

Intelligent Investor Australian Equity Growth Fund

(Managed Fund) (ASX:IIGF)

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 630 396 691
ASX Code: IIGF

“Opportunities always look bigger after they have passed.”

— Unknown

The Fund fell 6.3% during October compared to the market’s 3.8% fall, with the iron ore miners virtually the only stocks to escape fears surrounding higher interest rates. The fear has quickly subsided in November, but we expect this volatility to be normal in the years ahead, which should provide plenty of opportunities.

Most of the news from our key holdings has been positive. **Whitehaven Coal** announced an impressive deal to buy **BHP**’s coal mines. Whether it adds value remains to be seen, but we’re comfortable with a larger position in **New Hope Corporation**.

Mineral Resources’ share price has fallen 40% from its peak as lithium prices have fallen. But as we recently explained in detail, the company has numerous growth options and lithium prices will eventually bounce back. We’ll increase the position if the share price falls much further.

We’ve quietly nearly doubled our money on infrastructure owner **Infratil** and only wished we’d made it a larger position in the beginning after it announced a nearly \$500m increase in the value of its data centres. We’re

Performance (after fees)


	1 mth	1 yr	2 yrs	3 yrs	S.I. p.a
II Australian Equity Growth Fund	-6.3%	-12.5%	-3.1%	8.9%	7.9%
S&P ASX 200 Accumulation Index	-3.8%	3.0%	0.4%	8.7%	8.6%
Excess to Benchmark	-2.5%	-15.5%	-2.5%	0.2%	-0.7%


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

delighted with the performance of the business and the stock, particularly given higher interest rates have punished the share prices of many other infrastructure businesses.

Audinate took advantage of its high share price and raised \$20m to increase investment, while early in November **Aussie Broadband** announced it will acquire cloud-based telco **Symbio** for \$262m. Aussie Broadband is now Australia's fourth largest telecommunications company and will potentially become a target itself eventually.

Typifying the current disinterest in smaller stocks, **RPM Global**'s share price ticked down after announcing another profit upgrade.

Frontier Digital Ventures announced a very positive quarterly update, which was also met by crickets. And **360 Capital** continues to fall despite buying back shares at nearly half what net asset value could be once the buyback is completed.

There's also been a flurry of deals at the smallest end of the market causing at least two stocks to triple. This shows how little interest there is in stocks outside the market's largest and most familiar names despite the value on offer.

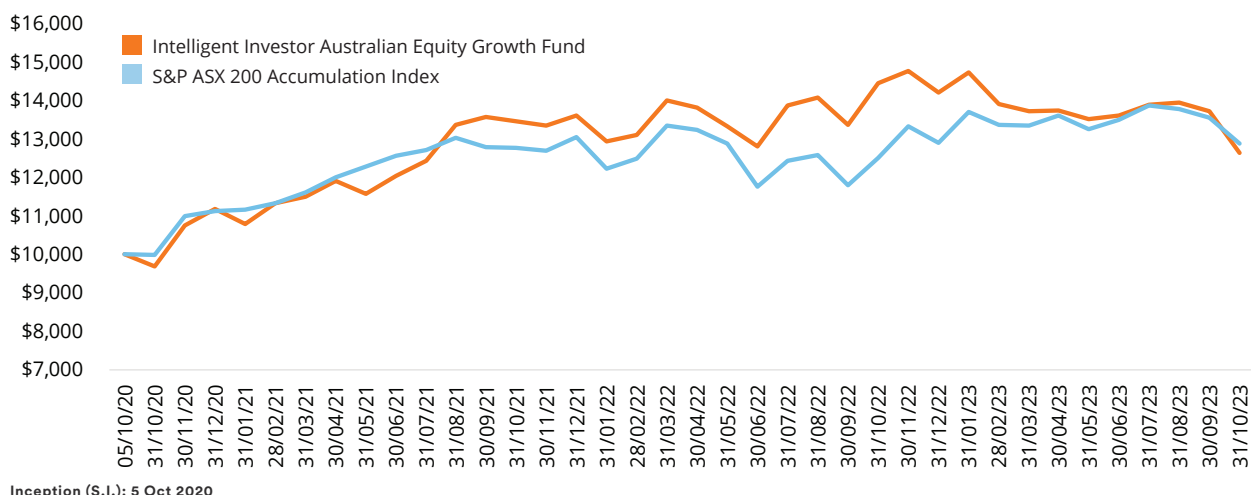
While that's affecting our performance, eventually Mr Market will regain his confidence and come looking for faster growing businesses if a suitor doesn't buy them first.

While we have a great collection of Australia's finest businesses including **Wesfarmers**, **CSL**, **Sonic Healthcare**, Mineral Resources, **Brickworks**, **James Hardies Industries** and **ResMed** just to name a few, not to mention **Auckland Airport** across the ditch, it's our stars in the making that we expect to drive the outperformance of the fund over the next decade.

We've been through many market cycles and the current herding into the market's biggest names at any cost is one that repeats. Eventually, though, investors will look for better opportunities that we're buying now because that's where the value is. That's how we've always outperformed and this time will be no different.

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



Asset allocation

Materials	18.6%
Cash	15.6%
Information Technology	13.0%
Health Care	12.9%
Consumer Discretionary	11.4%
Financials	8.5%
Industrials	5.7%
Energy	4.8%
Communication Services	4.3%
Real Estate	2.9%
Utilities	2.4%

Top 5 holdings

RPMGlobal Holdings (RUL)	6.5%
CSL (CSL)	5.9%
New Hope Corporation (NHC)	5.9%
Auckland International Airport (AIA)	5.7%
Audinate (AD8)	4.6%

Fund Stats

Distribution yield	6.79%
Net asset value	\$2.53

Important information

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All tables and chart data is correct as at 31 October 2023