



Investment Rating Report

Foresight Investment Rating: **SUPERIOR**
 Foresight Complexity Indicator: **RELATIVELY SIMPLE**

Investment Manager: Sandhurst Trustees Limited
Investment Structure: Australian unit trust
Wholesale/Retail: Retail (class A), wholesale (class B)
Category: Enhanced cash
Inception: July 2011
Management Fee: 0.79% retail and 0.45% wholesale
Performance Fee: Nil
Responsible Manager / Entity: Sandhurst Trustees Ltd. ACN 004 030 737
Investment Objective: The Sandhurst Strategic Income Fund aims to outperform the Bloomberg AusBond Bank Bill Index over any 2-year period (after fees).

The Sandhurst Strategic Income Fund seeks to provide an enhanced cash investment that targets a return above the benchmark – the Bloomberg AusBond Bank Bill Index – over any 2-year period. The Fund invests primarily in Australian-dollar-denominated cash, money market, bank and corporate senior debt (largely senior secured bank notes) and asset-backed securities ('ABS'), specifically residential mortgage-backed securities ('RMBS'). The portfolio is largely comprised of floating-rate investments. Consistent with the 'cash enhanced' nature, the strategy is overwhelmingly an investment-grade strategy, with BBB investments typically not exceeding 10% of the portfolio.

The portfolio is actively managed to minimise capital loss and to provide consistent income over time. The strategy consists of a top-down relative value approach, combined with macro oversight and a bottom-up credit assessment methodology.

Since its inception, the Fund (Class A) has achieved its objective, providing returns of 0.92% p.a. over the benchmark while maintaining high capital stability and liquidity.

Fund Performance (Class A 30 September 2023)

	Fund Return %	Benchmark %	Excess Returns %
3 months	1.47%	1.05%	0.51%
6 months	2.70%	1.95%	0.75%
1 year	4.38%	3.48%	0.90%
Since incept. (p.a.)	2.79%	1.87%	0.92%

Source: Sandhurst, Benchmark: Bloomberg AusBond Bank Bill Index. 1. Fund performance is calculated before tax and after fees and costs; using withdrawal prices and assumes distributions are reinvested.,

Review Summary

The Sandhurst Strategic Income Fund (the 'Fund') is managed by Sandhurst Trustees Ltd. ('Sandhurst' or 'the Manager'), a fully-owned subsidiary of the Bendigo and Adelaide Bank. Sandhurst Trustees Ltd. is additionally the Responsible Entity, Custodian, and Administrator of the Fund.

Foresight Investment Rating & Complexity Indicator

An investment rating of **SUPERIOR** has been assigned to the Sandhurst Strategic Income Fund, indicating our highest confidence that it can deliver a risk-adjusted return in line with its investment objectives. In Foresight's opinion, the investment management team is experienced, and their processes are robust. The investment approach is conservative, technical and highly analytical.

Designation as a **RELATIVELY SIMPLE PRODUCT** indicates that the Investment Manager will seek to outperform their chosen mainstream market sector. The strategies used are well documented and do not include the use of leverage or derivatives for trading purposes.

SANDHURST STRATEGIC INCOME FUND
Fund Details

Fund Name	Sandhurst Strategic Income Fund
Dominant Strategy	Australian enhanced cash
Investment Structure	Australian unit trust – Class A (retail) and Class B (wholesale) units
Investment Manager	Sandhurst Trustees Ltd.
Trustee / Responsible Entity	Sandhurst Trustees Ltd. (AFSL number: 237906)
Fund Inception	July 2011
Domicile	Australia
Legal Form	Registered managed investment scheme
Geographic Mandate	Australia
Open/Closed	Open
Redemptions	Class A Unitholders – Weekly redemption available Class B Unitholders – Daily redemption available
Management Costs	Class A units – 0.79% p.a. of the net asset value of the Fund Class B units – 0.45% p.a. of the net asset value of the Fund
Performance Fee	Nil
Target Return	To outperform the Bloomberg Ausbond Bank Bill Index
Income Distributions	Quarterly
Funds Under Management (FUM)	AU\$34.7 million as of 30 September 2023
Minimum Subscription	AU\$2,000 (Class A), AU\$500,000 (Class B)
Subsequent Subscription	\$500 or \$50 per month via regular savings plan
Entry Fee	Nil
Exit Fee	Nil
Fund Term	Recommended for at least a 2-year investment period.
PRIMARY CONTACT	
Name and Title	Roger Coats, Portfolio Manager
Email Address	managedfunds@sandhursttrustees.com.au
Telephone Number	1800 634 969
Address	GPO Box 4314, Melbourne Vic 3001
Website	bendigobank.com.au/managedfunds

Investment Profile

SANDHURST STRATEGIC INCOME FUND

HISTORY/BACKGROUND

The Fund is a unit trust established by a constitution dated 27 May 2011. The Fund is a managed investment scheme registered with the Australian Securities and Investment Commission. It distributes all capital and income on a pre-tax basis to unit holders.

The Fund was launched in July 2011 and, as of September 2023, had FUM in excess of \$34 million. The underlying portfolio is actively managed by the Manager, which strictly follows investment parameters as set out in the Investment Policy.

Sandhurst Trustees Limited is the Responsible Entity and the Investment Manager of the Fund and also provides custody, administration and registry services. Sandhurst has a long history of providing trustee services as well as a suite of common and managed investment funds to its clients. Sandhurst is a wholly-owned subsidiary of the Bendigo and Adelaide Bank and is part of the Bendigo Wealth division.

On 27 September 2023, Bendigo Bank announced it had signed an agreement to sell Bendigo Super to Betashares Australia Holdings Pty. Ltd., which is part of the Betashares group of companies ('Betashares'), subject to certain conditions and regulatory approval. While Sandhurst and the superannuation funds businesses are managed together, the sale is not expected to directly impact the Sandhurst team or the management of the Fund. That said, the business will work through a range of workflow activities over the next 6 to 9 months.

