

# Sandhurst Strategic Income Fund



**Sandhurst**Trustees

## Product Disclosure Statement Dated 30 January 2017

This Product Disclosure Statement (PDS or Statement) is issued by Sandhurst Trustees Limited (ABN 16 004 030 737, AFSL No. 237906) ('Sandhurst', 'we' 'us' or 'our'), as the responsible entity of the Sandhurst Strategic Income Fund (ARSN 151 201 106, APIR - Class A STL0027AU, APIR - Class B STL0044AU) ('the Fund').

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The latest version of this PDS and the Reference Guide is available at our website at [www.sandhursttrustees.com.au/pds](http://www.sandhursttrustees.com.au/pds).

Information in this PDS is subject to change from time to time. Where the changes are not materially adverse, Sandhurst will make updated information available on its website at [www.sandhursttrustees.com.au](http://www.sandhursttrustees.com.au).

You can obtain a copy of this PDS, the Reference Guide and any updated information free of charge by contacting your licensed financial adviser, Platform operator (Class B units only), phoning Sandhurst on 1800 634 969 or visiting [www.sandhursttrustees.com.au](http://www.sandhursttrustees.com.au).

### Important Information

This PDS is a summary of significant information relating to the Sandhurst Strategic Income Fund and contains a number of references to important information (each of which forms part of the Statement) and will help you decide whether this product will meet your needs, and compare this product with others you may be considering.

The important information referred to in this PDS is contained in the Sandhurst Strategic Income Fund Reference Guide (Reference Guide) and each of these references in this PDS begins with an exclamation mark **!**.

You should consider the information in this PDS in its entirety, before making a decision about the Sandhurst Strategic Income Fund.

The information in this PDS is general information only and does not take account of your personal financial situation or needs. You should assess your own objectives, financial situation and needs before deciding to acquire an interest in the Fund. Before making an investment decision, you should obtain financial advice tailored to your personal circumstances.

### Contact details:

Sandhurst Trustees Limited  
Funds Administration  
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Docklands VIC 3008  
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Website:  
[www.sandhursttrustees.com.au](http://www.sandhursttrustees.com.au)

## 1. About Sandhurst

Sandhurst is the Fund's responsible entity. Sandhurst is responsible for overseeing the Fund's operation, selecting and monitoring the Fund's investments and managing and administering the Fund in the best interests of investors.

Sandhurst is a wholly owned subsidiary of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178, AFSL No. 237879) and is part of the Bendigo and Adelaide Bank Group, which comprises Bendigo and Adelaide Bank Limited (the Bank) and its related entities.

Sandhurst, formed in 1888, has assisted Australian families with their financial needs for more than 125 years. Sandhurst is a highly experienced provider of investment solutions and trustee services that create, enhance and protect wealth. Sandhurst offers a wide range of products and services including investment and funds management, superannuation, commercial loans, access to funeral bonds, the management of estates and trusts, and the provision of corporate trustee and custodial services. Sandhurst embraces a prudent investment philosophy and is committed to delivering high quality investment solutions.

Sandhurst is the investment manager of the Fund. However Sandhurst may appoint other investment managers in the future. We manage both the primary sector and secondary sector securities and may also employ the expertise of specialist investment managers to manage these securities. Please refer to section 5 of this PDS for more information on the sectors the Fund invests in.

## 2. How the Sandhurst Strategic Income Fund works

### Structure

The Fund is a registered managed investment scheme, whereby your money is pooled with other investors' money. Sandhurst invests this money on behalf of all the Fund's investors. This means that you have access to certain investments that you may not otherwise be able to access on your own. The ASIC website [www.moneysmart.gov.au](http://www.moneysmart.gov.au) has more information on managed investment schemes.

The Fund is established under a constitution (Constitution), which sets out your rights and the powers and responsibilities of Sandhurst. You can obtain a copy of the Constitution free of charge by contacting us.

Under the Corporations Act 2001 (Corporations Act), the Fund is required to have a compliance plan lodged with ASIC. The compliance plan is audited annually and sets out measures that Sandhurst will implement to ensure that the Fund's operation complies with the Corporations Act and the Constitution.

Subject to the Corporations Act and the Fund's Constitution, Sandhurst may redeem your investment at its discretion by giving you at least 30 days' notice.

