

# Intelligent Investor Australian Ethical Share Fund

(Managed Fund) (ASX:INES)

**“Beware the investment activity that produces applause; the great moves are usually greeted by yawns.”**

—Warren Buffett

The market took the Ukraine war in its stride during February leaving recent trends intact. Resources up, highly valued stocks down, as markets price in higher interest rates and lower growth.

Recent market action mimics historical behaviour around major trend changes. The impact starts at the perimeter with the weakest and riskiest stocks before hitting higher quality stocks, as we're seeing with market darlings like **Domino's**, which has fallen over 50%. Even **Xero** was down over 40%. It's not just the hype stocks being revalued.

These stocks still aren't cheap, but many names that we want to own for the long haul are closer than they've been for some time. If the US central bank is serious about ending quantitative easing and increasing interest rates, we may not have long to wait.

## Performance (after fees)

	1 mth	6 mths	1 yr	2 yrs	S.I. (p.a)
II Australian Ethical Share Fund	-3.3%	-7.8%	8.2%	18.6%	13.8%
S&P ASX 200 Accumulation Index	2.1%	-4.2%	10.2%	8.3%	6.5%
Excess to Benchmark	-5.5%	-3.6%	-2.0%	10.3%	7.3%

Inception (S.I.): 11 Jun 2019

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## Fund overview


The Intelligent Investor Australian 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.

 **5+ yrs**

Suggested investment timeframe

 **10 - 35**


Indicative number of securities


 **Risk profile: High**

Expected loss in 4 to 6 years out of every 20 years

 **S&P/ASX 200 Accumulation Index**

Benchmark

 **Investment fee**  
0.97% p.a.

 **Performance fee**  
Nil



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The Fund fell 3.3% during February, compared to the market's 2.1% gain. The difference is due to the fund's lack of resources exposure, as you can see from the results from our Income and Growth funds that have performed much better recently due to owning stocks like oil and gas giant **Woodside Petroleum**.

**Telstra's** mobile business continues to flex its muscle and support dividends. While **Uniti Wireless's** share price has fallen around 25% from its high of nearly five dollars, as takeover talks have so far amounted to nothing, and the company now appears to be back on the hunt for acquisitions rather than milking its fibre infrastructure for steady cashflows.

Management has done a superb job so far, but we should've taken some profits on the M&A hype. While we're a little nervous about what assets the company may buy, for now we're giving management the benefit of the doubt.

We opened a position in **CSL** as its share price approached \$240. Given it's one of Australia's best businesses and weighs in at a hefty 7% of the index, it's one we'd like to own a lot more of below \$200. Here's hoping.

The world is increasingly opening up its borders and capital cities, which will be good news for holdings such as **Auckland Airport, LendLease** and **Frontier Digital Ventures**.

LendLease's results were a mess, as new CEO Tony Lombardo resets the company for faster, more efficient growth. It will be years before we see the results, but at the current price we believe we're being compensated to wait.

**360 Capital** confirmed its excellent recent results and remains very cheap. Numerous deals to increase its funds under management also bode well for steady future growth.

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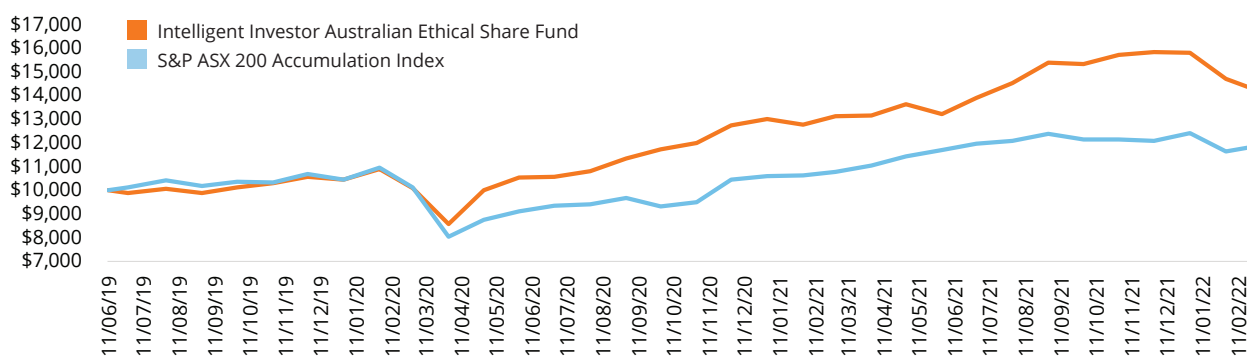
Please get in touch if you have any questions on

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or at

**[info@intelligentinvestor.com.au](mailto:info@intelligentinvestor.com.au)**

## Performance since inception



Inception (S.I.): 11 Jun 2019

## Asset allocation

Cash	30.0%
Communication Services	17.8%
Information Technology	14.3%
Real Estate	10.9%
Financials	9.5%
Health Care	8.9%
Industrials	5.8%
Utilities	1.6%
Consumer Discretionary	1.1%

## Top 5 holdings

Frontier Digital Ventures (FDV)	6.8%
RPMGlobal Holdings (RUL)	6.7%
Uniti Group (UWL)	6.0%
Lendlease Group (LLC)	5.9%
Auckland International Airport (AIA)	5.8%

## Net asset value

**\$3.47**

## Important information

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All tables and chart data is correct as at 28 February 2022.