Sandhurst Diversified Funds

(Previously known as Bendigo Managed Funds)

SandhurstTrustees

Monthly fund update - February 2021

Investment approach

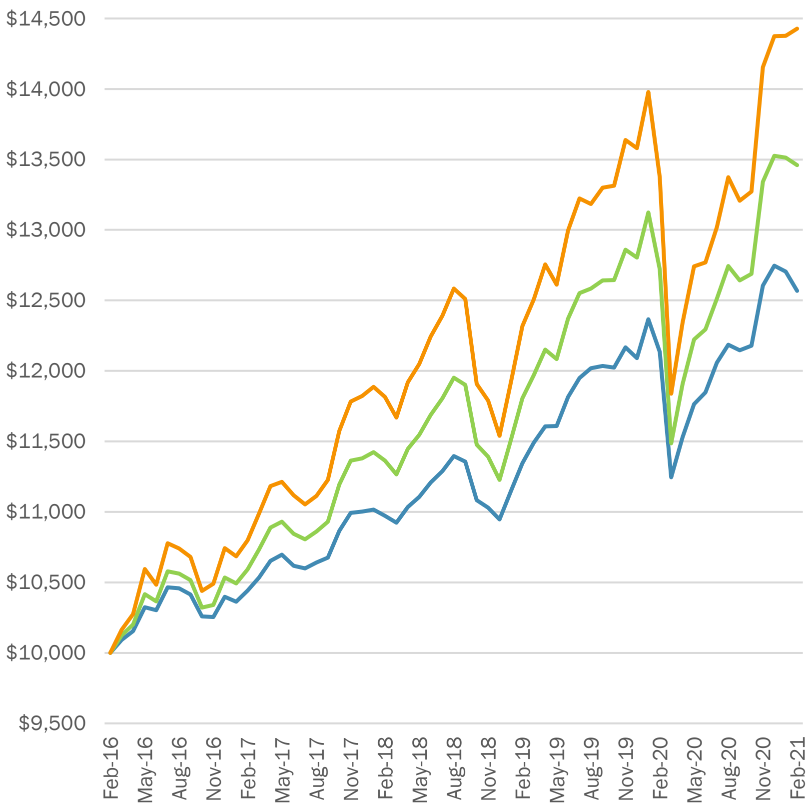
Each Fund provides access to a selection of high quality, specialist active and index investment managers across a variety of asset classes via its underlying investments. The investment portfolios provide access to investments which have been constructed in a manner that Sandhurst believes will meet 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[1]

as at 28 February 2021	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Sandhurst Conservative Fund	-0.30	3.57	4.63	4.68	5.22
Sandhurst Balanced Fund	0.88	5.82	5.80	6.12	5.42
Sandhurst Growth Fund	1.93	7.88	6.88	7.61	5.99

An example of how your investment grows

Growth of $10,000[1]
(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 costs[2]	1.550% p.a.
Buy / Sell Spread[2]	+0.13%/-0.15%
Sandhurst Balanced Fund	
Fund APIR Code	STL0009AU
Return objective	CPI + 2.5%
Recommended investment timeframe	4 years +
Risk level	Medium
Management costs[2]	1.569% p.a.
Buy / Sell Spread[2]	+0.14%/-0.15%
Sandhurst Growth Fund	
Fund APIR Code	STL00010AU
Return objective	CPI + 3.5%
Recommended investment timeframe	5 years +
Risk level	Medium to high
Management costs[2]	1.586% p.a.
Buy / Sell Spread[2]	+0.15%/-0.15%

Do you have any questions?

