

Quarterly fund update - March 2017

Investment approach

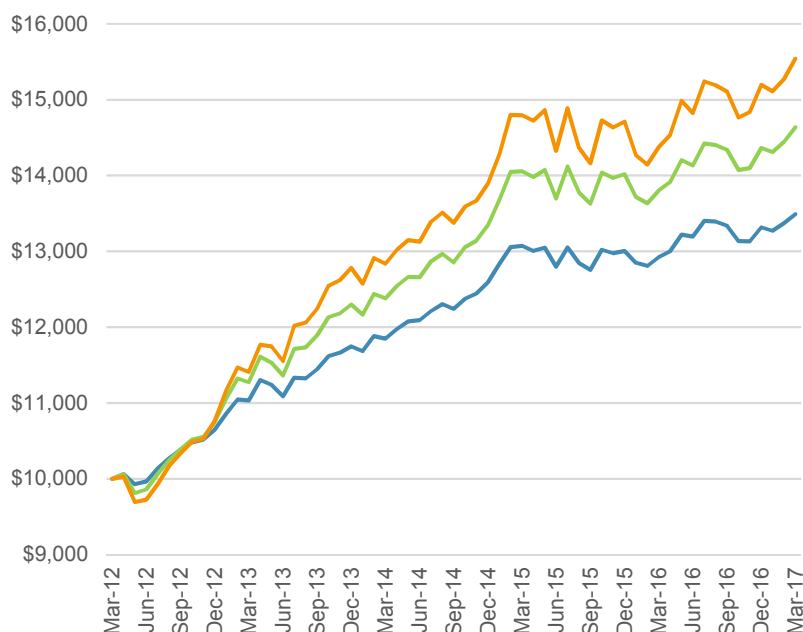
Each Fund provides access to a selection of high quality, specialist active and index investment managers across a variety of asset classes via its underlying investments. The investment portfolios provide access to investments which have been constructed in a manner that Sandhurst believes will meet the investment return objective of each Fund. Each Fund aims to provide a total return after fees in excess of a stated % above inflation over a full market cycle (typically 7 to 10 years), where inflation is measured by the Australian Consumer Price Index (CPI).

Fund performance¹

Period ending 31 March 2017

	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Fund size \$m
Sandhurst Conservative Fund	1.32	4.39	4.43	6.17	\$4.70
Sandhurst Balanced Fund	1.89	6.03	5.73	7.92	\$6.26
Sandhurst Growth Fund	2.28	8.11	6.59	9.22	\$3.96

Growth of \$10,000 over 5 years¹



Fund facts

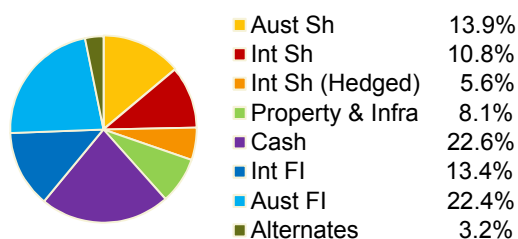
Sandhurst Conservative Fund	
Inception date	7 June 2002
Return objective	CPI + 1.5%
Suggested timeframe	3 years +
Suggested risk level	Low to medium
Sandhurst Balanced Fund	
Inception date	7 June 2002
Return objective	CPI + 2.5%
Suggested timeframe	4 years +
Suggested risk level	Medium
Sandhurst Growth Fund	
Inception date	7 June 2002
Return objective	CPI + 3.5%
Suggested timeframe	5 years +
Suggested risk level	Medium to high

Did you know?

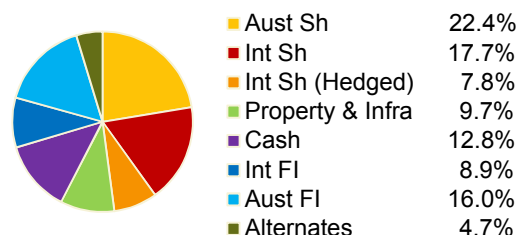
You only need \$500 to start an investment in one of our Sandhurst Diversified Funds and can now make additional investments from as little as \$100, or, from \$50 per month using our Regular Savings Plan.

