

Investors Mutual Limited
Managed Investment Schemes
Condensed interim reports - for the half-year ended 31 December 2020

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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 2020 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' report (continued)

Directors

The following persons held office as directors of Investors Mutual Limited during 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
Beverly Bearden (resigned 31 December 2020)
James Orfanos (appointed 21 January 2021)
Damon Hambly
Eric Ward

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 2020 to 31 December 2020 \$'000	1 July 2019 to 31 December 2019 \$'000	1 July 2020 to 31 December 2020 \$'000	1 July 2019 to 31 December 2019 \$'000	1 July 2020 to 31 December 2020 \$'000	1 July 2019 to 31 December 2019 \$'000	1 July 2020 to 31 December 2020 \$'000	1 July 2019 to 31 December 2019 \$'000
Net operating profit/(loss)	145,933	69,025	42,086	5,286	26,154	8,452	67,618	13,425
Distributions								
Distributions paid and payable	20,938	52,019	19,312	29,072	1,375	4,881	4,612	18,562
Distributions (cents per unit)	3.00	6.00	2.80	3.40	1.50	5.00	1.00	3.50

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The resulting global travel restrictions, increased lockdowns in certain countries and restrictions on social gatherings are having an ongoing impact on business and economic activity both in Australia and overseas. The fair values of the Schemes' assets as at 31 December 2020 reflect the conditions known as at that date. The evolving COVID-19 health situation and its impact on investment markets are being closely monitored.

Directors' report (continued)

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 the 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.



Damon Hambly
Director

Sydney
5 March 2021



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 half-year financial reports of the Schemes listed above for the half-year ended 31 December 2020, 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 2021

Investors Mutual Limited
Managed Investment Schemes
Statements of comprehensive income
For the half-year ended 31 December 2020

Statements of comprehensive income

	Australian Share Fund		Equity Income Fund		Smaller Companies Fund		Future Leaders Fund	
	1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019	1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019	1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019	1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment Income								
Interest income	17	743	62	955	11	133	27	239
Dividend/distribution income	24,302	56,456	8,074	16,756	2,007	4,006	5,654	13,633
Changes in the fair value of investments	132,172	27,090	37,074	(7,552)	24,972	5,289	64,496	2,842
Other operating income	20	-	27	5	15	14	49	36
Total investment income	156,511	84,289	45,237	10,164	27,005	9,442	70,226	16,750
Expenses								
Responsible entity's fees	9,372	14,056	2,741	4,265	729	873	2,222	2,945
Transaction costs	886	835	305	484	98	94	312	302
Other operating expenses	320	373	105	129	24	23	74	78
Total operating expenses	10,578	15,264	3,151	4,878	851	990	2,608	3,325
Operating profit/(loss)	145,933	69,025	42,086	5,286	26,154	8,452	67,618	13,425
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the half-year	145,933	69,025	42,086	5,286	26,154	8,452	67,618	13,425

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 2020

Statements of financial position

		Australian Share Fund		Equity Income Fund		Smaller Companies Fund		Future Leaders Fund	
		As at 31 December 2020	As at 30 June 2020	As at 31 December 2020	As at 30 June 2020	As at 31 December 2020	As at 30 June 2020	As at 31 December 2020	As at 30 June 2020
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets									
Cash and cash equivalents		31,910	112,898	84,685	109,658	10,162	16,764	27,948	47,724
Other receivables		256	484	71	149	22	35	65	114
Due from brokers - receivable for securities sold		1,656	752	33	369	-	1,053	476	1,559
Application receivable		367	968	280	504	3	9	24	179
Dividends/distributions receivable		2,493	2,911	1,201	1,330	209	217	628	472
Interest receivable		-	1	-	-	-	-	-	-
Financial assets at fair value through profit or loss	5	1,905,712	1,945,067	479,795	508,516	152,259	126,594	443,202	405,967
Total assets		1,942,394	2,063,081	566,065	620,526	162,655	144,672	472,343	456,015
Liabilities									
Distributions payable	4	20,938	97,665	9,418	14,183	1,375	2,715	4,612	1,699
Due to brokers - payable for securities purchased		-	65	531	3,236	-	825	214	2,034
Redemptions payable		1,418	2,165	458	1,243	6	31	401	813
Other Payables		3,301	1,914	947	564	270	135	796	429
Financial liabilities at fair value through profit or loss	6	4	1,254	3,855	8,599	-	-	-	-
Total liabilities		25,661	103,063	15,209	27,825	1,651	3,706	6,023	4,975
Net assets attributable to unitholders - equity		1,916,733	1,960,018	550,856	592,701	161,004	140,966	466,320	451,040

