

Intelligent Investor Ethical Share Fund

ARSN 630 396 584

Interim report

For the half-year ended 31 December 2024

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This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made in respect of Intelligent Investor Ethical Share Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim report covers Intelligent Investor Ethical Share Fund as an individual entity.

The Responsible Entity of Intelligent Investor Ethical Share Fund is InvestSMART Funds Management Ltd (ABN 62 067 751 759) (AFSL 246441).

The Responsible Entity's registered office is:
Suite 2, Level 2, 66 Clarence Street
Sydney, NSW 2000

Directors' report

The directors of InvestSMART Funds Management Ltd, the Responsible Entity of Intelligent Investor Ethical Share Fund (the "Fund"), present their report together with the interim financial statements of the Fund for the half-year ended 31 December 2024.

Principal activities

The Fund is an Australian registered managed investment scheme which was constituted on 18 December 2018, registered on 18 December 2018, commenced operations on 7 June 2019 and its units commenced trading on the Australian Securities Exchange (ASX: INES) on 12 June 2019 subject to its obligations under Aqua Rules and ASX Operating Rules. The Fund is domiciled in Australia. The Fund invests in a portfolio of between 10 and 35 Australian and international listed companies with market prices at material discounts to their estimated value in accordance with the Product Disclosure Statement ("PDS") and the Fund's Constitution.

The Fund did not have any employees during the half-year.

The PDS for the Fund was amended on 1 July 2024 allowing the Fund to hold up to 30% of its total securities in international holdings. The first international holdings were purchased by the Fund in July 2024. There were no other significant changes in the nature of the Fund's activities during the half-year.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	InvestSMART Funds Management Ltd
Investment Manager	Intelligent Investor Holdings Pty Limited
Custodian and Administrator	Apex Fund Services Pty Ltd (an Apex Group Company)
Unit Registry	Link Market Services Ltd
Statutory Auditor	BDO Audit Pty Limited

Directors

The following persons held office as directors of InvestSMART Funds Management Limited during the half-year or since the end of the half-year and up to the date of this report:

Alastair Davidson	Director
Peter Ron Hodge	Director
Andrew Ward	Director

Review and results of operations

During the half-year, the Fund invested its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended 31 December 2024	Half-year ended 31 December 2023
Operating profit for the period (\$'000)	2,452	6,247
Distributions paid and payable (\$'000)	3,088	1,235
Distributions (cents per unit)	14.39	5.35

Significant changes in state of affairs

The PDS for the Fund was amended on 1 July 2024. The amended PDS now includes the Funds ability to invest in international holdings. The Fund is able to hold up to 30% of its total securities in international holdings. The first international holdings were purchased by the Fund in July 2024.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the half-year ended 31 December 2024.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

Directors' report (continued)

Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors of InvestSMART Funds Management Limited, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Andrew Ward
Director

Sydney
11 March 2025

DECLARATION OF INDEPENDENCE BY DANE PERUMAL TO THE DIRECTORS OF INTELLIGENT INVESTOR ETHICAL SHARE FUND

As lead auditor for the review of Intelligent Investor Ethical Share Fund for the year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Dane Perumal
Director

BDO Audit Pty Ltd
Sydney, 11 March 2025

Intelligent Investor Ethical Share Fund
Condensed statement of comprehensive income
For the half-year ended 31 December 2024

Condensed statement of comprehensive income

		Half-year ended 31 December 2024 \$'000	Half-year ended 31 December 2023 \$'000
	Note		
Investment income			
Interest revenue		61	82
Dividend and distribution income		586	563
Net gains on financial instruments at fair value through profit or loss	4	2,262	5,977
Total investment income		2,909	6,622
Expenses			
Management fees		350	340
Transaction costs		107	35
Total expenses		457	375
Profit for the half-year		2,452	6,247
Other comprehensive income		-	-
Total comprehensive income for the half-year		2,452	6,247
Earnings per unit for profit attributable to unit holders of the Fund			
Basic and diluted earnings per unit (cents)	9	11.34	27.28

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed statement of financial position

