

Bendigo Socially Responsible Growth Fund

Monthly fund update - June 2020

Investment objective and return

The Fund has been designed to invest via a selection of high quality investment managers that specialise in managing specific asset classes which incorporate socially responsible investment elements into the overall investment philosophy. We target that at a minimum, 75% of the Fund will be allocated to investment managers who incorporate applying a range of socially responsible investment selection criteria, including environmental, social, ethical and governance (ESG) considerations.

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). Inflation is measured by the Australian Consumer Price Index (CPI) as published by the Australian Bureau of Statistics.



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 30 June 2020

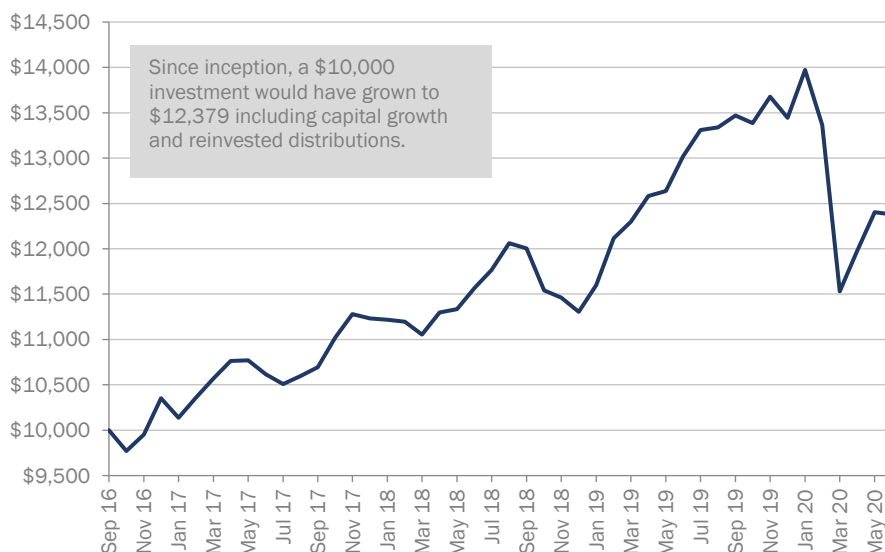
Fund return

3 months %	7.35
6 months %	-7.93
1 year %	-4.90
3 years %p.a.	5.25
Since inception %p.a.	5.86
Morningstar Rating™ Overall³	34 / 207
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	+0.11% / -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 30 June 2020

Application price	\$0.97503
Withdrawal price	\$0.97250








Distribution details (cents per unit)

31 Dec 2019	\$0.00900
30 Jun 2020	\$0.03738

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 investment managers;
- ▶ an investment that aims for long term capital growth with moderate income.

Asset allocation

	Weight %	Weight % Δ /mth		Key
 Russell Australia RI ETF*	31.2%	0.8%	↑	Australian Shares
 AXA IM SmartBeta ESG Global Equity*	37.1%	0.2%	↑	International Shares (Unhedged)
 Pental Property Securities Fund*	7.1%	0.0%	↑	Property and Infrastructure (Australian)
 Altius Sustainable Bond Fund*	6.9%	0.2%	↑	Australian Fixed Interest
 Vanguard Australian Inflation-Linked Bond Index Fund	5.6%	0.2%	↑	
 Vanguard Government Bond	7.3%	0.2%	↑	
 Sandhurst Strategic Income Fund^	4.9%	-1.6%	↓	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 investment managers ⁵

Portfolio	Weight %
Australian Government Bond	11.5%
Australian State Government Bonds	4.1%
Commonwealth Bank of Australia	2.6%
CSL Ltd	2.3%
Westpac Banking Corp	1.7%
Goodman Group	1.7%
National Australia Bank Ltd	1.3%
ANZ Banking Group	1.3%
Telstra Corp Ltd	1.2%
Scentre Group	0.8%

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 \$500. 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 trailed the peer group over the quarter. Detracting from performance has been the structural underweight to resource stocks within the Australian equities component of the Fund. Resources have been the beneficiary of overall higher commodity prices, as regions such as China embark on construction led stimulus, aiming to lift their ailing economy. The Fund's listed property exposure has also detracted from performance given the Covid related impact on physical retail and office space.

Economic commentary

The June quarter of 2020 will be characterised as one of the sharpest recoveries in risk assets on record. Australian shares (measured by the S&P ASX 300 accumulation index) recorded a 16.8% rise while global equity markets (measured by the MSCI World Ex Australia hedged total return index) appreciated 17.8% over the same period. Investors were encouraged by the scale and speed of stimulatory measures enacted by governments and central banks alike in order to soften the economic impacts of shutdown measures taken to slow COVID-19 transmissions.

As a result, market participants find themselves weighing up poor economic data, higher valuations and impending earnings announcements which will provide greater insight into the actual impact of disruption on business operations and profitability as a result of coronavirus restrictions. While markets are broadly higher, a look at industry sector performance highlights the nuanced outperformance of sectors perceived to be more insulated from lockdowns. For example, the information technology sector has benefited from an acceleration of people working from home and a greater adoption of digital payments in lieu of physical cash transactions. Many of these trends are not new, however, the rate in which businesses and consumers have had to change their behaviour in response to the pandemic has fast-tracked these themes with information technology companies the direct beneficiaries. The MSCI World Information Technology sector appreciated 31.2% since March vastly outperforming the benchmark return of 17.8%.

Closer to home much conjecture remains around the proposed end of fiscal support payments such as the Job Keeper and Job Seeker subsidies. These policies in concert with other measures have eased some of the negative impacts facing the Australian economy with data points such as unemployment and GDP tracking better than initial economist projections.

Looking forward, challenges remain on the health front with recent data pointing to an increase in infections around the globe. On the positive side, Australia remains one of the better placed nations regarding case counts and testing capacity. Governments and central banks will be required to continue to support economies going forward as disrupted companies and individuals still need to finance expenses. The economic strain will only be permanently eased by a return to full economic activity in time. The road ahead is likely to be a volatile one, emphasising the need for diversification and pragmatic risk management 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 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 207 Multisector Growth funds as of 31 May 2020 and a 4-Star Three year rating out of 207 Multisector Growth funds as of 31 May 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 31 March 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. Only indirect exposures greater than 0.8% are included in the above table; investors will have additional exposure to other assets not represented.

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 30 June 2020 (unless stated otherwise) and is subject to change without notice.

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