

Monthly fund update - October 2021

Investment approach

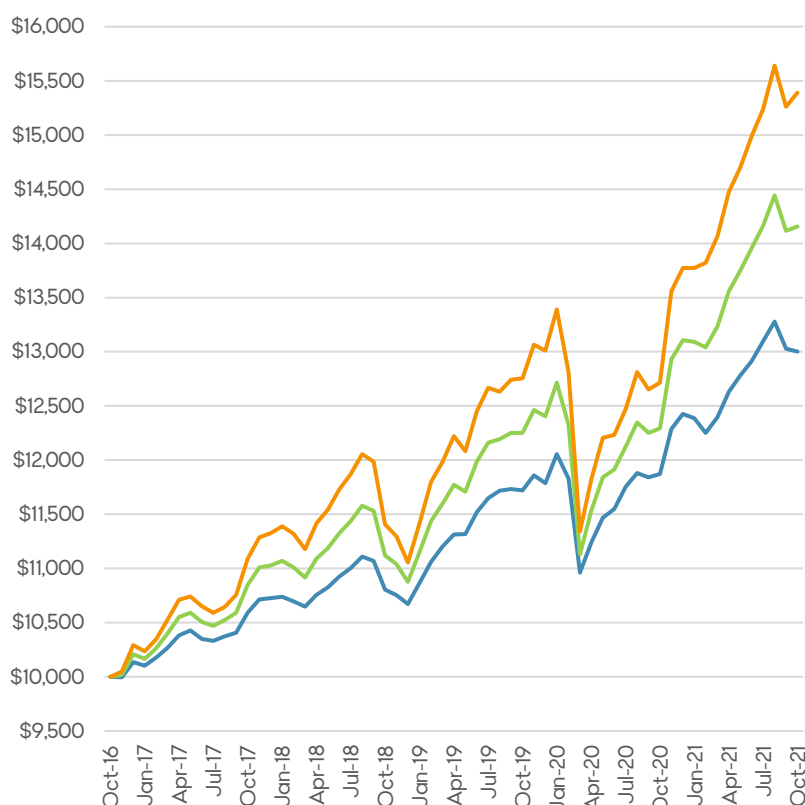
Each Fund provides access to a selection of high quality, specialist active and index investment managers across a variety of asset classes via its underlying investments. The investment portfolios provide access to investments which have been constructed in a manner that Sandhurst believes will meet 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 October 2021	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Sandhurst Conservative Fund	-0.74	9.53	6.37	5.39	5.36
Sandhurst Balanced Fund	-0.06	15.13	8.37	7.20	5.67
Sandhurst Growth Fund	1.00	21.05	10.50	9.01	6.36

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?

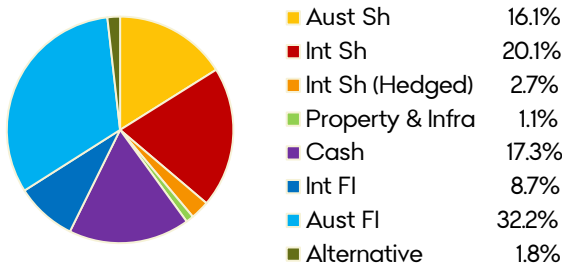
For further information contact us on 1800 634 969 or visit www.bendigobank.com.au/managedfunds

Unit prices

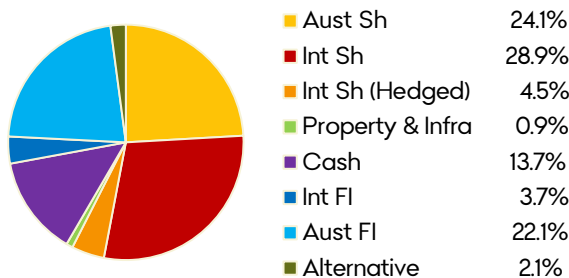
as at 31 October 2021	Application price	Withdrawal price
Sandhurst Conservative Fund	\$1.02329	\$1.02043
Sandhurst Balanced Fund	\$1.12128	\$1.11803
Sandhurst Growth Fund	\$1.10795	\$1.10463

Asset allocation

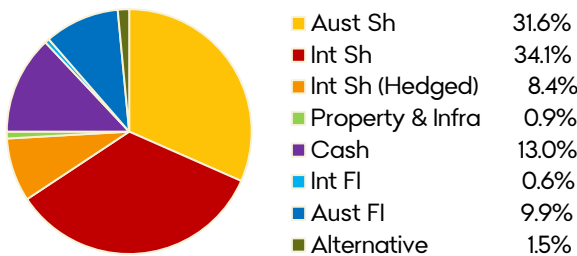
Sandhurst Conservative Fund



Sandhurst Balanced Fund



Sandhurst Growth Fund



Performance commentary

Returns for the month ending October were strong with all risk profiles outperforming their relative peer groups. An underweight to government bonds benefitted the funds as bond yields rose over the month. Inflation expectations picked up in October and bonds sold off as CPI data remains elevated indicating some of the transitory inflationary forces will persist for longer than expected. Performance amongst the Funds active managers were mixed. On the positive side of the ledger, Ausbil global resources outperformed given their battery metal and energy commodity exposures. Fidelity Asia detracted from returns as negative investor sentiment towards China weighed down the asset class. The Funds maintain an overweight to global developed world equities which continue to be underpinned by earnings growth at a premium to rest of world equities due to accelerated vaccine access and economic reopening.

Economic commentary

October was a mixed month for asset returns. On the growth side of the ledger, developed world equities (measured by the MSCI World Ex Australia index) returned 1.7%, as corporate earnings were stronger than expected. As of writing, US corporates have reported double digit earnings growth despite fears of rising inflation and pressure on profit margins. Conversely, fixed interest investments came under pressure due to rising bond yields.

Central banks' stance that higher inflation is largely transitory was challenged by the bond market in October as selling resulted in yields moving higher. Annual CPI prints have risen to levels that are now within or above target bands of many central banks (2-3%). Higher energy prices, housing costs and supply chain constraints have played a role in driving expectations for further tapering of bond purchases and cash rate movements earlier than previously thought. Australian bonds, as measured by the Bloomberg Ausbond Govt 0+ Year Index, returned -3.6% in October.

China's engineered economic slowdown continues to concern investors. This coupled with fears of a potential Evergrande (property developer) collapse saw the China dominated MSCI Emerging Market index fall 2.9% in October. Performance outcomes have diverged between developed and emerging market equities over the last 12 months. Global developed world equities have returned 31.4% while emerging market equities have returned 9.4%, opening a 22% performance gap.

Developed world equity valuations appear expensive in an absolute sense but relative to bonds are attractive. Economic growth is slowing from peak levels recorded earlier in the year while inflation prints remain elevated. Company earnings continue to surprise to the upside, while rising vaccination rates should lead to continued opening of economies, with Australia to be a notable beneficiary in the final quarter of the year. The Diversified funds are well placed to navigate through the complexities facing markets with diverse fund exposures set to benefit from a range of outcomes.

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.

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The information is current as at 31 October 2021 (unless stated otherwise) and is subject to change without notice.

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