

Investors Mutual Limited  
Managed Investment Schemes  
Condensed interim reports - for the half-year ended 31 December 2021

**Contents**

	<b>Page</b>
Directors' report	3
Auditor's independence declaration	6
Condensed statements of profit or loss and other comprehensive income	7
Condensed statements of financial position	8
Condensed statements of changes in equity	9
Condensed statements of cash flows	10
Notes to the financial reports	11
Directors' declaration	25
Independent auditor's report to the unitholders	26

The Responsible Entity of the Schemes listed below is Investors Mutual Limited (ABN 14 078 030 752). The Responsible Entity's registered office is:

Investors Mutual Limited  
Level24  
25 Bligh Street  
Sydney, **NSW** 2000

The financial reports consist of 4 separate Schemes:

**Investors Mutual Australian Share Fund**  
ARSN 093 182 695

**Investors Mutual Equity Income Fund**  
ARSN 107 095 438

Investors Mutual Future Leaders Fund  
ARSN 093 182 828

**Investors Mutual Australian Smaller Companies Fund**  
ARSN 093 182 471

## **Directors' report**

The directors of Investors Mutual Limited, the Responsible Entity of the following Schemes:

<b>Statutory name</b>	<b>Referred to in this documents as</b>
Investors Mutual Australian Share Fund	Australian Share Fund
Investors Mutual Equity Income Fund	Equity Income Fund
Investors Mutual Future Leaders Fund	Future Leaders Fund
Investors Mutual Australian Smaller Companies Fund	Smaller Companies Fund

present their report together with the financial reports of the Schemes for the half-year ended 31 December 2021 and the audit report thereon.

### **Responsible Entity**

The Responsible Entity of the Schemes is Investors Mutual Limited (ABN 14 078 030 752). The Responsible Entity's registered office is:

Investors Mutual Limited  
Level24  
25 Bligh Street  
Sydney, NSW 2000

### **Principal activities**

During the half-year, the Schemes continued to invest in accordance with target asset allocations as set out in the governing documents of the Schemes and in accordance with the provisions of the Schemes' Constitutions.

The Schemes did not have any employees during the half-year.

### **Significant changes in state of affairs**

There were no significant changes in the nature of the Schemes' activities during the half-year.

## Directors' report (continued)

### Directors

The following persons held office as directors of Investors Mutual Limited during the half-year or since the end of the half-year and up to the date of this report:

Anton Tagliaferro  
Hugh Giddy  
Simon Conn  
Fabrice Chemouny  
James Orfanos  
Damon Hambly  
Eric Ward

### Review and results of operations

The performance of the Schemes, as represented by the results of their operations, were as follows:

	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	01 July 2021 to 31 December 2021 \$'000	01 July 2020 to 31 December 2020 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2020 to 31 December 2020 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2020 to 31 December 2020 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2020 to 31 December 2020 \$'000
Net operating profit/(loss)	84,824	145,933	35,106	42,086	44,417	67,618	16,662	26,154
<b>Distributions</b>								
Distributions paid and payable	33,753	20,938	16,338	19,312	12,116	4,612	5,162	1,375
Distributions (cents per unit)	6.00	3.00	2.80	2.80	3.00	1.00	7.00	1.50

## Directors' report (continued)

### Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Schemes disclosed in the statements of financial position as at 31 December 2021 or on the results and cash flows of the Schemes for the half-year ended on that date.

### Rounding of amounts to the nearest thousand dollars

The Schemes are entities of the kind referred to in *Australian Securities and Investments Commission ("ASIC") (Rounding in Financial Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars or nearest dollar, unless otherwise indicated.

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of the directors



Damon Hambly  
Director

Sydney  
10 March 2022



**Building a better  
working world**

Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
ey.com/au

## **Auditor's independence declaration to the directors of Investors Mutual Limited, as Responsible Entity for the following Schemes:**

- Investors Mutual Australian Share Fund;  
Investors Mutual Equity Income Fund;  
Investors Mutual Australian Smaller Companies Fund; and  
Investors Mutual Future Leaders Fund.

