

# Bendigo Diversified Fixed Interest Fund

## Monthly fund update - June 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 performance<sup>1</sup>

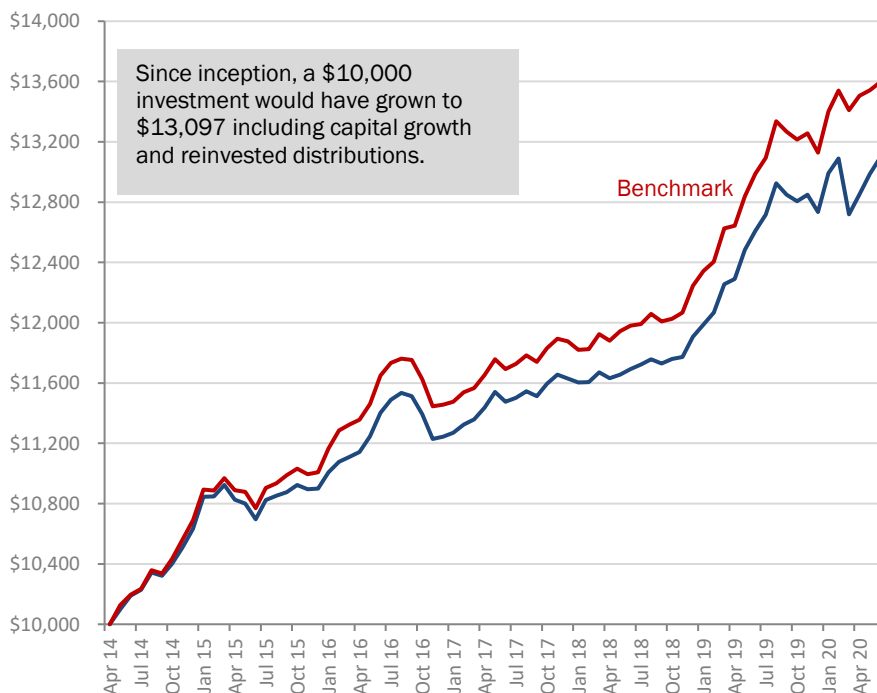
as at 30 June 2020

	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	★★★★	12/53	2.97	3.88	4.50	4.13	4.47
Benchmark <sup>2</sup>			1.39	4.69	5.16	4.77	5.11

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

### Unit price (ex distribution)

as at 30 June 2020

Application price	\$1.04449
Withdrawal price	\$1.04032

### 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](http://www.sandhursttrustees.com.au)

## Asset Allocation

		Weight %	Weight % $\Delta$ /mth
<b>Active Manager Allocation</b>			
<b>Australian Fixed Interest</b>	Schroder Fixed Interest Fund - Standard Class	38.8%	0.1%
<b>Global Fixed Interest</b>	Pimco Global Bond Fund	38.7%	0.1%
<b>Index Sector Rotation Allocation</b>			
	Australian Fixed Interest	2.4%	0.0%
<b>Australian Fixed Interest</b>	Australian Government Bonds	4.2%	0.0%
	Australian Inflation Linked Bonds	8.0%	0.1%
<b>Global Fixed Interest</b>	Global Sovereign Bonds	0.0%	0.0%
	International Credit Securities	7.5%	0.1%
<b>Cash</b>	Sandhurst Trustees Limited*	0.4%	-0.4%
<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 was up close to 3% for the quarter, comfortably beating its benchmark. Active manager positions in credit recovered over the period, providing a strong benefit to the Fund. Additionally, the Fund's position in Australian inflation linked bonds (8% exposure) aided returns given the rise in the market's expectations for inflation.

The June quarter of 2020 will be characterised as one of the sharpest recoveries in risk assets on record. Australian shares (measured by the S&P ASX 300 accumulation index) recorded a 16.8% rise while global equity markets (measured by the MSCI World Ex Australia hedged total return index) appreciated 17.8% over the same period. Investors were encouraged by the scale and speed of stimulatory measures enacted by governments and central banks alike in order to soften the economic impacts of shutdown measures taken to slow COVID-19 transmissions.

As a result, market participants find themselves weighing up poor economic data, higher valuations and impending earnings announcements which will provide greater insight into the actual impact of disruption on business operations and profitability as a result of coronavirus restrictions. While markets are broadly higher, a look at industry sector performance highlights the nuanced outperformance of sectors perceived to be more insulated from lockdowns. For example, the information technology sector has benefited from an acceleration of people working from home and a greater adoption of digital payments in lieu of physical cash transactions. Many of these trends are not new, however, the rate in which businesses and consumers have had to change their behaviour in response to the pandemic has fast-tracked these themes with information technology companies the direct beneficiaries. The MSCI World Information Technology sector appreciated 31.2% since March vastly outperforming the benchmark return of 17.8%.

Closer to home much conjecture remains around the proposed end of fiscal support payments such as the Job Keeper and Job Seeker subsidies. These policies in concert with other measures have eased some of the negative impacts facing the Australian economy with data points such as unemployment and GDP tracking better than initial economist projections.

Looking forward, challenges remain on the health front with recent data pointing to an increase in infections around the globe. On the positive side, Australia remains one of the better placed nations regarding case counts and testing capacity. Governments and central banks will be required to continue to support economies going forward as disrupted companies and individuals still need to finance expenses. The economic strain will only be permanently eased by a return to full economic activity in time. The road ahead is likely to be a volatile one, emphasising the need for diversification and pragmatic risk management through the various stages of the recovery.

### 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 May 2020 and a 4-Star Three year rating out of 53 Bonds - Global/Australia funds as of 31 May 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](http://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](http://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](http://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 30 June 2020 (unless stated otherwise) and is subject to change without notice.

Proudly part of



**Bendigo and  
Adelaide Bank**