### About units and unit pricing

The Fund is unitised, meaning that when you invest in the Fund, you purchase units that represent a beneficial interest in the Fund's assets (but not in any particular underlying asset). The Fund offers more than one class of unit. The term used in this PDS to describe this type of offering is called "multi-class pricing". An investor who applies directly for units in the Fund is defined as a "Direct Investor" and is issued with Class A units. An investor who applies for units in the Fund through a master trust, wrap account or other investor directed portfolio service (collectively referred to as a Platform) is defined as a "Platform Investor" and is issued with Class B units.

Sandhurst may, at its discretion, offer Direct Investors who are wholesale clients as defined under the Corporations Act (Wholesale Client), the opportunity to invest directly in Class B units. However, Sandhurst is not obliged to make such offers. When investing directly into Class B units as a Wholesale Client, the terms and conditions relating to Class B units, as amended from time to time, will apply. These terms and conditions are detailed in section 1 of the Reference Guide.

Both unit classes are ranked equally on a return of capital basis and have the same investment portfolio. The main differences between Class A and Class B units are the management fee and minimum initial investment limits.

**Further information regarding multi-class pricing is set out in section 1 of the Reference Guide.**

The unit price is calculated each business day (i.e. any day that is not a weekend or a public holiday in Melbourne, Victoria) by dividing the Fund's net asset value attributable to that Class by the number of units on issue in that Class, and is adjusted for transaction costs including the buy/sell spread (see section 6 'Fees and costs' in this PDS for further information). Valuations are conducted at any time determined by Sandhurst, at regular intervals appropriate to the nature of the property, and such times as required in the Constitution. The unit price will vary as the market value of the assets in the Fund rises or falls.

Sandhurst has adopted a unit pricing policy setting out the principles which we apply when exercising unit pricing discretions under the Constitution. You can request a copy of the policy and other documents free of charge by calling Sandhurst or downloading a copy from [www.sandhursttrustees.com.au](http://www.sandhursttrustees.com.au).

### Applications and withdrawals

If you are a Direct Investor investing in Class A units or a Wholesale Client investing in Class B you can make applications and withdrawals at any time, subject to the following minimum requirements (which Sandhurst may change at its discretion):

	Class A Units	Class B Units
Minimum initial investment	\$2,000	\$500,000
Minimum additional investment	\$500 or \$100 per month via regular savings plan (see below)	
Minimum withdrawals	\$1,000 <sup>1</sup>	
Minimum investment balance	\$2,000	\$500,000

Note: Sandhurst may accept lesser amounts at its discretion.

<sup>1</sup> Further conditions apply to withdrawals. Please refer to the withdrawal requests section on page 3 for further information.

If you are a Platform Investor your Platform operator will set any minimum initial investment, withdrawal and investment holding requirements.

Sandhurst will retain any interest earned on application money before it is paid into the Fund.

## Direct Investors investing in Class A or Class B units

### Initial investment

To acquire units in the Fund, you will need to complete an Application Form. If a completed Application Form is received and accepted before 12 noon Melbourne time on a business day, the application will be processed using the application price for that Class of units calculated as at the close of business on that day. Otherwise, the following business day's application price will be used (these conditions also apply to additional investments – see below). Payment can be made by cheque or direct debit (if using direct debit, you will need to complete the relevant section of the Application Form) or other method acceptable to Sandhurst. In certain circumstances, Sandhurst reserves the right to refuse an application or accept only part of an application or change processing times. The Application Form is available from our website at [www.sandhursttrustees.com.au/forms](http://www.sandhursttrustees.com.au/forms).

### Additional investments

You can increase your investment by acquiring units in the Fund at any time, with payment made by BPAY®, cheque, direct debit or other method acceptable to Sandhurst. Units will be issued in accordance with the initial investment timings listed above. You should obtain a copy of the most up-to-date PDS when making additional investments, as the investment will be made on the terms of the most up-to-date PDS. In certain circumstances, Sandhurst reserves the right to refuse an additional investment or accept only part of an additional investment, (for example, if the Fund is closed to additional investments) or change processing times.

The Investment Contribution Form is available from our website at [www.sandhursttrustees.com.au/forms](http://www.sandhursttrustees.com.au/forms).

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### Regular savings plan

The Fund offers a regular savings plan with a minimum investment of \$100 per month. Simply complete this election on your Application Form or alternatively, you can establish a regular savings plan at any time by completing the Investment Contribution Form available at [www.sandhursttrustees.com.au/forms](http://www.sandhursttrustees.com.au/forms).

