

Bendigo Defensive Index Fund



SandhurstTrustees

Product Disclosure Statement Dated 30 January 2017

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 Defensive Index Fund (ARSN 152 963 801, APIR STL0031AU) ('the Fund').

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The latest version of this PDS and the Reference Guide is available at our website at www.sandhursttrustees.com.au/pds. 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 on its website at www.sandhursttrustees.com.au.

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 www.sandhursttrustees.com.au.

Important Information

This PDS is a summary of significant information relating to the Bendigo Defensive Index 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 Managed Wholesale Funds 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 Defensive Index 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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1. About Sandhurst

Sandhurst is the Fund's responsible entity. Sandhurst is responsible for overseeing the Fund's operation, selecting and monitoring the Fund's investment managers, 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) and is part of the Bendigo and Adelaide Bank Group, which comprises Bendigo and Adelaide Bank Limited (the Bank) and its related entities.

Sandhurst, formed in 1888, has assisted Australian families with their financial needs for more than 125 years. Sandhurst is a highly experienced provider of investment solutions and trustee services that create, enhance and protect wealth. Sandhurst offers a wide range of products and services including investment and funds management, superannuation, commercial loans, access to funeral bonds, the management of estates and trusts, and the provision of corporate trustee and custodial services. Sandhurst embraces a prudent investment philosophy and is committed to delivering high quality investment solutions.

Sandhurst has selected qualified investment managers to manage the investments of the Fund, including Sandhurst itself. Sandhurst selects investment managers on the basis of quantitative and qualitative factors, including performance, experience, investment strategy and key personnel. Sandhurst reviews the performance of the Fund's investment managers on a regular basis and, as a part of its investment review process, may remove or add an investment manager at any time without notice.



You should read the important information about the Fund's investment managers, up-to-date information about the investment managers selected by Sandhurst, and the selection process before making a decision. Go to section 1 of the Reference Guide at www.sandhursttrustees.com.au/pds. The material relating to the Fund's investment managers may change between the time when you read this Statement and the day when you acquire the product.

2. How the Bendigo Defensive Index 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 are conducted at any time determined by Sandhurst, at regular intervals appropriate to the nature of the property, 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.

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 relating to unit pricing discretions 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 \$50,000
- 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 \$50,000

Note: Sandhurst may accept lesser amounts at its discretion.

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

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 conditions 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. The Application Form is available from our website at www.sandhursttrustees.com.au/forms.

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 when making additional investments, as the investment will be made on the terms of the most up-to-date PDS. 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.

The Investment Contribution Form is available from our website at www.sandhursttrustees.com.au/forms.

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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 www.sandhursttrustees.com.au/forms 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 \$50,000 Sandhurst may, at its discretion, treat your withdrawal request as relating to all of your remaining units in the Fund.

The Withdrawal Form is available from our website at www.sandhursttrustees.com.au/forms.

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 30 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 of \$50,000, 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 within the Bendigo Managed Wholesale Funds suite of products. 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 product disclosure statements for each fund when requesting a switch, as the switch will be made on those terms. These documents and the Switch Form are available from our website at www.sandhursttrustees.com.au/forms.

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 dividends and interest, as well as net realised capital gains on the sale of underlying assets, and it is Sandhurst's intention that the full amount of the Fund's taxable income in each financial year be distributed

to investors. Distributions are calculated half yearly as at 30 June 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:

- 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. Please note that 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 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 conditions that are prescribed by the operator of the Platform which may differ from the conditions 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. If you are investing through a Platform, enquiries and complaints should be directed to the operator of that Platform, not to Sandhurst. In addition to reading this PDS, you should read the document 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 2 of the Reference Guide at www.sandhursttrustees.com.au/pds. 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 Defensive Index Fund

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

- **Ready-made diversification:** The Fund provides a ready-made diversified solution. It provides exposure across the asset classes of Australian and international shares, property and infrastructure, Australian and international fixed interest securities and cash.
- **Comfort of an index management approach:** The Fund provides exposure to investments that are generally

structured to closely match one or a number of indices, so that returns, before fees, also closely match the returns of those indices, rather than trying to select outperforming assets or attempting to time the market.

- **Reputable index managers:** The Fund provides access to the resources and knowledge of leading professional index investment managers of Australian shares, international shares, property and infrastructure securities and fixed interest securities.
- **Regular income with low capital growth:** The Fund is designed to be a short to medium term investment that aims to deliver regular income and low capital growth over the long term. If you choose to reinvest your distributions you can benefit from the power of compounding, which allows you to generate returns on your reinvested distributions to optimise your investment earnings over the long term.
- **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 investments.

