

13.92% p.a.¹

Year ending 30 June 2017



Sandhurst IML Industrial Share Fund

Quarterly fund update - June 2017

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

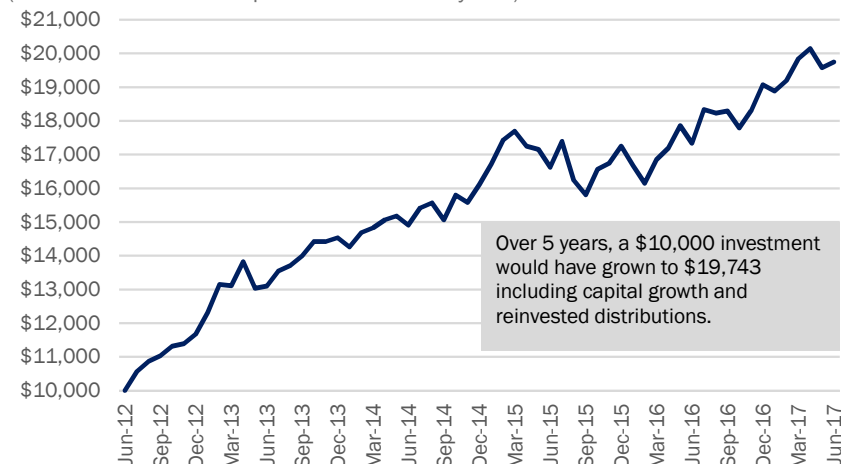
as at 30 June 2017

	Morningstar Rating™ 5 Year 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	★★★★	9/86	0.84	-0.50	13.92	9.82	14.57
Benchmark ²			0.70	-1.40	12.50	8.80	14.90

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 start date	11 January 2001
Fund size	\$181.50 m
Minimum investment / minimum balance	\$50,000
Recommended investment timeframe	5 years +
Risk level	High

Unit price (ex distribution)

Application price	\$1.39060
Withdrawal price	\$1.38367

Distribution details (cents per unit)

30 June 2017	\$0.13117
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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 commentary⁴

In a year marked by continued tepid growth as well as unpredictable political outcomes, global sharemarkets ended an eventful FY17 firmly higher, with the MSCI World Index gaining +19%. All major markets did well with the US S&P500 gaining 18% and closing the year at record highs. On the domestic front, the ASX300 had a solid year gaining 13.8% with the bulk of the gains coming in the months following Trump's election in November.

In the final quarter of FY17, the Australian sharemarket slipped away with the ASX300 down 1.6%. Healthcare gained 7.1%, with sector heavyweight CSL gaining 10% thanks to growing confidence in the company's medium term growth prospects.

Portfolio performance & summary⁴

- ▶ Relatively stable global economic conditions enabled sharemarkets to record strong returns for FY 2017.
- ▶ The ASX300 Accumulation Index returned a healthy 13.8% over the financial year.
- ▶ IML continue to maintain a cautious approach given that many sectors look fully priced.

The Fund had a solid year ending 30 June 2017 posting a return of 13.92% for its investors outperforming its benchmark return of 12.5%. In what proved to be a fairly volatile final quarter, the Fund proved relatively resilient with a return of down 0.5% against the benchmark's fall of 1.4%.

The Fund's performance over the June quarter benefited from IML's caution toward the big Australian banks with the financials index down 4.4%. IML's confidence in IAG, Suncorp and Clydesdale Bank added to performance. The Fund also benefited from IML's caution toward the big supermarkets, namely Woolworths and Wesfarmers, given the ongoing challenges they face in competing with international entrants into the Australian market like Aldi and Costco. Over the quarter, the Fund's core industrial holdings like CSL, Spark Infrastructure, Amcor, Transurban and Suncorp all performed well.

IAG had a very good quarter gaining 12.1% after upgrading its guidance for FY17. Preliminary analysis of IAG's reserves indicated at least 5% of premium will be released in the FY2017 results, compared to previous guidance of 2%. The company also raised its reported margin expectations 3% higher to the 13.5%-15.5% range. IAG's underlying margin continues to improve thanks to improved retention, rate increases in the company's retail and small medium enterprise divisions along with ongoing cost outs. IAG is a conservatively managed company with excess capital and has reduced its earnings volatility following the Berkshire deal in 2015.

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 Industrials Accumulation Index.
3. '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. Morningstar Category: Equity Australia Large Value. © 2017 Morningstar, Inc. All rights reserved. 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 (Australian products) or Investment Statement (New Zealand products) 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. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782 ("ASXO").
4. 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.

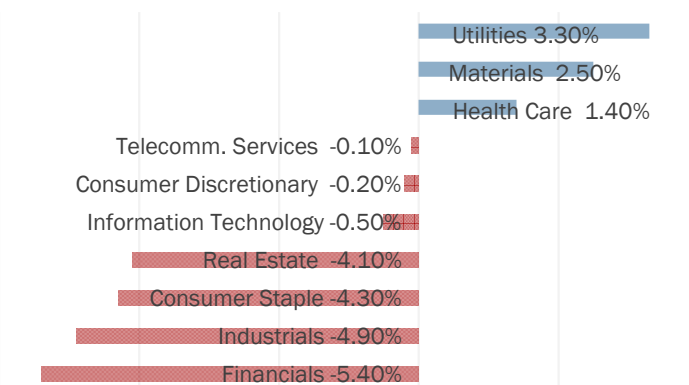
The Sandhurst IML Industrial Share (Fund) is issued by Sandhurst Trustees Limited (Sandhurst) ABN 16 004 030 737 AFSL 237906 a subsidiary of Bendigo and Adelaide Bank Limited (the Bank) ABN 11 068 049 178 AFSL 237879. Sandhurst and the Bank receive remuneration on the issue of the Fund or the service 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 2017 (unless stated otherwise) and is subject to change without notice.

Portfolio holdings

Top 10 holdings	% of Fund
Westpac Banking	9.4%
National Australia Bank	8.3%
Commonwealth Bank	6.5%
CSL Limited	5.1%
Insurance Australia Group	4.6%
Telstra Corporation	3.6%
Fletcher Building	3.0%
Clydesdale Bank	2.9%
Ansell Limited	2.9%
Spark Infrastructure Group	2.6%

Top 10 Stocks **48.9%**

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.

Outlook⁴

IML will continue to avoid the noise surrounding markets and will continue to focus on taking advantage of any opportunities to add to holdings in good quality shares that in IML's opinion remain attractively priced on a 3 to 5 year view.

