

March 2022

The **Investors Mutual Concentrated Australian Share Fund** provides exposure to an actively managed concentrated 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%	+2.0%	+2.5%	+2.7%	+4.0%	+3.9%
Growth	+2.7%	-0.9%	+9.3%	+2.1%	+2.4%	+6.0%	+5.9%
Total Return*	+2.7%	-0.9%	+11.3%	+4.6%	+5.1%	+10.0%	+9.8%
Benchmark**	+6.9%	+2.1%	+15.2%	+10.9%	+9.4%	+10.1%	+9.2%

[^]% 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 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 **Concentrated Australian Share Fund** had a disappointing March quarter down -0.9%, compared with 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's relative performance was held back by its almost zero weighting to the major banks and the Resources sector, as in our view many commodity prices appear unsustainably high. Some of the Fund's larger holdings including CSL and Steadfast, had a disappointing quarter and were sold off although we remain positive on the long-term outlook of all the companies held in the portfolio. The Fund's holdings in Orica and Incitec Pivot delivered solid performances while Aurizon and Tabcorp rerated over the quarter on a more positive outlook for both companies
- ▶ Over the quarter we trimmed our holdings in companies such as Incitec Pivot and Event Hospitality & Entertainment. The Fund topped up its holdings in good quality companies such as Brambles and Steadfast at times of weakness.

Outlook

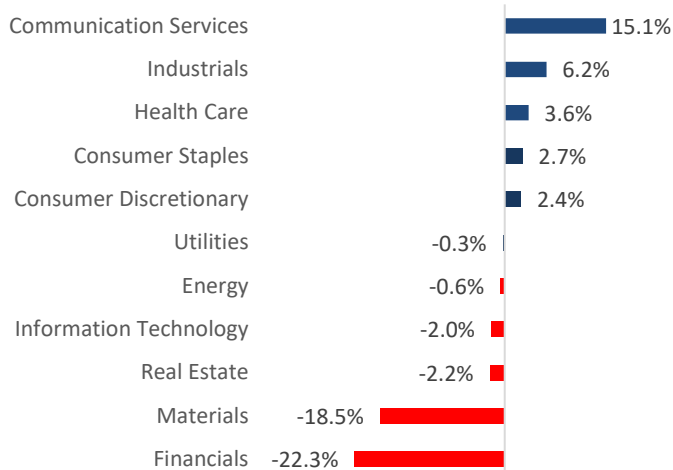
- ▶ We expect volatility to continue for some time with ongoing geopolitical and inflation risks affecting global and local economies.
- ▶ The Fund continues to invest in well-established companies that we believe represent sound value and which are in industry leading positions. Our focus is on companies 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

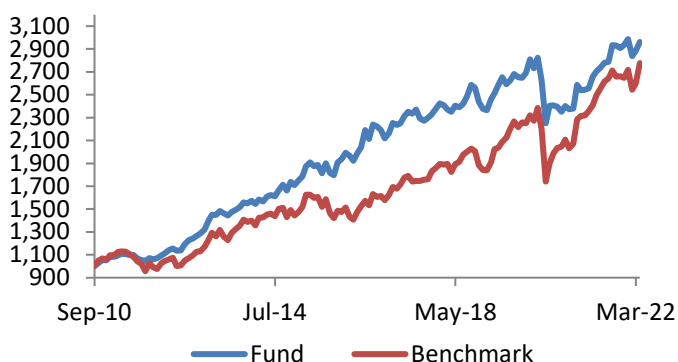
Tabcorp (TAH) performed strongly over the quarter, up +7.6%. The company delivered a solid result driven by continued positive operating momentum in the core lotteries business. There was also positive news in relation to the progress towards the demerger of The Lottery Corporation by Tabcorp. We continue 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.

Orica (ORI), the world's leading explosives manufacturer, delivered a strong quarter up +16.5% on the back of higher commodity and explosive prices. Explosive prices have risen for two reasons: firstly, mining volumes have increased due to the higher commodity prices which in turn has led to higher demand for Orica's explosives; secondly, supply shortages of explosives have emerged from Eastern Europe due to Russia's invasion of Ukraine. We continue to hold Orica in the Fund, as the company's recovery post-covid is still in its early phases and we remain positive on the company's capital light growth strategy in the mining software market.

Active Sector Weights



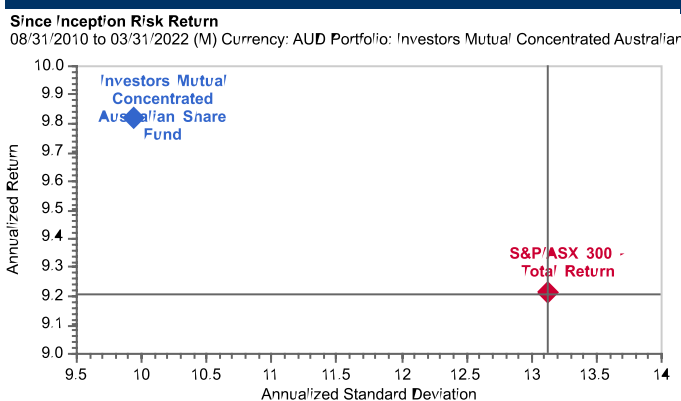
Growth of \$1,000 Invested at Inception



Top 10 Holdings

Company	ASX code
CSL	CSL
Tabcorp	TAH
Telstra	TLS
Aurizon	AZJ
Metcash	MTS
Chorus	CNU
Orica	ORI
Brambles	BXB
Steadfast Group	SDF
Z Energy	ZEL

Fund Risk-Return vs Benchmark



Since inception: 1 September 2010: Cumulative performance of the Fund vs its benchmark; Benchmark = S&P/ASX 300 Accumulation Index, Source: IML,Factset

Fund Facts

ARSN	145 759 879
APIR	IML0010AU
Inception	1 September 2010
Benchmark	S&P/ASX 300 Accumulation Index
FUM	\$220 M
Investment Horizon	4-5 years
Minimum Initial Investment	A\$50,000
Minimum Additional Investment/Redemption	A\$5,000
Distributions	Generally semi-annual
Asset Classes and Allocation Range	Aust Equities (80-100%) Cash (0-20%)
Performance Fee:	10.25% (10% excluding GST) of investment returns made in excess of 2% above the Benchmark.
Management Fee:	0.993% p.a. of the net assets of the fund (includes GST)

Portfolio Characteristics

	Fund	Benchmark
No. of stocks	29	300
Portfolio turnover ¹	6.0%	NA
Portfolio Beta (since inception)	0.65	1.00

Franking level (%)²

FY21	FY20	FY19	FY18	FY17
79.7	54.5	31.4	36.2	38.2

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.



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