

Monthly fund update - October 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 October 2021

Morningstar
Rating™

Overall³

Morningstar
Category Rank

5 Year³

1 month %

3 months %

1 year %

3 years %p.a.

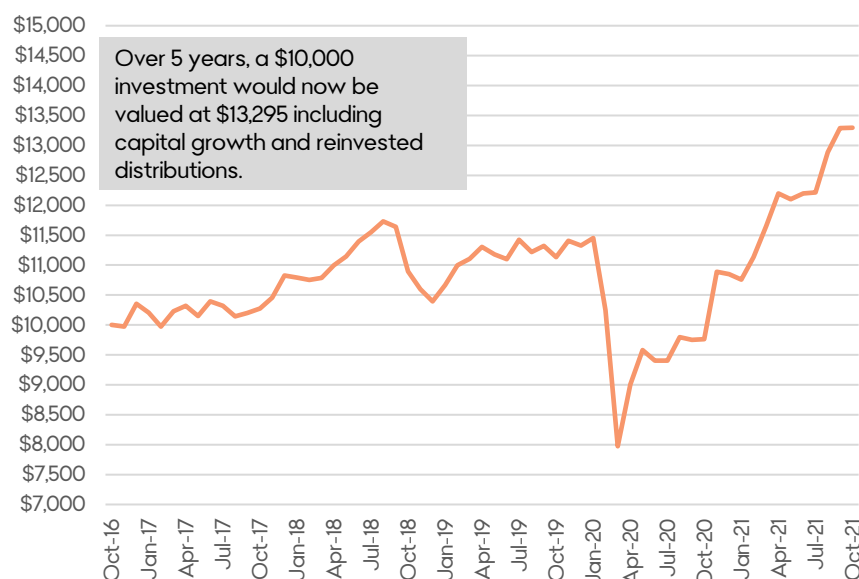
5 years %p.a.

Sandhurst Future Leaders Fund	★ ★	13/15	0.06	8.83	36.19	6.87	5.86
Benchmark ²			0.50	3.20	28.40	14.60	12.90

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 October 2021

Application price	\$1.11619
Withdrawal price	\$1.11062

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 enjoyed a strong month led by the US as robust Q3 earnings were released
- ▶ The Fund's ex-50 benchmark returned +0.5% as IPOs and M&A continue to dominate the market

Global equity markets rebounded strongly in October with the MSCI World index returning +5%. The gains were led by the US, with the S&P500 gaining +7%, capping its strongest month this year and returning the index to record highs following last month's -5% pull back. Despite weaker than expected GDP growth and soft results from both Amazon and Apple, given ongoing supply chain disruptions and tightening in the labour market, US Q3 reporting season proved robust with the majority of companies beating earnings expectations. Across the Atlantic the mood was equally buoyant with Europe's Stoxx50 index returning +5.2%.

Commodity markets remained volatile. The oil price gained a further +7% reaching its highest price in over three years as OPEC resisted calls to increase output. Energy markets in general continued to whipsaw with both the coal and European natural gas prices beholden to severe supply disruptions. Copper, a bellwether for global manufacturing activity, surged a further +10% driven by low inventories in both Europe and China.

The Australian sharemarket, as measured by the ASX300, finished the month flat, a lacklustre return relative to its global peers. Despite both NSW and Victoria emerging from lockdowns the market failed to find any real direction.

The Fund's ex-50 benchmark similarly muted returning +0.5% for the month. The tsunami of IPO's continued to dominate the small and mid-cap market, with around \$1b in deals coming to market, whilst M&A remain in full force. Ex-50 Resources led the market higher, returning +3.7% courtesy of strong performance from both the base metal miners and lithium plays.

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 was flat for the month returning +0.1%, behind the benchmark's return of +0.5%. The Fund's limited exposure to the Resource sector, particularly the more speculative lithium plays held back relative returns, however, IML remain very comfortable with this positioning. The Fund benefited from strong performance in holdings such as Clearview Wealth, Mayne Pharma and Pro-Pac Packaging, as well as Senex Energy following a takeover approach from Posco International. On the negative side, Pact fell on the announcement that higher input prices were impacting its contract manufacturing business (which is non-core) this financial year although importantly the company announced that its core packaging and materials handling businesses continue to perform well. Over the month IML took advantage of strong share price performances in the likes of Event Hospitality, and MNF to trim their holdings. IML used the proceeds to top up on good quality companies such as United Malt and Pact Group, which they believe offer very good long-term value. Leading childcare operator G8 was added to the Fund.

Outlook⁵

IML believe sharemarkets will continue to be influenced greatly in coming months by the volatility in interest rate markets caused by uncertainty over whether current inflationary trends are transitional or becoming embedded, and how central banks will interpret and react to the current inflationary trends. As such IML continue to steer away from the riskier parts of the sharemarket and remain focused on identifying and holding good quality companies that, in their opinion, are well managed, which offer sound value 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 18 Equity Australia Mid/Small Value funds as of 31 October 2021. In the Morningstar Equity Australia Mid/Small Value Category, the Sandhurst Future Leaders Fund 5 year return was ranked 13 out of 15 funds as of 31 October 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 31 October 2021 (unless stated otherwise) and is subject to change without notice.

Top 10 holdings

Aust Pharmaceutical
AusNet
Crown
Pact
TPG Telecom
Bega Cheese
SG Fleet
Home Consortium
Clearview Wealth
Skycity Entertainment

