

Value Fund

Monthly Report



INTELLIGENT
INVESTOR
FUNDS MANAGEMENT

JULY 2011

The Intelligent Investor Value Fund's unit price fell 1.0% in July, a month in which the All Ordinaries Accumulation Index fell 3.4%. General market weakness contributed to falls in **Max Trust**, **Photon Group**, **Infigen Energy** and the fund's two US property trusts, but the weakness was largely offset by positive news from **UXC**, **ING Retirement Living Group** and **Centrebet**.

● **UXC**—UXC took another important step in its transition from an unwieldy conglomerate to a focussed IT business. The company reached agreement in June to sell its field services group, the part of the company responsible for utilities maintenance, meter inspections, solar installations and many of UXC's problems during the past 12 months.

The price, at \$61m, is perfectly respectable and will leave UXC with no debt, an IT business expected to generate \$500m in revenue this year—one of the largest in Australia — and the ability to resume dividends. The share price rose 14% for the month.

● **ING Real Estate Community Living Group**—Retirement village operator ING Retirement Living Group (ILF) announced that it had sold the majority of its US assets to joint venture partner Chartwell Group. ILF retains interests in six US properties, all located in the New York region, but the portfolio is now heavily weighted to its Australian portfolio of assets.

The \$30m-odd proceeds will reduce ILF's debt to conservative levels and enable new CEO Simon Owen (formerly CEO of fellow retirement village operator Aevum, now owned by Stockland) to focus on operational performance. He's doing a good job on that front, with occupancy up from 73% a year ago and 78% at December, to 81% today. The stock price rose 17% for the month and you will be able to read more about this stock in the next quarterly.

● **Centrebet Limited**—Two online gambling companies, Sportsbet and IASbet, have won a court case against the Australian Tax Office that augers well for Centrebet's similar case, due to be heard towards the end of this year. At stake is \$90m of GST, or approximately \$1 per share.

A takeover offer from UK company Sportingbet Plc is due to be waived through by shareholders on 17 August and the \$2 per share in proceeds will be paid on 1 September. Existing Centrebet shareholders keep the right to 90% of the proceeds if the court case goes in the company's favour, though, making the current \$2.10 price look like an attractive bet despite rising 6% during the past month.

SUMMARY OF RETURNS AS AT 31 JULY 2011

	IIVF	S&P ALL ORDS. ACCUM. INDEX
1 month return	-1.00%	-3.40%
3 month return	-7.11%	-7.48%
6 month return	-4.94%	-5.39%
1 year return	-0.86%	3.96%
Since inception*	-0.30%	1.92%

* 31 October 2009

FACTS

FUND COMMENCED

31 Oct 2009

MINIMUM INVESTMENT

\$10,000

MONTHLY INVESTMENT

Min. \$100/mth

INCOME DISTRIBUTION

Annual, 30 June

APPLICATIONS/REDEMPTION

Monthly

UNIT PRICE SUMMARY

DATE

29 Jul 2011

BUY PRICE

\$0.9152

REDEMPTION PRICE

\$0.9079

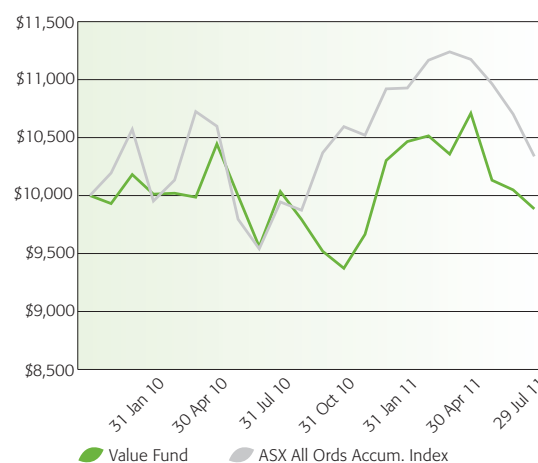
MID PRICE

\$0.9116

PORTFOLIO VALUE

\$14.8m

VALUE FUND VS ASX ALL ORDS ACCUM. INDEX



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