

5.71% p.a.¹

Year ending 31 January 2018

Sandhurst Industrial Share Fund

Monthly fund update - January 2018

Investment approach

The Fund aims to deliver income and capital growth 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.

Fund performance¹

as at 31 January 2018

	Morningstar Rating™ 5 Year ³	Morningstar Category Rank 5 Year ³	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Sandhurst Industrial Share Fund	★★★★	27/89	0.93	5.71	5.30	9.33	9.83
Benchmark ²			1.40	10.60	6.60	10.90	8.30

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance over 5 years)



Fund facts

Fund APIR code	STL0100AU
Fund start date	1 December 1999
Fund size	\$292.49 m
Minimum investment / minimum balance	\$2,000
Recommended investment timeframe	5 years +
Risk level	High

Unit price

Application price	\$1.79948
Withdrawal price	\$1.79051

Distribution details (cents per unit)

30 June 2017	\$0.14464
31 December 2017	\$0.04000

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

- ▶ Global sharemarkets started 2018 strongly with many markets reaching new highs as bullish sentiment prevailed
- ▶ The Australian sharemarket shed -0.4%, with strength in the Resources sector offset by a sluggish Industrial sector

Global sharemarkets extended their strong run into 2018 with the MSCI World Index returning +5.6% in January, its best start to the year since 1987. The US S&P500 returned +5.6% to log its longest monthly winning streak in nearly 60 years.

Domestically, the ASX300 index had a soft month, shedding -0.4%, as strength in the Resources sector was offset by a sluggish Industrials sector. The Industrials sector was held back by the upward movement in bond yields with many interest rate sensitive and defensive sectors such as the Utilities and REITs sectors retreating -4.5% and -3.3% respectively. The Banks also fell -1.3%, with the sector continuing its muted performance from 2017.

Portfolio performance & summary⁴

- ▶ IML continue to adopt a selective approach given the fairly full valuation of many stocks

The Fund retreated -1.1% as stocks such as the Fund's holding in Packaging stocks Amcor and Pact fell in anticipation of sluggish interim results due to higher input prices. IML remain confident that over time these higher input prices will be recovered from customers. IML still expect both companies to report higher FY18 profits overall – in line with what both companies confirmed at their last annual general meetings. With stocks such as Shopping Centres Australasia and Spark Infrastructure back to sustainable yields of 6% plus, IML used share price weakness to increase the Fund's holding in both companies.

Outlook⁴

Investor sentiment continues to remain buoyed given the view that the global economy appears likely to grow fairly strongly throughout the year. This bullishness is being reflected in strength in riskier assets such as commodities and Emerging Markets. While the direction of world growth does remain positive, it remains a challenging environment for many companies to grow their earnings given the intensely competitive nature of most sectors. With US interest rates set to increase further in the near future and with the ECB due to slow or stop its quantitative easing policy some time in 2018, IML remain cautious as many markets are at record highs and excesses are beginning to appear. IML continue to use weakness in good quality industrial names to put some of the Fund's healthy cash holding to work.

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. © 2018 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.

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

Top 10 holdings

National Australia Bank
Westpac
Commonwealth Bank
CSL
Telstra
Insurance Australia Group
Clydesdale Bank
Fletcher Building
Wesfarmers
Pact

Sector active weights

Materials	3.80%
Utilities	3.30%
Health Care	1.80%
Consumer Discretionary	1.30%
Telecommunication Services	0.50%
Information Technology	-1.10%
Industrials	-3.30%
Financials	-4.00%
Consumer Staple	-4.10%
Real Estate	-5.50%

