

31 MARCH 2024

The **Investors Mutual Small Cap Fund** provides exposure to an actively managed portfolio of quality shares predominantly outside the ASX top 100, with selective exposure to companies outside the top 50. The Fund aims to provide attractive investment opportunities for investors seeking medium to long term capital growth with income.

	1 MONTH	3 MONTHS	1 YEAR	3 YEARS [^]	5 YEARS [^]	10 YEARS [^]	SINCE INCEPTION [^]
Total return*	+4.5%	+9.7%	+24.2%	+7.2%	+7.3%	+9.7%	+9.0%
Benchmark**	+4.8%	+7.5%	+13.8%	+2.7%	+5.4%	+6.7%	+2.5%

[^]% Performance per annum. Inception date: 1 February 2007 *Fund returns are calculated net of management fees, and assuming all distributions are re-invested. Investors should be aware that past performance is not 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 Small Ordinaries Index.

FUND PERFORMANCE

- The **Small Cap Fund** had another strong quarter, up +9.7%, ahead of the benchmark's gain of +7.5%.
- The rally in global markets continued over Q1 CY24 as investors grew increasingly comfortable that global interest rates had peaked, with expectations growing that interest rates will be reduced later this year. The AI thematic also boosted returns with the Nasdaq gaining strongly, as did a resurgent Japanese market where the Bank of Japan raised interest rates for the first time in 17 years.
- The ASX 300 was up +5.4% while the ASX Small Ordinaries exceeded that, gaining +7.5%. A significant number of companies, from a range of sectors, rallied after reporting interim results in February that met or exceeded expectations. Technology was the strongest sector for the quarter up +22.7%, benefitting from takeover activity in the sector and in-line with gains recorded overseas. The Consumer Discretionary sector rose +12.4%, with retailer margins proving more resilient than anticipated, while Financials gained +13.6%, helped by the strength of financial markets. The Materials sector was the laggard, up +0.4%.
- For the quarter, the Fund benefitted from strong performances by many of its key holdings after they reported positive updates during reporting season including SG Fleet, Codan, Bega, Mayne Pharma, Regis Healthcare and Integral Diagnostics. Sigma Healthcare continued to rise, up +29.4%, as investor knowledge grew regarding the merger with Chemist Warehouse. Cooper Energy rallied +69% as the new management team continued to deliver improved operational performance at the Sole gas plant and as confidence grew that the remediation of an old gas field would be completed on time and within the revised budget. With East Coast gas markets tight, the gas fields Cooper owns are very strategic making it an attractive long-term holding for the Fund.
- Kelsian fell -16.3%, after reporting higher than expected costs. These cost issues were all transitory and with earnings underpinned by long-term contracts we believe it is well positioned going forward. Positively, the result revealed that its recent US acquisition is performing ahead of expectations and that the tender pipeline of future contract remains strong. We remain comfortable with our position in Kelsian which is attractively priced on 13 times FY25 earnings.
- During the quarter we used share price strength to trim our positions in Bega, Codan, Cooper Energy, Ridley, Mayne Pharma and SG Fleet while we adding to our positions in Kelsian and ACL on weakness.

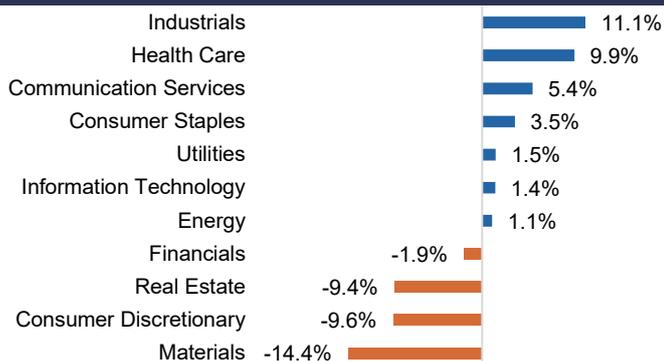
STOCKS IN FOCUS

- **SG Fleet (SGF)**, Australia's largest fleet leasing business, increased +30% over the quarter following a first half result that came in ahead of market expectations, driven by strong new vehicle deliveries in both its fleet and novated leasing businesses. Despite the rally, SGF continues to trade at a material discount to listed peers on a PE of 10 x FY24 earnings.
- **Hipages (HPG)**, Australia's largest trade services marketplace, rallied +31% over the quarter following a strong interim result which showed revenue growth of +17%. The value HPG delivers to its 'Tradie' customers is evidenced by average revenue per user (ARPU) growth of +11%. HPG is well capitalised and cashflow positive and is well positioned to build and monetise a complete end-to-end platform for 'Tradies'.
- Shares in intellectual property services group **QANTM (QIP)** rose +70% in the March quarter following a strong interim result with the underlying Net Profit After Tax (NPAT) up +43%. Following the result QIP received multiple takeover offers. This M&A interest vindicates our strongly held view that the company, which owns market leading IP firm Davies Collison Cave, was being grossly undervalued by the market, with QIP effectively trading on a PE of 7.3 times at the beginning of the quarter.

