Bendigo Diversified Fixed Interest Fund

Monthly fund update - April 2020

Investment approach
The Bendigo Diversified Fixed Interest Fund (Fund) aims to provide investors with regular income by investing via a strategically managed selection of high quality Australian and international fixed interest managers. The Fund adopts a blend of expert active and index investment managers.

Fund performance
as at 30 April 2020

<table>
<thead>
<tr>
<th>Fund performance</th>
<th>Morningstar Rating™</th>
<th>Morningstar Category Rank</th>
<th>3 months %</th>
<th>1 year %</th>
<th>3 years %</th>
<th>5 years % p.a.</th>
<th>Since inception % p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bendigo Diversified Fixed Interest Fund</td>
<td>★★★★</td>
<td>14/53</td>
<td>-1.10</td>
<td>4.56</td>
<td>3.96</td>
<td>3.49</td>
<td>4.27</td>
</tr>
<tr>
<td>Benchmark</td>
<td></td>
<td></td>
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An example of how your investment grows

Growth of $10,000
(Based on historic Fund performance since inception)

Since inception, a $10,000 investment would have grown to $12,850 including capital growth and reinvested distributions.

Fund facts

- Fund APIR code: STL0051AU
- Fund inception date: 28 April 2014
- Distribution frequency: Quarterly
- Management costs: 0.52% p.a.
- Buy / Sell spread: +0.07%/-0.50%
- Minimum investment / minimum balance: $25,000
- Recommended investment timeframe: 3 years +
- Risk level: Low to medium
- Unit price:
  - Application price: $1.03852
  - Withdrawal price: $1.03261
- Distribution details (cents per unit):
  - 30 Jun 19: $0.02082
  - 30 Sep 19: $0.00400
  - 31 Dec 19: $0.00500
  - 31 Mar 20: $0.00350

Benefits from investing
- regular income from quarterly distributions;
- access to leading professional investment managers;
- diversification for the defensive portion of your investment portfolio; and
- a regular savings plan option from $50 per month.

Refer to the next page for footnotes

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

Do you have any questions?
### Active Manager Allocation

<table>
<thead>
<tr>
<th>Australian Fixed Interest</th>
<th>Schroder Fixed Interest Fund - Standard Class</th>
<th>36.1%</th>
<th>-1.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Fixed Interest</td>
<td>Pimco Global Bond Fund</td>
<td>35.9%</td>
<td>-0.4%</td>
</tr>
</tbody>
</table>

### Index Sector Rotation Allocation

<table>
<thead>
<tr>
<th>Australian Fixed Interest</th>
<th>6.0%</th>
<th>-5.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Government Bonds</td>
<td>3.9%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Australian Inflation Linked Bonds</td>
<td>7.3%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Global Sovereign Bonds</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>International Credit Securities</td>
<td>3.4%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Cash</td>
<td>7.4%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

**Total:** 100.0%

*Includes small amounts of cash that are held in Bendigo Bank operating accounts.*

### Portfolio performance and market commentary

The Fund outperformed the benchmark by 0.31% in the month of April making up some lost ground from March. The Fund has experienced some underperformance relative to the benchmark over the rolling three-month period which has been largely led by underperformance of global fixed income manager PIMCO and Australian fixed income manager Schroder. Overweight positions in credit were the source of the majority of the underperformance, in which credit spreads widened significantly given the weaker economic outlook. In April the Fund recovered some lost ground as liquidity returned to the market and the large government fiscal support returned some confidence back into the market.

Following the 36% selloff on S&P 500 Index from the February peak to the March low, the Australian ASX 200 Index and the US S&P 500 Index rose 8.8% and 12.7% respectively in April, buoyed by unprecedented central bank liquidity and government fiscal support. Whilst perhaps not as eventful as the month of March, April still offered plenty with the oil price collapsing into negative territory. Oil producers remained stubborn to cut supply and the reduction in demand brought on by Coronavirus isolation measure brought about a large supply to demand imbalance, bringing the price on Western Texas oil (WTI) spot on the 21st of April to negative $37 a barrel. More recently oil production cuts as well as the gradual reopening of many economies has brought about some stabilisation with the WTI spot price closing at $18.8 at the end of April.

During the lockdown, the hardest hit industries are among services and entertainment sectors. The uncertainty about the future has spilled over to almost all other business, resulting in significant reduction of production and investment, project delays and reversal of future expectations. Governments and Central Banks around the world have been providing support to struggling households and business, in forms of cash rate cuts, stimulus packages, social welfare assistance, asset purchasing programs and term funding facilities for the banking system. This combination of reactions has provided households with a financial backstop and liquidity to alleviate market dysfunction in its stressed condition.

Looking forward investment markets face a combination of fast evolving forces, being central bank liquidity and fiscal government support, a gradual relaxation of restrictions and the risk of “second wave” which is still present and largely unknown. Some industries are experiencing permanent structural change, while employees adapt to flexible working arrangements. There are undoubtedly negative effects on economies in the short term, however with all the efforts to combat this pandemic, the Reserve Bank of Australia expects the recovery to take us into mid-2022.

### 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. The benchmark for this Fund is 50% Bloomberg Barclays Global Aggregate Index ($A Hedged) and 50% Bloomberg AusBond Composite 0+ Yr Index (previously known as UBS Composite Bond Index 0+).
3. Bendigo Diversified Fixed Interest Fund received a 4-Star Overall Morningstar RatingSM out of 53 Bonds - Global/Australia funds as of 30 April 2020 and a 4-Star Three year rating out of 53 Bonds - Global/Australia funds as of 3 April 2020.
4. Other fees and costs may apply. See the Product Disclosure Statement for full details.