



SandhurstTrustees

Sandhurst Strategic Income Fund

Reference Guide

Dated 30 January 2017

This Reference Guide is issued by Sandhurst Trustees Limited (ABN 16 004 030 737, AFSL No. 237906) ('Sandhurst', 'we', 'us' or 'our'). The information contained in this Reference Guide forms part of the Product Disclosure Statement (PDS) for the Sandhurst Strategic Income Fund (ARSN 151 201 106, APIR - Class A STL0027AU, APIR - Class B STL0044AU) ('the Fund') dated 30 January 2017. You should read this information together with the PDS before making a decision whether to invest.

Sandhurst is the responsible entity for the Fund. 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.

An investment in the Fund does not represent a deposit with, or a liability of Sandhurst, Bendigo and Adelaide Bank Limited, and its related entities. Sandhurst is not an authorised deposit-taking institution within the meaning of the Banking Act 1959 (Cth). The Bank does not stand behind or guarantee the performance of Sandhurst or the Fund's performance.

The information in this Reference Guide is of a general nature. The information is not advice or a recommendation to invest in the Fund. This Reference Guide has been prepared without taking into account your individual objectives, financial situation or particular 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, we recommend that you seek the help of a person or organisation licensed to provide financial advice. The Australian Securities and Investments Commission (ASIC) can help you check if your adviser is licensed. You can contact ASIC on 1300 300 630 or via the website www.asic.gov.au, or call us to arrange to see a Bendigo financial planner.

Information in this Reference Guide 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.

If you would like to request a copy of this Reference Guide, the PDS and any updated information free of charge, you can contact your licensed financial adviser, Platform operator, phone Sandhurst on 1800 634 969 or visit www.sandhursttrustees.com.au.

Contact details:

Sandhurst Trustees Limited
Funds Administration
Level 5, 120 Harbour Esplanade
Docklands VIC 3008

Phone: 1800 634 969

Monday – Friday 8.30am-5.00pm (Melbourne time)

Fax: 1800 835 800

Email: managedfunds@sandhursttrustees.com.au

Website: www.sandhursttrustees.com.au

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Email: managedfunds@sandhursttrustees.com.au

Website: www.sandhursttrustees.com.au

1. How the Sandhurst Strategic Income Fund works

The following section provides more detailed information on how the Fund works and should be read in conjunction with the PDS.

Multi-class pricing

As detailed in the PDS, the Fund offers more than one class of unit and the term used to describe this type of offering is called 'multi-class pricing'.

A summary of the differences in Class A units and Class B units is provided in the following table:

Type of investor definition	Direct Investor	Direct Investor (Wholesale client)	Platform Investor
Type of units	Class A	Class B ¹	Class B
Minimum initial investment	\$2,000	\$500,000	As directed by the Platform operator
Minimum additional investment	\$500 or \$100 per month via the regular savings plan		
Minimum investment balance	\$2,000	\$500,000	
Regular savings plan (RSP) offered	Yes		
Minimum withdrawal	\$1,000		
Maximum withdrawal	Total monthly withdrawals are capped at \$1m per investor ²		
Application processing	Daily		
Withdrawal processing	Weekly on Wednesdays ²		
Management costs	0.79% p.a.	0.45% p.a. ³	
Entry and exit fees	Nil		
Buy/Sell spread ⁴	+0.0% / -0.1% of the Net Asset Value (NAV) per Unit		
Unit pricing	Daily unit pricing for applications Weekly unit pricing for withdrawals		Daily unit pricing

- Sandhurst may, at its discretion, offer Class B units to investors who are Wholesale Clients, the opportunity to invest directly in Class B units.
- Withdrawals for Direct Investors will ordinarily be processed on a Wednesday or the next Business Day if Wednesday is a public holiday in Melbourne. For each Direct Investor, total monthly withdrawals for any particular calendar month are capped at \$1,000,000. We have absolute discretion to refuse or partially satisfy or fully satisfy any withdrawal request above this cap.
- For Platform Investors, your Platform operator may charge additional amounts to process your investments or withdrawals in the Fund or to manage your investments in the Fund.
- The buy/sell spread is reflective of anticipated costs of buying or selling investments as a result of investors acquiring or withdrawing units in the Fund and is subject to change from time to time.

