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# Growing our funds under management

Funds management is assuming an ever more prominent role for the Australian public.

According to the Australian Prudential Regulation Authority, Australians had \$527 billion invested in superannuation alone at 31 December 2001. This figure is growing by around five per cent per annum and superannuation now comprises 30 per cent of financial sector assets. Billions of dollars are also invested in managed funds outside the superannuation regime.

This trend represents a significant opportunity for the Bendigo Bank Group. Currently, deposits with our Bank total \$7 billion. Various other businesses within the Group have a further \$2 billion in funds under management and advice.

In last year's Concise Annual Report, we foreshadowed plans to bring these businesses together to create a "one stop" Wealth Management structure to enhance our customers' ability to plan and manage their financial needs.

Our aim is to substantially grow our off-balance sheet funds, thereby providing customers with choice and a quality range of investment options, as well as securing the Group a non-interest income stream less susceptible to the fluctuations of interest margins.

These plans are now beginning to be implemented with the creation of Bendigo's Wealth Management division and the launch of new products and services which broaden the Group's ability to help customers achieve their financial goals.

As part of the restructure, we have purchased IOOF's half-share of Bendigo Investment Services, which makes financial advisory services

available through the Bank's branches. IOOF continues to have a close relationship with us, both as a service provider and as one of the investment managers in our new Bendigo Managed Funds.

This newsletter outlines some of the major initiatives we have launched in recent months and which are now available to Shareholders.

## Bendigo Managed Funds

Our new Wealth Management division recently launched its first Bendigo Managed Funds products.

Five funds are contained in the new prospectus. Four are new - Bendigo Conservative, Balanced and Growth options, plus Sandhurst Future Leaders - while the prospectus also incorporates our successful Sandhurst Australian Industrial Share Fund, which now has more than \$120 million invested.

This new prospectus represents our belief that investors should not have all their eggs in one basket. In developing these funds, we have used the "manage the manager" approach, which we believe can reduce investment risk and improve returns over the longer term. Essentially this means that many of the investment management decisions are made by quality external investment managers, selected by Sandhurst Trustees for their particular expertise. As well as being the cash and mortgage manager of the funds, Sandhurst has a separate management role in monitoring the performance of these external managers.

This latter role has been developed through the experience with the Sandhurst Industrial Share Fund, where the investment manager is Investors Mutual Ltd (IML). The assets of the new Sandhurst Future Leaders Fund will also be managed by Investors Mutual.

The new investment funds give access to some of Australia's leading fund managers, as we have selected the best of their products to provide the right asset mix for a range of risk/reward profiles.

A number of our selected funds managers featured prominently in this month's Money Management/Assirt Funds Management Awards:

- > Sandhurst Trustees was a runner-up in the Mortgage category.
- > IOOF was a runner-up in fixed interest.
- > IML won Australian Equities.
- > Platinum won International Equities.

To ensure we were comfortable with the mix of investment managers, the performance for the new Bendigo funds was tested as if they had been created three years ago. The funds would have provided investors with solid returns, although past performance is no guarantee of future performance.

These funds offer our customers choice in their investment decision, which our research confirms is the direction our customers wished us to take.

A prospectus is enclosed with this newsletter for your information. Should you wish to invest, you may do so by completing the application form in the prospectus. As with any investment decision, we urge you to read the prospectus carefully and to seek your own independent investment advice to ensure that any investment decision you make is appropriate in light of your individual investment objectives, financial situation and particular needs. For shareholders resident in Victoria and South Australia who do not have a current investment adviser, your local Bendigo Bank branch can arrange an appointment through Bendigo Investment Services.

*The first Bendigo Managed Funds signal the launch of the company's new wealth management structure.*



• Bendigo Balanced Fund • Bendigo Conservative Fund  
• Sandhurst Industrial Share Fund • Bendigo Future Growth Fund  
• Sandhurst Future Leaders Fund

## **Bendigo Managed Funds**

**Bendigo Bank Group**

### **Online financial services**

Bendigo Bank this month launched an online financial services “super store” providing customers with access to a wide range of financial products from the Bank and other service providers.

The service is provided through a licensing agreement with financial portal operator Inch Corp. Bendigo Bank recently acquired a 30 per cent stake in Inch Corp.

