

10.86% p.a.¹

Year ending 31 October 2017



Sandhurst Industrial Share Fund

Monthly fund update - October 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

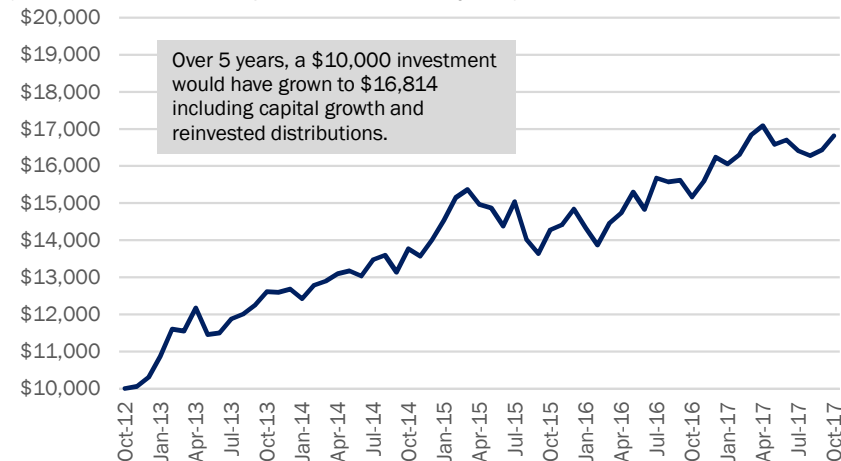
as at 31 October 2017

	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	2.46	10.86	6.90	10.95	9.92
Benchmark ²			4.00	14.80	7.90	12.80	8.40

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	\$295.66 m
Minimum investment / minimum balance	\$2,000
Recommended investment timeframe	5 years +
Risk level	High

Unit price

Application price	\$1.82239
Withdrawal price	\$1.81330

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 sharemarkets continued their rise in October led by the US which continues to reach new record highs
 - ▶ The Australian sharemarket recorded its best month of CY2017 with the Resource sector leading the way
- Global equity markets rose through October with the MSCI World Index posting a gain of 2.0%. The gains were broad based with all major bourses performing strongly. US markets hit new record highs with the broader S&P500 gaining 2.3%, whilst the Dow Jones Industrial Index moved through the 23,000 level finishing up 4.3% for the month.

The Australian market as measured by the broader ASX300 index had a strong month returning 4.0%. This was the Australian sharemarket's best month since July 2016 and all sectors finished the month in positive territory. The ASX Industrials Index performed in line with the broader market gaining 3.9% for the month.

Top 10 holdings

National Australia Bank Limited
Westpac
Commonwealth Bank
CSL
Insurance Australia Group
Telstra
Clydesdale Bank
Spark Infrastructure
Fletcher Building
Pact

Portfolio performance & summary⁴

- ▶ IML continue to be cautious given the competitive pressures impacting many Australian companies

The Fund gained 2.28% over the month, whilst a good result, it was lower than the benchmark's strong performance of 3.9%. The Fund's high cash weighting and caution to soft commodity stocks such as a2 Milk, Blackmores and Treasury Wine Estates held back the Fund's performance relative to the benchmark. Given the very high valuations that many of these companies' trade at - with many on price-earnings ratios of over 30 x and the regulatory uncertainty that has plagued this sector in the past, it is a sector IML are comfortable avoiding. Furthermore, the Fund's underweight to the Banks also held back performance as they too had a solid month. The Fund's holdings in quality companies such as; AGL, Ansell, Clydesdale Bank and Brambles all had a solid month.

Outlook⁴

Global sharemarkets continue to trend higher as interest rates remain low and as investors continue to gain comfort that the global economy can continue to grow sustainably into 2018. While this may be so, it remains a challenging environment for many companies to grow their earnings given the intensely competitive nature of most sectors. IML continue to focus their attention on good quality companies that IML believe are well positioned to grow their earnings and dividends in the years ahead while also maintaining a healthy level of cash in the portfolio as IML await further opportunities to buy good quality stocks at the right level.

Sector active weights

■ Cash	9.90%
■ Utilities	3.80%
■ Health Care	2.40%
■ Materials	2.00%
■ Consumer Discretionary	0.40%
■ Information Technology	-0.90%
■ Financials	-3.90%
■ Industrials	-4.00%
■ Consumer Staple	-4.20%
■ Real Estate	-5.40%

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.

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This information is current as at 31 October 2017 (unless stated otherwise) and is subject to change without notice.

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