Direct Investors investing in Class A or Class B Units

This section is relevant to Direct Investors investing in either Class A or Class B units. Please refer to page 5 for more information on Platform Investors investing in Class B units.

Acquisition and disposal of units cut-off times

Applications

Transaction type	Pricing frequency	Processing cut-off times (Melbourne time)
Initial investments	Daily	Before 12.00pm ¹
		After 12.00pm ²
Additional investments	Daily	Before 12.00pm ¹
		After 12.00pm ²

1. Application price, calculated as at the close of business on the same business day.
2. Application price, calculated as at the close of business on the next business day.

Transfers

Pricing frequency	Processing cut-off times (Melbourne time)
Daily	Before 12.00pm ¹
	After 12.00pm ²

1. Transfer price using NAV, calculated as at the close of business on the same business day.
2. Transfer price using NAV, calculated as at the close of business on the next business day.

Withdrawals

Pricing frequency	Processing cut-off times (Melbourne time)
Weekly on Wednesdays ³	Before 12.00pm ¹
	After 12.00pm ²

1. Withdrawal price, calculated as at the close of business on the same business day.
2. Withdrawal price, calculated as at the close of business on the next Wednesday.
3. Where Wednesday is a public holiday in Melbourne, withdrawal requests (subject to the time received per above) will be processed using a withdrawal price based on the close of business on the next business day.

Application and withdrawal unit prices for Class A and Class B

The application price for each Class of units in relation to Direct Investors is calculated each business day (i.e. any day that is not a weekend or a public holiday in Melbourne). It is calculated as the Net asset value attributable to each class of units (which takes into account accrued management costs and other liabilities of the Fund attributable to the relevant Class of units) divided by the number of units on issue in the relevant Class, and adjusted by adding an amount to reflect the buy spread.

The withdrawal price for each Class of units in relation to Direct Investors is calculated on each Wednesday (or the next business day if Wednesday is a public holiday in Melbourne). It is calculated as the Net asset value attributable to the relevant Class of units (which takes into account accrued management costs and other liabilities of the Fund attributable to the relevant Class of units) divided by the number of units on issue in the relevant Class, and adjusted by subtracting an amount to reflect the sell spread. Refer to the section titled 'Fees and Costs' in the PDS to find out how the buy/sell spreads work. Class A unit prices will generally differ to Class B unit prices due to the difference in management fees which are accrued for the two classes.

Sandhurst reserves the right to delay unit pricing, for example, when markets are closed in relevant overseas countries, or where there are other extenuating factors that prevent the proper and accurate calculation of unit prices.

Sandhurst has adopted a unit pricing policy setting out the principles which we apply when exercising unit pricing discretions under the Fund's Constitution. You can request a copy of the policy free of charge by calling us or downloading a copy from www.sandhursttrustees.com.au.

2. Acquisition and disposal of units

The following section provides more detailed information on the acquisition and disposal of units and should be read in conjunction with the PDS for the Fund.

Initial investments

Sandhurst will not accept any Application Forms, including certified Know Your Customer identification requirements via facsimile or email, for the initial investment into the Fund. Refer to the Application Form for more information located at www.sandhursttrustees.com.au/forms.

Investment instructions

If you have an existing investment in the Fund and wish to advise Sandhurst of additional applications, withdrawal requests, transfer requests or notify us of a change in details, you can contact us by using one of the following methods:

Mail: Funds Administration
GPO Box 4314
Melbourne VIC 3001

Email: managedfunds@sandhursttrustees.com.au

Facsimile: 1800 835 800

You can request to change certain details including your telephone number, facsimile number or email by telephone on 1800 634 969. In the event that we are unable to confirm your identity over the telephone we may at our sole discretion, require that you put your request in writing.

Electronic instructions

Whether or not your application or instruction (instruction) is properly authorised will be determined by us (in our discretion) depending on the nature of the instructions you are giving and the method (for example, there may be different requirements depending on whether you are using email, facsimile, or an online form). If we are not satisfied that you have appropriately authorised the instruction, we may require you to send us a signed hard copy request and/or relevant identification. Sandhurst will not compensate you for any loss relating to electronic instructions (including instances of fraud or incorrectly completed instructions) unless required by law.

