

Bendigo Managed Wholesale Funds Index Funds

Quarterly fund update - September 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).

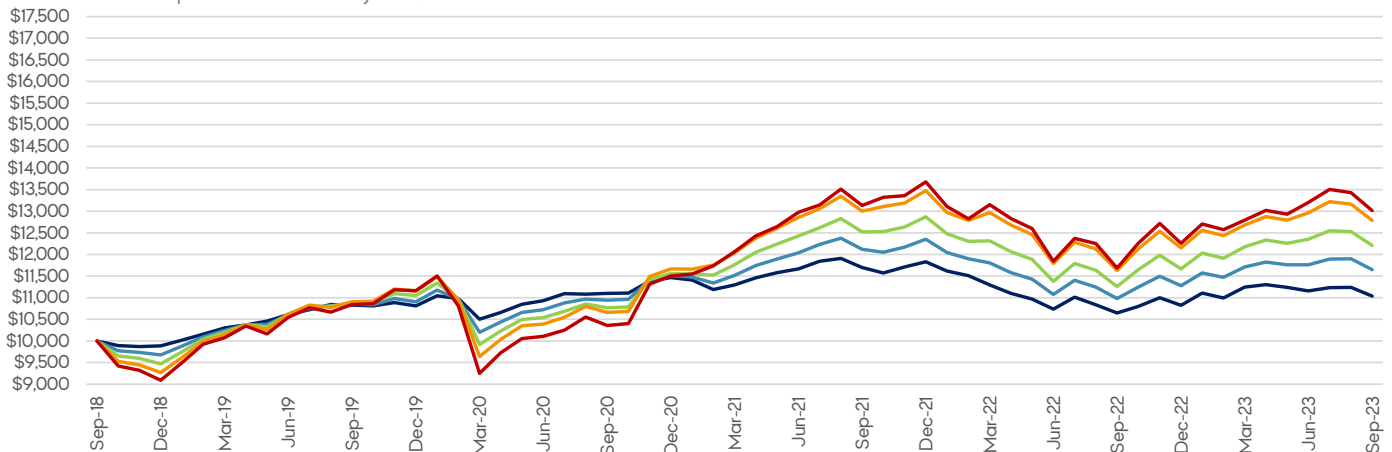
Fund performance¹ as at 30 September 2023

	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	★★★★	2 / 16	-1.09	3.65	-0.21	1.99	\$62.00
<i>Peer Comparison</i>			-0.53	3.53	-0.17	1.12	
Bendigo Conservative Index Fund	★★★★	6 / 93	-0.97	6.04	2.09	3.09	\$354.89
<i>Peer Comparison</i>			-0.60	5.19	1.70	2.08	
Bendigo Balanced Index Fund	★★★★	11 / 97	-1.19	8.44	4.27	4.07	\$41 0.00
<i>Peer Comparison</i>			-0.79	7.79	4.01	3.38	
Bendigo Growth Index Fund	★★★★	24 / 161	-1.35	9.99	6.26	5.04	\$41 9.35
<i>Peer Comparison</i>			-1.03	9.78	5.83	4.25	
Bendigo High Growth Index Fund	★★★★	56 / 108	-1.41	11.38	7.91	5.41	\$87.86
<i>Peer Comparison</i>			-0.94	13.43	8.46	5.55	

An example of how your investment grows

Growth of \$10,000 over 5 years¹

(Based on historic Fund performance over 5 years)

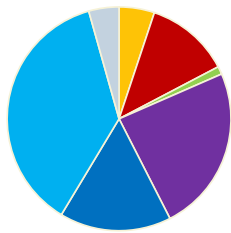


Fund Facts

	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	STL0031 AU	30 Sept 2011	Half yearly	CPI + 1%	2 years +	Low	0.40% p.a.	+0.10%/-0.10%
Bendigo Conservative Index Fund	STL0032 AU	30 Sept 2011	Half yearly	CPI + 2%	3 years +	Low to medium	0.42% p.a.	+0.09%/-0.09%
Bendigo Balanced Index Fund	STL0033 AU	30 Sept 2011	Half yearly	CPI + 3%	4 years +	Medium	0.44% p.a.	+0.09%/-0.09%
Bendigo Growth Index Fund	STL0034 AU	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	STL0035 AU	30 Sept 2011	Half yearly	CPI + 5%	7 years +	High	0.47% p.a.	+0.09%/-0.09%

