

## Monthly fund update - December 2021

### 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 performance<sup>1</sup>

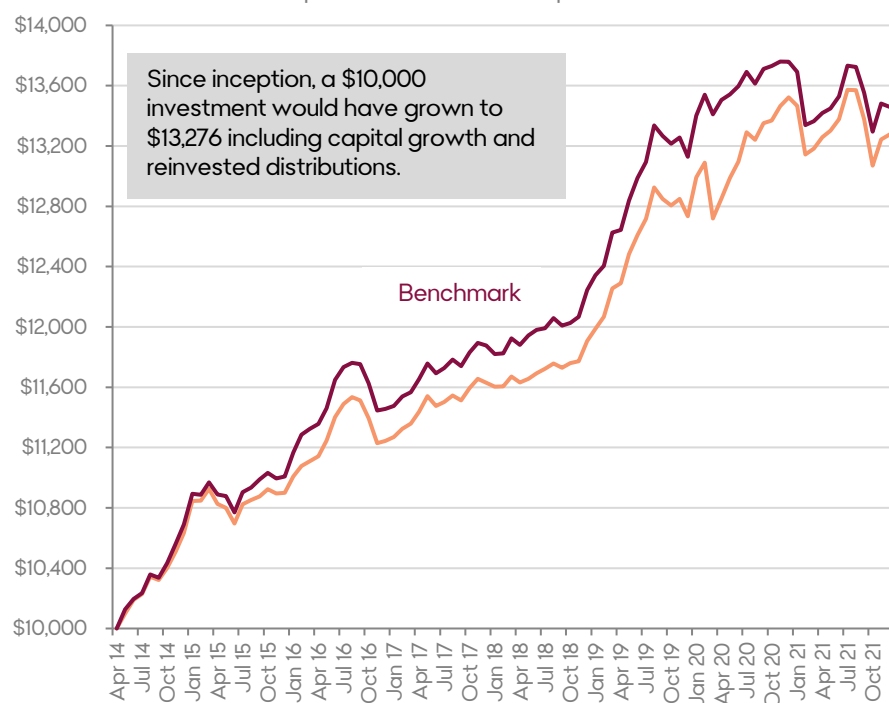
as at 31 December 2021

	Morningstar Rating™ Overall <sup>3</sup>	Morningstar Category Rank 3 Year <sup>3</sup>	3 months %	1 year %	3 years %	5 years %p.a.	Since inception %p.a.
Bendigo Diversified Fixed Interest Fund	★★★★★	4/43	-0.76	-1.83	3.69	3.38	3.76
Benchmark <sup>2</sup>			-0.70	-2.18	3.20	3.27	3.95

### An example of how your investment grows

#### Growth of \$10,000<sup>1</sup>

(Based on historic Fund performance since inception)



### Fund facts

Fund APIR code	STL0051AU
Fund inception date	28 April 2014
Distribution frequency	Quarterly
Management costs <sup>4</sup>	0.52% p.a.
Buy / Sell spread <sup>4</sup>	+0.08%/-0.15%
Minimum investment / minimum balance	\$25,000
Recommended investment timeframe	3 years +
Risk level	Low to medium

### Unit price (ex distribution)

as at 31 December 2021

Application price	\$1.02643
Withdrawal price	\$1.02407

### Distribution details (cents per unit)

31 Mar 21	\$0.00300
30 Jun 21	\$0.00231
30 Sep 21	\$0.00330
31 Dec 21	\$0.00250

### 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.bendigobank.com.au/managedfunds](http://www.bendigobank.com.au/managedfunds)

## Asset Allocation

		Weight %	Weight %Δ /mth
<b>Active Manager Allocation</b>			
<b>Australian Fixed Interest</b>	Schroder Fixed Interest Fund - Standard Class	41.9%	-0.1% ↓
<b>Global Fixed Interest</b>	Pimco Global Bond Fund	42.0%	-0.8% ↓
<b>Index Sector Rotation Allocation</b>			
	Australian Fixed Interest	3.2%	0.0% →
<b>Australian Fixed Interest</b>	Australian Government Bonds	1.3%	0.0% →
	Australian Inflation Linked Bonds	9.0%	0.3% ↑
<b>Global Fixed Interest</b>	Global Sovereign Bonds	0.0%	0.0% →
	International Credit Securities	0.3%	0.0% →
<b>Cash</b>	Sandhurst Trustees Limited*	2.3%	0.6% ↑
<b>Total</b>		<b>100.0%</b>	

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

## Portfolio performance and market commentary

The Fund performed in line with the benchmark and outperformed its peer group over the quarter. Bond yields were volatile over the period, before renewed rising inflation expectations saw bond yields end the quarter higher. Active managers, Schroder and PIMCO detracted from relative benchmark returns, while our position in Australian inflation linked bonds benefitted the Fund as inflation expectations rose faster than bond yields within Australia.

The final quarter of calendar year 2021 was eventful with positive equity performance masking some of the volatility experienced during the period. Global developed world equities returned 7.9% on a currency hedged basis while Australian shares appreciated 2.2% over the same period. Conversely, Emerging market shares were lower by 1.9% and investment grade fixed income investments (represented by 50/50 weighted AusBond composite and global aggregated bond index) returned -0.7% in the December quarter. Uncertainty around the Omicron variant and Central Banks shift in focus on the early withdrawal of monetary policy support were the main drivers of volatility during the quarter.

The potential of a new coronavirus variant or faster than expected tightening of monetary policy had markets questioning the trajectory of economic growth and inflation. Interest rate sensitive investments such as growth shares trading at higher valuations were subject to greater volatility yet still managed to end the quarter in positive territory.

In Australia, the economy is recovering from the Delta variant lockdowns. Coinciding with the easing of restrictions in the Eastern states, economic data prints improved towards the end of the December quarter in a positive sign for growth. Inflation has increased but at a lower pace relative to other parts of the developed world which is positive for price stability. However, Australian CPI continues to be impacted by supply disruptions and higher energy prices which have persisted longer than first expected. The RBA will be closely monitoring developments and is expected to consider revising its bond purchasing program as conditions improve while maintaining the cash rate until inflation is sustainably within the 2-3% target range.

### 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. Morningstar rates managed 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 recommendation. Bendigo Diversified Fixed Interest Fund received a 5-Star Overall Morningstar Rating™ out of 43 Bonds - Global/Australia funds as of 31 December 2021. In the Morningstar Bonds - Global/Australia Category, the Bendigo Diversified Fixed Interest Fund 3 year return was ranked 4 out of 43 funds as of 31 December 2021. '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](http://www.morningstar.com.au/Funds/FundReport/40605)  
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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.

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.bendigobank.com.au/managedfundsforms](http://www.bendigobank.com.au/managedfundsforms), any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision. For target market determination: [www.bendigobank.com.au/TMD](http://www.bendigobank.com.au/TMD)

The information is current as at 31 December 2021 (unless stated otherwise) and is subject to change without notice.

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