



SandhurstTrustees

Bendigo Superannuation Plan

Annual Report 2017

Incorporating:

Bendigo SmartStart Super[®]

Bendigo SmartStart Pension[®]

Bendigo SmartOptions Super[®]

Bendigo SmartOptions Pension[®]

The trustee and issuer of interests in the Bendigo Superannuation Plan, is Sandhurst Trustees Limited, ABN 16 004 030 737
AFSL 237906, a subsidiary of Bendigo and Adelaide Bank Limited, ABN 11 068 049 178 AFSL 237879

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Contact information

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The following products all form part of the Bendigo Superannuation Plan ABN 57 526 653 420 (the Plan).

Bendigo SmartStart products (USI STL0050AU)

- Bendigo SmartStart Super; and
- Bendigo SmartStart Pension.

Bendigo SmartOptions products (USI STL0003AU)

- Bendigo SmartOptions Super; and
- Bendigo SmartOptions Pension.

The information in this Annual Report relates to the Plan as a whole unless otherwise stated.

Trustee and Issuer

Sandhurst Trustees Limited (Sandhurst, we, our or us)
ABN 16 004 030 737, AFSL 237906

Sandhurst is a wholly owned subsidiary of Bendigo and Adelaide Bank Limited (the Bank) ABN 11 068 049 178, AFSL 237879.

Administrator

IOOF Investment Management Limited
(IOOF or the Administrator)

ABN 53 006 695 021

AFSL 230524

Insurer

TAL Life Limited (TAL or the Insurer)
ABN 70 050 109 450

AFSL 237848

Important note

Neither Sandhurst, the Bank, nor any other company in the Bendigo and Adelaide Bank Group (nor any of their respective officers, employees or agents) guarantees:

- the repayment of capital invested;
- the payment of income; or
- the investment performance of any of the investment options in the Plan.

An investment in the Plan is not a deposit with, or other liability of, Sandhurst, the Bank or any other company in the Bendigo and Adelaide Bank Group.

This Annual Report is prepared as at 11 October 2017 and it contains important information about the management and financial condition of the Plan for the financial year ending 30 June 2017, unless otherwise stated. The information contained in this document is of a general nature only. Before making a decision about the Plan, you should consider whether the information is appropriate for your personal objectives, financial situation and needs. It may also be beneficial to seek professional advice from a licensed financial planner or adviser.

From the Chairman

I am pleased to present the Bendigo Superannuation Plan Annual Report for the year ending 30 June 2017.

The purpose of this report is to provide you with information about how the Plan performed in the last financial year. Within the report you will find a market and economic update, detailed information about our overall investment strategy and details of legislative changes that have been introduced over the past year that may impact you. Full audited financial statements and unqualified auditor's report are available upon request.

I'd like to take this opportunity to thank you for choosing to grow your retirement savings with the Plan. We welcome the recognition for providing outstanding value:

- We've been awarded a 5-star rating for Outstanding Value from Canstar* for four years in a row (from 2013 to 2016).
- SuperRatings rated Bendigo SmartStart Super number two for lowest average fees payable for a \$50,000 account balance for public offer funds** that anyone can join, as at 31 March 2017.

We are proud of these achievements. They reinforce our dedication to providing value to our members and keeping costs low, so that you get the most out of your super.

Another highlight this year was the introduction of a socially responsible investment option for our members. Socially responsible investing generally involves investing in companies that choose to conduct their business in a socially conscious way. If you feel strongly about where your funds are being invested, you may wish to consider the Bendigo Socially Responsible Growth Fund investment option. More information can be found on our website.

Your member statement, which you would have already received, includes detailed information about your super with us. You can also access these details at any time through our online member portal. Register for access at sandhursttrustees.com.au/super. It's quick and easy - all you need is your account number, which appears on the covering letter of your member statement.

I am proud of our team who continue to manage your super with care, consideration and expertise. If you require further information or would like to know more about the Plan, please visit our website or contact our Client Services Team on 1800 033 426.



Jenny Dawson

Chairman - Sandhurst Trustees Limited

* Canstar Research Pty Ltd – available at canstar.com.au/superannuation/

** Super Ratings Pty Ltd Fund Assessment – Top 10 Fees report dated 31 March 2017, available at www.superratings.com.au/top-tens/fees

About Sandhurst

We have a long and proud history of helping hard working Australian communities with their financial needs. We opened our doors in 1888 as a traditional trustee company. Today we are a reputable provider in the ever-expanding superannuation and funds management industry. As a modern wealth management business built on honesty, trust and integrity, we now offer a range of solutions including:

- investment and funds management,
- superannuation,
- access to funeral bonds, and
- the provision of corporate trustee and custodial services.

Mindful, faithful and lasting

As we've been growing and protecting the savings of Australians for the past 129 years, we have learned a thing or two along the way. With extensive knowledge and experience, we manage our business with care, consideration and expertise to build and provide quality products and services. Our longevity and dependability as a highly regarded financial services provider validates the success of this approach.

