

Bendigo Diversified Fixed Interest Fund

Monthly fund update - May 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

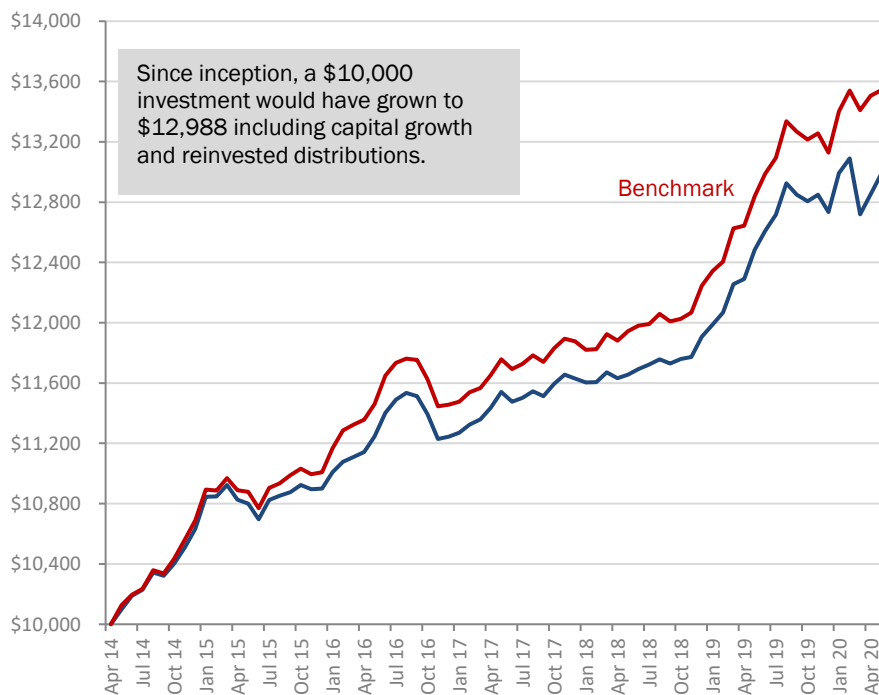
as at 31 May 2020

	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	★★★★	12/53	-0.78	4.05	4.02	3.76	4.39
Benchmark ²			0.02	5.49	4.82	4.48	5.11

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	+0.07%/-0.35%
Minimum investment / minimum balance	\$25,000
Recommended investment timeframe	3 years +
Risk level	Low to medium

Unit price

as at 31 May 2020

Application price	\$1.04807
Withdrawal price	\$1.04367

Distribution details (cents per unit)

30 Jun 19	\$0.02082
30 Sep 19	\$0.00400
31 Dec 19	\$0.00500
31 Mar 20	\$0.00350

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	38.7%	2.6%
Global Fixed Interest	Pimco Global Bond Fund	38.6%	2.7%
Index Sector Rotation Allocation			
	Australian Fixed Interest	2.4%	-3.6%
Australian Fixed Interest	Australian Government Bonds	4.2%	0.3%
	Australian Inflation Linked Bonds	7.9%	0.6%
Global Fixed Interest	Global Sovereign Bonds	0.0%	0.0%
	International Credit Securities	7.4%	4.0%
Cash	Sandhurst Trustees Limited*	0.8%	-0.7%
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 of May. Through the March period we accumulated meaningful positions in inflation linked bonds as expectations for inflation fell to zero over the medium and longer term. During May these exposures benefited from a more positive outlook on the economy which saw inflation expectations rise over the period. These conditions also buoyed credit exposures, with investment managers Schroder and Pimco beating their benchmark over the period.

Risk assets performed strongly over the month of May with Australian equities lifting 4.6% (S&P ASX 300 accumulation index) while developed world global equities returned 4.7% (MSCI World ex Australia hedged total return index).

Driving risk assets higher was optimism regarding the falling COVID-19 case count as well as the large monetary stimulus provided by central banks around the world. Over the period the US Federal Reserve stepped up its quantitative easing program extending into corporate credit which in effect lowers the cost of borrowing for corporate entities. The program injected liquidity back into these stressed markets, whilst also buoying the price of risk assets such as equities. The US Federal Reserve has stressed their commitment to use these powers forcefully until they are confident on the road to recovery. Given this, market dynamics are demonstrating a breakdown in fundamentals to equity prices, with a meaningful increase in the price of shares without the corresponding increase in company earnings.

Within Australia, March GDP indicated a contraction, meaning Australia will record its first recession since 1986 given the sharp fall in economic growth expected in the quarter ending June. Australia has been one of the largest spenders on COVID-19 stimulus per GDP in the developed world, however the majority of stimulus plus support from early access of super and delayed mortgage payments are looking to conclude in the last quarter of this year. This obvious fiscal cliff is well known by the government and RBA, in which additional measures will need to be in place to support the economy through this transition.

Looking forward, markets are at the mercy of central banks and government support programs and will react accordingly to policy announcements. The road ahead is likely to be a volatile one, in which holds little resemblance to previous economic and market conditions.

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.

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

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