

Sandhurst Strategic Income Fund - Class B units

Monthly fund update - October 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 31 October 2020 | Fund return | Benchmark ² | Excess return |
|---|-------------|------------------------|---------------|
| 3 months (%) | 0.46 | 0.03 | 0.43 |
| 1 year (%) | 1.23 | 0.51 | 0.72 |
| 2 years (% p.a.) | 1.89 | 1.08 | 0.81 |
| 3 years (% p.a.) | 2.03 | 1.35 | 0.68 |
| 5 years (% p.a.) | 2.41 | 1.59 | 0.82 |
| Since inception (% p.a.) | 3.44 | 2.32 | 1.12 |
| Morningstar Rating™ Overall³ | ★★★★ | | |
| Morningstar category rank 3 year³ | 12/35 | | |

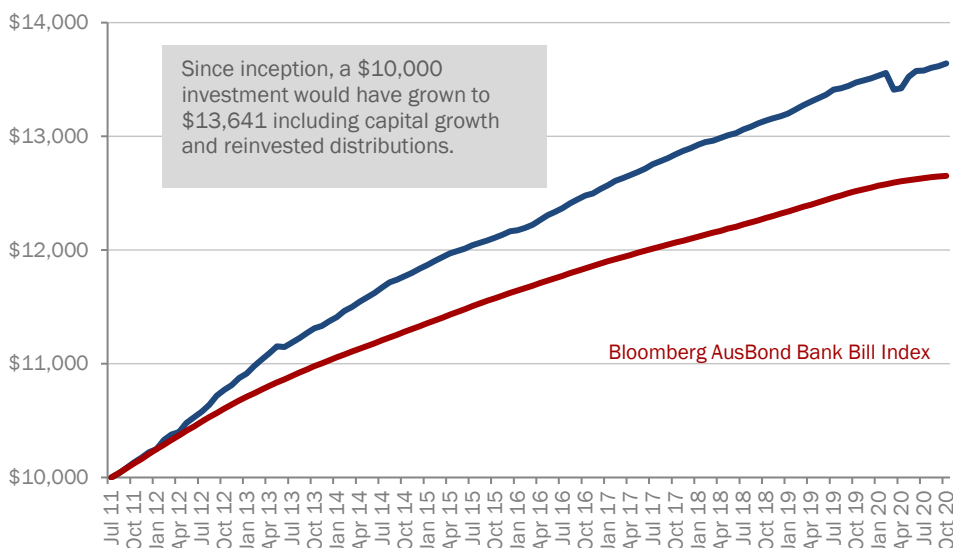
Fund facts

| | |
|--------------------------------------|-----------------|
| Fund APIR code | STL0044AU |
| Fund start date | 30 July 2011 |
| Management costs ⁵ | 0.45% p.a. |
| Buy / Sell spread ⁵ | +0.04% / -0.15% |
| 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

as at 31 October 2020

| | |
|-------------------|-----------|
| Application price | \$1.03388 |
| Withdrawal price | \$1.03192 |

Distribution details (cents per unit)

| | |
|-----------|-----------|
| 31 Dec 19 | \$0.00500 |
| 31 Mar 20 | \$0.00450 |
| 30 Jun 20 | \$0.00435 |
| 30 Sep 20 | \$0.00250 |

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

October saw another constructive month in fixed income markets, despite a risk of sentiment dominating equity markets. For the month of October 2020, the Strategic Income Fund achieved a 0.17% return for the Class B units (2.07% pa).

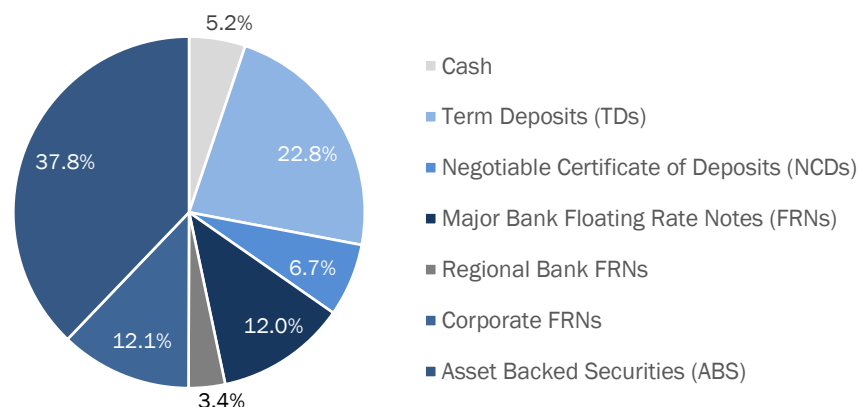
October was a volatile month for global equities as a host of factors appeared to influence markets. European countries were forced to reinstate lockdowns to contain a second wave of Covid-19. For the month, the German Dax fell 8.6% and the UK FTSE dropped 4.8%. US markets were headlined by the uncertainty ahead of the US presidential election and a lack of progress on an additional stimulus package. The S&P posted its second consecutive month of declines, falling 2.8%. In Australia, equities outperformed, with the ASX200 gaining 1.9% in over the month.

The cash rate remained unchanged in October, however a speech by RBA Governor Phillip Lowe on the 14th October gave the clearest signal yet that the RBA would reduce the cash rate again in 2020 and commence additional quantitative easing. Following the speech, the weight of expectations for further action pushed short dated government bond yields and Bank Bills to new lows.

In credit markets, credit spreads began the month trading in a tight range before rallying tighter as markets responded positively to the reopening of Victoria later in the month. As a result, both corporate and government bonds performed well over the month.

The Fund manager remains cautious and focussed on high quality investments that reduce the volatility of the Fund during market events. Approximately 34.1% of the portfolio is in cash instruments, 28.7% in bank and corporate Floating Rate Notes (FRN) and 37.2% is in highly rated securitised instruments. There are no unrated or subordinated FRNs in the Fund and approximately 75.7% of non-cash assets are rated AA- or higher.

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 B units received a 4-Star Overall Morningstar Rating™ out of 35 Australian Short Term Fixed Interest funds as of 31 October 2020 and a 4-Star Three year rating out of 35 Australian Short Term Fixed Interest funds as of 31 October 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/19876
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 31 October 2020 (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.

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