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 2020

Statements of changes in equity

		Australian Share Fund		Equity Income Fund		Smaller Companies Fund		Future Leaders Fund	
		1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019	1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019	1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019	1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the half-year		1,960,018	2,765,962	592,701	885,414	140,966	166,386	451,040	588,460
Comprehensive income for the half-year									
Profit/(loss) for the half-year		145,933	69,025	42,086	5,286	26,154	8,452	67,618	13,425
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		145,933	69,025	42,086	5,286	26,154	8,452	67,618	13,425
Transactions with unitholders									
Applications	3	112,966	204,624	64,469	114,277	11,811	17,049	26,664	63,321
Redemptions	3	(303,294)	(307,010)	(130,217)	(159,039)	(17,208)	(15,930)	(74,543)	(84,357)
Reinvestment of distributions	3	22,048	46,039	1,129	2,396	656	2,270	153	2,322
Distributions paid and payable	3	(20,938)	(52,019)	(19,312)	(29,072)	(1,375)	(4,881)	(4,612)	(18,562)
Total transactions with unitholders		(189,218)	(108,366)	(83,931)	(71,438)	(6,116)	(1,492)	(52,338)	(37,276)
Total equity at the end of the financial half-year		1,916,733	2,726,621	550,856	819,262	161,004	173,346	466,320	564,609

The above statement 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 2020

Statements of cash flows

	Australian Share Fund		Equity Income Fund		Smaller Companies Fund		Future Leaders Fund	
	1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019	1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019	1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019	1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities								
Proceeds from sale of investments	308,805	295,373	85,295	94,585	30,134	31,524	105,144	107,643
Purchase of investments	(139,496)	(154,927)	(26,612)	(79,273)	(30,599)	(29,500)	(78,621)	(82,345)
Transaction costs	(886)	(835)	(305)	(484)	(98)	(94)	(312)	(302)
Dividend/distributions received	24,720	61,776	8,203	19,695	2,015	4,200	5,498	14,144
Interest received	17	746	61	959	11	144	28	240
Other income received	247	-	105	5	29	15	98	36
Responsible Entity's fees paid	(8,091)	(13,928)	(2,388)	(4,222)	(603)	(852)	(1,880)	(2,927)
Payments of other expenses	(214)	(372)	(75)	(136)	(14)	(32)	(49)	(78)
Net cash inflow/(outflow) from operating activities	185,102	187,833	64,284	31,129	875	5,405	29,906	36,411
Cash flows from financing activities								
Proceeds from applications by unitholders	146,684	205,431	67,330	115,158	13,951	16,975	30,878	63,552
Payments for redemptions by unitholders	(315,110)	(310,318)	(132,511)	(159,802)	(18,713)	(16,289)	(78,861)	(85,014)
Distributions to unitholders	(97,664)	(119,247)	(24,076)	(33,341)	(2,715)	(8,140)	(1,699)	(21,005)
Net cash inflow/(outflow) from financing activities	(266,090)	(224,134)	(89,257)	(77,985)	(7,477)	(7,454)	(49,682)	(42,467)
Net increase/(decrease) in cash and cash equivalents	(80,988)	(36,301)	(24,973)	(46,856)	(6,602)	(2,049)	(19,776)	(6,056)
Cash and cash equivalents at the beginning of the half-year	112,898	195,614	109,658	191,092	16,764	22,475	47,724	61,615
Cash and cash equivalents at the end of the half-year	31,910	159,313	84,685	144,236	10,162	20,426	27,948	55,559

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

Notes to the financial reports

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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 2021, 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 half-year ended 31 December 2020 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 2020 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 2020.

