



i INTELLIGENT INVESTOR

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November 2020

Investing in a bubbly market

Important Information

This publication is general information only, which means it does not take into account your investment objectives, financial situation or needs. You should therefore consider whether a particular recommendation is appropriate for your needs before acting on it, seeking advice from a financial adviser or stockbroker if necessary.

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Past performance is not a reliable indicator of future results. Our performance figures are hypothetical and based on recommendations from Intelligent Investor using stock prices at date of publication. Brokerage costs have not been included. As stocks rise and fall, returns may be negative. We encourage you to think of investing as a long-term pursuit.

High quality businesses

- **High insider-ownership** – FDV; PNI; SEK; RUL; REH; TGP; LOV; ALU; EML; CL1; FLT; TPG
- **Long growth runways** – FDV; PNI; SEK; RUL; REH; TGP;
- **A large discount to intrinsic value** – TAH; SGR; CWN; SYD; AIA

Special situations

- **New CEO** – Tabcorp; Gentrack
- **Busted IPOs**
- **Re-capitalisations** – Sydney Airport
- **Spin-offs** – DLX; TME; TPG; S32
- **Hidden assets** – 360 Capital; Frontier Digital Ventures

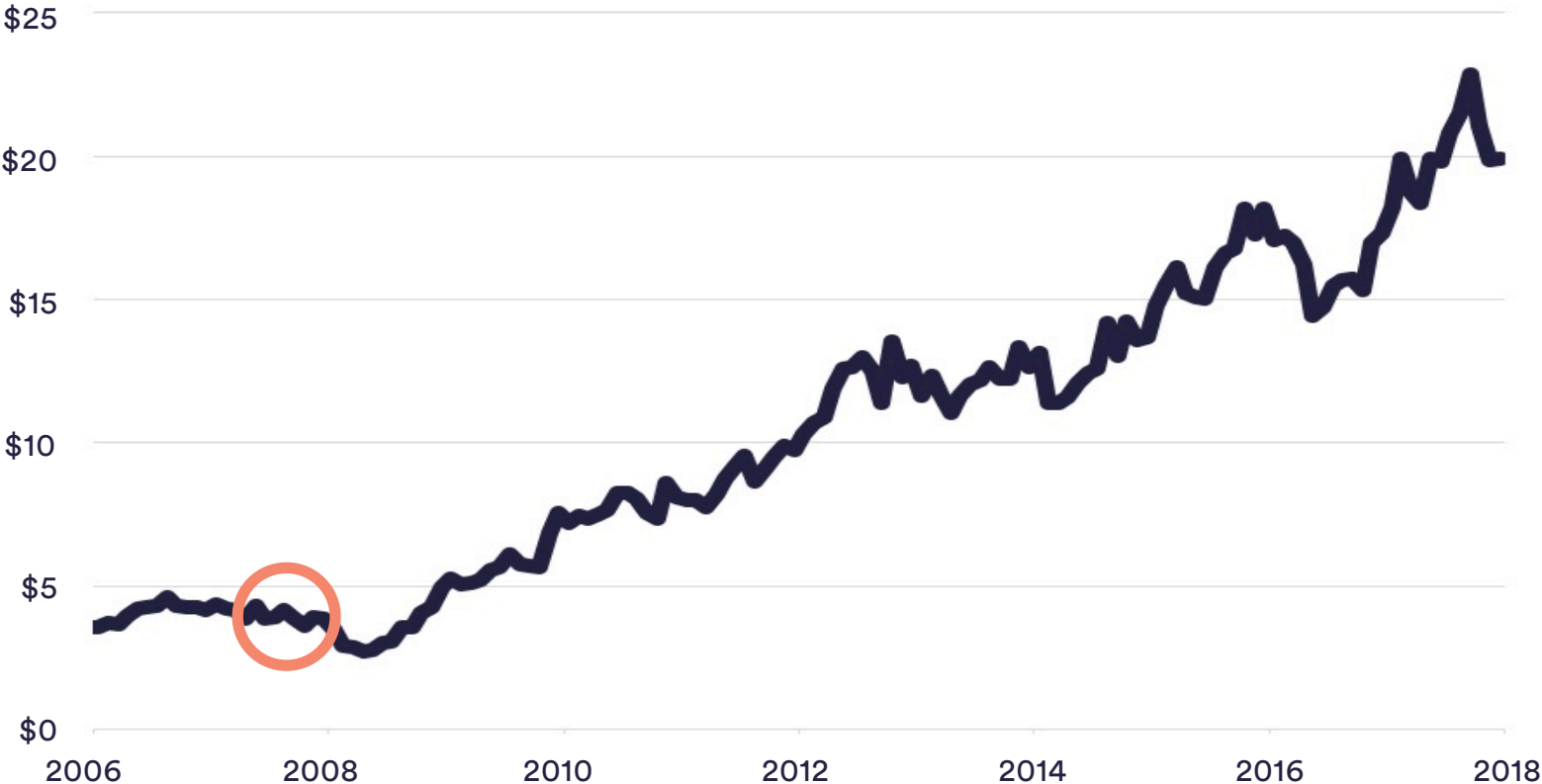


**“There is always
something to
buy.”**

– Chris Cuffe

