

Sandhurst Strategic Income Fund - Class B units

Monthly fund update - September 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 30 September 2020	Fund return	Benchmark ²	Excess return
3 months (%)	0.30	0.03	0.27
1 year (%)	1.29	0.58	0.71
2 years (% p.a.)	1.89	1.16	0.73
3 years (% p.a.)	2.06	1.40	0.66
5 years (% p.a.)	2.42	1.63	0.79
Since inception (% p.a.)	3.45	2.34	1.11
Morningstar Rating™ Overall³	★★★★		
Morningstar category rank 3 year³	11/35		

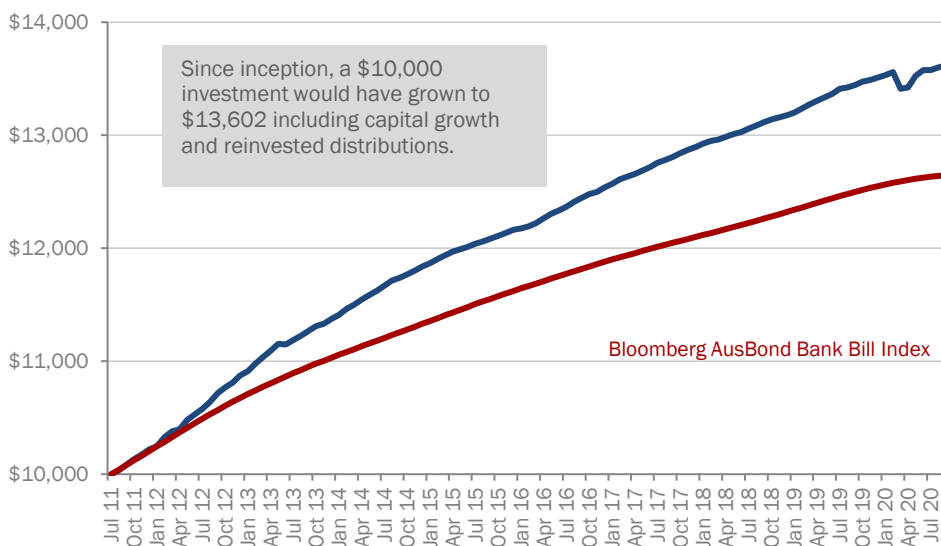
Fund facts

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 (ex distribution)

as at 30 September 2020

Application price	\$1.03208
Withdrawal price	\$1.03012

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

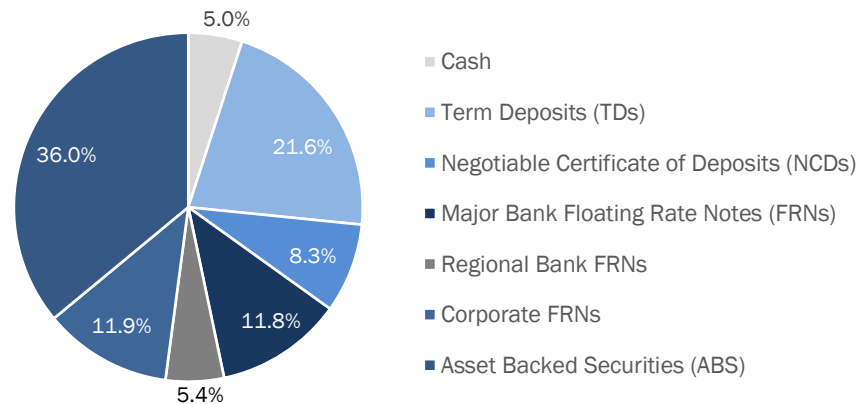
September saw another constructive month in fixed income markets, despite a risk off sentiment dominating equity markets. For the month of September 2020, the Strategic Income Fund achieved a 0.11% return for the Class B units (1.29% pa).

September 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 1.4% and the UK FTSE dropped 1.6%. US markets were dominated by stimulus negotiations, as the Republicans and Democrats failed to agree on a fourth stimulus package. The S&P500 posted its first monthly decline since March, falling 3.9%. Australian equities gave back August gains, with the ASX200 falling 3.7%. Over the September quarter the index fell 1.4%.

September began with the RBA announcing an increase and expansion of the Term Funding Facility (TFF). The TFF will continue to provide 3-year fixed rate funding to authorised deposit-taking institutions (ADIs) at 0.25% from 1 October 2020 through to 30 June 2021, for up to 2% of an ADI's overall credit.

The cash rate remained unchanged in September, however a speech by RBA Deputy Governor Debelle on 22 September prompted the market to anticipate another shift lower in rates during 2020. Following the speech, front end yields in Bank Bill Swap Rate (BBSW) and government bonds found new lows. As a result, government bonds outperformed corporates over the month.

Asset allocation



In credit markets, the spread rally that has continued since late April came to a halt in September. Credit spreads widened marginally as increased volatility offshore impacted local sentiment. As a result, government bonds outperformed corporates 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 34.9% of the portfolio is in cash instruments, 29.1% in bank and corporate Floating Rate Notes (FRN) and 36.0% is in highly rated securitised instruments. There are no unrated or subordinated FRNs in the Fund and approximately 74.7% of non-cash assets are rated AA- or higher.

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 30 September 2020 and a 4-Star Three year rating out of 35 Australian Short Term Fixed Interest funds as of 30 September 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 30 September 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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