

The real value of investing in shares

When investing in shares it is often easy to focus only on their capital value and its short term fluctuations. This is particularly true during times of market volatility, when the dividend income stream can be overlooked. For many long-term investors the income stream is the most important part of the total return that they receive from their share (or managed fund) investments.

IML's track record of generating income from shares

The IML Australian Share Fund, established on 30 June 1998, has just completed its thirteenth year of operation. Over these years IML has always given top priority to ensuring that the Fund's portfolio is populated with shares in high quality businesses with a reliable track record of paying dividends.

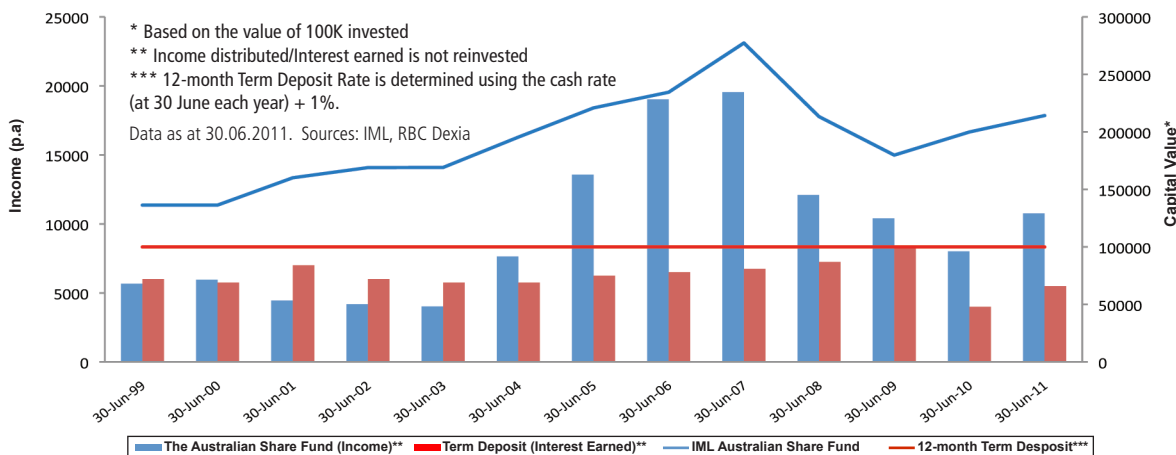
With the payment of the final distribution to IML Australian Share Fund investors in June 2011, we have aggregated all of the distributions paid, since inception for this 13 year period, based on a hypothetical \$100,000 investment in the fund on 30 June 1998.

Astonishingly, this investment has distributed an amount totalling **\$125,347** (pre-tax) over thirteen years and the capital value of the original investment of **\$100,000** is now worth **\$214,260** at 30 June 2011. The amount distributed does not reflect the benefits to investors of the attached imputation credits, which in the case of most retirees may enhance the final yield in their hands. By way of contrast we have examined the same investment in a rolling 12 month term deposit, over the same period.

IML Australian Share Fund						Australian 12-month Term Deposit			
Date	Yield (% p.a)	Yield from Initial Investment (% p.a)	Income Distributions (\$)	Taxable Income Distributions* (\$)	Capital Value (\$)	Date	Term Deposit Rate (% p.a)	Interest Earned (p.a)	Amount Invested (\$)
30-Jun-98	-	-	-	-	\$100,000	30-Jun-98	-	-	\$100,000
30-Jun-99	5.67%	5.67%	\$5,670	\$6,310	\$136,370	30-Jun-99	6.00%	\$6,000	\$100,000
30-Jun-00	4.37%	5.96%	\$5,955	\$7,628	\$136,410	30-Jun-00	5.75%	\$5,750	\$100,000
30-Jun-01	3.26%	4.45%	\$4,447	\$6,551	\$160,160	30-Jun-01	7.00%	\$7,000	\$100,000
30-Jun-02	2.61%	4.18%	\$4,180	\$5,887	\$169,010	30-Jun-02	6.00%	\$6,000	\$100,000
30-Jun-03	2.38%	4.02%	\$4,021	\$5,693	\$169,140	30-Jun-03	5.75%	\$5,750	\$100,000
30-Jun-04	4.52%	7.64%	\$7,641	\$9,740	\$195,510	30-Jun-04	5.75%	\$5,750	\$100,000
30-Jun-05	6.95%	13.58%	\$13,578	\$16,392	\$220,910	30-Jun-05	6.25%	\$6,250	\$100,000
30-Jun-06	8.61%	19.03%	\$19,030	\$22,459	\$234,550	30-Jun-06	6.50%	\$6,500	\$100,000
30-Jun-07	8.34%	19.55%	\$19,550	\$23,074	\$277,360	30-Jun-07	6.75%	\$6,750	\$100,000
30-Jun-08	4.36%	12.09%	\$12,094	\$15,784	\$213,320	30-Jun-08	7.25%	\$7,250	\$100,000
30-Jun-09	4.88%	10.40%	\$10,404	\$14,182	\$179,840	30-Jun-09	8.25%	\$8,250	\$100,000
30-Jun-10	4.46%	8.02%	\$8,018	\$11,081	\$199,980	30-Jun-10	4.00%	\$4,000	\$100,000
30-Jun-11	5.38%	10.76%	\$10,760	\$14,389	\$214,260	30-Jun-11	5.50%	\$5,500	\$100,000
Total			\$125,347	\$159,170		Total		\$80,750	

IML Australian Share Fund vs 12-month Term Deposit

Sources: IML, RBC Dexia, FactSet *Taxable Income Distribution is the available income to be distributed gross of Australian and foreign franking credits. It is important that investors seek professional taxation advice in regards to the tax effectiveness of franking credits in relation to individual circumstances.



