

ALL INDUSTRIALS SHARE FUND

QUARTERLY REPORT



31 MARCH 2024

The **Investors Mutual All Industrials Share Fund** provides exposure to an actively managed portfolio of quality industrial shares listed on the ASX. 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^
Income	+0.0%	+0.0%	+7.5%	+6.6%	+6.4%	+6.8%	+6.0%
Growth	+3.9%	+7.1%	+4.1%	+2.0%	-0.1%	-0.1%	+2.3%
Total return*	+3.9%	+7.1%	+11.6%	+8.6%	+6.3%	+6.7%	+8.3%
Benchmark**	+3.0%	+9.6%	+20.1%	+8.9%	+8.8%	+8.1%	+8.3%

^% 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 Industrial Accumulation Index.

FUND PERFORMANCE

- The All Industrials Share Fund returned +7.1% for the quarter, behind its benchmark's very strong gain of +9.6%.
- Global markets continued rising in the first quarter of 2024. Optimism abounds, attributable to expected global rate cuts, AI excitement, and a belief that government policies will revive activity in China. The number of expected rate cuts in 2024 have reduced from 6 to 2.5 as inflation is proving sticky, but this did not impact sentiment. The Japanese Nikkei soared +21.5% for the quarter, helped by its technology and semiconductor components. The Bank of Japan raised interest rates for the first time in 17 years, signalling an end to persistent deflation. The MSCI World and S&P500 indices were also strong, as was Europe, all up 10-13%.
- The ASX 300 performed well, up +5.4%, but lagged global peers, held back by a weak resources sector. The ASX 300 Industrials was up +9.6% with growth-oriented sectors performing well as investors showed a willingness to take on more risk in the anticipation of future rate cuts. Technology was strongest, up +23.6%, with Consumer Discretionary, Financials and Real Estate all up more than +10%.
- Many of the fund's key holdings were up significantly over the quarter including Suncorp, Virgin Money, Brambles, Metcash, Orica, NAB, The Lottery Corporation, IAG and SkyCity. Other key holdings CSL, Telstra and Steadfast were broadly flat, despite reporting strong results, with increased profits, in February's reporting season. Sonic Healthcare was down -7.0% for the quarter after it downgraded its earnings outlook as Covid revenues declined faster than anticipated. Ex-Covid revenues, Sonic's business is growing strongly and winning market share across its key markets and we believe it's well-placed for long-term future growth, so we used this opportunity to increase our holding.
- We trimmed our positions in Suncorp, Virgin Money and NAB, as they gained in price and added to Sonic Healthcare on weakness.

STOCKS IN FOCUS

- **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 IML 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.
- **Nine Entertainment (NEC)**, Australia's largest diversified media company, dropped -13.4% after ongoing weakness in advertising markets. While advertising is at a cyclical low, it continues to grow subscription and digital revenues and with its scale advantages is well placed to benefit when ad spend rebounds. It is attractively priced on 12x FY25 PE.
- **Brambles (BXB)**, the world's largest pooled pallet provider, was up +20.5% after reporting a strong result in February, with profits up 18%. The result demonstrated Brambles' pricing power and cost control, which importantly didn't come at the expense of lower volume or market share. Brambles also commented that the key US market, where it makes half its profits, is remaining rational which is positive for the outlook of Brambles' profit margins.

OUTLOOK

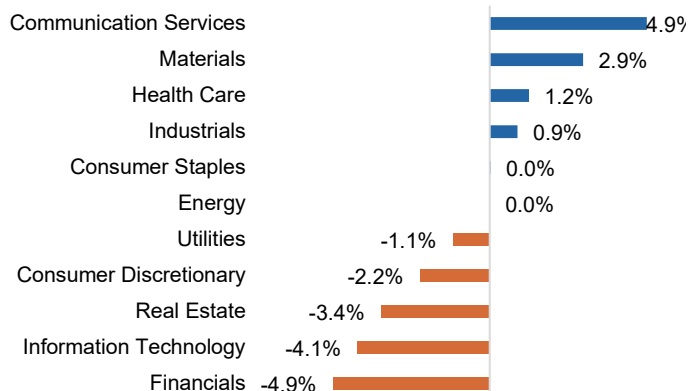
- While inflation is falling in most developed markets, we expect markets to remain volatile and trading conditions to continue to be difficult for many businesses in 2024. Services inflation is proving persistent, with new labour laws leading to large wage increases, delaying RBA rate cuts.
- We remain confident in the longer-term prospects for the companies in the Fund, believing they are well positioned for the future, particularly if any of the present market risks eventuate.