Regular savings plan

Our regular savings plan option allows you to build your investment steadily by acquiring additional units over a time frame that suits you. You can start with the initial minimum investment of \$2,000 and add regular monthly payments of \$100 or more. To set up a regular savings plan you can 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 located at www.sandhursttrustees.com.au/forms.

Amounts will usually be debited from your nominated account on the 15th day of each month (or the next business day). You can stop or vary your contribution amount or change your nominated account details by completing the Investment Contribution Form (www.sandhursttrustees.com.au/forms). Please note that new applications or change requests must be received at least 14 days prior to the deduction date. Each regular investment will be made on the terms of the most up-to-date PDS. If your financial institution is unable to pay the agreed amount, it may charge you a failed transaction fee.

If you join the regular savings plan, you should obtain a copy of the most up-to-date PDS and any information that updates the current PDS and any information in relation to your investment for future reference when making regular investments. You should also keep the periodic reports provided to you in relation to your investment for future reference. Visit www.sandhursttrustees.com.au/pds/income or contact us for a copy of the most up-to-date PDS.

Contributions using BPAY

Please be aware that even though your BPAY payment may immediately leave your bank account, the funds may take some time to be transferred to Sandhurst from your financial institution. Provided your BPAY request is made before your financial institution's cut-off time (usually 5 p.m. Melbourne time), Sandhurst will typically receive your funds the following business day (usually before 12 noon Melbourne time). Where Sandhurst receives your funds before 12 noon Melbourne time on a business day, the application will be processed using application price for the relevant Class of units calculated as at the close of business on that day. Otherwise, the following business day's application price for the relevant Class of units will be used. 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.

Transfers

You may dispose of units by transferring units in the Fund to another person if that person is an existing investor in the Fund or completes an Application Form to become an investor in the Fund. However, we may, at our sole discretion, refuse to register a transfer of units. To discuss what is required for a transfer, please contact us on 1800 634 969.

Transfer requests received and accepted before 12 noon Melbourne time on a business day will be processed at the close of business on that day. Otherwise the transfer will be processed at the close of business on the following business day.

Transferring units may give rise to tax consequences and it is recommended that you check the tax implications with your accountant or financial adviser before making a decision.

Impact of income distributions on unit prices

Where you buy units in the Fund before a distribution date, the application price will include income accumulated in the Fund since the last income distribution was made. This income will subsequently be distributed and will form part of your taxable income. Following a distribution, the Fund's unit price will drop to reflect the distribution that has been paid.

Changes to application and withdrawal processes

Subject to the Constitution and the Corporations Act 2001 (Corporations Act), we reserve the right to change application and withdrawal procedures including, amongst other things, application and withdrawal dates or times, minimum and maximum amounts. We will notify investors prior to materially changing application and withdrawal processes.

Use of standard forms

Standard forms are used for all transactions including applications, withdrawals and transfers. These forms can be downloaded from www.sandhursttrustees.com.au/forms.

Platform Investors (Class B units only)

All queries in relation to your investment in the Fund should be directed to your Platform operator.

Initial investments, additional investments and regular savings plans

If you want to make an initial investment or additional investment through a Platform, you will need to complete the document required by your Platform operator. Whilst the Fund does not have minimum initial or additional investment requirements for Platform Investors, your Platform operator may have minimum investment requirements for the Fund.

If you wish to make regular contributions to the Fund, please check with your Platform operator to find out its processes for regular investment.

We reserve the right to reject applications at our discretion.

Cut-off time for receipt of applications

Your application for initial and additional investments must be received by your Platform operator by their relevant cut-off time for applications in order to receive the application price for that business day. If your application is received after this time, your Platform operator will be issued Class B units at the application price effective for the next business day.

Investors who invest in Class B units through Platforms should refer to their Platform operator's offer document to understand their requirements and procedures regarding application cut-off times.

Withdrawal requests

To withdraw your Class B units in the Fund, you should lodge a withdrawal request with your Platform operator. Your request for withdrawal will be passed on to us from your Platform operator and any withdrawal proceeds will be paid to your Platform operator and not directly to you.

Whilst the Fund does not have minimum withdrawal requirements for Platform Investors, your Platform operator may have minimum withdrawal requirements for the Fund.

