

30 SEPTEMBER 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	+0.0%	+0.0%	+6.7%	+8.0%	+7.5%	+6.3%	+5.6%
Growth	-3.2%	-2.9%	+2.6%	+2.7%	-3.1%	+0.0%	+4.0%
Total return*	-3.2%	-2.9%	+9.3%	+10.7%	+4.4%	+6.3%	+9.6%
Benchmark**	-2.9%	-0.8%	+12.9%	+10.8%	+6.6%	+7.4%	+8.4%

[^]% 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 disappointing quarter, down -2.9%, lagging the benchmark's -0.8%. The main reasons for the poor relative performance were a strong energy sector, where we are underweight, and a weak quarter by the gaming sector, where we are overweight, as well as disappointing performances by key stocks CSL and Telstra.
- Global sharemarkets declined in the September quarter as bond yields rose sharply and investors finally seemed to believe that the Fed and other central banks will keep interest rates 'higher for longer'. Most markets fell, with the MSCI World Index down -2.4% and the NASDAQ down further, -4.0%, reversing some of its impressive recent gains.
- Local markets took a lead from overseas, with the ASX 300 down -0.8 for the quarter. Energy was the strongest sector, buoyed by soaring oil prices, mainly driven by supply cuts from Saudi Arabia and Russia. Healthcare was weakest, dropping -9.0%, as rising 10-year bond yields disproportionately affected its higher valuation multiples.
- Many of the fund's holdings performed well over the quarter including Orica, Suncorp, TPG Telecom, Nine Entertainment and Metcash. Stocks which held back performance included CSL, as explained below, and Telstra which dropped -8.5%, despite posting a strong result, as shareholders reacted negatively to the news it intends to retain its infrastructure business, Infracore. We believe this decision is sensible and in the long-term interests of shareholders.
- During the quarter we opened new positions in Viva Energy and Resmed. We bought Viva at a 9% discount after Vitol, its largest shareholder, sold part of its stake. We believe Viva is well positioned in the petrol/refining industry that is structurally better since Covid, with a number of competitors exiting both fuel distribution and refining. Resmed fell 28% over the quarter on concerns that new GLP1 drugs, which are popular for weight loss, will reduce demand for its CPAP sleep apnea products. The market is pricing in a large drop in demand for CPAP devices, which we think is far from certain, hence we started building a position late in September.
- Early in the quarter we trimmed our positions in Brambles and The Lottery Company as their share prices had appreciated significantly, and we added to Sonic and Charter Hall Retail REIT over the quarter on share price weakness.

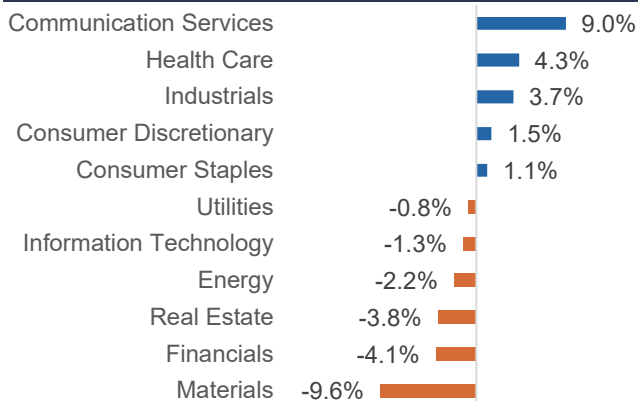
STOCKS IN FOCUS

- **CSL (CSL)**, the global biotech giant, fell -9% for the quarter despite reporting a solid FY23 earnings result in August that was in-line with guidance. Its core plasma franchise continues to perform solidly with demand continuing to recover post COVID, although margins are recovering a little slower than expected. Other business lines are also performing well and its earnings outlook remains positive, with strong margin improvement forecast over the next 2-3yrs.
- **Orica (ORI)**, the global explosives specialist, was up +5%. In September it reiterated its FY23 guidance as well as forecasting continued strong growth for FY24, albeit slightly offset by some scheduled plant maintenance. It also committed to a more ambitious target of reducing emissions by "at least" 45% by 2030 and net zero by 2050.
- **Nine Entertainment (NEC)**, the media company, was up +7%, as it delivered an in-line FY23 result. This was impressive in a weak advertising market as it gained TV market share and grew earnings at Stan while keeping costs under control. It also benefitted from Domain's strong share price after Sydney's property listings recovered (NEC owns 59% of DHG).

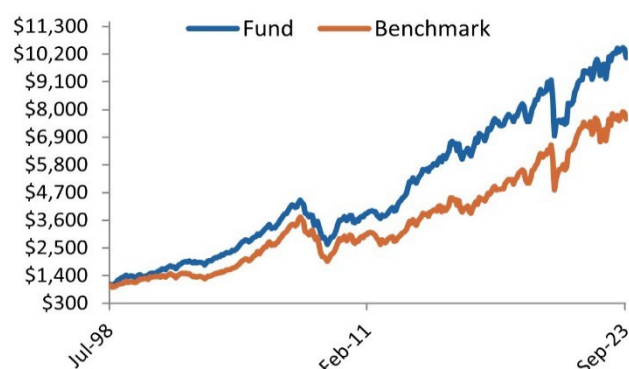
OUTLOOK

- Uncertainty over where interest rates will peak, and how long they will stay at these levels, is a key focus of markets. A mixed consumer outlook and lingering higher inflation is adding to this uncertainty, creating a volatile investment environment.
- 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 while actively looking for new opportunities.

ACTIVE SECTOR WEIGHTS



GROWTH OF \$1,000 INVESTED AT INCEPTION

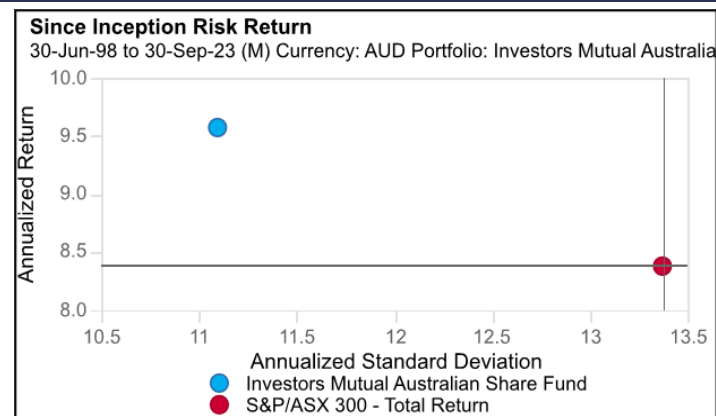


Since inception: 30 June 1998; Cumulative performance of the Fund vs its benchmark; Benchmark = S&P/ASX 300 Accumulation Index, Source: IML, Factset

TOP 10 HOLDINGS

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

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	\$1.3B
Investment Horizon	4-5 years
Min Initial Investment	A\$50,000
Min 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 net effect of GST)
Asset Classes and Allocation Range	Aust Equities (90-100%) Cash (0-10%)

PORTFOLIO CHARACTERISTICS

	FUND	BENCHMARK
No. of stocks	43	300
Portfolio turnover ¹	11%	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

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.



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