### Withdrawal requests

Withdrawals for Direct Investors will be processed weekly on Wednesday (or the next business day if Wednesday is a public holiday in Melbourne). You can decrease your investment by withdrawing some or all of your units by sending Sandhurst a completed Withdrawal Form. If your Withdrawal Form is received and accepted before 12 noon Melbourne time on a Wednesday, the withdrawal will be processed using the withdrawal price for that Class of units calculated as at the close of business on that day (or the next business day if Wednesday is a public holiday in Melbourne). Otherwise, the withdrawal will be processed on the following Wednesday at the following Wednesday's withdrawal price for that Class of units.

Should your account fall below the minimum investment balance for its Class of units, we reserve the right to redeem all of your units after giving you 30 days' notice without the need for a Withdrawal Form.

If you make a withdrawal request which would result in your investment balance falling below the required minimum investment balance for its Class of units, Sandhurst may, at its discretion, treat your withdrawal request as relating to all of your remaining units. The Withdrawal Form is available from our website at [www.sandhursttrustees.com.au/forms](http://www.sandhursttrustees.com.au/forms).

For each Direct Investor, the total withdrawals you can make for any particular calendar month is capped at \$1,000,000. We have absolute discretion to refuse or partially satisfy or fully satisfy any withdrawal request above this cap. We may, at any

time, increase or decrease this maximum withdrawal amount by giving investors 7 days written notice.

After Sandhurst has received and accepted a completed Withdrawal Form, withdrawals are normally paid within 5 business days of the withdrawal date, which is normally weekly on a Wednesday (however, the Fund's Constitution allows up to 30 days or such longer period as Sandhurst determines in certain circumstances). Withdrawals will be credited directly to your nominated account or a cheque can be sent to you upon request.

In extraordinary circumstances, Sandhurst reserves the right to suspend withdrawals from the Fund, such as if in the reasonable opinion of Sandhurst, it is in the best interests of investors as a whole to do so. In some circumstances, such as when there is a freeze on withdrawals, you may not be able to withdraw your units in the Fund within the usual period upon withdrawal requests. Sandhurst reserves the right to change processing times.

### Income distributions

The Fund earns income such as interest, as well as net realised capital gains on the sale of underlying assets, and it is Sandhurst's intention that the full amount of the Fund's taxable income in each financial year is distributed to investors. Distributions are calculated quarterly as at 31 March, 30 June, 30 September and 31 December ('Distribution Date') and the Constitution allows 30 days for payment of the distributions, however it is our intention to make the distribution to investors available sooner.

Your entitlement to distributions is calculated by dividing the total amount available for distribution for its Class of units (after making deductions for any accrued but unpaid management fees) by the total number of units in its Class on issue at the Distribution Date, and multiplying the result by the number of units you hold on that date. If you withdraw units prior to the Distribution Date, you will not receive any distribution for the period you held those units in the relevant distribution period (being the period between each Distribution Date). However, the unit price will incorporate the distribution entitlement up to the withdrawal date.

You can choose to have your distributions:

- reinvested in further units in the same Fund Class; or
- paid to you by direct credit to your nominated account.

If you do not make a choice, or if a direct credit rejection occurs, then your distributions will be automatically reinvested by acquiring additional units in the Fund at the applicable unit price, at the end of the relevant distribution period, or if that day is not a business day, the following business day (the buy/ sell spread does not apply to reinvested distributions). You can change your choice for receiving distribution payments by advising Sandhurst at least 10 business days before the end of the relevant distribution period. Otherwise, the change to your distribution instructions will not occur until after the next distribution is paid. Please note that distributions will not be paid by cheque.

### Platform Investors (Class B units only)

If you are investing through a master trust, wrap account or other investor directed portfolio-type service (collectively referred to as a 'Platform'), it is generally the operator of the Platform which becomes the investor in the Fund, not you. Accordingly, they have the rights of an investor and can exercise them in accordance with their arrangements with you. If you invest through a Platform, you are subject to the conditions that are prescribed by the operator of the Platform which may differ from the conditions outlined in this PDS (such as procedures for making investments and withdrawals, cooling-off periods, cut-off times for transacting, timing for distributions, additional fees and costs and investor reporting).

## Platform Investors (Class B units only) continued

As at the date of this PDS, Sandhurst is not responsible for the operation of any Platform through which you invest. If you are investing through a Platform, enquiries and complaints should be directed to the operator of that Platform, not to Sandhurst. In addition to reading this PDS, you should read the document that explains the Platform, as issued by your Platform operator.



