

Investors Mutual Limited
Managed Investment Schemes
Condensed interim reports - for the half-year ended 31 December 2022

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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 reports consist of 4 separate Schemes:

Investors Mutual Australian Share Fund
ARSN 093 182 695

Investors Mutual Equity Income Fund
ARSN 107 095 438

Investors Mutual Future Leaders Fund
ARSN 093 182 828

Investors Mutual Australian Smaller Companies Fund
ARSN 093 182 471

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 Future Leaders Fund	Future Leaders Fund
Investors Mutual Australian Smaller Companies Fund	Smaller Companies Fund

present their report together with the financial reports of the Schemes for the half-year ended 31 December 2022 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.

Significant changes in state of affairs

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 the half-year or since the end of the half-year and up to the date of this report:

Anton Tagliaferro (resigned 5 Jan 2023)
Hugh Giddy
Simon Conn
Fabrice Chemouny
James Orfanos
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		Future Leaders Fund		Smaller Companies Fund	
	01 July 2022 to 31 December 2022 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2022 to 31 December 2022 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2022 to 31 December 2022 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2022 to 31 December 2022 \$'000	01 July 2021 to 31 December 2021 \$'000
Net operating profit/(loss)	90,969	84,824	29,126	35,106	(14,040)	44,417	(3,774)	16,662
Distributions								
Distributions paid and payable	30,946	33,753	16,498	16,338	7,359	12,116	2,013	5,162
Distributions (cents per unit)	6.00	6.00	3.00	2.80	2.00	3.00	2.50	7.00

Directors' report (continued)

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 disclosed in the statements of financial position as at 31 December 2022 or on the results and cash flows of the Schemes for the half-year ended on that date.

Rounding of amounts to the nearest thousand dollars

The Schemes are entities of the kind referred to in *Australian Securities and Investments Commission ("ASIC") (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars or nearest dollar, unless otherwise indicated.

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 directors



Damon Hambly
Director

Sydney
10 March 2023



**Building a better
working world**

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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 2022, 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; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
10 March 2023

Investors Mutual Limited
Managed Investment Schemes
Condensed statements of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

Condensed statements of profit or loss and other comprehensive income

		Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	Notes	01 July 2022 to 31 December 2022 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2022 to 31 December 2022 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2022 to 31 December 2022 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2022 to 31 December 2022 \$'000	01 July 2021 to 31 December 2021 \$'000
Investment Income									
Interest income		400	–	428	99	121	–	82	–
Dividend and distribution income		31,714	34,921	10,632	11,915	9,023	6,819	2,275	1,887
Net gains/(losses) in the fair value of investments	3	66,749	59,430	20,990	26,287	(21,260)	40,534	(5,505)	15,726
Other operating income		55	65	–	–	63	11	20	4
Total investment income		98,918	94,416	32,050	38,301	(12,053)	47,364	(3,128)	17,617
Expenses									
Interest expenses		11	10	53	78	–	–	–	–
Responsible Entity's fees		7,456	8,871	2,526	2,676	1,779	2,498	564	786
Transaction costs		482	711	345	441	208	449	82	169
Total operating expenses		7,949	9,592	2,924	3,195	1,987	2,947	646	955
Operating profit/(loss)		90,969	84,824	29,126	35,106	(14,040)	44,417	(3,774)	16,662
Total comprehensive income for the half-year		90,969	84,824	29,126	35,106	(14,040)	44,417	(3,774)	16,662

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed statements of financial position

	Notes	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
		As at		As at		As at		As at	
		31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000
Assets									
Cash and cash equivalents		47,326	87,537	71,557	85,387	11,351	26,155	9,274	13,985
Other receivables		274	339	94	227	66	94	22	27
Due from brokers - receivable for securities sold		1,460	17,113	152	75	–	65	–	172
Application receivable		194	550	153	108	64	146	4	24
Dividends/distributions receivable		2,565	3,752	1,426	1,619	313	262	23	55
Financial assets at fair value through profit or loss	6	1,427,560	1,472,237	445,742	428,847	313,172	358,112	98,475	102,377
Total assets		1,479,379	1,581,528	519,124	516,263	324,966	384,834	107,798	116,640
Liabilities									
Distributions payable	5	30,946	136,555	8,239	9,308	7,359	33,044	2,013	14,211
Due to brokers - payable for securities purchased		–	1,144	–	5,184	148	449	86	443
Redemptions payable		484	1,518	123	758	114	422	5	70
Other payables		1,226	1,302	423	417	268	321	89	96
Financial liabilities at fair value through profit or loss	7	746	227	2,587	3,078	–	–	–	–
Total liabilities		33,402	140,746	11,372	18,745	7,889	34,236	2,193	14,820
Net assets attributable to unitholders - equity		1,445,977	1,440,782	507,752	497,518	317,077	350,598	105,605	101,820

The above statements of financial position should be read in conjunction with the accompanying notes.

