

## Monthly fund update - June 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 performance<sup>1</sup>

as at 30 June 2020	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>	\$0.0357	5.36	0.27	3.72	3.46	5.08
<b>Sandhurst Balanced Fund</b>	\$0.0101	7.05	-0.62	4.28	4.13	5.10
<b>Sandhurst Growth Fund</b>	\$0.0207	7.87	-1.74	4.72	4.74	5.50

### 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 costs <sup>2</sup>	1.50% p.a.
Buy / Sell Spread <sup>2</sup>	+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 <sup>2</sup>	1.50% p.a.
Buy / Sell Spread <sup>2</sup>	+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 <sup>2</sup>	1.50% p.a.
Buy / Sell Spread <sup>2</sup>	+0.14%/-0.21%

### Do you have any questions?

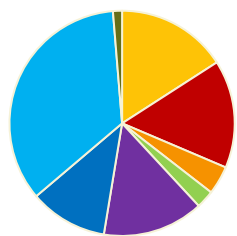
For further information contact us on 1800 634 969 or visit [www.sandhursttrustees.com.au](http://www.sandhursttrustees.com.au)

### Unit prices

as at 30 June 2020	Application price	Withdrawal price
<b>Sandhurst Conservative Fund</b>	\$0.98986	\$0.98610
<b>Sandhurst Balanced Fund</b>	\$1.04189	\$1.03804
<b>Sandhurst Growth Fund</b>	\$0.97556	\$0.97215

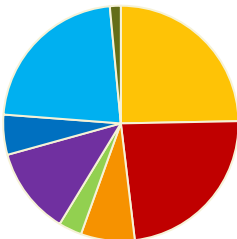
## Asset allocation

### Sandhurst Conservative Fund



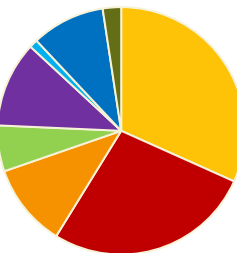
■ Aust Sh	15.9%
■ Int Sh	15.5%
■ Int Sh (Hedged)	4.1%
■ Property & Infra	2.6%
■ Cash	14.5%
■ Int FI	11.2%
■ Aust FI	34.9%
■ Alternative	1.3%

### Sandhurst Balanced Fund



■ Aust Sh	24.7%
■ Int Sh	23.4%
■ Int Sh (Hedged)	7.4%
■ Property & Infra	3.2%
■ Cash	12.0%
■ Int FI	5.5%
■ Aust FI	22.3%
■ Alternative	1.5%

### Sandhurst Growth Fund



■ Aust Sh	31.7%
■ Int Sh	27.1%
■ Int Sh (Hedged)	10.9%
■ Property & Infra	6.0%
■ Cash	11.2%
■ Int FI	1.1%
■ Aust FI	9.6%
■ Alternative	2.4%

## Performance commentary

With returns ranging between 5.35% and 7.86%, from both a peer relative and absolute return perspective, the Sandhurst Diversified Funds performed strongly over the quarter. Risk assets across the board all performed strongly, with tilts to emerging markets within the growth allocation and positions in inflation linked bonds within the defensive component, both proving beneficial. The Funds exposure to gold also aided returns, as central bank quantitative easing measures boosts money supply, which in turn draws investors into exposures with finite supply such as precious metals.

Active management benefited the Funds over the quarter, with strong returns experienced by Ellerston Micro (+44%), Bennelong Concentrated Australian Equities (+19.5%) and T. Rowe Price Global Equities (+16.8%).

## Economic commentary

The June quarter of 2020 will be characterised as one of the sharpest recoveries in risk assets on record. Australian shares (measured by the S&P ASX 300 accumulation index) recorded a 16.8% rise while global equity markets (measured by the MSCI World Ex Australia hedged total return index) appreciated 17.8% over the same period. Investors were encouraged by the scale and speed of stimulatory measures enacted by governments and central banks alike in order to soften the economic impacts of shutdown measures taken to slow COVID-19 transmissions.

As a result, market participants find themselves weighing up poor economic data, higher valuations and impending earnings announcements which will provide greater insight into the actual impact of disruption on business operations and profitability as a result of coronavirus restrictions. While markets are broadly higher, a look at industry sector performance highlights the nuanced outperformance of sectors perceived to be more insulated from lockdowns. For example, the information technology sector has benefited from an acceleration of people working from home and a greater adoption of digital payments in lieu of physical cash transactions. Many of these trends are not new, however, the rate in which businesses and consumers have had to change their behaviour in response to the pandemic has fast-tracked these themes with information technology companies the direct beneficiaries. The MSCI World Information Technology sector appreciated 31.2% since March vastly outperforming the benchmark return of 17.8%.

Closer to home much conjecture remains around the proposed end of fiscal support payments such as the Job Keeper and Job Seeker subsidies. These policies in concert with other measures have eased some of the negative impacts facing the Australian economy with data points such as unemployment and GDP tracking better than initial economist projections.

Looking forward, challenges remain on the health front with recent data pointing to an increase in infections around the globe. On the positive side, Australia remains one of the better placed nations regarding case counts and testing capacity. Governments and central banks will be required to continue to support economies going forward as disrupted companies and individuals still need to finance expenses. The economic strain will only be permanently eased by a return to full economic activity in time. The road ahead is likely to be a volatile one, emphasising the need for diversification and pragmatic risk management through the various stages of the recovery.

### 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](http://www.sandhursttrustees.com.au/pds), any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision.

The information is current as at 30 June 2020 (unless stated otherwise) and is subject to change without notice.

Proudly part of



**Bendigo and  
Adelaide Bank**