

Sandhurst Future Leaders Fund

Monthly fund update - May 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 May 2021

Morningstar
Rating™
Overall³

Morningstar
Category Rank
5 Year³

| 1 month % | 3 months % | 1 year % | 3 years %p.a. | 5 years %p.a. |
|-----------|------------|----------|---------------|---------------|
| -0.80 | 8.68 | 26.32 | 2.78 | 5.02 |
| 0.50 | 7.40 | 32.20 | 9.90 | 11.70 |

Sandhurst Future Leaders Fund

★ ★

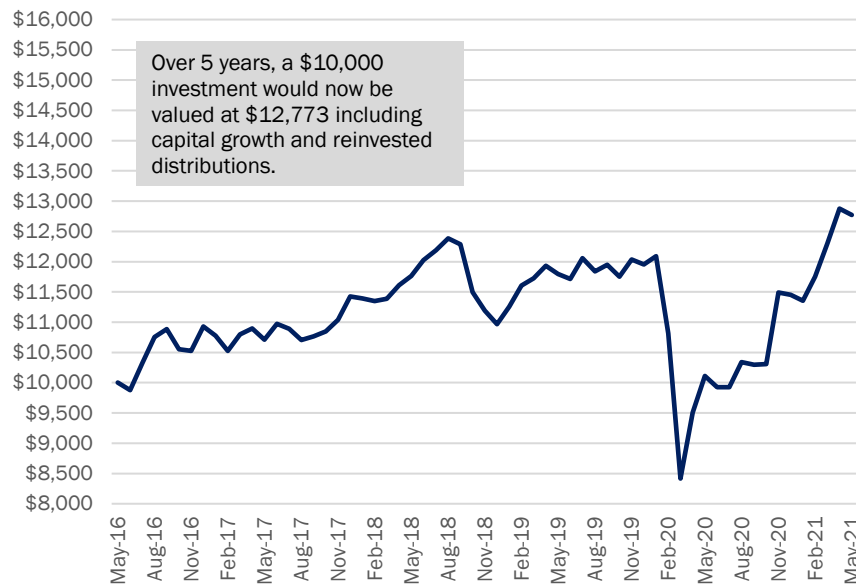
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Benchmark²

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 May 2021

| | |
|-------------------|-----------|
| Application price | \$1.02284 |
| Withdrawal price | \$1.01774 |

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 solid month as stimulus measures and vaccination programmes underpin the recovery
- ▶ The Fund's ex-50 benchmark just eked out a positive return for the month, despite a strong performance from resources

Global equity markets finished their fourth consecutive month higher, with the MSCI World Index returning +1.1% as ongoing confidence in the global economic recovery grows as vaccination programmes accelerate. While the US S&P500 Index held on to its gains for the month, returning +0.7%, the tech-heavy NASDAQ Index came under increasing pressure, shedding -1.4% as investors' inflationary concerns and the prospect of higher bond yields weighed on fully-priced tech valuations. Indeed, US inflation accelerated at its fastest annual pace in over a decade as the economic recovery kicked into gear. Across the Atlantic the mood was similarly positive as economies emerge from lockdowns in time for the summer tourism season, with European bourses enjoying a solid month, the EuroStoxx50 Index returning +2.3%.

Domestically, the mood remained upbeat following the release of the Federal Budget, with government fiscal largesse continuing to aid the post-COVID recovery. The Australian sharemarket, as measured by the S&P/ASX300 Index, pushed through to record highs, returning +2.3%, courtesy of the feel-good factor from the 'big-spending' budget, higher commodity prices and positive offshore markets.

The Fund's ex-50 benchmark eked out a positive result for the month, returning +0.5%. The ex-50 Resources sector provided the heavy lifting for the month, offsetting general weakness in the industrial segments of the market. The ex-50 Resources sector gained +3.3%, thanks to the gold mining sector rallying strongly on higher gold prices, in addition to the Energy sector on buoyant oil prices. The Industrials segment was muted, down -0.5%. The Financials sector gained +1.4%, supported by the listed fund managers, along with IOOF which gained +8% following the announcement that IOOF had completed its takeover of MLC.

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 lacklustre month, down -0.8%. Holdings in Regis Healthcare, MNF and Infomedia all had a negative month although IML maintain confidence in the long-term outlook for these companies. Positively, holdings in good quality companies such as Crown Resorts and Integral Diagnostics enjoyed a strong month. IML trimmed their holdings in Event Hospitality & Entertainment, Healius, Home Consortium, and Sealink Travel Group over the month following strength in their respective share prices. IML used the proceeds to top up on good quality companies such as Australian Pharmaceutical Industries, Brickworks, Infomedia, and TPG Telecom, which are currently unloved and which they believe are significantly undervalued.

Outlook⁵

Sharemarkets around the world, including Australia's, remain well-supported as economic growth continues to rebound from COVID lows and central banks continue to hold interest rates at record low levels, despite increasing signs of rising inflationary expectations. The Australian sharemarket is now trading 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 focus 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 RatingTM 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 31 May 2021 (unless stated otherwise) and is subject to change without notice.

Top 10 holdings

| |
|---------------------------|
| Crown |
| Pact |
| SG Fleet |
| Tabcorp |
| AusNet Services |
| Nine Entertainment |
| SkyCity |
| Australian Pharmaceutical |
| Event Hospitality |
| Homeco Daily Needs REIT |

