Global Equity Fund

PORTFOLIO MANAGERS

Eileen Riley, CFA

Lee Rosenbaum

FUND OBJECTIVE

- Seeks to generate strong long-term investment performance relative to the MSCI AC World Index
- Identify companies across the globe with attractive total return potential
- Manage risk through a disciplined valuation and scenario analysis framework

Market Conditions

Global equity markets were strong in the second quarter as the vaccinated population continued to increase in many developed countries. Despite inflation and labour shortages emerging as risks to the economic outlook, investors continued to support equities - with several indices hitting record highs. The MSCI All Country World Index returned 9% (in AUD terms), with all sectors posting positive results. The Information Technology, Energy and Health Care sectors registered double digit returns, while the Utilities, Industrials, and Consumer Staples sectors posted the lowest results.

Portfolio Review

The Loomis Sayles Global Equity Fund returned 10.9% (net of fees in AUD terms) over the quarter, outperforming the MSCI All Country World Index return of 9.0% (also in AUD terms). Security selection in the Health Care sector, from companies like IQVIA and Danaher, was the largest contributor to the Fund's relative performance. The Communication Services, Consumer Staples, and Industrials sectors also helped performance. The Fund's holdings in Consumer Discretionary names like Airbnb and Alibaba weighed on performance as did the lack of direct exposure to the Energy and Real Estate sectors.

PERFORMANCE AS AT JUN 30, 2021 **BENCHMARK** MSCI AC World Index

	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	2 YEAR^	SINCE INCEPTION^*
TOTAL RETURN**	+6.5%	+10.9%	+16.3%	+25.4%	+17.3%	+20.0%
BENCHMARK***	+4.5%	+9.0%	+15.4%	+27.7%	+15.3%	+15.8%

^% Performance per annum.
Since inception returns calculated from November 1, 2018. 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 MSCI All Country World Index NR (MSCI AC World)*

COMPOSITE PERFORMANCE SINCE INCEPTION

The investment strategy of the Fund has been designed to replicate that of the Loomis Sayles Global Equity Opportunities Composite which is a separate investment vehicle offered to qualified investors by the Fund Manager, Loomis Sayles & Company. LP. Given the Fund is new, the table to the right summarises the recent performance of the Composite, which may be a useful reference point for the Fund. However, you should be aware that the Fund itself is new and has limited performance history – the past composite performance information is NOT the past performance of the Fund. Past performance is not a reliable indicator of future performance.

A long-term track record of consistent performance

Composite Performance AS AT JUN 30, 2021 **BENCHMARK** MSCI AC World Index

	1 YEAR	3 YEARS^	5 YEARS^	10 YEARS^	SINCE INCEPTION^*
GLOBAL EQUITY OPPORTUNITY COMPOSITE**	+25.7%	+17.2%	+18.2%	+16.0%	+11.5%
BENCHMARK***	+27.7%	+14.0%	+14.%	+13.9%	+8.3%

*^% Performance per annum. *Since inception return calculated from October 1, 2004. **Fund returns are calculated net of management fees, and assuming all distributions are re-invested. Investors should be aware that past performance 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 MSCI All Country World Index NR (MSCI AC World)*

FUND FACTS

APIR	IML0341AU
Inception date	1-Nov-18
Assets	$130 M
Application (Ex)	1.6156
Redemption (Ex)	1.6108
Management fee	1.23%*
Performance fee	N/A
Investment Horizon	4-5 years
Distributions	Annually

**Inclusive of the net effect of GST*

Leaders

The three largest contributors to performance were IQVIA, Nvidia, and Danaher.

Shares of IQVIA, a health care services company, performed well following better-than-expected first quarter results that underlined strong momentum in the company's outsourced clinical research and healthcare technology businesses. Requests for proposals continued to increase, biotech funding was robust, and clinical studies were able to progress with COVID-19 restrictions lifted in many regions. Looking ahead, we believe IQVIA's differentiated data-driven offerings will enable the company to gain market share in key segments. The stock remains attractive based on our discounted cash flow methodology.

Shares of Nvidia, a fabless semiconductor company, rose on the back of a positive investor day. Management revealed its product roadmap, which included a CPU for specific AI workloads, rounding out the company's data center offering and a full range of simple hardware to full stack solutions for autonomous driving. Management also discussed offering its services on a stand-alone basis (i.e., separate from hardware) in either a license or subscription model, which would be margin accretive. Separately, Nvidia's proposed acquisition of Arm gained traction as some of Arm's larger customers voiced their support for the deal. Our thesis is not predicated on Nvidia's acquisition of Arm; while it would be accretive we expect it is still a low probability.

Shares of Danaher, a technology driven healthcare company, rose after the company registered core revenue growth above 30%, driven by both strong demand for COVID-19 testing and vaccine supplies and a recovery in its non-COVID businesses. Shares were also supported by management's guidance for steady revenues in 2022 (when pandemic-related tailwinds subside). We believe Danaher is well positioned moving forward; its diagnostics business supplies the world with molecular diagnostic tests while its bioprocessing businesses provide equipment and consumables which power the majority of COVID-19 vaccines and treatments. Longer-term, we expect Danaher to consolidate the life science and tools industry and to deliver attractive returns to shareholders.

Laggards

The three most significant detractors from returns were Airbnb, Cummins, and HDFC Bank.

Airbnb operates a marketplace that connects travelers to hosts. Despite strong quarterly results, shares lagged the broader market. We believe there is an accelerating shift toward alternative accommodations, and we are positive on travel trends more broadly. Airbnb has a leadership position in alternative accommodations and continues to gain market share. Its capital-lite platform, where it collects commissions for each rental, benefits from a powerful network effect: the more property owners who list their properties, the more renters it attracts and vice versa.

