

31 October 2020

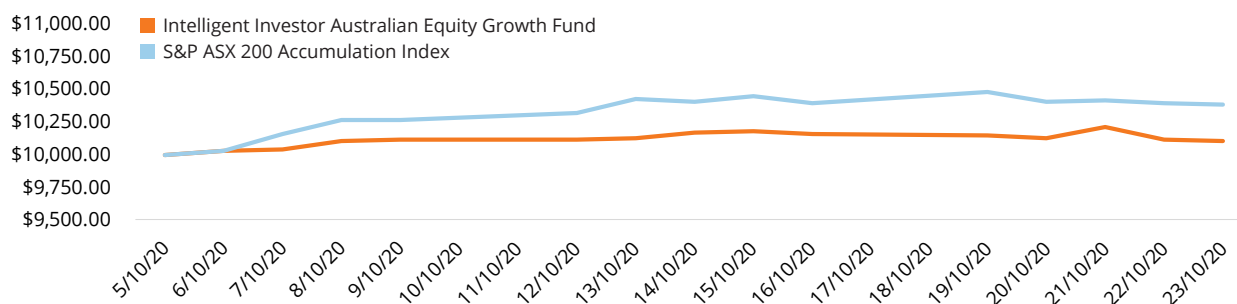
Monthly Update

Intelligent Investor Australian Equity Growth Fund

(Managed Fund) (ASX: IIGF)

As at 31 October 2020

Performance of \$10,000 since inception



Asset allocation

Cash	23.6%
Information Technology	21.1%
Consumer Discretionary	17.2%
Communication Services	14.0%
Real Estate	5.9%
Financials	5.5%
Energy	4.8%
Industrials	4.1%
Materials	3.9%

Top 5 holdings

Frontier Digital Ventures (FDV)	8.1%
Star Entertainment Group (SGR)	6.0%
RPMGlobal (RUL)	5.9%
Audinate (AD8)	5.8%
Pinnacle Investment Mgmt Group (PNI)	5.5%

About Us

With a 20-year track record of beating the market, clear and straightforward language, and an 'open book' approach to stock research and analysis, *Intelligent Investor* offers actionable, reliable recommendations on ASX-listed stocks.

In 2014, *Intelligent Investor* became a part of the InvestSMART family, extending our expertise to even more Australian investors seeking quality analysis and advice.

Portfolio overview

The Intelligent Investor Equity Growth Portfolio 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.

As contrarian value investors, producing safe and attractive returns in the stock market means sticking to a disciplined and repeatable process. We do this by patiently waiting for overreactions in share prices, so we can buy at a large discount to our estimate of intrinsic value.

Investment objective

The portfolio aims to achieve a return of 2% above the S&P/ASX 200 Accumulation Index p.a. over five year rolling periods with minimal turnover to allow returns to compound in a favourable tax environment.

Who manages the investment?

Nathan Bell, has over 20 years of experience in portfolio management and research and is supported by our Investment Committee, chaired by Paul Clitheroe. Nathan returned to *Intelligent Investor* in 2018 as Portfolio Manager, having previously been with *Intelligent Investor* for nine years, spending five of those as Research Director. Nathan has a Bachelor of Economics and subsequently completed a Graduate Diploma of Applied Investment and Management. Nathan is a CFA Charterholder.

Key Fund Details

INVESTMENT CATEGORY

A portfolio of individually-selected Australian Equities

INVESTMENT STYLE

Active Stock Selection, Value Investing Approach

BENCHMARK

S&P/ASX 200 Accumulation Index

INCEPTION DATE

6 October 2020

SUGGESTED INVESTMENT TIMEFRAME

5+ years

NUMBER OF STOCKS

10 - 35

INVESTMENT FEE

0.97% p.a.

