

Sandhurst Select Mortgage Fund

Investment Objective

The objective of the Fund is to provide consistent returns, regular income and capital stability by investment of the Fund in a broad selection of Australian first registered mortgage assets and other securities.

5.00% p.a.*

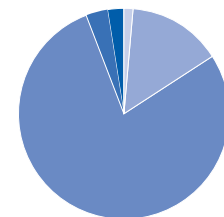
*Indicative rate, net of all fees and costs to 31 March 2012. There is a risk that the rate paid may be lower (or higher) than the indicative rate.

Assets and performance as at 31 December 2011

Investment profile as at 31 December 2011			
Cash at bank		\$13,680,606	
Bank bills		\$23,852,017	
Negotiable certificates of deposits		\$145,743,420	
Mortgage backed securities		\$31,534,011	
Mortgage loans		\$781,818,746	
Total assets		\$996,628,800	
Mortgage analysis			
Number of loans		3,348	
Average loan size		\$233,518	
Largest loan		\$50,000,000	
Average loan to value ratio		49.50%	
Number of investors		23,271	
Low-documentation loans % to total loans		12.8%	
Fixed/variable loan interest rate split			
Fixed		\$346,304,454	
Variable		\$435,514,292	
Past performance [^]			
Annualised Distribution Return		Return to Investors (p.a.)	Indicative Rate (p.a.)
3 months ended	31.12.11	5.40%	5.40%
6 months ended	31.12.11	5.56%	5.56%
Year ended	30.06.11	5.67%	5.50%
	30.06.10	4.44%	4.12%
	30.06.09	5.55%	5.75%
	30.06.08	6.48%	7.28%
	30.06.07	6.45%	6.33%
Non Annualised Distribution Return		Return to Investors	
3 months ended	31.12.11	1.36%	
6 months ended	31.12.11	2.81%	

[^]Unless otherwise stated, performance is calculated using compound returns after fees and costs and assumes reinvestment of income. These figures represent past performance and are not an indication of future performance.

Fund Investment Portfolio



Cash at Bank	1.4%
Negotiable Certificates of Deposit	14.6%
Australian First Registered Mortgages	78.4%
Mortgage Backed Securities	3.2%
Bank Bills	2.4%

To maintain liquidity, a portion of the Fund will be held in cash and readily negotiated assets including negotiable certificates of deposit and bank bills.

Sandhurst Select Mortgage Fund

Quarterly disclosure update

The Australian Securities and Investment Commission (ASIC) Regulatory Guide 45 - "Mortgage schemes – improving disclosure for retail investors" sets out 8 benchmarks which ASIC has formulated to improve disclosure to retail investors participating in unlisted mortgage schemes. Issuers, like Sandhurst, are not required to meet the benchmarks provided that reasons for not meeting the benchmarks are disclosed on an "if not, why not" basis. Sandhurst address's each of these benchmarks in the Update to Sandhurst Common Funds Product Disclosure Statement dated 28 September 2011. Sandhurst continually reviews its position with regards to the benchmarks, as some of the information disclosed will change over time.

The following information identifies changes to our previous disclosure under each benchmark and should be read in conjunction with the Sandhurst Common Funds Product Disclosure Statement dated 25 May 2007, the Update to the Sandhurst Common Funds Product Disclosure Statement dated 28 September 2011 and any other updates to the Product Disclosure Statement available on our website.

Benchmark 1 - Liquidity

Sandhurst complies with Benchmark 1

As at 31 December 2011, the Select Mortgage Fund had liquidity, as defined under the ASIC benchmark (i.e. cash or cash equivalents) of \$183,276,043 or 18.4% of total assets. The composition and level of liquidity may change over time.

The Select Mortgage Fund has a standby facility in place with Bendigo and Adelaide Bank (the Bank) to assist with the management of short term liquidity should the need arise. This facility is repayable on the 23 June 2012 or earlier if required by the Bank. As at 31 December 2011 no funds have been drawn down on this facility and the aggregate undrawn amount is \$30,000,000.

Investment Types	Amount (\$)	% of portfolio
Cash	13,680,606	1.4
Bank Bills	23,852,017	2.4
Negotiable Certificates of Deposit	145,743,420	14.6

The maturity date of all such deposits and investments is not greater than 200 days.

Benchmark 2 - Scheme Borrowing

Sandhurst complies with Benchmark 2

Refer to Benchmark 1 for details of the standby facility.

