

Bendigo Socially Responsible Growth Fund

Monthly fund update - January 2021

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 Program²

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

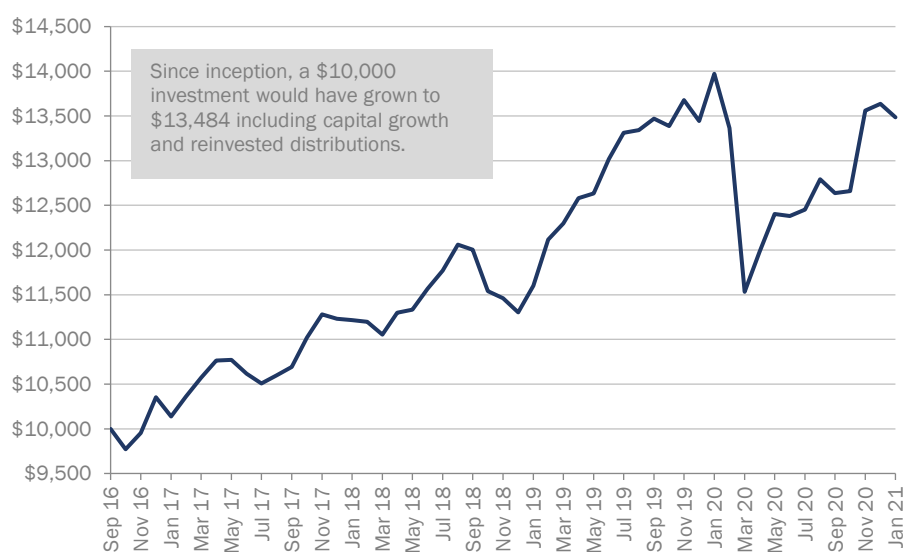
Fund performance¹

as at 31 January 2021	Fund return
3 months %	6.53
6 months %	8.29
1 year %	-3.49
3 years %p.a.	6.33
Since inception %p.a.	7.14
Morningstar Rating™ Overall³	36 / 200
Morningstar Category Rank - 3 year³	★★★★

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance since inception)



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 January 2021

Application price	\$1.05858
Withdrawal price	\$1.05541




















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.

Asset allocation

	Weight %	Weight % Δ /mth	Key
 Russell Australia RI ETF*	33.6%	0.1% 	 Australian Shares
 AXA IM SmartBeta ESG Global Equity*	36.7%	-0.2% 	 International Shares (Unhedged)
 Pental Property Securities Fund*	5.2%	-1.7% 	 Property and Infrastructure (Australian)
 Altius Sustainable Bond Fund*	5.8%	0.0% 	 Australian Fixed Interest
 Vanguard Australian Inflation-Linked Bond Index Fund	7.6%	-0.1% 	
 Vanguard Government Bond	4.2%	0.0% 	
 Sandhurst Strategic Income Fund^	7.0%	1.9% 	 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 ⁵

Portfolio	Weight %
Aus Govt Inflation Linked Bonds	7.9%
Commonwealth Bank of Australia	3.4%
Aus Govt Bonds	3.0%
National Australia Bank	2.0%
Aust and NZ Banking Group	1.8%
CSL Ltd	1.7%
Westpac Banking Corp	1.7%
Wesfarmers Ltd	1.4%
Apple Inc	1.3%
Goodman Group	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.

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Do you have any questions?

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

Portfolio Performance

The Fund has lagged the peer group over recent periods as both the Australian listed equity manager (Russell) and International equity manager (AXA IM) struggled to keep pace with their respective benchmarks. Structural underweighting of the resources sector, due to their harmful impact on the environment, can over short periods negatively impact relative returns. Although underperforming expectations, Russell Australian Responsible Investment ETF has significantly outperformed the international equities portion of the Funds allocation. Pental Property securities continue to play a solid role within the portfolios diversification, providing good returns particularly given commercial property's direct impact by the Covid-19 pandemic.

Economic commentary

The month of January was a tale of two halves as markets rallied following the new year, before giving back gains to close the month mostly flat across the majority of risk assets. The catalyst for the late month correction being complications in vaccine rollouts, new outbreaks, and general concerns the market had got too far ahead of itself. While economic data releases were thin, notable market events include a re-rating in inflation expectations, particularly over the shorter term. US two-year breakeven inflation rates (investment markets expectation for forward inflation), lifted from approximately 2% to 2.4% by month end. This led to losses in bond markets as bond yields followed inflation expectations higher.

The predominate source of higher inflation expectations stemmed from the Georgia Senate runoff elections in early January. Whilst unassuming on face value, the weight of Democratic policy sat on the shoulders of senate candidates 33 year old Jon Ossoff and Reverend Raphael Warnock. The 2020 US election resulted in 48 - 50 Democrat to Republican Senate, with two seats undecided due to Georgia election laws requiring a candidate to obtain a minority 50% of the vote. A tip to an even Senate held large consequences in the Biden's administration to pass legislation, with a Republican victory reminiscent of the second term Obama administration in which a Republican senate majority formed a roadblock for Democrat policy change.

Biden's agenda is inflationary in nature, with large direct payments to households and states, student debt forgiveness, large scale infrastructure expenditure and healthcare support much of which requires Senate approval. Given the victory of the two Democrat candidates, this tipped the power of the Senate towards the Democrats, resulting in the market rapidly rerating inflation.

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 200 Multisector Growth funds as of 31 January 2021 and a 4-Star Three year rating out of 200 Multisector Growth funds as of 31 January 2021.

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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. 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.
5. The top 10 holdings outlined above are a representation of the largest indirect exposures of the Bendigo Socially Responsible Growth Fund as at 31 December 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 January 2021 (unless stated otherwise) and is subject to change without notice.

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