Bendigo Income Generation Fund

Quarterly fund update - December 2022

Foresight Analytics has assigned a VERY STRONG investment rating with a product complexity indicator designating the Fund as a Relatively Simple Product.[5]

Investment approach

The Fund aims to provide customers with regular income. The Fund will invest in a portfolio of Credit Securities to generate regular income consistently higher than traditional cash investments. The Fund will be actively managed to balance risk and return opportunities through different market conditions.

Fund performance[1]

as at 31 December 2022

	Fund return	Benchmark[2]	Excess return
1 month (%)	0.54	0.25	0.29
3 months (%)	1.18	0.74	0.44
6 months (%)	2.01	1.17	0.84
1 year (%)	1.36	1.25	0.11
Since inception (%) p.a.	2.69	0.51	2.18

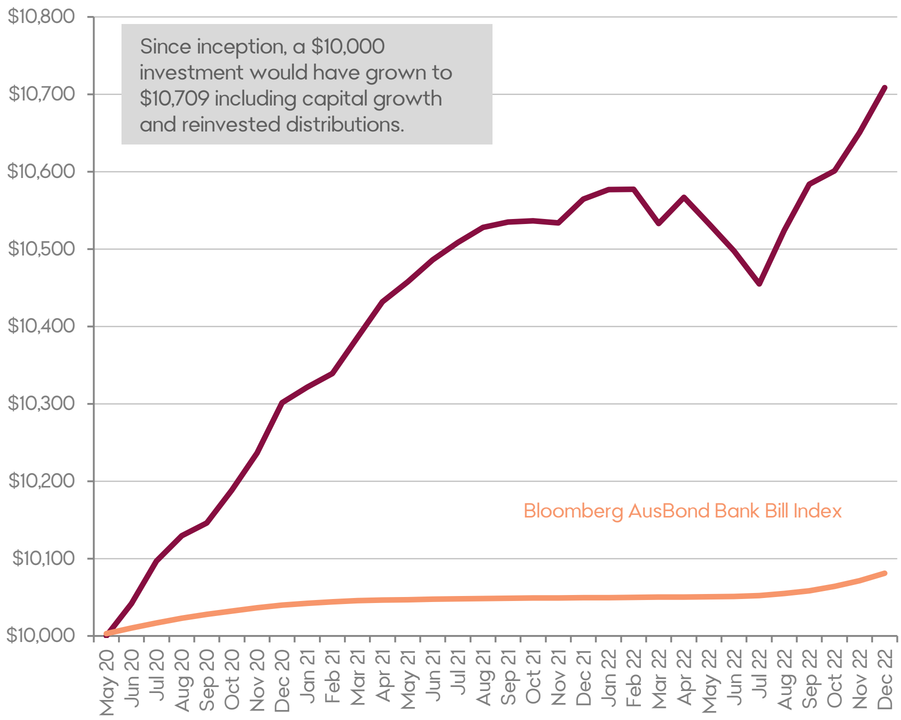
Fund facts

Fund APIR code	STL8864AU
Fund start date[3]	20 May 2020
Management fees & costs[4]	0.61 % p.a.
Buy / Sell spread[4]	+0.05% / -0.20%
Minimum investment / minimum balance	$2,000
Recommended investment timeframe	2 years +
Risk level	Low to medium

An example of how your investment grows

Growth of $10,000[1]

(Based on historic Fund performance since inception)



Unit price (ex distribution)

as at 31 December 2022

Application price	$1.00079
Withdrawal price	$0.99828

Distribution details (cents per unit)

31 Mar 22	$0.00570
30 Jun 22	$0.00713
30 Sep 22	$0.00833
31 Dec 22	$0.01165

Benefits of investing

- regular income from quarterly distributions;
- access to a diversified credit portfolio therefore reducing your risk and potentially enhancing returns;
- there's no requirement to rollover or lock away your investment for a fixed term; and
- a regular savings plan option from $50 per month.

Do you have any questions?

