

## Monthly fund update - October 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).

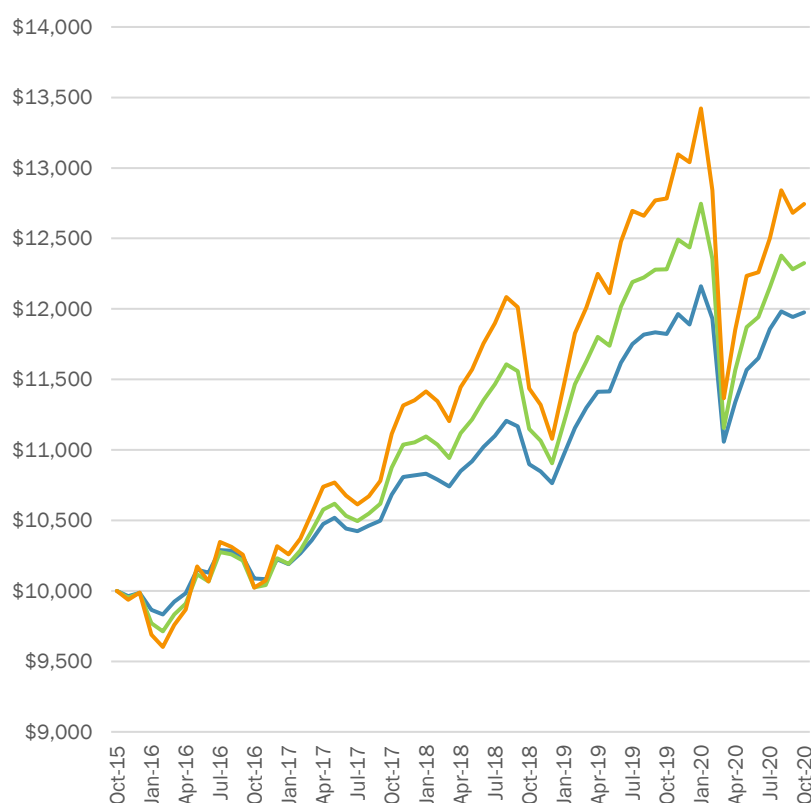
### Fund performance<sup>1</sup>

| as at 31 October 2020              | 3 months % | 1 year % | 3 years %p.a. | 5 years %p.a. | Since inception %p.a. |
|------------------------------------|------------|----------|---------------|---------------|-----------------------|
| <b>Sandhurst Conservative Fund</b> | 0.99       | 1.28     | 3.88          | 3.67          | 5.14                  |
| <b>Sandhurst Balanced Fund</b>     | 1.41       | 0.36     | 4.26          | 4.27          | 5.18                  |
| <b>Sandhurst Growth Fund</b>       | 1.95       | -0.30    | 4.67          | 4.97          | 5.62                  |

### 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>   | +0.11%/-0.20% |

#### 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>   | +0.13%/-0.20% |

#### 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%/-0.19%  |

### Do you have any questions?

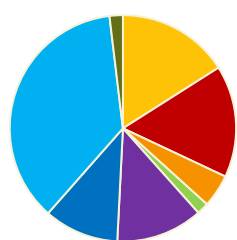
For further information contact us on 1800 634 969 or visit [www.sandhursttrustees.com.au](http://www.sandhursttrustees.com.au)

### Unit prices

| as at 31 October 2020              | Application price | Withdrawal price |
|------------------------------------|-------------------|------------------|
| <b>Sandhurst Conservative Fund</b> | \$1.01669         | \$1.01354        |
| <b>Sandhurst Balanced Fund</b>     | \$1.07482         | \$1.07128        |
| <b>Sandhurst Growth Fund</b>       | \$1.01387         | \$1.01053        |

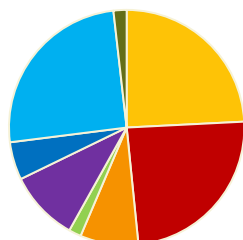
## Asset allocation

### Sandhurst Conservative Fund



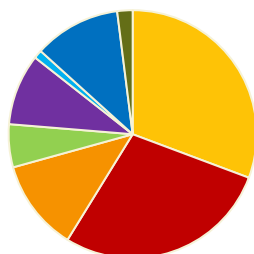
|                    |       |
|--------------------|-------|
| ■ Aust Sh          | 16.0% |
| ■ Int Sh           | 16.0% |
| ■ Int Sh (Hedged)  | 4.7%  |
| ■ Property & Infra | 1.7%  |
| ■ Cash             | 12.4% |
| ■ Int FI           | 10.7% |
| ■ Aust FI          | 36.6% |
| ■ Alternative      | 1.9%  |

### Sandhurst Balanced Fund



|                    |       |
|--------------------|-------|
| ■ Aust Sh          | 24.2% |
| ■ Int Sh           | 24.2% |
| ■ Int Sh (Hedged)  | 8.0%  |
| ■ Property & Infra | 1.7%  |
| ■ Cash             | 9.7%  |
| ■ Int FI           | 5.2%  |
| ■ Aust FI          | 25.2% |
| ■ Alternative      | 1.8%  |

### Sandhurst Growth Fund



|                    |       |
|--------------------|-------|
| ■ Aust Sh          | 30.7% |
| ■ Int Sh           | 28.1% |
| ■ Int Sh (Hedged)  | 11.9% |
| ■ Property & Infra | 5.6%  |
| ■ Cash             | 9.3%  |
| ■ Int FI           | 1.1%  |
| ■ Aust FI          | 11.3% |
| ■ Alternative      | 2.0%  |

## Performance commentary

From both a peer relative and absolute return perspective, the Sandhurst Diversified Funds performance was positive for the month of October. Risk assets were mixed, with tilts to emerging markets within the growth allocation proving beneficial. Inflation linked bonds moderated gains while Australian fixed interest bonds were slightly up.

Active management benefited the Funds over the month, with strong returns experienced by Ellerston Micro +2.4% and Bennelong Concentrated Australian Equities +2.3%.

## Economic commentary

Anticipation of the US presidential election held in the first week of November dictated market movements in October. US Equities ended the month softer as investors rotated out of high-flying growth technology stocks given the uncertainty surrounding a potential democratic sweep and with that a less favourable regime on the horizon for US corporates. Overall, US shares (measured by the S&P 500 index) recorded a 2.8% fall while the technology dominated Nasdaq 100 index fell 3.2% in October. In Australia, investors, still buoyed by fiscal and monetary stimulus aimed at returning the economy to trend growth helped Australian shares (measured by the ASX 200 index) appreciate by 2.5%.

As of writing, Joe Biden appears to have won the US presidential election, however, much to the delight of markets the Republicans appear to have a strong lead in the Senate. This is somewhat of a goldilocks result for many investors as a majority senate may make it difficult to pass many Democratic agenda items such as increasing the corporate tax rate from 21% to 28% which would have a negative impact on corporate earnings in future periods. President Trump is yet to concede defeat and has questioned the legitimacy of the postal vote which was overwhelmingly democratic and won vital states such as Pennsylvania, Michigan and ultimately the election. The split powers in government likely makes any further fiscal stimulus package more moderate, cooling sentiment around near-term inflation as evidenced by the reaction of treasury yields following the result.

Challenges remain on the horizon, with recent data pointing to an increase in infections around the globe. The race to a vaccine remains and will be imperative to the recovery. The recent bout of volatility is a timely reminder of the importance of diversification in portfolios and that pragmatic risk management will be required through the various stages of the recovery.

### 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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