Bendigo Managed Wholesale Funds
Index Funds

SandhurstTrustees

Fund update - December 2021

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[1]

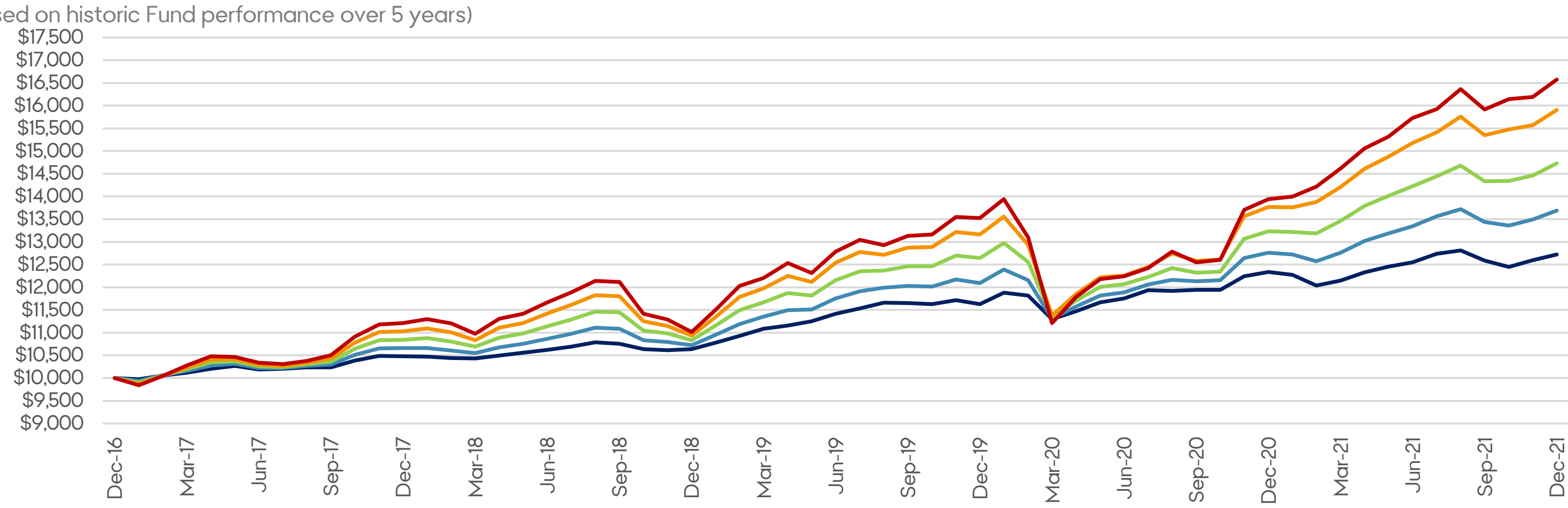
as at 31 December 2021

	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 Index Fund	★★★★★	1 / 20	$0.0080	1.12	3.15	6.16	4.94	$112.00
Peer Comparison				*0.34*	*2.09*	*4.00*	*3.36*	
Bendigo Conservative Index Fund	★★★★★	2 / 104	$0.0115	1.93	7.31	8.48	6.49	$483.06
Peer Comparison				*0.97*	*5.35*	*5.70*	*4.44*	
Bendigo Balanced Index Fund	★★★★★	6 / 107	$0.0145	2.77	11.33	10.77	8.05	$523.27
Peer Comparison				*1.85*	*10.12*	*8.53*	*6.28*	
Bendigo Growth Index Fund	★★★★★	6 / 170	$0.0177	3.62	15.51	13.28	9.72	$441.13
Peer Comparison				*2.60*	*13.99*	*10.81*	*7.78*	
Bendigo High Growth Index Fund	★★★★	32 / 121	$0.0193	4.17	18.90	14.59	10.63	$86.87
Peer Comparison				*3.54*	*18.91*	*13.70*	*9.83*	

An example of how your investment grows

Growth of $10,000 over 5 years[1]

(Based on historic Fund performance over 5 years)



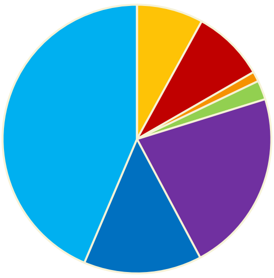
Fund Facts

	APIR Code	Fund inception date	Distribution frequency	Return objective	Recommended investment timeframe	Risk level	Management costs[3]	Buy / Sell spread[3]
Bendigo Defensive Index Fund	STL0031AU	30 Sept 2011	Half yearly	CPI + 1.5%	2 years +	Low	0.390% p.a.	+0.09%/-0.12%
Bendigo Conservative Index Fund	STL0032AU	30 Sept 2011	Half yearly	CPI + 2%	3 years +	Low to medium	0.410% p.a.	+0.10%/-0.10%
Bendigo Balanced Index Fund	STL0033AU	30 Sept 2011	Half yearly	CPI + 3%	4 years +	Medium	0.430% p.a.	+0.10%/-0.10%
Bendigo Growth Index Fund	STL0034AU	30 Sept 2011	Half yearly	CPI + 4%	5 years +	Medium to high	0.450% p.a.	+0.10%/-0.10%
Bendigo High Growth Index Fund	STL0035AU	30 Sept 2011	Half yearly	CPI + 5%	7 years +	High	0.460% p.a.	+0.10%/-0.10%

