

Quarterly fund update - December 2023

Investment approach for 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
- 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).

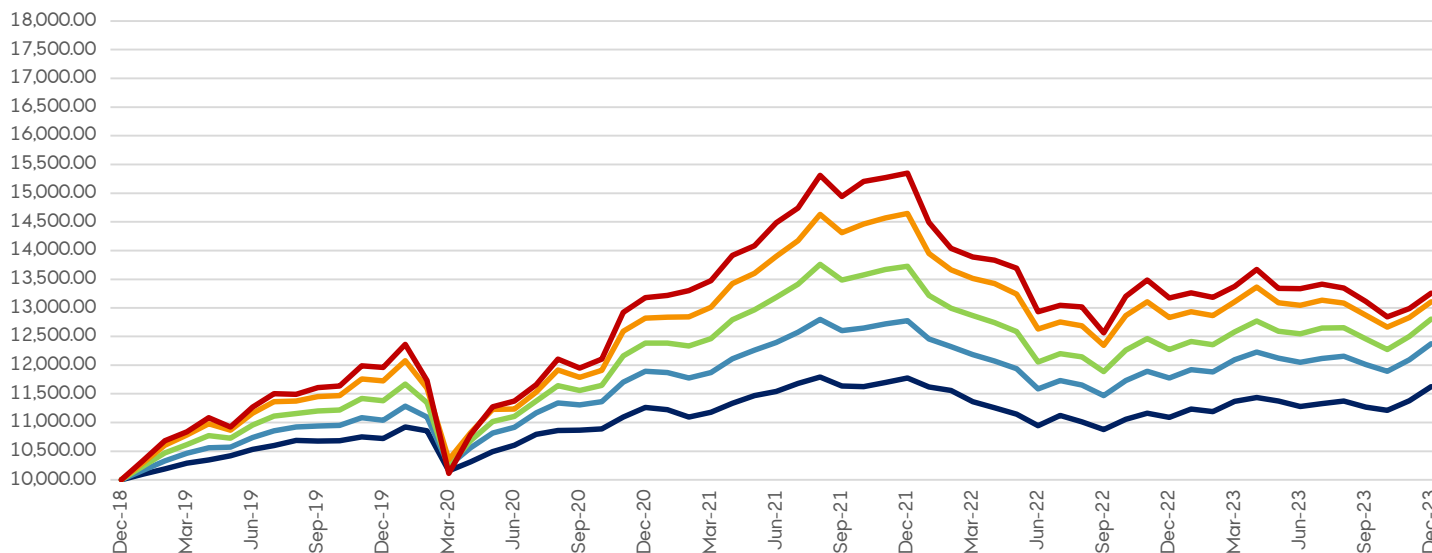
Fund performance¹

as at 31 December 2023

	3 months %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	Fund size \$m
Bendigo Defensive Wholesale Fund	3.19	4.86	1.07	3.06	3.03	\$23.19
Bendigo Conservative Wholesale Fund	3.04	5.09	1.33	4.36	4.10	\$107.24
Bendigo Balanced Wholesale Fund	2.76	4.28	1.11	5.07	4.80	\$139.71
Bendigo Growth Wholesale Fund	1.82	2.15	0.73	5.56	5.22	\$57.00
Bendigo High Growth Wholesale Fund	1.10	0.64	0.20	5.80	5.62	\$29.13

An example of how an investment in Bendigo SmartStart Pension (BSSP) grows

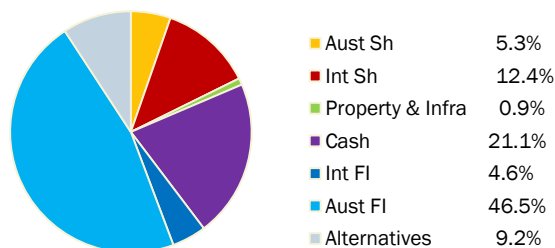
Growth of \$10,000 over 5 years¹
(Based on historic Fund performance over 5 years)



