

12 July 2022

IML Funds' 30 June 2022 Distributions

We are pleased to advise that on 12 July 2022 all IML Funds will pay their final distributions to investors for the year ended 30 June 2022.

The following table shows these 30 June distributions as well as details of the 2021/22 full year cash distributions, franking levels, and distribution yields.

IML Fund	APIR	30 June Distribution (cpu)	Total full-year Distribution (cpu)	Franking Level*	Full-year Distribution Yield (net)**
Investors Mutual Australian Share Fund	IML0002AU	25.5337	31.5337	30.15%	10.66%
Investors Mutual All Industrials Share Fund	IML0004AU	12.5755	16.5755	25.23%	10.16%
Investors Mutual Concentrated Australian Share Fund	IML0010AU	1.3015	3.3015	84.88%	1.77%
Investors Mutual Future Leaders Fund	IML0003AU	8.6588	11.6588	20.78%	10.28%
Investors Mutual Australian Smaller Companies Fund	IML0001AU	19.1897	26.1897	13.46%	14.37%
Investors Mutual Small Cap Fund	IML0006AU	1.7729	2.7729	110.44%	1.77%
Investors Mutual Equity Income Fund	IML0005AU	1.6861	5.7861	45.86%	6.53%
Investors Mutual Private Portfolio Fund	IML2681AU	4.4666	6.4666	31.36%	6.38%

Franking level based on total distribution, refer to table attached for complete tax breakdown of distributions

*** Full-year distribution as a percentage of the application (ex) price as at 30 June 2021*

After reaching new all-time highs in the first half of the financial year, escalating concerns over inflation and rising interest rates led to a sharp reversal in stock markets around the world. The Australian stockmarket, as measured by the ASX 300 Accumulation Index, finished the year down 7.6 % — the second negative return recorded in the last ten years. The Smaller Companies Index was particularly hard hit, with the Small Ordinaries Accumulation Index recording a 19.5% fall, led by heavy falls in many speculative companies, including some previously high-flying technology companies.

It is pleasing to note that all of IML's funds outperformed their respective benchmarks, with our large cap funds even managing to eke out a positive return in what was a very challenging 12-month period.

Comments re distribution for the period ending 30 June 2022

- This year's distributions for the majority of our funds are much higher than last year as they include the distribution of capital gains from a number of takeovers of many of our large, long-term holdings such as AusNet Services, Spark Infrastructure, Crown Resorts and Australian Pharmaceutical Industries (API). These takeovers were a great result for unitholders in our funds.
- Another contributor to the increased distribution was the sale of some of our key holdings as they rose to what we considered were fully-priced levels. Thus, over the financial year we took profits on companies such as Event Hospitality, Incitec Pivot and CSL after they rallied strongly.

- It is important to note that IML remains a long-term investor in stocks and our Funds continue to be managed on a low turnover basis with most stocks held for three to five years on average. This means that the vast majority of any realised gains portion of the distributions paid to our investors is subject to the 50% capital gains tax discount.
- The Investors Mutual Equity Income Fund continues to deliver on its objective of paying its unitholders a consistent, quarterly income sourced from dividends received from holdings in the fund, as well as through very prudent options strategies – with the recent volatility helping greatly in this regard.
- The current volatility in sharemarkets is providing us with the opportunity to invest the proceeds into high-quality companies where the valuations are now becoming more attractive given the broad sell off in equities. There are a number of companies, and sectors, that we are monitoring extremely closely with a view to us buying at what we believe will be very attractive entry points.

The table on the final page provides the tax components for distributions from our Funds.

Outlook

Markets are likely to remain volatile and uncertain in the near future, given the concerns over high inflation and rising interest rates. Central banks are now being tested with the task of bringing down the level of inflation while not pushing economies into recession. The gap between inflation and interest rates remains significant and until inflation starts showing signs of returning to more normal levels, we are likely to see continued sharemarket uncertainty.

The positive news for IML clients is that in these market conditions investors are refocusing on fundamentals, which suits our prudent investment style. Our portfolios have proved relatively resilient amid the recent market turmoil, and we continue to remain disciplined and to stay true to the quality and value investing style that has provided attractive and less volatile returns for our clients through various market cycles for more than two decades.

While the drop in markets has, of course, impacted our portfolios, we remain defensively positioned in well established, profitable companies with strong balance sheets. We will continue to look for opportunities to own companies that we believe possess a strong competitive advantage, a recurring earnings stream, experienced and capable management, and the ability to grow their earnings over time. We also want to buy these companies at a reasonable price and so look forward to investing as market opportunities present themselves.

On behalf of the team at IML, I would like to thank you once again for your continuing support, and offer our best wishes for the remainder of 2022.

Yours sincerely



Anton Tagliaferro
Investment Director
Investors Mutual Limited

Components of full-year distribution - 30 June 2022

IML Fund	APIR	Dividend Income	Interest Income	Other Income	Foreign Income	Net Capital Gains	AMIT Cost Base Decrease*	NANE Income **
Investors Mutual Australian Share Fund	IML0002AU	27.19%	0.16%	1.35%	2.56%	64.66%	0.84%	3.24%
Investors Mutual All Industrials Share Fund	IML0004AU	22.63%	0.51%	0.80%	1.74%	64.66%	1.38%	3.18%
Investors Mutual Concentrated Australian Share Fund	IML0010AU	73.54%	0.69%	1.48%	18.37%	0.00%	5.92%	0.00%
Investors Mutual Future Leaders Fund	IML0003AU	15.37%	0.17%	0.00%	1.15%	80.65%	2.57%	0.00%
Investors Mutual Australian Smaller Companies Fund	IML0001AU	9.14%	0.01%	0.06%	0.60%	88.24%	1.95%	0.00%
Investors Mutual Small Cap Fund	IML0006AU	66.12%	0.28%	0.50%	3.81%	13.40%	15.89%	0.00%
Investors Mutual Equity Income Fund	IML0005AU	46.65%	2.41%	42.87%	2.98%	0.64%	4.45%	0.00%
Investors Mutual Private Portfolio Fund	IML2681AU	27.98%	1.82%	43.95%	1.65%	15.81%	4.74%	4.05%

*Under the new AMIT tax regime, previously distributed "tax deferred income" is now known as "AMIT cost base decrease".

**Under the new AMIT tax regime, Non Assessable Non Exempt income ("NANE") will require cost base adjustment. Refer to the AMMA Statement for tax treatment.

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