Investing in the future of our communities

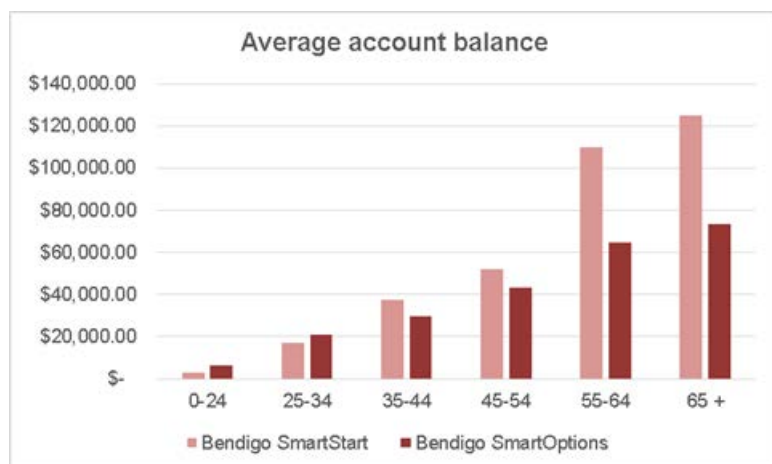
We understand and believe in the power of community. Proudly part of the Bendigo and Adelaide Bank Group, we share in the philosophy that customers and their communities are at the heart of our business. The valuable work we do today contributes to building healthy and prosperous communities of the future.

Fund highlights

We're growing

- The total number of accounts in the Plan as at 30 June 2017 was 19,887 which was an increase of 12.01% from the previous year. This included an increase to the number of accounts in Bendigo SmartStart Pension by 55.1% from the previous year.
- The total Plan size as at 30 June 2017 was \$1.13 billion, which was an increase of 34% from the previous year.

Average account balance by members' age as at 30 June 2017



Super legislation and changes

This section provides an update on some of the recent legislative changes affecting superannuation, as well as some of the proposed changes announced in the 2017 Federal Budget.

We recommend that you seek advice in relation to whether, or how the changes may affect you.

Legislative changes from 1 July 2017

The following legislative changes take effect from 1 July 2017 unless stated otherwise.

Introduction of the transfer balance cap

There is a limit on the total amount an individual can transfer into the retirement phase of super (i.e. into retirement phase pension accounts). This limit is called the transfer balance cap. The transfer balance cap will start at \$1.6 million, and will be indexed in line with the consumer price index (CPI), rounded down to the nearest \$100,000.

Changes to concessional contributions

The concessional contributions cap has been lowered to \$25,000 per year for all individuals.

Changes to non-concessional contributions

The non-concessional contributions cap has been reduced from \$180,000 to \$100,000 per year. In addition, individuals with a total super balance of \$1.6 million* or more as at 30 June of the previous financial year will no longer be eligible to make non-concessional contributions.

Your ability to use the 'bring-forward' rule has also changed and is now dependent on your total super balance on 30 June of the previous financial year. Please see the latest PDS (and Reference Guide) for your Bendigo super product available at www.sandhursttrustees.com.au for more information.

* This is the threshold for the 2017-18 financial year

Changes to the higher income earners' contributions tax

The threshold at which high income earners attract the high income contributions tax has been reduced from \$300,000 to \$250,000.

Personal super contributions deductions

All individuals under the age of 75 (including those aged 65-74 who meet the work test) are able to claim a tax deduction for personal superannuation contributions made from 1 July 2017 to eligible superannuation funds up to the concessional contributions cap, regardless of where their income is sourced. Previously, if the individual earned 10% or more from salary or wages, they were unable to claim a tax deduction. All other eligibility requirements for a tax deduction on personal contributions still apply.

Transition-to-retirement income streams

Earnings on assets supporting a transition to retirement income stream will be taxable at the rate of 15%.

Tax offset for spouse contributions

The eligibility for the 18% low income spouse superannuation tax offset has been expanded by increasing the income threshold for the low income spouse from \$10,800 to \$37,000 and will phase out at \$40,000 (previously \$13,800).

However, for your spouse to be eligible to claim the offset, in addition to the existing eligibility requirements, your total superannuation balance on 30 June of the previous financial year must be less than \$1.6 million* and you must not have exceeded your non-concessional contributions cap for the financial year.

* This is the threshold for the 2017-18 financial year

Superannuation co-contributions eligibility

Individuals must have a total superannuation balance of less than \$1.6 million* and must not have exceeded their non-concessional contributions cap for the year. This is in addition to the existing eligibility requirements to receive a Government co-contribution.

* This is the threshold for the 2017-18 financial year

Removal of anti-detriment payments

Anti-detriment payments, which compensated eligible beneficiar(ies) of a member for the reduction in lump sum death benefits due to the 15% tax on contributions, are no longer available.

Removal of temporary budget repair levy

The temporary budget repair levy the Government had introduced between 1 July 2014 and 30 June 2017 ceased from 1 July 2017.

As a result, the excess non-concessional contributions rate decreased from 49% to 47%. Tax on amounts that were subject to the 2% temporary budget repair levy (such as additional tax on excess concessional contributions and the taxable component of benefit payments received by an individual where the individual's taxable income in the income year exceeded \$180,000) are no longer subject to that levy from 1 July 2017.

Unused concessional cap carry forward

Individuals will be able to make additional concessional superannuation contributions in a financial year by utilising unused concessional contribution cap amounts from up to five previous financial years, providing that the individual's total superannuation balance just before the start of the financial year is less than \$500,000.

Unused cap amounts can be carried forward from the 2018-19 financial year. This means that the first year in which an individual will be able to make additional concessional contributions by applying their unused concessional contributions cap amounts is the 2019-20 financial year.

