

Global Equity Fund

PORTFOLIO MANAGERS

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OBJECTIVES

Seeks to generate strong long-term investment performance relative to the benchmark.

Identify companies across the globe with attractive total return potential.

Manage risk through a disciplined valuation and scenario analysis framework.

Market Conditions

Following strong performance in July and August, global equity markets faltered in September as ongoing pandemic pressures, supply chain issues and developments in China worried investors. The MSCI All Country World Index ended the quarter up 2.8% (in AUD terms). The Energy sector posted the highest returns, followed by the Financials and Information Technology sectors. The Consumer Discretionary and Materials sectors registered negative results.

Portfolio Review

The Loomis Sayles Global Equity Fund returned 3.5% (AUD, net of fees), ahead of the benchmark. The Information Technology sector was the largest contributor on a relative basis, followed by the Communication Services and Health Care sectors. The Consumer Discretionary, Financials and Industrials sectors detracted from relative results. Not having direct exposure to the Energy and Utilities sectors also detracted on a relative basis.

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.

PERFORMANCE AS AT SEPT 30, 2021

BENCHMARK MSCI AC World Index

	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	2 YEAR [^]	SINCE INCEPTION ^{^^}
GLOBAL EQUITY FUND TOTAL RETURN**	-4.1%	+3.5%	+14.7%	+23.3%	+16.6%	+19.6%
BENCHMARK***	-3.0%	+2.8%	+12.0%	+26.4%	+14.6%	+15.4%

[^]% Performance per annum.

^{*}Since inception returns calculated from November 1, 2018 (Global Equity Fund); September 30, 2021 (Quoted Managed Fund). ^{**}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)

A long-term track record of consistent performance

COMPOSITE PERFORMANCE AS AT SEPT 30, 2021

BENCHMARK MSCI AC World Index

	1 YEAR	3 YEARS [^]	5 YEARS [^]	10 YEARS [^]	SINCE INCEPTION ^{^^}
GLOBAL EQUITY OPPORTUNITY COMPOSITE**	+23.7%	+17.0%	+18.3%	+17.7%	+11.5%
MSCI AC World Index	+26.5%	+12.6%	+14.5%	+15.3%	+8.4%

[^]% 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 is not a reliable indicator of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments.

FUND FACTS

Assets	\$139 M
Investment Horizon	4-5 years
Distributions	Annually
Mgt Fee*	0.99%
Performance Fee	N/A

GLOBAL EQUITY FUND

APIR	IML0341AU
Inception Date	1-Nov-18
Application	1.6715
Redemption	1.6665

QUOTED MANAGED FUND

APIR	IML3289AU
ASX ticker	LSGE
Inception Date	1-Oct-21
NAV	\$2.4756

*Inclusive of the net effect of GST

Leaders

The three largest contributors to performance were Danaher, ASML and Airbnb.

Shares of Danaher, a technology driven healthcare company, outperformed as the rise in COVID-19 cases increased demand for testing and vaccine supplies. Shares were also supported by the company’s acquisition of Aldevron, a supplier of critical genomic components used to make next generation cell and gene therapies, messenger RNA vaccines, and gene editing technologies. 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.

Shares of ASML, the leader in photolithography equipment for the semiconductor industry, outperformed over the period. The company, with its critical manufacturing equipment, has been a beneficiary of the chip shortage as it has prompted governments to invest in semiconductor production.

Shares of Airbnb, an alternative accommodations platform company, rose as the company benefited from the continued easing of pandemic restrictions as well as a rise in new hosts. Airbnb's capital-light 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.

Laggards

The three most significant detractors from returns were Alibaba, Peloton, and Farfetch.

Shares of Alibaba, a Chinese e-commerce company, underperformed along with the broader Chinese technology sector due to increased regulatory actions by the Chinese government.

Shares of Peloton, an interactive at-home fitness company, lagged after the company lowered guidance for the first quarter of 2022 and announced a price decrease for its original bike. Our investment thesis remains unchanged; the company’s full year guidance remains strong, and we believe the price change increases its value proposition for customers.

