

## Quarterly fund update - December 2022

### 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

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<sup>2</sup>

For more information about the RIAA Certification program please visit [www.responsibleinvestment.org](http://www.responsibleinvestment.org)

### Fund performance<sup>1</sup>

as at 31 December 2022

Fund return

3 months %	4.56
1 year %	-9.85
3 years %p.a.	2.37
5 years %p.a.	5.13
Since inception %p.a.	6.04

**Morningstar Rating™ Overall<sup>3</sup>** ★★

**Morningstar Category Rank - 3 year<sup>3</sup>** 143/191

### 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	STL0055AU
Fund inception date	20 September 2016
Distribution frequency	Half yearly
Management fees & costs <sup>4</sup>	1.00% p.a.
Buy / Sell spread <sup>4</sup>	+0.07% / -0.07%
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 2022

Application price	\$1.05550
Withdrawal price	\$1.05403






















### 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.

### Distribution details (cents per unit)

31 Dec 2022	\$0.00000
30 Jun 2022	\$0.03053

## Asset allocation

	Weight %	Weight % $\Delta$ /mth		Key
 VanEck MSCI Australian Sustainable Equity ETF*	31.6%	1.5% 		Australian Shares
 AXA IM SmartBeta ESG Global Equity*	37.5%	0.5% 		International Shares (Unhedged)
 Altius Sustainable Bond Fund*	5.3%	-0.8% 		
 Vanguard Australian Inflation-Linked Bond Index Fund	4.7%	0.0% 		Australian Fixed Interest
 Vanguard Government Bond	4.6%	-0.7% 		
 Australian Unity Future of Healthcare Fund	3.9%	0.2% 		Alternatives
 Sandhurst Strategic Income Fund^	12.4%	-0.7% 		Cash
Total	100.0%			

\* These funds incorporate ESG considerations.

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

## Top 10 holdings of ESG asset managers <sup>5</sup>

Portfolio	Weight %
CSL LTD	2.0%
TRANSURBAN GROUP	2.0%
TELSTRA GROUP LTD	1.9%
FORTESCUE METALS GROUP LTD	1.8%
GOODMAN GROUP	1.7%
APPLE INC	1.6%
MICROSOFT CORP	1.2%
QBE INSURANCE GROUP LTD	1.1%
NEWCREST MINING LTD	1.0%
BRAMBLES LTD	0.9%

## 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<sup>®</sup> to add to your investment at any time with as little as \$100. See your statement for your BPAY reference number.

<sup>®</sup> Registered to BPAY Pty Ltd ABN 69 079 137 518

## Do you have any questions?

For further information contact us on 1800 634 969 or visit our website: [www.bendigobank.com.au/managedfunds](http://www.bendigobank.com.au/managedfunds)

## Portfolio Performance

The Fund performed in line with the peers and delivered 4.6% over the December quarter. It is slightly behind its group average over the last 12 months while it still beats peers over the five-year horizon. Ending 31 December 2022, detracting from performance has been the overweight to pharmaceuticals within the Australian equities investment of the Fund. Global manager stayed ahead of its benchmark with tilts towards financials, consumer staples and industrial sectors in the North American region. Australian Government Inflation Linked Bonds have been the beneficiary of overall higher inflation whereas non-inflation indexed bonds have struggled with rising yields.

## Economic commentary

Calendar year 2022 was eventful and volatility was elevated as a result of the push and pull of diverging narratives between rising inflation and slowing economic growth. Equities ended the year in negative territory. International shares as measured by the MSCI World Ex Australia Index (currency hedged) returned -18.1% while Australian shares (measured by the ASX 300) materially outperformed global counterparts down a muted 1.8% for the year. The ASX is dominated by Resource and Financial companies, both of which were two of the better performed sectors in 2022. Banks have benefitted from rising rates improving profitability while arrears and bad debts remain near historic lows. The materials sector continues to benefit from economies reopening, meanwhile valuations remain low, and investors are attracted to the inflation protection embedded in resource companies' revenues.

Monetary policy settings continue to shape outcomes for growth and inflation. The Federal Reserve is committed to bringing inflation down. In December the committee delivered another outsized 50 basis point hike. Chair Powell continues to believe the pathway to a soft landing remains; however, it is getting narrower. The Fed continues to monitor the prospects for embedded wage price inflation given the overheated US labour market where there are approximately 1.7 job openings to every job seeker.

Closer to home, the RBA delivered a 25-basis point hike in December. The cash rate has swiftly risen by 3% in 2022 as the committee addresses domestic inflation which is too high. The Australian economy is resilient. Despite higher levels of household indebtedness, consumers have built up large cash buffers and unemployment remains at record lows. The RBA left its options open at its last meeting stating the size and timing of future rate increases will be determined by the incoming data.

### 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. 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 recommendations.  
Bendigo Socially Responsible Growth Fund received a 3-Star Overall Morningstar Rating™ out of 192 Multisector Growth funds as of 30 September 2022. In the Morningstar Multisector Growth Category, the Bendigo Socially Responsible Growth Fund 3 year return was ranked 143 out of 191 funds as of 30 September 2022. 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](http://www.morningstar.com.au/Funds/FundReport/41513)  
© 2022 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 'regulated financial advice' under New Zealand law has 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. For more information refer to our Financial Services Guide (AU) or Financial Advice Provider Disclosure Statement (NZ) at [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf) and [www.morningstar.com.au/s/fapds.pdf](http://www.morningstar.com.au/s/fapds.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.
4. Management fees & 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.
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 2022 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.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)

This information is current as at 31 December 2022 (unless stated otherwise) and is subject to change without notice.