

Sandhurst IML Industrial Share Fund

Monthly fund update - January 2021

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

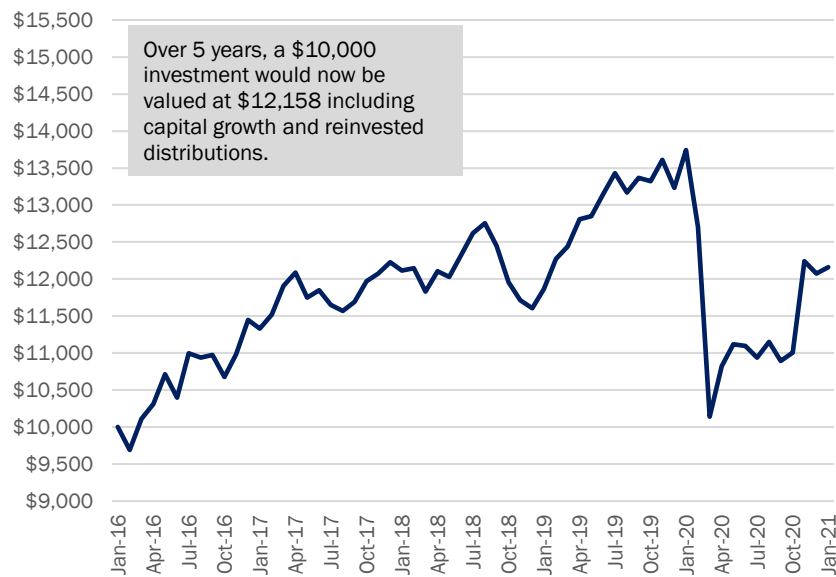
as at 31 January 2021

	Morningstar Rating™ Overall ³	Morningstar Category Rank 5 Year ³	1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.
Sandhurst IML Industrial Share Fund	★★★	86/92	0.69	10.47	-11.53	0.13	3.99
Benchmark ²			0.60	10.30	-5.20	6.10	7.90

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance over 5 years)



Fund facts

Fund APIR code	STL0101AU
Fund inception date	11 January 2001
Fund size	\$71.51 m
Distribution frequency	Half yearly
Management costs ⁴	0.95% 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

as at 31 January 2021

Application price	\$1.04953
Withdrawal price	\$1.04430

Distribution details (cents per unit)

30 June 2020	\$0.02662
31 December 2020	\$0.00750

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 www.sandhursttrustees.com.au

Sharemarket commentary⁵

- Global sharemarkets endured a volatile month with speculative excesses becoming increasingly apparent
- The Australian sharemarket similarly endured a volatile month, with the Industrials Index finishing in positive territory

After starting the year in positive fashion, global sharemarkets came under pressure in the back half of January, and the MSCI World Index finished the month in negative territory. The US S&P500 Index retraced from record highs to finish -1.0% lower, while Europe's Stoxx50 Index shed -1.9% as bond yields around the world rose on expectations of higher economic activity and inflationary expectations as the COVID-19 vaccine rollout continued across the globe.

The Australian sharemarket, as measured by the ASX300 Index, suffered a similar fate to its global peers, selling off in the latter part of the month to finish January flat.

Top 10 holdings

National Australia Bank
Telstra
CSL
Westpac
Insurance Australia Group
Suncorp Group
Tabcorp
Amcor PLC
Aurizon
AusNet Services

Portfolio performance & summary⁵

- IML continue to use volatility to top up in good quality companies they believe can do well over the next 3-5 years

The portfolio enjoyed a solid month, gaining +0.7%, which was broadly in line with the benchmark's return. The Fund benefited from some of its core holdings in good quality companies that have proven, sustainable cashflow- generative attributes. These included companies such as Telstra, Incitec Pivot, Metcash, Tabcorp and Spark Infrastructure.

Outlook⁵

With reporting season now upon us, the challenge for investors is to understand the timing of when a normalisation may occur, and how this will affect the earnings of various companies - as some sectors have clearly benefited greatly at the expense of others. In light of the uncertain economic outlook and overly optimistic valuations in some sectors of the market, IML continue to focus on good quality companies that are well-managed and which they believe represent good value and can do well over the next 3- 5 years.

Sector active weights

■ Communication Services	8.00%
■ Materials	7.20%
■ Utilities	3.00%
■ Consumer Staple	0.10%
■ Industrials	-0.40%
■ Consumer Discretionary	-1.70%
■ Financials	-3.30%
■ Information Technology	-3.80%
■ Health Care	-4.80%
■ Real Estate	-6.80%

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. Sandhurst IML Industrial Share Fund received a 3-Star Overall Morningstar RatingTM out of 102 Equity Australia Large Value funds as of 31 January 2021 and a 2-Star Five year rating out of 92 Equity Large Value funds as of 31 January 2021.
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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/7045
4. 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.
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.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 January 2021 (unless stated otherwise) and is subject to change without notice.