

Sandhurst Future Leaders Fund

Monthly fund update - March 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 March 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	4.63	7.38	46.12	2.60	5.37
Benchmark ²	1.50	1.30	57.90	9.50	12.10

Sandhurst Future Leaders Fund

★ ★

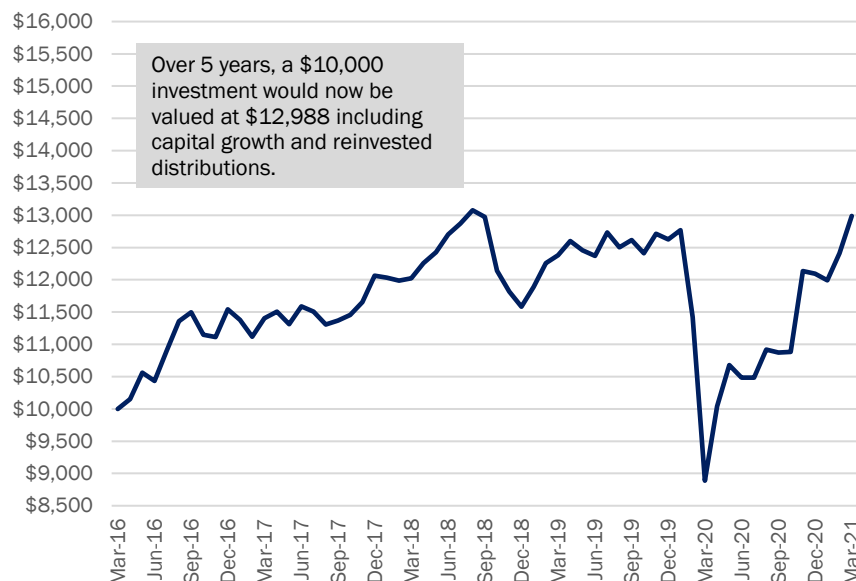
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Benchmark²

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 31 March 2021

Application price	\$0.98481
Withdrawal price	\$0.97990

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 enjoyed a strong start to CY21, led once again by the US as investor confidence remained buoyant

► The Fund's ex-50 benchmark gained 1.3% over the quarter following a solid reporting season

Global equity markets enjoyed a strong first quarter of calendar 2021, returning +5.9% thanks to continued investor optimism as the global economy recovers from the turmoil caused by COVID-19 and as vaccines are rolled out around the world. These gains were made despite the headwinds of a substantial selloff in bond markets over the quarter. President Biden's US\$1.9 trillion stimulus package was approved, with the new President now looking to get a proposed US\$2 trillion infrastructure plan approved by Congress, while in Australia the Federal Government unveiled a \$1.2 billion tourism support package.

The US S&P500 Index recorded fresh record highs in March, pushing through the 4,000 level for the first time. The S&P500's return of +6.1% for the first quarter marked the index's best 12-month rolling return since 1936 and a staggering +80% return since the March 2020 lows. Across the Atlantic, Europe's Stoxx50 jumped +10.7% for the quarter, while Japan's Nikkei Index returned +6.9%.

The Fund's ex-50 benchmark was a little lacklustre over the quarter, returning +1.3%. The ex-50 Resources endured a tough quarter shedding -2.9% in sympathy with falling commodity prices, particularly base metals and the gold price. On the positive side of the ledger, the Consumer Staples sector had a strong quarter, with soft commodity plays including Bega Cheese, Costa, Elders and Select Harvests finishing higher following positive updates. Within the Communication Services sector, Nine Entertainment gaining +21% following a strong result which showed strong growth across all its key divisions including TV advertising, Stan subscriptions and its 60% holding in Domain. The Financial sector showed pockets of strength, supported by rising yields as well as positive trading updates from a number of companies. These included Virgin Money UK, which gained +44% as investors became increasingly encouraged by the firm's asset quality, combined with their ample provisioning.

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 enjoyed a very strong quarter, returning +7.4%, which was much better than the benchmark's return of +1.3%. The Fund benefitted from a range of excellent performances over the quarter from holdings in good quality industrials such as Crown Resorts, Tabcorp, Pact Group, Incitec Pivot, Nine Entertainment, Virgin Money UK, Event Hospitality & Entertainment, SeaLink, MNF Group, and Bega Cheese. Many of these companies reported solid interim results and were rerated as a result. Reporting season highlighted the solid financial position of many listed companies, and with these companies having a positive outlook, investors refocused on them, particularly in light of the compelling valuations on offer as these stocks had largely been left behind in the momentum rally.

Outlook⁵

It has been a long wait, but it appears that value investing is making a strong comeback and IML are finally beginning to see this play out for many of the companies in their portfolios. With bond yields rising and by extension the equity risk premium, IML are seeing the steam come out of many of the speculative leaders of the past 12 months. Further increases in bond yields will likely see these trends accelerate. It looks likely that IML are seeing a sustained return to favour for good quality companies previously shunned amid the momentum driven mania of recent years. IML continue to look for companies that possess the key attributes and that they believe look like reasonable value and can do well in the next 3 to 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 March 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 31 March 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 31 March 2021 (unless stated otherwise) and is subject to change without notice.

Top 10 holdings

Crown
Pact
Tabcorp
AusNet
Home Consortium
SG Fleet
Event Hospitality
SkyCity Entertainment
Nine Entertainment
Metcash

