

Sandhurst Professional GVI Global Industrial Fund

Sharemarket commentary[#]

Global equity markets, as measured by the MSCI World Index (AUD) hedged, increased by 9.2% over the December quarter on expectations of improved economic growth. Industrial production numbers and manufacturing indicators have gained further strength across the US and Europe which has provided the market with encouraging signs leading into 2011.

The US market, in local currency terms, ended the quarter very strongly with a gain of 11.0% as the combination of a new \$US900bn fiscal package, quantitative easing measures and the ongoing commitment to keep rates low supported the prospects for improved US economic and earnings growth. European equity markets however, lagged (+5.0%) on lingering sovereign debt concerns. Germany's strong gains (+11.4%) were offset by falls in Greece (-8.6%), Spain (-6.8%) and Italy (-0.5%). Asian equity returns were subdued by the potential impacts of a tighter monetary policy in China as it increased the one year interest rate by 0.25%, the second time in three months.

In local currency terms, all sectors posted positive results which were led by the economic sensitive sectors. Energy gained (+16.6%), closely followed by Materials (+16.3%), Industrials (+10.8%), Consumer Discretionary (+10.5%) and IT (+10.4%). In the lower half of returns, Financials were up (+4.8%) over the quarter, Consumer Staples (+4.5%), Telcos (+3.9%), Healthcare (+2.9%) and Utilities lagged with a more modest gain of (+2.2%).

Portfolio performance & summary[#]

The Fund posted a gain of 2.9% which lagged the broader market over the December quarter. European sovereign debt issues contributed to the price weakness in number of our European holdings. The Fund made strong gains from our holdings in the Energy (CNOOC, Exxon and Occidental Petroleum) and Materials sectors (Linde, K+S, Syngenta and Fuchs Petrolub AG) while holdings in Telcos (Telecom Italia, Telefonica and TelisSonera) and general weighting towards Utilities dampened the overall results. Our European-listed banks (BNP Paribas, Barclays and Standard Chartered) weakened over the quarter and our Consumer Discretionary stocks underperformed the sector. In addition, the Fund whilst substantially hedged, is not fully hedged and therefore, did not keep up with hedged benchmark.

Fund information

Sandhurst Professional GVI Global Industrial Fund

Application (ex Distribution)	\$0.8374
Redemption (ex Distribution)	\$0.8324
December 2010 distribution (per unit)	\$0.0077
ICR (% p.a.) as at 31 December 2010	1.40%
Fund start date	1 June 2006
Fund size as at 31 December 2010	\$56.47 Million

Fund Performance

Performance period	Fund Return*	Benchmark**
1 month	+2.6%	+5.8%
3 months	+2.9%	+9.2%
6 months	+8.4%	+19.9%
1 year	+2.4%	+12.6%
3 years [^]	-8.1%	-4.5%

[^] % Performance per annum.

* Performance figures are calculated before tax and after fees and costs; using redemption prices and assumes distributions are reinvested. Past performance is not an indication of future performance.

** The benchmark for this Fund is the MSCI World Accumulation Index (AUD) Hedged.

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Despite recent European weakness, core countries like Germany have performed very strongly and are expected to continue to in 2011. We are comfortable with our European holdings as fundamentally, the businesses and their investment cases remain intact. We took advantage of recent price weakness to top up existing positions for the long term benefit to unitholders. We expect the volatility experienced in 2010 to continue into 2011. There is a number of key macro and political themes at play, each of which and their possible combinations could create havoc with equity and bond markets.

Therefore, we remain vigilant and focused on adhering to our proven investment process that identifies quality business that we believe can better withstand expected volatility while delivering growth in earnings and dividends.

Portfolio holdings

International Region Allocation	% of Fund
Europe	46.0%
North America	19.7%
Asia	16.7%
Cash (Australia)	9.3%
United Kingdom	8.3%
Total	100.0%

Please note the portfolio information supplied above is based on the underlying managed investment scheme, in addition, the Fund may directly hold small amounts of cash.

For further information contact our Customer Service Centre on 1800 634 969 or visit our website:
www.sandhursttrustees.com.au/investments

The Sandhurst Professional GVI Global Industrial Fund (Fund) is issued by Sandhurst Trustees Limited (Sandhurst) ABN 16 004 030 737 AFSL 237906, a subsidiary of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879. Each of these companies 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). This update is provided by Sandhurst and contains general advice only. Please consider your personal circumstances and read the PDS, available at Bendigo Bank branches or by phoning 1800 634 969, before making an investment decision.
*Sharemarket commentary and Portfolio performance & strategy are provided by Global Value Investors Limited. (PQWGIF1006)