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 2020 to 31 December 2020 No. ('000)	1 July 2019 to 31 December 2019 No. ('000)	1 July 2020 to 31 December 2020 No. ('000)	1 July 2019 to 31 December 2019 No. ('000)
Australian Share Fund				
Opening balance	761,558	884,348	1,960,018	2,765,962
Applications	42,504	64,532	112,966	204,624
Redemptions	(114,704)	(96,610)	(303,294)	(307,010)
Units issued upon reinvestment of distributions	8,566	14,720	22,048	46,039
Distribution paid and payable	-	-	(20,938)	(52,019)
Profit/(loss) for the half-year	-	-	145,933	69,025
Closing balance	697,924	866,990	1,916,733	2,726,621
Equity Income Fund				
Opening balance	754,429	872,977	592,701	885,414
Applications	79,998	112,498	64,469	114,277
Redemptions	(163,165)	(157,764)	(130,217)	(159,039)
Units issued upon reinvestment of distributions	1,465	2,371	1,129	2,396
Distribution paid and payable	-	-	(19,312)	(29,072)
Profit/(loss) for the half-year	-	-	42,086	5,286
Closing balance	672,727	830,082	550,856	819,262

3 Net assets attributable to unitholders (continued)

	1 July 2020 to 31 December 2020 Units'000	1 July 2019 to 31 December 2019 Units'000	1 July 2020 to 31 December 2020 \$'000	1 July 2019 to 31 December 2019 \$'000
Smaller Companies Fund				
Opening balance	94,558	95,705	140,966	166,386
Applications	7,213	9,510	11,811	17,049
Redemptions	(10,559)	(8,895)	(17,208)	(15,930)
Units issued upon reinvestment of distributions	440	1,306	656	2,270
Distribution paid and payable	-	-	(1,375)	(4,881)
Profit/(loss) for the half-year	-	-	26,154	8,452
Closing balance	91,652	97,626	161,004	173,346
Future Leaders Fund				
Opening balance	511,129	547,710	451,040	588,460
Applications	28,060	47,189	26,664	63,321
Redemptions	(78,154)	(66,716)	(74,543)	(84,357)
Units issued upon reinvestment of distributions	174	2,162	153	2,322
Distribution paid and payable	-	-	(4,612)	(18,562)
Profit/(loss) for the half-year	-	-	67,618	13,425
Closing balance	461,209	530,345	466,320	564,609

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 2020 to 31 December 2020 \$'000	1 July 2020 to 31 December 2020 CPU	1 July 2020 to 31 December 2019 \$'000	1 July 2020 to 31 December 2019 CPU
Australian Share Fund				
Distributions				
Distribution payable - December	20,938	3.00	52,019	6.00
	<u>20,938</u>		<u>52,019</u>	
 Equity Income Fund				
Distributions				
Distribution paid - September	9,894	1.40	15,376	1.75
Distribution payable - December	9,418	1.40	13,696	1.65
	<u>19,312</u>		<u>29,072</u>	
 Smaller Companies Fund				
Distributions				
Distribution payable - December	1,375	1.50	4,881	5.00
	<u>1,375</u>		<u>4,881</u>	
 Future Leaders Fund				
Distributions				
Distribution payable - December	4,612	1.00	18,562	3.50
	<u>4,612</u>		<u>18,562</u>	

5 Financial assets at fair value through profit or loss

	Australian Share Fund		Equity Income Fund		Smaller Companies Fund		Future Leaders Fund	
	As at 31 December 2020	As at 30 June 2020	As at 31 December 2020	As at 30 June 2020	As at 31 December 2020	As at 30 June 2020	As at 31 December 2020	As at 30 June 2020
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial assets at fair value through profit or loss								
Listed equities	1,852,754	1,847,988	455,122	462,770	144,899	116,228	423,808	375,698
Listed unit trusts	52,577	96,674	19,717	40,511	7,360	10,366	19,394	30,269
Floating rate notes	-	-	4,907	5,197	-	-	-	-
Futures	381	210	49	38	-	-	-	-
Options	-	195	-	-	-	-	-	-
Total financial assets at fair value through profit or loss	1,905,712	1,945,067	479,795	508,516	152,259	126,594	443,202	405,967

6 Financial liabilities at fair value through profit or loss

	Australian Share Fund		Equity Income Fund		Smaller Companies Fund		Future Leaders Fund	
	As at 31 December 2020	As at 30 June 2020	As at 31 December 2020	As at 30 June 2020	As at 31 December 2020	As at 30 June 2020	As at 31 December 2020	As at 30 June 2020
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial liabilities at fair value through profit or loss								
Options	4	1,254	3,855	8,599	-	-	-	-
Total financial liabilities at fair value through profit or loss	4	1,254	3,855	8,599	-	-	-	-

7 Fair value measurement

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).

