

Sandhurst Strategic Income Fund

Class B units

Monthly fund update - January 2022

Investment approach

The Fund aims to provide customers with regular income and may offer higher returns with a lower level of risk through the market cycle in an effort to outperform a static investment in similar assets by strategically managing its portfolio in varying market and economic conditions.

The objective of the Fund is to outperform its benchmark (after fees) over any two year period.



Foresight Analytics has assigned a SUPERIOR investment rating with a product complexity indicator designating the Fund as a Relatively Simple Product.⁴

Fund performance¹

| as at 31 January 2022 | Fund return | Benchmark ² | Excess return |
|-----------------------------------------------------|-------------|------------------------|---------------|
| 3 months (%) | 0.05 | 0.01 | 0.04 |
| 1 year (%) | 0.87 | 0.03 | 0.84 |
| 2 years (% p.a.) | 1.06 | 0.16 | 0.9 |
| 3 years (% p.a.) | 1.54 | 0.57 | 0.97 |
| 5 years (% p.a.) | 1.92 | 1.08 | 0.84 |
| Since inception (% p.a.) | 3.15 | 2.04 | 1.11 |
| Morningstar Rating™ Overall³ | ★★★★★ | | |
| Morningstar category rank 3 year³ | 7/29 | | |

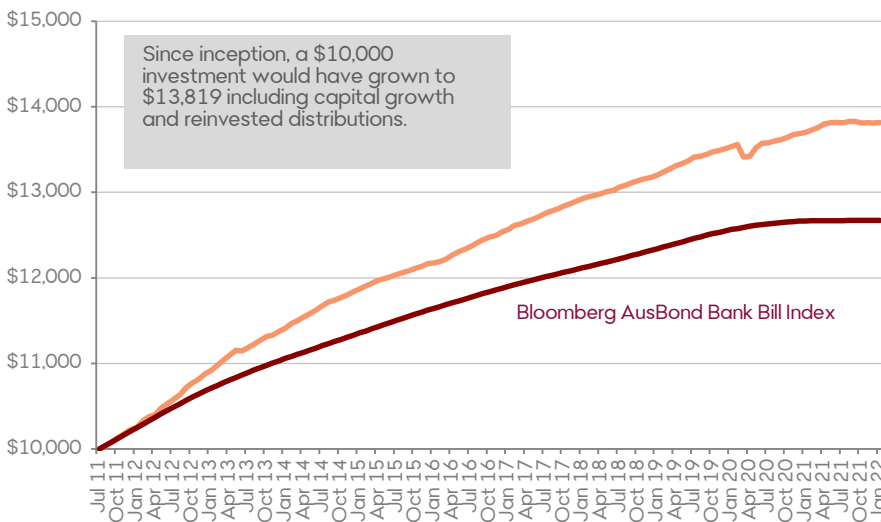
Fund facts

| | |
|--------------------------------------|-----------------|
| Fund APIR code | STL0044AU |
| Fund start date | 30 July 2011 |
| Management costs ⁵ | 0.45% p.a. |
| Buy / Sell spread ⁵ | +0.02% / -0.12% |
| Minimum investment / minimum balance | \$500,000 |
| Recommended investment timeframe | 2 years + |
| Risk level | Low |

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance since inception)



Unit price

as at 31 January 2022

| | |
|-------------------|-----------|
| Application price | \$1.03520 |
| Withdrawal price | \$1.03375 |

Distribution details (cents per unit)

| | |
|-----------|-----------|
| 31 Mar 21 | \$0.00200 |
| 30 Jun 21 | \$0.00271 |
| 30 Sep 21 | \$0.00200 |
| 31 Dec 21 | \$0.00250 |

Benefits of investing

- ▶ regular income from quarterly distributions;
- ▶ access to a diversified portfolio therefore reducing your risk and potentially enhancing returns;
- ▶ low volatility core investments supplemented by strategically selected allocations to credit sectors;
- ▶ there's no requirement to rollover or lock away your investment for a fixed term; and
- ▶ a regular savings plan option from \$50 per month.

Do you have any questions?

