

Sandhurst Future Leaders Fund

Monthly fund update - June 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 30 June 2021

Morningstar
Rating™
Overall³

Morningstar
Category Rank
5 Year³

1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.
0.78	4.68	29.66	2.29	5.44
3.30	9.30	34.80	10.60	12.80

Sandhurst Future Leaders Fund

★ ★

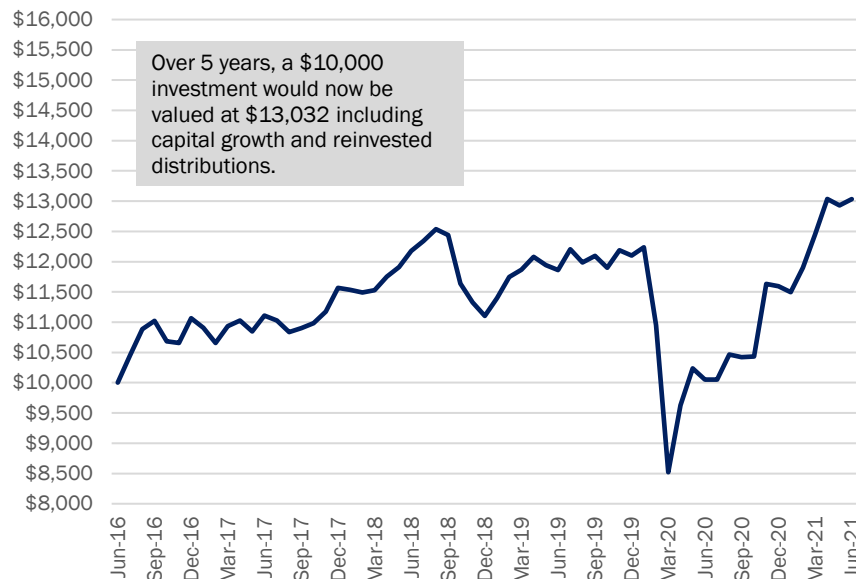
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Benchmark²

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 30 June 2021

Application price	\$1.02386
Withdrawal price	\$1.01875

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 enjoyed one of their strongest 12-month periods on record as economies around the world reopened
- ▶ The Fund's ex-50 benchmark produced a positive return for quarter and financial year

Global sharemarkets enjoyed one of the strongest 12-month periods on record, with the MSCI World Index returning +37%, bouncing back strongly from the COVID-19-fuelled large selloff in the March quarter of 2021. The global benchmark rose in 10 out of the past 12 months and by so doing set new record highs through the year to June. The US led the way for sharemarket gains, with the S&P500 Index returning +40%, while the tech-heavy NASDAQ Index gained +45%, with both indices posting fresh record highs throughout the year. Across the Atlantic the mood was a little less ebullient and slow to kick off with the continent continually beset by lockdown measures as COVID-19 cases continued to flare up. However, Europe's Stoxx50 Index managed to recover to return +28% in the year to June. Similarly, Japan's Nikkei Index returned +31% for the same period.

Global sharemarkets have been riding a wave of optimism over the past 12 months, as both central banks and governments around the world unleashed record levels of spending and unconventional policies to drive the economic recovery.

In Australia, the Federal Government introduced the JobKeeper and JobSeeker subsidies, which were extended until March 2021, accompanied by the Reserve Bank of Australia's own asset purchasing program while cutting interest rates to near zero. Additionally, the unexpectedly fast development and subsequent rollout of vaccinations from November onwards allowed some economies to reopen, with the prospect of more to come accelerating a recovery in many cyclical sectors. With monetary and fiscal policy settings maintained at emergency levels while economies recover, inflationary concerns have begun to reappear, reflected in the global core inflation data, which reached quarter of a century high levels over the six months to June.

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 posted a positive return of +29.7% over the financial year, although this was behind the Fund's ASX300 ex-LPT ex-50 benchmark's return of +34.8%. Over the final quarter of FY20, the Fund returned a solid +4.7%, although this was below the benchmark's strong return of +9.3%. Over the June quarter, the Fund benefited from its holdings in good quality industrials such as HomeCo, SG Fleet, Hipages, United Malt, TPG Telecom, Brickworks and Steadfast, while Bega Cheese, McPhersons, and API lagged.

Over the quarter IML trimmed exposures to stocks such as Centuria, Healius, Event Hospitality & Entertainment, HomeCo, and Orora, following strong share price appreciation. IML used the funds generated from these sales to top up in good quality companies such as TPG Telecom, API, and Infomedia, which in their opinion all represent compelling valuations, especially given their medium to long-term prospects, which the market is yet to appreciate.

Outlook⁵

Sharemarkets around the world, including Australia's, remain well-supported as economic growth continues to rebound from COVID-19 lows and central banks continue to hold interest rates at low levels, despite increasing signs of rising inflationary expectations. The Australian sharemarket is now trading at close to 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 firmly 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 18 Equity Australia Mid/Small Value funds as of 31 May 2021. In the Morningstar Equity Australia Mid/Small Value Category, the Sandhurst Future Leaders Fund 5 year return was ranked 12 out of 14 funds as of 31 May 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 30 June 2021 (unless stated otherwise) and is subject to change without notice.

Top 10 holdings

Crown Resorts
Pact Group
Tabcorp
SG Fleet
AusNet
Australian Pharmaceutical
SkyCity Entertainment
Nine Entertainment
Event Hospitality
Metcash

