

Bendigo Managed Wholesale Funds Index Funds

Quarterly fund update - December 2023

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).

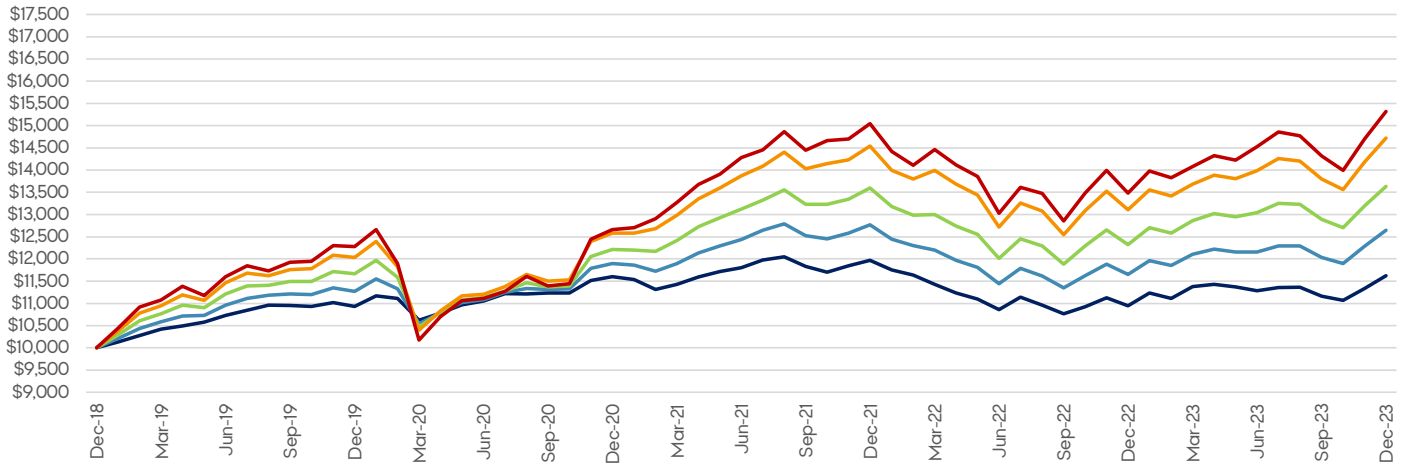
Fund performance¹ as at 31 December 2023

	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	★★★★	3 / 15	\$0.0008	4.14	6.18	0.07	3.05	\$61.31
<i>Peer Comparison</i>				3.97	5.88	0.33	2.13	
Bendigo Conservative Index Fund	★★★★★	3 / 92	\$0.0040	5.08	8.52	2.06	4.81	\$358.96
<i>Peer Comparison</i>				4.20	7.04	1.91	3.40	
Bendigo Balanced Index Fund	★★★★★	11 / 96	\$0.0074	5.80	10.68	3.76	6.40	\$419.50
<i>Peer Comparison</i>				4.88	9.25	3.76	5.35	
Bendigo Growth Index Fund	★★★★	8 / 157	\$0.0166	6.70	12.29	5.37	8.04	\$443.78
<i>Peer Comparison</i>				5.63	10.83	5.10	6.76	
Bendigo High Growth Index Fund	★★★★	45 / 100	\$0.0144	7.00	13.63	6.58	8.91	\$89.79
<i>Peer Comparison</i>				6.43	14.13	7.23	8.89	

An example of how your investment grows

Growth of \$10,000 over 5 years¹

(Based on historic Fund performance over 5 years)

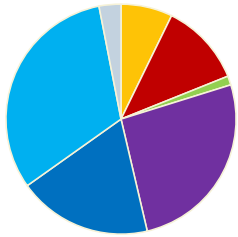


Fund Facts

	APIR Code	Fund inception date	Distribution frequency	Return objective	Recommended investment timeframe	Risk level	Management fees & costs ³	Buy / Sell spread ³
Bendigo Defensive Index Fund	STL0031AU	30 Sept 2011	Half yearly	CPI + 1%	2 years +	Low	0.40% p.a.	+0.10%/-0.10%
Bendigo Conservative Index Fund	STL0032AU	30 Sept 2011	Half yearly	CPI + 2%	3 years +	Low to medium	0.42% p.a.	+0.09%/-0.09%
Bendigo Balanced Index Fund	STL0033AU	30 Sept 2011	Half yearly	CPI + 3%	4 years +	Medium	0.44% p.a.	+0.09%/-0.09%
Bendigo Growth Index Fund	STL0034AU	30 Sept 2011	Half yearly	CPI + 4%	5 years +	Medium to high	0.46% p.a.	+0.09%/-0.09%
Bendigo High Growth Index Fund	STL0035AU	30 Sept 2011	Half yearly	CPI + 5%	7 years +	High	0.47% p.a.	+0.09%/-0.09%

