

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.

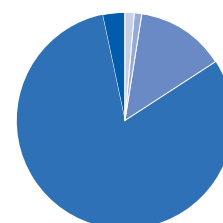
5.40% p.a.*

*Indicative rate, net of all fees and costs to 31 December 2011. There is a risk that the rate paid may be lower (or higher) than the indicative rate.

Assets and performance as at 30 September 2011

Investment profile as at 30 September 2011			
Cash at bank		\$14,829,586	
Bank bills		\$10,985,813	
Negotiable certificates of deposits		\$134,966,341	
Mortgage backed securities		\$32,066,174	
Mortgage loans		\$810,230,615	
Total assets		\$1,003,078,529	
Mortgage analysis			
Number of loans		3,433	
Average loan size		\$236,012	
Largest loan		\$50,000,000	
Average loan to value ratio		46.40%	
Number of investors		23,576	
Low-documentation loans % to total loans		12.4%	
Fixed/variable loan interest rate split			
Fixed		\$361,705,968	
Variable		\$448,524,647	
Past performance [^]			
Annualised Distribution Return		Return to Investors (p.a.)	Indicative Rate (p.a.)
3 months ended	30.09.11	5.65%	5.65%
6 months ended	30.09.11	5.68%	5.68%
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	30.09.11	1.42%	
6 months ended	30.09.11	2.85%	
[^] 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	1.5%
Bank Bills	1.1%
Negotiable Certificates of Deposit	13.4%
Australian First Registered Mortgages	80.8%
Mortgage Backed Securities	3.2%

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.

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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 30 September 2011, the Select Mortgage Fund had liquidity, as defined under the ASIC benchmark (i.e. cash or cash equivalents) of \$160,781,739 or 16.0% 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 30 September 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	14,829,586	1.5
Bank Bills	10,985,812	1.1
Negotiable Certificates of Deposit	134,966,341	13.4

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.

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Benchmark 3 - Portfolio Diversification

Sandhurst complies with Benchmark 3

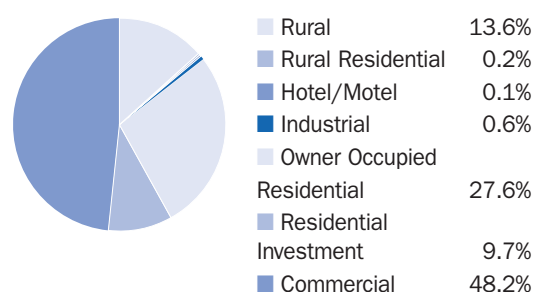
Number and value of loans

As at 30 September 2011, there were 3,433 mortgage loans totalling \$810,230,615. The total number of mortgagors is 3,020.

Loans by class of activity

Activity	Amount (\$)	No. of Loans	% by No.
Rural	110,020,880	359	10.5
Rural Residential	1,924,288	8	0.2
Hotel/Motel	909,011	6	0.2
Industrial	5,130,274	10	0.3
Owner Occupied Residential	223,395,098	1,738	50.6
Residential Investment	78,424,400	470	13.7
Commercial	390,426,664	842	24.5
Total	810,230,615	3,433	100.0

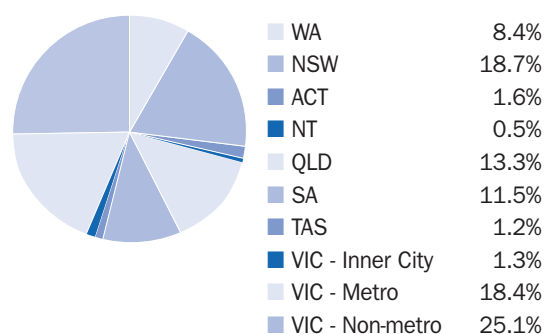
Loans by class of activity (% by \$)



Loans by geographic region

Geographical profile	Amount (\$)	No. of Loans	% by No.
Victoria			
Inner City	10,185,926	26	0.8
Metro	149,380,783	612	17.8
Non-metro	203,346,653	923	26.9
Australian Capital Territory			
Metro	13,226,186	82	2.4
New South Wales			
Inner City	3,330,720	8	0.2
Metro	76,956,690	212	6.2
Non-metro	71,176,983	348	10.1
Northern Territory			
Metro	2,408,446	8	0.2
Non-metro	1,271,163	5	0.1
Queensland			
Metro	27,190,856	146	4.3
Non-metro	80,616,522	539	15.7
South Australia			
Inner City	16,262,487	29	0.8
Metro	44,929,416	134	3.9
Non-metro	32,273,508	85	2.5
Tasmania			
Inner City	545,881	3	0.1
Metro	6,823,718	24	0.7
Non-metro	1,840,922	17	0.5
Western Australia			
Inner City	402,297	3	0.1
Metro	47,764,248	131	3.8
Non-metro	20,297,210	98	2.9
Total	810,230,615	3,433	100.0

Loans by geographic region (% by \$)



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Benchmark 3 - Portfolio Diversification continued.

