

Bendigo Income Generation Fund



SandhurstTrustees

Product Disclosure Statement Dated 11 February 2021

This Product Disclosure Statement ('PDS' or 'Statement') is issued by Sandhurst Trustees Limited (ABN 16 004 030 737, AFSL No. 237906) ('Sandhurst', 'we', 'us' or 'our'), as the responsible entity of the Bendigo Income Generation Fund (ARSN 646 932 854 APIR STL8864AU) ('the Fund').

Contents

1. About Sandhurst	2
2. How the Bendigo Income Generation Fund works	2
3. Benefits of investing in the Bendigo Income Generation Fund	4
4. Risks of managed investment schemes	4
5. How we invest your money	5
6. Fees and costs	6
7. How managed investment schemes are taxed	8
8. How to apply	8
9. Other information	8

The latest version of this PDS and the Reference Guide is available at bendigobank.com.au/managedfundsforms. Information in this PDS is subject to change from time to time. Where the changes are not materially adverse, Sandhurst will make updated information available at bendigobank.com.au/managedfundsforms.

You may request a copy of this PDS, the Reference Guide and any updated information at any time free of charge by contacting your licensed financial adviser, Platform operator, phoning Sandhurst on 1800 634 969 or visiting bendigobank.com.au/managedfundsforms.

Important Information

This PDS is a summary of significant information relating to the Bendigo Income Generation Fund and contains a number of references to important information (each of which forms part of the Statement) and will help you decide whether this product will meet your needs, and compare this product with others you may be considering.

The important information referred to in this PDS is contained in the Bendigo Income Generation Fund Reference Guide (Reference Guide) and each of these references in this PDS begins with an exclamation mark **!**.

You should consider the information in this PDS in its entirety, before making a decision about the Bendigo Income Generation Fund.

The information in this PDS is general information only and does not take account of your personal financial situation or needs. You should assess your own objectives, financial situation and needs before deciding to acquire an interest in the Fund. Before making an investment decision, you should obtain financial advice tailored to your personal circumstances.

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Funds Administration
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bendigobank.com.au/managedfunds

1. About Sandhurst

Sandhurst is the Fund's responsible entity and investment manager. Sandhurst is responsible for overseeing the Fund's operation, and managing and administering the Fund in the best interests of investors.

Sandhurst is a wholly owned subsidiary of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178, AFSL No. 237879) (Bendigo and Adelaide Bank) and is part of the Bendigo and Adelaide Bank Group, which comprises Bendigo and Adelaide Bank and its related entities.

Sandhurst is a highly regarded financial services provider and part of Bendigo and Adelaide Bank's wealth management arm. Established in 1888, Sandhurst has evolved from a traditional trustee company to a modern full-service wealth manager.

Like the Bendigo and Adelaide Bank, Sandhurst has a strong focus in supporting the people, communities and initiatives from which we draw our ongoing success.

2. How the Bendigo Income Generation Fund works

Structure

The Fund is a registered managed investment scheme, whereby your money is pooled with other investors' money. Sandhurst invests this money on behalf of all the Fund's investors. This means that you have access to certain investments that you may not otherwise be able to access on your own. The ASIC website www.moneysmart.gov.au has more information on managed investment schemes.

The Fund is established under a constitution (Constitution), which sets out your rights and the powers and responsibilities of Sandhurst. You can obtain a copy of the Constitution free of charge by contacting us.

Under the Corporations Act 2001 (Corporations Act), the Fund is required to have a compliance plan lodged with ASIC. The compliance plan is audited annually and sets out measures that Sandhurst will implement to ensure that the Fund's operation complies with the Corporations Act and the Constitution.

About units and unit pricing

The Fund is unitised, meaning that when you invest in the Fund, you purchase units that represent a beneficial interest in the Fund's assets (but not in any particular underlying asset).

The unit price is calculated each business day (i.e. any day that is not a weekend or a public holiday in Melbourne, Victoria) by dividing the Fund's net asset value by the number of units on issue, and is adjusted for transaction costs including the buy/sell spread (see section 6 'Fees and costs' in this PDS for further information). Valuations of the Fund's assets are conducted at any time determined by Sandhurst, at regular intervals appropriate to the nature of the asset, and such times as required in the Constitution. The unit price will vary as the market value of the assets in the Fund rises or falls. The latest unit prices are available at bendigobank.com.au/personal/investing/managed-funds/unit-prices.

