

Quarterly fund update - June 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 performance¹

as at 30 June 2022

	Distribution (cents per unit)	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Sandhurst Conservative Fund	\$0.0000	-5.82	-8.10	1.00	2.77	4.70
Sandhurst Balanced Fund	\$0.0315	-7.05	-9.22	1.86	3.82	4.90
Sandhurst Growth Fund	\$0.0671	-7.97	-9.38	2.95	4.98	5.49

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 costs² 1.41 % p.a.

Buy / Sell Spread² +0.13%/-0.14%

Sandhurst Balanced Fund

Fund APIR Code STL0009AU

Return objective CPI + 2.5%

Recommended investment timeframe 4 years +

Risk level Medium

Management costs² 1.43% p.a.

Buy / Sell Spread² +0.14%/-0.14%

Sandhurst Growth Fund

Fund APIR Code STL00010AU

Return objective CPI + 3.5%

Recommended investment timeframe 5 years +

Risk level Medium to high

Management costs² 1.46% p.a.

Buy / Sell Spread² +0.15%/-0.15%

Do you have any questions?

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

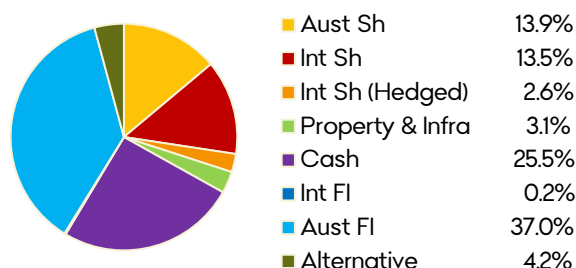
Unit prices

as at 30 June 2022

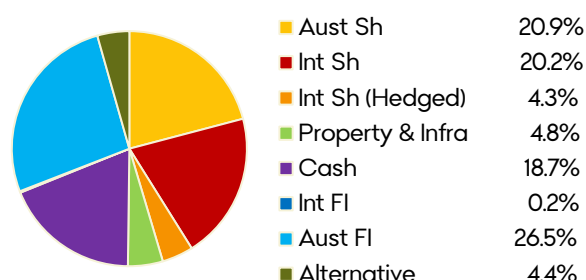
	Application price	Withdrawal price
Sandhurst Conservative Fund	\$0.93185	\$0.92934
Sandhurst Balanced Fund	\$0.96924	\$0.96653
Sandhurst Growth Fund	\$0.90773	\$0.90501

Asset allocation

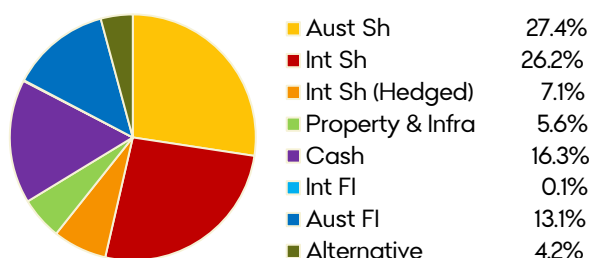
Sandhurst Conservative Fund



Sandhurst Balanced Fund



Sandhurst Growth Fund



Performance commentary

Returns for the quarter ending June were negative in absolute terms given all assets except cash returned in the red. However, the Funds outperformed their relative benchmarks over the period. The Funds hold significantly underweight growth exposures which have benefitted benchmark and peer relative growth returns. This has been a challenging environment for asset managers given rising bond yields have put downward pressure on all asset valuations. Under these conditions the team have taken advantage of higher yielding defensive assets in the Funds which will add to core income and within growth exposures have pivoted to equity sectors with greater earnings certainty such as consumer staples, healthcare and infrastructure. Active manager performance has been mixed. Pleasingly, defensive equity exposures such as AB Managed Vol and Antipodes Global Fund have outperformed their respective benchmarks over the period.

Economic commentary

For the quarter ended June 30, financial markets' focus shifted from expectations of rising inflation to hawkish Central Bank policy and its potential to slow economic growth and inflation. Inflation continues to remain elevated and has broadened out to the services and core components of CPI. As a result, the policy response has been aggressive to bring supply/demand imbalances back to normal levels over time and asset valuations have been impacted due to rising discount rates. Asset returns have been poor for the 3-month period, Australian equities, as measured by the ASX 200 Index, returned -12.4%, and global equities on a currency hedged basis returned -15.1%, as measured by the MSCI World Index.

In the United States, the Federal Reserve has aggressively raised the federal funds rate 3 times since February opting to raise the cash rate by 75 basis points in June alone. A hike of this size has not been seen in over 25 years indicating the committee's strong intent bring inflation down. The Fed dot plot, a survey of Fed members which is used to express forward expectations of the cash rate, shows no signs of slowing the pace of rate hikes either with the most recent dot plot indicating a federal funds target rate of 3.40% by year end which would mark 340 basis points of rate rises in calendar year 2022.

In Australia, the Reserve Bank has taken a similar stance in its attempt to bring inflation down locally. Year over year inflation is expected to grow to 7% by the end of 2022 which could mark the highest level of inflation since 1990. Current annual headline inflation sits at 5.1% in Australia. At time of writing, the market is pricing a terminal cash rate north of 3% which is expected to put borrowers under financial pressure as mortgage rates continue their ascent as cost of funding increases. The period ahead is shaping up to be one of further complexity as central banks try to walk a fine line between reducing inflation without significantly slowing economic growth.

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 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, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision. For target market determination: www.bendigobank.com.au/TMD

The information is current as at 30 June 2022 (unless stated otherwise) and is subject to change without notice.