

Fund update - December 2021

Investment approach

Each Fund invests via a selection of expert asset managers that specialise in managing specific asset classes. Sandhurst will invest the Fund's assets across a variety of asset classes. Together through the selection of expert asset managers and the asset allocation, Sandhurst will seek to meet or exceed the investment return objective of each Fund. Each Fund aims to provide a total return after fees in excess of a stated percentage above inflation over a full market cycle (typically 7 to 10 years).

Fund performance¹

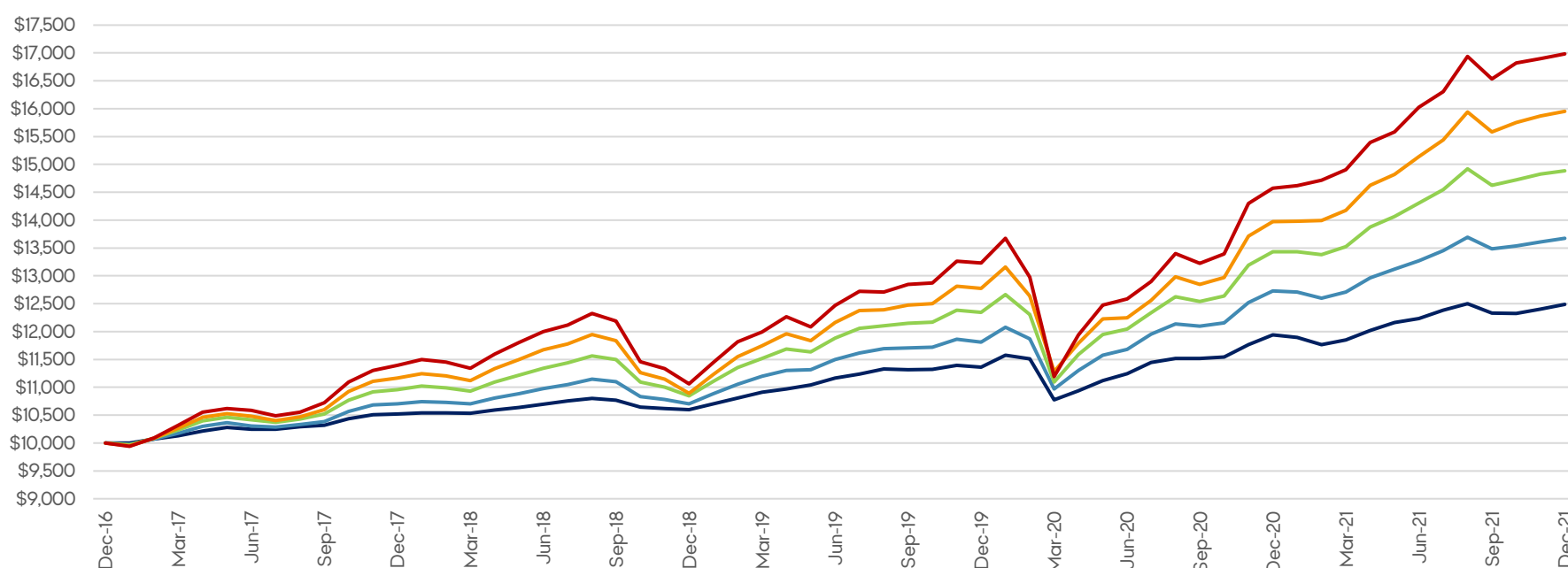
as at 31 December 2021

	Morningstar Rating™ Overall ²	Morningstar Category Rank 5 Year ²	Distribution (per unit)	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Fund size \$m
Bendigo Defensive Wholesale Fund <i>Peer Comparison</i>	★★★★	4 / 20	\$0.0050	1.25 0.34	4.60 2.09	5.61 4.00	4.54 3.36	\$36.76
Bendigo Conservative Wholesale Fund <i>Peer Comparison</i>	★★★★★	3 / 104	\$0.0041	1.41 0.97	7.43 5.35	8.52 5.70	6.46 4.44	\$168.36
Bendigo Balanced Wholesale Fund <i>Peer Comparison</i>	★★★★★	5 / 107	\$0.0035	1.80 1.85	10.81 10.12	11.13 8.53	8.29 6.28	\$211.80
Bendigo Growth Wholesale Fund <i>Peer Comparison</i>	★★★★★	5 / 170	\$0.0022	2.36 2.60	14.19 13.99	13.56 10.81	9.79 7.78	\$88.75
Bendigo High Growth Wholesale Fund <i>Peer Comparison</i>	★★★★	16 / 121	\$0.0021	2.71 3.54	16.53 18.91	15.36 13.70	11.17 9.83	\$49.82