Sandhurst has adopted a unit pricing policy setting out the principles which we apply when exercising unit pricing discretions under the Constitution. You can request a copy of the policy and other documents free of charge by calling Sandhurst.

Applications and withdrawals

You can make applications and withdrawals at any time, subject to the following minimum requirements (which Sandhurst may change at its discretion):

- Minimum initial investment \$2,000
- Minimum additional investment \$100 or a minimum of \$50 per month via the regular savings plan
- Minimum withdrawals \$1,000
- Minimum switches \$1,000
- Minimum investment balance \$2,000

Note: Sandhurst may accept lesser amounts at its discretion.

Initial investment

To acquire units in the Fund, you will need to complete an Application Form. If a completed Application Form is received and accepted before 12 noon Melbourne time on a business day, the application will be processed using the Fund's application price calculated as at the close of business on that day. Otherwise, the following business day's application price will be used (these terms also apply to additional investments – see below).

Payment can be made by cheque or direct debit (if using direct debit, you will need to complete the relevant section of the Application Form) or other method acceptable to Sandhurst. In certain circumstances, Sandhurst reserves the right to refuse an application or accept only part of an application or change processing times. A copy of the Application Form is available from our website at bendigobank.com.au/managedfundsforms.

Sandhurst will retain any interest earned on application money before it is paid into the Fund.

Additional investments

You can increase your investment by acquiring units in the Fund at any time, with payment made by BPAY[®], cheque, direct debit or other method acceptable to Sandhurst. Units will be issued in accordance with the initial investment timings listed above. You should obtain a copy of the most up-to-date PDS for this Fund when making additional investments, as the investment will be made on those terms. In certain circumstances, Sandhurst reserves the right to refuse an additional investment or accept only part of an additional investment (for example, if the Fund is closed to additional investments) or change processing times.

Sandhurst will retain any interest earned on application money before it is paid into the Fund.

A copy of the Investment Contribution Form is available from our website at bendigobank.com.au/managedfundsforms

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Regular savings plan

The Fund offers a regular savings plan with a minimum investment of \$50 per month. Simply complete this election on your Application Form, or alternatively, you can establish a regular savings plan at any time by completing the Investment Contribution Form available at bendigobank.com.au/managedfundsforms and nominate your contribution amount.

Withdrawal requests

You can decrease your investment by withdrawing some or all of your units by sending Sandhurst a completed Withdrawal Form. If your Withdrawal Form is received and accepted before 12 noon Melbourne time on a business day, the withdrawal will be processed using the Fund's withdrawal price calculated as at the close of business on that day. Otherwise, the following business day's withdrawal price will be used. If you make a withdrawal request which would result in your investment balance falling below the minimum investment balance as set out above under the heading "Applications and withdrawals" Sandhurst may, at its

discretion, treat your withdrawal request as relating to all of your remaining units in the Fund.

A Withdrawal Form is available from our website at bendigobank.com.au/managedfundsforms.

After Sandhurst has received and accepted a completed Withdrawal Form, withdrawals are normally paid within 5 business days of the withdrawal date (however, the Fund's Constitution allows up to 21 days or such longer period as Sandhurst determines in certain circumstances). Withdrawals will be credited directly to your nominated account or a cheque can be sent to you upon request.

In extraordinary circumstances, Sandhurst reserves the right to suspend withdrawals from the Fund, such as if in the reasonable opinion of Sandhurst, it is in the best interests of investors as a whole to do so. In some circumstances, such as when there is a freeze on withdrawals, you may not be able to withdraw your units in the Fund within the usual period for withdrawal requests. Sandhurst reserves the right to change processing times.

Minimum investment balance

If the current value of your investment falls below the minimum investment balance as set out above under the heading "Applications and withdrawals", Sandhurst may at its discretion redeem your interests in the Fund and pay the proceeds to you.

