

31 MARCH 2023

The **Investors Mutual Equity Income Fund** provides exposure to a diversified portfolio of quality Australian shares for investors seeking a regular and relatively high-income stream and lower levels of volatility compared to the ASX300, along with some capital growth over time.

	1 MONTH	3 MONTHS	1 YEAR	3 YEARS [^]	5 YEARS [^]	10 YEARS [^]	SINCE INCEPTION [^]
Income	+1.7%	+1.8%	+7.1%	+7.5%	+7.3%	+7.8%	+8.3%
Growth	-2.0%	+1.0%	-1.7%	+9.1%	-2.2%	-0.7%	-0.2%
Total return*	-0.3%	+2.8%	+5.4%	+16.6%	+5.1%	+7.1%	+8.1%
Benchmark**	-0.2%	+3.3%	-0.6%	+16.6%	+8.6%	+8.1%	+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 a 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 **Equity Income Fund** performed well over the quarter, +2.8%, slightly lagging the benchmark's +3.3%.
- The MSCI World Index was up +7.2% for the quarter, similar to the prior quarter. However, it has been a more volatile ride. Markets rose strongly at the start of 2023, then fluctuated as investors' fears about interest rates, inflation and a slowing global economy waxed and waned. Things came to a head in March as a US regional banking crisis unfolded and spread to Europe, then eased as regulators took steps to calm markets.
- The ASX 300 lagged global markets, up +3.3%, with mixed performance at a sectoral level. Most sectors were up, with Consumer Discretionary strongest, up +10.8%, driven by investors' willingness to take on more risk and some strong individual performances followed by Communication Services (up +9.5%) off the back of Telstra's strong performance. Financial Services was the weakest, down -2.7%, on worries about the unfolding banking crisis and mortgage competition. Real Estate also was down slightly on concerns of falling commercial property values and rising interest rates.
- The Fund benefitted from strong performances from Telstra, Brambles, Medibank and The Lottery Corporation after they announced strong first half FY23 results. Sonic Healthcare also performed well, rising as it reported strong underlying earnings despite its overall revenue dropping as the Covid testing bonanza faded.
- Aurizon's performance held the fund back over the quarter as it announced lower-than expected earnings due to poor weather. Amcor was also down as it reported declining packaging volumes in some categories. We believe the issues for both stocks are temporary and we are confident in their long-term prospects.
- We opportunistically used the heightened volatility to supplement the Fund's dividend income with solid option premium written around some of our investments including Coles, Sonic Healthcare, Suncorp and Woodside Energy.

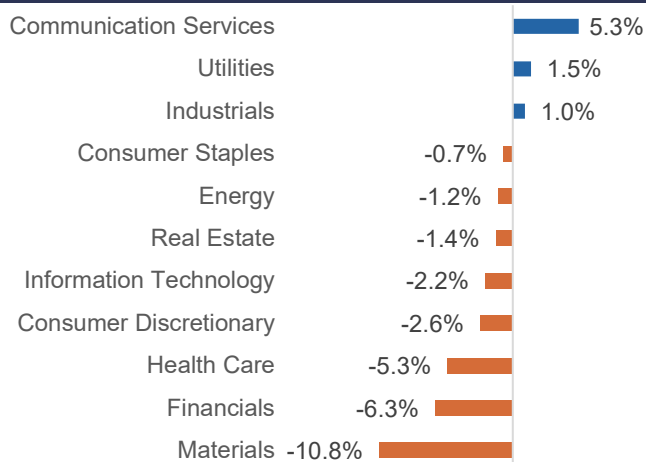
OUTLOOK

- The outlook for the economy, inflation and interest rates remains uncertain, as Central Banks try to balance the risks of continued high inflation with further financial instability. We continue to position the portfolio in well-established industry leaders with competitive advantage, recurring earnings, strong balance sheets and capable management teams.
- We are closely watching some high-quality companies that have looked expensive to us for some time. If tougher economic times lead to their share prices weakening, we are looking to buy these companies at what we believe will be attractive valuations.

