

AUSTRALIAN
RESEARCH
INDEPENDENT INVESTMENT RESEARCH

AMCIL Limited
(ASX: AMH)

REVIEW

14 March 2025

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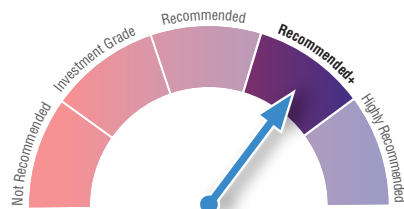
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Note: This report is based on information provided by Australian Investment Company Services Ltd (AICS) as at 31 December 2024.

Rating



Key Investment Information (as at 31 January 2025)

ASX Code	AMH
Share Price	\$1.16
NTA* per share	\$1.37
Shares on Issue (m)	316.6m
Market Cap (\$m)	\$367.3m
Trailing 12-month Dividend Yield (Net)	3.45%
Trailing 12-month Dividend Yield (Grossed-Up)	4.93%
Dividend Frequency	Semi-annual
Listing Date	February 2000
Structure	Listed Investment Company (LIC)
IIR Investment Classification	Australian Large Cap
Investment Manager	Internal
Fees:	
Management Fee (p.a.)**	0.56%
Performance Fee	na

*NTA includes tax on realised gains but not tax on unrealised gains.

**Management Expense Ratio (MER) for FY24 period.

Key Exposure

Underlying Exposure	The portfolio provides exposure to an actively managed all cap portfolio of Australian and New Zealand listed companies.
FX Exposure	The Company is primarily exposed to the domestic securities and therefore has little to no direct foreign currency exposure.

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

PRODUCT SUMMARY

AMCIL Limited (ASX: AMH) is a listed investment company (LIC) with a track record dating back over 24 years, with the Company listing in February 2000. The Company seeks to deliver exposure to a concentrated portfolio of Australian and New Zealand listed securities that are likely to grow their earnings and dividends over the medium-and-long term. The Company seeks to deliver shareholders total returns in excess of the market over the medium-to-long term with returns to comprise both capital gains and fully franked dividends. The portfolio will typically comprise 30 to 40 stocks and provide exposure to an all cap portfolio with exposure to large, mid and small cap stocks. The Company has a medium-to-long term investment horizon, which results in the portfolio experiencing relatively low levels of turnover. The portfolio provides long only exposure with the Company not able to short stocks. Up to 10% of the portfolio can be allocated to the trading portfolio, which seeks to take advantage of short-term mispricing opportunities that have been identified by the investment team. The portfolio will have a small options overlay, with the Company seeking to generate additional income from the use of options, typically from companies that the Company is seeking to exit, either partially or fully. The Company has a service agreement with Australian Investment Company Services Ltd (AICS), which is 75% owned by Australian Foundation Investment Company Limited (ASX: AFI) and 25% owned by Djerriwarrh Investments Limited (ASX: DJW). Given the portfolio is internally managed, the Company has a relatively low management fee with a management expense ratio (MER) of 0.56% for the FY24 period. No performance fees are paid by the Company.

INVESTOR SUITABILITY

An investment in AMH is suitable for those investors seeking exposure to an all cap portfolio with the potential to generate above market returns. Given the concentration of the portfolio, IIR views the Company to be appropriate as a satellite investment for an investors broader domestic equity portfolio. The portfolio is differentiated to the broader domestic market and will therefore provide a differentiated risk/return to that of the market, which may result in the portfolio out-or-under performing the market during certain periods depending on the composition of the portfolio and the drivers of the market performance. The focus on quality and earnings tends to result in the portfolio having a substantial underweight exposure to the Materials sector. As such, when the Materials sector outperforms, the portfolio will likely lag the market. In FY21 the Company changed its dividend policy. Instead of paying out all the franking credits available in a financial year, the Company now considers the amount of income and realised capital gains, the level of franking credits and the market conditions when declaring dividends. The amended dividend policy has resulted in the Company increasing the dividend frequency from annual to semi-annual with special dividends paid during periods of strong performance. The Company has sufficient reserves and franking credits to maintain the FY24 dividend in the short-term without the accrual of further profits and franking credits.

RECOMMENDATION

Independent Investment Research (IIR) has maintained a **Recommended Plus** rating for AMCIL Limited (ASX: AMH). AMH provides investors a differentiated exposure to its sister companies (AFI, DJW and MIR), through concentrated exposure to an all cap portfolio. The Company has achieved its objective of delivering total returns that exceed the market over the medium-to-long term on both a NTA and shareholder returns basis. The change in the dividend policy has not only increased the dividend frequency from annual to semi-annual but has also smoothed the dividend profile of the Company. Further to this, the change is expected to be beneficial to capital growth over the long-term with the Company able to manage the drawdown on the NTA from dividend payments and the NTA benefiting from the ability to reinvest income and realised capital gains generated by the portfolio. Over the long-term period from 30 June 2011 to 31 December 2024, AMH's NTA was the best performer in the peer group, generating these returns from a differentiated portfolio. The Company is trading at an elevated discount. In addition to the rotation out of Australian equity LICs due to the changing interest rate environment this may also be driven by its

smaller size and higher level of volatility compared to some of its peers. We consider elevated discounts as attractive entry points for long-term investors.

SWOT

Strengths

- ◆ The Company has delivered on its objective of providing total returns in excess of the market over the medium-to-long term.
- ◆ The revised dividend policy has seen the dividend frequency increase to semi-annual and has smoothed the ordinary dividend for shareholders with the Company building reserves to pay out over time since the amendment was made. It also provides the ability for the Company to enhance NTA growth with the Company able to reinvest capital gains instead of paying them all out on an annual basis.
- ◆ The structure of the Company provides relatively low cost exposure to the portfolio with an MER 0.56% for the FY24 period and no performance fees. While this is higher than its sister LICs given the smaller size of the vehicle, the fee structure is competitive when compared to the broader listed managed investment market.
- ◆ The Company promotes alignment of interest with Executives incentives incorporating both short-and-long term hurdles and Executives required to use at least 25% of the pre-tax amount of any incentive that vests to purchase shares in AMH and/or the other LICs serviced by AICS, which includes Australian Foundation Investment Company Limited (ASX: AFI), Djerriwarrh Investments Limited (ASX: DJW) and Mirrabooka Investments Limited (ASX: MIR).
- ◆ The senior members of the investment team are highly experienced with the investment team having the benefit of the overlay of the Investment Committee, which at the date of this report comprised four of the seven board members.
- ◆ The Company has a diverse shareholder base of over 3,000 shareholders.

