

Bendigo Diversified Fixed Interest Fund

Monthly fund update - May 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.

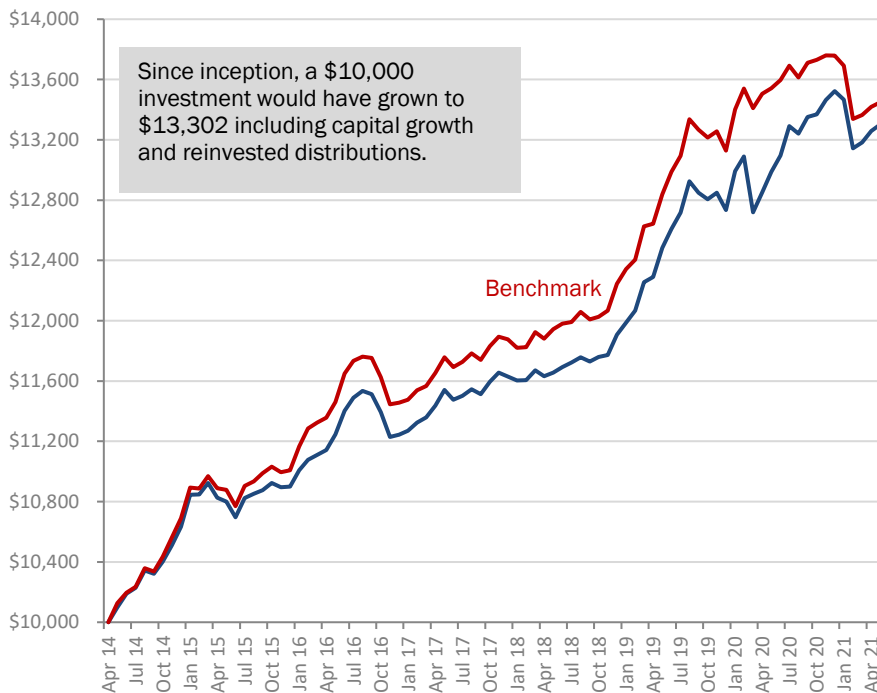
Fund performance¹

| as at 31 May 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 | 1.20 | 2.42 | 4.51 | 3.41 | 4.11 |
| Benchmark ² | | | 0.83 | -0.68 | 4.04 | 3.25 | 4.27 |

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 May 2021

| | |
|-------------------|-----------|
| Application price | \$1.03656 |
| Withdrawal price | \$1.03418 |

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 | 41.0% | 1.3% \uparrow |
| Global Fixed Interest | Pimco Global Bond Fund | 41.0% | 1.3% \uparrow |
| Index Sector Rotation Allocation | | | |
| | Australian Fixed Interest | 3.0% | 0.0% \rightarrow |
| Australian Fixed Interest | Australian Government Bonds | 1.2% | 0.0% \rightarrow |
| | Australian Inflation Linked Bonds | 10.5% | 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* | 3.0% | -0.8% \downarrow |
| Total | | 100.0% | |

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

Portfolio performance and market commentary

The Fund outperformed its peer group and benchmark in the month of May, with a return of 0.32%. Over the month the markets expectations for inflation rose, while interest rates remained steady. This led to a strong contribution from Australian inflation linked bonds within the portfolio, which increase in value as inflation expectations rise. The Fund's active manager performance was in line with the market benchmark.

Strong corporate earnings, improving economic data and inflation normalising post COVID disruptions buoyed most major asset classes in the month of May. The push and pull between elevated inflation being transitory or structurally higher for longer has puzzled investors and as a result caused divergences in performance between longer and shorter duration asset classes.

Longer duration assets have underperformed relative to their peers as the market has doubted the steadfast stance of central bank officials that recent higher inflation prints are transitory in nature. Federal Reserve and RBA officials expect that CPI prints will normalise towards the end of the calendar year following the easing of disruptions to supply chains and low base effects of data rebounding from COVID lows.

Of all the major equity indices, Australian large capitalisation equities performed strongest in May (up 2.3%) given higher commodity prices which benefited resource stocks and improving operating conditions for financial companies such as the major banks. Global equities underperformed (up 1.0%) as the rotation into cyclical business continued in May, hurting growth sectors trading at elevated multiples which gave back some of their gains from earlier in the year.

Inflation data over the next couple months will be key in understanding the likely path of price rises and its impact on the business cycle. Fiscal and monetary conditions remain accommodative and will continue to support financial assets going forward. The investment team believes a balanced approach to building portfolios will ensure protection from heightened volatility in outcomes related to inflation and will continue to manage the portfolio with regard to changing 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. 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 51 Bonds - Global/Australia funds as of 31 May 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 May 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 May 2021 (unless stated otherwise) and is subject to change without notice.

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