

Australian & International Holdings Ltd

Consistent NTA and dividends for the long term

Australian & International Holdings Ltd is a Listed Investment Company (LIC) which began in 1985 as an investment club and listed on NSX in 2008. Its primary objective is to provide investors with dividend returns as well as capital growth. More than 90% of its investments are through managed investment schemes operated by the Burrell Group and three of the four board members have a connection with the Burrell Group. AID is trading at a small discount to its post-tax NTA at 11th October 2018.

Business model

AID's assets comprise investments in Burrell Australian Equities Trust, (open to wholesale investors only), Burrell World Equities Trust (retail and wholesale), Burrell Small Cap Mid Cap and Resources Trust (wholesale only) and about 8% in direct equity investments. Through AID, retail investors can gain access to investment vehicles which are open for direct investment by wholesale investors only. The Burrell Group was founded in 1937 and is an independently-owned, Queensland-based stockbroking and superannuation business which provides its clients with stockbroking services, investment advice, Self-Managed Superannuation Scheme setup and access to the three above-mentioned investment funds. Burrell's investment philosophy is to invest for the long term, rather than have a focus on short term gains, and to focus on portfolio returns, rather than returns from individual investments.

FY18 result

AID reported FY18 total income of \$355,661 up 114% on pcp. NPAT was \$288,239 versus \$118,257 a year before, with H218 accelerating to deliver NPAT of \$165,876 versus \$28,340 in H217. Earnings per unit lifted more than two-fold to \$0.1853 versus \$0.078 in FY18. The result was helped by profit on sale of investments of \$23,964 and increased distributions from the Burrell Trusts which reported gains as follows: Burrell Australian Equities Trust (holding 44.5%) up 16.7%, Burrell World Equities Trust (holding 23.99%) up 12% and Burrell Small Cap Mid Cap and Resources Fund (holding 25.43%) up 26.7%. AID maintained its dividend per unit at \$0.12. At 11th October, AID's post tax NTA was \$3.05 a unit, a small premium to the current unit price.

Earnings history (A\$m)

Year ended	Total Income \$m	NPAT \$m	EPU (c)	DPU (c)	NTA per unit (\$)	Price to NTA (x)	Div Yield* (%)
Jun-15	0.16	0.11	7.3	12.0	3.05	96.7%	4.00
Jun-16	0.16	0.10	6.5	12.0	3.10	95.2%	4.27
Jun-17	0.17	0.12	7.8	12.0	2.86	103.1%	4.07
Jun-18	0.36	0.29	18.5	12.0	2.59	113.9%	4.14

Source: Company data *Based on price at year end

AID Units Summary

Units Code	AID
Units Price	\$2.98
Market Capitalisation	\$4.65M
Number of Units	1.559M
Net Debt at 30 June 2018	Nil
Share Registry	Newcastle Capital Markets Pty Ltd

RaaS 5-Point Score* = 4/5

Revenue increasing (1); EPS increasing (1), Return on Capital Employed [ROCE] (1); EBIT interest cover >3x (1) Gross Operating cash flow/EBITDA >90% (0)

Upside Case

- FY18 NPAT up 144%
- Consistent dividends and yield ~4% (current dividend franked to 65%)
- Diversified portfolio with some international equities exposure

Downside Case

- Size of fund
- Reliance on Burrell Group
- Limited growth since listing

Board of Directors

Non-Exec Independent Chair	Bernard Rowley
Non-Exec Director	Christopher Burrell
Non-Exec Director	Roger Burrell
Non-Exec Independent Dir	Frank Finn

NOTE: Bernard Rowley is Chair of Burrell Group

Catalysts

- Increase in NAV (reported monthly)

Comparative Companies

E72, KGI

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* The RaaS 5-Point score is based on the company's performance in its last reported full year. Past performance is not a reflection of future performance.

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FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

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 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

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