

Fund update - June 2020

Investment approach

Each Fund invests via a selection of index funds that seek to track the performance of selected benchmarks for each asset class. Each Fund's investment portfolio is constructed in a manner that Sandhurst believes 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).

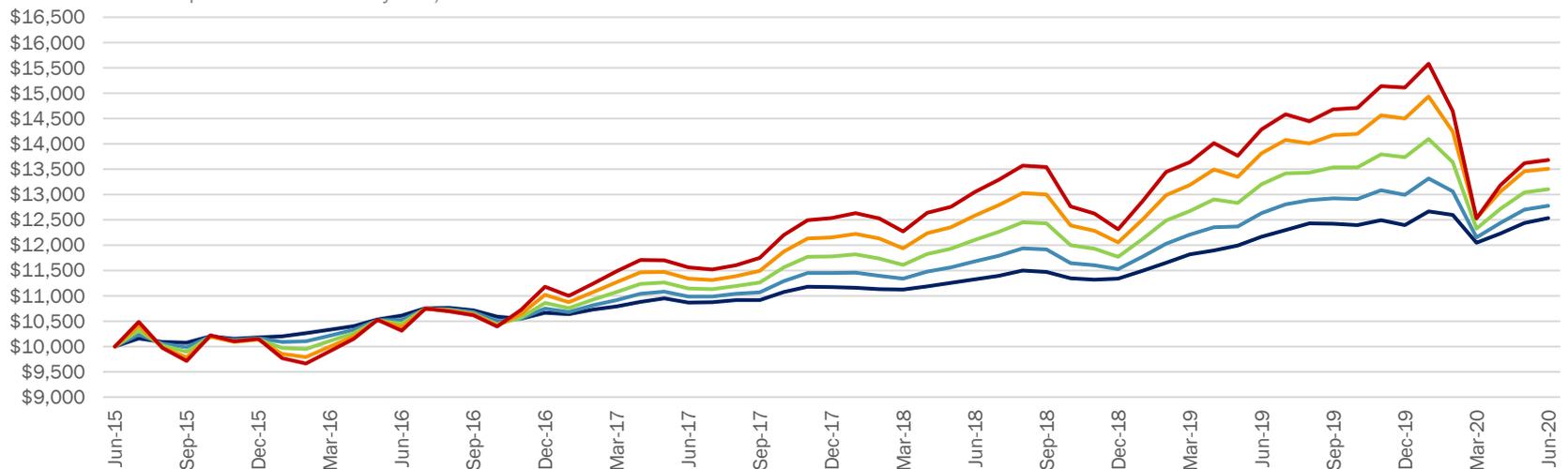
Fund performance¹

as at 30 June 2020	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 <i>Peer Comparison</i>	★★★★★	1 / 17	\$0.0507	4.03 2.74	3.01 0.23	4.87 3.03	4.62 2.84	\$113.18
Bendigo Conservative Index Fund <i>Peer Comparison</i>	★★★★★	6 / 123	\$0.0447	5.11 3.94	1.11 -0.43	5.16 3.04	5.02 3.12	\$456.72
Bendigo Balanced Index Fund <i>Peer Comparison</i>	★★★★★	6 / 117	\$0.0485	6.32 6.24	-0.72 -1.65	5.55 3.47	5.56 4.00	\$457.83
Bendigo Growth Index Fund <i>Peer Comparison</i>	★★★★★	10 / 200	\$0.0412	7.77 7.90	-2.21 -2.86	6.00 3.76	6.20 4.34	\$319.42
Bendigo High Growth Index Fund <i>Peer Comparison</i>	★★★★★	12 / 123	\$0.0144	9.21 10.26	-4.23 -4.15	5.78 4.28	6.47 5.00	\$50.75

An example of how your investment grows

Growth of \$10,000 over 5 years¹

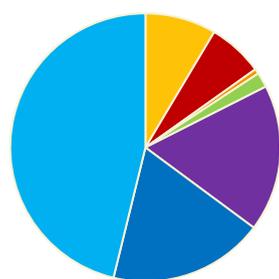
(Based on historic Fund performance over 5 years)



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 Index Fund	STL0031AU	30 Sept 2011	Half yearly	CPI + 1.5%	2 years +	Low	0.39% p.a.	+0.01%/-0.05%
Bendigo Conservative Index Fund	STL0032AU	30 Sept 2011	Half yearly	CPI + 2%	3 years +	Low to medium	0.41% p.a.	+0.08%/-0.17%
Bendigo Balanced Index Fund	STL0033AU	30 Sept 2011	Half yearly	CPI + 3%	4 years +	Medium	0.43% p.a.	+0.08%/-0.17%
Bendigo Growth Index Fund	STL0034AU	30 Sept 2011	Half yearly	CPI + 4%	5 years +	Medium to high	0.45% p.a.	+0.08%/-0.17%
Bendigo High Growth Index Fund	STL0035AU	30 Sept 2011	Half yearly	CPI + 5%	7 years +	High	0.46% p.a.	+0.08%/-0.08%

