Bendigo Managed Wholesale Funds
Active Funds

SandhurstTrustees

Fund update - December 2020

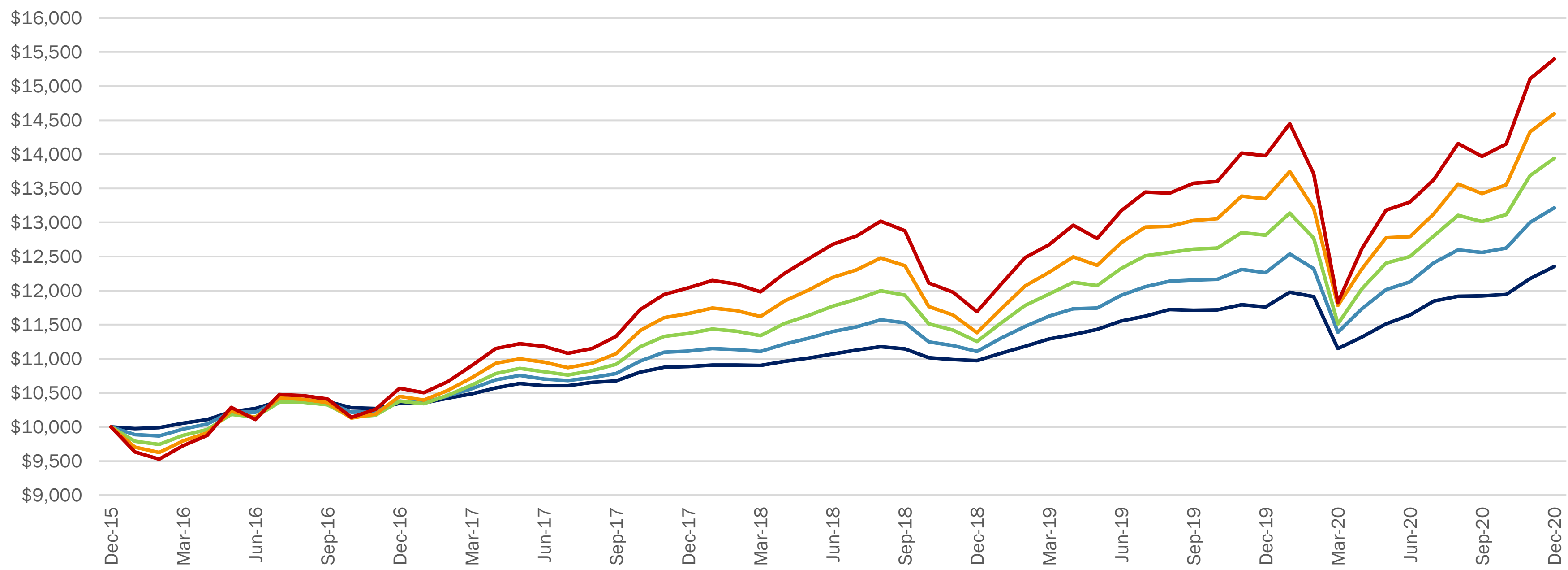
Investment approach

Each Fund invests via a selection of expert asset managers that specialise in managing specific asset classes. Sandhurst will invest the Fund's assets across a variety of asset classes. Together through the selection of expert asset managers and the asset allocation, Sandhurst will seek to meet or exceed 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).

Fund performance[1] as at 31 December 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 Wholesale Fund	★★★★	4 / 24	$0.0070	3.63	5.05	4.30	4.32	$37.86
Peer Comparison				*2.46*	*2.79*	*3.37*	*3.59*	
Bendigo Conservative Wholesale Fund	★★★★★	8 / 119	$0.0053	5.21	7.77	5.94	5.73	$162.54
Peer Comparison				*3.67*	*2.85*	*3.87*	*4.20*	
Bendigo Balanced Wholesale Fund	★★★★★	10 / 115	$0.0036	7.11	8.83	7.03	6.87	$196.48
Peer Comparison				*6.19*	*2.87*	*4.65*	*5.46*	
Bendigo Growth Wholesale Fund	★★★★★	16 / 200	$0.0030	8.76	9.36	7.76	7.86	$80.89
Peer Comparison				*7.79*	*2.73*	*5.29*	*6.38*	
Bendigo High Growth Wholesale Fund	★★★★★	12 / 121	$0.0030	10.23	10.14	8.55	9.02	$43.52
Peer Comparison				*9.95*	*2.73*	*6.11*	*7.67*	

An example of how your investment grows

Growth of $10,000 over 5 years[1]
(Based on historic Fund performance over 5 years)

