

Loomis Sayles Global Equity Fund

ARSN 628 342 334

Condensed interim reports

For the half-year ended 31 December 2020

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This interim financial report covers the Loomis Sayles Global Equity Fund (ARSN 628 342 334) as an individual entity.

The Responsible Entity of Loomis Sayles Global Equity Fund 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

Directors' report

The directors of Investors Mutual Limited, the Responsible Entity of the Loomis Sayles Global Equity Fund ("the Scheme"), present their report together with the financial report of the Scheme, for the half-year ended 31 December 2020.

Responsible Entity

The Responsible Entity of the Scheme 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 Scheme continued to invest in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The Scheme did not have any employees during the half-year.

There were no significant changes in the nature of the Scheme's activities during the half-year.

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 Scheme, as represented by the results of its operations, was as follows:

	1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019
	\$'000	\$'000
Net operating profit/(loss)	4,406	2,951
Distributions		
Distributions paid and payable	-	-
Distributions (cents per unit)	-	-

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 Scheme's 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.

Rounding of amounts to the nearest thousand dollars

The Scheme is entity 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.

Director's report (continued)

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 4.

This report is made in accordance with a resolution of the Board of Directors.



Damon Hambly
Director

Sydney
5 March 2021



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Auditor's Independence Declaration to the Directors of Investors Mutual Limited

As lead auditor for the review of the half-year financial reports of Loomis Sayles Global Equity Fund 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Darren Handley-Greaves'.

Darren Handley-Greaves
Partner
5 March 2021

Loomis Sayles Global Equity Fund
Statement of comprehensive income
For the half-year ended 31 December 2020

Statement of comprehensive income

	1 July 2020 to 31 December 2020 \$'000	1 July 2019 to 31 December 2019 \$'000
Investment Income		
Interest income	–	1
Dividend/distribution income	296	140
Changes in the fair value of investments	4,681	3,020
Net gains/(losses) on foreign exchange	(84)	4
Total investment income	<u>4,893</u>	<u>3,165</u>
Expenses		
Responsible entity's fees	169	90
Transaction costs	21	7
Other operating expenses	297	117
Total operating expenses	<u>487</u>	<u>214</u>
Operating profit/(loss)	<u>4,406</u>	<u>2,951</u>
Other comprehensive income	–	–
Total comprehensive income for the half-year	<u>4,406</u>	<u>2,951</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

		As at 31 December 2020 \$'000	As at 30 June 2020 \$'000
Assets			
Cash and cash equivalents		3,918	1,337
Other receivables		19	88
Dividends/distributions receivable		25	2
Financial assets at fair value through profit or loss	5	102,465	45,699
Total assets		106,427	47,126
Liabilities			
Distributions payable	4	–	357
Due to brokers - payable for securities purchased		4	765
Other payables		201	95
Financial liabilities at fair value through profit or loss	6	–	2
Total liabilities		205	1,219
Net assets attributable to unitholders - equity		106,222	45,907

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

Loomis Sayles Global Equity Fund
Statement of changes in equity
For the half-year ended 31 December 2020

Statement of changes in equity

		1 July 2020 to 31 December 2020	1 July 2019 to 31 December 2019
	Notes	\$'000	\$'000
Total equity at the beginning of the half-year		45,907	23,796
Comprehensive income for the half-year			
Profit/(loss) for the half-year		4,406	2,951
Other comprehensive income		-	-
Total comprehensive income		4,406	2,951
Transactions with unitholders			
Applications	3	57,436	11,904
Redemptions	3	(1,601)	(103)
Reinvestment of distributions	3	74	-
Distributions paid and payable	3	-	-
Total transactions with unitholders		55,909	11,801
Total equity at the end of the financial half-year		106,222	38,548

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

Loomis Sayles Global Equity Fund
Statement of cash flows
For the half-year ended 31 December 2020

