

Investors Mutual All Industrials Share 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 Australian Sharemarket was similarly strong, buoyed by robust FY21 earnings results 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	3 years [^]	5 Years [^]	Since inception [^]
Income	+0.0%	+0.5%	+1.8%	+5.6%	+7.1%	+5.8%
Growth	+5.2%	+4.4%	+27.9%	-1.4%	-1.4%	+2.8%
Total Return*	+5.2%	+4.9%	+29.7%	+4.2%	+5.7%	+8.6%
Benchmark**	+5.6%	+8.3%	+30.5%	+9.5%	+9.9%	+8.8%

[^]% 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 Industrial Accumulation Index

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. From 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.

Late in the month, investors were encouraged following Fed Chairman Jerome Powell's speech at Jackson Hole. Powell intimated that while the Fed would begin tapering its \$120 billion of monthly bond purchases later this year, the recent inflationary surge is viewed as transitory and as such tapering would not be rushed. 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%.

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 with most companies' results in the last 12 months buoyed by strong economies both in Australia and overseas as accommodative fiscal and monetary stimulus helped the global economy recover strongly from the lock down 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 the very strong commodity prices over FY21. Having said this the Resources sector fell over -8% during August as BHP, Rio and Fortescue all fell over 10% in reaction to the recent large falls in the iron ore price. Given the continued uncertain outlook in Australia given current lockdowns, as well as the volatile commodity outlook, the majority of companies were reticent to provide much in terms of guidance for the year ahead.

The rise in on the Australian sharemarket during August was led by defensive sectors such as the Consumer Staples, Healthcare and Telecommunication sectors as companies such as Woolworths and Coles all reported strong results and as the current strict lockdowns imposed in Australia lifted the appeal of such stocks. The packaging sector was also strong with the share prices of stocks such as Amcor and Pact benefiting from the release of better-than-expected results which reflected strong volumes and margins thanks to buoyant consumer goods demand. The Communication Services sector was also strong, led by Telstra with investors reacting positively to its result which reflected improving profitability across the company's mobile division and investors welcoming Telstra's expectations to grow its earnings through FY22. Investors also welcomed the news of a \$1.4b buyback by Telstra as well as the prospect of dividends at least holding steady at 16cps in the years ahead. The Financials sector also had a good month buoyed by the strong performance of the insurers, notably IAG and Suncorp, with their results reflecting a meaningful lift in home premiums through the year, whilst motor vehicle claims dropped, courtesy of the lockdowns. On the other side of the ledger, companies that benefited greatly over 2020 as a result of lockdowns and the work-from-home phenomena corrected during August as consumer spending slowed significantly with the share prices of retailers such as Wesfarmers (which includes Bunnings, Kmart & Target), JB HiFi, Harvey Norman and Super Retail Group all falling during August.

The *Investors Mutual All Industrials Share Fund* enjoyed a strong month, returning +5.2%, which was slightly behind the benchmark's return of +5.6%. The Fund's caution to the overvalued Technology sector held back relative performance, although we remain comfortable with this positioning. The Fund benefited from the performance of many of its core holdings including IAG, Steadfast, Amcor and Sonic Healthcare which all gained following the release of strong FY21 earnings. Over the month, we trimmed our holdings in stocks such as Amcor and Event Hospitality which rallied strongly over the month while we deployed the proceeds to add to our positions in good quality companies such as Orica.

The Australian sharemarket continues to trade 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 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 where IML's portfolios are positioned.

Level of Franking (%)*

FY17	39.3%
FY18	34.0%
FY19	35.2%
FY20	57.9%
FY21	124.1%

*As per IFSA Standard

Monthly Movements

S&P 500	+3.0%
EuroStoxx50	+2.6%
Nikkei	+3.0%
ASX 300 Ind	+5.6%
AUD/USD	-0.6%
Gold	-0.6%
Oil	-4.4%
Iron Ore	-20.6%

Fund information

APIR	IML0004AU
Inception	1 May 2002
Size	\$198 M
Application	\$1.6993
Redemption	\$1.6909
Cash	4.3%
Mngmnt fee	0.993% p.a.
Investment horizon	4-5 years
Distribution	Semi-annually
Managers	Anton Tagliaferro Michael O'Neill

