



8th July 2026

IML Funds' 30 June 2026 Distributions

We are pleased to advise that on the 9th of July 2026 all IML Funds will pay their final distributions to investors for the year ended 30 June 2026.

The following table shows these 30 June distributions as well as details of the 2025/26 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	27.9383	33.4383	19.74%	12.25%
Investors Mutual All Industrials Share Fund	IML0004A	10.5237	13.5237	27.77%	8.32%
Investors Mutual Concentrated Australian Share Fund	IML0010A	12.1774	15.6774	40.59%	7.14%
Investors Mutual Future Leaders Fund	IML0003A	2.4600	3.8350	73.46%	3.37%
Investors Mutual Australian Smaller Companies Fund	IML0001A	5.8873	8.0873	58.94%	4.48%
Investors Mutual Small Cap Fund	IML0006A	1.2427	3.2427	128.06%	1.80%
Investors Mutual Equity Income Fund	IML0005A	1.5664	5.9164	37.63%	6.12%
Investors Mutual Private Portfolio Fund	IML2681A	2.8470	3.8470	0.25%	3.75%

*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 2025

Market commentary and investment performance

Markets around the world continued their progress in the 2026 financial year, with new records reached in many benchmark indices. The Australian market delivered a total return of 6.2% on top of the 13.7% in the previous financial year.

Once again momentum has been the main driver of stock performance, with resource companies accounting for more than 100% of the index's gains, while industrial businesses largely struggled due to a combination of higher interest rates, higher oil prices and AI disruption fears. The Iran war had a dramatic effect on returns during the 2026 financial year, causing volatility in markets and impacting consumer confidence. The closure of the Strait of Hormuz saw oil prices spike to US\$120 and refined fuel prices hit record highs. This caused energy companies to rally strongly and companies which consume oil or oil byproducts to fall sharply. When combined with higher interest rates and general cost of living pressures, this weighed on housing and retail stocks.

Property investors were dealt a further blow in the May federal budget with reductions in incentives for investors through the removal of the 50% CGT discount, which is to be replaced with the old inflation adjusted cost base tax system. The Government also announced they would remove the ability for investors to negatively gear new purchases of

existing housing stock. This has seen a steep fall in clearance rates below 50% across much of NSW and Victoria, causing further falls in property prices in the past few weeks and setting a weak outlook for housing in FY2027. We have also seen bank share prices finally correct after several years of spectacular gains. The concern for the banks is a deteriorating outlook for loan growth, with investors pulling out of the market and the risk of higher bad debts if property prices continue their decline, combined with rising unemployment. Potentially we are seeing some early signs of this with Judo Bank (an SME-focused lender) reporting in a recent market update that its bad debts had increased more than expected.

On the artificial intelligence (AI) front the fascination has continued. This sector has driven spectacular gains in US markets, however in Australia the technology sector returns could not be more different. The tech sector domestically has been hit hard as software and platform companies, which dominate our market, have been marked down heavily due to the risk of AI. This has seen many Australian software companies fall sharply including Wisetech (-70%) and Xero (-61%). The falls at face value look extreme given the future is far from certain but it is important to note the starting valuations of these companies 12 months ago were stratospheric, creating the vulnerability to any bad news.

Overall, the IML large cap funds had a tough year, with share prices of quality industrial businesses lagging the significant rally in the resource sector. While our flagship IML Australian Share Fund maintains a sizeable position in BHP, its lack of exposure to the more speculative end of the mining sector, particularly lithium and rare earths, weighed on relative performance. Our holding in CSL has been particularly painful, with the stock falling -50% in FY26 and trading at valuations as low as 10x earnings. This is despite earnings declining only -3%, with a return to growth expected in FY27.

