

Investors Mutual Future Leaders Fund



Monthly Report May 2021

Fund status: OPEN

- Global sharemarkets enjoyed a solid month as stimulus measures and vaccination programmes underpin the recovery
- The Fund's ex-50 benchmark just eked out a positive return for the month, despite a strong performance from resources
- 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*	-0.8%	+8.8%	+27.0%	+3.5%	+6.0%	+10.2%
Benchmark**	+0.5%	+7.4%	+32.2%	+9.9%	+11.7%	+9.4%

[^] 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 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, higher commodity prices and positive offshore markets.

The Fund's ex-50 benchmark eked out a positive result for the month, returning +0.5%. The ex-50 Resources sector provided the heavy lifting for the month, offsetting general weakness in the industrial segments of the market. The ex-50 Resources sector gained +3.3%, thanks to the gold mining sector rallying strongly on higher gold prices, in addition to the Energy sector on buoyant oil prices. The Industrials segment was muted, down -0.5%. The Financials sector gained +1.4%, supported by the listed fund managers, along with IOOF which gained +8% following the announcement that IOOF had completed its takeover of MLC. On the negative side of the ledger, the Technology sector was under pressure, falling -5%, with the share prices of companies such as EML Payments, Nearmap and recent IPO Nuix all falling considerably on stock-specific issues. Similarly, the Healthcare sector shed -1% as many loftily valued 'medtech' names such as PolyNovo and Nanosonics sold off in tandem with their tech counterparts. The Consumer Staples sector also endured a challenging month falling -4% as Costa fell -27% after a weak 1H trading update, citing labour cost inflation and inclement weather affecting its South Australian citrus business. Additionally, embattled baby formula producers Bubs and Synlait endured another tough month, in tandem with A2 Milk, which faces ongoing challenges in its Chinese daigou sales channels.

The **Investors Mutual Future Leaders Fund** had a lacklustre month, down -0.8%. Our caution to the speculative Technology sector held the portfolio in good stead while our caution to many of the small resources companies held back our relative performance.

Our holdings in Regis Healthcare, MNF and Infomedica all had a negative month although we maintain our confidence in the long-term outlook for these companies. Positively, our holdings in good quality companies such as Crown Resorts and Integral Diagnostics enjoyed a strong month. We trimmed our holdings in Event Hospitality & Entertainment, Healius, Home Consortium, and Sealink Travel Group over the month following strength in their respective share prices. We used the proceeds to top up on good quality companies such as Australian Pharmaceutical Industries, Brickworks, Infomedica, and TPG Telecom, which are currently unloved and which we believe are significantly undervalued.

Sharemarkets around the world, including Australia's, remain well-supported as economic growth continues to rebound from COVID lows and central banks continue to hold interest rates at record low levels, despite increasing signs of rising inflationary expectations. The Australian sharemarket is now trading at record levels with seemingly very little on the horizon to halt its ongoing rise. Having said this, we continue to steer away from some of 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.

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	+0.7%
EuroStoxx 50	+2.3%
Nikkei	+0.2%
ASX Small-Mid Index	+0.5%
AUD/USD	+0.2%
Gold	+7.5%
Oil	+3.1%
Iron Ore	+7.8%

Fund information

APIR	IML0003AU
Inception	1 May 2002
Size	\$491 M
Application	\$1.1319
Redemption	\$1.1263
Cash	4.5%
Mngmnt fee	0.993%
Investment horizon	4-5 years
Distributions	Semi-annually
Managers	Simon Conn Marc Whittaker

