

Bendigo Managed Wholesale Funds Index Funds



Fund update - September 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).

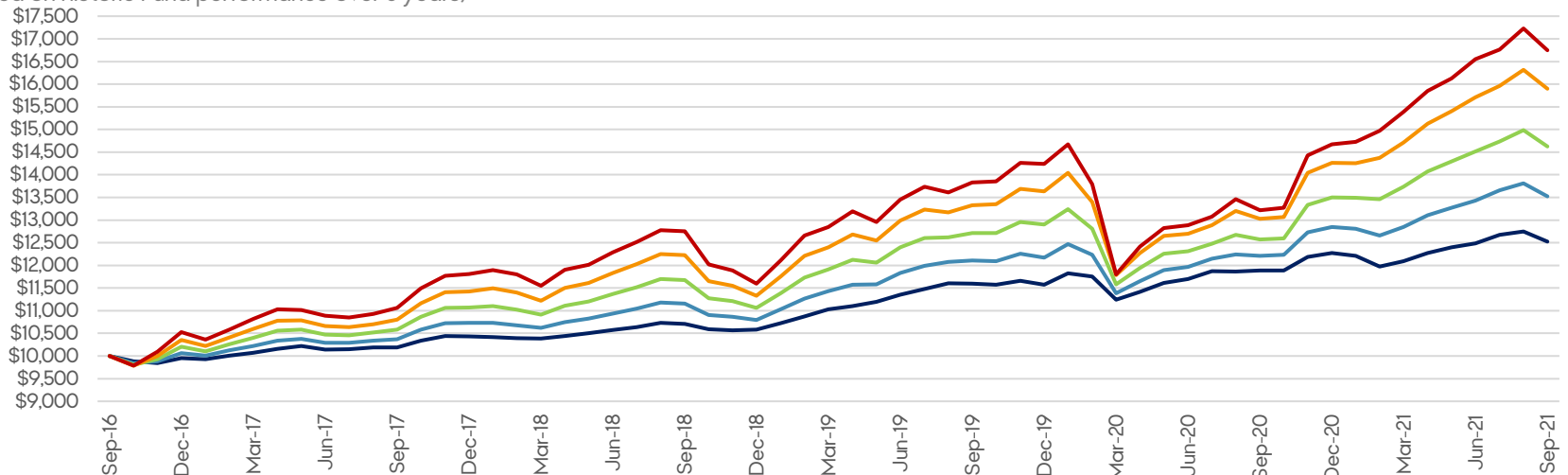
Fund performance¹

as at 30 September 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>	★★★★★	2 / 20	0.28 0.30	5.36 4.48	5.37 3.52	4.60 3.18	\$112.55
Bendigo Conservative Index Fund <i>Peer Comparison</i>	★★★★★	3 / 106	0.68 0.84	10.72 8.26	6.61 4.59	6.22 4.30	\$480.99
Bendigo Balanced Index Fund <i>Peer Comparison</i>	★★★★★	6 / 110	0.76 1.17	16.31 14.69	7.79 6.27	7.90 6.21	\$510.51
Bendigo Growth Index Fund <i>Peer Comparison</i>	★★★★★	6 / 168	1.16 1.60	21.99 19.90	9.15 7.51	9.71 7.85	\$418.08
Bendigo High Growth Index Fund <i>Peer Comparison</i>	★★★★	26 / 119	1.18 1.91	26.77 26.29	9.51 8.99	10.87 9.92	\$82.62

An example of how your investment grows

Growth of \$10,000 over 5 years¹

(Based on historic Fund performance over 5 years)