Announcing the agreement, Bendigo Bank Managing Director Rob Hunt and Inch Corp Managing Director John O’Shea said the initiative was expected to produce strong growth for both companies.

“This agreement is a cost-effective way of leveraging the strengths of both Groups to broaden customer services and grow our income streams while maintaining our strong customer focus,” the two men said.

Bendigo Bank’s head of online services, Andrew Watts, said: “It’s a virtual financial super store, where customers can compare price and features on a wide range of products - and receive personal service and advice - without leaving the shop.

“Our researchers evaluate and select products and prices from a range of providers customers would otherwise need to hunt out and research themselves.

“This service is supported by a team of advisers and consultants providing customers with extensive experience in financial planning, superannuation, general insurance, risk insurance, tax advice, health insurance and loans.”

Mr Watts said Bendigo Bank provides the service through a licensing agreement with Inch Corp. Bendigo has licensed the Inch portal and customised it to meet the needs of its customers.

“It provides Bendigo with a quantum leap in the depth and product offering of its online business.”

Mr Watts said Bendigo Bank’s user-friendly internet banking site, [www.bendigobank.com.au](http://www.bendigobank.com.au), was already popular with customers, with e-bank usage rising by 221 per cent last year and still accelerating.

“A growing number of customers are choosing online banking and through the portal development we have vastly expanded not just transactional banking but an end-to-end fulfilment of products and services.

“Customers can now choose from a wide range of leading funds managers, health funds, insurers and other providers. We provide choice by continuing to offer products and services via our branch network and Wealth Management division.

“However there are some products our Group did not offer, which we believe are essential financial services, and this is a cost-effective way in which to provide our customers with access to those products, and to advice from Inch consultants, while maintaining their primary relationship with Bendigo.”

Inch Corp launched its portal in June 2000 and provides access by arrangement with some of Australia’s leading financial services providers.

### **Online share trading**

A reminder to Shareholders that online share trading is now available through Bendigo Bank’s website, [www.bendigobank.com.au](http://www.bendigobank.com.au)

The service is provided through TD Waterhouse Investor Services, the Australian arm of TD Waterhouse, one of the world’s leading discount brokers.

Share trades are available from \$14.70 and can be settled directly through your Bendigo Bank account.

Our website advises how to register and provides further information about services and pricing.

### **Margin Lending**

The bank recently launched a margin lending product for share investors. Enquiries can be made at your local branch or through your Bendigo Investment Services advisor.



*Cheers as the Tambellup Cranbrook Community Bank branch in Western Australia is launched.*

## Branch network growing

The first Bendigo Bank branches recently opened in Sydney and Canberra as our network rapidly approaches 200 branches.

During 2002, we expect to open about ten company-owned branches and up to 30 Community Bank branches across Australia as we respond to strong demand for the Bendigo style of banking.

Bendigo's General Manager of Retail Banking, Greg Gillett, said Sydney would be a focus, with plans for five company-owned plus five Community Bank branches owned and operated by local communities.

A company branch has opened at Parramatta and the first Community Bank branches at Galston and Homebush.

"Sydney is the biggest banking market in the country and we aim to establish a meaningful banking presence as quickly as possible," Mr Gillett said. "The enthusiastic response to Community Bank shows that there is strong demand for our style of banking in Sydney.

"We also believe we can excel in Canberra and we are seeking further sites to complement our branch in Civic which opened in January." Bendigo's presence in Canberra will be further broadened by the pending

launch of Canberra's first Community Bank branches are due to open soon in Wanniasa and Calwell.

Mr Gillett said there was still strong demand for Community Bank across Australia. "We have almost 30 communities who have done most of their groundwork and are waiting to launch, with another 78 in various stages of their campaigns.

"And customers are voting with their feet. Community Bank now has in excess of \$1.5 billion and 120,000 accounts on its books and will make a significant contribution to the Group's profit this year."

## Shareholder Issues

### Your correct SRN

During March 2002, we wrote to Shareholders replacing their old Securityholder Reference Number (SRN) with a new number.

It is important that you quote this new SRN when trading in the Bank's securities.

### Annual General Meeting

Advance notice that our Annual General Meeting is scheduled for 11.00 am on Monday 28 October 2002 at the Bendigo Regional Arts Centre. Your Notice of Meeting will confirm the details.

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