

Fund update - March 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).

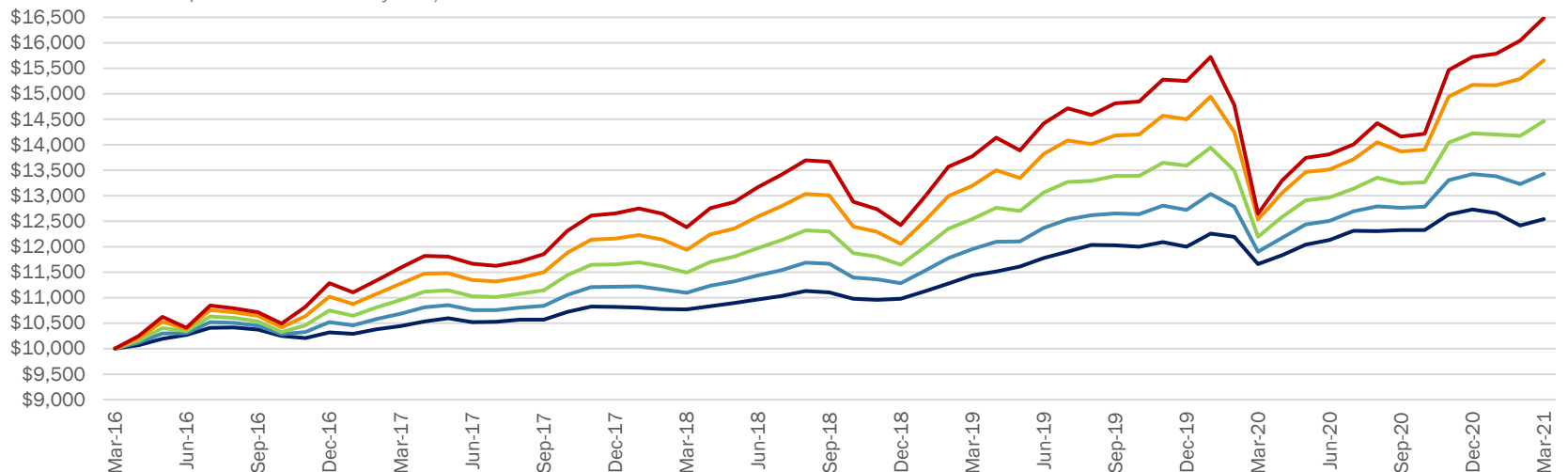
Fund performance¹

as at 31 March 2021	Morningstar Rating™ Overall ²	Morningstar Category Rank 5 Year ²	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Fund size \$m
Bendigo Defensive Index Fund <i>Peer Comparison</i>	★★★★	3 / 24	-1.50 -0.87	7.52 5.79	5.21 3.17	4.63 3.24	\$111.12
Bendigo Conservative Index Fund <i>Peer Comparison</i>	★★★★★	5 / 116	0.03 0.53	12.86 9.66	6.56 4.18	6.07 4.26	\$464.26
Bendigo Balanced Index Fund <i>Peer Comparison</i>	★★★★★	8 / 115	1.73 2.27	18.60 17.27	7.98 5.86	7.66 6.11	\$483.74
Bendigo Growth Index Fund <i>Peer Comparison</i>	★★★★★	6 / 191	3.17 3.36	24.87 22.54	9.45 6.96	9.38 7.48	\$370.95
Bendigo High Growth Index Fund <i>Peer Comparison</i>	★★★★	19 / 123	4.87 5.10	30.41 29.68	10.03 8.53	10.52 9.44	\$74.25

An example of how your investment grows

Growth of \$10,000 over 5 years¹

(Based on historic Fund performance over 5 years)

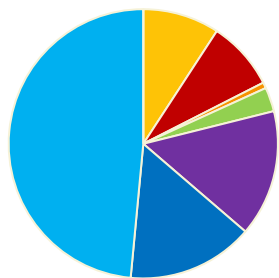


Fund Facts

	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	0.390% 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%

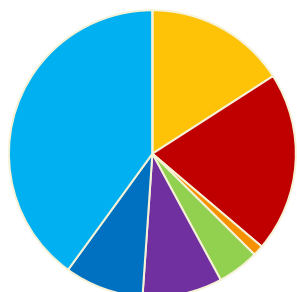
Asset allocation

Bendigo Defensive Index Fund



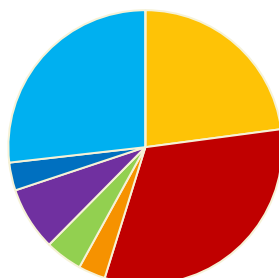
■ Aust Sh	9.2%
■ Int Sh	8.3%
■ Int Sh (Hedged)	0.7%
■ Property & Infra	2.9%
■ Cash	15.2%
■ Int FI	15.2%
■ Aust FI	48.5%
■ Alternative	0.0%

