SandhurstTrustees

Bendigo Socially Responsible Growth Fund

Monthly fund update - June 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

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]

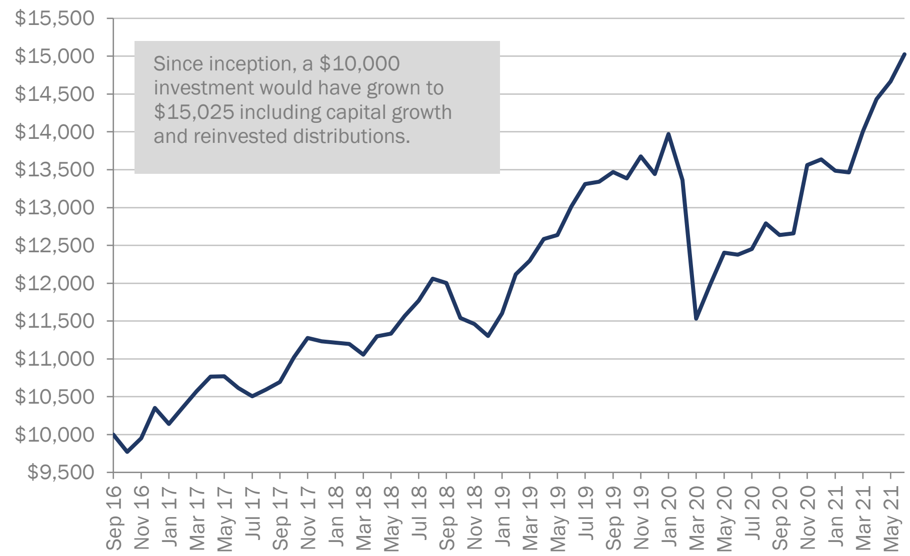
For more information about the RIAA Certification program please visit www.responsibleinvestment.org

Fund performance[1]

as at 30 June 2021	Fund return
3 months %	7.28
6 months %	10.20
1 year %	21.38
3 years %p.a.	9.11
Since inception %p.a.	8.95
Morningstar Rating™ Overall[3]	16/ 198
Morningstar Category Rank - 3 year[3]	★★★★

An example of how your investment grows

Growth of $10,000[1]
(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 30 June 2021	
Application price	$1.14251
Withdrawal price	$1.13909

Distribution details (cents per unit)

31 Dec 2020	$0.00400
30 Jun 2021	$0.03692

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

	Weight %	Weight %△/mth	
Russell Australia RI ETF*	32.9%	-1.3%	↓
AXA IM SmartBeta ESG Global Equity*	37.1%	-0.2%	↓
Pendal Property Securities Fund*	0.0%	0.0%	→
Altius Sustainable Bond Fund*	4.9%	-0.3%	↓
Vanguard Australian Inflation-Linked Bond Index Fund	6.6%	-0.2%	↓
Vanguard Government Bond	2.3%	-0.1%	↓
Australian Unity Future of Healthcare Fund	5.0%	0.0%	→
Sandhurst Strategic Income Fund^	11.2%	2.1%	↑
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
- Alternatives
- Cash

Top 10 holdings of ESG asset managers [5]

Portfolio	Weight %
Aus Govt. Inflation Linked Bonds	7.7%
Commonwealth Bank of Australia	3.6%
Westpac Banking Corp	2.1%
National Australia Bank Ltd	2.0%
Aus Government Bonds	1.8%
Aust and NZ Banking Group	1.8%
CSL Ltd	1.6%
Wesfarmers Ltd	1.4%
Telstra Corp Ltd	1.2%
Apple Inc	1.1%

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

Over the quarter investment markets produced high positive returns, resulting in a great return outcome for the Fund. Relative to the peer group, the Fund for the quarter finished the financial year with a return 1.5% higher than the average peer fund. For the financial year the Fund delivered 21.4% buoyed by a post COVID market bounce, outperforming the peer group. Aiding performance has been tactical positioning in inflation linked bonds. Inflation linked bonds provide strong returns in environments where inflation expectations rise faster than that of interest rates, in which was the outcome over the past year. The rise in inflation expectations was also positive for companies in cyclical areas such as financials and resources. Russell Investments overweight exposure to the financial sector further contributed to relative returns.

Management continues to focus on finding investment solutions which potentially enhance risk adjusted returns and strengthen the socially responsible focus of the Fund. Recently the Fund introduced a targeted strategy within the healthcare segment being the Australian Unity Future of Healthcare Fund. This exposure initiated at 5% of the Fund's assets, invests in healthcare opportunities across unlisted property, venture capital, private equity and listed shares. Over the upcoming quarter we are further exploring broader opportunities within the Australian and global shares space, which may result in further enhancements within the Fund.

Economic commentary

The past quarter was a strong period for investment markets with the Australian sharemarket (S&P ASX 300) and the US sharemarket (S&P 500) both up over 8%. In what was a deviation from the previous quarter, interest rates and inflation expectations both fell, providing capital gains in fixed income bonds. Given the fall in inflation expectations, this led to a shift from investors out of cyclical stocks, such as banks and resource companies, into higher growing segments of the market such as technology. Over the quarter global economic data flow on an annualised basis impressed. The closely watched US CPI rose to 5.4% year on year, as Covid related bottlenecks continue to disrupt supply chains. Much of the data over the quarter was impacted by what is termed the base effect, in which data appears abnormally strong given the starting point is from the cyclical low, being the Covid impacted May and June 2020 period.

Within Australia, low interest rates, home builder grants, first home buyer incentives, stamp duty concessions together with falling vacancy rates and improvements in the labour market have led to a red-hot residential property market. Lending by owner occupiers is up more than 60% prior to the pandemic, while lending by investors is at the strongest since 2015. Given this rapid expansion of credit, this is expected to provide a strong tailwind to the economy over the preceding 12 months. Historically rapid expansion of household credit has the tendency to increase inflation over the shorter term, while being deflationary over the longer horizon, as the increased debt is required to be repaid, which reduces aggregate demand.

Over the quarter global central banks, including the Australia's RBA, hinted that cash rates may need to eventually rise. This has resulted in an increase interest rates over the one-to-five-year period, while longer term rates have fallen (a flattening of the yield curve). Essentially interest rate markets believe that if cash rates rise over the shorter term, this will decrease demand and inflation over the longer term. Looking forward, risks to the upside and downside appear evenly balanced. High monetary and fiscal government support and low interest rates, against the new delta strain and China political tensions, make the outlook cloudy at best. Given the array of outcomes, diversification is key across asset class, security, region, and currency.

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 4-Star Overall Morningstar Rating™ out of 198 Multisector Growth funds as of 31 May 2021. In the Morningstar Multisector Growth Category, the Bendigo Socially Responsible Growth Fund 3 year return was ranked 16 out of 198 funds as of 31 May 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/41513
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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.
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 2021 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.

This information is current as at 30 June 2021 (unless stated otherwise) and is subject to change without notice.