

Investors Mutual Limited
Managed Investment Schemes
Condensed interim reports - for the half-year ended 31 December 2019

Contents

	Page
Directors' report	3
Auditor's independence declaration	6
Statements of comprehensive income	7
Statements of financial position	8
Statements of changes in equity	9
Statements of cash flows	10
Notes to the financial reports	11
Directors' declaration	23
Independent auditor's report to the unitholders	24

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
Level 24
25 Bligh Street
Sydney, NSW 2000

The financial report consists of 4 separate Schemes:

Investors Mutual Australian Share Fund
ARSN 093 182 695

Investors Mutual Equity Income Fund
ARSN 107 095 438

Investors Mutual Australian Smaller Companies Fund
ARSN 093 182 471

Investors Mutual Future Leaders Fund
ARSN 093 182 828

Directors' report

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

Statutory name	Referred to in this document as
Investors Mutual Australian Share Fund	Australian Share Fund
Investors Mutual Equity Income Fund	Equity Income Fund
Investors Mutual Australian Smaller Companies Fund	Smaller Companies Fund
Investors Mutual Future Leaders Fund	Future Leaders Fund

present their report together with the financial reports of the Schemes for the half-year ended 31 December 2019 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
Level 24
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.

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

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
Cyril Marie (resigned 11 December 2019)
Beverly Bearden (appointed 11 December 2019)
Damon Hambly
Eric Ward

Directors' report (continued)

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		Smaller Companies Fund		Future Leaders Fund	
	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000
Net operating profit/(loss)	69,025	(137,140)	5,286	(37,557)	8,452	(12,391)	13,425	(52,556)
Distributions								
Distribution paid and payable	52,019	53,860	29,072	31,893	4,881	4,691	18,562	19,137
Distribution (cents per unit)	6.00	6.00	3.40	3.90	5.00	5.00	3.50	3.50

Rounding of amounts to the nearest thousand dollars

The Schemes are entities of the kind referred to in *ASIC Corporations (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, unless otherwise stated.

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 Board of Directors.



Anton Tagliaferro
Director

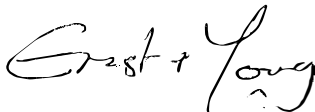
Sydney
5 March 2020

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 financial reports of the Schemes listed above for the half-year ended 31 December 2019, 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.



Ernst & Young



Darren Handley-Greaves
Partner
5 March 2020

Investors Mutual Limited
Managed Investment Schemes
Statements of comprehensive income
For the half-year ended 31 December 2019

Statements of comprehensive income

	Australian Share Fund		Equity Income Fund		Smaller Companies Fund		Future Leaders Fund	
	1 July 2019 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000	1 July 2019 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000	1 July 2019 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000	1 July 2019 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000
Investment income								
Interest income	743	1,164	955	1,515	133	154	239	550
Dividend/distribution income	56,456	62,136	16,756	17,548	4,006	4,824	13,633	16,553
Changes in the fair value of investments	27,090	(185,417)	(7,552)	(51,997)	5,289	(16,368)	2,842	(66,069)
Other operating income	-	18	5	3	14	15	36	21
Total investment income	84,289	(122,099)	10,164	(32,931)	9,442	(11,375)	16,750	(48,945)
Expenses								
Responsible entity's fees	14,056	14,007	4,265	4,120	873	905	2,945	3,199
Transaction costs	835	1,034	484	501	94	111	302	412
Other operating expenses	373	-	129	5	23	-	78	-
Total operating expenses	15,264	15,041	4,878	4,626	990	1,016	3,325	3,611
Operating Profit/(loss)	69,025	(137,140)	5,286	(37,557)	8,452	(12,391)	13,425	(52,556)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the half-year	69,025	(137,140)	5,286	(37,557)	8,452	(12,391)	13,425	(52,556)

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Investors Mutual Limited
Managed Investment Schemes
Statements of financial position
As at 31 December 2019

