

Investors Mutual Future Leaders Fund



Monthly report November 2020

Fund status: OPEN

- ▶ Global sharemarkets rallied strongly thanks to positive vaccine news and the resolution of the US election
- ▶ The Fund's ex-50 benchmark enjoyed a strong month, driven by the Energy sector
- ▶ We continue to look for good quality companies that we believe have a bright 3 to 5 year outlook

	1 month	3 months	1 Year	3 years [^]	5 Years [^]	Since inception [^]
Total Return*	+11.6%	+11.3%	-4.1%	+2.2%	+5.7%	+9.9%
Benchmark**	+8.3%	+8.7%	+10.1%	+8.2%	+12.2%	+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 (ex. S&P/ASX50, ex LPT)

Sharemarket Commentary

Global equity markets enjoyed one of their strongest months on record, surging on optimism about Joe Biden's US Presidential Election victory and a series of breakthroughs in the development of a COVID-19 vaccine. The MSCI World Index returned +11% over the month, driven by strong gains in the US S&P500 Index, which reset fresh record highs following weakness in October, and the Dow Jones Index, which pushed through the 30,000 level for the first time in its history and enjoyed its strongest month since 1987. Across the Atlantic, the mood was even more effervescent, with Europe's Stoxx Index returning +19%, catching up some of its recent relative underperformance compared with US indices.

Despite record numbers of COVID-19 cases across the world, investor optimism was buoyed by signs that President-elect Joe Biden will make a relatively smooth transition into the White House, as well as positive vaccine news from Pfizer/BioNTech and Moderna. This news drove a strong rotation into companies that were deemed to be well-positioned for the reopening of economies and the much hoped for return to normality, while many concept and fad stocks lagged the market.

Domestically, the Reserve Bank of Australia cut the cash rate by a further 0.15% in early November, taking the cash rate down to a new record low of 0.10%, while also announcing a further \$100 billion in bond purchases as part of its quantitative easing programme. Commodities experienced a very strong month off the back of the vaccine breakthrough. Oil was the standout, gaining +27% as investors repositioned for the likelihood of greater oil consumption as economies reopen. Iron ore also firmed by a further +11% to the \$130/tonne level. As a result of the strength in commodity prices, the AUD had a strong month, gaining +5% against the USD as it rallied to the 74-cent level. This was despite continued concerns about the diplomatic stoush between Australia and China which has led to the hiking of trade tariffs by the Chinese, most notably on our wine exports. The strong rally in global equities saw the Australian sharemarket as measured by the ASX300 produce its best month on record, returning +10.2% in November.

The Fund's ex-50 benchmark had a strong month returning +8.3%, led by a rebound in the Energy sector of +27% as optimism built about the demand for oil from the travel sector as the vaccine is rolled out. Within the Industrials segment of the market, the Communication Services sector enjoyed a strong month returning +14%, supported by strong performances from Event Hospitality, Ooh media and Southern Cross Media – companies that stand to benefit as the economy reopens and recovers. The Technology sector, which has benefited immensely this year given the mania for "anything tech", came off the boil, with overhyped names such as Afterpay, Megaport, Next DC and several other 'buy now pay later' providers finishing in negative territory. In addition, online electronics retailer – Kogan fell over -30% on the announcement of the vaccine with the shift to online likely to slow.

The **Investors Mutual Future Leaders Fund** enjoyed an excellent month, returning +11.6%, which was better than the benchmark's return of +8.3%. Encouragingly, many of our holdings benefited from the rotation back into quality companies trading on attractive valuations, such as Southern Cross Media, Event Hospitality, A2B and Home Consortium. In addition, the Fund benefited from both Regis Healthcare and Vital Harvest receiving takeover offers during the month. Importantly, our caution toward many of the concept and "fad" companies, that previously benefited as a result of the pandemic, held the Fund in good stead.

Over the month, we used strength in the share prices of Virgin UK, Sealink, Genesis Energy, Downer EDI and Integral Diagnostics to trim our positions. We added to our positions in good quality companies such as Regis Healthcare (prior to their takeover bid), Bega Cheese (via its capital raising) and Metcash, which we believe remain attractively priced given their prospects for the next few years.

Continued record low interest rates, government stimulus and the recovery in many parts of the Australian economy, as lockdowns cease and interstate borders open up, has led to a sweet spot for the Australian equity market, with many companies' share prices rallying strongly over the past month. Having said this, the outlook for 2021 remains relatively uncertain given the many imbalances in the economy as things normalise. We continue to focus on companies that, in our view, have a strong franchise, experienced and capable management, and a resilient business that can continue to generate healthy cashflows over the next few years.

