

Sandhurst IML Industrial Share Fund

Monthly fund update - March 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 March 2021

Morningstar
Rating™
Overall³

Morningstar
Category Rank
5 Year³

1 month % 3 months % 1 year % 3 years %p.a. 5 years %p.a.

Sandhurst IML Industrial Share Fund ★ ★ ★ 85/92 5.41 9.39 30.26 3.73 5.49

Benchmark² 4.10 4.70 34.50 8.60 8.50

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	\$73.07 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

as at 31 March 2021

Application price	\$1.14014
Withdrawal price	\$1.13445

Distribution details (cents per unit)

30 June 2020	\$0.02662
31 December 2020	\$0.00750

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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Do you have any questions?

For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

Sharemarket commentary⁵

- ▶ Global sharemarkets enjoyed a strong start to CY21, led once again by the US as investor confidence remained buoyant
- ▶ The Australian sharemarket returned +4.2% over the quarter following a solid reporting season

Global equity markets enjoyed a strong first quarter of calendar 2021, returning +5.9% thanks to continued investor optimism as the global economy recovers from the turmoil caused by COVID-19. These gains were made despite the headwinds of a substantial selloff in bond markets. The benchmark US 10-year bond rose 0.5% to a 12-month high of 1.7% by the end of March on inflationary fears as a combination of continued strong fiscal stimulus, strong commodity prices and continued record low overnight interest rates stoked investor concerns.

The Australian sharemarket as measured by the S&P/ASX300 Index enjoyed a solid quarter, returning +4.2%. At the sector level, performance was mixed, reflecting the rotation from the more speculative and momentum-driven end of the market into good quality companies trading on attractive valuations.

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

The portfolio enjoyed a very strong quarter, returning +9.4%, considerably better than the benchmark's return of +4.7%.

The Fund benefitted greatly from excellent performances over the quarter from holdings in good quality industrials such as Crown Resorts, Tabcorp, AusNet, Sonic Healthcare, Telstra, Nine Entertainment, Event Hospitality & Entertainment, and News Corporation. All these companies reported solid interim results and were rerated as investors sought good quality companies that were trading at a reasonable price.

Outlook⁵

With bond yields rising and by extension the equity risk premium, IML are seeing the steam come out of many of the speculative leaders of the past 12 months. Further increases in bond yields will likely see these trends accelerate. It looks likely that IML are seeing a sustained return to favour for good quality companies previously shunned amid the momentum driven mania of recent years. IML continue to look for companies that they believe look like reasonable value and which they think can do well in the next 3 to 5 years.

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 102 Equity Australia Large Value funds as of 31 March 2021. In the Morningstar Equity Australia Large Value Category, the Sandhurst IML Industrial Share Fund 5 year return was ranked 85 out of 92 funds as of 31 March 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.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 March 2021 (unless stated otherwise) and is subject to change without notice.

Top 10 holdings

National Australia Bank
Westpac
Telstra
CSL Limited
Tabcorp
Insurance Australia Group
Aurizon
Amcor
AusNet
Crown Resorts

Sector active weights

■ Communication Services	6.60%
■ Materials	6.40%
■ Utilities	3.00%
■ Consumer Staples	-0.10%
■ Industrials	-0.40%
■ Consumer Discretionary	-1.10%
■ Information Technology	-3.10%
■ Health Care	-4.30%
■ Financials	-4.60%
■ Real Estate	-6.70%

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.

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