However, we may, at any time, set minimum or maximum withdrawal amounts for investors who invest in Class B units through Platforms by giving Platform operators 7 days notice.

Please read the offer document of your Platform operator for further details on how to make withdrawals from the Fund.

Transfers

You should speak with your Platform operator about the processes for the transfer of your Class B units in the Fund.

3. Risks of Managed Investment Schemes

Sandhurst manages the risks of the Fund as follows:

Individual investment risk

We aim to reduce this risk by investing predominantly in a diversified portfolio of fixed income investments and selecting experienced investment managers (if appropriate) who have expertise in managing this asset class.

Liquidity risk

We manage liquidity risk by investing a portion of total assets in cash and other short term interest bearing securities that ordinarily can be readily converted into cash. We monitor Fund liquidity by liquidity modelling and forecasting.

Counterparty risk

We minimise counterparty risk by carefully selecting and monitoring counterparties. In the event of a failed counterparty we will endeavour to replace that counterparty with minimal disruption.

Credit risk

We minimise credit risk by investing in an approved list of debt securities whilst excluding direct investment in commodities, foreign currency and physical property. Credit risk is monitored, in an effort to identify any potential defaults before they occur.

Concentration risk

The Fund invests predominantly in fixed income investments. We will manage concentration risk by diversifying the portfolio where appropriate.

Market and political risk

The Fund invests in a diversified portfolio of investments within its prescribed asset classes to reduce the impact of market and/or political risk.

Interest rate risk

We regularly monitor the impact of changes in interest rates on the underlying portfolios and consider the impact of any rate changes prior to making investment decisions.

Investment manager risk

Sandhurst monitors its own performance as an investment manager through internal committees that review historical performance against market benchmarks and risk management practices. We select (where appropriate) and periodically review specialist investment managers, based on an assessment of their historical performance, active management strategies and operational and risk management practises in an effort to mitigate this risk.

Regulatory risk

Sandhurst monitors regulatory changes and takes action where appropriate.

Derivatives risk

The Fund will only use derivatives for hedging and not to gear or leverage the Fund. Sandhurst and any selected investment managers manage the risk as far as practicable by regularly monitoring the derivative exposure, only investing in derivatives that have appropriate market depth and using intermediaries as appropriate. Sandhurst has processes in place to govern the use of derivatives.

Fund risk

We have established operational risk and compliance processes in place and aim to minimise Fund risk by monitoring how these risks may impact on the Fund and by acting in the best interest of investors.

4. How we invest your money

The following section provides more detailed information on how we invest your money and should be read in conjunction with the PDS for the Fund.

What are primary sector securities?

Primary sector securities are more accessible and generally less risky and include:

- **Bank deposits** – including term deposits of varying maturities from licensed ADIs (Authorised Deposit-Taking Institution);
- **Money market securities** – liquid and marketable securities that generally have maturities of one year or less;
- **Floating rate notes** – bonds that have a variable coupon, equal to a money market reference rate plus a margin;
- **Corporate bonds** – an investment grade bond issued by a corporation;
- **Government and semi government bonds** – bonds issued by Commonwealth and state governments respectively;
- **Supranational bonds** – bonds issued by an international organisation whereby members transcend national boundaries, for example the World Bank; and
- **Asset backed securities** – securities whose value and income payments are derived from and collateralised (or 'backed') by a specified pool of underlying assets which may include indirect exposure to mortgages, margin loans or leases.

Each investment is selected after giving consideration to risks and total returns. The Fund looks to minimise losses that result from either defaults or credit deterioration of the issuer for the individual security and to identify investments that offer higher returns for a given level of risk.

What are secondary sector securities?

Secondary sector securities are generally less liquid, more difficult to access and generally carry greater risk than primary sector securities. Secondary sector securities consist of hybrid securities (i.e. securities that combine the elements of the two broader groups of securities, debt and equity. For example, convertible notes).

Secondary sector securities will be used only when, in Sandhurst's opinion, both favourable economic conditions and pricing exist. At all times at least 90% of the portfolio will be invested in primary sector securities.

The Fund may invest indirectly in interest bearing securities via managed funds for which Sandhurst is the responsible entity as well as externally managed funds. Investments in managed funds will be classified by Sandhurst as either primary sector securities or secondary sector securities depending on the underlying portfolio of those funds.

