

March 2022

The **Investors Mutual Australian Share Fund** provides exposure to an actively managed portfolio of quality Australian shares listed on the ASX. The Fund aims to provide attractive investment opportunities for investors seeking medium-to-long-term capital growth with income.

	1 month	3 months	1 year	3 years [^]	5 Years [^]	10 years [^]	Since inception [^]
Income	+0.0%	+0.0%	+6.8%	+6.8%	+6.2%	+5.7%	+5.2%
Growth	+4.3%	+2.4%	+6.4%	-0.4%	-0.7%	+3.6%	+4.9%
Total Return*	+4.3%	+2.4%	+13.2%	+6.4%	+5.5%	+9.3%	+10.1%
Benchmark**	+6.9%	+2.1%	+15.2%	+10.9%	+9.4%	+10.1%	+9.0%

[^]% Performance per annum. *Fund returns are calculated net of management fees, and assuming all distributions are re-invested. Investors should be aware that past performance is not a reliable indicator of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments. **The benchmark for this Fund is the S&P/ASX 300 Accumulation Index (ASX300)

Fund Performance

- ▶ The **Australian Share Fund** delivered a solid return of +2.4% for the March quarter, ahead of its ASX 300 benchmark which was up +2.1%.
- ▶ The ASX 300's gain over the quarter was led by the Resource sector which rallied strongly over the quarter as the prices of many commodities soared following the introduction of sanctions on Russian commodity exports following the invasion of Ukraine. The major Banks also performed well on expectations of interest rate rises and the positive flow on effect this could have on their net interest margins.
- ▶ The Fund benefited from solid performances from our holdings in companies such as Orica and Incitec Pivot while Aurizon and Ampol also rallied. Origin Energy rose strongly over the quarter given the company's exposure to LNG and the commencement of an on-market buyback. Tabcorp also rose as investors responded to positive news in relation to the demerger of its lotteries business.
- ▶ Over the quarter we trimmed our holdings in companies such as Woodside, Origin Energy, Westpac, Incitec Pivot and Event Hospitality & Entertainment and used the proceeds to top up the Fund's holdings at times of weakness in good quality companies that we believe continue to offer good value such as Brambles, Pact and Steadfast.

Outlook

- ▶ We expect volatility to continue for some time with ongoing geopolitical and inflation risks affecting global and local economies.
- ▶ The Fund continues to invest in well-established companies that we believe represent sound value and which are in industry leading positions. Our focus is on companies that we believe can maintain margins in the long term by passing on higher input prices to customers, while continuing to generate good cashflows and dividends in the short to medium term. In our view, these companies should continue to do well over the next 3-to-5 years despite increasing economic uncertainties.

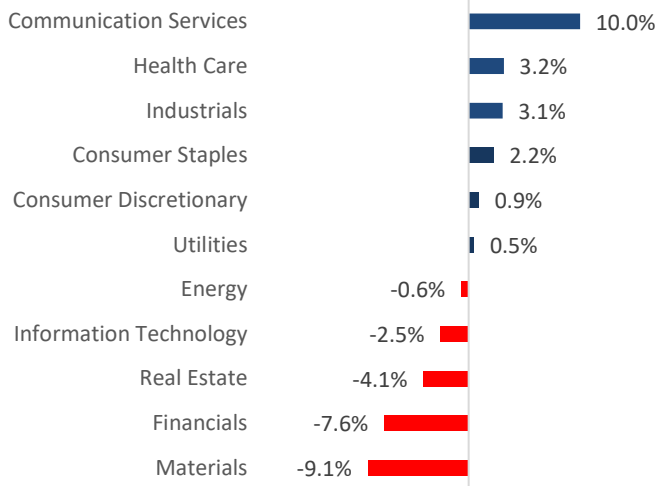
Stocks in Focus

Tabcorp (TAH) performed strongly over the quarter, up +7.6%. The company delivered a solid result driven by continued positive operating momentum in the core lotteries business. There was also positive news in relation to the progress towards the demerger of The Lottery Corporation by Tabcorp. We continue to see long-term value in the lotteries business and believe that post demerger, M&A interest in both the lotteries and wagering businesses could resurface.