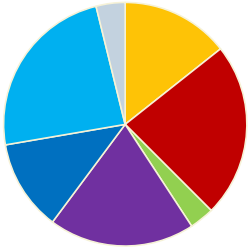
Asset allocation

Bendigo Defensive Index Fund



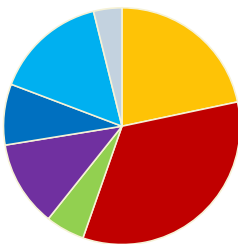
■ Aust Sh	7.2%
■ Int Sh	11.7%
■ Property & Infra	1.3%
■ Cash	26.2%
■ Int FI	18.8%
■ Aust FI	31.7%
■ Alternative	3.1%

Bendigo Conservative Index Fund



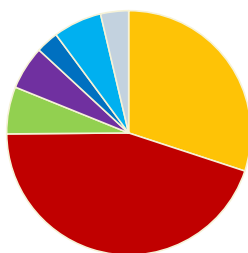
■ Aust Sh	14.3%
■ Int Sh	23.2%
■ Property & Infra	3.3%
■ Cash	19.4%
■ Int FI	12.1%
■ Aust FI	23.8%
■ Alternative	3.9%

Bendigo Balanced Index Fund



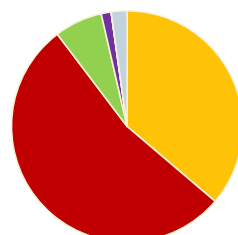
■ Aust Sh	21.7%
■ Int Sh	33.6%
■ Property & Infra	5.3%
■ Cash	11.7%
■ Int FI	8.3%
■ Aust FI	15.4%
■ Alternative	3.9%

Bendigo Growth Index Fund



■ Aust Sh	30.1%
■ Int Sh	44.8%
■ Property & Infra	6.2%
■ Cash	5.8%
■ Int FI	3.0%
■ Aust FI	6.4%
■ Alternative	3.7%

Bendigo High Growth Index Fund



■ Aust Sh	36.2%
■ Int Sh	53.4%
■ Property & Infra	6.7%
■ Cash	1.4%
■ Int FI	0.0%
■ Aust FI	0.0%
■ Alternative	2.2%

Unit prices

as at 31 December 2023

Application price Withdrawal price

	Application price	Withdrawal price
Bendigo Defensive Index Fund	\$1.11034	\$1.10813
Bendigo Conservative Index Fund	\$1.29310	\$1.29077
Bendigo Balanced Index Fund	\$1.45026	\$1.44765
Bendigo Growth Index Fund	\$1.67128	\$1.66828
Bendigo High Growth Index Fund	\$1.71009	\$1.70701

Quarterly commentary

Performance

Returns for the quarter were above the peer group across the five risk profiles. As both listed bond and equity markets rallied in the December quarter the index funds' returns were aided by the absence of unlisted assets such as private equity, unlisted infrastructure and property.

The Funds hold a large exposure to income generating investments such as cash and corporate bonds. We are neutrally positioned but cautious on equity markets due to high valuations and high earnings expectations whilst we are yet to fully understand the long and variable impacts on growth due to the fastest interest rate hiking cycle in history.

Economic

The December quarter of 2023 saw a reversal of economic trends observed over the preceding quarter. In the third quarter US 10-year government bond yields increased nearly 1% on stronger economic data and a hawkish Federal Reserve expectation of two more rate hikes in 2024 than previously assumed. The fourth quarter saw this completely reverse with the 10-year yields back to where they started the financial year at 3.8%. This was caused by softer inflation data and a clear and sudden Federal Reserve dovish pivot. They removed those two additional hikes and signalled clearly that the committee is comfortable reducing interest rates in-line with declining inflation, thus keeping real rates at the same positive level.

Markets cheered this December announcement and by the end of calendar 2023 expectations were for the Federal Reserve to cut six times in 2024. With employment holding firm the 'soft-landing' outcome was coming to the fore and this saw a strong 'Santa Claus rally' across capital markets. In equities the rally extended to lower quality segments of the market with small-caps, and the most shorted companies extending gains - a dynamic commonly seen in 'risk-on' rallies.

Within Australia, on Melbourne Cup day, the Reserve Bank decided to raise interest rates again in response to stickier inflation which caused the Australian Dollar to rally. Key commodity prices slid during the quarter with the exception of Iron Ore which continues to defy the weakness in the Chinese housing market.

Looking forward economic conditions appear mixed. China and Europe are challenged with the US and Australia muddling through. The key question for markets is whether the soft-landing eventuates or not. Historically every major slowdown looks like a soft landing at first, and now markets are priced for it.

