

BT Institutional Enhanced Global Fixed Interest Fund

Fact Sheet
July 2011

ARSN: 088 841 972



About the Fund

The BT Institutional Enhanced Global Fixed Interest Fund is a diversified portfolio of investments which utilises a combination of active and enhanced strategies including: cash strategies, duration, credit investments, a currency strategy and a benchmark swap arrangement¹.

Fund objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the JP Morgan GBI Global Traded Index, hedged in Australian dollars, over the medium term. The recommended investment timeframe is three years or more.

Investment process

Investment returns for the BT Institutional Enhanced Global Fixed Interest Fund may be generated from a number of sources:

- **Cash strategies:** an actively managed portfolio of debt securities which aims to add value from sector and security selection and portfolio construction
- **Duration:** a combination of fundamental and quantitative analysis is employed to create an optimal global duration portfolio. Positioning reflects the risk adjusted allocation of duration to the markets of: US, Australia, Europe, Japan and Canada.
- **Credit:** exposure to global corporate markets with dynamic allocation between sectors determined by return expectations and break even spread analysis.
- **Currency:** a quantitative valuation tool is used to assess relative value and create an optimal currency portfolio.
- **Benchmark:** the return of the global government bond market is delivered via a Total Return Index Swap.

Investment team

BTIM's Income Strategies team includes six 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 Fund is managed by Vimal Gor, Head of Income Strategies who has more than 15 years industry experience.

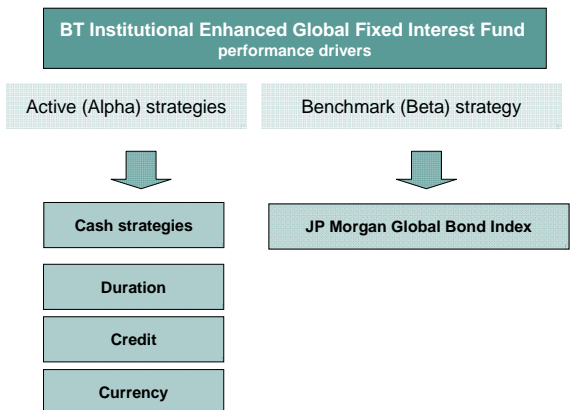
¹Change in investment strategy

From its inception, the main investment strategy employed in the Fund was an enhanced index strategy using an alpha transfer technique combined with a benchmark swap. From May 2007, the Fund added three active alpha strategies to its investment universe: duration, credit and currency. The new sources of excess return were introduced to provide greater diversification and increase the potential for outperformance.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	1.18	1.21	1.27
3 months	3.14	3.22	3.10
FYDT	1.18	1.21	1.27
6 months	5.37	5.54	4.94
1 year (pa)	7.54	7.90	6.14
2 years (pa)	10.86	11.22	8.08
3 years (pa)	9.41	9.76	8.91
5 years (pa)	7.86	8.21	8.30

The benchmark for this fund has changed over time. The benchmark performance shown is that of the combined benchmarks that the fund has aimed to exceed over time.



Other information

Fund size (as at 31 Jul 2011)	\$963 million
Date of inception	July 1992
Minimum investment	\$25,000
Buy-sell spread	0.12% ¹
Distribution frequency	Annual
APIR code	WFS0005AU

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

Fees

Management fee	0.33% pa*
----------------	-----------

* You should refer to the latest Product Disclosure Statement for full details of fees and other costs you may be charged.

Market Review

Australian bond yields had a strong rally during the month of July. The three-year bond yield fell from 4.76% to 4.36%. The ten-year bond yield fell from 5.21% to 4.80%, which saw the 3-10s yield curve unchanged at 44bp. The Reserve Bank of Australia left the cash rate unchanged again at 4.75% at its July meeting. Overall the Reserve Bank's stance remains consistent with prior month's statements that the multi-speed economy continued. The resources sector remained strong with strong employment demand and increased wages pressure, feeding into rising costs in resources investment projects. However, with softening house prices and lower equity markets, the household sector is cautious in spending and borrowing, despite strong economic data in disposable income growth and consumer sentiment. The strong exchange rate also dampened performance in a number of sectors.

