

Bendigo Diversified Fixed Interest Fund

Monthly fund update - April 2020

Investment approach

The Bendigo Diversified Fixed Interest Fund (Fund) aims to provide investors with regular income by investing via a strategically managed selection of high quality Australian and international fixed interest managers. The Fund adopts a blend of expert active and index investment managers.

Fund performance¹

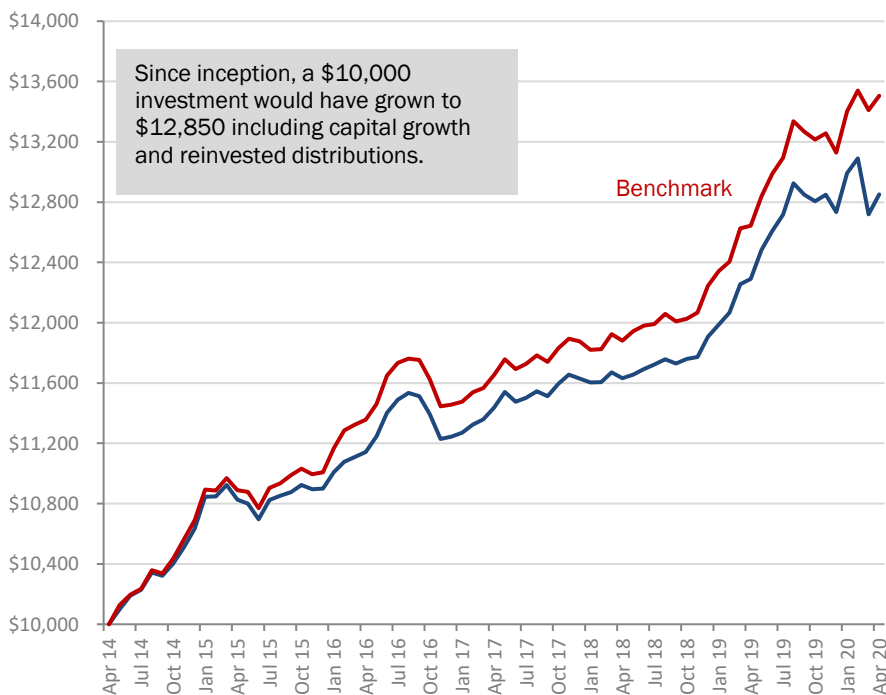
as at 30 April 2020

	Morningstar Rating™ Overall ³	Morningstar Category Rank 3 Year ³	3 months %	1 year %	3 years %	5 years %p.a.	Since inception %p.a.
Bendigo Diversified Fixed Interest Fund	★★★★	14/53	-1.10	4.56	3.96	3.49	4.27
Benchmark ²			0.78	6.82	5.04	4.40	5.14

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance since inception)



Fund facts

Fund APIR code	STL0051AU
Fund inception date	28 April 2014
Distribution frequency	Quarterly
Management costs ⁴	0.52% p.a.
Buy / Sell spread ⁴	+0.07%/-0.50%
Minimum investment / minimum balance	\$25,000
Recommended investment timeframe	3 years +
Risk level	Low to medium

Unit price

as at 30 April 2020

Application price	\$1.03852
Withdrawal price	\$1.03261

Distribution details (cents per unit)

30 Jun 19	\$0.02082
30 Sep 19	\$0.00400
31 Dec 19	\$0.00500
31 Mar 20	\$0.00350

Benefits from investing

- ▶ regular income from quarterly distributions;
- ▶ access to leading professional investment managers;
- ▶ diversification for the defensive portion of your investment portfolio; 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 www.sandhursttrustees.com.au