	Note	As at 31 December 2024 \$'000	As at 30 June 2024 \$'000
Assets			
Cash and cash equivalents		5,199	6,667
Receivables		134	19
Due from brokers - receivable for securities sold		-	1,875
Financial assets at fair value through profit or loss	5	69,046	64,807
Total assets		74,379	73,368
Liabilities			
Due to brokers - payable for securities purchased		40	-
Distributions payable	8	-	3,088
Payables		61	59
Financial liabilities at fair value through profit or loss	6	544	-
Total liabilities		645	3,147
Net assets attributable to unit holders – equity	7	73,734	70,221

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

Condensed statement of changes in equity

		Half-year ended 31 December 2024 \$'000	Half-year ended 31 December 2023 \$'000
	Note		
Total equity at the beginning of the half-year		70,221	69,887
Comprehensive income for the half-year			
Profit for the half-year		2,452	6,247
Other comprehensive income		-	-
Total comprehensive income		2,452	6,247
Transactions with unit holders			
Applications	7	3,894	2,228
Redemptions	7	(3,970)	(3,750)
Reinvestment of distributions	7	1,137	322
Distributions payable	7	-	(300)
Total equity at the end of the half-year		73,734	74,634

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed statement of cash flows

		Half-year ended 31 December 2024 \$'000	Half-year ended 31 December 2023 \$'000
	Note		
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		34,676	6,573
Payments for purchase of financial instruments at fair value through profit or loss		(34,194)	(14,073)
Interest income received		55	107
Other income received		2	-
Dividends and distributions received		475	622
Management fees paid		(348)	(336)
Transaction costs paid		(107)	(35)
Net cash inflow/(outflow) from operating activities		559	(7,142)
Cash flows from financing activities			
Proceeds from applications by unit holders		3,894	2,230
Payments for redemptions by unit holders		(3,970)	(3,771)
Distributions paid		(1,951)	(613)
Net cash inflow/(outflow) from financing activities		(2,027)	(2,154)
Net increase/(decrease) in cash and cash equivalents		(1,468)	(9,296)
Cash and cash equivalents at the beginning of the half-year		6,667	13,089
Cash and cash equivalents at the end of the half-year		5,199	3,793
Non-cash operating and financing activities	7	1,137	322

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

1 General information

These interim financial statements cover Intelligent Investor Ethical Share Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 18 December 2018, registered on 18 December 2018 and its units commenced trading on the Australian Securities Exchange (ASX: INES) on 12 June 2019. The Fund is domiciled in Australia.

The Responsible Entity of the Fund is InvestSMART Funds Management Ltd (ABN 62 067 751 759) (AFSL 246441) (the "Responsible Entity"). The Responsible Entity's registered office is Suite 2, Level 2, 66 Clarence Street, Sydney, NSW 2000. These interim financial statements are presented in Australian dollars.

The Fund aims to invest in a portfolio of Australian listed companies in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The interim financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the interim financial statements.

2 Material accounting policy information

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *'Interim Financial Reporting'*.

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report of the Fund for the year ended 30 June 2024.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the annual financial report for the year ended 30 June 2024, except for the accounting policies below.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(a) Financial instruments

(i) Classification

The Fund's investments are classified at fair value through profit or loss. They comprise:

- Investments in listed equities, listed unit trusts and interest bearing securities.
- Derivative financial instruments such as forward currency contracts. The Fund designates forward currency contracts used to hedge currency risk of offshore listed securities as hedges in a hedging relationship.

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured mandatorily at fair value through profit or loss.

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

- Financial assets and liabilities at fair value through profit or loss.

At initial recognition, the Fund measures a financial asset at its fair value. Custody transaction costs associated with the financial assets and liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise. The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities is the last bid price for financial assets and the last offer price for financial liabilities.

2 Summary of material accounting policies (continued)

(a) Financial instruments (continued)

(iv) Derivatives

The Fund designates hedging instruments, which include derivatives in respect of foreign currency risk, as fair value hedges. At the inception of the hedge relationship, the Fund documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Fund documents whether the hedging instrument is highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in Statements of Profit or Loss and Other Comprehensive Income immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in Statements of Profit or Loss in the line item relating to the hedged item. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

(v) Impairment

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (Cash and cash equivalents and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The Fund considers a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3 Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis. The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(a) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

3 Fair value measurement (continued)

(a) Fair value in an active market (level 2)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Specific valuation techniques using observable inputs used to value financial instruments include:

- Foreign currency forwards are valued at the present value of future cash flows based on the forward exchange rates at the balance sheet date.

