

Quarterly fund update - June 2022

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).

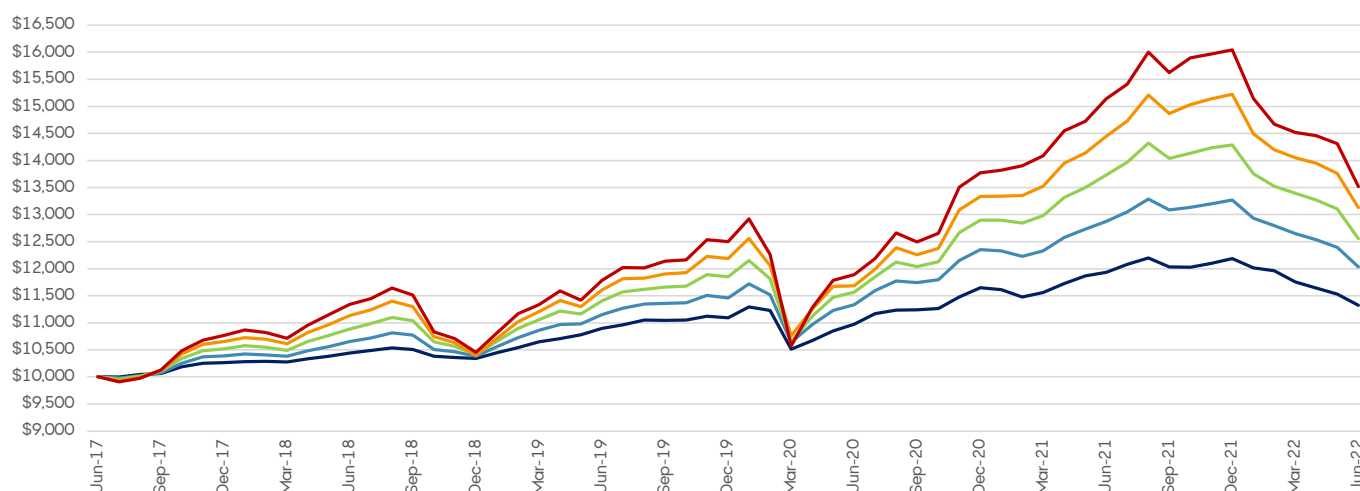
Fund performance¹

as at 30 June 2022

	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	★★★★	3 / 21	\$0.0000	-3.68	-5.14	1.29	2.51	\$31.73
Peer Comparison				-4.27	-6.54	-0.35	1.53	
Bendigo Conservative Wholesale Fund	★★★★★	4 / 111	\$0.0193	-4.92	-6.54	2.56	3.77	\$142.95
Peer Comparison				-4.69	-5.84	0.62	2.33	
Bendigo Balanced Wholesale Fund	★★★★★	9 / 107	\$0.0394	-6.26	-8.56	3.25	4.66	\$175.15
Peer Comparison				-6.22	-6.15	2.00	3.76	
Bendigo Growth Wholesale Fund	★★★★	23 / 179	\$0.0480	-6.56	-9.13	4.19	5.59	\$71.26
Peer Comparison				-7.74	-7.08	2.83	4.74	
Bendigo High Growth Wholesale Fund	★★★★	46 / 127	\$0.0281	-6.87	-10.70	4.69	6.22	\$40.45
Peer Comparison				-9.31	-7.63	3.95	6.01	

An example of how your investment grows

Growth of \$10,000 over 5 years¹
(Based on historic Fund performance over 5 years)



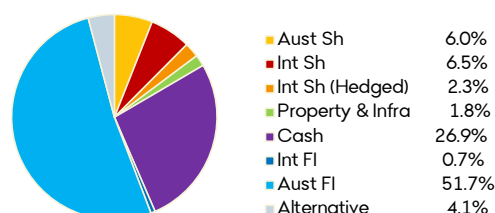
Fund Facts

	APIR Code	Fund inception date	Distribution frequency	Return objective	Recommended investment timeframe	Risk level	Management costs ³	Buy / Sell spread ³
Bendigo Defensive Wholesale Fund	STL0029AU	30 Sept 2011	Half yearly	CPI + 1%	2 years +	Low	0.61% p.a.	+0.10%/-0.13%
Bendigo Conservative Wholesale Fund	STL0012AU	6 June 2002	Half yearly	CPI + 2%	3 years +	Low to medium	0.73% p.a.	+0.14%/-0.16%
Bendigo Balanced Wholesale Fund	STL0013AU	6 June 2002	Half yearly	CPI + 3%	4 years +	Medium	0.83% p.a.	+0.18%/-0.18%
Bendigo Growth Wholesale Fund	STL0014AU	6 June 2002	Half yearly	CPI + 4%	5 years +	Medium to high	0.93% p.a.	+0.21%/-0.20%
Bendigo High Growth Wholesale Fund	STL0030AU	30 Sept 2011	Half yearly	CPI + 5%	7 years +	High	1.00% p.a.	+0.23%/-0.22%