An example of how your investment grows

Growth of \$10,000 over 5 years¹

(Based on historic Fund performance over 5 years)

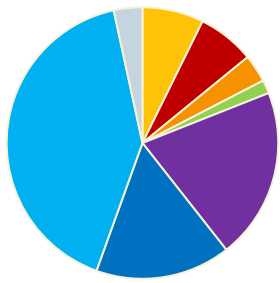


Fund Facts

	APIR Code	Fund inception date	Distribution frequency	Return objective	Recommended investment timeframe	Risk level	Management costs ³	Buy / Sell spread ³
Bendigo Defensive Wholesale Fund	STL0029AU	30 Sept 2011	Half yearly	CPI + 1.5%	2 years +	Low	0.600% p.a.	+0.12%/-0.15%
Bendigo Conservative Wholesale Fund	STL0012AU	6 June 2002	Half yearly	CPI + 2%	3 years +	Low to medium	0.834% p.a.	+0.15%/-0.17%
Bendigo Balanced Wholesale Fund	STL0013AU	6 June 2002	Half yearly	CPI + 3%	4 years +	Medium	0.962% p.a.	+0.17%/-0.17%
Bendigo Growth Wholesale Fund	STL0014AU	6 June 2002	Half yearly	CPI + 4%	5 years +	Medium to high	1.089% p.a.	+0.20%/-0.20%
Bendigo High Growth Wholesale Fund	STL0030AU	30 Sept 2011	Half yearly	CPI + 5%	7 years +	High	1.280% p.a.	+0.23%/-0.23%

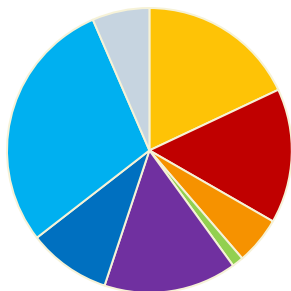
Asset allocation

Bendigo Defensive Wholesale Fund



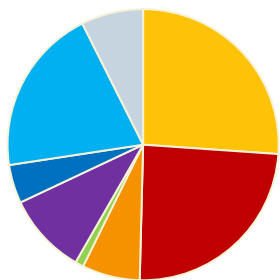
Aust Sh	7.3%
Int Sh	6.8%
Int Sh (Hedged)	3.3%
Property & Infra	1.6%
Cash	20.4%
Int FI	16.1%
Aust FI	41.1%
Alternative	3.4%

Bendigo Conservative Wholesale Fund



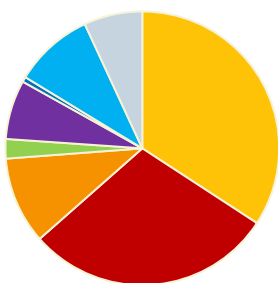
Aust Sh	18.0%
Int Sh	15.3%
Int Sh (Hedged)	5.4%
Property & Infra	1.3%
Cash	15.1%
Int FI	9.4%
Aust FI	29.0%
Alternative	6.5%

Bendigo Balanced Wholesale Fund



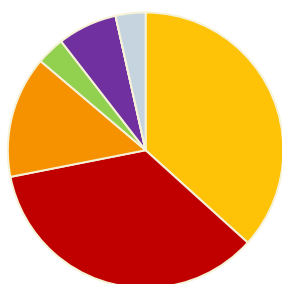
Aust Sh	26.1%
Int Sh	24.3%
Int Sh (Hedged)	6.9%
Property & Infra	1.0%
Cash	9.7%
Int FI	4.6%
Aust FI	20.0%
Alternative	7.4%

Bendigo Growth Wholesale Fund



Aust Sh	34.2%
Int Sh	29.3%
Int Sh (Hedged)	10.3%
Property & Infra	2.3%
Cash	7.0%
Int FI	0.6%
Aust FI	9.4%
Alternative	6.9%