For further information contact us on 1800 634 969 or visit our website: www.bendigobank.com.au/managedfunds

Refer to the next page for footnotes

Portfolio performance

The Bendigo Income Generation Fund achieved an annualised return of 4.72% (after fees) for the quarter ending 31 December and an average annual return of 2.69% (after fees) since inception. Global markets experienced a tumultuous 2022 with persistent volatility creating challenging conditions. However, the final quarter of 2022 saw gains on risk assets as investors became optimistic on an improving outlook for 2023.

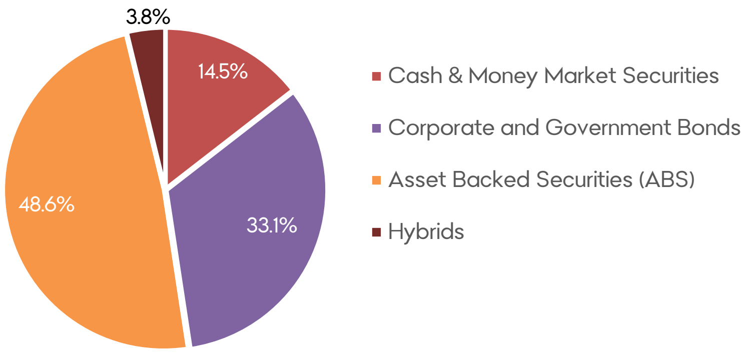
A defining moment was the relaxation of China's zero-covid policy bolstering emerging markets, and other developed regions. The market reacted favourably to a meeting between US President Joe Biden and Chinese leader Xi Jinping in November, which signalled the possibility of improving US-China relations. The UK emerged from its September crisis ending in positive territory. The latter stages of 2022 saw the Eurozone show signs of slowing inflation, mirroring similar trends in the US.

Following the softer inflation prints, investors had become more hopeful of an easing in monetary policy. Government bond yields were slightly higher at the end of the quarter, reflecting the continued commitment from major central banks to tighten monetary policy to bring inflation back to the ranges of the respective region.

Australian equities posted a strong performance returning 6.5% outperforming many international markets. The domestic market benefitted from China's pivot on their zero COVID policy, softening inflation and a broad stabilisation in global bonds.

Through the quarter, the Reserve Bank of Australia (RBA) increased the cash rate from 2.35% to 3.10%. More increases are priced in for early 2023 but the pace and magnitude are expected to reduce. The impact of higher rates is yet to be felt fully across the economy and the RBA has noted this in recent communications. Adding to the uncertainty is the sustained fall in Australian property prices, particularly in Sydney and Melbourne. Mortgage delinquencies remain at historic lows but did increase slightly over the period.

Asset allocation



Global credit spreads tightened on improved risk sentiment with investment grade and high yield delivering positive performance in the Eurozone and the US. The domestic market underperformed global peers with activity in the primary market driving volatility. Performance for hybrids and tier 2 subordinated securities was more positive benefitting from strong demand late in the period.

Fund exposure to cash and money market securities reduced over the period on a more stable market, increasing income return. The focus remains on high quality assets and a strong liquidity profile. The Fund is conservatively positioned with a low modified credit duration of 1.55 years. At the end of the quarter, the Fund had 14.5% in cash and money market instruments, 33.1% in corporate and bank bonds, 48.6% in securitised assets and 3.8% in hybrids. The running yield of the Fund is 5.60% (before fees).

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 Bloomberg AusBond Bank Bill Index.
3. The Fund commenced on 20 May 2020 and issued as a retail offering 11 February 2021.
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. Foresight Analytics has assigned a VERY STRONG investment rating with a product complexity indicator designating the Fund as a Relatively Simple Product. This rating indicates a very strong conviction that the Fund can deliver a risk adjusted return in line with its investment objective. Designation as a Relatively Simple Product indicates that the investment manager will seek to outperform their chosen mainstream market sector. A rating is not a recommendation to invest, retain or redeem units in the Fund. The rating may be subject to change or withdrawal at any time. A copy of Foresight Analytics Financial Services Guide can be found at www.foresight-analytics.com/financial-services-guide