

Sandhurst Diversified Funds

Quarterly fund update - December 2023

Investment approach

Each Fund provides access to a selection of high quality, specialist active and index investment managers across a variety of asset classes via its underlying investments. The investment portfolios provide access to investments which have been constructed in a manner that Sandhurst believes will meet the investment return objective of each Fund. Each Fund aims to provide a total return after fees in excess of a stated percentage above inflation over a full market cycle (typically 7 to 10 years), where inflation is measured by the Australian Consumer Price Index (CPI).

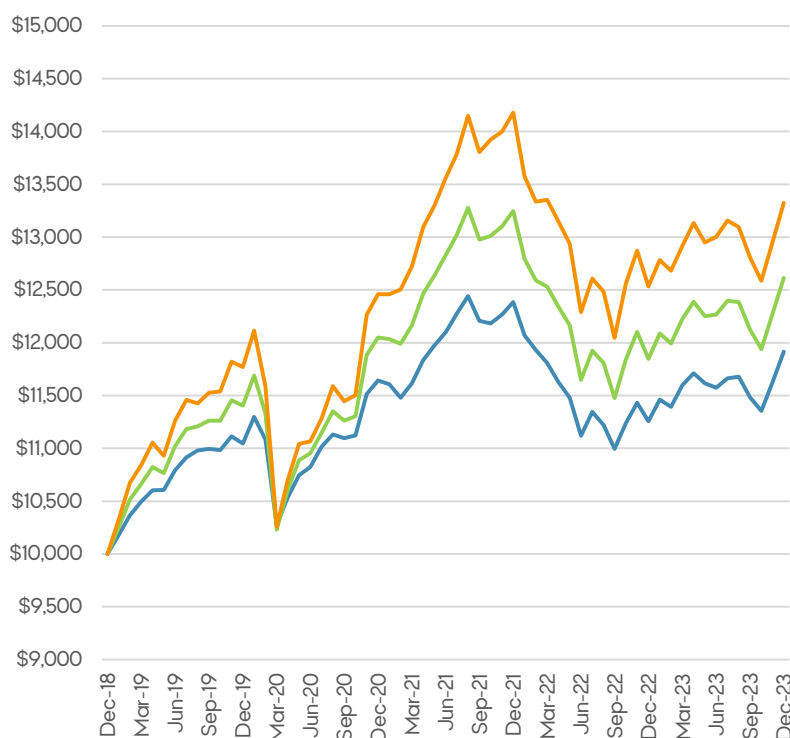
Fund performance¹

as at 31 December 2023	Distribution (cents per unit)	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Sandhurst Conservative Fund	\$0.001 2	3.76	5.86	0.77	3.57	4.70
Sandhurst Balanced Fund	\$0.0009	4.05	6.47	1.54	4.75	4.94
Sandhurst Growth Fund	\$0.0031	4.03	6.30	2.26	5.91	5.49

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance over 5 years)



Fund facts

Fund inception date	7 June 2002
Distribution frequency	Half yearly

Sandhurst Conservative Fund

Fund APIR Code	STL0008AU
Return objective	CPI + 1.5%
Recommended investment timeframe	3 years +
Risk level	Low to medium
Management fees & costs ²	1.43% p.a.
Buy / Sell Spread ²	+0.1 2%/-0.1 5%

Sandhurst Balanced Fund

Fund APIR Code	STL0009AU
Return objective	CPI + 2.5%
Recommended investment timeframe	4 years +
Risk level	Medium
Management fees & costs ²	1.45% p.a.
Buy / Sell Spread ²	+0.1 4%/-0.1 6%

Sandhurst Growth Fund

Fund APIR Code	STL0001 0AU
Return objective	CPI + 3.5%
Recommended investment timeframe	5 years +
Risk level	Medium to high
Management fees & costs ²	1.48% p.a.
Buy / Sell Spread ²	+0.1 5%/-0.1 6%

Do you have any questions?