Loans in arrears

As at 30 September 2011, there were 40 loans totalling \$9,096,615 in arrears greater than 30 days. This represents 1.1% of the total loan portfolio by dollar value.

Days in Arrears	Principal (\$)	Payments in Arrears (\$)	No. of Loans
30 - 60 days	1,726,631	24,213	8
60 - 90 days	1,248,148	20,157	6
90 days and over	6,121,836	279,539	26

All the above payments in arrears are considered to be recoverable.

As at 30 September 2011, there was one loan totalling \$526,930 of which \$277,991 is not considered to be recoverable.

Security type

As at 30 September 2011, all of the 3,433 loans were secured by way of first registered mortgage over Australian property. No loans were unsecured.

Largest borrower(s)

As at 30 September 2011, the total loan monies lent to the 10 largest borrowers was \$84,949,876. This represents 0.3% of the number of loans of the portfolio and 10.5% of the value of the portfolio.

The largest borrower had 1 loan of \$50,000,000 representing 6.2% of the value of the portfolio.

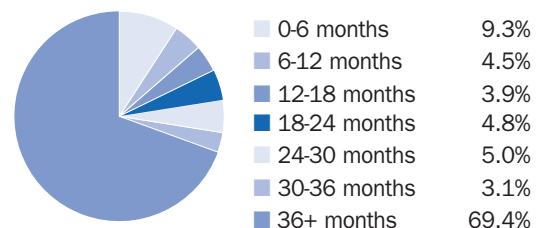
Undrawn loan commitments

As at 30 September 2011, the Select Mortgage Fund had 2 loans totalling \$742,500 that were approved, but not yet advanced.

Loans by maturity profile

Maturity Profile	Amount (\$)	No. of Loans	% by No.
0-6 months	75,688,331	229	6.6
6-12 months	36,469,644	87	2.5
12-18 months	31,428,652	85	2.5
18-24 months	39,107,996	95	2.8
24-30 months	40,408,684	72	2.1
30-36 months	25,489,798	79	2.3
36+ months	561,637,510	2,786	81.2
Total	810,230,615	3,433	100.0

Loans by maturity profile (% by \$)



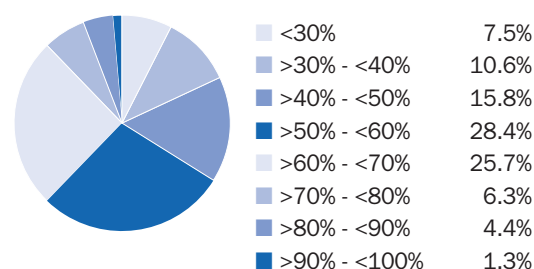
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Benchmark 3 - Portfolio Diversification continued.

Loans by loan to valuation ratios

Loan to valuation ratio (LVR)	Amount (\$)	No. of Loans	% by No.
<30%	60,955,468	582	16.8
30-40%	86,238,536	463	13.5
40-50%	127,924,954	618	18.0
50-60%	229,876,327	689	20.1
60-70%	208,894,360	593	17.3
70-80%	50,733,058	275	8.0
80-90%	35,352,519	170	5.0
90-100%	10,255,393	43	1.3
Total	810,230,615	3,433	100.0

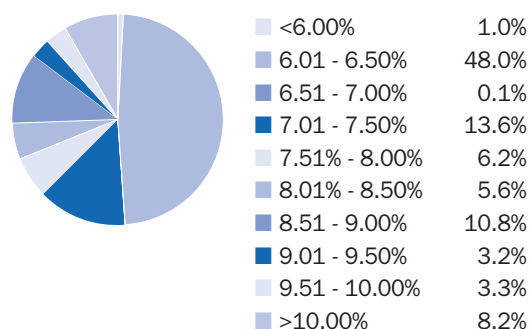
Loans by loan to valuation ratios (% by \$)



Loans by interest rate

Mortgage Split by Interest Rate	Amount (\$)	No. of Loans	% by No.
<6.00%	8,093,637	18	0.5
6.01-6.50%	389,038,159	2,434	71.0
6.51-7.00%	791,504	4	0.1
7.01-7.50%	110,499,579	125	3.6
7.51-8.00%	50,502,391	70	2.0
8.01-8.50%	45,137,572	96	2.8
8.51-9.00%	87,398,991	320	9.3
9.01-9.50%	26,183,684	130	3.8
9.51-10.00%	26,591,940	59	1.7
>10.00%	65,993,158	177	5.2
Total	810,230,615	3,433	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 30 September 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 6.2% of the loan book as at 30 September 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 30 September 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 December 2011 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. (S37758) (11/11)