

Quality and Value Investing

September 2020

Investors Mutual Limited (IML) was established in 1998 as an Australian equities fund manager focused on building portfolios of companies that represent both 'quality and value'.

IML's highly-awarded, prudent investment style has a long-term focus and aims to deliver consistent returns for clients.

Investment philosophy

IML's investment philosophy is based on the premise that a company's share price will ultimately always reflect its underlying value over the long-term.

We believe that markets are not fully efficient and there will be times when a company's share price will not reflect what we believe to be that company's true underlying value.

Such situations provide our investment team with the opportunity to build long-term portfolio positions in quality companies at attractive valuations.

Our approach to investing

Focusing on both **quality and value**, IML has an active, 'bottom-up' approach to identifying, researching and valuing companies.

We look to invest in companies that have the following characteristics:

- a **competitive advantage**,
- clearly identifiable, **recurring earnings**,
- that are run by **capable management**,
- that can **grow earnings** and consequently their **dividends** over time, and
- that are **reasonably priced**.

What is value investing?

The sharemarket can be emotional in the short term, while being more rational in the long term. Investors can become overly optimistic or overly negative about a company's prospects for a wide range of reasons. This can lead investors to pay too much for companies, driving up their share prices and valuations. On the flipside, the share prices of the out-of-favour companies can often fall well below the true value of the company.

Value-style investors seek to take advantage of these potential disconnects. Value investors seek out companies which in their view have share prices which are inexpensive relative to their assessment of the company's long-term fundamental value. This value is based on measures such as cashflows, profits, earnings, sales, and the assets the company owns. By not overpaying for companies, value investors seek to make a reasonable gain as the share price rerates and appreciates in price to reflect the true value of the company.

What to expect of a Value Manager:



Reasonable **capital growth** over time



Resilience in falling markets



Less volatility than the overall sharemarket



Consistent income



Tax effective income & total return



“ *Investors Mutual Australian Share [Fund]’s shrewd investors and a class-leading process make this strategy one of our favourites in the value space.* ”

Morningstar Global Fund Report
Publish Date: September 10, 2020
Investors Mutual Australian Share Fund

Our investment team

For over 20 years, IML has built a strong and consistent investment culture with a focus on research and stockpicking

We believe there will always be a role in investors’ portfolios for an active fund manager like IML which is prepared to deviate from the index and focus on picking stocks to construct portfolios of well-researched, quality companies.

Our team of Portfolio Managers and investment analysts is led by people with long-term industry experience.

We believe this gives IML the ability to successfully manage clients’ money for another 20 years and beyond.



Anton Tagliaferro

Investment Director

Founded IML: 1998

Investment experience: 35 years



Hugh Giddy

Senior Portfolio Manager & Head of Investment Research

Joined IML: 2010

Investment experience: 29 years



Simon Conn

Senior Portfolio Manager

Joined IML: 1998

Investment experience: 25 years

Further Information

For more information about Investors Mutual Limited, please contact your financial adviser, or call us on 1300 551 132 or visit iml.com.au

iml.com.au

**IML INVESTORS
MUTUAL LTD**

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