Bendigo Socially Responsible Growth Fund

Monthly fund update - December 2020

Investment objective and return

The Fund invests via a selection of expert asset managers that specialise in managing specific asset classes and which take into account environmental, social, ethical and governance (ESG) considerations in their asset selection. The Fund targets a minimum level of 75% of the total assets of the Fund being managed by asset managers that take into account ESG considerations in their investment decisions. The Fund has an objective of entirely excluding investments in companies that manufacture tobacco or tobacco-related products and controversial weapons. Controversial weapons include anti-personnel landmines, cluster munitions, chemical, biological and nuclear weapons. Other activities Sandhurst monitors and aims to reduce are adult entertainment, alcohol, gambling, animal testing and companies with high event controversy.

ESG considerations are primarily applied to listed shares (both Australian and International) and fixed interest. The investment portfolio is constructed in a manner that Sandhurst believes will meet the investment return objective of a return after fees in excess of 4% above inflation over a full market cycle (typically 7 to 10 years).

RIAA Certification

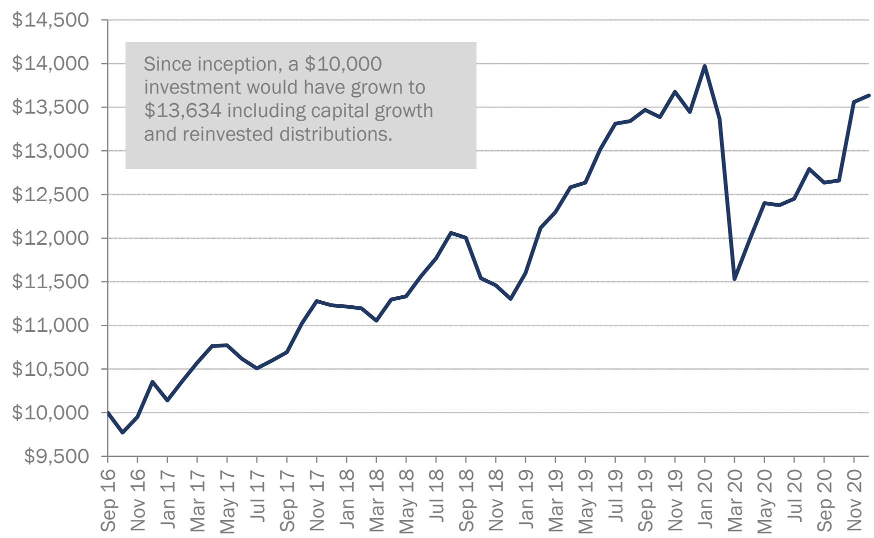
CERTIFIED BY RIAA

The Fund has been certified by the Responsible Investment Association of Australasia (RIAA) according to the strict disclosure practices required under the Responsible Investment Certification Program[2]

For more information about the RIAA Certification program please visit www.responsibleinvestment.org

An example of how your investment grows

Growth of $10,000[1]
(Based on historic Fund performance since inception)



Fund performance[1]

as at 31 December 2020	Fund return
3 months %	7.90
6 months %	10.14
1 year %	1.41
3 years %p.a.	6.68
Since inception %p.a.	7.57
Morningstar Rating™ Overall[3]	39 / 199
Morningstar Category Rank - 3 year[3]	★★★★

Fund facts

Fund APIR code	STL0055AU
Fund inception date	20 September 2016
Distribution frequency	Half yearly
Management costs[4]	0.99% p.a.
Buy / Sell spread[4]	+0.15% / -0.15%
Investment return objective	CPI + 4%
Minimum investment / minimum balance	$5,000
Recommended investment timeframe	5 years +
Risk level	Medium to high

Unit price

as at 31 December 2020

Application price	$1.07033
Withdrawal price	$1.06713

Distribution details (cents per unit)

30 Jun 2020	$0.03738
31 Dec 2020	$0.00400

Benefits of investing

- a responsible investment focus;
- a diversified solution investing across a range of asset classes including equity and fixed interest;
- access to leading professional and specialist asset managers;
- an investment that aims for long term capital growth with moderate income.

Refer to the last page for footnotes

Asset allocation

Fund	Weight %	Weight %△/mth	
Russell Australia RI ETF*	33.5%	0.4%	↑
AXA IM SmartBeta ESG Global Equity*	36.8%	0.1%	↑
Pendal Property Securities Fund*	6.9%	0.1%	↑
Altius Sustainable Bond Fund*	5.8%	0.1%	↑
Vanguard Australian Inflation-Linked Bond Index Fund	7.6%	0.2%	↑
Vanguard Government Bond	4.2%	0.0%	↑
Sandhurst Strategic Income Fund^	5.1%	-0.8%	↓
Total	100.0%		

* These funds incorporate ESG considerations.
^ Includes small amounts of cash that are held in Bendigo Bank operating accounts.