Proposed changes

First Home Super Saver Scheme

Individuals would be able to make voluntary contributions to their superannuation of up to \$15,000 per year (\$30,000 in total) and release these funds and associated earnings at a later date to fund the purchase of their first home. The released amounts would be subject to concessional tax treatment and would be paid by the relevant super fund to the Commissioner of Taxation.

Downsizing measure for individuals aged 65 years or over

Individuals aged 65 years or over would be able to make a non-concessional contribution of up to \$300,000 from the proceeds of selling their main residence into their superannuation. This contribution would be independent of the non-concessional contributions cap or restrictions that may apply to making voluntary contributions.

Please note that proposed changes are not yet law at the time of writing. Therefore, the measures may not be passed in the form described above and are subject to change.

The above information is not an exhaustive list of all legislative changes or proposals. Some or all of these changes or proposals may not be relevant to your particular circumstances.

Market commentary and asset class performance

Over the financial year ending 30 June 2017, strong economic data in the US has seen the US Federal Reserve implement three rate rises over the 12 months, moving interest rates away from all time low levels. The US dollar has dropped to an 8-month low towards 30 June 2017 indicating potential weakness in the underlying economic recovery in the US.

Speculation that European Central Bank policy may also see interest rates in that region rise weighed on core markets in Europe while a more aggressive approach from the Bank of England has led to underperformance from sterling assets over the last 12 months. This more aggressive monetary policy approach has led to higher yields across developed market government bonds.

Global economic growth has remained slow with inflation over the last twelve months trending below target in most advanced economies despite unemployment rates dropping and risk assets pricing higher. Most central banks are hedging their bets on rising inflation into the 2017-18 financial year to further justify their pre-emptive strike of tightening monetary policy.

Against this backdrop, the Reserve Bank of Australia (RBA) cut the cash rate in August by 0.25% to 1.50% and left it unchanged for the rest of the financial year.

Australian shares delivered strong returns over the 12 months with the broad based S&P/ASX 200 index lifting by 14.09% over the term.

International bonds measured by the Bloomberg Barclays Global-Aggregate Total Return (Hedged) AUD Index delivered a 0.47% return.

The S&P Global infrastructure index finished the financial year on a high returning 12.43% over the period as did broader international equity represented by the MSCI World Ex Australia (AUD) Index turning in an impressive 14.73%.

Australian and global property indices (AUD hedged) both returned negative absolute returns over the period. This is not surprising given the increased interest rate sensitivity of returns in these sectors.

The highest returning asset class over the financial year was the Australian resources sector returning an attractive 22.9% (S&P/ASX 200 Resources TR AUD Index). This was aided by rising commodity prices and renewed offshore demand from a stable Chinese economy.

Fixed income underperformed locally with Australian fixed interest returning 0.25% for the year. Bank Bills stood out more with a 1.77% return.

Economic and outlook forecasts are not guaranteed to occur.

Your investment options

The information in this section is of a general nature. We have prepared it without taking into account your individual objectives, financial situation or particular needs. Before making any investment decision, you should assess your own objectives, financial situation and needs, or speak to your financial adviser.

Investment objective

Sandhurst aims to enable members to choose their own Investment mix, by seeking financial advice or independently formulating their investment strategy. Sandhurst has also formulated default investment options for Bendigo SmartStart Super and for its pension products.

You may choose to invest in any number of the available investment options (subject to any product specific investment limits outlined in the relevant product disclosure statement (PDS)), and may switch options within each product at any time.

Investment strategy

Sandhurst has formulated an investment strategy for each product and each investment option offered.

The investment strategy of the Bendigo SmartStart products is to:

- offer simple investment choices including cash investments, an age-based life-cycle investment option (Bendigo MySuper), and/or up to 11 diversified managed funds with differing risk and return profiles for Bendigo SmartStart Super;
- offer simple investment choices including cash investments, an income-focused managed fund and/or up to 12 diversified managed funds with differing risk and return profiles for Bendigo SmartStart Pension; and
- allow members to invest in accordance with the default investment strategy for each product respectively.

The investment strategy of the Bendigo SmartOptions products is to:

- offer a range of investment options with differing risk and return profiles, including cash investments, term deposits, managed funds (including annuity funds) and S&P/ASX 200 listed securities, in a comprehensive menu from which individual selections can be made; and
- allow investment choice to all members, including personal super and pension members; and
- allow pension members to invest in accordance with the default investment strategy for Bendigo SmartOptions Pension.

Key provisions of each investment strategy are summarised above. The full investment strategy for each product is available by contacting our Client Services Team.

Asset types

To gain a return from your investment in super you can take on exposure in different types of assets. Assets are divided into asset classes and the major ones are:

- shares;
- property;
- fixed interest; and
- cash.

These asset classes can be broken down further into more specific investment sectors and sub-sectors.

Risk and return

Generally, the different asset classes are categorised as either growth or defensive assets, and provide different levels of risk and return.

There is often a relationship between the risk associated with an investment (the potential for loss) and the return that may be obtained from that investment (the earnings).

Growth assets generally provide relatively higher returns over the longer term, with a corresponding higher level of risk or volatility. In other words they have an increased potential for loss of capital or negative earnings.

Examples of growth assets include shares and property investments.

Defensive assets are generally lower risk, meaning there is less potential for loss or negative earnings. But this comes with the expectation of lower returns over the longer term.

Examples of defensive assets include cash and, generally, fixed interest investments.

