

Monthly fund update - November 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 November 2021

Morningstar Rating™
Overall³

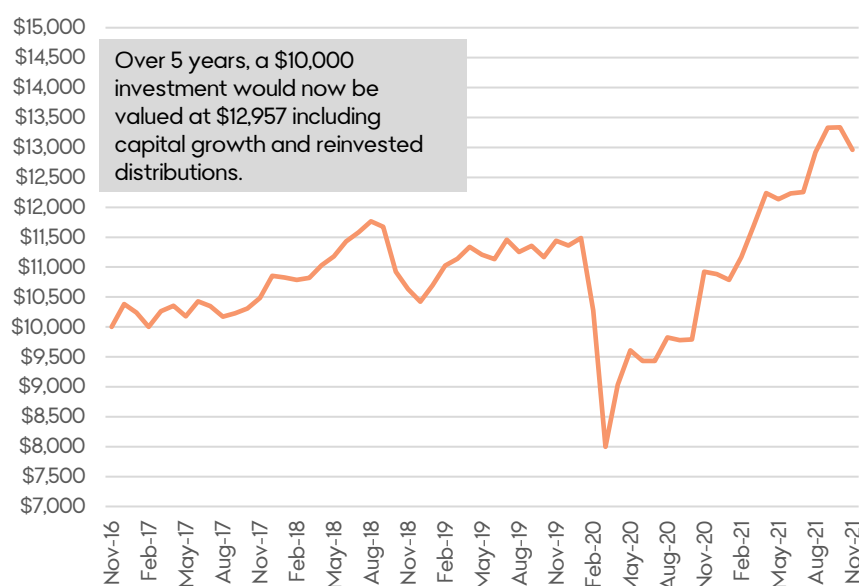
Morningstar Category Rank
5 Year³

	Morningstar Rating™ Overall ³	Morningstar Category Rank 5 Year ³	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.
Sandhurst Future Leaders Fund	★ ★	14/15	-2.84	0.27	18.65	6.81	5.32
Benchmark ²			0.40	-0.40	19.00	15.90	13.00

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 30 November 2021

Application price	\$1.08454
Withdrawal price	\$1.07913

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.bendigobank.com.au/managedfunds

Refer to the next page for footnotes

Sharemarket commentary⁵

- ▶ Global sharemarkets finished lower as the emergence of a new Covid variant affected market sentiment
- ▶ The Fund's ex-50 benchmark had a mixed month finishing +0.4% higher

Global equity markets endured a volatile end to the month, with the MSCI World index finishing November -1.6% lower. Investors were concerned that the emergence of a new Covid variant, Omicron, could derail the global economic recovery as several Governments around the world responded with new travel restrictions.

Commodity markets felt the brunt of uncertainty surrounding Omicron, particularly the price of oil which fell -16% as concerns intensified as to how Governments would react to the new variant. The price of iron ore slid -7%, whilst copper, often a bell weather for global manufacturing activity, fell -4%.

The broader Australian sharemarket as measured by the ASX300 index endured a volatile month, finishing -0.5% lower, largely the result of weakness amongst the major banks. Conversely, the Fund's ex-50 benchmark managed to edge out a positive return of +0.4%. Sector performance was mixed, with the Energy sector falling -7% in sympathy with the softer oil price. The industrials segment of the market was down -1.4% for the month, as several companies warned of increased costs due to the disruptions caused by the ongoing impact of Covid-related movement restrictions, including increased supply chain costs and higher raw material costs. Financials shed -6% with BNPL provider Zip falling -20% and the listed fund managers, which all fell in sympathy with the broader market.

Portfolio performance & summary⁵

- ▶ IML continue to use volatility to top up on good quality companies they believe can do well over the next 3-5 years

The Fund had a disappointing month shedding -2.8%, behind the benchmark's return of 0.4%. The Fund's limited exposure to the Resources and Technology sectors held back relative returns, however IML remain very comfortable with this positioning given the inherent volatility in these sectors. The Fund's performance was affected by weakness in its holdings in packaging stocks Pact Group and ProPac which both fell after both companies confirmed that this year's results would be negatively impacted by higher input and shipping costs. While these factors will hurt first half FY22 profits, margins should recover in the second half as price increases to mitigate these higher costs take effect and IML remain comfortable with both stocks given their strong positioning in their respective segments. The Fund's holdings in Crown and AusNet both contributed positively after both companies received higher revised takeover bids from Blackstone and Brookfield respectively. Nine Entertainment shares rallied +7% off the back of a strong trading update which highlighted solid growth for its streaming service Stan and its Domain Holdings stake.

Outlook⁵

In the short-term, investors continue to cast a wary eye over the possibility of new restrictions being imposed by Governments as the new Covid variant continues to grab the media's attention. However, as we head toward 2022, IML believe sharemarkets will be primarily influenced by the direction of interest rates as central banks continue to mull over whether current inflationary trends are transitional or becoming embedded. As such, IML continue to steer away from the riskier parts of the sharemarket and remain focused on identifying and holding what they assess to be good quality companies, that they believe are well managed, which offer sound value, and which 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 17 Equity Australia Mid/Small Value funds as of 30 November 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 30 November 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.bendigobank.com.au/managedfundsforms, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision. For target market determination: www.bendigobank.com.au/TMD

This information is current as at 30 November 2021 (unless stated otherwise) and is subject to change without notice.

Top 10 holdings

Crown
AusNet
Aust Pharmaceutical
TPG
Pact
Bega
SG Fleet
Nine Entertainment
Clearview Wealth
A2B Australia

