

Sandhurst IML Industrial Share Fund

Quarterly fund update - December 2023

Investment approach

The Fund aims to deliver capital growth with regular income over the long term by investing in a diversified portfolio of quality ASX listed industrial shares (excluding resource shares) where these assets are identified by Investors Mutual Limited (IML) as being undervalued. The Fund expects to invest predominantly in the Sandhurst Industrial Share Fund for which IML is currently the investment manager.

Fund performance¹

as at 31 December 2023

Morningstar
Rating™
Overall³

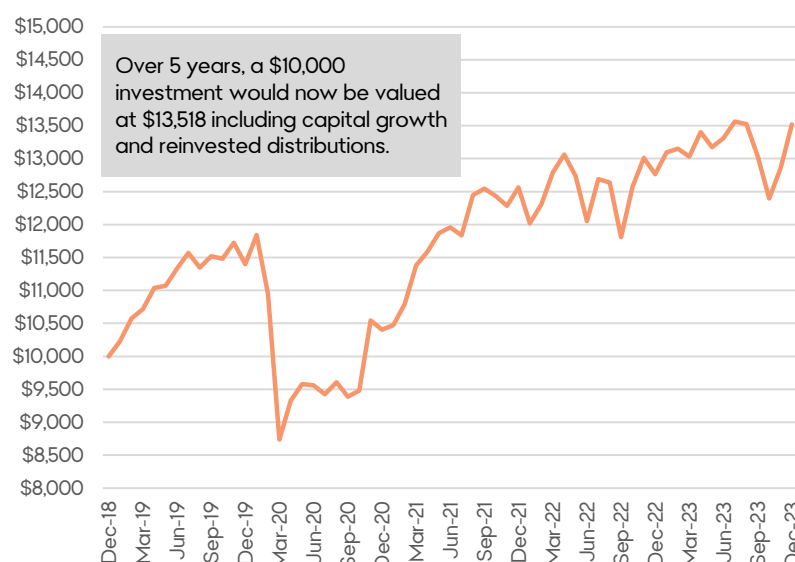
Morningstar
Category Rank
5 Year³

		1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.
Sandhurst IML Industrial Share Fund	★ ★	5.19	3.74	5.91	9.12	6.21
Benchmark ²		7.00	8.40	12.20	7.20	8.70

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance over 5 years)



Fund facts

Fund APIR code	STL01 01 AU
Fund inception date	11 January 2001
Fund size	\$49.34 m
Distribution frequency	Half yearly
Management fees & costs ⁴	1.05% p.a.
Buy / Sell spread ⁴	+0.25% / -0.25%
Minimum investment / minimum balance	\$50,000
Recommended investment timeframe	5 years +
Risk level	High

Unit price (ex distribution)

as at 31 December 2023

Application price	\$1.21751
Withdrawal price	\$1.21144

Distribution details (cents per unit)

30 June 2023	\$0.01311
31 December 2023	\$0.03456

Make the most of your investment

► The power of compounding

Compounding can be a powerful tool in wealth creation.

Reinvesting distributions can be one of the easiest and cheapest ways to increase your holdings over time. You're compounding your investment's growth by continually adding more units which, in turn, will generate distributions of their own.

Why not reinvest your half yearly distributions?

► The benefits of making it regular

Making regular contributions to your investment can both grow your investment and smooth the effects of market highs and lows.

Why not add a Regular Savings Plan to your investment? Establish one from as little as \$50 per month.

You can also use BPAY® to add to your investment at any time with as little as \$100. See your statement for your BPAY reference number.

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Do you have any questions?

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

Fund Performance⁵

The Fund returned +3.7% for the quarter, disappointingly behind its benchmark's very strong gain of +8.4%. The Fund also lagged for the full calendar year, returning +5.9% versus the +12.2% of the benchmark. The main reasons for the poor relative performance were disappointing performances from key stocks.

Global share markets were up significantly in the final quarter of 2023 as investors gained increasing confidence that interest rates in most parts of the world were at their peak and that rate cuts were likely in 2024.

Local markets were also up strongly, with the ASX 300 up +8.4% for the quarter. Real Estate was the strongest sector, up +15.8%, responding to long-term interest rate falls and Health Care was also up significantly, +13.3%, off the back of a big gain by CSL.

Many of the fund's holdings performed well over the quarter including CSL and Charter Hall Retail, as well as NAB, Aurizon and Sonic Healthcare. Tabcorp fell as consumers reduced their discretionary spend, leading to weaker gaming and wagering revenue. The fall was cushioned by news of winning the Victorian license renewal, which should bolster earnings. Metcash was also disappointing, dropping despite posting strong results in its food and liquor divisions.

Outlook⁵

While inflation appears to be falling in most developed markets, IML expect markets to remain volatile and trading conditions to continue to be difficult for many businesses in 2024. Bullish commentators appear to think interest rate cuts are not far away in Australia, but it's important to note that while goods price rises have moderated significantly, services inflation is more persistent. Freight rates are also rising again with the Suez Canal shipping disruption.

CY23 has been a disappointing year for the fund and well below IML's expectations. Despite this, IML enter 2024 confident that their disciplined and focused approach will be rewarded, while acknowledging the need to continuously improve their processes.

Top 10 holdings

National Australia Bank
CSL
Telstra
Westpac
Suncorp
Commonwealth Bank
Aurizon
Steadfast
Charter Hall Retail REIT
Brambles

Sector active weights

■ Communication Services	6.40%
■ Materials	2.30%
■ Industrials	0.00%
■ Health Care	-0.10%
■ Consumer Staples	-0.60%
■ Utilities	-1.30%
■ Financials	-1.50%
■ Consumer Discretionary	-2.70%
■ Real Estate	-3.00%
■ Information Technology	-3.60%

Please note the portfolio information and sector active weights supplied above is based on the underlying managed investment scheme, in addition, the Fund may directly hold small amounts of cash.

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 the S&P/ASX 300 Industrial Accumulation 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 IML Industrial Share Fund received a 2-Star Overall Morningstar Rating™ out of 89 Equity Australia Large Value funds as of 31 December 2023. The Sandhurst IML Industrial Share Fund returns were ranked 82 out of 85 Morningstar Equity Australia Large Value funds for 5 years to 31 December 2023. '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/7045
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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. 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.
5. The commentary is provided by Investors Mutual Limited (IML) and has not been verified by Sandhurst Trustees Limited. Economic and outlook forecasts are not guaranteed to occur.

The Sandhurst IML Industrial Share (Fund) is issued by Sandhurst Trustees Limited (Sandhurst) ABN 16 004 030 737 AFSL 237906 a subsidiary of Bendigo and Adelaide Bank Limited (the 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. This update is provided by Sandhurst and contains general advice only. 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 31 December 2023 (unless stated otherwise) and is subject to change without notice.