Sandhurst Diversified Funds

SandhurstTrustees

Quarterly fund update - March 2023

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 31 March 2023

	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Sandhurst Conservative Fund	3.05	-1.77	4.13	3.06	4.74
Sandhurst Balanced Fund	3.17	-2.46	6.11	4.02	4.96
Sandhurst Growth Fund	3.05	-3.27	7.98	5.02	5.54

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 fees & costs[2]	1.41% p.a.
Buy / Sell Spread[2]	+0.12%/-0.15%
Sandhurst Balanced Fund	
Fund APIR Code	STL0009AU
Return objective	CPI + 2.5%
Recommended investment timeframe	4 years +
Risk level	Medium
Management fees & costs[2]	1.43% p.a.
Buy / Sell Spread[2]	+0.14%/-0.16%
Sandhurst Growth Fund	
Fund APIR Code	STL0010AU
Return objective	CPI + 3.5%
Recommended investment timeframe	5 years +
Risk level	Medium to high
Management fees & costs[2]	1.46% p.a.
Buy / Sell Spread[2]	+0.15%/-0.16%

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

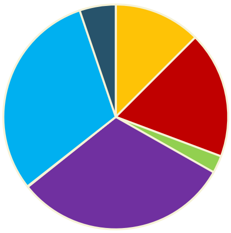
as at 31 March 2023

	Application price	Withdrawal price
Sandhurst Conservative Fund	$0.97189	$0.96927
Sandhurst Balanced Fund	$1.01734	$1.01429
Sandhurst Growth Fund	$0.95419	$0.95124

Refer to the next page for footnotes

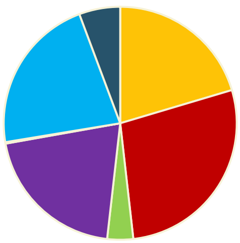
Asset allocation

Sandhurst Conservative Fund



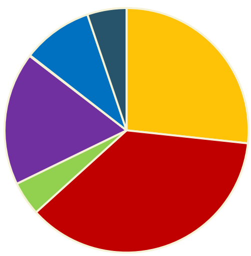
Aust Sh	12.5%
Int Sh	18.2%
Property & Infra	2.5%
Cash	31.1%
Int FI	0.1%
Aust FI	30.4%
Alternative	5.2%

Sandhurst Balanced Fund



Aust Sh	20.4%
Int Sh	27.8%
Property & Infra	3.6%
Cash	20.4%
Int FI	0.2%
Aust FI	21.9%
Alternative	5.7%

Sandhurst Growth Fund



Aust Sh	26.7%
Int Sh	36.6%
Property & Infra	4.5%
Cash	17.6%
Int FI	0.1%
Aust FI	9.3%
Alternative	5.2%

Performance commentary

Returns for the quarter were positive across all risk profiles with the Funds on average performing in line with the peer group. Aiding returns was positions in gold, in which rallied on concerns of bank failures within the US. Detracting from relative returns was underweight exposures to equities. The Funds continue to be positioned cautiously given our view that growth will continue to slow as global central banks hold interest rates in restrictive territory. More recently we have experienced an increase in liquidity within markets that has seen some reduction in the volatility that was experienced over the past year. Looking forward there are many uncertainties present within markets and we believe a well diversified portfolio across currencies, geographies, bonds, equities, gold and cash to be beneficial in smoothing returns over the upcoming period.

Economic commentary

Markets performed strongly for the quarter ending March, with the majority of asset classes materially higher. Corporate earnings for the period ending December within the US and Australia were generally weak and forward guidance on future earnings was soft. Despite this, shares rose, in particular technology stocks, with the technology heavy Nasdaq index up over 20% for the quarter. Technology stocks had a difficult year in 2022, with the Nasdaq falling 33%. The new year has brought renewed optimism in the technology sector with falling inflation, the emergence of potential disruption artificial technology and a new focus on controlling costs.

Driving headlines and moving markets was the sudden collapse of Silicon Valley Bank in the US, this was followed up with failures in Signature Bank and Credit Suisse. Whilst each bank possessed its own unique set of circumstances related to their failure, the broader impacts on markets was to price in a slowing of global growth and inflation due to the effect of banks tightening lending standards. The market implications were outflows out of bank stocks, with the beneficiary assets being gold, government bonds and technology stocks.

Within the US, markets continue to be infatuated with each inflation print. Through the quarter, headline inflation moved lower in most developed regions, led by energy. Core inflation (inflation excluding food and energy), has remained sticky, with the services sector of the economy resilient, supported by a tight labour market. The Federal Reserve has been clear in their forward guidance that they need sufficient slack in the employment market and will raise rates and hold rates at levels consistent to bring inflation down to their 2% target.

Within Australia, the Reserve Bank of Australia (RBA) is nearing the end of its rate hiking cycle, while leaving the door open to further rate increases if the data permits. The RBA's task is a delicate operation. Australia relative globally, has high household debt, meaning Australia is more sensitive to rate rises than the majority of other regions. Lower cash rates than global peers can result in a weakness in the currency as investors chase high interest rates in other regions, this can in turn lead to higher inflation as the costs of imported goods increases as the currency falls in value.

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 fees & costs are based on fees and 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.