



Year in Review

2019 / 2020

Our Purpose

Established by all-profits-to-members Australian superannuation funds, IFM Investors focuses on delivering superior net investment returns to members of superannuation and pension funds and like-minded institutional investors around the world.

IFM's distinct ownership drives an alignment with investor objectives, a commitment to investing for the long term, and respect for labour rights and environmental and social responsibility.

Contents

From the Chair	4
From the Chief Executive	5
Corporate Highlights	6
Our response to the COVID-19 pandemic	8
Asset reports	
Infrastructure	10
Debt Investment	14
Listed Equities	16
Private Equity	18
Disclaimers	20



From the Chair

The financial year to 30 June 2020 has been experienced in two halves: the first was an environment of relatively solid growth and robust macro-economic factors; the second under the duress of the COVID-19 pandemic. Through both, IFM Investors has demonstrated the value of our distinct investor-aligned model and reinforced our purpose to protect and grow the retirement savings of millions of working people across the world.

In March this year we also welcomed our new Chief Executive, David Neal. It is difficult to imagine a more demanding time to take the reins of a global enterprise. However, guided by David's leadership and commitment to our purpose, I am pleased to report that IFM Investors is effectively navigating the complexities confronting us, has formulated a new business plan for the times, and is continuing to grow and prosper.

Funds under management grew to A\$158.7 billion at 30 June and, today, IFM Investors serves 470 investors (up from 396 last year), which are resident in 23 different countries. Notwithstanding the challenging market conditions, 75% of our products performed at or ahead of stated objectives after-tax and management fees, on a five-year basis.

Across the organisation, we have made significant progress against the recommendations provided by the Culture Review that was conducted in the early part of the financial year. While we expect progress will continue to evolve over coming years, it is pleasing to see so many progressive initiatives being taken up and adopted across the business. I am particularly pleased to report an increase in the number of women in senior roles. The Board is determined to maintain a significant focus on diversity and inclusion.

Through the year we have continued to integrate consideration of climate change risks in our investment strategy. Across our infrastructure portfolios, we engaged ERM to conduct scientific

research on the potential physical and transition risks posed by different climate scenarios. We took concrete action by launching the Australian Infrastructure Carbon Reduction Initiative, which set unprecedented and long-term emission reduction targets for multiple iconic assets. As well, across our Debt, Listed Equities and Private Equity strategies, we have continued to innovate and explore avenues to engage and promote good environmental, social and governance outcomes.

This year, more resoundingly than any other, I would like to emphasise my gratitude for all of the staff at IFM Investors, who in the face of the pandemic have continued to demonstrate their enthusiasm and dedication not only to IFM and our investors, but also to their local communities. The New York office team which provided sustenance to frontline health workers during the worst of times in New York City was an inspiration.

Finally, I would also like to thank our investors for their continued support of IFM Investors and their shared commitment to our objectives.

Looking ahead, IFM Investors stands ready to play an important role in the global recovery from COVID-19. We believe that the patient, long-term capital you have entrusted us with can help create jobs, rebuild economies and foster cleaner, fairer and more prosperous businesses and communities. This, in turn, can support the protection and growth of retirement savings for millions of working people.

The Hon. Greg Combet AM
IFM Investors Chair



From the Chief Executive

2019/2020 was an extraordinary year. All of us have felt the effects of the COVID-19 pandemic and I want to thank you for your support as we collectively navigated the issues it has presented.

We know the pressures COVID-19 has placed on your members and beneficiaries and on your portfolios – and that you have needed to respond to complex and urgent circumstances. In turn, we have worked to support you with the speed and depth of reporting, insights and service you need at this time.

Throughout, we have prioritised the safety of our staff – both at IFM and at our infrastructure assets. We have also worked hard to minimise the consequences of the crisis for your members and beneficiaries.

We have done that because we share your objectives to protect and grow the long-term savings of the millions of working people you represent.

I'm pleased to be able to report to you that despite these difficult times, IFM Investors performed strongly in 2019/20 across all four of our asset classes (infrastructure, debt, listed equities and private equity), with three out of every four products and mandates outperforming investor objectives.

Our results are testament to the continued support of our investors and the hard work of our team, as well as the inherent value of our investor-owned model.

In our infrastructure portfolios we have placed a priority on supporting our assets and their workers' welfare and safety. For example, over the period of the crisis to date, we have provided tenant relief of +A\$200m for property and retail businesses reliant on our airport, port and rail transport infrastructure investments.

