

Bendigo Diversified Fixed Interest Fund

Monthly fund update - January 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

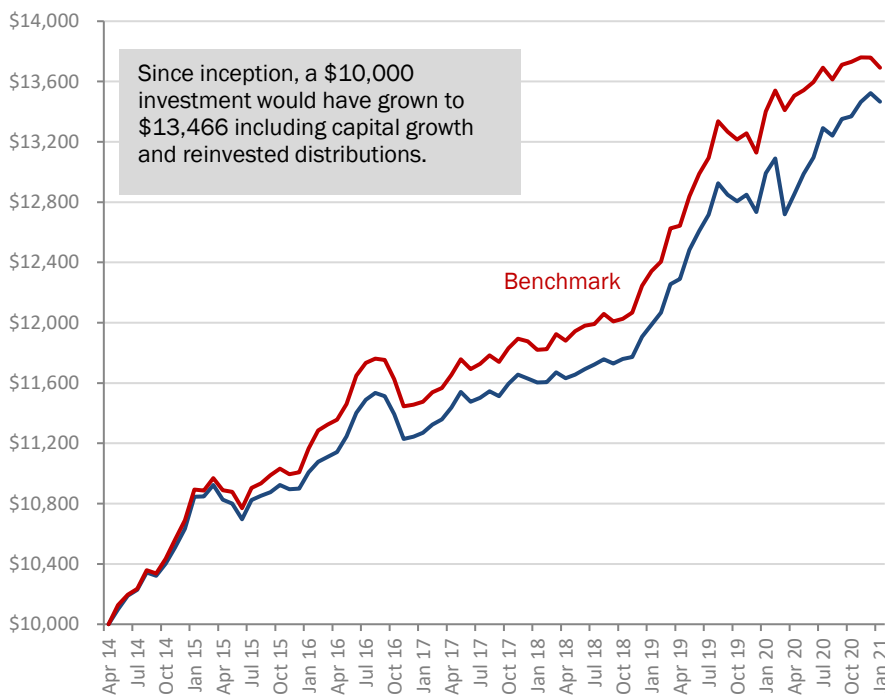
as at 31 January 2021

	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	★★★★	3/51	0.73	3.64	5.09	4.11	4.51
Benchmark ²			-0.29	2.16	5.02	4.16	4.76

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 31 January 2021

Application price	\$1.05241
Withdrawal price	\$1.04999

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	37.1%	0.0% →
Global Fixed Interest	Pimco Global Bond Fund	36.8%	-0.4% ↓
Index Sector Rotation Allocation			
	Australian Fixed Interest	2.7%	0.0% →
Australian Fixed Interest	Australian Government Bonds	1.1%	0.0% →
	Australian Inflation Linked Bonds	12.4%	0.0% →
Global Fixed Interest	Global Sovereign Bonds	0.0%	0.0% →
	International Credit Securities	6.1%	-0.1% ↓
Cash	Sandhurst Trustees Limited*	3.8%	3.0% ↑
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 led by outperformance from fixed income managers Pimco and Schroder's. Over the month markets priced in higher inflation with interest rates rising globally. Given the Fund's lower exposure to interest rate sensitive investments, the Fund outperformed the market. The Fund is well positioned in the event inflation further rises, with a material holding in inflation linked bonds.

The month of January was a tale of two halves as markets rallied following the new year, before giving back gains to close the month mostly flat across the majority of risk assets. The catalyst for the late month correction being complications in vaccine rollouts, new outbreaks, and general concerns the market had got too far ahead of itself. While economic data releases were thin, notable market events include a re-rating in inflation expectations, particularly over the shorter term. US two-year breakeven inflation rates (investment markets expectation for forward inflation), lifted from approximately 2% to 2.4% by month end. This led to losses in bond markets as bond yields followed inflation expectations higher.

The predominate source of higher inflation expectations stemmed from the Georgia Senate runoff elections in early January. Whilst unassuming on face value, the weight of Democratic policy sat on the shoulders of senate candidates 33 year old Jon Ossoff and Reverend Raphael Warnock. The 2020 US election resulted in 48 – 50 Democrat to Republican Senate, with two seats undecided due to Georgia election laws requiring a candidate to obtain a minority 50% of the vote. A tip to an even Senate held large consequences in the Biden's administration to pass legislation, with a Republican victory reminiscent of the second term Obama administration in which a Republican senate majority formed a roadblock for Democrat policy change.

Biden's agenda is inflationary in nature, with large direct payments to households and states, student debt forgiveness, large scale infrastructure expenditure and healthcare support much of which requires Senate approval. Given the victory of the two Democrat candidates, this tipped the power of the Senate towards the Democrats, resulting in the market rapidly rerating inflation.

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 51 Bonds - Global/Australia funds as of 31 January 2021 and a 5-Star Three year rating out of 51 Bonds - Global/Australia funds as of 31 January 2021.
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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. 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 31 January 2021 (unless stated otherwise) and is subject to change without notice.

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