

## Monthly fund update - May 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).

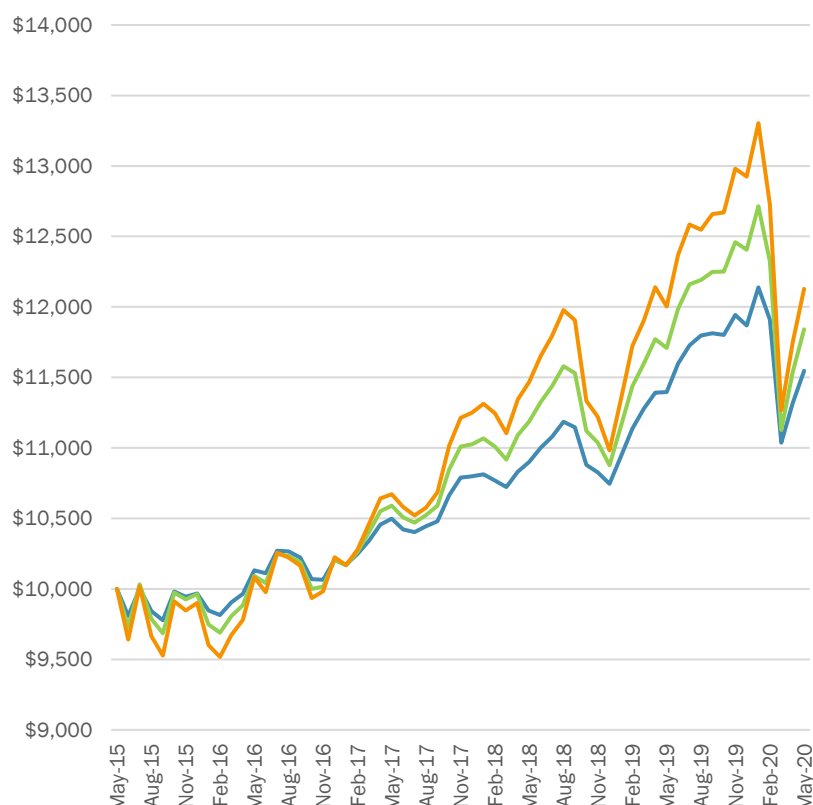
### Fund performance<sup>1</sup>

as at 31 May 2020	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
<b>Sandhurst Conservative Fund</b>	-3.05	1.34	3.22	2.92	5.06
<b>Sandhurst Balanced Fund</b>	-3.91	1.13	3.79	3.44	5.09
<b>Sandhurst Growth Fund</b>	-4.72	1.03	4.35	3.93	5.51

### 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>	+0.10%/-0.38%

#### 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>	+0.12%/-0.34%

#### 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%/-0.29%

### Do you have any questions?

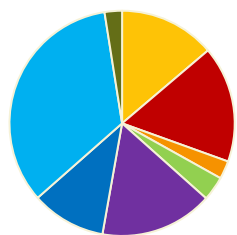
For further information contact us on 1800 634 969 or visit [www.sandhursttrustees.com.au](http://www.sandhursttrustees.com.au)

### Unit prices

as at 31 May 2020	Application price	Withdrawal price
<b>Sandhurst Conservative Fund</b>	\$1.01950	\$1.01461
<b>Sandhurst Balanced Fund</b>	\$1.04664	\$1.04183
<b>Sandhurst Growth Fund</b>	\$0.99508	\$0.99081

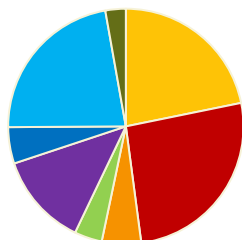
## Asset allocation

### Sandhurst Conservative Fund



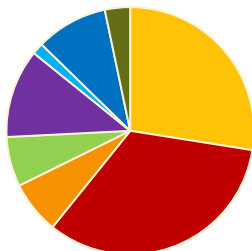
■ Aust Sh	13.8%
■ Int Sh	16.7%
■ Int Sh (Hedged)	2.6%
■ Property & Infra	3.5%
■ Cash	16.2%
■ Int FI	10.7%
■ Aust FI	34.0%
■ Alternative	2.5%

### Sandhurst Balanced Fund



■ Aust Sh	21.8%
■ Int Sh	26.1%
■ Int Sh (Hedged)	5.4%
■ Property & Infra	3.8%
■ Cash	12.8%
■ Int FI	5.0%
■ Aust FI	22.3%
■ Alternative	2.8%

### Sandhurst Growth Fund



■ Aust Sh	27.5%
■ Int Sh	33.3%
■ Int Sh (Hedged)	6.9%
■ Property & Infra	6.5%
■ Cash	11.6%
■ Int FI	1.5%
■ Aust FI	9.4%
■ Alternative	3.3%

## Performance commentary

Over the month the suite of funds performed strongly on an absolute basis and relative to peers, as strong performing equity markets lifted returns. The Funds benefited from both strong performance from our active managers and asset allocation positions in inflation linked bonds. Through the March period we accumulated meaningful positions in inflation linked bonds as expectations for inflation fell to zero over the medium and longer term. During May these exposures benefited from a more positive outlook on the economy which saw inflation expectations rise over the period.

The Funds are currently positioned neutral on growth to defensive investments and hold downside protection through US treasuries, gold and US dollar global equity exposure.

## Economic commentary

Risk assets performed strongly over the month of May with Australian equities lifting 4.6% (S&P ASX 300 accumulation index) while developed world global equities returned 4.7% (MSCI World ex Australia hedged total return index).

Driving risk assets higher was optimism regarding the falling COVID-19 case count as well as the large monetary stimulus provided by central banks around the world. Over the period the US Federal Reserve stepped up its quantitative easing program extending into corporate credit which in effect lowers the cost of borrowing for corporate entities. The program injected liquidity back into these stressed markets, whilst also buoying the price of risk assets such as equities. The US Federal Reserve has stressed their commitment to use these powers forcefully until they are confident on the road to recovery. Given this, market dynamics are demonstrating a breakdown in fundamentals to equity prices, with a meaningful increase in the price of shares without the corresponding increase in company earnings.

Within Australia, March GDP indicated a contraction, meaning Australia will record its first recession since 1986 given the sharp fall in economic growth expected in the quarter ending June. Australia has been one of the largest spenders on COVID-19 stimulus per GDP in the developed world, however the majority of stimulus plus support from early access of super and delayed mortgage payments are looking to conclude in the last quarter of this year. This obvious fiscal cliff is well known by the government and RBA, in which additional measures will need to be in place to support the economy through this transition.

Looking forward, markets are at the mercy of central banks and government support programs and will react accordingly to policy announcements. The road ahead is likely to be a volatile one, in which holds little resemblance to previous economic and market conditions.

### 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.

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The information is current as at 31 May 2020 (unless stated otherwise) and is subject to change without notice.

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