

5 July 2019

IML Funds' 30 June 2019 Distributions

IML has been managing investors' funds for 21 years and since our inception in 1998, IML's funds have consistently paid distributions to our Funds' investors.

We are pleased to announce that, on 8th July, all IML Funds will pay investors their final distributions for the year ended 30 June 2019.

Distributions for the June period, as well as the 2018/19 financial year total, are shown below:

IML Fund	APIR	30 June Distribution (cpu)	Total Full-year Distribution (cpu)	Franking Level*	Full-year Distribution Yield (net)**
Australian Share Fund	IML0002AU	18.6902	24.6902	39.55%	7.91%
All Industrials Share Fund	IML0004AU	10.5328	16.5328	35.25%	9.67%
Concentrated Australian Share Fund	IML00010AU	3.7821	6.0321	31.38%	3.46%
Future Leaders Fund	IML0003AU	4.2590	7.7590	51.22%	6.60%
Australian Smaller Companies Fund	IML0001AU	10.8768	15.8768	44.71%	8.27%
Small Cap Fund	IML0006AU	7.0266	10.5266	50.10%	7.06%
Equity Income Fund	IML0005AU	2.3323	8.0323	39.60%	7.64%

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 price as at 30 June 2018*

Distribution Comments

- This year's distributions for many of our Funds, such as the Australian Share Fund and the All Industrials Fund, are larger than usual as they include realised capital gains on stocks such as CSL and Transurban. These stocks rallied strongly over the year and, as they approached our full valuation levels, we crystallised some profits by trimming our holdings. Trade Me was also subject to a takeover bid during the year. The bid was well above our entry price and added to our realised gains.
- In the small and mid-cap sector, we realised gains on stocks such as Bravura, Contact Energy and Flight Centre as we believed these stocks traded at or above our valuation levels at the time of sale. Among our holdings in our Small Cap and Future Leaders Funds, Gazal and Sirtex Medical were also acquired by offshore buyers at very good prices and contributed to our realised gains.
- Please note that, as IML tends to be a low turnover manager that holds stocks for three to five years on average, that the vast majority of the realised gain portion of the distributions made to investors is subject to the 50% capital gains tax discount.

- The IML Equity Income Fund continues to deliver consistent, quarterly income to its unit holders, derived in the main from dividends received from holdings in the Fund complemented by the prudent use of ASX exchange-traded options. In the context of the current low interest rate environment, income delivered for this past year was particularly attractive, although the Fund remained fairly defensively placed, with a high cash weighting particularly in the last 6 months of FY19 as the sharemarket rallied.

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

Outlook

As most investors would be aware, IML remains focused in all market conditions on holding companies that we believe offer quality and value.

While the returns on our Funds for FY19 have been largely positive, the past six months have been at times challenging in terms of IML's relative returns. Record low interest rates and the market's current short-term, momentum-driven focus has driven many stock valuations to what we believe are fairly high prices.

While we may have lagged the benchmark in several of our Funds over the last 12 months, we continue to remain disciplined and to adhere to IML's investment mantra which has kept our investors in good stead over the last 21 years through various market cycles.

As such, we continue to focus our Funds on companies we believe have the following attributes of:

- ***a strong competitive advantage***
- ***a recurring earnings stream***
- ***a capable management team***
- ***an ability to grow earnings over the medium to longer term***

and priced at what we assess as a reasonable price.

Yours sincerely,



Anton Tagliaferro
Investment Director - Investors Mutual Limited



Components of full-year distribution - 30 June 2019

IML Fund	APIR	Dividend Income	Interest Income	Other Income	Foreign Income	Net Capital Gains	AMIT Cost Base Decrease*
Australian Share Fund	IML0002AU	36.44%	2.40%	1.72%	5.18%	51.44%	2.82%
All Industrials Share Fund	IML0004AU	33.01%	2.31%	1.78%	2.59%	58.01%	2.30%
Concentrated Australian Share Fund	IML00010AU	28.22%	8.97%	5.08%	15.04%	37.06%	5.63%
Future Leaders Fund	IML0003AU	43.68%	2.97%	1.28%	5.99%	43.23%	2.85%
Australian Smaller Companies Fund	IML0001AU	36.98%	1.81%	1.49%	5.12%	53.50%	1.10%
Small Cap Fund	IML0006AU	40.73%	2.57%	1.40%	5.56%	47.30%	2.44%
Equity Income Fund	IML0005AU	40.58%	5.73%	27.83%	2.68%	18.82%	4.36%

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

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