Asset Allocation

		Weight %	Weight % Δ /mth
Active Manager Allocation			
Australian Fixed Interest	Schroder Fixed Interest Fund - Standard Class	36.1%	-1.3% ↓
Global Fixed Interest	Pimco Global Bond Fund	35.9%	-0.4% ↓
Index Sector Rotation Allocation			
	Australian Fixed Interest	6.0%	-5.7% ↓
Australian Fixed Interest	Australian Government Bonds	3.9%	0.1% ↑
	Australian Inflation Linked Bonds	7.3%	2.6% ↑
Global Fixed Interest	Global Sovereign Bonds	0.0%	0.0% →
	International Credit Securities	3.4%	-1.5% ↓
Cash	Sandhurst Trustees Limited*	7.4%	5.9% ↑
Total		100.0%	

* Includes small amounts of cash that are held in Bendigo Bank operating accounts.

Portfolio performance and market commentary

The Fund outperformed the benchmark by 0.31% in the month of April making up some lost ground from March. The Fund has experienced some underperformance relative to the benchmark over the rolling three-month period which has been largely led by underperformance of global fixed income manager PIMCO and Australian fixed income manager Schroder. Overweight positions in credit were the source of the majority of the underperformance, in which credit spreads widened significantly given the weaker economic outlook. In April the Fund recovered some lost ground as liquidity returned to the market and the large government fiscal support returned some confidence back into the market.

Following the 36% selloff on S&P 500 Index from the February peak to the March low, the Australian ASX 200 Index and the US S&P 500 Index rose 8.8% and 12.7% respectively in April, buoyed by unprecedented central bank liquidity and government fiscal support. Whilst perhaps not as eventful as the month of March, April still offered plenty with the oil price collapsing into negative territory. Oil producers remained stubborn to cut supply and the reduction in demand brought on by Coronavirus isolation measure brought about a large supply to demand imbalance, bringing the price on Western Texas oil (WTI) spot on the 21st of April to negative \$37 a barrel. More recently oil production cuts as well as the gradual reopening of many economies has brought about some stabilisation with the WTI spot price closing at \$18.8 at the end of April.

During the lockdown, the hardest hit industries are among services and entertainment sectors. The uncertainty about the future has spilled over to almost all other business, resulting in significant reduction of production and investment, project delays and reversal of future expectations. Governments and Central Banks around the world have been providing support to struggling households and business, in forms of cash rate cuts, stimulus packages, social welfare assistances, asset purchasing programs and term funding facilities for the banking system. This combination of reactions has provided households with a financial backstop and liquidity to alleviate market dysfunction in its stressed condition.

Looking forward investment markets face a combination of fast evolving forces, being central bank liquidity and fiscal government support, a gradual relaxation of restrictions and the risk of "second wave" which is still present and largely unknown. Some industries are experiencing permanent structural change, while employees adapt to flexible working arrangements. There are undoubtedly negative effects on economies in the short term, however with all the efforts to combat this pandemic, the Reserve Bank of Australia expects the recovery to take us into mid-2022.

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 this Fund is 50% Bloomberg Barclays Global Aggregate Index (\$A Hedged) and 50% Bloomberg AusBond Composite 0+ Yr Index (previously known as UBS Composite Bond Index 0+).
3. Bendigo Diversified Fixed Interest Fund received a 4-Star Overall Morningstar Rating™ out of 53 Bonds - Global/Australia funds as of 30 April 2020 and a 4-Star Three year rating out of 53 Bonds - Global/Australia funds as of 30 April 2020.

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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. '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/40605
4. Other fees and costs may apply. See the Product Disclosure Statement for full details.

The Bendigo Diversified Fixed Interest Fund (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. Economic and outlook forecasts are not guaranteed to occur. Sandhurst has prepared this document based on information available to it. The information provided in this document has not been verified. Accordingly, no representation is made to the fairness and accuracy of the information, opinions and conclusions contained in this document. This update is provided by Sandhurst and contains general advice only. Please consider your situation and read the PDS available at www.sandhursttrustees.com.au/pds, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision.

The information is current as at 30 April 2020 (unless stated otherwise) and is subject to change without notice.

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