For the latest performance report including information on the securities held by the Fund, please visit our website www.sandhursttrustees.com.au/performance.

Target asset allocation

The target asset allocation may be adjusted from time to time by Sandhurst where it is considered appropriate to achieve the objectives of the Fund in prevailing market conditions.

Borrowing

The Fund will not borrow to invest.

Derivatives

The Fund may use derivatives to hedge against interest rate, foreign currency and credit risk exposures of investments in the Fund. However, we will not use derivatives to gear or leverage the Fund.

5. Fees and costs

The following section provides more detailed information about fees and costs and should be read in conjunction with the PDS for the Fund.

This document shows 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 managed investment scheme as a whole.

Taxes are set out in section 6 of this Reference Guide.

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

Unless otherwise stated, all fees and costs shown in this section include stamp duty and GST less the maximum applicable reduced inputs tax credit.

For the purposes of calculating fees and expenses for each class, the Fund's assets, liabilities and investment income are allocated to each of these classes proportionally based on the number of units in each class.

A lower management fee is charged for Class B units as investments made through a Platform offer cost savings through the netting of transactions and pooling of funds. Please note that if you invest through a Platform you may incur other costs. You should speak directly with the Platform operator or your adviser for further information.

Sandhurst Strategic Income Fund

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the managed investment product¹		
<i>Establishment fee</i> The fee to open your investment	Nil	Not Applicable
<i>Contribution fee</i> The fee on each amount contributed to your investment ²	Nil	Not Applicable
<i>Withdrawal fee</i> The fee on each amount you take out of your investment ²	Nil	Not Applicable
<i>Exit fee</i> The fee to close your investment ²	Nil	Not Applicable
Management costs*		
<i>The fees and costs for managing your investment¹</i>	As at the date of this Reference Guide, management costs are 0.79% per annum for Class A units and 0.45% per annum for Class B units. ²	The management costs (including the management fee) are paid from the assets of the Fund and are reflected in the unit price of the Fund. The management fee is calculated on the Fund's net asset value, accrued daily, and is paid quarterly in arrears to Sandhurst following the end of March, June, September and December quarters.
Service fees³		
<i>Switching fee</i> The fee for changing investment options	Nil	Not Applicable

* The amount of this cost can be negotiated. (See "Management costs" under the heading "Additional explanation of fees and costs" in the PDS.)

1. Transactional and operational costs may apply, including in the form of a buy/sell spread. (See "Transactional and operating costs" and "Investor Buy/sell spread" under the heading "Additional explanation of fees and costs" in the PDS for more information.
2. This cost does not include abnormal expenses. See "Abnormal expenses" under "Additional explanation of fees and costs" for more information.
3. This does not include an amount paid to an adviser. (See "Advice fee" under the heading "Additional explanation of fees and costs" in the PDS).

Additional explanation of fees and costs

Maximum fees and waiver

Under the Fund's Constitution, Sandhurst is permitted to charge the following maximum fees (plus GST if applicable):

Establishment fee or contribution fee

- Sandhurst is permitted to charge and retain for its own benefit up to 4.00% of application money.

Management fee

- Up to 1.50% of the net asset value of the Fund.

Withdrawal fee

- Up to 2.00% of the aggregate withdrawal price of units withdrawn by the relevant investor.

Exit fee

- Up to 2.00% of the net asset value of the Fund on the date of termination of the Fund.

Sandhurst does not currently charge an establishment fee, contribution fee, withdrawal fee, switching fee, exit fee or performance fee, and does not currently intend to introduce such fees.

The Fund's Constitution also gives us the right to accept lower fees than we are entitled to receive under the Constitution, to defer payment, or to waive our entitlement to such fees.

Investor Buy/sell spread

The buy/sell spread can change at any time in accordance with the Fund's constitution and without prior notice to you.

The Fund's Constitution also allows us to recover all proper expenses we, as responsible entity, incur in the proper performance of our duties, from the Fund.

Expense recoveries

The expense recoveries are the expenses incurred by Sandhurst for the proper performance of its duties as responsible entity for the Fund and for which Sandhurst is entitled to recover from the Fund. Whilst there is no limit in the Fund's Constitution on the amount that can be reimbursed, Sandhurst has currently chosen to pay the expense recoveries, other than abnormal expenses and transactional and operational costs, out of its management fees.

