

31 MARCH 2023

The **Investors Mutual Future Leaders Fund** provides exposure to an actively managed portfolio of quality ASX listed Australian shares outside the Top 50. 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 <sup>^</sup>	5 YEARS <sup>^</sup>	10 YEARS <sup>^</sup>	SINCE INCEPTION <sup>^</sup>
Total return*	-0.2%	+6.8%	-12.0%	+12.9%	+1.6%	+6.6%	+9.0%
Benchmark**	-1.0%	+1.5%	-7.7%	+18.1%	+6.5%	+8.3%	+8.5%

<sup>^</sup>% 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 (excluding S&P/ASX50, excluding Property Trusts)

### FUND PERFORMANCE

- The Future Leaders Fund had a very strong quarter, up +6.8%, well ahead of the benchmark which rose +1.5%. Performance was driven by strong gains in several key holdings after reporting in line, or better than expected results.
- Global markets gained over the quarter, however volatility was high as investor sentiment fluctuated on concerns about inflation and economic conditions and the path of interest rates globally. In March the collapse of several regional US banks and the forced merger of Credit Suisse with UBS caused further volatility, however these concerns quickly eased as regulators took decisive action.
- The Fund's benchmark was up +1.5%, with mixed performance at a sectoral level. Information Technology and Communication Services sectors were strongest, both up +10.6%, mirroring strong gains seen offshore. Materials were also strong, boosted by the Albemarle bid for Liontown and gold miners rallying in line with the gold price. Holding performance back Financial Services (-6.9%) declined on worries about the unfolding banking crisis as well as poor performances by some of the fund managers.
- The Fund benefitted from strong performances by ACL, GUD, Infomedia, Codan and Myer following positive first half FY23 results. United Malt also rallied late in the quarter after reporting a takeover approach and A2B was up significantly after selling a Sydney property. Holding back performance were Aurizon and Southern Cross Media after weaker than expected results. We remain confident in these companies' long-term prospects.
- Over the quarter we took advantage of share price strength to take part profits and trim our positions in Infomedia, Kelsian, Myer and Orica. We added to our position in ACL early in the quarter and Aurizon and Tabcorp on share price weakness.

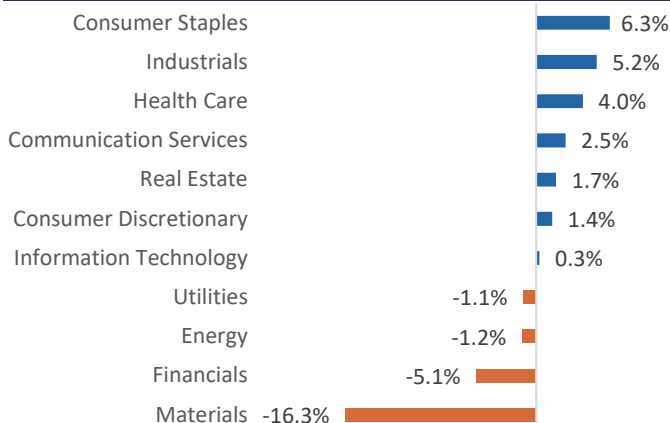
### OUTLOOK

- 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.

