



BT Institutional Retirement PST

Annual Report for Year Ended
30 June 2011



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This annual report is dated 15 December 2011.

→ Your 2010/2011 Annual Report

This is the annual report for the year ended 30 June 2011 for the BT Institutional Retirement PST (Fund). This report represents the final component of the reporting information for the 2010/2011 financial year and provides information about the management, investment performance and the financial position of the Fund in which you are invested.

The Trustee of the Fund is:

BT Funds Management Limited
ABN 63 002 916 458
AFSL 233724
RSE L0001090

Level 20, Westpac Place
275 Kent Street
Sydney NSW 2000

BT Funds Management Limited is part of the BT Financial Group (BT).

BT has been helping Australians create, manage and protect their wealth since 1969 and is today one of Australia's leading providers of superannuation, investment and insurance products. In Australia and New Zealand, BT provides a diverse range of investment choices, including multi-manager investments through relationships with some of the world's leading global and local investment managers, as well as funds managed by the Fund's primary investment manager, BT Investment Management (RE) Limited (ABN 17 126 390 627, AFSL 316455) (BTIM).

If you have questions about this annual report or your investments generally, please contact our Contact Centre on the details provided at the back of this report.

Additionally, we encourage you to go online to www.btim.com.au. The BTIM website also offers information on unit prices, fund performance, fund fact sheets and investment manager commentaries.

Thank you for your continued support.

→ About BT Investment Management

BT Investment Management (RE) Limited (BTIM) is a 'multi-boutique' specialist investment fund manager providing a diverse range of investment choices for both individual and institutional investors.

Our vision is to combine the benefits of our strong institutional foundation and performance-focused culture with a multi-boutique specialist investment approach. BTIM's investment capabilities are grouped into three specialised investment teams or 'boutiques': Equity Strategies, Income & Fixed Interest Strategies, and Macro Strategies. We believe this approach positions BTIM to achieve outstanding risk-adjusted returns for our clients.

BTIM's investment teams develop products in asset classes such as equities, bonds, fixed interest and alternative investments, where we believe our investment capabilities and processes have a comparative advantage. We focus on utilising a large, talented resource pool and applying disciplined investment processes to generate true-to-label performance.

We also partner with leading global and domestic external investment managers with complementary capabilities. These managers are specialists in their asset classes and are selected by BTIM for their reputation, skill and experience. These alliances enable investors to access a broader range of expertise and perspectives.

BT Investment Management is listed on the Australian Securities Exchange and manages over A\$32.7 billion (30 September 2011) for investors. BTIM is majority owned by the Westpac Group.

To find out more about BTIM, visit www.btim.com.au.

→ Performance overview

	Inception date	One year returns to 30 June					3 year compound average of net earnings at 30 June 2011 (%)	5 year compound average of net earnings at 30 June 2011 (%)
		2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)		
BT Institutional Retirement PST^{1,2}	October 1971	8.39	10.83	-13.83	-12.00	14.86	1.16	0.91

1_Performance figures are calculated in accordance with the Investment & Financial Services Association (IFSA) standards. Total returns are calculated:
 – using withdrawal prices appropriate for the month end; and
 – taking into account management costs of the relevant investment option; and
 – taking into account earnings tax up to a maximum of 15% plus withholding tax paid on foreign income (if any).
 Investment returns are historical. Investment returns can move up or down and past performance is not necessarily indicative of future performance. Future performance is not guaranteed.

2_The asset allocation neutral position, asset allocation ranges and the benchmark have changed over time. As it is historical information, the Fund performance reflects the asset allocation neutral positions and ranges that have applied over time.

→ Fund profile

BT Institutional Retirement PST				
Investment objective	The Fund aims to provide a return (before fees, costs and taxes) that exceeds the Fund's benchmark ¹ over the medium to long term.			
Investment strategy	The Fund is an actively managed diversified portfolio comprised of Australian and international shares, Australian and international property securities, Australian and international fixed interest, cash and alternative investments. The fund has a significant weighting towards growth assets.			
Recommended investment timeframe	5 years or more			
Fund size²	13.71 million			
How was the Fund invested at 30 June 2011?³ (%)	Australian shares		■	36.6
	International shares		■	20.8
	Australian property			5.5
	International property			3.0
	Australian fixed interest		■	15.1
	International fixed interest			7.6
	Cash			3.4
	Alternative investments		■	8.0
How was the Fund invested at 30 June 2010?³ (%)	Australian shares		■	35.0
	International shares		■	20.0
	Australian property			5.9
	International property			3.3
	Australian fixed interest		■	17.3
	International fixed interest			7.1
	Cash			3.4
	Alternative investments		■	8.0
Asset allocation neutral position (NP) and range⁴ (%)			NP	Range
	Australian shares		38	28 – 48
	International shares		20	12 – 32
	Australian property		5	0 – 10
	International property		3	0 – 10
	Australian fixed interest		17	5 – 32
	International fixed interest		7	0 – 20
	Cash		2	0 – 10
Alternative investments		8	0 – 20	

1_The benchmark for the Fund is created from a blend of indices based on the Fund's exposure to different asset classes. The benchmark is calculated by using the weighted average asset allocation neutral position and the index returns for each asset class. Further information on these indices can be found online at www.btim.com.au or by contacting the BT Contact Centre.

