

# Intelligent Investor Ethical Share Fund

(Managed Fund) (ASX:INES)

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

Managed by  
Intelligent Investor  
Holdings Pty Ltd  
ACN 109 360 983  
CAR 1255 838

ARSN 630 396 584  
ASX Code: INES

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

— William Osler

The Fund increased 5.2% 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.

## Performance (after fees)

	1 mth	1 yr	2 yrs	3 yrs	S.I. (p.a)
II Ethical Share Fund	5.2%	-10.0%	8.6%	11.2%	10.8%
S&P ASX 200 Accumulation Index	6.0%	-2.0%	12.0%	4.8%	5.3%
Excess to Benchmark	-0.8%	-8.0%	-3.4%	6.3%	5.5%

Inception (S.I.): 11 Jun 2019

RIAA's RI Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies that Intelligent Investor Australian Ethical Share Fund (ASX: INES) adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product. The Certification Symbol is a Registered Trademark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and Intelligent Investor Australian Ethical Share Fund (ASX: INES) methodology, performance and stock holdings can be found at [www.responsibleinvestments.com.au](http://www.responsibleinvestments.com.au), together with details about other responsible investment products certified by RIAA.



## 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



CERTIFIED BY RIAA

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.

## Portfolio

**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.

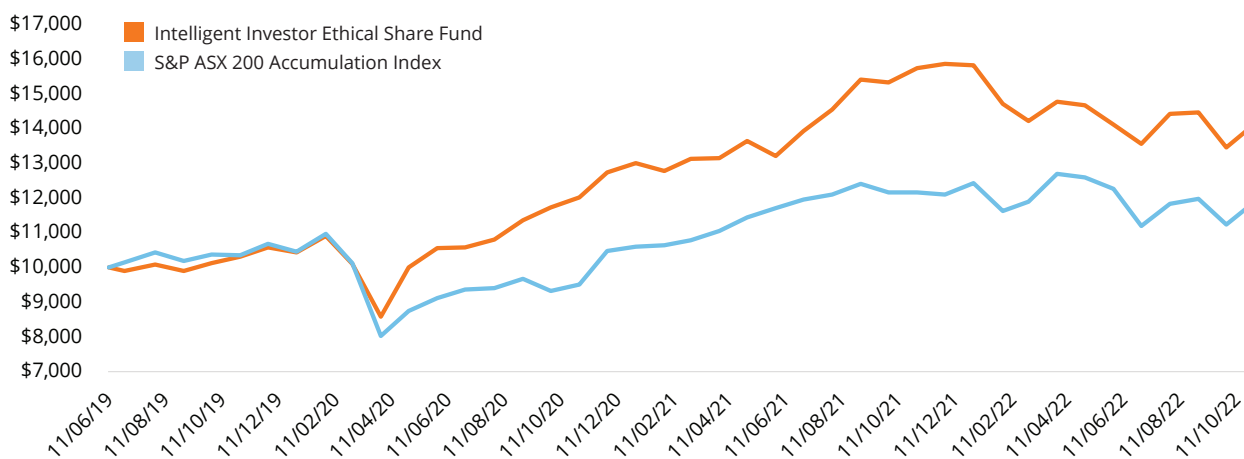
Green energy is a hot investment theme currently, but the company has a clear and sensible growth strategy for all four divisions. Falling iron ore and lithium prices are the biggest risk currently, but we'd welcome a large share price fall to increase our position.

Lastly, we also started a position in software provider **Objective Corporation**, another founder-led company with a long track record of consistent value creation chiefly due to sticky government clients.

---

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.): 11 Jun 2019

## Asset allocation

Cash	30.9%
Health Care	16.5%
Information Technology	14.2%
Communication Services	12.4%
Financials	9.0%
Industrials	6.7%
Materials	4.9%
Real Estate	3.3%
Consumer Discretionary	2.1%

## Top 5 holdings

Auckland International Airport (AIA)	6.7%
RPMGlobal Holdings (RUL)	6.4%
Telstra Corporation (TLS)	4.5%
Omni Bridgeway (OBL)	4.1%
Audinate (AD8)	4.0%

## Fund Stats

Income yield	12.18%
Net asset value	\$3.07

## 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 Fund and issuer of units in the Fund. While every care has been taken in the preparation of this document, InvestSMART makes no representations or warranties as to the accuracy or completeness of any statement in it. To the maximum extent permitted by law, neither InvestSMART, its directors, employees or agents accept any liability for any loss arising in relation to this document. This document is not an endorsement that this portfolio is appropriate for you and should not be relied upon in making a decision to invest in this product. You should always consider the relevant disclosure document (including Product Disclosure Statement, Investment Menu, Target Market Determination and Financial Services Guide along with any accompanying materials) and/or seek professional advice before making any investment decision. Disclosure documents for financial products offered by InvestSMART can be downloaded from the InvestSMART website or obtained by contacting 1300 880 160. The document provides general financial information only. InvestSMART has NOT considered your personal objectives, financial situation and needs when preparing this document. You should consider your individual objectives, financial situation and needs and seek professional advice where necessary before making any investment decision. Past performance is not a reliable indicator of future performance. InvestSMART does not assure nor guarantee the performance of any financial products offered. InvestSMART, its associates and their respective directors and other staff each declare that they may, from time to time, hold interests in securities that are contained in this investment product.

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