Switching and transfers

You may switch from the Fund to other funds operated by Sandhurst and which are listed on the Switch Form (available from our website at bendigobank.com.au/managedfundsforms). When you request a switch, we will redeem your existing units in the Fund at the next available redemption price and we will use the proceeds to buy the units in the new fund at the relevant application price. There is currently no charge for switching between funds, however buy/sell spreads do apply. Switching from one fund to another fund may give rise to tax consequences and it is recommended that you check the tax implications with your accountant or financial adviser before switching.

When making a switch the minimum balance and transaction amounts of the respective funds must be met. You should obtain a copy of the most up-to-date PDS for each fund when requesting a switch, as the switch will be made on the terms of that PDS and the Switch Form. These documents and the Switch Form are available from our website at bendigobank.com.au/managedfundsforms.

You can also transfer your units in the Fund to another person. To discuss what is required for a transfer, please contact us on 1800 634 969.

Income distributions

The Fund may earn income such as interest and other distributable income as well as net realised capital gains on the sale of underlying assets. It is Sandhurst's intention that the full amount of the Fund's taxable income in each financial year be distributed to investors. The amount of distributions will vary from period to period and there may be periods in which no distribution is made. Distributions are calculated quarterly as at 31 March, 30 June, 30 September and 31 December, and normally paid within 2 months. Your entitlement to distributions is calculated by dividing the total distribution amount by the total number of units on issue at the distribution date, and multiplying the result by the number of units you hold on that date. If you withdraw units prior to the distribution date, you will not receive any distribution for the period you held those units in the relevant distribution period. However, the Fund's unit price will incorporate the distribution entitlement up to the withdrawal date.

You can choose to have your distributions either:

- reinvested in further units in the same Fund; or
- paid to you by direct credit to your nominated account.

If you do not make a choice, or if a direct credit rejection occurs, then your distributions will be automatically reinvested by acquiring additional units in the Fund at the unit price applicable at the end of the relevant distribution period (the buy/sell spread does not apply to reinvested distributions). You can change your choice for receiving distribution payments by advising Sandhurst at least 10 business days before the end of the relevant distribution period. Otherwise, the change to your distribution instructions will not occur until after the next distribution is paid. Distributions will not be paid by cheque.

Platform investors

If you are investing through a master trust, wrap account or other investor directed portfolio-type service (collectively referred to as a "Platform"), it is generally the operator of the Platform or the custodian of the Platform which becomes the investor in the Fund, not you. Accordingly, they have the rights of an investor and can exercise them in accordance with their arrangements with you.

If you invest through a Platform, you are subject to the terms that are prescribed by the operator of that Platform which may differ from the terms outlined in this PDS (such as procedures for making investments and withdrawals, cooling off periods, cut-off times for transacting, timing for distributions, additional fees and costs and investor reporting).

As at the date of this PDS, Sandhurst is not responsible for the operation of any Platform through which you invest. In addition to reading this PDS, you should read the PDS for the Platform and other documents that explains the Platform, as issued by your Platform operator.



You should read the important information about 'Acquisition and disposal of units' before making a decision. Go to section 1 of the Reference Guide at bendigobank.com.au/managedfundsforms. The material relating to the 'Acquisition and disposal of units' may change between the time when you read this Statement and the day when you acquire the product.

3. Benefits of investing in the Bendigo Income Generation Fund

The significant features and the significant benefits of the Fund include:

- **Strategic, active management of your investment:** Our professional team monitors the markets and analyses fixed income investments with the aim of generating strong returns from credit investments through economic cycles.
- **Access to a credit portfolio:** Providing you with the opportunity to broaden your exposure across a range of predominantly investment grade Credit Securities (debt securities issued by banks and companies) generally only available in wholesale markets, with this diversification reducing your risk exposure and potentially enhancing returns.
- **Regular income:** By investing in a range of interest bearing credit securities, the Fund aims to provide you with a regular income stream via quarterly distributions, that will generally be higher than cash investments.
- **Access to your funds:** You have easy access to your funds and there is no need to worry about rolling over maturing deposits.

- **A simple and convenient way to invest:** The Fund is designed to make investing easy for you. We handle all the investment decisions, paperwork and administration and provide you with regular information and reporting on your investment. Our application process is straightforward and our friendly staff are on hand to assist you with any queries regarding your investment.
- **Regular savings plan:** The Fund offers the convenience of a regular savings plan so you can add to your investment on a regular basis with as little as \$50 per month. Regular investments can be deducted straight from your bank account.
- **A responsible entity with a proven record:** Sandhurst aims to create wealth for investors by employing a disciplined and conservative approach to managing quality assets.