Statements of financial position

	Australian Share Fund		Equity Income Fund		Smaller Companies Fund		Future Leaders Fund	
	As at 31 December 2019 \$'000	As at 30 June 2019 \$'000	As at 31 December 2019 \$'000	As at 30 June 2019 \$'000	As at 31 December 2019 \$'000	As at 30 June 2019 \$'000	As at 31 December 2019 \$'000	As at 30 June 2019 \$'000
Assets								
Cash and cash equivalents	159,313	195,614	144,236	191,092	20,426	22,475	55,559	61,615
Other receivables	669	543	196	189	43	34	143	121
Due from brokers - receivable for securities sold	1,010	4,090	-	32,539	176	-	213	178
Applications receivable	330	1,137	180	1,061	103	28	240	471
Dividends/distributions receivable	4,146	9,466	1,331	4,270	121	316	413	918
Interest receivable	3	6	2	6	-	11	1	2
Financial assets held at fair value through profit or loss	5 2,616,932	2,744,505	696,212	694,115	157,537	154,447	527,524	550,024
Total assets	2,782,403	2,955,361	842,157	923,272	178,406	177,311	584,093	613,329
Liabilities								
Distributions payable	4 52,019	165,286	13,696	20,361	4,881	10,410	18,562	23,327
Due to brokers - payable for securities purchased	-	13,353	-	3,757	-	-	-	9
Redemptions payable	703	4,011	270	1,033	16	374	386	1,043
Other Payables	2,590	2,335	767	724	163	141	536	490
Financial liabilities held at fair value through profit or loss	6 470	4,414	8,162	11,983	-	-	-	-
Total liabilities	55,782	189,399	22,895	37,858	5,060	10,925	19,484	24,869
Net assets attributable to unitholders - equity	2,726,621	2,765,962	819,262	885,414	173,346	166,386	564,609	588,460

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

Investors Mutual Limited
Managed Investment Schemes
Statements of changes in equity
For the half-year ended 31 December 2019

Statements of changes in equity

	Australian Share Fund		Equity Income Fund		Smaller Companies Fund		Future Leaders Fund	
	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000
Total equity at the beginning of the half-year	2,765,962	2,795,701	885,414	807,078	166,386	176,206	588,460	624,436
Comprehensive income for the half-year								
Profit/(loss) for the half-year	69,025	(137,140)	5,286	(37,557)	8,452	(12,391)	13,425	(52,556)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	69,025	(137,140)	5,286	(37,557)	8,452	(12,391)	13,425	(52,556)
Transactions with unitholders								
Applications	3 204,624	237,689	114,277	136,688	17,049	21,199	63,321	80,964
Redemptions	3 (307,010)	(267,477)	(159,039)	(66,565)	(15,930)	(21,786)	(84,357)	(69,691)
Reinvestment of distributions	3 46,039	25,145	2,396	3,101	2,270	3,842	2,322	4,485
Distributions paid and payable	3 (52,019)	(53,860)	(29,072)	(31,893)	(4,881)	(4,691)	(18,562)	(19,137)
Total transactions with unitholders	(108,366)	(58,503)	(71,438)	41,331	(1,492)	(1,436)	(37,276)	(3,379)
Total equity at the end of the half-year	2,726,621	2,600,058	819,262	810,852	173,346	162,379	564,609	568,501

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

Investors Mutual Limited
Managed Investment Schemes
Statements of cash flows
For the half-year ended 31 December 2019

