



Bendigo Managed Wholesale Funds

As at 30 June 2011

Economic commentary

This market outlook is prepared incorporating our research team views for the short to medium term. Updated quarterly, the outlook may assist licence holders with client communication and portfolio construction across asset classes.

Financial year 2010/2011 ended in a similar fashion to which it began, with concerns surrounding European sovereign debt, in particular Greece, which is yet to be resolved. Spreads on credit default swaps, contracts protecting bond holders from default, soared over the past quarter on Greek and Portuguese sovereign debt. Greece in isolation is a small contributor to the global economy, however fears of contagion to healthy European economies holding defaulting debt is creating systemic issues worldwide and has spooked financial markets.

Commodity prices on average retreated over the past quarter as natural disasters, concern over debt and subdued economic data, reduced the markets future growth perceptions. Prior to the last quarter, commodity prices for the financial year rallied aided by supply disruptions such as tensions in the Middle East. Stagflation (in which prices rise without growth) continues to be a common concern, reflected in the June announcement by the International Energy Agency to release emergency oil, aimed at cutting prices and inturn stimulating global economies.

Given the many interruptions such as Japan's earthquake, political issues in Libya and Queensland floods, economic data globally and domestically released over the past quarter has been mixed and challenging to interpret. Generally, overall global economic data has displayed a slow down in growth over the past quarter, with experts mixed on whether this is a soft patch given the events discussed or a greater shift to continuing subdued growth, as economies are confined by debt deleverage.

The United States recovery has been slow with unemployment stubbornly high. Quantitative easing, in which the US Federal Reserve (Fed) artificially increased the supply of money and subsequently restricted yields on debt, finished in June. The Fed has not yet determined whether another round of quantitative easing is required. Despite this the US sharemarket, as determined by the S&P 500 index, jumped 27% for the year ending June 30 on the back of increased corporate earnings and growth through that period.

Locally, economic data in Australia over the past quarter was largely impacted by natural disasters, in particular the floods across eastern Australia. Coal along side iron ore is Australia's largest export with the vast majority of coal mined from Queensland and New South Wales. Japan is our second most valuable trading partner and is the largest importer of Australian coal. With supply disruptions and a wounded Japan, Australian GDP contracted by 1.2% for the March quarter.

Markets Review

The S&P ASX300 accumulation index closed down -4.3% for the quarter ending June 30, resulting in an overall increase of 11.9% for the 2010/2011 financial year.

With commodity prices generally rising, the Australian dollar in 2010/2011 surpassed parity with the USD, heights not witnessed since 1983. The Reserve Bank of Australia (RBA) now has the precarious position of balancing a booming mining sector and struggling manufacturing and retail sectors which have been adversely impacted by the movements in Australian Dollar. The RBA continues to expect strong growth in the economy, particularly from the mining sector. Through the year they raised the official cash rate by 0.25% with economists mixed on future rate decisions.

Fund information

Fund	Withdrawal price ⁺	Fund size	30 June 2011 Distribution (per unit)
Bendigo Conservative Wholesale Fund	\$0.9201	\$18.67m	\$0.0226
Bendigo Balanced Wholesale Fund	\$0.8278	\$38.94m	\$0.0165
Bendigo Future Growth Wholesale Fund	\$0.8015	\$33.94m	\$0.0111
Fund start date	7 June 2002		

⁺excluding distributions

Fund performance

Performance period	Fund performance [#]	Average index return [*]
Bendigo Conservative Wholesale Fund		
3 months	0.36%	-0.12%
1 year	7.05%	0.61%
3 years [^]	5.98%	1.62%
5 years [^]	4.30%	0.29%
Bendigo Balanced Wholesale Fund		
3 months	-1.03%	-0.45%
1 year	6.11%	-1.18%
3 years [^]	3.18%	1.09%
5 years [^]	1.80%	-0.16%
Bendigo Future Growth Wholesale Fund		
3 months	-2.21%	-0.92%
1 year	6.70%	-1.39%
3 years [^]	1.59%	0.30%
5 years [^]	0.84%	-0.31%

[^]% 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.

