY

As at 30th September 2021, 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 \$16.7M. 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 4.5 cents per share, fully franked, was paid on 12th April 2021. A final dividend of 4.5c 80% franked will be paid on 3rd November. At the current price, this brings total full year yield of AIH to 2.95% partially franked.

A dividend history since 2000 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 \$3.23 as at 30th September 2021 after subtracting deferred tax on unrealised capital gains for the core portfolio.

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. Both BWET and BSMaRT are now available to retail investors.

At present AIH consists of approx 63.86% BAET and long-term Australian equity holdings, 22.58% BWET and 11.18% of BSMaRT. The remainder is in cash.

Domestic Holdings (BAET)

So far this 2021/22 financial year, the Australian core portfolio has increased 3.94% (ASX200 Accum up 2.14%). Last financial year the portfolio increased 33.48% (ASX200 Accum up 27.80%).

After an unprecedented 18 months in global markets dominated by the COVID-19 pandemic, indices have rebounded strongly on the back of stimulus measures and vaccine hopes to trade at, in some cases lofty valuations.

As such, the 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 energy sector continued to outperform in the September quarter as Oil prices hit 3 year highs whilst materials struggled as iron ore prices slumped back to more reasonable levels. We believe there is still good upside in these two areas. In addition, a gradual reopening of the states is a thematic that we are positioning the portfolio for.

Risks that we are currently wary of are a change in central bank policy with regards to interest rates & potential tapering, 10yr bond rates increasing, corporate tax rates hikes, US debt ceiling negotiations in December & a deteriorating geopolitical landscape.

The top five holdings in the domestic portfolio are National Australia Bank, BHP, Westpac, ANZ & Woodside. We also hold 4,888 CBA shares directly in AIH.

We recently bought / topped up Dexs, Scentre Group, Vicinity Centres, EndeavourGroup & Newcrest whilst selling / taking profits in Carsales, Sonic Healthcare, Origin Energy & CBA 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.

AIH QNews

September 2021

International Holdings (BWET)

So far this 2021/22 financial year, the international core portfolio is up 1.71% (MSCI ex-Australia Index up 9.45% currency adjusted). Last Financial Year, the Trust was up 14.60% (MSCI ex-Australia Index up 26.21%).

Performance has lagged the benchmark as the fund is currently holding a large amount of cash to take a more cautious approach given current valuations in the market. US Quarterly earnings in the coming weeks see a potential for disappointment.

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

We have looked to build the cash position by recently taking reducing/selling positions in Raytheon Technologies, Teck Resources & Ellerston Asia LIC whilst adding to/initiating positions in ING Groep, Royal Dutch Shell & Novartis amongst others.

We currently hold AUD\$463,511 in a US Dollar Account as a currency hedging strategy and \$70,000 in a strong bear hedged fund over the US Equities market leveraged at 2x. The portfolio has 18% in cash.

Small, Mid-Cap & Resources Holdings (BSMaRT)

So far this financial year, the portfolio is up 8.69% whilst the Small-cap Index is up 5.08%. Last financial year the portfolio increased 47.13% whilst the Small-cap Index was up 33.23%.

A recovery in some of the concentrated positions held in Central Petroleum, BOQ, Over The Wire & Bendigo & Adelaide Bank have aided the performance thus far.

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 Bega Cheese, Shaver Shop, Tassal, Strike Energy & Armour Energy amongst others and taken profits/reduced holdings of Tyro Payments, Central Petroleum, Orocobre & Graincorp.

Our five largest holdings are Over The Wire, Bank of QLD, Beach Energy, Oil Search & Myer Holdings.

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 your Burrell adviser on 3006 7200.

