

June 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 [^]	5 Years [^]	10 years [^]	Since inception [^]
Income	+7.4%	+7.4%	+10.1%	+5.6%	+7.3%	+6.7%	+6.1%
Growth	-13.2%	-13.6%	-9.4%	-3.6%	-4.0%	+2.1%	+1.9%
Total Return*	-5.8%	-6.2%	+0.7%	+2.0%	+3.3%	+8.8%	+8.0%
Benchmark**	-8.2%	-11.4%	-9.6%	+2.2%	+5.0%	+9.8%	+7.6%

[^]% 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 tough quarter, finishing down -6.2%, though this was significantly ahead of its benchmark's negative return of -11.4%. Pleasingly, the Fund managed to return a positive result of +0.7% for FY 2022, despite very challenging investment conditions which saw the ASX 300 Industrials finish FY 2022 with a fall of -9.6%.
- ▶ Global markets had a very challenging quarter as bond markets sold off heavily and Central Banks all over the world responded to rapidly rising inflation by raising their overnight interest rates. Other major global uncertainties weighing down markets – including the Ukraine-Russia war and the Covid restrictions in China – added further anxiety for investors.
- ▶ The ASX 300 Industrials' heavy fall over the June quarter saw all sectors finish lower except for the Utilities sector which eked out a small gain. Healthcare, Industrials and Consumer Staples were also more resilient due to their defensive qualities.
- ▶ The Fund benefited from strong performances from key stocks such as Amcor, Brambles and Steadfast Group. Tabcorp (which split into a gaming business Tabcorp and a lotteries business The Lottery Corporation) also rallied over the month as investors saw the benefit of its demerger and backed both sides of the business to perform well in the future.
- ▶ Over the quarter we trimmed our holdings in companies like Amcor and Orica, taking profits as the share prices of these companies rallied strongly. We used the proceeds to top up our positions in high-quality companies like Sky City, which is recovering well now that New Zealand's lockdowns have eased. We also initiated a position in Medibank as we believe the company should generate very resilient cashflows in the next 3 to 5 years, is well managed, and is attractively priced.

Outlook

- ▶ Markets are likely to remain volatile and uncertain in the near future, given growing concerns over high inflation and whether Central Banks can rein it in through tighter monetary policy without pushing the global economy into recession.
- ▶ The positive news for IML clients is that these market conditions have led investors to refocus on fundamentals, which suits our prudent investment style. Our portfolios have proved relatively resilient amid the recent market turmoil and we believe they are well positioned to continue to do well in the medium and long-term, generating attractive and less volatile returns for clients despite the uncertain economic times.

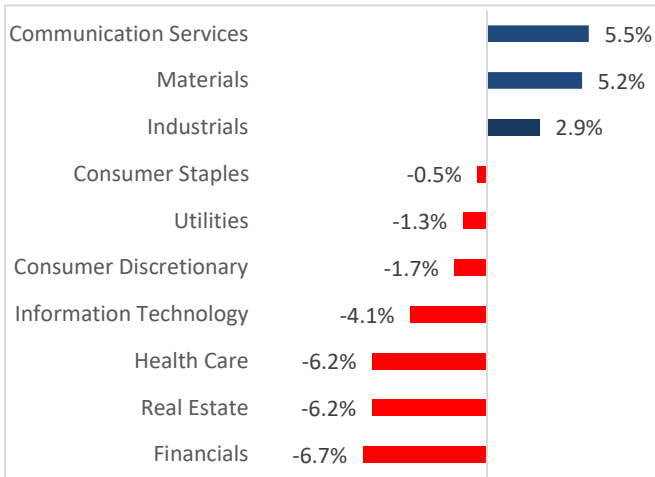
Stocks in Focus

Brambles (BXB) performed well over the quarter rising 8.1% after reporting solid March quarter numbers. The stock was also buoyed by the news in May that CVC Capital Partners was considering a bid for the company. Brambles continues to make progress on re-pricing and improving the terms of its customer contracts, particularly in America, and we believe that as costs normalise in the coming years, Brambles should see an expansion in margins and free-cash-flow as a result.

