

Monthly fund update - December 2021

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 performance¹

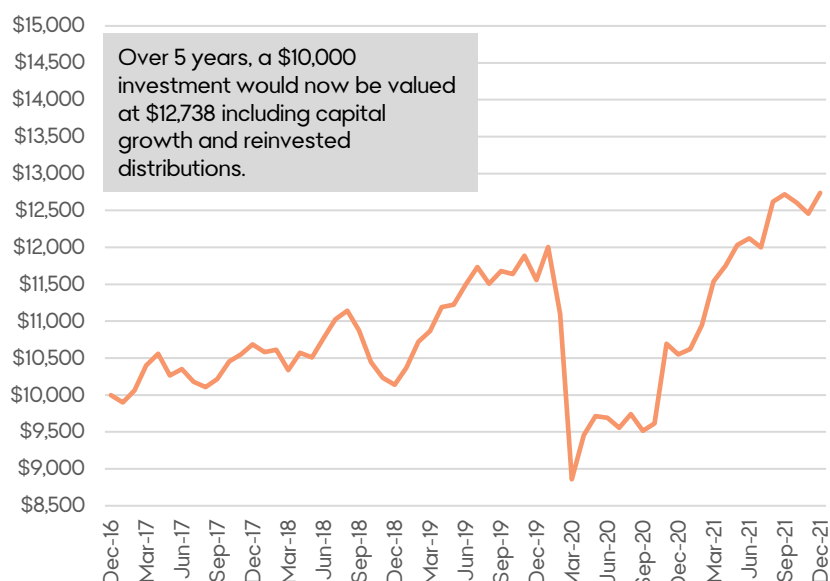
as at 31 December 2021

	Morningstar Rating™ Overall ³	Morningstar Category Rank 5 Year ³	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.
Sandhurst IML Industrial Share Fund	★★★	73/82	2.27	0.14	20.75	7.90	4.96
Benchmark ²			1.80	0.50	19.50	13.70	9.00

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance over 5 years)



Fund facts

Fund APIR code	STL0101AU
Fund inception date	11 January 2001
Fund size	\$67.25 m
Distribution frequency	Half yearly
Management costs ⁴	0.95% p.a.
Buy / Sell spread ⁴	+0.25% / -0.25%
Minimum investment / minimum balance	\$50,000
Recommended investment timeframe	5 years +
Risk level	High

Unit price (ex distribution)

as at 31 December 2021

Application price	\$1.22540
Withdrawal price	\$1.21929

Distribution details (cents per unit)

30 June 2021	\$0.01237
31 December 2021	\$0.02000

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.

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Refer to the next page for footnotes

Do you have any questions?

For further information contact us on 1800 634 969 or visit www.bendigobank.com.au/managedfunds

Sharemarket commentary⁵

- ▶ Global sharemarkets enjoyed a strong year on a confluence Covid vaccine efficacy and ongoing stimulus
- ▶ The Australian sharemarket also had a strong year returning +17.5%, albeit with mixed sector performance

Global equity markets delivered their third consecutive year of double-digit gains in 2021, with the MSCI World Index returning +21% for the calendar year as the world started to re-emerge from government-imposed lockdowns. The ASX300 was a little lacklustre in the final quarter of CY21, returning +2.2%. Sector performance was mixed. The Resources sector enjoyed a strong quarter up +9%, primarily driven by the iron ore miners, courtesy of restocking from Chinese steel producers. The Industrials segment of the market was held back by a poor performance from the Financials sector as the banking sector was sold off on concerns on how earnings are likely to be impacted by a sharp compression in the sectors net interest margins. Similar to moves across the globe, the local Technology sector sold off as investors weighed the prospect of higher interest rates on much of the speculative fare within the sector. Positively, the Utilities sector enjoyed a strong quarter with both Origin and AGL up firmly reflecting expectations for an improvement in electricity prices through 2022. Also buoyant was the Communication Services sector led by Telstra.

Portfolio performance & summary⁵

- ▶ IML continue to use volatility to top up in good quality companies they believe can do well over the next 3-5 years

For the final quarter of the year, the portfolio posted a lacklustre return of +0.1%, which slightly lagged the benchmark's return of +0.5%. Over the quarter the portfolio benefited from its holdings in Metcash, Telstra, Crown Resorts (under takeover), Incitec Pivot and Steadfast. Conversely, IAG and Pact Group endured a weaker quarter on short term impositions, and IML remain very confident in the long-term outlook for both businesses, especially in light of their attractive valuations and strong positioning in their respective industries.

Outlook⁵

As we head into 2022, IML believe sharemarkets will be primarily influenced by the direction of interest rates as central banks continue to mull over whether current inflationary trends are transitional or becoming embedded. As such, IML continue to steer away from the riskier parts of the sharemarket and remain focused on identifying and holding what they assess to be good quality companies, that they believe are well managed, which offer sound value, and which can do well over the next 3-5 years.

Top 10 holdings

National Australia Bank
Telstra
CSL
Westpac
AusNet
Orica
Brambles
Aurizon
Amcor
Suncorp

Sector active weights

Communication Services	7.50%
Materials	5.50%
Utilities	4.00%
Consumer Staples	-0.40%
Industrials	-0.90%
Consumer Discretionary	-2.80%
Information Technology	-3.60%
Health Care	-4.40%
Financials	-4.70%
Real Estate	-7.40%

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. Morningstar rates managed funds from one to five stars based on how well they've performed (after adjusting for risk) in comparison to similar funds. Within each Morningstar Category, the top 10% of funds receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Funds are rated for up to three time periods - three, five, and 10 years - and these ratings are combined to produce an overall rating. Funds with less than three years of history are not rated. Ratings are objective, based entirely on a mathematical evaluation of past performance. They're a useful tool for identifying funds worthy of further research, but shouldn't be considered buy or sell recommendations. Sandhurst IML Industrial Share Fund received a 3-Star Overall Morningstar Rating™ out of 91 Equity Australia Large Value funds as of 31 December 2021. In the Morningstar Equity Australia Large Value Category, the Sandhurst IML Industrial Share Fund 5 year return was ranked 73 out of 82 funds as of 31 December 2021. '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
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4. Management costs are based on costs incurred by the Fund in the past financial year and may be different in the current and future financial years. 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.bendigobank.com.au/managedfundsforms, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision. For target market determination: www.bendigobank.com.au/TMD

This information is current as at 31 December 2021 (unless stated otherwise) and is subject to change without notice.

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