



Bendigo Managed Wholesale Funds

As at 30 September 2011

Economic commentary

The last quarter saw Europe, in particular Greece the centre of attention for global financial markets once again. Greek three year Government Bond yields climbed to around 50% p.a. towards the end of the quarter, as investors factored in a default. Greece in an attempt to meet its bailout obligations cut wages and increased taxes, this fuelled protests and riots in the streets of Athens.

The volatility of financial markets centred on concern that European banks facing write downs may collapse causing a domino effect throughout the European banking sector and reverberating through the global banking system. The European economy is in a fragile state. Of greater concern than Greece are the much larger European economies of Italy and Spain, the latter has an unemployment rate in excess of 20% and is the fifth largest economy by GDP in the Euro region.

The structure of the European Union is currently being tested with troubled countries unable to stimulate their economies through devaluing their currency and avoiding default by printing money. European governments in an attempt to stem the systemic issues are looking at ways to build barriers and support undercapitalised banks and also expand the European sovereign support vehicle.

There is much instability in global economies particularly European economies. What does seem evident is that Europe is in for a prolonged period of low or negative growth. In what seems to be a trend of the times, high unemployment and low economic growth has fuelled riots and protests, most notably London, Greece and the more recent Occupy Wall Street.

In the US, the Fed took its finger off the QE3 button in favour of a new asset purchasing program nick-named 'operation twist'. The program is aimed at twisting the yield curve by selling short dated bonds and buying long-term bonds which is expected to stimulate the economy by reducing borrowing costs for households and businesses. So far the program has been successful in lowering 10 and 30 year bond yields to record lows. Equity markets expecting QE3 tumbled on the announcement coupled by the concerns that the Fed has run out of tools to stimulate their troubled economy which has seen unemployment plateau above 9% and declining housing prices yet to find a clear bottom. Despite the Fed's efforts the housing industry faces additional challenges in tighter lending standards by US banks and limited housing equity available to be withdrawn.

In a further bid to stimulate the US economy President Obama announced a US\$477 billion package to retain and create jobs through infrastructure spending, subsidies to local governments to stem teacher layoffs, and cutting in half the payroll taxes paid by workers and small-business owners. President Obama faces a tough challenge to have the Bill passed with Republicans and Democrats split in their preferences. Republicans seek permanent tax cuts, debt reduction and deregulation, while Obama and congressional Democrats want more federal spending and increased tax on the wealthy. With elections just over a year away it is unlikely agreement will be easy, as witnessed with the debt ceiling fiasco earlier this year.

The past year has seen China's central bank tapping the breaks by increasing interest rates, this and the general slowing of demand from the US and Europe has eased growth, however GDP year on year growth is still above an impressive 9% p.a. Equity markets frustrated with European leaders slow action sent international shares down 7.9% for the quarter (as measured by the MSCI World ex Australia accumulation unhedged index). International shares buoyed by a declining Australian Dollar against the US, fared slightly better than Australian shares with the ASX300 accumulation down 11.6%.

Commodity markets, in particular energy and base metals retracted sharply over the past quarter. Commodity prices are a major driver of the Australian dollar which reflected the fall in commodity markets, peaking in July at US\$1.11 eventually closing the quarter at US\$0.96.

Fund information

Fund	Withdrawal price [~]	Fund size (m)
Bendigo Conservative Wholesale Fund	\$0.9021	\$18.30m
Bendigo Balanced Wholesale Fund	\$0.7885	\$36.43m
Bendigo Growth Wholesale Fund*	\$0.7432	\$31.95m
Fund start date	7 June 2002	

[~] excluding distributions

* Previously named Bendigo Future Growth Wholesale Fund

Fund performance

Performance period	Fund performance [#]	Average index return [*]
Bendigo Conservative Wholesale Fund		
3 months	-1.95%	-0.8%
1 year	1.68%	-1.7%
3 years [^]	5.08%	0.4%
5 years [^]	3.21%	-1.1%
Bendigo Balanced Wholesale Fund		
3 months	-4.76%	-0.9%
1 year	-1.93%	-2.7%
3 years [^]	1.87%	-0.3%
5 years [^]	0.04%	-1.5%
Bendigo Growth Wholesale Fund		
3 months	-7.28%	-1.3%
1 year	-4.79%	-3.4%
3 years [^]	-0.17%	-1.0%
5 years [^]	-1.54%	-1.7%

[^]% 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.