Asset allocation

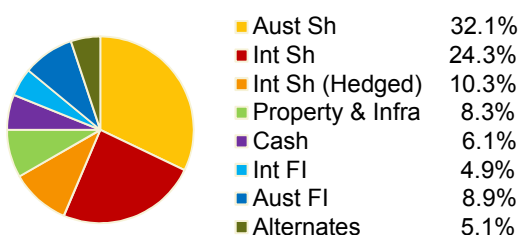
Sandhurst Conservative Fund



Sandhurst Balanced Fund



Sandhurst Growth Fund



Performance commentary

The past quarter investors across all risk profiles enjoyed strong positive returns, particularly those weighted more strongly towards growth assets. Active asset allocation positions favouring unhedged global equities over Australian equities detracted from relative performance with commodity prices pushing Australian equities and the Australian dollar higher over the period. Working for the Funds were overweight positions in Australian bonds over global bonds, in which yields on Australian bonds fell slightly over the period and thus raising prices.

The quarter ending March has seen some of the active manager underperformance experienced in the December quarter revert, with active management a strong contribution to returns over the quarter.

Economic commentary

Since the start of 2017 markets have been tempered. Despite America's increased involvement in the Syrian Civil War, terrorist attacks in Turkey, and the ever present Afghanistan conflict and Iraqi Civil Wars markets remained relatively settled. Geopolitical risks were cast aside and market tone was optimistic throughout Q1. Equities, credit securities and emerging markets all performed well over the period. Much of this can be accredited to economic data and sentiment indicators throughout the developed world all indicating a continual expansion.

An improving cyclical global economic picture was driven by positive sentiment around Chinese fiscal stimulus, lifting commodity prices, and expectations of Trump delivering a quantum of fiscal spending plus widespread tax reform. Global equities rallied +6.9% (USD terms, +1.5% in AUD) over the quarter, buoyed by improving earnings momentum and a broadening global macroeconomic recovery. Global bonds (AUD hedged) return +0.68% over the same period. Our view is that valuation and cyclical elements suggest that government bonds remain vulnerable however we concede that much of the recent good cyclical news is now increasingly reflected in bond prices. Credit securities also continued to enjoy the benefit of a stronger cyclical environment and recent spread narrowing.

The Federal Reserve lifted rates by 25bps in March and signalled further increases would be gradual. Key to any future moves are the inflation numbers and the effectiveness of Trump's administration to implement reforms. Late in March, some US political uncertainty and protectionist rhetoric fuelled broad based U.S. dollar weakness (-1.8%) and Gold (+8.6%) strength. Locally the Reserve Bank of Australia held the cash rate constant at 1.50% during Q1. During this time we observed a shift in expectations with markets pushing back the timing of the first cash rate hikes into 2018.

Contact Sandhurst

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

Footnote

¹ Fund performance figures are calculated before tax and after fees and costs; using withdrawal prices and assumes distributions are reinvested. Growth graph is based on historic Fund performance figures over 5 years. Past performance is not an indication of future performance.

Important information

The managed funds detailed in this update (individually referred to as 'Fund' or collectively as 'Funds') are 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 Funds or the service they provide, full details of which are contained in the relevant Product Disclosure Statement (PDS). Investments in the Funds are not deposits with, guaranteed by, or liabilities of the Bank or any of its subsidiaries. Economic and outlook forecasts are not guaranteed to occur. Sandhurst has prepared this document based on information available to it. The information and opinions provided in this document have not been verified and Sandhurst has no obligation to notify you in the event that any information or opinions change. 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. Please consider your situation and read the relevant 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 March 2017 and is subject to change.

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