

Monthly fund update - July 2020

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).

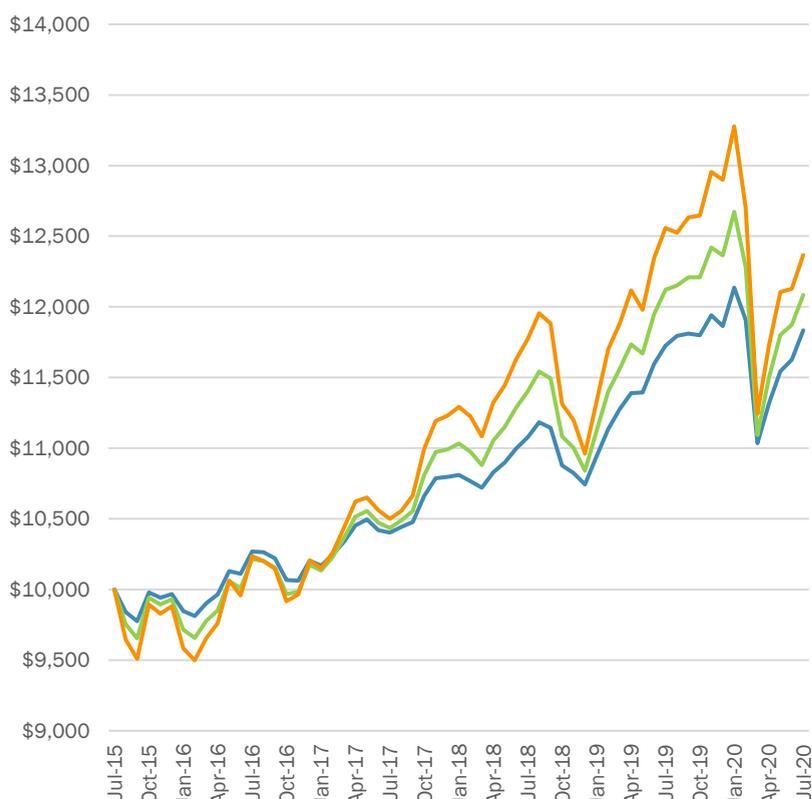
Fund performance¹

as at 31 July 2020	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Sandhurst Conservative Fund	4.57	0.91	4.39	3.42	5.15
Sandhurst Balanced Fund	5.09	-0.31	5.01	3.86	5.18
Sandhurst Growth Fund	5.47	-1.54	5.60	4.34	5.59

An example of how your investment grows

Growth of \$10,000¹

(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	1.50% p.a.
Buy / Sell Spread ²	+0.12%/-0.26%

Sandhurst Balanced Fund

Fund APIR Code	STL0009AU
Return objective	CPI + 2.5%
Recommended investment timeframe	4 years +
Risk level	Medium
Management costs ²	1.50% p.a.
Buy / Sell Spread ²	+0.13%/-0.24%

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	1.50% p.a.
Buy / Sell Spread ²	+0.14%/-0.21%

Do you have any questions?

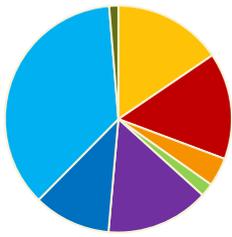
For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

Unit prices

as at 31 July 2020	Application price	Withdrawal price
Sandhurst Conservative Fund	\$1.00746	\$1.00364
Sandhurst Balanced Fund	\$1.06034	\$1.05642
Sandhurst Growth Fund	\$0.99465	\$0.99117

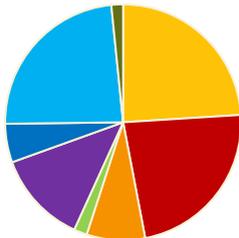
Asset allocation

Sandhurst Conservative Fund



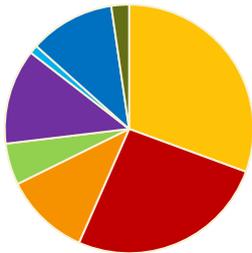
■ Aust Sh	15.5%
■ Int Sh	15.2%
■ Int Sh (Hedged)	4.1%
■ Property & Infra	1.9%
■ Cash	14.7%
■ Int FI	11.0%
■ Aust FI	36.3%
■ Alternative	1.3%

Sandhurst Balanced Fund



■ Aust Sh	24.0%
■ Int Sh	23.0%
■ Int Sh (Hedged)	8.0%
■ Property & Infra	1.8%
■ Cash	12.7%
■ Int FI	5.3%
■ Aust FI	23.6%
■ Alternative	1.6%

Sandhurst Growth Fund



■ Aust Sh	30.6%
■ Int Sh	26.0%
■ Int Sh (Hedged)	11.1%
■ Property & Infra	5.4%
■ Cash	12.4%
■ Int FI	1.1%
■ Aust FI	11.1%
■ Alternative	2.3%

Performance commentary

The three Sandhurst Diversified Funds outperformed the Morningstar peer group over the month. Aiding performance was positioning in inflation linked bonds in which falling bond yields coupled with rising inflation expectations, led our position in Australian inflation linked bonds to a strong 3.2% return over the month. Positions in emerging markets also benefited the Funds beating developed world global equities and Australian equities. Active management also aided returns, with a strong contribution from Ellerston Micro caps. Gold was the standout performer, rising over 10% in USD terms, with investors favouring precious metals given the unprecedented money printing by central banks globally.

The Funds continue to hold a bias to emerging markets over developed world, positions in gold and a large overweight to inflation linked bonds over fixed nominal government bonds. We believe that these positions provide broad diversification given the uncertain times of central bank money printing.

Economic commentary

Equity markets drifted higher over the month, with emerging markets the standout. The July period is a busy time for corporate reporting in the United States, in which earnings reiterated the relative outperformance of technology companies. Given a shift to working from home and online retail, big technology companies did not disappoint, surprising on the upside. Economic developments continued to be choppy with the reopening of many economies leading to a bounce in a variety of economic conditions, although there is a lot of ground to make up.

Within Australia the RBA confirmed the cash rate will remain at 0.25% for the foreseeable future as the global economy digests one of its weakest periods since the great depression. The RBA maintains it will continue to support the bond market with targeted short end yield curve control (artificially holding rates lower). More recently the RBA's involvement in bond markets has been more muted as deflationary conditions continue to place downward pressure on bonds yields.

The AUD relative the USD has performed strongly over the past three months. The more aggressive money printing program by the Federal Reserve relative to other regions has seen the USD weaken against most developed world currencies. Further, rising commodity prices has led to some AUD outperformance given the demand for Australia's major export in iron ore.

Looking forward markets are likely to be shaped by fiscal government policy, in which high unemployment and weak economic growth are likely to continue to persist. Government budget deficits are set to expand and calls from prominent economists demanding direct money printing, are likely to have significant ramifications on markets if they prevail.

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. 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.sandhursttrustees.com.au/pds, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision.

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