During the year we have continued to seek investment opportunities on a highly selective basis, and as an example, we were able to build upon our ownership of Aleatica by agreeing to acquire a controlling interest in the Brebemi toll road in Italy's Lombardy region. Brebemi provides Aleatica and IFM with a strategic foothold to consider further investments in Italy over time.

The effects of the COVID-19 pandemic will likely be with us for many years to come, possibly even decades. But with your help and continued support, I'm confident that IFM Investors will play

an important role in assisting the global economy to steadily and gradually recover – to build back better.

Across all of our asset classes, our investment, commercial and operational teams have been putting forward ideas and taking action to help kick-start local economies, create jobs, and better meet the needs of governments, regulators and communities, all while driving long-term investment returns for millions of working people.

Looking ahead, I believe our organisation's values and culture will be as critical to our success as our investment performance. Last year's Culture Review was a major global undertaking that renewed our focus on values and culture and has resulted during the last year in a significant ongoing program of improvements. This includes diversity targets for senior management; the inclusion of defined leadership and cultural behaviours in performance measures for management; an increased weighting for culture in all employees' performance assessments; and 360-degree assessments for senior management.

We have also recently welcomed our first Chief Risk Officer, Esperanza Cerdan. Esperanza's experience in roles of similar magnitude and scope will complement and bolster our existing capability in global risk and compliance governance. At the same time, during the year we have been implementing major projects across technology and operations to drive greater efficiencies. We have also increased our resources in global external relations, which will enable us to implement an integrated strategy to help protect and distinguish our purpose and reputation on behalf of our investors.

I am very much looking forward to bringing together our wide variety of skills, styles and backgrounds, and continuing to work closely with you, to foster many years of future growth and success. I would also like to thank the Board and all of the staff at IFM Investors for welcoming me in what were truly extraordinary times.

Thank you for your continued support and collaboration.

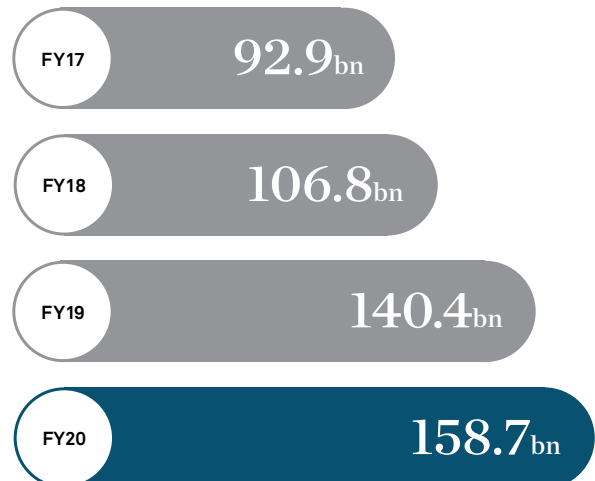
David Neal
Chief Executive



Corporate Highlights

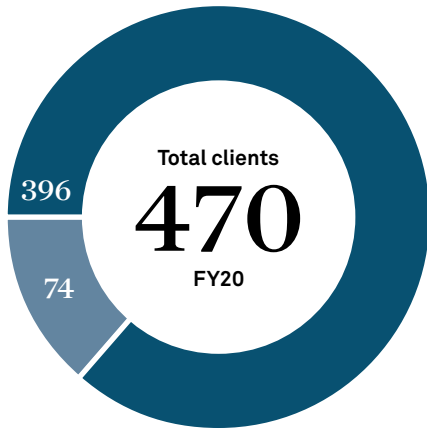
Funds Under Management (A\$)

	June 2015	June 2020	CAGR
Infrastructure	\$25.5bn	A\$64.6bn	20.1%
Debt	\$15.5bn	A\$60.5bn	27.4%
Listed Equities	\$13.6bn	\$32.5bn	23.9%
Private Equity	\$2.3bn	A\$1.1bn	(5.3)%



Global clients

We continued to deepen and diversify our global reach in FY 2020, now servicing clients across 23 countries. At the end of the financial year, we now invest on behalf of 470 like-minded investors.

