

Bendigo Managed Wholesale Funds Update

Economic commentary

Domestically and abroad sharemarkets generally increased in value over the quarter ending December. Confidence continues to grow in the once fractured global economy as perceived risk and volatility decrease.

News over the past quarter out of the US was mixed. With further confirmation that the world's largest economy is increasing its rate of growth, many uncertainties still persist. A stubborn high unemployment rate, escalating debt issues and conjecture around the longer-term effects of the quantitative easing strategy raise questions regarding the economy. Despite this US equities were one of the strongest performers for the quarter.

Europe which has taken a different approach to America in reducing debt rather than stimulating the economy has subdued credit market volatility. Issues with smaller EU economies Greece, Ireland, Spain and Portugal, which caused market problems mid 2010, faded. Fiscal austerity measures have in the main been successful in stabilising credit markets and stopping contagion, although some concerns linger. The larger participants in Germany, the UK and France appear strong and have posted promising economic data.

In Asia, China's economy shows no signs of slowing down. China's growth is the engine of the world economy, and is watched closely for any weakness by market participants. Fears of asset bubbles and the effects from contractionary measures from rising inflation all play on the global economy.

Globally rates moved higher over the past quarter due to increasing inflationary expectations in part due to the effectiveness of US quantitative easing.

Domestically the past quarter has seen the RBA raise interest rates to 4.75% in November much to the surprise of many industry analysts. The RBA is confident in Australia's expanding economy and expects unemployment to continue to decrease, placing inflationary pressure on the economy.

The short-term to mid-term effects of the Queensland and Victorian floods is rather uncertain with analysts mixed on future cash rate movements. A rise in food costs as well as increased labour resources for construction is widely expected to place inflationary pressure on the economy. On the other hand, the backlash of the floods may decrease consumer sentiment, decrease household spending and due to the disruption of mining, in particular coal, constrain GDP growth.

Despite the floods, Australia's economy appears robust and will continue to expand while China's demand persists.

Markets Review

Australian shares posted a strong performance, with the ASX 300 Accumulation Index increasing 4.7% for the quarter ending December. Material stocks led the way with miners BHP Billiton rising 16.3%, Rio Tinto 11.3% and Fortescue Metals up 25.5%. Health Care and Energy also performed well, up 8.8% and 8.0% respectively.

International shares climbed 3% on improving global economic conditions over the December quarter.

Global Listed Property was the best performing asset class over the December quarter, returning 8.1%. Led by strong gains in the US, demand increased as investors chased higher yielding returns in light of inflation fears.

Australian Listed Property contracted 1.2% for the quarter weighed down heavily by the larger sector participants, Westfield and Stockland, which returned below the wider sharemarket average.

Australian Fixed Income fell 0.2% and International Fixed Income fell 0.5% as demand for global bonds moderated on the back of a recovering global economy. Cash returned 1.2% for the quarter. The Australian dollar continued its run against most foreign currencies, breaking parity with the US dollar and posting an increase of 5.1% over the past quarter.

Fund information

Performance statistics

Fund	Withdrawal price (ex Distribution)	Fund size (million)	December 2010 Distribution (per unit)
Bendigo Conservative Wholesale Fund	\$0.9191	\$18.36	\$0.018
Bendigo Balanced Wholesale Fund	\$0.8343	\$39.84	\$0.013
Bendigo Future Growth Wholesale Fund	\$0.8114	\$32.79	\$0.012
Fund start date	7 June 2002		

Fund Performance

Performance period	Fund performance [#]	Average index return [*]
Bendigo Conservative Wholesale Fund		
3 months	+1.1%	+1.2%
1 year	+5.2%	+4.2%
3 years [^]	+2.8%	+1.1%
5 years [^]	+4.3%	+3.2%
Bendigo Balanced Wholesale Fund		
3 months	+1.8%	+2.2%
1 year	+3.2%	+3.9%
3 years [^]	-1.2%	-0.9%
5 years [^]	+2.3%	+2.7%
Bendigo Future Growth Wholesale Fund		
3 months	+2.5%	+2.6%
1 year	+2.3%	+2.5%
3 years [^]	-3.9%	-3.4%
5 years [^]	+1.8%	+1.7%

* Morningstar average return index for Growth, Balanced and Conservative.

