

Bendigo Socially Responsible Growth Fund

Monthly fund update - May 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 31 May 2020

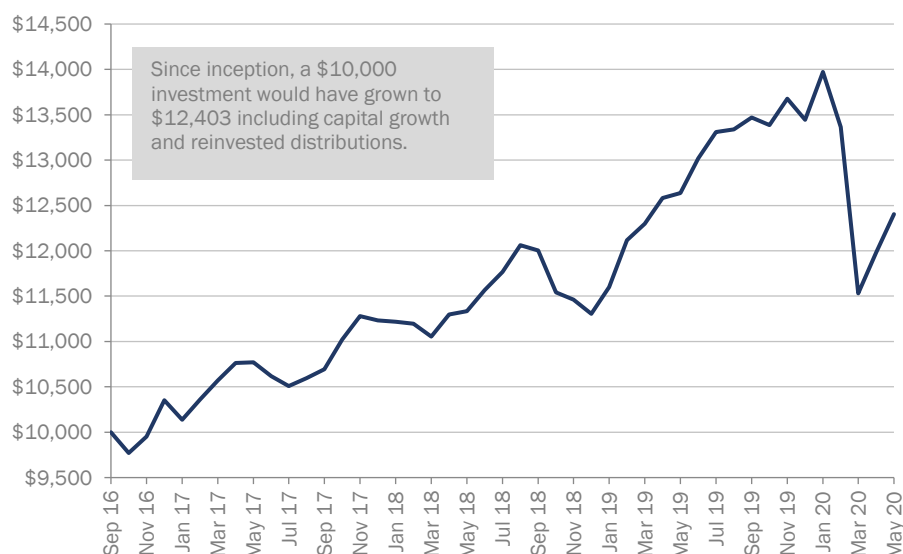
Fund return

3 months %	-7.19
6 months %	-9.31
1 year %	-1.84
3 years %p.a.	4.81
Since inception %p.a.	6.05
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 31 May 2020

Application price	\$1.01446
Withdrawal price	\$1.01182








Distribution details (cents per unit)

30 Jun 2019	\$0.07542
31 Dec 2019	\$0.00900

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*	30.4%	-0.1%	↓	Australian Shares
 AXA IM SmartBeta ESG Global Equity*	36.9%	-0.7%	↓	International Shares (Unhedged)
 Pental Property Securities Fund*	7.0%	0.2%	↑	Property and Infrastructure (Australian)
 Altius Sustainable Bond Fund*	6.7%	-0.3%	↓	Australian Fixed Interest
 Vanguard Australian Inflation-Linked Bond Index Fund	5.4%	-0.1%	↓	
 Vanguard Government Bond	7.2%	-0.3%	↓	
 Sandhurst Strategic Income Fund^	6.4%	1.3%	↑	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 managers⁵

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

Over the month the Fund performed strongly on an absolute basis and relative to peers, as strong performing equity markets lifted returns. The Fund benefited relative to peers through its listed exposure to property investments over unlisted, which recovered some losses over the period. Through the March period we accumulated meaningful positions in inflation linked bonds as expectations for inflation fell to zero over the medium and longer term. During April these exposures benefited from a more positive outlook on the economy which saw inflation expectations rise over the period.

Economic commentary

Risk assets performed strongly over the month of May with Australian equities lifting 4.6% (S&P ASX 300 accumulation index) while developed world global equities returned 4.7% (MSCI World ex Australia hedged total return index).

Driving risk assets higher was optimism regarding the falling COVID-19 case count as well as the large monetary stimulus provided by central banks around the world. Over the period the US Federal Reserve stepped up its quantitative easing program extending into corporate credit which in effect lowers the cost of borrowing for corporate entities. The program injected liquidity back into these stressed markets, whilst also buoying the price of risk assets such as equities. The US Federal Reserve has stressed their commitment to use these powers forcefully until they are confident on the road to recovery. Given this, market dynamics are demonstrating a breakdown in fundamentals to equity prices, with a meaningful increase in the price of shares without the corresponding increase in company earnings.

Within Australia, March GDP indicated a contraction, meaning Australia will record its first recession since 1986 given the sharp fall in economic growth expected in the quarter ending June. Australia has been one of the largest spenders on COVID-19 stimulus per GDP in the developed world, however the majority of stimulus plus support from early access of super and delayed mortgage payments are looking to conclude in the last quarter of this year. This obvious fiscal cliff is well known by the government and RBA, in which additional measures will need to be in place to support the economy through this transition.

Looking forward, markets are at the mercy of central banks and government support programs and will react accordingly to policy announcements. The road ahead is likely to be a volatile one, in which holds little resemblance to previous economic and market conditions.

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 31 May 2020 (unless stated otherwise) and is subject to change without notice.

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