Weaknesses

- ◆ With a concentrated portfolio we would expect the portfolio to comprise stocks in which the Portfolio Manager and Investment Committee has the highest conviction. As at 31 December 2024, the Company had an underweight exposure to BHP, NAB and WBC. While these positions provide exposure to an element of income and quality, we do not view holding stocks with a lack of conviction is in step with a higher conviction portfolio.

Opportunities

- ◆ AMH offers investors exposure to an all cap portfolio that provides differentiated exposure to the market and as such a differentiated risk/return profile to the market. The alpha seeking mandate of the Company is suitable as a satellite investment for investors as part of their broader Australian equity investment portfolio.
- ◆ The Company has traded at a double digit discount to NTA over the last 12-months. Expanded discounts provide investors the opportunity to invest at attractive levels and potentially generate additional capital gains in the event the share price re-rates towards the portfolio value.

Threats

- ◆ The portfolio is concentrated. Concentrated portfolios often experience heightened levels of volatility compared to the broader market, which has been the case for the AMH portfolio. Investors should be comfortable to take on additional levels of risk to potentially outperform the market.
- ◆ There are no formal portfolio construction guidelines or risk constraints which can result in the portfolio becoming concentrated to a single position. This can result in the portfolio performance significantly impacted by the performance of a single stock. While there are no formal guidelines, the Company will seek to provide exposure to a portfolio diversified by stock and sector.
- ◆ The portfolio will underperform or outperform the market depending on the drivers of the market performance. The investment approach results in the portfolio typically being underweight the Materials sector. As such, in the event this sector is a driver of market performance the portfolio will likely lag the market. This is also the case with regards to banks, with the portfolio typically having a significant underweight exposure to banks.

OVERVIEW & UPDATE

AMCIL Limited (ASX: AMH) is a listed investment company (LIC) with a track record dating back over 24 years, with the Company listing in February 2000. The Company seeks to deliver exposure to a concentrated portfolio of Australian and New Zealand listed securities that are likely to grow their earnings and dividends over the medium-and-long term. The Company seeks to deliver shareholders total returns in excess of the market over the medium-to-long term with returns to comprise both capital gains and fully franked dividends.

The Company provides exposure to an all cap portfolio which comprises large, mid and small cap Australian and New Zealand securities. The portfolio will be concentrated, with the portfolio typically comprising 30 to 40 stocks. The portfolio is typically weighted to large cap stocks as a sizable investment in large cap stocks is needed to show a level of conviction, however the Company seeks to take a position so that all holdings (large and small) will have an impact on the portfolio. While the portfolio is weighted to large cap stocks the number of stocks is typically evenly spread between large and smaller cap stocks.

The Company has a medium-to-long term investment horizon which results in the portfolio having a reasonably low level of portfolio turnover. Over the last five financial years, the portfolio has had an annual turnover of 22.8%. There are no formal risk constraints. While the Company will seek to provide exposure to a portfolio diversified by stock and sector, the lack of formal portfolio construction restraints has seen the portfolio be concentrated to individual positions, such as CSL.

The Investment Committee (IC) plays an important part in the investment process. The IC delegate the portfolio management responsibility to the Portfolio Manager, who is responsible for the stock selection and portfolio construction, within the required risk parameters. The IC meet at least once a month to review and debate the portfolio holdings, with the IC having the ability to veto any decisions made by the Portfolio Manager. To date, there is yet to be a position in which the IC have vetoed, which reflects the robust investment process and philosophy which the Portfolio Manager's across the business are acutely aware of and buy into for the purposes of managing the relevant portfolios.

The Company operates a trading portfolio to take advantage of short-term opportunities identified by the investment team. The trading portfolio will represent no more than 10% of the total portfolio value but is usually smaller than this.

The Company will utilise options to generate additional income, taking advantage of its in-house expertise in the options market. The portfolio will only have a small amount of options coverage which will be used to generate additional income from those companies that the Manager is seeking to potentially sell anyway, whether it be a partial or a full exit.

The Company is internally managed with the Company having a services agreement with AICS, which is responsible for the portfolio management and operational and investment administration for the Company. The Company has a competitive management fee when compared to the broader listed managed investment market with a management expense ratio of 0.56% for the FY24 period. The Company does not pay performance fees.

Board and Investment Team Update

The Board comprises 6 Directors after the retirement of Dr. Jodie Auster in October 2024. The Directors are highly experienced and provide a complimentary skill set to the Board of AMH. Four of the Directors play an active role as part of the Investment Committee for the Company. This includes the Portfolio Manager of AMH, Mark Freeman. The Investment Committee play an important part in the investment process, meeting at least once a month to review the portfolio and investment decisions made by the Portfolio Manager.

A number of the Directors currently or historically sit on a number of boards. Any directors on the Investment Committee with conflicts of interest do not take part in the decision-making process on relevant issues.

Board				
Name	Position	Independence	Appointed to Board	Investment Committee Member (Yes/No)
Rupert Myer AO	Chair	Independent	January 2000	Yes
Mark Freeman	Managing Director	Non-Independent	January 2018	Yes
Roger Brown	Director	Independent	February 2014	Yes
Paula Dwyer	Director	Independent	June 2023	No
Michael Hirst	Director	Independent	January 2019	No
Jon Webster AM	Director	Independent	November 2016	Yes

The investment team is highly experienced with team having an average of 18.5 years experience and an average tenure of 7.3 years with AICS. The newest addition to the senior ranks is the two Portfolio Manager's responsible for the international portfolio. The international portfolio was only established in FY21.

