

4.55% p.a.¹

Year ending 31 August 2017



Sandhurst Industrial Share Fund

Monthly fund update - August 2017

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

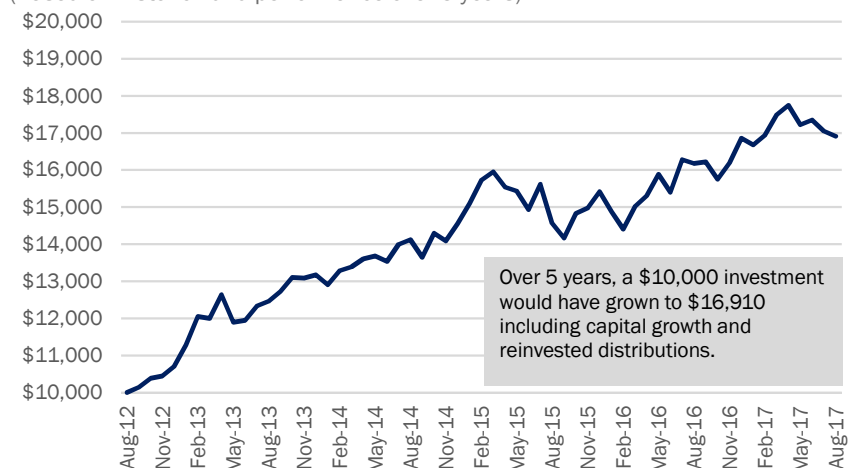
as at 31 August 2017

	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	★★★★	24/89	-1.82	4.55	6.2	11.08	9.82
Benchmark ²			-0.40	6.60	6.60	12.70	8.20

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	\$288.81 m
Minimum investment / minimum balance	\$2,000
Recommended investment timeframe	5 years +
Risk level	High

Unit price

Application price	\$1.76466
Withdrawal price	\$1.75586

Distribution details (cents per unit)

31 December 2016	\$0.04500
30 June 2017	\$0.14464

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 markets moved sideways as political discord in Washington and relations between the US and North Korea deteriorated.
- ▶ The ASX 300 Industrials Accumulation Index finished August with a small gain led by the resources sector on stronger commodity prices.

Global equities paused their run in August following 9 months of gains as volatility picked up in the wake of continued political discord in Washington and geopolitical rumblings concerning North Korea. Over the month, the MSCI World Index fell 0.1%, with the US S&P500 edging up 0.3% while Europe's Stoxx50 and Japan's Nikkei Indices slipped 0.7% and 1.3% respectively.

The Australian sharemarket had a mixed month with strength in the resource sector offset by weakness in industrials with the ASX300 eking out a gain of 0.7%. The resource sector gained 4.4% led by heavyweights BHP and RIO Tinto. Industrial stocks had a lacklustre month with the All Industrials sector down 0.2% after a mixed reporting season. While many companies met their FY17 expectations, the forward guidance and outlook for FY18 for many companies underwhelmed investors.

Portfolio performance & summary⁴

- ▶ IML continue to maintain a cautious approach and use any weakness to top up on preferred stocks.

The Fund had a challenging month returning down 0.8% against the benchmark's fall of 0.2%. Several of the Fund's core mid cap industrial holdings, such as Sonic and Pact, were sold down following their results announcement as investors were underwhelmed with the release of conservative FY18 guidance despite announcing solid FY17 full year results. Having looked closely at the results for all of these companies, IML remain comfortable with their 3 to 5-year outlook and used weakness in their share prices to top up on holdings.

Telstra fell over the month after it surprised investors by cutting its FY18 dividend from the current level of 31 cps to a lower than expected 22 cps from FY18 onwards. Telstra stated that this new level of dividends represented a payout ratio of 70-90% post NBN earnings and also included an unspecified special dividend component. Subsequent explanations by management indicated that 22 cps was a level of dividends that the company felt was sustainable for the foreseeable future and was a level from which the company felt it could look to grow from.

CSL rose 4% during the month of August during which it reported a strong earnings result with profit growth of 25% and EPS growth of 27%. Looking ahead, CSL has a strong pipeline of growth from new products which IML think will continue to support its above average EPS growth over the next several years.

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.

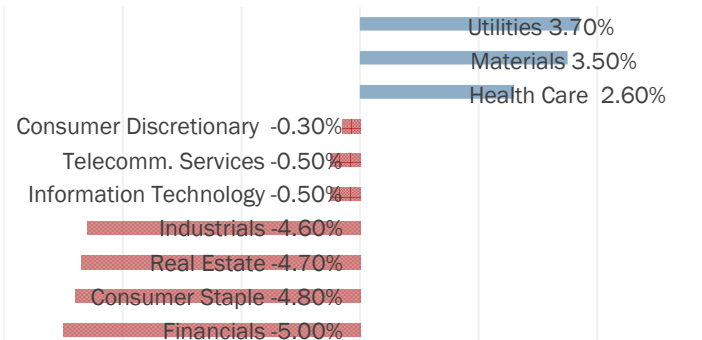
The Sandhurst Industrial Share (Fund) is issued by Sandhurst Trustees Limited (Sandhurst) ABN 16 004 030 737 AFSL 237906 a subsidiary of Bendigo and Adelaide Bank Limited (the Bank) ABN 11 068 049 178 AFSL 237879. Sandhurst and the Bank receive remuneration on the issue of the Fund or the service they 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 31 August 2017 (unless stated otherwise) and is subject to change without notice.

Portfolio holdings

Top 10 holdings	% of Fund
Westpac	9.9%
National Australia Bank	9.4%
Commonwealth Bank	5.8%
CSL	5.3%
Insurance Australia	4.6%
Telstra	3.4%
Spark Infrastructure	3.2%
Fletcher Building	3.1%
Clydesdale Bank	3.1%
Amcor	3.0%
Top 10 Stocks	50.8%

Sector active weights



Outlook⁴

IML remain cautious with the continued low growth and competitive economic environment. IML continue to focus their attention on good quality companies whilst maintaining a healthy level of cash in the portfolio while awaiting opportunities to buy good quality stocks at the right level.