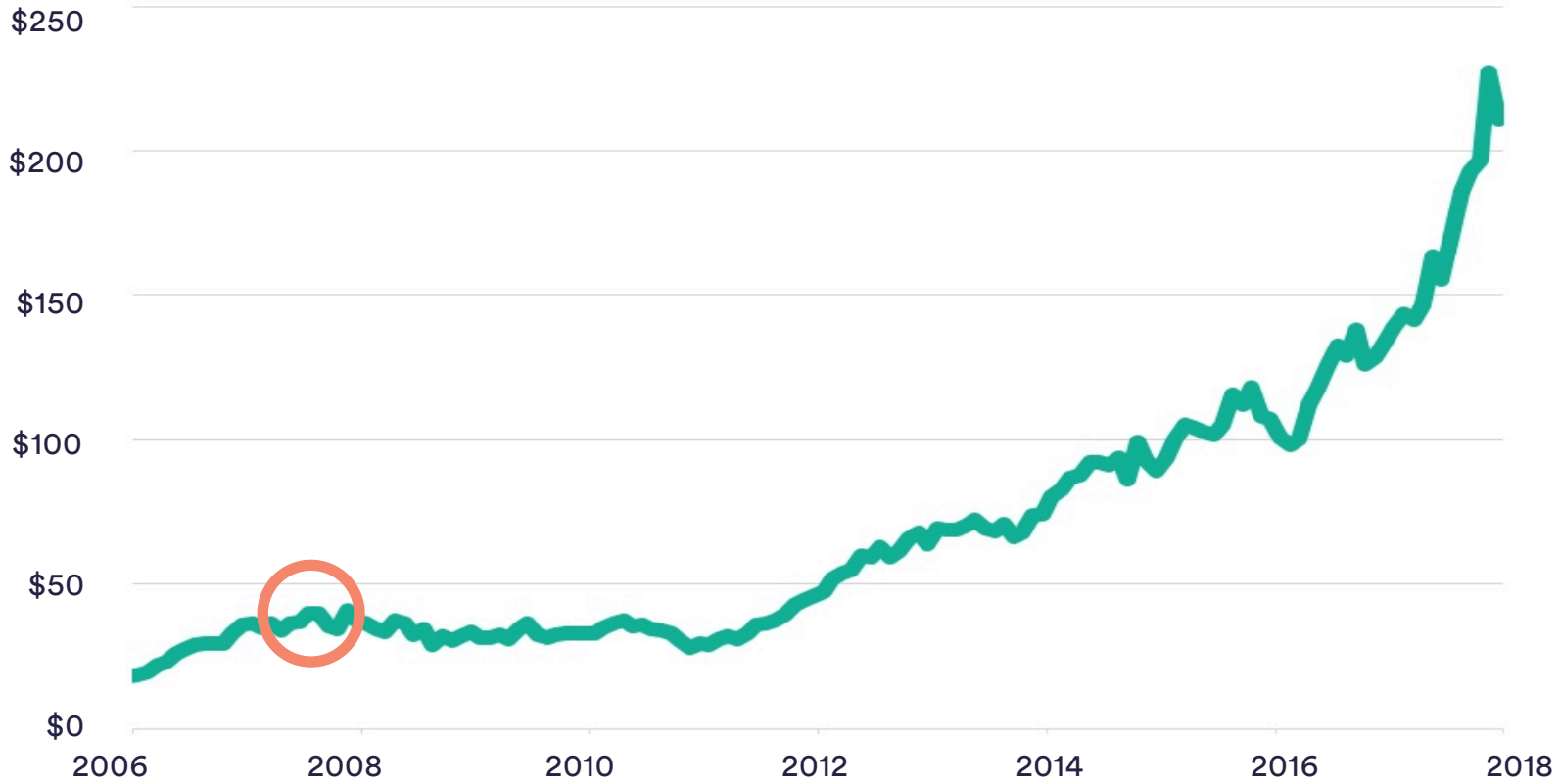
ARB CORPORATION

Annualised return = 18.7%



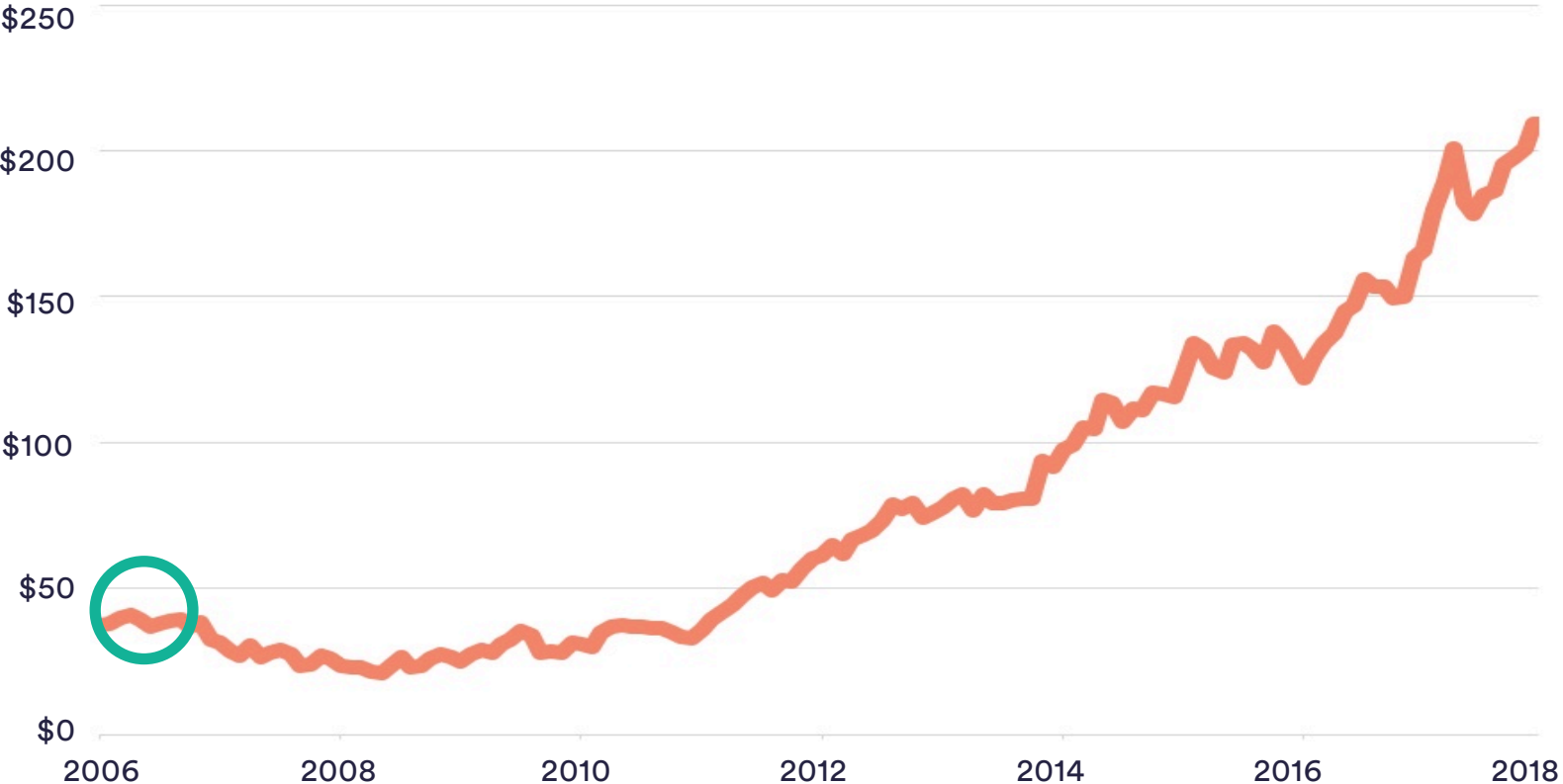
CSL

Annualised return = 18.5%



HOME DEPOT

Annualised return = 14.4%



NEW CEO

Etsy



MARKET NEWS MAY 3, 2017 / 6:49 AM / A YEAR AGO

E-commerce site Etsy names new CEO as earnings plummet

1 MIN READ

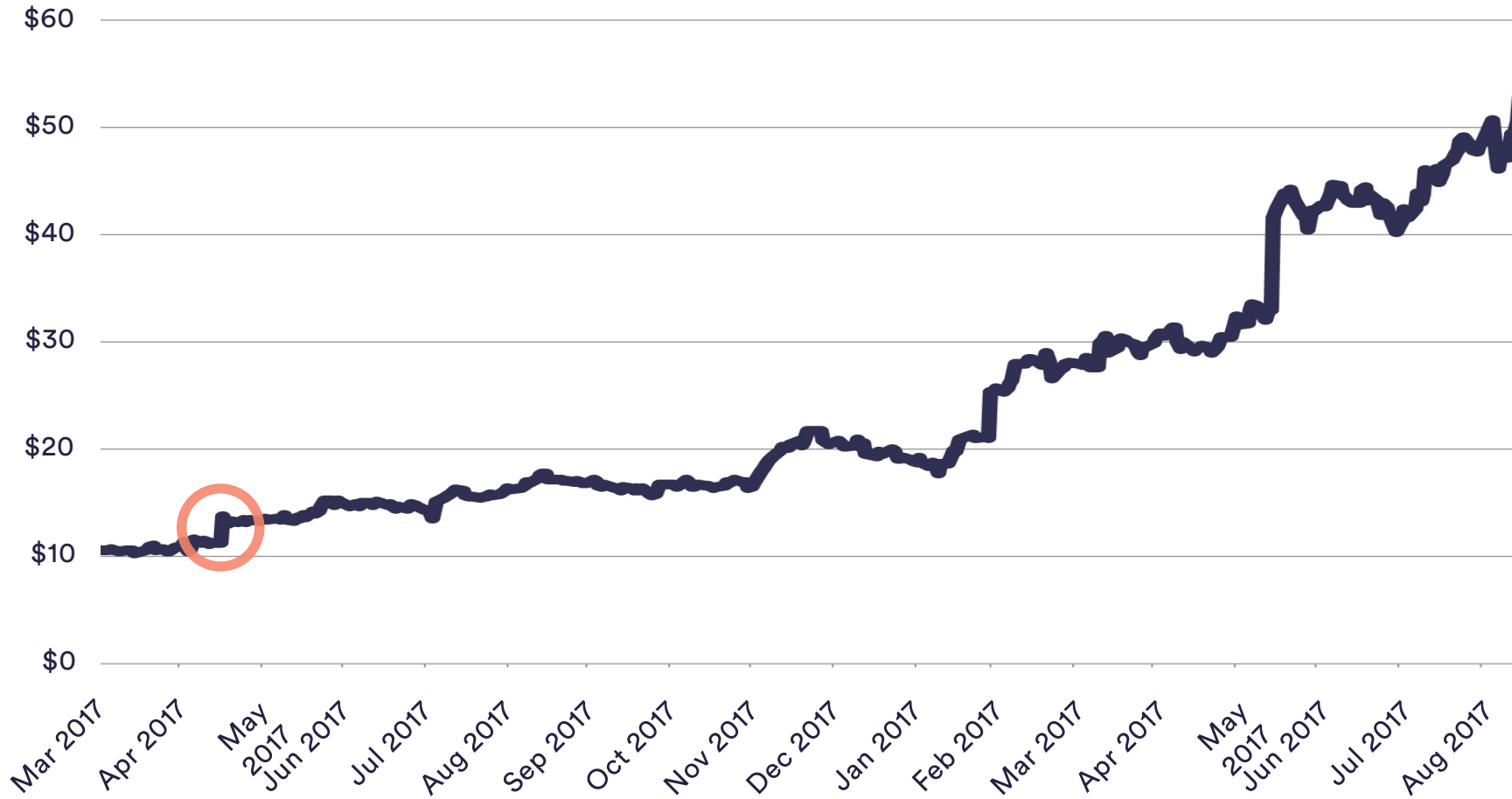


May 2 (Reuters) - Etsy Inc, an e-commerce site for handmade goods, said on Tuesday that Chairman