

30 JUNE 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 [^]	5 YEARS [^]	10 YEARS [^]	SINCE INCEPTION [^]
Income	+4.1%	+4.2%	+6.8%	+8.1%	+7.6%	+6.4%	+5.6%
Growth	-3.4%	-2.8%	+4.2%	+2.9%	-2.0%	+1.0%	+4.2%
Total return*	+0.7%	+1.4%	+11.0%	+11.0%	+5.6%	+7.4%	+9.8%
Benchmark**	+1.7%	+1.0%	+14.4%	+11.1%	+7.1%	+8.5%	+8.5%

[^]% 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 had a solid quarter, returning +1.4%, ahead of the benchmark's +1.0%. This took the Fund to a solid return for the full financial year of +11.0%. While this is a good annual return it was disappointingly behind the benchmark's strong return of +14.4%, although this is not unexpected given the significant outperformance by resources companies over the year.
- Global markets had a very strong quarter with the MSCI World Index up +6.7%, led by the Nasdaq, +13%. The gains were partly driven by optimism that the rate-rising cycle was near its end, as well as excitement about AI after US chipmaker Nvidia significantly upgraded its forward guidance. This caused a narrow-focused rally, driving markets higher.
- The ASX 300 lagged global markets, rising +1.0% for the quarter, as the strong lead from overseas markets was tempered by somewhat unexpected RBA rate hikes which made investors more cautious. Information Technology was by far the strongest sector, rising +18.4% as tech stocks rallied in line with overseas markets. Materials were weaker in line with lower commodity prices and consumer facing sectors also struggled as interest rates continue to bite.
- The Fund benefitted from strong performances from Aurizon, as explained below. IAG and Suncorp also were also up significantly amid continuing good trading conditions for the insurance sector. Premiums are increasing significantly (adding to inflation pressures), and investment income is benefitting from higher rates.
- CSL was disappointing over the quarter, falling after its guidance for FY24 was below the optimistic consensus. Currency translation has had a large impact and margins are likely to recover more slowly than many were expecting. Amcor also fell after it downgraded its outlook due to food and beverage companies destocking as well as weakening demand from end customers.
- We used share price weakness to increase our positions in Charter Hall Retail REIT and Fletcher Building and heightened share prices to trim our positions in IAG and exited Southern Cross Media after an attractive off-market offer from ARN Media at a 42% premium to the share price at the time.

OUTLOOK

- Economies still face significant issues, setting a challenging backdrop for companies. Consumer demand has slowed but is still robust compared to pre-Covid trends. Inflation is proving persistent, with wage gains and house prices ticking up. Further interest rate rises appear justified. We continue to act cautiously, focusing on industry-leading companies with strong competitive advantages and recurring earnings that are likely to perform well in a range of economic conditions.
- Market volatility is likely to continue into the new financial year, so we are also closely watching a number of companies, waiting for any opportunity to buy them at attractive prices.

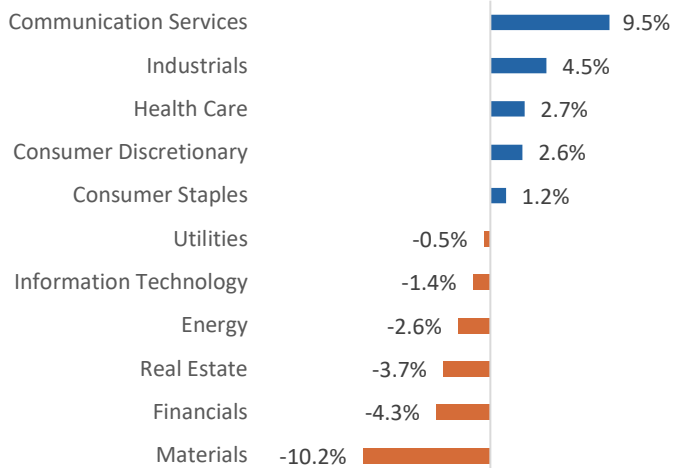
STOCKS IN FOCUS

- **Aurizon (AZJ)**, Australia's largest rail freight operator, rose +17% for the quarter, partly driven by improving coal volumes as rainfall levels recede to more normal levels. Secondly, Aurizon's Queensland rail network is entering a new regulatory period which will reset the value of this asset as well as the return that Aurizon is allowed to earn on it. Given recent high rates of inflation and bond yields both are set to rise meaningfully, and the market has started appreciating this dynamic.
- **Suncorp (SUN)**, the insurance and banking group, was up +11%, despite the ongoing uncertainty around ANZ's proposed acquisition of its banking arm. Suncorp's insurance premiums are growing in the mid to high single digits, and inflation and supply chain pressures on motor and home insurance claims are showing signs of abating. It is improving its margins by repricing, as well as higher investment earnings, and if the bank sale is approved Suncorp will be a position to return capital to shareholders.

AUSTRALIAN SHARE FUND QUARTERLY REPORT



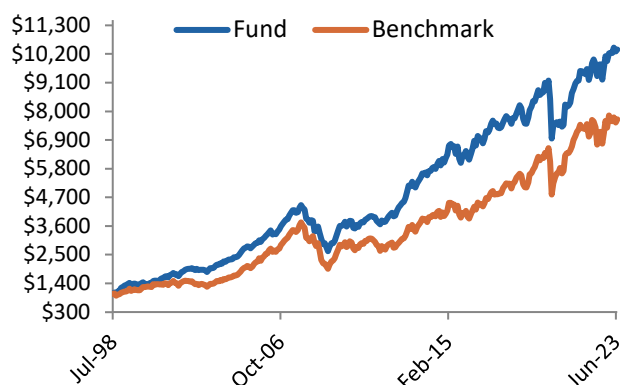
ACTIVE SECTOR WEIGHTS



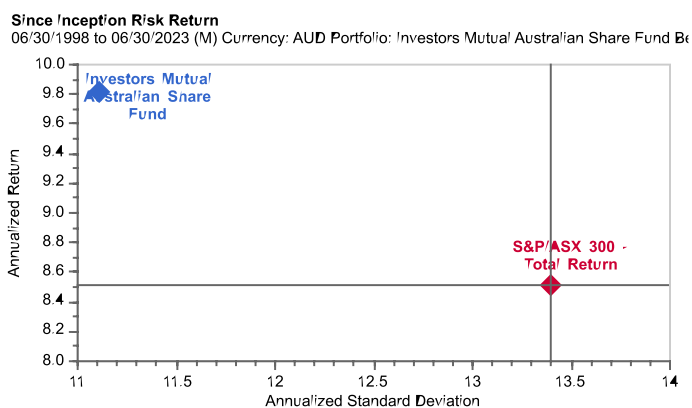
TOP 10 HOLDINGS

Company Name	ASX CODE
CSL	CSL
Telstra	TLS
Commonwealth Bank	CBA
Brambles	BXB
BHP	BHP
Aurizon	AZJ
The Lottery Corporation	TLC
Orica	ORI
Suncorp	SUN
National Australia Bank	NAB

GROWTH OF \$1,000 INVESTED AT INCEPTION



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	\$1.4 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

	FUND	BENCHMARK
No. of stocks	46	300
Portfolio turnover ¹	13%	NA
Portfolio Beta (since inception)	0.76	1.00

FRANKING LEVEL (%)²

FY23	FY22	FY21	FY20	FY19
48.92%	30.1%	36.3%	41.6%	39.6%

FUND RATINGS

Morningstar	Gold
Zenith	Recommended
Lonsec	Recommended *Visit lonsec.com.au/logo-disclosure for important information about this rating

¹Annual 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.
²As per FSC standard.