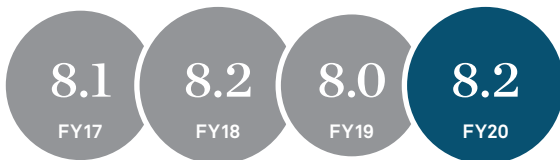


■ Clients outside Australia ■ Australian clients

	FY17	FY18	FY19
Australian clients	60	62	70
Clients outside Australia	184	250	326
Total clients	244	312	396

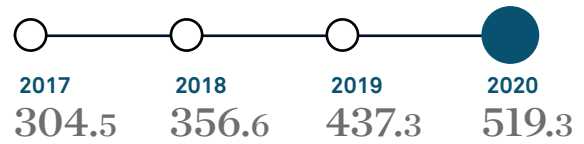
Investor Satisfaction Questionnaire (ISQ)

Client satisfaction increased to 8.2, demonstrating IFM's success over the past year in focusing on the needs of investors and their beneficiaries, while aiming to build a reputation as one of the world's most trusted institutional funds managers.



Growth in staff numbers

Our investment in people, systems and capabilities has allowed IFM Investors to continue to serve the needs of a growing global client base.

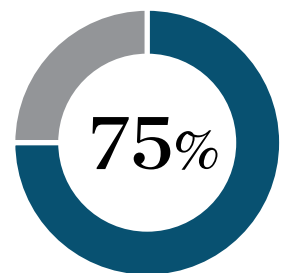


PRI ratings for individual asset classes

- A+** Infrastructure
- A** Debt Investments (Fixed income)
- A+** Listed Equities (Active ownership)
- A** Listed Equities (Incorporation)
- A+** Private Equity

Product Performance

75% of products performed at or ahead of stated objectives, after tax and management fees, on a five-year basis.



Past performance does not guarantee future results.

Annual scores by the Principles for Responsible Investment

Enterprise-wide measure of Strategy and Governance.



Responding to the COVID-19 pandemic

At IFM Investors our most immediate response to the COVID-19 pandemic was to prioritise the safety and wellbeing of our staff and the workers in our investee companies. In addition, we sought to provide our investors and all stakeholders with timely, relevant and transparent information about their investments and the actions we were taking to help protect the retirement savings of millions of working people around the world.

Early in March, we enacted our Business Continuity Plan (BCP), and it continues to guide our response to the pandemic. We also established a Coronavirus Action Team (CAT) to initially coordinate and manage the organisation's planning and response, before activating our Crisis Management Team (CMT) as we closed offices and moved staff offsite. The CMT was stood down in June as the need for an immediate crisis response waned.



Most importantly, there have been no significant disruptions or material impacts to our business. We continue to operate normally, albeit largely remotely.

Today, we actively continue to monitor the effects of the pandemic and are evolving our planning and response as it plays out across our global communities. We are careful to understand the latest medical guidance from the World Health Organisation (WHO) and the Centers for Disease Control and Prevention (CDC), as well as understanding the local advice and guidelines applicable to our global office locations.

Some of our offices – such as Hong Kong, Seoul, Tokyo, Zurich and Sydney – have successfully navigated gradual and limited re-openings as their local circumstances improved. Across other regions, however, our staff continue to work remotely.

Most importantly, there have been no significant disruptions or material impacts to our business. We continue to operate normally, albeit largely remotely.

Infrastructure

The four key areas of focus for our infrastructure assets during the COVID-19 pandemic are:

- **People and Safety:** taking appropriate care and consideration of the wellbeing of our staff, employees at our assets, our customers and other key stakeholders.
- **Business Continuity:** maintaining our assets' services to communities throughout the crisis.
- **Government and Key Stakeholders:** supporting and collaborating to respond and prepare to recover from the crisis.
- **Resilience:** testing the financial and operational readiness of our assets across a range of scenarios.

All of our infrastructure assets were quick to activate their incident response plans, and we continue to have regular communication with asset-level boards and management teams to help ensure operational and financial resilience across a range of scenarios, including the potential prolonged and worsening impacts of the pandemic. We also continue to share insights and provide regular communications to our investors and stakeholders.

Despite not being able to conduct business travel, our global infrastructure team – which numbers in excess of 100 people – has successfully adapted to remote working conditions and we are able to operate as normal, with no significant impediments to our strategies.

While the pandemic still presents many challenges, we are mindful that our approach to infrastructure investment is grounded in decades of experience, and the assets we own have very long lives. This experience has taught us that, despite periods of intense volatility, the responsible, active management of a diverse range of energy, utilities, transport and social infrastructure assets can, we believe, deliver relatively superior, low volatility returns over the long term.