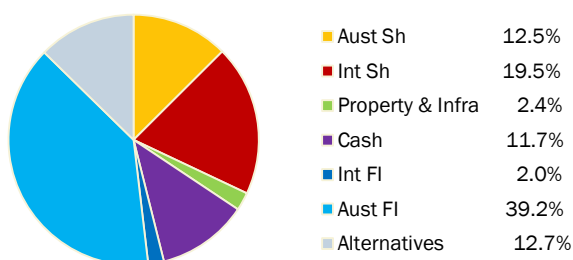
Fund Facts	APIR Code	Fund inception date	Distribution frequency	Return objective	Recommended investment timeframe	Risk level	Management fees & costs ³	Buy / Sell spread ³
Bendigo Defensive Wholesale Fund	STL0029AU	30 Sept 2011	Half yearly	CPI + 1%	2 years +	Low	0.61% p.a.	+0.10%/-0.12%
Bendigo Conservative Wholesale Fund	STL0012AU	6 June 2002	Half yearly	CPI + 2%	3 years +	Low to medium	0.73% p.a.	+0.14%/-0.15%
Bendigo Balanced Wholesale Fund	STL0013AU	6 June 2002	Half yearly	CPI + 3%	4 years +	Medium	0.83% p.a.	+0.17%/-0.17%
Bendigo Growth Wholesale Fund	STL0014AU	6 June 2002	Half yearly	CPI + 4%	5 years +	Medium to high	0.93% p.a.	+0.20%/-0.19%
Bendigo High Growth Wholesale Fund	STL0030AU	30 Sept 2011	Half yearly	CPI + 5%	7 years +	High	1.00% p.a.	+0.22%/-0.20%

Asset allocation

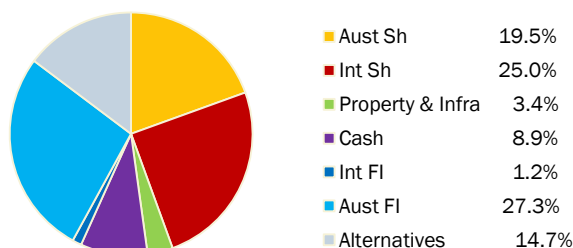
Bendigo Defensive Wholesale Fund



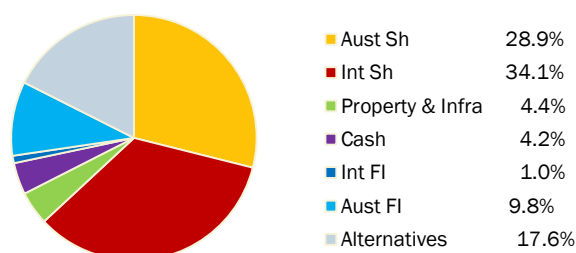
Bendigo Conservative Wholesale Fund



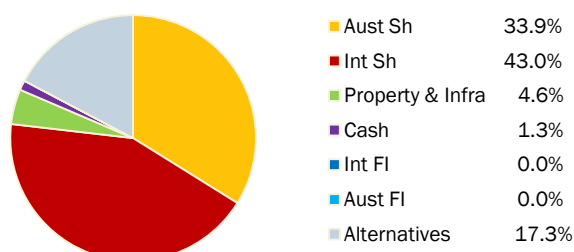
Bendigo Balanced Wholesale Fund



Bendigo Growth Wholesale Fund



Bendigo High Growth Wholesale Fund



Unit prices

as at 31 December 2023

	Application price	Withdrawal price
Bendigo Defensive Wholesale Fund	\$1.05722	\$1.05490
Bendigo Conservative Wholesale Fund	\$1.01645	\$1.01350
Bendigo Balanced Wholesale Fund	\$0.95159	\$0.94836
Bendigo Growth Wholesale Fund	\$0.87763	\$0.87422
Bendigo High Growth Wholesale Fund	\$1.26182	\$1.25654

Performance commentary

Performance varied over the quarter, with strong absolute performance from the defensive risk exposures and softer but still positive absolute performance from the growth exposures. Against our peers, all funds lagged on a relative return basis. The growth exposures and managers preference for larger cash flow resilient companies didn't participate fully in the 'Santa Claus rally' which saw a strong risk-on rally amongst lower quality corners of the equity market.

