

## The real value of investing in shares

When investing in shares it is often easy to focus only on their capital value and its short term fluctuations. This is particularly true during times of market volatility, when the dividend income stream can be overlooked. For many long-term investors the income stream is the most important part of the total return that they receive from their share (or managed fund) investments.

## IML's track record of generating income from shares

The IML Australian Share Fund, established on 30 June 1998, has just completed its twelfth year of operation. Over these years IML has always given top priority to ensuring that the Fund's portfolio is populated with shares in high quality businesses with a reliable track record of paying dividends.

With the payment of the final distribution to IML Australian Share Fund investors in June 2010, we have aggregated all of the distributions paid, since inception for this 12 year period, based on a hypothetical \$100,000 investment in the fund on 30 June 1998.

Astonishingly, this investment has distributed an amount totalling **\$114,407** (pre-tax) over twelve years and the capital value of the original investment of **\$100,000** is now worth **\$199,980**, at 30 June 2010. The amount distributed does not reflect the benefits to investors of the attached imputation credits, which in the case of most retirees may enhance the final yield in their hands. By way of contrast we have examined the same investment in a rolling 12 month term deposit, over the same period.

IML Australian Share Fund				Australian 12-month Term Deposit			
Date	Yield (% p.a)	Income Distributions (p.a)	Capital Value (\$)	Date	Term Deposit Rate (% p.a)	Interest Earned (p.a)	Amount Invested (\$)
30-Jun-98	-	-	\$100,000	30-Jun-98	-	-	\$100,000
30-Jun-99	4.16%	\$5,670	\$136,370	30-Jun-99	6.00%	\$6,000	\$100,000
30-Jun-00	4.37%	\$5,955	\$136,410	30-Jun-00	5.75%	\$5,750	\$100,000
30-Jun-01	2.78%	\$4,447	\$160,160	30-Jun-01	7.00%	\$7,000	\$100,000
30-Jun-02	2.37%	\$4,000	\$169,010	30-Jun-02	6.00%	\$6,000	\$100,000
30-Jun-03	2.38%	\$4,021	\$169,140	30-Jun-03	5.75%	\$5,750	\$100,000
30-Jun-04	3.91%	\$7,641	\$195,510	30-Jun-04	5.75%	\$5,750	\$100,000
30-Jun-05	6.15%	\$13,578	\$220,910	30-Jun-05	6.25%	\$6,250	\$100,000
30-Jun-06	8.11%	\$19,030	\$234,550	30-Jun-06	6.50%	\$6,500	\$100,000
30-Jun-07	7.05%	\$19,550	\$277,360	30-Jun-07	6.75%	\$6,750	\$100,000
30-Jun-08	5.67%	\$12,094	\$213,320	30-Jun-08	7.25%	\$7,250	\$100,000
30-Jun-09	5.79%	\$10,404	\$179,840	30-Jun-09	8.25%	\$8,250	\$100,000
30-Jun-10	4.01%	\$8,018	\$199,980	30-Jun-10	4.00%	\$4,000	\$100,000
<b>Total</b>		<b>\$114,407</b>		<b>Total</b>		<b>\$75,250</b>	

Sources: IML, RBC Dexia

Source: FactSet

## IML Australian Share Fund vs 12-month Term Deposit

