

Sandhurst Future Leaders Fund

Monthly fund update - April 2020

Investment approach

The Fund aims to deliver income and capital growth over the long term by providing exposure to a diversified portfolio of quality ASX listed shares outside the top 50 shares listed on the ASX where these assets are identified by Investors Mutual Limited (IML) as being undervalued.

Fund performance¹

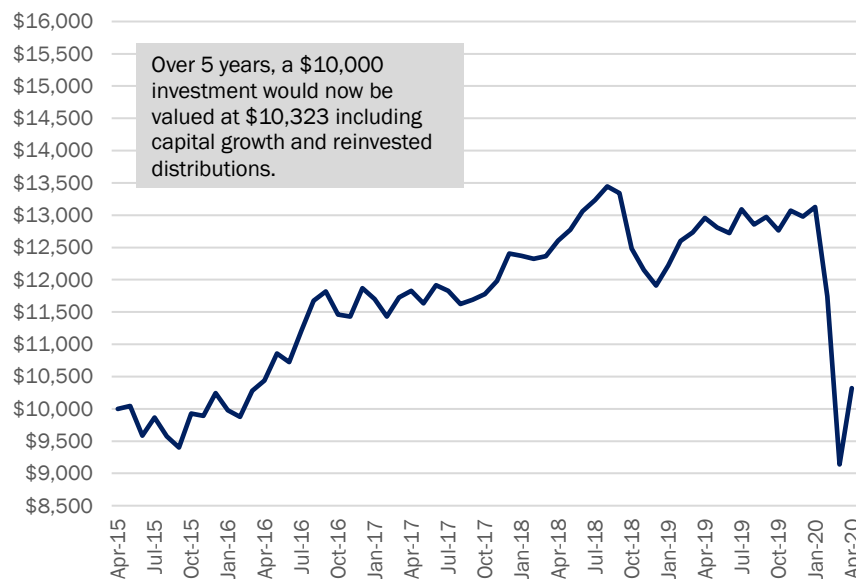
as at 30 April 2020

	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 Future Leaders Fund	★★★	11/13	12.95	-21.37	-20.32	-4.44	0.64
Benchmark ²			15.90	-18.10	-10.10	3.10	5.90

An example of how your investment grows

Growth of \$10,000⁴

(Based on historic Fund performance over 5 years)



Fund facts

Fund APIR code	STL0011AU
Fund inception date	7 June 2002
Distribution frequency	Half yearly
Management costs ⁴	1.50% p.a.
Buy / Sell spread ⁴	+0.25% / -0.25%
Minimum investment / minimum balance	\$2,000
Recommended investment timeframe	5 years +
Risk level	High

Unit price

as at 30 April 2020

Application price	\$0.76545
Withdrawal price	\$0.76163

Distribution details (cents per unit)

30 June 2019	\$0.01736
31 December 2019	\$0.02850

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 staged a rebound in April helped by unprecedented levels of fiscal and monetary stimulus
- ▶ The Fund's ex-50 benchmark enjoyed a strong month rebounding +15.9% in sympathy with global sharemarkets

Global sharemarkets rebounded in April with the MSCI World Index returning +10% recovering some of the previous months' losses. The rebound was led by the US S&P500 which rose +13% over the month, with softer rebounds from Europe's Stoxx50 and Japan's Nikkei returning +5% and +7% respectively as large fiscal programmes and huge central bank intervention, led by the US Federal Reserve, helped markets regain their poise.

The economic fallout from the pandemic continues to unfold with US weekly jobless claims topping 30 million over the past 6 weeks, as the US grapples with the worst unemployment crisis in its history.

Domestically, the RBA indicated that they would hold rates steady at the historic low of 0.25% "for some time". The Australian dollar also recovered some of its heavy losses of the previous two months rallying +7% against the US dollar over the month. Commodity prices were mixed during April – the iron ore price remained flat and the gold price moved higher on safe haven buying. While plunging demand and the exhaustion of storage capacity for US oil, saw the WTI oil price fall heavily with the price hitting an extraordinary US -\$37 a barrel at the worst of the panic selling in oil markets.

Thus, the ex-50 segment of the market enjoyed a strong month, rebounding +15.9%, with all sectors finishing the month in positive territory. The ex-50 Resources sector gained +21%, driven by the Energy sector which rallied +21% despite ongoing weakness in the oil price. In addition, many of the small gold miners enjoyed a buoyant month on higher gold prices. The Consumer Discretionary sector gained +23% on expectations the lockdown laws would be eased. This benefitted the Retail and Gaming sectors that enjoyed a strong rebound. The Communication Services sector rebounded +16% as media companies, including oOh! Media, Southern Cross Media and Nine Entertainment, enjoyed a strong month on the expectation that the lockdown laws would be relaxed and that advertising expenditure would return at some stage. Over the month, many Australian companies also raised new equity capital to shore up their balance sheets in anticipation of softer economic conditions with well over \$10 billion in equity capital raised.

Portfolio performance & summary⁵

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

The Fund had a strong month returning +12.95%, albeit behind the benchmark's return of +15.9%. The portfolio remains defensively positioned in sound industrial companies, while IML remain cautious of the sectors deemed very economically exposed or speculative in nature including Resources and Technology, as well as many of the "Med Tech" names within the Health Care Sector.

Unprecedented central bank intervention, fiscal stimulus, significantly lower bond yields and optimism regarding the speed of the recovery have all helped sharemarkets regain some of their losses. However, major uncertainties remain about what the new 'normal' will look like as various countries gradually allow businesses to open up their doors to allow companies to start serving their customers again. As such, IML remain cautious on the short and medium term prospects for the global economy.

The length and depth of the current economic downturn as well as the speed and strength of the economic recovery remain very uncertain at this time. As a result, IML expect sharemarkets to remain fairly choppy until the prospects for the global economy and various sectors' profitability become clearer. IML continue to take a cautious view focusing on companies that in their view have a strong franchise and experienced capable management.

Outlook⁵

This is not the first major correction in IML's 22-year history and they remain disciplined in their approach to investing at all times. It is impossible to say exactly when the current volatility in sharemarkets will settle down. However, when they do stabilise, sound companies with real businesses that can generate sustainable earnings and dividends – which is where the IML portfolios have always been focused - should again be sought after by investors and do well over the long term.

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 Accumulation Index (excluding S&P/ASX 50, excluding property trusts).
3. Sandhurst Future Leaders Fund received a 3-Star Overall Morningstar Rating™ out of 15 Equity Australia Mid/Small Value funds as of 30 April 2020 and a 3-Star Five year rating out of 13 Equity Australia Mid/Small Value funds as of 30 April 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/9227
4. Other fees and costs may apply. See the Product Disclosure Statement for full details.
5. This 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 Future Leaders Fund (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 30 April 2020 (unless stated otherwise) and is subject to change without notice.

Top 10 holdings

Crown Resorts
Salmat
Integral Diagnostics
Aust Pharmaceutical
Ausnet
Pact Group
McPerson's
Steadfast
Skycity Entertainment
Tassal

Proudly part of



**Bendigo and
Adelaide Bank**