As lead auditor for the review of the half-year financial reports of the Schemes listed above for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

f.t.!ou : "d

Wa S!Jv

Luke Slater  
Partner  
10 March 2022

Condensed statements of profit or loss and other comprehensive income

	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	01 July 2021 to 31 December 2021	01 July 2020 to 31 December 2020	01 July 2021 to 31 December 2021	01 July 2020 to 31 December 2020	01 July 2021 to 31 December 2021	01 July 2020 to 31 December 2020	01 July 2021 to 31 December 2021	01 July 2020 to 31 December 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Notes								
<b>Investment Income</b>								
Interest income	—	17	99	62	—	27	—	11
Dividend and distribution income	34,921	24,302	11,915	8,074	6,819	5,654	1,887	2,007
Net gains/(losses) in the fair value of investments	59,430	132,172	26,287	37,074	40,534	64,496	15,726	24,972
Other operating income	65	20	—	27	11	49	4	15
<b>Total investment income</b>	<b>94,416</b>	<b>156,511</b>	<b>38,301</b>	<b>45,237</b>	<b>47,364</b>	<b>70,226</b>	<b>17,617</b>	<b>27,005</b>
<b>Expenses</b>								
Interest expenses	10	3	78	12				
Responsible Entity's fees	8,871	9,689	2,676	2,834	2,498	2,296	786	753
Transaction costs	711	886	441	305	449	312	169	98
<b>Total operating expenses</b>	<b>9,592</b>	<b>10,578</b>	<b>3,195</b>	<b>3,151</b>	<b>2,947</b>	<b>2,608</b>	<b>955</b>	<b>851</b>
<b>Operating profit/(loss)</b>	<b>84,824</b>	<b>145,933</b>	<b>35,106</b>	<b>42,086</b>	<b>44,417</b>	<b>67,618</b>	<b>16,662</b>	<b>26,154</b>
<b>Total comprehensive income for the half-year</b>	<b>84,824</b>	<b>145,933</b>	<b>35,106</b>	<b>42,086</b>	<b>44,417</b>	<b>67,618</b>	<b>16,662</b>	<b>26,154</b>

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



**Condensed statements of financial position**

	Notes	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
		As at		As at		As at		As at	
		31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
<b>Assets</b>									
Cash and cash equivalents		47,370	44,133	70,910	85,522	15,938	18,852	6,525	14,288
Other receivables		459	358	133	102	138	101	44	34
Due from brokers - receivable for securities sold		1,413	7,661	–	518	–	1,714		745
Application receivable		169	390	328	459	112	206	16	11
Dividends/distributions receivable		2,586	3,119	697	1,520	430	611	62	199
Financial assets at fair value through profit or loss	6	1,691,576	1,783,300	469,031	459,805	483,810	470,022	142,081	151,633
<b>Total assets</b>		<b>1,743,573</b>	<b>1,838,961</b>	<b>541,099</b>	<b>547,926</b>	<b>500,428</b>	<b>491,506</b>	<b>148,728</b>	<b>166,910</b>
<b>Liabilities</b>									
Distributions payable	5	33,753	76,653	8,059	6,662	12,116	2,948	5,162	10,754
Due to brokers - payable for securities purchased		–	708	1,857	115	–	1,893		1,721
Redemptions payable		312	2,256	151	1,338	269	528	9	539
Other payables		1,458	1,506	447	444	413	400	123	133
Financial liabilities at fair value through profit or loss	7	503	26	3,439	3,582				
<b>Total liabilities</b>		<b>36,026</b>	<b>81,149</b>	<b>13,953</b>	<b>12,141</b>	<b>12,798</b>	<b>5,769</b>	<b>5,294</b>	<b>13,147</b>
<b>Net assets attributable to unitholders - equity</b>		<b>1,707,547</b>	<b>1,757,812</b>	<b>527,146</b>	<b>535,785</b>	<b>487,630</b>	<b>485,737</b>	<b>143,434</b>	<b>153,763</b>

The above statements of financial position should be read in conjunction with the accompanying notes.

