



8 July 2025

IML Funds' 30 June 2025 Distributions

We are pleased to advise that on 9 July 2025 all IML Funds will pay their final distributions to investors for the year ended 30 June 2025.

The following table shows these 30 June distributions as well as details of the 2024/25 full year distributions, franking levels, and distribution yields.

IML FUND	APIR	30 JUNE DISTRIBUTION (CPU)	TOTAL FULL-YEAR DISTRIBUTION (CPU)	FRANKING LEVEL*	FULL-YEAR DISTRIBUTION YIELD (NET)**
Investors Mutual Australian Share Fund	IML0002A	23.8698	29.3698	24.40%	11.07%
Investors Mutual All Industrials Share Fund	IML0004A	13.1653	16.1653	26.18%	10.50%
Investors Mutual Concentrated Australian Share Fund	IML0010A	3.0046	6.0046	79.20%	3.04%
Investors Mutual Future Leaders Fund	IML0003A	1.8601	3.1101	73.17%	2.94%
Investors Mutual Australian Smaller Companies Fund	IML0001A	3.0569	5.0569	59.13%	3.03%
Investors Mutual Small Cap Fund	IML0006A	0.7285	3.2285	103.33%	1.94%
Investors Mutual Equity Income Fund	IML0005A	1.4266	5.7766	41.78%	6.17%
Investors Mutual Private Portfolio Fund	IML2681A	3.3725	5.4725	42.43%	5.270%

*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 (ex) price as at 30 June 2024

Market commentary and investment performance

Markets around the world continued their strong run in the 2025 financial year, with new records reached in many benchmark indices. The Australian market delivered a total return of 13.7% on top of the 11.9% which was achieved in the previous financial year.

Once again momentum has been the main driver of stock performance. Passive and quant investors tend not to buy stocks for reasons of fundamental value and so often buy stocks which are overvalued on all traditional metrics. Despite signs of economies slowing, continuing woes in the Chinese property market, ongoing conflicts and uncertainty over how unfinalised tariffs will affect company profits, the major markets have shrugged off concerns and risks to end our financial year at or close to record highs.

In particular, the fascination with anything related to artificial intelligence (AI) has continued. The area will no doubt be very competitive and it is not clear how it will deliver strong returns to providers although it should allow cost cutting for many corporates. For the economy overall, AI may allow efficiencies and cost savings partly through job losses which could impact consumer demand.

The other standout theme has been the ongoing appreciation of the big four Australian banks. This love affair is hard to explain given earnings for the sector are roughly flat, capital is becoming constrained for some of the banks pressuring future dividends, and rate cuts will lower net interest margins and hence profitability. Australian bank valuations look very stretched compared to those in other developed countries. CBA, the highest quality bank, also commands a substantial premium to other Australian banks.

Overall, the IML funds had a mixed year. The flagship IML Australian Share Fund outperformed its benchmark and has noticeably outdistanced many competitors, and the Concentrated Australian Share Fund also delivered outperformance. Other funds underperformed their benchmarks over the period in a year that was difficult for value managers and some growth managers alike.

We have been pleased to see continuing solid earnings results from our key positions including Brambles, CSL, Telstra, Steadfast, Lottery Corp, Medibank, Orica and Suncorp. Unfortunately, in many cases their share prices haven't matched the underlying business performance. However, we expect over time that companies with reliable cashflows should come back into vogue. We believe many of our holdings still offer compelling value when compared to alternative stocks on the market, which we doubt will live up to their optimistic valuations. In particular, the gains by banks without much earnings progress, and the willingness to pay for the AI themes such as data centre companies where valuations take no account of the capital intensity of the business, or their declining return profile on new projects.

Australian small-cap companies had a good year after a soft beginning, with the Small Ordinaries Accumulation Index gaining +12.0% for the financial year. Gains in the Small Resources sector drove much of the index performance with small-cap gold companies particularly strong on the back of a surging gold price, as investors sought haven among tariff and geopolitical uncertainty.

The IML small and mid-cap funds had a solid financial year, delivering double-digit gains, however finished behind their benchmarks. The funds benefited from good returns from a range of stocks, with Austal, Regis Health Care, Ridley, Ooh Media, Generation Development Group and Sigma Healthcare all performing well. The funds' performance relative to the benchmark was impacted by the very strong performance of the gold sector. Given the risk and volatility inherent in small-cap resource companies, this is a segment of the market where the funds have limited exposure. Once again, the funds benefited from takeover activity, with SG Fleet, Mayne Pharma and MAC Copper subject to takeover approaches.