Bendigo High Growth Wholesale Fund



Aust Sh	36.7%
Int Sh	35.2%
Int Sh (Hedged)	14.3%
Property & Infra	3.3%
Cash	7.0%
Int FI	0.0%
Aust FI	0.0%
Alternative	3.5%

Unit prices

as at 31 December 2021

Application price Withdrawal price

Bendigo Defensive Wholesale Fund	\$1.09765	\$1.09469
Bendigo Conservative Wholesale Fund	\$1.10024	\$1.09672
Bendigo Balanced Wholesale Fund	\$1.08311	\$1.07943
Bendigo Growth Wholesale Fund	\$1.04658	\$1.04240
Bendigo High Growth Wholesale Fund	\$1.50704	\$1.50012

Quarterly commentary

Performance

Over the December quarter risk profile performance was mixed. Risk profiles holding greater allocations to defensive assets outperformed but those with heavy allocations to growth assets slightly underperformed their relative Morningstar peer group despite positive absolute returns. Active global equity manager, T. Rowe, detracted from returns in the December quarter. The fund underperformed the world equity index (MSCI World Ex Aus) by 8.9%. Stock picks within the information technology and discretionary sectors were the biggest detractors to T. Rowe's performance over the period. Holdings in companies such as EV producer Rivian and communication technology provider Zoom lost 17.1% and 29.7% respectively. Despite the poor recent performance, T. Rowe's longer-term performance has been strong, outperforming the broader market since inception. The investment team continues to hold the manager in high regard and believes in its ability to execute on its investment strategy. On the positive side of the ledger, Ausbil was the pick of the managers which benefitted from a rise in commodity prices as inflationary pressures build.

Overall, we believe the Funds are well diversified, with a balance of growth opportunities in Asian equities, global technology and Australian small cap stocks, as well as inflation protection through holdings in gold, natural resources, and inflation linked bonds.

Economic

The final quarter of calendar year 2021 was eventful with positive equity performance masking some of the volatility experienced during the period. Global developed world equities returned 7.9% on a currency hedged basis while Australian shares appreciated 2.2% over the same period. Conversely, Emerging market shares were lower by 1.9% and investment grade fixed income investments (represented by 50/50 weighted AusBond composite and global aggregated bond index) returned -0.7% in the December quarter. Uncertainty around the Omicron variant and Central Banks shift in focus on the early withdrawal of monetary policy support were the main drivers of volatility during the quarter.

The potential of a new coronavirus variant and faster than expected tightening of monetary policy had markets questioning the trajectory of economic growth and inflation. Interest rate sensitive investments such as growth shares trading at higher valuations were subject to greater volatility yet still managed to end the quarter in positive territory.

In Australia, the economy is recovering from the Delta variant lockdowns. Coinciding with the easing of restrictions in the Eastern states, economic data prints improved towards the end of the December quarter in a positive sign for growth. Inflation has increased but at a lower pace relative to other parts of the developed world which is positive for price stability. However, Australian CPI continues to be impacted by supply disruptions and higher energy prices which have persisted longer than first expected. The RBA will be closely monitoring developments and is expected to consider revising its bond purchasing program as conditions improve while maintaining the cash rate until inflation is sustainably within the 2-3% target range.

Do you have any questions?

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

Asset positioning commentary

The Funds have maintained tilts away from interest rate sensitive investments with lighter holdings in global government bonds and Australian listed property. We are neutral on growth overall and prefer our growth exposure in global equities due to our perception of greater earnings growth potential in comparison to domestic equities. Due to our underweight position in equity risk offsetting government bonds, we prefer a bias to unhedged exposure, with the aim to reduce overall portfolio volatility.

Australian Shares

The dominate drivers of the Australian sharemarket relative to global markets are financials and resource companies. Over the past year these industries have been well supported, with banks the beneficiary of increased appetite for borrowing, reduced credit costs, and a steepening yield curve. Resource companies have benefited from a global demand surge resulting in a strong demand for resources. These industries are highly sensitive to growth and rely on private credit expansion (banks) and global capital expenditure (resources) to outperform global markets. Looking forward it appears these areas are supported, although over the longer period, we prefer the greater diversification provided in offshore markets.



