

# Intelligent Investor Ethical Share Fund

(Managed Fund) (ASX:INES)

Issued by  
InvestSMART Funds  
Management Limited  
ACN 067 751 759  
AFSL 246441

Managed by  
Intelligent Investor  
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ACN 109 360 983  
CAR 1255 838

ARSN 630 396 584  
ASX Code: INES

## “Opportunities always look bigger after they have passed.”

— Unknown

The Fund fell 5.4% during October compared to the market's 3.8% fall, with the iron ore miners virtually the only stocks to escape fears surrounding higher interest rates. The fear has quickly subsided in November, but we expect this volatility to be normal in the years ahead, which should provide plenty of opportunities.

Most of the news from our key holdings has been positive, as you'd expect from such a high-quality group of businesses with many led by their enterprising founders. **Mineral Resources'** share price has fallen 40% from its peak as lithium prices have fallen. But as we recently explained in detail, the company has numerous growth options and lithium prices will eventually bounce back. We'll increase the position if the share price falls much further.

### Performance (after fees)

	1 mth	1 yr	2 yrs	3 yrs	S.I. (p.a)
II Ethical Share Fund	-5.4%	-6.2%	-8.2%	3.4%	6.6%
S&P ASX 200 Accumulation Index	-3.8%	3.0%	0.4%	8.9%	4.7%
Excess to Benchmark	-1.6%	-9.2%	-8.6%	-5.5%	1.9%

Inception (S.I.): 11 Jun 2019

RIAA's RI Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies that Intelligent Investor Australian Ethical Share Fund (ASX: INES) adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product. The Certification Symbol is a Registered Trademark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and Intelligent Investor Australian Ethical Share Fund (ASX: INES) methodology, performance and stock holdings can be found at [www.responsibleinvestments.com.au](http://www.responsibleinvestments.com.au), together with details about other responsible investment products certified by RIAA.



### Fund overview

The Intelligent Investor Australian Ethical Share Fund is an Active ETF designed for investors seeking a diversified selection of Australian companies that produce growing, sustainable profits at low risk of interruption from the increasing threats associated with Environmental, Social and Governance (ESG) factors.

 **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



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**Audinate** took advantage of its high share price and raised \$20m to increase investment, while early in November **Aussie Broadband** announced it will acquire cloud-based telco **Symbio** for \$262m. Aussie Broadband is now Australia's fourth largest telecommunications company and will potentially become a target itself eventually.

Typifying the current disinterest in smaller stocks, **RPM Global**'s share price ticked down after announcing another profit upgrade.

**Frontier Digital Ventures** announced a very positive quarterly update, which was also met by crickets. And **360 Capital** continues to fall despite buying back shares at nearly half what net asset value could be once the buyback is completed.

There's also been a flurry of deals at the smallest end of the market causing at least two stocks to triple. This shows how little interest there is in stocks outside the market's largest and most familiar names despite the value on offer.

While that's affecting our performance, eventually Mr Market will regain his confidence and come looking for higher growth businesses that pay healthy dividends if a suitor doesn't buy them first.

While we have a great collection of Australia's finest businesses including **Wesfarmers**, **CSL**, **Sonic Healthcare**, Mineral Resources, **Car Group**, **James Hardies Industries** and **ResMed** just to name a few, not to mention **Auckland Airport** across the ditch, it's our stars in the making that we expect to drive the outperformance of the fund over the next decade.

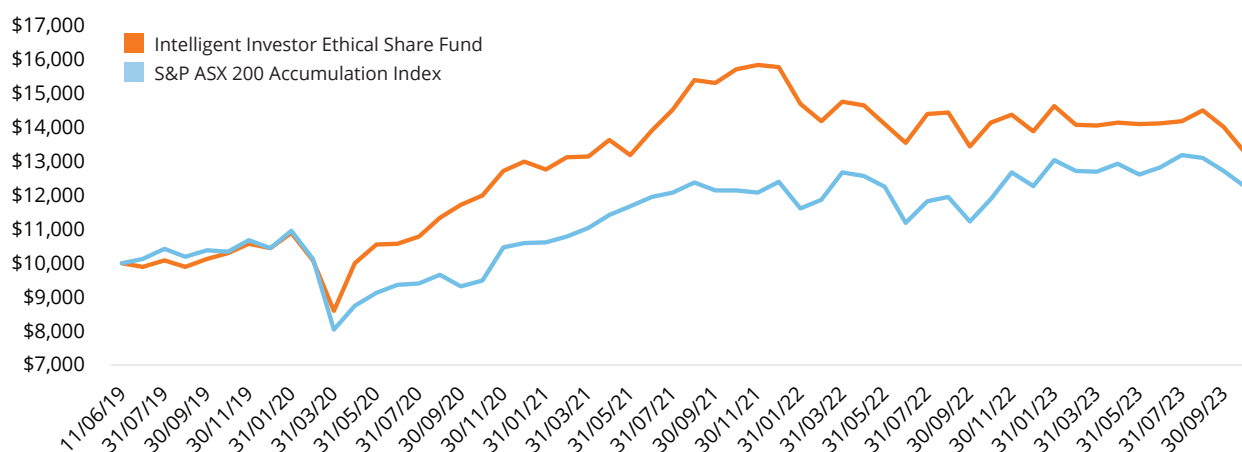
We've experienced many market cycles and the current herding into the market's biggest names at any cost is one that repeats. Eventually, though, investors will look for better opportunities that we're buying now because that's where the value is.

That's how we've always outperformed and this time will be no different. This is the cheapest the portfolio has been since the Covid bear market and we look forward to adding more great businesses as higher interest rates knock more highfliers of their perch in the year ahead.

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Please get in touch if you have any questions on **1300 880 160** or at **[info@intelligentinvestor.com.au](mailto:info@intelligentinvestor.com.au)**

## Performance since inception



Inception (S.I.): 11 Jun 2019

### Asset allocation

Information Technology	20.2%
Communication Services	18.2%
Health Care	17.9%
Financials	10.4%
Cash	10.3%
Industrials	7.0%
Materials	6.9%
Consumer Discretionary	6.8%
Real Estate	2.3%

### Top 5 holdings

Auckland International Airport (AIA)	7.0%
Audinate (AD8)	6.6%
RPMGlobal Holdings (RUL)	6.1%
CSL (CSL)	5.9%
Telstra Corporation (TLS)	4.7%

### Fund Stats

Distribution yield	0.97%
Net asset value	\$2.85

### Important information

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All tables and chart data is correct as at 31 October 2023