

30 November 2020

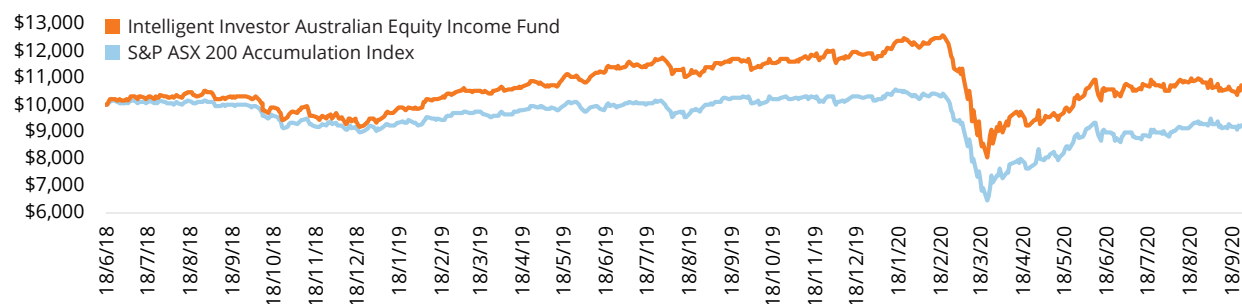
Monthly Update

Intelligent Investor Australian Equity Income Fund

(Managed Fund) (ASX: INIF)

As at 30 November 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	13.3%	12.2%	19.1%	1.4%	1.7%
S&P ASX 200 Accumulation Index	10.2%	8.2%	14.8%	-2.0%	6.7%
Excess to Benchmark	3.1%	4.0%	4.3%	3.4%	-5.0%

Asset allocation

Financials	23.7%
Industrials	20.5%
Consumer Discretionary	20.4%
Materials	11.1%
Real Estate	7.6%
Cash	7.1%
Utilities	3.3%
Health Care	2.7%
Communication Services	2.5%
Energy	1.0%
Information Technology	0.3%

Top 5 holdings

Sydney Airport (SYD)	7.2%
Star Entertainment Group (SGR)	5.8%
BHP Group (BHP)	5.5%
Pinnacle Investment Mgmt Group (PNI)	5.2%
Lovisa (LOV)	5.1%

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

30 November 2020 update

'The rule of thumb in high technology has been that the market leader makes a fortune, the first runner-up breaks even, and everyone else goes bankrupt rapidly.'

— Economists Brad Delong and Larry Summers

The fund increased 13.3% during the month compared to the index's 10.2% gain. That included an almost 3% gain over the index on the day it was announced that we'll likely have a safe and effective COVID vaccine available early next year.

It was the best win value stocks have recorded over growth stocks since the 1930s. As the vaccine is rolled out, we expect this trend will continue.

We added several names to the portfolio this month. Valuations of resources stocks are near a record low compared to industrial stocks, so we've added **South32** and **Alumina**, which offer attractive dividends in addition to large capital gains when the cycle turns.

We also added smash repairer **AMA Group**, after it announced a deal that will help reduce its large amount of debt. We also added **Infratil**, which has built an excellent track record of acquisitions and sales in similar fashion to a private equity operator.

Lastly, we added **Omni Bridgeway**, which has a three-decade history of successfully funding litigation claims. The business has recently shifted to a funds management business model, offering attractive returns to investors prepared to help fund litigation cases.

Fast fashion retailer **Lovisa** announced a cracking deal where it will take over hundreds of new store leases in Europe for a nominal amount. This is exactly the type of decision we expect from entrepreneurial businesses with intelligent insider operators that have plenty of skin in the game.

360 Capital also announced that it expects to double earnings per share to four cents this year, as its rapid launch of new funds starts to impact fee revenue. Boasting a ~5% distribution yield, \$80m of cash, excellent management, a clear growth strategy that's brought in several high calibre executives all while trading at a discount to its net tangible assets, we expect good things over the next few years.

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



Important information

This document has been prepared by InvestSMART Funds Management Limited (ABN 62 067 751 759, AFSL 246441) (InvestSMART), the responsible entity of the Fund and issuer of units in the Fund.

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