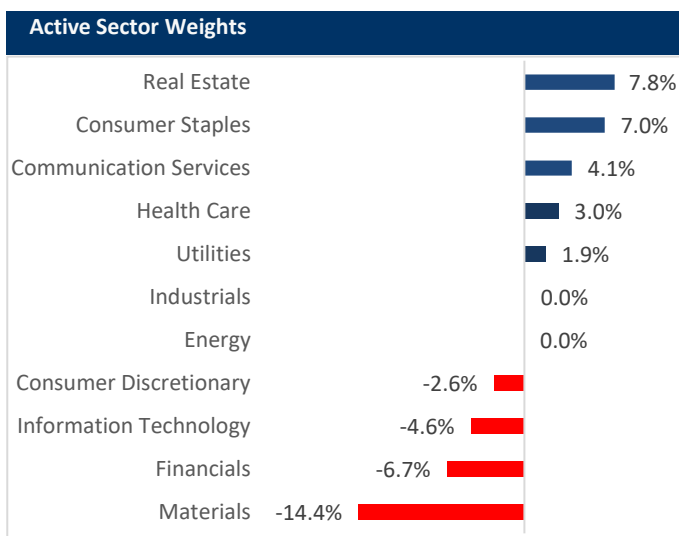
Investors Mutual Future Leaders Fund

Monthly Report May 2021

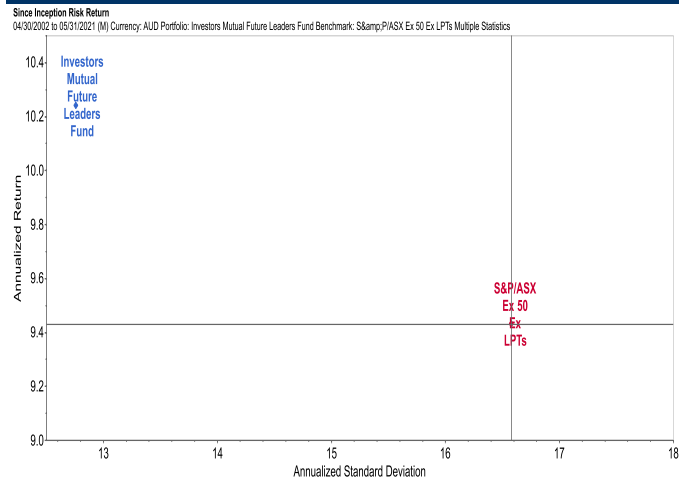


Characteristics	Fund	Benchmark
Number of stocks	77	224
Portfolio Turnover*	41%	N/A
Annualised Tracking Error	8.36	N/A
Volatility (STD DEV) since inception	12.76	16.58
Portfolio Beta (since inception)	0.67	1.00

*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*

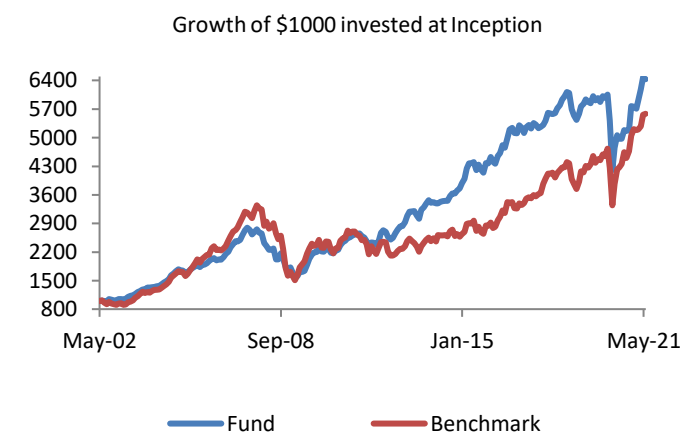


Researcher	Rating
Morningstar	Silver
Lonsec	Contact IML for the most recent rating
Zenith	Recommended

Portfolio top holdings	ASX Code
Crown	CWN
Pact	PGH
SG Fleet	SGF
Tabcorp	TAH
AusNet Services	AST
Nine Entertainment	NEC
SkyCity	SKC
Australian Pharmaceutical Industries	API
Event Hospitality & Entertainment	EVT
Homeco Daily Needs REIT	HDN

Source: IML

Since Incept. Cumulative Perf. Fund vs Benchmark*



iml.com.au
 1300 551 132
 iml@iml.com.au

Disclaimer: While the information contained in this report has been prepared with all reasonable care, Investors Mutual Limited accepts no responsibility or liability for any errors or omissions or misstatements however caused. This is general securities information only and is not intended to constitute a securities recommendation. This information does not account for your investment objectives, particular needs or financial situation. Past performance is not indicative of future performance. Investors Mutual Limited (AFSL 229988) is the issuer of the Investors Mutual Future Leaders Fund. Applications can only be made by reference to the current Product Disclosure Statement, or through IDPS products that include these Funds. The Product Disclosure Statement can be obtained by contacting Investors Mutual or at <http://www.iml.com.au/how-to-invest/pds-and-forms>. Potential investors should consider the Product Disclosure Statement before deciding whether to invest, or continue to invest in the Fund.