

## March 2022

The **Investors Mutual All Industrials Share Fund** provides exposure to an actively managed portfolio of quality industrial shares listed on the ASX. 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>
Income	+0.0%	+0.0%	+3.3%	+5.1%	+7.1%	+6.3%	+5.8%
Growth	+4.0%	+2.0%	+9.5%	+1.0%	-2.6%	+3.2%	+2.7%
Total Return*	+4.0%	+2.0%	+12.8%	+6.1%	+4.5%	+9.5%	+8.5%
Benchmark**	+5.7%	-2.8%	+11.0%	+9.5%	+7.3%	+11.1%	+8.3%

<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 Industrial Accumulation Index.

## Fund Performance

- ▶ The **All Industrials Share Fund** had a very good quarter, returning +2.0%, well ahead of its ASX 300 Industrials benchmark, which was down -2.8%.
- ▶ Most sectors within the Industrials index struggled amid a broad market sell-off over the quarter as investors faced a series of geopolitical and inflation risks. On the positive side, the major Banks performed well on expectations of interest rate rises and the positive flow on effect this could have on their net interest margins, albeit with competition amongst lenders remaining fierce.
- ▶ The Fund benefited from solid performances from our holdings in companies such as NAB, Westpac, Orica and Incitec Pivot. Origin Energy rose strongly over the quarter given the company's exposure to LNG and the commencement of an on-market buyback. Tabcorp also rose as investors responded to positive news in relation to the demerger of its lotteries business.
- ▶ Over the quarter we trimmed our holdings in companies such as Origin Energy, Westpac and Incitec Pivot and used the proceeds to top up the Fund's holdings at times of weakness in good quality companies such as Brambles, SkyCity and Steadfast.

## Outlook

- ▶ We expect volatility to continue for some time with ongoing geopolitical and inflation risks affecting global and local economies.
- ▶ The Fund continues to invest in well-established companies that we believe represent sound value and which are in industry leading positions. Our focus is on companies that we believe can maintain margins in the long term by passing on higher input prices to customers, while continuing to generate good cashflows and dividends in the short to medium term. In our view, these companies should continue to do well over the next 3-to-5 years despite increasing economic uncertainties.

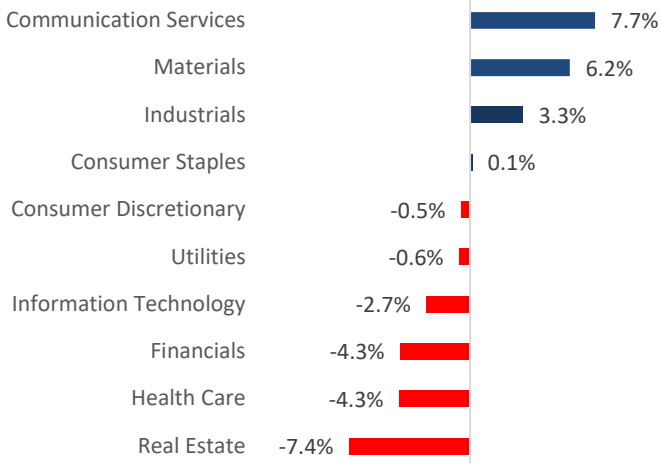
## Stocks in Focus

**Tabcorp (TAH)** performed strongly over the quarter, up +7.6%. The company delivered a solid result driven by continued positive operating momentum in the core lotteries business. There was also positive news in relation to the progress towards the demerger of The Lottery Corporation by Tabcorp. We continue to see long-term value in the lotteries business and believe that post demerger, M&A interest in both the lotteries and wagering businesses could resurface.