Looking forward, the Funds are well setup with defensive equities to withstand equity market volatility while producing good income that has historically been absent from the portfolios. The Funds continue to hold strong diversifiers that will support returns in an uncertain and challenged market regime.

Economic commentary

The December quarter of 2023 saw a reversal of economic trends observed over the preceding quarter. In the third quarter US 10-year government bond yields increased nearly 1% on stronger economic data and a hawkish Federal Reserve expectation of two more rate hikes in 2024 than previously assumed. The fourth quarter saw this completely reverse with the 10-year yields back to where they started the financial year at 3.8%. This was caused by softer inflation data and a clear and sudden Federal Reserve dovish pivot. They removed those two additional hikes and signalled clearly that the committee is comfortable reducing interest rates in-line with declining inflation, thus keeping real rates at the same positive level.

Markets cheered this December announcement and by the end of calendar 2023 expectations were for the Federal Reserve to cut six times in 2024. With employment holding firm the 'soft-landing' outcome was coming to the fore and this saw a strong 'Santa Claus rally' across capital markets. In equities the rally extended to lower quality segments of the market with small-caps, and the most shorted companies extending gains - a dynamic commonly seen in 'risk-on' rallies.

Within Australia, on Melbourne Cup day, the Reserve Bank decided to raise interest rates again in response to stickier inflation which caused the Australian Dollar to rally. Key commodity prices slid during the quarter with the exception of Iron Ore which continues to defy the weakness in the Chinese housing market.

Looking forward economic conditions appear mixed. China and Europe are challenged with the US and Australia muddling through. The key question for markets is whether the soft-landing eventuates or not. Historically every major slowdown looks like a soft landing at first, and now markets are priced for it.

Do you have any questions?

For further information contact us on 1300 236 344 or visit [bendigobank.com.au](https://www.bendigobank.com.au)

Footnotes

1. Performance figures are based on exit price to exit price for the period and assumes that all distributions are reinvested. Performance figures are calculated net of investment fees and costs, but exclude administration fees, insurance premiums, advice fees and other member activity fees. These figures are provided for comparison purposes only and are not used for crediting returns to members' accounts. Actual member returns may vary and will be reported on member statements. Past performance is not an indication of future performance.
2. Other fees and costs may apply. See the Product Disclosure Statement for full details.

Bendigo SmartStart Pension (BSSP) is issued by Bendigo Superannuation Pty Ltd (Bendigo Superannuation) ABN 23 644 620 128 AFSL 534006 and form part of The Bendigo Superannuation Plan ABN 57 526 653 420. 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. Bendigo Superannuation and Sandhurst are subsidiaries of Bendigo and Adelaide Bank Limited (the Bank) ABN 11 068 049 178 AFSL 237879. Bendigo Superannuation, 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 or BSSP 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. Bendigo Superannuation has prepared this document based on information available to it. The information and opinions provided in this document have not been verified and Bendigo Superannuation 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 Bendigo Superannuation and contains general advice only. Please consider your situation and read the relevant PDS available at [bendigobank.com.au/personal/superannuation-and-retirement](https://www.bendigobank.com.au/personal/superannuation-and-retirement), any Bendigo Bank branch or by phoning 1300 236 344 before making an investment decision.

For target market determination: [bendigobank.com.au/TMD](https://www.bendigobank.com.au/TMD)

The information is current as at 31 December 2023 (unless stated otherwise) and is subject to change without notice.