Bendigo Conservative Index Fund



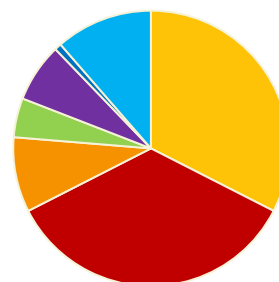
■ Aust Sh	15.9%
■ Int Sh	20.3%
■ Int Sh (Hedged)	1.2%
■ Property & Infra	4.7%
■ Cash	9.0%
■ Int FI	8.9%
■ Aust FI	40.0%
■ Alternative	0.0%

Bendigo Balanced Index Fund



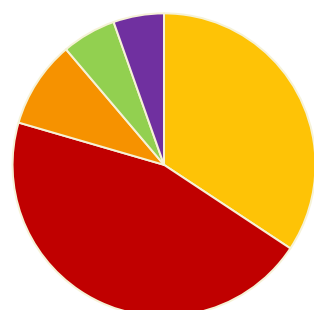
■ Aust Sh	22.9%
■ Int Sh	31.9%
■ Int Sh (Hedged)	3.2%
■ Property & Infra	4.4%
■ Cash	7.5%
■ Int FI	3.3%
■ Aust FI	26.8%
■ Alternative	0.0%

Bendigo Growth Index Fund



■ Aust Sh	32.5%
■ Int Sh	35.0%
■ Int Sh (Hedged)	8.8%
■ Property & Infra	4.6%
■ Cash	6.9%
■ Int FI	0.8%
■ Aust FI	11.4%
■ Alternative	0.0%

Bendigo High Growth Index Fund



■ Aust Sh	34.3%
■ Int Sh	45.2%
■ Int Sh (Hedged)	9.3%
■ Property & Infra	5.8%
■ Cash	5.4%
■ Int FI	0.0%
■ Aust FI	0.0%
■ Alternative	0.0%

Unit prices

as at 31 March 2021	Application price	Withdrawal price
Bendigo Defensive Index Fund	\$1.16906	\$1.16661
Bendigo Conservative Index Fund	\$1.33311	\$1.33045
Bendigo Balanced Index Fund	\$1.49567	\$1.49268
Bendigo Growth Index Fund	\$1.68634	\$1.68297
Bendigo High Growth Index Fund	\$1.75481	\$1.75130

Quarterly commentary

Performance

Returns for the quarter ending March were stronger for risk profiles which contain higher allocations to growth assets as rising bond yields negatively impacted bonds. Rising inflation expectations did have an impact on valuations of longer duration growth equities, however, on the balance equities outperformed defensive assets. The pickup in expectations for growth and inflation follow vaccine rollouts, coronavirus restrictions easing and economic data improving around the globe. Whilst overweights to inflation linked bonds and emerging market equities detracted from relative performance, an overweight to Australian and global equities benefitted returns as the tailwind of favourable economic conditions continue to underpin these asset classes. An underweight to Australian property continues to benefit the funds given the structural headwind of further e-commerce penetration and retail comprising the largest component of the property index. Active management contribution was mixed, pleasingly, Antipodes posted a strong quarter. Their pragmatic value approach to investing aided returns while growth style managers were impacted by rising bond yields.

Economic

Risk assets continued their strong run through the three months ending March 31. Twelve months on from the lows of March 2020, markets have been buoyed by oversized global fiscal and monetary stimulus efforts and vaccine rollouts. Economic conditions have rebounded, and several economic prints are now at all-time highs, a reflection of the success of efforts made to negate the adverse financial impacts of economic lockdowns during 2020.

Around the globe, forecasts of economic growth for the next 12-to-24-month periods have been upgraded. The IMF expects the world economy to expand 6% in 2021, up from the 5.5% it had forecast in January. This would represent the fastest expansion for the global economy in IMF records dating back to 1980. In 2022, the IMF predicts, international economic growth will decelerate but maintain above average growth of 4.4%.

Despite employment data improving in Australia, the RBA minutes revealed substantial progress is still required to achieve full employment goals. The committee also expects inflation in the short term but is viewing it as transitional and does not expect to need to raise rates until 2024 at the earliest. This view is consistent across the globe with central banks committed to supporting economies until targets of full employment and inflation are achieved.

