

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

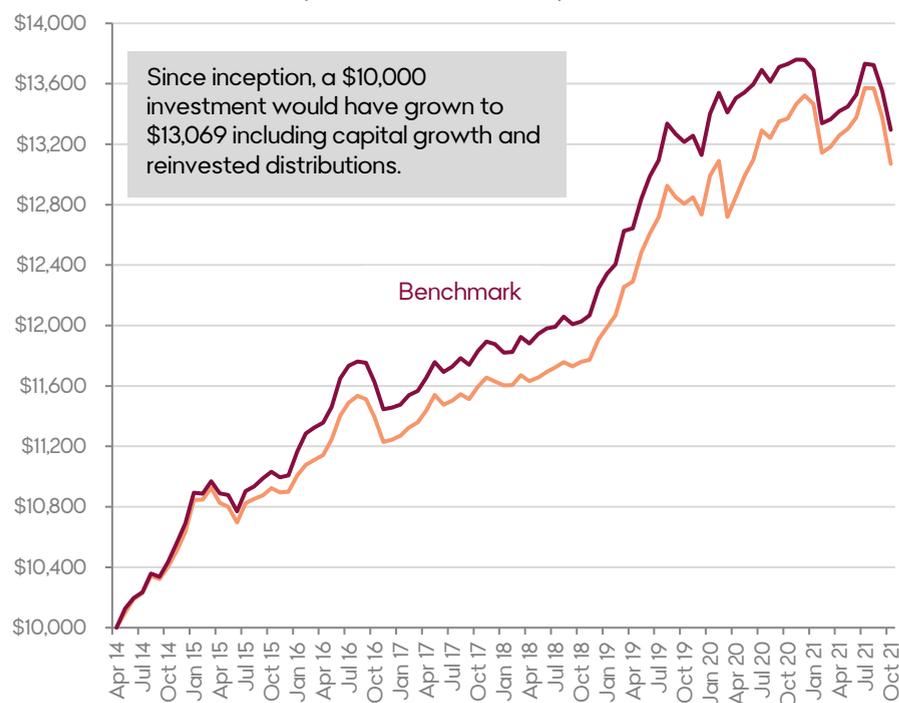
as at 31 October 2021

	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	★★★★	4/42	-3.71	-2.23	3.58	2.78	3.63
Benchmark <sup>2</sup>			-3.19	-3.18	3.40	2.72	3.87

### 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%/-0.15%
Minimum investment / minimum balance	\$25,000
Recommended investment timeframe	3 years +
Risk level	Low to medium

### Unit price

as at 31 October 2021

Application price	\$1.01294
Withdrawal price	\$1.01061

### Distribution details (cents per unit)

31 Dec 20	\$0.00990
31 Mar 21	\$0.00300
30 Jun 21	\$0.00231
30 Sep 21	\$0.00330

### 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.bendigobank.com.au/managedfunds](http://www.bendigobank.com.au/managedfunds)

## Asset Allocation

		Weight %	Weight %Δ /mth
<b>Active Manager Allocation</b>			
<b>Australian Fixed Interest</b>	Schroder Fixed Interest Fund - Standard Class	41.5%	-0.5% ↓
<b>Global Fixed Interest</b>	Pimco Global Bond Fund	43.7%	1.1% ↑
<b>Index Sector Rotation Allocation</b>			
	Australian Fixed Interest	3.2%	0.0% →
<b>Australian Fixed Interest</b>	Australian Government Bonds	1.3%	0.0% →
	Australian Inflation Linked Bonds	8.4%	-0.7% ↓
<b>Global Fixed Interest</b>	Global Sovereign Bonds	0.0%	0.0% →
	International Credit Securities	0.3%	0.0% →
<b>Cash</b>	Sandhurst Trustees Limited*	1.6%	0.1% ↑
<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 month of October was difficult for fixed income investments due to rising bond yields. The Fund underperformed its benchmark by 0.26% gross of fees. The fund's inflation linked bond exposure detracted from relative performance as bond yields rose faster than inflation expectations over the period. The investment team are of the view that appropriate inflation protection is warranted in this environment and remain constructive on inflation protection in the portfolio as transitory pressures prove more persistent than expected. The Fund's active manager performance was below the market benchmark in October, detracting from relative performance.

October was a mixed month for asset returns. On the growth side of the ledger, developed world equities (measured by the MSCI World Ex Australia index) returned 1.7%, as corporate earnings were stronger than expected. As of writing, US corporates have reported double digit earnings growth despite fears of rising inflation and pressure on profit margins. Conversely, fixed interest investments came under pressure due to rising bond yields.

Central banks' stance that higher inflation is largely transitional was challenged by the bond market in October as selling resulted in yields moving higher. Annual CPI prints have risen to levels that are now within or above target bands of many central banks (2-3%). Higher energy prices, housing costs and supply chain constraints have played a role in driving expectations for further tapering of bond purchases and cash rate movements earlier than previously thought. Australian bonds, as measured by the Bloomberg Ausbond Govt 0+ Year Index, returned -3.6% in October.

China's engineered economic slowdown continues to concern investors. This coupled with fears of a potential Evergrande (property developer) collapse saw the China dominated MSCI Emerging Market index fall 2.9% in October. Performance outcomes have diverged between developed and emerging market equities over the last 12 months. Global developed world equities have returned 31.4% while emerging market equities have returned 9.4%, opening a 22% performance gap. Developed world equity valuations appear expensive in an absolute sense but relative to bonds are attractive. Economic growth is slowing from peak levels recorded earlier in the year while inflation prints remain elevated. Company earnings continue to surprise to the upside, while rising vaccination rates should lead to continued opening of economies, with Australia to be a notable beneficiary in the final quarter of the year. The Diversified funds are well placed to navigate through the complexities facing markets with diverse fund exposures set to benefit from a range of outcomes.

### 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 42 Bonds - Global/Australia funds as of 31 October 2021. In the Morningstar Bonds - Global/Australia Category, the Bendigo Diversified Fixed Interest Fund 3 year return was ranked 4 out of 42 funds as of 31 October 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](http://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.bendigobank.com.au/managedfundsforms](http://www.bendigobank.com.au/managedfundsforms), any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision. For target market determination: [www.bendigobank.com.au/TMD](http://www.bendigobank.com.au/TMD)

The information is current as at 31 October 2021 (unless stated otherwise) and is subject to change without notice.

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