

Bendigo Diversified Fixed Interest Fund

Monthly fund update - July 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.

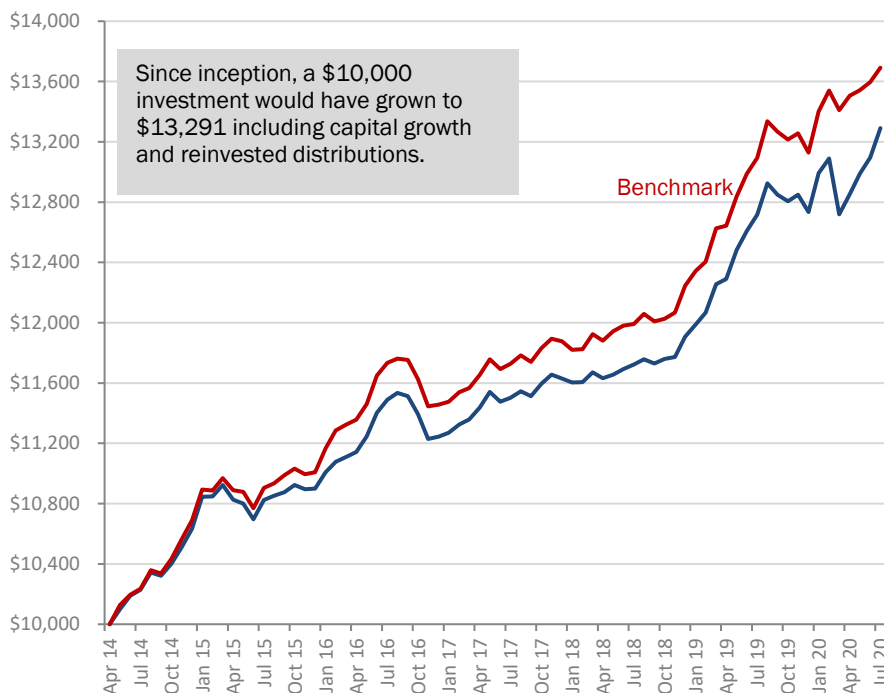
Fund performance¹

as at 31 July 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	★★★★	6/53	3.43	4.51	4.93	4.19	4.66
Benchmark ²			1.38	4.57	5.30	4.66	5.16

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%/-0.32%
Minimum investment / minimum balance	\$25,000
Recommended investment timeframe	3 years +
Risk level	Low to medium

Unit price

as at 31 July 2020

Application price	\$1.05996
Withdrawal price	\$1.05572

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%	-1.3% ↓
Global Fixed Interest	Pimco Global Bond Fund	37.0%	-1.7% ↓
Index Sector Rotation Allocation			
	Australian Fixed Interest	2.3%	-0.1% ↓
Australian Fixed Interest	Australian Government Bonds	1.6%	-2.6% ↓
	Australian Inflation Linked Bonds	10.7%	2.7% ↑
Global Fixed Interest	Global Sovereign Bonds	0.0%	0.0% →
	International Credit Securities	7.6%	0.1% ↑
Cash	Sandhurst Trustees Limited*	3.3%	2.5% ↑
Total		100.0%	

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

Portfolio performance and market commentary

The Fund returned well over the month, strongly outperforming the benchmark. Active management added to relative returns with Pimco Global Bonds contributing well. Positions in Australian inflation linked bonds further benefited the funds as falling yields and rising inflation expectations delivered strong returns for this asset class.

Equity markets drifted higher over the month, with emerging markets the standout. The July period is a busy time for corporate reporting in the United States, in which earnings reiterated the relative outperformance of technology companies. Given a shift to working from home and online retail, big technology companies did not disappoint, surprising on the upside. Economic developments continued to be choppy with the reopening of many economies leading to a bounce in a variety of economic conditions, although there is a lot of ground to make up.

Within Australia the RBA confirmed the cash rate will remain at 0.25% for the foreseeable future as the global economy digests one of its weakest periods since the great depression. The RBA maintains it will continue to support the bond market with targeted short end yield curve control (artificially holding rates lower). More recently the RBA's involvement in bond markets has been more muted as deflationary conditions continue to place downward pressure on bonds yields.

The AUD relative the USD has performed strongly over the past three months. The more aggressive money printing program by the Federal Reserve relative to other regions has seen the USD weaken against most developed world currencies. Further, rising commodity prices has led to some AUD outperformance given the demand for Australia's major export in iron ore.

Looking forward markets are likely to be shaped by fiscal government policy, in which high unemployment and weak economic growth are likely to continue to persist. Government budget deficits are set to expand and calls from prominent economists demanding direct money printing, are likely to have significant ramifications on markets if they prevail.

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

© 2020 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Services Guide (FSG) for more information at www.morningstar.com.au/s/fsg.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser.

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. 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 July 2020 (unless stated otherwise) and is subject to change without notice.

Proudly part of



**Bendigo and
Adelaide Bank**