Investment markets are difficult, if not impossible, to predict. But one thing to keep in mind is that the different asset classes will usually not perform in the same way, whether well or poorly, at the same time. This is because the main asset classes react differently to influences such as economic growth, inflation, interest rates and exchange rate movements. A change that is positive for one asset class may have a negative effect on another. This is the main reason why diversification of your investments is important.

Investment principles

Super is about saving for retirement – setting aside money today for use in the future, and treating it just like any other investment. Because it is an investment, you should become familiar with a few investment principles before committing yourself to a retirement savings plan. Here are three important principles:

1. Timeframe

It is important to work out your timeframe when looking at an investment. This, together with your age and life expectancy, may influence the type of investment options you should choose when formulating your retirement savings plan.

2. Diversification

Diversification is about spreading your investments in order to distribute the risk and minimise the volatility or variability of investment returns. You can spread your investments across a range of individual assets or asset classes and within each asset class. You will have to work out from your individual circumstances how much you want to diversify your investments and how you want to achieve this diversification. Sandhurst has imposed some investment limits in Bendigo SmartOptions to ensure members' accounts are appropriately diversified. Refer to the respective PDS for more information.

3. Risk profile

It is important to understand the type of investor you are, in terms of investment risk. This is called your 'risk profile'. 'Risk' refers to how much volatility you are prepared to accept in investment returns. This may mean the potential risk of losing some of your capital in the short term and/or the potential risk that you may not meet your retirement goals in the longer term.

People's risk profiles vary – what you consider acceptable in terms of investment risk may not be acceptable to someone else. Your risk profile may depend on your investment timeframe and your view of the relationship between risk and potential return.

You can expect different managed funds to have different risks and returns, because they have different allocations of growth and defensive assets.

Different funds appeal to investors with different investment profiles:

- long-term investors willing to accept more risk may choose a growth-oriented investment strategy.
- investors with shorter anticipated timeframes, or more risk adverse investment profiles, may choose a more defensive or 'income-based' investment strategy.

Each investment option available in the Plan carries a different level of risk and likelihood of return.

You should choose the investment strategy that suits your personal investment objectives and risk profile. We recommend you seek advice from a licensed financial adviser before deciding which investment option/s are appropriate for you.

Derivative policy

The Plan does not currently directly use or invest in derivative securities but may do so indirectly, if one of the underlying investment managers uses them.

Investment menu

Investment options are selected based on a number of factors. These factors include an analysis of the investments (for managed funds), the fund or investment manager (where applicable), the people, processes, investment style and location of the manager.

This selection process provides a diversified menu of investments across:

- asset classes;
- asset allocation;
- risk and return profiles; and
- investment styles.

The investment objective for each managed fund option indicates the investment manager's desired investment outcome for the particular managed fund, usually expressed by means of comparison with a performance benchmark or a desired level of return.

The investment strategy for each managed fund describes the investment manager's plan for acquiring, holding and realising fund assets in a way that is consistent with, and seeks to achieve, the investment objectives adopted for the fund. For more information together with the details of the fees and costs for each of the managed funds, please refer to the specific current disclosure document which can be accessed from our website or by contacting our Client Services Team.

In Bendigo SmartStart, the default investment option for Bendigo SmartStart Super is the Bendigo MySuper option, which is an age-based lifecycle investment option, where we change the investment mix as you get older, and for Bendigo SmartStart Pension it is the Bendigo Conservative Index Fund. You can also choose to invest in a range of investment options with differing risk and return profiles including Bendigo MySuper, managed funds and cash products.

In Bendigo SmartOptions, you can choose to invest in a wider range of investment options including managed funds, cash products, term deposits and from S&P/ASX 200 listed securities (investment limits apply). Bendigo SmartOptions Super does not have a default investment option, however for Bendigo SmartOptions Pension the default investment option is the Bendigo Conservative Index Fund.

In choosing your investment strategy, we recommend that you seek financial advice taking into account your own personal needs, circumstances and objectives.

If you would like to speak to a financial planner at Bendigo Bank, contact your local Bendigo Bank branch, or contact our Client Services Team.

The assets relating to your super benefit are specific to the investments you have selected. The asset allocations of your particular investment mix at the end of 30 June 2017 appears on your member benefit statement.

The investment options of the Plan are grouped into the following categories.

	Bendigo SmartStart		Bendigo SmartOptions	
	Super	Pension	Super	Pension
Cash				
The cash investment options (i.e. the Cash Account and the Adelaide Cash Management Account) are interest-bearing deposit accounts.	✓	✓	✓	✓
Term deposits				
A deposit held at a financial institution that provides a fixed rate of return for a nominated period of time.	x	x	✓	✓
Lifecycle investment option – Bendigo MySuper				
An age-based lifecycle investment strategy comprised of three age-based life stages. Your account is automatically allocated to the appropriate investment based on your age and will be switched into the next life stage automatically, which means the investment risk is reduced as you get older.	✓	x	x	x
Managed funds				
Multi-asset class funds: invest in a combination of asset classes according to a pre-determined asset allocation.	✓	✓	✓	✓
Single-asset class funds: invest in a single asset class, for example cash, Australian shares, or particular segment of an asset class, such as Australian shares in small companies.	x	✓	✓	✓
Annuity funds: predominantly invest in annuities provided by the life company of the annuity fund that closely match the income and maturity profile of the annuity fund. These funds also invest in derivatives, for the purpose of managing the fund's cash flow and may also hold cash.	x	x	✓	✓
Listed securities investments				
Listed securities available on the S&P/ASX 200 as at the time of purchase. A full list of the S&P/ASX 200 securities can be accessed from our website. This list is updated quarterly.	x	x	✓	✓
Information about listed securities is available from the Australian Securities Exchange website at asx.com.au or by contacting your financial adviser.				