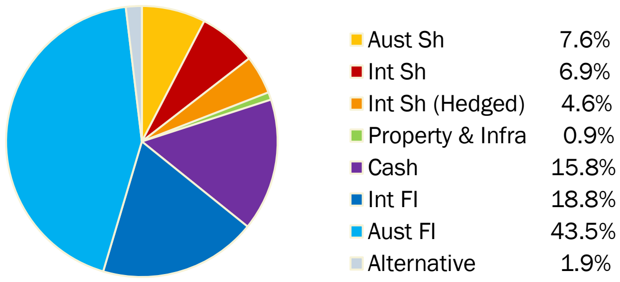


Fund Facts	APIR Code	Fund inception date	Distribution frequency	Return objective	Recommended investment timeframe	Risk level	Management costs[3]	Buy / Sell spread[3]
Bendigo Defensive Wholesale Fund	STL0029AU	30 Sept 2011	Half yearly	CPI + 1.5%	2 years +	Low	0.600% p.a.	+0.12%/-0.15%
Bendigo Conservative Wholesale Fund	STL0012AU	6 June 2002	Half yearly	CPI + 2%	3 years +	Low to medium	0.834% p.a.	+0.15%/-0.17%
Bendigo Balanced Wholesale Fund	STL0013AU	6 June 2002	Half yearly	CPI + 3%	4 years +	Medium	0.962% p.a.	+0.17%/-0.17%
Bendigo Growth Wholesale Fund	STL0014AU	6 June 2002	Half yearly	CPI + 4%	5 years +	Medium to high	1.089% p.a.	+0.20%/-0.20%
Bendigo High Growth Wholesale Fund	STL0030AU	30 Sept 2011	Half yearly	CPI + 5%	7 years +	High	1.280% p.a.	+0.23%/-0.23%

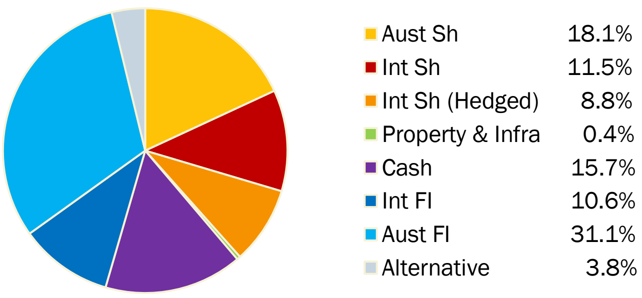
Refer to the last page for footnotes

Asset allocation

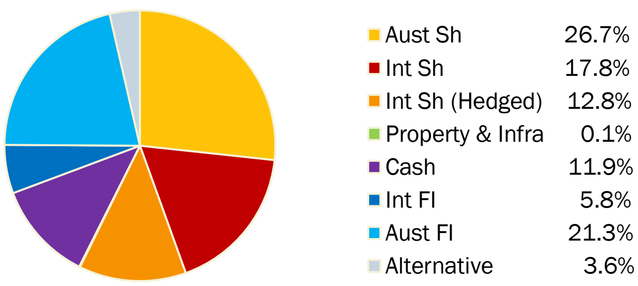
Bendigo Defensive Wholesale Fund



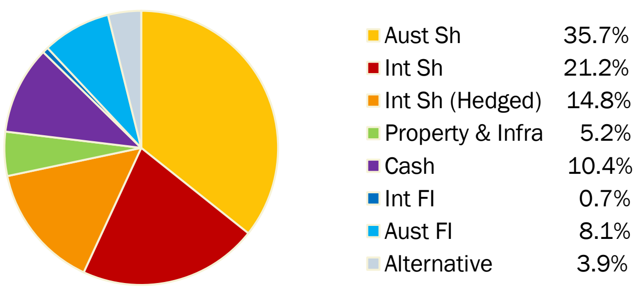
Bendigo Conservative Wholesale Fund



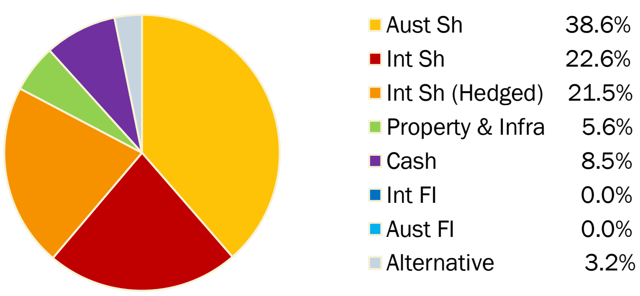
Bendigo Balanced Wholesale Fund



Bendigo Growth Wholesale Fund



Bendigo High Growth Wholesale Fund



Unit prices

as at 31 December 2020	Application price	Withdrawal price
Bendigo Defensive Wholesale Fund	$1.13558	$1.13252
Bendigo Conservative Wholesale Fund	$1.13808	$1.13444
Bendigo Balanced Wholesale Fund	$1.08998	$1.08628
Bendigo Growth Wholesale Fund	$1.04191	$1.03775
Bendigo High Growth Wholesale Fund	$1.45583	$1.44915

Quarterly commentary

Performance

From both a peer relative and absolute return perspective, the Wholesale suite of Funds performed well over the quarter. Risk assets across the board all performed strongly, with tilts away from infrastructure towards emerging markets within the growth allocation and positions in inflation linked bonds within the defensive component, both proving beneficial. Active management was mixed with outperformance from T Rowe Price (global equities) benefiting the Funds over the quarter, while AB Managed Volatility (Australian equities) detracted.