Statements of cash flows

	Australian Share Fund		Equity Income Fund		Smaller Companies Fund		Future Leaders Fund	
	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000
Cash flows from operating activities								
Proceeds from sale of investments	295,373	258,240	94,585	140,093	31,524	32,583	107,643	104,049
Purchase of investments	(154,927)	(257,432)	(79,273)	(192,846)	(29,500)	(34,410)	(82,345)	(131,647)
Transaction costs	(835)	(1,034)	(484)	(501)	(94)	(111)	(302)	(412)
Dividends/distributions received	61,776	71,410	19,695	21,557	4,200	5,459	14,144	18,292
Interest received	746	1,166	959	1,515	144	154	240	552
Other income received	-	18	5	3	15	15	36	21
Responsible Entity's fees paid	(13,928)	(14,006)	(4,222)	(4,083)	(852)	(916)	(2,927)	(3,230)
Payment of other expenses	(372)	-	(136)	(10)	(32)	-	(78)	-
Net cash inflow/(outflow) from operating activities	187,833	58,362	31,129	(34,272)	5,405	2,774	36,411	(12,375)
Cash flows from financing activities								
Proceeds from applications by unitholders	205,431	238,238	115,158	133,983	16,975	21,560	63,552	81,705
Payments for redemptions by unitholders	(310,318)	(269,645)	(159,802)	(67,233)	(16,289)	(21,894)	(85,014)	(70,183)
Distributions to unitholders	(119,247)	(62,771)	(33,341)	(35,103)	(8,140)	(14,239)	(21,005)	(44,241)
Net cash inflow/(outflow) from financing activities	(224,134)	(94,178)	(77,985)	31,647	(7,454)	(14,573)	(42,467)	(32,719)
Net increase/(decrease) in cash and cash equivalents	(36,301)	(35,816)	(46,856)	(2,625)	(2,049)	(11,799)	(6,056)	(45,094)
Cash and cash equivalents at the beginning of the half-year	195,614	195,071	191,092	119,945	22,475	31,416	61,615	111,754
Cash and cash equivalents at the end of the half-year	159,313	159,255	144,236	117,320	20,426	19,617	55,559	66,660

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

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.

	Constituted Date	Termination Date
Australian Share Fund	29 June 1998	28 June 2078
Equity Income Fund	17 November 2003	16 November 2083
Smaller Companies Fund	29 June 1998	28 June 2078
Future Leaders 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 5 March 2020. The directors of the Responsible Entity have the power to amend and reissue the condensed interim 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 the half-year ended 31 December 2019 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 normally included in an annual financial report. Accordingly, these reports are to be read in conjunction with the annual reports for the year 30 June 2019 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 2016/191*. 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 2019.

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.

3 Net assets attributable to unitholders

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

	1 July 2019 to 31 December 2019 No. ('000)	1 July 2018 to 31 December 2018 No. ('000)	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000
Australian Share Fund				
Opening balance	884,348	899,133	2,765,962	2,795,701
Applications	64,532	77,266	204,624	237,689
Redemptions	(96,610)	(86,819)	(307,010)	(267,477)
Units issued upon reinvestment of distributions	14,720	8,080	46,039	25,145
Distributions paid and payable	-	-	(52,019)	(53,860)
Profit/(loss) for the half-year	-	-	69,025	(137,140)
Closing balance	866,990	897,660	2,726,621	2,600,058
Equity Income Fund				
Opening balance	872,977	769,964	885,414	807,078
Applications	112,498	133,558	114,277	136,688
Redemptions	(157,764)	(64,883)	(159,039)	(66,565)
Units issued upon reinvestment of distributions	2,371	2,970	2,396	3,101
Distributions paid and payable	-	-	(29,072)	(31,893)
Profit/(loss) for the half-year	-	-	5,286	(37,557)
Closing balance	830,082	841,609	819,262	810,852