Investment managers

All products include investment options that use Sandhurst itself as an investment manager. Additionally, the Bendigo SmartOptions products include investment options managed by the following fund managers (correct as at 30 June 2017):

- Sandhurst Trustees Limited
- Aberdeen Asset Management Limited
- Altius Asset Management Pty Ltd
- AMP Capital Investors Limited
- Antipodes Partners Limited
- APN Funds Management Limited
- Australian Ethical Investment Ltd
- BlackRock Investment Management (Australia) Limited
- BT Investment Management (Institutional) Limited
- Challenger Life Company Limited
- Colonial First State Asset Management (Australia) Limited
- Epoch Investment Partners Incorporated (investment manager for Grant Samuel)
- Generation Investment Management Limited
- Janus Henderson (Australia) Funds Management Limited
- Investors Mutual Limited
- IOOF Investment Management Limited
- Macquarie Investment Management Limited
- Perpetual Investment Management Global Limited
- PIMCO Australia Pty Limited
- Platinum Investment Management Limited (trading as Platinum Asset Management)
- RARE Infrastructure Limited
- Schroder Investment Management Australia Ltd
- State Street Global Advisors, Australia, Ltd
- UBS Asset Management (Australia) Ltd
- Vanguard Investments Australia Limited
- Zurich Investment Management Limited

Investment performance

Please refer to your member benefit statement to view the actual performance of your account for the year ended 30 June 2017 and the long term performance for the investment options you were invested in as at 30 June 2017.

The Investment Performance Report, available from our website (updated monthly) also includes details of past performance of the managed fund investment options.

Asset allocation

The table below shows the actual allocation of assets for each managed fund across the various asset sectors or classes as at 30 June 2017. The fund details and investment menu list is correct as at 30 June 2017.

Please refer to your member benefit statement to view the actual asset allocations for your super or pension account as at 30 June 2017.

Investment name	Asset Allocation (%)								
	Cash	Australian shares	Australian fixed interest	Australian listed property	International shares	International fixed interest	International listed property	Other	Unlisted property
Multi-asset class funds									
Defensive									
Bendigo Defensive Index Fund	24.70	6.70	33.60	5.30	9.00	20.70	-	-	-
Bendigo Defensive Wholesale Fund	26.11	5.95	21.03	2.96	9.58	28.67	1.66	4.04	-
Conservative									
Bendigo Conservative Index Fund	19.10	14.30	25.00	7.80	17.40	16.40	-	-	-
Bendigo Conservative Wholesale Fund	18.43	12.30	17.90	5.67	16.40	21.50	2.20	5.60	-
Aberdeen Multi-Asset Income Fund (2)	19.40	32.65	28.04	6.88	-	13.03	-	-	-
BT Wholesale Conservative Outlook Fund	19.22	11.47	24.17	4.21	8.93	18.36	0.95	12.70	-
Colonial First State Wholesale Conservative Fund	28.71	15.04	30.27	0.44	10.18	10.39	4.97	-	-
Balanced									
Bendigo Balanced Index Fund	10.60	22.80	18.60	9.70	27.40	10.90	-	-	-
Bendigo Balanced Wholesale Fund	11.05	19.90	12.20	5.48	24.90	14.10	3.97	8.40	-
Aberdeen Multi-Asset Real Return Fund (2)	4.37	21.61	4.65	2.99	19.17	39.34	-	7.88	-
Australian Ethical Balanced Trust (2)	9.72	32.47	25.08	-	25.01	-	-	0.78	6.95

Investment name	Asset Allocation (%)								
	Cash	Australian shares	Australian fixed interest	Australian listed property	International shares	International fixed interest	International listed property	Other	Unlisted property
Growth									
Bendigo Growth Index Fund	6.10	32.40	8.80	8.70	37.80	6.20	-	-	-
Bendigo Growth Wholesale Fund	4.86	29.70	7.10	4.91	34.80	6.50	2.84	9.29	-
Bendigo Socially Responsible Growth Fund	8.47	35.42	6.84	8.93	32.73	7.62	-	-	-
BlackRock Wholesale Balanced Fund	7.00	35.00	14.00	6.00	29.00	7.00	2.00	-	-
UBS Balanced Investment Fund (2)	14.06	27.56	8.53	-	30.88	7.87	5.00	6.10	-
Zurich Investments Managed Growth Fund	11.20	30.70	9.13	2.18	33.84	10.30	2.47	0.18	-
High growth									
Bendigo High Growth Index Fund	3.20	41.20	-	7.90	47.70	-	-	-	-
Bendigo High Growth Wholesale Fund	4.61	37.03	-	5.86	41.32	-	2.41	8.76	-
Single-asset class funds									
Australian shares									
Sandhurst IML Industrial Share Fund	0.25	99.75	-	-	-	-	-	-	-
Aberdeen Australian Small Companies Fund	5.15	81.52	-	13.32	-	-	-	-	-
Australian Ethical Australian Shares Fund (Wholesale) – Class B	9.14	90.86	-	-	-	-	-	-	-
Australian Ethical Diversified Shares Fund (Wholesale) (2)	5.98	71.31	-	-	22.71	-	-	-	-
Colonial First State Wholesale Imputation Fund	1.87	98.13	-	-	-	-	-	-	-
Investors Mutual Future Leaders Fund	0.76	99.24	-	-	-	-	-	-	-