Mark Freeman is the Portfolio Manager responsible for the AMH portfolio. Mark is supported by the broader team. Mark is a long-standing member of the investment team, being with AICS for 16 years. Mark joined AICS in 2007 as the Chief Investment Officer before being appointed Chief Executive Officer and Managing Director in 2018. Prior to joining AICS, Mark was a Partner with Goldman Sachs JBWere where he spent 12 years advising investment companies on their investment and dealing activities. Mark has been heavily involved in the management of all LICs in the AICS stable throughout his tenure with the business.

Investment Team				
Name	Position	Responsibility	Tenure with AICS (years)	Industry Experience (years)
Mark Freeman	Chief Executive Officer & Managing Director	AMH	16	28
David Grace	Portfolio Manager	AFI	6	17
Kieran Kennedy	Portfolio Manager	MIR	18	23
Brett McNeil	Portfolio Manager	DJW	4	21
Rosie Malcolm	Portfolio Manager	International	2	24
Andrew Sutherland	Portfolio Manager	International	3	30
Winston Chong	Deputy Portfolio Manager		<1	14
Olga Kosciuczyk	Deputy Portfolio Manager	-	5	9
Stuart Low	Deputy Portfolio Manager	-	7	19
Jaye Guy	Investment Analyst	-	2	12
Gilbert Battistella	Investment Analyst			
Jeremy Moore	Dealer	-	22	22
Average			7.3	18.5

PORTFOLIO POSITIONING

The portfolio is concentrated with the portfolio typically comprising 30 to 40 positions. The portfolio has a long only mandate with the Company seeking to provide exposure to the market at all times by remaining largely invested at all times.

The Company seeks to provide a differentiated exposure to the broader Australian market and the other LICs serviced by AICS, with the portfolio comprising concentrated exposures to stocks in which it has conviction and provide a representation of both large and small cap stocks. While the Company will hold mostly overweight positions, there are a few large cap stocks in which the portfolio is underweight, namely BHP, WBC and NAB.

The largest position in the portfolio at 31 December 2024 was CSL Limited (ASX: CSL) with an 8% weighting. This is an overweight position when compared to the benchmark. The largest overweight positions as at 31 December 2024 were to Macquarie Technology Group (ASX: MAQ), Mainfreight Limited (NSX: MFT) and Transurban Group (ASX: TCL).

For large cap stocks the Company has conviction in, the portfolio will seek to take a position that reflects the level of conviction which can result in an individual stocks representing a relatively large position.

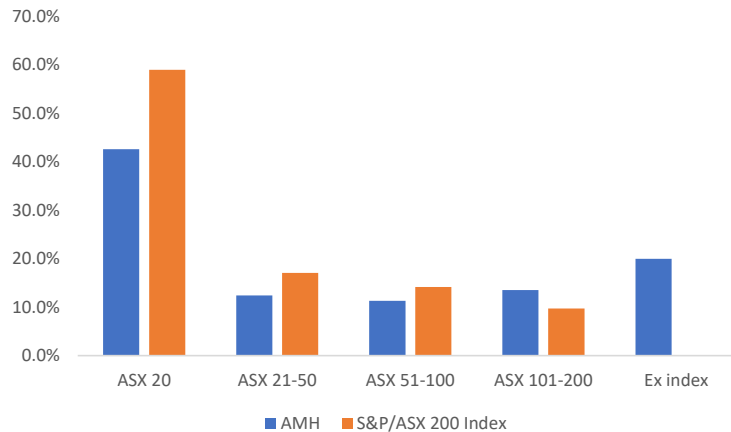
There are no formal investment guidelines with respect to portfolio construction and individual stock or sector weightings. While the Company will seek to provide a portfolio diversified by stock and sector, the lack of formal guidelines can result in the portfolio becoming concentrated to an individual position. This can result in the portfolio performance being significantly impacted by the performance of an individual position.

Top 20 Holdings (as at 31 December 2024)				
Company Name	Ticker	AMH Portfolio	S&P/ASX 200 Index	Active Weight
CSL Limited	CSL	8.0%	5.2%	2.8%
Macquarie Group Limited	MQG	5.7%	3.2%	2.5%
Goodman Group	GMG	4.7%	2.6%	2.1%
Wesfarmers Limited	WES	4.5%	3.1%	1.4%
BHP Group Limited	BHP	4.3%	7.6%	-3.3%
Macquarie Technology Group Limited	MAQ	4.3%	na	4.3%
Mainfreight Limited*	MFT	4.0%	na	4.0%
Transurban Group	TCL	4.0%	1.6%	4.0%
CAR Group Limited	CAR	3.8%	0.5%	3.3%
ARB Corporation Limited	ARB	3.3%	0.1%	3.2%
ResMed Inc.	RMD	3.0%	0.9%	2.1%
Netwealth Group Limited	NWL	2.6%	0.3%	2.3%
James Hardie Industries PLC	JHX	2.6%	0.8%	1.8%
EQT Holdings Limited	EQT	2.4%	na	2.4%
WiseTech Global Limited	WTC	2.4%	1.5%	0.9%
Westpac Banking Corporation	WBC	2.2%	4.2%	-2.0%
National Australia Bank Limited	NAB	2.1%	4.3%	-2.2%
REA Group Ltd	REA	2.0%	1.2%	0.8%
ALS Limited	ALQ	2.0%	0.3%	1.7%
Gentrack Group Limited	GTK	2.0%	na	2.0%
		69.9%	37.5%	

*Listed on the New Zealand stock exchange.

As mentioned above, large cap investments will often represent a large weighting in the portfolio for the Company to show a level of conviction in a position. The Company will always have a strong position in larger stable companies with the Company acknowledging that while these companies may not have the highest expected growth rates they can still provide attractive returns when purchased at the right price.

The Company seeks to provide a portfolio that represents large, mid and small cap stocks. While the portfolio is weighted to large cap stocks, the number of positions across the market cap spectrum tend to be evenly spread. As at 31 December 2024, 55.1% of the portfolio was allocated to top 50 stocks with the remaining 44.9% allocated to ex 50 stocks and stocks not in the benchmark index.

Market Cap Exposure (as at 31 December 2024)

Source: AMH, Iress, IIR.

