

### Fund update - March 2022

#### Investment approach

Each Fund invests via expert asset managers that specialise in index strategies that seek to track the performance of selected benchmarks as well as alternative assets and cash. Alternative assets and cash may or may not invest in index strategies. Sandhurst will invest each Fund's assets across a variety of asset classes in a manner that we believe will meet 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), where inflation is measured by the Australian Consumer Price Index (CPI).

#### Fund performance<sup>1</sup>

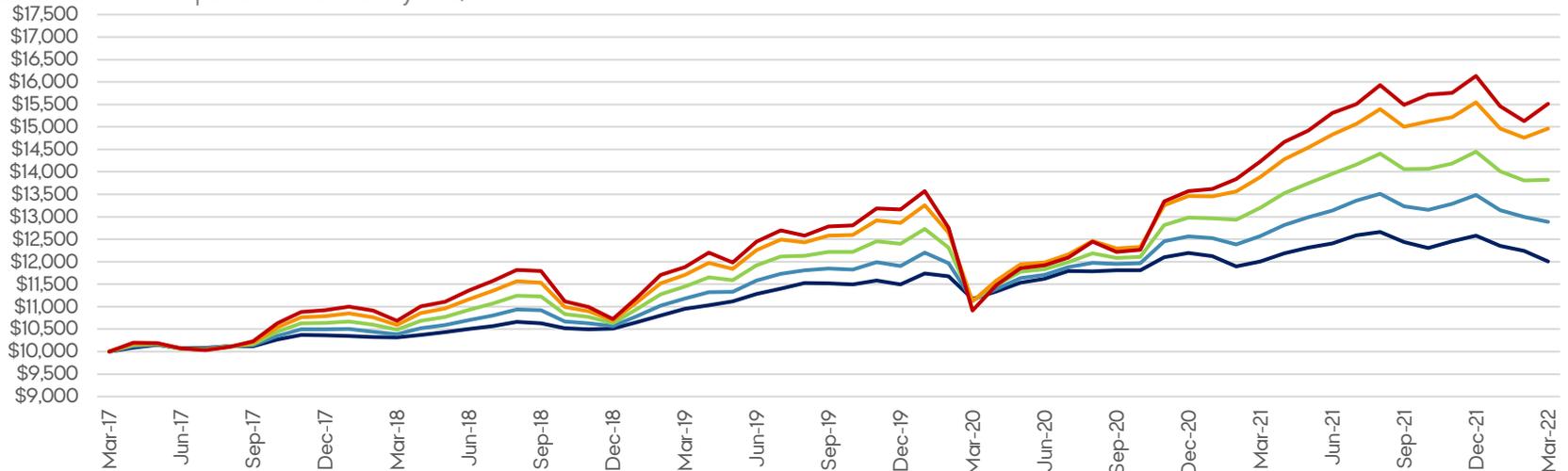
as at 31 March 2022

	Morningstar Rating™ Overall <sup>2</sup>	Morningstar Category Rank 5 Year <sup>2</sup>	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Fund size \$m
<b>Bendigo Defensive Index Fund</b>	★★★★★	1 / 19	-4.52	-0.01	3.11	3.73	\$1 05.22
<i>Peer Comparison</i>			-2.97	-0.48	1.91	2.55	
<b>Bendigo Conservative Index Fund</b>	★★★★★	3 / 104	-4.44	2.51	4.84	5.20	\$463.11
<i>Peer Comparison</i>			-3.02	1.72	3.13	3.48	
<b>Bendigo Balanced Index Fund</b>	★★★★★	2 / 110	-4.34	4.69	6.48	6.69	\$501.68
<i>Peer Comparison</i>			-2.50	4.82	5.39	5.29	
<b>Bendigo Growth Index Fund</b>	★★★★★	5 / 172	-3.78	7.73	8.52	8.39	\$41 8.89
<i>Peer Comparison</i>			-3.33	6.57	6.90	6.57	
<b>Bendigo High Growth Index Fund</b>	★★★★	31 / 124	-3.87	8.99	9.29	9.17	\$86.16
<i>Peer Comparison</i>			-3.51	9.14	9.00	8.41	