and Chief Executive Chad Dickerson would step down, to be succeeded as CEO by board member Josh Silverman later this week.

The marketplace also reported a first-quarter loss of \$421,000 after earning \$1.2 million a year ago. One of its shareholders, Black-and-White Capital LP, earlier on Tuesday called on Etsy to explore a sale and separate the roles of chairman and CEO.

NEW CEO

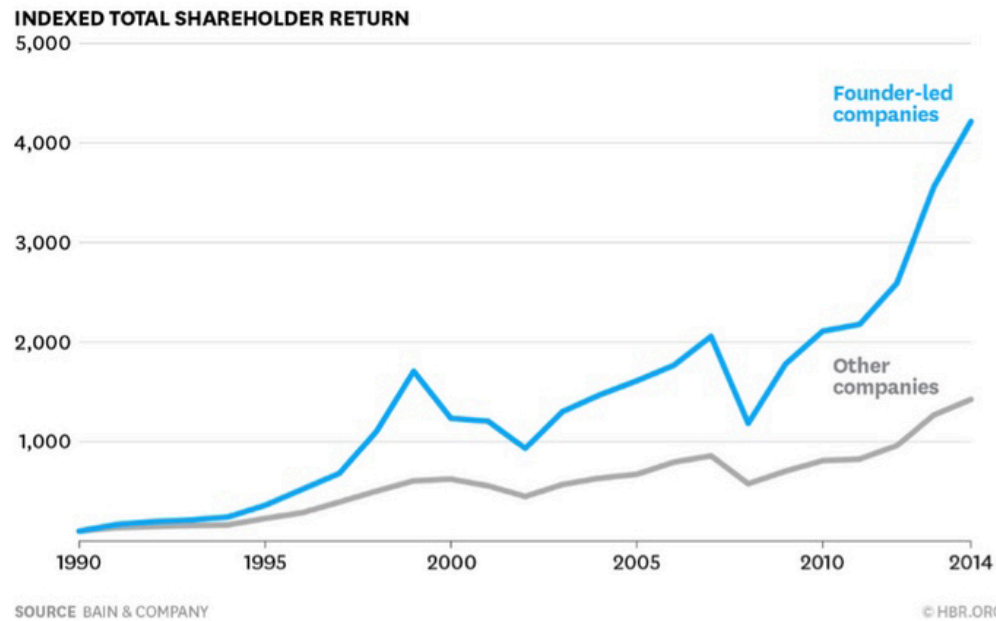
ETSY



Best corporate governance: Skin in the game!

