

31 MARCH 2023

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 <sup>^</sup>	5 YEARS <sup>^</sup>	10 YEARS <sup>^</sup>	SINCE INCEPTION <sup>^</sup>
Income	+0.0%	+0.0%	+11.0%	+8.5%	+7.5%	+6.2%	+5.5%
Growth	-0.1%	+3.0%	-7.0%	+5.2%	-1.1%	+1.0%	+4.4%
Total return*	-0.1%	+3.0%	+4.0%	+13.7%	+6.4%	+7.2%	+9.9%
Benchmark**	-0.2%	+3.3%	-0.6%	+16.6%	+8.6%	+8.1%	+8.6%

<sup>^</sup>% 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** performed well over the quarter, +3.0%, slightly lagging the benchmark's +3.3%.
- The MSCI World Index was up +7.2% for the quarter, similar to the prior quarter. However, it has been a more volatile ride. Markets rose strongly at the start of 2023, then fluctuated as investors' fears about interest rates, inflation and a slowing global economy waxed and waned. Things came to a head in March as a US regional banking crisis unfolded and spread to Europe, then eased as regulators took steps to calm markets.
- The ASX 300 lagged global markets, up +3.3%, with mixed performance at a sectoral level. Most sectors were up, with Consumer Discretionary strongest, up +10.8%, driven by investors' willingness to take on more risk and some strong individual performances followed by Communication Services (up +9.5%) off the back of Telstra's strong performance. Financial Services was the weakest, down -2.7%, on worries about the unfolding banking crisis and mortgage competition. Real Estate also was down slightly on concerns of falling commercial property values and rising interest rates.
- The Fund benefitted from strong performances from Telstra, Brambles, Medibank and The Lottery Corporation after they announced strong first half FY23 results. Sonic Healthcare also performed well, rising as it reported strong underlying earnings despite its overall revenue dropping as the Covid testing bonanza faded.
- Aurizon's performance held the fund back over the quarter as it announced lower-than expected earnings due to poor weather. Amcor was also down as it reported declining packaging volumes in some categories. We believe the issues for both stocks are temporary and we are confident in their long-term prospects.
- We used share price weakness to increase our positions in Aurizon, Sonic Healthcare and Tabcorp and heightened share prices to trim our positions in The Lottery Corporation and NewsCorp.

### OUTLOOK

- The outlook for the economy, inflation and interest rates remains uncertain, as Central Banks try to balance the risks of continued high inflation with further financial instability. We continue to position the portfolio in well-established industry leaders with competitive advantage, recurring earnings, strong balance sheets and capable management teams.
- We are closely watching some high-quality companies that have looked expensive to us for some time. If tougher economic times lead to their share prices weakening, we are looking to buy these companies at what we believe will be attractive valuations.