#### An example of how your investment grows

##### Growth of \$10,000 over 5 years<sup>1</sup>

(Based on historic Fund performance over 5 years)

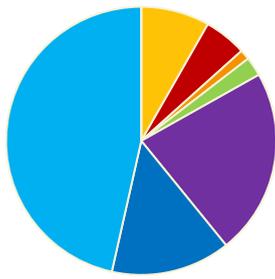


#### Fund Facts

	APIR Code	Fund inception date	Distribution frequency	Return objective	Recommended investment timeframe	Risk level	Management costs <sup>3</sup>	Buy / Sell spread <sup>3</sup>
<b>Bendigo Defensive Index Fund</b>	STL0031 AU	30 Sept 2011	Half yearly	CPI + 1.5%	2 years +	Low	0.40% p.a.	+0.09%/-0.12%
<b>Bendigo Conservative Index Fund</b>	STL0032AU	30 Sept 2011	Half yearly	CPI + 2%	3 years +	Low to medium	0.42% p.a.	+0.10%/-0.10%
<b>Bendigo Balanced Index Fund</b>	STL0033AU	30 Sept 2011	Half yearly	CPI + 3%	4 years +	Medium	0.44% p.a.	+0.10%/-0.10%
<b>Bendigo Growth Index Fund</b>	STL0034AU	30 Sept 2011	Half yearly	CPI + 4%	5 years +	Medium to high	0.46% p.a.	+0.10%/-0.10%
<b>Bendigo High Growth Index Fund</b>	STL0035AU	30 Sept 2011	Half yearly	CPI + 5%	7 years +	High	0.47% p.a.	+0.10%/-0.10%

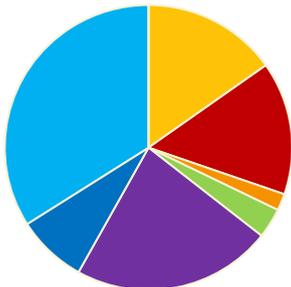
## Asset allocation

### Bendigo Defensive Index Fund



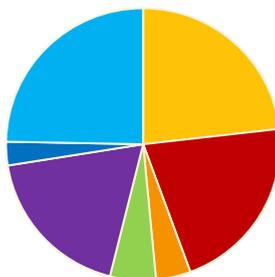
Aust Sh	8.2%
Int Sh	5.1%
Int Sh (Hedged)	1.2%
Property & Infra	2.3%
Cash	22.4%
Int FI	14.3%
Aust FI	46.5%
Alternative	0.0%

### Bendigo Conservative Index Fund



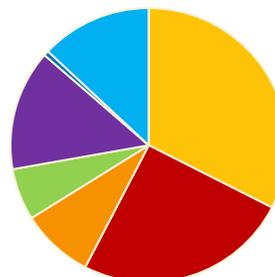
Aust Sh	15.2%
Int Sh	15.1%
Int Sh (Hedged)	1.9%
Property & Infra	3.4%
Cash	22.5%
Int FI	7.9%
Aust FI	34.0%
Alternative	0.0%

### Bendigo Balanced Index Fund



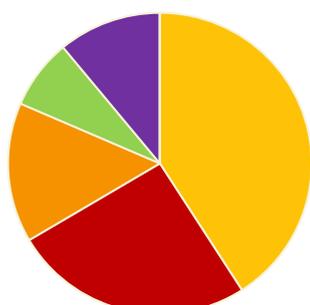
Aust Sh	23.2%
Int Sh	21.2%
Int Sh (Hedged)	4.1%
Property & Infra	5.4%
Cash	18.6%
Int FI	2.8%
Aust FI	24.7%
Alternative	0.0%

