

Quarterly fund update - December 2023

Investment approach for 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
- 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)

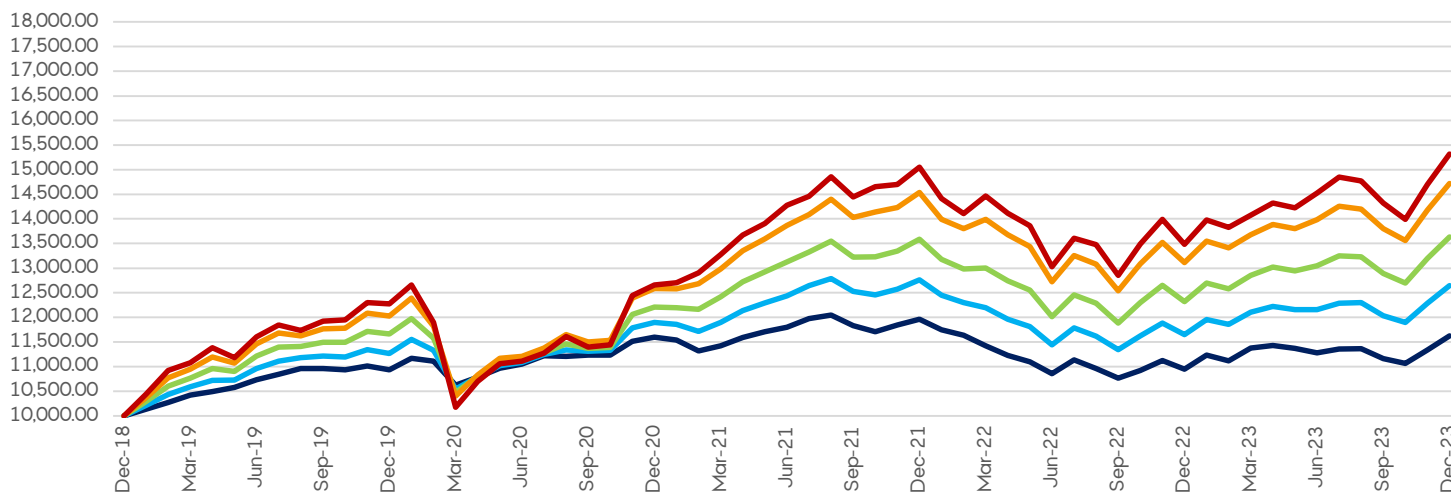
Fund performance¹

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 Index Fund | 4.14 | 6.18 | 0.07 | 3.05 | 3.07 | \$61.31 |
| Bendigo Conservative Index Fund | 5.08 | 8.52 | 2.06 | 4.81 | 4.45 | \$358.96 |
| Bendigo Balanced Index Fund | 5.80 | 10.68 | 3.76 | 6.40 | 5.74 | \$419.50 |
| Bendigo Growth Index Fund | 6.70 | 12.29 | 5.37 | 8.04 | 7.05 | \$443.78 |
| Bendigo High Growth Index Fund | 7.00 | 13.63 | 6.58 | 8.91 | 7.76 | \$89.79 |

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)

