

31 October 2020

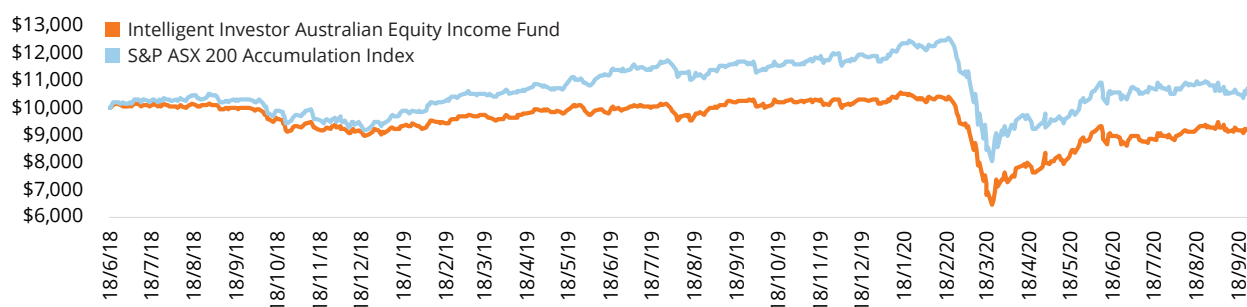
Monthly Update

Intelligent Investor Australian Equity Income Fund

(Managed Fund) (ASX: INIF)

As at 31 October 2020

Performance of \$10,000 since inception



Performance (after fees)

	1 mth	3 mths	6 mths	1 yr	S. I.
Intelligent Investor Australian Equity Income Fund	-0.4%	3.4%	9.9%	-9.9%	-3.5%
S&P ASX 200 Accumulation Index	1.9%	1.0%	8.7%	-8.1%	2.6%
Excess to Benchmark	-2.3%	2.4%	1.2%	-1.7%	-6.1%

Asset allocation

Cash	19.7%
Financials	18.6%
Consumer Discretionary	18.4%
Industrials	17.3%
Materials	8.6%
Real Estate	7.5%
Communication Services	5.6%
Health Care	3.2%
Energy	1.0%

Top 5 holdings

Sydney Airport (SYD)	6.80
BHP Group (BHP)	5.5%
Star Entertainment Group (SGR)	5.5%
Pinnacle Investment Mgmt Group (PNI)	4.7%
Crown Resorts (CWN)	4.3%

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.

Fund overview

Listed on 12 June 2018, this Fund mirrors the Intelligent Investor Equity Income Portfolio.

The Intelligent Investor Australian Equity Income Fund (ASX:INIF) is a concentrated portfolio of 10-35 Australian listed stocks. The Fund focuses on large, mature businesses with entrenched competitive advantages, and dominant smaller companies we believe will produce strong cash flows to support dividends in the future.

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 estimated intrinsic value.

Investment objective

To produce a sustainable income yield above that of the S&P/ASX 200 Accumulation Index.

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

12 June 2018

SUGGESTED INVESTMENT TIMEFRAME

5+ years

NUMBER OF STOCKS

10 - 35

INVESTMENT FEE

0.97% p.a.

PERFORMANCE FEE

N/A

MINIMUM INITIAL INVESTMENT

\$1.00

STRUCTURE

Listed Fund

SUITABILITY

A portfolio focused on generating income without forsaking capital growth by investing in cash rich businesses with the ability to pay growing dividends

Intelligent Investor Australian Equity Income Fund

31 October 2020 update

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

— Gretchen Rubin

The fund fell 0.4% during the quarter compared to a 1.9% gain for the index.

Monthly activity was restricted to increasing our stake in Sydney Airport and taking profits on James Hardie Industries and Reece that have performed much better, much faster than we could've hoped for.

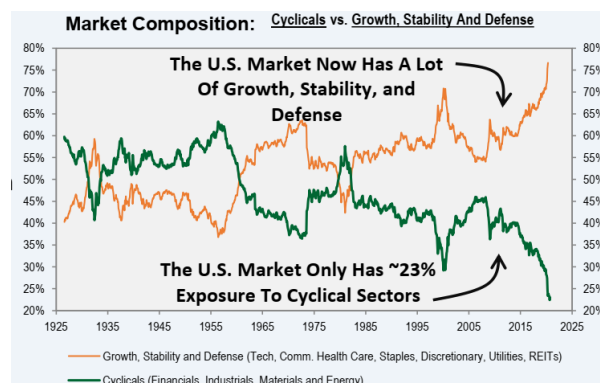
The big jump in **Reece's** share price came from an expansion in its price-to-earnings ratio rather than an improvement in its financials, which is what's driving growth stocks and the market generally.

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.

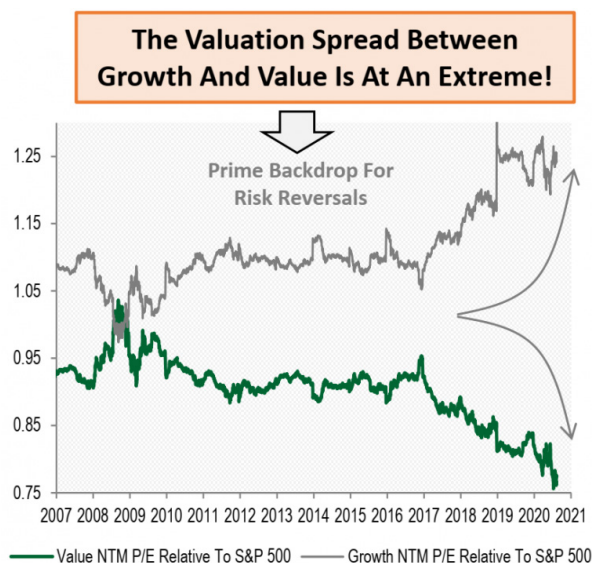
Despite the governance issues, the stock looks cheap with the new Sydney casino at Barangaroo nearing completion and COVID restrictions relaxing in Victoria.

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.



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.



Important information

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