

EQUITY INCOME FUND

QUARTERLY REPORT



30 JUNE 2025

The **Investors Mutual Equity Income Fund** provides exposure to a diversified portfolio of quality Australian shares for investors seeking a regular and relatively high-income stream and lower levels of volatility compared to the ASX300, along with some capital growth over time.

	1 MONTH	3 MONTHS	1 YEAR	3 YEARS^	5 YEARS^	10 YEARS^	SINCE INCEPTION^
Income	+1.5%	+1.6%	+6.5%	+6.8%	+6.8%	+7.3%	+8.1%
Growth	+0.1%	+4.2%	+3.3%	+2.3%	+4.2%	-0.8%	+0.0%
Total return*	+1.6%	+5.8%	+9.8%	+9.1%	+11.0%	+6.5%	+8.1%
Benchmark**	+1.4%	+9.5%	+13.7%	+13.3%	+11.8%	+8.8%	+8.4%

^% Performance per annum. Inception date 1 January 2011 *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 Accumulation Index (ASX300).

FUND PERFORMANCE

- The **Equity Income Fund** was up +5.8% for the quarter, but could not keep pace with the benchmark's gain of +9.5% as investors chased growth in line with the optimistic mood. For financial year 2025 the fund returned a solid +9.8%. While this was disappointingly behind the benchmark's strong gain of +13.7%, mostly due to the fund's much smaller position in CBA, the fund comfortably achieved its primary objective, delivering income of 7.6% for FY25, including franking, compared to the benchmark's 5.2%.
- Markets plummeted early in the quarter after the "Liberation Day" US tariff announcements on 2 April and then rebounded sharply as many tariffs were delayed or walked back. Confidence continued to build over the quarter as interest rates were cut in many countries and investors largely ignored ongoing conflicts and geopolitical instability in Europe and the Middle East. All major global indices rose, led by the Nasdaq which climbed +18.0% as megacap tech recovered from a poor start to the year.
- The ASX 300 rose +9.5% for the quarter with the Information Technology sector strongest, +26.9%, as investors chased growth in line with the optimistic mood. Financials rose strongly, up +15.7%, with CBA leading the big banks to ever-higher valuations. Materials was the only negative sector, easing -0.4% as the big miners fell on declining iron ore prices due to lower Chinese steel production.
- Many of the Fund's holdings performed well for the quarter including Metcash, +23.7%, Brambles, +16.9%, Orica, +16.3%, Telstra, +15.0% and Santos, +15.0%. CSL had a disappointing quarter, down -3.9%, partly due to concerns around tariffs and lower flu sales in the US. We believe its longer-term prospects remain positive and its valuation looks attractive, with double-digit earnings growth expected over the next 3-5 years.
- The fund took advantage of early quarter volatility, and also responded to earnings announcements, by writing options on holdings such as BHP, Brambles, National Australia Bank and Orica.
- Over the quarter we trimmed our positions in Telstra, Brambles, NAB and Suncorp as they appreciated in value. We initiated a new position in Dalrymple Bay Infrastructure, which owns an essential port in QLD with 100% contracted revenues, annual CPI increases, good long-term prospects for growth and dividend yield over 6%.

FUND INCOME PERFORMANCE

	1 YEAR	3 YEARS^	5 YEARS^	10 YEARS^	SINCE INCEPTION^
Franking benefit	1.1%	1.3%	1.3%	1.2%	1.4%
Total return including franking	10.9%	10.4%	12.3%	7.7%	9.5%
Income return including franking	7.6%	8.1%	8.1%	8.5%	9.5%
ASX 300 Income Return including franking	5.2%	6.0%	5.5%	5.8%	5.8%

The total return including franking is based on the fund distributions, assumes a zero percent tax rate and both distribution and franking benefits are re-invested. The ASX 300 income return including franking is based on the S&P/ASX 300 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt).

STOCKS IN FOCUS

- **Orica (ORI)**, the global leader in explosives, rose +16.5% for the quarter after delivering a very strong first half result with profits up 40%. The result was driven by a combination of strong customer demand for its core blasting services, higher contract pricing and increased contributions from its chemicals and digital solutions businesses. In addition, ORI's balance sheet is strong allowing it to commence a \$400m share buyback.
- **Amtcor (AMC)**, the global packaging company, was disappointing, down -6.1% during the June quarter. While its third quarter earnings were broadly in line with expectations, it narrowed its full year 2025 guidance to the bottom half of its previously stated range. The business continues to experience varied demand conditions with modest volume growth in its Flexibles division offset by weaker volumes in its Rigid packaging division. We remain comfortable with our thesis on AMC and expect the integration with Berry to deliver solid double-digit earnings growth over the next few years driven by synergy realisation.
- **Metcash (MTS)**, a wholesaler to the independent food, liquor and hardware sectors under the brands IGA, Celebrations, Mitre 10 and Total tools, had a very strong quarter up 23.7% after delivering a better than expected FY25 result. MTS's food and liquor results were steady as expected but its hardware results demonstrated improvement in the 2nd half of the year giving investors more confidence in the outlook after the division had been suffering from a weak housing market.