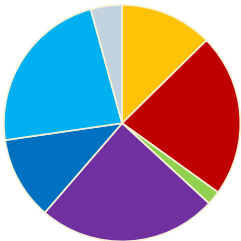
Asset allocation

Bendigo Defensive Index Fund



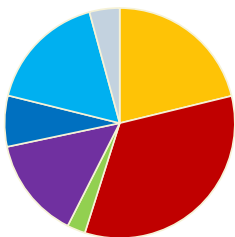
Aust Sh	5.1%
Int Sh	12.2%
Property & Infra	1.1%
Cash	24.0%
Int FI	16.1%
Aust FI	37.0%
Alternative	4.4%

Bendigo Conservative Index Fund



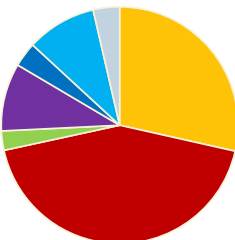
Aust Sh	12.6%
Int Sh	22.3%
Property & Infra	1.9%
Cash	24.5%
Int FI	11.4%
Aust FI	23.0%
Alternative	4.3%

Bendigo Balanced Index Fund



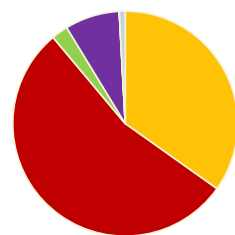
Aust Sh	21.2%
Int Sh	33.7%
Property & Infra	2.6%
Cash	14.2%
Int FI	7.2%
Aust FI	16.9%
Alternative	4.2%

Bendigo Growth Index Fund



Aust Sh	28.5%
Int Sh	43.1%
Property & Infra	2.6%
Cash	9.3%
Int FI	3.4%
Aust FI	9.5%
Alternative	3.6%

Bendigo High Growth Index Fund



Aust Sh	34.8%
Int Sh	54.1%
Property & Infra	2.4%
Cash	7.9%
Int FI	0.0%
Aust FI	0.0%
Alternative	0.9%

Unit prices

as at 30 September 2023	Application price	Withdrawal price
Bendigo Defensive Index Fund	\$1.06701	\$1.06488
Bendigo Conservative Index Fund	\$1.23446	\$1.23224
Bendigo Balanced Index Fund	\$1.37774	\$1.37526
Bendigo Growth Index Fund	\$1.58188	\$1.57903
Bendigo High Growth Index Fund	\$1.61162	\$1.60873

Quarterly commentary

Performance

Returns for the quarter were slightly below the peer group across the five risk profiles. Aiding returns was the Funds underweight to equities and bonds which both fell over the period. Detracting from peer relative returns, was 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, whilst we are cautious on equity markets due to valuations and potential growth headwinds as a result of rising interest rates.

Economic

Equity markets on aggregate fell over the quarter. The ASX 300 accumulation was down 0.8%, while international equities on a currency hedged perspective fell 2.9%. Driving asset classes lower was the movement in bond yields. Government bond yields form the risk-free rate in which investments are priced from. Over the 3 month period, US 10 year government bond yields rose from 3.8% to 4.6%. US markets drove global bond yields, with the contributing factors being resilient economic data (interest rates higher for longer), upward movements in energy prices (upward pressure in inflation), together with a large supply of new government bond issuance, due to financing requirements of the US Government.

Whilst economic data in the US has been robust, Australia's economic data has been softer. This highlights the dispersion between economies with longer term fixed mortgage rates, such as the US which are predominately 30 year fixed mortgages, and countries such as Australia which are short term fixed or variable in nature. Given the rise in interest rates, retail sales on a volume perspective are lower for the calendar year, while employment data has recently softened, although from a strong level. Recent GDP numbers indicate soft undertones, with the economy slipping into a per capita recession, meaning on population stable perspective, growth went backwards over the quarter. What is aiding the economy is the record migration lifting consumption and demand for housing and construction.

