

Intelligent Investor Australian Equity Income Fund

(Managed Fund) (ASX:INIF)

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 620 031 414
ASX Code: INIF

“All of you who are looking for a pivot, be careful what you wish for. This pivot only happens if you have an economic accident or a financial accident. And the journey to an economic accident or a financial accident is a very painful journey.”

— Mohamed El-Erian

The Fund increased 4.6% during November compared to the market's 6.6% return, led by the iron ore majors.

The share prices of **BHP**, **Rio Tinto** and **Fortescue Metals** increased 25%, 19% and 21%, respectively, for an astounding monthly increase in market value of \$34bn, \$12bn, \$30bn, as the iron ore price topped US\$100 per ton.

That's \$76bn of market value added to the market in one month from just three stocks. Who said markets were efficient?

The Fund did well considering our underweight position, as we don't see much value in the trio at current prices.

It was a quiet month for The Fund. **Domino's** share price has increased 30% from its low, but there's something discomfoting about watching big moves in the heroes of the last bull market. The leaders of the prior bull market usually don't lead the next one.

Individual investors have been the biggest purchases of stocks recently, and we know from history that they're last to join the party and last to

Performance (after fees)


	1 mth	1 yr	2 yrs (p.a)	3 yrs (p.a)	4 yrs (p.a)	S.I. (p.a)
II Australian Equity Income Fund	4.6%	16.5%	20.3%	13.6%	13.0%	9.7%
S&P ASX 200 Accumulation Index	6.6%	5.0%	10.1%	5.9%	10.6%	8.2%
Excess to Benchmark	-2.0%	11.5%	10.2%	7.7%	2.4%	1.5%


Inception (S.I.): 18 Jun 2018




Fund overview


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.


 **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

leave. They also typically buy familiar names, ignore valuation and are attracted to recent big winners and simple stories like 'people will swap restaurant dining for takeaway during a recession'.

Domino's is a fantastic business but we aren't comforted by the market's recent rally given the profit downgrades we've been expecting have been flowing steadily through AGM season. Not to mention the great Australian interest rate reset is waiting for us in 2023.

MA Financial's share price bounced 20% from its recent low after announcing excellent inflows. This is a stock we want to own more of but are prepared to be patient given all its profits hinge on financial market activity, which is slowing rapidly in some segments.

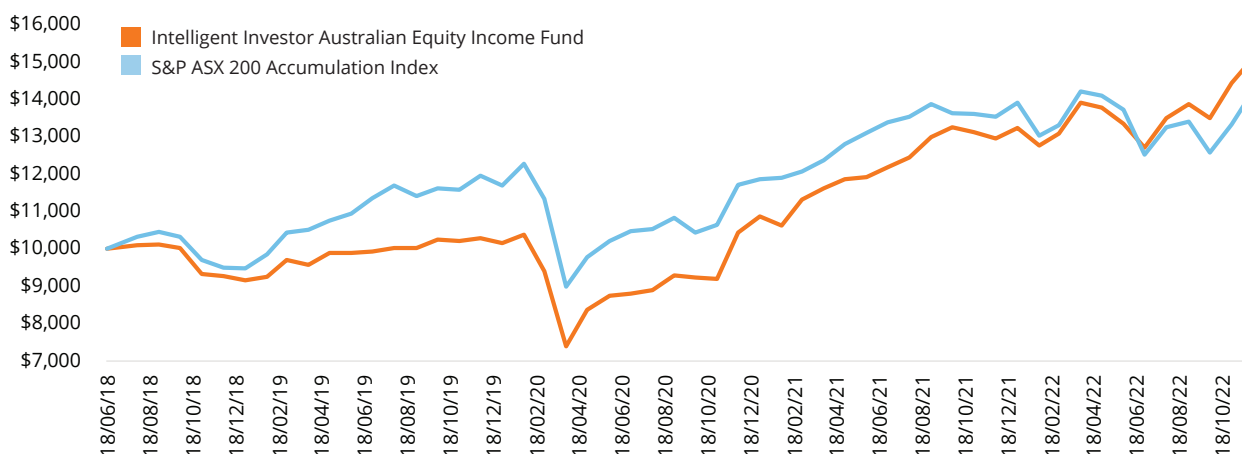
Mineral Resources' share price increased nearly 20% as the company's strategy becomes better understood. No doubt the share price also reflects some frothing over lithium prices, but this is an owner-led business that we plan to own for the long-term. Any major weakness in the share price should be an opportunity to increase our position further.

Our coal stocks bounced back after recent weakness in their share prices. We increased our exposure toward **New Hope** at the expense of **Whitehaven Coal** given its higher capital gain potential following the recent approval of its new mine. New Hope is already busy preparing the new mine but still expects to pay large dividends.

If you have not already done so, please provide your tax file number and bank details to the registry to ensure you receive your distributions correctly.

Please get in touch if you have any questions on **1300 880 160** or at **info@intelligentinvestor.com.au**

Performance since inception



Inception (S.I.): 18 Jun 2018

Asset allocation

Materials	23.7%
Cash	18.8%
Consumer Discretionary	15.8%
Financials	10.5%
Energy	7.8%
Information Technology	6.6%
Industrials	5.7%
Real Estate	4.3%
Communication Services	2.6%
Utilities	2.3%
Health Care	1.9%

Top 5 holdings

BHP Group (BHP)	10.5%
Auckland International Airport (AIA)	5.7%
New Hope Corporation (NHC)	5.0%
Star Entertainment Group (SGR)	5.0%
RPMGlobal Holdings (RUL)	4.7%

Fund Stats

Income yield	10.94%
Net asset value	\$3.11

Important information

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All tables and chart data is correct as at 30 November 2022