

6th July 2018

IML Funds' 30 June 2018 Distributions

This year marks the 20th year in which IML has been managing investors' funds. Since our inception in 1998, IML's funds have always paid consistent distributions to our investors.

We are pleased to announce that on 9th July all of IML's Funds will pay investors their final distributions for the year ended 30 June 2018.

The distributions for the June period as well as the total for 2017/18 financial year are shown below:

IML Fund	APIR	30 June Distribution (cpu)	Total full year distribution (cpu)	Franking level*	Distribution Yield for Full Year (net)**
Australian Share Fund	IML0002AU	9.7779	15.7779	50.42%	5.06%
All Industrials Share Fund	IML0004AU	11.4511	17.4511	33.99%	9.61%
Concentrated Australian Share Fund	IML0010AU	2.9387	4.9387	36.17%	2.81%
Future Leaders Fund	IML0003AU	9.1235	12.6235	30.70%	10.73%
Smaller Companies Fund	IML0001AU	19.5765	24.5765	31.54%	12.52%
Small Caps Fund	IML0006AU	15.2359	18.2359	28.04%	12.18%
Equity Income Fund	IML0005AU	2.8965	8.3965	27.53%	7.64%

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

** Full year distribution as a percentage of the application price as at 30 June 2017

Distribution Comments:

- Distributions from all IML funds, continue to be relatively consistent, in keeping with IML's long-term skew to quality industrial companies which pay a consistent and reliable income stream.
- This year, distributions from many funds contain realised capital gains as we took profits prudently on stocks that we believe reached full value during the year. These included large cap companies like Origin, CSL and IAG and small caps like Bravura, Pinnacle and Flight Centre.
- In addition, a number of key holdings, including Westfield, LifeHealthcare and Tox Free Solutions, were the subject of takeovers during the year, which also added to our realised gains.
- The IML Equity Income Fund continues to deliver on its objective of paying a consistently high level of quarterly income to its unit holders, derived from dividends received from the holdings in the Fund and complemented by the prudent use of options.

The table attached to this letter provides a detailed breakdown of the tax components for the distributions from all our Funds.

Outlook

We are currently seeing synchronised economic growth globally, supported by continued near-historic low interest rates in Australia and many parts of the world, and volatility, until recently, has been at all-time lows. Sharemarkets are dominated by short term earnings momentum and investors are paying big premiums for growth, with little regard for potential risks.

With the market in its tenth year of its recovery, and volatility returning to the market, IML is investing with caution. We always have an eye on the downside risks.

IML's portfolios remain prudently well positioned in good quality companies, underpinned by reasonable valuations – with upside potential, sustainable earnings from a diverse range of sectors, solid and consistent levels of franked dividends, and cash ready to take advantages of market volatility. As always, we continue to strive to do the best job we can for our clients.

The past 12 months has been a challenging relative return environment for IML funds, with upward momentum in the market taking many companies' valuations beyond their fundamentals. We continue to pride ourselves on our strict adherence to the IML investment mantra which has defined our approach to investing for the past 20 years – through all market cycles. That is to buy and own companies with a ***competitive advantage, with recurring earnings, run by capable management, that can grow, at a reasonable price.***

Yours sincerely,



Anton Tagliaferro
Investment Director
Investors Mutual Limited



Components of full year distribution - 30 June 2018

Components of full year Distribution - 30 June 2018							
IML Fund	APIR	Dividend Income	Interest Income	Other Income	Foreign Income	Net Capital Gains	AMIT Cost Base Decrease*
Australian Share Fund	IML0002AU	37.87%	4.05%	-	6.46%	47.90%	3.72%
All Industrials Share Fund	IML0004AU	29.12%	2.79%	-	2.14%	63.97%	1.98%
Future Leaders Fund	IML0003AU	25.72%	2.64%	0.87%	3.62%	64.33%	2.82%
Small Caps Fund	IML0006AU	22.22%	1.80%	1.23%	2.97%	69.40%	2.38%
Smaller Companies Fund	IML0001AU	26.34%	1.29%	1.47%	3.42%	65.33%	2.15%
Equity Income Fund	IML0005AU	28.05%	6.67%	34.91%	2.32%	24.86%	3.19%
Concentrated Australian Share Fund	IML0010AU	28.36%	9.15%	2.44%	12.79%	37.94%	9.32%

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