

Monthly fund update - March 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).

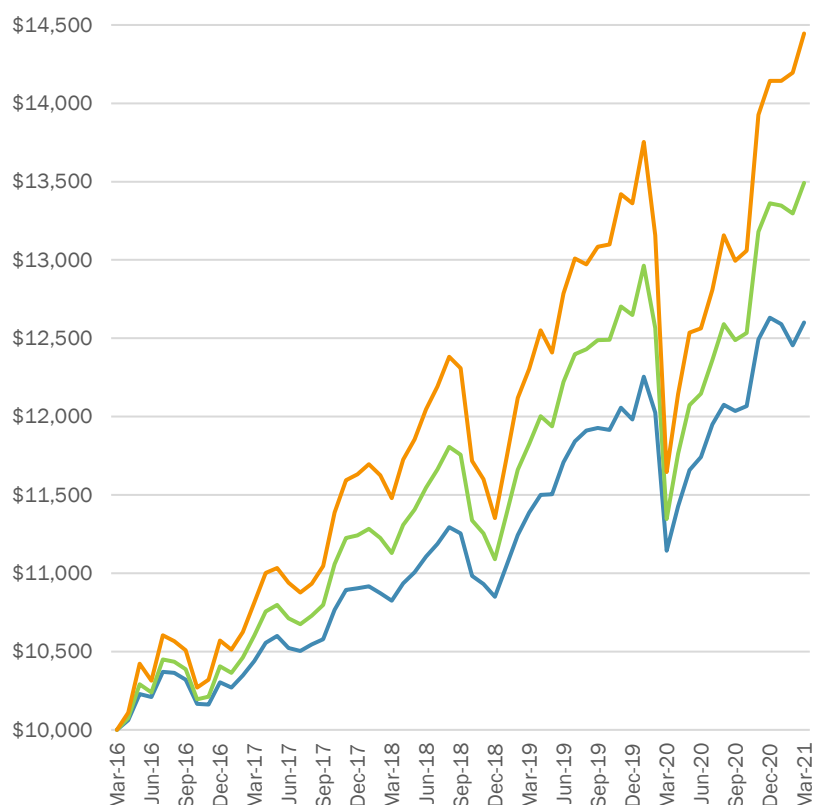
Fund performance¹

as at 31 March 2021	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Sandhurst Conservative Fund	-0.25	13.07	5.19	4.73	5.26
Sandhurst Balanced Fund	0.98	18.92	6.63	6.17	5.48
Sandhurst Growth Fund	2.14	24.03	7.96	7.63	6.06

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	1.550% 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?

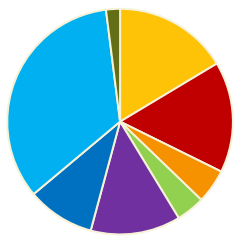
For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

Unit prices

as at 31 March 2021	Application price	Withdrawal price
Sandhurst Conservative Fund	\$1.05333	\$1.05038
Sandhurst Balanced Fund	\$1.14806	\$1.14474
Sandhurst Growth Fund	\$1.11207	\$1.10874

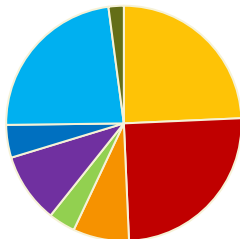
Asset allocation

Sandhurst Conservative Fund



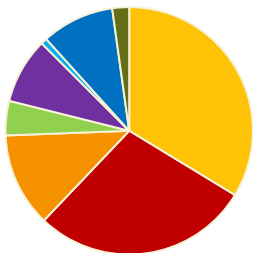
■ Aust Sh	16.4%
■ Int Sh	15.9%
■ Int Sh (Hedged)	4.9%
■ Property & Infra	4.1%
■ Cash	12.9%
■ Int FI	9.7%
■ Aust FI	34.1%
■ Alternative	2.0%

Sandhurst Balanced Fund



■ Aust Sh	24.3%
■ Int Sh	25.0%
■ Int Sh (Hedged)	7.7%
■ Property & Infra	3.7%
■ Cash	9.6%
■ Int FI	4.5%
■ Aust FI	23.1%
■ Alternative	2.1%

Sandhurst Growth Fund



■ Aust Sh	33.7%
■ Int Sh	28.4%
■ Int Sh (Hedged)	12.3%
■ Property & Infra	4.5%
■ Cash	8.6%
■ Int FI	0.8%
■ Aust FI	9.5%
■ Alternative	2.2%

Performance commentary

Returns for the quarter ending March were stronger for risk profiles which contain higher allocations to growth assets as rising bond yields negatively impacted bonds. Rising inflation expectations did have an impact on valuations of longer duration growth equities, however, on the balance equities outperformed defensive assets. The pickup in expectations for growth and inflation follow vaccine rollouts, coronavirus restrictions easing and economic data improving around the globe. Whilst overweights to inflation linked bonds and emerging market equities detracted from relative performance, an overweight to Australian and global equities benefitted returns as the tailwind of favourable economic conditions continue to underpin these asset classes. An underweight to Australian property continues to benefit the funds given the structural headwind of further e-commerce penetration and retail comprising the largest component of the property index. Active management contribution was mixed, pleasingly, Antipodes posted a strong quarter. Their pragmatic value approach to investing aided returns while growth style managers were impacted by rising bond yields.

Economic commentary

Risk assets continued their strong run through the three months ending March 31. Twelve months on from the lows of March 2020, markets have been buoyed by oversized global fiscal and monetary stimulus efforts and vaccine rollouts. Economic conditions have rebounded, and several economic prints are now at all-time highs, a reflection of the success of efforts made to negate the adverse financial impacts of economic lockdowns during 2020.

Around the globe, forecasts of economic growth for the next 12-to-24 month periods have been upgraded. The IMF expects the world economy to expand 6% in 2021, up from the 5.5% it had forecast in January. This would represent the fastest expansion for the global economy in IMF records dating back to 1980. In 2022, the IMF predicts, international economic growth will decelerate but maintain above average growth of 4.4%.

Despite employment data improving in Australia, the RBA minutes revealed substantial progress is still required to achieve full employment goals. The committee also expects inflation in the short term but is viewing it as transitional and does not expect to need to raise rates until 2024 at the earliest. This view is consistent across the globe with central banks committed to supporting economies until targets of full employment and inflation are achieved.

This expansionary economic backdrop and contained inflation expectations bodes well for risk assets albeit some caution is required in pockets of the market that have appreciated into speculative territory. The investment team is positive on markets given improving economic conditions and recently announced further fiscal and monetary support that will continue to underpin the world economy. The team continues to monitor valuations and indicators of inflation to determine if rising inflation is cyclical or structural in nature.

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.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 31 March 2021 (unless stated otherwise) and is subject to change without notice.

Proudly part of



**Bendigo and
Adelaide Bank**