For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

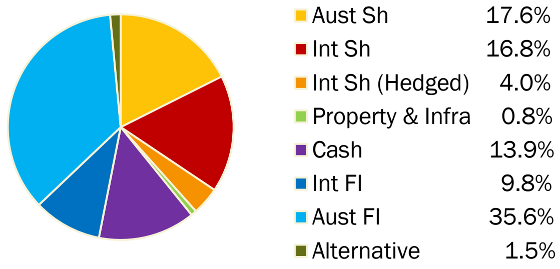
Unit prices

as at 28 February 2021	Application price	Withdrawal price
Sandhurst Conservative Fund	$1.04112	$1.03821
Sandhurst Balanced Fund	$1.13138	$1.12810
Sandhurst Growth Fund	$1.09277	$1.08950

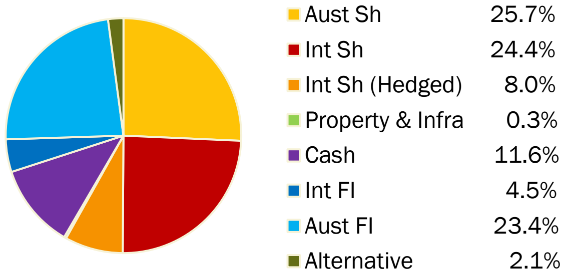
Refer to the next page for footnotes

Asset allocation

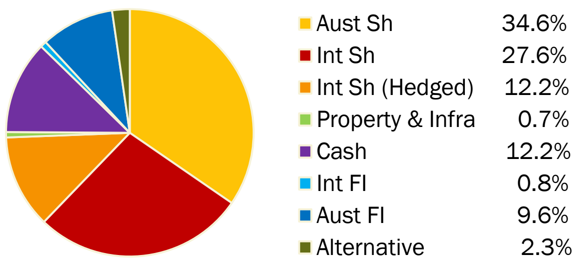
Sandhurst Conservative Fund



Sandhurst Balanced Fund



Sandhurst Growth Fund



Performance commentary

Returns for the month of February were mixed across the risk profiles as bond yields started to rise following the roll out of vaccines and proposed additional fiscal stimulus. The rise of bond yields affected most major asset classes negatively, but the degree of underperformance was exacerbated in assets such as bonds and overvalued pockets of growth equities. Active management contribution was mixed, Bennelong posted another strong quarter, but other Australian equity managers lagged the benchmark due to lower exposures to commodity stocks which have been a beneficiary of fiscal spending around the globe in response to the pandemic. Global equity managers fared better than the benchmark adding value to the funds. The team have the funds well placed to defend against rising inflation expectations with a recently introduced exposure to commodity stocks coupled with existing exposures to gold and value stocks. However, diversification is key given the recovery will likely be bumpy and as a result the funds also have exposures that will benefit from inflation failing to rise such as technology stocks and fixed nominal bonds.

Economic commentary

Risk assets ended the period in positive territory but softened as bond yields rose in response to higher inflation expectations and an improved economic growth outlook. Additional large fiscal stimulus from the US coupled with the mass roll out of vaccinations across the globe underpin the rise in expectations. The Nasdaq, dominated by growth technology stocks, suffered the worst response to the rise in inflation expectations and increased optimism around the outlook for economies reopening. Technology stocks benefitted most from shutdowns, so this tailwind normalising has some investors questioning the valuation gap between growth and value orientated sectors which would benefit greatly from reopening and a reduction in the output gap.

Evidence of a large fiscal stimulus program improving economic growth came in the Australian December quarter GDP print. Following the first recession recorded in over 30 years, economic growth expanded 3.1% following a 3.4% rise in the September quarter. It represents the first time in 60 years that Australia has recorded more than 3% growth in 2 consecutive quarters. A V-shape recovery appears to be taking place in Australia with year-on-year GDP only 1.1% below December 2019 figures. An outstanding outcome when one reflects on the measures taken during 2020 to curb the spread of infections.

Looking forward, fiscal and monetary policy must remain loose to support economies. Also, it will be important for the distribution of vaccines to continue smoothly to ensure the world returns to economic growth. Australia still requires gains in employment to return to full employment and maintain inflation within the RBA's target range, however, progress has been made towards this goal since the height of the lockdowns.

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 costs are based on 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 information is current as at 28 February 2021 (unless stated otherwise) and is subject to change without notice.