

Quarterly fund update - September 2017

Investment approach

Each Fund invests via a selection of high quality, specialist investment managers across a variety of asset classes. Each Fund's investment portfolio is constructed in a manner that Sandhurst believes will meet 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), where inflation is measured by the Australian Consumer Price Index (CPI).

Fund performance¹

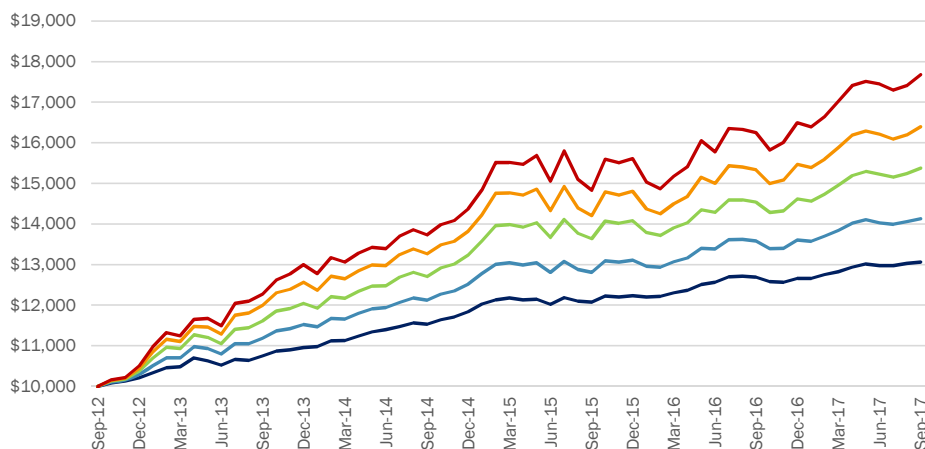
as at 30 Sep 2017

	Morningstar Rating™ 5 Year ²	Morningstar Category Rank 5 Year ²	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Fund size \$m
Bendigo Defensive Wholesale Fund	★★★★★	2 / 16	0.67	2.94	4.23	5.49	\$43.72
<i>Peer Comparison</i>			0.47	1.94	3.63	4.37	
Bendigo Conservative Wholesale Fund	★★★★★	4 / 127	0.76	4.04	5.23	7.16	\$141.94
<i>Peer Comparison</i>			0.68	3.28	4.17	5.43	
Bendigo Balanced Wholesale Fund	★★★★★	6 / 119	1.01	5.76	6.56	8.98	\$157.66
<i>Peer Comparison</i>			0.99	5.49	5.39	7.40	
Bendigo Growth Wholesale Fund	★★★★★	17 / 198	1.16	6.95	7.32	10.39	\$65.02
<i>Peer Comparison</i>			1.34	7.45	6.58	9.21	
Bendigo High Growth Wholesale Fund	★★★★★	31 / 122	1.32	8.81	8.79	12.07	\$13.57
<i>Peer Comparison</i>			1.78	10.14	8.11	11.27	

An example of how your investment grows

Growth of \$10,000 over 5 years¹

(Based on historic Fund performance over 5 years)



Make the most of your investment

You need \$50,000 to start an investment in one of our Bendigo Managed Wholesale Funds

► The power of compounding

Compounding can be a powerful tool in wealth creation. Reinvesting distributions can be one of the easiest and cheapest ways to increase your holdings over time. You're compounding your investment's growth by continually adding more units which, in turn, will generate distributions of their own.

Why not reinvest your half yearly distributions?

► The benefits of making it regular

Making regular contributions to your investment can both grow your investment and smooth the effects of market highs and lows.

Why not add a Regular Savings Plan to your investment? You can establish one from as little as \$50 per month.

You can also use BPAY® to add to your investment at any time with as little as \$100. See your statement for your BPAY reference number.