The sale does raise the question of Bendigo's commitment to funds management, that is, Sandhurst. And if that question is in the collective mind of the Sandhurst investment team, then it raises the possibility of team instability. We simply note this an emerging risk – we have no specific information regarding Bendigo's longer term intentions – and, as per any fund manager, Foresight a 'watch and act' position in regard to any possible such developments.

OBJECTIVE

The Fund seeks to provide investors with a regular income stream by investing in a high-quality, diversified portfolio of cash, term deposits, money market securities and floating-rate securities, specifically bank and corporate senior debt and RMBS. That is, the Fund seeks to provide enhanced cash returns with a low-interest rate risk (the portfolio is largely comprised of floating-rate instruments) and good liquidity for its investors.

Monies invested in the Fund are pooled and used to purchase eligible assets on behalf of all investors in the Fund. The Fund will make a distribution to investors at the end of each quarter based on the distributable income of the Fund.

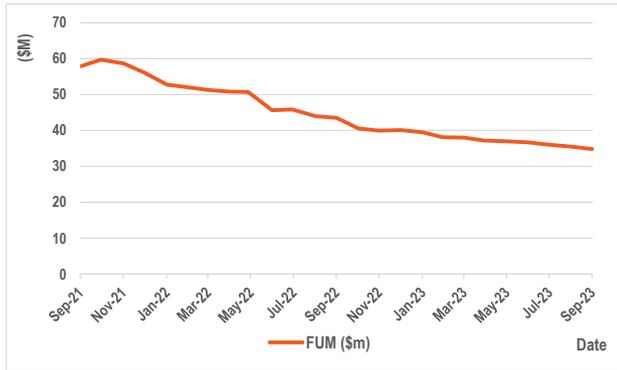
FUNDS UNDER MANAGEMENT

The Sandhurst Strategic Income Fund's FUM were \$34.7M on 30 September 2023, and the Sandhurst Trustees Income Investment team managed and had under administration approximately \$5.13BN. The FUM timeline of the Fund and the breakdown of total funds under administration are presented in Exhibits 1 and 2 below.

The FUM timeline of the Fund is somewhat surprising for Foresight, and we say this in the context of the quality of the Fund and the material increase in returns over the last 2 years as interest rates have increased. Over this period, investors have certainly been materially better served by floating-rate strategies versus fixed-rate strategies. Based on conversations with the Manager, we sense that the Fund may have struggled to gain attention from the Bendigo Bank advisor network, given the multiplicity of internal products. Whatever the case, it's important to note that the Manager is committed to raising the Fund's profile.

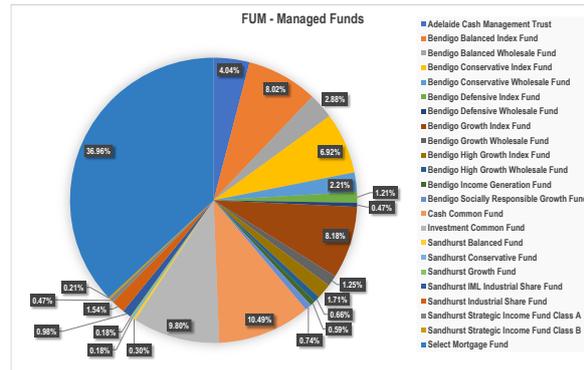
SANDHURST STRATEGIC INCOME FUND

Exhibit 1: FUM Timeline



Source: Sandhurst, Foresight

Exhibit 2: FUM Breakdown - Sandhurst



INVESTMENT UNIVERSE

Whilst the Fund can only purchase investment-grade assets, it can hold up to 10% in sub-investment grade and unrated assets in the event of a downgrade of a particular security. Derivatives can be used to manage interest-rate, credit, foreign-currency, and duration risks but are typically only used in relation to fixed-income securities in order to convert these instruments to floating-rate returns. The Fund's Investment Policy does not allow the Fund to use gearing, and it is not permitted to use derivatives in a way that generates leveraged returns. As noted, the Fund is entirely a floating-rate investment vehicle and, as such, does not bear interest rate risk.

Historically, and as reflected in the current positions, the portfolio has exhibited relatively stable allocations to particular asset classes. Australian RMBS has gravitated around the 30-35% mark. Similarly, senior floating rate notes ('FRNs') have been around the 30-35% mark. The residual has typically comprised cash, term deposits and money market funds, which are largely used for liquidity management and downside protection. In periods of market stress, the allocation to the residual asset classes has been augmented.

The Fund can invest in the following:

Physical assets (issued in or hedged to AUD)	
▪ Deposits with licensed ADIs	▪ Interest-rate derivatives
▪ Government and semi-government bonds	▪ Credit derivatives such as credit default swaps
▪ Senior and subordinated debt securities	▪ Foreign exchange derivatives
▪ Hybrid securities	▪ Bank bills and negotiable certificates of deposits (NCDs)
▪ Asset-backed securities	▪ Commercial paper
▪ Residential mortgage-backed securities	▪ Other debt securities
▪ No investments can be made in sub-investment grade assets	▪ Managed investment schemes that invest as above

Investment Philosophy

The underlying philosophy is designed to fit the Fund's investment objectives, a cash-enhanced product providing consistent income and alpha returns with negligible capital and liquidity risk. To achieve this objective, the Manager seeks to eliminate or mitigate certain risks.

Interest-rate risk, a material capital risk in fixed-interest securities, is effectively eliminated by only investing in floating-rate instruments. Credit risk is minimised by an exclusively investment-grade mandate and detailed bottom-up and top-down macro assessments on individual issuers and sector exposures. Furthermore, the Manager has a strong focus on credit duration risk, particularly in relation to adverse market events during which the Manager will seek to sell less liquid investments prior to event in order to mitigate capital risk.