Debt Investments

Across our debt strategies, as the implications of COVID-19 became apparent our investment teams quickly enabled remote access to IFM systems and applications. Alternative communications applications were put into place to ensure 'business as usual' functions could continue. Operational controls and protocols, as well as

Photo: Essential workers at Ausgrid have continued to upgrade and restore power lines across NSW during the COVID-19 pandemic period.



business critical functions, were all tested and confirmed. To date, we have experienced no significant or material issues across our debt portfolios.

- **Treasury Services:** Early on, the team focused on the liquidity and cashflow requirements of our investors, engaging directly with key-counterparts across multiple mandates. Over the last quarter of FY20, the team has continued to actively invest and has successfully outperformed client benchmarks across all strategies.
- **Diversified Credit and Infrastructure Debt:** The focus for both teams initially was to establish the sensitivity of our investments to the COVID-19 pandemic. This included understanding the impact on supply chain restrictions, loss of key staff, remote working conditions and business continuity plans. Presently, our teams are actively liaising with borrower clients to productively work towards their sustainable recovery. Both teams are functioning remotely and there has been no impact on normal operations.

Listed Equities

In the early stages of the pandemic our Indexed and Active Equities teams worked to update all operational procedure manuals and activate plans to work remotely for an extended period. Our Indexed investments team was structured into operational sub-teams, effectively isolating specific

skills to prevent any contagion. Staff remotely communicated via a number of secure digital platforms. All teams developed contingency plans to be able to operate remotely in a normal manner, ensuring each team member was fully functional.

As markets and governments reacted to the news of the unfolding pandemic, team members worked proactively with investors to successfully execute a range of critical functions. Importantly, we experienced no issues facilitating investor requests and can foresee no future issues.

Both our Active and Indexed teams continue to invest in line with existing mandates and fund objectives. We continue to monitor global and Australian markets and to communicate with investors in a transparent and timely manner as important information comes to hand.

Private Equity

The Private Equity team has successfully operated remotely throughout the COVID-19 pandemic. Investee companies, due to the nature of their businesses, have broadly demonstrated relative resilience beyond the general economic impact to the Australian economy.

Each of our investee companies has business continuity plans in place and we continue to review the effectiveness of these plans, as well as understanding the various trigger points that may require additional action. Investors are being updated as relevant information comes to hand.

»

Infrastructure

For the majority of the 2019/20 year, our infrastructure portfolios performed largely as expected – following a trajectory that had become familiar from their inception. But as the COVID-19 pandemic swept across the globe, our management team moved quickly to put in place contingencies to help mitigate the emerging challenges and risks.



We take a patient and strategic approach to infrastructure, maintaining a focus on building long-term value in a sustainable and responsible manner, to protect and grow the retirement savings of our investors' members and beneficiaries.

The performance of our infrastructure strategies for FY19/20 tells a story of two halves, with the first six months of the 2020 year dominated by the impact of the COVID-19 pandemic. We saw governments take extraordinary measures to control the spread of COVID-19, and policy makers provide tremendous levels of monetary and fiscal stimulus to protect their economies. Many economies suffered significant downturns, which particularly impacted transport assets, especially airports, and to a lesser degree seaports and toll roads. The benefits of a diversified portfolio could be seen, however, as other investments, such as those in midstream assets, saw modest outperformance.

In the final quarter of the year, we observed a measure of resilience and some strengthening across select markets, for example, in goods transport. Working closely with investee companies, we conducted scenario analyses across all assets to identify liquidity and debt risks, subsequently executing a series of capital structure action plans. Notably, many assets that would typically have made distributions at 30 June elected to retain cash on hand.

Looking ahead, we foresee four phases of recovery across our infrastructure assets. Each asset will progress differently, but we are well advanced on plans to accelerate and build long-term value.

Four phases of recovery across infrastructure assets

1: Respond

Respond to the crisis/address immediate challenges:

- Implement pandemic plans
- Prioritise safety
- Lead and support staff
- Manage impacts

2: Resilience

Survive downturn/be ready to resume 'BAU':

- Undertake stress testing
- Work with stakeholders (especially governments and regulators)
- Plan for recovery

3: Recover

Recommence BAU but adapt and calibrate business:

- Balance efficiency and resilience
- Plan for COVID-19 relapse
- Revisit business case for assets; focus on financial resilience

4: Reimagine & Reform

Establish sustainable model in the 'new normal':

- Revisit business model, strategy and financial outlook
- Recalibrate economic and growth outlook
- Reaffirm social licence and trust
- Revisit business case for assets; attention on financial resilience



Main photo: Port of Brisbane
Inset photo: Marine operations cadets at the Port of Brisbane participating in a program to boost female representation in a traditionally male-dominated industry.



