

September 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%	+1.6%	+2.0%	+2.4%	+3.9%	+3.8%
Growth	-5.7%	-1.3%	-5.1%	+0.2%	+1.8%	+4.7%	+5.2%
Total Return*	-5.7%	-1.3%	-3.5%	+2.2%	+4.2%	+8.6%	+9.0%
Benchmark**	-6.3%	+0.5%	-8.0%	+2.7%	+6.8%	+8.4%	+7.7%

[^]% 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 quarter, declining -1.3%, behind the benchmark's return of +0.5%.
- ▶ The main reasons for the poor relative performance over the quarter were that we are underweight to the Resources sector which held up well, as well as some disappointing performances from some of our holdings on no material news – such as Orica and The Lottery Company. Also detracting from performance was a sub-par quarter for some of the Fund's mid cap holdings, such as Sky City, where we believe the investment case still remains positive.
- ▶ Global markets had a very volatile quarter, up significantly for July and most of August before dropping sharply in September as bond markets sold off as it became clear that the US Federal Reserve - and other Central Banks around the world - would continue to follow through on their commitment to raise interest rates in order to bring inflation back under control.
- ▶ While both the MSCI World Index and the S&P 500 fell around -5% for the quarter, the ASX300 went against the trend and rose +0.5%. This was partly due to the RBA's current less aggressive interest rate rises, which contributed to the Aussie dollar falling 7% against the US dollar for the quarter and helped the Resources sector rise.
- ▶ The Fund benefited from good performances from Brambles and CSL over the quarter, as both companies appear set to record improvements in their earnings in the years ahead despite the uncertain economic outlook.
- ▶ Over the quarter we increased our holdings in Orica, The Lottery Corporation, and Steadfast taking advantage of share price weakness to buy into these high-quality companies at reasonable valuations. We also trimmed our position in APA Group early in the quarter, after its share price appreciated in value.

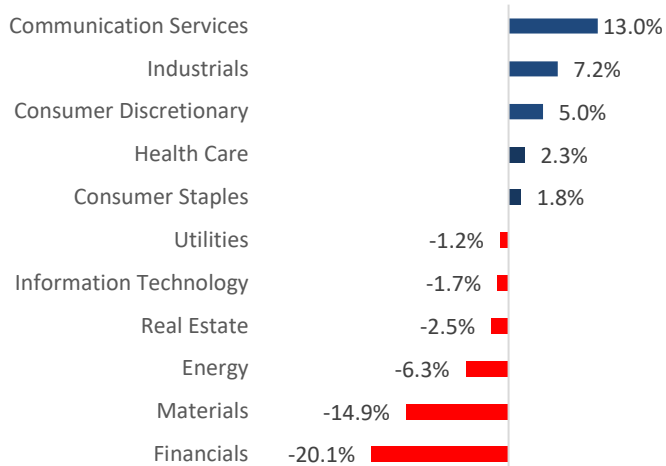
Outlook

- ▶ We expect markets to remain volatile in the near future as investors continue to assess the risk of rising interest rates and high inflation. We continue to expect fairly big swings in the markets in the short term as investors remain nervous about the economic outlook for 2023 given the continued tightening in monetary policy all around the world.
- ▶ While company profits, in general, currently remain strong, rising interest rates are likely to lead to reduced consumer spending and lower demand, which will impact the earnings of many companies - particularly companies exposed to cyclical sectors such as home building and discretionary retail. We remain focused on investing in companies with what we believe are predictable and recurring earnings and strong market positions. We believe these types of companies will perform well in these uncertain times. We also continue to look to take advantage of market weakness to invest in quality companies at the right price.

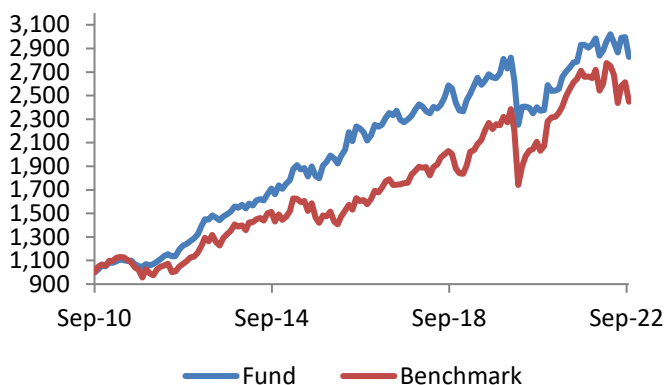
Stocks in Focus

- ▶ **Brambles**, the global pallet and supply chain provider, rose 8.2% over the quarter after it reported a very strong result, with profits up 11%, helped by the company's margin expansion in its US operations thanks to its ability to pass on costs despite strong inflation. Given Brambles strong market position, its pricing power and customer base of predominantly food and beverages companies, we remain confident in the company's ability to continue to perform well despite uncertain economic times.
- ▶ **Orica**, the world's leading explosives manufacturer, had a very disappointing quarter, falling -16.2%, as investors reacted poorly to a capital raising at \$16 a share which the company earmarked to fund the acquisition of Axis, as well as to help bolster its working capital position. Despite the negativity towards Orica, we believe it offers outstanding value. It has a reinvigorated management team and we believe its earnings are set to benefit greatly in the years ahead from higher explosive prices and the repricing upwards of many of its contracts.

Active Sector Weights



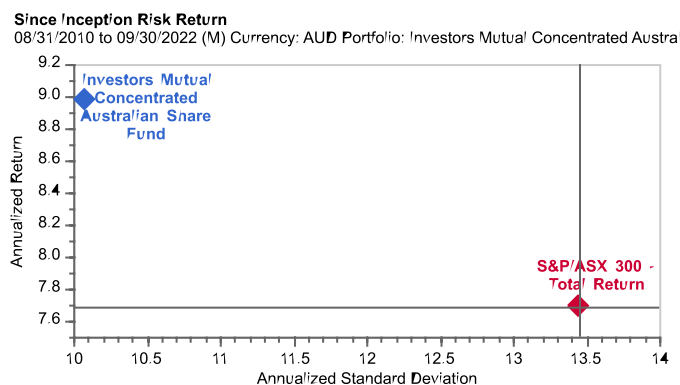
Growth of \$1,000 Invested at Inception



Top 10 Holdings

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

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	\$217 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	27	300			
Portfolio turnover ¹	11%	NA			
Portfolio Beta (since inception)	0.65	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	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.



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