Do you have any questions?

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

Asset positioning commentary

The Funds overall are cautiously positioned due to our perception that equity markets are expensive relative to historical price to earnings and relative to bond and cash rates as they have fully priced in a 'soft-landing' with declining interest rates and stable growth. We prefer income generating investments and have a material exposure to credit and cash investments.

Australian Shares

We hold a slight underweight to Australian equities. Driving the exposure is the challenging outlook on the economy. Sticky inflation is necessitating tight monetary conditions which will invariably impact the consumer through reducing discretionary income. Housing is a key driver for the Australian economy which continues to hold up against the mixed forces of the softer consumer and stronger immigration.

The economic performance of our major trading partner – China – is becoming more difficult to assess as independent data sources are increasingly limited, however their housing markets and equity markets continue to suggest significant weakness. The opportunity remains for the Chinese Government to respond – as they have in the past – with massive stimulus which feeds through to additional demand for Australia's bulk commodities.

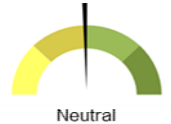


Slightly underweight

International Shares

We are close to neutral exposure on global equities. Although economic growth continues and prices have strong momentum we are concerned that valuations are high and any slowing of earnings growth could harm returns. In the US, markets are pricing in above average earnings growth of 11%, along with six rate cuts - expectations are high and there is potential for underperformance.

Over the period we continued to hold a balanced hedged position to the Australian Dollar.



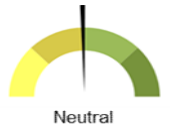
Neutral

Property & Infrastructure

We continue to hold a neutral position to listed infrastructure. Listed infrastructure possesses defensive characteristics with strong consistent cashflows with inflation protection embedded.

We have no dedicated exposure to property and believe this asset class to be challenged going forward. Future cash flows are less predictable than historically as COVID has permanently changed work, shopping and usage patterns. The flow on effect of lower occupancy on pricing and cash flows is a significant area of uncertainty.

Additionally, current pricing - cap rates - are yet to fully reflect the higher government bond yields and therefore could see prices fall. Current bid-ask spreads in commercial property are elevated highlighting the uncertainty.



Neutral

Fixed Income

Overall we hold a slight underweight to fixed income.

We prefer Australian fixed interest over global due to the higher hedged backed yields on offer and we find Australian inflation linked bonds favourable given they offer returns of inflation plus 1.7%.

Further we favour short maturity investment grade credit, due to the attractive yields on offer and low risk, in which we have a sizable position within the Australian market.

We hold little international fixed interest exposure, due to the flatter yield curves, lower hedged back yields and wider risk characteristics.



Slightly underweight

Cash

Cash is providing strong yields and offers the liquidity to be deployed if we see any assets drop in value. We continue to believe cash is an attractive alternative given the risk we perceive in equity and government bonds.



Overweight

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 mutual 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 4-Star Overall Morningstar Rating™ out of 17 Multisector Conservative funds as of 31 December 2023. The Bendigo Defensive Index Fund returns were ranked 3 out of 15 Morningstar Multisector Conservative funds for 5 years to 31 December 2023. Source: www.morningstar.com.au/Funds/FundReport/19288

Bendigo Conservative Index Fund received a 5-Star Overall Morningstar Rating™ out of 104 Multisector Moderate funds as of 31 December 2023. The Bendigo Conservative Index Fund returns were ranked 3 out of 92 Morningstar Multisector Moderate funds for 5 years to 31 December 2023. Source: www.morningstar.com.au/Funds/FundReport/19289

Bendigo Balanced Index Fund received a 5-Star Overall Morningstar Rating™ out of 105 Multisector Balanced funds as of 31 December 2023. The Bendigo Balanced Index Fund returns were ranked 11 out of 96 Morningstar Multisector Balanced funds for 5 years to 31 December 2023. Source: www.morningstar.com.au/Funds/FundReport/19290

Bendigo Growth Index Fund received a 4-Star Overall Morningstar Rating™ out of 167 Multisector Growth funds as of 31 December 2023. The Bendigo Growth Index Fund returns were ranked 8 out of 157 Morningstar Multisector Growth funds for 5 years to 31 December 2023. Source: www.morningstar.com.au/Funds/FundReport/19291

Bendigo High Growth Index Fund received a 4-Star Overall Morningstar Rating™ out of 110 Multisector Aggressive funds as of 31 December 2023. The Bendigo High Growth Index Fund returns were ranked 45 out of 100 Morningstar Multisector Aggressive funds for 5 years to 31 December 2023. 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 fees & costs are based on fees and 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 2023 (unless stated otherwise) and is subject to change without notice.