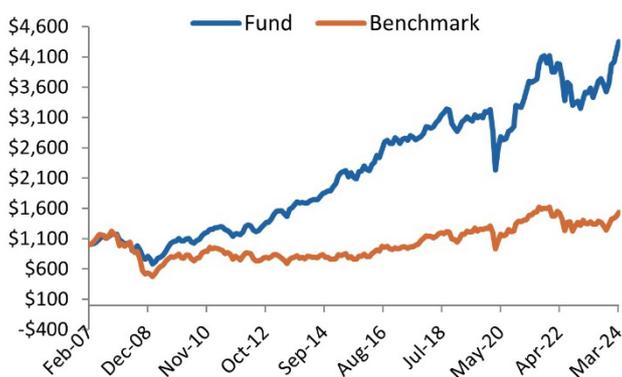
OUTLOOK

- We expect market volatility to persist and meaningful revenue growth to continue to be hard for companies to generate in 2024 as cost pressures remain a challenge for businesses and cost-of-living pressures weigh on the consumer.
- We continue to focus on well-established companies with strong competitive advantages and recurring earnings that are reasonably priced and likely to perform well in a range of economic conditions, while actively looking for new opportunities.

ACTIVE SECTOR WEIGHTS



GROWTH OF \$1,000 INVESTED AT INCEPTION

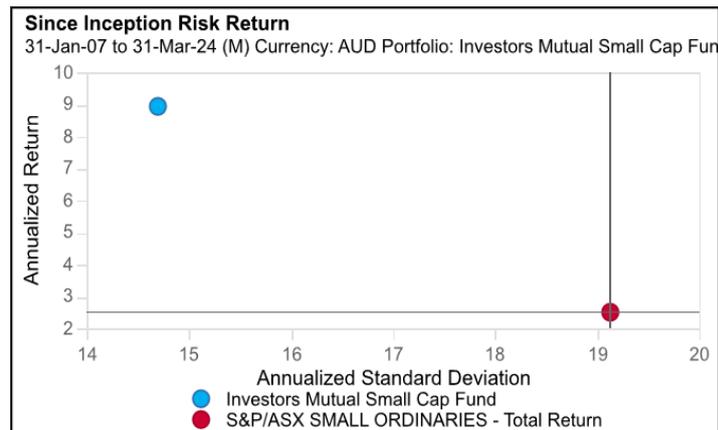


Since inception: 1 February 2007; Cumulative performance of the Fund vs its benchmark; Benchmark = S&P/ASX Small Ordinaries Index, Source: IML, Factset

TOP 10 HOLDINGS

Company Name	ASX CODE
Aurizon	AZJ
SG Fleet	SGF
Clearview Wealth	CVW
Skycity Entertainment	SKC
Australian Clinical Labs	ACL
Orica	ORI
Ampol	ALD
Readytech	RDY
Bega Cheese	BGA
Integral Diagnostics	IDX

FUND RISK-RETURN VS BENCHMARK



FUND FACTS

ARSN	122 918 496
APIR	IML0006AU
Inception	1 February 2007
Benchmark	S&P/ASX Small Ordinaries Index
FUM	\$ 24M
Investment Horizon	4-5 years
Min Initial Inv't	A\$50,000
Mini Additional Inv't/ Redemption	A\$5,000
Distributions	Generally semi-annual
Performance Fee	10.25% of investment returns made in excess of 2% above Benchmark (includes net effect of GST)
Management Fee	1.15% p.a. of the net assets of the fund (includes net effect of GST)
Asset Classes and Allocation Range	Aust Equities (80-100%) Cash (0-20%)

PORTFOLIO CHARACTERISTICS

	FUND	BENCHMARK
No. of stocks	59	200
Portfolio turnover ¹	26%	NA
Portfolio Beta (since inception)	0.67	1.00

FRANKING LEVEL (%)²

FY23	FY22	FY21	FY20	FY19
117.93	110.4	116.2	105.9	50.1

FUND RATINGS

Morningstar Silver

¹ Annual 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.
² As per FSC standard.



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