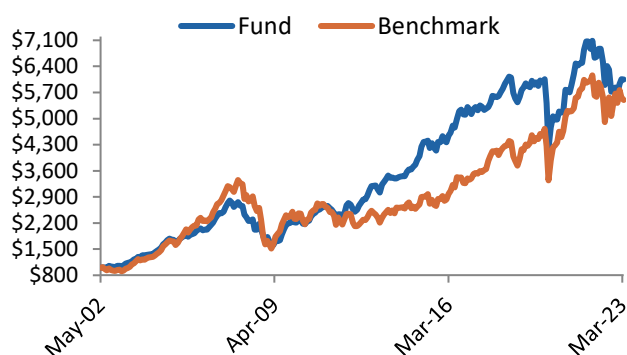
### STOCKS IN FOCUS

- **A2B (A2B)**, Australia's leading taxi company, gained +41% over the quarter. It reported a strong result in February with revenue up 22% and driver volumes recovering from the disruptions caused by Covid. Then in March A2B reported it had sold its Alexandria, Sydney property for a price of \$78m which was a strong outcome in a softening property market. The sale should result in a sizeable, fully-franked special dividend being paid to shareholders by the end of this calendar year.
- **United Malt Group (UMG)**, the world's fourth largest maltster, rose significantly (+37%) after its Board announced it had received an indicative takeover proposal from Malteries Soufflet, the world's second largest malt producer. Malteries Soufflet had long voiced its ambition to grow outside Europe, so its interest in United Malt's hard-to-replicate footprint of malting assets across the UK, Australia and North America is logical and not unexpected. In our view the offer is positive for shareholders
- **GUD Holdings (GUD)**, a leading auto-parts supplier, was up +31% over the quarter after reporting a first half FY23 result in line with guidance. The result was underpinned by a strong performance from its core wear and tear business, while the recently acquired APG delivered a slight improvement in underlying earnings with a positive outlook on the back of an improving supply of new vehicles. Despite the rally the stock still trades at a very attractive price of 12 times FY '24 earnings, with a yield of 5%, reflecting the very low expectations implied by the market prior to the result.

## ACTIVE SECTOR WEIGHTS



## GROWTH OF \$1,000 INVESTED AT INCEPTION

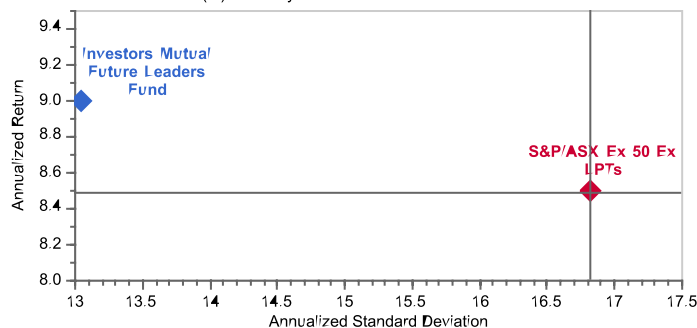


## TOP 10 HOLDINGS

TOP 10 HOLDINGS	ASX CODE
Aurizon	AZJ
A2B	A2B
Skycity	SKC
Ampol	ALD
Bega	BGA
G.U.D.	GUD
SG Fleet	SGF
TPG	TPG
Integral Diagnostics	IDX
Australian Clinical Labs	ACL

## FUND RISK-RETURN VS BENCHMARK

Since Inception Risk Return  
04/30/2002 to 03/31/2023 (M) Currency: AUD Portfolio: Investors Mutual Future Leaders Fund Ber



## PORTFOLIO CHARACTERISTICS

	FUND	BENCHMARK
No. of stocks	66	226
Portfolio turnover <sup>1</sup>	22%	NA
Portfolio Beta (since inception)	0.67	1.00

## FRANKING LEVEL (%)<sup>2</sup>

FY22	FY21	FY20	FY19	FY18
20.8%	101.6%	85.5%	51.2%	30.7%

## FUND RATINGS

Morningstar Silver

Zenith Recommended

Lonsec Recommended \*Visit [lonsec.com.au/logo-disclosure](https://www.lonsec.com.au/logo-disclosure) for important information about this rating

<sup>1</sup>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.  
<sup>2</sup>As per FSC standard.

## FUND FACTS

ARSN	093 182 828
APIR	IML0003AU
Inception	1 May 2002
Benchmark	S&P/ASX 300 Accumulation Index (excluding S&P/ASX50, excluding Property Trusts)
FUM	\$326 M
Investment Horizon	4-5 years
Minimum Initial Investment	A\$50,000
Minimum Additional Investment/ Redemption	A\$5,000
Distributions	Generally semi-annual
Management Fee	0.993% p.a. of the net assets of the fund (includes GST)
Performance Fee	15.375% of the change in value of the Redemption Price that exceeds the change in the value of the Fund's Benchmark (includes GST)



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