PERFORMANCE FEE

N/A

MINIMUM INITIAL INVESTMENT

N/A

SUITABILITY

Suitable for investors who are seeking domestic equity exposure with a growing stream of dividends to offset inflation

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'Enthusiasm is more important than skill because the critical element in developing expertise is the desire to practice.'

— Gretchen Rubin

The fund decreased -3.2% during the quarter compared to a 1.9% gain for the index.

During the month we started adding some small resources exposure, as the market values of resources stocks are at or near a historical low compared to the value of industrial stocks.

We added former holding **South32**, **Alumina** and a nominal holding in **Whitehaven Coal**, which could be worth five times its current value if Asian demand for coal remains strong. We sold **Reece**, which has performed much better, much faster than we could've hoped for.

The big jump in **Reece's** share price came from an expansion in its price-to-earnings ratio rather than an improvement in its financials, which is what's driving growth stocks and the market generally.

Frontier Digital Ventures achieved a major milestone by producing its maiden operating profit. Although its share price fell after the recent capital raising (which accounted for a large chunk of the underperformance since

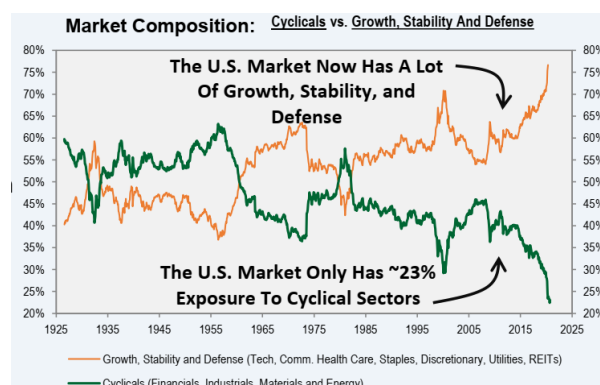
IIGF listed), we believe the company will be worth multiples of the current share price as profits explode from a low base.

Crown Resorts has been in the headlines for all the wrong reasons. Given the governance failings, virtually the entire board should be replaced. James Packer will also likely need to reduce his shareholding below 10% for the company to avoid changes to its licenses.

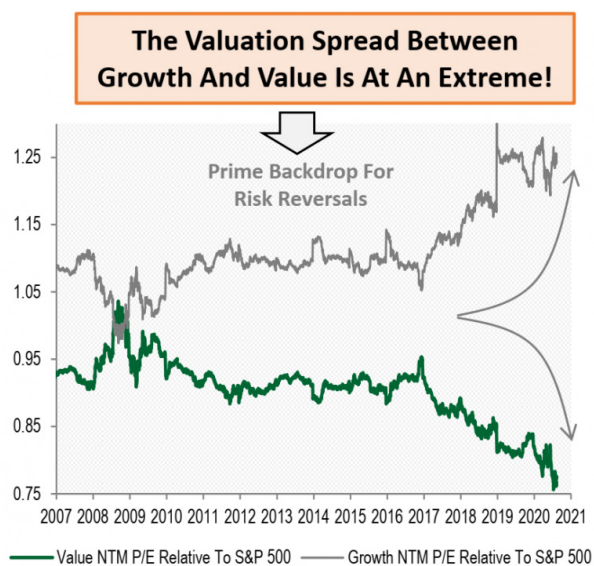
Despite the governance issues, the stock looks cheap with the new Sydney casino at Barangaroo nearing completion and COVID restrictions relaxing in Victoria.

360 Capital has also been busy launching new funds and has made a non-binding acquisition offer for troubled funds management and advice provider Evans and Dixon. Despite CEO Tony Pitt creating plenty of value this year, including a share buyback at good prices, the share price has taken no notice.

Audinate's share price also responded well as its revenue starts to recover from the COVID-induced downturn.



Source: millervalue.com via Cornerstone Macro.



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If you have any questions, as always, please call us on **1300 880 160** or email us at [**info@intelligentinvestor.com.au**](mailto:info@intelligentinvestor.com.au).



Important information

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