You should read the important information about 'How the Sandhurst Strategic Income Fund works' and about 'Acquisition and disposal of units' before making a decision. Go to section 1 and 2 of the Reference Guide at [www.sandhursttrustees.com.au/pds](http://www.sandhursttrustees.com.au/pds). The material relating to the 'How the Sandhurst Strategic Income Fund Works' and 'Acquisition and disposal of units' may change between the time when you read this Statement and the day when you acquire the product.

### 3. Benefits of investing in the Sandhurst Strategic Income Fund

The Sandhurst Strategic Income Fund aims to provide a simple and effective way to add cash and other interest bearing securities to your investment portfolio. Whilst aiming to maximise your returns, we will monitor and change the Fund's investments over time so that the Fund maintains exposure to favourable interest bearing securities in varying economic conditions and markets.

The significant features and the significant benefits of the Fund include:

- **Strategic management of your investment:** Our professional team monitors the markets and analyses fixed income investments which may offer higher returns with a lower level of risk through the market cycle in an effort to outperform a static investment in similar assets.
- **Access to a diversified portfolio:** Providing you with the opportunity to broaden your exposure across a range of securities, therefore reducing your risk exposure and potentially enhancing returns.
- **Regular income:** By investing in a range of interest bearing securities, the Fund aims to provide you with a regular income stream via quarterly distributions.
- **Access to your funds:** You have easy access to your funds and with us managing your investments for you there is no need to worry about rolling over maturing deposits.
- **A simple and convenient way to invest:** The Fund is designed to make investing easy for you. We handle all the investment decisions, paperwork and administration and provide you with regular information and reporting on your investment. Our application process is straightforward and our friendly staff are on hand to assist you with any queries regarding your investment.
- **Regular savings plan:** The Fund offers the convenience of a regular savings plan so you can add to your investment on a regular basis with as little as \$100 per month. Regular investments can be deducted straight from your bank account.
- **A responsible entity with a proven record:** Sandhurst aims to create wealth for investors by employing a disciplined and conservative approach to managing quality assets.

### 4. Risks of managed investment schemes

The purpose of this section is to inform you of the types of significant risks that may apply to an investment in the Fund and is a summary only. It does not purport to be a comprehensive statement of all the risks.

All investments carry risk. Different investment strategies may carry different levels of risk, depending on the assets that make up the investment strategy. Generally, assets with the highest long-term returns may also carry the highest level of short-term risk.

The significant risks of investing in the Fund are summarised as follows:

- **Individual investment risk:** Investments made by the Fund will fluctuate in value, meaning that they can, and do, fall in value for many reasons. This is an inherent risk associated with all managed funds.
- **Liquidity risk:** The Fund's assets may not be able to be converted into cash in a timely manner in order to pay withdrawal requests.
- **Counterparty risk:** Represents the loss that would be recognised if counterparties (i.e. the other parties to the contracts such as derivative counterparties or securities dealers) fail to perform as contracted.
- **Credit risk:** The risk that the credit quality of the underlying investments deteriorates unexpectedly leading to less than expected income and possible loss of capital.
- **Concentration risk:** Is the risk that poor performance in a group of investments common to a particular section of the market will significantly affect the performance of the Fund.
- **Market and political risk:** The Fund may be impacted either directly or indirectly by market and/or political risk. Factors that may influence the market include economic, technological, political, taxation, country, legal conditions and market sentiment.
- **Interest rate risk:** Changes in interest rates will have a positive or negative impact directly or indirectly on investment values or returns.
- **Investment manager risk:** Is the risk the investment strategy is not successful, resulting in underperformance of the Fund, either in absolute terms, or when considered with respect to the market, or relative to its peers. Specialist investment managers may be utilised for their industry specific knowledge to invest in some market sectors.
- **Regulatory risk:** Investment performance may be affected by changes to government policies, regulations and taxation laws.
- **Derivatives risk:** Includes the value of derivative positions not moving in line with the movement in the underlying asset, potential illiquidity of the derivative, and being unable to meet payment obligations in relation to derivative contracts.
- **Fund risk:** The risk that the Fund could be terminated, the fees and expenses could change, Sandhurst could be replaced as the responsible entity and/or investment manager, or any individual portfolio managers and other key personnel could change.

**Information on how Sandhurst manages these risks is set out in Section 3 of the Reference Guide.**

The significant risks of investing in managed investment schemes include that:

- the value of investments will vary over time;
- the level of returns will vary and future returns may vary from past returns;
- returns are not guaranteed and you may lose some of your money;
- laws affecting registered managed investment schemes may change in the future; and
- the level of risk for you will vary depending on a range of factors including, age, investment time frames, where other parts of your wealth are invested and your risk tolerance.

