

1.22% p.a.¹

Year ending 31 May 2018



SandhurstTrustees

Sandhurst Industrial Share Fund

Monthly fund update - May 2018

Investment approach

The Fund aims to deliver income and capital growth 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.

Fund performance¹

as at 31 May 2018

Morningstar
Rating™

5 Year³

Morningstar
Category Rank

5 Year³

3 months %

1 year %

3 years
%p.a.

5 years
%p.a.

Since
inception
%p.a.

Sandhurst Industrial Share Fund

★★★

28/87

-1.27

1.22

4.14

7.94

9.58

Benchmark²

-0.40

5.40

5.00

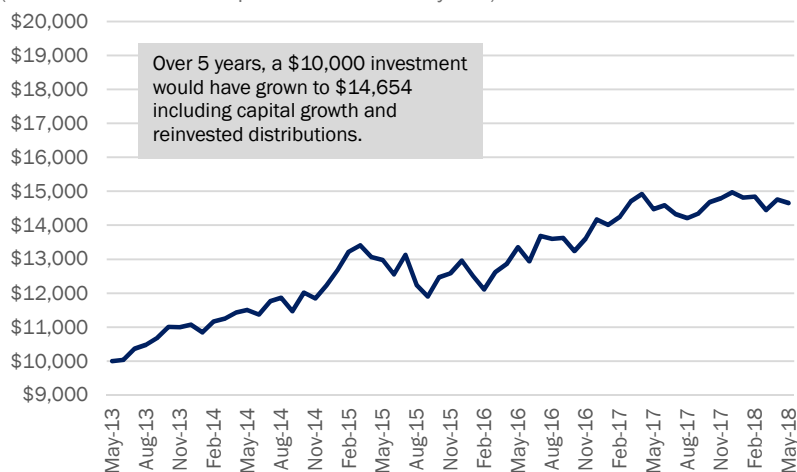
9.50

8.20

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance over 5 years)



Fund facts

Fund APIR code	STL0100AU
Fund start date	1 December 1999
Fund size	\$283.02 m
Minimum investment / minimum balance	\$2,000
Recommended investment timeframe	5 years +
Risk level	High

Unit price

Application price	\$1.78005
Withdrawal price	\$1.77117

Distribution details (cents per unit)

30 June 2017	\$0.14464
31 December 2017	\$0.04000

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 managed to finish the month in positive territory despite volatility in European markets
- ▶ The Australian sharemarket edged up +1.2% for the month in a very mixed market

Global equity markets as measured by the MSCI World index edged higher by +0.5% in May, driven primarily by the US with the S&P500 gaining +2.4%. Conversely, Europe's EuroStoxx 50 and Japan's Nikkei fell -2.5% and -1.2% respectively. Weakness in emerging markets continued, with the MSCI E.M. index falling -3.8%, its 4th consecutive decline.

The Australian sharemarket as measured by the ASX300 had a solid month gaining +1.2%. Sector performance was mixed, Healthcare gained +5.6% as sector heavyweight CSL gained +9.1% following another upgrade to its guidance off the back of stronger than expected sales. High yielding sectors such as the REITs and Utilities were buoyant throughout the month gaining +3.1% and +1.1% respectively as bond yields fell late in the month following tremors coming out of Italy and the subsequent flight to safety.

Portfolio performance & summary⁴

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

The Fund edged down -0.7% against the benchmark's gain of +0.8%. The Fund's core stocks such as Clydesdale, Skycity and Brambles all drifted lower over the month. Telstra fell heavily over the month and while the company is very out of favour, IML used weakness to top up their holding as it is IML's belief that the company represents sound long term value. With its dominant industry position and very strong balance sheet IML believe the company is well positioned, as companies like Vodafone which are not yet cash flow positive continue to struggle and with industry rationalisation inevitable, particularly given the pending entry of TPG into the mobile market.

Outlook⁴

Whilst investor confidence appears to be returning, IML remain relatively cautious given the prospect of further interest rate rises in the US. With the direction of world growth remaining positive, it remains a challenging environment for many companies to grow their earnings given the intensely competitive nature of most sectors. The market remains difficult to navigate with many investors continuing to avoid good quality stocks such as Amcor and Brambles on short term earnings concerns, while many companies where short-term growth is more apparent are being pushed to very high valuations. IML thus continue to use any weakness to buy good quality industrial names that in IML's view are trading at reasonable valuations and that IML believe can do well over the next 3 to 5 years.

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 Industrials 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. 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.
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The Sandhurst Industrial Share 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 (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.

Top 10 holdings

National Australia Bank
Westpac Banking Corporation
Commonwealth Bank
CSL Limited
Insurance Australia Group
Amcor Limited
Telstra
Clydesdale Bank
Fletcher Building
Pact Group Holdings

Sector active weights

■ Materials	5.40%
■ Utilities	3.20%
■ Consumer Discretionary	1.50%
■ Telecommunication Services	0.30%
■ Health Care	0.20%
■ Information Technology	-2.00%
■ Financials	-3.00%
■ Industrials	-4.10%
■ Consumer Staple	-5.40%
■ Real Estate	-6.30%

