Bendigo Income Generation Fund

Quarterly fund update - June 2022

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.

VERY STRONG
RELATIVELY SIMPLE
Foresight Analytics

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

Fund performance[1]

as at 30 June 2022

	Fund return	Benchmark [2]	Excess return
1 month (%)	-0.33	0.05	-0.38
3 months (%)	-0.33	0.07	-0.40
6 months (%)	-0.63	0.08	-0.71
1 year (%)	0.11	0.10	0.01
Since inception (%) p.a.	2.36	0.08	2.28

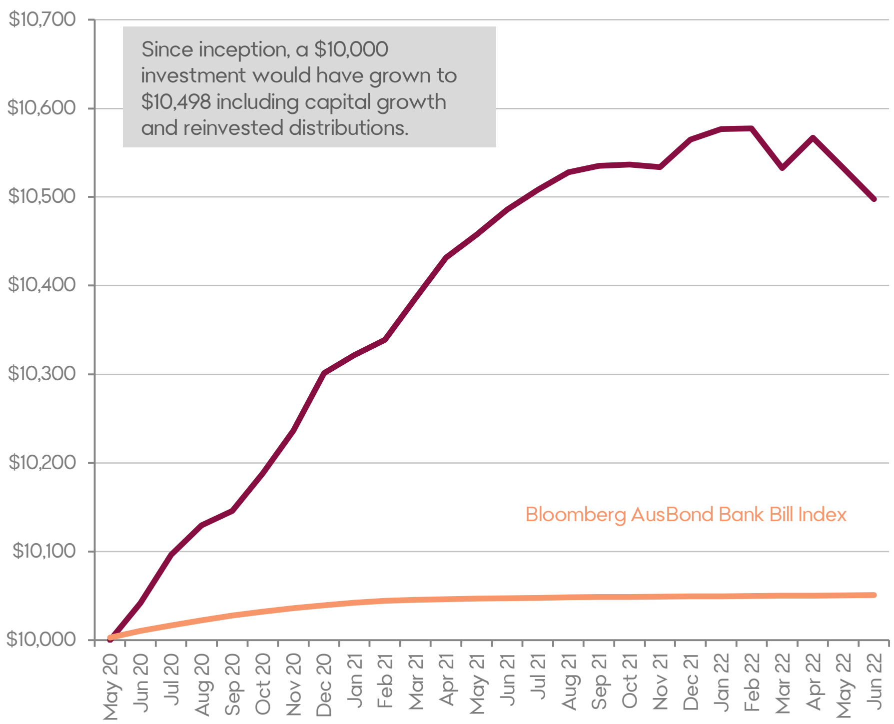
Fund facts

Fund APIR code	STL8864AU
Fund start date[3]	20 May 2020
Management costs[4]	0.60% p.a.
Buy / Sell spread[4]	+0.04% / -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 30 June 2022

Application price	$1.00071
Withdrawal price	$0.99831

Distribution details (cents per unit)

30 Sep 21	$0.00770
31 Dec 21	$0.00670
31 Mar 22	$0.00570
30 Jun 22	$0.00713

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 has generated an average annual return of 2.36%pa since inception. The Fund paid a distribution of 0.713% cents per unit equating to 2.85% p.a. Over the past quarter the Fund achieved a negative return of 0.33% as capital was eroded by market movements.

The second quarter of 2022 saw the global growth narrative continue to soften on inflation pressures, the war in Ukraine, European energy crisis and central banks withdrawing accommodative monetary policy. This led to sustained weakness in equity and bond markets with the US equity market experiencing its worst return for the first half in 60 years as a circa 20% decline put the market into bear territory. Other global markets also saw heavy losses on a growing lack of confidence amongst investors.

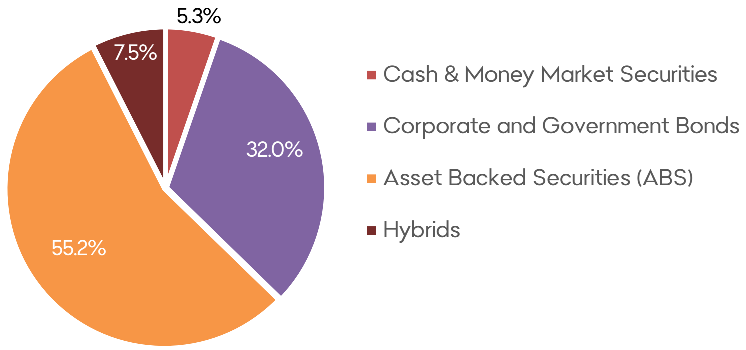
Inflationary pressures have been a main driver of the negative performance in markets. Consumer price index readings across the globe have registered much higher than anticipated and central banks have struggled to combat the increase in prices. The US Federal Reserve (Fed) became more aggressive in their rate hikes and reset expectations of how high rates could go. The pace and extent of rate hikes built fears of a recession late in the quarter spurring further volatility across markets. Traditional equity/bond portfolios have been pressured from all fronts causing unprecedented market moves. Bond funds have traditionally been a safe haven from equity volatility but the increasing interest rates from returns of so close to zero mean that capital losses cannot be absorbed by income returns. The dynamics of the geopolitical and global economy post-covid are increasingly difficult to assess and the outlook remains highly uncertain.

In Australia, the ASX200 fell 11.9% over the quarter, breaking the trend of outperforming global peers in the first quarter of 2022. Banks were an underperformer and the fears of recession saw their share prices fall significantly. The Reserve Bank of Australia (RBA) followed other global central banks with faster than expected rate hikes. The RBA raised rates by 0.25% in May and 0.50% in June to a cash rate of 0.85%. House prices softened into the end of the quarter, notably in Sydney and Melbourne. There are growing expectations for prolonged weakness through to 2023 on further rate hikes and affordability concerns. Other economic data points such as employment and GDP have remained robust so far. Nevertheless, sentiment is softening with consumers and businesses feeling the impacts of cost pressures and rate hikes.

The Australian credit market had a turbulent quarter with credit spreads widening. Senior unsecured bank securities found some support and outperformed tier 2 subordinated, hybrid and corporate bonds. The securitised market was mixed with the primary market functioning positively but a lack of interest in the secondary market causing unfavourable price moves.

The Fund is positioned conservatively and well poised to take advantage of opportunities as the market stabilises. Fund exposure to cash and money market securities remains elevated and has increased the liquidity position of the Fund. This will allow for reinvestment into higher returning assets when the market returns to more normal conditions. Exposures to hybrid and tier 2 subordinated bonds has reduced as further volatility is expected in the near term. The Fund is primarily invested in high quality assets, maintaining an average credit rating of A over the quarter. At the end of June, the portfolio the portfolio has 5.3% allocated in cash instruments, 32.0% in corporate bonds, 55.2% in securitised assets and 7.5% in hybrids. The Fund's income will increase in line with cash rate increases over the coming months.

Asset allocation



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 costs are based on 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