

Sandhurst Future Leaders Fund

Monthly fund update - February 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 performance¹

as at 28 February 2021

Morningstar
Rating™
Overall³

Morningstar
Category Rank
5 Year³

| 1 month % | 3 months % | 1 year % | 3 years %p.a. | 5 years %p.a. |
|-----------|------------|----------|---------------|---------------|
| 3.52 | 2.27 | 8.68 | 1.17 | 5.27 |
| 0.30 | 2.90 | 22.00 | 7.90 | 13.00 |

Sandhurst Future Leaders Fund

★ ★

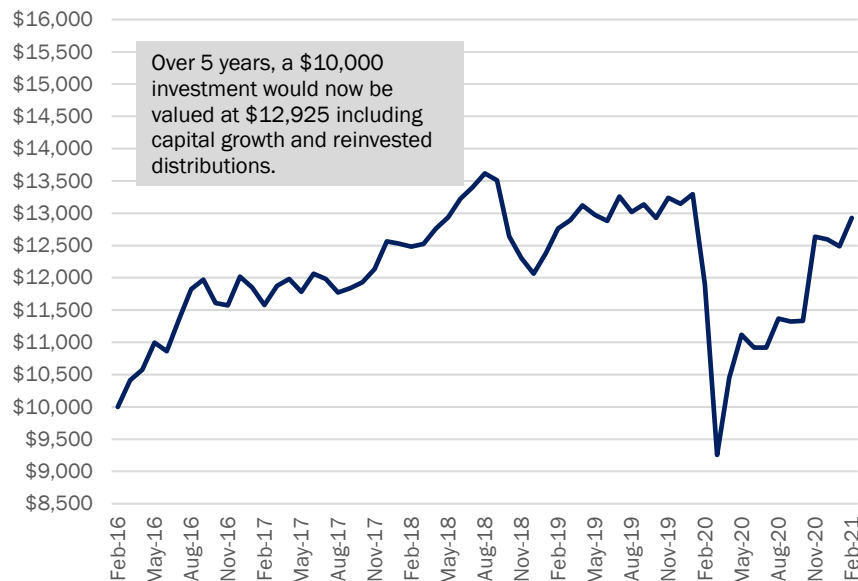
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Benchmark²

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 | 1.25% 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 28 February 2021

| | |
|-------------------|-----------|
| Application price | \$0.94119 |
| Withdrawal price | \$0.93649 |

Distribution details (cents per unit)

| | |
|------------------|-----------------|
| 30 June 2020 | No distribution |
| 31 December 2020 | \$0.00500 |

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 endured a fairly volatile month with an uptick in bond yields unnerving some investors
- ▶ The Fund's ex-50 benchmark gained just +0.3% with the spike in bond yields offsetting a solid first half 2021 reporting season

A surge in bond yields late in the month caused volatility in global equity markets as investors grew increasingly wary about the potential for higher inflation. There are growing fears that central banks may have to raise interest rates earlier than expected, driven by the recovery in global economic activity, optimism about the COVID-19 vaccine rollout, the passing of President Biden's US\$1.9 trillion stimulus package, and the significant amount of easy money sloshing through the system.

In Australia, the 10-year bond yield jumped over +0.7% to 1.9%, its highest level in nearly two years. Commodities all ended higher thanks to US\$ weakness and optimism over world growth as COVID-19 is brought under control. The broader Australian sharemarket as measured by the S&P/ASX300 Index finished the month up +1.5%, with the rise in bond yields offsetting a solid reporting season for the first half of financial year 2021.

The Fund's ex-50 benchmark had a more muted month, finishing +0.3% higher, with mixed performances across the sectors. The Financial sector enjoyed a strong month, gaining +5%, supported by rising yields as well as positive trading updates from a number of companies. These included Virgin Money UK, which gained +39% as investors become increasingly encouraged by its asset quality combined with the ample provisioning. The Consumer Staples sector had a solid month, with soft commodity plays including Bega Cheese and Costa finishing higher following positive updates.

Top 10 holdings

Pact
Crown
Tabcorp
Event Hospitality
SG Fleet
Nine Entertainment
AusNet
Aust Pharmaceutical
Home Consortium
Southern Cross Media

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 Sandhurst Future Leaders Fund enjoyed a strong month, gaining +3.52%, ahead of the benchmark's essentially flat return. Holdings in good quality companies such as Pact Group, Pro-Pac Packaging, Nine Entertainment and Tabcorp were all strong over the month following solid interim results. IML trimmed positions in strongly performing stocks such as Home Consortium, Integral Diagnostics and Virgin Money UK over the month, using the proceeds to top up its holdings in good quality companies such as AusNet and Healius.

Outlook⁵

Following the release of results for the first half of financial year 2021, the sharemarket remains focused on the speed and strength of the economic recovery and the impact on inflation going forward. With many parts of the economy, such as retail sales and house prices, showing continued strength, sharemarkets will continue to monitor inflationary expectations, bond markets and central bank intentions. Any signs of inflation in published data moving forward will have an impact on sharemarkets.

While the worst of the COVID disruptions appears to be abating in many parts of the world, the strength of the recovery and the direction of interest rates remain closely watched. As such, IML continue to focus on good quality companies which are well-managed and which they believe can do well over the next 3 - 5 years and which represent sound long-term value.

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 16 Equity Australia Mid/Small Value funds as of 28 February 2021. In the Morningstar Equity Australia Mid/Small Value Category, the Sandhurst Future Leaders Fund 5 year return was ranked 11 out of 12 funds as of 28 February 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
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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 28 February 2021 (unless stated otherwise) and is subject to change without notice.

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