

# 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

**“You have to realize, your thoughts are not really your own thoughts. They percolate in from other places and from other people.”**

— Robert Shiller

**“Controlling your behavior amid uncertainty can be hard enough. Controlling your reactions to other people’s behavior is way harder. Fear is more contagious than any virus, and can instantly push people to react in ways that would have seemed unthinkable a moment prior.”**

— Morgan Housel

The Fund increased 6.4% compared to the market’s 0.8% gain, as the market’s finally discovering the value in many of our long-term holdings.

If index funds weren’t busy bidding up large stocks to ridiculous levels our performance would look even better. When the momentum chasing index funds spin into reverse, it could produce life changing opportunities.

We sold our modest position in **REA Group** on valuation grounds and added a small position in **John Lyng**, which organises repairs for insurable events.

## Performance (after fees)

	1 mth	1 yr	2 yrs	3 yrs	S.I. (p.a)
II Ethical Share Fund	6.4%	16.5%	7.5%	7.7%	11.1%
S&P ASX 200 Accumulation Index	0.8%	10.6%	8.9%	9.3%	7.5%
Excess to Benchmark	5.6%	5.9%	-1.4%	-1.6%	3.6%

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



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It's very cheap if it can replicate its domestic success in the US, but we're keeping the position small until we get more comfortable or the valuation offers a larger margin of safety.

**Audinate's** share price continues to shine after reporting its first net profit. It's a classic *Intelligent Investor* stock. Find it early, in this case before it was profitable, and hang on as the market gradually recognises the value of its competitive advantages.

**RPM Global** is also finally joining the party, and we're excited that management believes its software product XECUTE is beginning to join its asset management software as the industry standard.

The best results came from **Wesfarmers** and **Aussie Broadband**. We initially bought Wesfarmers as we believed its fledgling lithium business was being undervalued. Ironically, its losing money due to the collapse in spodumene prices but K-Mart is booming. The shares have performed better than we could've hoped.

Aussie Broadband's share price initially increased 20% after its results relieved concerns about slowing growth and lower profit margins. Management is not wasting time with its acquisition-led strategy making a bid for **Superloop**, as it rapidly scales up its business to compete with Australia's telco giants.

**MA Financial's** share price fell 20% as its profits fell further than most expected. Merger and acquisition activity hasn't recovered from record levels a year or two earlier and the company is investing heavily. Boasting record funds under management is great, but we like the company's culture of sacrificing profits today for bigger profits tomorrow.

Lastly, many of our smaller holdings produced excellent results, including **PWR Holdings**, **Frontier Digital Ventures**, **Dicker Data** and **Objective Corporation**, but due to liquidity constraints or high valuations we're not ready to make them larger positions.

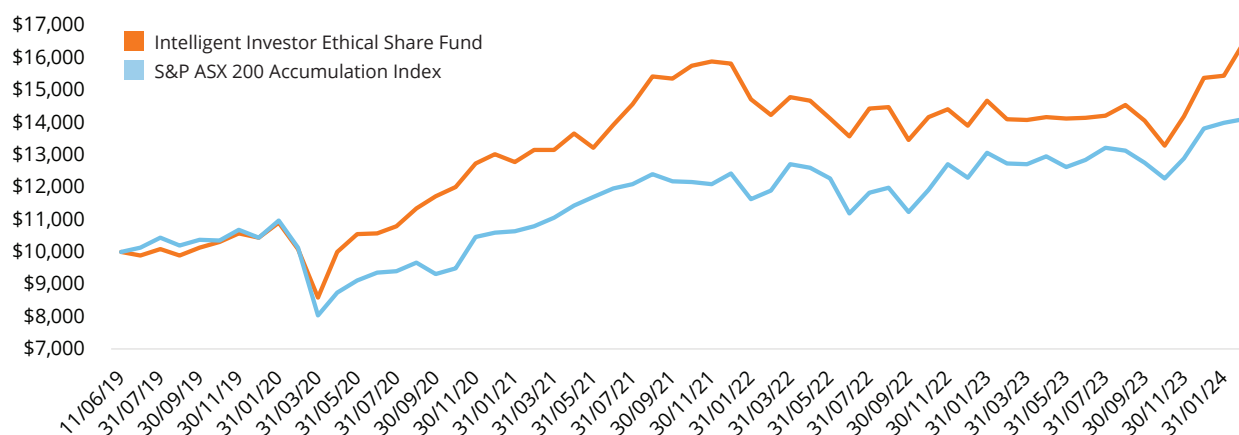
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*Please get in touch if you have any questions*

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## Performance since inception



### Asset allocation

Information Technology	19.6%
Health Care	15.6%
Communication Services	15.6%
Financials	12.5%
Consumer Discretionary	9.9%
Cash	9.5%
Materials	8.9%
Industrials	8.5%

### Top 5 holdings

RPMGlobal Holdings (RUL)	7.4%
Audinate (AD8)	6.6%
Auckland International Airport (AIA)	6.5%
CSL (CSL)	6.0%
Mineral Resources (MIN)	5.4%

### Fund Stats

Distribution yield	1.16%
Net asset value	\$3.51

### Important information

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All tables and chart data is correct as at 29 February 2024