

Bendigo Diversified Fixed Interest Fund

Monthly fund update - August 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

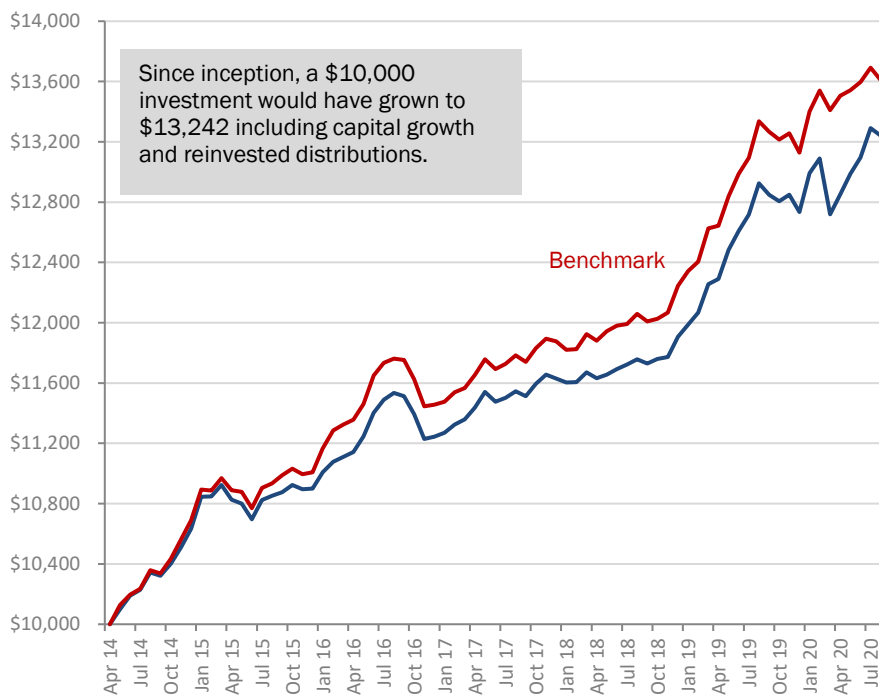
as at 31 August 2020

	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	★★★★	4/53	1.95	2.45	4.67	4.06	4.53
Benchmark ²			0.49	2.04	4.92	4.48	4.99

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	+0.08%/-0.28%
Minimum investment / minimum balance	\$25,000
Recommended investment timeframe	3 years +
Risk level	Low to medium

Unit price

as at 31 August 2020

Application price	\$1.05564
Withdrawal price	\$1.05184

Distribution details (cents per unit)

30 Sep 19	\$0.00400
31 Dec 19	\$0.00500
31 Mar 20	\$0.00350
30 Jun 20	\$0.01208

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	37.5%	0.0% →
Global Fixed Interest	Pimco Global Bond Fund	37.1%	0.1% ↑
Index Sector Rotation Allocation			
	Australian Fixed Interest	2.4%	0.1% ↑
Australian Fixed Interest	Australian Government Bonds	1.6%	0.0% →
	Australian Inflation Linked Bonds	10.6%	-0.1% ↓
Global Fixed Interest	Global Sovereign Bonds	0.0%	0.0% →
	International Credit Securities	7.6%	0.0% →
Cash	Sandhurst Trustees Limited*	3.2%	2.4% ↑
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 over the month. Driving returns were strong contributions from active managers Pimco and Schroders. Detracting from performance was positions in inflation linked bonds, in which gave back some of the strong performance this exposure has delivered since March.

Global equity markets moved higher over the month of August as broadly declining global Coronavirus cases and supportive monetary policy from the US Federal Reserve boosted risk appetite. Whilst markets face uncertainty regarding the upcoming US election, increased tensions with China and the continual threat of the virus, momentum continues to be positive for risk assets.

In Australia, August is a busy time for corporate earnings updates and while companies are generally careful to guide markets ahead of results, it is interesting to see the trends cemented in the updates. Overall, the conditions since the Coronavirus outbreak has divided many stocks, with consumer related companies such as JB Hi-Fi, Kogan, Afterpay and Bunnings Warehouse enjoying the fiscal stimulus, super withdrawals and mortgage deferrals. While travel companies, for example Qantas, Corporate Travel Management and Flight Centre face the opposite fate. Australian banks have been on the wrong side of the ledger with low interest rates eating profit margins as well as rising bad debts and constrained private credit growth. Within listed property, retail trusts such as Scentre Group have seen their price fall by over 40% for the calendar year to August, while industrial property has proven favourable in which Goodman Group is up close to 35% over this same period.

The other interesting dynamic is the current surge in US housing despite the pandemic, where a combination of improved affordability through interest rate declines, a general lack of supply and movement out of major city centres are impacting on the positive price side. This dynamic is playing out in homebuilder companies, with Australian listed building materials company James Hardie experiencing good growth. Australian mining companies have also been benefiting, with commodity prices lifting on the back of government construction programs aimed at stimulating ailing economies.

Whilst conditions have favoured some and not others, looking forward the prices of the beneficiaries reflect this reality. For active managers the easy money appears to be behind them, with the next movements in equity markets highly dependent on monetary and fiscal action. Governments so far have put aside fears of large deficits, putting to the test as to whether government deficits do not actually matter, as a rising voice of monetary theorists' claim.

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 31 August 2020 and a 4-Star Three year rating out of 53 Bonds - Global/Australia funds as of 31 August 2020.

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The 'Morningstar Rating' is an assessment of a fund's past performance – based on both return and risk – 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 31 August 2020 (unless stated otherwise) and is subject to change without notice.

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