

Bendigo Socially Responsible Growth Fund

Monthly fund update - September 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

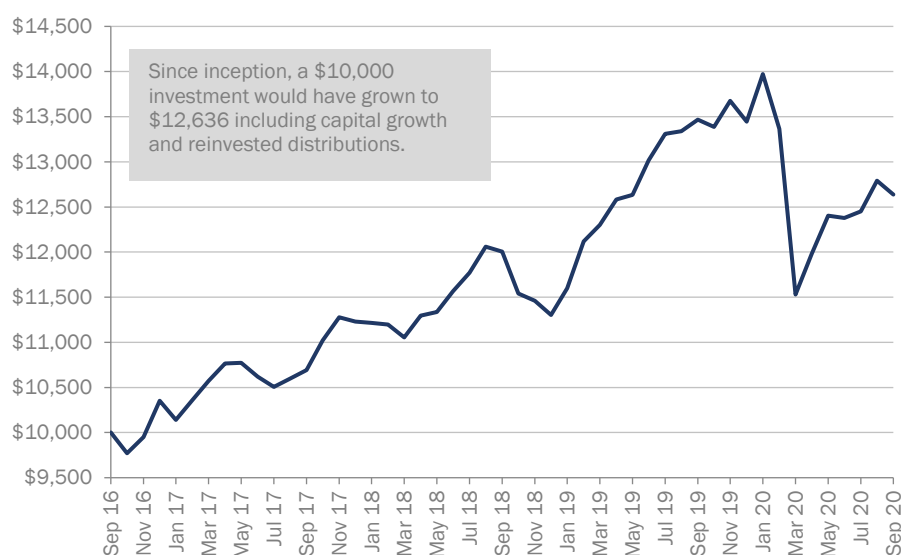
Fund performance¹

as at 30 September 2020	Fund return
3 months %	2.08
6 months %	9.58
1 year %	-6.18
3 years %p.a.	5.72
Since inception %p.a.	6.02
Morningstar Rating™ Overall³	33 / 197
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 30 September 2020

Application price	\$0.99491
Withdrawal price	\$0.99272













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*	28.6%	-3.2% ↓	 Australian Shares
 AXA IM SmartBeta ESG Global Equity*	34.2%	-0.2% ↓	 International Shares (Unhedged)
 Pental Property Securities Fund*	6.5%	-0.5% ↓	 Property and Infrastructure (Australian)
 Altius Sustainable Bond Fund*	6.2%	-0.4% ↓	 Australian Fixed Interest
 Vanguard Australian Inflation-Linked Bond Index Fund	6.1%	0.7% ↑	
 Vanguard Government Bond	6.5%	-0.4% ↓	
 Sandhurst Strategic Income Fund^	11.9%	4.0% ↑	 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 Inflation Linked Bond	5.7%
Australian Government Bond	4.9%
Commonwealth Bank	3.1%
Australian Sovereign Bonds	2.3%
Australian Unity Green Bond	2.1%
CSL Ltd	2.0%
Westpac Banking Group	1.6%
Goodman Group	1.6%
ANZ Banking Group	1.4%
National Australia Bank	1.4%

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 outperformed both its peer group and benchmark over the quarter. Active allocation to credit and financials benefited the overall performance. The Fund's position in Australian inflation linked bonds aided returns given the rise in the market's expectations for inflation. However, the Fund's listed property exposure continued to detract from performance given the COVID related impact on physical retail and office space.

Economic commentary

The first fiscal quarter of 2020-2021 was positive for risk assets. While returns were largely positive for developed world equity markets, the month of September did see higher levels of volatility return. Overall, Australian shares (measured by the S&P ASX 300 accumulation index) recorded a 5.9% rise while global equity markets (measured by the MSCI World Ex Australia hedged total return index) appreciated 6.4% over the same period. Investors have been encouraged by the scale and speed of stimulatory measures enacted by governments and central banks alike to soften the economic impacts of shutdown measures taken to slow COVID-19 transmissions.

Despite the coordinated efforts of governments around the world, higher equity valuations came under selling pressure in September. Sectors that have been the biggest direct beneficiaries of social distancing such as technology gave back some of their gains during the month of September, with market darlings such as Apple and Afterpay retracing 13.7% and 12.5% respectively. Fundamentally, many of these businesses are sound and the recent correction in their share prices are more reflective of profit taking by investors following a sharp run up rather than concerns of long-term business profitability.

In Australia, the Federal Budget release was closely watched with the government unveiling the largest ever deficit by some margin in response to the ongoing economic disruption of COVID-19. Net debt is expected to be peak at 43.8% of GDP at the end of 2023-2024 with several spending initiatives aimed at returning Australia back to trend GDP growth and lowering the unemployment rate. This is a notable increase in debt to GDP, however, it compares favourably to our overseas counterparts and with interest rates at record lows, the interest burden for the government is manageable.

Looking forward, challenges remain on the health front 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 197 Multisector Growth funds as of 30 September 2020 and a 4-Star Three year rating out of 197 Multisector Growth funds as of 30 September 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 30 June 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 1.4% 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 September 2020 (unless stated otherwise) and is subject to change without notice.

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