



Sandhurst Professional GVI Global Industrial Fund

As at 30 June 2011

Sharemarket commentary[#]

The MSCI World Index (AUD), posted a loss of 2.1% and the MSCI World Index (AUD Hedged) fell 1.2% over the month. Over the quarter the former lost 3.0% and the latter gained 0.4% due to the AUD strengthening against major currencies. In the final days of the quarter, equity markets rallied sharply after hopes of another strong (US) earnings season plus the passing of the Greek austerity measures and a commitment by the US to maintain low interest rates for an extended period. Sentiment was further helped when the International Energy Association announced the release of oil from the emergency reserves, resulting in a dramatic fall in the oil price to around \$90bbl.

Regionally, the S&P index gained 0.2% for the quarter despite the backdrop of a sluggish growth and the yet to be resolved US debt ceiling debate. The negative sentiment was compounded by unemployment remaining stubbornly high, retail sales stagnating and still depressed housing activity. In contrast, the Eurozone was up 1.2% led by Germany (+4.7%) and France (+3.0%) over the quarter. However, many of the peripheral countries posted losses over the period. In Japan, despite a loss of 2.3%, there are signs of a rebound after the damage inflicted by the devastating natural disaster earlier in the year.

Sector performances during the quarter were led by the typically defensive sectors; Healthcare rose +6.5%, Consumer Staples +5.0%, Utilities +1.2% and Telecoms +0.5%. Consumer Discretionary was the odd one out posting a gain of +4.2%. Laggards included; Industrials - 1.5%, IT -2.2%, Materials -2.8% and Financials -3.6% with the Energy sector worst hit with a decline of -5.8%.

Fund information

Application (ex distribution)	\$0.8295
Redemption (ex distribution)	\$0.8245
ICR (% p.a.) as at 30 June 2011	1.40%
30 June 2011 Distribution (per unit)	\$0.0480
Fund start date	1 June 2006
Fund size as at 30 June 2011	\$56.57 Million

Fund performance

Performance period	Fund return*	Benchmark**
1 month	-1.3%	-1.2%
3 months	+0.8%	+0.4%
1 year	+13.6%	+26.1%
3 years [^]	-3.4%	+1.1%

[^] % 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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Portfolio performance & summary[#]

Both the GVI Global Industrial Share (Hedged) and the GVI Global Industrial Share Fund Unhedged outperformed their respective benchmarks over the quarter. The portfolios' positioning in the Consumer Discretionary, Materials, Industrials, Energy and Financials sectors were the main positive contributors to performance over the period. On a stock basis, German companies such as Henkel, Linde, and Daimler posted good results and were positive for the Fund as was Eutelsat, AIA, Novartis and Vallourec. Over the course of the quarter, we reduced the number of stocks and increased our 'conviction' to a number of core holdings in the Portfolios. These included CKI, a Hong Kong based utility company that has made a number of key acquisitions in the UK, Australia, Canada, mainland China and New Zealand. Most recently they have agreed to buy Northumbrian water in the UK as they build up their strategic infrastructure assets in the developed world. We have added (on weakness) to our Daimler position, as it became clear that prestige European car brand sales remain strong in China and the US. This has also been reflected by positive sales numbers from BMW more recently. Bayer, the German based healthcare and agricultural products business, has suffered from a combination of factors over the quarter. These include news that one of their pharmaceutical drugs, currently in late stage trial to stop blood clotting, may see earlier than expected competition from a Bristol Myer drug also in trial. This was compounded by a worldwide fall in crop prices which affected their agriproducts business.

We are acutely aware of the risks concerning the Funds' exposure to Europe as a result of the ongoing European debt crisis. It has been correct to hold a high weighting in Germany which has been the standout performer, not just in Europe but within all of the developed stock markets. Nevertheless, looking forward 6-12 months, we see the ongoing debt issues in Europe and the ECB's determination to control growth and inflation by raising rates, as a potential hindrance to further significant outperformance. In contrast, the continued loose monetary policy in the US and Japan, leads us to believe that there are more opportunities in these latter regions on a relative basis. The caveat to this scenario is the failure of the US Democrats and Republicans being able to reach an agreement on the debt ceiling over the next few weeks. Failure here will have significant ramifications not just for the US stockmarket but all equity markets in the short term. This month we feature Nordic financial DnB NOR.

At the end of June 2011, GISF unhedged distributed 0.8 cents per unit and GISF distributed 6.77 cents per unit.

**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 (Bank) 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). Investments in this Fund are not deposits with, guaranteed by, or liabilities of the Bank or any of its subsidiaries. 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 & summary are provided by Global Value Investors Limited.

The information provided in this update is current as at 30 June 2011 and is subject to change.

Portfolio holdings

International region allocation	% of Fund
Europe	43.3%
Asia	18.9%
North America	18.7%
United Kingdom	9.8%
Cash (Australia)	9.3%
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.

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