

Sandhurst Strategic Income Fund

Class B units

Quarterly fund update - June 2023

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 2023	Fund return	Benchmark ²	Excess return
3 months (%)	1.31	0.90	0.41
1 year (%)	3.56	2.89	0.67
2 years (% p.a.)	1.59	1.48	0.11
3 years (% p.a.)	1.66	1.01	0.65
5 years (% p.a.)	1.83	1.17	0.66
Since inception (% p.a.)	3.04	2.05	0.99
Morningstar Rating™ Overall³	★★★★		
Morningstar category rank 3 year³	5/34		

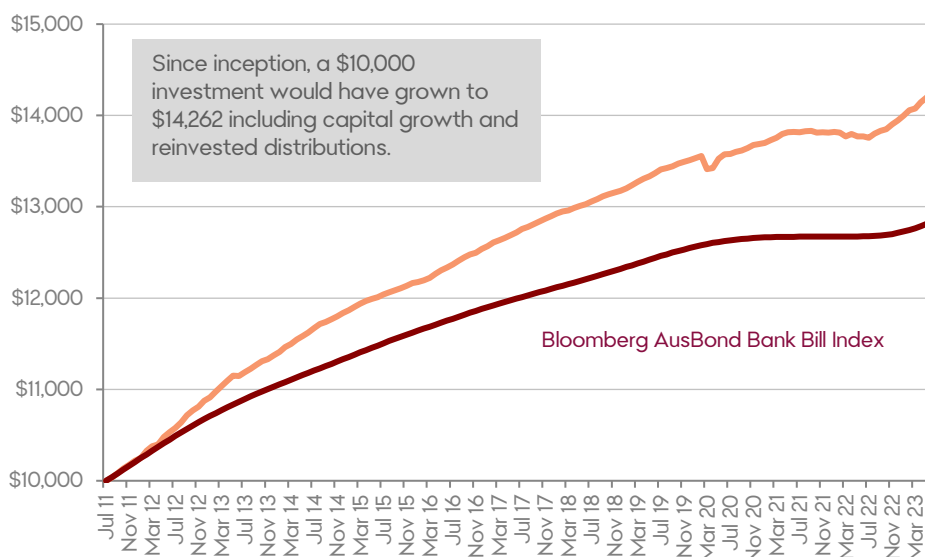
Fund facts

Fund APIR code	STL0044AU
Fund start date	30 July 2011
Management fees & costs ⁵	0.45% p.a.
Buy / Sell spread ⁵	+0.05% / -0.13%
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 2023

Application price	\$1.03678
Withdrawal price	\$1.03492
Distribution details (cents per unit)	
30 Sep 22	\$0.00485
31 Dec 22	\$0.00634
31 Mar 23	\$0.00872
30 Jun 23	\$0.00878

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

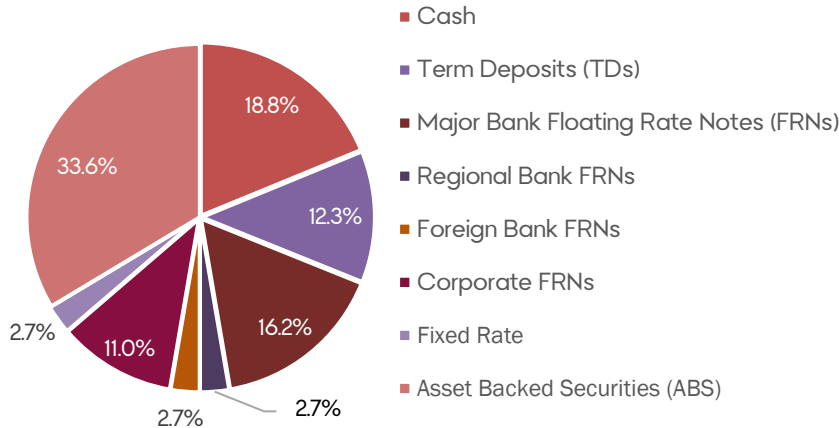
The Sandhurst Strategic Income Fund (Class B units) achieved an annualised quarterly return of 5.24% (after fees) for the June quarter. The running yield of the Fund is 1% greater than the benchmark.

Markets demonstrated resilience in the second quarter with equities spurred by the technology sector. The United States (US) in particular saw large gains in the space as enthusiasm for Artificial Intelligence increased. Australian equities displayed a mixed performance. Like the US, the technology sector stood out and outperformed. Utilities, energy and industrials also performed bucking some offshore trends. However, healthcare, materials and consumer discretionary all finished in negative territory.

The UK and Australia government bond yields underperformed due to higher-than-expected inflation. After a brief pause in the hiking cycle, the Reserve Bank of Australia surprised the market with another 25-basis point hike in June.

The US Federal Reserve paused its rate hikes after more than a year of consecutive increases. Corporate balance sheets remained strong, helping global high yield outperform investment grade after a period of sustained weakness. The Australian yield curve inverted through the last month of the quarter. Australian credit markets fared better with a healthy level of issuance being met with strong demand. New deals were oversubscribed leading to tighter pricing.

Asset allocation



The flow on effect was observed in the secondary market where inventories were diminished which resulted in further tightening in credit spreads. Residential Mortgage-Backed Securities (RMBS) saw a pickup in issuance with \$13bn in Australian dollar deals across 21 transactions. The volume was digested well in the market and led to compression in secondary RMBS assets.

The Portfolio Manager remains cautious following the banking crisis in the US and maintains a conservative position. Fund exposure to term deposits has increased on the back of relative attractiveness of the asset class reducing the impact of market volatility. Credit duration is at the lower end of the Fund's historical range as the allocation to short-dated assets remains elevated. The Fund assets are nimble and will be reallocated when market sentiment and outlook improves. There are currently no unrated assets in the Fund and approximately 69% of exposures are rated AA- or higher. At the end of June, 31% of the portfolio is allocated to cash instruments, 35% in bank/corporate bonds and 34% to asset-backed securities.

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 mutual 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 34 Australian Short Term Fixed Interest funds as of 30 June 2023. The Sandhurst Strategic Income Fund - Class B returns were ranked 5 out of 34 Morningstar Australian Short Term Fixed Interest funds for 3 years to 30 June 2023.
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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.
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 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 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 2023 (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.