ALL INDUSTRIALS SHARE FUND

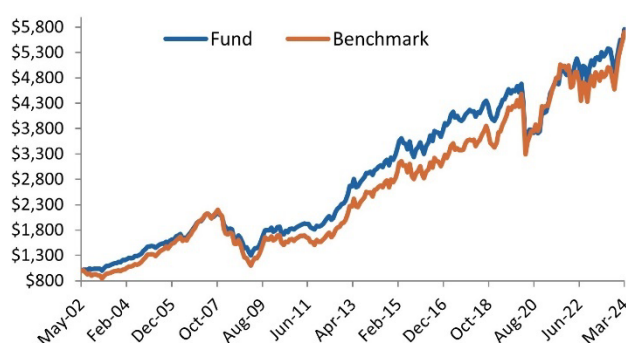
QUARTERLY REPORT



ACTIVE SECTOR WEIGHTS



GROWTH OF \$1,000 INVESTED AT INCEPTION

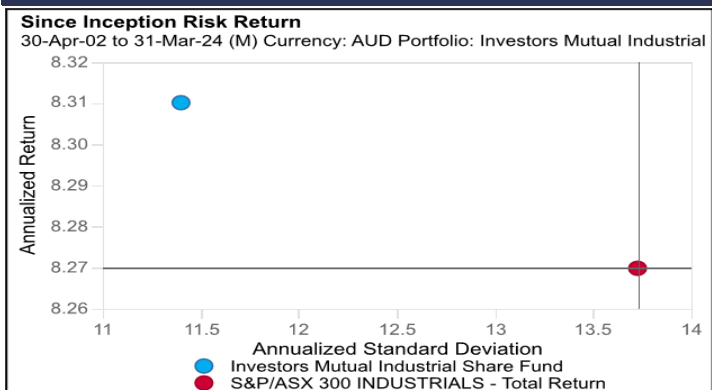


Since inception: 1 May 2002; Cumulative performance of the Fund vs its benchmark; Benchmark = S&P/ASX 300 Industrial Accumulation Index; Source: IML,Factset

TOP 10 HOLDINGS

	ASX CODE
National Australia Bank	NAB
CSL	CSL
Telstra	TLS
Westpac Banking Corporation	WBC
Commonwealth Bank	CBA
Steadfast	SDF
Aurizon	AZJ
Suncorp	SUN
Brambles	BXB
Orica	ORI

FUND RISK-RETURN VS BENCHMARK



FUND FACTS

ARSN	093 182 695
APIR	IML0004AU
Inception	1 May 2002
Benchmark	S&P/ASX 300 Industrial Accumulation Index
FUM	\$ 139M
Investment Horizon	4-5 years
Min Initial Investment	A\$50,000
Min Additional Inv't/ Redemption	A\$5,000
Distributions	Generally semi-annual
Performance Fee	Nil
Management Fee	0.993% p.a. of the net assets of the fund (includes net effect of GST)
Asset Classes and Allocation Range	Aust Equities (80-100%) Cash (0-20%)

PORTFOLIO CHARACTERISTICS

	FUND	BENCHMARK
No. of stocks	30	225
Portfolio turnover ¹	15%	NA
Portfolio Beta (since inception)	0.79	1.00

FRANKING LEVEL (%)²

FY23	FY22	FY21	FY20	FY19
51.4%	25.2%	124.1%	57.9%	35.2%

FUND RATINGS

Lonsec Recommended *Visit [lonsec.com.au/logo-disclosure](https://www.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.
² As per FSC standard.



[iml.com.au](https://www.iml.com.au)



trading@iml.com.au



1300 551 132

This publication (the material) has been prepared and distributed by Natixis Investment Managers Australia Pty Limited AFSL 246830 for the Investors Mutual All Industrials Share Fund (the "Fund") and may include information provided by third parties. Investors Mutual Limited (IML) AFSL 229988 is the Responsible Entity of the Fund. Although Natixis Investment Managers Australia Pty Limited believe that the material is correct, no warranty of accuracy, reliability or completeness is given, including for information provided by third parties, except for liability under statute which cannot be excluded. This information is general securities information only and does not take into account your personal investment objectives or needs. Applications can only be made by reference to the current Product Disclosure Statement, or through IDPS products that include the Fund. Before deciding to acquire or continue to hold an investment in the Fund, you should consider the information contained in the Product Disclosure Statement in conjunction with the Target Market Determination, available at www.iml.com.au. Past performance is not a reliable indicator of future performance and that no guarantee of performance, the return of capital or a particular rate of return is provided. It may not be reproduced, distributed or published, in whole or in part, without the prior written consent of Natixis Investment Managers Australia Pty Limited and IML.