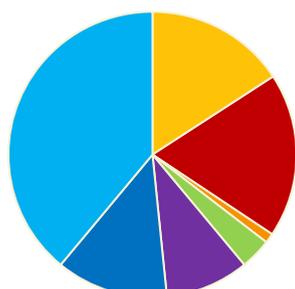
Asset allocation

Bendigo Defensive Index Fund



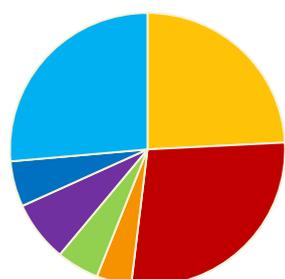
Aust Sh	8.5%
Int Sh	6.6%
Int Sh (Hedged)	0.6%
Property & Infra	1.8%
Cash	17.7%
Int FI	18.6%
Aust FI	46.2%

Bendigo Conservative Index Fund



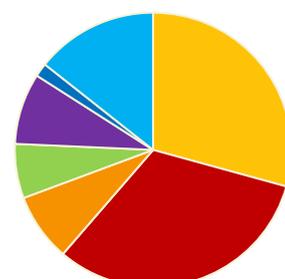
Aust Sh	15.8%
Int Sh	18.6%
Int Sh (Hedged)	1.1%
Property & Infra	3.5%
Cash	9.4%
Int FI	12.6%
Aust FI	39.0%

Bendigo Balanced Index Fund



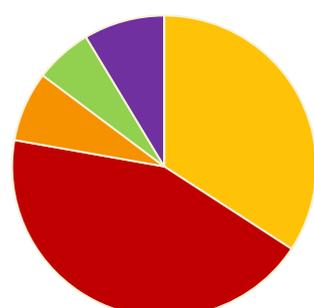
Aust Sh	24.2%
Int Sh	27.7%
Int Sh (Hedged)	4.1%
Property & Infra	5.0%
Cash	7.2%
Int FI	5.4%
Aust FI	26.4%

Bendigo Growth Index Fund



Aust Sh	29.3%
Int Sh	32.0%
Int Sh (Hedged)	8.0%
Property & Infra	6.4%
Cash	8.4%
Int FI	1.6%
Aust FI	14.3%

Bendigo High Growth Index Fund



Aust Sh	34.2%
Int Sh	43.6%
Int Sh (Hedged)	7.5%
Property & Infra	6.1%
Cash	8.6%
Int FI	0.0%
Aust FI	0.0%

Unit prices

as at 30 June 2020	Application price	Withdrawal price
Bendigo Defensive Index Fund	\$1.15190	\$1.15121
Bendigo Conservative Index Fund	\$1.26595	\$1.26278
Bendigo Balanced Index Fund	\$1.36533	\$1.36192
Bendigo Growth Index Fund	\$1.48408	\$1.48037
Bendigo High Growth Index Fund	\$1.49938	\$1.49699

Quarterly commentary

Performance

With returns ranging between 4% for the Defensive Fund, up to 9.2% for High Growth, from both a peer relative and absolute return perspective, the Index suite of Funds performed strongly over the quarter. Risk assets across the board all rose sharply, with tilts to emerging markets within the growth allocation and inflation linked bonds within the defensive component, both proving beneficial.

Looking forward, we believe the Funds are well positioned with diversified exposures across Australia, US, Europe and emerging market equities and defensive downside protection through US treasury positions, USD currency exposure and Australian inflation linked bonds.

Economic

The June quarter of 2020 will be characterised as one of the sharpest recoveries in risk assets on record. Australian shares (measured by the S&P ASX 300 accumulation index) recorded a 16.8% rise while global equity markets (measured by the MSCI World Ex Australia hedged total return index) appreciated 17.8% over the same period. Investors were encouraged by the scale and speed of stimulatory measures enacted by governments and central banks alike in order to soften the economic impacts of shutdown measures taken to slow COVID-19 transmissions.

As a result, market participants find themselves weighing up poor economic data, higher valuations and impending earnings announcements which will provide greater insight into the actual impact of disruption on business operations and profitability as a result of coronavirus restrictions. While markets are broadly higher, a look at industry sector performance highlights the nuanced outperformance of sectors perceived to be more insulated from lockdowns. For example, the information technology sector has benefited from an acceleration of people working from home and a greater adoption of digital payments in lieu of physical cash transactions. Many of these trends are not new, however, the rate in which businesses and consumers have had to change their behaviour in response to the pandemic has fast-tracked these themes with information technology companies the direct beneficiaries. The MSCI World Information Technology sector appreciated 31.2% since March vastly outperforming the benchmark return of 17.8%.