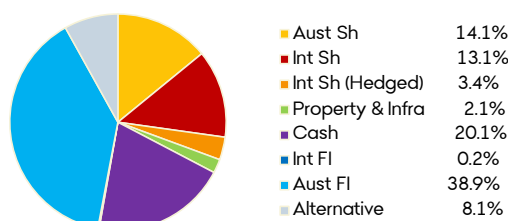
Refer to the last page for footnotes

Asset allocation

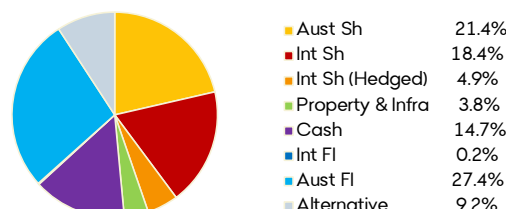
Bendigo Defensive Wholesale Fund



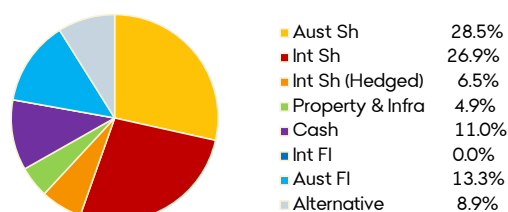
Bendigo Conservative Wholesale Fund



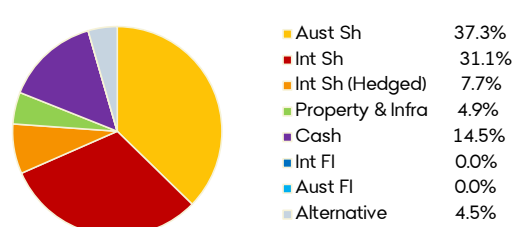
Bendigo Balanced Wholesale Fund



Bendigo Growth Wholesale Fund



Bendigo High Growth Wholesale Fund



Unit prices

as at 30 June 2022

	Application price	Withdrawal price
Bendigo Defensive Wholesale Fund	\$1.01962	\$1.01727
Bendigo Conservative Wholesale Fund	\$0.97801	\$0.97508
Bendigo Balanced Wholesale Fund	\$0.91216	\$0.90888
Bendigo Growth Wholesale Fund	\$0.85427	\$0.85077
Bendigo High Growth Wholesale Fund	\$1.24132	\$1.23574

Quarterly commentary

Performance

Returns for the quarter ending June were negative in absolute terms given all assets except cash returned in the red. However, the Funds outperformed their relative benchmarks over the period. The Funds are significantly underweight growth exposures which have benefitted benchmark and peer relative returns. This has been a challenging environment for asset managers given rising bond yields have put downward pressure on all asset valuations. Under these conditions the team have taken advantage of higher yielding defensive assets in the Funds which will add to core income and within growth exposures have pivoted to equity sectors with greater earnings certainty such as consumer staples, healthcare, and infrastructure. Active manager performance has been mixed. Pleasingly, defensive equity exposures such as AB Managed Vol and Antipodes Global Fund have outperformed their respective benchmarks over the period.

Economic

For the quarter ended June 30, financial markets' focus shifted from expectations of rising inflation to hawkish Central Bank policy and its potential to slow economic growth and inflation. Inflation continues to remain elevated and has broadened out to the services and core components of CPI. As a result, the policy response has been aggressive to bring supply/demand imbalances back to normal levels over time and asset valuations have been impacted due to rising discount rates. Asset returns have been poor for the 3-month period. Australian equities, as measured by the ASX 200 Index, returned -12.4%, and global equities on a currency hedged basis returned -15.1%, as measured by the MSCI World Index.

In the United States, the Federal Reserve has aggressively raised the federal funds rate 3 times since February opting to raise the cash rate by 75 basis points in June alone. A hike of this size has not been seen in over 25 years indicating the committee's strong intent bring inflation down. The Fed dot plot, a survey of Fed members which is used to express forward expectations of the cash rate, shows no signs of slowing the pace of rate hikes either with the most recent dot plot indicating a federal funds target rate of 3.40% by year end which would mark 340 basis points of rate rises in calendar year 2022.

