

Intelligent Investor Australian Equity Growth Fund

(Managed Fund) (ASX:IIGF)

“The market does not beat them. They beat themselves, because though they have brains they cannot sit tight.”

— Jesse Livermore

The Fund fell 1.3% in April compared to the market's 0.9% fall. We sold **Crown Resorts**, as the share price closed in on Blackstone's takeover offer price. It's far from a done deal and we'd rather have the cash than risk the deal falling over given the minimal upside.

We also sold the last of our **Uniti Wireless** shares with the company accepting a \$5 takeover bid. It was an excellent result and shows the benefit of digging deeper into industries dominated by slow moving giants. We're not hanging around for the last cent, as management hasn't left any value behind in previous deals.

Conversely, we started a small position in **Domino's Pizza** after its share price halved from ludicrous levels. It's one of Australia's genuine global success stories and has the capacity to grow profits and dividends quickly over the next decade. It's also one of the best managed businesses on the ASX and we look forward to making it a large position as the valuation becomes increasingly attractive.

Performance (after fees)


	1 mth	3 mths	6 mths	1 yr	S.I. (p.a)
II Australian Equity Growth Fund	-1.3%	6.9%	2.7%	16.0%	23.0%
S&P ASX 200 Accumulation Index	-0.9%	8.2%	3.6%	10.2%	19.6%
Excess to Benchmark	-0.4%	-1.3%	-0.9%	5.8%	3.4%


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

Woodside's share price has fallen of late but given the energy industry's lack of investment in new projects we expect it to remain a long-term holding. Our pair of coal stocks, **Whitehaven** and **Newhope**, are also minting money at current coal prices.

Despite taking some profit to keep risks in check, they still look very cheap despite the large increase in Whitehaven's share price. We also took some profits on **South32** on valuation grounds.

EML Payments announced yet another profit downgrade. It's been a lousy investment so far. While there are reasons for optimism, the small position size means further bad news will have little impact on the portfolio.

Star Entertainment's share price has held firm despite the repulsive testimony of the company's senior staff at the investigation into Sydney's Star Casino. The share price reflects little value for its casino licenses and border openings, the return of international visitors later in the year and the impending completion of the new Brisbane casino bode well for profits and dividends.

Frontier Digital Ventures released another excellent set of quarterly numbers. Founder and CEO Shaun Di Gregorio is investing heavily in the company's fledgling businesses, as more mature businesses like Zameen start producing much higher profit margins.

In local currency, Zameen's revenue increased 65% over a year earlier while operating profits doubled, lifting the operating profit margin from 10% to 17%. We expect the same trajectory from Frontier's other businesses over the ensuing years now that they're all capable of handling property transactions. They account for more than 50% of Frontier's revenue and it's a much bigger market than property advertising.

LendLease's share price also got a little kick after an activist shareholder's letter to the company justifying a \$25 share price was widely reported in the media. We concur with the stock's potential with development profits expected to increase quickly as the world's major cities reopen after COVID lockdowns. But keeping costs down, which is a key plank of new CEO Tony Lombardo's strategy, will be difficult in such a highly inflationary environment.

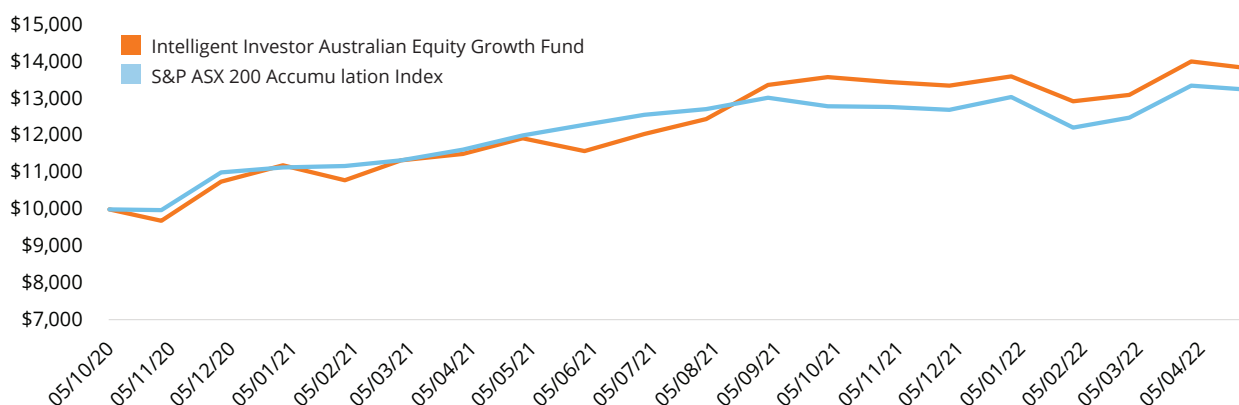
Please get in touch if you have any questions on

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Performance since inception



Inception (S.I.): 5 Oct 2020

Asset allocation

Cash	27.9%
Information Technology	13.9%
Energy	12.8%
Financials	8.8%
Materials	8.4%
Consumer Discretionary	7.5%
Real Estate	7.5%
Industrials	4.7%
Consumer Staples	4.0%
Health Care	2.7%
Utilities	1.9%

Top 5 holdings

Woodside Petroleum (WPL)	7.2%
Auckland International Airport (AIA)	4.7%
RPMGlobal Holdings (RUL)	4.6%
Lend Lease	4.5%
Star Entertainment Group (SGR)	4.5%

Fund Stats

Income yield	1.78%
Net asset value	\$3.38

Important information

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All tables and chart data is correct as at 30 April 2022.