Sandhurst's risk management objective is to deliver risk/return outcomes in line with the Fund's investment strategy.

You should consult with your financial adviser, if applicable, to properly understand the risks associated with the Fund and your attitude to investment risk.

Sandhurst, the Bank and its related entities do not guarantee the repayment of capital invested, the payment of income or the Fund's investment performance. An investment in the Fund does not represent a deposit with, or a liability of Sandhurst, the Bank or its related entities. The Bank does not stand behind or guarantee the performance of Sandhurst.

Sandhurst is not an authorised deposit-taking institution within the meaning of the Banking Act 1959.



You should read the important information about 'Risks of managed investment schemes' before making a decision. Go to section 3 of the Reference Guide at [www.sandhursttrustees.com.au/pds](http://www.sandhursttrustees.com.au/pds). The material relating to 'Risks of managed investment schemes' may change between the time when you read this Statement and the day when you acquire the product.

## 5. How we invest your money

Sandhurst aims to create wealth for investors by providing simple and professionally managed investment opportunities. The Fund seeks to generate returns for a given level of risk (risk adjusted returns) in varying market and economic conditions by strategically managing its exposure to a range of eligible securities. The Fund can invest up to 100% of investor monies in domestic interest bearing securities and is permitted to invest up to 10% in secondary securities.

To both manage risk and optimise returns, we will group all of the eligible investments into primary sectors and secondary sectors. Primary sector securities are more accessible and generally less risky than secondary sector securities which are generally less liquid.

The Fund does not currently use derivatives but may in the future for interest rate hedging. The Fund will not use derivatives for the purposes of gearing or leverage.

The Fund will generally invest in primary sectors, adjusting the portfolio between these sectors as market conditions change. The Fund will invest in secondary sectors, that are generally higher risk, only when, in the opinion of Sandhurst, they offer optimal returns for the given level of risk.

## Sandhurst Strategic Income Fund

<b>Investment return objective</b>	To outperform the performance benchmark (after fees) over any two year period.			
<b>Investment strategy</b>	To invest in a diversified portfolio of mainly domestic interest bearing securities across a range of maturities. The Fund will adjust its investments in line with our view of prevailing market conditions to optimise returns and control volatility.			
<b>Strategic asset class allocation</b>	<b>Exposure</b>	<b>Maximum</b>	<b>Minimum</b>	
	<b>Primary</b>	Bank deposits and money market securities	100%	20%
		Government bonds	80%	0%
		Semi government and supranational bonds	60%	0%
		Corporate bonds and floating rate notes	60%	0%
		Asset backed securities	40%	0%
	<b>Secondary</b>	Hybrid securities and other	10%	0%
	<b>Primary securities total</b>		<b>100%</b>	<b>90%</b>
<b>Secondary securities total</b>		<b>10%</b>	<b>0%</b>	
<b>Performance benchmark</b>	Bloomberg AusBond Bank Bill Index Note: the benchmark is not a guarantee of Fund performance.			
<b>Investment managers</b>	Sandhurst currently manages both the primary sector and secondary sector securities and may employ the expertise of specialist investment managers to manage these sectors. Details of all selected investment managers will be available on the Fund's website at <a href="http://www.sandhursttrustees.com.au">www.sandhursttrustees.com.au</a> .			
<b>Minimum suggested investment timeframe</b>	Recommended for at least a 2 year investment period.			
<b>Type of investor for whom this investment is suited</b>	This Fund is intended to suit an investor primarily seeking regular income. The Fund may be suited to an income portfolio or the defensive asset allocation of your total portfolio.			
<b>Risk level</b>	This Fund is considered a low risk investment.			
<b>Changes to the Fund</b>	We have the right to terminate the Fund or change the Fund's investment objective (for example the performance benchmark, strategic asset class allocations and investment strategy) and investment managers without providing prior notice to investors in some cases. We will inform investors of any material changes to the Fund in accordance with the law.			

**Warning:** When choosing whether to invest in the Fund, you should consider:

- the likely investment return;
- the risk; and
- your investment timeframe.

Section 4 of the Reference Guide provides a general description of each asset type. For the latest performance report, including information on the securities held by the Fund please visit our website [www.sandhursttrustees.com.au/performance](http://www.sandhursttrustees.com.au/performance).

