

6.46% p.a.¹

Year ending 30 September 2018

Sandhurst IML Industrial Share Fund

Quarterly fund update - September 2018

Investment approach

The Fund aims to deliver capital growth with regular income over the long term by investing in a diversified portfolio of quality ASX listed industrial shares (excluding resource shares) where these assets are identified by Investors Mutual Limited (IML) as being undervalued. The Fund expects to invest predominantly in the Sandhurst Industrial Share Fund for which IML is currently the investment manager.

Fund performance¹

as at 30 September 2018

Morningstar
Rating™
Overall³

Morningstar
Category Rank
5 Year³

1 month %	3 months %	1 year %	3 years %p.a.	5 years %p.a.
-2.41	0.97	6.46	9.47	8.19
-2.70	1.70	10.80	10.20	8.90

Sandhurst IML Industrial Share Fund

★★★★

12/88

Benchmark²

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance over 5 years)



Fund facts

Fund APIR code	STL0101AU
Fund start date	11 January 2001
Fund size	\$169.50 m
Minimum investment / minimum balance	\$50,000
Recommended investment timeframe	5 years +
Risk level	High

Unit price

Application price	\$1.27830
Withdrawal price	\$1.27192

Distribution details (cents per unit)

31 December 2017	\$0.03850
30 June 2018	\$0.14133

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.

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Do you have any questions?

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

Sharemarket commentary⁴

- ▶ Global sharemarkets continued to move higher, primarily driven by the US
- ▶ The Australian sharemarket returned +1.5% for the quarter as the market digested a mixed reporting season

Global equity markets continued to push higher in the September quarter with the MSCI World index returning a further +5.3%. As has been the case throughout the year, the US continued to push ahead to new record highs as the US S&P500 gained +7.6% for the quarter, its best quarterly return since 2013.

The Australian market as measured by the ASX300 finished the quarter up +1.5% after reaching 10-year highs in August. The Industrials Index was similarly up +1.7% for the quarter. FY18 reporting season in August was largely as expected with many companies fairly cautious on their forward guidance. This caution reflects the competitive environment in many sectors domestically as well as the uncertainties from regulatory changes hanging over many areas of corporate Australia – such as in the Banking and Utilities sectors.

Portfolio performance & summary⁴

- ▶ IML continue to exercise a selective approach given the full valuation of many stocks

The Fund had a solid quarter gaining +1%, which was in line with the benchmark's gain of +1.7%. The Fund was helped by solid performances from many of its core industrial holdings including Brambles, Telstra, CSL and Clydesdale Bank. The Fund's holding in IAG had a challenging quarter with negative press surrounding the Financial Services Royal Commission, as did the Fund's holding in AGL on fears of the re-regulation of the electricity sector.

Over the quarter IML took advantage of strong share price appreciation to trim the Fund's positions on valuations grounds in stocks such as Ansell, Sonic Healthcare and Wesfarmers. Conversely, IML used weakness in the share prices of good quality companies such as Orica, Aurizon and Unibail Rodamco to top up the Fund's holdings as IML believe that these companies offer good long-term value.

Outlook⁴

IML continue to focus the portfolio on companies that they believe have sustainable earnings and represent reasonable value. The portfolio remains well positioned in this regard with a decent cash weighting and a strong focus on owning reasonably priced stocks. IML will continue to monitor the market closely and look to use the cash in the Fund's portfolio to buy good quality industrial names that, in IML's view, are trading at attractive valuations and that they believe can do well over the next 3 to 5 years.

Top 10 holdings

National Australia Bank
Westpac
Commonwealth Bank
CSL Limited
Telstra
Clydesdale Bank
Insurance Australia Group
Brambles Limited
Amcor Limited
Spark Infrastructure Group

Sector active weights

Materials	5.00%
Utilities	3.80%
Telecommunication Services	2.60%
Consumer Discretionary	-0.30%
Health Care	-1.10%
Industrials	-1.40%
Information Technology	-1.50%
Financials	-2.90%
Real Estate	-4.90%
Consumer Staple	-6.10%

Please note the portfolio information and sector active weights supplied above is based on the underlying managed investment scheme, in addition, the Fund may directly hold small amounts of cash.

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 benchmark for the Fund is the S&P/ASX 300 Industrial Accumulation Index.
3. 'Morningstar Rating' is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision. 'Morningstar Category Rank' is the Fund's performance rank relative to all funds in the same Morningstar Category. Investments are placed into Morningstar Categories based on their compositions and portfolio statistics so that investors can make meaningful comparisons. Morningstar Category: Equity Australia Large Value. © 2018 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Services Guide (FSG) for more information at www.morningstar.com.au/s/fsg.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser.
4. The commentary is provided by Investors Mutual Limited (IML) and has not been verified by Sandhurst Trustees Limited. Economic and outlook forecasts are not guaranteed to occur.

The Sandhurst IML Industrial Share (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 (PDS). Investments in the Fund are not deposits with, guaranteed by, or liabilities of the Bank or any of its related entities. 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.

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