



# INTELLIGENT INVESTOR WHOLESALE VALUE FUND

Monthly Report | 28 February 2013

The Intelligent Investor Wholesale Value Fund returned a healthy 5.6% for February, slightly ahead of the All Ordinaries Accumulation Index's return of 5.2%. Most of the companies we own reported full year or half year results during February and the news was generally excellent.

- Information technology service provider UXC reported half year profit after tax of \$7.5m, up from \$4.7m in the prior comparable period. UXC's second half profit tends to be much larger, and management is indicating this year will be no different, so we're expecting a full year result in excess of \$20m. UXC also announced in February they had secured a large panel contract with Queensland Health. The contract spans at least three years and will start contributing revenue in the second half results. UXC's share price closed at \$1.195, up 11% for the month, and is now close to fully priced, so we've started to reduce our holdings.
- Enero Group (EGG) reported net revenue for the half from continuing business down from \$75m to \$66m, and operating EBITDA down from \$7.4m to \$2.2m. It was a terrible result, but mostly expected. The fact the cash balance, representing more than half the current market capitalisation, remained relatively intact seemed to buoy the market. Enero's shares closed at \$0.39 up 16% for the month.
- As previewed in its November downgrade, QBE Insurance Group (QBE) reported full year cash profit of slightly more than \$1 billion. QBE's end of month market capitalisation was \$16 billion which doesn't look obviously cheap, but this year's results were hampered by provision strengthening related to prior periods. We're also of the view that the investment portfolio, though encumbered by low interest rates, has long term worth that exceeds its current contribution to profit. We're happy holding this position, and QBE's share price closed at \$13.38 up 12% for the month.
- Health group Vision Eye Institute (VEI) reported half year EBIT of \$10.5m, bang in line with our expectations. The result was down a little on prior years due to the previously disclosed impact of health insurance funding changes to intravitreal injections. The earnings more than justify the current share price however, and the business is otherwise showing healthy organic growth. With the net debt balance declining to \$45m at end of February, we expect Vision will be in a position to commence dividends soon. Vision shares returned 8% in February closing at \$0.67.
- On the topic of dividends, Mirvac Industrial Trust (MIX) flagged that distributions to unitholders are likely to recommence in June. Now it has its debt burden under control, MIX trades at a decent cash yield and has the potential to bring larger returns through asset sales. MIX's unit price increased 8% to \$0.14.

	Wholesale Value Fund	All Ords Accum Index		Unit price	Contact details
			NAV	\$1.2287	
			Application	\$1.2318	
			Redemption	\$.12256	
1 month return	5.61%	5.18%		<b>Top holdings</b>	<b>Responsible entity</b>
3 month return	12.09%	14.31%		RNY	9.84%
6 month return	16.01%	20.53%		VEI	9.37%
1 year return	26.65%	21.88%		IFN	8.74%
2 year return (p.a.)	19.32%	6.66%		QBE	7.13%
Since inception* (p.a.)	5.79%	8.78%		INA	7.02%
Stocks in portfolio	15				
Portfolio size	\$31.41m	*6-Sep-04			

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