### Labour standards, or environmental, social or ethical considerations

Sandhurst does not take into account labour standards or environmental, social or ethical considerations in the selection of investment manager(s), for the Fund or the selection, retention or realisation of investments relating to the Fund. Sandhurst does not know, and does not assess or consider whether the investment managers of the Fund themselves take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising investments or voting its proxies.



## 6. Fees and costs

### Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

### To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

ASIC Class Order [CO 14/1252] applies to this PDS.

The managed funds fee calculator on the ASIC website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) can also be used to calculate the effect of fees and costs on account balances. Taxation information is set out in section 7 of this PDS. The following table shows the fees and costs you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole. The information in the table below can be used to compare costs between different simple managed investment schemes.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

All the fees and costs shown in this section include stamp duty and GST less the maximum applicable reduced input tax credits unless otherwise stated.

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund<sup>1, 2</sup></b>	
<i>Establishment fee</i>	Nil
<i>Contribution fee</i>	Nil
<i>Withdrawal fee</i>	Nil
<i>Exit fee</i>	Nil
<b>Management costs*</b>	
The fees and costs for managing your investment <sup>2</sup> .	As at the date of this PDS: Class A units – 0.79% per annum <sup>3</sup> of the net asset value of the Fund. Class B units – 0.45% per annum <sup>3</sup> of the net asset value of the Fund.

\* The amount of this cost can be negotiated. See “Management costs” under the heading “Additional explanation of fees and costs” for more information.

<sup>1</sup> Transactional and operational costs may apply, including in the form of a buy/sell spread. See “Transactional and operational costs” and “Investor Buy/sell spread” under the heading “Additional explanation of fees and costs” for more information.

<sup>2</sup> This fee does not include an amount payable to an adviser and does not include abnormal expenses. See “Advice fee” under the heading “Additional explanation of fees and costs” and “Abnormal expenses” under the heading “Additional explanation of fees and costs” in the Reference Guide for more information.

<sup>3</sup> Management costs excludes transactional and operational costs (see “Transactional and operational costs” under the heading “Additional explanation of fees and costs” for more information).

**Warning:** Additional fees may be paid to a financial adviser if a financial adviser is consulted. Please refer to the Statement of Advice in which details of the fees are set out.

### Additional explanation of fees and costs

#### Management costs

Management costs are the total fees and costs incurred in managing the Fund, comprising the management fee paid to Sandhurst as responsible entity for administering the Fund, custodial arrangement costs, distribution costs, other investment-related expenses and reimbursements in relation to the Fund, amounts paid or payable for investing in the assets of the Fund and performance fees and indirect costs but does not include any transactional and operational costs, if any. Indirect costs are any amounts that directly or indirectly reduce the returns on the units that is paid from, or the amount or value of, the income or assets of the Fund (including an underlying investment of the Fund).

Indirect costs may include management fees based on the value of assets and fees based on the return paid from investment managers which are paid by Sandhurst to those managers and which are costs of investing through such managers.

The Fund’s Constitution allows Sandhurst to recover, from the Fund, all costs, charges, expenses and outgoings reasonably and properly incurred by Sandhurst in the proper performance of its duties in administering the Fund.

Management costs are based on the latest available information as at the date of this PDS. Management costs may increase or decrease over time depending on the amounts comprising the management costs described above.

The management fee paid to Sandhurst as responsible entity is calculated on the Fund’s net asset value, accrued daily, and paid quarterly in arrears to Sandhurst from the Fund’s assets as a whole. The management fee is recovered from the Fund and is not directly deducted from your investment account. The amount of management fee can be negotiated. Sandhurst may negotiate management fees with ‘wholesale clients’ (as defined in the Corporations Act).

#### Performance fees

A performance fee is an amount paid or payable, calculated by reference to the performance of the Fund. As at the date of this PDS, Sandhurst does not charge a performance fee for managing the Fund.

## Advice fee

You may agree with your adviser to pay an advice fee directly from your investment to your adviser. This can take the form of an upfront or ongoing fee:

**Upfront fee** - You can nominate any dollar amount to be deducted from your initial investment for advice provided in relation to your investment.

**Ongoing fee** - You can nominate a fixed dollar amount to be paid to your adviser via redemption of interests from your investment on a monthly basis.