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

Description	% Value
Direct Holdings	
NATIONAL AUSTRALIA BANK	6.75%
BHP GROUP LTD	6.38%
WESTPAC BANKING CORP	6.38%
ANZ	4.09%
WOODSIDE PETROLEUM	3.76%
SUNCORP GROUP	3.33%
MACQUARIE GROUP	3.31%
COMMONWEALTH BANK	3.29%
AMCOR	3.00%
SONIC HEALTHCARE LTD	2.96%
CSL	2.67%
BANK OF QUEENSLAND	2.27%
CIMIC GROUP	2.14%
LENLEASE	2.10%
LINK ADMINISTRATION	2.03%
SANTOS	1.94%
ORICA	1.84%
BRAMBLES	1.83%
SOUTH32	1.80%
TABCORP HOLDINGS	1.79%
INGHAMS GROUP	1.75%
CHALLENGER LTD	1.67%
COMPUTERSHARE LTD	1.48%
RUSSELL INVESTMENTS HIGH DIVIDEND ETF	1.43%
TELSTRA CORP	1.43%
OTHER	12.49%
Managed Funds & ETFs	
FIDELITY AUSTRALIAN EQUITIES FUND	1.26%
BENNELONG EX-20 AUST EQUITIES FUND	1.09%
GREENCAPE BROADCAP	0.32%
TOTAL EQUITIES	86.58%
CASH	13.42%
TOTAL	100.00%

AIH QNews

September 2021

Burrell World Equities Trust Top 25 Direct Holdings & Managed Funds

Description	Value
Direct Holdings	
APPLE	3.99%
CVS HEALTH	3.44%
Z ENERGY	3.03%
TAIWAN SEMICONDUCTOR	3.01%
PM CAPITAL GLOBAL OPP FUND	2.87%
DEUTSCHE BOERSE	2.39%
INTEL CORP.	2.28%
ROCHE HOLDING	2.15%
ORACLE	2.05%
TECK RESOURCES	2.05%
RAYTHEON TECHNOLOGIES	2.02%
EXXON MOBIL	2.00%
MERCK & CO	1.94%
RECKITT BENCKISER GROUP	1.84%
ROYAL DUTCH SHELL A	1.72%
NOVARTIS AG	1.37%
POSTNL	1.33%
CISCO SYSTEMS	1.28%
AMGEN	1.22%
SIEMENS	1.16%
SOCIEDAD QUIMICA	1.15%
UNIBAIL-RODAMCO-WESTFIELD	1.08%
ING GROEP	1.03%
ALLISON TRANSMISSION HOLDINGS	0.83%
DISCOVERY COMMUNICATIONS	0.71%
OTHER	4.77%
Managed Funds	
INCOMETRIC FUND – GLOBAL VALOR – CLASS B	20.09%
WALTER SCOTT GLOBAL EQUITY HEDGED	2.66%
FIDELITY GLOBAL EQUITIES	2.50%
PLATINUM INTERNATIONAL FUND	2.37%
PLATINUM INT'L BRANDS FUND	1.96%
TOTAL EQUITIES	82.49%
CASH	17.51%
TOTAL	100.00%

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

Description	%Value
Direct Holdings	
OVER THE WIRE	5.96%
BANK OF QUEENSLAND	3.69%
BEACH ENERGY	3.60%
OIL SEARCH LTD	3.46%
MYER HOLDINGS LTD	3.37%
Z ENERGY LTD	2.93%
SANTOS LIMITED	2.83%
OOH! MEDIA LTD	2.80%
BENDIGO & ADELAIDE BANK LTD	2.61%
INCITEC PIVOT LTD	2.49%
REDCAPE HOTEL GROUP	2.15%
SOUTH32 LTD	2.09%
TASSAL GROUP	2.08%
AUSWIDE BANK	2.04%
ARMOUR ENERGY LTD	2.02%
INVOCARE LTD	2.01%
SELECT HARVESTS LTD	1.96%
WHITEHAVEN COAL LTD	1.91%
NEW HOPE CORPORATION LTD	1.89%
NUFARM LTD	1.89%
SPARK INFRASTRUCTURE	1.84%
CENTRAL PETROLEUM LTD	1.74%
SHAVER SHOP GROUP	1.73%
GREENWING RESOURCES	1.65%
COOPER ENERGY	1.60%
OTHER	35.68%
Managed Funds	
FIDELITY FUTURE LEADERS	1.40%
ELEY GRIFFITHS GROUP SMALL COMPANIES FUND	1.17%
TOTAL EQUITIES	95.61%
CASH	4.39%
TOTAL	100.00%