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 made by the Fund will fluctuate in value, meaning that they can, and do, fall in value for many reasons. This is an inherent risk associated with all managed funds. Sandhurst aims to reduce investment risk by predominantly using an index investment approach and diversifying investments across the market thereby reducing the impact of individual investment risk.
- **Market and political risk:** The Fund may be impacted either directly or indirectly by market and/or political risk. Factors that may influence the market include economic, technological, political, taxation, country, legal conditions and market sentiment. The Fund invests in a diversified portfolio of investments within its prescribed asset classes to reduce the impact of market and/or political risk.
- **Currency risk:** The Fund has exposure to international markets. Changes in foreign currencies relative to the Australian dollar can have a positive or negative impact on investment returns or values. The investment managers, including Sandhurst itself, may manage currency risk by

the use of currency derivatives to hedge currency exposure.

- **Fund risk:** The Fund could be terminated, the fees and expenses could change, Sandhurst could be replaced as the responsible entity, the investment managers could be replaced, and other key personnel could change. Sandhurst aims to minimise fund risk by operating within established operational risk and compliance structures and monitoring how fund risks may impact on the Fund and by acting in the best interests of investors.
- **Derivatives risk:** Derivatives may be used from time to time for both gaining and hedging exposure to assets, interest rate risk and/or currencies. Derivatives risk includes the value of derivative positions not moving in line with the movement in the underlying asset, potential illiquidity of the derivative, and being unable to meet payment obligations in relation to derivative contracts. Sandhurst and the investment managers are required to have processes in place to govern the use of derivatives. Sandhurst will not use derivatives to gear the returns of the Fund.
- **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. Sandhurst manages liquidity risk by investing in a range of assets that ordinarily can be readily converted into cash.
- **Counterparty risk:** Counterparty risk represents the loss that would be recognised if counterparties (i.e. the other parties to the contracts such as securities dealers or derivative counterparties or responsible entities) fail to perform as contracted. The Fund's investment managers are primarily responsible for managing this risk.
- **Regulatory risk:** Investment performance may be affected by changes to government policies, regulations and taxation laws.

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

- the value of investments will vary over time;
- the level 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.

The performance of the Fund is regularly monitored to assess whether the investment policy and the objectives of the Fund are being met. 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, the 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, the Bank or its related entities. The 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

The Fund offers a single investment option.

Sandhurst aims to create wealth for investors by providing simple and professionally managed investment opportunities.

The Fund is an 'index' fund meaning its investments are designed to represent a broad market or a portion of the broad market. Indexing is a way of gaining exposure to investment markets whilst not seeking to outperform the relevant markets. This in turn reduces the risk of underperforming the relevant markets (before fees).

Most investment markets have indices that measure their value over time and index funds seek to track the return of particular markets or sectors. With the exception of 'cash', the Fund obtains exposure to indices across asset classes by investing predominantly in wholesale funds managed by leading index investment managers. Sandhurst manages the cash component of the Fund and also manages derivatives held by the Fund from time to time.

With Sandhurst's index funds, we determine the allocation of amounts to each asset class on an ongoing basis within the ranges set out in the adjacent table for this Fund.

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 of investment manager(s), for the Fund or the selection, retention or realisation of investments relating to the Fund. Sandhurst does not know, and does not assess or consider whether the investment managers of the Fund themselves take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising investments or voting its proxies.

Bendigo Defensive Index Fund

Investment return objective	To deliver investment returns after fees in excess of 1.5% above inflation over a full market cycle (typically 7 to 10 years). Inflation is measured by the Australian Consumer Price Index as published by the Australian Bureau of Statistics.		
Investment strategy	To predominantly invest via a selection of index funds that seek to track the performance of selected benchmarks for each asset class. Sandhurst will invest the Fund's assets across a variety of asset classes constructing the investment portfolio in a manner that it believes will meet the investment return objective.		
Strategic asset class allocation	The neutral position of the Fund is 20% growth assets and 80% defensive assets.		
		Min	Max
	Australian shares	0%	15%
	International shares	0%	15%
	Property & infrastructure	0%	12%
	Fixed interest	30%	80%
	Cash	10%	60%
	In exceptional market conditions the Fund may have asset class allocations outside the stated minimum and maximum for short periods of time.		
Investment managers	In an endeavour to ensure the best possible result for investors and to meet the Fund's investment return objective, the performance of investment managers of the Fund is regularly monitored and assessed by Sandhurst. Consequently, the composition of the investment managers of the Fund may change from time to time without prior notice to you. The names of the current underlying investment managers and the asset classes they manage are available on Sandhurst's website and in the Reference Guide.		
Minimum suggested investment timeframe	Recommended for at least a 2 year investment period.		
Type of investor for whom this investment is suited	This Fund is intended to suit an investor primarily seeking an income focussed portfolio with low capital volatility.		
Risk level	This Fund is considered by Sandhurst to be a low 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) and investment managers without providing prior notice to investors in some cases. 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.