The portfolio is actively managed and concentrated and as such will provide a differentiated exposure to that of the market. As shown below, the sector exposure of the portfolio is differentiated to the market. At 31 December 2024, the portfolio had a material overweight position to the Information Technology sector with the Company having a large relative position in Macquarie Technology Group (ASX: MAQ), an ex-index stock. While Financials is the largest sector exposure, the portfolio was materially underweight the sector with a little exposure to the big four banks.

The portfolio tends to have an underweight position to the Materials sector. The focus of the Company on quality companies means a number of mining companies in the S&P/ASX 200 Index do not fit the investment criteria for the Company.

Sector Allocation (as at 31 December 2024)

Sector	AMH Portfolio	S&P/ASX 200 Index	Active Weight
Financials	17.0%	31.8%	-14.8%
Health Care	15.4%	10.2%	5.2%
Industrials	15.2%	8.0%	7.2%
Information Technology	13.8%	3.8%	10.0%
Consumer Discretionary	11.0%	7.7%	3.3%
Communication Services	8.3%	4.4%	3.9%
Materials	7.7%	18.7%	-11.0%
Real Estate	6.2%	6.4%	-0.2%
Consumer Staples	1.6%	3.5%	-1.9%
Energy	1.3%	4.1%	-2.8%
Cash	2.5%	na	na

Source: AMH, Iress, IIR.

Portfolio Turnover

The Company is a medium-to-long term investor and seeks to invest in a tax aware manner, which results in the portfolio having a low level of turnover. The below table shows the annual portfolio turnover over the last five financial years. The portfolio has had an average annual turnover of 22.8% over the last five financial years.

Annual Portfolio Turnover

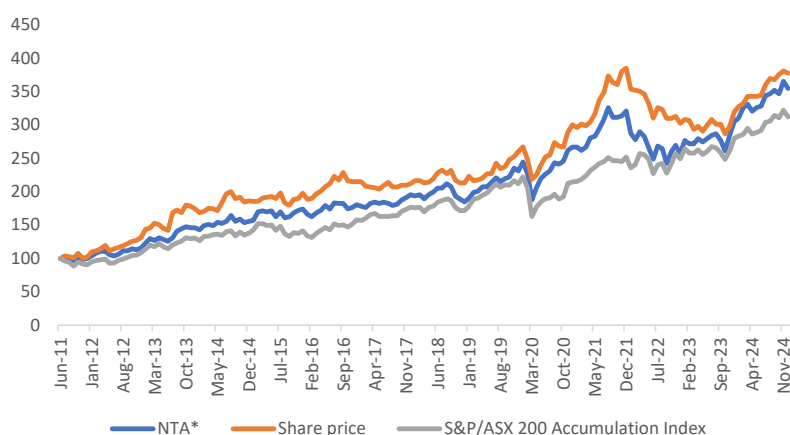
Financial Year	Annual Turnover
FY20	42.7%
FY21	16.6%
FY22	25.8%
FY23	14.1%
FY24	14.6%
Average	22.8%

PERFORMANCE ANALYTICS

The below chart shows the total cumulative return of the NTA (after tax on realised capital gains and before tax on unrealised gains) and the share price compared to the S&P/ASX 200 Accumulation Index. AMH has an alpha generating mandate with the Company seeking to deliver total returns that exceed the market over the medium-to-long term. The Company seeks to deliver both capital growth and provide fully franked dividends to shareholders.

As is highlighted by the below chart, the Company has delivered on its objective of outperforming the market over the medium-to-long term from both a portfolio perspective and a shareholder return perspective. The movement of the share price from discounts to premiums over time has resulted in the shareholder return outperforming the portfolio over the long-term.

**AMH Cumulative Total Returns vs. S&P/ASX 200 Acc. Index
(30 June 2011 to 31 December 2024)**



*NTA includes tax on realised capital gains but not tax on unrealised gains.

Source: AMH, Iress, IIR

The portfolio performed strongly in 2024, outperforming the market. This was despite the portfolio being materially underweight the big four banks, which were a key driver of returns in 2024. Over the longer-term, the portfolio has outperformed the market as shown in the above chart.

While the portfolio increased over the short-term, the share price declined resulting in the shareholder returns being negative over the 12-months to 30 June 2023. The short-term underperformance has adversely impacted the returns to 30 June 2023.

The portfolio has had a moderate tracking error and the shareholder returns have had a high tracking error, which highlights the difference in the return profile of AMH compared to the market. Despite the concentration of the portfolio, the portfolio returns have been highly positively correlated to the market.

Performance Analytics (to 31 December 2024)

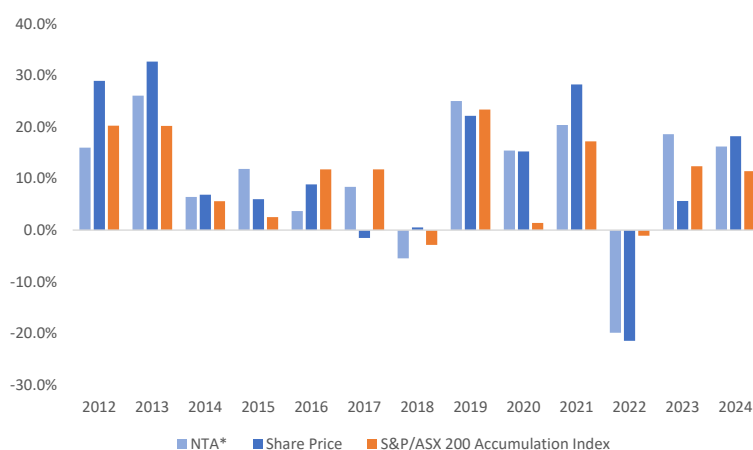
	NTA*	Share Price	S&P/ASX 200 Accumulation Index
Cumulative Total Return:			
1 year	16.2%	18.2%	11.4%
3 year (p.a.)	3.4%	-0.6%	7.4%
5 year (p.a.)	8.9%	7.7%	8.1%
10 year (p.a.)	8.6%	7.3%	8.5%
Standard Deviation:			
1 year	9.8%	5.7%	8.4%
3 year (p.a.)	16.6%	11.5%	13.9%
5 year (p.a.)	17.5%	13.9%	16.5%
10 year (p.a.)	14.3%	12.1%	13.9%
Sharpe Ratio:			
1 year	1.21	2.42	0.84
3 year (p.a.)	-0.06	-0.44	0.22

