

# -4.05%p.a.<sup>1</sup>

Year ending 30 November 2018

## Sandhurst Industrial Share Fund

### Monthly fund update - November 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 performance<sup>1</sup>

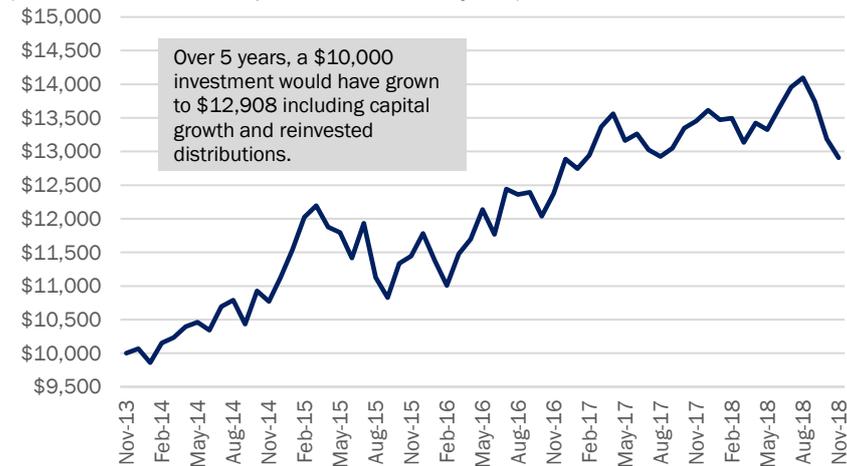
as at 30 November 2018

	Morningstar Rating™ Overall <sup>3</sup>	Morningstar Category Rank 5 Year <sup>3</sup>	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Since inception %p.a.
Sandhurst Industrial Share Fund	★★★★	21/87	-8.43	-4.05	4.09	5.24	9.14
Benchmark <sup>2</sup>			-9.60	-2.20	5.60	6.60	7.80

#### 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	STL0100AU
Fund start date	1 December 1999
Fund size	\$256.42 m
Minimum investment / minimum balance	\$2,000
Recommended investment timeframe	5 years +
Risk level	High

#### Unit price

Application price	\$1.57043
Withdrawal price	\$1.56259

#### Distribution details (cents per unit)

31 December 2017	\$0.04000
30 June 2018	\$0.16190

#### 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>4</sup>

- ▶ Global sharemarkets endured another volatile month, albeit finding support from a more supportive US Fed
- ▶ The Industrials sector fell -1.1% helped by firmness in the Banks over the month

Global equity markets endured another volatile month, albeit finishing +1.3% higher courtesy of a sharp rally late in the month. The US S&P 500 index finished the month up +1.8%, rebounding +5% in the final week of the month, whilst the tech heavy NASDAQ index rebounded +8% to finish the month flat. The catalyst for the rally was a more dovish tone from the US Federal Reserve, detailing that their key policy rate was now marginally below the neutral rate, implying a less aggressive path of interest rate rises into 2019.

The Australian sharemarket had another negative month with the ASX 300 closing the month down -2.2%. The weakness in our sharemarket was led by the Resources sector which fell -6.5%, in sympathy with the weakness in the prices of both oil and iron ore. The Industrials index also edged lower, it shed -1% over the month. Financials and Technology were the only two sectors to finish in positive territory gaining +1.4% and +1.0% respectively.

## Portfolio performance & summary<sup>4</sup>

- ▶ The sell-off and pick up in volatility allowed IML to selectively top up the Fund's positions in good quality industrials

In what was a challenging month, the Fund finished -2.1% lower, which was disappointing and below the benchmark's fall of -1.1%. The portfolio benefitted from resilient performances from holdings in good quality industrials such as IAG, Shopping Centres Australasia and Orica. In addition the portfolio benefitted from online classifieds and market place platform Trade Me which received a takeover approach from Private Equity over the month.

On the negative side, the portfolio was impacted by the Fund's holding in the UK's Clydesdale Bank which fell heavily over the month following the release of the bank's FY18 result. With Clydesdale now trading at 0.6x book value and with significant cost synergies from the acquisition of Virgin still expected to come through in the next three years, IML continue to hold the stock in the Fund's portfolios despite the disappointing recent result.

## Outlook<sup>4</sup>

Investor confidence has been shaken in the last few months as various macro issues continue to cloud the outlook for economic growth as we enter 2019. These issues include weakness in China's economy and continued uncertainty with the trade tariffs and Brexit. In Australia, the situation is further clouded by the impending Federal election in early 2019 while policy uncertainty in areas such as Banking and Electricity is also undermining investor confidence. IML remain cautious on the sharemarket and look for opportunities to use weakness in good quality companies to put some of the Fund's cash holding to work.

### 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](http://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.

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

## Top 10 holdings

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

## Sector active weights

Materials	5.20%
Utilities	3.50%
Communication Services	2.40%
Consumer Discretionary	0.50%
Industrials	-0.90%
Information Technology	-1.20%
Health Care	-1.60%
Financials	-3.80%
Consumer Staple	-4.80%
Real Estate	-5.00%

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