In November 2019, we made our largest infrastructure acquisition to date, acquiring 100% of Buckeye Partners.



In June 2020 Aleatica signed an agreement to acquire a controlling interest in the 'Brebemi' toll road, in Italy's Lombardy region. Photo: One of Aleatica's 14 other toll road investments

Acquisitions and disposals

In November 2019, we purchased 100% of Buckeye Partners, an integrated network of midstream infrastructure that is strategically important to the North American economy, serving over 130 million people and businesses from the Midwest to the East coast.

We believe Buckeye is well positioned to take advantage of the changing US energy landscape and to play a key role in its longer-term energy

transition. Importantly, Buckeye now has the flexibility and resources to invest and diversify into a range of energy subsectors, including natural gas, LNG, biofuels, LPG and renewables.

During the year our transport platform, Aleatica signed an agreement to acquire a controlling 55.8% interest in Autostrade Lombarde S.p.A, which operates a 62-kilometre toll road connecting Milan and Brescia ('Brebemi'), in the industrial heartland of Italy. While subject to regulatory approvals and consents, financial close is expected in late 2020.

Through FY2019/20 we also negotiated the strategic divestment of Arqiva's portfolio of mobile telecommunications towers and the NSW Rent Buy social housing asset.

Building to enhance value

One way we seek to drive superior returns is by developing assets to capitalise on opportunities and to leverage their scale. Prominent examples in FY19/20 include:

- **Brisbane Airport's second runway** - After eight years in development, the new runway was completed on time, under budget and with zero lost time injuries, effectively doubling current capacity at the airport.
- **Freeport LNG** - After more than five years of construction, in May 2020, the company announced it had successfully commenced full commercial operation of its \$13.5 billion, three liquefaction facilities. Plans are now underway to expand by adding a fourth liquefaction train.
- **Defence HQ** - In June, the Australian Federal Government announced an expansion of the Defence HQ PPP. The project will double the facility's capacity to better support modern defence force requirements. Completion is forecast for 2022.



After five years of construction, Freeport LNG is one of the largest and most environmentally sustainable LNG facilities in the world.

Celebrating 25 years as a leader and pioneer in infrastructure investment

In August 1995, IFM Investors first commenced its infrastructure investment operations in Australia, with the vision to provide a very different kind of investment strategy to the typical 'for profit' model. Today, IFM Investors is able to provide investors exposure to a diverse portfolio of critical infrastructure assets that generate wide-ranging social and economic benefits.

Importantly, we continue to innovate and evolve our strategy. In June 2020, we launched the **Building Australia Model**, a direct pitch to Australian governments to unlock infrastructure investment, create jobs and kick-start an economic recovery in the wake of the COVID-19 pandemic.



Photo: Port Botany is Australia's premium port and is vital to the economic well being of Sydney.

Photo: Recognising that aviation will be one of the hardest industries to decarbonise, Manchester Airports Group's 2020-25 Corporate Social Responsibility Strategy makes the commitment to achieve 'net zero carbon' emissions for its airport operations by 2038, ahead of the 2050 national goal.



Infrastructure in a low carbon world

IFM Investors believes in the science of climate change. Furthermore, we believe managing the risks inherent in our changing climate and transitioning to a low carbon economy will be fundamental to the delivery of competitive long-term net returns.

Our principles are outlined in our Responsible Investment Charter and our ESG Policy is integrated across our infrastructure management. During the FY19/20 year we continued to:

- Actively measure and report the Carbon Footprint of our infrastructure portfolios. These reports are publicly available on our website.
- Establish emissions reduction targets and pathways for our assets. In August 2019, we announced the Australian Infrastructure Carbon Reduction Initiative, an unprecedented set of

targets across key Australian assets for emissions reductions through to 2030 and beyond. The program was awarded the 'Outstanding Initiative by an Asset Manager' at the 2019 IGCC Climate Awards, and was shortlisted at the 2019 Global PRI Awards for its 'Real World Impact'. (Work continues in FY202/21 to establish similar targets across our global portfolio.)

- Undertake a scientific physical and transitional risk assessment across our Australian and global portfolios, utilising three broad climate scenarios. A report on this analysis was issued to investors.

Looking ahead, we are aiming to develop our own disclosures in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) by the end of 2020.