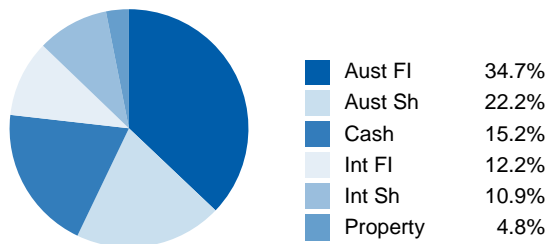
[^] % performance per annum.

[#] Performance figures are calculated before tax and after fees and costs; using redemption prices and assumes distributions are reinvested. Past performance is not an indication of future performance.

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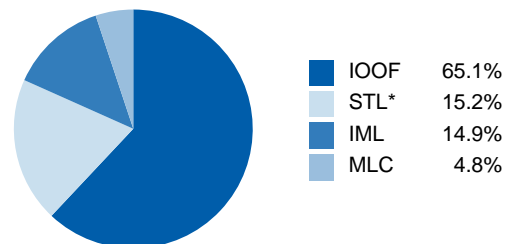
Current asset allocation As at 31 December 2010

Bendigo Conservative Wholesale Fund

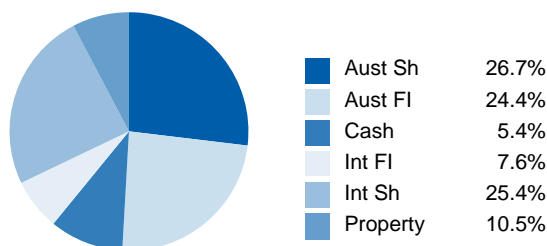


Current Investment Manager^ Allocation As at 31 December 2010

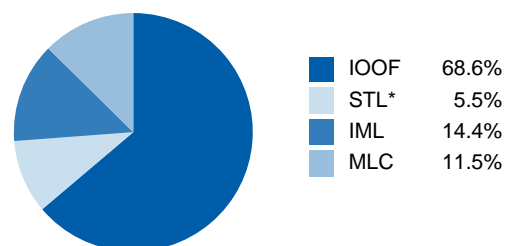
Bendigo Conservative Wholesale Fund



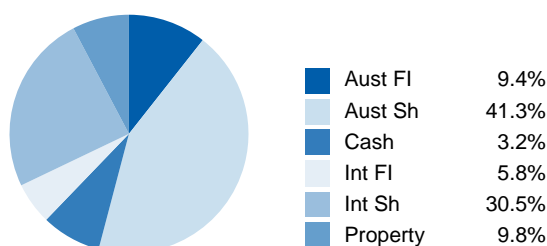
Bendigo Balanced Wholesale Fund



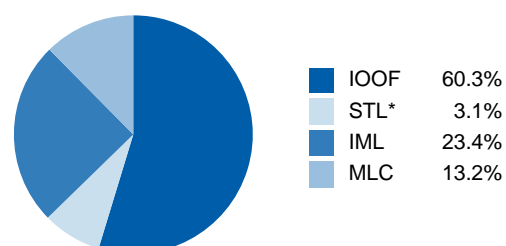
Bendigo Balanced Wholesale Fund



Bendigo Future Growth Wholesale Fund



Bendigo Future Growth Wholesale Fund



^ Current Investment Managers include IOOF Investment Management Limited / Perennial Investment Partners Limited (IOOF), Sandhurst Trustees Limited (STL), Investors Mutual Limited (IML) and MLC Investments Limited (MLC).

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

For further information contact our Customer Service Centre on 1800 634 969 or visit our website:
www.sandhursttrustees.com.au/investments

The Bendigo Managed Wholesale Funds (Funds) are issued by Sandhurst Trustees Limited (STL) ABN 16 004 030 737 AFSL 237906, a subsidiary of Bendigo and Adelaide Bank Limited (the Bank) ABN 11 068 049 178 AFSL 237879. Each of these companies receive remuneration on the issue of the Funds or the service they provide, full details of which are contained in the Product Disclosure Statement (PDS). Investments in these Funds are not deposits with, guaranteed by, or liabilities of the Bank, or any of its subsidiaries. This update is provided by STL and contains general advice only. Please consider your personal circumstances and read the PDS, available at Bendigo Bank branches or by phoning 1800 634 969, before making an investment decision. (BQWMF1006)