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

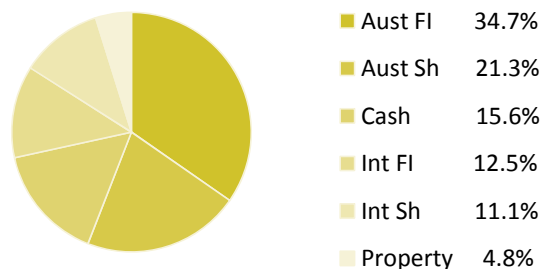


Bendigo Managed Wholesale Funds

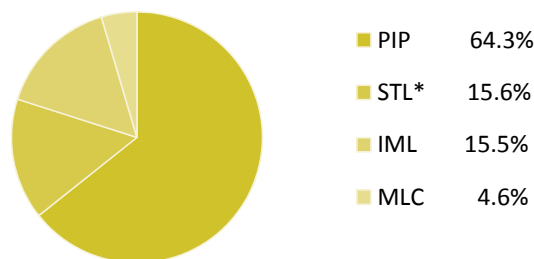
As at 30 June 2011

Bendigo Conservative Wholesale Fund

Asset allocation

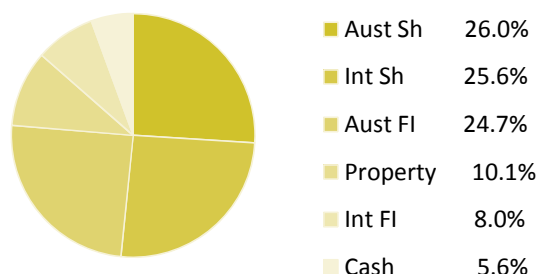


Current Investment Manager^ allocation

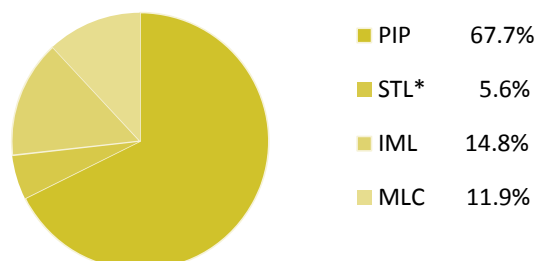


Bendigo Balanced Wholesale Fund

Asset allocation

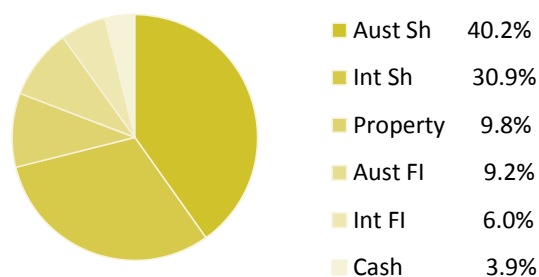


Current Investment Manager^ allocation

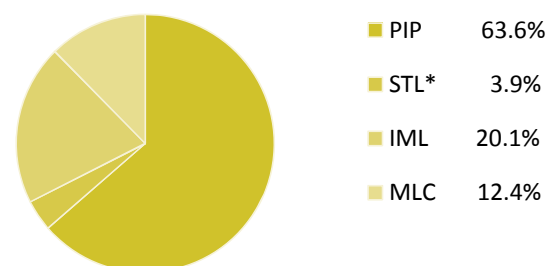


Bendigo Future Growth Wholesale Fund

Asset allocation



Current Investment Manager^ allocation



^ Current Investment Managers include Perennial Investment Partners Limited (PIP), 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 (Fund) is issued by Sandhurst Trustees Limited (Sandhurst) ABN 16 004 030 737 AFSL 237906, a subsidiary of Bendigo and Adelaide Bank Limited (Bank) ABN 11 068 049 178 AFSL 237879. Each of these companies receive remuneration on the issue of the Fund or the service they provide, full details of which are contained in the Product Disclosure Statement (PDS). Investments in this Fund are not deposits with, guaranteed by, or liabilities of the Bank or any of its subsidiaries. This update is provided by Sandhurst 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.

The information provided in this update is current as at 30 June 2011 and is subject to change.

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