The Fund aims to provide a simple, cost-effective solution to help you save for your future.

4. Risks of managed investment schemes

The purpose of this section is to inform you of the types of significant risks that may apply to an investment in the Fund and is a summary only. It does not purport to be a comprehensive statement of all the risks.

All investments carry risk. Different investment strategies may carry different levels of risk, depending on the assets that make up the investment strategy. Generally, assets with the highest long-term returns may also carry the highest level of short-term risk.

The significant risks of investing in the Fund are summarised as follows:

- **Individual investment risk:** Investments can and do fall in value for many reasons. Both price and levels of income are subject to fluctuation. Returns from individual securities will vary and price movements can be volatile.
- **Liquidity risk:** The Fund's assets may not be able to be converted into cash in a timely manner in order to pay withdrawal requests. Credit securities may have limited or no liquidity where there has been a default by the issuer or deterioration in the creditworthiness or credit rating. Markets for certain types of assets can have short periods of significantly reduced liquidity making it difficult to sell assets. If these situations occur it may not be in the best interests of investors or even possible to pay redemptions. In this case redemptions may be suspended by Sandhurst or prohibited by the Corporations Act, in each case for the protection of all investors until such time as the Fund is sufficiently liquid to resume paying redemptions.
- **Counterparty risk:** Losses would be recognised if intermediaries such as securities dealers or derivative counterparties fail to perform as contracted.
- **Credit risk:** Creditworthiness of the underlying investments may deteriorate or ratings agencies may downgrade an issuer rating. An issuer may default on its obligation to pay interest and principal when due. This may lead to less than expected income and possible loss of capital.
- **Securitisations asset risk:** The Fund may invest in a variety of asset-backed securities, which are subject to additional risks. Mortgage backed and other loan asset backed securities are at risk of defaults, economic downturn impacts and prepayment risk. Asset-backed securities are also exposed to the risk that a servicer of those loans or mortgages may default.
- **Concentration risk:** Is the risk that poor performance in a group of investments common to a particular section of the market will significantly affect the overall performance of the Fund.

- **Market risk:** The Fund is impacted by market risk. Factors that may influence the market include changes to economic, technological, political, taxation, country, legal conditions and/or market sentiment.
- **Interest rate risk:** Changes in interest rates will have a positive or negative impact directly or indirectly on investment values or returns. The Fund is expected to move in line with the Benchmark. Interest rates may affect a company's cost of borrowings as well as the value of asset backed securities reliant upon cash flows to support creditworthiness.
- **Currency risk:** The Fund may invest in assets that are domiciled or have significant interest in other countries. If suitable assets cannot be accessed in Australian dollars, securities may be denominated in other currencies. Whilst direct foreign currency exposure will be hedged, there remains a risk that hedging may not eliminate all currency exposure.
- **Regulatory risk:** Investment performance may be affected by changes to government policies, regulations and taxation laws.
- **Valuation risk:** Assets of the Fund may not be actively traded and valued by reference to observable market data, market prices of comparable assets or using other valuation techniques. These prices may not reflect the value at which these investments can be immediately realised, which may be lower than the value reflected in the unit price of the Fund.
- **Derivative risk:** Derivatives may be used from time to time for both gaining and hedging exposure to assets, interest rate risk and/or currencies. Derivative risk includes the value of derivative positions not moving in line with the movement in the underlying asset, potential illiquidity of the derivative, and the Fund being unable to meet payment obligations in relation to derivative contracts.
- **Fund risk:** The Fund could be terminated, the fees and costs could change, Sandhurst could be replaced as the responsible entity and/or the investment manager, or key personnel could change. Sandhurst has established operational risk and compliance processes and aims to minimise Fund risk by monitoring how these risks may impact on the Fund and by acting in the best interests of investors.
- **Significant unitholder risk** – A wholesale investor holds a significant unitholding in the Fund. That unitholder has contracted to hold its investment until at least 2023, but has rights to redeem its investment prior to 2023 in limited circumstances. In the event that the significant unitholder redeemed its investment in the Fund, depending on the size and composition of the Fund at the time of that redemption, the significant outflow of funds could be disadvantageous to remaining unitholders.