Condensed statements of changes in equity

	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	01 July 2021 to 31 December 2021	01 July 2020 to 31 December 2020	01 July 2021 to 31 December 2021	01 July 2020 to 31 December 2020	01 July 2021 to 31 December 2021	01 July 2020 to 31 December 2020	01 July 2021 to 31 December 2021	01 July 2020 to 31 December 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Notes								
<b>Total equity at the beginning of the half-year</b>	<b>1,757,812</b>	1,960,018	<b>535,785</b>	592,701	<b>485,737</b>	451,040	<b>153,763</b>	140,966
<b>Comprehensive income for the half-year</b>								
Profit/(loss) for the half-year	<b>84,824</b>	145,933	<b>35,106</b>	42,086	<b>44,417</b>	67,618	<b>16,662</b>	26,154
<b>Total comprehensive income</b>	<b>84,824</b>	145,933	<b>35,106</b>	42,086	<b>44,417</b>	67,618	<b>16,662</b>	26,154
<b>Transactions with unitholders</b>								
Applications	4 103,884	112,966	59,177	64,469	25,082	26,664	12,083	11,811
Redemptions	4 (216,211)	(303,294)	(86,786)	(130,217)	(55,673)	(74,543)	(35,909)	(17,208)
Reinvestment of distributions	4 10,991	22,048	202	1,129	183	153	1,997	656
Distributions paid and payable	4 133,7531	(20,938)	116,338	(19,312)	12,116	(4,612)	15,162	11,375
<b>Total transactions with unitholders</b>	<b>135,0891</b>	(189,218)	<b>143,745j</b>	(83,931)	<b>142,5241</b>	(52,338)	<b>(26,991)</b>	j6,116
<b>Total equity at the end of the financial half-year</b>	<b>1,707,547</b>	1,916,733	<b>527,146</b>	550,856	<b>487,630</b>	466,320	<b>143,434</b>	161,004

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Condensed statements of cash flows

	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	01 July 2021 to 31 December 2021 \$'000	01 July 2020 to 31 December 2020 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2020 to 31 December 2020 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2020 to 31 December 2020 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2020 to 31 December 2020 \$'000
<b>Cash flows from operating activities</b>								
Proceeds from sale of investments	254,422	308,805	92,214	85,295	141,195	105,144	58,521	30,134
Cash paid for purchase of investments	(97,250)	(139,496)	(73,044)	(26,612)	(114,629)	(78,621)	(34,219)	(30,599)
Transaction cost paid	(711)	(886)	(441)	(305)	(449)	(312)	(169)	(98)
Dividend/distribution received	35,454	24,720	12,738	8,203	7,000	5,498	2,024	2,015
Interest received	–	17	108	61	–	28	–	1*
Other income received	–	247	–	105	–	98	–	29
Responsible Entity's fee paid	(8,919)	(8,091)	(2,674)	(2,388)	(2,484)	(1,880)	(796)	(603)
Payment of other expenses	{471	{214	{108	{75	{26	{49J	{61	{14}
<b>Net cash inflow from operating activities</b>	<b>182,949</b>	<b>185,102</b>	<b>28,793</b>	<b>64,284</b>	<b>30,607</b>	<b>29,906</b>	<b>25,355</b>	<b>875</b>
<b>Cash flows from financing activities</b>								
Proceeds from applications by unitholders	104,106	146,684	59,308	67,330	25,176	30,878	12,078	13,951
Payments for redemptions by unitholders	(218,155)	(315,110)	(87,974)	(132,511)	(55,932)	(78,861)	(36,439)	(18,713)
Distributions paid	{65,663	{97,664}	{14,739}	{24,076}	{16s1	{11,699}	{B,757}	{715}
<b>Net cash (outflow) from financing activities</b>	<b>{179,712}</b>	<b>{266,090}</b>	<b>{43,405j</b>	<b>{89,257!</b>	<b>{33,521j</b>	<b>{49,682!</b>	<b>{33,118}</b>	<b>{17,477!</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,237</b>	<b>(80,988)</b>	<b>(14,612)</b>	<b>(24,973)</b>	<b>(2,914)</b>	<b>(19,776)</b>	<b>(7,763)</b>	<b>(6,602)</b>
Cash and cash equivalents at the beginning of the half-year	44,133	112,898	85,522	109,658	18,852	47,724	14,288	16,764
<b>Cash and cash equivalents at the end of the half-year</b>	<b>47,370</b>	<b>31,910</b>	<b>70,910</b>	<b>84,685</b>	<b>15,938</b>	<b>27,948</b>	<b>6,525</b>	<b>10,162</b>

The above statements of cash flows should be read in conjunction with the accompanying notes.

