

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 eleventh 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 2009, we have aggregated all of the distributions paid, since inception for this 11 year period, based on a hypothetical \$100,000 investment in the fund on 30 June 1998.

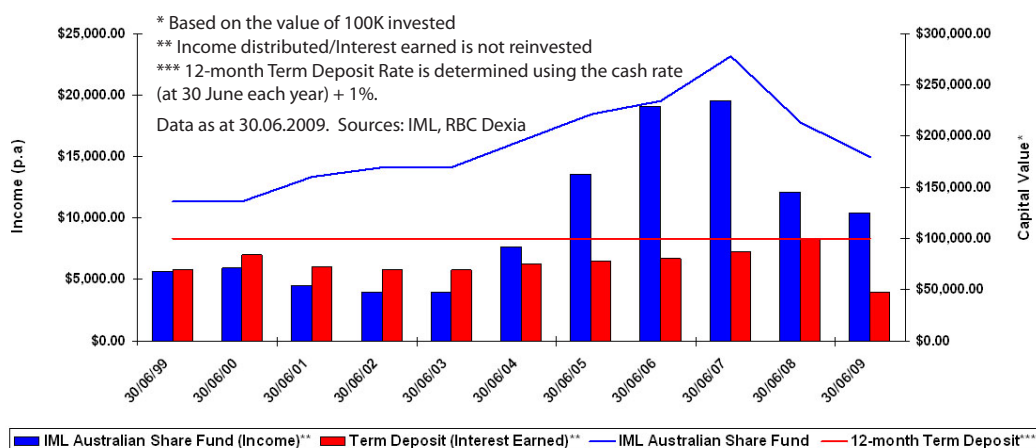
Astonishingly, this investment has distributed an amount totalling \$106,390 (pre-tax) over eleven years and the capital value of the original investment of \$100,000 is now worth \$220,370, at 31 December 2009. The amount distributed does not reflect the benefits to investors of the attached imputation 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)	Income Distributions (p.a)	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	4.16%	\$5,670	\$136,370	30-Jun-99	5.75%	\$5,750	\$100,000
30-Jun-00	4.37%	\$5,955	\$136,410	30-Jun-00	7.00%	\$7,000	\$100,000
30-Jun-01	2.78%	\$4,447	\$160,160	30-Jun-01	6.00%	\$6,000	\$100,000
30-Jun-02	2.47%	\$4,000	\$169,010	30-Jun-02	5.75%	\$5,750	\$100,000
30-Jun-03	2.38%	\$4,021	\$169,140	30-Jun-03	5.75%	\$5,750	\$100,000
30-Jun-04	3.91%	\$7,641	\$195,510	30-Jun-04	6.25%	\$6,250	\$100,000
30-Jun-05	6.15%	\$13,578	\$220,910	30-Jun-05	6.50%	\$6,500	\$100,000
30-Jun-06	8.11%	\$19,030	\$234,550	30-Jun-06	6.75%	\$6,750	\$100,000
30-Jun-07	7.05%	\$19,550	\$277,360	30-Jun-07	7.25%	\$7,250	\$100,000
30-Jun-08	5.67%	\$12,094	\$213,320	30-Jun-08	8.25%	\$8,250	\$100,000
30-Jun-09	5.79%	\$10,404	\$179,840	30-Jun-09	4.00%	\$4,000	\$100,000
Total		\$106,390		Total		\$69,250	
31-Dec-09			\$220,370				

Sources: IML, RBC Dexia

Source: FactSet

IML Australian Share Fund vs 12-month Term Deposit





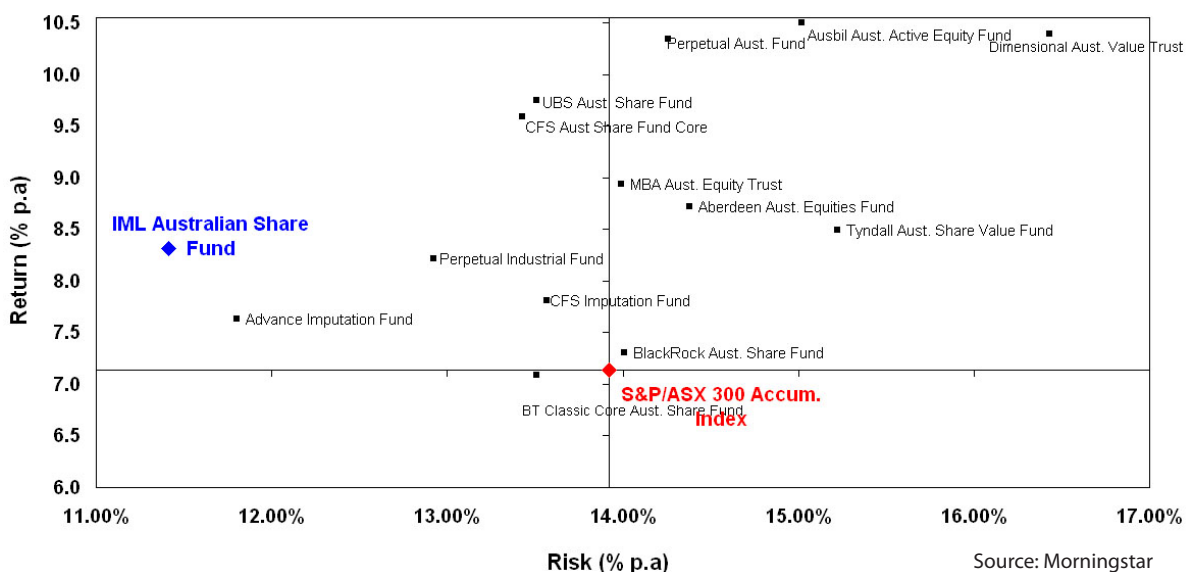
The IML investment approach has produced one of the most consistent risk return outcomes of all Australian active equity styles, over the last 10 years. The message here is that IML's value and quality style of investing produces consistent returns that are less volatile than the broader market (and 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	11.41%	8.31%	0.728%
Perpetual Aust. Fund	14.26%	10.34%	0.725%
UBS Aust. Share Fund	13.51%	9.75%	0.722%
CFS Aust Share Fund Core	13.43%	9.59%	0.714%
Ausbil Aust. Active Equity Fund	15.02%	10.50%	0.699%
Advance Imputation Fund	11.80%	7.63%	0.647%
MBA Aust. Equity Trust	13.99%	8.94%	0.639%
Perpetual Industrial Fund	12.92%	8.22%	0.636%
Dimensional Aust. Value Trust	16.43%	10.39%	0.632%
Aberdeen Aust. Equities Fund	14.38%	8.72%	0.606%
CFS Imputation Fund	13.57%	7.81%	0.576%
Tyndall Aust. Share Value Fund	15.22%	8.49%	0.558%
BT Classic Core Aust. Share Fund	13.51%	7.09%	0.525%
BlackRock Aust. Share Fund	14.01%	7.31%	0.522%
S&P/ASX 300 Accum. Index	13.92%	7.14%	0.513%

* 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



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