

## Monthly fund update - December 2021

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

as at 31 December 2021

**Morningstar Rating™**

Overall<sup>3</sup>

**Morningstar Category Rank**

5 Year<sup>3</sup>

1 month %

3 months %

1 year %

3 years %p.a.

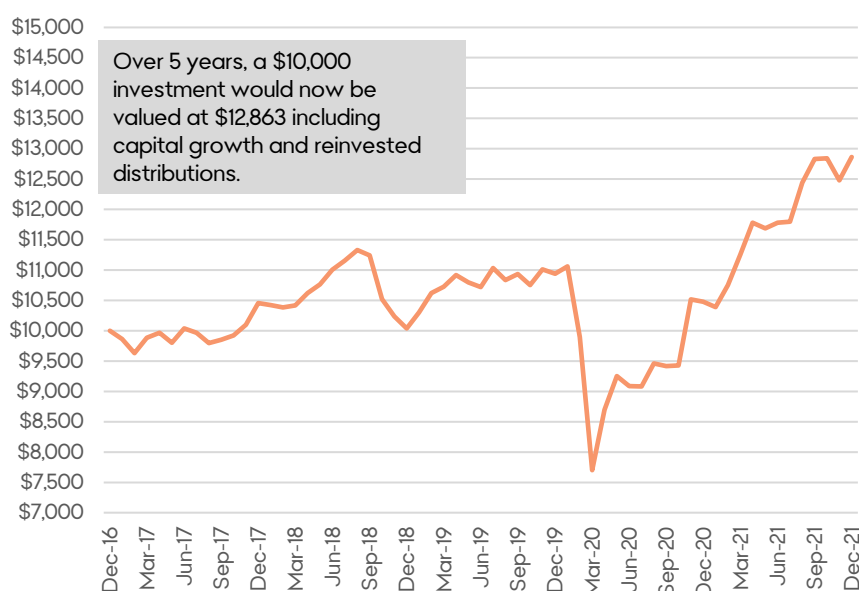
5 years %p.a.

Sandhurst Future Leaders Fund	★★	12/13	3.10	0.24	22.75	8.62	5.16
Benchmark <sup>2</sup>			2.40	3.40	18.30	18.10	12.70

### 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	STL0011AU
Fund inception date	7 June 2002
Distribution frequency	Half yearly
Management costs <sup>4</sup>	1.25% p.a.
Buy / Sell spread <sup>4</sup>	+0.25% / -0.25%
Minimum investment / minimum balance	\$2,000
Recommended investment timeframe	5 years +
Risk level	High

### Unit price

as at 31 December 2021

Application price	\$1.09303
Withdrawal price	\$1.08758

### Distribution details (cents per unit)

30 June 2021	\$0.00697
31 December 2021	\$0.02500

### 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

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](http://www.bendigobank.com.au/managedfunds)

- ▶ Global sharemarkets enjoyed a strong year thanks to ongoing stimulatory policies and economies reopening
- ▶ The Fund's ex 50 benchmark had a good year returning +18.3% in CY21, 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. Central banks around the world continued with their very accommodative monetary policies keeping interest rates at record lows while also continuing their stimulatory bond buying programs.

The Fund's ex50 benchmark finished the final quarter of CY21 on a positive, returning +3.4%. The small Resources sector enjoyed a very strong quarter up +14%, with both base metal and gold plays benefiting from commodity price strength and increasing inflation concerns. Also supporting the sector were strong rises for anything 'EV' related, pushing many lithium and nickel plays higher. The Industrials segment of the market was held back by poor performance from several sectors. The Financials sector was weak as several of the payments providers fell significantly, in sympathy with Afterpay's struggles, with the likes of Zip Co off close to -40% in the quarter. The Consumer Discretionary sector also fell as the threat of new lockdown measures weighed on the physical retail sector, as well as travel related companies. The Healthcare sector had a weak quarter as a number of the 'medtech' and biotech plays sold off as investors weighed the prospect of higher interest rates on much of the speculative fare within the space. The Communication Services sector was relatively robust returning +3% with Nine Entertainment continuing its strong run on the back of strong ad markets and robust house listing volumes. Radio broadcaster Here, There & Everywhere also enjoyed a strong run, with the company acquiring regional radio broadcaster Grant Broadcasters and settling a long-standing tax matter on favourable terms.

Crown
Aust Pharmaceutical
AusNet
Bega Cheese
Pact
SG Fleet
TPG
Nine Entertainment
Home Co
Ht&E

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

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

The Fund had a very strong year returning +22.75%, well ahead of the benchmark's return of +18.3%. The Fund's performance was helped by what IML see as a return to more fundamental investing with the prospect of the end of free money looming large. Takeover bids for good quality companies which were trading at very attractive valuations also helped. Holdings in Home Consortium, Clearview Wealth, Australian Clinical Labs, API, Symbio, Event Hospitality and AusNet all enjoyed a strong year. For the final quarter of the year, the Fund posted a return of +0.24%, which lagged the benchmark's return of +3.4%. Over the quarter the Fund benefited from its holdings in Australian Clinical Labs, Crown Resorts (under takeover), Here, There & Everywhere, API (under takeover) and Clearview Wealth. Conversely, Pact Group and Pro-Pac endured a weaker quarter on short term cost and Covid-induced disruptions to their operations, although IML remain confident in the long-term outlook for both businesses, especially in light of their strong industry position and attractive valuations.

## Outlook<sup>5</sup>

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. Given that interest rates remain set at zero and with inflation on the rise and economic growth strong, IML expect central banks to raise interest rates fairly sharply over the next 18 months to more 'normal' levels. 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, are well managed, which offer sound value, and which can grow their earnings and do well over the next 3-5 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 Accumulation Index (excluding S&P/ASX 50, excluding property trusts).
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 Future Leaders Fund received a 2-Star Overall Morningstar Rating™ out of 15 Equity Australia Mid/Small Value funds as of 31 December 2021. In the Morningstar Equity Australia Mid/Small Value Category, the Sandhurst Future Leaders Fund 5 year return was ranked 12 out of 13 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/9227](http://www.morningstar.com.au/Funds/FundReport/9227)  
© 2021 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 'regulated financial advice' under New Zealand law has 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. For more information refer to our Financial Services Guide (AU) or Financial Advice Provider Disclosure Statement (NZ) at [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf) and [www.morningstar.com.au/s/fapds.pdf](http://www.morningstar.com.au/s/fapds.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.
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.bendigobank.com.au/managedfundsforms](http://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](http://www.bendigobank.com.au/TMD)

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