## Notes to the financial reports

Contents	Page
General information	12
2 Summary of significant accounting policies	12
3 Net gains/(losses) on financial instruments at fair value through profit or loss	13
4 Net assets attributable to unitholders	14
5 Distributions to unitholders	16
6 Financial assets at fair value through profit or loss	17
7 Financial liabilities at fair value through profit or loss	17
8 Fair value measurements	18
9 Events occurring after the reporting period	24
10 Contingent <b>assets</b> and liabilities and commitments	24

## 1 General information

These interim financial reports cover the following Schemes (the "Schemes") which are Australian registered managed investment Schemes. The Schemes were constituted on the dates set out below, and **will** terminate on the dates set out below unless terminated earlier in accordance with the provisions of the Schemes' Constitutions.

	<b>Constituted Date</b>	<b>Termination Date</b>
Australian Share Fund	29 June 1998	28 June 2078
Equity Income Fund	17 November 2003	16 November 2083
Future Leaders Fund	29 June 1998	28 June 2078
Smaller Companies Fund	29 June 1998	28 June 2078

The Responsible Entity of the Schemes listed above is Investors Mutual Limited (the "Responsible Entity") which is incorporated and domiciled in Australia. The Responsible Entity's registered office is Level 24, 25 Bligh Street, Sydney, NSW 2000.

The interim financial reports were authorised for issue by the directors on 10 March 2022. The directors of the Responsible Entity have the power to amend and reissue the financial reports.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the interim financial reports are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

These interim financial reports for half-year ended 31 December 2021 have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

These interim financial reports do not include all the notes of the type nonnally included in an annual financial report. Accordingly, these reports are to be read in conjunction with the annual reports for the year 30 June 2021 and any public announcements made in respect of the Schemes during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These interim financial reports are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Schemes under *ASIC Corporations (Rounding in Financial/Directors' Reports) (Instrument 2016/1917)*. The Schemes are entities to which the Instrument applies.

## 2 Summary of significant accounting policies (continued)

### (a) Statement of compliance

These interim financial reports comply with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) applicable to interim reporting as issued by the International Accounting Standards Board.

### (b) Australian Accounting Standards and interpretations

The accounting policies in these interim financial statements are the same as those applied in the Schemes' financial statements for the year ended 30 June 2021.

There are no other standards that are not yet effective and that are expected to have a material impact on the Schemes in the current or future half years and on foreseeable future transactions.

### (c) Comparative

Where necessary comparatives has been reclassified for consistency with current year disclosures.

## 3 Net gains/(losses) on financial instruments at fair value through profit or loss

	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$'000	'000	'000	'000	'000	'000	\$'00()	'000
<b>Financial Instruments</b>								
Net realised gains/(losses) on financial instruments at fair value through profit or loss	78,735	27,372	12,082	(1,091)	33,878	(141)	19,486	6,452
Net unrealised gains/(losses) on financial instruments at fair value through profit or loss	(19,305)	104,800	14,205	38,165	6,656	64,637	(3,760)	18,520
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b>59,430</b>	<b>132,172</b>	<b>26,287</b>	<b>37,074</b>	<b>40,534</b>	<b>64,496</b>	<b>15,726</b>	<b>24,972</b>