AIH QNews

September 2021

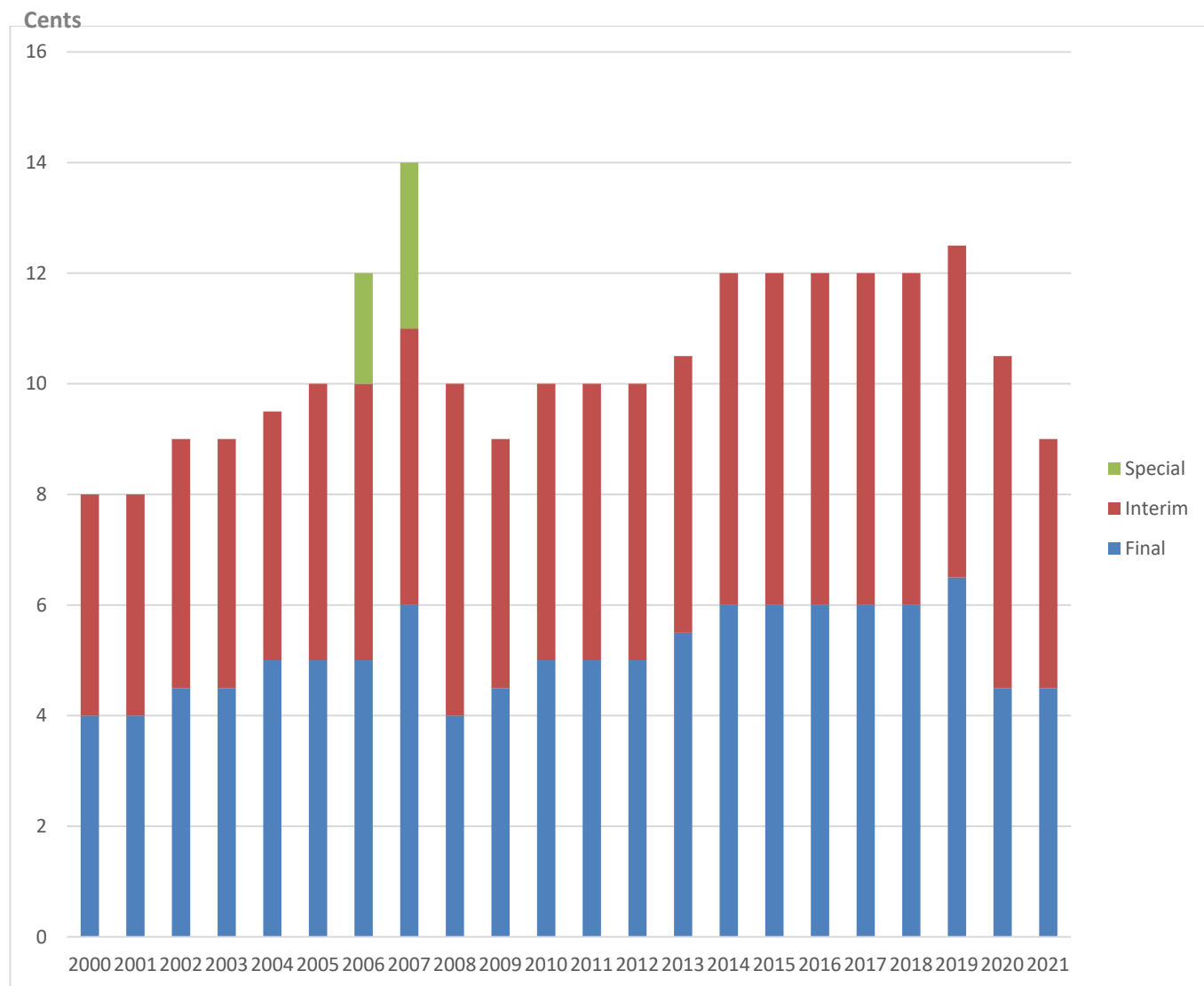


Figure 1: AIH Dividend History

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 3 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