

Quarterly fund update - June 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 % 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

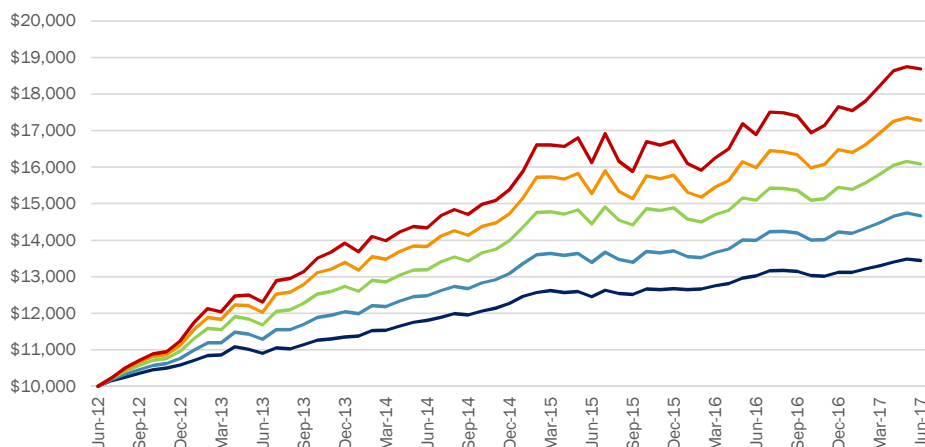
as at 30 Jun 2017

	Morningstar Rating™ 5 Year 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	★★★★★	2 / 18	\$0.0296	1.14	3.26	4.42	6.10	\$42.69
<i>Peer Comparison</i>				0.43	2.05	3.36	4.46	
Bendigo Conservative Wholesale Fund	★★★★★	3 / 125	\$0.0342	1.30	4.75	5.51	7.96	\$136.70
<i>Peer Comparison</i>				0.79	3.78	4.05	5.76	
Bendigo Balanced Wholesale Fund	★★★★★	4 / 117	\$0.0429	1.82	6.55	6.84	9.97	\$151.93
<i>Peer Comparison</i>				0.80	6.82	5.40	7.97	
Bendigo Growth Wholesale Fund	★★★★★	9 / 196	\$0.0516	2.07	8.03	7.69	11.55	\$65.85
<i>Peer Comparison</i>				0.94	8.97	6.26	9.67	
Bendigo High Growth Wholesale Fund	★★★★	23 / 119	\$0.0703	2.54	10.64	9.21	13.31	\$12.80
<i>Peer Comparison</i>				1.29	12.18	7.89	12.07	

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

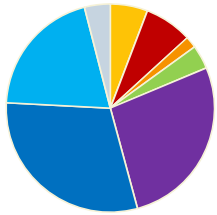
Fund APIR code	STL0014AU
Fund start date	6 June 2002
Return objective:	CPI + 4%
Recommended investment timeframe	5 years +
Risk level	Medium to high

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

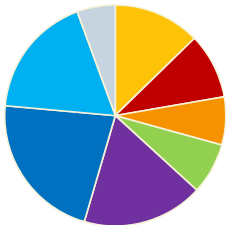
Asset allocation

Bendigo Defensive Wholesale Fund



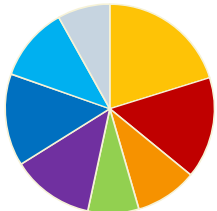
Aust Sh	5.8%
Int Sh	7.4%
Int Sh (Hedged)	1.8%
Property & Infra	3.7%
Cash	27.1%
Int FI	30.0%
Aust FI	20.2%
Alternative	4.0%

Bendigo Conservative Wholesale Fund



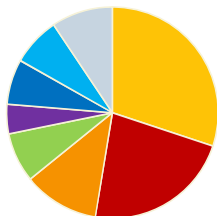
Aust Sh	12.7%
Int Sh	9.6%
Int Sh (Hedged)	7.0%
Property & Infra	7.5%
Cash	17.7%
Int FI	21.9%
Aust FI	18.0%
Alternative	5.6%

Bendigo Balanced Wholesale Fund



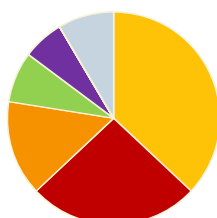
Aust Sh	20.2%
Int Sh	15.7%
Int Sh (Hedged)	9.6%
Property & Infra	7.9%
Cash	12.7%
Int FI	14.3%
Aust FI	11.5%
Alternative	8.1%

Bendigo Growth Wholesale Fund



Aust Sh	30.1%
Int Sh	22.5%
Int Sh (Hedged)	11.6%
Property & Infra	7.6%
Cash	4.5%
Int FI	6.9%
Aust FI	7.4%
Alternative	9.4%

