

Investors Mutual Concentrated Australian Share Fund



Monthly Report November 2021

Fund status: OPEN

- ▶ Global sharemarkets finished lower as the emergence of a new Covid variant affected market sentiment
- ▶ The Australian sharemarket had a mixed month to finish -0.5% lower
- ▶ We continue to use volatility to top up on good quality companies we believe can do well over the next 3-5 years

	1 month	3 months	1 Year	3years^	5 Years^	Since inception^
Total Return*	+1.0%	+0.1%	+13.5%	+7.3%	+6.3%	+10.0%
Benchmark**	-0.5%	-2.3%	+16.0%	+12.9%	+10.3%	+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 indicative 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)

Sharemarket Commentary

Global equity markets endured a volatile end to the month, with the MSCI World index finishing November -1.6% lower. Investors were concerned that the emergence of a new Covid variant, Omicron, could derail the global economic recovery as several Governments around the world responded with new travel restrictions. News that the US Federal Reserve could start removing its stimulus programmes earlier than previously expected also weighed on equity markets. Fed Chairman Powell told lawmakers it is time to drop the word 'transitory' as inflation becomes more persistent. The US S&P500 index slid -0.7% for the month, masking the -4% fall in the final week of November, whilst Europe's Stoxx 50 index and Japan's Nikkei fell -4.3% and -3.7% respectively.

Yield curves across the globe continued to flatten, as bond investors positioned for interest rate hikes ahead of expectations, in light of inflationary pressures. In the US, the gap between 2yr and 10yr bond yields fell to 0.8%, the lowest level in nearly a year. On the domestic front, September quarter GDP fell -1.9%, representing the third steepest fall on record, courtesy of the Government's enforced lockdowns. Commodity markets felt the brunt of uncertainty surrounding Omicron, particularly the price of oil which fell -16% as concerns intensified as to how Governments would react to the new variant. The price of iron ore slid -7%, whilst copper, often a bell weather for global manufacturing activity, fell -4%.

The Australian sharemarket, as measured by the ASX300 index, endured a volatile month finishing -0.5% lower. Sector performance was mixed, with the Energy sector falling -8% in sympathy with the softer oil price. Despite the lower iron and copper prices, the Materials sector rebounded strongly with the iron ore majors staging a relief rally on news that Chinese steel mills are preparing for an easing of production cuts. Within the industrials segment, the Communications Services sector did well, led by Telstra which was well supported by its share buyback and news that its \$1 billion a year Defence contract to deliver critical network services had been renewed. The Consumer Staples sector also enjoyed a solid month, with the major supermarket chains all announcing better than expected like-for-like sales and improving online sales growth. On the negative side of the ledger, the Technology sector was weak as steam came out of many stocks as investors sought more defensive, reliable companies. The Financials sector was the biggest detractor over the month falling -7%. The share prices of Westpac and CBA dropped -18% and -11% respectively off the back of both banks earnings being affected by a sharp compression in their net interest margins, as record low interest rates and fierce competition in mortgage pricing took their toll.

The **Investors Mutual Concentrated Australian Share Fund** had a solid month gaining +1.0%, ahead of the benchmark's -0.5%. The Fund's holdings in quality companies such as Telstra, Chorus, Steadfast, Nine Entertainment and CSL all enjoyed a strong month. In addition, helping the Fund's relative performance was our zero holding in the big four banks – which all suffered share price falls. We took advantage of strong share price performance to take part profits over the month in Event Hospitality and Incitec Pivot.

In the short-term, investors continue to cast a wary eye over the possibility of new restrictions being imposed by Governments as the new Covid variant continues to grab the media's attention. However, as we head toward 2022, we believe sharemarkets will be primarily influenced by the direction of interest rates as central banks continue to mull over whether current inflationary trends are transitional or becoming embedded. As such, we continue to steer away from the riskier parts of the sharemarket and remain focused on identifying and holding what we assess to be good quality companies, that we believe are well managed, which offer sound value, and which can do well over the next 3-5 years.