Investment name	Asset Allocation (%)								
	Cash	Australian shares	Australian fixed interest	Australian listed property	International shares	International fixed interest	International listed property	Other	Unlisted property
Janus Henderson Australian Equity Fund	2.88	97.12	-	-	-	-	-	-	-
Perpetual Wholesale Ethical SRI Fund	9.13	87.71	-	3.16	-	-	-	-	-
Schroder Australian Equity Fund	2.61	97.39	-	-	-	-	-	-	-
State Street Australian Equity Fund	0.90	99.10	-	-	-	-	-	-	-
Vanguard® Australian Shares Index Fund	-	100.00	-	-	-	-	-	-	-
Australian shares (hedged)									
BlackRock Australian Equity Opportunities Fund	-	100.00	-	-	-	-	-	-	-
International shares									
Antipodes Global Fund (Class P) (2)	14.73	-	-	-	85.27	-	-	-	-
BT Wholesale International Share Fund	2.81	-	-	-	97.19	-	-	-	-
Generation Wholesale Global Share Fund	5.76	4.17	-	-	90.07	-	-	-	-
IOOF MultiMix International Shares Trust	0.67	-	-	-	99.33	-	-	-	-
UBS International Share Fund	2.67	-	-	-	97.33	-	-	-	-
International shares (hedged)									
Aberdeen Actively Hedged International Equities Fund	1.33	-	-	-	98.67	-	-	-	-
Grant Samuel Epoch Global Equity Shareholder Yield Fund (Hedged)	-2.40	2.91	-	-	99.48	-	-	-	-
State Street Global Equity Fund	3.40	-	-	-	96.60	-	-	-	-
Platinum Asia Fund	11.98	-	-	-	88.02	-	-	-	-
Platinum International Fund	11.63	0.03	-	-	88.34	-	-	-	-

Investment name	Asset Allocation (%)								
	Cash	Australian shares	Australian fixed interest	Australian listed property	International shares	International fixed interest	International listed property	Other	Unlisted property
Australian property									
AMP Capital Listed Property Trusts Fund – Wholesale (2)	2.38	0.03	-	96.08	-	-	1.50	-	-
APN Property for Income Fund (1)	2.17	-	-	86.79	-	-	-	-	11.04
BT Wholesale Property Securities Fund	2.50	-	-	97.50	-	-	-	-	-
Colonial First State Wholesale Property Securities Fund (2)	2.98	-	-	97.02	-	-	-	-	-
Vanguard Australian Property Securities Index Fund	-	-	-	100.00	-	-	-	-	-
International property (hedged)									
AMP Capital Global Property Securities Fund - Class A Units	2.25	-	-	6.26	5.28	-	86.20	-	-
International infrastructure									
RARE Infrastructure Value Fund	3.38	8.02	-	-	88.60	-	-	-	-
Diversified fixed interest									
Bendigo Diversified Fixed Interest Fund	2.00	-	54.10	-	-	43.90	-	-	-
IOOF MultiMix Diversified Fixed Interest Trust	18.25	-	38.97	-	0.04	42.74	-	-	-
Macquarie Income Opportunities Fund	9.80	-	43.20	-	-	47.00	-	-	-
Australian fixed interest									
Altius Sustainable Bond Fund	13.28	-	86.72	-	-	-	-	-	-
Janus Henderson Australian Fixed Interest Fund - Institutional	4.12	-	95.88	-	-	-	-	-	-

Investment name	Asset Allocation (%)								
	Cash	Australian shares	Australian fixed interest	Australian listed property	International shares	International fixed interest	International listed property	Other	Unlisted property
Vanguard® Australian Government Bond Index Fund	-	-	100.00	-	-	-	-	-	-
International fixed interest									
PIMCO Global Bond Fund – Wholesale Class	-1.67	-	4.13	-	0.19	97.34	-	-	-
Income and mortgage									
Sandhurst Strategic Income Fund - Class B	24.25	-	75.75	-	-	-	-	-	-
Sandhurst Select Mortgage Fund (2)	-	-	100.00	-	-	-	-	-	-

(1) This option is closed to both new and additional investments

(2) This option is closed to new investments. However, members with an existing investment in this fund can make additional investments

Accessing up to date information on the investment options

From time to time, information about the investment options as described in each product's PDS may change.

For up to date information on the managed funds investment options, please refer to the:

- Investment Performance Report, available from our website (updated monthly);
- Investment Profiles, available from our secure website (refer to the 'Online access to your account' section on page 18); or
- Information available online at sandhursttrustees.com.au/super

Additional investment information

How your account is valued

We generally determine the value of a unit in a managed fund, by using the redemption/sell price provided by the fund manager for that particular fund.

The actual method by which prices for managed funds are calculated and the timing at which they are provided may vary in line with the value of each managed fund's assets. This is dependent on the fund manager for that particular fund. Please refer to the product disclosure statement of the particular managed fund for more information about how individual unit prices are calculated.