SANDHURST STRATEGIC INCOME FUND

In addition to the above, alpha generation is materially a function of relative value assessment. As a result, the Manager actively manages allocation between the credit and cash market sectors as well as the credit duration profile. Roll-yield trading is also a strategy the Manager uses to generate alpha. For example, buying a 5-year major bank senior secured note and selling it 3 years before maturity captures the progressive move to par value as the instrument approaches maturity.

In short, Sandhurst believes that active allocation, underpinned by conservative credit analysis and identification of relative value, can generate superior returns with lower volatility than passive allocation. Sandhurst has observed that various sectors display differing risk-and-reward opportunities over time, particularly when credit risk or interest-rate risk is poorly understood or when regulatory change occurs. They analyse business and economic cycles to identify strong risk-reward opportunities.

Sandhurst looks to capture the credit risk and relative risk inefficiencies that exist between sectors of the credit and cash markets in order to achieve its risk-adjusted returns targets. Sandhurst focuses on carefully managing liquidity risk and capital stability, with these 2 objectives outweighing the hunt for yield.

A key part of the investment philosophy is to invest in term deposits as part of the portfolio, given the different risk-and-return drivers of this sector compared to other cash/credit sectors.

Investment Strategy

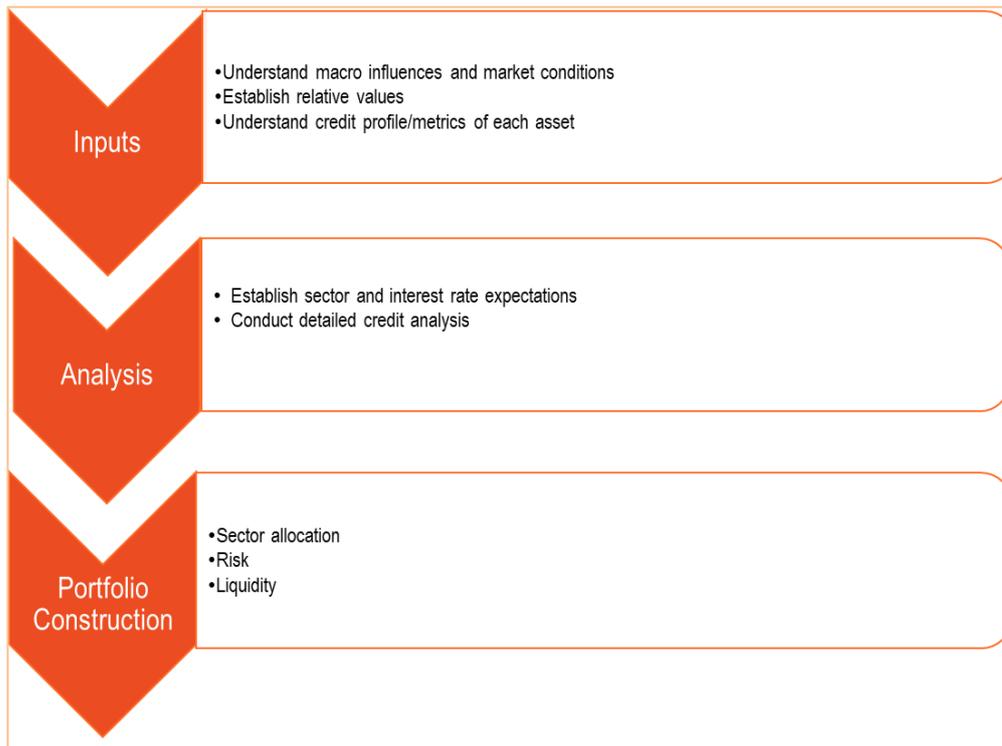
The investment strategy for the Fund uses 4 main inputs for the formulation and management of the portfolio, as outlined below:

1. Liquidity:
 - Application and redemption monitoring
 - Forecast of fund liquidity
 - Testing securities
2. Asset allocation:
 - High-level risk allocation is set
 - Evaluation of sector credit capital structure, rates and duration
 - Leveraging of top-down, multi-asset process
3. Risk management:
 - Diversification and downside risk management
 - Testing to ensure that there are no negative quarterly returns
 - Monitoring of credit duration
 - Oversight by Investment Committee and Compliance Committee
4. Stock selection:
 - Emphasis on credit research
 - Relative-value analysis
 - Asymmetric credit pay-offs are identified

Investment Process

The Fund's investment process includes accumulating relevant economic, market and company-specific financial and credit data. Views are formed on the outlook of credit markets, and detailed credit analyses of the counterparty or issuer of the fixed-income security are completed. More complex investments, such as residential mortgage-backed securities (RMBS), benefit from detailed bottom-up and pool-wide approaches. Assets are assessed for their impact on the overall risk and reward of the Fund's asset portfolio. This includes decisions on the use of derivatives to manage interest-rate risk and credit risk. The Investment Manager maintains weekly monitoring of the credit quality of the portfolio.

The process is outlined below:

SANDHURST STRATEGIC INCOME FUND

INPUTS

The Fund's macro-economic research and forecasting tools use several sources, including Bendigo and Adelaide Bank's Treasury Department and Financial Markets department, as well as the investment team's and bank's sell-side relationships. Information is gathered on future growth, interest rates and sector conditions/spreads.

The investment team meets weekly to assess this information and formulate a view on the relative risk/reward across sectors and time frames, the outlook for rates and the yield curve, the prevailing market sentiments and any economic risk or opportunities that may affect the portfolio. This information is directly used to formulate the target duration and sector exposures for the Fund. It also contributes to the forecasting of carry/returns and market sensitivities, which in turn are used to assess relative-value switches and positioning along the yield curve for various credits.

In recent years, Sandhurst has enhanced its process by adding objective indicators such as international PMI, building approvals, etc., and using forecast volatility.

CREDIT RESEARCH

The Investment team collaborates closely on credit analysis with the Bendigo Bank Financial Risk and Modelling team. Credit reports, financial data and analyses are shared between the teams, with the Sandhurst Investment Team deepening the strategic and financial risk analysis.