Performance Analytics (to 31 December 2024)			
	NTA*	Share Price	S&P/ASX 200 Accumulation Index
5 year (p.a.)	0.26	0.24	0.22
10 year (p.a.)	0.30	0.24	0.30
Tracking Error:			
1 year	5.2%	7.3%	na
3 year (p.a.)	7.2%	9.0%	na
5 year (p.a.)	7.2%	10.3%	na
10 year (p.a.)	6.1%	10.2%	na
Correlation:			
1 year	0.85	0.52	1.00
3 year (p.a.)	0.90	0.76	1.00
5 year (p.a.)	0.91	0.78	1.00
10 year (p.a.)	0.91	0.70	1.00

*NTA includes tax on realised capital gains but not tax on unrealised gains.

The below chart shows the calendar year returns of the portfolio and share price compared to the S&P/ASX 200 Accumulation Index. The chart shows the differentiated return profile of AMH to the S&P/ASX 200 Accumulation Index with the portfolio having periods of substantial outperformance and underperformance compared to the market.

Calendar Year Returns vs Benchmark (2012 to 2024)



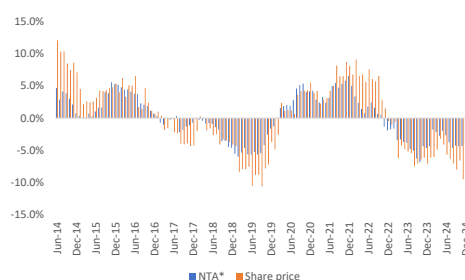
Source: Iress, IIR

The Company seeks to outperform the market (S&P/ASX 200 Accumulation Index) over the medium-to-long term. The Company has achieved this over the long-term, with both the portfolio and shareholder return outperforming the S&P/ASX 200 Accumulation Index over the period from 30 June 2011 to 31 December 2024.

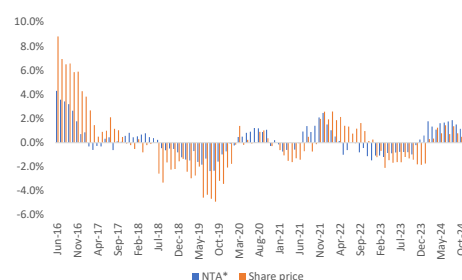
The consistency of the outperformance has been moderate with the portfolio outperforming the S&P/ASX 200 Accumulation Index in 51.2% of periods on a rolling three year basis and 53.5% of periods on a rolling five year period from 30 June 2011 to 31 December 2024. The shareholder excess return to the market was 53.4% on a rolling three year basis and 47.6% of periods on a rolling five year period.

Excess Return

3 Year Rolling Excess Returns



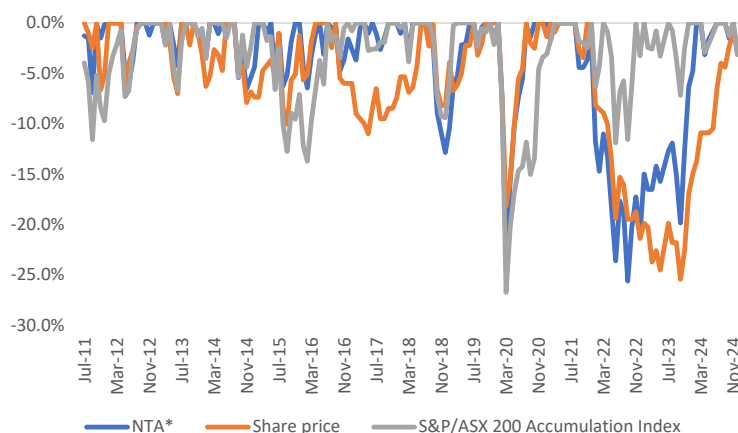
5 Year Rolling Excess Return



*NTA includes tax on realised capital gains but not tax on unrealised gains.

From a drawdown perspective, the portfolio has had periods of larger drawdowns than the market. The portfolio and share price experienced a greater drawdown than the market in the 2022 period, as is highlighted in the calendar year returns chart above. The portfolio has recovered these losses with the NTA per share surpassing the previous high from August 2021 in November 2024.

Maximum Drawdown

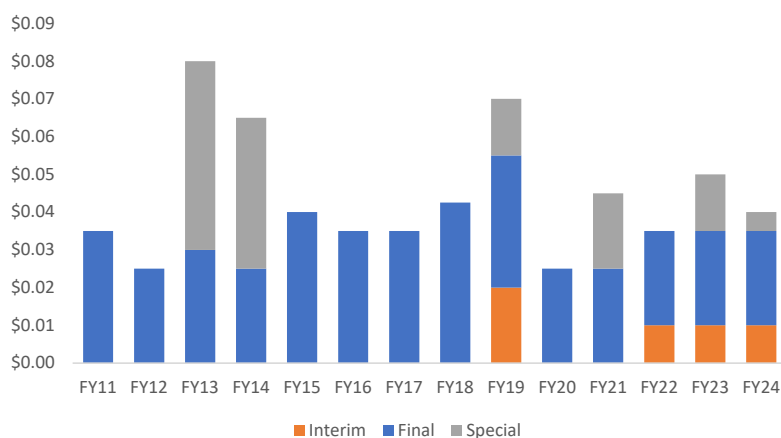


Dividends

Ordinary dividends have been volatile for AMH throughout its history, driven predominantly by the previous dividend policy of the Company in which the Company sought to pay out all available franking credits at the end of each financial year. In FY21 the Company changed its dividend policy to stop paying out all the franking credits available in a financial year. The Company now considers the amount of income and realised capital gains, the level of franking credits and the market conditions. The Board recognises the importance of fully franked dividends to its shareholders and as such is expected to continue to pay fully franked dividends where it is in a position to do so.