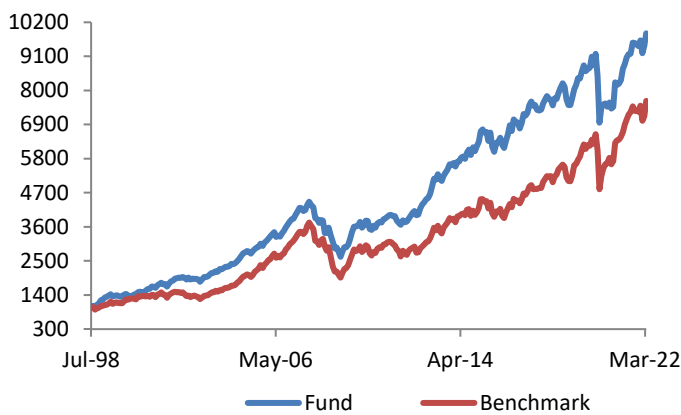
National Australia Bank (NAB) rose +12% over the quarter as it delivered a positive first quarter trading update which saw NAB grow its market share in business and consumer lending. During the month NAB also completed its \$2.5 billion on-market buy-back and announced a further on-market buy-back of up to \$2.5 billion. Competition in the sector remains strong, although banks should see some relief to net interest margins from rising interest rates. We continue to hold NAB based on the improving performance in the retail and business franchises, highlighted by ongoing improvement in net promoter scores, with NAB now #1 in consumer and #2 in business.

Origin Energy (ORG) had a very strong quarter with the share price rising by +21%. The outlook for earnings has improved substantially with higher Brent oil prices, wholesale electricity prices and domestic gas prices likely to benefit earnings. A buyback of \$250m was also announced following the sale of a 10% stake in APLNG to Conoco Phillips. While we continue to hold Origin in the Fund, we have been recently trimming our position given the strong rises in the company's share price over recent months.

Active Sector Weights



Growth of \$1,000 Invested at Inception



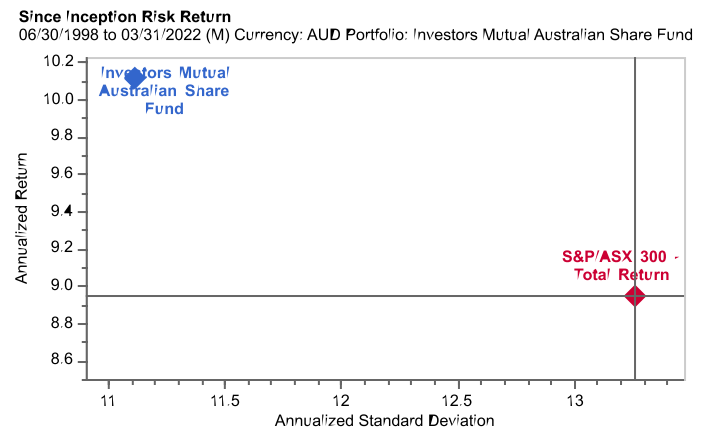
Since inception: 30 June 1998: Cumulative performance of the Fund vs its benchmark; Benchmark = S&P/ASX 300 Accumulation Index, Source: IML,Factset

Fund Facts	
ARSN	093 182 695
APIR	IML0002AU
Inception	30 June 1998
Benchmark	S&P/ASX 300 Accumulation Index
FUM	\$1.7 billion
Investment Horizon	4-5 years
Minimum Initial Investment	A\$50,000
Minimum Additional Investment/Redemption	A\$5,000
Distributions	Generally semi-annual
Performance Fee	Nil
Management Fee	0.993% p.a. of the net assets of the fund (includes GST)
Asset Classes and Allocation Range	Aust Equities (90-100%) Cash (0-10%)

Top 10 Holdings

Company	ASX code
CSL	CSL
Telstra	TLS
Commonwealth Bank	CBA
BHP	BHP
Tabcorp	TAH
National Australia Bank	NAB
Orica	ORI
Brambles	BXB
Aurizon	AZJ
Metcash	MTS

Fund Risk-Return vs Benchmark



Portfolio Characteristics	Fund	Benchmark
No. of stocks	53	300
Portfolio turnover ¹	10%	NA
Portfolio Beta (since inception)	0.77	1.00

Franking level (%)²

FY21	FY20	FY19	FY18	FY17
36.3%	41.6%	39.6%	50.4%	42.5%

Fund Ratings

Morningstar	Gold
Zenith	Recommended
Lonsec	Contact IML for the most recent rating

¹ Annual portfolio turnover over the last 12 months is computed by taking the lesser of purchases or sales and dividing by the average monthly net assets
² As per FSC standard.



iml.com.au



iml@iml.com.au



1300 551 132