OUTLOOK

- While uncertainty remains around US tariffs and the global economy, markets continued to gain in confidence over the quarter. We are cognisant that markets appear to be brushing aside the risk of major trade dislocations or a US economic slowdown resulting from tariffs (real or threatened) and maintain a cautious view on the global economy.
- Most leading indicators continue to point to economic weakness in the US and many other regions which should impact cyclical company earnings. IML's portfolios have navigated the volatility well so far and our focus on quality businesses with more defensive, recurring earnings positions us well for continued volatility and any slowdown in the global and Australian economies.

FUND FACTS

ARSN	107 095 438
APIR	IML0005AU
Inception	1 January 2011
Benchmark	S&P/ASX 300 Accumulation Index
FUM	\$516M
Investment Horizon	4-5 years
Minimum Initial Investment	A\$50,000
Minimum Additional Investment/ Redemption	A\$5,000
Distributions	Quarterly
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 (50-100%) Cash (0-50%)

FUND RATINGS

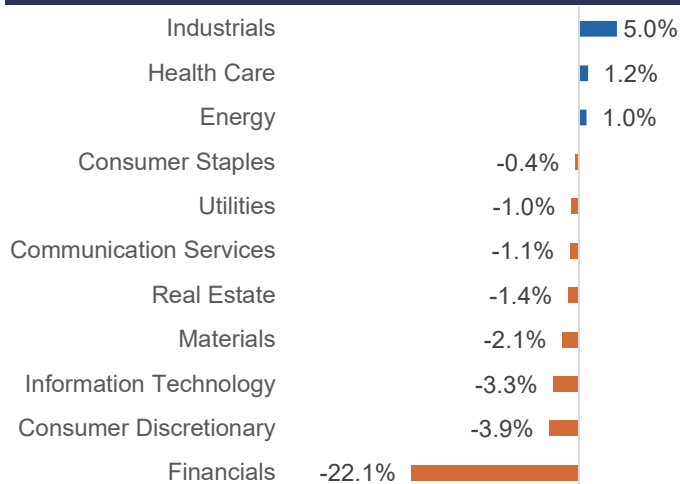
Morningstar	Bronze
Zenith	Recommended
Lonsec*	Recommended

*Visit lonsec.com.au/logo-disclosure for important information about this rating

Long-term investors in the Value and Income Fund which was restructured and renamed the Equity Income Fund on 1 January 2011 please see page 3.

PORTFOLIO DATA

ACTIVE SECTOR WEIGHTS

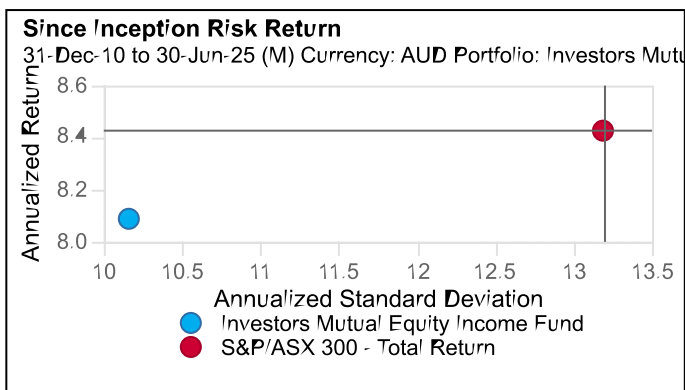


TOP 10 HOLDINGS

ASX CODE

BHP	BHP
Brambles	BXB
CSL	CSL
National Australia Bank	NAB
Charter Hall Retail REIT	CQR
Aurizon	AZJ
Amcor PLC	AMC
Steadfast	SDF
The Lottery Corporation	TLC
Telstra	TLS

FUND RISK-RETURN VS BENCHMARK



Since inception: 1 January 2011; Cumulative performance of the Fund vs its benchmark; Benchmark = S&P/ASX 300 Accumulation Index, Source: IML, Factset

SECURITY CATEGORY

EFFECTIVE EXPOSURE

Ordinary Shares	80.5
Call Options	-10.0
Put Options	1.4
Effective cash	28.1

PORTFOLIO CHARACTERISTICS

FUND BENCHMARK

No. of stocks	32	300
Portfolio turnover ¹	26%	NA
Portfolio Beta (since inception)	0.70	1.0

FRANKING LEVEL (%)²

FY25	FY24	FY23	FY22	FY21
41.8%	46.0%	46.4%	45.9%	28.8%

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.
²As per FSC standard

The Value and Income Fund was restructured and renamed the Equity Income Fund on 1 January 2011 where the strategy of the Fund was changed to not hold international shares and to focus on its current strategy of generating income for unitholders. If the performance of the two funds are combined the results would be as follows:

	Fund Return	Benchmark
Since Inception ^A 1 May 2004	+7.4%	+8.9%

^A% Performance per annum. Fund returns are calculated net of management fees and assuming all distributions are re-invested. Past performance is not a reliable indicator of future performance. Fund returns are the Value and Income Fund prior to 31 December 2010 and the Equity Income Fund from 1 January 2011. The benchmark is the UBS Bank Bill+2% benchmark prior to 31 December 2010 and S&P/ASX 300 Accumulation Index from 1 January 2011.



iml.com.au



trading@iml.com.au



1300 551 132

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