

Investors Mutual Concentrated Australian Share Fund



Monthly Report May 2021

Fund status: OPEN

- ▶ Global sharemarkets enjoyed a solid month as stimulus measures and vaccination programmes underpin the recovery
- ▶ The Australian sharemarket returned +2.3%, pushing through its pre-pandemic record high, despite Tech's -9% fall
- ▶ We continue to use volatility to top up in good quality companies we believe can do well over the next 3-5 years

	1 month	3 months	1 Year	3 years [^]	5 Years [^]	Since inception [^]
Total Return*	+1.2%	+7.2%	+13.7%	+4.6%	+4.6%	+9.8%
Benchmark**	+2.3%	+8.5%	+28.7%	+10.1%	+10.2%	+9.1%

[^]% 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 finished their fourth consecutive month higher, with the MSCI World Index returning +1.1% as ongoing confidence in the global economic recovery grows as vaccination programmes accelerate. While the US S&P500 Index held on to its gains for the month, returning +0.7%, the tech-heavy NASDAQ Index came under increasing pressure, shedding -1.4% as investors' inflationary concerns and the prospect of higher bond yields weighed on fully-priced tech valuations. Indeed, US inflation accelerated at its fastest annual pace in over a decade as the economic recovery kicked into gear. Across the Atlantic the mood was similarly positive as economies emerge from lockdowns in time for the summer tourism season, with European bourses enjoying a solid month, the EuroStoxx50 Index returning +2.3%.

Domestically, the mood remained upbeat following the release of the Federal Budget, with government fiscal largesse continuing to aid the post-COVID recovery. Commodity prices were strong through the month, with the iron ore price gaining +7.8% and holding its level above US\$200 per tonne despite Chinese overtures about punishing "excessive speculation" in commodity markets. The oil price gained a further +3% as stockpiles built up during the pandemic continue to run down as economies reopen. Increasing inflationary concerns courtesy of the magnitude of economic stimulus and continued low interest rates also helped the gold price gain +7.5% for the month, to finish above US\$1,900 an ounce.

The Australian sharemarket, as measured by the S&P/ASX300 Index, pushed through to record highs, returning +2.3%, courtesy of the feel-good factor from the 'big-spending' budget. Despite strong commodity prices, the Resources sector returned +1.4%, underperforming its Industrials counterpart. The iron ore miners were more muted in May following their stellar run, which offset a strong performance from the gold miners.

Within the Industrials segment, Financials were strong, in particular the Banks following results from Westpac, NAB and ANZ and a trading update from CBA which all reflected ongoing writebacks in provisions and strong credit growth. The Communication Services sector enjoyed a solid month, up +2.4%, Telstra's share price continuing its steady rise as the mobile market becomes more rational with Optus increasing prices for its mobile plans. In addition, both News Corporation and Nine Entertainment continued to push higher given the strength of their constituent businesses. Healthcare finished +3.5% higher, driven by sector heavyweight CSL, which gained +7% on rebounding plasma collections as the US economy emerges from lockdowns. On the negative side of the ledger, the Technology sector continues to come under pressure, down -9%, with the share prices of Afterpay, WiseTech, Appen and recent IPO Nuix all falling considerably. Many of these previously high-flying tech stocks have now halved in value from their recent peaks as a dose of reality and their vulnerability amid higher bond yields becomes increasingly apparent. Utilities endured a tough month, with AGL's share price down -9% on concerns about the viability of the company's plans to demerge its retail and generation assets.

The **Investors Mutual Concentrated Australian Share Fund** gained + 1.2% for the month with CSL, Telstra, Tabcorp, and Brambles contributing positively to performance, while the Fund's lack of exposure to the major banks, which had a strong month, held back relative performance. M&A activity remains a strong catalyst for re-ratings in the share prices of some of the high-quality and cash-generative businesses held in the Fund, with Tabcorp's wagering business attracting multiple bids.

Over the month the Fund trimmed its holdings in stocks such as Alumina and Event Hospitality & Entertainment into strength following rallies in their respective share prices. We used the proceeds to top up on companies such as Aurizon, IAG and Z Energy, which we believe are significantly undervalued.

Sharemarkets around the world, including Australia's, appear well-supported as economic growth continues to rebound from COVID lows and central banks continue to hold interest rates at record low levels, despite rising inflationary expectations. The Australian sharemarket is trading at record levels with seemingly very little on the horizon to halt its ongoing rise. However, many strong franchises have been left behind in the rally. We continue to steer away from the riskier parts of the sharemarket and focus on good quality companies which are well-managed, where valuations remain justifiable and which we firmly believe can do well over the next 3 - 5 years.