Level of Franking (%)*	
FY16	14.2%
FY17	27.3%
FY18	30.7%
FY19	51.2%
FY20	85.5%

*As per IFSA Standard

Monthly Movements	
S&P 500	+10.9%
Euro Stoxx 50	+19.3%
Nikkei	+15.1%
ASX Small-Mid Index	+8.3%
AUD/USD	+4.9%
Gold	-6.3%
Oil	+27.0%
Iron Ore	+10.6%

Fund information	
APIR	IML0003AU
Inception	1 May 2002
Size	\$480 M
Application	\$1.0267
Redemption	\$1.0215
Cash	5.8%
Mngmnt fee	0.993%
Investment horizon	4-5 years
Distributions	Semi-annually
Manager	Simon Conn Marc Whittaker

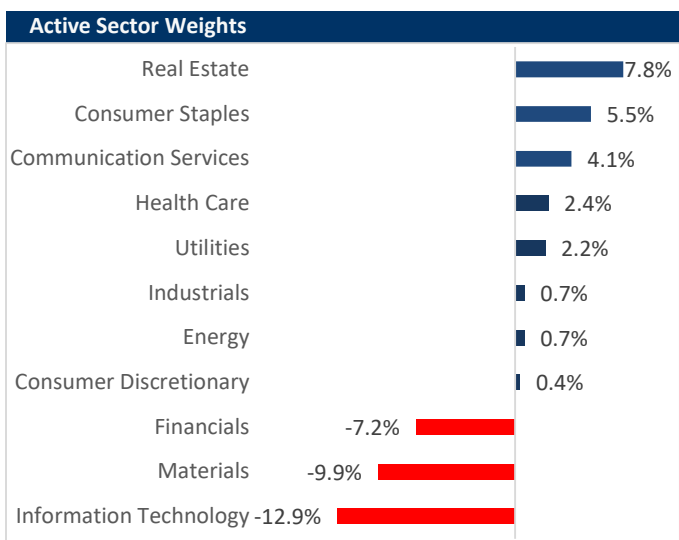
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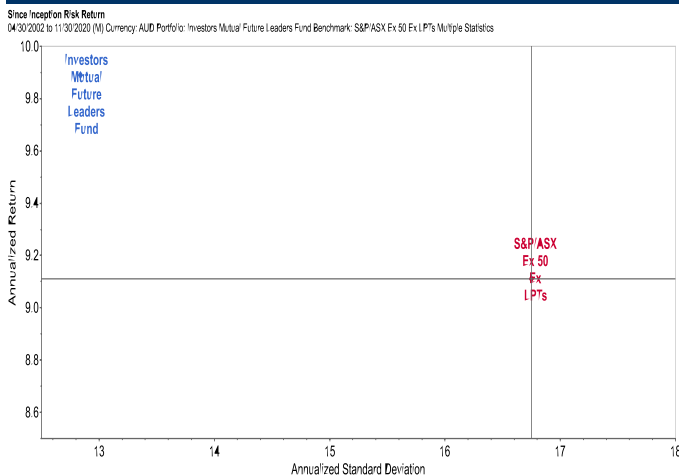


Characteristics	Fund	Benchmark
Number of stocks	82	229
Portfolio Turnover*	37%	N/A
Annualised Tracking Error	8.36	N/A
Volatility (STD DEV) since inception	12.84	16.75
Portfolio Beta (since inception)	0.67	1.00

*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



Since Incept. Risk Return - Fund vs Benchmark*



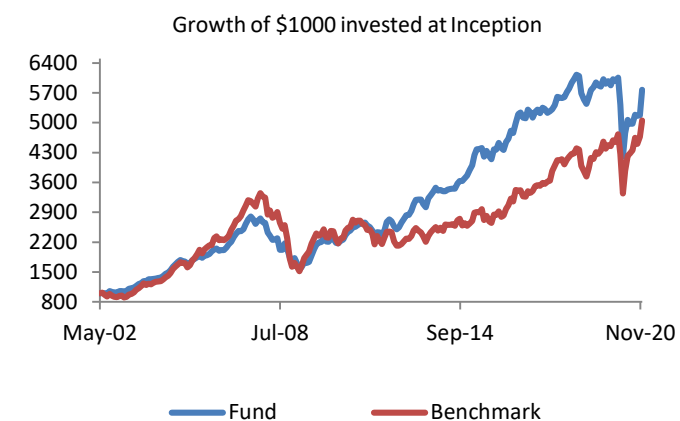
Researcher	Rating
Morningstar	Silver
Lonsec	Contact IML for the most recent rating
Zenith	Recommended

Portfolio top holdings

Portfolio top holdings	ASX Code
Crown Resorts	CWN
Pact Group	PGH
Australian Pharmaceutical Industries	API
Tabcorp	TAH
Home Consortium	HMC
Event Hospitality and Entertainment	EVT
Skycity Entertainment Group	SKC
Southern Cross Media Group	SXL
Integral Diagnostics	IDX
Nine Entertainment	NEC

Source: IML

Since Incept. Cumulative Perf. Fund vs Benchmark*



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