The change in the dividend policy has been a positive with the Company increasing the frequency of dividends from annual to semi-annual and the smoothing of ordinary annual dividends. The amended dividend policy also provides the opportunity for the Company to improve the long-term NTA growth through the ability to reinvest income and capital gains as opposed to having to payout capital that may be in excess of the income generated. The strong performance of the portfolio has seen the Company grow its reserves to have a healthy level of dividend coverage as at 31 December 2024.

Dividends Declared by Financial Year (FY11 to FY24)



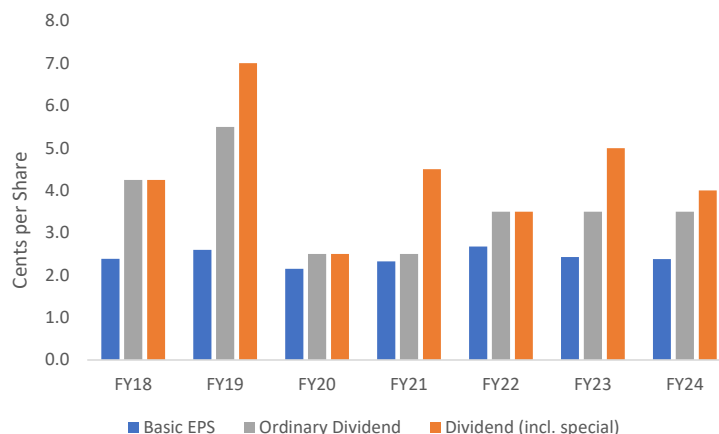
Source: Iress, IIR

Dividends are paid from a combination of dividends and distributions received by the investee companies and realised capital gains. AMH's Net Profit/Loss is determined by the income generated by the portfolio and expenses. Unrealised gains are not incorporated in the Net Profit/Loss. The below chart shows the basic EPS reported by the Company compared to the full year dividends declared for the financial year period from FY18 to

FY24. As the chart shows, the dividends declared have outpaced the basic EPS in all of the financial year periods with dividends paid out of realised capital gains reserves and retained profits.

As at 31 December 2024, the Company had over four years of dividend coverage of the full year ordinary dividend declared for FY24 of 3.5 cents per share, with 1 year of fully franked dividend coverage before the accrual of additional franking credits.

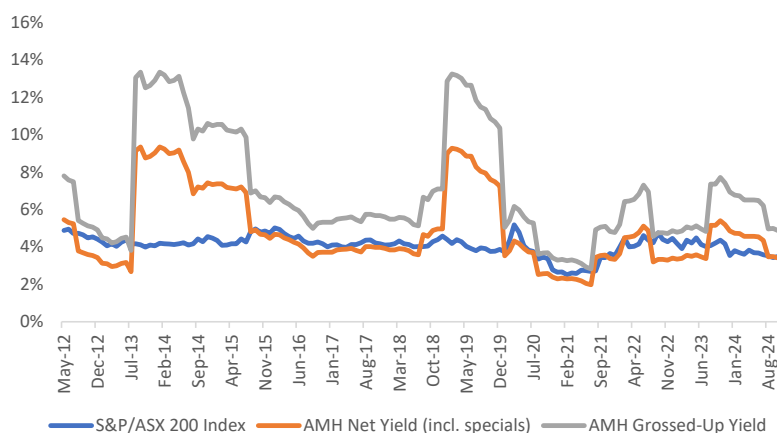
EPS vs. Full Year Dividend Declared



Source: AMH Annual Reports, IIR.

AMH's trailing 12-month dividend yield has been volatile, reflecting the volatility in dividends, which to some degree has been driven by special dividends. The volatility in the trailing 12-month dividend yield also reflects the movements in the share price.

Dividend Yield Compared to S&P/ASX 200 Index



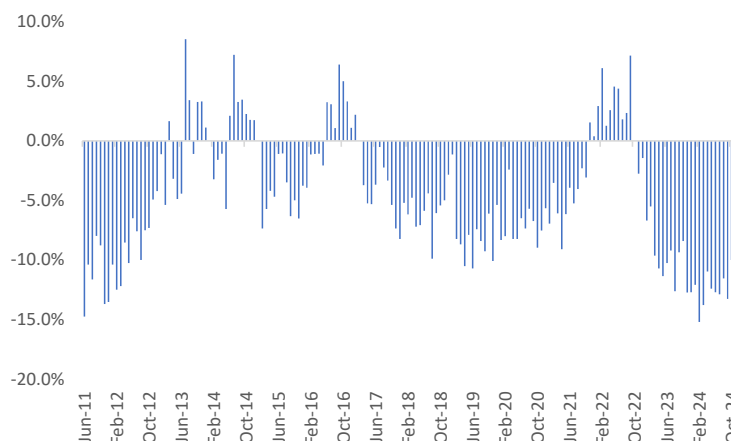
Source: Iress, IIR

Premium/Discount

From the period 30 June 2011 to 31 December 2024 the Company has traded at both a premium and discount during certain periods, although at a discount more often than a premium. We attribute the premium and discount to be driven by a combination of portfolio performance compared to the broader market and volatility in dividends throughout history.

The potential for the share price to dislocate from the portfolio value is a feature of LICs. Given LICs have a fixed number of shares on issue the share price will be driven by the demand and supply dynamics for the Company. The Company has been trading at a discount since late 2022. Australian equity LICs more broadly have been sold off during this period given the macroeconomic environment and a rotation into other asset classes as a result. We expect that over the longer-term, the reduced dividend volatility combined with a more regular dividend income stream which will have a positive impact on the extent of the premium/discount at which the Company trades.

Historical Premium/Discount (based on month-end data)



Source: AMH, Iress, IIR

PEER COMPARISON

The below provides a comparison of the key features and performance of the relevant peers of AMH. The peer group includes LICs that have a focus on large cap ASX-listed equities. While all the LICs in the peer group have a focus on ASX-listed large cap stocks each of the LICs have a different strategy and mandate. For example, AMH has a medium-to-long term relatively low turnover investment approach. This compares to WLE, which has a highly active style of investing resulting in high levels of turnover and PIC which has the flexibility to invest up to 35% of the portfolio in international equities.

