

# Sandhurst IML Industrial Share Fund

## Monthly fund update - August 2020

### Investment approach

The Fund aims to deliver capital growth with regular income over the long term by investing in a diversified portfolio of quality ASX listed industrial shares (excluding resource shares) where these assets are identified by Investors Mutual Limited (IML) as being undervalued. The Fund expects to invest predominantly in the Sandhurst Industrial Share Fund for which IML is currently the investment manager.

### Fund performance<sup>1</sup>

as at 31 August 2020

Morningstar  
Rating™  
Overall<sup>3</sup>

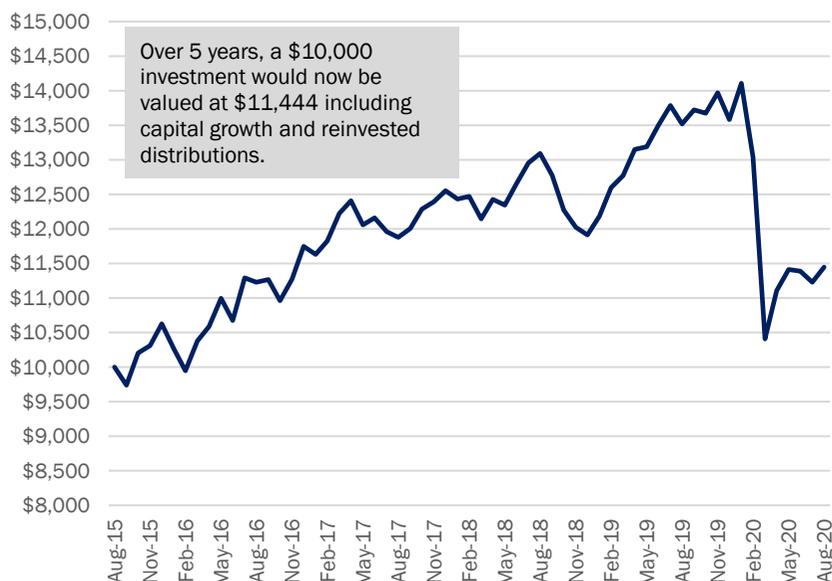
Morningstar  
Category Rank  
5 Year<sup>3</sup>

	Morningstar Rating™ Overall <sup>3</sup>	Morningstar Category Rank 5 Year <sup>3</sup>	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.
Sandhurst IML Industrial Share Fund	★★★	60/95	1.90	0.29	-15.35	-1.23	2.73
Benchmark <sup>2</sup>			3.60	6.00	-7.00	4.80	6.30

### An example of how your investment grows

#### Growth of \$10,000<sup>1</sup>

(Based on historic Fund performance over 5 years)



### Fund facts

Fund APIR code	STL0101AU
Fund inception date	11 January 2001
Fund size	\$98.13 m
Distribution frequency	Half yearly
Management costs <sup>4</sup>	0.95% p.a.
Buy / Sell spread <sup>4</sup>	+0.25% / -0.25%
Minimum investment / minimum balance	\$50,000
Recommended investment timeframe	5 years +
Risk level	High

### Unit price

as at 31 August 2020

Application price	\$0.96933
Withdrawal price	\$0.96450

### Distribution details (cents per unit)

31 December 2019	\$0.02700
30 June 2020	\$0.02662

### Make the most of your investment

#### ► The power of compounding

Compounding can be a powerful tool in wealth creation. Reinvesting distributions can be one of the easiest and cheapest ways to increase your holdings over time. You're compounding your investment's growth by continually adding more units which, in turn, will generate distributions of their own.

Why not reinvest your half yearly distributions?

#### ► The benefits of making it regular

Making regular contributions to your investment can both grow your investment and smooth the effects of market highs and lows.

**Why not add a Regular Savings Plan to your investment? Establish one from as little as \$50 per month.**

You can also use BPAY® to add to your investment at any time with as little as \$100. See your statement for your BPAY reference number.

® Registered to BPAY Pty Ltd ABN 69 079 137 518

### Do you have any questions?

For further information contact us on 1800 634 969 or visit [www.sandhursttrustees.com.au](http://www.sandhursttrustees.com.au)

## Sharemarket commentary<sup>5</sup>

- ▶ Global sharemarkets continued their strong rally in August driven by a surge in the share prices of US technology companies
- ▶ The Australian sharemarket gained +3%, with the FY20 reporting season showing the impact of COVID on the various sectors

The MSCI World Index enjoyed another strong month, rising a further +6% in August led by a strong rally in the share prices of US technology companies and the continued very accommodative conditions created by central banks around the world.

The ASX300 also enjoyed a strong month returning +3% helped by strength in overseas markets and in commodity prices.