ASIC Class Order [CO 14/1252] applies to this PDS.

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. The information in the table below 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 stamp duty and GST less the maximum 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 .	0.39% p.a. ³ of 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 "Transactional and operational costs" under the heading "Additional explanation of fees and costs" for more information.

² These fees do not include amounts 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).

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).

Indirect costs may include management fees based on the value of assets and fees based on the return paid from investment managers which are paid by Sandhurst to those managers and which are costs of investing through such managers.

The Fund's 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 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 fee is recovered from the Fund and is 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. As at the date of this PDS, 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 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. These costs were nil for the past financial year. These costs may vary depending on the level of Fund transactions. Sandhurst estimates these costs to be 0.01% of the Fund's net asset value for the current financial year.

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 Fund assets as a result of investors acquiring or withdrawing units in the Fund; it is retained by the Fund and is not a fee payable to Sandhurst.

A buy spread of 0.09% applies to each application in the Fund and a sell spread of 0.09% applies to each withdrawal. For example, if you invested \$50,000 in the Fund the cost of the buy spread would be \$45. The buy/sell spread may change from time to time without prior notice. The Fund's application and withdrawal prices are updated regularly and can be found at www.sandhursttrustees.com.au/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 and charges payable to Sandhurst increase, you will be given at least 30 days' prior notice. Other costs, such as the buy/sell spread may change at any time without prior notice to you. Indirect costs are based on costs incurred by the Fund in the past financial year and may be different in the current and future financial years.

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 and sent to:

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 Defensive Index 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	0.39% p.a.	And , for every \$50,000 you have in the Bendigo Defensive Index Fund, you will be charged \$195 each year.
EQUALS Cost of Bendigo Defensive Index 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: \$195* 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. This example assumes that the additional contribution of \$5,000 is invested at the end of the year. For this Fund, the minimum balance is \$50,000 and the minimum additional investment is \$100.



You should read the important information about 'Fees and costs' before making a decision. Go to section 3 of the Reference Guide at www.sandhursttrustees.com.au/pds. 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 'How managed investment schemes are taxed' before making a decision. Go to section 4 of the Reference Guide at www.sandhursttrustees.com.au/pds. 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 from our website at www.sandhursttrustees.com.au/forms; 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

If you have a complaint about Sandhurst, the Fund or the complaints handling process itself, you should call 1800 634 969 or write to:

The Complaints Officer
Sandhurst Trustees
GPO Box 4314
Melbourne VIC 3001

All complaints will be properly considered and dealt with within 45 days of receipt. Once we have investigated your complaint, you will receive a written reply explaining our decision when required by law.

If you are not satisfied with the handling of your complaint, or the complaint is not dealt with within 45 days, you may contact the Financial Ombudsman Service Australia on 1800 367 287.

9. Other information

Keeping you informed

We will provide you with a statement confirming your initial investment, additional investments (with the exception of

regular savings plan contributions), withdrawals and any change of details as soon as is reasonably practicable after the transaction occurs.

We will also send you:

- a half-yearly income distribution statement;
- a half-yearly transaction statement for the period ending 31 December;
- an annual transaction statement for the period ending 30 June;
- an annual tax statement to assist with your tax return;
- an annual report if you elect to receive one (the Fund's annual report is also available at www.sandhursttrustees.com.au); and
- any other communications required by the law.

Continuous disclosure requirements

The Fund is considered 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, you will be able to obtain from, or inspect at, an ASIC office copies of any documents lodged with ASIC in relation to the Fund. 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 www.sandhursttrustees.com.au.

Related party transactions

The Fund may, without limitation, invest in other funds, products or platforms of which we, or a related entity, are the issuer, operator or responsible entity. Sandhurst, in its capacity of responsible entity, may also use services provided by the Bendigo and Adelaide Bank Group such as distribution, legal, IT and marketing. Any fees paid to a member of the Bendigo and Adelaide Bank Group for these services are paid by Sandhurst from its own resources and not out of the Fund.

Sandhurst has a process for managing conflicts of interest and related party transactions which ensures that all transactions engaged in by Sandhurst are assessed for any conflicts of interest and to ensure they are reasonable 'arm's length' transactions based on appropriate commercial terms.

Consents

The Bank and each of the investment managers listed in section 1 of the Reference Guide at www.sandhursttrustees.com.au/pds 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 5 of the Reference Guide at www.sandhursttrustees.com.au/pds. 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.