STOCKS IN FOCUS

- **Telstra (TLS)**, Australia's leading telecommunication provider, was up strongly after reporting profits up more than 25% for first half of FY23. It also reconfirmed its intention to cut \$500m of costs through to 2025 and increased its fully-franked interim dividend from 8c to 8.5c. We believe Telstra is well placed to continue to deliver growth and dividends in challenging economic conditions and a high inflation environment.
- **Amcor (AMC)**, the global packaging leader, lagged the strong market. While earnings were in line with our expectations, lower volumes in some categories and geographies led to some of Amcor's customers de-stocking inventory. We see this as relatively temporary, given most products are consumed relatively quickly, and believe Amcor remains well positioned for long-term growth.
- **The Lottery Corporation (TLC)**, Australia's largest lottery operator, rose significantly after announcing that group revenue was up 8%, group EBITDA was up 16% and both of its business segments (Keno and Lotteries) grew in terms of customers and revenue. Its strong competitive advantage, loyal customer base and move to digital retailing have it well placed for continued strong growth even in tough economic times.

ACTIVE SECTOR WEIGHTS

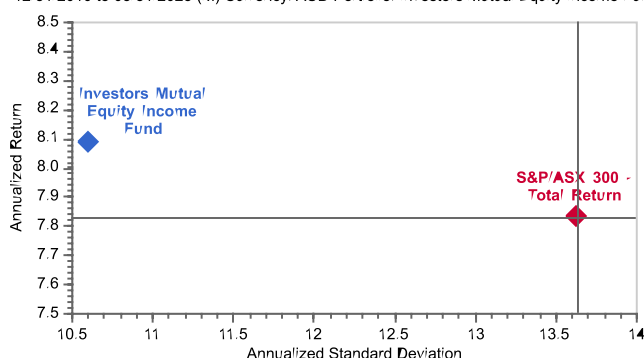


TOP 10 HOLDINGS

TOP 10 HOLDINGS	ASX CODE
Telstra	TLS
National Australia Bank	NAB
Orica	ORI
Westpac	WBC
Aurizon	AZJ
Insurance Australia Group	IAG
Brambles	BXB
CSL	CSL
Amcour	AMC
BHP	BHP

FUND RISK-RETURN VS BENCHMARK

Since Inception Risk Return
12/31/2010 to 03/31/2023 (M) Currency: AUD Portfolio: Investors Mutual Equity Income Func



Since inception: 1 January 2011; Cumulative performance of the Fund vs its benchmark; Benchmark = S&P/ASX 300 Accumulation Index, Source: IML, Factset

FUND FACTS

ARSN	107 095 438
APIR	IML0005AU
Inception	1 January 2011
Benchmark	S&P/ASX 300 Accumulation Index
FUM	\$519M
Investment Horizon	4-5 years
Minimum Initial Investment	A\$50,000
Minimum Additional Investment/ Redemption	A\$5,000
Distributions	Quarterly
Performance Fee	Nil
Management Fee	0.993% p.a. of the net assets of the fund (includes GST)
Asset Classes and Allocation Range	Aust Equities (50-100%) Cash (0-50%)

SECURITY CATEGORY

EFFECTIVE EXPOSURE

Ordinary Shares	86.6%
Call Options	-10.2%
Put Options	0.8%
Cash	22.8%

PORTFOLIO CHARACTERISTICS

FUND

BENCHMARK

No. of stocks	39	300
Portfolio turnover ¹	13%	NA
Portfolio Beta (since inception)	0.70	1.00

FRANKING LEVEL (%)²

FY22	FY21	FY20	FY19	FY18
45.9%	28.8%	36.2%	39.6%	27.5%

FUND RATINGS

Morningstar	Bronze
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

Long-term investors in the Value and Income Fund which was restructured and renamed the Equity Income Fund on 1 January 2011 please see page 3.

EQUITY INCOME FUND

QUARTERLY REPORT



The Value and Income Fund was restructured and renamed the Equity Income Fund on 1 January 2011 where the strategy of the Fund was changed to not hold international shares and to focus on its current strategy of generating income for unitholders. If the performance of the two funds are combined the results would be as follows:

	Fund Return	Benchmark
Since Inception^ 1 May 2004	7.3%	8.5%

^% Performance per annum. Fund returns are calculated net of management fees and assuming all distributions are re-invested. Past performance is not a reliable indicator of future performance. Fund returns are the Value and Income Fund prior to 31 December 2010 and the Equity Income Fund from 1 January 2011. The benchmark is the UBS Bank Bill+2% benchmark prior to 31 December 2010 and S&P/ASX 300 Accumulation Index from 1 January 2011.



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