Abnormal expenses

Abnormal expenses are sometimes incurred in the proper performance of our duties in administering the Fund. Abnormal expenses are due to events like the cost of running an investor meeting, litigation costs, break costs associated with early termination of cash investments (which the buy/sell spread does not make provision for) or legal costs incurred by changes in the Fund's Constitution. Abnormal expenses are not generally incurred during the day-to-day operation of the Fund, and are not necessarily incurred in any given year.

Advice fee

The advice fee is payable to your adviser and not to Sandhurst. You will not be charged this fee if you have not invested via a financial adviser. In relation to an upfront fee, you can nominate any dollar amount to be deducted from your initial investment for advice sought about your investment.

You can authorise us to pay an optional advice fee to your financial adviser on your behalf from your investments in the

Fund as an upfront fee or an ongoing fee as detailed in the PDS. Any advice fee you authorise us to pay is additional and separate to the fees we charge you in respect of your investment in the Fund. You may agree with your adviser to pay an advice fee direct from your investment and can direct us to pay this fee by completing the Advice Fee form (www.sandhursttrustees.com.au/forms). This can take the form of an upfront or ongoing fee:

- **Upfront fee:** being a fixed dollar amount deducted from your initial investments before they are invested and paid by Sandhurst to your adviser at the end of the month in which you made your initial investment. This payment does not form part of your contribution to the Fund; or
- **Ongoing fee:** being a fixed dollar amount paid to your adviser via redemption of interests from your investment on a monthly basis. Buy/sell spreads apply.

The agreed amount will be deducted from either your application monies at the time of application or your account on an ongoing basis and paid to your adviser. Sandhurst will continue to deduct the ongoing advice fee and forward payments to your adviser unless we are notified by you or your adviser in writing to cancel this fee. The fee you agree with your adviser is inclusive of GST.

The default value of the advice fee for each investor is nil. Each time you and your adviser agree to a fee you need to notify us in writing by completing the Advice Fee Form.

Sandhurst is not liable to refund investor authorised advice fee payments. If the Advice Fee Form has been incorrectly or fraudulently completed or completed in error, you will need to contact your adviser directly to arrange a refund from your adviser.

Sandhurst does not pay commissions to financial advisers for procuring investments in the Funds.

Taxes

Please see section 6 of this document and section 7 of the PDS "How managed investment schemes are taxed".

Platform investors – additional Platform fees

For investors accessing the Fund through a Platform, additional fees and costs may apply. These fees and costs are stated in the offer document provided to you by your Platform operator.

Platform fees

Some wrap platforms, master trusts or other investment administration services charge platform fees for having the Funds included on their investment menus. Sandhurst may pay amounts from the management fees we receive to platforms which make the Funds available on their investment menus. Platform fees will not be paid to the extent that they are prohibited by law.

As these amounts are paid by Sandhurst out of our own resources, they are not an additional cost to investors.

Details of the fees your adviser or Platform operator receives in respect of providing services to you are set out in the Financial Services Guide, offer document and/or Statement of Advice which your adviser or internet Platform operator will give you.

Alternative remuneration

Subject to the law, Sandhurst may provide remuneration to financial advisers and Platform providers indirectly by paying them additional amounts and/or non-monetary benefits. If these amounts or benefits are provided, they are payable out of the fees and costs we receive and are not an additional cost to you.

6. How managed investment schemes are taxed

The following section provides more detailed information about taxation matters relating to the Fund and taxation matters relating to managed investment schemes and should be read in conjunction with the PDS for the Fund.

It is intended that no income tax will be payable by the Fund as it will distribute all its income to investors annually. The income will retain its character as it passes to investors and as a result, you might receive distributions consisting of tax components of interest, dividends (which may include franking credits), capital gains, foreign income and other amounts. Tax components will be allocated on a fair and reasonable basis. You may be able to use any franking credits and foreign tax credits to offset some or all of your Australian tax liability.

Tax on your distributions

Australian resident investors will be generally subject to tax on their share of the taxable income of the Fund including amounts reinvested in the Fund. In 2010 the Federal Government introduced a 'capital election' for eligible Managed Investment Trusts and the election is made on a fund by fund basis.

