

Sandhurst IML Industrial Share Fund

Monthly fund update - October 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 performance¹

as at 31 October 2020

Morningstar
Rating™
Overall³

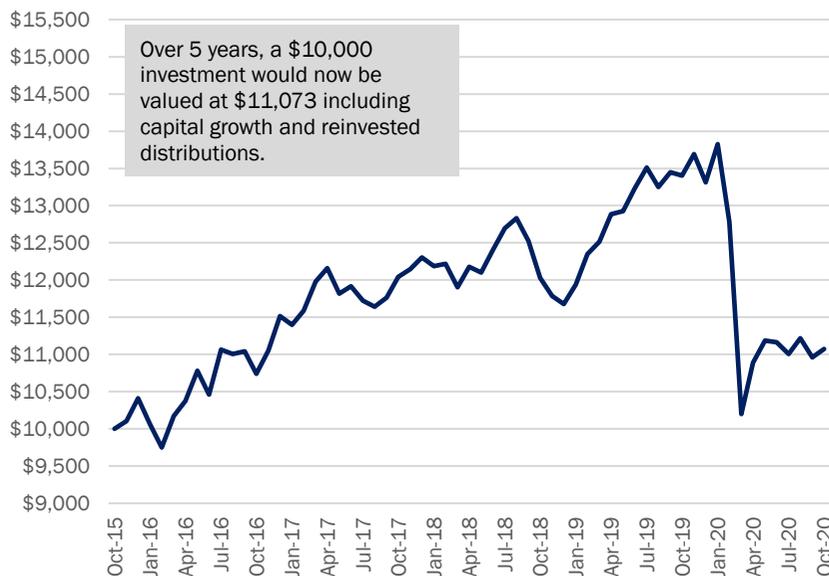
Morningstar
Category Rank
5 Year³

	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	★★★★	62/94	1.03	0.60	-17.39	-2.76	2.06
Benchmark ²			2.70	3.00	-9.00	3.10	5.70

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	\$70.34 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 October 2020

Application price	\$0.95691
Withdrawal price	\$0.95214

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.

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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 finished the month lower following a sell-off in the final week as further lockdowns were announced
- ▶ The Australian sharemarket finished the month higher, buoyed by strength in the Banking and IT sectors

Despite the -5% slide in the final week of the month, the Australian sharemarket as measured by the ASX300 held on to finish October with a positive return of +1.9%. M&A activity was a significant driver with the likes of Coca-Cola Amatil, Link Administration and AMP all receiving bids from offshore suitors. The major banks enjoyed a solid rebound in October after their sell-off in September, returning over +7% supported by the prospect of loosening responsible lending laws and a reduction in the amount of loans on repayment deferral. The Consumer Staples sector also had a good month, returning +5% as the supermarket chains continue to do well. The IT sector continued its ascent, returning a further +9% over the month, as the 'fear of missing out' trade continued to buoy the likes of Afterpay and WiseTech.

Portfolio performance & summary⁵

- ▶ IML continue to adopt a cautious approach while looking to selectively deploy some of the portfolio's cash

The portfolio had a solid month, gaining +1.0%, although this was below the benchmark's return of +2.7% with many of the portfolio's core holdings including Telstra, Amcor, Orica, Brambles and Aurizon all under pressure over the month, although the Fund remains comfortable with all these holdings.

The local IT sector continues to be significantly overvalued, in IML's view, and continue to find much better value elsewhere. Many of the portfolio's core holdings had a positive month including AusNet, Metcash and Coles.

Outlook⁵

IML continue to focus on companies that, in their view, have a strong franchise, experienced and capable management and a resilient business that can continue to generate healthy cash flows over the next few years. While the portfolio's performance has lagged the sharemarket in recent times, IML remain comfortable with the overall quality of the stocks in the portfolio and the Fund's positioning.

Top 10 holdings

National Australia Bank
CSL Limited
Telstra
Westpac Banking
Coles Group
Aurizon
Amcor
Insurance Australia
Crown Resorts
Suncorp

Sector active weights

Materials	7.35%
Communication Services	6.77%
Utilities	2.44%
Consumer Staples	-0.56%
Industrials	-0.69%
Consumer Discretionary	-1.48%
Information Technology	-3.18%
Financials	-5.26%
Health Care	-5.89%
Real Estate	-7.12%

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 4-Star Overall Morningstar Rating™ out of 105 Equity Australia Large Value funds as of 31 October 2020 and a 3-Star Five year rating out of 94 Equity Large Value funds as of 31 October 2020.
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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
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, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision.

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

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