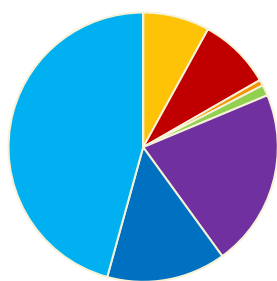
Fund Facts

	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%

Refer to the last page for footnotes

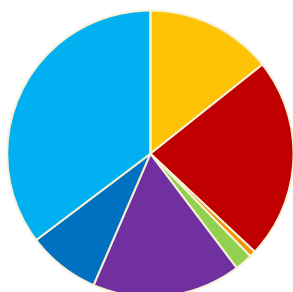
Asset allocation

Bendigo Defensive Index Fund



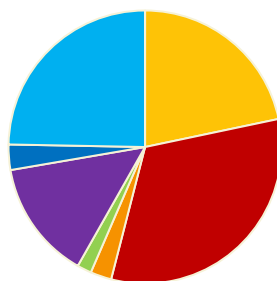
■ Aust Sh	8.0%
■ Int Sh	8.7%
■ Int Sh (Hedged)	0.7%
■ Property & Infra	1.3%
■ Cash	21.3%
■ Int FI	14.3%
■ Aust FI	45.7%
■ Alternative	0.0%

Bendigo Conservative Index Fund



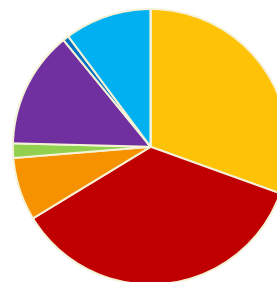
■ Aust Sh	14.3%
■ Int Sh	22.7%
■ Int Sh (Hedged)	0.7%
■ Property & Infra	2.0%
■ Cash	16.8%
■ Int FI	8.2%
■ Aust FI	35.3%
■ Alternative	0.0%

Bendigo Balanced Index Fund



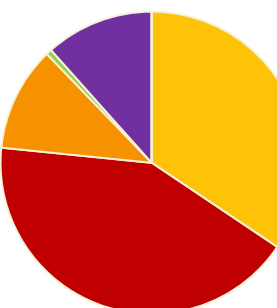
■ Aust Sh	21.7%
■ Int Sh	32.3%
■ Int Sh (Hedged)	2.5%
■ Property & Infra	1.7%
■ Cash	14.1%
■ Int FI	3.0%
■ Aust FI	24.7%
■ Alternative	0.0%

Bendigo Growth Index Fund



■ Aust Sh	30.5%
■ Int Sh	35.8%
■ Int Sh (Hedged)	7.4%
■ Property & Infra	1.7%
■ Cash	13.7%
■ Int FI	0.7%
■ Aust FI	10.2%
■ Alternative	0.0%

Bendigo High Growth Index Fund



■ Aust Sh	34.4%
■ Int Sh	42.2%
■ Int Sh (Hedged)	11.2%
■ Property & Infra	0.6%
■ Cash	11.6%
■ Int FI	0.0%
■ Aust FI	0.0%
■ Alternative	0.0%

Unit prices

as at 30 September 2021	Application price	Withdrawal price
Bendigo Defensive Index Fund	\$1.15778	\$1.15535
Bendigo Conservative Index Fund	\$1.32929	\$1.32664
Bendigo Balanced Index Fund	\$1.49835	\$1.49536
Bendigo Growth Index Fund	\$1.72839	\$1.72493
Bendigo High Growth Index Fund	\$1.80205	\$1.79845

Quarterly commentary

Performance

Over the quarter the majority of index funds marginally underperformed the Morningstar peer group. Detracting from relative performance was the Funds overweight exposure to emerging markets and inflation linked bonds. Emerging markets have trailed developed world equities significantly since March of this year. The divergence largely relates to China holdings in which Chinese equities have been negatively impacted by government interventions in capital markets, a controlled slowdown in credit growth and fears of property led slowdown, given the collapse of Chinese property developer Evergrande. The recent actions from the Chinese government are aimed at creating a more sustainable broad growth path, by reducing household debt and limiting corporate monopolies.

Economic

The quarter ending September was another eventful period for markets, in which on aggregate provided low positive returns for investors. The first two months of the period a slowdown in growth expectations led by delta variant lockdowns, saw bond yields fall and high growth companies such as technology stocks, outperform the market. In the month of September, bond yields reversed course and rose given supply led inflation shocks linked to rises in energy prices.

