

Monthly fund update - September 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).

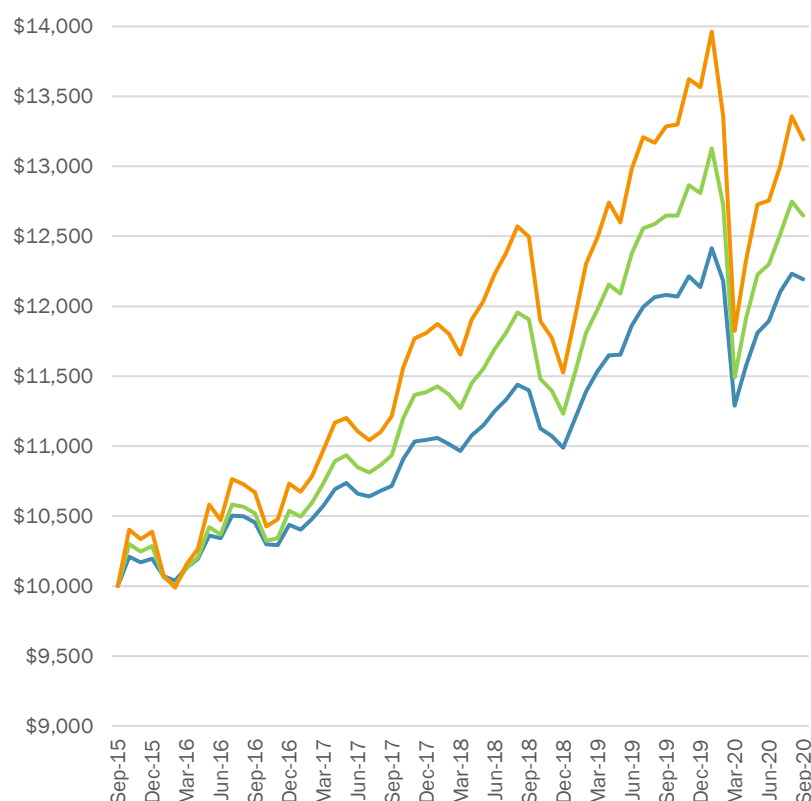
Fund performance¹

as at 30 September 2020	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Sandhurst Conservative Fund	2.52	0.92	4.40	4.04	5.15
Sandhurst Balanced Fund	2.83	0.00	4.97	4.81	5.19
Sandhurst Growth Fund	3.43	-0.70	5.56	5.70	5.62

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	1.50% p.a.
Buy / Sell Spread ²	+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 ²	1.50% p.a.
Buy / Sell Spread ²	+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 ²	1.50% p.a.
Buy / Sell Spread ²	+0.14%/-0.19%

Do you have any questions?

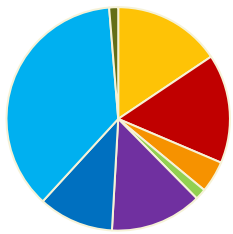
For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

Unit prices

as at 30 September 2020	Application price	Withdrawal price
Sandhurst Conservative Fund	\$1.01407	\$1.01093
Sandhurst Balanced Fund	\$1.07092	\$1.06739
Sandhurst Growth Fund	\$1.00882	\$1.00550

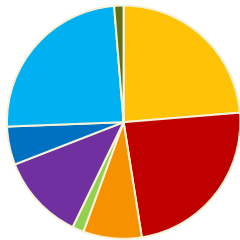
Asset allocation

Sandhurst Conservative Fund



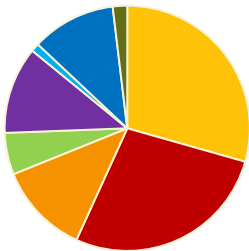
■ Aust Sh	15.6%
■ Int Sh	15.8%
■ Int Sh (Hedged)	4.6%
■ Property & Infra	1.6%
■ Cash	13.3%
■ Int FI	10.9%
■ Aust FI	36.9%
■ Alternative	1.3%

Sandhurst Balanced Fund



■ Aust Sh	23.7%
■ Int Sh	23.8%
■ Int Sh (Hedged)	8.1%
■ Property & Infra	1.6%
■ Cash	11.9%
■ Int FI	5.3%
■ Aust FI	24.3%
■ Alternative	1.3%

Sandhurst Growth Fund



■ Aust Sh	29.4%
■ Int Sh	27.4%
■ Int Sh (Hedged)	12.1%
■ Property & Infra	5.5%
■ Cash	11.5%
■ Int FI	1.1%
■ Aust FI	11.1%
■ Alternative	1.9%

Performance commentary

From both a peer relative and absolute return perspective, the Sandhurst Diversified Funds performed strongly over the quarter. Risk assets rallied across the board, with tilts to emerging markets within the growth allocation and positions in inflation linked bonds within the defensive component, both proving beneficial. The Funds' exposure to gold also aided returns, as central bank quantitative easing measures boosts money supply, which in turn draws investors into exposures with finite supply such as precious metals.

Active management benefited the Funds over the quarter, with strong returns experienced by Ellerston Micro (+14.6%) and Bennelong Concentrated Australian Equities (+10.5%).

Economic commentary

The first fiscal quarter of 2020-2021 was positive for risk assets. While returns were largely positive for developed world equity markets, the month of September did see higher levels of volatility return. Overall, Australian shares (measured by the S&P ASX 300 accumulation index) recorded a 5.9% rise while global equity markets (measured by the MSCI World Ex Australia hedged total return index) appreciated 6.4% over the same period. Investors have been encouraged by the scale and speed of stimulatory measures enacted by governments and central banks alike to soften the economic impacts of shutdown measures taken to slow COVID-19 transmissions.

Despite the coordinated efforts of governments around the world, higher equity valuations came under selling pressure in September. Sectors that have been the biggest direct beneficiaries of social distancing such as technology gave back some of their gains during the month of September, with market darlings such as Apple and Afterpay retracing 13.7% and 12.5% respectively. Fundamentally, many of these businesses are sound and the recent correction in their share prices are more reflective of profit taking by investors following a sharp run up rather than concerns of long-term business profitability.

In Australia, the Federal Budget release was closely watched with the government unveiling the largest ever deficit by some margin in response to the ongoing economic disruption of COVID-19. Net debt is expected to be peak at 43.8% of GDP at the end of 2023-2024 with several spending initiatives aimed at returning Australia back to trend GDP growth and lowering the unemployment rate. This is a notable increase in debt to GDP, however, it compares favourably to our overseas counterparts and with interest rates at record lows, the interest burden for the government is manageable.

Looking forward, challenges remain on the health front 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.

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.

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