

Sandhurst Strategic Income Fund - Class A units

Monthly fund update - April 2020

Investment approach

The Fund aims to provide customers with regular income and may offer higher returns with a lower level of risk through the market cycle in an effort to outperform a static investment in similar assets by strategically managing its portfolio in varying market and economic conditions.

The objective of the Fund is to outperform its benchmark (after fees) over any two year period.



Australia Ratings has assigned a SUPERIOR investment rating with a BLUE product complexity indicator designating the Fund as a Relatively Simple Product.⁴

Fund performance¹

as at 30 April 2020	Fund return	Benchmark ²	Excess return
3 months (%)	-0.88	0.22	-1.10
1 year (%)	0.54	1.12	-0.58
2 years (% p.a.)	1.33	1.56	-0.23
3 years (% p.a.)	1.63	1.63	0.00
5 years (% p.a.)	1.97	1.80	0.17
Since inception (% p.a.)	3.13	2.45	0.68
Morningstar Rating™ Overall³	★★★		
Morningstar category rank 3 year³	24/39		

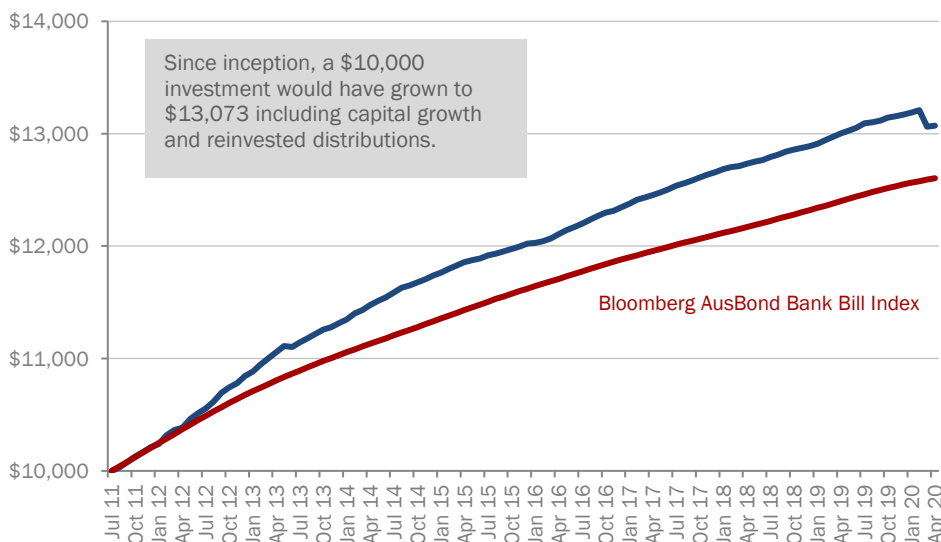
Fund facts

Fund APIR code	STL0027AU
Fund start date	29 July 2011
Management costs ⁵	0.79% p.a.
Buy / Sell spread ⁵	+0.17% / -0.65%
Minimum investment / minimum balance	\$2,000
Recommended investment timeframe	2 years +
Risk level	Low

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance since inception)



Unit price

as at 30 April 2020

Application price	\$1.02500
Withdrawal price	\$1.01661

Distribution details (cents per unit)

30 Jun 19	\$0.00966
30 Sep 19	\$0.00410
31 Dec 19	\$0.00410
31 Mar 20	\$0.00350

Do you have any questions?

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

Benefits of investing

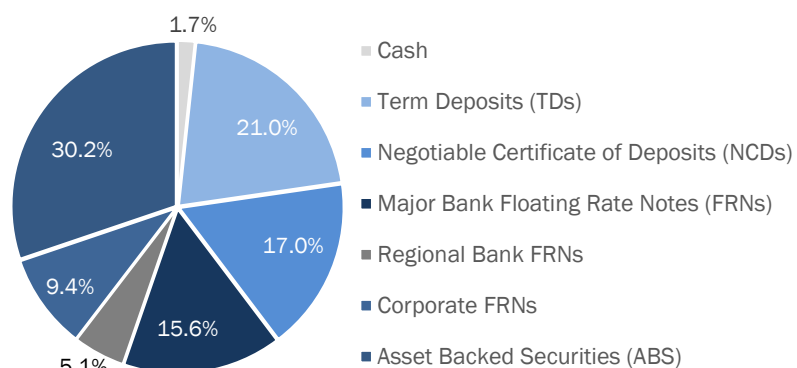
- ▶ regular income from quarterly distributions;
- ▶ access to a diversified portfolio therefore reducing your risk and potentially enhancing returns;
- ▶ low volatility core investments supplemented by strategically selected allocations to credit sectors;
- ▶ there's no requirement to rollover or lock away your investment for a fixed term; and
- ▶ a regular savings plan option from \$50 per month.

