

## Quarterly fund update - December 2022

### Investment approach

Each Fund provides access to a selection of high quality, specialist active and index investment managers across a variety of asset classes via its underlying investments. The investment portfolios provide access to investments which have been constructed in a manner that Sandhurst believes will meet the investment return objective of each Fund. Each Fund aims to provide a total return after fees in excess of a stated percentage above inflation over a full market cycle (typically 7 to 10 years), where inflation is measured by the Australian Consumer Price Index (CPI).

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

as at 31 December 2022

	Distribution (cents per unit)	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
<b>Sandhurst Conservative Fund</b>	\$0.0000	2.38	-9.12	0.63	2.29	4.64
<b>Sandhurst Balanced Fund</b>	\$0.0000	3.23	-10.57	1.28	3.17	4.87
<b>Sandhurst Growth Fund</b>	\$0.0000	4.05	-11.60	2.12	4.11	5.45

### 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 inception date	7 June 2002
Distribution frequency	Half yearly

#### **Sandhurst Conservative Fund**

Fund APIR Code	STL0008AU
Return objective	CPI + 1.5%
Recommended investment timeframe	3 years +
Risk level	Low to medium
Management fees & costs <sup>2</sup>	1.41% p.a.
Buy / Sell Spread <sup>2</sup>	+0.12%/-0.15%

#### **Sandhurst Balanced Fund**

Fund APIR Code	STL0009AU
Return objective	CPI + 2.5%
Recommended investment timeframe	4 years +
Risk level	Medium
Management fees & costs <sup>2</sup>	1.43% p.a.
Buy / Sell Spread <sup>2</sup>	+0.14%/-0.16%

#### **Sandhurst Growth Fund**

Fund APIR Code	STL00010AU
Return objective	CPI + 3.5%
Recommended investment timeframe	5 years +
Risk level	Medium to high
Management fees & costs <sup>2</sup>	1.46% p.a.
Buy / Sell Spread <sup>2</sup>	+0.15%/-0.16%

### Do you have any questions?

For further information contact us on  
1800 634 969 or visit our website:  
[www.bendigobank.com.au/managedfunds](http://www.bendigobank.com.au/managedfunds)

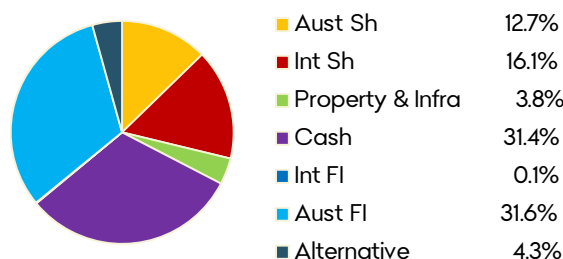
### Unit prices

as at 31 December 2022

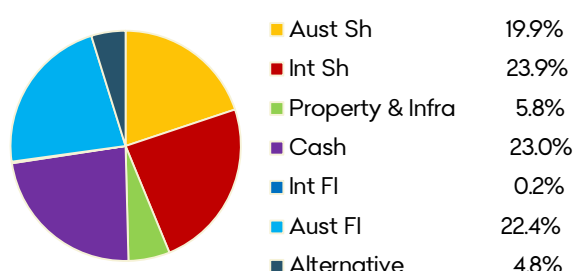
	Application price	Withdrawal price
<b>Sandhurst Conservative Fund</b>	\$0.94309	\$0.94054
<b>Sandhurst Balanced Fund</b>	\$0.98607	\$0.98312
<b>Sandhurst Growth Fund</b>	\$0.92592	\$0.92306

## Asset allocation

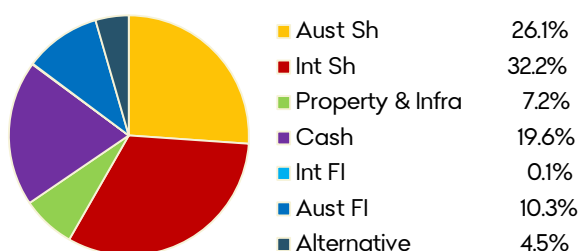
### Sandhurst Conservative Fund



### Sandhurst Balanced Fund



### Sandhurst Growth Fund



## Performance commentary

Returns for the quarter ending December were positive across the risk profiles as risk assets had a strong rally to end the year. Markets began pricing a higher probability of a lower terminal cash rate in the US following the November inflation print that surprised to the downside. Third quarter US earnings were also better than expected which buoyed sentiment. Year over year earnings were boosted by the energy and industrial sectors with gains outstripping declines in other industries. Australian shares recorded an impressive 9.1% return in the 3-month period ending December on the back of improved sentiment and anticipation of China planning to ease its Covid restrictions. Active management contribution was mixed. Tactical exposures to Energy benefitted the Funds. International equity manager Antipodes also aided performance. On the negative side of the ledger, Australian equity managers lagged the benchmark index.

## Economic commentary

Calendar year 2022 was eventful and volatility was elevated as a result of the push and pull of diverging narratives between rising inflation and slowing economic growth. Equities ended the year in negative territory. International shares as measured by the MSCI World Ex Australia Index (currency hedged) returned -18.1% while Australian shares (measured by the ASX 300) materially outperformed global counterparts down a muted 1.8% for the year. The ASX is dominated by Resource and Financial companies, both of which were two of the better performed sectors in 2022. Banks have benefitted from rising rates improving profitability while arrears and bad debts remain near historic lows. The materials sector continues to benefit from economies reopening, meanwhile valuations remain low, and investors are attracted to the inflation protection embedded in resource companies' revenues.

Monetary policy settings continue to shape outcomes for growth and inflation. The Federal Reserve is committed to bringing inflation down. In December the committee delivered another outsized 50 basis point hike. Chair Powell continues to believe the pathway to a soft landing remains; however, it is getting narrower. The Fed continues to monitor the prospects for embedded wage price inflation given the overheated US labour market where there are approximately 1.7 job openings to every job seeker.

Closer to home, the RBA delivered a 25-basis point hike in December. The cash rate has swiftly risen by 3% in 2022 as the committee addresses domestic inflation which is too high. The Australian economy is resilient. Despite higher levels of household indebtedness, consumers have built up large cash buffers and unemployment remains at record lows. The RBA left its options open at its last meeting stating the size and timing of future rate increases will be determined by the incoming data.

### 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. Funds start date 7 June 2002.
2. Management fees & costs are based on fees and costs incurred by the Fund in the past financial year and may be different in the current and future financial years. Other fees and costs may apply. See the Product Disclosure Statement for full details.

The managed funds detailed in this update (individually referred to as 'Fund' or collectively as 'Funds') are 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 Funds or the service they provide, full details of which are contained in the relevant Product Disclosure Statement (PDS). Investments in the Funds are not deposits with, guaranteed by, or liabilities of the Bank or any of its related entities. Economic and outlook forecasts are not guaranteed to occur. Sandhurst has prepared this document based on information available to it. The information and opinions provided in this document have not been verified and Sandhurst has no obligation to notify you in the event that any information or opinions change. No representation is made to the fairness and accuracy of the information, opinions and conclusions contained in this document. This update is provided by Sandhurst and contains general advice only. Please consider your situation and read the relevant PDS available at [www.bendigobank.com.au/managedfundsforms](http://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](http://www.bendigobank.com.au/TMD)

The information is current as at 31 December 2022 (unless stated otherwise) and is subject to change without notice.