Closer to home much conjecture remains around the proposed end of fiscal support payments such as the Job Keeper and Job Seeker subsidies. These policies in concert with other measures have eased some of the negative impacts facing the Australian economy with data points such as unemployment and GDP tracking better than initial economist projections.

Looking forward, challenges remain on the health front with recent data pointing to an increase in infections around the globe. On the positive side, Australia remains one of the better placed nations regarding case counts and testing capacity. Governments and central banks will be required to continue to support economies going forward as disrupted companies and individuals still need to finance expenses. The economic strain will only be permanently eased by a return to full economic activity in time. The road ahead is likely to be a volatile one, emphasising the need for diversification and pragmatic risk management through the various stages of the recovery.

Do you have any questions?

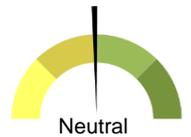
For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

Asset positioning commentary

Diversification is key given the uncertain market conditions. Looking forward, market movements are heavily influenced by government and central bank activities making positioning difficult. The Wholesale active funds have holdings in gold, which we believe will benefit given excessive money printing. We further have inflation protection insurance through a material exposure to inflation linked bonds. We hold minimal listed property given the headwinds faced by the sector being technology (online shopping and working from home) and COVID-19 disruptions.

Australian Shares

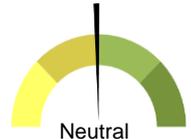
We moved to a neutral position in Australian equities over the quarter. Driving this was the strong response to Covid-19 by Australia relative to other global economies, which supports domestic equities relative to other markets. Additionally, in a global economic contraction, typically government response turns to construction, which supports our resources sector.



International Shares

We currently hold a neutral position in global equities and prefer the cheaper valuations in emerging markets. Technology stocks have performed particularly well relative to the broader market in which the top five stocks now make up close to 25% of the US S&P 500. We are cautious equities generally, in which current equity pricing does not reflect the weak economic outlook. Easy monetary policy continues to support this asset class.

Hedge ratio 40% of OS equities



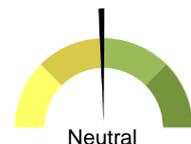
Property & Infrastructure

We currently hold minimum weights in Australian listed property in which we believe faces structural headwinds post the Coronavirus. We believe the asset class is faced with technology headwinds to the sectors of retail and office, with the continual movement to online shopping and now the fast tracking of working from home arrangements. This is likely to place downward pressure on office and retail rent demand into the future.



Fixed Income

Whilst our overall exposure is largely unchanged and duration remains neutral, the makeup of our fixed income assets has evolved over the period. The current environment of excessive money printing places risks of inflation down the track, however due to weak labour conditions the more imminent risk is deflation. We hence favour exposure to short term US Treasuries for deflation protection and longer dated Australian inflation linked bonds for inflation protection in the event fiscal stimulus and money printing moves too far. Whilst credit has performed well of late, the concern regarding defaults is particularly troublesome, in which we will look to reduce credit exposure as spreads continue to contract.



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. Bendigo Defensive Index Fund received a 5-Star Overall Morningstar Rating™ out of 17 Multisector Conservative funds as of 31 May 2020 and a 5-Star Five year rating out of 17 Multisector Conservative funds as of 31 May 2020. Source: www.morningstar.com.au/Funds/FundReport/19288

Bendigo Conservative Index Fund received a 5-Star Overall Morningstar Rating™ out of 130 Multisector Moderate funds as of 31 May 2020 and a 5-Star Five year rating out of 123 Multisector Moderate funds as of 31 May 2020. Source: www.morningstar.com.au/Funds/FundReport/19289

Bendigo Balanced Index Fund received a 5-Star Overall Morningstar Rating™ out of 126 Multisector Balanced funds as of 31 May 2020 and a 5-Star Five year rating out of 117 Multisector Balanced funds as of 31 May 2020. Source: www.morningstar.com.au/Funds/FundReport/19290

Bendigo Growth Index Fund received a 5-Star Overall Morningstar Rating™ out of 207 Multisector Growth funds as of 31 May 2020 and a 5-Star Five year rating out of 200 Multisector Growth funds as of 31 May 2020. Source: www.morningstar.com.au/Funds/FundReport/19291

Bendigo High Growth Index Fund received a 4-Star Overall Morningstar Rating™ out of 133 Multisector Aggressive funds as of 31 May 2020 and a 4-Star Five year rating out of 123 Multisector Aggressive funds as of 31 May 2020. Source: www.morningstar.com.au/Funds/FundReport/19291

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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. '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.

3. 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.sandhursttrustees.com.au/pds, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision.

The information is current as at 30 June 2020 (unless stated otherwise) and is subject to change without notice.

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