## Transactional and operational costs

In addition to management costs, the Fund may incur transactional and operational costs when acquiring and disposing of certain Fund assets. These costs may include clearing costs, brokerage, stamp duty and buy/sell spreads charged by the underlying investment managers to Sandhurst. Some of these costs are recovered by way of the buy/sell spread charged to investors (see next sub-section). Costs that are not recovered by way of the buy/sell spread are paid for by the Fund when they are incurred and are reflected in the Fund's unit price. These costs are not paid to Sandhurst as a fee and are not charged directly to investors, rather they are deducted from the income or assets of the Fund. Transactional and operational costs may vary depending on the level of Fund transactions. Based on the past financial year's transaction and operational costs, Sandhurst estimates transactional and operational costs to be 0.01% of the Fund's total average net asset value for the previous financial year.

### • Investor Buy/sell spread

A buy/sell spread applies to the Fund and is an additional cost to you. It is the transaction costs charged to you when you buy and sell units in the Fund and is designed to fairly allocate costs associated with buying and selling Fund assets as a result of investors acquiring or withdrawing units in the Fund. The buy/sell spread considers the Fund's historic experience and includes the estimated difference between the bid/offer price of investments traded and/or the market impact of the acquisitions/disposals on the price of the investments being purchased or sold as a result of investor transactions. The buy/sell spread is retained by the Fund and is not a fee payable to Sandhurst.

A buy spread of 0.0% applies to each application in the Fund and a sell spread of 0.10% applies to each withdrawal. For example, if you invested \$50,000 in the Fund, the cost of the buy spread would be \$0 and the cost of the sell spread would be \$50 when you withdraw \$50,000 from the Fund. The buy/sell spread may change from time to time without prior notice. The Fund's application and withdrawal prices are updated regularly and can be found at [www.sandhursttrustees.com.au/prices](http://www.sandhursttrustees.com.au/prices).

## Changes to fees

Subject to the Corporations Act, fees and costs can be changed at any time by Sandhurst in accordance with the Fund's Constitution without your consent. If fees and charges payable to Sandhurst increase, you will be given at least 30 days' prior notice. Other costs, such as the buy/sell spread may change at any time without prior notice to you. Indirect costs are based on costs incurred by the Fund in the past financial year and may be different in the current and future financial years.

## Taxes

For information about tax, please see section 7 "How managed investment schemes are taxed".

## Example of fees and costs

The following table gives an example of how the fees and costs for the Fund can affect your investment over a one-year

period. You should use this table to compare the Fund with other managed investment products.

<b>EXAMPLE:</b> Sandhurst Strategic Income Fund – Class A Units		<b>BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR</b>
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management Costs	0.79% p.a.	<b>And</b> , for every \$50,000 you have in the Sandhurst Strategic Income Fund – Class A, you will be charged \$395 each year.
<b>EQUALS</b> Cost of Sandhurst Strategic Income Fund – Class A		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$395* <b>What it costs you will depend on the fees you negotiate.</b>

\* Additional costs such as transactional and operational costs (including in the form of the buy/sell spread). The actual amount you will be charged depends on the timing of additional investments. This example assumes that the additional contribution of \$5,000 is invested at the end of the year. For Class A units in this Fund, the minimum balance is \$2,000 and the minimum additional investment is \$500.



You should read the important information about 'Fees and costs' before making a decision. Go to section 5 of the Reference Guide at [www.sandhursttrustees.com.au/pds](http://www.sandhursttrustees.com.au/pds). The material relating to the 'Fees and costs' may change between the time when you read this Statement and the day when you acquire the product.

## 7. How managed investment schemes are taxed

**Warning:** Investing in a registered managed investment scheme is likely to have tax consequences. The Australian taxation system is complex and individual investors have different circumstances. Persons are strongly advised to seek professional tax advice.

In summary, when investing in the Fund, investors should note that:

- Registered managed investment schemes do not pay tax on behalf of investors.
- Investors will be assessed for tax on any income and capital gains generated by the Fund in the year to which their entitlement relates, irrespective of whether the income is reinvested or the income payment occurs at a later date.
- Tax components of Fund distributions will be allocated to investors on a fair and reasonable basis.
- The Fund will pass through the investors' share of any tax credits received during the year.
- The Fund has made a 'capital election' under the tax regime for managed investment trusts (MIT) and it continues to be an eligible MIT.
- Investors may be liable for tax on capital gains realised on the sale of units in the Fund, either by withdrawal or transfer.

The brief summary of taxation information provided above relates only to Australian tax residents who hold their Fund

units on capital account for income tax purposes. You should not rely on this summary.



You should read the important information about 'How managed investment schemes are taxed' before making a decision. Go to section 6 of the Reference Guide at [www.sandhursttrustees.com.au/pds](http://www.sandhursttrustees.com.au/pds). The material relating to 'How managed investment schemes are taxed' may change between the time when you read this Statement and the day when you acquire the product.