Shares of Cummins, a leading engine manufacturer, declined as the market rotated back to perceived growth stocks. We remain positive on the name; the Cummins brand is known for reliability, demonstrated by its leading position in the class 8 truck market. We believe the company will further cement its leadership position with its ability to focus its R&D and capital spending on newer technologies and more energy efficient engines.

HDFC Bank is India's leading private sector bank, with a track record of high growth and strong management quality. Shares were roughly flat in local currency terms in the second quarter. Investors were concerned by India's severe second wave of the pandemic, with COVID-19 infections peaking in May. While we anticipate HDFC Bank will likely experience a rise in delinquencies, we believe loan losses will be manageable due to its strong underwriting practices. Moreover, we expect economic activity to recover, with new cases down approximately 90% from their June peak. Shares of HDFC Bank continue to be attractive based on our discounted cash flow methodology.

GLOBAL EQUITY FUND

Outlook

Our investment philosophy is predicated on the belief that investing in companies with multiple alpha drivers, where the risks can be quantified, can help deliver outperformance. We follow a disciplined and repeatable process, investing only in opportunities that meet our three alpha drivers: quality, intrinsic value growth and compelling valuation. This bottom-up approach results in a concentrated portfolio of businesses where we fully understand and have quantified the risks associated with each investment. Our scenario analysis, under which we determine a range of business values, is an integral part of this process. Through this framework, we determine the relative attractiveness of our investments to assist in constructing an optimal portfolio.

The economic recovery in large part continues to depend on the successful roll-out of vaccines on a global scale. While much of the developed world has made demonstrable progress in terms of infection rates, COVID-19 cases continue to grow in many emerging markets which on balance have less resources to manage the virus. A recovery is also reliant on the scope of continued fiscal and monetary support, and other relief packages, in the US and globally. Thus, our focus remains on investing in companies we believe have the ability to successfully navigate the current environment and generate value over the longer-term.

We currently hold a diverse group of technology names spanning digital payments, cloud storage and collaboration, and semiconductor manufacturing and equipment. We have selective exposure to consumer related names, focusing on best-in-class e-commerce platform retailers and physical retailers with compelling value propositions; we also have exposure to the growing on-line fitness industry. We have focused our healthcare exposure toward higher growth areas in the industry, and away from areas which are exposed to reimbursement risk. We continue to have no direct exposure to the Energy or Utilities sectors, as we typically do not find many opportunities which meet our three alpha drivers.

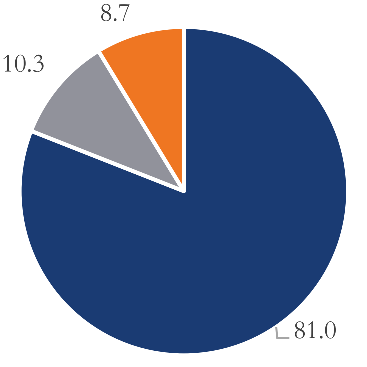
As the pandemic continues to evolve, there could be further volatility in global equities. However, we believe our portfolio of companies have sustainable competitive advantages and strong balance sheets which will prove resilient. This is evidenced by the portfolio's return on equity (ROE), which is meaningfully higher than the MSCI ACWI benchmark, and financial leverage which is significantly less than the benchmark (on a net/debt to ebitda basis). This allows our holdings the flexibility to weather challenging environments, and quite possibly emerge stronger.

ALL DATA AS OF JUN 30, 2021

SECTOR ALLOCATION (%)

	Fund	Index
Information Technology	28.1	21.9
Consumer Discretionary	20.1	12.7
Health Care	13.4	11.6
Industrials	10.1	9.9
Financials	9.0	14.1
Communication Services	7.3	9.4
Materials	5.6	4.9
Consumer Staples	5.3	6.9
Cash	1.0	-
Energy	-	3.4
Real Estate	-	2.6
Utilities	-	2.6

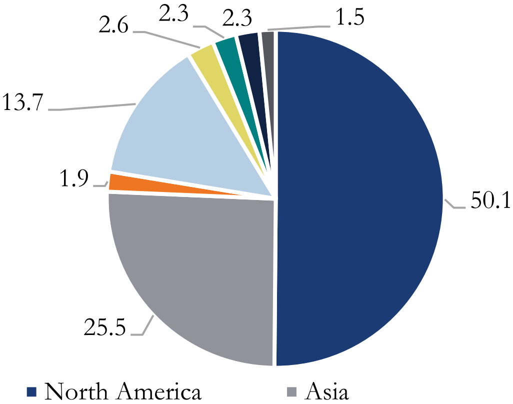
REGIONAL ALLOCATION BY DOMICILE (%)



TOP 10 HOLDINGS (%)

	Fund
ASML	4.9
Amazon.com	4.4
Danaher	4.4
Airbnb	4.1
Alphabet	4.0
IQVIA	3.9
Mastercard	3.5
S&P Global	3.5
Taiwan Semiconductor Manufacturing	3.5
Facebook	3.4
Total	**39.6**

REGIONAL ALLOCATION BY REVENUE (%)



PORTFOLIO CHANGES*

New holdings	Nvidia
Sold holdings	Becton Dickinson, London Stock Exchange, OpenText, and Parker Hannifin.

RESEARCH

PLATFORMS

Asgard	Powerwrap
BT Wrap	MLC Wrap
BT Panorama	MLC Navigator
Hub 24	Macquarie Wrap
Netwealth	uXchange

** There is a 30 day lag on portfolio changes*

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