Debt

Over the last financial year, our cash, credit and infrastructure debt offerings have diversified, innovated and continued to develop in line with the needs of our investors. The benefits of these efforts were most apparent as the impact of the COVID-19 pandemic hit and investors were faced with extremely volatile markets and, for some, new liquidity requirements.



In June 1999, IFM Investors established its debt capabilities, providing institutional investors with the ability to invest across a portfolio diverse credit assets. Twenty years later, in August 2019, we restructured this initial offering to create three new strategies from its core strategy, launching individual investment options across income, structured credit and Asia-Pacific private debt. This has allowed investors to remain invested in the original strategy, but also to access investments across a range of liquidity and return profiles, enabling them to fulfill their own risk and liquidity needs at a more granular level. Of particular note, the Asia-Pacific Debt Fund continued to demonstrate its appeal over the past year, particularly to investors in Korea, Japan and other markets who, we believe, see opportunity in its focused strategy.

Two other strategies that our Debt Investment team launched in 2018 achieved strong flows from investors in FY2019/20:

- **Australian Bond strategy** – this investment option integrates distinct ESG criteria that, among other things, ensures no investment is made into securities where issuers are engaged in the production of tobacco or cluster munitions; and no more than 20 per cent of an issuer's income is derived from mining and sale of thermal coal or the ownership or operation of gambling facilities. The strategy will also, where appropriate, take overweight positions in green

bonds, sustainable bonds and investments in securities issued by companies heavily involved in low carbon electricity generation, sustainable water, green building and climate change adaptation.

- **US Dollar Liquidity strategy** – this investment option seeks to provide regular income to investors but is also consistent with the preservation of principal and liquidity, investing in a diversified portfolio of high-quality, US dollar-denominated short-term debt securities.

In FY2019/20 our global debt team continued to expand and build on more than twenty years of successful Infrastructure Debt investment, investing across North America, Europe and Australia. As at 30 June 2020, our team of Infrastructure Debt specialists has expanded to 21 people, based in New York, London and Melbourne.

For the FY2019/20 year we completed 27 infrastructure deals worth approximately US\$1.3 billion. As at 30 June 2020, IFM Investors had US\$7.5bn FUM in infrastructure debt investments.

We have now successfully negotiated 233 infrastructure debt transactions and we rank inside the Top 10 largest infrastructure debt managers in the world*.

Looking to the next financial year, our team is considering a new European Infrastructure Debt offering, and is in the process of conducting investor soundings to gather feedback on the proposal.

* IPE Real Assets, Top 10 Infrastructure Managers 2020, July 2020

Photo: The largest infrastructure debt deal that IFM Investors made in the first quarter of 2020 was an investment in a 27.4MW portfolio of 10 operating photovoltaic plants located in Spain.



Over its history, IFM Investors has successfully negotiated 233 infrastructure debt transactions and now ranks inside the Top 10 largest infrastructure debt managers* in the world.

ESG is critical for credit considerations

In FY2019/20 an ESG Scorecard was introduced to enhance our approach to managing ESG factors within our diversified credit business. This standalone process is built via research and assessment of ESG factors, considered at both a sector and company level. Input is also sought from IFM's Responsible Investment Team.

Cash in the COVID era

As the COVID-19 pandemic took hold, investors increasingly reached out to our Treasury team for assistance. We were able to put in place multiple bespoke solutions to assist investors. Notably, our expertise in derivatives and currency strategies enabled some Australian investors to navigate markets by implementing downside strategies



* IPE Real Assets, Top 10 Infrastructure Managers 2020, July 2020

Listed Equities

The onset of the COVID-19 pandemic triggered a remarkable level of volatility across global listed markets. The March quarter was widely reported as the second worst quarter for global stock markets ever, with stocks plunging by 21.7 per cent¹. In Australia, the local market declined even further, by 23.1 per cent². Then, in the June quarter, the global market rebounded, producing its second best quarter this century and forging upward 18.7 per cent. In Australia, the market climbed 16.5 per cent².



In these turbulent times, investment teams are challenged and their success (or otherwise) can define their legacy for many years to come. We are pleased to report, even in such trying conditions, the majority of our equities strategies outperformed their benchmarks for the 12 months to 30 June 2020.³

Our Indexed portfolio continued to perform relatively strongly over the last financial year.³ Performance was also relatively strong from both our Active Large Cap and Small Cap teams:

- Both the Australian Core Equities and Australian Extended Alpha strategies exceeded their benchmarks (gross) during FY2019/20.³
- The Small Cap Composite strategy, too, outperformed its benchmark.³

Throughout the year, our listed equities teams have held constructive briefings with consultants and new potential investors. This has resulted in improved consultant ratings and increased enquiries for potential investment, which we are looking to capitalise on over the coming 2020/21 financial year.

