

Monthly fund update - January 2022

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

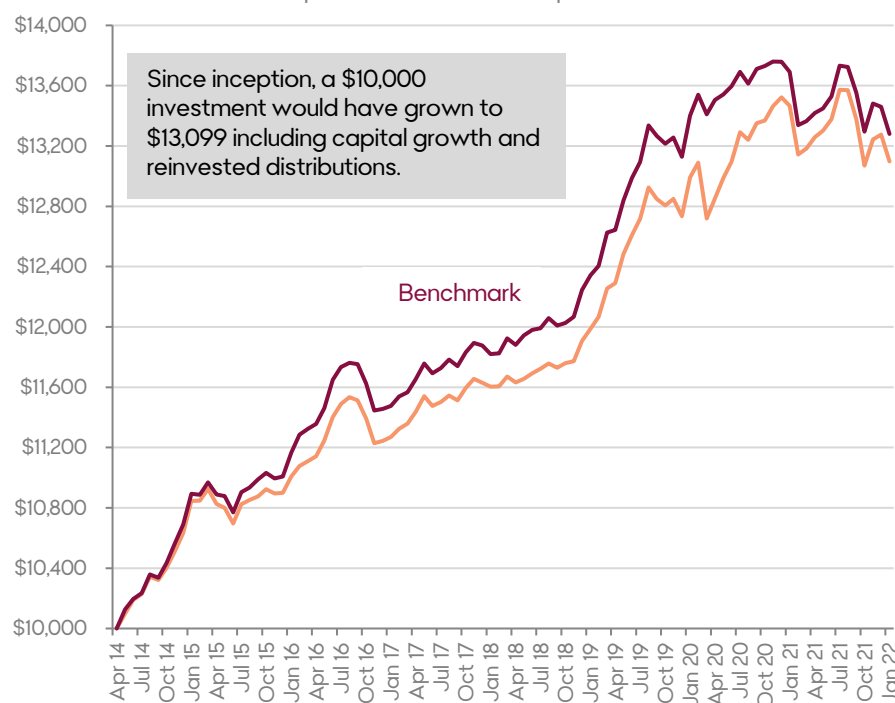
as at 31 January 2022

	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	★★★★	4/43	0.23	-2.72	3.00	3.05	3.54
Benchmark ²			-0.11	-3.00	2.47	2.96	3.73

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 2022

Application price	\$1.01277
Withdrawal price	\$1.01045

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 our website: www.bendigobank.com.au/managedfunds

Asset Allocation

		Weight %	Weight %Δ /mth
Active Manager Allocation			
Australian Fixed Interest	Schroder Fixed Interest Fund - Standard Class	42.1%	0.2% ↑
Global Fixed Interest	Pimco Global Bond Fund	42.3%	0.3% ↑
Index Sector Rotation Allocation			
	Australian Fixed Interest	8.7%	5.5% ↑
Australian Fixed Interest	Australian Government Bonds	1.3%	0.0% →
	Australian Inflation Linked Bonds	3.6%	-5.4% ↓
Global Fixed Interest	Global Sovereign Bonds	0.0%	0.0% →
	International Credit Securities	0.3%	0.0% →
Cash	Sandhurst Trustees Limited*	1.7%	-0.6% ↓
Total		100.0%	

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

Portfolio performance and market commentary

The Fund produced a negative return for the month, which was in line with the Fund's benchmark. Bond yields move inversely with prices with rises in bond yields resulting in capital losses in fixed coupon bonds. The losses in fixed income investments relate to the markets changing expectation for inflation, in which interest rates move with inflation expectations. Confidence in central banks transitory tag line began to dissipate in the face of stickier than expected inflation.

Global sharemarkets sold off over the month of January as higher than expected inflation led to the markets realisation that easy monetary policy is behind us. The Australian sharemarket as per the S&P ASX 300 fell by 6.5%, while global shares (MSCI World ex-Australia hedged) fell by 5.1%. Whilst returns were negative overall, pockets such as energy and financials gained in value, while interest rate sensitive investments such as Australian listed property fell 9.5% (S&P ASX200 A-REIT index).

Within fixed income, the Bloomberg Ausbond Index fell 1.02%, while the Bloomberg Barclays Global Aggregate returned -1.6%. Market losses relate to the changing expectation for inflation, in which the confidence in central banks transitory tag line began to dissipate in the face of stickier than expected inflation. Within the US, a declining employment participation, combined with goods demand stoked by government fiscal support, has led to a very strong employment market. Pressure on wages grew over the period, giving the greenlight for the Federal Reserve to provide guidance on the withdrawal of quantitative easing and the gradual increase in cash rates over the year ahead. With higher interest rates came a sharemarket rotation away from companies with higher growth and more speculative profits, towards the larger more liquid companies with proven earnings streams.

Overall the Funds have benefited from underweight positions in interest rate sensitive investments such as fixed government bonds and property with preference for cash, credit and Australian inflation linked bond positions. On the growth side, managers on aggregate underperformed given their larger weightings away from the more liquid stable earnings companies. These dynamics have led to outperformance from the more defensive risk profile funds and lower relative returns in the Funds with higher growth proportions over the six month period.

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 43 Bonds - Global/Australia funds as of 31 January 2022. 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 January 2022. '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.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

The information is current as at 31 January 2022 (unless stated otherwise) and is subject to change without notice.

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