Looking forward, we believe the Funds are well positioned for any potential rise in inflation with a meaningful exposure to gold, inflation linked bonds and emerging markets.

Economic

Over the quarter markets were focussed on the outcome of the US Presidential election and COVID-19 vaccine, both of which significantly boosted share markets over the quarter. Given the outcome of the election, market consensus further shifted to a higher inflation probability. This was reflected in a higher Australian dollar, emerging market outperformance versus developed markets, a strong rise in commodity prices and rising bonds yields. The Democrats policies are clearly pro inflation and growth, with proposals for large scale infrastructure (including clean energy), health care funding, debt forgiveness and cash payouts. The Georgia run-off elections have been pivotal in regard to whether Democrat policies pass through the senate, with both Democrat candidates in Georgia, tipping the delicate balance of the senate into the hands of the Democrats.

Given vaccine rollouts throughout much of the developed world, markets are seeing through the rapid spread of COVID-19 in which is enforcing growth crippling shutdowns. Given cheap money, markets remain somewhat speculative in pockets, with many unproven businesses with little or no earnings continuing to attract investment.

Within Australia, the Reserve Bank of Australia (RBA) cut interest rates to a record low of 0.10% in November, reduced the targeted yield of the 3 year Australian Government bond to around 0.1% and announced the purchase of $100 billion of government bonds of maturities of around 5 to 10 years over a six month period. The RBA expects a protracted and uneven recovery, and the measures undertaken are expected to lower financing costs for borrowers, contribute to a lower exchange rate than otherwise and support asset prices, in which in-turn would help to strengthen corporate and household balance sheets. Despite these measures the AUD has risen against the USD from around 71.5c upon the November announcement to close to 77c as of the end of December. This presents a problem for the RBA, in which a higher exchange rate negatively impacts export led industries.

Looking forward, markets will be shaped by government policies. Monetary policy has largely run its course in its ability to stimulate the economy. Given high global debt levels, governments hold preference to inflate out of the debt situation, in which we are likely to see rates held low and continued government stimulus until persistent inflation and growth emerges.

Do you have any questions?

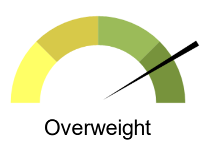
For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

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

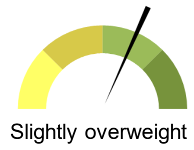
We currently hold an overweight position in Australian equities. We believe the Australian economy is a beneficiary of the global recovery which is seeing a political focus on large scale infrastructure programs. The global increase in capital expenditure is directly benefiting Australian mining companies, 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.



International Shares

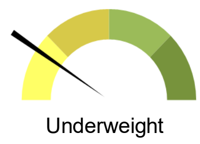
We are currently slightly overweight global equities with a preference to smaller capitalisation stocks and emerging markets. The current economic backdrop is shifting from a consensus low and falling inflation, to a rising inflationary period. In this environment emerging markets tend to outperform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

Hedge ratio 65% of OS equities



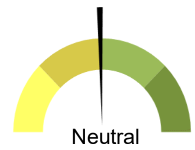
Property & Infrastructure

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.



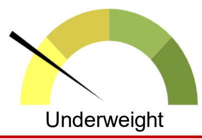
Fixed Income

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 growth 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.



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 Wholesale Fund received a 4-Star Overall Morningstar Rating™ out of 22 Multisector Conservative funds as of 31 December 2020 and a 4-Star Five year rating out of 24 Multisector Conservative funds as of 31 December 2020. Source: www.morningstar.com.au/Funds/FundReport/19293

   Bendigo Conservative Wholesale Fund received a 5-Star Overall Morningstar Rating™ out of 120 Multisector Moderate funds as of 31 December 2020 and a 5-Star Five year rating out of 119 Multisector Moderate funds as of 31 December 2020. Source: www.morningstar.com.au/Funds/FundReport/13196

   Bendigo Balanced Wholesale Fund received a 5-Star Overall Morningstar Rating™ out of 121 Multisector Balanced funds as of 31 December 2020 and a 4-Star Five year rating out of 115 Multisector Balanced funds as of 31 December 2020. Source: www.morningstar.com.au/Funds/FundReport/13195

   Bendigo Growth Wholesale Fund received a 5-Star Overall Morningstar Rating™ out of 199 Multisector Growth funds as of 31 December 2020 and a 5-Star Five year rating out of 200 Multisector Growth funds as of 31 December 2020. Source: www.morningstar.com.au/Funds/FundReport/13197

   Bendigo High Growth Wholesale Fund received a 5-Star Overall Morningstar Rating™ out of 129 Multisector Aggressive funds as of 31 December 2020 and a 5-Star Five year rating out of 121 Multisector Aggressive funds as of 31 December 2020. Source: www.morningstar.com.au/Funds/FundReport/19294

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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. 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 December 2020 (unless stated otherwise) and is subject to change without notice.