From a size perspective, AMH has the second smallest market cap of the peer group.

Listed Investment Company (LIC) Peer Group				
Name	Ticker	Structure	Management	Market Cap (\$m)*
Australian Foundation Investment Company Limited	AFI	LIC	Internal	\$9,285.6
AMCIL Limited	AMH	LIC	Internal	\$372.0
Argo Investments Limited	ARG	LIC	Internal	\$6,861.7
Australian United Investment Company Limited	AUI	LIC	Internal	\$1,299.3
BKI Investment Company Limited	BKI	LIC	Internal	\$1,364.1
Flagship Investments Limited	FSI	LIC	External	\$54.3
Perpetual Investment Company	PIC	LIC	External	\$452.5
Whitefield Industrials Ltd	WHF	LIC	External	\$669.6
WAM Leaders Limited	WLE	LIC	External	\$1,712.2

*As at 31 December 2024.

Source: ASX, IIR.

From a fee perspective, AMH's management fees sit in the middle of the group. The portfolio is internally managed. The majority of the LICs in the peer group do not charge a performance fee. FSI and WLE are the only two LICs in the peer group that charge performance fees.

Peer Group Fee Comparison				
LMI Name	ASX Ticker	Management Fee, ex GST	Performance Fee	Performance Fee Hurdle
Australian Foundation Investment Company Limited	AFI	0.15%	na	na
AMCIL Limited	AMH	0.56%	na	na
Argo Investments Limited	ARG	0.15%	na	na
Australian United Investment Company Limited	AUI	0.10%	na	na
BKI Investment Company Limited	BKI	0.17%	na	na

Peer Group Fee Comparison				
LMI Name	ASX Ticker	Management Fee, ex GST	Performance Fee	Performance Fee Hurdle
Flagship Investments Limited	FSI	0.00%	15.0	Bloomberg Bank Bill Index
Perpetual Investment Company	PIC	1.00%	na	na
Whitefield Industrials Ltd	WHF	0.25%	na	na
WAM Leaders Limited	WLE	1.00%	20.0	S&P/ASX 200 Acc Index

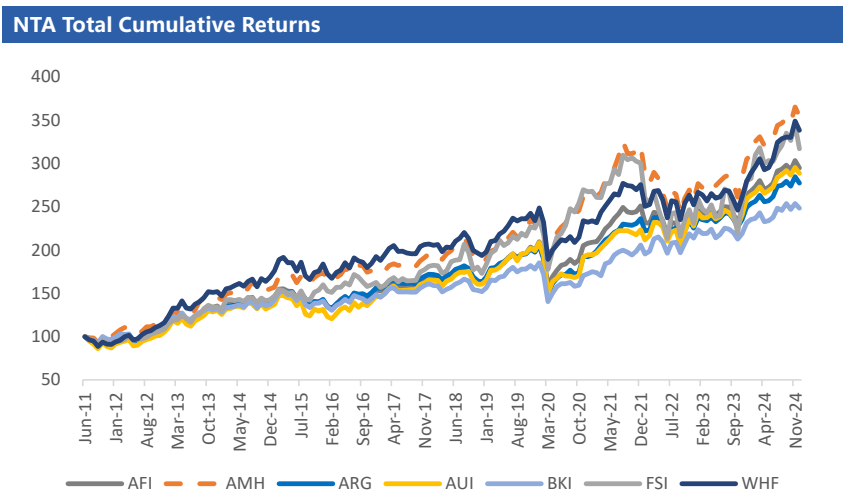
Source: ASX, IIR.

The below table shows the trailing 12-month net and grossed-up dividend yield as at 31 December 2024 for the peer group as well as the premium/discount at which the LICs were trading. The dividend yield for AMH was at the lower end of the peer group on both a net and grossed-up basis reflecting the focus on total returns. The Company was trading at one of the larger discounts. We attribute this to a combination of the lower yield combined with the smaller size when compared to its peers. The amended dividend policy provides the opportunity for the Company to continue to grow the asset base. The ability to grow the size of the Company while delivering attractive returns compared to the market and its peers are expected to have a positive impact on the discount.

Trailing Dividend Yields & Premium/Discount as at 31 December 2024				
LMI	Ticker	Trailing 12-month Net Dividend Yield	Trailing 12-month Grossed-Up Dividend Yield	Premium/Discount
Australian Foundation Investment Company Limited	AFI	3.51%	5.01%	-10.1%
AMCIL Limited	AMH	3.40%	4.86%	-11.7%
Argo Investments Limited	ARG	3.84%	5.48%	-10.2%
Australian United Investment Company Limited	AUI	4.30%	6.14%	-13.8%
BKI Investment Company Limited	BKI	4.64%	6.64%	-9.6%
Flagship Investments Limited	FSI	4.81%	6.87%	-18.9%
Perpetual Investment Company	PIC	6.75%	9.64%	-6.9%
Whitefield Industrials Ltd	WHF	3.72%	5.32%	-11.1%
WAM Leaders Limited	WLE	7.36%	10.51%	-4.6%

Source: ASX, Iress, IIR.

From a portfolio return perspective, of those LICs in the peer group that have a track record dating back to 30 June 2011, AMH generated the best NTA return on an absolute basis to 31 December 2024. Portfolio volatility has typically been at the higher end of the peer group which is to be expected given the higher level of exposure to smaller cap stocks than some of its peers. On a risk-adjusted basis AMH's portfolio has performed well over the longer-term.