Available securities are initially screened. They must be denominated in Australian dollars and issued in the Australian market. Except for mezzanine papers that are senior to rated debt, securities must be rated by S&P, Moody's, Fitch, or Foresight Analytics and Ratings. The securities must be liquid.

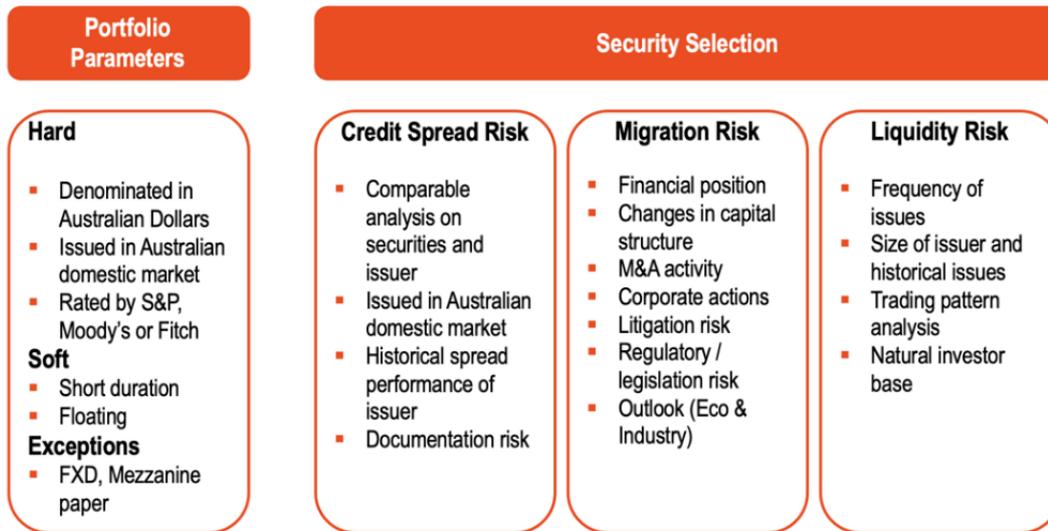
The credit process is applied to potential and existing investments to assess the likelihood of a default. The first step is to look at external credit ratings and research; the Fund only invests in investment-grade securities or deposits held by investment-grade banks and ADIs. This is followed by additional research for banks, corporates and asset-backed securities. Corporate debt securities require detailed cash flow modelling and stress testing to determine default probabilities. Asset-backed securities credit research includes cash flow modelling, structure analysis and analysis of the collateral. Individual loans are researched using demographics and postcodes. Over the last 3 years, Sandhurst has significantly enhanced its RMBS analysis in the following areas: model enhancements, responsible lending changes, income and expense verification methodology, a new consumer/auto ABS specific model, cash flow stress testing, delinquency tracking and ongoing issuer monitoring model.

In addition, Sandhurst routinely looks at ESG factors for potential securities. Please refer to the section titled 'Sustainability and ESG' for further information.

SANDHURST STRATEGIC INCOME FUND

PORTFOLIO CONSTRUCTION

Portfolio construction results from several inputs, including detailed liquidity forecasts, macroeconomic and market views, and interest rate and credit outlooks.



The Manager classifies asset allocation in 2 different ways. The first is a conventional approach based on fixed-interest securities. The second uses a combination of liquidity, interest-rate risk, credit risk, yield and diversification characteristics; Sandhurst calls these the 'utility' sectors. In the 'Portfolio Positioning' section below, we detail the dynamic allocation of the Fund based on both classification categories. Perusing the dynamic allocation according to the conventional approach would suggest a relatively static SAA/TAA approach, however the latter classification highlight a dynamic approach in relation to credit duration.

The classification categories based on credit duration are tabled below. 'Cascade' is an instrument that pays itself down within the next 12 months. 'Nimble Short' is an asset that can be sold tomorrow and has a duration of less than 3 years. 'Nimble Long' normally has a duration of 4 to 5 years. Assets labelled 'Diversify' and 'Yield' are less linked to the residential real estate market.

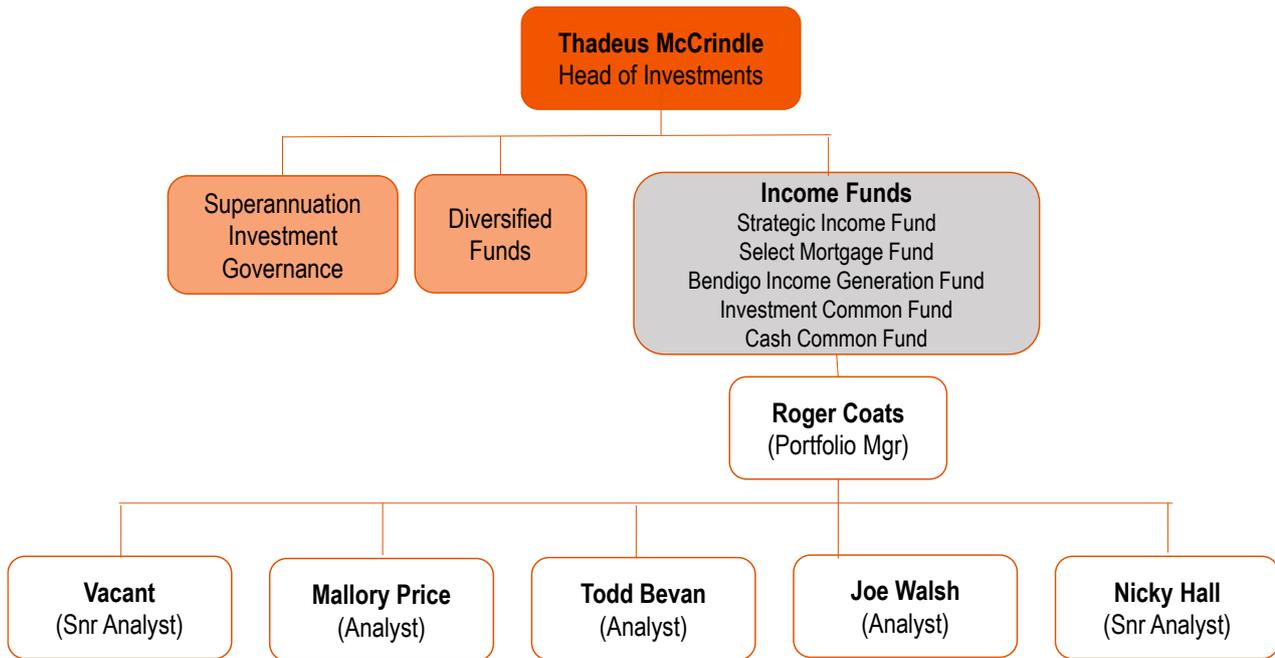
The categories are below:

Cash	11am, cash accounts and NCDs	Diversify Yield	Corporate & foreign bank paper
Cascade	Term deposits and short-dated investments	Diversify Nimble	Foreign bank paper (liquid)
Nimble Short	Major bank paper with <3yrs to maturity	Yield Short	Regional bank paper and RMBS with <3yrs to maturity
Nimble Long	Major bank paper with >3yrs to maturity	Yield Long	Regional bank and RMBS with >3yrs to maturity

The portfolio and underlying securities are subject to ongoing review. Foresight Analytics and Ratings' opinion is that the Investment Managers' investment process is robust and benefits from the experienced management team. The investment approach is conservative, technical and highly analytical. Sandhurst uses the Bloomberg PORT function in its stress testing/risk analysis. This function also provides in-depth performance attribution.

Investment Team

Investment management of the Strategic Income Fund falls within Sandhurst's Income Funds team, which also manages the Bendigo Income Generation Fund, the Sandhurst Select 90 Mortgage Fund and 2 Common Funds.

SANDHURST STRATEGIC INCOME FUND

KEY INVESTMENT TEAM MEMBERS

Name	Allocation of Time to Fund	Fund / Industry Years	Key Responsibilities
Thadeus McCrindle Chief Investment Officer	10%	12 / 22	Head of Investments, management, Investment Committee, asset allocation
Roger Coats Portfolio Manager	40%	10 / 35	Management, portfolio management, asset allocation and positioning
Joe Walsh Analyst	60%	2 / 4	Credit analysis, liquidity, asset allocation
Todd Bevan Analyst	20%	3 / 7	Credit, RMBS analysis

Thadeus McCrindle (Head of Investments): Thadeus has worked in investment roles for 21 years with JP Morgan and the Bendigo and Adelaide Bank. At JP Morgan, Thadeus worked in a quantitative role modelling Derivatives, listed and unlisted assets. He joined Bendigo & Adelaide Bank Group in 2005. In 2006, this business launched a number of funds, including deep credit & enhanced cash funds, and Thadeus moved into the management team for these funds. He performed credit analysis and managed the enhanced cash portfolio from that time until the present day. In 2010, Thadeus was appointed Head of Investments/CIO and took on additional leadership responsibility across the multi-asset portfolios, Superannuation Investment Strategy, and Estates and Charitable Trust portfolio management. His role involves manager selection and portfolio construction, active asset allocation, and capital markets research. Thadeus is a CFA charter holder, has a Bachelor of Finance from the University of Adelaide and a Graduate Diploma in Applied Finance and Investment from FINSIA.

Roger Coats (Portfolio Manager): Roger has worked in banking and investment roles since 1987 with Merrill Lynch, ABN AMRO, Hambros and BNP Paribas prior to joining Sandhurst. Initially originating and syndicating Eurobond issues in London, Roger also structured cross-currency and interest rate swaps in Sydney, where he expanded to originate and trade corporate bonds and domestic bank securities. In 1998, Roger was appointed Head of Capital Markets for Banque Nationale de Paris. The role provided oversight for teams involved in syndicated bank lending as well as bond and bank paper origination, trading and sales. Roger led companies through stock market listings, private equity and trade sales, as well as venture capital raisings as Chief Operating Officer with Living Cell Technologies and Opto Global. Before starting with Sandhurst, Roger spent 5 years consulting for several Financial Planning companies, providing him with direct insight into customer and investor requirements. Roger completed the Governor's Leadership Foundation program in 2012 and a Diploma of Financial Planning in 2021. His management experience – through several interest rate cycles – coupled with his credit skills supported his appointment as Portfolio Manager in January 2014.

SANDHURST STRATEGIC INCOME FUND

Joseph Walsh (Investment Analyst): Joe joined the bank in 2019 after completing his Bachelor's degree in Corporate Finance. He initially worked in the Middle Office team, supporting Business Banking Managers with loan applications and financial analysis. He later transitioned to a Senior Associate role, preparing credit submissions and conducting customer reviews. In October 2021, Joseph joined the Sandhurst Income Funds team as an Investment Analyst. He was in the top 10% of candidates Level 1 and 2 globally in the CFA exams. Joseph leverages his skills and knowledge to provide credit analysis, review of investments and asset allocation.

Todd Bevan (Investment Analyst): Todd's role involves analysing pool cuts for potential RMBS investments for the Income Funds as well as analysing data in relation to interest rate risk, liquidity, credit, and reporting on fund performance for the managed funds and reporting on these results through to various Committees. Todd has a is currently undertaking CFA Level I to accompany his Commerce degree, majoring in Corporate Finance. He has been with the bank for over six years with roles in Business and Third Party Banking.

Investment Committee

The Sandhurst Investment Governance Committee (Investment Committee) meets quarterly to review the performance and compliance of the Fund with its objectives. The Investment Committee has 7 members, each with considerable industry experience, who currently hold senior positions within Sandhurst.