### Bendigo Growth Index Fund



Aust Sh	32.5%
Int Sh	25.1%
Int Sh (Hedged)	8.5%
Property & Infra	6.1%
Cash	14.2%
Int FI	0.6%
Aust FI	13.0%
Alternative	0.0%

### Bendigo High Growth Index Fund



Aust Sh	40.9%
Int Sh	25.6%
Int Sh (Hedged)	15.0%
Property & Infra	7.5%
Cash	11.0%
Int FI	0.0%
Aust FI	0.0%
Alternative	0.0%

## Unit prices

as at 31 March 2022	Application price	Withdrawal price
<b>Bendigo Defensive Index Fund</b>	\$1.11010	\$1.10777
<b>Bendigo Conservative Index Fund</b>	\$1.28382	\$1.28126
<b>Bendigo Balanced Index Fund</b>	\$1.45920	\$1.45629
<b>Bendigo Growth Index Fund</b>	\$1.70631	\$1.70290
<b>Bendigo High Growth Index Fund</b>	\$1.78584	\$1.78227

## Quarterly commentary

### Performance

Returns for the period fell short of the Morningstar peer group. Driving the relative return was the lack of exposure to unlisted investments such as private equity, unlisted property, infrastructure and private credit. Given the index, low-cost nature of the Funds, unlisted investments are not currently invested in. Unlisted investments adopt less frequent valuations and hence they are not subject to short term market volatility.

Over the quarter we increased weights to Australian equities and global infrastructure, given the favourable dynamics for these asset classes. We have also reduced global credit exposure through our defensive sleeve due to our perception that credit spreads will move outwards.

### Economic

Markets were generally weaker through the March quarter as inflation concerns and the Ukraine Russia conflict dragged on investor sentiment. Bond yields rose strongly with the Australian Government 10-year bond entering the calendar year at 1.67% before closing the March quarter at 2.84%. Equity markets outside of commodities were weaker, in particular high growth technology companies, which fell substantially on the back of rising inflation and bond yields. The Australian share market fared much better relative to other regions, with European markets heavily impacted by rising energy costs and US markets dragged down by a re-rating of growth companies.

Holding up the Australian sharemarket was the high exposure of the index to resource stocks, with BHP rising 30% for the quarter. Over the past decade resource companies globally have been cautious on expansion spending and hence there is a broad lack of supply of many key commodities. With the economy shifting to cleaner energy, demand is strong for commodities in a tight supply market. Adding fuel to the fire is the Ukraine Russia conflict, in which commodities produced in these regions have added to supply shortages. These impacts have played out in bond markets, with rises in yield curves reflecting the inflation impacts of tight commodity supply.

Looking forward global equities face multiple headwinds. Recession is now looming over Europe, and increased costs on everyday goods is sure to weigh on consumer demand, resulting in potential lower earnings for corporates. Equity markets relative to historical levels are expensive and the US Federal Reserve is set to raise interest rates, withdrawing liquidity from the market, in a period where share prices are looking vulnerable. The bright areas include commodities and energy, and consumer staples. With rates now materially higher, returns are more attractive across fixed income markets.

## Do you have any questions?

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

## Asset positioning commentary

Our outlook for the global economy is continued stubborn inflation combined with the withdrawal of liquidity by central banks. The outcome of this is likely to be troublesome for equity prices over the upcoming six months, particularly companies that are richly priced for growth. Overall, the Funds are tilted towards an inflationary environment with the combination of inflation linked bonds, gold and commodity equities. The Funds also hold defensive positions being underweight equities, with a bias towards defensive investments such as global infrastructure.

### Australian Shares

Over the quarter we moved to an overweight exposure to Australian Equities. We favour the commodity exposure that the benchmark index provides, in which we believe due to factors such as the under investment in resources and energy over the past decade coupled with ongoing demand, should hold well for these investments. Observations over the period from market movements indicate a strong support for our domestic market from offshore investors, in which daily price movements have been much less volatile than offshore markets. The Australian sharemarket, on relative perspective, has benefited from the Ukraine Russia conflict, in which this has lifted commodity prices globally.