International Shares

From an index sector perspective, we prefer the diversification that global equities provide, with a greater exposure to the rapidly evolving technology and healthcare space. However, a recent change in strategic asset allocation (SAA) weights has resulted in a slight underweight in global equities relative to the new SAA. Valuations are elevated without being extreme, yet we continue to believe in sectors positioned to benefit from structural growth trends such as automation and digitalisation.

Hedge ratio 27% of OS equities



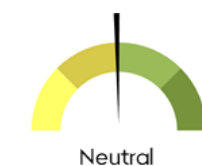
Property & Infrastructure

Overall we are slightly overweight property and infrastructure. The team is positive on infrastructure in the near term. Leading economic data prints are pointing to economic growth slowing. Under these conditions, infrastructure can protect portfolios with their defensive and predictable cash flows. Listed property returns continue to be highly correlated to movements in long dated bond yields. Underpinning this correlation is the techniques employed in property valuation which are priced off rental yields. Furthermore, the team is less sanguine on retail and office property exposures that comprise a large portion of the property index, hence the Funds remain underweight property.



Fixed Income

Overall we hold a neutral position in fixed income. Due to the artificial compression of yields through global quantitative easing programs, we remain cautious on fixed global government bonds. Recent rises in inflation expectations have caused volatility in bond markets, in which supply bottlenecks, coupled with the increase in demand are resulting in inflation hot spots. We prefer an overweight to inflation linked bonds over fixed coupon bonds and are overweight on floating rate and low duration credit. Inflation linked bonds benefit in periods where inflation rises at a faster pace than bond yields. Floating and low duration credit is more insulated from a rising yield curve as a result of rising inflation expectations



Cash

Cash is used as a balancing item based on views of other asset classes.



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. 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 Defensive Wholesale Fund received a 4-Star Overall Morningstar Rating™ out of 20 Multisector Conservative funds as of 31 December 2021. In the Morningstar Multisector Conservative Category, the Bendigo Defensive Wholesale Fund 5 year return was ranked 4 out of 20 funds as of 31 December 2021. Source: www.morningstar.com.au/Funds/FundReport/19293

Bendigo Conservative Wholesale Fund received a 5-Star Overall Morningstar Rating™ out of 106 Multisector Moderate funds as of 31 December 2021. In the Morningstar Multisector Moderate Category, the Bendigo Conservative Wholesale Fund 5 year return was ranked 3 out of 104 funds as of 31 December 2021. Source: www.morningstar.com.au/Funds/FundReport/13196

Bendigo Balanced Wholesale Fund received a 5-Star Overall Morningstar Rating™ out of 114 Multisector Balanced funds as of 31 December 2021. In the Morningstar Multisector Balanced Category, the Bendigo Balanced Wholesale Fund 5 year return was ranked 5 out of 107 funds as of 31 December 2021. Source: www.morningstar.com.au/Funds/FundReport/13195

Bendigo Growth Wholesale Fund received a 5-Star Overall Morningstar Rating™ out of 176 Multisector Growth funds as of 31 December 2021. In the Morningstar Multisector Growth Category, the Bendigo Growth Wholesale Fund 5 year return was ranked 5 out of 170 funds as of 31 December 2021. Source: www.morningstar.com.au/Funds/FundReport/13197

Bendigo High Growth Wholesale Fund received a 4-Star Overall Morningstar Rating™ out of 126 Multisector Aggressive funds as of 31 December 2021. In the Morningstar Multisector Aggressive Category, the Bendigo High Growth Wholesale Fund 5 year return was ranked 16 out of 121 funds as of 31 December 2021. Source: www.morningstar.com.au/Funds/FundReport/19294

'Peer Comparison' performance refers to the performance of the relevant 'Morningstar Category' for the stated period. Investments are placed into Morningstar Categories based on their compositions and portfolio statistics so that investors can make meaningful comparisons. 'Morningstar Category Rank' is the Fund's performance rank relative to all funds in the same Morningstar Category.

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3. 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 managed funds detailed in this update (individually referred to as 'Fund' or collectively as 'Funds') are 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 Funds or the service they provide, full details of which are contained in the relevant Product Disclosure Statement (PDS). Investments in the Funds 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 opinions change. 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 relevant 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

The information is current as at 31 December 2021 (unless stated otherwise) and is subject to change without notice.

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