



INTELLIGENT INVESTOR WHOLESALE VALUE FUND

Monthly Report | 31 January 2013

The Intelligent Investor Wholesale Value Fund's unit price increased 6.2% for January, ahead of the All Ordinaries Accumulation Index's return of 5.1%.

- The Fund holds Japanese commercial property through units in the **Astro Japan Property Group** (formerly Babcock and Brown Japan). In the five years since credit markets seized up, Astro's management has, relatively successfully, been working to reduce debt and retain as much value as possible for unitholders.

In January it announced a deal which represents the culmination of that work and leaves Astro on a stable footing for the foreseeable future. The details are complicated but the benefits relatively simple: Astro will repay ¥17bn of old debt for just ¥12.7 billion of cash, leaving it with ownership of ¥16.7 billion worth of Japanese property. The deal adds ¥4 billion (\$43m) to Astro's net asset backing and reduces the portfolio leverage significantly.

The Fund had an existing position in Astro so benefitted from the increase in value, but we were also able to add meaningfully to the investment through an institutional placement, the proceeds of which were used to fund the transaction. Astro's security price closed the month up 19% from last month's close and 20% from the placement price of \$2.90.

- Vision Eye Institute** completed its rights issue in January and announced a shortfall of approximately 14.5 million shares to be allocated to the underwriters, including the Fund. Given Vision shares closed the month at \$0.62, up 32%, and the shares were issued at \$0.34, the shortfall allocation was a nice bonus for the Fund.
- At an adjourned special meeting, **Real Estate Capital Partners USA Property Trust** (RCU) unitholders voted to sell the Trust's remaining assets of value, but voted against the distribution of proceeds to unitholders and wind-up of the trust. The voting numbers suggest interests associated with Greg Woolley and Joshua Liberman, controlling a combined 44% of the units, were instrumental in preventing the distribution. RCU's value is now almost entirely cash in the bank.

RCU's unit price closed at \$0.47, down 8% for the month. Post month end, Woolley has filed a notice to change the responsible entity and implement a new investment strategy, which will evidently involve further capital raisings and concentrated private equity style investments. Charmingly, he's also indicated those not supportive of this strategy should sell their units on market. The preference of most other unitholders (including us) is to have their investment returned to them, and we're pushing this message with the board.

	Wholesale Value Fund	All Ords Accum Index		Unit price	Contact details
			NAV	\$1.1634	
			Application	\$1.1663	
1 month return	6.23%	5.08%	Redemption	\$1.1605	Responsible entity Ph: (08) 9217 3100 Fax: (08) 9217 3111 Email: info@macrofunds.com.au 
3 month return	10.13%	8.97%			
6 month return	14.15%	17.03%			
1 year return	25.58%	18.68%			Investment manager Ph: (02) 8305 6050 Fax: (02) 8305 6052 Email: admin@iifunds.com.au 
2 year return (p.a.)	17.34%	5.13%			
Since inception* (p.a.)	5.16%	8.22%			
Stocks in portfolio	14				
Portfolio size	\$30.04m	*6-Sep-04			
				Top holdings	
			RNY	10.02%	
			INA	9.54%	
			IFN	9.52%	
			VEI	9.06%	
			UXC	7.65%	

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