

Investors Mutual Future Leaders Fund



Monthly Report August 2021

Fund status: OPEN

- ▶ Global sharemarkets continued their advance buoyed by the ongoing economic recovery and continued low interest rates
- ▶ The ASX ex-50 index was similarly strong, buoyed by robust FY21 earnings released in August
- ▶ 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	3years [^]	5 Years [^]	Since inception [^]
Total Return*	+5.5%	+6.5%	+32.1%	+3.8%	+5.7%	+10.5%
Benchmark**	+4.1%	+8.1%	+30.0%	+11.1%	+12.1%	+9.7%

[^]% 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 sharemarkets continued their advance with the MSCI World Index returning +2.7% for August. All major sharemarkets were strong, buoyed by expectations that the global economic recovery would continue to benefit corporate profitability as the world reopens following the rollout of the COVID-19 vaccine. Sharemarkets took their lead from the US, with the S&P500 returning +3.0%, its seventh consecutive monthly advance, following a strong Q2 reporting season. Across the Atlantic, the mood was equally buoyant with sharemarkets cheering a recovery in travel and consumer spending, with Europe's Stoxx50 and the UK's FTSE 100 returning +2.6% and +2.1% respectively.

On the domestic front, the RBA held firm signalling its intent to step down its QE programme in September, which provided support to the AUD. Commodity prices were volatile during the month with the price of Australia's largest export, iron ore, falling -21%. Iron ore is now down -45% since its July high of US\$237/ tonne as investors become increasingly concerned about the trajectory of the Chinese economy, emissions-related production cuts and a pullback in Chinese steel mill production. Additionally, the oil, copper and gold prices were soft in August while coal and spodumene (the main output produced by Lithium miners) continued to gain.

The Australian sharemarket as measured by the ASX300 enjoyed another positive month returning +2.6%. The gains were led by the Industrials sector as FY21 reporting season hit full swing in August. Most companies have been buoyed in the last 12 months as accommodative fiscal and monetary stimulus helped the Australian and global economies recover strongly from the lockdown measures imposed. In aggregate, net profits rose over +30% from FY20 levels, although a great deal of this was due to strength in the Resource sector thanks to very strong commodity prices. The majority of companies were reticent to provide much in terms of guidance for the year ahead given the uncertain outlook in Australia due to current lockdowns, as well as the volatile commodity outlook.

Across the Fund's ex-50 benchmark, sector performance was generally strong, apart from a softer performance by the mid-cap cap mining sector. The Packaging sector performed well as the share prices of stocks such as Pact and Pro-Pac Packaging benefited from the release of better-than-expected results and cash flows reflecting strong volumes and margins thanks, in part, to increasing demand for consumer goods. The Communication Services sector also had a strong month with media and advertising companies such as Southern Cross Media, oOh! Media and HT&E releasing well-received FY21 results. Investors were encouraged by the quick rebound in these companies' respective advertising markets as well as the improvement in their balance sheets as they rapidly reduce their debt. Similarly, HiPages - Australia's leading online platform connecting consumers with tradies - released a strong result, which showed 34,000 tradies are now using the site, this helped to push FY21 revenue well ahead of expectations. Additionally, cloud communications software provider MNF released a result at the top end of guidance, with strong growth in recurring revenue. The Financials sector had a good month buoyed by a strong set of results from Clearview Wealth, EQT and Steadfast. Similarly, within the Consumer Staples sector soft commodities producers were strong with the likes of Bega Cheese, Ridley Corp and Tassal all releasing positive FY21 results.

The **Investors Mutual Future Leaders Fund** enjoyed a very healthy month returning +5.5%, which was better than the benchmark's return of +4.1%, thanks to strong performances from many companies in the portfolio. Pro-Pac Packaging, Clearview Wealth, Bega Cheese, MNF and Australian Clinical Labs all had a good month following the release of strong FY21 earnings. Additionally, Ampol's proposed takeover of NZ's Z Energy benefited performance. Over the month, we trimmed our holdings in stocks such as Events Hospitality and Select Harvest as these companies rallied. We used the proceeds top-up our holdings in Tassal Group and Bega Cheese which are trading at attractive valuations. During the month we also participated in the IPO for Healthco Health and Wellness REIT which, in our view, was attractively priced.

The Australian sharemarket continues to trade at close to 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 remain focused on good quality companies which are well-managed, where valuations remain justifiable, and which we believe can do well over the next 3-5 years. To this end we remain very comfortable with how the Fund is currently positioned.

