

## BT Total Return Fund

### Fact Sheet September 2011

ARSN: 092 178 704



#### About the Fund

The BT Total Return Fund is a multi-manager fund of hedge funds that invests across a range of absolute return strategies. The Fund may also employ exchange traded or over-the-counter derivatives to gain exposure to absolute return investment or to manage risk.

#### What type of investor may be suited to the Fund?

The Fund may be suited to individuals or institutions seeking to diversify part of their investment portfolio by introducing an asset class that is not expected to be directly correlated to the share, property and fixed income markets.

#### Fund objective

The Fund aims to provide a return the equivalent of cash +3% to 5% per annum (pa) net of fees over rolling three year periods. Returns are expected to have a low correlation to traditional asset classes.

#### Investment strategies

The Fund invests with managers that execute a range of investment strategies which may include:

- Equity Long-Short: investing in a core holding of long equities hedged at all times with short sales of stocks and/or stock index options
- Equity Market Neutral: seeks to profit by exploiting pricing inefficiencies between related equity securities, neutralising exposure to market risk by combining long and short positions
- Convertible Bond Arbitrage: purchasing of convertible securities, generally convertible bonds, and hedging the equity risk by selling short the underlying common stock
- Merger (Risk) Arbitrage: investment in event driven situations such as leveraged buyouts, mergers and hostile takeovers.
- Fixed Income Arbitrage: profiting from price anomalies between related interest rate securities. Strategies include interest rate swap arbitrage, arbitrage of mispricing between futures and physicals, and long-short strategies.

#### Monthly performance (post fee)

| (%)  | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2005 | 1.11  | 0.30  | -0.40 | -0.70 | 0.00  | 0.63  | 0.00  | 0.41  | 0.89  | -0.92 | 0.83  | 0.14  |
| 2006 | 0.31  | 0.92  | 1.40  | 0.61  | 1.01  | 0.40  | -0.21 | 0.93  | 0.51  | 1.93  | 1.20  | 1.65  |
| 2007 | 1.48  | 0.39  | 1.44  | 1.68  | 1.26  | 0.58  | 0.41  | 0.51  | 1.03  | 0.95  | -0.71 | -0.41 |
| 2008 | -3.67 | -0.73 | -0.61 | -0.41 | 0.29  | -0.58 | -0.23 | 0.64  | -1.59 | -2.96 | 0.53  | 0.45  |
| 2009 | 1.05  | 0.51  | 0.76  | 1.64  | -0.06 | -0.02 | 2.09  | 1.03  | -0.81 | 1.51  | 0.92  | 0.84  |
| 2010 | -0.94 | -0.45 | 1.46  | 1.00  | -2.24 | -0.12 | 0.51  | 0.21  | 0.88  | 1.12  | 0.51  | 1.20  |
| 2011 | -0.11 | 0.69  | 0.06  | 0.87  | 0.39  | 0.36  | 0.08  | -0.30 | -1.80 |       |       |       |

#### Performance

| (%)          | Total Returns |           | Cash comparison |
|--------------|---------------|-----------|-----------------|
|              | (post-fee)    | (pre-fee) |                 |
| 1 month      | -1.80         | -1.69     | 0.39            |
| 3 months     | -2.02         | -1.68     | 1.24            |
| FYDT         | -2.02         | -1.68     | 1.24            |
| 6 months     | -0.43         | 0.26      | 2.48            |
| 1 year (pa)  | 3.07          | 4.51      | 5.02            |
| 2 years (pa) | 3.33          | 4.78      | 4.66            |
| 3 years (pa) | 3.62          | 5.07      | 4.54            |
| 5 years (pa) | 3.45          | 4.90      | 5.56            |

# UBS Bank Bill Index is used for Cash comparison. This is not the Fund's benchmark and no representation is given that the Fund seeks to achieve a return benchmarked to this Index. The Cash Comparison is provided for information only.

#### Strategy allocation (as at 30 September 2011)

|                     |     |
|---------------------|-----|
| Cash                | 5%  |
| Equity Long / Short | 16% |
| Market Neutral      | 54% |
| Global Macro        | 25% |

#### Other information

|                               |                    |
|-------------------------------|--------------------|
| Fund Size (as at 30 Sep 2011) | \$224 million      |
| Date of inception             | September 2000     |
| Minimum investment            | \$500,000          |
| Minimum balance               | \$500,000          |
| Buy-sell spread               | 0.25% <sup>#</sup> |
| Distribution frequency        | Quarterly          |
| APIR code                     | RFA0108AU          |

# The 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 | 1.40% pa* |
|----------------|-----------|

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

## Performance summary

The domestic equity market tested new lows over the month of September, falling 6.7%. Talk of a hard landing in China added fuel to the ongoing concerns surrounding Europe and the US. Materials (-12.9%) and Energy (-7.9%) were the worst performing local sectors, whilst Consumer Staples (+2.5%) and Telcos (+2.2%) outperformed.

The fund ended weaker in this environment. Some of our market neutral strategies were negatively impacted by the level of mean reversion in the market. Also our long short and global macro strategies ended weaker. The fund remains well diversified evident by a number of strategies that helped to offset some of this weakness. In particular, the fund's exposure to yield and convergence performed well and the volatility in the market was supportive for the options strategy.

Similar to last month, several of the fund's strategies remain defensively positioned while others are less so. The consensus view is that investors remain concerned about the lack of a co-ordinated policy response to deal with the crisis in Europe and expect volatility to remain at elevated levels until a clearer picture unfolds.



### 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 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.

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