

30 SEPTEMBER 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 [^]	5 YEARS [^]	10 YEARS [^]	SINCE INCEPTION [^]
Total return*	-2.9%	+1.6%	+10.0%	+6.8%	+0.6%	+6.4%	+9.0%
Benchmark**	-3.9%	-1.1%	+9.8%	+7.3%	+5.0%	+8.4%	+8.3%

[^]% 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 solid quarter, up +1.6%, well ahead of the benchmark's -1.1%. For the quarter the Fund benefitted from solid results by several of our quality holdings in the August reporting season, while our caution towards the resources sector aided performance relative to the benchmark.
- Global share markets declined in the September quarter as bond yields rose sharply and sticky inflation led investors to focus on the likelihood that the Fed and other central banks will need to keep interest rates 'higher for longer.' Most markets fell, with the MSCI World Index down -2.4% and the NASDAQ down further, -4.0%, reversing some of its impressive recent gains.
- Local markets took a lead from overseas, with the ASX 300 down -0.8% for the quarter. Energy was the strongest sector, up +21%, buoyed by soaring oil prices, driven by supply cuts from Saudi Arabia and Russia. The interest rate sensitive Real Estate sector was weak, down -6.2%, weighed down by the move higher in bond yields. The Materials sector was also very weak, down -9.4%, as lithium companies came under pressure in-line with a pullback in the lithium price.
- Many of the Fund's holdings performed well over the quarter, with several rallying following strong results during reporting season including Ampol, GUD, Regis Healthcare, A2B Australia, and SG Fleet. Australian Clinical Labs, (see below) and Kelsian disappointed. Kelsian had a slightly weaker than expected result due to temporary labour issues, but we believe it's well placed for growth in FY24 after new contract wins and recently acquiring All Aboard America, which is trading strongly.
- During the quarter we trimmed our positions in several companies on share price strength including GUD, HMC Capital, A2B and Ampol and increased our holdings in ACL, Austal and Kelsian on share price weakness. We also added EVT Limited to the Fund, which we believe is being priced by the market at an attractive discount to the fair value of its portfolio of quality property assets, effectively placing a low value on its operating businesses.

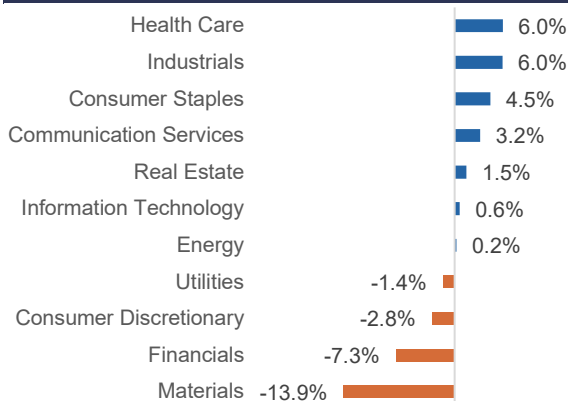
STOCKS IN FOCUS

- **Symbio (SYM)**, the digital communication service provider, rallied ~30% over the quarter following a takeover offer from Superloop. After market close at the end of the quarter, competitor Aussie Broadband made a higher offer of \$3.15 (cash and scrip) which has received conditional Board support. Symbio reported earnings for FY23 at the top end of guidance, confirming a strong recovery in H2'23 had occurred, with the company guiding to improved earnings in FY24.
- **Australian Clinical Labs (ACL)**, a leading national pathology provider, had a disappointing quarter declining -15% after reporting at its full year result that underlying pathology volumes are taking longer to recover to pre-Covid levels than anticipated. The fall in Covid-related revenues will result in little earnings growth in FY24. ACL's proposed merger with pathology peer Healix, which if successful will deliver significant synergies, remains under consideration by the ACCC.
- **GUD (GUD)**, the autoparts distributor, rallied +36% after posting a strong FY23 result, the highlight of which was its ability to maintain margins despite higher input costs. The sale of the non-core Davey division, and solid cashflow enabled GUD to reduce its debt, while continuing to integrate the APG business, which is on track to deliver the earnings expected by management when it was acquired in 2022.

