

Investors Mutual All Industrials Share Fund



Monthly report January 2021

Fund status: OPEN

- ▶ Global sharemarkets endured a volatile month with speculative excesses becoming increasingly apparent
- ▶ The Australian sharemarket similarly endured a volatile month, with the Industrials Index finishing in positive territory
- ▶ 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%	+1.0%	+2.8%	+7.2%	+7.5%	+6.0%
Growth	+0.7%	+9.4%	-14.5%	-7.1%	-3.6%	+1.9%
Total Return*	+0.7%	+10.4%	-11.7%	+0.1%	+3.9%	+7.9%
Benchmark**	+0.6%	+10.3%	-5.2%	+6.1%	+7.9%	+8.0%

[^]% 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

After starting the year in positive fashion, global sharemarkets came under pressure in the back half of January, and the MSCI World Index finished the month in negative territory. The US S&P500 Index retraced from record highs to finish -1.0% lower, while Europe's Stoxx50 Index shed -1.9% as bond yields around the world rose on expectations of higher economic activity and inflationary expectations as the COVID-19 vaccine rollout continued across the globe. Market sentiment was also affected as some high-profile short squeezes of US stocks such as GameStop and AMC Entertainment saw the share prices of these companies balloon after retail punters charged in en masse. This reminded investors about the speculative excesses currently abounding in some sections of the sharemarket as zero interest rates, Central Banks money printing via QE and fiscal stimulus programmes have encouraged excessive risk-taking by many market participants.

Commodity prices were mixed over the month. The oil price gained a further +7% following a surprise production cut from the Saudis, acting independently from OPEC, to help support the oil price amid faltering global demand. The iron ore price came under pressure following a near +40% rise in the final quarter of 2020, with increased supply coming online from Brazil, coupled with China's scrap steel market reopening and China importing scrap steel from Japan as China endeavours to reduce its reliance on Australian iron ore.

The Australian sharemarket, as measured by the ASX300 Index, suffered a similar fate to its global peers, selling off in the latter part of the month to finish January flat. The Resources sector came under pressure late in the month, finishing January -0.6% lower, largely as a result of a cooling iron ore price, with miners such as Fortescue Metals falling -7%. Within the Industrials segment sector performances were mixed over the month. The REITS sector fell -4% in sympathy with the uptick in bond yields, while the Consumer Discretionary sector rallied +5% over the month off the back of solid trading updates from the likes of JB Hi-Fi and Super Retail Group, which have continued to benefit from the current surge in consumer spending. The Consumer Staples sector also had a strong month, benefiting from strong share price performance from supermarket operators, which continue to enjoy positive sales momentum. Telstra also had a good month, gaining +5% as the firm's 5G network continues to be rolled out across Australia and as investors look forward to more rational pricing in the mobile sector following public comments from the recently appointed Optus CEO about Optus' desire to seek to achieve better returns.

The **Investors Mutual All Industrials Share Fund** enjoyed a solid month, gaining +0.7%, which was broadly in line with the benchmark's return. The Fund benefited from some of its core holdings in good quality companies that have proven, sustainable cashflow-generative attributes. These included companies such as Telstra, Incitec Pivot, Metcash, Tabcorp and Spark Infrastructure. Over the month we took part profits on stocks such as Incitec Pivot and Virgin Money, using the proceeds to top up our holdings in good quality companies which we believe are undervalued, such as AusNet and Orica.

Investors will now look to the February reporting season to gain a detailed insight into how most companies are faring in the current COVID-affected global economy. The impact of the virus will reverse at some stage. The challenge for investors is to understand the timing of when a normalisation may occur, and how this will affect the earnings of various companies, as some sectors have clearly benefited greatly at the expense of others. In light of the uncertain economic outlook going forward, we continue to focus on good quality companies which are well-managed and which we believe represent good value and can do well over the next 3 - 5 years.