The IML Private Portfolio Fund maintained its steady absolute return generation with a third of market volatility, delivering a total return of 4.1% for the year. The Fund's three strategies work together well to provide flexibility in changing market conditions while we focus on opportunities and downside protection.

Comments on the distributions for the financial year ending 30 June 2025

- We are pleased to be paying out another year of consistent dividends to investors, a hallmark of IML's style of investing which we have been doing for over 27 years.
- The distribution for the Australian Share Fund is higher than we would normally expect driven by realised gains as we trimmed holdings at attractive prices in a relatively expensive market hitting record levels. These holdings include Commonwealth Bank and other banks, the insurers, Telstra and Brambles.

- The distributions for the Future Leaders, Smaller Companies and Small Cap funds are lower than the prior year given a lower level of realised gains across the funds, driven partly by a lesser number of takeovers across the funds during the year.
- It is important to note that IML remains a long-term investor in stocks and our funds continue to be managed on a low turnover basis with stocks held for three to five years on average. This means that the vast majority of any realised gains portion of the distributions paid to our investors is subject to the 50% capital gains tax discount.
- The Investors Mutual Equity Income Fund continues to deliver on its objective of paying investors a consistent, quarterly income sourced from dividends received from holdings in the fund, as well as through prudent options strategies – with market volatility helping greatly in this regard.

The table on the final page provides the tax components for distributions from our Funds.

Outlook

In the letter last year our perception was that markets appeared to be complacent in the assessment of risks. After another strong year of appreciation, overall valuations have become more stretched. There is little sign of risk aversion, and many speculators are so confident of future gains they are leveraging their positions. Investors are excited about rate cuts even though this implies the private sector is slowing to offset growing government spending and taking some of the heat out of inflation. The market is increasingly overlooking risks amid often record valuations. As we noted last year, IML is no stranger to such times. We endured them in the lead up to the tech boom in 2000, the years before the GFC, and during the post-Covid discretionary spending boom. We know that when the market's mood changes again our discipline and patience will be rewarded.

We believe that IML's portfolios are well positioned and the companies we hold will continue to deliver solid and growing earnings and cashflows over time and are cheaply or appropriately valued for that outlook. Our focus will continue to be on companies which we believe have a strong competitive advantage, recurring earnings and cashflow, well managed and have the ability to grow earnings over time.

On behalf of the team at IML, we would like to thank you once again for your continuing support and offer our best wishes for the remainder of 2025.

Yours sincerely,

Hugh Giddy, Senior Portfolio Manager and Head of Research
Marc Whittaker, Portfolio Manager

COMPONENTS OF FULL-YEAR DISTRIBUTION - 30 JUNE 2025

IML FUND	APIR	DIVIDEND INCOME	INTEREST INCOME	OTHER INCOME	FOREIGN INCOME	NET CAPITAL GAINS	AMIT COST BASE DECREASE*
Investors Mutual Australian Share Fund	IML0002AU	18.11%	0.47%	0.00%	2.05%	78.64%	0.73%
Investors Mutual All Industrials Share Fund	IML0004AU	23.59%	1.59%	1.21%	1.42%	70.66%	1.53%
Investors Mutual Concentrated Australian Share Fund	IML0010AU	77.07%	3.69%	3.35%	11.94%	0.00%	3.95%
Investors Mutual Future Leaders Fund	IML0003AU	56.18%	2.37%	0.92%	0.00%	40.53%	0.00%
Investors Mutual Australian Smaller Companies Fund	IML0001AU	56.73%	5.40%	0.16%	0.00%	37.71%	0.00%
Investors Mutual Small Cap Fund	IML0006AU	91.47%	3.12%	0.00%	0.00%	5.41%	0.00%
Investors Mutual Equity Income Fund	IML0005AU	46.46%	6.06%	41.18%	2.84%	0.00%	3.46%
Investors Mutual Private Portfolio Fund	IML2681AU	15.10%	6.17%	0.22%	1.95%	72.94%	3.62%

*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) and Target Market Determination (TMD) 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 and TMD is available upon request or on our website www.iml.com.au. Past performance is not a reliable indicator of future performance.

Any 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.