The Funds value their investments in accordance with the accounting policies set out in Note 2 to the financial statements.

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 statements 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 assets 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 Schemes is the current last price; the appropriate quoted market price for financial liabilities is the current asking price. When the Schemes hold 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 measurement (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 is 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 valuations 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 measurement (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 2020 and 30 June 2020:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Australian Share Fund				
As at 31 December 2020				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	1,852,754	-	-	1,852,754
Listed unit trusts	52,577	-	-	52,577
Futures	381	-	-	381
Total	1,905,712	-	-	1,905,712
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Options	-	4	-	4
Total	-	4	-	4
As at 30 June 2020				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	1,847,988	-	-	1,847,988
Listed unit trusts	96,674	-	-	96,674
Futures	210	-	-	210
Options	-	195	-	195
Total	1,944,872	195	-	1,945,067
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Options	-	1,254	-	1,254
Total	-	1,254	-	1,254

7 Fair value measurement (continued)

(iii) Recognised fair value measurements (continued)

Equity Income Fund	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2020				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	455,122	-	-	455,122
Listed unit trusts	19,717	-	-	19,717
Floating rate notes	-	4,907	-	4,907
Futures	49	-	-	49
Total	474,888	4,907	-	479,795

Financial liabilities

Financial liabilities at fair value through profit or loss:

Options	-	3,855	-	3,855
Total	-	3,855	-	3,855

As at 30 June 2020

Financial assets

Financial assets at fair value through profit or loss:

Listed equities	462,770	-	-	462,770
Listed unit trusts	40,511	-	-	40,511
Floating rate notes	-	5,197	-	5,197
Futures	38	-	-	38
Total	503,319	5,197	-	508,516

Financial liabilities

Financial liabilities at fair value through profit or loss:

Options	-	8,599	-	8,599
Total	-	8,599	-	8,599

7 Fair value measurement (continued)

(iii) Recognised fair value measurements (continued)

Smaller Companies Fund	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2020				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	144,899	-	-	144,899
Listed unit trusts	7,360	-	-	7,360
Total	152,259	-	-	152,259

As at 30 June 2020

Financial assets

Financial assets at fair value through profit or loss:

Listed equities	116,228	-	-	116,228
Listed unit trusts	10,366	-	-	10,366
Total	126,594	-	-	126,594

7 Fair value measurement (continued)

(iii) Recognised fair value measurements (continued)

Future Leaders Fund	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2020				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	423,808	-	-	423,808
Listed unit trusts	19,394	-	-	19,394
Total	443,202	-	-	443,202

As at 30 June 2020

Financial assets

Financial assets at fair value through profit or loss:

Listed equities	375,698	-	-	375,698
Listed unit trusts	30,269	-	-	30,269
Total	405,967	-	-	405,967

7 Fair value measurement (continued)

(iv) Transfers between levels

There were no transfers between levels during the half-year ended 31 December 2020 and 30 June 2020.

(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 2020 and 30 June 2020:

	Smaller Companies Fund	
	As at 31 December 2020 Fair value \$'000	As at 30 June 2020 Fair value \$'000
Opening balance		
Purchases	-	1,250
Sales	-	63
Transfers into/(out) from level 3	-	(1,313)
Gains/(losses) recognised in profit or loss	-	-
Closing balance	-	-
Total gains 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 as disclosed in the statements of financial position as at 31 December 2020 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 2020 and 30 June 2020.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

(a) The financial statements and notes set out on pages 7 to 23 are:

- (i) complying with Australian 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 2020 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.



Damon Hambly
Director

Sydney
5 March 2021

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 2020, 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 2020 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

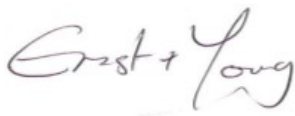
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, 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 2020 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 2021