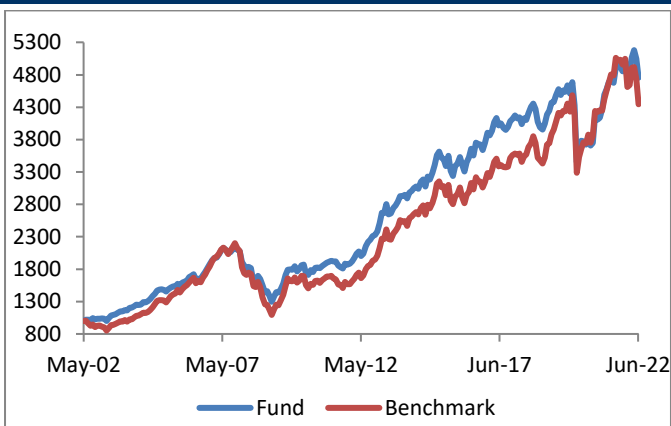
Amcor (AMC) also performed well after reporting strong 3rd quarter earnings. The company continued to demonstrate its ability to navigate supply chain disruptions and rising input costs while maintaining margins by passing rising costs on to its customers through price increases. Despite raising prices, Amcor has continued to see continued strong demand for its products as the majority of its customers operate in the food, beverage and pharmaceutical industries, which are all economically resilient sectors.

Tabcorp (TAH) had a positive quarter after successfully demerging its lotteries business into a new listed company – the Lottery Corp (TLC). We believe this move was long overdue and the split has enabled shareholders to better assess the true underlying value of the company while also giving both businesses a better chance to focus and grow in their different areas of operation.

Active Sector Weights



Growth of \$1,000 Invested at Inception



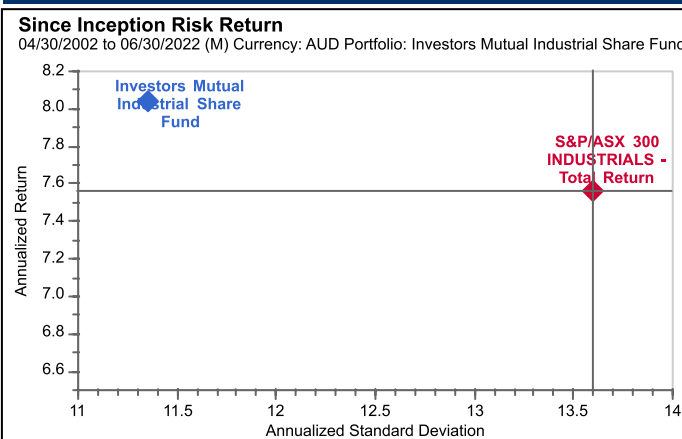
Since inception: 1 May 2002: Cumulative performance of the Fund vs its benchmark; Benchmark = S&P/ASX 300 Industrial Accumulation Index; Source: IML,Factset

Fund Facts	
ARSN	093 182 695
APIR	IML0004AU
Inception	1 May 2002
Benchmark	S&P/ASX 300 Industrial Accumulation Index
FUM	\$157M
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
Telstra	TLS
CSL	CSL
Brambles	BXB
Westpac	WBC
Orica	ORI
Aurizon	AZJ
Steadfast	SDF
Suncorp	SUN
The Lottery Corporation	TLC

Fund Risk-Return vs Benchmark



Portfolio Characteristics		Fund	Benchmark
No. of stocks		40	232
Portfolio turnover ¹		22%	NA
Portfolio Beta (since inception)		0.80	1.00
Franking level (%) ²			
FY22	FY21	FY20	FY19
25.2%	124.1%	57.9%	35.2%
			FY18
			34.0%
Fund Ratings			
Morningstar	Bronze		
Lonsec	Contact IML for the most recent rating		

¹Annual 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

²As per FSC standard.



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