Bendigo SmartStart Pension[®]

Sandhurst Strategic Income Fund - Class B units

Quarterly fund update - December 2023

Investment approach

The Fund aims to provide customers with regular income and may offer higher returns with a lower level of risk through the market cycle in an effort to outperform a static investment in similar assets by strategically managing its portfolio in varying market and economic conditions.

The objective of the Fund is to outperform its benchmark (after fees) over any two year period.



Foresight Analytics has assigned a SUPERIOR investment rating with a product complexity indicator designating the Fund as a Relatively Simple Product.²

Fund performance¹

as at 31 December 2023

Fund return

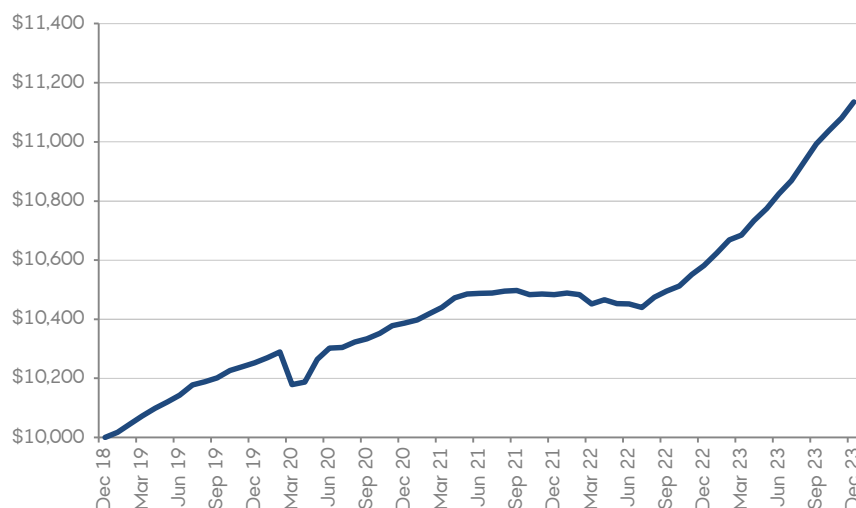
	Fund return
3 months (%)	1.29
6 months (%)	2.87
1 year (%)	5.22
3 years (% p.a.)	2.35
5 years (% p.a.)	2.17
7 years (% p.a.)	2.27

Fund facts

Fund APIR code	STL0044AU
Fund start date	30 July 2011
Management fees & costs ³	0.45% p.a.
Buy / Sell spread ³	+0.05% / -0.13%
Minimum investment / minimum balance	\$500,000
Recommended investment timeframe	2 years +
Risk level	Low

An example of how your investment grows

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



Unit price (ex distribution)

as at 31 December 2023

Application price	\$1.04478
Withdrawal price	\$1.04290

Distribution details (cents per unit)

31 Mar 23	\$0.00872
30 Jun 23	\$0.00878
30 Sep 23	\$0.00911
31 Dec 23	\$0.01252

Do you have any questions?

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

Portfolio performance

The Sandhurst Strategic Income Fund (Class B units) delivered an annualised return of 5.22% (after fees) through the quarter ending 31 December 2023 and has generated an average annual return of 3.15% (after fees) since inception. The Fund continues to outperform its benchmark and the running yield of the Fund was 5.81% at the end of the quarter.

Risk assets performed strongly through the quarter as expectations of a soft landing in the United States gathered momentum. Markets were cautious in early October as they were vigilant of the uncertainty surrounding the attacks between Israel and Palestine. Whilst the conflict is ongoing, it has so far not spread to involve other regions which allowed the focus to shift back towards the global disinflation narrative. Yields fell as a result of the easing inflationary pressures which led to equities and credit rallying.