Key

- Australian Shares
- International Shares (Unhedged)
- Property and Infrastructure (Australian)
- Australian Fixed Interest
- Cash

Top 10 holdings of ESG asset managers [5]

Portfolio	Weight %
Australian Inflation Linked Government Bond	8.3%
Australian Government Bond	4.7%
Commonwealth Bank	2.8%
CSL Ltd	2.0%
Goodman Group	1.8%
National Australia Bank	1.6%
ANZ Banking Group	1.5%
Westpac Banking Corp	1.4%
Wesfarmers Ltd	1.3%
Stockland	1.2%

Make the most of your investment

▶ The power of compounding

Compounding can be a powerful tool in wealth creation. Reinvesting distributions can be one of the easiest and cheapest ways to increase your holdings over time. You're compounding your investment's growth by continually adding more units which, in turn, will generate distributions of their own.

Why not reinvest your half yearly distributions?

▶ The benefits of making it regular

Making regular contributions to your investment can both grow your investment and smooth the effects of market highs and lows.

Why not add a Regular Savings Plan to your investment? Establish one from as little as $50 per month.

You can also use BPAY® to add to your investment at any time with as little as $100. See your statement for your BPAY reference number.

Do you have any questions?

For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

Portfolio Performance

The Fund returned approximately 7.9% over the last quarter of 2020, moderately in line with the average peer group performance. The US election outcome saw a large swing in market trends along with expectations of higher inflation. the best performer over the quarter was Russell Investments Australian Responsible Investment ETF as their bias towards financial companies was rewarded. Meanwhile, the reversal of recent trends saw the likes of big US Tech companies underperform, causing AXA IM to underperform. Pendal Property held up well with sentiment increasing on commercial real-estate, while fixed income managers continue to provide little return in this low rate environment. The Fund is however seeing positive returns from investments in Australian Inflation Linked Bonds due to the increase in inflation expectations.

Economic commentary

Over the quarter markets were focussed on the outcome of the US Presidential election and COVID-19 vaccine, both of which significantly boosted share markets over the quarter. Given the outcome of the election, market consensus further shifted to a higher inflation probability. This was reflected in a higher Australian dollar, emerging market outperformance versus developed markets, a strong rise in commodity prices and rising bonds yields. The Democrats policies are clearly pro inflation and growth, with proposals for large scale infrastructure (including clean energy), health care funding, debt forgiveness and cash payouts. The Georgia run-off elections have been pivotal in regard to whether Democrat policies pass through the senate, with both Democrat candidates in Georgia, tipping the delicate balance of the senate into the hands of the Democrats.

Given vaccine rollouts throughout much of the developed world, markets are seeing through the rapid spread of COVID-19 in which is enforcing growth crippling shutdowns. Given cheap money, markets remain somewhat speculative in pockets, with many unproven businesses with little or no earnings continuing to attract investment.

Within Australia, the Reserve Bank of Australia (RBA) cut interest rates to a record low of 0.10% in November, reduced the targeted yield of the 3 year Australian Government bond to around 0.1% and announced the purchase of $100 billion of government bonds of maturities of around 5 to 10 years over a six month period. The RBA expects a protracted and uneven recovery, and the measures undertaken are expected to lower financing costs for borrowers, contribute to a lower exchange rate than otherwise and support asset prices, in which in-turn would help to strengthen corporate and household balance sheets. Despite these measures the AUD has risen against the USD from around 71.5c upon the November announcement to close to 77c as of the end of December. This presents a problem for the RBA, in which a higher exchange rate negatively impacts export led industries.

Looking forward, markets will be shaped by government policies. Monetary policy has largely run its course in its ability to stimulate the economy. Given high global debt levels, governments hold preference to inflate out of the debt situation, in which we are likely to see rates held low and continued government stimulus until persistent inflation and growth emerges.

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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 Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

3. Bendigo Socially Responsible Growth Fund received a 4-Star Overall Morningstar Rating™ out of 199 Multisector Growth funds as of 31 December 2020 and a 4-Star Three year rating out of 199 Multisector Growth funds as of 31 December 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/41513

4. Other fees and costs may apply. See the Product Disclosure Statement for full details.

5. The top 10 holdings outlined above are a representation of the largest indirect exposures of the Bendigo Socially Responsible Growth Fund as at 30 September 2020 which may change from time to time. The information has been calculated by Sandhurst based on the cumulative weighted average of each security held by the underlying managers within the Fund.

The Bendigo Socially Responsible Growth 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 and opinions provided in this document have not been verified and Sandhurst has no obligation to notify you in the event that any information or opinion changes. 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.

This information is current as at 31 December 2020 (unless stated otherwise) and is subject to change without notice.