The significant risks of investing in managed investment schemes include that:

- the value of investments will vary over time;
- the levels of returns will vary and future returns may vary from past returns;
- returns are not guaranteed and you may lose some of your money
- laws affecting managed investment schemes may change in the future; and
- the level of risk for you will vary depending on a range of factors including, age, investment time frames, where other parts of your wealth are invested and your risk tolerance.

Risks can be managed but cannot be completely eliminated.

The performance of the Fund is regularly monitored to assess whether the investment policy and the objectives of the Fund are being met. The Fund may not achieve its investment objective or Sandhurst may underperform other investment managers. However, we do not guarantee future profitability, Fund returns, distributions or return of capital. You should consult with your financial adviser to properly understand the risks associated with the Fund and your attitude to investment risk.

Sandhurst, Bendigo and Adelaide Bank and its related entities do not guarantee the repayment of capital invested, the payment of income or the Fund's investment performance. An investment in the Fund does not represent a deposit with, or a liability of Sandhurst, Bendigo and Adelaide Bank or its related entities. Bendigo and Adelaide Bank does not stand behind or guarantee the performance of Sandhurst.

Sandhurst is not an authorised deposit-taking institution within the meaning of the Banking Act 1959.

5. How we invest your money

Sandhurst aims to create wealth for investors by providing simple and professionally managed investment opportunities. The Fund will invest in a portfolio of predominantly investment grade, credit securities to generate regular income higher than traditional cash investments. Sandhurst will use its expertise in markets and credit investments to actively manage the Fund through different market conditions ensuring risks are balanced with return opportunities.

To both manage risk and aim to optimise returns, market conditions will be monitored and careful analysis of issuers and securities will be conducted. The Fund will invest in credit securities it expects to offer strong relative returns for risk and will vary its exposure based on its outlook. When the outlook is expected to be favourable the Fund will increase exposure to higher yielding assets and when the outlook is judged less favourable, the Fund will reallocate towards lower risk assets.

The Fund will invest predominantly in Australian investment grade credit and may opportunistically invest up to 25% in sub-investment grade credit or unrated. The credit securities the Fund will invest in include corporate bonds, asset backed securities (including residential mortgage backed securities), hybrid securities, money market securities and in other income securities including syndicated loans. The Fund may invest in managed investment schemes that invest in the same types of credit securities as noted in this PDS.

If the Fund invests in a security that converts to an equity security, the Fund will have exposure to equities until that security is disposed of..

The Fund may use derivatives to hedge interest rates and currency risk. The Fund will not use derivatives for the purposes of gearing or leverage.

Warning: When choosing whether to invest in the Fund, you should consider:

- the likely investment return;
- the risk; and
- your investment timeframe.

Labour standards, or environmental, social or ethical considerations

Sandhurst does not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments relating to the Fund.

Bendigo Income Generation Fund

Investment return objective	To generate returns of 2% above the Ausbond Bank Bill Index (before fees)		
Investment strategy	The Fund will invest in a portfolio of Credit Securities to generate regular income consistently higher than traditional cash investments. The Fund will be actively managed to balance risk and return opportunities through different market conditions.		
Strategic asset class allocation		Min	Max
	Cash and Money Market Securities	0%	100%
	Corporate and Government Bonds	0%	100%
	Asset Backed Securities	0%	75%
	Hybrids	0%	30%
	Other Income Securities	0%	20%
	In exceptional market conditions the Fund may have asset class allocations outside the stated minimum and maximum for short periods of time.		
Investment manager	Sandhurst is the investment manager of the Fund. It may however from time to time invest in managed investment schemes with different investment managers. Details of any managed investment scheme investments will be available on the Fund's website at bendigobank.com.au .		
Minimum suggested investment timeframe	Suggested for at least 2 to 3 years investment period.		
Type of investor for whom this investment is suited	This Fund is intended to suit an investor primarily seeking regular income. The Fund may be suited to an income portfolio or the defensive asset allocation of your total portfolio		
Risk level	This Fund is considered by Sandhurst to be a low to medium risk investment.		
Changes to the Fund	We have the right to terminate the Fund or change the Fund's investment return objective (including without limitation the strategic asset class allocations and investment strategy) without providing prior notice to investors. We will inform investors of any material changes to the Fund in accordance with the law.		

