

## Quarterly fund update - December 2022

### 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 31 December 2022

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

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

	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	★★★	79/87	-1.89	8.09	1.60	3.84	3.91
Benchmark <sup>2</sup>			-4.00	7.20	-8.00	3.10	5.30

### 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	STL01 01 AU
Fund inception date	11 January 2001
Fund size	\$56.04 m
Distribution frequency	Half yearly
Management fees & costs <sup>4</sup>	0.97% 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 (ex distribution)

as at 31 December 2022

Application price	\$1.1 9496
Withdrawal price	\$1.1 8900

### Distribution details (cents per unit)

30 June 2022	\$0.02869
31 December 2022	\$0.01 942

### 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 our website: [www.bendigobank.com.au/managedfunds](http://www.bendigobank.com.au/managedfunds)

## Fund Performance<sup>5</sup>

The Fund was up strongly over the quarter, rising +8.1%, ahead of the benchmark's return of +7.2%. The Fund was also significantly ahead over the calendar year, returning a positive +1.6%, comparing very favourably to the benchmark's -8.0%.

The MSCI World Index was up +7.5% for the quarter, thanks to strong gains in October-November, although global markets dipped again in December as concerns resurfaced about the global economy slowing in 2023 as interest rates continue rising around the globe.

For the ASX 300, the Utilities sector was the strongest performer, up +28%, due mainly to a \$9 a share bid for Origin Energy by Brookfield Asset Management. The Financials sector also rose strongly, +10.8%, as banks and insurers benefited from rising rates and premiums.

The Fund benefited from strong share price gains from Orica and Virgin Money over the quarter, after they both announced strong FY22 results. Steadfast and Suncorp also had a good quarter as investors factored in rising insurance premiums.

SkyCity had a tough quarter, after Austrac announced proceedings against it in relation to AML breaches at its Adelaide casino while Medibank fell heavily after a well-publicised cyber-attack.

Over the quarter IML used the strong price appreciation to trim positions in stocks such as News Corp and United Malt Group, while using share price weakness to increase holdings in Medibank and Sonic Healthcare as they remain confident of both companies' long-term prospects.

## Outlook<sup>5</sup>

Given that inflation remains high in most parts of the world, and interest rates are still on the rise, IML believe sharemarkets will remain volatile given the ongoing uncertainty. While inflation appears to be peaking in some parts of the world, the impact on corporate earnings from higher interest rates and slower economic growth is yet to be fully reflected in many companies' earnings expectations.

IML are closely watching some high-quality companies that have looked expensive for some time and if tougher economic times lead to their share prices weakening, IML are looking to buy these targeted companies at what they believe will be attractive valuations.

## Top 10 holdings

National Australia Bank
CSL
Telstra Group
Westpac
Brambles
Orica
Steadfast Group
Aurizon Holdings
Suncorp Group
The Lottery Corporation

## Sector active weights

Communication Services	8.10%
Materials	4.40%
Industrials	1.60%
Consumer Discretionary	0.10%
Consumer Staples	-0.10%
Utilities	-1.20%
Financials	-2.30%
Information Technology	-4.00%
Health Care	-5.10%
Real Estate	-5.40%

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.

### 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 rates managed funds from one to five stars based on how well they've performed (after adjusting for risk) in comparison to similar funds. Within each Morningstar Category, the top 10% of funds receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Funds are rated for up to three time periods - three, five, and 10 years - and these ratings are combined to produce an overall rating. Funds with less than three years of history are not rated. Ratings are objective, based entirely on a mathematical evaluation of past performance. They're a useful tool for identifying funds worthy of further research, but shouldn't be considered buy or sell recommendations. Sandhurst IML Industrial Share Fund received a 3-Star Overall Morningstar Rating™ out of 93 Equity Australia Large Value funds as of 30 September 2022. In the Morningstar Equity Australia Large Value Category, the Sandhurst IML Industrial Share Fund 5 year return was ranked 79 out of 87 funds as of 30 September 2022. '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)  
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4. Management fees & costs are based on fees and costs incurred by the Fund in the past financial year and may be different in the current and future financial years. 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.bendigobank.com.au/managedfundsforms](http://www.bendigobank.com.au/managedfundsforms), any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision.

For target market determination: [www.bendigobank.com.au/TMD](http://www.bendigobank.com.au/TMD)

This information is current as at 31 December 2022 (unless stated otherwise) and is subject to change without notice.