3 Net assets attributable to unitholders (continued)

	1 July 2019 to 31 December 2019 No. ('000)	1 July 2018 to 31 December 2018 No. ('000)	1 July 2019 to 31 December 2019 \$'000	1 July 2018 to 31 December 2018 \$'000
Smaller Companies Fund				
Opening balance	95,705	92,360	166,386	176,206
Applications	9,510	11,166	17,049	21,199
Redemptions	(8,895)	(11,710)	(15,930)	(21,786)
Units issued upon reinvestment of distributions	1,306	2,005	2,270	3,842
Distributions paid and payable	-	-	(4,881)	(4,691)
Profit/(loss) for the half-year	-	-	8,452	(12,391)
Closing balance	97,626	93,821	173,346	162,379
Future Leaders Fund				
Opening balance	547,710	534,072	588,460	624,436
Applications	47,189	70,357	63,321	80,964
Redemptions	(66,716)	(61,483)	(84,357)	(69,691)
Units issued upon reinvestment of distributions	2,162	3,826	2,322	4,485
Distributions paid and payable	-	-	(18,562)	(19,137)
Profit/(loss) for the half-year	-	-	13,425	(52,556)
Closing balance	530,345	546,772	564,609	568,501

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.

4 Distributions to unitholders

The distributions for the half-year were as follows:

	1 July 2019 to 31 December 2019 \$'000	1 July 2019 to 31 December 2019 CPU	1 July 2018 to 31 December 2018 \$'000	1 July 2018 to 31 December 2018 CPU
Australian Share Fund				
Distributions				
Distributions payable - December	52,019	6.00	53,860	6.00
	<u>52,019</u>		<u>53,860</u>	
Equity Income Fund				
Distributions				
Distributions paid - September	15,376	1.75	15,902	2.00
Distributions payable - December	13,696	1.65	15,991	1.90
	<u>29,072</u>		<u>31,893</u>	
Smaller Companies Fund				
Distributions				
Distributions payable - December	4,881	5.00	4,691	5.00
	<u>4,881</u>		<u>4,691</u>	
Future Leaders Fund				
Distributions				
Distributions payable - December	18,562	3.50	19,137	3.50
	<u>18,562</u>		<u>19,137</u>	

5 Financial assets held at fair value through profit or loss

	Australian Share Fund		Equity Income Fund		Smaller Companies Fund		Future Leaders Fund	
	As at	As at	As at	As at	As at	As at	As at	As at
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2019	2019	2019	2019	2019	2019	2019	2019
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets held at fair value through profit or loss								
Listed equities	2,401,463	2,457,715	609,725	589,597	146,049	140,580	476,564	489,956
Listed unit trusts	214,650	286,674	81,154	99,505	11,488	12,617	50,960	60,068
Floating rate notes	-	-	5,319	5,013	-	-	-	-
Fixed interest securities	-	-	-	-	-	1,250	-	-
Futures	753	-	-	-	-	-	-	-
Options	66	116	14	-	-	-	-	-
Total financial assets held at fair value through profit or loss	2,616,932	2,744,505	696,212	694,115	157,537	154,447	527,524	550,024

6 Financial liabilities held at fair value through profit or loss

	Australian Share Fund		Equity Income Fund		Smaller Companies Fund		Future Leaders Fund	
	As at	As at	As at	As at	As at	As at	As at	As at
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2019	2019	2019	2019	2019	2019	2019	2019
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities held at fair value through profit or loss								
Futures	-	140	-	-	-	-	-	-
Options	470	4,274	8,162	11,983	-	-	-	-
Total financial liabilities held at fair value through profit or loss	470	4,414	8,162	11,983	-	-	-	-

7 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).

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 included in the statement 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 Scheme is the current last price; the appropriate quoted market price for financial liabilities is the current asking price. When the Scheme holds 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 last price 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.

7 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 are 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 of the investment manager 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 other changes in valuation techniques during the half-year.