6. Fees and costs

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

The managed funds fee calculator on the ASIC website (www.moneysmart.gov.au) can also be used to calculate the effect of fees and costs on account balances. Taxation information is set out in section 7 of this PDS.

The following table shows the fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole. This information can be used to compare costs between different simple managed investment schemes.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

All the fees and costs shown in this section include GST less the applicable reduced input tax credits unless otherwise stated.

TYPE OF FEE OR COST	AMOUNT
Fees when your money moves in or out of the Fund^{1,2}	
<i>Establishment fee</i>	Nil
<i>Contribution fee</i>	Nil
<i>Withdrawal fee</i>	Nil
<i>Exit fee</i>	Nil
Management costs*	
The fees and costs for managing your investment ² .	0.60% p.a. ^{3, 4} on the net asset value of the Fund.

* The amount of this fee can be negotiated. See "Differential fee arrangements" under the heading "Additional explanation of fees and costs" for more information.

¹ Transaction costs may apply in the form of a buy/sell spread. See "Investor buy/sell spread" under the heading "Additional explanation of fees and costs" for more information.

² These fees do not include an amount payable to an adviser. See "Advice fee" under the heading "Additional explanation of fees and costs" for more information.

³ This amount includes 'indirect costs' (see "Management costs" under the heading "Additional explanation of fees and costs" for more information). Indirect costs excludes transactional and operational costs (see "Transactional and operational costs" under the heading "Additional explanation of fees and costs" for more information).

⁴ This amount includes 'expense recoveries' (see "Management costs" under the heading "Additional explanation of fees and costs" for more information).

Warning: Additional fees may be paid to a financial adviser if a financial adviser is consulted. Please refer to the Statement of Advice in which details of the fees are set out.

Additional explanation of fees and costs

Management costs

Management costs are the total fees and costs incurred in managing the Fund, comprising the management fee paid to Sandhurst as responsible entity for administering the Fund, other investment-related expenses and reimbursements in relation to the Fund, amounts paid or payable for investing in the assets of the Fund, and indirect costs (excluding any transactional and operational costs, if any). Indirect costs are based on the actual costs of the past financial year.

Indirect costs are any amounts that directly or indirectly reduce the returns on the units that is paid from, or the amount or value of, the income or assets of the Fund (including an underlying investment of the Fund).

The Constitution allows Sandhurst to pay or recover, from the Fund, all costs, charges, expenses and outgoings reasonably and properly incurred by Sandhurst in the proper performance of its duties in administering the Fund (referred to as 'expense recoveries').

Management costs are based on the latest available information as at the date of this PDS. Management costs may increase or decrease over time depending on the amounts comprising the management costs described above.

The management fee, which forms part of the management costs, is calculated on the Fund's net asset value, accrued daily and paid quarterly in arrears to Sandhurst from the Fund's assets as a whole.

The management costs (including the management fee) are recovered from the Fund and are not directly deducted from your investment account.

Performance fees

A performance fee is an amount paid or payable, calculated by reference to the performance of the Fund. Sandhurst does not charge a performance fee for managing the Fund.

Advice fee

You may agree with your adviser to pay an advice fee directly from your investment to your adviser. This can take the form of an upfront fee and/or ongoing fee:

- **Upfront fee** – You can nominate any dollar amount to be deducted from your initial investment for advice provided in relation to your investment.
- **Ongoing fee** – You can nominate a fixed dollar amount to be paid to your adviser via a redemption of interests from your investment on a monthly basis. Buy/sell spreads apply.

Transactional and operational costs

In addition to management costs, the Fund may incur transactional and operational costs when acquiring and disposing of certain Fund assets. These costs may include clearing costs, brokerage, stamp duty and buy/sell spreads.

These costs are paid for by the Fund when they are incurred and are reflected in the Fund's unit price. These costs are not paid to Sandhurst as a fee and are not charged directly to investors, rather they are deducted from the income or assets of the Fund. However, some of these costs are recovered through the investor buy/sell spreads (see below).