The value of a listed security is generally determined using the last business days' close price, provided by the ASX, of that particular listed security.

Prices are generally provided each business day and may rise and fall in accordance with market movement.

There may be times when we don't receive updated prices. This might happen when shares are delisted or assets cannot be valued. In these circumstances, we may use different valuation methods.

Interest earned on the Adelaide Cash Management Account and the Cash Account is calculated daily based on an annual rate and credited to your account monthly.

Interest earned on term deposits are calculated daily on the closing balance and is generally credited to your account at maturity or annually.

You should be aware that your account balance does not include the tax impact of any unrealised gains or losses that may arise if you request a full withdrawal, or the impact of any tax accrued that has not yet been reflected in your account.

Concentration of assets

As at 30 June 2017, the following investments exceeded 5% of the total assets of the Plan.

Sandhurst acknowledges that when considered in aggregate (across all investment options in which Sandhurst holds assets on behalf of members), the Plan may be construed as having a total exposure to a single shareholding (or a composite interest in the investment assets of a single issuer) and this exposure may exceed 5% of the total value of the Plan's assets.

Investment option	Percentage (%)
Bendigo Balanced Index Fund	18.15
Bendigo Conservative Index Fund	18.08
Bendigo Growth Index Fund	14.81
Bendigo Balanced Wholesale Fund	9.01
Bendigo Conservative Wholesale Fund	8.05
Adelaide Cash Management Account	5.71

Additional information about the Plan

Directors

The Directors of Sandhurst during the reporting period and up to the date of this report were:

- Jenny Dawson (Chairman)
- Ian Mansbridge
- Tony Robinson
- Bruce Speirs
- Richard Baker

Sandhurst was the trustee of the Plan for the whole of the reporting period.

Indemnity insurance

Professional indemnity insurance is held on behalf of Sandhurst.

Reserves

The Plan operates on a fully allocated basis, apart from an amount defined as the Expense Reserve Account in accordance with the Trust Deed, which provides that certain costs and expenses of operating the Plan may be deducted from an Expense Reserve Account that does not belong to any individual member (i.e. unallocated revenue). The investment strategy for the Expense Reserve Account is to invest entirely in cash and cash equivalents.

The total of the Expense Reserve Account as at 30 June for the past three years were \$0.57m in 2017, \$0.69m in 2016, and \$0.78m in 2015.

Allocation of net earnings

Earnings from a particular investment option of the Plan will be allotted into members' accounts in proportion to each member's interest in the investment.

Online access to your account

The Plan's website provides you with access to news updates, brochures, forms and investment profiles for the investment options. In addition, you can view, monitor and amend your account details, and switch selected investment options online via Bendigo SmartStart Online (for Bendigo SmartStart members) or Bendigo SmartOptions Online (for Bendigo SmartOptions members).

If you have not registered for access, please go to sandhursttrustees.com.au/super to complete your registration by selecting the login page and follow the instructions provided. You will then have access to your personal account information and may log on any time.

Whilst logged on, the following personal information may be accessed:

- current balance;
- current investments;
- investment profiles;
- transactions (for any period you care to nominate);
- current managed fund investment option unit prices;
- nominated beneficiaries;
- insurance information;
- investment strategy allocations; and
- for pension members: reports online that detail pension information or Centrelink schedules.

Please ensure that you take all appropriate steps to protect your login details including password from theft. Sandhurst does not accept liability for loss occasioned by misuse of your login details in these circumstances.

Member access to Plan information

The Plan's website provides you with access to news updates, brochures, forms and investment profiles for the investment options.

We would like to take the opportunity to remind you that members may obtain copies of the following information during normal business hours:

- the Plan's Group Life Insurance Policy;
- the full audited accounts and auditor's report of the Plan;
- the Plan's Trust Deed; and
- the investment strategy of the Plan.

All other enquiries relating to the Plan can be addressed to your financial adviser or our Client Services Team.

Changes to the Plan

Information on the Plan is subject to change from time to time. Where the changes are not materially adverse, we make the updated information available online at sandhursttrustees.com.au/super.

Policy committees for the employer-sponsored division of Bendigo SmartStart Super

The ultimate responsibility for the management of the Plan rests with Sandhurst. However many employers find it useful to have a policy committee set up to enable members of employer-sponsored plans to find out about the functions and make suggestions about the management of the employer-sponsored plan.

Super legislation requires the trustee of an employer-sponsored public offer plan (employer-sponsored plan) to establish at least one policy committee if the employer-sponsored plan has 50 or more members. Employer-sponsored plans with 5 to 49 members may also have a policy committee established if a written request is made to the trustee by at least five members.

Each policy committee must consist of equal numbers of employer and member representatives.

At present, the Plan does not have any policy committees established.

Complaint resolution procedure

You can make an enquiry or complaint about the Plan if you are dissatisfied about your membership or benefits by:

- calling 1800 033 426; or
- writing to:
Superannuation Enquiries Officer
Bendigo Super
Reply Paid 264
Melbourne VIC 8060

All complaints will be handled in a courteous and confidential manner and will be properly considered and dealt with within 90 days of receipt. Once we have investigated your complaint, you will receive a written reply explaining our decision.

If you are not satisfied with this decision, or the complaint has not been resolved within 90 days, then you may take your complaint to the Superannuation Complaints Tribunal (SCT).