This expansionary economic backdrop and contained inflation expectations bodes well for risk assets albeit some caution is required in pockets of the market that have appreciated into speculative territory. The investment team is positive on markets given improving economic conditions and recently announced further fiscal and monetary support that will continue to underpin the world economy. The team continues to monitor valuations and indicators of inflation to determine if rising inflation is cyclical or structural in nature.

Do you have any questions?

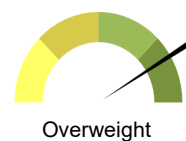
For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

Asset positioning commentary

Given global central bank and governments desire to increase inflation and growth is playing out in accommodative monetary policy conditions and fiscal spending programs, we believe the path to higher inflation is base case rather than a low probability. Hence, we believe the current appropriate mix includes a material allocation to inflation linked bonds, resources (Australian equities), gold and emerging market equities.

Australian Shares

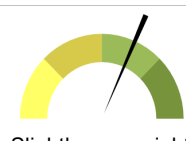
We currently hold an overweight position in Australian equities. We believe the Australian economy is a beneficiary of the global recovery which is seeing a political focus on large scale infrastructure programs. The global increase in capital expenditure is directly benefiting Australian mining companies, in which have performed strongly over recent months. We expect a continued focus from governments around the world to boost economic activity which should continue to be supportive of Australian companies.



Overweight

International Shares

We are currently slightly overweight global equities with a preference to smaller capitalisation stocks and emerging markets. The current economic backdrop is shifting from a consensus low and falling inflation, to a rising inflationary period. In this environment emerging markets tend to outperform due to the weakness in the USD and the stronger economic activity positively impacting emerging markets.

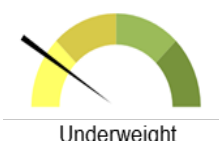


Slightly overweight

Hedge ratio 62% of OS equities

Property & Infrastructure

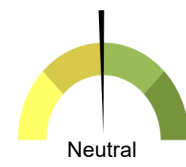
We currently hold minimum weights in Australian listed property and infrastructure. We believe commercial property is faced with technology headwinds to the sectors of retail and office, with the continual advancement of ecommerce and the movement to working from home arrangements. Whilst pricing is somewhat reflective of these forces, we believe the upside in this asset class is limited. Additionally, relative to other growth investments, property and infrastructure perform best in falling rate environments, in which does not reconcile with our view for rising inflation and long-term interest rates.



Underweight

Fixed Income

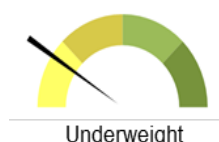
We continue to hold a neutral position within fixed income with a bias towards inflation linked bonds. We believe the current environment of excessive money printing and large fiscal spending places risks of inflation over the medium term. Given low and negative interest rates globally, we believe fixed government bonds provide little benefit within a diversified portfolio. Globally, central banks are committing to holding rates lower until inflation and employment are persistently higher. With the combination of higher inflation and interest rates held low, this provides a positive backdrop for inflation linked bonds to provide good returns.



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 4-Star Overall Morningstar Rating™ out of 24 Multisector Conservative funds as of 31 March 2021. In the Morningstar Multisector Conservative Category, the Bendigo Defensive Index Fund 5 year return was ranked 3 out of 24 funds as of 31 March 2021. Source: www.morningstar.com.au/Funds/FundReport/19288

Bendigo Conservative Index Fund received a 5-Star Overall Morningstar Rating™ out of 121 Multisector Moderate funds as of 31 March 2021. In the Morningstar Multisector Moderate Category, the Bendigo Conservative Index Fund 5 year return was ranked 5 out of 116 funds as of 31 March 2021. Source: www.morningstar.com.au/Funds/FundReport/19289

Bendigo Balanced Index Fund received a 5-Star Overall Morningstar Rating™ out of 125 Multisector Balanced funds as of 31 March 2021. In the Morningstar Multisector Balanced Category, the Bendigo Balanced Index Fund 5 year return was ranked 8 out of 115 funds as of 31 March 2021. Source: www.morningstar.com.au/Funds/FundReport/19290

Bendigo Growth Index Fund received a 5-Star Overall Morningstar Rating™ out of 198 Multisector Growth funds as of 31 March 2021. In the Morningstar Multisector Growth Category, the Bendigo Growth Index Fund 5 year return was ranked 6 out of 191 funds as of 31 March 2021. 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 March 2021. In the Morningstar Multisector Aggressive Category, the Bendigo High Growth Index Fund 5 year return was ranked 19 out of 123 funds as of 31 March 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.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 31 March 2021 (unless stated otherwise) and is subject to change without notice.

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