Our Growing Australia Plan

IFM Investors is one of the largest institutional investors in the Australian Stock Exchange (ASX) and we believe we can play an important role in helping companies emerge from the COVID-19 economic crisis.

Recently, we wrote to all Australian listed companies in the ASX200, offering to consider providing a significant commitment of capital. We believe IFM Investors can be a trusted and prudent equity partner, able to help quality businesses manage their balance sheets through the pandemic, while also protecting and growing the retirement savings of millions of working Australians.

¹ 'It's official: The stock market had its worst quarter since 1987—and its worst Q1 ever', Fortune.com, 1 April 2020

² S&P/ASX 200 Accumulation Index

³ Past performance does not guarantee future results.

Focus on ESG through members and engagement and voting activity

We continue to take an active stance on material ESG issues, aiming to protect and enhance value over the long term for our investors and their members and beneficiaries. We actively campaign listed companies to make positive change, for example to the supply chains of Wesfarmers and Woolworths. In October 2019, we held an ESG Forum for investors, hosted by our Chair, The Hon. Greg Combet, AM.

We publish our Proxy Voting & Engagement reports on the Stewardship section of our website, and make all our voting activity public. Recently, we have expanded our proxy voting capabilities to enable voting across global equities in line with CGI Glass Lewis or ACSI.

Our Research Lab drove innovation

Our unique Research Lab continued to be an attractive tool for current and prospective investors looking to road-test specific strategies.

Over the FY2019/20 year the Lab has spent considerable effort analysing a variety of low carbon portfolios. Our experience in running low carbon portfolios, which we first began in March 2012, informs our exploration of a diverse array of new and innovative methods, with particular reference to quantitative and machine learning practices. Increasingly, both prospective and current investors are utilising our research capabilities to back test innovative strategies, which is providing detailed learnings for our team on investor needs and valuable information to investors about how they can target specific outcomes.

»

Private Equity

IFM Investors is one of the longest standing Australian institutional investors in private equity. Shifting to a direct investment model in 2015, we have progressively enhanced our direct private equity capability. During FY2019/2020, we expanded the Private Equity team with several new hires, enhancing our expertise and experience to focus on mid-market growth companies and larger scale private equity investments. The team also expanded its Executive and Value Creation Network and retained its UNPRI A+ Responsible Investment rating.



Early in FY2019/20, the Private Equity team commenced a project to accelerate liquidity for investors in its legacy Fund of Funds program, successfully reducing the long tail of cash flows prior to the market downturn.

During the year Colette entered voluntary administration to restructure its store footprint and cost base in response to the weak retail environment. During administration COVID-19 took hold, further impacting sales, supply chain and funding needs such that we were unable to fund out of administration.

Our team worked with our remaining investee companies to manage COVID-19 risks across the portfolio. The businesses have generally continued to perform well. To date, only one has needed to access JobKeeper payments and none have furloughed or laid off staff to date other than in relation to specific projects coming to an end.

Tandem field service solutions continued its focus on health and safety and furthered its diversification into insurance and retail segments and enhancing its digital solution.

Genie (software/cloud services for medical specialists) delivered solid revenue growth ahead of new services being launched in FY21. Genie was also named “Canstar Digital diversity employer of the year”.

My Plan Manager (MPM, a provider of National Disability Insurance Scheme services) delivered 125% revenue growth in our first year of ownership, creating over 100 new jobs. MPM was a proprietary opportunity completed in July 2019. Since then, we have invested heavily in management and staff and transformed IT/telephony systems to drive and support growth.

Past performance does not guarantee future results.

Our Executive and Value Creation Network (EVCN)

The EVCN consists of senior industry executives with sector and functional expertise who support IFM's Private Equity team by contributing their skills, experience, and their extensive networks. The Network helps with due diligence on new investment opportunities and in the design and execution of the transformative value creation blueprint that we have devised for each investment.

Sector experience of the EVCN includes healthcare, technology and business services.

Functional expertise areas of the EVCN include technology implementation, talent development, go-to-market strategy and finance.

