

## Quarterly fund update - September 2022

### 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 30 September 2022

	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
<b>Sandhurst Conservative Fund</b>	-1.15	-9.94	0.00	2.43	4.58
<b>Sandhurst Balanced Fund</b>	-1.47	-11.56	0.63	3.34	4.76
<b>Sandhurst Growth Fund</b>	-1.97	-12.75	1.48	4.36	5.32

### 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>	1.41% p.a.
Buy / Sell Spread <sup>2</sup>	+0.12%/-0.15%

#### 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>	1.43% p.a.
Buy / Sell Spread <sup>2</sup>	+0.14%/-0.16%

#### 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>	1.46% p.a.
Buy / Sell Spread <sup>2</sup>	+0.15%/-0.16%

### Do you have any questions?

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

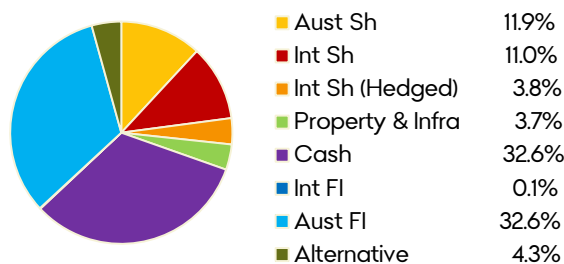
### Unit prices

as at 30 September 2022

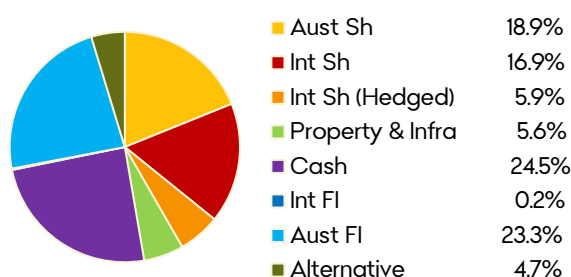
	Application price	Withdrawal price
<b>Sandhurst Conservative Fund</b>	\$0.92117	\$0.91869
<b>Sandhurst Balanced Fund</b>	\$0.95519	\$0.95233
<b>Sandhurst Growth Fund</b>	\$0.88989	\$0.88714

## Asset allocation

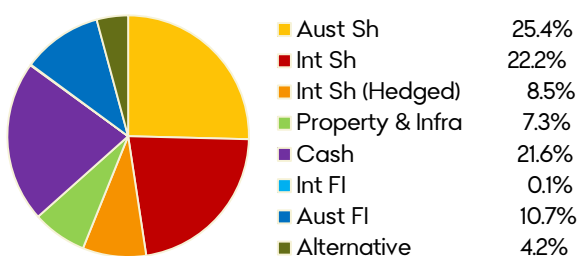
### Sandhurst Conservative Fund



### Sandhurst Balanced Fund



### Sandhurst Growth Fund



## Performance commentary

Returns for the quarter ending September were negative in absolute terms but were stronger than the benchmark for most risk profiles. The investment team holds underweight exposures to growth assets relative to benchmark given the elevated volatility associated with high inflation and rising cash rates. This has benefitted Fund returns with equities and property underperforming overweight exposures such as Australian investment grade credit, alternatives, and cash over the 3-month period. The Team remains cautious on interest rate linked investments such as duration (bonds and high price multiple equities) and property. A low hedge ratio to the US dollar has also benefitted the Funds given the currency's recent strength. Active managers DNR Capital and Janus Henderson both positively contributed to performance in the September quarter. DNR's overweight to materials boosted relative returns while Janus continues to deliver above benchmark credit income and capital gains through high quality security selection with a focus on improved compensation for risk given rising yields.

## Economic commentary

Asset returns have been challenged by rising discount rates as central banks continue their concerted effort to bring inflation down. Volatility remains elevated given the market's shifting pricing of a recession or economic soft landing which would bring inflation down without rising unemployment and slowing growth. These two economic scenarios have varying impacts on asset class returns and monthly performance has been indicative of the ever-changing narrative markets are grappling with in response to critical data points and commentary from Central Bankers. In the September quarter, Australian equities (ASX 300) were relatively resilient recording a small gain of 0.5% while international shares (MSCI World Ex Australia \$AUD Hedged) fell 5.2%. The Australian major banks did most of the heavy lifting over the period with expectations of rising profitability given rate rises and a lower Australian dollar beneficial to the miners as Australian exports become more competitive in global terms.

Fiscal and Monetary Policy announcements have been central to market movements over the quarter. In late September, the UK government announced tax cuts to offset some of the rising cost of living pressures in the UK which was met with a wave of bond selling in UK Gilts. 30-year UK bond yields rose an outsized 140 basis points and the Pound was in a steep decline in the days following the announcement before the Bank of England was forced to step in and buy bonds to ensure financial conditions were normalised.

Locally, the RBA has delivered consecutive months of outsized rate rises to quell domestic inflation. The RBA is attempting to balance the impact of rate hikes on the economy as it is well known there are variable and time lags following cumulative rate hikes in short succession. The goal of bringing inflation down to the target range remains, however, the RBA will be careful to not constrict the economy too much which could cause a slowdown in the domestic economy.

### 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.bendigobank.com.au/managedfundsforms](http://www.bendigobank.com.au/managedfundsforms), any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision.

For target market determination: [www.bendigobank.com.au/TMD](http://www.bendigobank.com.au/TMD)

The information is current as at 30 September 2022 (unless stated otherwise) and is subject to change without notice.