Investors Mutual Limited
Managed Investment Schemes
Condensed statements of changes in equity
For the half-year ended 31 December 2022

Condensed statements of changes in equity

	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	01 July 2022 to 31 December 2022	01 July 2021 to 31 December 2021	01 July 2022 to 31 December 2022	01 July 2021 to 31 December 2021	01 July 2022 to 31 December 2022	01 July 2021 to 31 December 2021	01 July 2022 to 31 December 2022	01 July 2021 to 31 December 2021
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the half-year	1,440,782	1,757,812	497,518	535,785	350,598	485,737	101,820	153,763
Comprehensive income for the half-year								
Profit/(loss) for the half-year	90,969	84,824	29,126	35,106	(14,040)	44,417	(3,774)	16,662
Total comprehensive income	90,969	84,824	29,126	35,106	(14,040)	44,417	(3,774)	16,662
Transactions with unitholders								
Applications	4 113,176	103,884	55,065	59,177	26,490	25,082	14,656	12,083
Redemptions	4 (188,631)	(216,211)	(57,688)	(86,786)	(41,061)	(55,673)	(6,955)	(35,909)
Reinvestment of distributions	4 20,627	10,991	229	202	2,449	183	1,871	1,997
Distributions paid and payable	4 (30,946)	(33,753)	(16,498)	(16,338)	(7,359)	(12,116)	(2,013)	(5,162)
Total transactions with unitholders	(85,774)	(135,089)	(18,892)	(43,745)	(19,481)	(42,524)	7,559	(26,991)
Total equity at the end of the financial half-year	1,445,977	1,707,547	507,752	527,146	317,077	487,630	105,605	143,434

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Investors Mutual Limited
Managed Investment Schemes
Condensed statements of cash flows
For the half-year ended 31 December 2022

Condensed statements of cash flows

	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	01 July 2022 to 31 December 2022 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2022 to 31 December 2022 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2022 to 31 December 2022 \$'000	01 July 2021 to 31 December 2021 \$'000	01 July 2022 to 31 December 2022 \$'000	01 July 2021 to 31 December 2021 \$'000
Cash flows from operating activities								
Proceeds from sale of investments	235,309	254,422	61,497	92,214	68,497	141,195	21,191	58,521
Cash paid for purchase of investments	(108,855)	(97,250)	(63,152)	(73,044)	(45,052)	(114,629)	(22,980)	(34,219)
Transaction cost paid	(482)	(711)	(345)	(441)	(208)	(449)	(82)	(169)
Dividend/distribution received	32,901	35,454	10,824	12,738	8,972	7,000	2,307	2,024
Interest received	400	–	549	108	121	–	82	–
Responsible Entity's fee paid	(7,531)	(8,919)	(2,520)	(2,674)	(1,832)	(2,484)	(571)	(796)
Other income received	119	–	12	–	91	–	26	–
Payment of other expenses	(11)	(47)	(53)	(108)	–	(26)	–	(6)
Net cash inflow/(outflow) from operating activities	151,850	182,949	6,812	28,793	30,589	30,607	(27)	25,355
Cash flows from financing activities								
Proceeds from applications by unitholders	113,532	104,106	55,019	59,308	26,572	25,176	14,676	12,078
Payments for redemptions by unitholders	(189,665)	(218,155)	(58,323)	(87,974)	(41,370)	(55,932)	(7,021)	(36,439)
Distributions paid	(115,928)	(65,663)	(17,338)	(14,739)	(30,595)	(2,765)	(12,339)	(8,757)
Net cash (outflow) from financing activities	(192,061)	(179,712)	(20,642)	(43,405)	(45,393)	(33,521)	(4,684)	(33,118)
Net increase/(decrease) in cash and cash equivalents	(40,211)	3,237	(13,830)	(14,612)	(14,804)	(2,914)	(4,711)	(7,763)
Cash and cash equivalents at the beginning of the half-year	87,537	44,133	85,387	85,522	26,155	18,852	13,985	14,288
Cash and cash equivalents at the end of the half-year	47,326	47,370	71,557	70,910	11,351	15,938	9,274	6,525

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
Future Leaders Fund	29 June 1998	28 June 2078
Smaller Companies 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 10 March 2023. The directors of the Responsible Entity have the power to amend and reissue the financial 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 2022 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 2022 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 2022.

