

# Intelligent Investor Australian Equity Growth Fund

(Managed Fund) (ASX:IIGF)

Issued by  
InvestSMART Funds  
Management Limited  
ACN 067 751 759  
AFSL 246441

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Intelligent Investor  
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ACN 109 360 983  
CAR 1255 838

ARSN 630 396 691  
ASX Code: IIGF

**“The greater the ignorance, the greater the dogmatism.”**

— William Osler

The Fund increased 8.0% during October compared to the market's 6.0% return. Most market commentary currently surrounds the timing of a 'Fed Pivot', as though rapidly cutting interest rates will rekindle the crazy boom times of last year instead of unleashing large share price falls as history suggests. Be careful what you wish for.

Anything is possible, but we're focused on valuations – which still assume high profit growth expectations – and the eventual impact of higher interest rates, which are yet to materially impact consumers, employment or profit margins.

Weaker than expected results recently from the massive US tech companies are the tip of the iceberg with Powell determined to keep increasing interest rates.

Bear markets typically end with panic or disinterest. We're prepared for anything and everything, as there's never been so many issues facing investors simultaneously.

Our solution is always the same. Be patient, keep it simple, and buy stocks with a margin of safety forged by a mix of entrepreneurial management, business predictability and a sensible valuation.

## Performance (after fees)


	1 mth	3 mths	6 mths	1 yr	S.I. (p.a)
II Australian Equity Growth Fund	8.0%	4.1%	4.5%	7.4%	19.4%
S&P ASX 200 Accumulation Index	6.0%	0.7%	-5.4%	-2.0%	11.4%
Excess to Benchmark	2.0%	3.4%	9.9%	9.4%	8.0%


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

## Portfolio

We reduced our energy exposure from over 20% to 15%, which was timely given **New Hope's** share price fell 20% after initially breaching \$7 after confirming the expansion of its New Acland mine.

Labor has scrapped franking benefits attached to share buybacks, which may have cost New Hope shareholders \$400m given its massive franking balance. Hence the large share price reaction.

**Frontier Digital Ventures's** quarterly result showed its Pakistan businesses continue to go from strength to strength, though progress is being offset by the falling currency. The potential IPO of Zameen's major shareholder EMPG may soon shine a spotlight on its value.

Infocasas's founder along with other senior staff have been promoted and incentivised to increase the Latin American division's revenue from US\$30m to \$100m to list it on the NASDAQ. Success would create a division worth multiples of Frontier's current value, but the risk of an emerging market sovereign debt crisis is increasing with US interest rates.

Frontier Digital is well prepared, but the next couple of years will be the making or breaking of the company and our investment case.

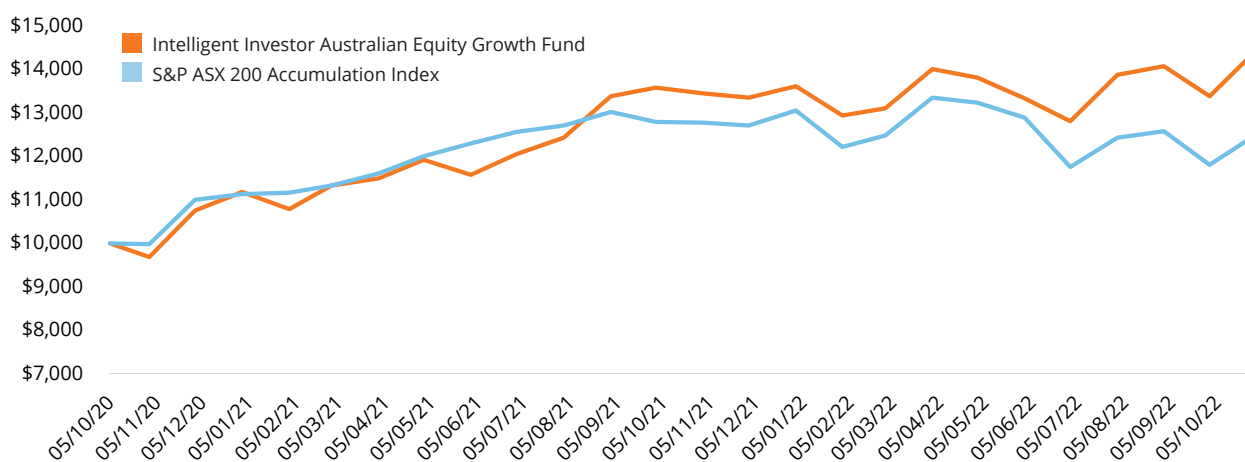
We started a position in **Mineral Resources**, whose remarkable track record under Chris Ellison is gaining wide attention with the potential listing of the company's Lithium business overseas.

Green energy is a hot investment theme currently, but the company has a clear and sensible growth strategy for all four divisions. Falling iron ore and lithium prices are the biggest risk currently, but we'd welcome a large share price fall to increase our position.

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Please get in touch if you have any questions on **1300 880 160** or at **[info@intelligentinvestor.com.au](mailto:info@intelligentinvestor.com.au)**

## Performance since inception



Inception (S.I.): 5 Oct 2020

## Asset allocation

Cash	23.0%
Information Technology	15.2%
Consumer Discretionary	13.9%
Financials	12.7%
Materials	11.5%
Energy	11.2%
Industrials	5.1%
Real Estate	3.2%
Health Care	2.5%
Utilities	1.8%

## Top 5 holdings

RPMGlobal Holdings (RUL)	7.4%
Auckland International Airport (AIA)	5.1%
Woodside Energy Group (WDS)	5.0%
Star Entertainment Group (SGR)	4.7%
Audinate (AD8)	4.1%

## Fund Stats

Income yield	13.56%
Net asset value	\$3.075

## Important information

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All tables and chart data is correct as at 31 October 2022.