Bendigo High Growth Wholesale Fund



Aust Sh	37.0%
Int Sh	26.0%
Int Sh (Hedged)	14.5%
Property & Infra	7.7%
Cash	6.3%
Int FI	0.0%
Aust FI	0.0%
Alternative	8.5%

Unit price

	Application price	Withdrawal price
Bendigo Defensive Wholesale Fund	\$1.06657	\$1.06401
Bendigo Conservative Wholesale Fund	\$1.02433	\$1.02126
Bendigo Balanced Wholesale Fund	\$0.96293	\$0.95966
Bendigo Growth Wholesale Fund	\$0.92034	\$0.91667
Bendigo High Growth Wholesale Fund	\$1.24729	\$1.24157

Performance commentary

Pleasingly the past three months to June 30 has been a strong period for the Bendigo Managed Wholesale Funds. Recent additions to address rate rises in unconstrained bond funds (Payden & Rygel Global Ltd and T Rowe Price International Ltd), and market cycle indifferent Ellerston Market Neutral Fund came into effect shielding some of the negative effects from a global yield curve uplift. Overweight positions in global equities aided performance, which has been the highest returning asset class over the past year, while underweight positions in global treasuries with preference to global credit aided performance.

Active management on aggregate benefited the Funds over the past three months with some strong contributions from Australian equity manager Bennelong Australian Equity Partners Pty Ltd and global equity managers T Rowe Price International Ltd and Franklin Templeton Investments Australia Limited.

Economic commentary

The dominate driver in financial markets at present is broad based central bank monetary policy tightening. Whether through forward guidance such as the European Central Bank's Draghi hinting at a reduced dependence on asset purchases, a Canadian interest rate rise (the first time in 7 years) or the Federal Reserve lifting rates, markets are adjusting to a higher rate environment. Given it has been almost a decade since financial markets have seen a global uniform monetary policy tightening environment, markets are being shaken from their complacency, with the canary in the coal mine in inflation a real possibility.

The Reserve Bank of Australia (RBA) held rates steady over the period, with the last rate move, a decline, back in August 2016. Homeowners however have not been spared rate rises particularly interest only and investment loans in which Australian banks have raised rates independent to the RBA in response to the regulator, APRA, request to de-risk lending books. Recently more evidence of a global growth pickup has led the RBA to remind people that rates will not be held at current levels forever, which has jolted the Australian dollar and boosted the Australian yield curve.

With global yield curves rising, interest rate sensitive investments which previously enjoyed the tail winds of falling rates are now facing head winds. For example Australian listed property (S&P ASX 200 Accumulation Index) underperformed broader Australian shares (S&P ASX 200 Accumulation Index) by close to 7% for the quarter and approximately 20% for the year on year, ending June 30. While within fixed interest the more interest rate sensitive government issued bonds materially underperformed corporate issued debt.

Do you have any questions?

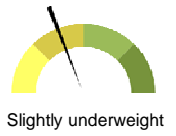
For further information contact us on 1800 634 969 or visit www.sandhursttrustees.com.au

Asset positioning commentary

The Funds continue to hold an overweight to global equities unhedged. We have continued to trim Australian property exposure particularly in the higher growth risk profiles which hold a larger weighting to this asset class. We prefer a lighter duration positioning within fixed income and have tilted this exposure in favour of Australia in which we believe, due to less central bank intervention, is a stronger hedge to an equity market sell off.

Australian Shares

We remain slightly underweight to Australian equities. Australian equities are coming off what has been a strong period, however the dominate sectors in mining and financials have not managed to shrug the earnings growth concerns which continue to plague them. Recent budget announcements will create some loss of confidence from investors in the banks, whilst China appears to be entering another shaky period which is playing out on resource stocks.

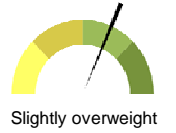


International Shares

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

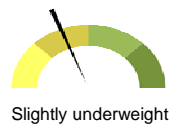
We prefer a tilt towards unhedged over hedged exposure due the downside portfolio protection an unhedged position provides, further relative prices as per Organisation for Economic Cooperation and Development Purchasing Power Parities indicates a slightly expensive AUD.

Hedge ratio 25% of OS equities



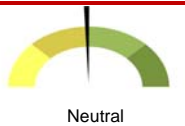
Property & Infrastructure

Over the quarter we reduced our property exposure on the back of clearer evidence of a global yield rising environment. Property has been the beneficiary of global falling rates and as this thematic unwinds, property is the logical choice to reduce to minimize this risk. Changed from neutral to slightly underweight



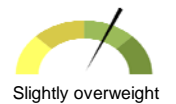
Fixed Income

We hold a neutral position in Australian fixed interest and currently favour positions in Australian government bonds and global credit.



Cash

Cash is used as a balancing item based on views of other asset classes.



Footnotes

- 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.
- '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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