

31 July 2020

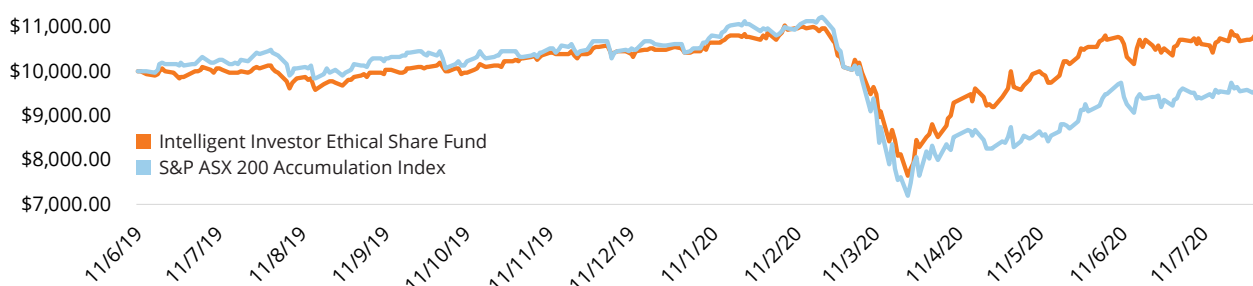
Monthly Update

Intelligent Investor Ethical Share Fund

(Managed Fund) (ASX: INES)

As at 31 July 2020

Performance of \$10,000 since inception



Performance (after fees)

	1 mth	3 mths	6 mths	1 yr	S. I.
Intelligent Investor Ethical Share Fund	2.2%	8.0%	-0.9%	7.1%	6.9%
S&P ASX 200 Accumulation Index	0.5%	7.6%	-14.2%	-9.9%	-5.3%
Excess to Benchmark	1.7%	0.4%	13.3%	17.0%	12.2%

Asset allocation

Cash	22.1%
Industrials	19.0%
Information Technology	18.4%
Communication Services	15.3%
Financials	8.6%
Consumer Discretionary	6.7%
Real Estate	3.8%
Health Care	3.7%
Materials	2.4%

Top 5 holdings

Frontier Digital Ventures (FDV)	6.8%
Audinate (AD8)	6.6%
Seek (SEK)	5.4%
Pinnacle Investment Mmgt Group (PNI)	5.0%
Carsales.com (CAR)	4.9%

About Us

With a 20-year track record of beating the market, clear and straightforward language, and an 'open book' approach to stock research and analysis, *Intelligent Investor* offers actionable, reliable recommendations on ASX-listed stocks.

In 2014, *Intelligent Investor* became a part of the InvestSMART family, extending our expertise to even more Australian investors seeking quality analysis and advice.

Fund overview

Listed on 12 June 2019, the Intelligent Investor Ethical Share Fund is an Active ETF designed for investors seeking a diversified selection of Australian companies that produce growing, sustainable profits at low risk of interruption from the increasing threats associated with Environmental, Social and Governance (ESG) factors.

The Fund will invest in undervalued companies with strong long-term capital growth prospects based on the Intelligent Investor's value investing research process. Making more than 500 Buy recommendations since 2001 with an average outperformance of 5.2%^a a year relative to the ASX 200.

Investment objective

To produce a sustainable income yield above that of the S&P/ASX 200 Accumulation Index.

Who manages the investment?

Nathan Bell, has over 20 years of experience in portfolio management and research and is supported by our Investment Committee, chaired by Paul Clitheroe. Nathan returned to *Intelligent Investor* in 2018 as Portfolio Manager, having previously been with *Intelligent Investor* for nine years, spending five of those as Research Director. Nathan has a Bachelor of Economics and subsequently completed a Graduate Diploma of Applied Investment and Management. Nathan is a CFA Charterholder.

Key Fund Details

INVESTMENT CATEGORY

A portfolio of individually-selected Australian Equities

INVESTMENT STYLE

Active Stock Selection, Value Investing Approach

BENCHMARK

S&P/ASX 200 Accumulation Index

INCEPTION DATE

1 July 2019 for the PMA
12 June 2019 for the Listed Fund

SUGGESTED INVESTMENT TIMEFRAME

5+ years

NUMBER OF STOCKS

10 - 35

INVESTMENT FEE

0.97% p.a.

PERFORMANCE FEE

N/A

MINIMUM INITIAL INVESTMENT

\$25,000 for the PMA
\$1 for the Listed Fund

Intelligent Investor Ethical Share Fund

31 Jul 2020 update

'We have two ears and one tongue so that we would listen more and talk less.'

— Diogenes

It was a quiet month for the fund as we prepare for reporting season in August, which is likely to be very ugly for many businesses. Get ready for new terms such as 'earnings before covid'.

During July the fund increased 2.2% compared to the market's 0.5% gain and we added **Auckland Airport** to the fund.

Airports with large international passenger terminals are suffering from covid-19 as much as any business, but eventually traffic will return even if many businesspeople favour more zoom meetings than tiring flights. The company also recently raised capital to fortify its balance sheet from a prolonged slump.

We also sold **Macquarie Telecom** on valuation grounds after its share price increased 125% in the short time since we've owned it.

Frontier Digital Ventures announced a merger of its South American businesses with its previous competitor OLX, which now has an option to purchase FDV's share of the

combination in two and three years. With the battle for market share behind it, the business can now focus on increasing prices and profitability.

Audinate announced a capital raising, which means the company can continue investing to maintain its massive lead over the competition. As it's already one of our largest positions, the discount is skinny (good news for existing shareholders) and we want to have some firepower to buy more shares if the bubble in many tech names bursts, we're not participating.

Seek announced that it won't pay a final dividend, which is sensible given its debt levels are higher than we'd prefer.

While **Pinnacle's** share price rallied after announcing that several fund managers from its stable will receive performance fees following the market's rapid recovery.

*If you have any questions, as always, please call us on **1300 880 160** or email us at **info@intelligentinvestor.com.au**.*



Important information

This document has been prepared by InvestSMART Funds Management Limited (ABN 62 067 751 759, AFSL 246441) (InvestSMART), the responsible entity of the [Intelligent Investor Ethical Share Fund] (Fund) and issuer of units in the Fund.

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