

Bendigo Diversified Fixed Interest Fund

Monthly fund update - October 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

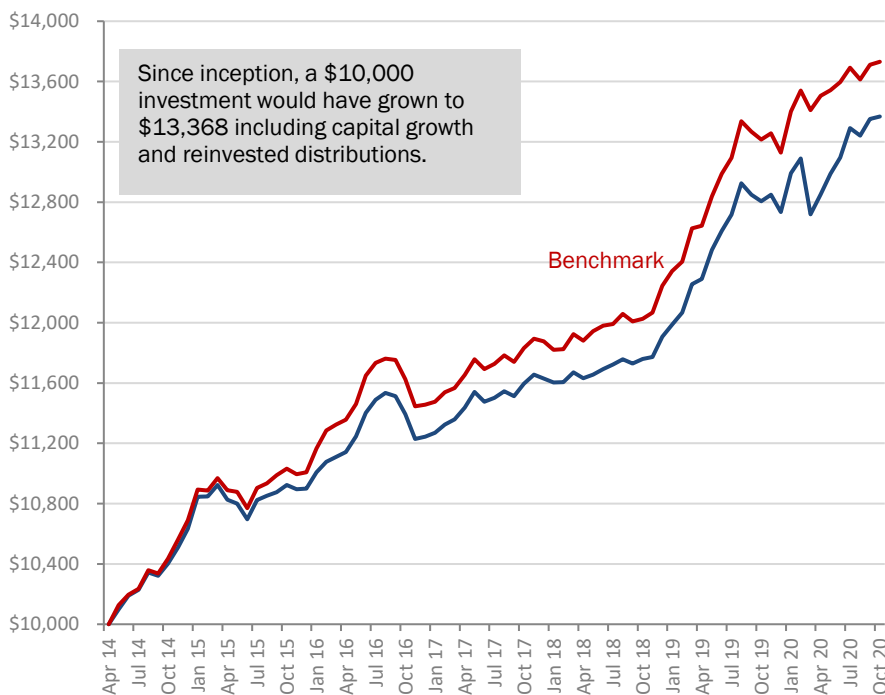
as at 31 October 2020

	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	★★★★	5/53	0.58	4.38	4.86	4.12	4.57
Benchmark ²			0.29	3.90	5.09	4.47	5.00

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%/-0.28%
Minimum investment / minimum balance	\$25,000
Recommended investment timeframe	3 years +
Risk level	Low to medium

Unit price

as at 31 October 2020

Application price	\$1.05594
Withdrawal price	\$1.05214

Distribution details (cents per unit)

31 Dec 19	\$0.00500
31 Mar 20	\$0.00350
30 Jun 20	\$0.01208
30 Sep 20	\$0.00970

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%	-0.1% ↓
Global Fixed Interest	Pimco Global Bond Fund	37.5%	-0.7% ↓
Index Sector Rotation Allocation			
	Australian Fixed Interest	2.5%	0.1% ↑
Australian Fixed Interest	Australian Government Bonds	1.7%	0.0% →
	Australian Inflation Linked Bonds	11.3%	0.3% ↑
Global Fixed Interest	Global Sovereign Bonds	0.0%	0.0% →
	International Credit Securities	6.3%	-1.4% ↓
Cash	Sandhurst Trustees Limited*	2.0%	1.2% ↑
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 quarter by 29 bps largely led by the outperformance of global fixed income managers Schroder and PIMCO. Our addition of Inflation linked bonds also provided benefit to the Fund, in which acts as insurance in the event inflation emerges. Australian Government bonds yields remain volatile, wedged between the Reserve Bank of Australia's intention to keep rates lower for longer and the potential emergence of inflation placing upward pressure on bond yields.

Anticipation of the US presidential election held in the first week of November dictated market movements in October. US Equities ended the month softer as investors rotated out of high-flying growth technology stocks given the uncertainty surrounding a potential democratic sweep and with that a less favourable regime on the horizon for US corporates. Overall, US shares (measured by the S&P 500 index) recorded a 2.8% fall while the technology dominated Nasdaq 100 index fell 3.2% in October. In Australia, investors, still buoyed by fiscal and monetary stimulus aimed at returning the economy to trend growth helped Australian shares (measured by the ASX 200 index) appreciate by 2.5%.

As of writing, Joe Biden appears to have won the US presidential election, however, much to the delight of markets the Republicans appear to have a strong lead in the Senate. This is somewhat of a goldilocks result for many investors as a majority senate may make it difficult to pass many Democratic agenda items such as increasing the corporate tax rate from 21% to 28% which would have a negative impact on corporate earnings in future periods. President Trump is yet to concede defeat and has questioned the legitimacy of the postal vote which was overwhelmingly democratic and won vital states such as Pennsylvania, Michigan and ultimately the election. The split powers in government likely makes any further fiscal stimulus package more moderate, cooling sentiment around near-term inflation as evidenced by the reaction of treasury yields following the result.

Challenges remain on the horizon, with recent data pointing to an increase in infections around the globe. The race to a vaccine remains and will be imperative to the recovery. The recent bout of volatility is a timely reminder of the importance of diversification in portfolios and that pragmatic risk management will be required 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 October 2020 and a 4-Star Three year rating out of 53 Bonds - Global/Australia funds as of 31 October 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 October 2020 (unless stated otherwise) and is subject to change without notice.

Proudly part of



**Bendigo and
Adelaide Bank**