## 8. How to apply

Investing as a Direct Investor in Class A units is a two-step process:

1. Complete the Application Form which is available from our website at [www.sandhursttrustees.com.au/forms](http://www.sandhursttrustees.com.au/forms); and
2. Send your application and initial investment money to Sandhurst in accordance with the instructions contained in the Application Form.

If you wish to invest through your Platform, you will need to complete the documents required by your Platform operator. Speak to your adviser or Platform operator for further details.

### Cooling-off

Subject to the Corporations Act and the Corporations Regulations, Direct Investors have the right to return their units in the Fund to Sandhurst and to have their investment repaid. However, this right does not apply in certain circumstances, such as where the units acquired were offered or issued under distribution reinvestment plans, acquired as additional contributions, investment is from a Wholesale Client or where the units were issued at the time when the Fund is not liquid. For investors that qualify, your cooling-off rights are described below.

If after investing in the Fund you change your mind and wish to exercise your cooling-off right, you may notify Sandhurst in writing or electronically and request that your investment be repaid. The right to cool off can only be exercised during the period of 14 days from the earlier of:

- the time you receive written confirmation of your investment from Sandhurst; and
- the end of the 5<sup>th</sup> day after the day on which the units were issued to you.

The amount refunded will be adjusted to take account of any increases or decreases in the price of the relevant units in the Fund and any reasonable administration expenses and transaction costs. If a distribution has occurred between acceptance of your application by Sandhurst and receipt of your notification to cool off during the cooling-off period, there may be taxation implications for you. We suggest that you seek professional tax advice in these circumstances.

If you are a Platform Investor you should refer to your Platform operator about any cooling-off rights that may apply to your investment in or through the Platform.

### Complaints

If you are a Direct Investor and have a complaint about Sandhurst, the Fund or the complaints handling process itself, you should call 1800 634 969 or write to:

The Complaints Officer  
Sandhurst Trustees  
GPO Box 4314  
Melbourne VIC 3001

All complaints will be properly considered and dealt with within 45 days of receipt. Once we have investigated your complaint, you will receive a written reply explaining our decision when required by law.

If you are not satisfied with the handling of your complaint, or the complaint is not dealt with within 45 days, you may contact the Financial Ombudsman Service Australia on 1800 367 287.

If you are a Platform Investor and have a complaint, your first point of contact should be with your Platform operator. If any issues remain unresolved, then you can contact the complaints scheme of which they are a member.

## 9. Other information

### Keeping you informed

If you are a Direct Investor we will provide you with a statement confirming your initial investment, additional investments (with the exception of regular savings plan contributions), withdrawals and any change of details as soon as is reasonably practicable after the transaction occurs.

We will also send you:

- a quarterly income distribution statement;
- a transaction statement for the quarter ending 30 September, 31 December and 31 March;
- an annual periodic statement for the year ending 30 June;
- an annual tax statement to assist with your tax return;
- an annual report if you elect to receive one (the Fund's annual report is also available at [www.sandhursttrustees.com.au](http://www.sandhursttrustees.com.au)); and
- any other communications required by the law.

If you are a Platform Investor, your confirmation of initial contributions, additional investments and withdrawals will be provided to you by your Platform operator in accordance with the arrangements you have with your Platform operator.

### Continuous disclosure requirements

The Fund is generally considered a 'disclosing entity' whilst it has 100 or more investors. A disclosing entity is subject to regular reporting and continuous disclosure requirements under the Corporations Act. While the Fund is a disclosing entity, you will be able to obtain from, or inspect at, an ASIC office copies of any documents lodged with ASIC in relation to the Fund.

You may also obtain from Sandhurst, free of charge, copies of:

- the most recent annual financial report lodged with ASIC;
- any half yearly financial report lodged with ASIC by the Fund after the lodgement of that annual financial report and before the date of this PDS; and
- any continuous disclosure notices given by the Fund after the lodgement of that annual report and before the date of this PDS. Some of these documents (including continuous disclosure notices) will also be available from [www.sandhursttrustees.com.au](http://www.sandhursttrustees.com.au)



You should read the important information about 'Other information' before making a decision. Go to section 7 of the Reference Guide at [www.sandhursttrustees.com.au/pds](http://www.sandhursttrustees.com.au/pds). The material relating to the 'Other information' may change between the time when you read this Statement and the day when you acquire the product.