The Committee is chaired by Justin Hoare (Chief Executive Officer, Sandhurst Trustees). Other members include Vicky Carter (Chair of Sandhurst Trustees), Luke Davidson (Group Treasurer, Bendigo and Adelaide Bank), Alex Tullio (Independent, Non-Executive Director, Sandhurst Trustees), David Robertson (Head of Economics, Bendigo and Adelaide Bank) and Darren Kashagan (Head of Third-Party Banking, Bendigo and Adelaide Bank).

Business Management

Justin Hoare (Head of Sandhurst Trustees) heads up the Sandhurst business. Management of the Sandhurst Strategic Income Fund falls under the Wealth division of the Bendigo and Adelaide Bank. The Wealth division ultimately reports to Richard Fennell (Executive Director of Bendigo and Adelaide Bank Ltd. – Consumer Banking).

Sales and marketing are provided by Bendigo's Wealth division. Sandhurst – or the Group – provides in-house administration for the Fund.

Compliance and Risk Management

Sandhurst has a dedicated Wealth Risk and Compliance team and a dedicated Risk and Compliance Officer. Each operational area at Sandhurst has a Manager/Responsible Monitoring Officer (RMO) who reports to the Head of Wealth Risk and Compliance, who in turn reports to the Sandhurst Audit, Risk and Compliance Committee (Board Committee).

A separate Compliance Plan for the Sandhurst Strategic Income Fund is incorporated into Sandhurst's compliance program. This Plan encompasses legislative, regulatory and internal standard requirements and has been lodged with ASIC.

The overall risk framework is supported by the Group's internal audit division and operates within the Group's broader Risk and Compliance programs. Sandhurst utilises the Group Assurance department (internal audit) in accordance with the terms of the Bendigo and Adelaide Bank Service Agreement. Group Assurance conducts risk-based reviews of the responsible entity's key compliance requirements at least once every 3 years or more frequently if requested by Sandhurst (on a case-by-case basis).

In addition, the Compliance Plan is externally audited on an annual basis. The external auditors undertake ongoing reviews of the Fund's operations, including unit pricing, valuation methodology, distribution calculations and taxation.

Conflicts of Interest are managed using the Bendigo and Adelaide Bank Group's policies as well as a Sandhurst Management of Conflicts of Interest and Related Party Transactions policy. These policies cover the identification, avoidance and management, monitoring and recording of conflicts.

Sandhurst has also adopted the Bendigo and Adelaide Bank Anti-Money-Laundering and Counter-Terrorism-Financing Policy.

EXPOSURE RISK

The Fund is governed by the following Investment Target Exposure Limits:

SANDHURST STRATEGIC INCOME FUND

Security Exposure	Max	Min
Bank deposits and money market securities	100%	0%
Sovereign	80%	0%
Semi-government	60%	0%
Corporate bonds and FRNs	60%	0%
Asset-backed securities	40%	0%
Primary Securities Total	100%	90%
Hybrids and Other	10%	0%
Secondary Securities Total	10%	0%
Investment Grade	100%	90%

Issuer Exposure	Max (excl. deposits)
Australian Government	80%
State Government	40%
Bank (AA-rated or above)	40% (25%)
Bank (A-rated)	40% (15%)
Bank (BBB-rated)	20% (12%)
MIS by Sandhurst	10%
MIS by other RE	20%
All other (Investment-Grade)	10%
All other (Sub-Investment Grade)	15%

LIQUIDITY MANAGEMENT

Liquidity management is a key process to ensure the Fund can meet redemptions. The Fund manages liquidity by

- holding a prescribed level of highly liquid assets;
- matching short-term asset maturities to forecasted redemptions;
- investing in a range of short-term assets with alternating maturities;
- investing in amortising assets; and
- monitoring the balance of liquid, semi-liquid and less-liquid assets.

The following guidelines are used to assist in meeting redemption requests and keeping the Fund liquid at all times:

Assets	Target	Minimum
1-day liquidity	11%	5%
1-week liquidity	26%	No minimum
1-month liquidity	45%	30%

Source: Sandhurst

The above largely relates to static and defined aspects in relation to liquidity. However, over and above this, the Manager adopts a very dynamic approach to assessing the 'mood' of the market and dynamically managing the portfolio's liquidity profile. This ongoing assessment is based on 6 key factors: market volatility, economic conditions, adverse media, credit deterioration, monetary policy and fund data (net flows).

This 6-theme rating provides a measure of perceived liquidity in the markets with quantitative and qualitative factors to determine the Manager's projected overall volatility. Each theme has several metrics that are scored within set thresholds. These are then weighted to determine the overall rating. For example, the collapse of Silicon Valley Bank and Credit Suisse in March 2023 put liquidity into the 'severe' band. The Manager responded by ceasing investments in RMBS for a period, allowing natural amortisation to provide greater liquidity in the Fund.

SUSTAINABILITY AND ESG

ESG risks and considerations form part of the product analysis for the investment team, which incorporates such matters in issuer selection.

ESG considerations, when material, are incorporated into the team's initial investment analysis, their decision-making process and throughout the life of the investment. The team performs bottom-up credit analysis as part of its quantitative measures, including analysis of the issuer strategy and initiatives, the Sustainalytics score, Bloomberg disclosure score, MSCI ratings and peer comparison. As part of its qualitative analysis, the team reviews ESG initiatives and strategies of products.

Performance as of 30 September 2023

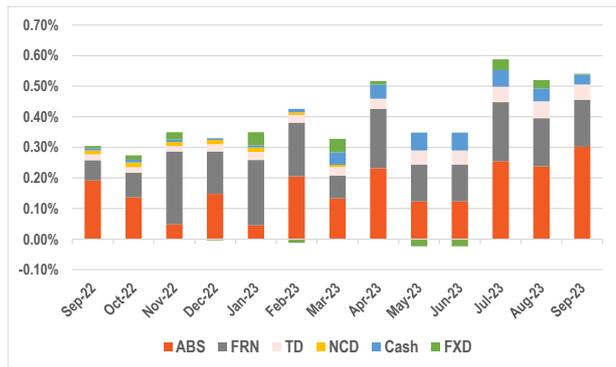
The Fund's performance has been tabled and diagrammatically presented below.