International market performance in July was largely driven by the continuing European sovereign crisis and became more volatile with the political skirmish on the US debt ceiling late in the month. US, European and UK ten-year yields fell 37bp, 49bp and 52bp respectively, while Japanese yield fell 6bp over the month. Australia outperformed US with the ten-year yield spread closing lower at 2.00%. The Australian currency outperformed over the period with the trade-weighted index appreciating 0.77%. Despite strong economic data early in the month and rallying equity and commodities markets, bond yields continued trending lower. As the US debt ceiling came to the fore, bond yields increased before rallying again and equity sold off towards the end of the month. Globally economic data are still pointing to a slowing recovery.

Cash credit markets were marginally tighter by month end, after experiencing a tumultuous ride in response to Greek default uncertainty and mixed US economic data. Synthetic credit spreads were slightly wider over the month. The Australian iTraxx, US CDX finished 5bps and 1bp wider, respectively. European Main ended 5bps wider.

During the month, nearly all attention has continued to be on events unfolding overseas and not on the domestic front.

Market Outlook

The mismatch between the economic data and consensus forecast still suggests a long-side bias in bonds. The below trend economic growth in US has prompted gradual downgrade in consensus forecast, but we believe there are further to come. While recovery in European core countries has slowed and turned, the Reserve Bank of Australia noted that the growth in China "had slowed somewhat". With the concerns over US fiscal situation and European peripheral debt, the market will continue to be volatile.

Despite higher than expected inflation data released late in the month and market pricing in a slight possibility of a rate hike, the Reserve Bank left the cash rate unchanged at its meeting. With financial conditions already moderately restrictive the Reserve Bank does not need to tighten monetary policy further at this point. Offshore events will continue to influence market moves in the nearer term. Should international uncertainty continue the possibility of the Reserve Bank easing monetary policy will increase.

From a fundamental perspective, we are positive on high grade credit markets in the medium to long term. However, we continue to be concerned about European sovereign issues and mixed US economic data. That said, corporate balance sheets are strong, earnings are stable, equity volatility is low, defaults are falling and valuations are appealing on a historical basis. In addition, increased global M&A activity is potentially a headwind for credit investors as cheap debt funding makes these deals look more attractive from an equity perspective.



For more information

Please call 1800 813 886, contact your business development representative or visit www.btim.com.au

BT Investment Management (RE) Limited ABN 17 126 390 627, AFSL 316 455, is the responsible entity and issuer of units in the BT Institutional Enhanced Global Fixed Interest Fund. A Product Disclosure Statement (PDS) is available for the Fund and can be obtained by contacting your business development representative on 1800 813 886 or visiting www.btim.com.au. You should obtain and consider the PDS before deciding whether to acquire, continue to hold or dispose of units in the Fund. This information has been prepared without taking account of your objectives, financial situation or needs. Before acting on this information, consider its appropriateness, having regard to your objectives, financial situation and needs. An investment in the Fund is not a deposit with or any other liability of the Westpac Banking Corporation (ABN 33 007 457 141) or any other Company in the Westpac Group of companies.

Performance figures are calculated in accordance with the Investment & Financial Services Association (IFSA) standards. Total returns (post-fee) are calculated: to the last day of each month using exit prices; taking into account management costs of the fund; assuming reinvestment of distributions (which may include net realised capital gains from the sale of assets 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.

BT Investment Management (RE) Limited is a member of the Westpac Group. Neither BT Investment Management (RE) Limited, nor any other company in the Westpac Group, guarantees the repayment of capital or the performance of the product or any particular rate of return.

BT® is a registered trade mark of BT Financial Group Pty Ltd and is used under licence.