

# Sandhurst IML Industrial Share Fund

## Monthly fund update - April 2020

### 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 performance<sup>1</sup>

as at 30 April 2020

**Morningstar  
Rating™**  
Overall<sup>3</sup>

**Morningstar  
Category Rank**  
5 Year<sup>3</sup>

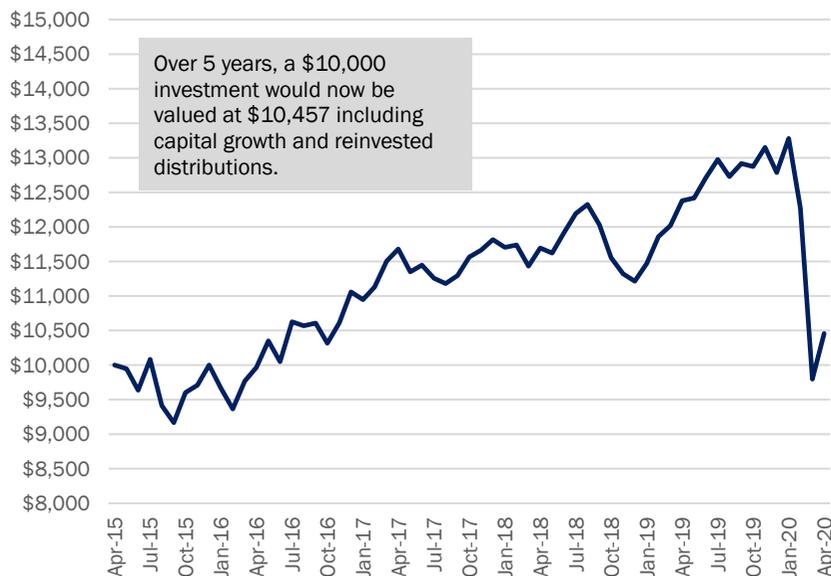
1 month %    3 months %    1 year %    3 years %p.a.    5 years %p.a.

Sandhurst IML Industrial Share Fund	★★★★	24/93	6.73	-21.25	-15.51	-3.62	0.90
Benchmark <sup>2</sup>			7.30	-21.20	-9.10	0.20	2.80

### An example of how your investment grows

#### Growth of \$10,000<sup>1</sup>

(Based on historic Fund performance over 5 years)



### Fund facts

Fund APIR code	STL0101AU
Fund inception date	11 January 2001
Fund size	\$101.57 m
Distribution frequency	Half yearly
Management costs <sup>4</sup>	0.95% p.a.
Buy / Sell spread <sup>4</sup>	+0.25% / -0.25%
Minimum investment / minimum balance	\$50,000
Recommended investment timeframe	5 years +
Risk level	High

### Unit price

as at 30 April 2020

Application price	\$0.96705
Withdrawal price	\$0.96223

### Distribution details (cents per unit)

30 June 2019	\$0.10582
31 December 2019	\$0.02700

### 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](http://www.sandhursttrustees.com.au)

## Sharemarket commentary<sup>5</sup>

- ▶ Global sharemarkets staged a rebound in April helped by unprecedented levels of fiscal and monetary stimulus
- ▶ The Australian sharemarket rebounded +9% in sympathy with global sharemarkets

Global sharemarkets rebounded in April with the MSCI World Index returning +10% recovering some of the previous month's losses.

The economic fallout from the pandemic continues to unfold as the US grapples with the worst unemployment crisis in its history, with US weekly jobless claims topping 30 million over the past 6 weeks.

Domestically, the RBA indicated that they would hold rates steady at the historic low of 0.25% "for some time". Australian dollar also recovered some of its heavy losses of the previous two months rallying +7% against the US dollar over the month.

In sympathy with global peers, the Australian sharemarket as measured by the ASX300 rebounded +9%. All sectors finished the month in positive territory, with the rally led by the sectors most beaten down in the March quarter. The Resources sector gained +16%, driven by the Energy sector which rallied +25% despite ongoing weakness in the oil price. The Consumer Discretionary sector gained +16%, with expectations the lockdown laws would be eased. This benefitted both the retailing and gaming sectors with the likes of Crown Resorts and Tabcorp enjoying a strong rebound. The major banks were mixed over the month amidst concerns that rising unemployment and weakening economic conditions would lead to rising bad debt charges. The banks moved quickly to shore up their balance sheets led by NAB raising \$3.5 billion in equity capital, in addition to cutting its interim dividend by over 60%. Both ANZ and Westpac 'deferred' the payment of their respective dividends. Over the month, many Australian companies also raised new equity capital to shore up their balance sheets in anticipation of softer economic conditions.

## Portfolio performance & summary<sup>5</sup>

- ▶ IML are adopting a cautious approach to the sharemarket and looking to selectively use some of the Fund's cash

The Fund's portfolio had a strong month returning +6.7%, albeit just below the benchmark's return of +7.3%. The Fund remains defensively positioned in sectors such as Utilities, Telecommunications and Health Care, while remaining cautious of some of the sectors deemed more economically exposed or with too much gearing such as the major banks and the REITs sector generally. Unprecedented central bank intervention, fiscal stimulus, significantly lower bond yields and optimism regarding the speed of the recovery have all helped sharemarkets regain some of their losses. However, major uncertainties remain about what the new 'normal' will look like as various countries gradually allow businesses to open up their doors and start serving their customers again. As such, IML remain cautious on the short and medium term prospects for the global economy.

The length and depth of the current economic downturn as well as the speed and strength of the economic recovery remain very uncertain at this time. As a result, IML expect sharemarkets to remain fairly choppy until the prospects for the global economy and various sectors' profitability become clearer. IML continue to take a cautious view focusing on companies that, in their view, have a strong franchise and experienced capable management.

## Outlook<sup>5</sup>

IML has been through several corrections in their 22-year history and they remain disciplined in their approach to investing at all times. It is impossible to say exactly when the current volatility will settle down. However, when the sharemarket does stabilise, sound companies with real businesses and sustainable earnings and dividends - which is where IML's portfolios have always been focused - should again be sought after by investors and should do well over the long term.

### 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. Sandhurst IML Industrial Share Fund received a 4-Star Overall Morningstar Rating<sup>TM</sup> out of 97 Equity Australia Large Value funds as of 30 April 2020 and a 4-Star Five year rating out of 93 Equity Large Value funds as of 30 April 2020.  
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The '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. Source: [www.morningstar.com.au/Funds/FundReport/7045](http://www.morningstar.com.au/Funds/FundReport/7045)
4. Other fees and costs may apply. See the Product Disclosure Statement for full details.
5. 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](http://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 April 2020 (unless stated otherwise) and is subject to change without notice.

## Top 10 holdings

CSL Limited
National Australia Bank
Telstra
Westpac
Amcor
Crown Resorts
Coles Group Limited
Insurance Australia Group
Aurizon Holdings
Commonwealth Bank

## Sector active weights

Materials	7.10%
Communication Services	6.30%
Utilities	1.80%
Consumer Discretionary	-0.20%
Industrials	-1.80%
Information Technology	-2.20%
Consumer Staple	-3.00%
Financials	-5.90%
Health Care	-6.20%
Real Estate	-7.40%

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.