Refer to the last page for footnotes

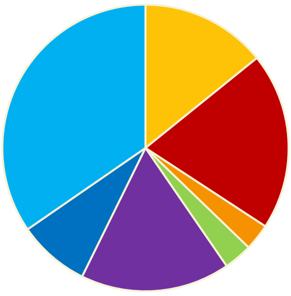
Asset allocation

Bendigo Defensive Index Fund



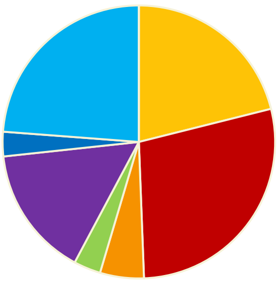
Aust Sh	8.0%
Int Sh	8.7%
Int Sh (Hedged)	1.2%
Property & Infra	2.3%
Cash	22.0%
Int FI	14.2%
Aust FI	43.6%
Alternative	0.0%

Bendigo Conservative Index Fund



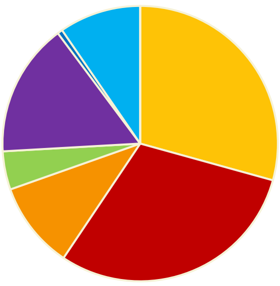
Aust Sh	14.2%
Int Sh	20.0%
Int Sh (Hedged)	3.0%
Property & Infra	3.2%
Cash	16.9%
Int FI	8.1%
Aust FI	34.6%
Alternative	0.0%

Bendigo Balanced Index Fund



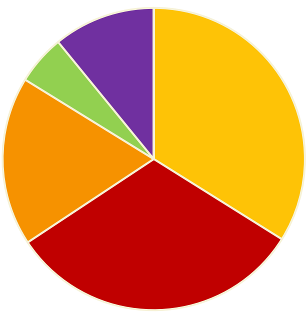
Aust Sh	21.1%
Int Sh	28.3%
Int Sh (Hedged)	5.2%
Property & Infra	3.2%
Cash	15.5%
Int FI	2.9%
Aust FI	23.8%
Alternative	0.0%

Bendigo Growth Index Fund



Aust Sh	29.3%
Int Sh	30.1%
Int Sh (Hedged)	10.2%
Property & Infra	4.5%
Cash	15.7%
Int FI	0.6%
Aust FI	9.6%
Alternative	0.0%

Bendigo High Growth Index Fund



Aust Sh	33.9%
Int Sh	31.8%
Int Sh (Hedged)	18.1%
Property & Infra	5.3%
Cash	10.9%
Int FI	0.0%
Aust FI	0.0%
Alternative	0.0%

Unit prices

as at 31 December 2021

	Application price	Withdrawal price
Bendigo Defensive Index Fund	$1.16271	$1.16027
Bendigo Conservative Index Fund	$1.34342	$1.34073
Bendigo Balanced Index Fund	$1.52535	$1.52230
Bendigo Growth Index Fund	$1.77330	$1.76975
Bendigo High Growth Index Fund	$1.85777	$1.85406

Quarterly commentary

Performance

Over the December quarter every risk profile outperformed their respective Morningstar peer group. Additive to relative performance was the Funds underweight exposure to rate sensitive assets and overweight to inflation linked bonds. An overweight to the growth side of the ledger, also benefitted returns as global developed equities returned 7.9% over the period. Detracting from returns was a slight overweight to Emerging market equities. Emerging markets have trailed developed world equities significantly since March 2021. The divergence is due to China holdings in the index which have been negatively impacted by government interventions. The measures are targeted at anticompetitive practices conducted by dominant technology platforms in China and a controlled slowdown in credit growth due to fears of excessively valued dwellings. The recent actions from the Chinese government are aimed at creating a more sustainable pathway to growth, by reducing household debt and encouraging fair competition.

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.

Underweight

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

Slightly underweight

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.

Slightly overweight

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.

Neutral

Cash

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

Underweight

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 20 Multisector Conservative funds as of 31 December 2021. In the Morningstar Multisector Conservative Category, the Bendigo Defensive Index Fund 5 year return was ranked 1 out of 20 funds as of 31 December 2021. Source: 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 December 2021. In the Morningstar Multisector Moderate Category, the Bendigo Conservative Index Fund 5 year return was ranked 2 out of 104 funds as of 31 December 2021. Source: www.morningstar.com.au/Funds/FundReport/19289

   Bendigo Balanced Index 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 Index Fund 5 year return was ranked 6 out of 107 funds as of 31 December 2021. Source: www.morningstar.com.au/Funds/FundReport/19290

   Bendigo Growth Index 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 Index Fund 5 year return was ranked 6 out of 170 funds as of 31 December 2021. Source: www.morningstar.com.au/Funds/FundReport/19291

   Bendigo High Growth Index 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 Index Fund 5 year return was ranked 32 out of 121 funds as of 31 December 2021. Source: 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.

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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.