SANDHURST STRATEGIC INCOME FUND

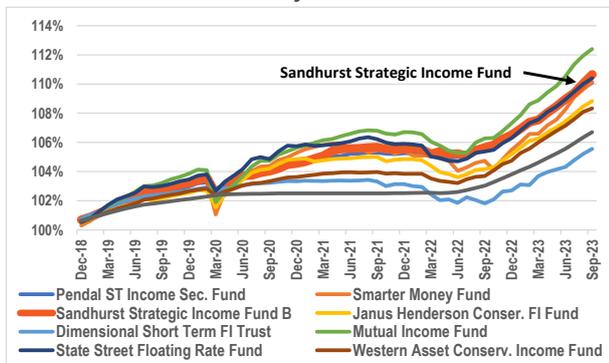
Period	Fund Return* (Class A) %	Fund Return* (Class B) %	Bloomberg AusBond Bank Bill Index %	Excess Returns % (Class A)	Excess Returns % (Class B)
3 month	1.47	1.56	1.05	0.42	0.51
6 months	2.70	2.89	1.95	0.75	0.94
1 year	4.38	4.74	3.48	0.90	1.26
2 years (% p.a.)	1.99	2.34	1.97	0.02	0.37
5 years (% p.a.)	1.66	2.01	1.27	0.39	0.74
Since inception	2.79	3.11	1.87	0.92	1.24

Source: Sandhurst, *Fund Performance is calculated before tax and after fees and costs.

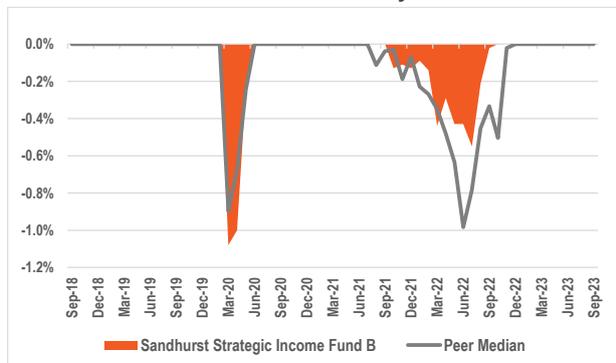
Exhibit 3: Income vs Capital Returns

Exhibit 4: Attribution – Sector Performance


Source: Sandhurst, Foresight

Exhibit 5: Peer Analysis – 5-Year Total Returns


Source: Sandhurst, Lonsec IRATE data

Exhibit 6: Drawdown Analysis


We note the following points:

- Referencing the table above, we note the Fund has exceeded the benchmark over multiple periods. That said, the Fund has generally not met the unofficial benchmark of the Bloomberg Ausbond Bank Bill Index + 1% p.a., although we note both unit classes have met this objective over the last 12-month period. We also note that the yield to maturity of the Fund on 30 September 2023 was approximately 5.5% p.a., which was 1.4% above the benchmark.
- Exhibit 3 shows income has increased over the last 12 months in line with the increase in interest rates. The degree of income yield has also provided a critical buffer for overall positive returns. Notably, months of negative capital returns have been limited, as has the degree of such negative returns. This reflects the lesser capital risk in FRN instruments in a rising-rate environment; the Fund's investments in shorter-term investment-grade credit; capital growth derived from both spread roll compression and relative value assessments; and the Manager's proactive risk-management approach during periods of elevated market risk (notably during the Silicon Valley Bank, First Republic, Credit Suisse, etc. problems in the US).

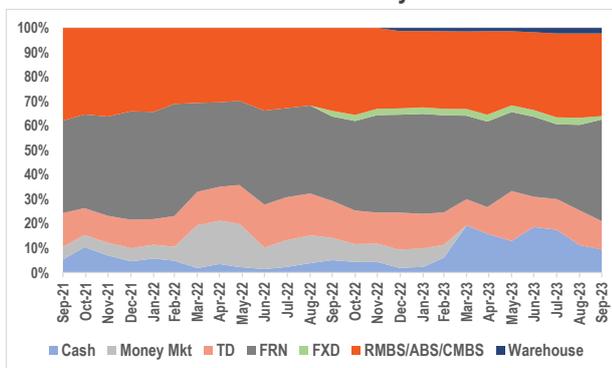
SANDHURST STRATEGIC INCOME FUND

- Exhibit 4 illustrates an attribution analysis over the last 12 months and shows the Manager's active style. As 2022 progressed, the Fund benefited from increasing interest rates and the Manager's switch to lower beta investments (shorter-dated investments). Credit spreads widened in October 2022, but the impact was more than offset by higher income levels. The Manager has subsequently been proactively and dynamically managing credit duration exposures in response to macro and technical factors in the market.
- Referring to Exhibits 5 and 6, the Fund has performed strongly relative to peers in the unleveraged, investment-grade FRN universe. Over the last 5 years, it generated the second-highest returns and had a materially lower drawdown profile during the 1HCY22 period (a period impacted by the Ukrainian war and inflationary pressures that followed).

Portfolio Positioning as of 30 September 2023

The Fund's dynamic portfolio positioning over the last 2 years is presented in the charts below. The rationale for the positioning is detailed and varied in terms of market events and asset class relative value. It is worth noting the consistently high investment-grade quality (Exhibit 8) and the dynamic aspect in relation to liquidity and credit duration profile (Exhibits 9 and 10).

