

# Sandhurst Diversified Funds

## Quarterly fund update - September 2023

### 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

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

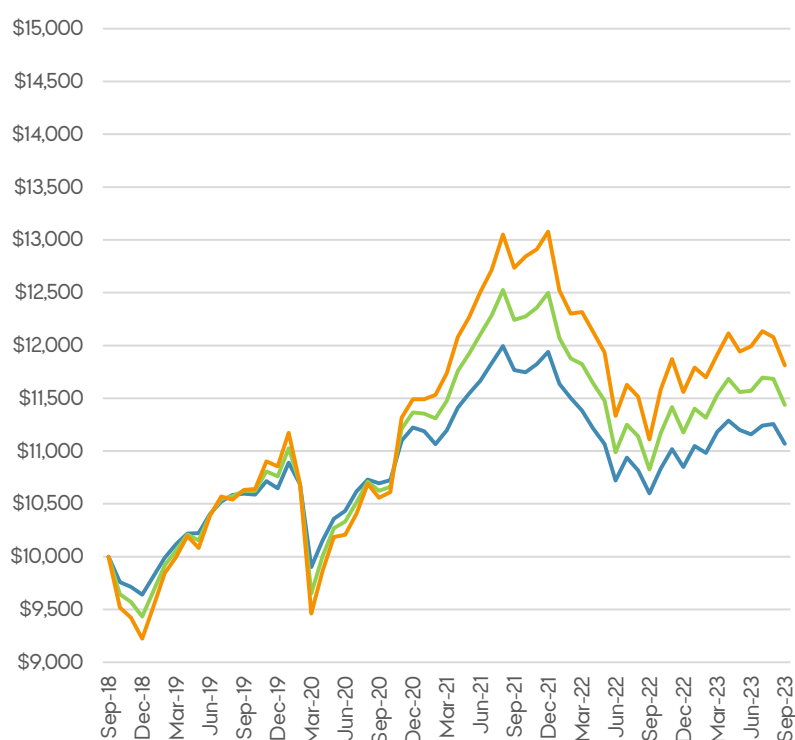
as at 30 September 2023

	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
<b>Sandhurst Conservative Fund</b>	-0.80	4.45	1.15	2.05	4.58
<b>Sandhurst Balanced Fund</b>	-1.16	5.63	2.49	2.72	4.80
<b>Sandhurst Growth Fund</b>	-1.50	6.32	3.82	3.39	5.36

### 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 fees & costs <sup>2</sup>	1.42% 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 fees & costs <sup>2</sup>	1.44% 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 fees & costs <sup>2</sup>	1.47% 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)

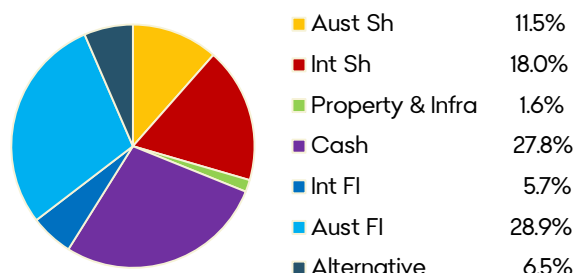
### Unit prices

as at 30 September 2023

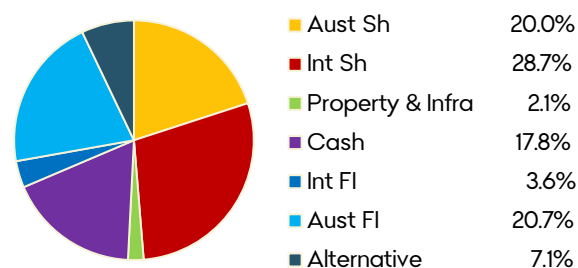
	Application price	Withdrawal price
<b>Sandhurst Conservative Fund</b>	\$0.95445	\$0.95188
<b>Sandhurst Balanced Fund</b>	\$1.00128	\$0.99828
<b>Sandhurst Growth Fund</b>	\$0.94045	\$0.93754

## Asset allocation

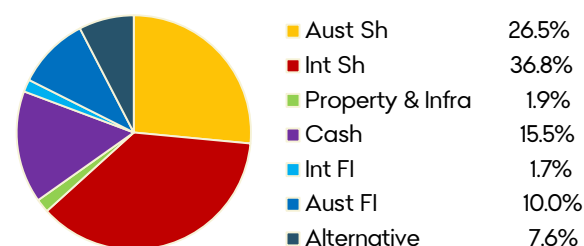
### Sandhurst Conservative Fund



### Sandhurst Balanced Fund



### Sandhurst Growth Fund



## Performance commentary

Performance varied over the quarter, with strong relative performance from the defensive assets, while the growth performed close to the peer group. The Funds have held defensive exposures within the growth allocation, preferring cash flow resilient companies and energy companies. The Funds underweight exposure to government bonds, with preference to floating credit and cash has strongly benefited the Funds. In which we believe better opportunities exist in corporate debt rather than the equity side of the balance sheet.

Looking forward the Funds are well setup with defensive equities to withstand equity market volatility while producing good income that has historically been absent from the portfolios. The Funds exposure to gold, inflation linked bonds, agriculture and water provide strong diversifiers in an uncertain market regime.

## Economic commentary

Equity markets on aggregate fell over the quarter. The ASX 300 accumulation was down 0.8%, while international equities on a currency hedged perspective fell 2.9%. Driving asset classes lower was the movement in bond yields. Government bond yields form the risk-free rate in which investments are priced from. Over the 3 month period, US 10 year government bond yields rose from 3.8% to 4.6%. US markets drove global bond yields, with the contributing factors being resilient economic data (interest rates higher for longer), upward movements in energy prices (upward pressure in inflation), together with a large supply of new government bond issuance, due to financing requirements of the US Government.

Whilst economic data in the US has been robust, Australia's economic data has been softer. This highlights the dispersion between economies with longer term fixed mortgage rates, such as the US which are predominately 30 year fixed mortgages, and countries such as Australia which are short term fixed or variable in nature. Given the rise in interest rates, retail sales on a volume perspective are lower for the calendar year, while employment data has recently softened, although from a strong level. Recent GDP numbers indicate soft undertones, with the economy slipping into a per capita recession, meaning on population stable perspective, growth went backwards over the quarter. What is aiding the economy is the record migration lifting consumption and demand for housing and construction.

Looking forward economic conditions appear challenging, interest rates are having their intended effect reducing demand, while core inflation remains stubbornly high. Economic uncertainty persists given the rapid interest rate increases and the less than stable political tension.

### 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 fees & costs are based on fees and 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 2023 (unless stated otherwise) and is subject to change without notice.