

4.26% p.a.¹

Year ending 28 February 2018



Sandhurst Industrial Share Fund

Monthly fund update - February 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

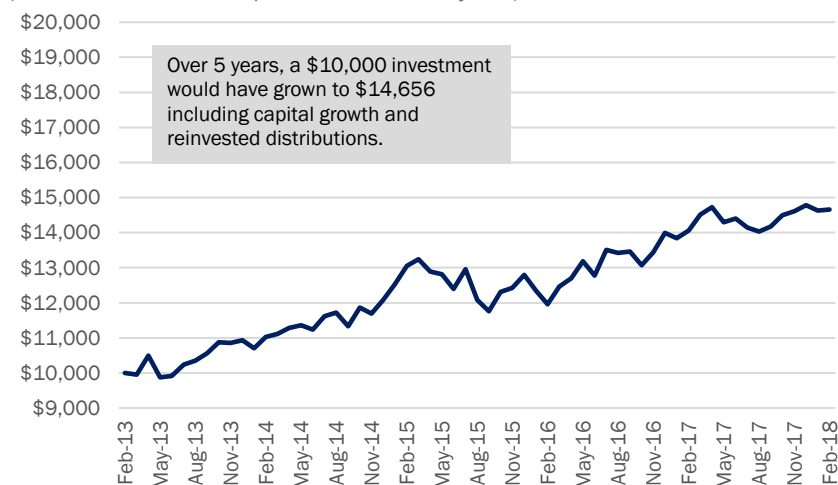
as at 28 February 2018

	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	0.33	4.26	3.93	7.94	9.8
Benchmark ²			0.60	7.70	4.80	9.50	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	\$291.58 m
Minimum investment / minimum balance	\$2,000
Recommended investment timeframe	5 years +
Risk level	High

Unit price

Application price	\$1.80300
Withdrawal price	\$1.79400

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.

© Registered to BPAY Pty Ltd ABN 69 079 137 518

Do you have any questions?

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

Sharemarket commentary⁴

- ▶ Global sharemarkets experienced their first major dose of volatility as equity markets corrected -10% early in the month
- ▶ The Australian proved relatively resilient in comparison, as interim reporting season hit full speed

Global equity markets corrected during early February following the release of a US employment report which spooked investors after it showed US wages accelerating at their fastest pace in 9 years. The US S&P 500 finished the month down -3.7% (after having been down by -10% at one point) while Europe's Stoxx50 fell -4.6% and Japan's Nikkei fell -4.4% over the month.

In a busy month for the Australian market, the ASX300 finished virtually unchanged in February, proving itself somewhat more resilient than many of its global peers. Whilst major markets sold-off -10% during the correction earlier in the month, the ASX300 fell only half that amount at its worst.

Portfolio performance & summary⁴

- ▶ The sell off and pick up in volatility allowed IML to top up positions in good quality industrials

The Fund finished the month up +0.2%, broadly in line with the benchmark return. IML used weakness throughout the month to top up on the Fund's positions in good quality industrial companies that IML believe are well positioned to grow the companies earnings and dividends in the years ahead, companies such as Crown Resorts, Amcor and Pact Group. The portfolio benefited from solid performances from IAG, CSL, Pact Group, Ansell and Spark Infrastructure. Fletcher Building had a poor month following further impairments in its construction division, although in IML's opinion the company remains well placed going forward given its strong market position in NZ.

Outlook⁴

The significant increase in volatility and pull back in global markets was in IML's opinion well overdue, although it has to be kept in perspective of the strong rises many markets recorded over the preceding 12 months. While the direction of world growth remains 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 European Central Bank due to slow or stop its quantitative easing policy some time in 2018, IML remain cautious. IML will continue to use weakness in good quality industrial names to put some of the Fund's 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 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. 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 28 February 2018 (unless stated otherwise) and is subject to change without notice.

Top 10 holdings

National Australia Bank
Westpac
Commonwealth Bank
CSL Limited
Telstra
Insurance Australia Group
Clydesdale Bank
Amcor Limited
Pact Group Holdings
Spark Infrastructure Group

Sector active weights

Materials	4.00%
Utilities	3.50%
Consumer Discretionary	1.40%
Health Care	1.20%
Telecommunication Services	0.40%
Information Technology	-1.40%
Industrials	-2.70%
Financials	-4.00%
Real Estate	-4.80%
Consumer Staple	-5.00%

Proudly part of



**Bendigo and
Adelaide Bank**