

31 MARCH 2024

The **Investors Mutual Future Leaders Fund** provides exposure to an actively managed portfolio of quality ASX listed Australian shares outside the Top 50. The Fund aims to provide attractive investment opportunities for investors seeking medium to long term capital growth with income.

	1 MONTH	3 MONTHS	1 YEAR	3 YEARS^	5 YEARS^	10 YEARS^	SINCE INCEPTION^
Total return*	+4.3%	+9.4%	+22.9%	+6.3%	+5.0%	+8.0%	+9.6%
Benchmark**	+3.8%	+7.0%	+14.4%	+6.1%	+8.7%	+9.2%	+8.8%

^% Performance per annum. Inception date: 1 May 2002 *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 S&P/ASX 300 Accumulation Index (excluding S&P/ASX50, excluding Property Trusts).

FUND PERFORMANCE

- The Future Leaders Fund had another strong quarter, up +9.4%, ahead of its benchmark's gain of +7.0%.
- The rally in global markets continued over Q1 CY24 as investors grew increasingly comfortable that global interest rates had peaked, with expectations growing that interest rates will be reduced later this year. The AI thematic also boosted returns with the Nasdaq gaining strongly, as did a resurgent Japanese market where the Bank of Japan raised interest rates for the first time in 17 years.
- The ASX 300 was up +5.4% with the Fund's benchmark ahead of this, up +7.0%. A significant number of companies, from a range of sectors, rallied after reporting interim results in February that met or exceeded expectations. Technology was the strongest sector for the quarter up +25.3%, benefitting from takeover activity in the sector and in-line with gains recorded overseas. Most other sectors also performed well except Real Estate, - 7.3%, and Materials, -3.3%.
- For the quarter, the Fund benefitted from strong performances by many of its key holdings after they reported positive updates during reporting season including SG Fleet, Codan, Bega, Mayne Pharma, Regis Healthcare and Integral Diagnostics. Sigma Healthcare continued to rise, up +29.4%, as investor knowledge grew regarding the merger with Chemist Warehouse. Cooper Energy rallied +69% as new management continued to improve operational performance and confidence grew it would complete remediation of an old gas field on time and within the revised budget. With East Coast gas markets tight, the gas fields Cooper owns are very strategic making it an attractive long-term holding.
- Kelsian fell -16.3%, after reporting higher than expected costs. These cost issues were all transitory and with earnings underpinned by long-term contracts we believe it is well positioned going forward. Positively, the result revealed that its recent US acquisition is performing ahead of expectations and that the tender pipeline of future contract remains strong. We remain comfortable with our position in Kelsian which is attractively priced on 13 times FY25 earnings.
- During the quarter we used share price strength to trim our positions in A2B, Bega, Codan, Cooper Energy, Ridley, Mayne Pharma, Metcash, Sigma and SG Fleet while we adding to our positions in Nine Entertainment, Kelsian and ACL on weakness.

STOCKS IN FOCUS

- SG Fleet (SGF)**, Australia's largest fleet leasing business, increased +30% over the quarter following a first half result that came in ahead of market expectations, driven by strong new vehicle deliveries in both its fleet and novated leasing businesses. Despite the rally, SGF continues to trade at a material discount to its listed peers on a PE of 10 times FY24 earnings.
- Orica (ORI)**, the leading global explosives company, was up +14.6% for the quarter following a positive trading update and the acquisition of a leading sodium cyanide manufacturer, Cyanco for US \$640m. To partly fund the acquisition Orica raised A\$400m in a discounted raising, in which the Fund participated. Cyanco complements Orica's existing sodium cyanide business and makes it the clear global leader, with significant synergies to be derived from combining these businesses.
- Shares in intellectual property services group **QANTM (QIP)** rose +70% in the March quarter following a strong interim result with the underlying Net Profit After Tax (NPAT) up +43%. Following the result QIP received multiple takeover offers. This M&A interest vindicates our strongly held view that the company, which owns market leading IP firm Davies Collison Cave, was being grossly undervalued by the market, with QIP effectively trading on a PE of 7.3 times at the beginning of the quarter.