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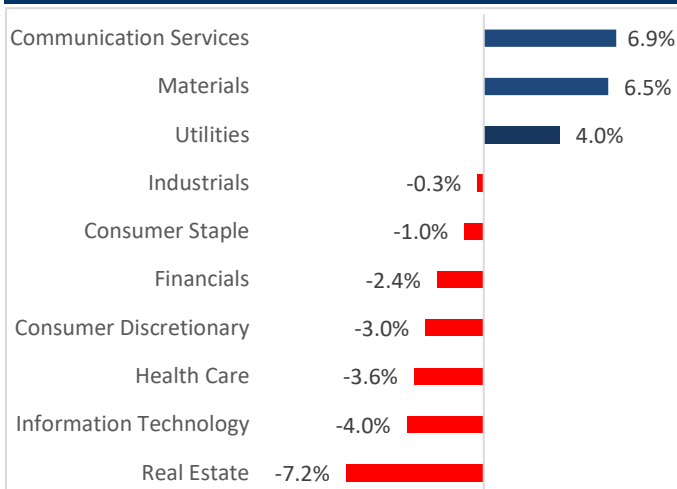
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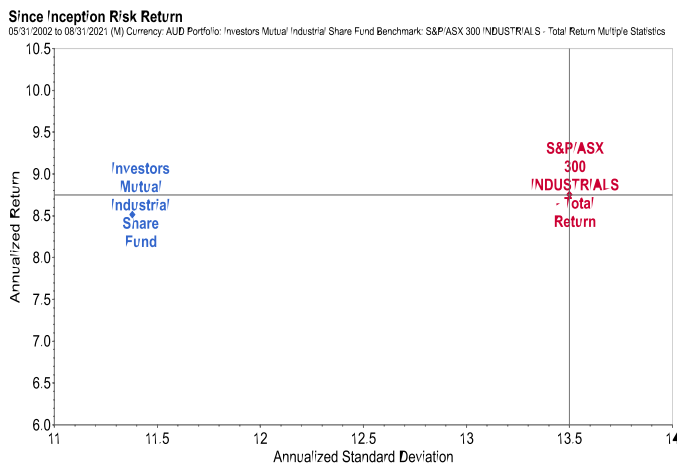
Characteristics	Fund	Benchmark
Number of stocks	49	236
Portfolio Turnover*	16%	N/A
Annualised Tracking Error	4.13	N/A
Volatility (STD DEV) since inception	11.38	13.50
Portfolio Beta since inception	0.81	1.00

*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*



*Benchmark = S&P/ASX 300 Industrial Accumulation Index, Source: Factset

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

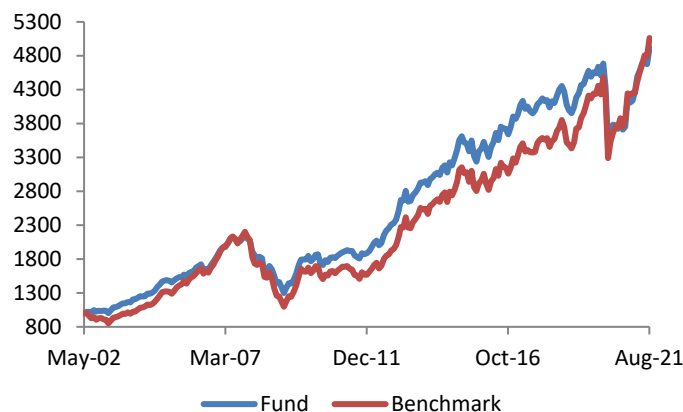
Portfolio top holdings

Company Name	ASX Code
National Australia Bank	NAB
Westpac	WBC
Telstra	TLS
CSL	CSL
Insurance Australia Group	IAG
Amcors	AMC
Aurizon	AZI
AusNet	AST
Suncorp	SUN
Orica	ORI

Source: IML

Since Incept. Cumulative Perf. Fund vs Benchmark*

Growth of \$1000 invested at Inception



*Benchmark = S&P/ASX 300 Industrial Accumulation Index, Source: IML



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