

30 SEPTEMBER 2023-

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	+0.0%	+0.0%	+6.2%	+6.5%	+6.6%	+6.8%	+6.1%
Growth	-3.7%	-2.1%	+4.3%	+5.2%	-2.7%	-0.6%	+1.9%
Total return*	-3.7%	-2.1%	+10.5%	+11.7%	+3.9%	+6.2%	+8.0%
Benchmark**	-3.7%	-1.1%	+10.9%	+8.6%	+5.1%	+7.0%	+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 disappointing quarter, down -2.1%, lagging the benchmark's -1.1%. The main reasons for the poor relative performance were a weak quarter by the gaming sector, where we are overweight, as well as disappointing performances by key stocks Charter Hall Retail REIT and Telstra.
- Global sharemarkets declined in the September quarter as bond yields rose sharply and investors finally seemed to believe that the Fed and other central banks will keep interest rates 'higher for longer'. Most markets fell, with the MSCI World Index down -2.4% and the NASDAQ down further, -4.0%, reversing some of its impressive recent gains.
- Local markets took a lead from overseas, with the ASX 300 down -0.8 for the quarter. The Consumer Discretionary sector was strong, buoyed by better than expected results during Reporting Season. Healthcare was weakest, dropping -9.0%, as rising 10-year bond yields disproportionately affected its higher valuation multiples.
- Many of the fund's holdings performed well over the quarter including National Australia Bank, Orica, Suncorp, TPG Telecom and Metcash. Stocks which held back performance included Charter Hall Retail, as explained below, and Telstra which dropped -8.5%, despite posting a strong result, as shareholders reacted negatively to the news it intends to retain its infrastructure business, Infraco. We believe this decision is sensible and in the long-term interests of shareholders.
- During the quarter we opened new positions in EVT Limited, and Resmed. Resmed fell -28% over the quarter on concerns that new GLP1 drugs, which are popular for weight loss, will reduce demand for its CPAP sleep apnea products. The market is pricing in a large drop in demand for CPAP devices, which we think is far from certain, hence we started building a position late in September. We believe EVT, the entertainment company, is currently priced at an attractive discount to our assessment of its portfolio of quality property assets, effectively placing a low value on its operating businesses.
- Early in the quarter we trimmed our positions in Brambles and The Lottery Company as their share prices had appreciated significantly, and we added to Sonic and Charter Hall Retail REIT over the quarter on share price weakness.

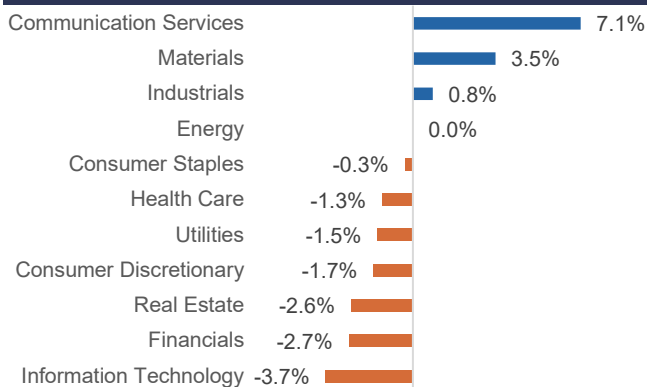
STOCKS IN FOCUS

- **TPG Telecom (TPG)**, Australia's third largest telecommunication provider, was up 14% after reporting a solid first half result and announcing it is in discussions with Vocus to divest its Enterprise, Government and Wholesale business at a valuation higher than the current share price implies. This would enable TPG to pay down bank debt and potentially return capital to shareholders while focusing on its higher growth consumer business.
- **Orica (ORI)**, the global explosives specialist, was up 5%. In September it reiterated its FY23 guidance as well as forecasting continued strong growth for FY24, albeit slightly offset by some scheduled plant maintenance. It also committed to a more ambitious target of reducing emissions by "at least" 45% by 2030 and net zero by 2050.
- **Charter Hall Retail REIT (CQR)**, holds a portfolio of neighbourhood shopping centres and petrol stations. It was disappointing over the quarter, declining 13% as many real estate holdings were sold off on interest rate concerns. We retain strong conviction in CQR and added to it over the quarter. It has a high-quality portfolio of property assets with low vacancy and strong growth and is currently trading at a yield of around 8%.

OUTLOOK

- Uncertainty over where interest rates will peak, and how long they will stay at these levels, is a key focus of markets. A mixed consumer outlook and lingering higher inflation is adding to the uncertainty, creating volatile investment conditions.
- We continue to act cautiously, focusing on industry-leading companies with strong competitive advantages and recurring earnings that are likely to perform well in a range of economic conditions while actively looking for new opportunities.

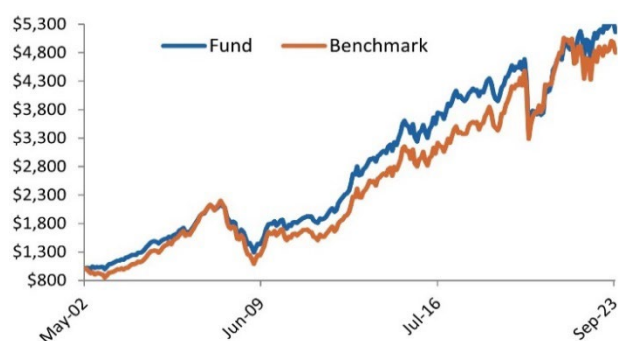
ACTIVE SECTOR WEIGHTS



TOP 10 HOLDINGS

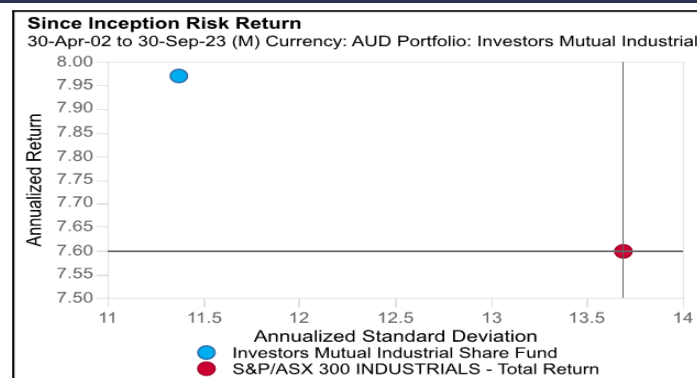
Company	ASX CODE
National Australia Bank	NAB
CSL	CSL
Telstra	TLS
Suncorp	SUN
Aurizon	AZJ
Westpac	WBC
Steadfast	SDF
Orica	ORI
Brambles	BXB
Commonwealth Bank	CBA

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 RISK-RETURN VS BENCHMARK



FUND FACTS

ARSN	093 182 695
APIR	IML0004AU
Inception	1 May 2002
Benchmark	S&P/ASX 300 Industrial Accumulation Index
FUM	\$ 136M
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 net effect of GST)
Asset Classes and Allocation Range	Aust Equities (80-100%) Cash (0-20%)

PORTFOLIO CHARACTERISTICS

	FUND	BENCHMARK
No. of stocks	34	227
Portfolio turnover ¹	16%	NA
Portfolio Beta (since inception)	0.80	1.00

FRANKING LEVEL (%)²

FY23	FY22	FY21	FY20	FY19
51.4%	25.2%	124.1%	57.9%	35.2%

FUND RATINGS

Morningstar Bronze

Lonsec Recommended *Visit lonsec.com.au/logo-disclosure for important information about this 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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