Sandhurst IML Industrial Share Fund

Monthly fund update - June 2020

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 performance[1]

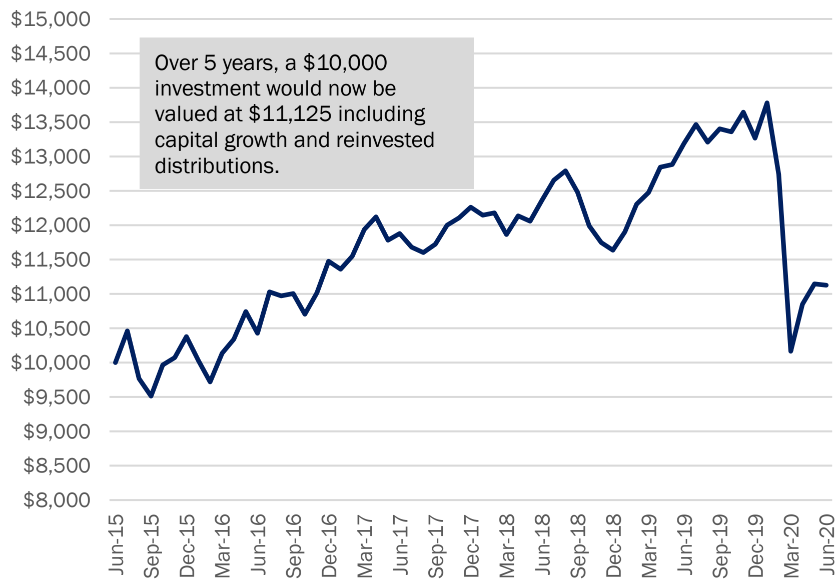
as at 30 June 2020

	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	★★★★	25/93	-0.20	9.42	-15.64	-2.16	2.16
Benchmark[2]			*2.70*	*14.20*	*-7.70*	*3.30*	*5.00*

An example of how your investment grows

Growth of $10,000[1]

(Based on historic Fund performance over 5 years)



Fund facts

Fund APIR code	STL0101AU
Fund inception date	11 January 2001
Fund size	$98.10 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 (ex distribution)

as at 30 June 2020

Application price	$0.96468
Withdrawal price	$0.95987

Distribution details (cents per unit)

31 December 2019	$0.02700
30 June 2020	$0.02662

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.

Do you have any questions?

For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

Refer to the next page for footnotes

Sharemarket commentary[5]

- Global sharemarkets endured one of the most turbulent 12 months periods on record
- The Australian sharemarket finished FY20 down -7.6% despite having reached fresh record highs in mid-February

In one of the most eventful and turbulent 12-month periods on record for financial markets, the MSCI World Index finished FY20 with a small gain of +3.1%.

As a result of the huge stimulus programmes announced through March and April, the US S&P500 posted its strongest quarterly return since 1998, returning +20% for the June quarter. The tech-heavy NASDAQ enjoyed its best quarter since 1999, rallying +31%. Other global markets followed suit so that for FY20 the S&P500 finished a tumultuous 12 months with a gain of +6.9%, Japan's Nikkei gained +6.6% while Europe's Stoxx50 finished the year down -5.0%.

The Australian sharemarket as measured by the S&P/ASX300 Index experienced a challenging year, falling -7.7%, its worst year since 2012. As with many of its global peers, the Index reached an all-time high in late February, only to shed -37% from peak to trough amid the pandemic selloff.

The June quarter saw the ASX300 deliver its best quarterly performance since 2009. The Index rallied +17% after the huge fiscal and monetary responses from the Government and the RBA and thanks to optimism as various sectors reopened despite concerns about a second wave in Melbourne. All sectors finished the quarter in positive territory, an impressive feat after the majority of companies either withdrew their guidance or made negative revisions to earnings. The quarter also saw record equity capital raising endeavours, with $20 billion raised to shore up balance sheets, as many companies also announced the suspension of dividends.

Portfolio performance & summary[5]

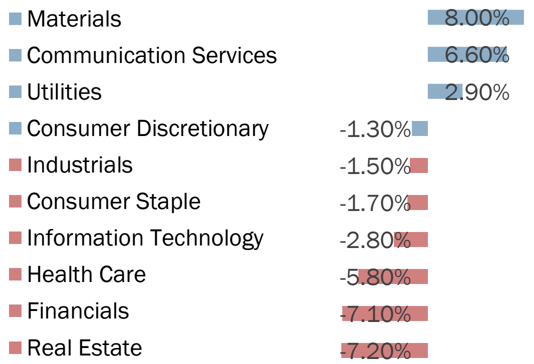
- IML are adopting a cautious approach to the sharemarket looking to selectively use some of the Fund's cash

Over the final quarter of FY20, the Fund returned a strong +9.4%, albeit this was below the benchmark's strong return of +14.2%. IML's caution to many of the more cyclical sectors such as the Information Technology sector and the REIT sector, which rallied significantly, held back relative performance. However, given the highly uncertain economic backdrop as fiscal stimulus is wound back some time later in 2020, IML believe this positioning is warranted. The portfolio is skewed heavily to more resilient and defensive companies. This will be appropriate should the V-shaped economic recovery - which many investors have positioned for - fail to eventuate to the extent many are expecting. In addition, the fundamentals of the companies the Fund is invested in is aligned more closely to what IML believe is the economic reality once the current stimulus ends. Over the June quarter, the Fund benefited from its holdings in good quality industrials such as Tabcorp, Crown, Steadfast and SkyCity with their respective share prices enjoying a strong quarter.

Top 10 holdings

National Australia Bank
CSL Limited
Telstra
Westpac
Amcor
Coles Group
Aurizon Holdings
Insurance Australia
Suncorp
AusNet Services

Sector active weights



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.

Outlook[5]

Unprecedented central bank intervention, massive fiscal stimulus, significantly lower bond yields and optimism regarding the speed and strength of the economic recovery all contributed to sharemarkets regaining some of their losses during the final quarter of FY 2020. Having said this, major uncertainties remain about the sustainability of economic growth post-lockdowns as the current government stimulus and interest deferrals by the banks come to an end. Unemployment in the second half of 2020 looks like it will remain relatively high and given record household debt in Australia this could affect the level of demand across certain sectors of the economy, as well as cause a material pick-up in non-performing loans for the banks. As such, IML remain cautious on the medium-term prospects for the global and Australian economies.

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 4-Star Overall Morningstar Rating™ out of 97 Equity Australia Large Value funds as of 31 May 2020 and a 4-Star Five year rating out of 93 Equity Large Value funds as of 31 May 2020.
 Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Services Guide (FSG) for more information at www.morningstar.com.au/s/fsg.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser.
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. 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 30 June 2020 (unless stated otherwise) and is subject to change without notice.