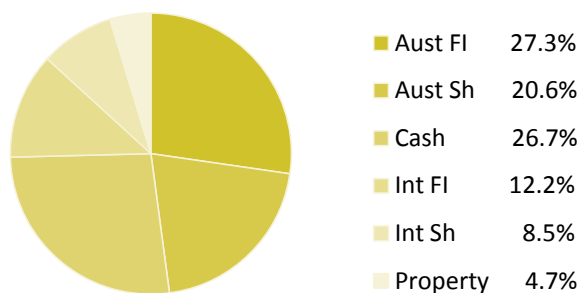


Bendigo Managed Wholesale Funds

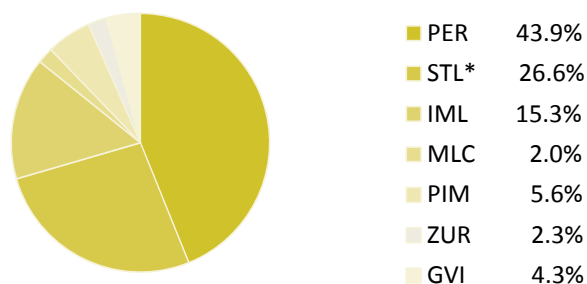
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Bendigo Conservative Wholesale Fund

Asset allocation

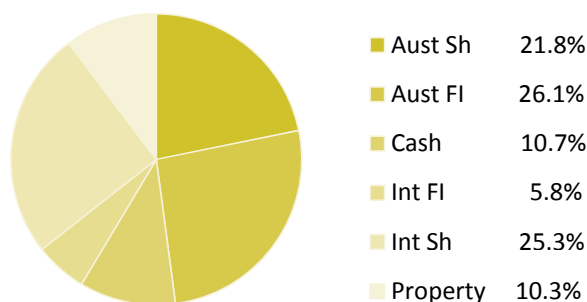


Current Investment Manager^ allocation

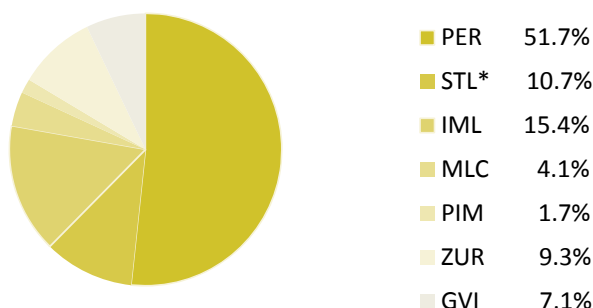


Bendigo Balanced Wholesale Fund

Asset allocation

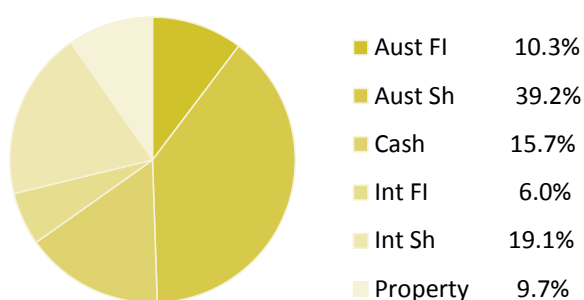


Current Investment Manager^ allocation

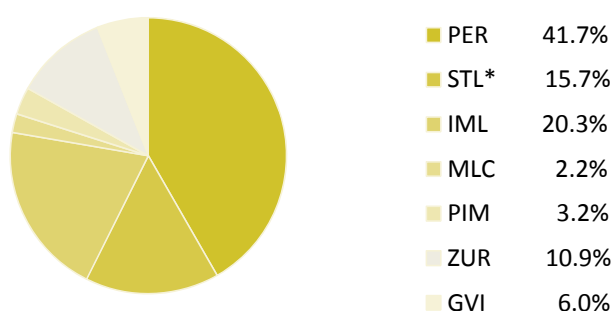


Bendigo Growth Wholesale Fund

Asset allocation



Current Investment Manager^ allocation



^ Current Investment Managers include Perennial Investment Partners Limited (PER), Sandhurst Trustees Limited (STL), Investors Mutual Limited (IML), MLC Investments Limited (MLC), PIMCO (PIM), Zurich Investment Management Limited (ZUR), Global Value Investors Limited (GVI).

*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 September 2011 and is subject to change.

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