

Bendigo Diversified Fixed Interest Fund

Monthly fund update - March 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

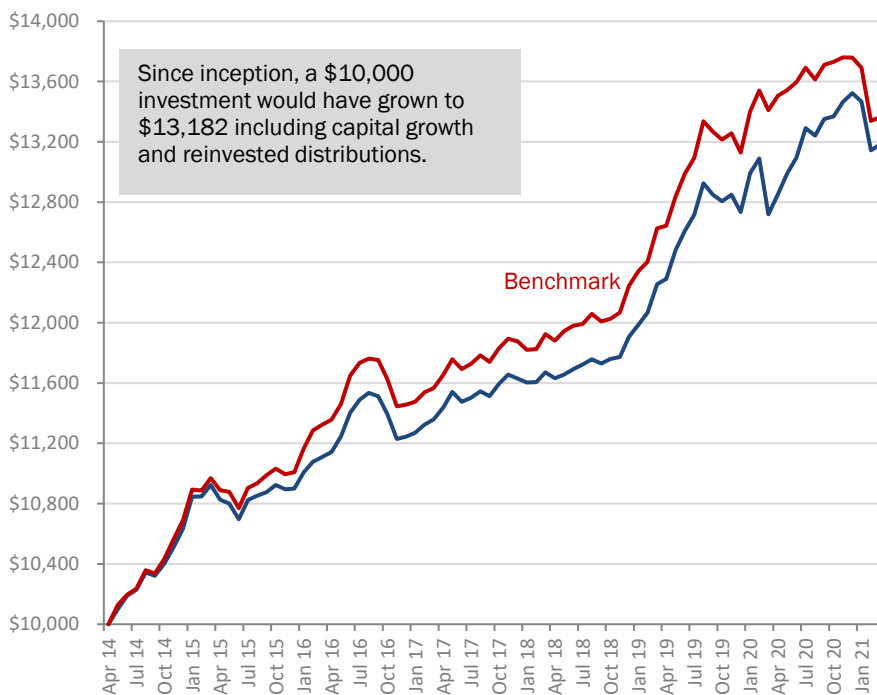
as at 31 March 2021

	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	-2.52	3.64	4.14	3.48	4.08
Benchmark ²			-2.87	-0.33	3.88	3.37	4.28

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 (ex distribution)

as at 31 March 2021

Application price	\$1.02725
Withdrawal price	\$1.02489

Distribution details (cents per unit)

30 Jun 20	\$0.01208
30 Sep 20	\$0.00970
31 Dec 20	\$0.00990
31 Mar 21	\$0.00300

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	38.8%	1.3% \uparrow
Global Fixed Interest	Pimco Global Bond Fund	38.7%	0.9% \uparrow
Index Sector Rotation Allocation			
	Australian Fixed Interest	2.9%	0.1% \uparrow
Australian Fixed Interest	Australian Government Bonds	1.2%	0.1% \uparrow
	Australian Inflation Linked Bonds	9.8%	0.4% \uparrow
Global Fixed Interest	Global Sovereign Bonds	0.0%	0.0% \rightarrow
	International Credit Securities	0.3%	0.0% \rightarrow
Cash	Sandhurst Trustees Limited*	8.3%	4.5% \uparrow
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 but slightly underperformed the peer group over the quarter, predominately due to an overweight to inflation linked bonds. Over the period bond yields rose steeply, outpacing the markets expectations for inflation. 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 continued their strong run through the three months ending March 31. Twelve months on from the lows of March 2020, markets have been buoyed by oversized global fiscal and monetary stimulus efforts and vaccine rollouts. Economic conditions have rebounded, and several economic prints are now at all-time highs, a reflection of the success of efforts made to negate the adverse financial impacts of economic lockdowns during 2020.

Around the globe, forecasts of economic growth for the next 12-to-24-month periods have been upgraded. The IMF expects the world economy to expand 6% in 2021, up from the 5.5% it had forecast in January. This would represent the fastest expansion for the global economy in IMF records dating back to 1980. In 2022, the IMF predicts, international economic growth will decelerate but maintain above average growth of 4.4%.

Despite employment data improving in Australia, the RBA minutes revealed substantial progress is still required to achieve full employment goals. The committee also expects inflation in the short term but is viewing it as transitional and does not expect to need to raise rates until 2024 at the earliest. This view is consistent across the globe with central banks committed to supporting economies until targets of full employment and inflation are achieved.

This expansionary economic backdrop and contained inflation expectations bodes well for risk assets albeit some caution is required in pockets of the market that have appreciated into speculative territory. The investment team is positive on markets given improving economic conditions and recently announced further fiscal and monetary support that will continue to underpin the world economy. The team continues to monitor valuations and indicators of inflation to determine if rising inflation is cyclical or structural in nature.

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 RatingTM out of 51 Bonds - Global/Australia funds as of 31 March 2021. In the Morningstar Bonds - Global/Australia Category, the Bendigo Diversified Fixed Interest Fund 3 year return was ranked 4 out of 51 funds as of 31 March 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 31 March 2021 (unless stated otherwise) and is subject to change without notice.

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