

5 January 2021

IML Funds’ 31 December 2020 Distributions

We are pleased to advise that IML’s Funds will pay their distributions to investors for the half year ended 31 December 2020 on Thursday 7th January 2021, as shown in the table below:

IML Fund Name	APIR Code	31 December Distribution (cents per unit)
Investors Mutual Australian Share Fund	IML0002AU	3.00
Investors Mutual All Industrials Share Fund	IML0004AU	1.20
Investors Mutual Concentrated Australian Share Fund	IML00010AU	1.00
Investors Mutual Future Leaders Fund	IML0003AU	1.00
Investors Mutual Australian Smaller Companies Fund	IML0001AU	1.50
Investors Mutual Small Cap Fund	IML0006AU	1.00
Investors Mutual Equity Income Fund [#]	IML0005AU	1.40
Investors Mutual Private Portfolio Fund	IML2681AU	nil

distribution for the Investors Mutual Equity Income Fund is for the quarter end

As you would be aware, when the Funds’ unit prices are quoted ex-distribution, the unit prices will fall by the amount of the distributions paid (as outlined above).

The December quarter reports and commentaries for each of our Funds will be published by mid-January 2021.

Investment Performance and Outlook

The year 2020 will go down in history as one of the most unpredictable on record for investors.

After starting the year on an optimistic note with many sharemarkets hitting record highs, global sharemarkets tumbled in March as COVID-19 was declared a global pandemic and governments around the world, including Australia’s, imposed travel bans and shutdowns across many sectors of their economies.

To counter the economic impact from the pandemic, most central banks around the world cut rates to record lows while also embarking on huge quantitative easing and other measures to ensure their banking systems held up in the face of the huge economic fallout of the closure of many parts of the economy. On top of these actions from central banks most governments around the world embarked on huge fiscal programmes designed to cushion the economy from the impact of the shutdowns.

In Australia, during 2020 the Reserve Bank embarked on quantitative easing programmes for the first time in its history while also cutting its overnight cash rate to a record low of 0.10%. The Australian Federal and State Governments simultaneously introduced a variety of income support measures to support the many businesses and individuals through the introduction of programmes such as JobKeeper and JobSeeker.

As a result of these actions, global sharemarkets recovered from their March lows to finish the calendar year strongly buoyed by the US Presidential election results, the start of a rollout of the vaccine as well as a resolution to the UK's trade deal with the EU. The US stockmarket led the rally and actually closed 2020 at record highs led by the Nasdaq as many technology stocks soared.

While sharemarkets around the world recovered strongly as the year progressed thanks to central bank and government actions as well as optimism for an improved economic outlook in 2021, many companies' profitability and dividends were severely impacted by the economic turmoil during 2020. Profits and dividends fell across most sectors and while anything linked to the travel and hospitality industries recorded the brunt of the falls, banks, insurers and REITS were also severely impacted during 2020, all reporting profit and dividend cuts.

As a result of all this, while our Funds recovered most of the losses recorded during March, the reduced distributions in this half-year, relative to prior years, are a reflection of the underlying cuts in dividends of many of the stocks held in our portfolio.

We remain confident in the quality of these companies' businesses, and in their ability to resume paying good dividends as economic conditions normalise going forward.

While the performance of the sharemarket over recent times has often been driven by many speculative or 'concept' stocks and this has impacted on our relative performance, we continue to invest in companies that we believe possess the attributes we have always sought – a strong competitive advantage; recurring, predictable earnings; experienced and capable management teams; the ability to grow their earnings over the next three to five years; and that based on our research are trading at a reasonable valuation.

I thank you for your continuing support, and wish you a more predictable, happy, healthy and prosperous new year.

Yours sincerely



Anton Tagliaferro
Investment Director
Investors Mutual Limited

