

Sandhurst Strategic Income Fund - Class A units

Monthly fund update - February 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 29 February 2020	Fund return	Benchmark ²	Excess return
3 months (%)	0.41	0.23	0.18
1 year (%)	2.07	1.30	0.77
2 years (% p.a.)	1.97	1.64	0.33
3 years (% p.a.)	2.10	1.68	0.42
5 years (% p.a.)	2.29	1.85	0.44
Since inception (% p.a.)	3.32	2.48	0.84
Morningstar Rating™ Overall³	★★★		
Morningstar category rank 3 year³	15/39		

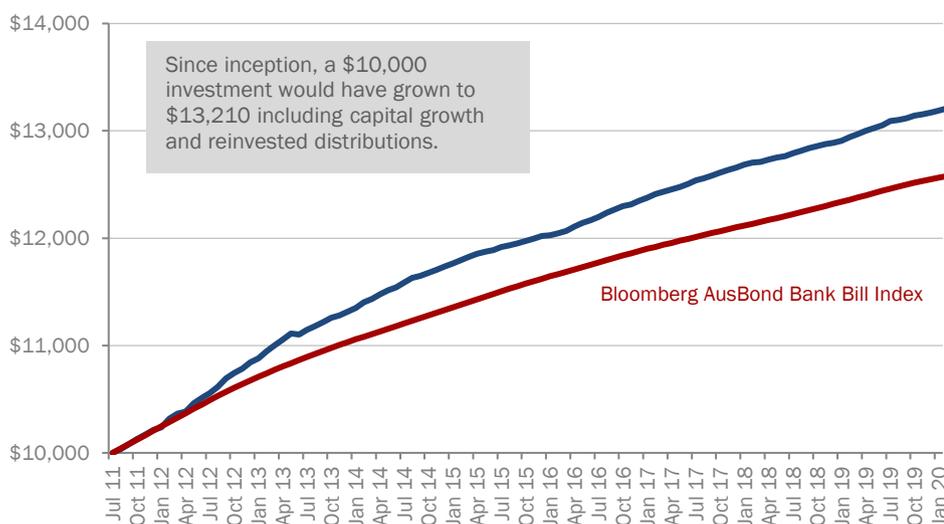
Fund facts

Fund APIR code	STL0027AU
Fund start date	30 July 2011
Management costs ⁵	0.79% p.a.
Buy / Sell spread ⁵	+0.0% / -0.1%
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 29 February 2020

Application price	\$1.03185
Withdrawal price	\$1.03082

Distribution details (cents per unit)

31 Mar 19	\$0.00500
30 Jun 19	\$0.00966
30 Sep 19	\$0.00410
31 Dec 19	\$0.00410

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.

Refer to the next page for footnotes

Portfolio performance

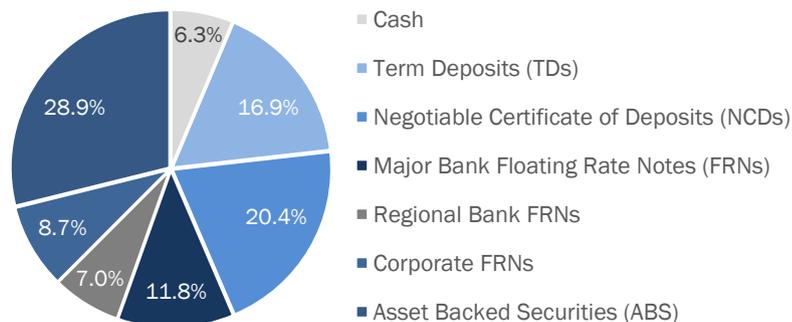
For the month ending February 2020, the Strategic Income Fund achieved a 12 month return of 2.07% for the Class A units, which is 0.77% above the Bloomberg Ausbond Bank Bill Index, the benchmark used to measure the performance against the Fund.

The month of February was overwhelmed by the outbreak of the coronavirus with fears of global growth faltering coupled with an increasingly grim outlook for China. Central banks around the globe indicated more monetary policy support would be provided. Equity markets sold off aggressively at the end of February and government bond yields fell with the US 10-year Treasury bond hitting an all-time low.

It wasn't all doom and gloom. The month began positively after US fourth quarter earnings were better than expected. Markets were supported by improving sentiment and the idea that the coronavirus could be contained to China. The optimism was short lived as the virus began to spread to other countries, rapidly conjuring fear and causing a sell-off that sent the Dow Jones and S&P 500 in the US down over 9% for the month. The Euro region followed suit as Italy saw large increases in infections along with the ripple effects of the slowing Chinese economy.

Domestically, the Australian market was not immune and the ASX 200 ended the month down 9%. The corporate bond market in Australia was relatively unchanged until the final week of February where the impact of the coronavirus reached the credit market moving spreads wider and diminishing the price on corporate bonds. The government bond market rallied as investors flocked to safe havens over riskier assets.

Asset allocation



The Fund manager took a protective stance to the outbreak early in the month by reducing duration of the assets of the Fund. The Fund manager increased the allocation to cash and money market securities whilst observing the impacts of the coronavirus. The Fund's focus remains on high quality investments with minimal volatility. The Fund has approximately 65% of assets rated AA- or higher, 43.6% in cash instruments, 27.5% in Floating Rate Notes (FRN) and 28.9% in highly rated securitised assets.

Do you have any questions?

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

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 29 February 2020 and a 3-Star Three year rating out of 39 Australian Short Term Fixed Interest funds as of 29 February 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 29 February 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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