Level of Franking (%)*	
FY17	27.3%
FY18	30.7%
FY19	51.2%
FY20	85.5%
FY21	101.6%

*As per IFSA Standard

Monthly Movements	
S&P 500	+3.0%
EuroStoxx 50	+2.6%
Nikkei	+3.0%
ASX Small-Mid Index	+4.1%
AUD/USD	-0.6%
Gold	-0.6%
Oil	-4.4%
Iron Ore	-20.6%

Fund information	
APIR	IML0003AU
Inception	1 May 2002
Size	\$503 M
Application	\$1.1987
Redemption	\$1.1927
Cash	2.8%
Mngmnt fee	0.993%
Investment horizon	4-5 years
Distributions	Semi-annually
Managers	Simon Conn Marc Whittaker

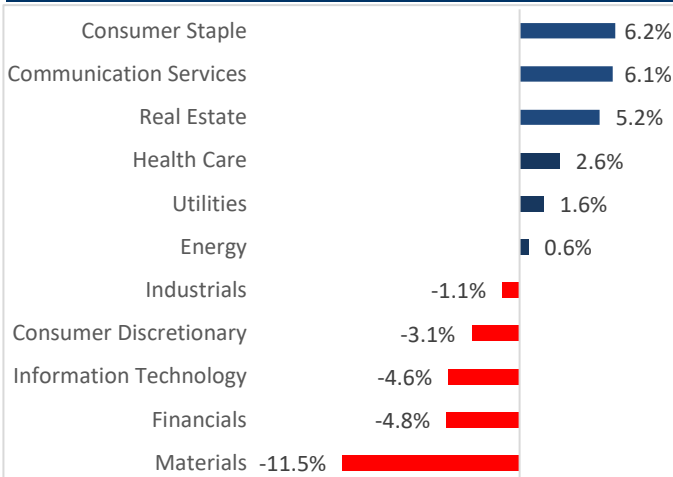
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Characteristics	Fund	Benchmark
Number of stocks	78	277
Portfolio Turnover*	41%	N/A
Annualised Tracking Error	8.33	N/A
Volatility (STD DEV) since inception	12.73	16.49
Portfolio Beta (since inception)	0.67	1.00

*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

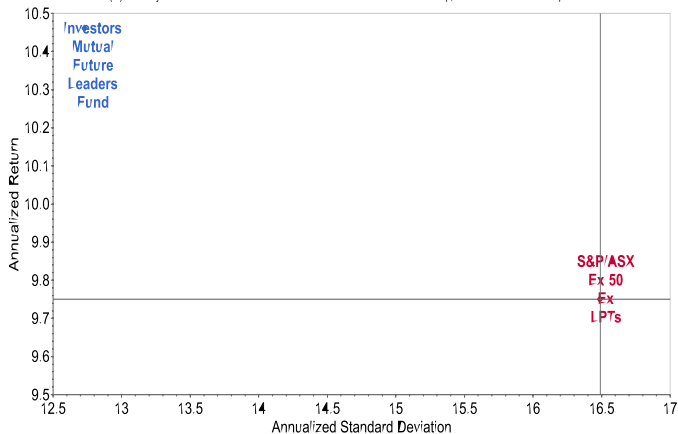
Active Sector Weights



Since Incept. Risk Return - Fund vs Benchmark*

Since Inception Risk Return

04/30/2002 to 08/31/2021 (M) Currency: AUD Portfolio: Investors Mutual Future Leaders Fund Benchmark: S&P/ASX Ex 50 Ex LPTs Multiple Statistics



*S&P/ASX 300 Accumulation Index (ex. S&P/ASX50, ex LPT), Source: Factset

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

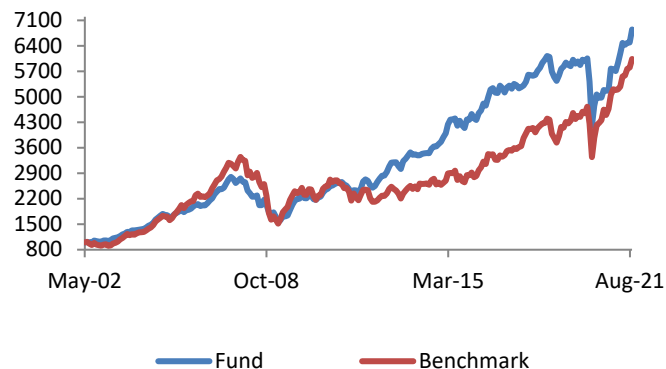
Portfolio top holdings

Portfolio top holdings	ASX Code
Pact	PGH
Australian Pharmaceutical Industries	API
Tabcorp	TAH
Crown	CWN
SG Fleet	SGF
AusNet	AST
Home Co.	HMC
TPG Telecom	TPG
Skycity Entertainment	SKC
Southern Cross Media	SXL

Source: IML

Since Incept. Cumulative Perf. Fund vs Benchmark*

Growth of \$1000 invested at Inception



*S&P/ASX 300 Accumulation Index (ex. S&P/ASX50, ex LPT), Source: IML