In Australia, the Reserve Bank has taken a similar stance in its attempt to bring inflation down locally. Year over year inflation is expected to grow to 7% by the end of 2022 which could mark the highest level of inflation since 1990. Current annual headline inflation sits at 5.1% in Australia. At time of writing, the market is pricing a terminal cash rate north of 3% which is expected to put borrowers under financial pressure as mortgage rates continue their ascent as cost of funding increases. The period ahead is shaping up to be one of further complexity as central banks try to walk a fine line between reducing inflation without significantly slowing economic growth.

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 have maintained tilts away from interest rate sensitive investments with lighter holdings in growth equities, global government bonds and REITs. We prefer our growth exposure in equity sectors that have greater earnings certainty due to our expectation of negative earnings revisions given slowing economic growth expectations. We have a bias to USD unhedged currency exposure, with the aim to reduce overall portfolio volatility.

Australian Shares

Over the quarter we moved to an underweight exposure to Australian Equities. The rapid rise of interest rates from central banks around the world has seen recession risks build and as a result the commodity dominated Australian equity benchmark faces headwinds should consumption and activity slow. Forward looking economic indicators are pointing to a growth slowdown and as a result we have reduced our exposure to Australian equities.



International Shares

We hold an underweight to global equities. The global equity benchmark is predominately made up of US and European equities. European markets are heavily impacted by the Russian Ukraine situation, in which they are experiencing troublesome inflation led by soaring energy costs. The US market trades at premium price relative to earnings and faces a significant headwind in the form of a Federal Reserve Committee that is determined to reduce inflation placing growth at risk. We currently hold a 21% hedged position on our offshore global equity exposures. This is down from 50% last quarter due to our less than sanguine outlook on economic growth.

Hedge ratio 21% of OS equities



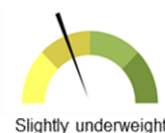
Property & Infrastructure

Over the period we have maintained our overweight exposure to global infrastructure. This asset class possesses strong defensive characteristics with inflation linked revenues. Given our cloudy outlook for the economy and markets moving forward, we feel this exposure will add to performance. We currently have little holdings in listed property given it generally does not perform well in rising rate environments.



Fixed Income

Overall, we hold a slight underweight to fixed income. Most of the duration exposure sits within Australian inflation linked bonds. We believe that these are attractively priced given the risk that inflation continues to remain elevated and above expectations given disruptions from the Ukraine Russian conflict and lockdowns in China. The team prefers Australian debt over global for its attractive yields, lower expected inflation, and perception that the cash rate does not reach levels expected in other regions of the world.



Alternatives

Over the quarter we maintained our overweight exposure to alternatives. We see real assets as a good hedge in the portfolio, which can hold their value in rising inflationary environments and further in a market where risk assets are sold down.



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 Wholesale Fund received a 4-Star Overall Morningstar Rating™ out of 21 Multisector Conservative funds as of 30 June 2022. In the Morningstar Multisector Conservative Category, the Bendigo Defensive Wholesale Fund 5 year return was ranked 3 out of 21 funds as of 30 June 2022. Source: www.morningstar.com.au/Funds/FundReport/19293

Bendigo Conservative Wholesale Fund received a 5-Star Overall Morningstar Rating™ out of 116 Multisector Moderate funds as of 30 June 2022. In the Morningstar Multisector Moderate Category, the Bendigo Conservative Wholesale Fund 5 year return was ranked 4 out of 111 funds as of 30 June 2022. Source: www.morningstar.com.au/Funds/FundReport/13196

Bendigo Balanced Wholesale Fund received a 5-Star Overall Morningstar Rating™ out of 115 Multisector Balanced funds as of 30 June 2022. In the Morningstar Multisector Balanced Category, the Bendigo Balanced Wholesale Fund 5 year return was ranked 9 out of 107 funds as of 30 June 2022. Source: www.morningstar.com.au/Funds/FundReport/13195

Bendigo Growth Wholesale Fund received a 4-Star Overall Morningstar Rating™ out of 186 Multisector Growth funds as of 30 June 2022. In the Morningstar Multisector Growth Category, the Bendigo Growth Wholesale Fund 5 year return was ranked 23 out of 179 funds as of 30 June 2022. Source: www.morningstar.com.au/Funds/FundReport/13197

Bendigo High Growth Wholesale Fund received a 4-Star Overall Morningstar Rating™ out of 131 Multisector Aggressive funds as of 30 June 2022. In the Morningstar Multisector Aggressive Category, the Bendigo High Growth Wholesale Fund 5 year return was ranked 46 out of 127 funds as of 30 June 2022. Source: www.morningstar.com.au/Funds/FundReport/19294

'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