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Fund facts

Bendigo Defensive Wholesale Fund

Fund APIR code	STL0029AU
Fund start date	30 September 2011
Return objective:	CPI + 1.5%
Recommended investment timeframe	2 years +
Risk level	Low

Bendigo Conservative Wholesale Fund

Fund APIR code	STL0012AU
Fund start date	6 June 2002
Return objective:	CPI + 2%
Recommended investment timeframe	3 years +
Risk level	Low to medium

Bendigo Balanced Wholesale Fund

Fund APIR code	STL0013AU
Fund start date	6 June 2002
Return objective:	CPI + 3%
Recommended investment timeframe	4 years +
Risk level	Medium

Bendigo Growth Wholesale Fund

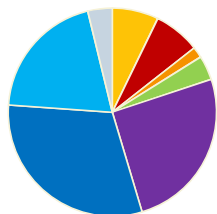
Fund APIR code	STL0014AU
Fund start date	6 June 2002
Return objective:	CPI + 4%
Recommended investment timeframe	5 years +
Risk level	Medium to high

Bendigo High Growth Wholesale Fund

Fund APIR code	STL0030AU
Fund start date	30 September 2011
Return objective:	CPI + 5%
Recommended investment timeframe	7 years +
Risk level	High

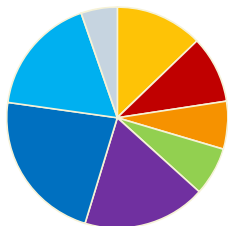
Asset allocation

Bendigo Defensive Wholesale Fund



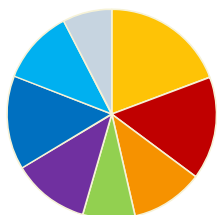
Aust Sh	7.2%
Int Sh	7.2%
Int Sh (Hedged)	1.7%
Property & Infra	3.8%
Cash	25.5%
Int FI	30.7%
Aust FI	20.1%
Alternative	3.8%

Bendigo Conservative Wholesale Fund



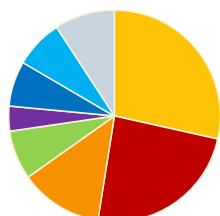
Aust Sh	12.8%
Int Sh	9.8%
Int Sh (Hedged)	7.0%
Property & Infra	7.1%
Cash	18.0%
Int FI	22.5%
Aust FI	17.5%
Alternative	5.3%

Bendigo Balanced Wholesale Fund



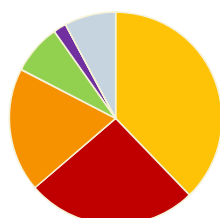
Aust Sh	19.3%
Int Sh	15.9%
Int Sh (Hedged)	11.2%
Property & Infra	8.1%
Cash	11.9%
Int FI	14.5%
Aust FI	11.5%
Alternative	7.6%

Bendigo Growth Wholesale Fund



Aust Sh	28.5%
Int Sh	24.0%
Int Sh (Hedged)	12.7%
Property & Infra	7.5%
Cash	3.8%
Int FI	6.9%
Aust FI	7.4%
Alternative	9.2%

Bendigo High Growth Wholesale Fund



Aust Sh	37.8%
Int Sh	25.9%
Int Sh (Hedged)	18.9%
Property & Infra	7.6%
Cash	2.0%
Int FI	0.0%
Aust FI	0.0%
Alternative	7.8%

Unit price

	Application price	Withdrawal price
Bendigo Defensive Wholesale Fund	\$1.07370	\$1.07113
Bendigo Conservative Wholesale Fund	\$1.03209	\$1.02900
Bendigo Balanced Wholesale Fund	\$0.97270	\$0.96940
Bendigo Growth Wholesale Fund	\$0.93100	\$0.92728
Bendigo High Growth Wholesale Fund	\$1.26373	\$1.25793

Performance commentary

Performance for the quarter ending September was positive across the five risk profiles. Overweight positions in global equities, which continues to outperform Australian equities, aided the performance of the Funds. Detracting from performance was the Fund's tilt to Australian fixed income over global, in which the yield curve rose more aggressively than quantitative easing dampened offshore yield curves such as Japan and Europe. Active management has been mixed, with strong contributions by Bennelong (Australian equities), while Grant Samuel Epoch (global equities) has had a tough time of it with recent strong advances in global IT stocks working against the manager's positions.

