

# 4.56% p.a.<sup>1</sup>

Year ending 31 March 2018

## Bendigo Socially Responsible Growth Fund

### Monthly fund update - March 2018

#### Investment objective and return

The Fund has been designed to invest via a selection of high quality investment managers that specialise in managing specific asset classes which incorporate socially responsible investment elements into the overall investment philosophy. We target that at a minimum, 75% of the Fund will be allocated to investment managers who incorporate applying a range of socially responsible investment selection criteria, including environmental, social, ethical and governance (ESG) considerations.

ESG considerations are primarily applied to listed shares (both Australian and International) and fixed interest. The investment portfolio is constructed in a manner that Sandhurst believes will meet the investment return objective of a return after fees in excess of 4% above inflation over a full market cycle (typically 7 to 10 years). Inflation is measured by the Australian Consumer Price Index (CPI) as published by the Australian Bureau of Statistics.



#### RIAA Certification

The Fund has been certified by the Responsible Investment Association of Australasia (RIAA) according to the strict disclosure practices required under the Responsible Investment Certification Program<sup>2</sup>

For more information about the RIAA Certification program please visit [www.responsibleinvestment.org](http://www.responsibleinvestment.org).

#### Fund performance<sup>1</sup>

as at 31 March 2018

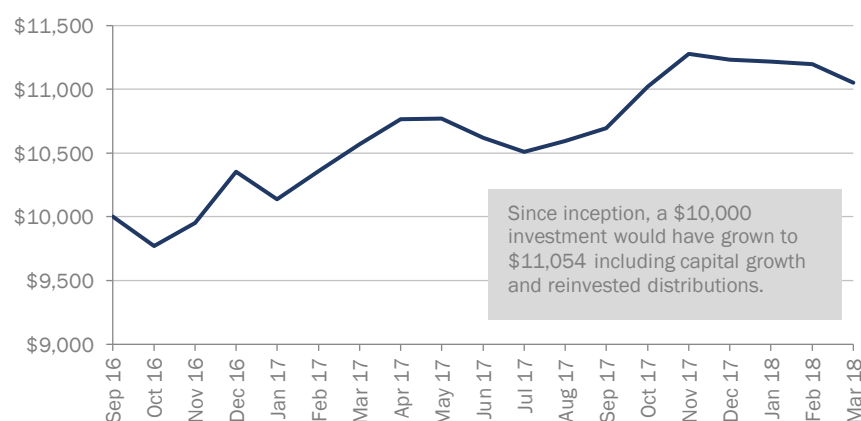
Fund return

1 month %	-1.26
3 months %	-1.58
6 months %	3.38
1 year %	4.56
Since inception %	6.91

#### An example of how your investment grows

##### Growth of \$10,000<sup>1</sup>

(Based on historic Fund performance since inception)



#### Fund facts

Fund APIR code	STL0055AU
Fund start date	20 Sep 2016
Management costs <sup>3</sup>	0.99% p.a.
Buy / Sell spread <sup>3</sup>	+0.25% / -0.25%
Investment return objective	CPI + 4%
Minimum investment / minimum balance	\$5,000
Recommended investment timeframe	5 years +
Risk level	Medium to high

#### Unit price

Application price	\$1.03595
Withdrawal price	\$1.03079

#### Distribution details (cents per unit)

30 Jun 2017	\$0.05232
31 Dec 2017	\$0.01100


















#### Benefits of investing

- ▶ a responsible investment focus;
- ▶ a diversified solution investing across a range of asset classes including equity and fixed interest;
- ▶ access to leading professional and specialist investment managers;
- ▶ an investment that aims for long term capital growth with moderate income.

#### Do you have any questions?

For further information contact us on 1800 634 969 or visit [www.sandhursttrustees.com.au](http://www.sandhursttrustees.com.au)

## Asset allocation

	Weight %	Weight % $\Delta$ /mth	Key
 Russell Australia RI ETF	34.5%	-0.1% 	 Australian Shares
 AXA IM SmartBeta ESG Global Equity	40.5%	0.5% 	 International Shares (Unhedged)
 BT Property Securities Fund	6.3%	0.1% 	 Property and Infrastructure (Australian)
 Altius Sustainable Bond Fund	8.7%	0.0% 	 Australian Fixed Interest
 Vanguard Government Bond	4.7%	0.1% 	
 Sandhurst Strategic Income Fund*	5.3%	-0.6% 	 Cash
<b>Total</b>	<b>100.0%</b>		

\* Includes small amounts of cash that are held in Bendigo Bank operating accounts.

## Portfolio Performance

The quarter ending March was negative for the Fund as growth assets reacted negatively to trade tariff announcements. Asset allocation proved beneficial resulting in a smoothing of returns over the period. Overweight positions in offshore equities over domestic, had their desired effect, taking advantage of the falling AUD and reducing the impact of negative stock market returns. Listed property suffered the largest drawdown amongst the major asset classes, with the Funds underweight allocation dampening the losses experienced in this asset class. Stock selection overall neither added to or detracted from performance with the underlying managers performing in line with their stated benchmark.

The Fund maintains tilts away from interest rate sensitive investments with lighter holdings in government bonds and listed property. We continue to prefer our growth exposure in global equities due to our perception of greater earnings growth potential in comparison to domestic equities.

## Economic commentary

Over the quarter risk assets retreated, driven by disruptions involving trade tariffs and central bank policy action. Equity markets that were buoyed in the quarter ending December by supportive Trump tax cut announcements, took an opposite direction, reacting negatively to Trump announcements that focussed on import tariffs. Donald Trump since the election campaign has been vocal regarding what he believes are unfair trade deals and took the opportunity over the period to announce trade tariffs, which more specifically targeted China. Initially proposing steel and aluminium import tariffs, later spread into products relating to robotics, information technology, communication technology and aerospace. China retaliated quickly, announcing potential tariffs on US imports from China, however with a political twist with import tariffs aimed at US soybean producers in which historically have been strong Republican supporters. Markets fearful of an all-out trade war sold off, trading on each Trump communication and response from China. Increased trade has the affect of lowering inflation, whilst stimulating real growth. Whilst promoting economic prosperity, trade also defuses sovereign conflict and can bring an end to long standing conflicts. Over the period economic trade sanctions imposed on North Korea following missile strikes last year, started to bite. North Korea completed a u-turn agreeing to hold progressive talks regarding de-nuclearisation, which was welcomed by financial markets.

Within Australia, the Royal Commission into the Australian banking sector took its toll on Australian financials. Australian bank shares have grinded downwards since the Royal Commission was announced and face significant earnings growth headwinds which include an indebted consumer, softening house prices, tighter regulation and lending standards and increased public scrutiny and distrust as dirty laundry is aired through the Royal Commission. Given the large weighting of the financials sector within Australian equities it has been a large source of relative underperformance versus global shares over the past twelve months.

### 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 Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.
3. Other fees and costs may apply. See the Product Disclosure Statement for full details.

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This information is current as at 31 March 2018 (unless stated otherwise) and is subject to change without notice.