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.

(c) Comparative

Where necessary comparatives have been reclassified for consistency with current year disclosures.

3 Net gains/(losses) on financial instruments at fair value through profit or loss

	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial instruments								
Net realised gains/(losses) on financial instruments at fair value through profit or loss	46,431	78,735	2,882	12,082	4,647	33,878	2,332	19,486
Net unrealised gains/(losses) on financial instruments at fair value through profit or loss	20,318	(19,305)	18,108	14,205	(25,907)	6,656	(7,837)	(3,760)
Total net gains/(losses) on financial instruments at fair value through profit or loss	66,749	59,430	20,990	26,287	(21,260)	40,534	(5,505)	15,726

4 Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the half-year were as follows:

Australian Share Fund	01 July 2022 to 31 December 2022 No.('000)	1 July 2021 to 31 December 2021 No.('000)	01 July 2022 to 31 December 2022 \$'000	1 July 2021 to 31 December 2021 \$'000
Opening balance	534,802	595,780	1,440,782	1,757,812
Applications	40,444	34,370	113,176	103,884
Redemptions	(67,137)	(71,330)	(188,631)	(216,211)
Units issued upon reinvestment of distributions	7,657	3,725	20,627	10,991
Distributions paid and payable	-	-	(30,946)	(33,753)
Profit/(loss) for the half-year	-	-	90,969	84,824
Closing balance	515,766	562,545	1,445,977	1,707,547

Equity Income Fund	01 July 2022 to 31 December 2022 No.('000)	1 July 2021 to 31 December 2021 No.('000)	01 July 2022 to 31 December 2022 \$'000	1 July 2021 to 31 December 2021 \$'000
Opening balance	552,034	606,283	497,518	535,785
Applications	59,676	65,378	55,065	59,177
Redemptions	(62,710)	(96,217)	(57,688)	(86,786)
Units issued upon reinvestment of distributions	259	225	229	202
Distributions paid and payable	-	-	(16,498)	(16,338)
Profit/(loss) for the half-year	-	-	29,126	35,106
Closing balance	549,259	575,669	507,752	527,146

4 Net assets attributable to unitholders (continued)

Future Leaders Fund	01 July 2022 to 31 December 2022 No.('000)	1 July 2021 to 31 December 2021 No.('000)	01 July 2022 to 31 December 2022 \$'000	1 July 2021 to 31 December 2021 \$'000
Opening balance	381,622	429,350	350,598	485,737
Applications	28,058	21,096	26,490	25,082
Redemptions	(44,408)	(46,784)	(41,061)	(55,673)
Units issued upon reinvestment of distributions	2,666	162	2,449	183
Distributions paid and payable	–	–	(7,359)	(12,116)
Profit/(loss) for the half-year	–	–	(14,040)	44,417
Closing balance	367,938	403,824	317,077	487,630
Smaller Companies Fund	01 July 2022 to 31 December 2022 No.('000)	1 July 2021 to 31 December 2021 No.('000)	01 July 2022 to 31 December 2022 \$'000	1 July 2021 to 31 December 2021 \$'000
Opening balance	74,053	84,572	101,820	153,763
Applications	10,082	6,214	14,656	12,083
Redemptions	(4,964)	(18,135)	(6,955)	(35,909)
Units issued upon reinvestment of distributions	1,361	1,098	1,871	1,997
Distributions paid and payable	–	–	(2,013)	(5,162)
Profit/(loss) for the half-year	–	–	(3,774)	16,662
Closing balance	80,532	73,749	105,605	143,434

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.

5 Distributions to unitholders

The distributions for the half-year were as follows:

	01 July 2022 to 31 December 2022 \$'000	01 July 2022 to 31 December 2022 CPU	01 July 2021 to 31 December 2021 \$'000	01 July 2021 to 31 December 2021 CPU
Australian Share Fund				
Distributions				
Distributions payable - December	30,946	6.00	33,753	6.00
	30,946		33,753	
Equity Income Fund				
Distributions				
Distributions paid - September	8,259	1.50	8,279	1.40
Distributions payable - December	8,239	1.50	8,059	1.40
	16,498		16,338	
Future Leaders Fund				
Distributions				
Distributions payable - December	7,359	2.00	12,116	3.00
	7,359		12,116	
Smaller Companies Fund				
Distributions				
Distributions payable - December	2,013	2.50	5,162	7.00
	2,013		5,162	