Monthly Movements

S&P 500	-0.7%
EuroStoxx50	-4.3%
Nikkei	-3.7%
ASX300 Accum	-0.5%
AUD/USD	-5.6%
Gold	+2.0%
Oil	-16.4%
Iron Ore	-7.0%

Fund information

APIR	IML0010AU
Inception	1 Sep 2010
Size	\$214 M
Application	\$1.9657
Redemption	\$1.9559
Cash	11.9%
Mngmnt fee	0.993% p.a.
Holdings	10-30 Stocks
Stocks/sector limits	No
Investment horizon	4-5 years
Distribution	Semi-annually
Manager	Hugh Giddy

Investors Mutual Concentrated Australian Share Fund

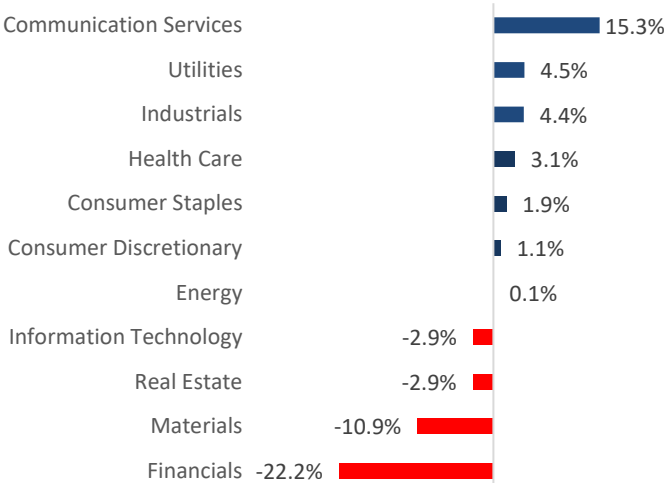


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Characteristics	Fund	Benchmark
Number of stocks	29	300
Portfolio Turnover*	13%	N/A
Annualised Tracking Error	6.74	N/A
Volatility (STD DEV) since inception	9.93	13.01
Portfolio Beta (since inception)	0.66	1.00

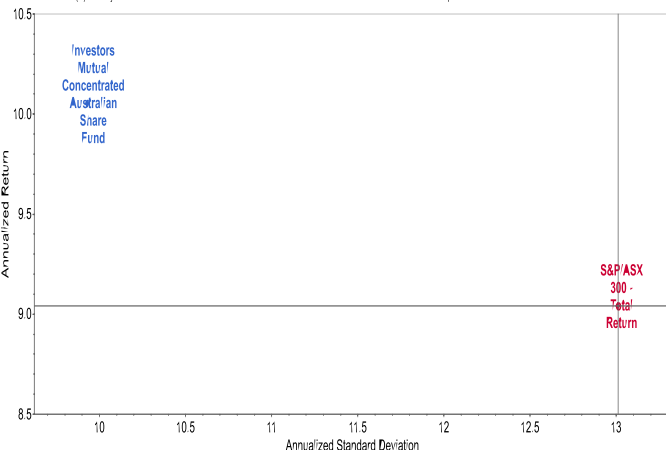
*Annual portfolio turnover over the last 12 months is computed by taking the lesser of purchases or sales and dividing by the average monthly net assets

Active Sector Weights



Since Incept. Risk Return Fund vs Benchmark*

Since Inception Risk Return
08/31/2010 to 11/30/2021 (M) Currency: AUD Portfolio: Investors Mutual Concentrated Australian Share Fund Benchmark: S&P/ASX 300 - Total Return Multiple Statistics



*Benchmark = S&P/ASX 300 Accumulation Index, Source: Factset

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

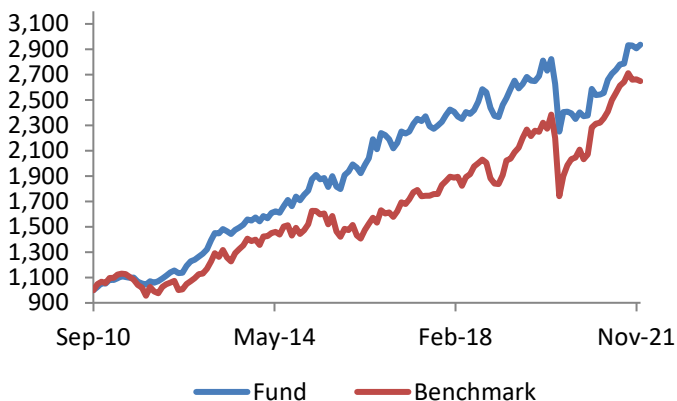
Portfolio top holdings

Portfolio top holdings	ASX Code
CSL	CSL
Telstra	TLS
Tabcorp	TAH
Aurizon	AZJ
AusNet	AST
Metcash	MTS
Chorus	CNU
Brambles	BXB
Orica	ORI
Steadfast	SDF

Source: IML

Since Incept. Cumulative Perf. Fund vs Benchmark*

Growth of \$1000 invested at Inception



*Benchmark = S&P/ASX 300 Accumulation Index, Source: IML



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