

# BT Institutional Money Market Fund

Fact Sheet  
April 2011



## About the Fund

The BT Institutional Money Market Fund is an actively managed portfolio of short-term money market securities of strong credit quality.

### Fund objective

The Fund aims to provide a return (before fees and expenses) that exceeds the return from the Fund's benchmark (UBS Bank Bill Index) over the short term. The Fund also aims to maintain a stable \$1.00 unit price while providing income which reflects the returns available in the short-term money market. The suggested investment timeframe is a rolling 12 month period or more.

### Investment approach

The Fund offers money market returns with the flexibility to make deposits and withdrawals using cheque and deposit books. This flexibility provides an efficient way of managing cash flows while making significant savings on administrative costs.

The Fund generally maintains exposure to bank-backed, corporate and government short-term money market and floating rate securities, annuities and, where appropriate, derivatives. The weighted average maturity of the portfolio will generally be consistent with the Manager's expectations of future changes in interest rates.

The Fund allows investors to benefit from all sources of value in a structured and disciplined way via:

- weighted average maturity management
- asset allocation (which may include bank bills, corporate and asset backed securities).

### Investment team

BTIM's Income Strategies team includes five dedicated investment professionals. The team also draws on a wide range of knowledge resources across BTIM including BTIM's other specialist investment teams: Equity Strategies and Macro Strategies. The portfolio managers of the Fund are Vimal Gor and Steve Campbell, who have a combined 29 years industry experience.

## Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	0.38	0.40	0.40
3 months	1.15	1.21	1.20
FYDT	3.94	4.13	4.13
6 months	2.36	2.47	2.46
1 year (pa)	4.68	4.91	4.93
2 years (pa)	4.08	4.31	4.28
3 years (pa)	4.76	4.99	4.94
5 years (pa)	5.44	5.67	5.65

Post-fee return is based on management fees deducted from the unit price: currently 0.22% (pa).

### Sector exposures (as at 30 April 2011)

11am	21%
Bank securities	56%
Promissory notes	23%

### Security credit ratings (as at 30 April 2011)

A1+	86%
A1	14%

### Other information

Fund size (as at 30 Apr 2011)	\$36 million
Date of inception	June 1989
Minimum investment	\$500,000
Buy-sell spread	Nil
Distribution frequency	Monthly
APIR code	BTA0119AU

### Fees

Management fee	0.22% pa*
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\* You should refer to the latest Information Memorandum for full details of fees and other costs you may be charged.

## Market Review

The Reserve Bank of Australia left the cash rate unchanged at 4.75% at its April meeting. The Reserve Bank's accompanying statement remained consistent with prior months. The global economy is continuing its expansion, led by very strong growth in the Asian region. The disaster in Japan will have an effect on Japanese production in the near term although the Reserve Bank expects the broader impact to be limited.

The high levels of Australia's terms of trade has resulted in national income growing strongly and is seeing investment starting to pick up in response to high commodity prices. The natural disasters over summer have however affected coal production, which is taking longer to resume than what the RBA had initially anticipated.

The Reserve Bank noted that inflation is consistent with the medium term objectives, assisted by the high level of the exchange rate and strong competition which have helped offset large rises in utility prices.

Data released after the Reserve Bank's meeting was mixed. The labour market continues to perform strongly with employment growing by 37,800 jobs in March resulting in the unemployment rate falling from 5.0% to 4.9%. The composition of the employment growth was also strong, with the gains coming mainly in full time employment (+32,100).

Inflation data for the first quarter of the year was released late in the month and came out much higher than expected. The headline inflation rate for the quarter was +1.6%, significantly higher than what the market was expecting (+1.2%). The Reserve Bank's preferred measure, the trimmed mean, rose by 0.9% which was also higher than what the market was expecting. This resulted in some parts of the media speculating that the Reserve Bank would look to tighten monetary policy in the very near term.

Despite the stronger than expected inflation data, Australian 90 day bank bill yields were 1 basis point lower at the end of the month at 4.92%. 3 year bond yields ended the month 4 basis points higher at 5.08%, whilst 10 year bond yields reflected offshore moves and were 6 basis points lower at 5.43%.

## Portfolio Activity

Exposure remains consistent with previous months with asset backed commercial paper concentrated in shorter dated maturities which provide a higher yield than bank issued paper. Shorter dated bank bill yields remain expensive, with better value occurring slightly further out the curve. Should these relative value opportunities continue we will look to reduce the portfolio's exposure to these shorter dated securities and extend further out the curve.

## Outlook

Despite the inflation data being stronger than expected, we do not view the Reserve Bank as likely to tighten monetary policy further in the near term. The Reserve Bank has always maintained that it will look through the short term effects of the floods in Queensland and Victoria and Cyclone Yasi. Should inflation data released in late July confirm that inflationary pressures are emerging and higher than what the Reserve Bank is comfortable with, then further policy tightening will most likely occur in the third quarter of this year.

The labour market has continued to perform strongly, and whilst employment growth is likely to be less than the rate witnessed in 2010, labour market conditions are expected to tighten further and may result in wage inflation pressures. Investment intentions remain strong, and are not confined only to the mining sector. Monetary policy tightening may occur more quickly should these investment intentions proceed to the development stage ahead of expectation.



## 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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Performance figures are calculated in accordance with the Investment & Financial Services Association (IFSA) standards. Total returns (post-fee) are calculated: to the first day of each month using average daily distribution yields; taking into account management costs of the fund. No reduction is made to the unit price (or performance) to allow for tax you may pay as an investor, other than withholding tax on foreign income (if any). Certain other fees such as Contribution fees or Withdrawal fees (if any) are not taken into account. Total returns (pre-fee) are calculated by adding back management costs to the (post-fee) returns. Past performance is not a reliable indicator of future performance.

If market movements, cash flows or changes in the nature of an investment (eg a change in credit rating) cause the Fund to exceed any of the investment ranges or limits in this document, this will be rectified by BTIM (RE) as soon as reasonably practicable after becoming aware of it. If BTIM (RE) does so, it will have no other obligations in relation to these circumstances. The procedures, investment ranges, benchmarks and limits specified in this document are accurate as at the date of its issue, and BTIM (RE) reserves the right to vary these from time to time.

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