The IML investment approach has produced one of the most consistent risk return outcomes of all Australian active equity styles, over the last 10 years. The message here is that IML's value and quality style of investing produces consistent returns that are less volatile than the broader market (and most of our peers) and at the same time delivers an attractive income stream, with tax benefits.

IML Australian Share Fund

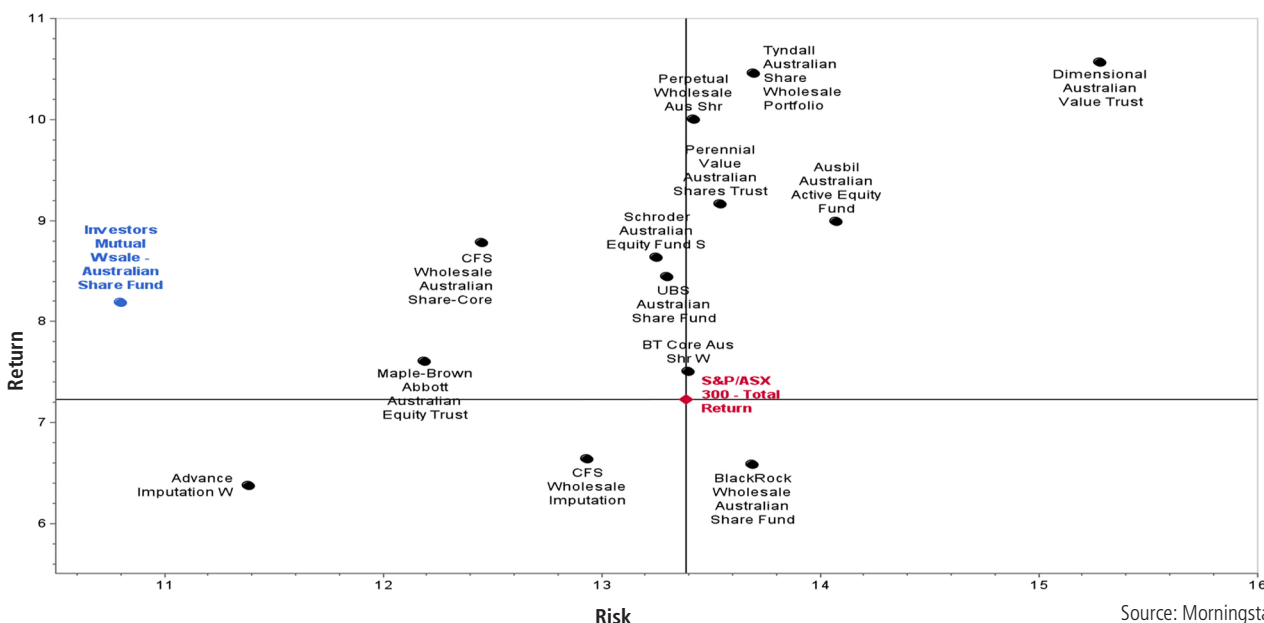
generates solid returns given the level of risk over the past 10 years

Fund Name	Standard Deviation 10yr %pa	Total Return 10yr %pa	Risk - Adjusted Returns*
IML Australian Share Fund	11.75%	8.19%	0.70%
Tyndall Aust. Share Wholesale Portfolio	15.26%	10.46%	0.69%
Perpetual Wholesale Aust. Fund	14.89%	10.01%	0.67%
CFS Wholesale Aust. Share-Core	13.66%	8.78%	0.64%
Dimensional Aust. Value Trust	17.10%	10.57%	0.62%
Perennial Value Aust. Shares Trust	14.93%	9.17%	0.61%
Schroder Aust. Equity Fund	14.53%	8.64%	0.59%
UBS Aust. Share Fund	14.56%	8.44%	0.58%
Ausbil Aust. Active Equity Fund	15.51%	8.99%	0.58%
Advance Wholesale Imputation Fund	12.21%	6.37%	0.52%
BT Wholesale-Core. Share Fund	14.56%	7.50%	0.52%
S&P/ASX 300 Accum. Index	14.51%	7.22%	0.50%
Maple-Brown Abbott Aust. Equity Trust	15.36%	7.60%	0.49%
CFS Wholesale Imputation	13.94%	6.64%	0.48%
BlackRock WS Aust. Share Fund	14.76%	6.58%	0.45%

Data as at 30 June 2011

* The risk-adjusted return is the measure of the return earned by an investment that is adjusted to take into account the level of risk taken to achieve it. This is calculated by dividing the total return by the standard deviation of portfolio returns. The higher the risk adjusted return, the better the portfolio's return in risk adjusted terms.

Ten Year Risk Return



Source: Morningstar
Data as at 30 June 2011



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