

Sandhurst Strategic Income Fund

Class B units



Quarterly fund update - June 2022

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.



Foresight Analytics has assigned a SUPERIOR investment rating with a product complexity indicator designating the Fund as a Relatively Simple Product.⁴

Fund performance¹

as at 30 June 2022

	Fund return	Benchmark ²	Excess return
3 months (%)	0.01	0.07	-0.06
1 year (%)	-0.34	0.10	-0.44
2 years (% p.a.)	0.72	0.08	0.64
3 years (% p.a.)	1.00	0.33	0.67
5 years (% p.a.)	1.61	0.95	0.66
Since inception (% p.a.)	2.99	1.97	1.02
Morningstar Rating™ Overall³	★★★★		
Morningstar category rank 3 year³	3/33		

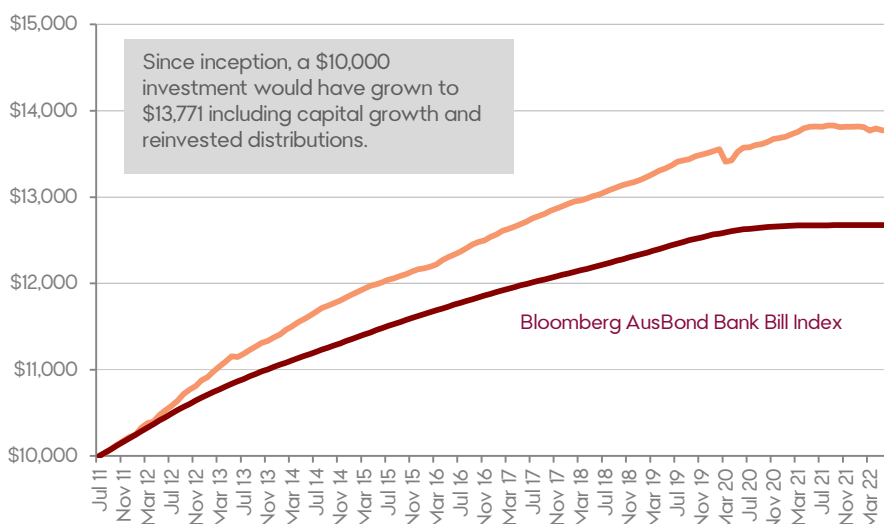
Fund facts

Fund APIR code	STL0044AU
Fund start date	30 July 2011
Management costs ⁵	0.45% p.a.
Buy / Sell spread ⁵	+0.02% / -0.12%
Minimum investment / minimum balance	\$500,000
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 (ex distribution)

as at 30 June 2022

Application price	\$1.02885
Withdrawal price	\$1.02741

Distribution details (cents per unit)

30 Sep 21	\$0.00200
31 Dec 21	\$0.00250
31 Mar 22	\$0.00100
30 Jun 22	\$0.00174

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.

Do you have any questions?

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

Portfolio performance

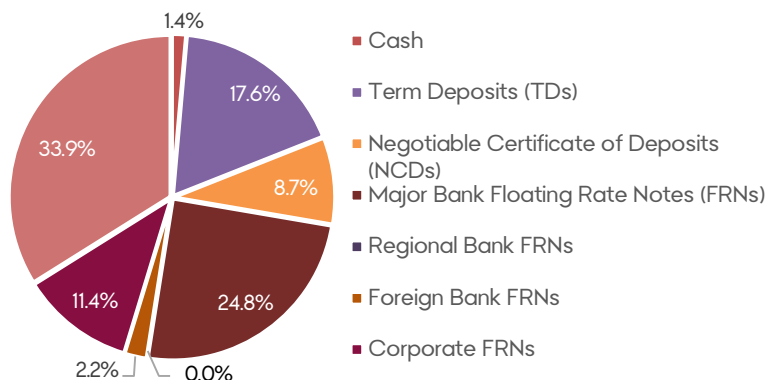
The Strategic Income Fund has achieved an average annual return for the past two years of 0.72% (after fees) and has generated an average annual return of 2.99% (after fees) since inception. The distribution this quarter was 0.1738% cents per unit equating to 0.70% p.a. Over the past quarter, the Fund produced a total return of 0.01% as spread widening dragged on capital values.

The second quarter of 2022 saw the global growth narrative continue to soften on inflation pressures, the war in Ukraine, European energy crisis and central banks withdrawing accommodative monetary policy. This led to sustained weakness in equity and bond markets with the US equity market experiencing its worst return for the first half in 60 years as a circa 20% decline put the market into bear territory.

Inflationary pressures have been a main driver of the negative performance in markets. Consumer price index readings across the globe have registered much higher than anticipated and central banks have struggled to combat the increase in prices. The US Federal Reserve (Fed) became more aggressive in their rate hikes and reset expectations of how high rates could go. The pace and extent of rate hikes built fears of a recession late in the quarter spurring further volatility across markets. Traditional equity/bond portfolios have been pressured from all fronts causing unprecedented market moves. The dynamics of the geopolitical and global economy post-covid are increasingly difficult to assess and the outlook remains highly uncertain.

In Australia, The ASX200 fell 11.9% over the quarter, breaking the trend of outperforming global peers in the first quarter of 2022. Banks were an underperformer

Asset allocation



and the fears of recession saw their share prices fall significantly. The Reserve Bank of Australia (RBA) followed other global central banks with faster than expected rate hikes. The RBA raised rates by 0.25% in May and 0.50% in June bringing the cash rate to 0.85%. House prices softened into the end of the quarter, notably in Sydney and Melbourne. There are growing expectations for prolonged weakness through to 2023 on further rate hikes and affordability concerns. Other economic data points such as employment and GDP have remained robust so far. Nevertheless, sentiment is softening with consumers and businesses feeling the impacts of cost pressures and rate hikes.

The Australian credit market had a turbulent quarter with credit spreads widening. Fund exposure to cash and money market securities remains elevated, bolstering the Fund's liquidity position. The Fund is well positioned to take advantage of opportunities once the market stabilises.

The Fund manager remains cautious amidst the heightened levels of volatility. A focus on high quality investment remains and at the end of June, the portfolio has 27.8% allocated in cash instruments, 38.4% in corporate bonds and 33.8% in securitised assets. The cash rate hikes are assisting returns in the Fund as the underlying yield of the assets have increased by 0.81% over the quarter. This will flow through as increased distributions to investors.

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. Morningstar rates managed funds from one to five stars based on how well they've performed (after adjusting for risk) in comparison to similar funds. Within each Morningstar Category, the top 10% of funds receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Funds are rated for up to three time periods - three, five, and 10 years - and these ratings are combined to produce an overall rating. Funds with less than three years of history are not rated. Ratings are objective, based entirely on a mathematical evaluation of past performance. They're a useful tool for identifying funds worthy of further research, but shouldn't be considered buy or sell recommendations. Sandhurst Strategic Income Fund - Class B units received a 4-Star Overall Morningstar Rating™ out of 33 Australian Short Term Fixed Interest funds as of 30 June 2022. In the Morningstar Australian Short Term Fixed Interest Category, the Sandhurst Strategic Income Fund - Class B units 3 year return was ranked 3 out of 33 funds as of 30 June 2022. '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/19876
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4. Foresight Analytics has assigned a SUPERIOR investment rating with a 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 Foresight Analytics Financial Services Guide can be found at www.foresight-analytics.com/financial-services-guide
5. 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 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.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

This information is current as at 30 June 2022 (unless stated otherwise) and is subject to change and is relevant for Class B Investors only. The Fund uses a multi-class pricing structure. Please refer to the PDS for more information.