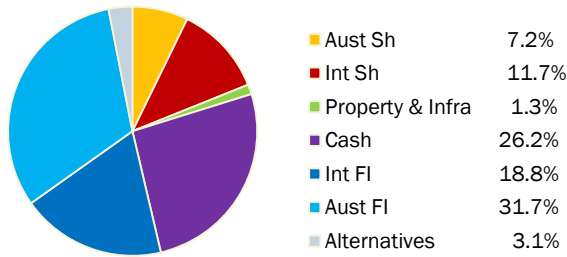


Fund Facts

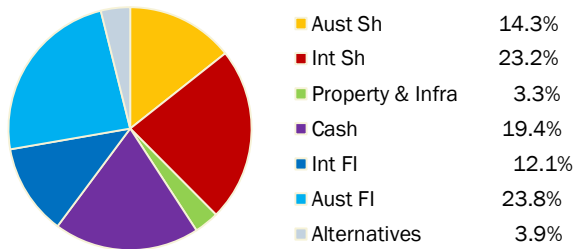
| | APIR Code | Fund inception date | Distribution frequency | Return objective | Recommended investment timeframe | Risk level | Management fees & costs ³ | Buy / Sell spread ³ |
|----------------------------------------|-----------|---------------------|------------------------|------------------|----------------------------------|----------------|--------------------------------------|--------------------------------|
| Bendigo Defensive Index Fund | STL0031AU | 30 Sept 2011 | Half yearly | CPI + 1% | 2 years + | Low | 0.40% p.a. | +0.10%/-0.10% |
| Bendigo Conservative Index Fund | STL0032AU | 30 Sept 2011 | Half yearly | CPI + 2% | 3 years + | Low to medium | 0.42% p.a. | +0.09%/-0.09% |
| Bendigo Balanced Index Fund | STL0033AU | 30 Sept 2011 | Half yearly | CPI + 3% | 4 years + | Medium | 0.44% p.a. | +0.09%/-0.09% |
| Bendigo Growth Index Fund | STL0034AU | 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 | STL0035AU | 30 Sept 2011 | Half yearly | CPI + 5% | 7 years + | High | 0.47% p.a. | +0.09%/-0.09% |

Asset allocation

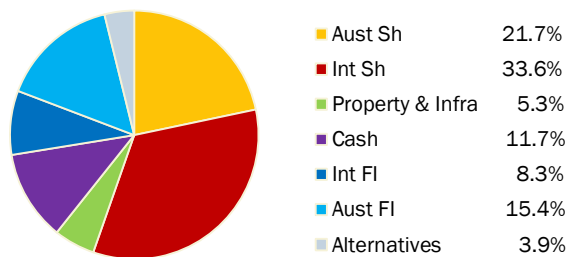
Bendigo Defensive Index Fund



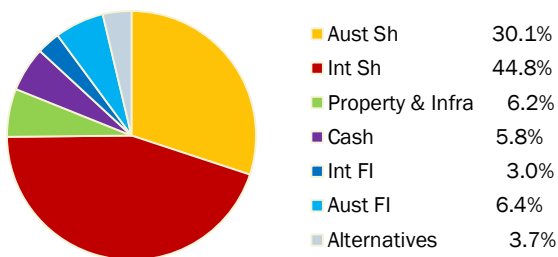
Bendigo Conservative Index Fund



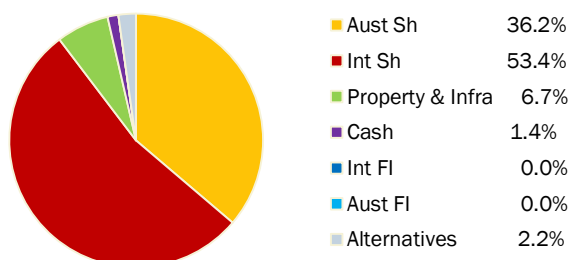
Bendigo Balanced Index Fund



Bendigo Growth Index Fund



Bendigo High Growth Index Fund



Unit prices

as at 31 December 2023

| | Application price | Withdrawal price |
|----------------------------------------|-------------------|------------------|
| Bendigo Defensive Index Fund | \$1.11034 | \$1.10813 |
| Bendigo Conservative Index Fund | \$1.29310 | \$1.29077 |
| Bendigo Balanced Index Fund | \$1.45026 | \$1.44765 |
| Bendigo Growth Index Fund | \$1.67128 | \$1.66828 |
| Bendigo High Growth Index Fund | \$1.71009 | \$1.70701 |

Performance commentary

Returns for the quarter were above the peer group across the five risk profiles. As both listed bond and equity markets rallied in the December quarter the index funds' returns were aided by 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. We are neutrally positioned but cautious on equity markets due to high valuations and high earnings expectations whilst we are yet to fully understand the long and variable impacts on growth due to the fastest interest rate hiking cycle in history.

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.

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)