Despite this we have been largely pleased with the underlying performance of the businesses we own in the portfolios, with strong earnings results from many of our key positions including Brambles, Telstra, Medibank, Sigma Healthcare and Orica. The share prices, however, didn't always match the improvement in earnings with several stocks' valuations de-rating during the period. The most notable being Steadfast, owners of Australia's largest insurance broker network. Its share price was down more than 30% for the year at the start of June, despite earnings growth of 7%. Fortunately, the company received a takeover bid on the 18th of June at a 52% premium, helping performance across multiple funds.

The Australian small-cap companies index had a mixed year, starting strongly before giving up some of its gains over the remainder of the year. In the end, the Small Ordinaries Accumulation Index gained +8.1% for the financial year, with gains in the Small Resources sector driving the index performance. Small-cap gold companies were particularly strong on the back of a continuing elevated gold price, as investors sought haven among tariff and geopolitical uncertainty.

The IML small and mid-cap funds had a somewhat disappointing financial year, delivering low single-digit gains, behind their benchmarks. The funds benefited from good returns from a range of stocks, with Aussie Broadband, Aurizon, Ampol, ALS Limited, Dalrymple Bay, Vault Minerals, Electro Optical Systems, Cobram Estate Olives and New Hope all performing well. The funds' performance relative to their benchmarks 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 Clearview, Readytech and Steadfast Group subject to takeover approaches.

Like its IML value peer funds, the IML Private Portfolio Fund, had a challenging year with the rotation to momentum and thematic stocks away from value companies and ended with a flat return. The high market volatility generated good income for the fund which is paying a 3.8% partially franked distribution. The Fund will continue its focus on capital preservation and search for trading opportunities.

Comments on the distributions for the financial year ending 30 June 2026

- We are pleased to be paying out another year of consistent dividends to investors, a hallmark of IML's style of investing that we have maintained for more than 28 years.
- The distributions for the Australian Share Fund and the Concentrated Australian Share Fund are 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, and the insurers, Telstra and Brambles.
- The distributions for the Future Leaders and Smaller Companies funds are higher than the prior year given a higher level of realised gains across the funds, driven partly by a 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 current 50% capital gains tax discount.
- The Investors Mutual Equity Income Fund continues to deliver on its objective of paying investors a consistent, quarterly income, 2% higher than the ASX 300 Accumulation Index, 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

Despite risks bubbling to the surface in the economy, such as high inflation, rising interest rates and falling property prices, markets in aggregate have climbed the wall of worry. The dispersion in performance between sectors has been extreme, providing great opportunities for long term investors to buy quality industrial businesses at exceptional prices. Conversely, valuations in large parts of the index including the banking sector look stretched with risks becoming increasingly evident. 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 2026.

Yours sincerely,

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

COMPONENTS OF FULL-YEAR DISTRIBUTION - 30 JUNE 2026

IML FUND	APIR	DIVIDEND INCOME	INTEREST INCOME	OTHER INCOME	FOREIGN INCOME	NET CAPITAL GAINS	AMIT COST BASE DECREASE*
Investors Mutual Australian Share Fund	IML0002AU	18.87%	0.55%	0.23%	1.88%	77.26%	1.21%
Investors Mutual All Industrials Share Fund	IML0004AU	24.75%	1.24%	1.04%	2.07%	68.05%	2.85%
Investors Mutual Concentrated Australian Share Fund	IML0010AU	39.78%	1.62%	0.28%	4.80%	49.60%	3.92%
Investors Mutual Future Leaders Fund	IML0003AU	56.73%	2.19%	1.23%	1.29%	33.78%	4.78%
Investors Mutual Australian Smaller Companies Fund	IML0001AU	42.23%	1.96%	0.10%	0.71%	48.03%	6.97%
Investors Mutual Small Cap Fund	IML0006AU	72.46%	4.51%	0.17%	1.12%	0.00%	21.74%
Investors Mutual Equity Income Fund	IML0005AU	42.02%	6.31%	43.27%	3.02%	0.00%	5.38%
Investors Mutual Private Portfolio Fund	IML2681AU	0.55%	0.12%	0.00%	0.04%	92.74%	6.55%

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

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