

Bendigo Socially Responsible Growth Fund

Monthly fund update - October 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 October 2020

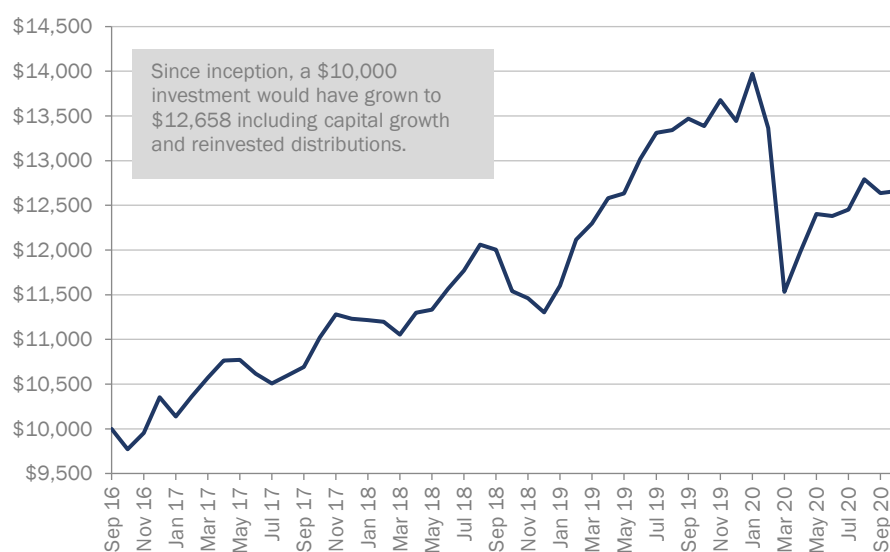
Fund return

3 months %	1.66
6 months %	5.67
1 year %	-5.43
3 years %p.a.	4.72
Since inception %p.a.	5.94
Morningstar Rating™ Overall³	36 / 210
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	+0.10% / -0.12%
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 October 2020

Application price	\$0.99667
Withdrawal price	\$0.99448




















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*	31.9%	3.3% 	 Australian Shares
 AXA IM SmartBeta ESG Global Equity*	37.7%	3.5% 	 International Shares (Unhedged)
 Pental Property Securities Fund*	6.5%	-0.1% 	 Property and Infrastructure (Australian)
 Altius Sustainable Bond Fund*	6.1%	0.0% 	 Australian Fixed Interest
 Vanguard Australian Inflation-Linked Bond Index Fund	8.0%	1.9% 	
 Vanguard Government Bond	6.4%	-0.1% 	
 Sandhurst Strategic Income Fund^	3.4%	-8.4% 	 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 Inflation Linked Government Bond	8.3%
Australian Government Bond	4.7%
Commonwealth Bank	2.8%
CSL Ltd	2.0%
Goodman Group	1.8%
National Australia Bank	1.6%
ANZ Banking Group	1.5%
Westpac Banking Corp	1.4%
Wesfarmers Ltd	1.3%
Stockland	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 \$500. See your statement for your BPAY reference number.

© 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 www.sandhursttrustees.com.au

Portfolio Performance

The Bendigo Socially Responsible Growth Fund made positive ground over the past 3 months, returning 1.7% to investors and 0.5% more than the peer average. Weaker returns over the past year have stemmed from allocations to the Russell Investments Australian Responsible Investment ETF who materially underperformed their benchmark -7.6% due to their heavy bias towards both financial companies and property trusts. The property asset class has been majorly disrupted by the sudden changes to the way people work and shop. Although it was one of the hardest hit sectors, Pental Property Securities delivered a strong result compared to their benchmark, proving that active management is desirable in times like present. All other investment managers performed in line with expectations. Although it has been a turbulent year, opportunities are still present and investments in quality ESG companies continue to offer strong risk adjusted returns.

Economic commentary

Anticipation of the US presidential election held in the first week of November dictated market movements in October. US Equities ended the month softer as investors rotated out of high-flying growth technology stocks given the uncertainty surrounding a potential democratic sweep and with that a less favourable regime on the horizon for US corporates. Overall, US shares (measured by the S&P 500 index) recorded a 2.8% fall while the technology dominated Nasdaq 100 index fell 3.2% in October. In Australia, investors, still buoyed by fiscal and monetary stimulus aimed at returning the economy to trend growth helped Australian shares (measured by the ASX 200 index) appreciate by 2.5%.

As of writing, Joe Biden appears to have won the US presidential election, however, much to the delight of markets the Republicans appear to have a strong lead in the Senate. This is somewhat of a goldilocks result for many investors as a majority senate may make it difficult to pass many Democratic agenda items such as increasing the corporate tax rate from 21% to 28% which would have a negative impact on corporate earnings in future periods. President Trump is yet to concede defeat and has questioned the legitimacy of the postal vote which was overwhelmingly democratic and won vital states such as Pennsylvania, Michigan and ultimately the election. The split powers in government likely makes any further fiscal stimulus package more moderate, cooling sentiment around near-term inflation as evidenced by the reaction of treasury yields following the result.

Challenges remain on the horizon, with recent data pointing to an increase in infections around the globe. The race to a vaccine remains and will be imperative to the recovery. The recent bout of volatility is a timely reminder of the importance of diversification in portfolios and that pragmatic risk management will be required 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 210 Multisector Growth funds as of 31 October 2020 and a 4-Star Three year rating out of 210 Multisector Growth funds as of 31 October 2020.

© 2020 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 'class service' have 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. Refer to our Financial Services Guide (FSG) for more information at www.morningstar.com.au/s/fsg.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. '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 30 September 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 1.2% 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 October 2020 (unless stated otherwise) and is subject to change without notice.

Proudly part of



**Bendigo and
Adelaide Bank**