Sandhurst Select Mortgage Fund

Benchmark 3 - Portfolio Diversification

Sandhurst complies with Benchmark 3

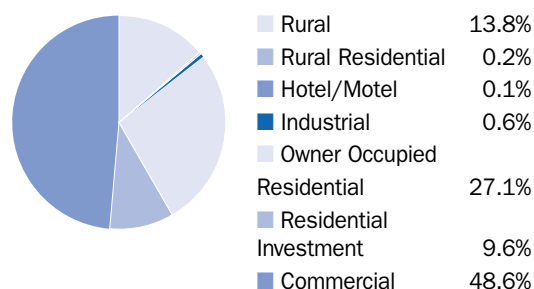
Number and value of loans

As at 31 December 2011, there were 3,348 mortgage loans totalling \$781,818,746. The total number of mortgagors is 3,159.

Loans by class of activity

Activity	Amount (\$)	No. of Loans	% by No.
Rural	108,006,526	380	11.3
Rural Residential	1,665,324	7	0.2
Hotel/Motel	376,827	2	0.1
Industrial	4,797,698	9	0.3
Owner Occupied Residential	212,164,834	1,675	50.0
Residential Investment	74,872,012	449	13.4
Commercial	379,935,525	826	24.7
Total	781,818,746	3,348	100.0

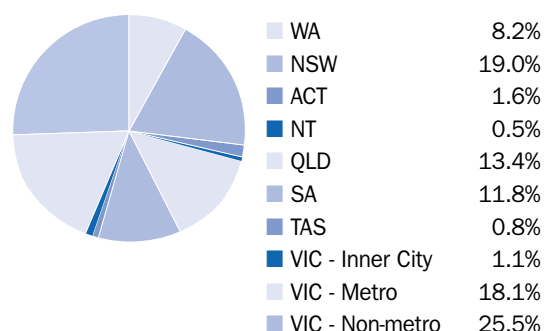
Loans by class of activity (% by \$)



Loans by geographic region

Geographical profile	Amount (\$)	No. of Loans	% by No.
Victoria			
Inner City	8,805,893	20	0.6
Metro	141,681,564	591	17.7
Non-metro	200,229,401	898	26.9
Australian Capital Territory			
Metro	12,199,197	76	2.3
New South Wales			
Inner City	3,035,527	7	0.2
Metro	76,383,006	211	6.3
Non-metro	68,773,418	337	10.1
Northern Territory			
Metro	2,437,257	8	0.2
Non-metro	1,182,621	5	0.1
Queensland			
Metro	25,797,382	141	4.2
Non-metro	78,840,080	528	15.8
South Australia			
Inner City	16,244,346	30	0.9
Metro	45,703,669	138	4.1
Non-metro	30,495,623	93	2.8
Tasmania			
Inner City	545,768	3	0.1
Metro	2,386,939	18	0.5
Non-metro	3,265,046	18	0.5
Western Australia			
Inner City	398,406	3	0.1
Metro	42,990,238	125	3.7
Non-metro	20,423,365	98	2.9
Total	781,818,746	3,348	100.0

Loans by geographic region (% by \$)



Sandhurst Select Mortgage Fund

Benchmark 3 - Portfolio Diversification continued.

Loans in arrears

As at 31 December 2011, there were 46 loans totalling \$12,515,920 in arrears greater than 30 days. This represents 1.6% of the total loan portfolio by dollar value.

Days in Arrears	Principal (\$)	Payments in Arrears (\$)	No. of Loans
30 - 60 days	2,103,602	28,661	11
60 - 90 days	529,170	6,941	5
90 days and over	9,883,148	496,102	30

Security type

As at 31 December 2011, all of the 3,348 loans were secured by way of first registered mortgage over Australian property. No loans were unsecured.

Largest borrower(s)

As at 31 December 2011, the total loan monies lent to the 10 largest borrowers was \$84,534,740. This represents 0.3% of the number of loans of the portfolio and 10.8% of the value of the portfolio.

The largest borrower had 1 loan of \$50,000,000 representing 6.4% of the value of the portfolio.

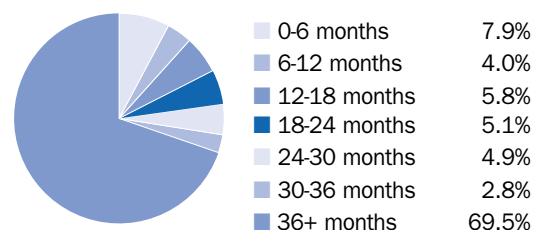
Undrawn loan commitments

As at 31 December 2011, the Select Mortgage Fund had 6 loans totalling \$3,522,500 that were approved, but not yet advanced.