Exhibit 7: Portfolio Timeline by Asset Class



Source: Sandhurst, Foresight

Exhibit 8: Portfolio Timeline by Credit Rating

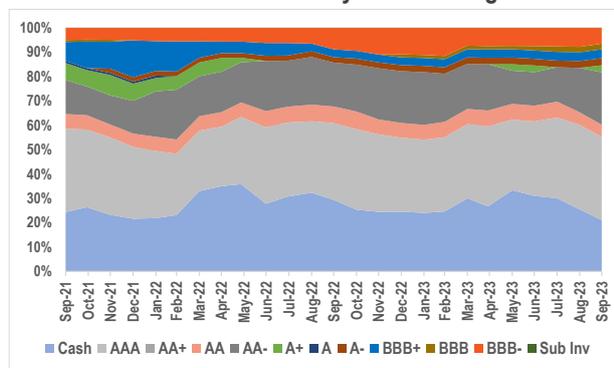
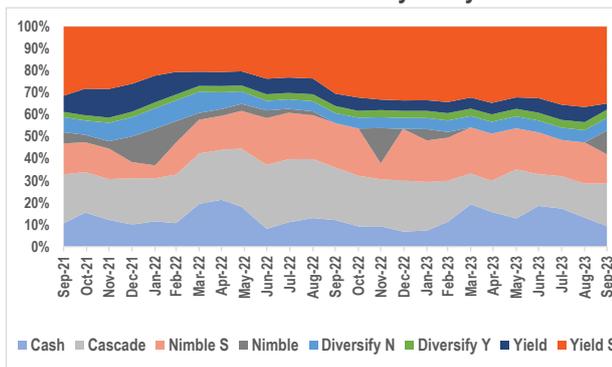
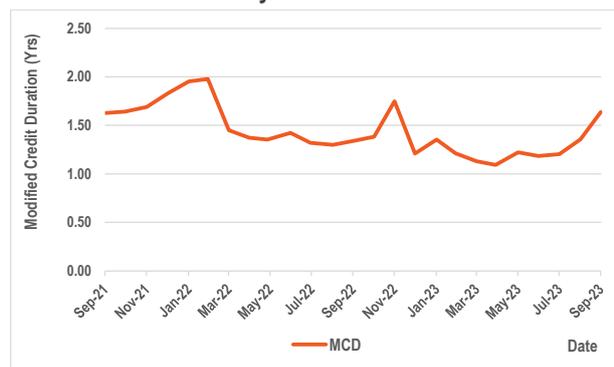


Exhibit 9: Portfolio Timeline by Utility Bucket



Source: Sandhurst, Foresight

Exhibit 10: Portfolio by Modified Credit Duration



The portfolio had the following risk/return parameters:

Metric	30 June 2021	31 August 2022	30 Sept 2022	30 Sept 2023
Credit Duration (Years)	1.24	1.30	1.34	1.64
Interest Rate Duration (Years)	0.09	0.16	0.19	0.05
Running Yield (After fees)	Class A: 0.44% Class B: 0.78%	Class A: 1.86% Class B: 2.20%	Class A: 2.44% Class B: 2.78%	Class A: 4.74% Class B: 5.07%

Source: Sandhurst

SANDHURST STRATEGIC INCOME FUND
Transparency & Reporting

Sandhurst has a broad client service network and utilises the Bendigo and Adelaide Bank Group's distribution network and client service staff.

Fund updates are provided on the website each quarter. They provide information on the performance of the funds, asset allocations, MER, fund size and performance. In addition to quarterly fund updates, the Sandhurst Strategic Income Fund produces quarterly performance reports for investors.

Investors in the Sandhurst Strategic Income Fund receive a quarterly statement of transactions along with their quarterly distribution statement each March, June, September and December.

Third-Party & Service Advisors

Fund Administrator	Sandhurst Trustees Pty. Ltd.
Legal Advisor	Piper Alderman
Auditor	Ernst & Young
Taxation Adviser	Ernst & Young
Insurance Provider	Various (syndicated)
Fund Research	Internal, product issuers and Strategas
Market Intelligence	Internal, Bloomberg, MSCI, S&P Global Market Intelligence and relationship (sell side)
IT Network Provider	Internal
Portfolio Software	Bloomberg plus internal – Administration uses the Garradin system

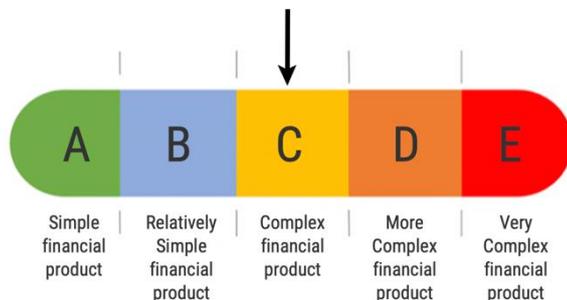
Foresight Investment Rating Scale

The Foresight Analytics and Ratings' investment rating is an opinion on how well we believe a fund will perform against a range of risks.

Rating	Definition
Superior	Indicates the highest level of confidence that the fund can deliver a risk adjusted return in line with the investment objectives of the fund.
Very Strong	Indicates a very strong conviction that the fund can deliver a risk adjusted return line with the investment objective of the fund.
Strong	Indicates a strong conviction that the fund can deliver a risk adjusted return in line with the investment objective of the fund.
Competent	Indicates that the fund may deliver a return in line with the funds relevant benchmark.
Weak	Indicates a view that the fund is unlikely to deliver a return in line with the investment objective of the fund and or meet the return of its benchmark.

SANDHURST STRATEGIC INCOME FUND
Foresight Complexity Indicator

A Foresight Complexity Indicator (FCI) highlights the complexity of an investment by its terms and conditions' structure and transparency that may affect the investor's return.


Foresight Investment Rating & Foresight Complexity Methodology

Foresight Analytics and Ratings' methodology for its investment rating and research can be downloaded from its website.

Contact details
Foresight Analytics

Level 2, Suite 208, 33 Lexington Drive, Bella Vista 2153

Telephone: 02 8883 1369

Web: www.foresight-analytics.com

Analyst: Rodney Lay

Email: rodney@foresight-analytics.com

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