

Monthly fund update - May 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).

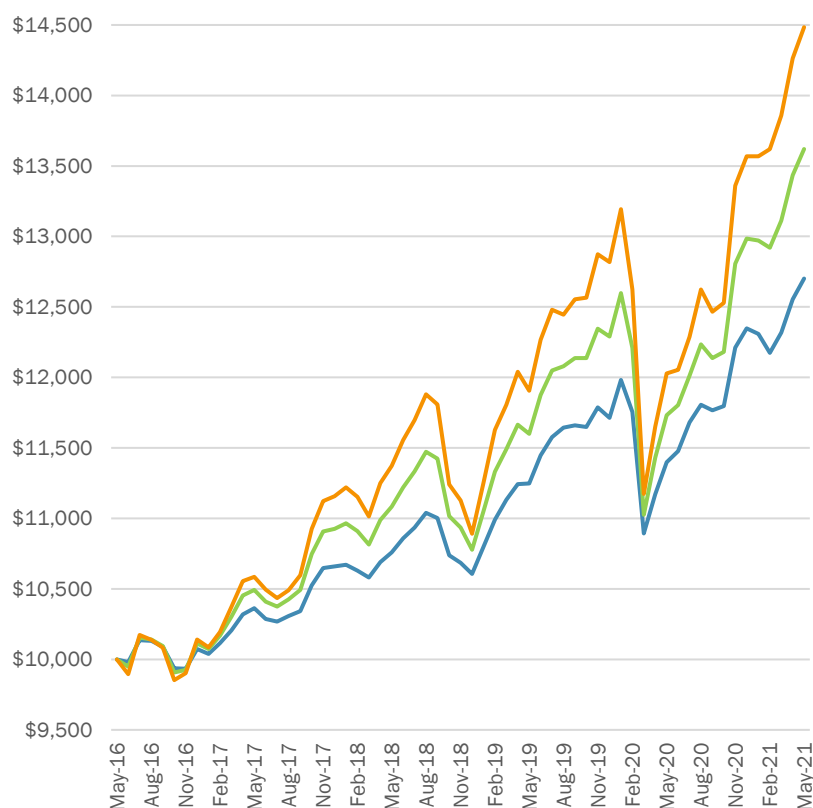
Fund performance¹

as at 31 May 2021	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Sandhurst Conservative Fund	4.32	11.44	5.69	4.90	5.39
Sandhurst Balanced Fund	5.41	16.09	7.11	6.37	5.64
Sandhurst Growth Fund	6.36	20.42	8.39	7.69	6.25

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?

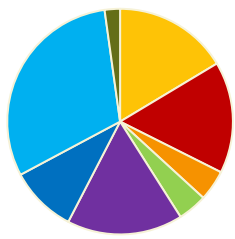
For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

Unit prices

as at 31 May 2021	Application price	Withdrawal price
Sandhurst Conservative Fund	\$1.08613	\$1.08309
Sandhurst Balanced Fund	\$1.19261	\$1.18916
Sandhurst Growth Fund	\$1.16225	\$1.15876

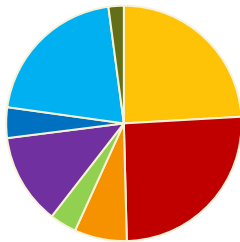
Asset allocation

Sandhurst Conservative Fund



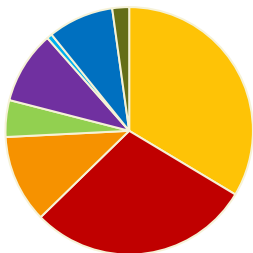
■ Aust Sh	16.4%
■ Int Sh	16.0%
■ Int Sh (Hedged)	4.4%
■ Property & Infra	4.2%
■ Cash	16.6%
■ Int FI	9.6%
■ Aust FI	30.6%
■ Alternative	2.2%

Sandhurst Balanced Fund



■ Aust Sh	24.1%
■ Int Sh	25.5%
■ Int Sh (Hedged)	7.2%
■ Property & Infra	3.7%
■ Cash	12.5%
■ Int FI	4.2%
■ Aust FI	20.7%
■ Alternative	2.1%

Sandhurst Growth Fund



■ Aust Sh	33.6%
■ Int Sh	29.1%
■ Int Sh (Hedged)	11.5%
■ Property & Infra	4.8%
■ Cash	9.5%
■ Int FI	0.7%
■ Aust FI	8.6%
■ Alternative	2.2%

Performance commentary

Returns for the month ending May were strong across all risk profiles as every major asset class had positive returns. Inflation expectations rose over the month, while bond yields remained stable. This resulted in strong returns for the Funds allocation to gold and Australian inflation linked bonds. On the growth side of the ledger, large capitalisation Australian equities aided returns the most in May given higher commodity prices and improving operating conditions for financial companies such as the major banks. Performance amongst the Funds active managers were strongest for Australian active managers, all managed to outperform but Bennelong continues to stand out returning 3.5% in May. The Funds maintain a bias towards Australian equities given the large weighting to resource companies and banks, in which resources continue to be supported by strong global demand, and banks which are supported by strong credit growth.

Economic commentary

Strong corporate earnings, improving economic data and inflation normalising post COVID disruptions buoyed most major asset classes in the month of May. The push and pull between elevated inflation being transitory or structurally higher for longer has puzzled investors and as a result caused divergences in performance between longer and shorter duration asset classes.

Longer duration assets have underperformed relative to their peers as the market has doubted the steadfast stance of central bank officials that recent higher inflation prints are transitory in nature. Federal Reserve and RBA officials expect that CPI prints will normalise towards the end of the calendar year following the easing of disruptions to supply chains and low base effects of data rebounding from COVID lows.

Of all the major equity indices, Australian large capitalisation equities performed strongest in May (up 2.3%) given higher commodity prices which benefited resource stocks and improving operating conditions for financial companies such as the major banks. Global equities underperformed (up 1.0%) as the rotation into cyclical business continued in May, hurting growth sectors trading at elevated multiples which gave back some of their gains from earlier in the year.

Inflation data over the next couple months will be key in understanding the likely path of price rises and its impact on the business cycle. Fiscal and monetary conditions remain accommodative and will continue to support financial assets going forward. The investment team believes a balanced approach to building portfolios will ensure protection from heightened volatility in outcomes related to inflation and will continue to manage the portfolio with regard to changing 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. 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 May 2021 (unless stated otherwise) and is subject to change without notice.

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