Loans by maturity profile

Maturity Profile	Amount (\$)	No. of Loans	% by No.
0-6 months	61,562,749	230	6.9
6-12 months	31,661,149	92	2.7
12-18 months	45,754,629	95	2.8
18-24 months	39,605,318	100	3.0
24-30 months	38,310,287	70	2.1
30-36 months	21,736,504	64	1.9
36+ months	543,188,110	2,697	80.6
Total	781,818,746	3,348	100.0

Loans by maturity profile (% by \$)



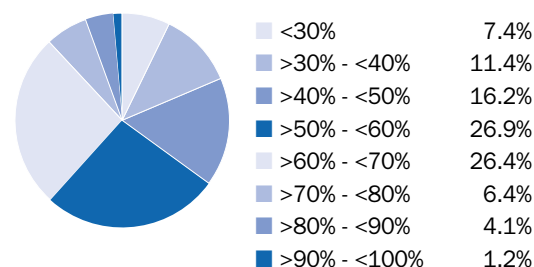
Sandhurst Select Mortgage Fund

Benchmark 3 - Portfolio Diversification continued.

Loans by loan to valuation ratios

Loan to valuation ratio (LVR)	Amount (\$)	No. of Loans	% by No.
<30%	57,981,165	587	17.5
30-40%	89,314,197	471	14.1
40-50%	126,350,029	599	17.9
50-60%	210,399,577	648	19.3
60-70%	206,203,868	581	17.4
70-80%	50,399,780	274	8.2
80-90%	32,127,125	151	4.5
90-100%	9,043,005	37	1.1
Total	781,818,746	3,348	100.0

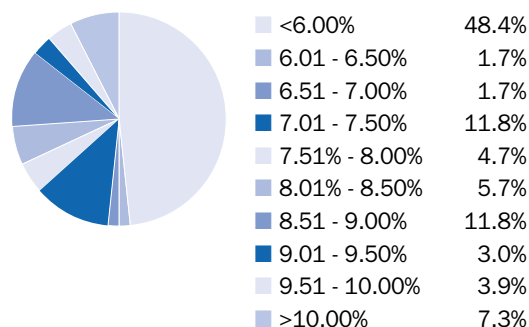
Loans by loan to valuation ratios (% by \$)



Loans by interest rate

Mortgage Split by Interest Rate	Amount (\$)	No. of Loans	% by No.
<6.00%	378,550,771	2,390	71.4
6.01-6.50%	13,118,391	10	0.3
6.51-7.00%	12,963,103	83	2.5
7.01-7.50%	92,656,208	35	1.0
7.51-8.00%	36,907,025	60	1.8
8.01-8.50%	44,422,092	92	2.7
8.51-9.00%	92,536,303	386	11.5
9.01-9.50%	23,632,540	66	2.0
9.51-10.00%	30,234,312	62	1.9
>10.00%	56,798,001	164	4.9
Total	781,818,746	3,348	100.0

Loans by interest rate (% by \$)



Benchmark 4 - Related Party Transactions

Sandhurst complies with Benchmark 4

The Fund has a standby facility in place with the Bank. As at 31 December 2011, no funds have been drawn on this facility.

Benchmark 5 - Valuation Policy

Sandhurst complies with Benchmark 5

The Select Mortgage Fund has 1 loan that accounts for 6.4% of the loan book as at 31 December 2011. The LVR of this loan is 53.6%. The valuation of the secured property is on an "as is" basis and is dated 15 June 2006.

Benchmark 6 - Lending Principles - loan to valuation ratios (LVR)

Sandhurst complies with Benchmark 6(a)

Sandhurst does not comply with Benchmark 6(b)

Sandhurst has elected to continue to hold residential mortgages with LVR's up to 95%, where lender's mortgage insurance is in place. Sandhurst is satisfied in these cases that the loans are adequately insured against loss.

Benchmark 7 - Distribution Practices

Sandhurst complies with Benchmark 7

There has been no change to our response in the Update to Sandhurst Common Funds Product Disclosure Statement dated 28 September 2011 for Benchmark 5 to Benchmark 7.

Benchmark 8 - Withdrawal Arrangements

Sandhurst complies with Benchmark 8

Refer to Benchmark 1 for details of the standby facility.

**For further information, contact our Customer Service Centre on 1800 803 173
or visit our website: www.sandhursttrustees.com.au**

The information contained in this update is current as at 31 December 2011 and is provided by Sandhurst Trustees Limited (Sandhurst), ABN 16 004 030 737 AFSL 237906, a subsidiary of Bendigo and Adelaide Bank Limited (the Bank) ABN 11 068 049 179. Investments in this Fund are not deposits with, guaranteed by, or liabilities of the Bank, or any of its subsidiaries. There is a risk that investors may lose some or all of their principal investment. Indicative rate to 31 March 2012 is an estimated rate calculated by Sandhurst. There is a risk that the rate paid may be lower (or higher) than the indicative rate. Please consider your situation and read the Product Disclosure Statement, available from any Bendigo Bank branch or by phoning 1800 803 173, before making an investment decision. (S38926) (02/12)