Economic commentary

The past quarter economic data releases signalled a continued growing global backdrop. Recent global PMI data (Purchasing Managers Index), which is an indicator of the economic health in the manufacturing sector, has been strong on aggregate. Employment figures across most global regions including the USA, UK, Japan, Eurozone and Australia have all improved year on year reaffirming a broad based economic pickup. Despite this, inflation, in particular wage inflation, remains weak, allowing central banks to delay ending quantitative easing programs and raising interest rates off emergency levels.

Coinciding with the Australian reporting period, the past three months has seen the Australian equity market stall, while global shares have continued their upward trend. Australian earnings on a whole were positive in comparison to expectations, however forward guidance hindered returns with management highlighting the negative effects of the recent rise in the Australian dollar and the crippling consequence of expected higher energy prices on expenses. On aggregate over the past eight years, cost reductions have been a bigger factor in bottom line earnings growth rather than top line revenue growth. Shareholders have rewarded companies for increasing their payout ratio, cutting costs and removing non-core businesses. With further cost reductions limited and new entrants eroding market share, many Australian corporates are looking for where their next growth leg will come from.

Do you have any questions?

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

Asset positioning commentary

The Funds have maintained tilts away from interest rate sensitive investments with lighter holdings in government bonds and REITs. We continue to prefer our growth exposure in global equities due to our perception of greater earnings growth potential in comparison to domestic equities. Due to our underweight position in equity risk offsetting government bonds, we prefer a bias to unhedged exposure, with the aim to reduce overall portfolio volatility.

Australian Shares

We remain slightly underweight to Australian equities. While Australian corporates have been able to bolster earnings by controlling costs, top line revenue growth has been challenging. On aggregate corporates have preferred paying out earnings to shareholders rather than reinvest in their business in which creates headwinds for earnings growth over the periods ahead.

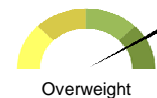


International Shares

We continue our slight bias to global equities over Australian stocks. From an index based perspective, we remain sceptical of the growth characteristics of the large weighted components of the ASX and favour the diversity that global equities provides.

We prefer a tilt towards unhedged over hedged exposure due the downside portfolio protection an unhedged position provides, further relative prices as per Organisation for Economic Co-operation and Development Purchasing Power Parities indicates a slightly expensive AUD.

Hedge ratio 25% of OS equities



Property & Infrastructure

We continue to hold a slight underweight to property and watch with caution the ability of the Chinese buyer to support global property prices considering China's government desire to limit money flowing out of the country.

We perceive listed property around fair value, however we are alert to the asset class's propensity to trade parallel to interest rates and that rates rises are likely to negatively impact this asset class.



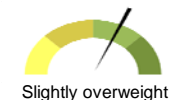
Fixed Income

Overall we hold a slight underweight to fixed income. Given tight credit spreads, low real yields (in some regions negative real yields), we remain somewhat cautious given our perception that inflation risks are rising. We continue to prefer a tilt towards Australian government bonds over global, due to higher real yields locally and our credit exposure offshore due to the greater diversification away



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 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 (see table right). 'Morningstar Category Rank' is the Fund's performance rank relative to all funds in the same Morningstar Category. © 2017 Morningstar, Inc. All rights reserved.

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Fund	Morningstar Category
Bendigo Defensive Wholesale Fund	Multisector Conservative
Bendigo Conservative Wholesale Fund	Multisector Moderate
Bendigo Balanced Wholesale Fund	Multisector Balanced
Bendigo Growth Wholesale Fund	Multisector Growth
Bendigo High Growth Wholesale Fund	Multisector Aggressive

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.

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