Lastly, shares of Farfetch, a luxury goods marketplace platform, underperformed as physical stores reopened, moderating the surge in online shopping seen in 2020.

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 outlook in large part continues to depend on the successful management of the pandemic on a global scale. While much of the developed world has made demonstrable progress in terms of infection rates, and some emerging markets have gained better control of the virus, there remain parts of the world which continue to struggle to manage the virus (e.g., Africa). The recent increase in vaccine production is positive; but with a lack of consensus on duration of antibodies and the potential for new variants uncertainty persists. The outlook is also reliant on the duration of fiscal and monetary support, and other relief packages, in the US and globally. Supply chain issues and inflation surprises remain risks. 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.

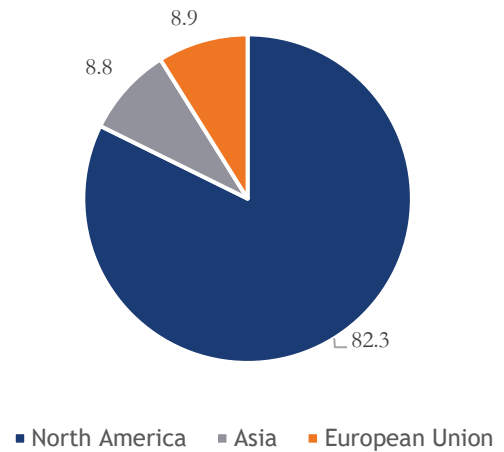
As the pandemic continues to evolve, there could be further volatility in global equities. However, we believe our portfolio of companies have sustainable competitive advantages and strong balance sheets which will prove resilient. This is evidenced by the portfolio's return on equity (ROE), which is 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 SEPTEMBER 30, 2021

SECTOR ALLOCATION (%)

	Fund	Index
Information Technology	30.6	22.3
Consumer Discretionary	17.4	12.4
Health Care	13.5	11.7
Industrials	10.1	9.7
Financials	8.3	14.4
Communication Services	7.6	9.3
Materials	5.7	4.7
Consumer Staples	5.4	6.8
Cash	1.5	--
Energy	--	3.5
Real Estate	--	2.6
Utilities	--	2.6

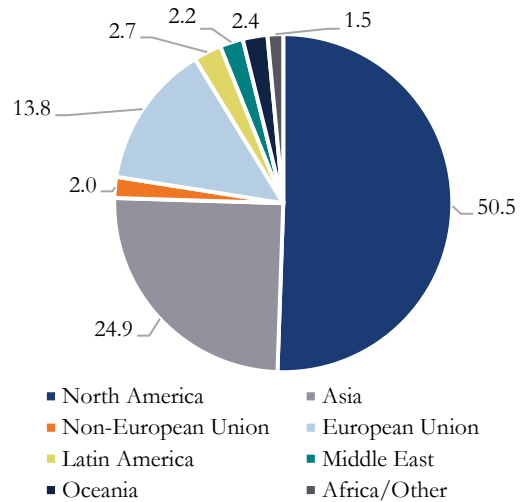
REGIONAL ALLOCATION BY DOMICILE (%)



TOP 10 HOLDINGS (%)

	Fund
ASML	5.0
Airbnb	4.8
Danaher	4.6
Alphabet	4.3
Amazon.com	4.2
Salesforce.com	4.1
IQVIA	3.9
S&P Global	3.6
Facebook	3.3
Linde	3.2
Total	41.0

REGIONAL ALLOCATION BY REVENUE (%)



PORTFOLIO CHANGES*

New holdings	Salesforce.com
Sold holdings	CGI Group

RESEARCH



PLATFORMS

AMP	Powerwrap
Asgard	MLC Wrap
BT Wrap	MLC Navigator
BT Panorama	Macquarie Wrap
Hub24	uXchange
Netwealth	

* There is a 30 day lag on portfolio

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