

Sandhurst Future Leaders Fund

Monthly fund update - July 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 31 July 2021

Morningstar
Rating™
Overall³

Morningstar
Category Rank
5 Year³

1 month %

3 months %

1 year %

3 years %p.a.

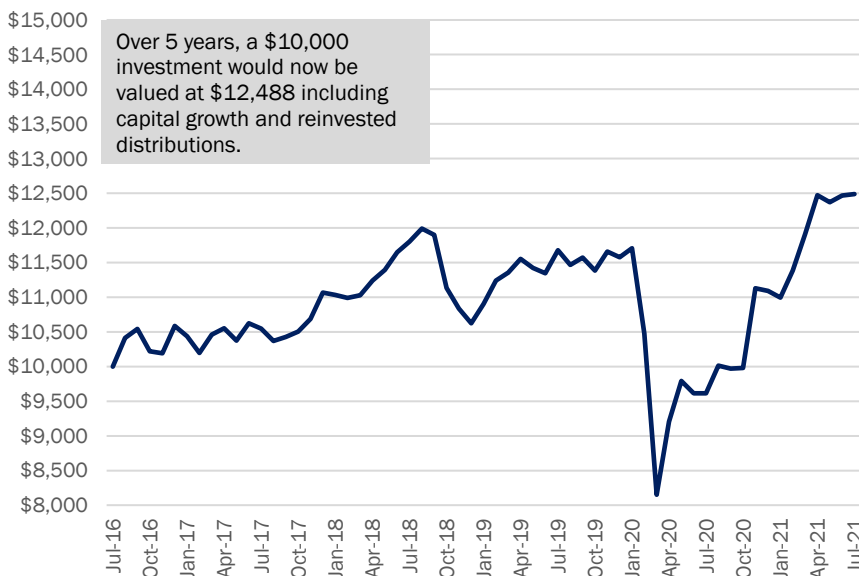
5 years %p.a.

| | | | | | | | |
|-------------------------------|----|-------|------|------|-------|-------|-------|
| Sandhurst Future Leaders Fund | ★★ | 14/15 | 0.17 | 0.15 | 29.89 | 1.90 | 4.54 |
| Benchmark ² | | | 0.60 | 4.40 | 33.20 | 10.70 | 11.10 |

An example of how your investment grows

Growth of \$10,000¹

(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 31 July 2021

| | |
|-------------------|-----------|
| Application price | \$1.02563 |
| Withdrawal price | \$1.02051 |

Distribution details (cents per unit)

| | |
|------------------|-----------|
| 31 December 2020 | \$0.00500 |
| 30 June 2021 | \$0.00697 |

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 were mixed over the month with strong US Q2 earnings offsetting Chinese regulatory clampdowns
- ▶ The Fund's ex-50 benchmark endured a bifurcated month - industrials were lacklustre, whilst resources were strong

Global sharemarkets continued to be well supported in July with the MSCI World index returning +0.7%. US sharemarkets again traded at record highs thanks to the release of strong Q2 earnings, continued low interest rates and increased corporate deal making. US consumer data also highlighted that many cashed-up Americans spent with abandon in the June quarter as vaccination rates increased and lockdown restrictions eased. The US S&P500 index returned +2.4% for the month. Across the Atlantic the Stoxx50 index rose +0.8%, bolstered by strong EU economic data releases and as COVID-19 restrictions continue to ease.

It was a different story across the Emerging Markets landscape which slipped -6% for the month. The delta variant continues to impact countries with low vaccination rates, as government-enforced lockdowns and travel restrictions cast a pall of uncertainty over future growth.

The Fund's ex-50 benchmark returned +0.6%, led primarily by the ex-50 Resources sector which jumped +7%, with base metals and lithium miners leading the charge. Mining services companies were well also supported in sympathy with their resource peers. The Industrial segment of the market proved lacklustre as the Financials, Consumer Discretionary, Communication Services and Technology sectors all recorded negative returns. On the positive side of the ledger, the Utilities sector returned +15% led by Spark Infrastructure which gained +24% after a proposal to acquire the company was received from PE firm KKR and the Ontario Teacher's Pension Plan.

Top 10 holdings

Pact
Tabcorp
Aust Pharmaceutical
SG Fleet
Crown
AusNet
Home Consortium
TPG Telecom
Skycity Entertainment
Nine Entertainment

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 Fund had a relatively flat month as did the benchmark. Holding in Crown Resorts detracted from the Fund's performance as the share price came under pressure as the Victorian Royal Commission continued into the suitability of the company to hold its Melbourne licence and Star Entertainment Group backed out of merger talks. IML continue to monitor the situation closely although remain hopeful that given the significant changes implemented at Board and senior management level as well as the company's strong property holdings will enable the company to recover. Holdings in good quality companies such as API (under takeover), HomeCo, Incitec Pivot, Australian Clinical Labs and Z-Energy all contributed to returns over the month. IML trimmed their holdings and took some profits in stocks such as Metcash and Brickworks and deployed the proceeds to top up positions in good quality companies such as Australian Clinical Labs and Bank of Qld which, in their view, are trading at very compelling valuations.

Outlook⁵

Investors will now look to the August reporting season to gain a detailed insight into how most companies are faring in the current COVID situation. The Australian sharemarket continues to trade at record levels with seemingly very little on the horizon to halt its ongoing rise. Having said this, IML continue to steer away from some of the riskier parts of the sharemarket and remain focused on good quality companies which are well-managed, where valuations remain justifiable, and which they believe can 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 16 Equity Australia Mid/Small Value funds as of 31 July 2021. In the Morningstar Equity Australia Mid/Small Value Category, the Sandhurst Future Leaders Fund 5 year return was ranked 14 out of 15 funds as of 31 July 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
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 31 July 2021 (unless stated otherwise) and is subject to change without notice.

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