Looking forward economic conditions appear challenging, interest rates are having their intended effect reducing demand, while core inflation remains stubbornly high. Economic uncertainty persists given the rapid interest rate increases and the less than stable political tension.

Do you have any questions?

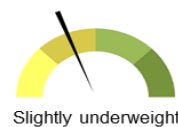
For further information contact us on 1800 634 969 or visit our website: www.bendigobank.com.au/managedfunds

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. This coupled with what we believe will be declining liquidity, and a soft economic backdrop given the dampening demand effect that rises in interest rates bring about. 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 impacting consumer demand and rapidly rising mortgage rates combined with high private debt levels raises downside risks. With the cash rate expected to remain over 4% for some time, we expect discretionary spending to slow significantly. Although we do see some opportunity in Australian miners in the event China stimulus feeds through to additional demand for Australia's bulk commodities.



Slightly underweight

International Shares

We hold an underweight to global equities. We believe that growth is slowing, and as a result earnings are expected to be negatively affected over the upcoming year. In the US, markets are pricing in above average earnings growth of 12%, with current prices well above historical average prices. We believe the combination of this, coupled with potential slowing of the economy results in an unfavourable backdrop for global equities.

Over the period we increased our currency hedging. The Funds have held a large US dollar exposure for an extended time due to our view that the Australian consumer will weaken faster than that of the US, due to the variable rate mortgage system within Australia versus the US 30 year fixed approach of the US. This position has proven favourable in the weakening Australian dollar environment and hence we have taken the opportunity to reduce this position.

We currently hold a 50% hedged position on our offshore global equity exposures.

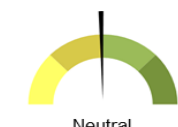


Slightly underweight

Property & Infrastructure

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

We have no dedicated exposure to property and believe this asset class to be challenged going forward. Property is highly sensitive to interest rates, in which the current pricing requires interest rates to fall to justify the yields on offer within this market. Additionally, the gradual decline in office space as corporates allow working from home, creates questions regarding the structural demand for this asset class.



Neutral

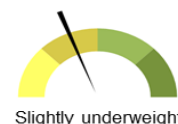
Fixed Income

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.

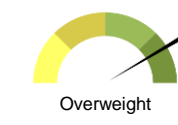
We hold little international fixed interest exposure, due to the flatter yield curves, lower hedged back yields and wider risk characteristics.



Slightly underweight

Cash

Cash is providing fantastic yields in which we actively roll maturities of 6 to 12 month terms with rates on offer between 4.5% to 5.1%. We 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 30 September 2023. The Bendigo Defensive Index Fund returns were ranked 2 out of 16 Morningstar Multisector Conservative funds for 5 years to 30 September 2023. Source: www.morningstar.com.au/Funds/FundReport/19288

Bendigo Conservative Index Fund received a 4-Star Overall Morningstar Rating™ out of 105 Multisector Moderate funds as of 30 September 2023. The Bendigo Conservative Index Fund returns were ranked 6 out of 93 Morningstar Multisector Moderate funds for 5 years to 30 September 2023. Source: www.morningstar.com.au/Funds/FundReport/19289

Bendigo Balanced Index Fund received a 4-Star Overall Morningstar Rating™ out of 105 Multisector Balanced funds as of 30 September 2023. The Bendigo Balanced Index Fund returns were ranked 11 out of 97 Morningstar Multisector Balanced funds for 5 years to 30 September 2023. Source: www.morningstar.com.au/Funds/FundReport/19290

Bendigo Growth Index Fund received a 4-Star Overall Morningstar Rating™ out of 169 Multisector Growth funds as of 30 September 2023. The Bendigo Growth Index Fund returns were ranked 24 out of 161 Morningstar Multisector Growth funds for 5 years to 30 September 2023. Source: www.morningstar.com.au/Funds/FundReport/19291

Bendigo High Growth Index Fund received a 4-Star Overall Morningstar Rating™ out of 111 Multisector Aggressive funds as of 30 September 2023. The Bendigo High Growth Index Fund returns were ranked 56 out of 108 Morningstar Multisector Aggressive funds for 5 years to 30 September 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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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.

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 30 September 2023 (unless stated otherwise) and is subject to change without notice.