(b) Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2024 and 30 June 2024.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2024				
Financial assets				
Listed equity securities	69,046	-	-	69,046
Total financial assets	69,046	-	-	69,046
Financial liabilities				
Forward currency contracts	-	544	-	544
Total financial liabilities	-	544	-	544
As at 30 June 2024				
Financial assets				
Listed equity securities	64,807	-	-	64,807
Total financial assets	64,807	-	-	64,807

(c) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy during the financial half-year.

4 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains recognised in relation to financial assets and liabilities at fair value through profit or loss:

	Half-year ended 31 December 2024 \$'000	Half-year ended 31 December 2023 \$'000
Financial assets		
Net realised gain/(loss) on financial assets at fair value through profit or loss	2,217	(2,752)
Net unrealised gain on financial assets at fair value through profit or loss	45	8,729
Net gains on financial assets at fair value through profit or loss	2,262	5,977

5 Financial assets at fair value through profit or loss

	As at 31 December 2024 \$'000	As at 30 June 2024 \$'000
Financial assets at fair value through profit or loss		
Listed equity securities	69,046	64,807
Total financial assets at fair value through profit or loss	69,046	64,807

6 Financial liabilities at fair value through profit or loss

	As at 31 December 2024 \$'000	As at 30 June 2024 \$'000
Financial liabilities at fair value through profit or loss		
Forward currency contracts	544	-
Total financial liabilities at fair value through profit or loss	544	-

7 Net assets attributable to unit holders

Movements in the number of units and net assets attributable to unit holders during the periods were as follows:

	Half-year ended 31 December 2024		Half-year ended 31 December 2023	
	Units '000	\$'000	Units '000	\$'000
Opening balance	21,468	70,221	23,164	69,887
Applications	1,165	3,894	736	2,228
Redemptions	(1,197)	(3,970)	(1,240)	(3,750)
Reinvestment of distributions	347	1,137	106	322
Distributions paid and payable	-	-	-	(300)
Profit for the period	-	2,452	-	6,247
Closing balance	21,783	73,734	22,766	74,634

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

8 Distributions to unit holders

The distributions declared and paid during the half-year were as follows:

	Half-year ended 31 December 2024		Half-year ended 31 December 2023	
	\$'000	CPU	\$'000	CPU
30 June (paid)	3,088	14.39	935	4.03
31 December (payable)	-	-	300	1.32
Total distributions	3,088	14.39	1,235	5.35

9 Earnings per unit

Earnings per unit amounts are calculated by dividing net profit/(loss) attributable to unit holders before distributions by the weighted average number of units outstanding during the half-year.

	Half-year ended 31 December 2024	Half-year ended 31 December 2023
Operating profit (\$'000)	2,452	6,247
Weighted average number of units on issue ('000)	21,614	22,900
Basic and diluted earnings per unit (cents)*	11.34	27.28

*As the fund has no potential dilutive units, basic and diluted EPU are equal.

10 Events occurring after the reporting period

No significant events have occurred since the end of the half-year which would impact on the financial position of the Fund as disclosed in the condensed statement of financial position as at 31 December 2024 or on the results and cash flows of the Fund for the half-year ended on that date.

11 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2024 (30 June 2024: Nil).

12 Related party transactions

InvestSMART Funds Management Limited is the Responsible Entity for the Fund.

All management fees paid and payable were paid to InvestSMART Funds Management Limited as Responsible Entity.

Alastair Davidson, a director of the Responsible Entity, acquired 356 units during the half-year and held 8,486 units in the Fund at 31 December 2024 (31 December 2023: 8,098 units).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The interim financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its performance for the financial period ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of InvestSMART Funds Management Limited, pursuant to s.303 (5) of the *Corporations Act 2001*.

On behalf of the directors



Andrew Ward
Director

Sydney
11 March 2025

INDEPENDENT AUDITOR'S REVIEW REPORT

To the unitholders of Intelligent Investor Ethical Share Fund

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Intelligent Investor Ethical Share Fund (the Fund), which comprises the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Fund does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Fund, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Fund are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO
Dane Perumal

Dane Perumal

Director

Sydney, 11 March 2025