

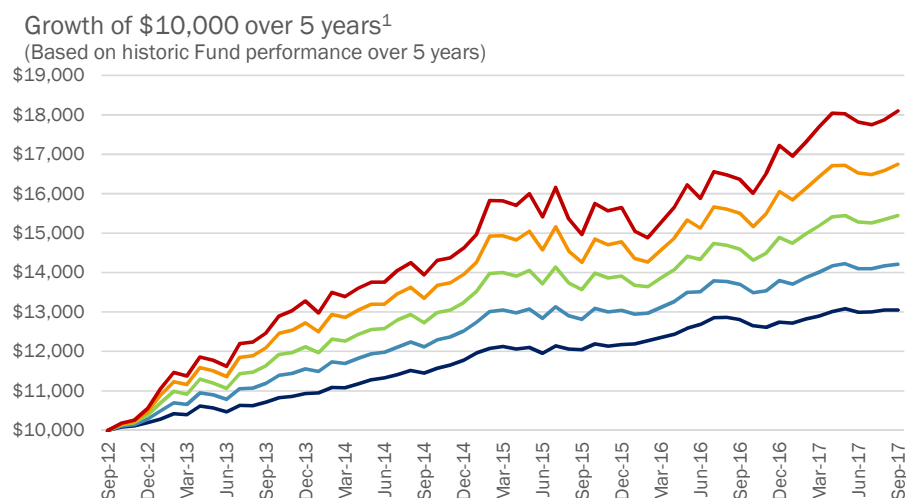
Quarterly fund update - September 2017

Investment approach

Each Fund invests via a selection of index funds that seek to track the performance of selected benchmarks for each asset class. 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 performance ¹ 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 Index Fund <i>Peer Comparison</i>	★★★★★	3 / 16	0.45 0.47	1.89 1.94	4.46 3.63	5.47 4.37	\$121.10
Bendigo Conservative Index Fund <i>Peer Comparison</i>	★★★★★	3 / 127	0.78 0.68	3.70 3.28	5.45 4.17	7.28 5.43	\$413.02
Bendigo Balanced Index Fund <i>Peer Comparison</i>	★★★★★	4 / 119	1.03 0.99	5.79 5.49	6.66 5.39	9.08 7.40	\$394.83
Bendigo Growth Index Fund <i>Peer Comparison</i>	★★★★★	5 / 198	1.34 1.34	8.04 7.45	7.84 6.58	10.86 9.21	\$241.84
Bendigo High Growth Index Fund <i>Peer Comparison</i>	★★★★★	15 / 122	1.60 1.78	10.62 10.14	9.09 8.11	12.59 11.27	\$28.41

An example of how your investment grows



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.

Fund facts

Bendigo Defensive Index Fund

Fund APIR code	STL0031AU
Fund start date	30 September 2011
Return objective:	CPI + 1.5%
Recommended investment timeframe	2 years +
Risk level	Low

Bendigo Conservative Index Fund

Fund APIR code	STL0032AU
Fund start date	30 September 2011
Return objective:	CPI + 2%
Recommended investment timeframe	3 years +
Risk level	Low to medium

Bendigo Balanced Index Fund

Fund APIR code	STL0033AU
Fund start date	30 September 2011
Return objective:	CPI + 3%
Recommended investment timeframe	4 years +
Risk level	Medium

Bendigo Growth Index Fund

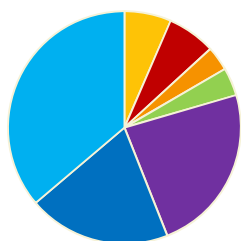
Fund APIR code	STL0034AU
Fund start date	30 September 2011
Return objective:	CPI + 4%
Recommended investment timeframe	5 years +
Risk level	Medium to high

Bendigo High Growth Index Fund

Fund APIR code	STL0035AU
Fund start date	30 September 2011
Return objective:	CPI + 5%
Recommended investment timeframe	7 years +
Risk level	High

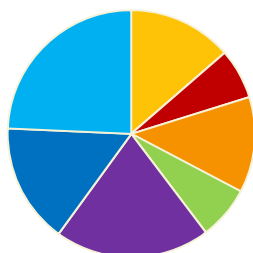
Asset allocation

Bendigo Defensive Index Fund



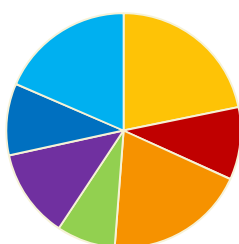
Aust Sh	6.5%
Int Sh	6.7%
Int Sh (Hedged)	3.4%
Property & Infra	3.9%
Cash	23.5%
Int FI	19.8%
Aust FI	36.2%

Bendigo Conservative Index Fund



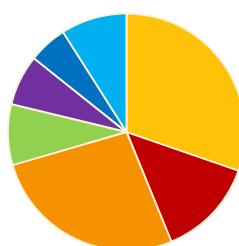
Aust Sh	13.6%
Int Sh	6.6%
Int Sh (Hedged)	12.5%
Property & Infra	7.0%
Cash	20.3%
Int FI	15.7%
Aust FI	24.3%

Bendigo Balanced Index Fund



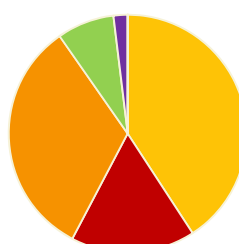
Aust Sh	21.8%
Int Sh	10.0%
Int Sh (Hedged)	19.4%
Property & Infra	8.1%
Cash	12.3%
Int FI	9.9%
Aust FI	18.5%

Bendigo Growth Index Fund



Aust Sh	30.3%
Int Sh	13.5%
Int Sh (Hedged)	26.7%
Property & Infra	8.3%
Cash	6.9%
Int FI	5.3%
Aust FI	9.0%

Bendigo High Growth Index Fund



Aust Sh	40.8%
Int Sh	16.9%
Int Sh (Hedged)	32.6%
Property & Infra	7.8%
Cash	1.9%
Int FI	0.0%
Aust FI	0.0%

Unit price

	Application price	Withdrawal price
Bendigo Defensive Index Fund	\$1.13700	\$1.13496
Bendigo Conservative Index Fund	\$1.23646	\$1.23399
Bendigo Balanced Index Fund	\$1.33086	\$1.32820
Bendigo Growth Index Fund	\$1.43699	\$1.43412
Bendigo High Growth Index Fund	\$1.44266	\$1.43978

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 Funds' 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.

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



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 from financials.



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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The information is current as at 30 September 2017 (unless stated otherwise) and is subject to change without notice.

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