Statement of cash flows

	1 July 2020 to 31 December 2020 \$'000	1 July 2019 to 31 December 2019 \$'000
Cash flows from operating activities		
Proceeds from sale of investments	5,423	3,658
Purchase of investments	(58,359)	(15,396)
Transaction costs	(21)	(7)
Dividend/distribution received	278	138
Interest received	-	1
Responsible Entity's fees paid	(315)	(187)
Payments of other expenses	-	(1)
Net cash inflow/(outflow) from operating activities	(52,994)	(11,794)
Cash flows from financing activities		
Proceeds from applications by unitholders	57,539	11,904
Payments for redemptions by unitholders	(1,681)	-
Distributions to unitholders	(283)	(14)
Net cash inflow/(outflow) from financing activities	55,575	11,890
Net increase/(decrease) in cash and cash equivalents	2,581	96
Cash and cash equivalents at the beginning of the half-year	1,337	315
Cash and cash equivalents at the end of the half-year	3,918	411

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

Notes to the financial reports

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1 General information

The interim financial report covers the Loomis Sayles Global Equity Fund (the "Scheme") which is an Australian registered managed investment Scheme. The Scheme was constituted on 16 August 2018. The Scheme will terminate on 15 August 2098 unless terminated earlier in accordance with the provisions of the Scheme's Constitution.

The Responsible Entity of the Scheme 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 report was 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 report.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the interim financial report is set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

The interim financial report 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*.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, the report is to be read in conjunction with the annual report for the year 30 June 2020 and any public announcements made in respect of the Scheme during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Scheme under *ASIC Corporations (Rounding in Financial/Directors' Reports) (Instrument 2016/191)*. The Scheme is an entity to which the Instrument applies.

(a) Statement of compliance

The interim financial report complies 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 the interim financial reports are the same as those applied in the Scheme's 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 Scheme 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 \$'000	1 July 2019 to 31 December 2019 \$'000
Opening balance	35,677	20,130	45,907	23,796
Applications	41,986	9,708	57,436	11,904
Redemptions	(1,162)	(79)	(1,601)	(103)
Units issued upon reinvestment of distributions	57	–	74	–
Distribution paid and payable	–	–	–	–
Profit/(loss) for the half-year	–	–	4,406	2,951
Closing balance	76,558	29,759	106,222	38,548

As stipulated within the Scheme's Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Scheme.

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
Distributions				
Distribution payable - December	-	-	-	-
	-	-	-	-

5 Financial assets at fair value through profit or loss

	As at 31 December 2020 Fair value \$'000	As at 30 June 2020 Fair value \$'000
Financial assets at fair value through profit or loss		
Listed equities	102,465	45,699
Total financial assets at fair value through profit or loss	102,465	45,699

6 Financial liabilities at fair value through profit or loss

	As at 31 December 2020 Fair value \$'000	As at 30 June 2020 Fair value \$'000
Financial liabilities at fair value through profit or loss		
Forward foreign currency contracts	-	2
Total financial liabilities at fair value through profit or loss	-	2

7 Fair value measurement

The Scheme measures and recognises 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 Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements.

Fair value estimation

The carrying amounts of the Scheme's assets and liabilities at the end of each reporting period approximate their fair values.

All financial assets and financial liabilities included in the statement 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 statement of comprehensive income.

7 Fair value measurement (continued)

(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 Scheme is the current last price; the appropriate quoted market price for financial liabilities is the current asking price. When the Scheme holds 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.

(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 Scheme 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 Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2020 and 30 June 2020:

As at 31 December 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equities	102,465	–	–	102,465
Total	102,465	–	–	102,465
As at 30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Listed equity securities	45,699	–	–	45,699
Total	45,699	–	–	45,699
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Forward foreign exchange contracts	–	2	–	2
Total	–	2	–	2

(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

There was no movement in fair value of the level 3 investments held as at 31 December 2020 and 30 June 2020:

(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 Scheme 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 Scheme as disclosed in the statement of financial position as at 31 December 2020 or on the results and cash flows of the Scheme 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 5 to 13 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 Scheme's financial position as at 31 December 2020 and of its 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 Scheme 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



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Independent Auditor's Review Report to the Unitholders of Loomis Sayles Global Equity Fund

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Loomis Sayles Global Equity Fund ("the Scheme"), 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 report of the Scheme is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Scheme's financial position as at 31 December 2020 and of its 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 Scheme 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 Scheme's financial position as at 31 December 2020 and its 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 Scheme, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.



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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Darren Handley-Greaves' in a cursive style.

Darren Handley-Greaves
Partner
Sydney
5 March 2021