7 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 at 31 December 2019 and 30 June 2019:

Australian Share Fund	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
As at 31 December 2019				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	2,401,463	-	-	2,401,463
Listed unit trusts	214,650	-	-	214,650
Futures	753	-	-	753
Options	66	-	-	66
Total	2,616,932	-	-	2,616,932
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Options	470	-	-	470
Total	470	-	-	470
As at 30 June 2019				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	2,457,715	-	-	2,457,715
Listed unit trusts	286,674	-	-	286,674
Options	116	-	-	116
Total	2,744,505	-	-	2,744,505
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Futures	140	-	-	140
Options	4,274	-	-	4,274
Total	4,414	-	-	4,414

7 Fair value measurements (continued)

(iii) Recognised fair value measurements (continued)

Equity Income Fund	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
As at 31 December 2019				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	609,725	-	-	609,725
Futures	81,154	-	-	81,154
Floating rate notes	5,319	-	-	5,319
Options	14	-	-	14
Total	696,212	-	-	696,212
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Options	8,162	-	-	8,162
Total	8,162	-	-	8,162
As at 30 June 2019				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	589,597	-	-	589,597
Listed unit trusts	99,505	-	-	99,505
Floating rate notes	5,013	-	-	5,013
Total	694,115	-	-	694,115
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Options	11,983	-	-	11,983
Total	11,983	-	-	11,983

7 Fair value measurements (continued)

(iii) Recognised fair value measurements (continued)

Smaller Companies Fund	Level 1	Level 2	Level 3	Total balance
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2019				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	146,049	-	-	146,049
Listed unit trusts	11,488	-	-	11,488
Total	157,537	-	-	157,537

As at 30 June 2019

Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	140,580	-	-	140,580
Listed unit trusts	12,617	-	-	12,617
Fixed interest securities	-	-	1,250	1,250
Total	153,197	-	1,250	154,447

Future Leaders Fund

As at 31 December 2019

Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	476,564	-	-	476,564
Listed unit trusts	50,960	-	-	50,960
Total	527,524	-	-	527,524

As at 30 June 2019

Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	489,956	-	-	489,956
Listed unit trusts	60,068	-	-	60,068
Total	550,024	-	-	550,024

7 Fair value measurements (continued)

(iv) Transfers between levels

There were no transfers between levels during the half-year ended 31 December 2019 and 30 June 2019.

(v) Movement in level 3 instruments

The following table shows a reconciliation of the movement in fair value of the level 3 investments held as at 31 December 2019 and 30 June 2019:

	Smaller Companies Fund	
	As at	As at
	31 December	30 June
	2019	2019
	Fair value	Fair value
	\$'000	\$'000
Opening balance	1,250	-
Purchases	63	1,250
Sales	(1,313)	-
Transfers into/(out) from level 3	-	-
Gains/(losses) recognised in profit or loss	-	-
Closing balance	<u>-</u>	<u>1,250</u>
Total gains/(losses) for the period included in the statements of comprehensive income for financial assets and liabilities held at the end of the year	-	-

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

The carrying value less impairment provision 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 future contractual cash flows at the current market interest rate that is available to the Schemes for similar financial instruments.

8 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 2019 or on the results and cash flows of the Schemes for the half-year ended on that date.

9 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2019 and 30 June 2019.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 7 to 22 are:

- (i) complying with Accounting Standards, AASB 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 2019 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.



Anton Tagliaterra
Director

Sydney
5 March 2020

Independent Auditor's Review Report to the Unitholders of Investors Mutual Limited's Managed Investment Schemes

Report on the Condensed Half-Year Financial Report

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 consisting of the Schemes listed above, which comprises the statements of financial position as at 31 December 2019, the statements of comprehensive income, statements of changes in net assets attributable to unitholders and statements 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, nothing has come to our attention that causes us to believe that the half-year financial reports of the Schemes is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Schemes' financial positions as at 31 December 2019 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*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

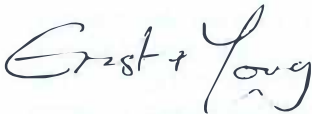
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 position as at 31 December 2019 and their financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Schemes, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Auditor's Responsibility (cont.)

A review of a half-year financial reports 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Darren Handley-Greaves
Partner
Sydney
5 March 2020