Level of Franking (%)*

FY16	55.9%
FY17	39.3%
FY18	34.0%
FY19	35.2%
FY20	57.9%

*As per IFSA Standard

Monthly Movements

S&P 500	-1.0%
Euro Stoxx 50	-1.8%
Nikkei	+0.8%
ASX 300 Ind	+0.6%
AUD/USD	-0.6%
Gold	-1.3%
Oil	+7.9%
Iron Ore	-0.3%

Fund information

APIR	IML0004AU
Inception	1 May 2002
Size	\$186 M
Application	\$1.4374
Redemption	\$1.4302
Cash	5.0%
Mngmnt fee	0.993% p.a.
Investment horizon	4-5 years
Distribution	Semi-annually
Managers	Anton Tagliaferro Michael O'Neill

Investors Mutual All Industrials Share Fund

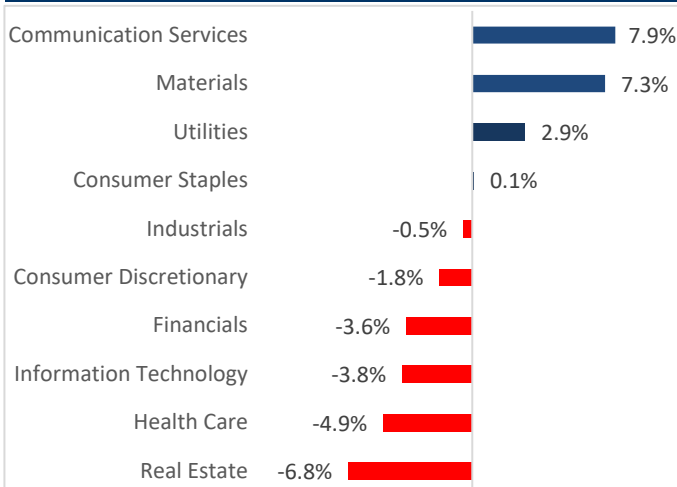


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Characteristics	Fund	Benchmark
Number of stocks	40	238
Portfolio Turnover*	25%	N/A
Annualised Tracking Error	4.08	N/A
Volatility (STD DEV) since inception	11.42	13.61
Portfolio Beta since inception	0.81	1.00

*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

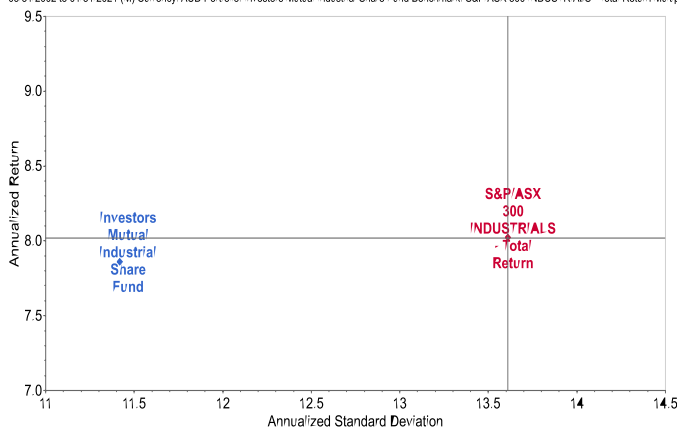
Active Sector Weights



Since Incept. Risk Return Fund vs Benchmark*

Since Inception Risk Return

05/31/2002 to 01/31/2021 (M) Currency: AUD Portfolio: Investors Mutual Industrial Share Fund Benchmark: S&P/ASX 300 INDUSTRIALS - Total Return Multipl



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

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

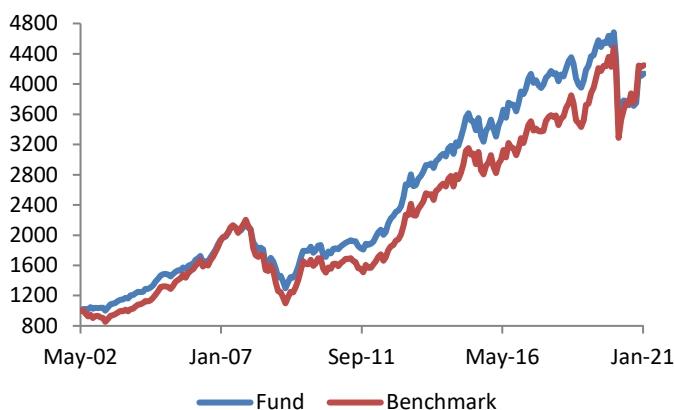
Portfolio top holdings

Company Name	ASX Code
National Australia Bank	NAB
Telstra	TLS
Westpac	WBC
CSL	CSL
Insurance Australia Group	IAG
Suncorp	SUN
Tabcorp	TAH
Amcor	AMC
Aurizon	AZJ
AusNet Services	AST

Source: IML

Since Incept. Cumulative Perf. Fund vs Benchmark*

Growth of \$1000 invested at Inception



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



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