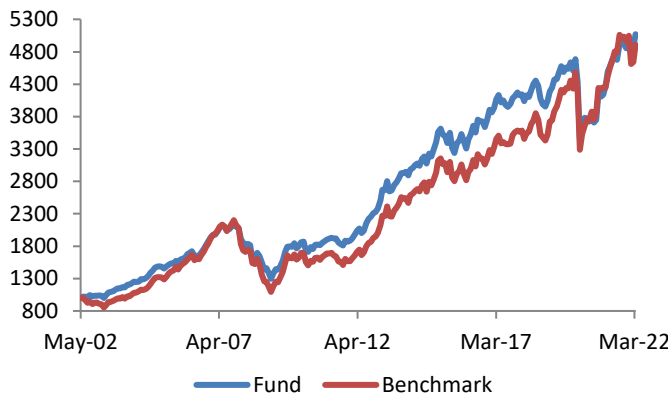
**National Australia Bank (NAB)** rose +12% over the quarter as it delivered a positive first quarter trading update which saw NAB grow its market share in business and consumer lending. During the month NAB also completed its \$2.5 billion on-market buy-back and announced a further on-market buy-back of up to \$2.5 billion. Competition in the sector remains strong, although banks should see some relief to net interest margins from rising interest rates. We continue to hold NAB based on the improving performance in the retail and business franchises, highlighted by ongoing improvement in net promoter scores, with NAB now #1 in consumer and #2 in business.

**Origin Energy (ORG)** had a very strong quarter with the share price rising by +21%. The outlook for earnings has improved substantially with higher Brent oil prices, wholesale electricity prices and domestic gas prices likely to benefit earnings. A buyback of \$250m was also announced following the sale of a 10% stake in APLNG to Conoco Phillips. While we continue to hold Origin in the Fund, we have been recently trimming our position given the strong rises in the company's share price over recent months.

## Active Sector Weights



## Growth of \$1,000 Invested at Inception



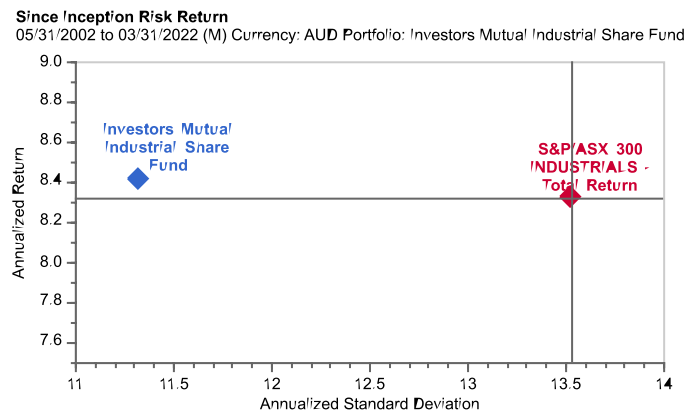
Since inception: 1 May 2002: Cumulative performance of the Fund vs its benchmark; Benchmark = S&P/ASX 300 Industrial Accumulation Index; Source: IML, Factset

Fund Facts	
ARSN	093 182 695
APIR	IML0004AU
Inception	1 May 2002
Benchmark	S&P/ASX 300 Industrial Accumulation Index
FUM	\$172 M
Investment Horizon	4-5 years
Minimum Initial Investment	A\$50,000
Minimum Additional Investment/Redemption	A\$5,000
Distributions	Generally semi-annual
Performance Fee	Nil
Management Fee	0.993% p.a. of the net assets of the fund (includes GST)
Asset Classes and Allocation Range	Aust Equities (80-100%) Cash (0-20%)

## Top 10 Holdings

Company	ASX code
National Australia Bank	NAB
Westpac	WBC
Telstra	TLS
CSL	CSL
Brambles	BXB
Orica	ORI
Aurizon	AZJ
Tabcorp	TAH
Suncorp	SUN
Insurance Australia Group	IAG

## Fund Risk-Return vs Benchmark



Portfolio Characteristics	Fund	Benchmark		
No. of stocks	43	232		
Portfolio turnover <sup>1</sup>	18%	NA		
Portfolio Beta (since inception)	0.80	1.00		
Franking level (%) <sup>2</sup>				
FY21	FY20	FY19	FY18	FY17
124.1%	57.9%	35.2%	34.0%	39.3%
Fund Ratings				
Morningstar	Bronze			
Lonsec	Contact IML for the most recent 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.



iml.com.au



iml@iml.com.au



1300 551 132

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 a reliable indicator of future performance. Investors Mutual Limited (AFSL 229988) is the issuer of the Investors Mutual All Industrial Share 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 (PDS) and Target Market Determination (TMD) 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 PDS and TMD before deciding whether to invest, or continue to invest in the Fund.