The FY 2020 reporting season was a mixed affair with the impact of the pandemic very apparent. Overall, 2nd half earnings per share declined by -38% for the average company compared to the prior comparable period with only a quarter of companies able to grow earnings. Companies involved in leisure, entertainment and travel activities reported significant declines for FY 20 as profits evaporated from March 2020 onwards as various restrictions were imposed while companies involved in sectors such as supermarkets, renovation activity and online selling did well. Nearly all companies refrained from providing guidance given the uncertain backdrop.

## Portfolio performance & summary<sup>5</sup>

- ▶ IML are adopting a cautious approach to the sharemarket and looking to selectively use some of the Fund's cash

The portfolio had a solid month returning +1.9%, albeit this was below the benchmark's strong return of +3.6%. IML's caution to much of the speculative froth within the Technology sector held back their relative performance, however, the Fund remains very comfortable with its positioning given that the vast majority of local technology companies are hugely overvalued. Also weighing on relative returns was the Fund's low exposure to discretionary retailers which were up strongly over the month, driven by what are, in IML's opinion, unsustainable sales volumes. Encouragingly, the Fund's holdings in good quality industrials such as Incitec Pivot, Amcor and Tabcorp all enjoyed a strong month. Telstra sold off after it announced weaker than expected guidance for FY21 due to the negative impacts of COVID on international roaming and ongoing competition in the sector.

## Outlook<sup>5</sup>

Major uncertainties remain about the sustainability of economic growth as government income support and self-imposed bank interest deferrals come to an eventual end. IML anticipate unemployment will remain relatively high going into 2021 and given record household debt in Australia, this could affect the level of demand across certain sectors of the economy and cause a substantial pick up in non-performing bank loans. IML continue to maintain a cautious stance by focusing on companies that, in their view, have a strong franchise, experienced capable management and a resilient business that can continue to generate healthy cash flows through the current uncertain economic times and beyond. While the Fund's performance continues to lag the current market, IML remain comfortable with the way the portfolio is positioned in light of the uncertainties ahead.

## Top 10 holdings

National Australia Bank
CSL Limited
Telstra
Westpac
Coles Group
Amcor
AusNet Services
Aurizon Holdings
Suncorp Group
Crown Resorts

## Sector active weights

Materials	7.50%
Communication Services	6.50%
Utilities	3.30%
Consumer Staples	-0.90%
Consumer Discretionary	-1.30%
Industrials	-2.00%
Information Technology	-3.50%
Health Care	-5.90%
Real Estate	-7.10%
Financials	-7.20%

Please note the portfolio information and sector active weights supplied above is based on the underlying managed investment scheme, in addition, the Fund may directly hold small amounts of cash.

### Footnotes

1. Fund performance figures are calculated before tax and after fees and costs; using withdrawal prices and assumes distributions are reinvested. Past performance is not an indication of future performance.
2. The benchmark for the Fund is the S&P/ASX 300 Industrial Accumulation Index.
3. Sandhurst IML Industrial Share Fund received a 3-Star Overall Morningstar Rating<sup>TM</sup> out of 101 Equity Australia Large Value funds as of 31 August 2020 and a 3-Star Five year rating out of 95 Equity Large Value funds as of 31 August 2020.  
© 2020 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Services Guide (FSG) for more information at [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser.  
The 'Morningstar Rating' is an assessment of a fund's past performance - based on both return and risk - which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision. 'Morningstar Category Rank' is the Fund's performance rank relative to all funds in the same Morningstar Category. Investments are placed into Morningstar Categories based on their compositions and portfolio statistics so that investors can make meaningful comparisons. Source: [www.morningstar.com.au/Funds/FundReport/7045](http://www.morningstar.com.au/Funds/FundReport/7045)
4. Other fees and costs may apply. See the Product Disclosure Statement for full details.
5. The commentary is provided by Investors Mutual Limited (IML) and has not been verified by Sandhurst Trustees Limited. Economic and outlook forecasts are not guaranteed to occur.

The Sandhurst IML Industrial Share (Fund) is issued by Sandhurst Trustees Limited (Sandhurst) ABN 16 004 030 737 AFSL 237906 a subsidiary of Bendigo and Adelaide Bank Limited (the Bank) ABN 11 068 049 178 AFSL 237879. Sandhurst and the Bank receive remuneration on the issue of the Fund or the service they provide, full details of which are contained in the Product Disclosure Statement (PDS). Investments in the Fund are not deposits with, guaranteed by, or liabilities of the Bank or any of its related entities. This update is provided by Sandhurst and contains general advice only. Please consider your situation and read the PDS available at [www.sandhursttrustees.com.au/pds](http://www.sandhursttrustees.com.au/pds), any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision.

This information is current as at 31 August 2020 (unless stated otherwise) and is subject to change without notice.

Proudly part of



**Bendigo and  
Adelaide Bank**