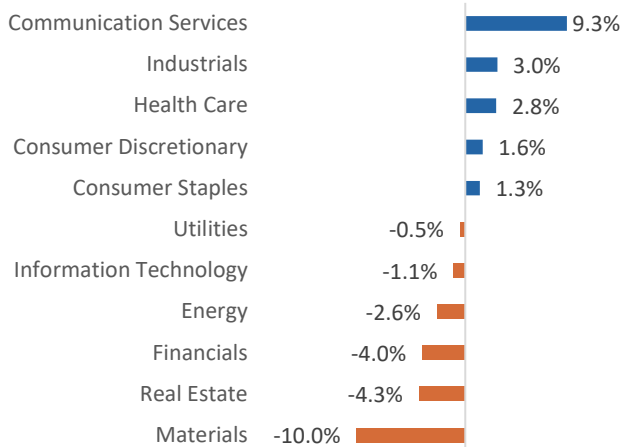
### STOCKS IN FOCUS

- **Telstra (TLS)**, Australia's leading telecommunication provider, was up strongly after reporting profits up more than 25% for first half of FY23. It also reconfirmed its intention to cut \$500m of costs through to 2025 and increased its fully-franked interim dividend from 8c to 8.5c. We believe Telstra is well placed to continue to deliver growth and dividends in challenging economic conditions and a high inflation environment.
- **Amcor (AMC)**, the global packaging leader, lagged the strong market. While earnings were in line with our expectations, lower volumes in some categories and geographies led to some of Amcor's customers de-stocking inventory. We see this as relatively temporary, given most products are consumed relatively quickly, and believe Amcor remains well positioned for long-term growth.
- **The Lottery Corporation (TLC)**, Australia's largest lottery operator, rose significantly after announcing that group revenue was up 8%, group EBITDA was up 16% and both of its business segments (Keno and Lotteries) grew in terms of customers and revenue. Its strong competitive advantage, loyal customer base and move to digital retailing have it well placed for continued strong growth even in tough economic times.

# AUSTRALIAN SHARE FUND QUARTERLY REPORT



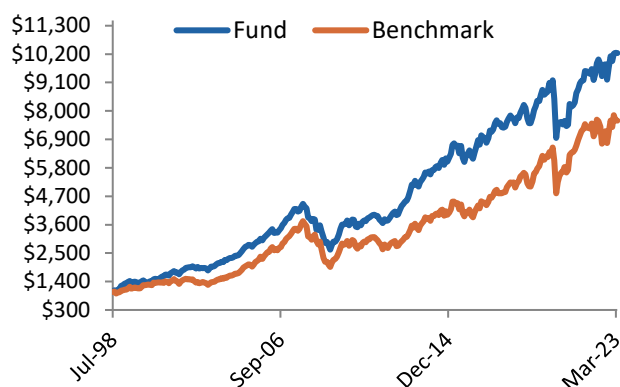
## ACTIVE SECTOR WEIGHTS



## TOP 10 HOLDINGS

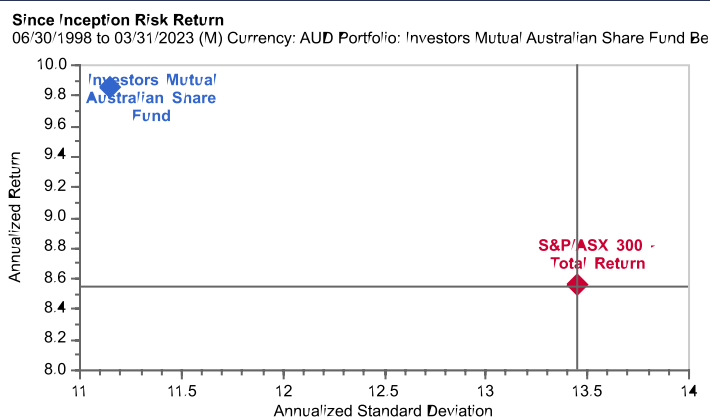
TOP 10 HOLDINGS	ASX CODE
CSL	CSL
Telstra	TLS
Commonwealth Bank	CBA
BHP	BHP
Brambles	BXB
The Lottery Corporation	TLC
National Australia Bank	NAB
Orica	ORI
Aurizon	AZJ
Metcash	MTS

## 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 RISK-RETURN VS BENCHMARK



## FUND FACTS

ARSN	093 182 695
APIR	IML0002AU
Inception	30 June 1998
Benchmark	S&P/ASX 300 Accumulation Index
FUM	\$1.5 B
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%)

## PORTFOLIO CHARACTERISTICS

PORTFOLIO CHARACTERISTICS	FUND	BENCHMARK
No. of stocks	50	300
Portfolio turnover <sup>1</sup>	10%	NA
Portfolio Beta (since inception)	0.76	1.00

## FRANKING LEVEL (%)<sup>2</sup>

FY22	FY21	FY20	FY19	FY18
30.1%	36.3%	41.6%	39.6%	50.4%

## FUND RATINGS

Morningstar	Gold
Zenith	Recommended
Lonsec	Recommended *Visit <a href="https://www.lonsec.com.au/logo-disclosure">lonsec.com.au/logo-disclosure</a> for important information about this rating

<sup>1</sup> 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.  
<sup>2</sup> As per FSC standard.