Source: ASX, Iress, IIR

NTA Risk & Returns (as at 31 December 2024)									
	AFI	AMH	ARG	AUI	BKI	FSI	PIC	WHF	WLE
Total Cumulative Returns									
1 year	11.7%	16.2%	11.2%	11.4%	7.2%	13.4%	8.9%	21.1%	1.8%
3 year (p.a.)	5.5%	3.4%	5.5%	8.9%	6.5%	1.8%	4.3%	7.1%	2.4%
5 year (p.a.)	8.1%	8.9%	7.0%	7.7%	6.9%	7.1%	8.4%	7.6%	6.8%
10 year (p.a.)	7.7%	8.6%	7.2%	7.9%	6.1%	8.3%	7.6%	7.2%	na
Standard Deviation									
1 year	9.0%	9.8%	8.3%	7.4%	9.1%	16.9%	9.9%	10.8%	9.5%
3 year (p.a.)	14.3%	16.6%	12.7%	14.0%	12.5%	26.1%	12.7%	15.9%	12.6%
5 year (p.a.)	15.8%	17.5%	16.1%	17.1%	15.0%	24.2%	16.7%	16.8%	15.3%
10 year (p.a.)	13.4%	14.3%	13.4%	14.8%	12.8%	19.4%	13.2%	14.6%	na

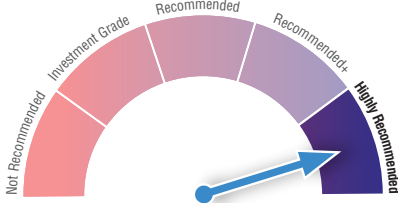
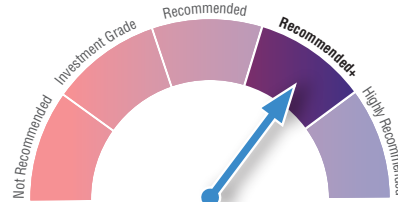
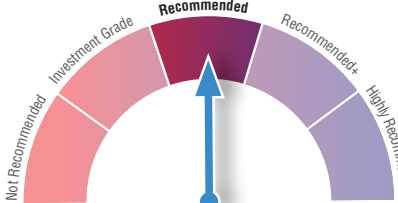
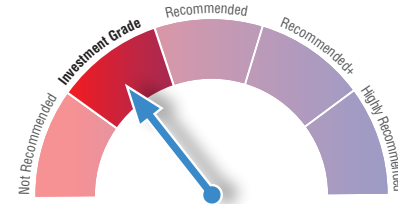
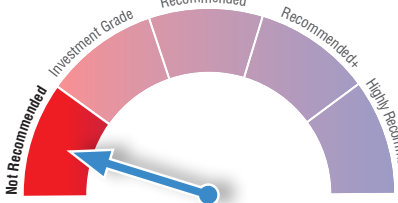
From a shareholder return perspective, AMH delivered strong shareholder returns over the 12-months to 31 December 2024 reflecting the strong portfolio performance, with AMH delivering the second highest shareholder return for the period. The weakness in the portfolio in 2022 has impacted the medium-term returns for shareholders, however over the 10 year period to 31 December 2024, shareholder returns have been competitive with its peers.

Share Price Risk & Returns (as at 31 December 2024)									
	AFI	AMH	ARG	AUI	BKI	FSI	PIC	WHF	WLE
Total Cumulative Returns									
1 year	3.0%	18.2%	4.4%	9.3%	-0.1%	22.5%	12.5%	14.4%	-2.1%
3 year (p.a.)	-1.1%	-0.6%	-0.4%	6.2%	5.3%	-1.2%	2.8%	3.4%	0.9%
5 year (p.a.)	4.3%	7.7%	4.3%	5.1%	4.6%	6.8%	8.1%	5.5%	6.7%
10 year (p.a.)	6.0%	7.3%	5.4%	7.2%	5.4%	8.3%	7.0%	6.9%	na
Standard Deviation									
1 year	5.8%	5.7%	7.2%	7.2%	8.6%	16.5%	8.3%	7.8%	10.9%
3 year (p.a.)	11.6%	11.5%	9.6%	10.6%	10.0%	24.6%	12.2%	7.8%	11.6%
5 year (p.a.)	13.5%	13.9%	14.6%	14.8%	15.8%	24.8%	16.6%	14.4%	15.8%
10 year (p.a.)	11.3%	12.1%	11.5%	12.6%	13.5%	19.5%	13.1%	11.8%	na

APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd “IIR” rating system.

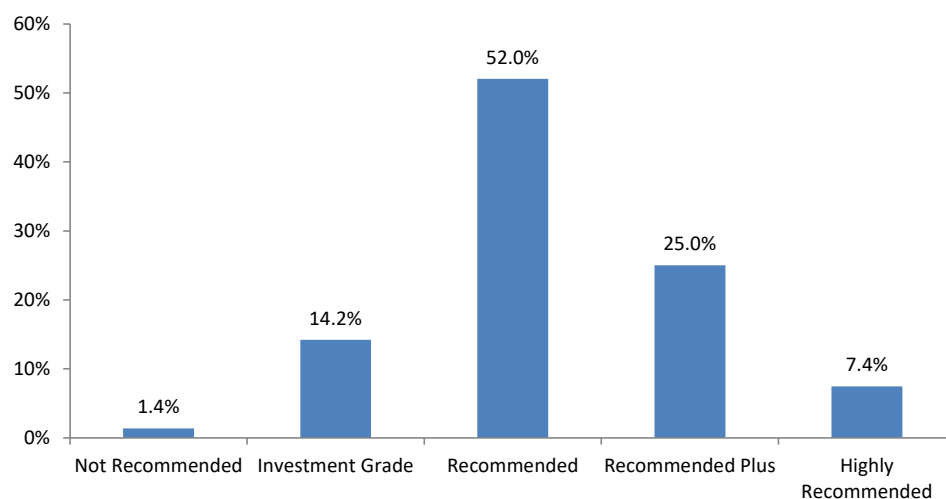
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: product management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
Highly Recommended	83 and above
 <p>This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.</p>	
Recommended +	79–83
 <p>This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.</p>	
Recommended	70–79
 <p>This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.</p>	
Investment Grade	60–70
 <p>This rating indicates that IIR believes this is an average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an average risk/return trade-off and should be able to consistently generate average risk adjusted returns in line with stated investment objectives.</p>	
Not Recommended	<60
 <p>This rating indicates that IIR believes that despite the product's merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. While this is a product below the minimum rating to be considered Investment Grade, this does not mean the product is without merit. Funds in this category are considered to be susceptible to high risks that are not reflected by the projected return. Performance volatility, particularly on the down-side, is likely.</p>	

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

Spread of Managed Investment Ratings



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