Large Scale, Long Term Private Capital initiative

In FY2019/20 we established our strategy for larger scale, longer term private capital in consultation with investors. The strategy targets economically durable companies with features that may include:

- attractive industry structure
- leading market position
- ability to withstand disruption, or drive it
- strong cash flow or strong return on investment from capital driven growth
- limited regulatory risk
- capable, aligned management teams
- complementary responsible investment philosophy

To execute this initiative we have added new hires with experience of larger transactions to our private equity sourcing, investment and value creation capabilities.

Photo: Founded in 2015, My Plan Manager is Australia's largest provider of plan management services to NDIS participants.

»

Important Disclosures

The following disclosure applies to this material and any information provided regarding the information contained in this material. By accepting this material, you agree to be bound by the following terms and conditions. The material does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of securities in any jurisdiction and neither this material nor anything in it will form the basis of any contract or commitment. IFM Investors (defined as IFM Investors Pty Ltd and its affiliates) will have no liability, contingent or otherwise, to any user of this material or to third parties, or any responsibility whatsoever, for the correctness, quality, accuracy, timeliness, pricing, reliability, performance or completeness of the information in this material. In no event will IFM Investors be liable for any special, indirect, incidental or consequential damages which may be incurred or experienced on account of a reader using or relying on the information in this material even if it has been advised of the possibility of such damages.

Certain statements in this material may constitute "forward looking statements" or "forecasts". Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to projections of earnings, performance, and cash flows. These statements involve subjective judgement and analysis and reflect IFM Investors' expectations and are subject to significant uncertainties, risks and contingencies outside the control of IFM Investors which may cause actual results to vary materially from those expressed or implied by these forward looking statements. All forward-looking statements speak only as of the date of this material or, in the case of any document incorporated by reference, the date of that document. All subsequent written and oral forward-looking statements attributable to IFM Investors or any person acting on its behalf are qualified by the cautionary statements in this section. Readers are cautioned not to rely on such forward looking statements. The achievement of any or all goals of any investment that may be described in this material is not guaranteed.

Past performance does not guarantee future results. The value of investments and the income derived from investments will fluctuate and can go down as well as up. A loss of principal may occur.

This material may contain information provided by third parties for general reference or interest. While such third party sources are believed to be reliable, IFM Investors does not assume any responsibility for the accuracy or completeness of such information.

This material does not constitute investment, legal, accounting, regulatory, taxation or other advice and it does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the information in this material.

This material is confidential and should not be distributed or provided to any other person without the written consent of IFM Investors.

Australia Disclosure

This material is provided to you on the basis that you warrant that you are a "wholesale client" or a "sophisticated investor" or a "professional investor" (each as defined in the Corporations Act 2001 (Cth)) to whom a product disclosure statement is not required to be given under Chapter 6D or Part 7.9 of the Corporations Act 2001 (Cth). IFM Investors Pty Ltd, ABN 67 107 247 727, AFS Licence No. 284404, CRD No. 162754, SEC File No. 801-78649.

United Kingdom Disclosure

This material is provided to you on the basis that you warrant that you fall within one or more of the exemptions in the Financial Services and Markets Act 2000 ("FSMA") [(Financial Promotion) Order 2005] [(Promotion of Collective Investment Schemes)(Exemptions) Order 2001, or are a Professional Client for the purposes of FCA rules] and as a consequence the restrictions on communication of "financial promotions" under FSMA and FCA rules do not apply to a communication made to you. IFM Investors (UK) Ltd shall have no liability, contingent or otherwise, to any user of this material or to third parties, or any responsibility whatsoever, for the correctness, quality, accuracy, timeliness, pricing, reliability, performance or completeness of the information in this material.

Switzerland Disclosure

This material is provided to you on the basis that you warrant that you are a Qualified Investor as defined in the CISA and its implementing ordinance ("Qualified Investor"). IFM Investors (Switzerland) GmbH shall have no liability, contingent or otherwise, to any user of the material or to third parties, or any responsibility whatsoever, for the correctness, quality, accuracy, timeliness, pricing, reliability, performance or completeness of the information in this material.



One Purpose. Shared Prosperity.

HEAD OFFICE

Level 29 | Casselden | 2 Lonsdale Street | Melbourne | VIC 3000
+61 3 8672 5300 | www.ifminvestors.com

MELBOURNE • SYDNEY • LONDON • NEW YORK • BERLIN • TOKYO • HONG KONG • SEOUL • ZURICH