

# Intelligent Investor Australian Equity Growth Fund

(Managed Fund) (ASX:IIGF)

**“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.

The Fund increased 1.3% during February, compared to the market’s 2.1% gain. The resources stocks continued to perform best with reporting season providing no surprises.

## Performance (after fees)


	1 mth	3 mths	6 mths	1 yr	S.I. (p.a)
II Australian Equity Growth Fund	1.3%	-1.8%	-2.1%	15.6%	21.3%
S&P ASX 200 Accumulation Index	2.1%	-1.7%	-4.2%	10.2%	17.2%
Excess to Benchmark	-0.8%	-0.1%	2.1%	5.4%	4.1%


Inception (S.I.): 5 October 2020





## Fund overview


The Intelligent Investor Australian Equity Growth Fund is a concentrated portfolio of 10 - 35 Australian-listed stocks. The Portfolio invests in a mix of large, mid and small cap stocks, focusing on highly profitable industry leaders that have long-term opportunities to reinvest profits at high rates of return.


 **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

**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.

Our coal miners **Newhope** and **Whitehaven**, along with oil and gas giant **Woodside Petroleum**, are benefitting from large increases in commodity prices. Even though they should normalise over time, these companies have huge amounts of cash and franking credits to pay large dividends for years to come.

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**.

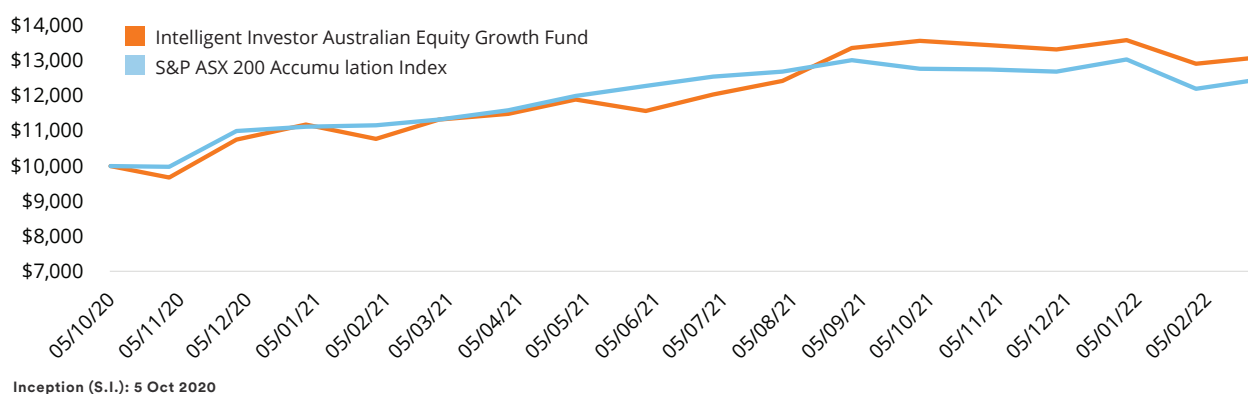
LendLease's results were a mess, as new CEO Tony Lombardo resets the company for faster, more efficient growth. It will be years before we see the results, but at the current price we believe we're being compensated to wait.

**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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## Performance since inception



## Asset allocation

Information Technology	16.4%
Energy	13.3%
Consumer Discretionary	13.3%
Cash	11.9%
Materials	11.1%
Financials	8.8%
Real Estate	7.2%
Communication Services	4.6%
Industrials	4.6%
Consumer Staples	4.3%
Health Care	2.6%
Utilities	1.9%

## Top 5 holdings

Woodside Petroleum (WPL)	6.9%
RPMGlobal Holdings (RUL)	5.1%
Star Entertainment Group (SGR)	5.0%
Frontier Digital Ventures (FDV)	4.7%
Uniti Group (UWL)	4.6%

## Net asset value

\$3.21

## Important information

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