Portfolio performance

For the month ending April 2020, the Strategic Income Fund achieved a 12 month return of 0.54% for the Class A units broken down into positive income 2.07% and negative capital growth -1.53%. Returns for the month were heavily impacted by, what is expected to be, a temporary increase in transaction costs of the funds' investments. The transaction costs were pushed higher as markets reacted to the COVID-19 related shutdowns through the economy. The Fund holds the buy/sell cost for the benefit of remaining unit holders. The sell cost increased by 0.60% on 27 March 2020 and decreased by 0.05% on 27 April 2020. The increased transaction cost has a flow on effect to reported returns. Once underlying transaction costs return to their previous level, reversal of the costs will result in a return increase, having no net impact on investors who hold their investment over the full period.

After an unprecedented shock in March, equity markets rebounded strongly in April. Falling infection rates and signs of economies reopening were enough to get markets rallying with sharp recoveries in most regions. Governments around the globe continued to introduce and upscale stimulus packages with central banks also playing a part in restoring markets to stability. Volatility in markets retreated from historic highs and fixed income markets rallied strongly with central banks around the globe committing to purchases a variety government and corporate debt. Uncertainty lingers with forecasting a challenging task. The trajectory for growth is unfavourable with grim predictions on economic data prints in the coming quarters.

Asset allocation



Various parts of the Australian economy remained shut with containment measures for the virus resulting in loss of revenue for Australian companies. The positive is that a reopening is looking more likely to occur sooner rather than later. Markets have responded positively to developments from the Australian government and the Reserve Bank of Australia (RBA) regarding stimulus packages and other initiative to ensure stability in the financial system.

Toward the end of March, the Fund manager increased allocation to longer dated assets at higher yields. After observing the strong rally in April, the Fund manager sold down the longer dated assets to lock in gains to investors. The Fund's focus remains on high quality investments with minimal volatility. The Fund has approximately 85% of assets rated AA- or higher, 39.8% in cash instruments, 30.0% in Floating Rate Notes (FRN) and 30.2% in highly rated securitised assets.

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.
2. The benchmark for the Fund is Bloomberg AusBond Bank Bill Index.
3. Sandhurst Strategic Income Fund - Class A units received a 3-Star Overall Morningstar Rating™ out of 39 Australian Short Term Fixed Interest funds as of 30 April 2020 and a 2-Star Three year rating out of 39 Australian Short Term Fixed Interest funds as of 30 April 2020.
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The 'Morningstar Rating' is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision. 'Morningstar Category Rank' is the Fund's performance rank relative to all funds in the same Morningstar Category. Investments are placed into Morningstar Categories based on their compositions and portfolio statistics so that investors can make meaningful comparisons. Source: www.morningstar.com.au/Funds/FundReport/19434
4. Australia Ratings has assigned a SUPERIOR investment rating with a BLUE product complexity indicator designating the Fund as a Relatively Simple Product. This rating implies the highest level of confidence that the Fund can deliver a risk adjusted return in line with its investment objectives. Designation as a Relatively Simple Product indicates that the investment manager will seek to outperform their chosen mainstream market sector. A rating is not a recommendation to invest, retain or redeem units in the Fund. The rating may be subject to change or withdrawal at any time. A copy of Australia Ratings Financial Services Guide can be found at www.australiaratings.com/fsg
5. Other fees and costs may apply. See the Product Disclosure Statement for full details.

The Sandhurst Strategic Income Fund (Fund) is issued by Sandhurst Trustees Limited (Sandhurst) ABN 16 004 030 737 AFSL 237906 a subsidiary of Bendigo and Adelaide Bank Limited (Bank) ABN 11 068 049 178 AFSL 237879. Sandhurst and the Bank receive remuneration on the issue of the Fund or the service they provide, full details of which are contained in the Product Disclosure Statement (PDS). Investments in the Fund 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 provided in this document has not been verified. Accordingly, 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. Details of applicable fees and costs are set out in the PDS. Please consider your situation and read the PDS available at www.sandhursttrustees.com.au/pds, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision.

This information is current as at 30 April 2020 (unless stated otherwise) and is subject to change and is relevant for Class A Investors only. The Fund uses a multi-class pricing structure. Please refer to the PDS for more information.

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