The estimated transactional and operational costs are as follows:

Total estimated transactional and operational costs	Minus investor buy/sell spread recovery	Equals estimated net transactional and operational costs
0.133%p.a.	0.020%p.a.	0.113%p.a.

For example, the value of net transaction and operational costs on an average account balance of \$50,000 invested in the Fund is estimated to be \$57. These costs may vary depending on the level of Fund transactions and may be different in the current and future financial years.

Investor buy/sell spread

Transaction costs will also be charged to you when you buy and sell units in the Fund in the form of a buy/sell spread. The buy/sell spread is an additional cost to you and is designed to fairly allocate costs associated with buying and selling assets of the Fund as a result of investors acquiring or withdrawing units in the Fund. The buy/sell spread is not a fee payable to Sandhurst, it is retained by the Fund for the benefit of all unit holders remaining or already holding units in the Fund.

The buy/sell spreads are charged based upon underlying portfolio buy/sell spreads. These spreads can increase materially in stressed market conditions.

A buy spread of 0.04% applies to each application in the Fund and a sell spread of 0.20% applies to each redemption. For example, if you invested \$50,000 in the Fund the cost of the buy spread would be \$68. The buy/sell spread may change from time to time without prior notice. The Fund's application and redemption prices, which incorporate the buy and sell spreads, are updated regularly and can be found at bendigobank.com.au/personal/investing/managed-funds/unit-prices.

Changes to fees

Fees and costs can be changed at any time by Sandhurst in accordance with the Fund's Constitution without your consent.

If fees or charges increase materially at a time when the Fund has less than 100 investors, you will be given at least 30 days' prior notice. If the Fund has 100 or more investors at the time of the increase, you will be given notice in accordance with applicable continuous disclosure requirements, but may not be given prior notice.

Other costs may change at any time without prior notice to you. Indirect costs may be different than those estimated in this PDS.

Differential fee arrangements

From time to time Sandhurst may negotiate the charging, rebating or waiving of management fees, as stated above, in circumstances permitted by the Corporations Act or if applicable relief is granted by ASIC, with certain 'wholesale clients' (as defined in the Corporations Act) and operators of Platforms (as defined on page 3 of this PDS). Such negotiations are undertaken on a case-by-case basis and only for wholesale clients who invest significant amounts of money in the Fund. Any such arrangement will be entered into in accordance with the requirements of the Corporations Act. Sandhurst does not negotiate fees with retail investors or

individual Platform investors. Requests to negotiate fees must be put in writing to Sandhurst:

Funds Administration
GPO Box 4314
Melbourne VIC 3001

Tax

For information about tax, please see section 7 "How managed investment schemes are taxed".

Example of annual fees and costs for the Fund

The following table gives an example of how the fees and costs for the Fund can affect your investment over a one-year period. You should use this table to compare the Fund with other managed investment products.

EXAMPLE: Bendigo Income Generation Fund		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	0.60% p.a.	And , for every \$50,000 you have in the Bendigo Income Generation Fund, you will be charged \$300 each year.
EQUALS Cost of Bendigo Income Generation Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: \$300 * What it costs you will depend on the fees you negotiate.

* Additional fees may apply, in the form of the buy/sell spread. The actual amount you will be charged depends on the timing of additional investments and the actual indirect costs and expense recoveries. This example assumes that the additional contribution of \$5,000 is invested at the end of the year.



You should read the important information about 'Fees and costs' before making a decision. Go to section 2 of the Reference Guide at bendigobank.com.au/managedfundsforms. The material relating to the 'Fees and costs' may change between the time when you read this Statement and the day when you acquire the product.

7. How managed investment schemes are taxed

Warning: Investing in a registered managed investment scheme is likely to have tax consequences. The Australian taxation system is complex and individual investors have different circumstances. Persons are strongly advised to seek professional tax advice.

In summary, when investing in the Fund, investors should note that:

- Registered managed investment schemes generally do not pay tax on behalf of investors.
- Investors will be assessed for tax on income and capital gains generated by the Fund in the year to which their entitlement relates, irrespective of whether the income is reinvested or the income payment occurs at a later date.