You can contact the SCT by:

- calling 1300 884 114; or
- writing to:
Superannuation Complaints Tribunal
Locked Bag 3060
Melbourne VIC 3001

The SCT is an independent body established to review trustee decisions affecting individual members. If your complaint is within the SCT's jurisdiction, it will attempt to resolve the matter through conciliation. This involves helping you and Sandhurst to come to a mutual agreement. If conciliation is unsuccessful, then the complaint is referred back to the SCT for a determination, which is binding on Sandhurst.

Keeping your contact details up to date

It is important that you let Sandhurst know when you change your details so that you do not become 'lost', and we can contact you for instructions as necessary. You can advise Sandhurst of your change of address, phone number, or email address online by accessing our secure website. Alternatively, you can write to us using the Change of Details Form available via the website or by contacting our Client Services Team.

Super surcharge

The Government abolished super surcharge tax on 1 July 2005. However, if applicable, surcharges for prior years may still appear on your latest member benefit statement as a deduction from your account.

There may be times in the future where an original assessment will be issued or an amendment to a surcharge assessment for the financial years 1997 – 2005 is required, and this could result in a liability. Even though the surcharge has been abolished from contributions made from 1 July 2005, the surcharge will still need to be paid in respect of any liabilities that are raised for the financial years 1997 – 2005.

Privacy

Please read the information regarding the privacy policy which is available at sandhursttrustees.com.au. If your account has insurance, you should also read TAL's privacy policy. Please visit their website at tal.com.au or contact our Client Services Team.

Financial report

Set out on the following pages is the abridged financial information of the Plan for the year ending 30 June 2017. The operating results of each product are included within the financial information of the Plan as set out on these pages. As at 30 June 2017 the net assets and liability for accrued benefits of Bendigo SmartStart were \$970.50m (2016: \$681.39m) and for Bendigo SmartOptions were \$150.81m (2016: \$153.16m).

Statement of financial position as at 30 June 2017

	2017 \$	2016 \$
ASSETS		
Investments		
Cash Investments	69,865,696	70,985,331
Direct Equities	1,729,019	1,562,034
Unlisted Unit Trusts	975,755,712	708,849,972
	<u>1,047,350,427</u>	<u>781,397,337</u>
Other Assets		
Unsettled Investment Sales	3,146,098	3,597,274
Cash at Bank	32,359,940	25,208,334
Trade and Other Receivables	48,322,897	33,793,925
Deferred Tax Assets	2,079,551	2,214,543
	<u>85,908,486</u>	<u>64,814,076</u>
Total Assets	<u>1,133,258,913</u>	<u>846,211,413</u>
LIABILITIES		
Unsettled Investment Purchases	2,551,461	3,732,587
Trade and Other Payables	999,464	1,092,159
Current Tax Liability	7,310,726	6,036,984
Total Liabilities excluding Member Benefits	<u>10,861,651</u>	<u>10,861,730</u>
Net Assets Available for Member Benefits	1,122,397,262	835,349,683
Member Benefits	1,121,301,995	834,546,534
Net Assets	<u>1,095,267</u>	<u>803,149</u>
Equity		
Reserve	1,095,267	803,149
Total Equity	<u><u>1,095,267</u></u>	<u><u>803,149</u></u>

Members may request a copy of the full audited financial statements and the Auditor's Report (for contact information see the inside of the front cover).

Income statement for the year ended 30 June 2017

	2017	2016
	\$	\$
Superannuation Activities		
Interest	1,365,030	1,590,945
Dividends	94,043	100,428
Distributions	59,592,091	41,922,772
Changes In Fair Value	(5,971,838)	(12,676,260)
Transaction Costs	(248)	(80)
Other Revenue	45,436	15,043
Total Superannuation Activities	<u>55,124,514</u>	<u>30,952,848</u>
Expenses		
Direct Investment Expense	12,148	13,655
Operating Expenses	6,126,917	5,206,897
Total Expenses	<u>6,139,065</u>	<u>5,220,552</u>
Profit from Operating Activities	48,985,449	25,732,296
Less: Net Benefits Allocated to Members' Accounts	(47,427,758)	(26,703,060)
Profit/(Loss) before Income Tax	<u>1,557,691</u>	<u>(970,764)</u>
Income Tax Expense/(Benefit)	1,265,573	(871,258)
Net Profit/(Loss) after Income Tax	<u><u>292,118</u></u>	<u><u>(99,506)</u></u>

Statement of changes in member benefits for the year ended 30 June 2017

	2017 \$	2016 \$
Opening balance of member benefits	834,546,534	630,868,518
Contributions:		
Employer	34,266,703	28,774,940
Member	98,057,845	60,130,309
Transfers In from Other Funds	205,189,007	166,549,213
Income Tax On Contributions	(6,048,632)	(5,183,065)
Net after tax contributions	<u>1,166,011,457</u>	<u>881,139,915</u>
Benefits to Members/Beneficiaries	(90,400,613)	(70,555,931)
Insurance Premiums charged to Members' Accounts	(4,136,914)	(3,576,444)
Insurance Premiums Proceeds	2,400,307	835,935
Benefits allocated to Members' Accounts, comprising:		
Net Investment Income	53,300,145	31,754,141
Administration Fees	(3,699,680)	(3,478,471)
Advisor Fees	(2,172,707)	(1,572,611)
Closing balance of members benefits	<u><u>1,121,301,995</u></u>	<u><u>834,546,534</u></u>

