

8 July 2020

IML Funds' 30 June 2020 Distributions

We are pleased to advise that IML's Funds will pay their final distributions to investors for the year ended 30 June 2020 on 10 July 2020.

Distributions for the June period as well as the total for each Fund for the 2019/20 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	12.8243	18.8243	41.55%	6.00%
All Industrials Share Fund	IML0004AU	3.2597	7.2597	57.86%	4.40%
Concentrated Australian Share Fund	IML00010AU	2.4025	4.6525	54.48%	2.54%
Future Leaders Fund	IML0003AU	0.3324	3.8324	85.51%	3.56%
Australian Smaller Companies Fund	IML0001AU	2.8710	7.8710	71.20%	4.52%
Small Cap Fund	IML0006AU	0.2833	3.7833	105.94%	2.83%
Equity Income Fund	IML0005AU	1.8799	6.8299	36.15%	6.72%
Private Portfolio Fund	IML2681AU	5.3332	5.3332	36.23%	5.35%

*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 2019.

Following record highs set by sharemarkets during February 2020, world sharemarkets corrected significantly during the balance of the March quarter as the COVID-19 pandemic caused governments around the world to implement shutdowns across many sectors as well as travel bans. The resulting economic downturn prompted massive central bank intervention and fiscal stimulus by governments around the world which helped sharemarkets rally over the June quarter and helped them finish the financial year on a positive note despite the somewhat uncertain outlook.

Distribution Comments

- FY 19/20's distributions for several of our large cap Funds, such as the Australian Share Fund, the All Industrials Share Fund, and the Concentrated Australian Share Fund, are high as they contain realised gains on stocks such as CSL and Commonwealth Bank which we trimmed as they approached what we considered to be full valuation levels.
- Distributions for our Australian Smaller Companies, and Future Leaders Funds include realised capital gains on stocks such as RuralCo, which was taken over, while they also include realised

gains on stocks such as Centuria and Integral Diagnostics as we reduced our holdings as these companies rallied strongly towards what we considered to be fairly full valuations.

- The IML Equity Income Fund continues to deliver consistent quarterly income to its unitholders sourced from dividends received from holdings in the Fund as well as from the prudent use of ASX exchange-traded options. The benefits of the diverse sources of income were highly apparent this year, as many companies such as the major banks and certain REITs suspended or cancelled dividends due to the uncertainty because of the impact of COVID-19 and the Fund maintained its distributions thanks to the income earned from selling ASX traded options.
- It is important to note that IML tends to be a long-term investor with low turnover in all of its core Funds which generally hold stocks for three to five years on average. This may mean that the majority of the realised gain portion of the distributions paid to investors is subject to the 50% capital gains tax discount¹.

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

Outlook

While global and local sharemarkets rallied strongly following the March quarter correction thanks to the huge fiscal and monetary actions by governments and central banks around the world, the economic outlook remains uncertain. The length of the global economic downturn as well as the strength and sustainability of the expected recovery remain difficult to forecast accurately at this stage.

We continue to invest in companies that we believe offer good value and which we believe have the attributes IML has always sought – a strong competitive advantage, a recurring earnings stream and run by an experienced and capable management team with an ability to grow earnings over the medium to longer term.

We continue to remain disciplined and to adhere to our investment mantra which have served our investors well through various market cycles over the last 22 years.

We thank you for your continuing support.

Yours sincerely



Anton Tagliaferro
Investment Director - Investors Mutual Limited



Components of full-year distribution - 30 June 2020

IML Fund	APIR	Dividend Income	Interest Income	Other Income	Foreign Income	Net Capital Gains	AMIT Cost Base Decrease*
Australian Share Fund	IML0002AU	33.18%	0.62%	0.00%	5.27%	59.13%	1.80%
All Industrials Share Fund	IML0004AU	44.19%	1.35%	0.00%	3.80%	46.78%	3.88%
Concentrated Australian Share Fund	IML00010AU	55.07%	3.45%	6.08%	12.96%	20.62%	1.82%
Future Leaders Fund	IML0003AU	76.48%	2.11%	0.00%	8.16%	12.54%	0.71%
Australian Smaller Companies Fund	IML0001AU	56.44%	2.19%	0.00%	8.30%	31.08%	1.99%
Small Cap Fund	IML0006AU	86.35%	2.73%	0.00%	10.03%	0.00%	0.89%
Equity Income Fund	IML0005AU	40.15%	2.68%	50.44%	3.05%	0.00%	3.68%
Private Portfolio Fund	IML2681AU	42.25%	6.70%	45.10%	1.32%	0.00%	4.63%

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

This information is general financial product advice. It has been prepared without taking account of an investor's objectives, financial situation or needs. You should obtain a Product Disclosure Statement (PDS) relating to the financial products mentioned in this communication issued by Investors Mutual Limited AFSL 229988 and consider it before making any decision about whether to acquire or continue to hold these products. A copy of the PDS is available upon request or on our website. Past performance is not a reliable indicator of future performance.

¹Any general tax information provided in this publication is intended as a guide only and is based on our general understanding of taxation laws. It is not intended to be a substitute for specialised taxation advice or an assessment of your liabilities, obligations or claim entitlements that arise, or could arise, under taxation law, and we recommend you consult with a registered tax agent.