

# Wholesale Fund

## Monthly Update



INTELLIGENT  
INVESTOR  
FUNDS MANAGEMENT

APRIL 2013

The Intelligent Investor Wholesale Value Fund returned 0.8% for the month of April, but was outpaced by the All Ordinaries Accumulation Index's which returned 3.8%. The market was again driven higher by the financial sector; the S&P/ASX 200 Financials Index rose 8.5% in April and has now returned 37% in the past twelve months.

- Whilst we don't own many financial companies in the Fund, we now own shares in a financial software company called **GBST Holdings**. GBST, which provides software for stockbrokers and administrators of managed funds, is currently at an interesting stage of its development. Its managed funds product known as Composer is making great progress in the United Kingdom, but profit in the broker related business is suffering from low turnover in shares and customers with tight budgets. If these tough conditions ease we expect a significant boost to profits. Look out for more details in our next quarterly report.

- Wind farm owner **Infigen Energy** announced that 3<sup>rd</sup> quarter production was steady in Australia but, due to weak wind conditions, down 10% on the prior comparable period at its United States wind farms. Overall revenue benefited from higher electricity prices in Australia, but this anticipated appreciation makes no difference to our valuation.

The \$1 billion debt burden for Infigen still looks too much, but we were pleased to see that Infigen is now actively looking to sell part of its Australian assets to repay debt. It may be a good time to do so. Investors worldwide have been lowering the return they require on long dated infrastructure assets, and with improved certainty surrounding the Australian Government's subsidised renewable energy target (RET) scheme, these assets are probably as saleable as they have been at any time during the last 5 years.

If they can sell these assets to an investor with less demanding return requirements (the *Australian Financial Review's* StreetTalk speculated that a superannuation fund or Japanese trading house could be a natural owner), it could unlock significant value for equity owners like us. Infigen's current market capitalisation of \$200m is tiny compared to its debt load which means the upside to any asset sales is magnified. Infigen's stapled securities fell 2% during April to \$0.265.

- In an otherwise quiet month for the Fund the major contribution to performance was from **RNY** units which rose 17% to \$0.28. **Mirvac Industrial Trust** units also rose 15% to \$0.16, and the noticeable negative contribution was from **Vision Eye Institute** shares which fell 11% to \$0.57. There was no significant news relating to these investments.

### SUMMARY OF RETURNS AS AT 30 APRIL 2013

	WHOLESALE FUND	S&P ALL ORDS. ACCUM. INDEX
1 month return	0.80%	3.82%
3 month return	9.94%	6.75%
6 month return	21.08%	16.33%
1 year return	25.83%	20.97%
2 year return	14.13% p.a.	7.42% p.a.
Since inception*	6.17% p.a.	8.79% p.a.

\*31 Sep 2004

### FACTS

#### FUND COMMENCED

31 Sep 2004

#### MINIMUM INVESTMENT

\$10,000

#### INCOME DISTRIBUTION

Quarterly

#### APPLICATIONS/REDEMPTION

Weekly

### UNIT PRICE SUMMARY

#### DATE

30 April 2013

#### BUY PRICE

\$1.2800

#### REDEMPTION PRICE

\$1.2736

#### MID PRICE

\$1.2768

#### PORTFOLIO VALUE

\$31.7m

### TOP 5 HOLDINGS

STOCK	PORTFOLIO WEIGHTING
RNY Property Trust	13.44%
Infigen Energy	8.04%
Vision Eye Institute	7.89%
Ingenia Communities	7.53%
QBE Insurance Group	7.06%

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