#### 4 Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the half-year were as follows:

	01 July 2021 to 31 December 2021 No.('000)	01 July 2020 to 31 December 2020 No.('000)	01 July 2021 to 31 December 2021 \$'000	01 July 2020 to 31 December 2020 \$'000
<b>Australian Share Fund</b>				
Opening balance	595,780	761,558	1,757,812	1,960,018
Applications	34,370	42,504	103,884	112,966
Redemptions	(71,330)	(114,704)	(216,211)	(303,294)
Units issued upon reinvestment of distributions	3,725	8,566	10,991	22,048
Distributions paid and payable			(33,753)	(20,938)
Profit/(loss) for the half-year			84,824	145,933
<b>Closing balance</b>	<b>562,545</b>	<b>697,924</b>	<b>1,707,547</b>	<b>1,916,733</b>
	01 July 2021 to 31 December 2021 No.('000)	01 July 2020 to 31 December 2020 No.('000)	01 July 2021 to 31 December 2021 \$'000	01 July 2020 to 31 December 2020 \$'000
<b>Equity Income Fund</b>				
Opening balance	606,283	754,429	535,785	592,701
Applications	65,378	79,998	59,177	64,469
Redemptions	(96,217)	(163,165)	(86,786)	(130,217)
Units issued upon reinvestment of distributions	225	1,465	202	1,129
Distributions paid and payable			(16,338)	(19,312)
Profit/(loss) for the half-year			35,106	42,086
<b>Closing balance</b>	<b>575,669</b>	<b>672,727</b>	<b>527,146</b>	<b>550,856</b>

**4 Net assets attributable to unitholders (continued)**

	<b>01 July 2021 to 31 December 2021 No.('000)</b>	01 July 2020 to 31 December 2020 No.('000)	<b>01 July 2021 to 31 December 2021 \$'000</b>	01 July 2020 to 31 December 2020 \$'000
<b>Future Leaders Fund</b>				
Opening balance	429,350	511,129	485,737	451,040
Applications	21,096	28,060	25,082	26,664
Redemptions	(46,784)	(78,154)	(55,673)	(74,543)
Units issued upon reinvestment of distributions	162	174	183	153
Distributions paid and payable	-	-	(12,116)	(4,612)
Profit/(loss) for the half-year	-	-	44,417	67,618
<b>Closing balance</b>	<b>403,824</b>	<b>461,209</b>	<b>487,630</b>	<b>466,320</b>

	<b>01 July 2021 to 31 December 2021 No.('000)</b>	01 July 2020 to 31 December 2020 No.('000)	<b>01 July 2021 to 31 December 2021 \$'000</b>	01 July 2020 to 31 December 2020 \$'000
<b>Smaller Companies Fund</b>				
Opening balance	84,572	94,558	153,763	140,966
Applications	6,214	7,213	12,083	11,811
Redemptions	(18,135)	(10,559)	(35,909)	(17,208)
Units issued upon reinvestment of distributions	1,098	440	1,997	656
Distributions paid and payable	-	-	(5,162)	(1,375)
Profit/(loss) for the half-year	-	-	16,662	26,154
<b>Closing balance</b>	<b>73,749</b>	<b>91,652</b>	<b>143,434</b>	<b>161,004</b>

As stipulated within the Schemes' Constitutions, each unit represents a right to an individual share in the Schemes and does not extend to a right to the underlying assets of the Schemes. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Schemes.



## 5 Distributions to unitholders

The distributions for the half-year were as follows:

	01 July 2021 to 31 December 2021 \$'000	01 July 2021 to 31 December 2021 CPU	01 July 2021 to 31 December 2021 \$'000	01 July 2021 to 31 December 2021 CPU
<b>Australian Share Fund</b>				
<b>Distributions</b>				
Distributions payable - December	33,753	6.00	20,938	3.00
	<b>33,753</b>		<b>20,938</b>	
<b>Equity Income Fund</b>				
<b>Distributions</b>				
Distributions paid - September	8,279	1.40	9,894	1.40
Distributions payable - December	8,059	1.40	9,418	1.40
	<b>16,338</b>		<b>19,312</b>	
<b>Future Leaders Fund</b>				
<b>Distributions</b>				
Distributions payable - December	12,116	3.00	4,612	1.00
	<b>12,116</b>		<b>4,612</b>	
<b>Smaller Companies Fund</b>				
<b>Distributions</b>				
Distributions payable - December	5,162	7.00	1,375	1.50
	<b>5,162</b>		<b>1,375</b>	