- Tax components of fund distributions will be allocated to investors on a fair and reasonable basis.
- The Fund will pass through the investors' share of any tax credits received during the year.
- The Fund has made a 'capital election' under the tax regime for Managed Investment Trusts (MIT) and it continues to be an eligible MIT.
- Investors may be liable for tax on capital gains realised on the sale of units in the Fund, either by withdrawal, switch or transfer.

The brief summary of taxation information provided above relates only to Australian tax residents who hold their Fund units on capital account for income tax purposes. You should not rely on this summary.



You should read the important information about 'taxation matters relating to the Fund and registered schemes' before making a decision. Go to section 3 of the Reference Guide at bendigobank.com.au/managedfundsforms. The material relating to 'How managed investment schemes are taxed' may change between the time when you read this Statement and the day when you acquire the product.

8. How to Apply

Investing in the Fund is a two-step process:

1. complete the Application Form which is available at bendigobank.com.au/managedfundsforms; and
2. send your application and initial investment money to Sandhurst in accordance with the instructions contained in the Application Form.

Cooling-off

Subject to the Corporations Act and the Corporations Regulations, retail investors have the right to return their units in the Fund to Sandhurst and to have their investment repaid. However, this right does not apply in certain circumstances, such as where the units acquired were offered or issued under distribution reinvestment plans, acquired as additional contributions and where the units were issued at the time when the Fund is not liquid.

If after investing in the Fund you change your mind and wish to exercise your cooling-off right, you may notify Sandhurst in writing or electronically and request that your investment be repaid. The right to cool off can only be exercised during the period of 14 days from the earlier of:

- the time you receive written confirmation of your investment from Sandhurst; and
- the end of the 5th business day after the day on which the units were issued to you.

The amount refunded will be adjusted to take account of any increases or decreases in the price of units in the Fund and any reasonable administration expenses and transaction costs. If a distribution has occurred between acceptance of your application by Sandhurst and receipt of your notification to cool off during the cooling-off period, there may be taxation implications for you. We suggest that you seek professional tax advice in these circumstances.

Complaints

Sandhurst endeavors to handle all complaints in a courteous and confidential manner. If you have any questions, concerns or complaints about your investment, please contact us on 1800 634 969 or email us at managedfunds@sandhursttrustees.com.au.

If you are not satisfied with the response provided by our team, you have the option of referring the matter to the Customer Advocate who will impartially assess your complaint, keep you informed of the progress and provide you with a response:

Telephone – 1300 139 572 (+61 3 5485 7919) between 8:30am and 5:00pm Victorian time, weekdays

Email – customeradvocate@bendigoadelaide.com.au

Mail – write to Customer Advocate, Reply Paid 480, Bendigo VIC 3552

Alternatively (or following consideration by Sandhurst and the Customer Advocate) you may refer your complaint directly to:

Australian Financial Complaints Authority (AFCA)

GPO Box 3

Melbourne VIC 3001

Phone: 1800 931 678

Fax: 03 9613 6399

Email: info@afca.org.au

Website: www.afca.org.au

Time limits may apply to complain to AFCA and so you should act promptly or otherwise consult the AFCA website to find out if or when the time limit relevant to your circumstances expire.

9. Other Information

Continuous disclosure requirements

The Fund is a 'disclosing entity' while it has 100 or more investors. A disclosing entity is subject to regular reporting and continuous disclosure requirements under the Corporations Act. While the Fund is a disclosing entity, copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. If applicable, you may also obtain from Sandhurst, free of charge, copies of:

- the most recent annual financial report lodged with ASIC;
- any half yearly financial report lodged with ASIC; and
- any continuous disclosure notices lodged with ASIC.

Some of these documents (including continuous disclosure notices) will also be available from sandhursttrustees.com.au.

Consents

Bendigo and Adelaide Bank has given and has not, before the date of this PDS, withdrawn its written consent to be named in this PDS and/or Reference Guide and to the statements in this PDS and/or Reference Guide concerning its role and activities, in each case in the form and context in which it is included or named.



You should read the important information about 'Other information' before making a decision. Go to section 4 of the Reference Guide at bendigobank.com.au/managedfundsforms. The material relating to the 'Other information' may change between the time when you read this Statement and the day when you acquire the product.

