

Sandhurst IML Industrial Share Fund

Quarterly fund update - June 2023

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 June 2023

Morningstar Rating™
Overall³

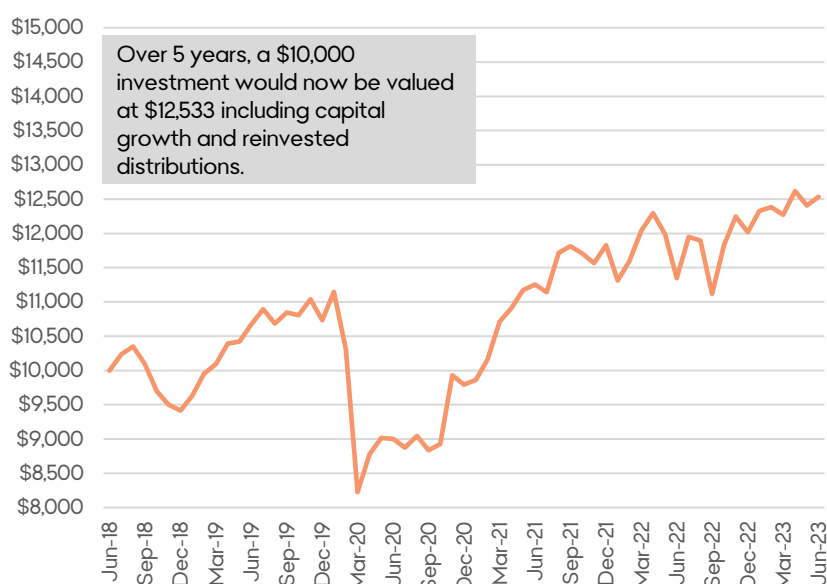
Morningstar Category Rank
5 Year³

| | | 1 month % | 3 months % | 1 year % | 3 years %p.a. | 5 years %p.a. | |
|-------------------------------------|-----|-----------|------------|----------|---------------|---------------|------|
| Sandhurst IML Industrial Share Fund | ★★★ | 69/80 | 1.02 | 2.15 | 10.47 | 11.67 | 4.62 |
| Benchmark ² | | | 0.80 | 2.20 | 11.70 | 8.90 | 5.70 |

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance over 5 years)



Fund facts

| | |
|--------------------------------------|-----------------|
| Fund APIR code | STL01 01 AU |
| Fund inception date | 11 January 2001 |
| Fund size | \$53.00 m |
| Distribution frequency | Half yearly |
| Management fees & costs ⁴ | 1.00% p.a. |
| Buy / Sell spread ⁴ | +0.25% / -0.25% |
| Minimum investment / minimum balance | \$50,000 |
| Recommended investment timeframe | 5 years + |
| Risk level | High |

Unit price (ex distribution)

as at 30 June 2023

| | |
|-------------------|-----------|
| Application price | \$1.23308 |
| Withdrawal price | \$1.22693 |

Distribution details (cents per unit)

| | |
|------------------|------------|
| 31 December 2022 | \$0.01 942 |
| 30 June 2023 | \$0.01 311 |

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

Fund Performance⁵

The Fund had a solid quarter, returning +2.1%, slightly behind the benchmark's +2.2%. This took the Fund to a solid return for the full financial year of +10.5%, slightly behind the benchmark's return of +11.7%.

Global markets had a very strong quarter with the MSCI World Index up +6.7%, led by the Nasdaq, +13%. The gains were partly driven by optimism that the rate-rising cycle was near its end, as well as excitement about AI after US chipmaker Nvidia significantly upgraded its forward guidance. This caused a narrow-focused rally, driving markets higher.

The ASX 300 lagged global markets, rising +1.0% for the quarter, as the strong lead from overseas markets was tempered by somewhat unexpected RBA rate hikes which made investors more cautious. Information Technology was by far the strongest sector, rising +18.4% as tech stocks rallied in line with overseas markets. Consumer-facing sectors also struggled as interest rates continue to bite.

The Fund benefitted from strong performances from Aurizon. IAG and Suncorp were also up significantly amid continuing good trading conditions for the insurance sector. Premiums are increasing significantly, and investment income is benefitting from higher rates.

Amcor was disappointing over the quarter, falling after it downgraded its outlook due to food and beverage companies destocking, as well as weakening demand from end customers.

Outlook⁵

Economies still face significant issues, setting a challenging backdrop for companies. Consumer demand has slowed but is still robust compared to pre-Covid trends. Inflation is proving persistent, with wage gains and house prices ticking up. Further interest rate rises appear justified. IML continue to act cautiously, focusing on industry-leading companies with strong competitive advantages and recurring earnings that are likely to perform well in a range of economic conditions.

Market volatility is likely to continue into the new financial year, so IML are also closely watching a number of companies, waiting for any opportunity to buy them at attractive prices.

Top 10 holdings

| |
|-----------------------------|
| National Australia Bank |
| Telstra Group |
| CSL |
| Brambles |
| Westpac Banking Corporation |
| Suncorp Group |
| Aurizon Holdings |
| Steadfast Group |
| Orica |
| Commonwealth Bank |

Sector active weights

| | |
|------------------------|--------|
| Communication Services | 7.80% |
| Materials | 3.20% |
| Industrials | 2.10% |
| Consumer Staples | -0.40% |
| Consumer Discretionary | -0.50% |
| Utilities | -1.10% |
| Financials | -1.70% |
| Information Technology | -3.70% |
| Health Care | -3.90% |
| Real Estate | -4.90% |

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 mutual 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 85 Equity Australia Large Value funds as of 30 June 2023. The Sandhurst IML Industrial Share Fund returns were ranked 69 out of 80 Morningstar Equity Australia Large Value funds for 5 years to 30 June 2023. '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
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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.
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/managedfundforms, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision.

For target market determination: www.bendigobank.com.au/TMD

This information is current as at 30 June 2023 (unless stated otherwise) and is subject to change without notice.