**6 Financial assets at fair value through profit or loss**

	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
<b>Financial assets at fair value through profit and loss</b>								
Listed equities	1,634,384	1,723,221	435,612	414,179	453,695	435,443	131,161	137,648
Listed unit trusts	55,081	59,799	25,620	40,387	30,115	34,579	10,920	13,985
Preference shares	1,100	-	2,614	-	-	-	-	-
Floating rate notes	-	-	5,185	5,239	-	-	-	-
Futures	-	280	-	-	-	-	-	-
Options	331	-	-	-	-	-	-	-
<b>Total financial assets at fair value through profit and loss</b>	<b>1,691,576</b>	<b>1,783,300</b>	<b>469,031</b>	<b>459,805</b>	<b>483,810</b>	<b>470,022</b>	<b>142,081</b>	<b>151,633</b>

**7 Financial liabilities at fair value through profit or loss**

	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
<b>Financial liabilities at fair value through profit and loss</b>								
Futures	315	-	-	11	-	-	-	-
Options	188	26	3,439	3,571	-	-	-	-
<b>Total financial liabilities at fair value through profit and loss</b>	<b>503</b>	<b>26</b>	<b>3,439</b>	<b>3,582</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 8 Fair value measurements

The Schemes measure and recognise financial assets and liabilities held at fair value through profit or loss on a recurring basis.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Schemes value their investments in accordance with the accounting policies set out in Note 2 to the financial statements.

### Fair value estimation

The carrying amounts of the Schemes' assets and liabilities at the end of each reporting period approximate their fair values.

All financial assets and financial liabilities through profit or loss included in the statements of financial position are carried at fair value.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statements of comprehensive income.

#### *(i) Fair value in an active market (Level 1)*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Schemes is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Schemes hold derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

## **8 Fair value measurements (continued)**

### *(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)*

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Schemes would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

### *Valuation process for Level 3 valuations*

Valuations are the responsibility of the Board of Directors of the Responsible Entity.

The investment committee considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods are applied to support the valuation arising from the method chosen. Any changes in valuation methods are discussed and agreed with the Responsible Entity's Board of Directors.

The valuations are also subject to quality assurance procedures performed within the valuation department. The valuation department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the four preceding quarters as well as with the valuations of the two preceding annual periods. If fair value changes (positive or negative) are more than certain thresholds set, the changes are further considered by the investment committee.

There were no changes in valuation techniques during the half-year

## 8 Fair value measurements (continued)

### (iii) Recognised fair value measurements

The tables below set out the Schemes' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy as at 31 December 2021 and 30 June 2021.

Australian Share Fund	Level1 \$'000	Level2 \$'000	Level3 \$'000	Total \$'000
<b>As at 31 December 2021</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Listed equities	1,634,384	-	-	1,634,384
Listed unit trusts	55,081	-	-	55,081
Preference shares	1,780	-	-	1,780
Options	331	-	-	331
<b>Total</b>	<b>1,701,576</b>	<b>-</b>	<b>-</b>	<b>1,701,576</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Futures	315			315
Options	188			188
<b>Total</b>	<b>503</b>			<b>503</b>
<b>As at 30 June 2021</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Listed equities	1,723,221			1,723,221
Listed unit trusts	59,799			59,799
Futures	260			260
<b>Total</b>	<b>1,783,280</b>			<b>1,783,280</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Options	26			26
<b>Total</b>	<b>26</b>			<b>26</b>

## 8 Fair value measurements (continued)

(iii) Recognised fair value measurements (continued)

Equity Income Fund	Level1 \$'000	Level 2 \$'000	Level3 \$'000	Total \$'000
<b>As at 31 December 2021</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Listed equities	435,612	-	-	435,612
Listed unit trusts	25,620	-	-	25,620
Preference shares	2,614	-	-	2,614
Floating rate notes	-	5,185	-	5,185
<b>Total</b>	<b>463,846</b>	<b>5,185</b>	<b>-</b>	<b>469,031</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Options	3,439	-	-	3,439
<b>Total</b>	<b>3,439</b>	<b>-</b>	<b>-</b>	<b>3,439</b>
<b>As at 30 June 2021</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Listed equities	414,179	-	-	414,179
Listed unit trusts	40,387	-	-	40,387
Floating rate notes	-	5,239	-	5,239
<b>Total</b>	<b>454,566</b>	<b>5,239</b>	<b>-</b>	<b>459,805</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Futures	11	-	-	11
Options	3,571	-	-	3,571
<b>Total</b>	<b>3,582</b>	<b>-</b>	<b>-</b>	<b>3,582</b>