### International Shares

We hold an underweight exposure to global equities. The global equity benchmark is predominately made up of US and European equities. European markets are heavily impacted by the Russian Ukraine situation, in which they are experiencing troublesome inflation led by soaring energy costs. The US market trades at premium price relative to earnings, in which high priced equities are more sensitive to rises in inflation and interest rates. We currently hold 50% hedged position on our offshore global equity exposures, in which we have lifted over the period due to our positive outlook on commodity prices moving the Australian dollar higher.



Hedge ratio 50% of OS equities

### Property & Infrastructure

Over the period we have lifted our exposure to global infrastructure to approximately 5% of total assets. This asset class possesses strong defensive characteristics with inflation linked revenues. Given our cloudy outlook for the economy and markets moving forward, we feel this exposure will add to performance. We currently have little holdings in listed property given it generally does not perform well in rising rate environments.



### Fixed Income

Overall we hold a slight underweight exposure to fixed income. The majority of our duration exposure sits within inflation Australian linked bonds. We believe that these are attractively priced given the risk that inflation could rise significantly given disruptions from the Ukraine Russian conflict and lockdowns in China.



### 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 Index Fund received a 5-Star Overall Morningstar Rating™ out of 19 Multisector Conservative funds as of 31 March 2022. In the Morningstar Multisector Conservative Category, the Bendigo Defensive Index Fund 5 year return was ranked 1 out of 19 funds as of 31 March 2022. Source: [www.morningstar.com.au/Funds/FundReport/19288](http://www.morningstar.com.au/Funds/FundReport/19288)

Bendigo Conservative Index Fund received a 5-Star Overall Morningstar Rating™ out of 106 Multisector Moderate funds as of 31 March 2022. In the Morningstar Multisector Moderate Category, the Bendigo Conservative Index Fund 5 year return was ranked 3 out of 104 funds as of 31 March 2022. Source: [www.morningstar.com.au/Funds/FundReport/19289](http://www.morningstar.com.au/Funds/FundReport/19289)

Bendigo Balanced Index Fund received a 5-Star Overall Morningstar Rating™ out of 116 Multisector Balanced funds as of 31 March 2022. In the Morningstar Multisector Balanced Category, the Bendigo Balanced Index Fund 5 year return was ranked 2 out of 110 funds as of 31 March 2022. Source: [www.morningstar.com.au/Funds/FundReport/19290](http://www.morningstar.com.au/Funds/FundReport/19290)

Bendigo Growth Index Fund received a 5-Star Overall Morningstar Rating™ out of 178 Multisector Growth funds as of 31 March 2022. In the Morningstar Multisector Growth Category, the Bendigo Growth Index Fund 5 year return was ranked 5 out of 172 funds as of 31 March 2022. Source: [www.morningstar.com.au/Funds/FundReport/19291](http://www.morningstar.com.au/Funds/FundReport/19291)

Bendigo High Growth Index Fund received a 4-Star Overall Morningstar Rating™ out of 129 Multisector Aggressive funds as of 31 March 2022. In the Morningstar Multisector Aggressive Category, the Bendigo High Growth Index Fund 5 year return was ranked 31 out of 124 funds as of 31 March 2022. Source: [www.morningstar.com.au/Funds/FundReport/19292](http://www.morningstar.com.au/Funds/FundReport/19292)

'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.

© 2022 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 'regulated financial advice' under New Zealand law has 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. For more information refer to our Financial Services Guide (AU) or Financial Advice Provider Disclosure Statement (NZ) at [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf) and [www.morningstar.au/s/fapds.pdf](http://www.morningstar.au/s/fapds.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.

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](http://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](http://www.bendigobank.com.au/TMD)

The information is current as at 31 March 2022 (unless stated otherwise) and is subject to change without notice.