Inflation once again was the focus of markets, with inflationary forces appearing less than transitory, in which transitory inflation is predicted by many global central banks. Supply bottlenecks continue to cause pricing issues, with a boost in global goods demand, coupled with covid related supply disruptions, have led to high price rises across a variety of goods. Adding to the issues is the recent spike in global energy prices. Whilst somewhat linked to energy demand driven by the production of above trend goods, supply issues are emerging as the world transitions away from fossil fuels. The recent spike is a timely reminder that the energy transition may result in energy price hiccups, as the delicate dance between a reduction in fossil fuels and new energy creation needs to be managed alongside demand.

Within Australia, the September quarter provided insight into the health of Australian corporates, through the end of financial year earnings reporting. As expected, Australian miners took centre stage, producing spectacular outsized earnings given high commodity prices reflected in a revenue jump, while ongoing cost out programs initiated over the past five years, reflected in bottom line earnings. Bank stocks also reported fantastic earnings growth given the high demand for new loans and reduced credit expenses.

Do you have any questions?

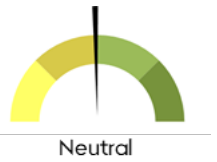
For further information contact us on 1800 634 969 or visit www.bendigobank.com.au/managedfunds

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.



International Shares

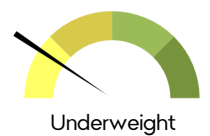
We continue our slight bias to global equities over Australian stocks. From an index sector perspective, we prefer the diversification that global equities provide, with a greater exposure to the rapidly evolving technology and healthcare space.

Hedge ratio 25% of OS equities



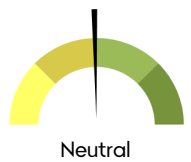
Property & Infrastructure

Listed property returns continue to be highly correlated and sensitive to movements in long dated bond yields. Underpinning this correlation is the techniques employed in property valuation which are priced off rental yields. Lower market yields create a higher sensitivity to the movement in property prices and hence we continue to be cautious this asset class given interest rate volatility.



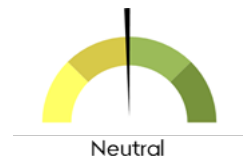
Fixed Income

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 neutral on credit. Inflation linked bonds benefit in periods where inflation rises at a faster pace than bond yields. This scenario is consistent with communicated desired outcomes by major central banks.



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 20 Multisector Conservative funds as of 30 September 2021. In the Morningstar Multisector Conservative Category, the Bendigo Defensive Index Fund 5 year return was ranked 2 out of 20 funds as of 30 September 2021. Source: www.morningstar.com.au/Funds/FundReport/19288

Bendigo Conservative Index Fund received a 5-Star Overall Morningstar Rating™ out of 109 Multisector Moderate funds as of 30 September 2021. In the Morningstar Multisector Moderate Category, the Bendigo Conservative Index Fund 5 year return was ranked 3 out of 106 funds as of 30 September 2021. Source: www.morningstar.com.au/Funds/FundReport/19289

Bendigo Balanced Index Fund received a 5-Star Overall Morningstar Rating™ out of 119 Multisector Balanced funds as of 30 September 2021. In the Morningstar Multisector Balanced Category, the Bendigo Balanced Index Fund 5 year return was ranked 6 out of 110 funds as of 30 September 2021. Source: www.morningstar.com.au/Funds/FundReport/19290

Bendigo Growth Index Fund received a 5-Star Overall Morningstar Rating™ out of 175 Multisector Growth funds as of 30 September 2021. In the Morningstar Multisector Growth Category, the Bendigo Growth Index Fund 5 year return was ranked 6 out of 168 funds as of 30 September 2021. Source: www.morningstar.com.au/Funds/FundReport/19291

Bendigo High Growth Index Fund received a 4-Star Overall Morningstar Rating™ out of 124 Multisector Aggressive funds as of 30 September 2021. In the Morningstar Multisector Aggressive Category, the Bendigo High Growth Index Fund 5 year return was ranked 26 out of 119 funds as of 30 September 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 30 September 2021 (unless stated otherwise) and is subject to change without notice.

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