Monthly Movements

S&P 500	+0.7%
EuroStoxx50	+2.3%
Nikkei	+0.2%
ASX300 Accum	+2.3%
AUD/USD	+0.2%
Gold	+7.5%
Oil	+3.1%
Iron Ore	+7.8%

Fund information

APIR	IML0010AU
Inception	1 Sep 2010
Size	\$216 M
Application	\$1.8486
Redemption	\$1.8394
Cash	10.0%
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

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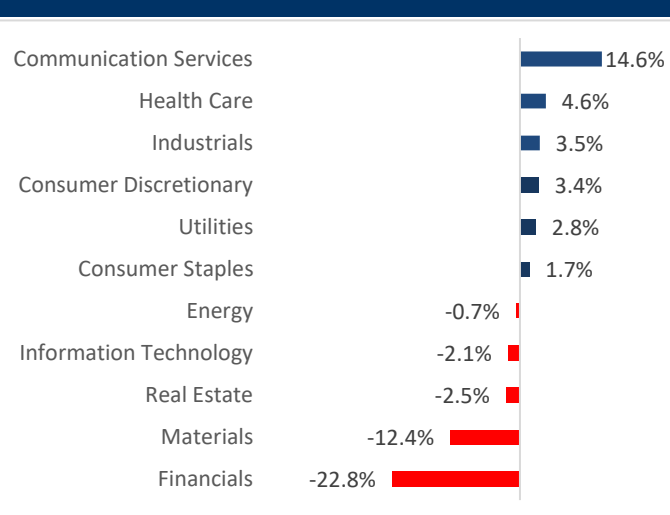


Characteristics	Fund	Benchmark
Number of stocks	29	300
Portfolio Turnover*	9.0%	N/A
Annualised Tracking Error	6.80	N/A
Volatility (STD DEV) since inception	10.05	13.25
Portfolio Beta (since inception)	0.66	1.00

*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

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

Active Sector Weights



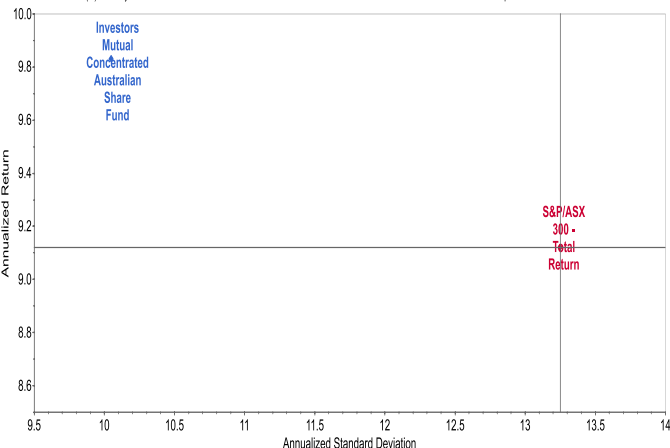
Portfolio top holdings

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

Source: IML

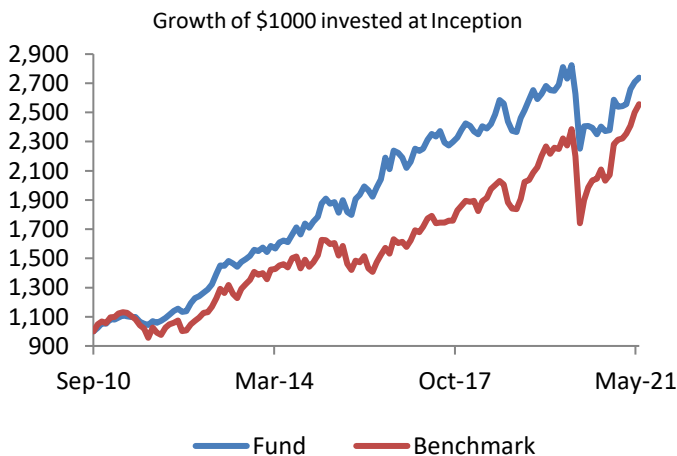
Since Incept. Risk Return Fund vs Benchmark*

Since Inception Risk Return
06/31/2010 to 05/31/2021 (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

Since Incept. Cumulative Perf. Fund vs Benchmark*



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



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