

June 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	+0.7%	+0.7%	+1.7%	+2.0%	+2.5%	+3.9%	+3.8%
Growth	-3.6%	-3.9%	+1.3%	+1.0%	+1.4%	+5.8%	+5.5%
Total Return*	-2.9%	-3.2%	+3.0%	+3.0%	+3.9%	+9.7%	+9.3%
Benchmark**	-9.0%	-12.2%	-6.8%	+3.4%	+6.9%	+9.2%	+7.8%

[^]% 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 tough quarter, finishing down -3.2%, though it was significantly ahead of its benchmark's negative return of -12.2%. Pleasingly, the Fund managed to return a positive result of +3.0% for financial year 2022, despite very difficult investment conditions which saw the ASX 300 Accumulation Index drop -6.8% for FY 2022.
- ▶ Global markets had a very challenging quarter as bond markets sold off heavily and Central Banks all over the world responded to rapidly rising inflation by raising their overnight interest rates. Other major global uncertainties weighing down markets – including the Ukraine-Russia war and the Covid restrictions in China – added further anxiety for investors.
- ▶ The ASX 300's heavy fall over the June quarter saw all sectors finish lower except for the Utilities and Energy sectors which both eked out small gains. Particularly hard hit were the Information Technology, Materials and Consumer Discretionary sectors as investors repositioned their portfolios more defensively for the expected softer economic times ahead.
- ▶ The Fund benefited from strong performances from key stocks such as Amcor, Brambles and APA Group. Tabcorp (which split into a gaming business Tabcorp and a lotteries business The Lottery Corporation) also rallied over the month as investors saw the benefit of its demerger and backed both sides of the business to perform well in the future.
- ▶ Over the quarter we trimmed our holdings in companies like Computershare and Event Hospitality and Entertainment, taking profits as the share prices of these companies rallied strongly. We used the proceeds to initiate a position in Medibank as we believe the company is attractively priced and well managed and should generate very resilient cashflows in the next 3-5 years.

Outlook

- ▶ Markets are likely to remain volatile and uncertain in the near future, given growing concerns over high inflation and whether Central Banks can rein it in through tighter monetary policy without pushing the global economy into recession.
- ▶ The positive news for IML clients is that these market conditions have led investors to refocus on fundamentals, which suits our prudent investment style. Our portfolios have proved relatively resilient amid the recent market turmoil and we believe they are well positioned to continue to do well in the medium and long-term, generating attractive and less volatile returns for clients despite the uncertain economic times.

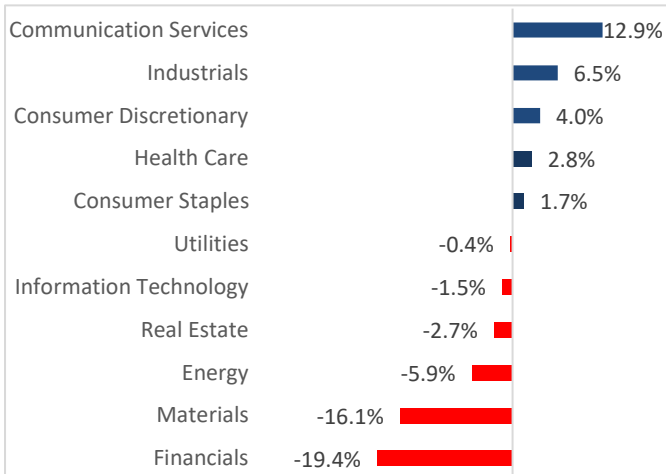
Stocks in Focus

Brambles (BXB) performed well over the quarter rising 8.1 % after reporting solid March quarter numbers. The stock was also buoyed by the news in May that CVC Capital Partners was considering a bid for the company. Brambles continues to make progress on re-pricing and improving the terms of its customer contracts, particularly in America, and we believe that as costs normalise in the coming years, Brambles should see an expansion in margins and free-cash-flow as a result.

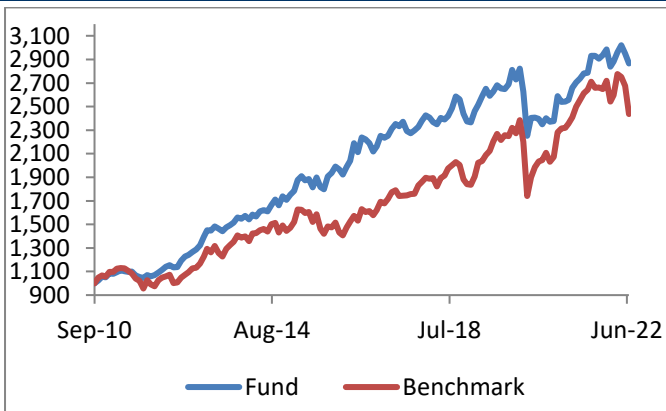
Amcor (AMC) also performed well after reporting strong 3rd quarter earnings. The company continued to demonstrate its ability to navigate supply chain disruptions and rising input costs while maintaining margins by passing rising costs on to its customers through price increases. Despite raising prices, Amcor has continued to see continued strong demand for its products as the majority of its customers operate in the food, beverage and pharmaceutical industries, which are all economically resilient sectors.

Tabcorp (TAH) had a positive quarter after successfully demerging its lotteries business into a new listed company – the Lottery Corp (TLC). We believe this move was long overdue and the split has enabled shareholders to better assess the true underlying value of the company and it has also given both businesses a better chance to focus and grow in their different areas of operation.

Active Sector Weights



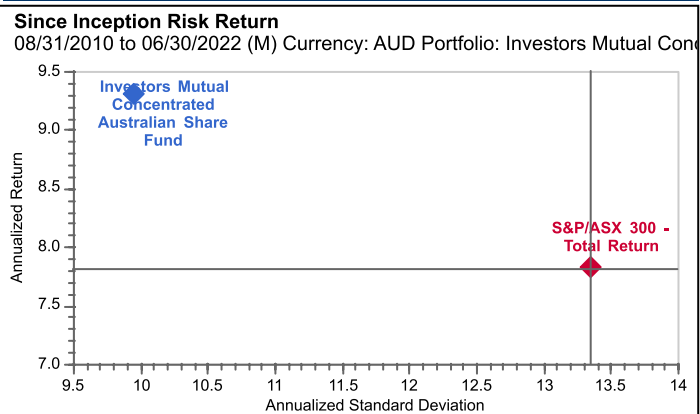
Growth of \$1,000 Invested at Inception



Top 10 Holdings

Company Name	ASX code
CSL	CSL
Telstra	TLS
The Lottery Corporation	TLC
Aurizon	AZJ
Metcash	MTS
Brambles	BXB
Chorus	CNU
Orica	ORI
Steadfast	SDF
Amcor	AMC

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	\$215 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

Characteristic	Fund	Benchmark
No. of stocks	27	300
Portfolio turnover ¹	6.0%	NA
Portfolio Beta (since inception)	0.64	1.00

Franking level (%)²

FY22	FY21	FY20	FY19	FY18
84.9	79.7	54.5	31.4	36.2

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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