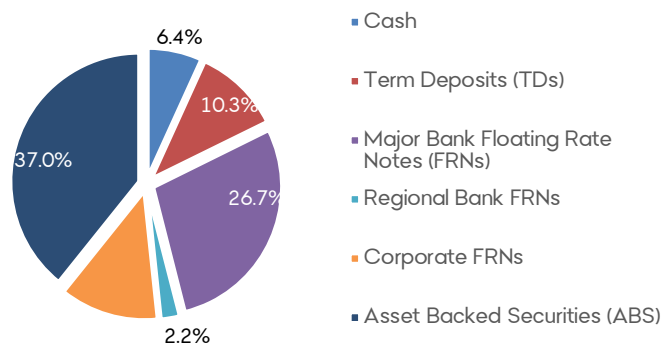
Credit fundamentals for Australia have remained robust through the rate hiking cycle. This is evident from the limited rating downgrades pressure for local issuers and credit spreads remaining relatively range bound from mid-late 2022.

Although globally yields have fallen, the all-in yields available for investors within credit remain attractive. For example, the gap between the earnings yield on the ASX 200 and AUD credit is at historically tight levels which is supportive for credit markets.

Whilst offshore credit outperformed through the quarter, the local market was supported by a lack of new issuance from major banks which saw secondary benchmark bonds tighten as the asset class continued to see inflows. Primary markets are expected to be active in January and this period will provide an opportunity for Australian banks to continue to refinance maturities from the Term Funding Facility.

There are currently no unrated assets in the Fund and more than 75% of exposures are rated AA- or higher. At the end of December, 22.5% of the portfolio is allocated to cash and bank deposits, 40.5% in bank/corporate bonds and 37% to asset backed securities.

Asset Allocation



Footnotes

1. Performance figures are based on exit price to exit price for the period and assumes that all distributions are reinvested. Performance figures are calculated net of investment fees and costs, but exclude administration fees, insurance premiums, advice fees and other member activity fees. These figures are provided for comparison purposes only and are not used for crediting returns to members' accounts. Actual member returns may vary and will be reported on member statements. Past performance is not an indication of future performance.
2. Foresight Analytics has assigned a SUPERIOR investment rating with a product complexity indicator designating the Fund as a Relatively Simple Product. This rating implies the highest level of confidence that the Fund can deliver a risk adjusted return in line with its investment objectives. Designation as a Relatively Simple Product indicates that the investment manager will seek to outperform their chosen mainstream market sector. A rating is not a recommendation to invest, retain or redeem units in the Fund. The rating may be subject to change or withdrawal at any time. A copy of Foresight Analytics Financial Services Guide can be found at foresight-analytics.com/financial-services-guide
3. Other fees and costs may apply. See the Product Disclosure Statement for full details.

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For target market determination: bendigobank.com.au/TMD

Bendigo SmartStart Pension[®]

Bendigo Socially Responsible Growth Fund

Quarterly fund update - December 2023

Investment objective and return

The Fund invests via a selection of expert asset managers that specialise in managing specific asset classes and which take into account environmental, social, ethical and governance (ESG) considerations in their asset selection. The Fund targets a minimum level of 75% of the total assets of the Fund being managed by asset managers that take into account ESG considerations in their investment decisions. The Fund has an objective of entirely excluding investments in companies that produce or manufacture tobacco products and controversial weapons. Examples of tobacco products are nicotine alternatives (i.e. electronic cigarettes) and tobacco-based products (e.g. cigarettes, cigars). Examples of controversial weapons are anti-personnel mines, biological and chemical weapons, cluster weapons, depleted uranium and nuclear weapons. Other activities Sandhurst monitors and aims to reduce are adult entertainment, alcohol, gambling, non-pharmaceutical animal testing and companies with high event controversy.

ESG considerations are primarily applied to listed shares (both Australian and International) and fixed interest. The screening criteria applied to the Fund does not consider derivatives or certain underlying assets, including inflation-linked and government bonds, property and unlisted assets. The investment portfolio is constructed in a manner that Sandhurst believes will meet the investment return objective of a return after fees in excess of 4% above inflation over a 10 year period.