For further information contact us on 1800 634 969 or visit our website: www.bendigobank.com.au/managedfunds

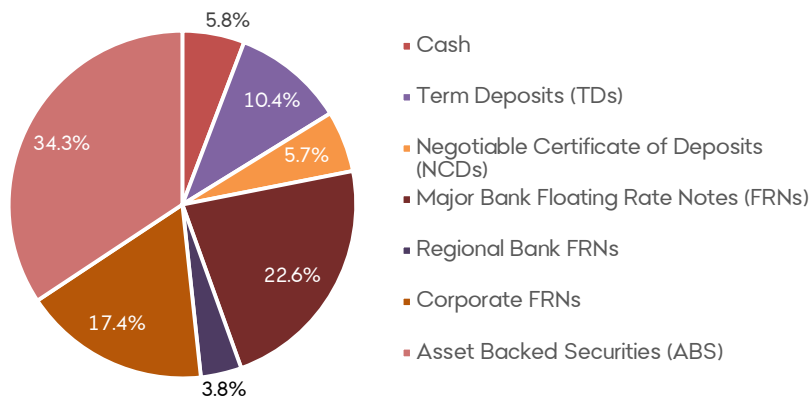
Portfolio performance

For the month of January 2022, the Strategic Income Fund achieved a 0.04% (after fee) return for the Class B units. The Fund generated a return over the past year of 0.87% (well above the benchmark) and since inception has delivered an average return of 3.15%.

January saw increased volatility in share markets as the S&P 500 fell by 5.26% and the ASX 200 reduced by 6.35%. There were several headwinds that contributed to the biggest monthly pullback in equities since the depths of the pandemic in March 2020. The main factor that drove the risk-off theme came from the hawkish tone intensifying from the US Federal Reserve (Fed). The December FOMC minutes released early in the month highlighted that rates may rise sooner or at a faster pace to stem inflation (biggest year on year increase in December 2021 since 1982). The minutes also highlighted a desire for a faster pace of quantitative tightening than the last cycle. Geopolitical tensions, slowdown in high-frequency indicators, new COVID variants as well as the continued spread of Omicron also contributed to the fall in markets. By the end of January, the VIX had almost doubled from its mid-month lows, illustrating concerns in equity markets for February.

Credit markets were broadly weaker as spreads widened from de-risking following the hawkish Fed policy update. Locally, Australian iTraxx increased to 76 (up 13.4% month on month) while the US CDX rose to 59bp (up 17.3%). There was no meeting for the RBA Board in January and Australian government bond

Asset allocation



yields took their lead from the US. The Australian yield curve flattened as the 3-10yr spread decreased from 75bp to 58bp. CBA kicked off the primary market for 2022 with a \$4bn 5-year senior unsecured floating rate note transaction. The Strategic Income Fund participated in this issue which is the largest bond issue in Australia. Investors had strong appetite for the transaction, and it paved the way for a number of other Financial Institutions to tap into wholesale markets.

At the end of January, approximately 21.9% of the portfolio is allocated to cash instruments, 43.8% in bank/corporate Floating Rate Notes and 34.1% to asset-backed securities. There are currently no unrated assets in the Fund and approximately 52% of non-cash assets are rated AA- or higher.

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 benchmark for the Fund is Bloomberg AusBond Bank Bill Index.
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. Sandhurst Strategic Income Fund - Class B units received a 5-Star Overall Morningstar Rating™ out of 29 Australian Short Term Fixed Interest funds as of 31 January 2022. In the Morningstar Australian Short Term Fixed Interest Category, the Sandhurst Strategic Income Fund - Class B units 3 year return was ranked 7 out of 29 funds as of 31 January 2022. '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/19876
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4. Foresight Analytics has assigned a SUPERIOR investment rating with a product complexity indicator designating the Fund as a Relatively Simple Product. This rating implies the highest level of confidence that the Fund can deliver a risk adjusted return in line with its investment objectives. Designation as a Relatively Simple Product indicates that the investment manager will seek to outperform their chosen mainstream market sector. A rating is not a recommendation to invest, retain or redeem units in the Fund. The rating may be subject to change or withdrawal at any time. A copy of Foresight Analytics Financial Services Guide can be found at www.foresight-analytics.com/financial-services-guide
5. 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.

The Sandhurst Strategic Income Fund (Fund) is issued by Sandhurst Trustees Limited (Sandhurst) ABN 16 004 030 737 AFSL 237906 a subsidiary of Bendigo and Adelaide Bank Limited (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 provided in this document has not been verified. Accordingly, 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. Details of applicable fees and costs are set out in the PDS. Please consider your situation and read the PDS available at www.bendigobank.com.au/managedfundsforms, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision. For target market determination: www.bendigobank.com.au/TMD