Tax statements

The way in which investors are taxed will depend on the character of the distributions they receive. We will send you an annual tax statement indicating the components of your distribution, usually within 30 days after the end of each financial year, to assist you in completing your tax return.

Goods and Services Tax (GST)

Fees and costs in respect of acquisitions by the Fund will often be subject to GST. The Fund may not be entitled to claim an input tax credit for the full amount of that GST, however, it may be entitled to reduced input tax credits on any GST paid. The GST included in expenses that cannot be claimed as an input tax credit will be a net cost and can be recouped from the Fund. If the GST rate increases, the Fund's Constitution allows Sandhurst to recoup the extra amount from the Fund.

Capital gains tax when you withdraw from the Fund

Australian residents who invest in the Fund are generally subject to capital gains tax on gains when they deal with their units, including where an investor redeems units and withdraws any money from the Fund. Where the investor is regarded as a trader, short term investor or institutional investor, such profits may be regarded as ordinary income. You will have a capital gain if the capital proceeds exceed the cost base of your units in the Fund, or a capital loss if the reduced cost base of your units exceeds the capital proceeds.

If you have a capital gain and you are an individual, trustee or complying superannuation fund and you have held your interest in the Fund for at least 12 months on capital account, you should be entitled to apply the applicable capital gains tax discount.

Quotation of Tax File Number ('TFN') or Australian Business Number ('ABN')

It is not compulsory for you to quote your TFN or ABN. If you do not quote your TFN or ABN, or claim an exemption, we may be required to withhold tax from distributions at the highest marginal tax rate plus applicable levies.

By quoting your TFN or ABN you authorise us to apply it to your investment and disclose it to the Australian Taxation Office. Collection of TFN or ABN information is authorised, and its use and disclosure is strictly regulated, by the tax laws and under privacy legislation.

Foreign taxes and foreign tax compliance

Australian and foreign taxes may be imposed where the Fund's investments or dealings have some connection with a foreign jurisdiction. Foreign laws are varied and can apply in uncertain ways. If the Fund suffers any amount of Australian or foreign tax, or is required to withhold any amount of Australian or foreign tax, neither Sandhurst nor the Fund will be required to compensate investors for any such tax, and the effects of these amounts will be reflected in the returns of the Fund.

In addition, there are certain consequences that may occur if an investor is, or becomes a foreign entity, a foreign citizen, resides in a foreign country or has some connection with the foreign country. These consequences may apply pursuant to certain global reporting requirements such as the Foreign Account Tax Compliance Act (FATCA) in the US. The Fund is required to comply with these requirements.

Accordingly, Sandhurst may request that you provide certain information about yourself in order for Sandhurst to comply with these obligations.

Pension and benefits

Investments in the Fund may affect social security entitlements. You should, therefore, seek professional advice or consult Centrelink to determine the effect of income received in respect of an investment in the Fund on any social security entitlement.

Taxation reform

The Government has passed new income tax legislation that implements an Attribution Managed Investment Trust (**AMIT**) tax regime for eligible Managed Investment Trusts (**MIT**). The legislation applies for tax years commencing 1 July 2016 where the MIT makes an appropriate election.

7. Other Information

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 investment services, 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 entered into arrangements with the **Community Bank**[®] branches of the Bank where, Sandhurst will pay a distribution commission of up to 0.15% calculated on end of month balances of customers introduced by a **Community Bank**[®] branch of the Bank. The distribution commission arrangements are on arm's length terms and do not impact returns to investors in 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 has given and has not, before the date of this PDS, withdrawn its written consent to be named in this PDS and to the statements in this PDS concerning its role and activities, in each case in the form and context in which it is included or named.

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.

Privacy

From time to time, Sandhurst will need to collect from you and verify personal information about you (and where applicable, people acting on your behalf) in order to properly administer the financial products you have requested and to comply with its legal obligations. Sandhurst collects, uses, discloses and stores your personal information in accordance with its privacy policy and the Privacy Act 1988 (Cth).

We are committed to ensuring your privacy is protected and understand your concerns regarding the confidentiality and security of personal information you provide to us. Our privacy policy and details of how we handle your personal information is available by contacting us on 1800 634 969. The privacy policy can also be obtained by visiting: www.sandhursttrustees.com.au.

