

Bendigo Diversified Fixed Interest Fund

Monthly fund update - February 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 performance¹

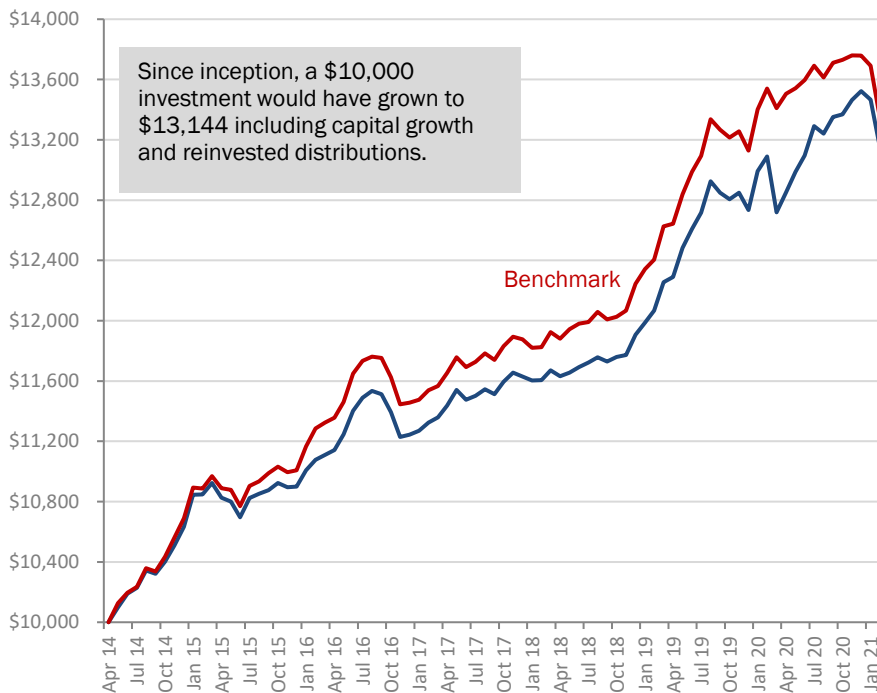
as at 28 February 2021

| | 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 | ★★★★ | 4/51 | -2.38 | 0.41 | 4.24 | 3.48 | 4.08 |
| Benchmark ² | | | -3.06 | -1.49 | 4.10 | 3.40 | 4.31 |

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%/-0.15% |
| Minimum investment / minimum balance | \$25,000 |
| Recommended investment timeframe | 3 years + |
| Risk level | Low to medium |

Unit price

as at 28 February 2021

| | |
|-------------------|-----------|
| Application price | \$1.02725 |
| Withdrawal price | \$1.02489 |

Distribution details (cents per unit)

| | |
|-----------|-----------|
| 31 Mar 20 | \$0.00350 |
| 30 Jun 20 | \$0.01208 |
| 30 Sep 20 | \$0.00970 |
| 31 Dec 20 | \$0.00990 |

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% | 0.4% |
| Global Fixed Interest | Pimco Global Bond Fund | 37.8% | 1.0% |
| Index Sector Rotation Allocation | | | |
| | Australian Fixed Interest | 2.8% | 0.1% |
| Australian Fixed Interest | Australian Government Bonds | 1.1% | 0.0% |
| | Australian Inflation Linked Bonds | 9.4% | -3.0% |
| Global Fixed Interest | Global Sovereign Bonds | 0.0% | 0.0% |
| | International Credit Securities | 0.3% | -5.8% |
| Cash | Sandhurst Trustees Limited* | 11.1% | 7.3% |
| Total | | 100.0% | |

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

Portfolio performance and market commentary

The Fund underperformed the benchmark over the month, predominately due to an overweight to inflation linked bonds. Over the month bond yields rose steeply, outpacing the markets expectations for inflation. This suggests concern over the ability of the market to digest the large amounts of bond issuance in the pipeline. This was negative for inflation linked bonds which trade off real yields (bond yields minus inflation expectations). Given central bank inflation targets are linked to low interest rates, we do not expect material rises in bond yields in excess of inflation moving forward.

Risk assets ended the period in positive territory but softened as bond yields rose in response to higher inflation expectations and an improved economic growth outlook. Additional large fiscal stimulus from the US coupled with the mass roll out of vaccinations across the globe underpin the rise in expectations. The Nasdaq, dominated by growth technology stocks, suffered the worst response to the rise in inflation expectations and increased optimism around the outlook for economies reopening. Technology stocks benefitted most from shutdowns, so this tailwind normalising has some investors questioning the valuation gap between growth and value orientated sectors which would benefit greatly from reopening and a reduction in the output gap.

Evidence of a large fiscal stimulus program improving economic growth came in the Australian December quarter GDP print. Following the first recession recorded in over 30 years, economic growth expanded 3.1% following a 3.4% rise in the September quarter. It represents the first time in 60 years that Australia has recorded more than 3% growth in 2 consecutive quarters. A V-shape recovery appears to be taking place in Australia with year-on-year GDP only 1.1% below December 2019 figures. An outstanding outcome when one reflects on the measures taken during 2020 to curb the spread of infections.

Looking forward, fiscal and monetary policy must remain loose to support economies. Also, it will be important for the distribution of vaccines to continue smoothly to ensure the world returns to economic growth. Australia still requires gains in employment to return to full employment and maintain inflation within the RBA's target range, however, progress has been made towards this goal since the height of the lockdowns.

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 4-Star Overall Morningstar Rating™ out of 51 Bonds - Global/Australia funds as of 28 February 2021. In the Morningstar Bonds - Global/Australia Category, the Bendigo Diversified Fixed Interest Fund 3 year return was ranked 3 out of 51 funds as of 28 February 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

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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.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 28 February 2021 (unless stated otherwise) and is subject to change without notice.

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