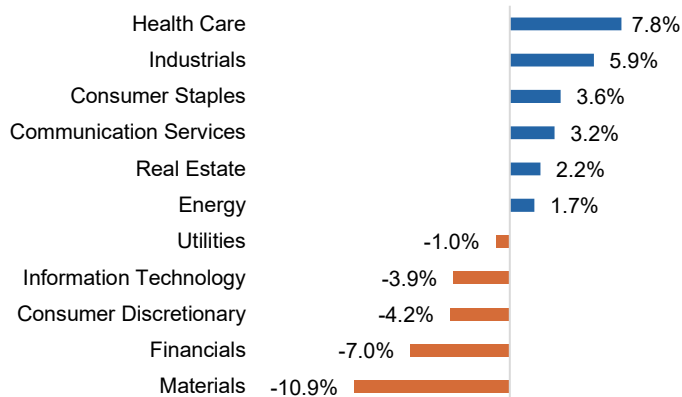
OUTLOOK

- We expect market volatility to persist and meaningful revenue growth to continue to be hard for companies to generate in 2024 as cost pressures remain a challenge for businesses and cost-of-living pressures weigh on the consumer.
- We continue to focus on well-established companies with strong competitive advantages and recurring earnings that are reasonably priced and likely to perform well in a range of economic conditions, while actively looking for new opportunities.

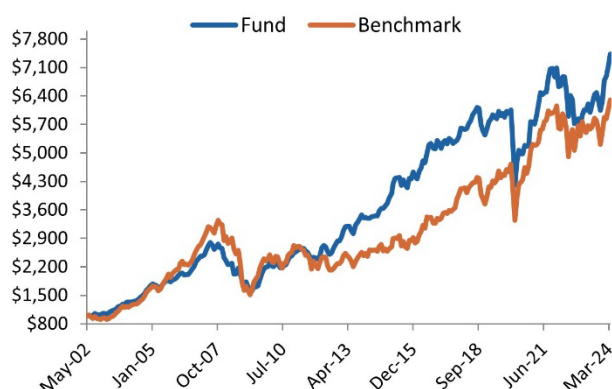
FUTURE LEADERS FUND QUARTERLY REPORT



ACTIVE SECTOR WEIGHTS



GROWTH OF \$1,000 INVESTED AT INCEPTION

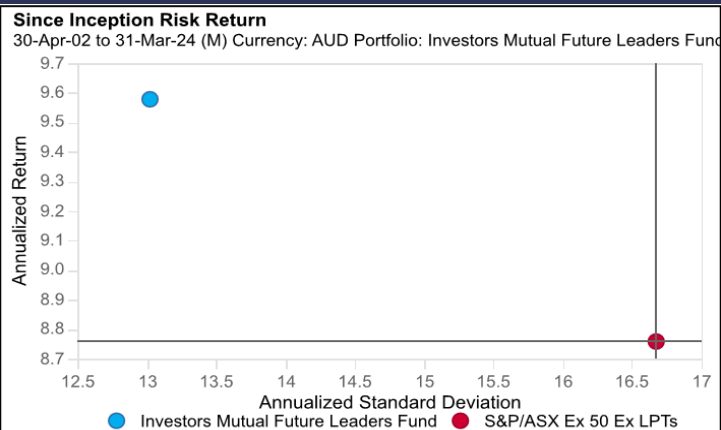


Since inception 1 May 2002; Cumulative performance of the Fund vs its benchmark; Benchmark = S&P/ASX 300 Accumulation Index (excluding S&P/ASX50, excluding Property Trusts), Source: IML,Factset

TOP 10 HOLDINGS

	ASX CODE
Aurizon	AZJ
SG Fleet	SGF
Orica	ORI
Ampol	ALD
Skycity Entertainment	SKC
Australian Clinical Labs	ACL
Integral Diagnostics	IDX
Bega Cheese	BGA
Kelsian	KLS
Sigma Healthcare	SIG

FUND RISK-RETURN VS BENCHMARK



FUND FACTS

ARSN	093 182 828
APIR	IML0003AU
Inception	1 May 2002
Benchmark	S&P/ASX 300 Accumulation Index (ex S&P/ASX50, exc Property Trusts)
FUM	\$ 323M
Investment Horizon	4-5 years
MinInitial Investment	A\$50,000
Min Add Inv't/ Redn	A\$5,000
Distributions	Generally semi-annual
Management Fee	0.993% p.a. of the net assets of the fund (includes net effect of GST)
Performance Fee	15.375% of the change in value of the Redemption Price that exceeds the change in the value of the Fund's Benchmark (includes net effect of GST)

PORTFOLIO CHARACTERISTICS

	FUND	BENCHMARK
No. of stocks	68	223
Portfolio turnover ¹	22%	NA
Portfolio Beta (since inception)	0.68	1.00

FRANKING LEVELS²

FY23	FY22	FY21	FY20	FY19
101.9%	20.8%	101.6%	85.5%	51.2%

FUND RATINGS

Morningstar	Silver
Zenith	Recommended
Lonsec	Recommended ^{*Visit lonsec.com.au/logo-disclosure for important information about this rating}

¹Annual 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.

²As per FSC standard.



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