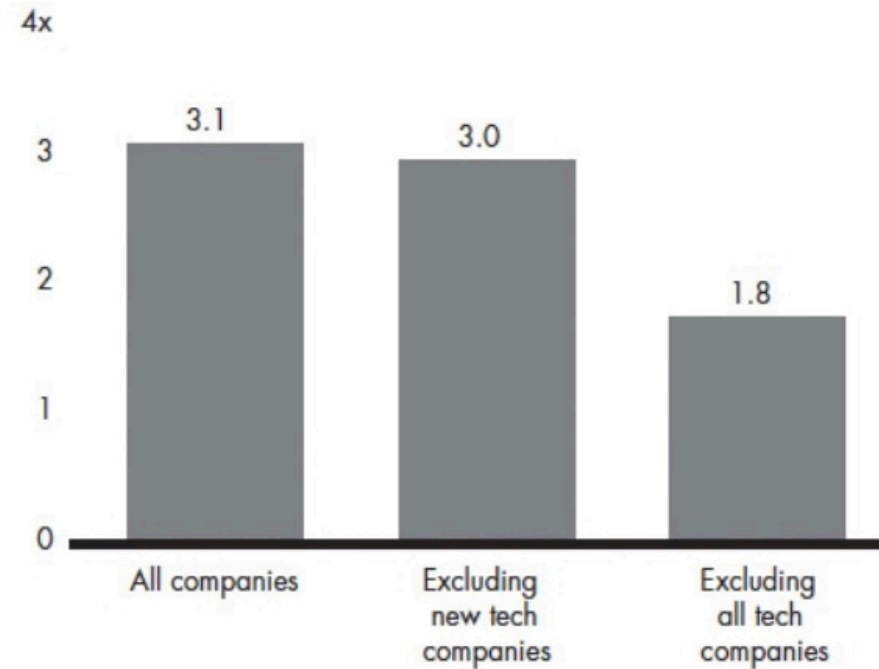
Founder-led companies vs S&P 500

Founder-led companies outperform the rest
Based on an analysis of S&P 500 firms in 2014



True even with tech companies excluded

Founder's Index vs other S&P 500



**“Software is
eating the world.”**

– Marc Andreessen



Frontier Digital Ventures (ASX:FDV)

- Stakes in 12 online classifieds businesses
- Zameen by far the largest
- Insider ownership 49%
- Internet giant Naspers (via OLX) likely acquirer
- Deal already done for South American businesses
- Battle for market share over; time to pull the price levers;
- Believe value could be 2-4x over next five years

Audinate (ASX:AD8)

- Market size \$1 bn
- Current sales \$40m
- 8x the volume of next largest competitor
- 8% insider ownership
- Brokerage coverage increasing

RPM Global Mining (ASX:RUL)

A large yellow mining truck is in the foreground, filled with dark, rocky ore. In the background, a yellow bulldozer is working on a dirt and rock surface. The scene is set in a mining operation with a dark, rocky landscape.

- Mining software
- Trades at just 3x revenue (Xero trades at ~20x)
- Switching to SaaS model
- Insider ownership 15%
- CEO Richard Mathews has done this before
- Lets results do the talking

It's easy (ASX:IIGF, INIF, INES)

- Buy and sell at net asset value (NAV) just like a regular stock
- Ready-made portfolio
- Same Intelligent Investor long-term approach
- Focus on high quality businesses
- Long-term holdings help minimize tax
- Semi-annual distributions
- Regular reporting and candid communication
- Management fee of 0.97%; no performance fee

Please get in touch if you have any questions.

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