

# BT Global Macro Fund

## Fact Sheet May 2010

ARSN: 132 551 181



Macro Investments

### About the Fund

The BT Global Macro Fund is a diversified portfolio of investments with an absolute return focus. The Fund aims to achieve its objective through exposure to quantitative global macro strategies.

### Fund objective

The Fund aims to provide a return (before fees, costs and taxes) that outperforms the UBS Bank Bill Index over the medium to long term. The recommended investment timeframe is five years or more.

### Investment style

The Fund is managed as an absolute return strategy with exposures to quantitative global macro strategies. The process is underpinned by our investment philosophy which aims to identify and exploit inefficiencies through an active investment approach.

### Investment process

BTIM's Macro Strategies team aims to generate alpha using market neutral, top-down strategies in each major asset class including global equities, global bonds and global currency.

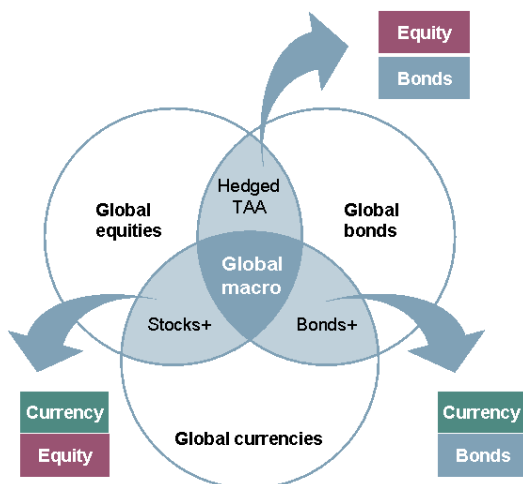
The allocation of investment risk across strategies aims to allow the portfolio to achieve its objective in a range of economic environments.

Using extensive research, the team assesses key macro signals with the aim of identifying and capturing trading opportunities across the global markets:

- Economic: trends in world economies
- Technical: market trading patterns
- Valuation: how cheap or expensive are the assets

The process utilises sophisticated computer models and implements buy and sell recommendations using highly liquid derivative instruments (primarily futures and forwards).

Each asset class is managed independently and forms the building blocks upon which the Global Macro model is built, as illustrated below:



### Performance

(%)	Total Returns		Benchmark
	(post-fee)	(pre-fee)	
1 month	-0.55	-0.44	0.38
3 months	-0.17	0.14	1.05
FYDT	6.67	7.85	3.48
6 months	3.53	4.15	2.08
1 year (pa)	7.21	8.51	3.75
2 years (pa)	N/A	N/A	N/A
Since Inception (pa)	0.71	1.92	4.43

### Risk – Since inception

Annualised Standard Deviation	4.57%
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The risk measures are available for periods since actual portfolio inception only. Please note that statistical measures, such as those used above, are more meaningful over longer periods such as 3 and 5 years.

### The Global Macro opportunity

The Global Macro portfolio allocates capital equally across the different strategies. As the alpha streams are relatively uncorrelated, the global macro strategy creates a powerful investment model offering:

- Potential for significant diversification benefits
- Smoother risk-adjusted returns than single strategy approaches
- Customisable approach to suit varying risk requirements

These benefits provide the potential for clients to achieve long-term outperformance in their investment portfolios across economic cycles.

### Investment team

The Fund is managed by the BTIM Macro Strategies team. The team aims to generate alpha and develop global products from a range of top down strategies. Joe Bracken, Head of Macro Strategies, is responsible for the management of the BT Global Macro Fund.

## Portfolio characteristics

Authorised investments	The Fund's underlying strategies will typically use futures, forwards, swaps and options to access asset classes including equities, bonds, currency and commodities.
Risk budget allocation	Capital allocation across strategies is approximately equally weighted
Ex-ante tracking error	2 - 8%
Information Ratio	0.5 - 1.0
Cash and cash equivalents	Typically < 5%
Hedging	The Fund's underlying strategies are expected to deliver returns hedged back to the AUD

## Other information

Fund size (as at 31 May 2010)	\$25.4 million
Date of inception	August 2008
Minimum investment	\$50,000
Buy-sell spread	0.04% <sup>1</sup>
Distribution frequency	Semi-annual
APIR code	BTA0314AU

## Fees\*

Issuer fee**	1.20% p.a.
Performance fee***	20% of the performance (before fees) above the performance hurdle
Performance hurdle	Benchmark plus Issuer fee

## Monthly review

May was extremely volatile as markets were constantly pummelled with unpleasant shocks in Europe and Asia. In the first week of May the S&P slid 7% on worries about European debts and a sudden bout of risk aversion. The market then reversed itself the following Monday as the Europeans announced a \$1 trillion bailout fund. The feel-good factor didn't last very long however and Germany announced a unilateral ban on short selling of German banks. This caused the markets to worry again about the state of European finances and set off another round of sell-offs. When the dust finally settled world equity markets had declined by approx. 8% and world bond yields had fallen by 30bps on average across the board.

- The broad equity market indices fell sharply in May with Europeans markets in particular bearing the brunt of investor displeasure. Our **Global Equity** strategy was broadly long European markets and returned -220bps in May.
- Both the EUR and the A\$ came under significant selling pressure as the market sell-off became a rout. We were overweight A\$ and short EUR and our **Global Currency** strategy returned -6bps.
- Our **Global Bond** strategy was short Aussie and UK 10Yr bond futures and long Canadians and Bunds. The Global Bond strategy outperformed by +76bps for the month.

The **Global Macro** strategy returned -0.44% for May weighed down by the negative equity returns.

1\_The buy-sell spread represents transaction costs incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

\* You should refer to the latest product disclosure statement for full details of the fees and other costs you may be charged.

\*\*This is the fee for managing the assets of the Fund and overseeing the operations of the Fund. The issuer fee is paid from the assets of the Fund and is reflected in the unit price of your investment.

\*\*\*The performance fee is payable to the manager and is equal to 20% of the amount (if any) by which the Fund's investment performance (before fees) exceeds the performance hurdle. The performance hurdle is the performance of the benchmark (UBS Bank Bill Index) for that day plus the Issuer fee. The performance fee is calculated each business day based on the investment performance and net asset value of the Fund on that day and, where positive, accrues daily in the Fund's unit price. The fee is payable annually as at 30 June. Any under-performance deficit must be recovered in dollar terms before any performance fee can be accrued in the unit price. Any unrecovered performance deficit is carried forward for up to three consecutive years. The performance fee is payable in relation to the performance of the Fund as a whole during each year, and may not reflect the performance of any individual unit holder's investment.



## For more information

Please call 1800 813 886, contact your business development representative or visit [www.btim.com.au](http://www.btim.com.au)

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