6 Financial assets at fair value through profit or loss

	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000
Financial assets at fair value through profit and loss								
Listed equities	1,390,672	1,419,559	402,440	387,139	301,959	337,767	94,105	95,069
Listed unit trusts	34,519	44,434	40,062	32,693	11,213	20,345	4,370	7,308
Preference shares	1,731	1,696	3,208	2,490	-	-	-	-
Interest bearing securities	-	-	-	6,525	-	-	-	-
Futures	638	308	-	-	-	-	-	-
Options	-	6,240	32	-	-	-	-	-
Total financial assets at fair value through profit and loss	1,427,560	1,472,237	445,742	428,847	313,172	358,112	98,475	102,377

7 Financial liabilities at fair value through profit or loss

	Australian Share Fund		Equity Income Fund		Future Leaders Fund		Smaller Companies Fund	
	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000
Financial liabilities at fair value through profit and loss								
Options	746	227	2,587	3,078	-	-	-	-
Total financial liabilities at fair value through profit and loss	746	227	2,587	3,078	-	-	-	-

8 Fair value measurements

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 Schemes 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 through profit or loss 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 asset 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 profit or loss and other 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 bid 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 bid 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.

8 Fair value measurements (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 considers the appropriateness of the valuation 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 changes in valuation techniques during the half-year

8 Fair value measurements (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 as at 31 December 2022 and 30 June 2022.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Australian Share Fund				
As at 31 December 2022				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	1,390,672	-	-	1,390,672
Listed unit trusts	34,519	-	-	34,519
Preference shares	1,731	-	-	1,731
Futures	638	-	-	638
Total	1,427,560	-	-	1,427,560
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Options	746	-	-	746
Total	746	-	-	746
As at 30 June 2022				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	1,419,559	-	-	1,419,559
Listed unit trusts	44,434	-	-	44,434
Preference shares	1,696	-	-	1,696
Futures	308	-	-	308
Options	6,240	-	-	6,240
Total	1,472,237	-	-	1,472,237
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Options	227	-	-	227
Total	227	-	-	227

8 Fair value measurements (continued)

(iii) Recognised fair value measurements (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Equity Income Fund				
As at 31 December 2022				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	402,440	–	–	402,440
Listed unit trusts	40,062	–	–	40,062
Preference shares	3,208	–	–	3,208
Options	32	–	–	32
Total	445,742	–	–	445,742
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Options	2,587	–	–	2,587
Total	2,587	–	–	2,587
As at 30 June 2022				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	387,139	–	–	387,139
Listed unit trusts	32,693	–	–	32,693
Preference shares	2,490	–	–	2,490
Interest bearing securities	–	6,525	–	6,525
Total	422,322	6,525	–	428,847
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Options	3,078	–	–	3,078
Total	3,078	–	–	3,078

8 Fair value measurements (continued)

(iii) Recognised fair value measurements (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Future Leaders Fund				
As at 31 December 2022				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	301,959	-	-	301,959
Listed unit trusts	11,213	-	-	11,213
Total	313,172	-	-	313,172
As at 30 June 2022				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	337,767	-	-	337,767
Listed unit trusts	20,345	-	-	20,345
Total	358,112	-	-	358,112

8 Fair value measurements (continued)

(iii) Recognised fair value measurements (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Smaller Companies Fund				
As at 31 December 2022				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	94,105	-	-	94,105
Listed unit trusts	4,370	-	-	4,370
Total	98,475	-	-	98,475
As at 30 June 2022				
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	95,069	-	-	95,069
Listed unit trusts	7,308	-	-	7,308
Total	102,377	-	-	102,377

8 Fair value measurements (continued)

(iv) Transfers between levels

There were no transfers between levels during the half-year ended 31 December 2022 and 30 June 2022.

(v) Movement in level 3 instruments

There were no movements in the fair value of the level 3 investments held as at 31 December 2022 and 30 June 2022.

(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.

9 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 disclosed in the statements of financial position as at 31 December 2022 or on the results and cash flows of the Schemes for the half-year ended on that date.

10 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2022 and 30 June 2022.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

(a) The financial statements and notes set out on pages 7 to 24 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 2022 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
10 March 2023



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Independent auditor's review report to the unitholders of Investors Mutual Limited's Managed Investment Schemes

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;
- ▶ Investors Mutual Future Leaders Fund;

We have reviewed the accompanying half-year financial reports of the Schemes, which comprises the condensed statement of financial position as at 31 December 2022, the condensed statement of profit or loss and the other comprehensive income, condensed statement of changes in equity and condensed statement 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Schemes does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Schemes' financial positions as at 31 December 2022 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of Investors 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us



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 2022 and their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report 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.

Ernst & Young
Ernst & Young

Luke Slater
Luke Slater
Partner
Melbourne
10 March 2023