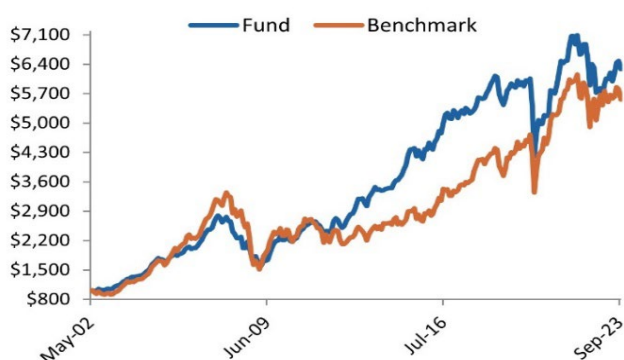
OUTLOOK

- Uncertainty over where interest rates will peak, and how long they will stay at these levels, is a key focus of markets. A mixed consumer outlook and lingering higher inflation is adding to this uncertainty, creating a volatile investment environment.
- We continue to focus on well-established companies with strong recurring earnings and competitive advantage that we believe can continue to perform well, despite mixed economic conditions. We remain alert to opportunities to buy good-quality companies at attractive valuations amid this volatility.

ACTIVE SECTOR WEIGHTS



GROWTH OF \$1,000 INVESTED AT INCEPTION

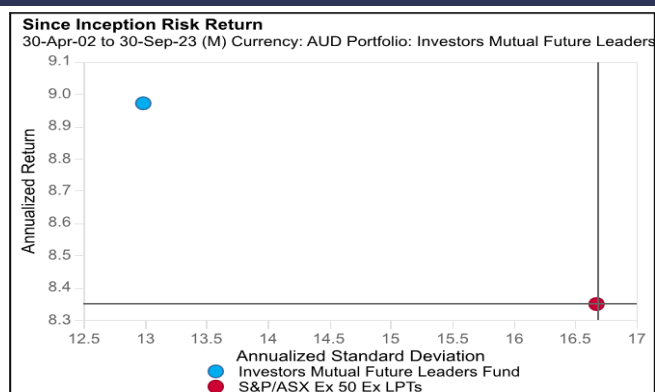


Since inception 1 May 2002; Cumulative performance of the Fund vs its benchmark; Benchmark = S&P/ASX 300 Accumulation Index (excluding S&P/ASX50, excluding Property Trusts), Source: IML, Factset

TOP 10 HOLDINGS

Company Name	ASX CODE
Aurizon	AZJ
A2B Australia	A2B
Ampol	ALD
SG Fleet	SGF
TPG Telecom	TPG
Codan	CDA
Australian Clinical Labs	ACL
Skycity Entertainment	SKC
Orica	ORI
Integral Diagnostics	IDX

FUND RISK-RETURN VS BENCHMARK



PORTFOLIO CHARACTERISTICS

	FUND	BENCHMARK
No. of stocks	63	223
Portfolio turnover ¹	12%	NA
Portfolio Beta (since inception)	0.68	1.00

FRANKING LEVELS²

FY23	FY22	FY21	FY20	FY19
101.9%	20.8%	101.6%	85.5%	51.2%

FUND RATINGS

Morningstar	Silver
Zenith	Recommended
Lonsec	Recommended *Visit lonsec.com.au/loqo-disclosure for important information about this rating

¹ 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. ² As per FSC standard.

FUND FACTS

ARSN	093 182 828
APIR	IML0003AU
Inception	1 May 2002
Benchmark	S&P/ASX 300 Accumulation Index (ex S&P/ASX50, exc Property Trusts)
FUM	\$ 300M
Investment Horizon	4-5 years
Min Initial Investment	A\$50,000
Min Additional Investment/Redemption	A\$5,000
Distributions	Generally semi-annual
Management Fee	0.993% p.a. of the net assets of the fund (includes net effect of 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 net effect of GST)



iml.com.au



trading@iml.com.au



1300 551 132

This publication (the material) has been prepared and distributed by Natixis Investment Managers Australia Pty Limited AFSL 246830 for the Investors Mutual Future Leaders Fund (the "Fund") and may include information provided by third parties. Investors Mutual Limited (IML) AFSL 229988 is the Responsible Entity of the Fund. Although Natixis Investment Managers Australia Pty Limited believe that the material is correct, no warranty of accuracy, reliability or completeness is given, including for information provided by third parties, except for liability under statute which cannot be excluded. This information is general securities information only and does not take into account your personal investment objectives or needs. Applications can only be made by reference to the current Product Disclosure Statement, or through IDPS products that include the Fund. Before deciding to acquire or continue to hold an investment in the Fund, you should consider the information contained in the Product Disclosure Statement in conjunction with the Target Market Determination, available at www.iml.com.au. Past performance is not a reliable indicator of future performance and that no guarantee of performance, the return of capital or a particular rate of return is provided. It may not be reproduced, distributed or published, in whole or in part, without the prior written consent of Natixis Investment Managers Australia Pty Limited and IML.