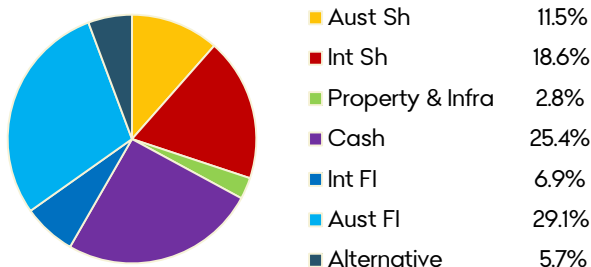
For further information contact us on 1800 634 969 or visit our website: www.bendigobank.com.au/managedfunds

Unit prices

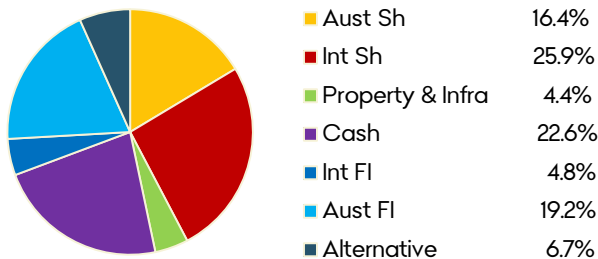
as at 31 December 2023	Application price	Withdrawal price
Sandhurst Conservative Fund	\$0.9891 9	\$0.98652
Sandhurst Balanced Fund	\$1 .04090	\$1 .03778
Sandhurst Growth Fund	\$0.97522	\$0.97220

Asset allocation

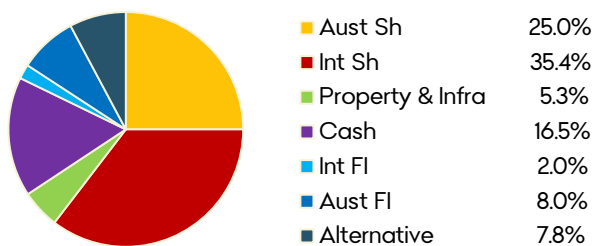
Sandhurst Conservative Fund



Sandhurst Balanced Fund



Sandhurst Growth Fund



Performance commentary

Performance varied over the quarter, with strong absolute performance from the Funds. On a relative basis, performance was more mixed with strong returns from active asset allocation tilts and some underperformance from some active managers given low exposures to the lower quality companies that rallied especially hard into year end. Our preference for larger cash flow resilient companies held back the growth allocation amongst the active managers part of the Funds.

Looking forward the Funds are well setup with defensive equities to withstand equity market volatility while producing good income for the portfolios. The Funds continue to hold strong diversifiers in an uncertain and evolving market regime.

Economic commentary

The December quarter of 2023 saw a reversal of economic trends observed over the preceding quarter. In the third quarter US 10-year government bond yields increased nearly 1% on stronger economic data and a hawkish Federal Reserve expectation of two more rate hikes in 2024 than previously assumed. The fourth quarter saw this completely reverse with the 10-year yields back to where they started the financial year at 3.8%. This was caused by softer inflation data and a clear and sudden Federal Reserve dovish pivot. They removed those two additional hikes and signalled clearly that the committee is comfortable reducing interest rates in-line with declining inflation, thus keeping real rates at the same positive level.

Markets cheered this December announcement and by the end of calendar 2023 expectations were for the Federal Reserve to cut six times in 2024. With employment holding firm the 'soft-landing' outcome was coming to the fore and this saw a strong 'Santa Claus rally' across capital markets. In equities the rally extended to lower quality segments of the market with small-caps, and the most shorted companies extending gains - a dynamic commonly seen in 'risk-on' rallies.

Within Australia, on Melbourne Cup day, the Reserve Bank decided to raise interest rates again in response to stickier inflation which caused the Australian Dollar to rally. Key commodity prices slid during the quarter with the exception of Iron Ore which continues to defy the weakness in the Chinese housing market.

Looking forward economic conditions appear mixed. China and Europe are challenged with the US and Australia muddling through. The key question for markets is whether the soft-landing eventuates or not. Historically every major slowdown looks like a soft landing at first, and now markets are priced for it.

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. Funds start date 7 June 2002.
2. Management fees & costs are based on fees and costs incurred by the Fund in the past financial year and may be different in the current and future financial years. Other fees and costs may apply. See the Product Disclosure Statement for full details.

The managed funds detailed in this update (individually referred to as 'Fund' or collectively as 'Funds') are 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 Funds or the service they provide, full details of which are contained in the relevant Product Disclosure Statement (PDS). Investments in the Funds are not deposits with, guaranteed by, or liabilities of the Bank or any of its related entities. Economic and outlook forecasts are not guaranteed to occur. Sandhurst has prepared this document based on information available to it. The information and opinions provided in this document have not been verified and Sandhurst has no obligation to notify you in the event that any information or opinions change. No representation is made to the fairness and accuracy of the information, opinions and conclusions contained in this document. This update is provided by Sandhurst and contains general advice only. Please consider your situation and read the relevant PDS available at www.bendigobank.com.au/managedfundsforms, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision. For target market determination: www.bendigobank.com.au/TMD

The information is current as at 31 December 2023 (unless stated otherwise) and is subject to change without notice.