

# Sandhurst Industrial Share Fund

## Monthly fund update - December 2020

### Investment approach

The Fund aims to deliver income and capital growth over the long term by investing in a diversified portfolio of quality ASX listed industrial shares (excluding resource shares) where these assets are identified by Investors Mutual Limited (IML) as being undervalued.

### Fund performance<sup>1</sup>

as at 31 December 2020

**Morningstar  
Rating™  
Overall<sup>3</sup>**

**Morningstar  
Category Rank  
5 Year<sup>3</sup>**

3 months %

1 year %

3 years  
%p.a.

5 years  
%p.a.

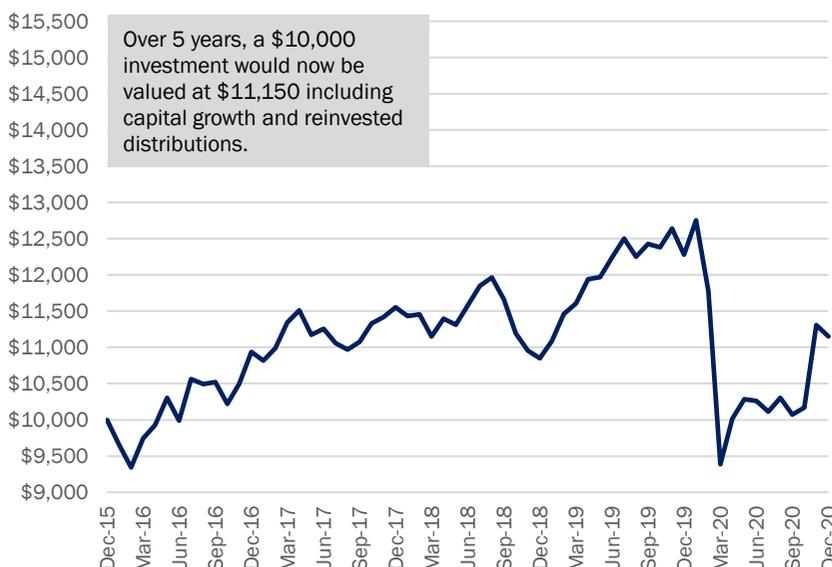
Since inception  
%p.a.

Sandhurst Industrial Share Fund	★★★	91/93	10.69	-9.21	-1.18	2.20	8.29
Benchmark <sup>2</sup>			12.60	-0.10	5.60	6.70	8.00

### An example of how your investment grows

#### Growth of \$10,000<sup>1</sup>

(Based on historic Fund performance over 5 years)



### Fund facts

Fund APIR code	STL0100AU
Fund inception date	1 December 1999
Distribution frequency	Half yearly
Management costs <sup>4</sup>	1.51% p.a.
Buy / Sell spread <sup>4</sup>	+0.25% / -0.25%
Minimum investment / minimum balance	\$2,000
Recommended investment timeframe	5 years +
Risk level	High

### Unit price (ex distribution)

as at 31 December 2020

Application price	\$1.34512
Withdrawal price	\$1.33841

### Distribution details (cents per unit)

30 June 2020	\$0.05754
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](http://www.sandhursttrustees.com.au)

## Sharemarket commentary<sup>5</sup>

- ▶ Global sharemarkets had a volatile year with losses from the COVID correction erased by the ensuing strong rally
- ▶ The Australian sharemarket had an unpredictable year gaining a muted +1.7%

Global sharemarkets finished 2020 with a strong final quarter as the MSCI World Index added +13%, buoyed by the US Presidential election results, the rollout of COVID-19 vaccines as well as a resolution to the UK's trade deal with the EU. The US sharemarket led the rally up +12% for the quarter to close 2020 at record highs.

In line with its global peers, the ASX300 had a very strong final quarter for the calendar year returning +13.8%, with most sectors experiencing strong gains. The Technology and Financial sectors led the last quarter rally as both rose over +20%. Financials were led higher by the major banks as the amount of loans on deferral continued to decline as house prices remained strong. Technology stocks like Afterpay and WiseTech continued to capture investors' imagination, driving the sector higher. The rebound in the oil price and a continued strong iron ore price helped the Resources sector jump +19% over the quarter.

## Portfolio performance & summary<sup>5</sup>

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

The portfolio posted a solid gain of +10.7%, although this was behind the benchmark's return of +12.6%. IML's caution to the high-flying Technology sector held back their relative performance as the sector rallied significantly over the final quarter, although their positioning in good quality companies such as Tabcorp and Telstra contributed positively to returns.

Telstra (TLS) had a strong quarter as investors responded positively to the company's announcement that it will split its business into three separate businesses: infrastructure divisions named 'InfraCo Towers' and 'InfraCo Fixed', and an operating division 'ServeCo'. In IML's view this will help realise the value of Telstra's extensive portfolio of infrastructure assets which have been underappreciated and undervalued in the past. The restructure is expected to be completed by the end of 2021. Telstra also reiterated its full year guidance and upgraded its return on invested capital target for 2022.

## Outlook<sup>5</sup>

While sharemarkets around the world recovered strongly as the year progressed thanks to central bank and government actions as well as optimism for an improved economic outlook in 2021, many companies' profitability and dividends continue to be impacted by the economic turmoil during 2020. In light of the mixed economic outlook going forward, IML continue to focus on good quality companies that they believe represent good value and can do well over the next 3 to 5 years.

## Top 10 holdings

National Australia Bank
CSL Limited
Telstra
Westpac Banking
Aurizon
Insurance Australia
Suncorp Group
Tabcorp
Amcor
Crown Resorts

## Sector active weights

■ Communication Services	7.60%
■ Materials	6.90%
■ Utilities	2.20%
■ Consumer Staples	0.00%
■ Industrials	-0.40%
■ Consumer Discretionary	-1.10%
■ Information Technology	-3.50%
■ Financials	-4.10%
■ Health Care	-5.40%
■ Real Estate	-7.20%

### 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 Industrial Accumulation Index.
3. Sandhurst Industrial Share Fund received a 3-Star Overall Morningstar Rating™ out of 103 Equity Australia Large Value funds as of 31 December 2020 and a 1-Star Five year rating out of 93 Equity Australia Large Value funds as of 31 December 2020.  
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The 'Morningstar Rating' is an assessment of a fund's past performance - based on both return and risk - which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision. '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/5809](http://www.morningstar.com.au/Funds/FundReport/5809)
4. Other fees and costs may apply. See the Product Disclosure Statement for full details.
5. The 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 Industrial Share 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](http://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 December 2020 (unless stated otherwise) and is subject to change without notice.

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