

17.29% p.a.¹

Year ending 30 September 2018



Bendigo Global Share Fund

Quarterly fund update - September 2018

Investment approach

The Fund aims to deliver long-term capital growth with moderate income through investment in a diversified portfolio of predominantly international shares. The Fund invests with a selection of high quality Australian and international investment managers that employ a range of management styles that include active and index management, and who specialise in managing portfolios of international shares (which may include Australia).

Fund performance¹

as at 30 September 2018	3 months %	6 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Bendigo Global Share Fund	5.52	10.26	17.29	11.14	10.60	6.56
Benchmark ²	6.48	7.55	20.95	11.03	13.11	8.52

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance over the last 5 years)



Fund facts

Fund APIR code	STL0015AU
Fund start date	1 June 2006
Management costs ³	0.95% p.a.
Buy / Sell spread ³	+0.24% / -0.21%
Minimum investment / minimum balance	\$5,000
Recommended investment timeframe	5 years +
Suggested risk level	High

Unit price

Application price	\$1.32426
Withdrawal price	\$1.31832

Distribution details (cents per unit)

December 2017	\$0.01040
June 2018	\$0.02928

Make the most of your investment

► The power of compounding

Compounding can be a powerful tool in wealth creation. Reinvesting distributions can be one of the easiest and cheapest ways to increase your holdings over time. You're compounding your investment's growth by continually adding more units which, in turn, will generate distributions of their own.

Why not reinvest your half yearly distributions?

► The benefits of making it regular

Making regular contributions to your investment can both grow your investment and smooth the effects of market highs and lows.

Why not add a Regular Savings Plan to your investment? Establish one from as little as \$50 per month.

You can also use BPAY® to add to your investment at any time with as little as \$100. See your statement for your BPAY reference number.

® Registered to BPAY Pty Ltd ABN 69 079 137 518

Do you have any questions?

For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

Refer to the next page for footnotes

Portfolio performance

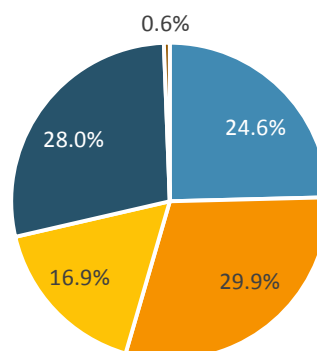
The Fund underperformed its benchmark over the quarter. Outperformance by State Street mitigated some of the underperformance of T Rowe Price over the quarter. State Street's Global Managed Volatility Strategy reduces exposure to stocks with higher expected volatility and as a result provides more defensive positioning relative to the cap-weighted investable universe which is starting to see increased bouts of volatility creep in. Strong stock picking within Health Care and Consumer Staples positively contributed to State Street's returns making up some of the lost ground on the Technology sector from earlier in the year.

Economic commentary

Over the quarter global economic data has been mixed, with soft data out of China and Europe, while Trump's debt induced government spending has ensured a boost in US GDP. Despite encouraging employment growth, long absent wage inflation continues to tease, with expectations of a pickup continually disappointing. Given the expansion of the federal budget deficit, the US Government would be eager to see an uplift in wages to boost tax receipts and stabilise the government budget. Over the course of the quarter trade wars continued to dominate headlines, with newly announced trade tariffs often coinciding with weakening emerging market currencies and a stronger USD. The Trump administration won't back down until resolution on a free market exchange and protection from intellectual property theft. China are holding firm, not willing to give in to the bullying tactics from the US.

The past quarter risk assets rallied, leading the march was US technology stocks. Global markets have continued their diverging paths, with European and emerging market equities sluggish, while the US continues to drift upwards. In the US, a period of strong earnings, together with corporate tax cuts and the repatriation of US offshore corporate earnings, has led to strong free cash flow for US corporates over the past year. US companies, driven by tax incentives, are motivated to repurchase their shares (buybacks), rather than pay dividends which is the more common option for Australian companies. The combination of strong cash flows and corporate preference to buy back shares, rather than invest within the company, is a major contributor as to why the US share market has not followed the more subdued pattern that other major equity markets have followed since February this year.

Investment manager allocation



- State Street
- T. Rowe Price
- Vanguard International Shares (unhedged)
- Vanguard International Shares (hedged)
- Sandhurst

* Includes small amounts of cash that are held in Bendigo Bank operating accounts.

In Australia, weak house prices, particularly in Sydney and Melbourne, have been the source of news headlines with doomsayers predicting a housing crash. The combination of tighter credit standards and investor withdrawal has seen globally relative high property prices move south, with auction clearance rates hitting weak levels. While a correction is warranted given low affordability, a complete property crash is unlikely absent of a large fall in employment. Presently the jobs market appears robust, with the majority of recent employment gains government backed or aligned to structural long-term demographic demands, such as the healthcare sector. Further supporting a floor, is that much of the first home owner market have been priced out for an extensive period of time, as indicated by the historically low proportion of first homeowners relative to existing, experienced over the past decade. Whilst demand and supply dynamics have historically been in favour of upward prices, proposed immigration policies enforcing immigrants away from Sydney and Melbourne could lead to a levelling of the demand and supply dynamics, elongating the recovery process. Watching on with keen interest, the RBA will be encouraged by an orderly easing of house prices and will support consumer debt reduction by most likely limiting rate rises until a floor in house prices has been found.

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.
2. The MSCI World ex Australia 50% hedged to AUD Index was adopted as the Fund's benchmark on 31 December 2016, benchmark calculations prior to this date are based on the MSCI World Accumulation Index (AUD) Hedged. The benchmark is a custom index rather than standard index and MSCI does not express any opinion about Sandhurst or the Fund.
3. Other fees and costs may apply. See the Product Disclosure Statement for full details.

The Bendigo Global Share Fund (previously known as the Sandhurst Professional GVI Global Industrial Fund) (Fund), is issued by Sandhurst Trustees Limited (Sandhurst) ABN 16 004 030 737 AFSL 237906 a subsidiary of Bendigo and Adelaide Bank Limited (the Bank) ABN 11 068 049 178 AFSL 237879. Sandhurst and the Bank receive remuneration on the issue of the Fund or the service they provide, full details of which are contained in the Product Disclosure Statement. Investments in the Fund 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 provided in this document has not been verified. Accordingly, 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 PDS available at www.sandhursttrustees.com.au/pds, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision.

This information is current as at 30 September 2018 (unless stated otherwise) and is subject to change without notice.

Proudly part of



**Bendigo and
Adelaide Bank**