RIAA Certification

The Fund has been certified by the Responsible Investment Association of Australasia (RIAA) according to the strict disclosure practices required under the Responsible Investment Certification Program.²

For more information about the RIAA Certification program please visit responsibleinvestment.org

Fund performance¹

as at 31 December 2023

Fund return

	Fund return
3 month %	6.63
6 month %	5.24
1 year % p.a.	13.88
3 year % p.a.	6.41
5 year % p.a.	7.76

An example of how your investment grows

Growth of \$10,000¹

(Based on historic Fund performance since inception)



Fund facts

Fund APIR code	STL0055AU
Fund inception date	20 September 2016
Distribution frequency	Half yearly
Management fees & costs ³	1.00% p.a.
Buy / Sell spread ³	+0.07% / -0.07%
Investment return objective	CPI + 4%
Minimum investment / minimum balance	\$5,000
Recommended investment timeframe	5 years +
Risk level	Medium to high

Unit price

as at 31 December 2023

Application price	\$1.18397
Withdrawal price	\$1.18231




















Distribution details (cents per unit)

31 Dec 2023	\$0.00984
30 Jun 2023	\$0.00779

Bendigo Superannuation

Refer to the last page for footnotes

Asset allocation

	Weight %	Weight % Δ /mth	Key
 VanEck MSCI Australian Sustainable Equity ETF	33.7%	1.9% 	 Australian Shares
 AXA IM SmartBeta ESG Global Equity	42.5%	3.7% 	 International Shares (Unhedged)
 Altius Sustainable Bond Fund	5.4%	-0.1% 	 Australian Fixed Interest
 Vanguard Australian Inflation-Linked Bond Index Fund	5.0%	0.1% 	
 Vanguard Government Bond	3.8%	1.7% 	 Alternatives
 Australian Unity Future of Healthcare Fund	4.3%	0.1% 	 Cash
 Sandhurst Strategic Income Fund	5.3%	-7.4% 	
Total	100.0%		

* These funds incorporate ESG considerations.

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

Top 10 holdings of ESG asset managers ⁴

Portfolio	Weight %
Australia Government Bond	8.0%
Foretscore Ltd	1.8%
Telstra Group Ltd	1.7%
Apple	1.7%
Goodman Group	1.6%
Transurban	1.6%
CSL Ltd	1.6%
Microsoft	1.4%
QBE Insurance Group Ltd	1.2%
Newcrest Mining Ltd	1.0%

Portfolio Performance

The Fund outperformed the Morningstar peer group over the December period. Overall equity markets and fixed income markets were strong with the Federal Reserve pivot. Helping relative performance was the Fund's underweight exposure to unlisted investments such as private equity, property and infrastructure. The Fund is positioned slightly underweight growth assets and fixed income, given the risks we see in these markets. Pleasingly ESG tilted exposures have outperformed broad capitalisation weighted indices in 2023.

Economic commentary

The December quarter of 2023 saw a reversal of economic trends observed over the preceding quarter. In the third quarter US 10-year government bond yields increased nearly 1% on stronger economic data and a hawkish Federal Reserve expectation of two more rate hikes in 2024 than previously assumed. The fourth quarter saw this completely reverse with the 10-year yields back to where they started the financial year at 3.8%. This was caused by softer inflation data and a clear and sudden Federal Reserve dovish pivot. They removed those two additional hikes and signalled clearly that the committee is comfortable reducing interest rates in-line with declining inflation, thus keeping real rates at the same positive level.

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3. Other fees and costs may apply. See the Product Disclosure Statement for full details.
4. The top 10 holdings outlined above are a representation of the largest indirect exposures of the Bendigo Socially Responsible Growth Fund as at 30 June 2022 which may change from time to time. The information has been calculated by Sandhurst based on the cumulative weighted average of each security held by the underlying managers within the Fund.

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