**8 Fair value measurements (continued)**

*(iii) Recognised fair value measurements (continued)*

<b>Future Leaders Fund</b>	<b>Level1 \$'000</b>	<b>Level2 \$'000</b>	<b>Level1 \$'000</b>	<b>Total \$'000</b>
<b>As at 31 December 2021</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Listed equities	453,695			453,695
Listed unit trusts	30,115			30,115
<b>Total</b>	<b>483,810</b>			<b>483,810</b>
As at 30 June 2021				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Listed equities	435,443			435,443
Listed unit trusts	34,579			34,579
<b>Total</b>	<b>470,022</b>			<b>470,022</b>

## 8 Fair value measurements (continued)

(iii) Recognised fair value measurements (continued)

Smaller Companies Fund	Level1 \$'000	Level2 \$'000	Level3 \$'000	Total \$'000
<b>As at 31 December 2021</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Listed equities	131,161			131,161
Listed unit trusts	10,920			10,920
<b>Total</b>	<b>142,081</b>			<b>142,081</b>
As at 30 June 2021				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Listed equities	137,648			137,648
Listed unit trusts	13,985			13,985
<b>Total</b>	<b>151,633</b>			<b>151,633</b>



## **8 Fair value measurements (continued)**

### *(iv) Transfers between levels*

There were no transfers between levels during the half-year ended 31 December 2021 and 30 June 2021.

### *(v) Movement in level 3 instruments*

There were no movements in the fair value of the level 3 investments held as at 31 December 2021 and 30 June 2021.

### *(vi) Fair value of financial instruments not carried at fair value*

The carrying value less expected credit loss of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the Mure contractual cash flows at the current market interest rate that is available to the Schemes for similar financial instruments.

## **9 Events occurring after the reporting period**

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Schemes disclosed in the statements of financial position as at 31 December 2021 or on the results and cash flows of the Schemes for the half-year ended on that date.

## **10 Contingent assets and liabilities and commitments**

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2021 and 30 June 2021.

**Directors' declaration**

In the opinion of the directors of the Responsible Entity:

(a) The financial statements and notes set out on pages 7 to 24 are:

- (i) complying with Australian Accounting Standards, MSB *134 Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the Schemes' financial position as at 31 December 2021 and of their performance for the financial period ended on that date; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and

(c) there are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Damon Hambly  
Director

Sydney  
10 March 2022



**Building a better  
working world**

Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
ey.com/au

## **Independent auditor's review report to the unitholders of Investors Mutual Limited's Managed Investment Schemes**

### **Conclusion**

For the following Schemes (collectively referred to as "the Schemes"):

Investors Mutual Australian Share Fund;  
Investors Mutual Equity Income Fund;  
Investors Mutual Australian Smaller Companies Fund; and  
Investors Mutual Future Leaders Fund.

We have reviewed the accompanying half-year financial reports of the Schemes, which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial reports of the Schemes does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Schemes' financial positions as at 31 December 2021 and of their financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Basis for conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Schemes in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### **Directors' responsibilities for the half-year financial report**

The directors of the Investors Mutual Limited, as the Responsible Entity of the Schemes, are responsible for the preparation of the half-year financial reports that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibilities for the review of the half-year financial report**

Our responsibility is to express a conclusion on the half-year financial reports based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us



**Building a better  
working world**

believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Schemes' financial positions as at 31 December 2021 and their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not **express** an audit opinion.

*[,W,I-,. YOMt*  
Ernst & Youngd

***Ik SI***

Luke Slater  
Partner  
Melbourne  
10 March 2022