

# Sandhurst Strategic Income Fund - Class A units

## Monthly fund update - May 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.<sup>4</sup>

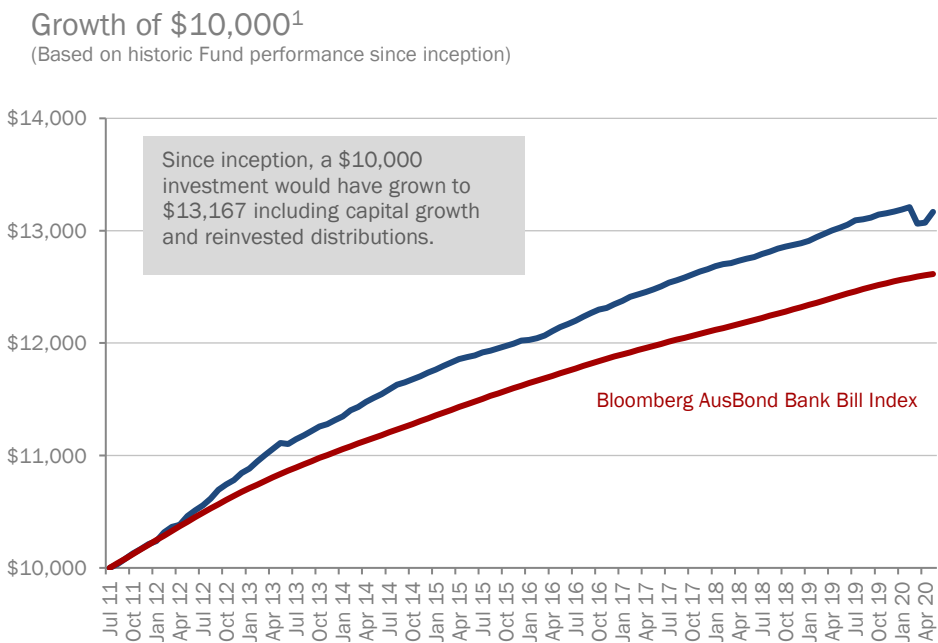
### Fund performance<sup>1</sup>

as at 31 May 2020	Fund return	Benchmark <sup>2</sup>	Excess return
3 months (%)	-0.33	0.16	-0.49
1 year (%)	1.08	0.97	0.11
2 years (% p.a.)	1.62	1.48	0.14
3 years (% p.a.)	1.81	1.58	0.23
5 years (% p.a.)	2.09	1.77	0.32
Since inception (% p.a.)	3.19	2.43	0.76
<b>Morningstar Rating™ Overall<sup>3</sup></b>	★ ★ ★		
<b>Morningstar category rank 3 year<sup>3</sup></b>	20/39		

### Fund facts

Fund APIR code	STL0027AU
Fund start date	30 July 2011
Management costs <sup>5</sup>	0.79% p.a.
Buy / Sell spread <sup>5</sup>	+0.05% / -0.22%
Minimum investment / minimum balance	\$2,000
Recommended investment timeframe	2 years +
Risk level	Low

### An example of how your investment grows



### Unit price

as at 31 May 2020	
Application price	\$1.02671
Withdrawal price	\$1.02394

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](http://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

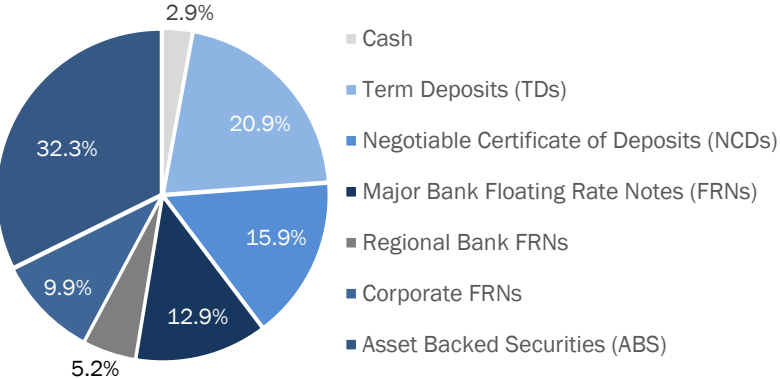
For the month of May 2020, the Strategic Income Fund achieved a 0.72% return for the Class A units. Returns for the month were driven by a rebound in credit markets as assets recovered from the recent COVID-19 induced sell-off. The Fund return also benefitted from reduced transaction costs on the Funds' investments. The transaction costs were pushed higher in March as markets reacted to the COVID-19 economic downturn. The Fund holds the buy / sell cost for the benefit of unit holders remaining in the Fund. The sell cost decreased by 0.43% on 20 May 2020 reflected in the increased return to investors.

Equity markets around the globe rose as COVID-19 restrictions were eased and further support measures were announced by governments and central banks. Reversing some of those gains was the rising trade and Coronavirus tensions between the US and China. US shares performed strongly as states began reopening and the market focused on the economic recovery. Risk assets in the Eurozone advanced with optimism encouraged by the European Commission's proposed \$750 billion Euro recovery package. Australian markets also recorded impressive gains for May with Banks and Financials leading the rally as the outlook for the Australian economy improved.

In bond markets, corporates outperformed government bonds with optimism coercing investors into higher yielding assets. Central Banks have supported the corporate bond market to stabilise the asset class after liquidity rapidly disappeared in March. The market has rebounded strongly with normal market conditions evident across most sectors.

During the month of May the Fund manager increased allocation to short dated asset backed securities, increasing yield whilst minimising duration risk. The Fund's focus remains on high quality investments with minimal volatility. The Fund has approximately 64% of assets rated AA- or higher, 39.7% in cash instruments, 28.0% in Floating Rate Notes (FRN) and 32.3% in highly rated securitised assets.

## Asset allocation



### 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 31 May 2020 and a 3-Star Three year rating out of 39 Australian Short Term Fixed Interest funds as of 31 May 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](http://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](http://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](http://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 31 May 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.