2_Fund size is at 30 June 2011.

3_In preparing the Fund investment information, we use the effective exposure, which is the percentage of the gross assets held in each asset class including the impact of derivative positions. Market exposure of the Fund may change significantly each day. Effective exposure means the exposure to each asset class when derivative positions are included.

4_The asset allocation neutral position is the starting point for all asset allocation decisions. The Investment manager may adjust the exposure within the specified minimum and maximum ranges (as shown) based on investment views.

Investment managers

Asset class	Investment manager
Australian shares	BT Investment Management
Australian property	BT Investment Management
Australian fixed interest	BT Investment Management
International shares ¹	AQR Capital Management, LLC
International property	AEW Capital Management LP
International fixed interest	BT Investment Management
Alternative investments ²	BT Investment Management

Fees

The Indirect Cost Ratio (ICR) for the Fund for the 2010/2011 financial year was 0.92%pa³. The ICR is a measure of the Fund's management costs that are not deducted directly from an investor's account over the financial year. It includes the issuer fees we charge, certain fees charged by other investment managers we appoint and other expense recoveries where applicable.

We are entitled to be reimbursed for expenses we incur in the proper performance of our duties. These expense recoveries represent a reimbursement from the Fund to cover those expenses incurred by us in connection with the day to day operation of the Fund. Such recoverable expenses include registry costs, investment management expenses, printing costs, and certain direct expenses such as overseas custodian charges and audit fees.

At the date of this report these expense recoveries are charged back to the Fund.

Please refer to your periodic statement for any direct fees and charges during the year ended 30 June 2011. Further information on any fees and expenses associated with your investment is available on www.btim.com.au or by contacting the BT Contact Centre.

Buy-sell spread

There was no change to the buy-sell spread of 0.35% for the Fund for the 2010/2011 financial year. Updated buy-sell spread information can be obtained from www.btim.com.au.

¹ Where AQR Capital Management, LLC (AQR) is the manager for international shares, currency decisions are actively managed by BTIM's Macro Strategies team.

² The Fund has an exposure to the BT Global Return Fund which was terminated effective 21 April 2009 and is in the process of being wound up.

³ Management costs for the Fund include certain underlying hedge fund manager fees required to be disclosed when investing in alternative investments. Such fees may increase or decrease over time as the allocation to, or level of fees charged by, those investments change.

→ Additional information

Investment exceeding 5%

The Fund invests in other funds that we manage ('interfund investments'). Following are the interfund investments and other Fund holdings that exceed 5% as at 30 June 2011.

Direct Holdings	%
BT Institutional Core Australian Share Sector Trust	37.8
BT Institutional International Share Interfund	19.9
BT Government Bond Fund	10.4
BT Total Return Fund	5.8
BT Wholesale Enhanced Credit Fund	5.4
BT Institutional Enhanced Property Securities Fund	5.2

There are no further combinations of investments that the Trustee knows or ought reasonably to know are invested, directly or indirectly, in a single enterprise or single group of associated enterprises and that have a combined value in excess of 5% of the total assets of the Fund.

Non-compliance

If your superannuation entity ceases to be complying, you must advise us immediately and take all reasonable steps to immediately dispose of the units in the Fund, unless the Australian Prudential Regulation Authority (APRA) or the Australian Taxation Office (ATO) directs otherwise. Once we become aware that a superannuation entity is non-complying, we may withdraw its investment in the Fund and deduct a sum of money from the withdrawal proceeds to cover any additional costs incurred by the Fund as a result of the non-compliance.

Further information and complaints

Complaint resolution is a priority for us. If you have a complaint with the financial products and services that we provide, you can:

- as a first step, contact us on 1800 813 886 from 8.00am to 5.30pm, (Sydney time), Monday to Friday
- contact us in writing to 'The Complaints Officer' at the registered office address below:

The Complaints Officer
BT Investment Management
Level 14, The Chifley Tower
2 Chifley Square
Sydney NSW 2000

If your complaint has not been resolved to your satisfaction, you can refer your complaint to the Superannuation Complaints Tribunal.

Contact details for the Superannuation Complaints Tribunal are as follows:

Locked Bag 3060
MELBOURNE VIC 3001
Telephone: 1300 884 114

For more information on how we handle complaints please go online to www.btim.com.au/ContactUs and select 'How we deal with complaints'.

→ **Financial information – Balance sheet**

	BT Institutional Retirement PST	
	30 June 2011 \$'000	30 June 2010 \$'000
Assets		
Cash and cash equivalents	244	179
Margin accounts	13	—
Accrued income	310	158
Financial assets held at fair value through profit or loss	13,157	12,966
Tax refund due	—	46
Deferred tax assets	34	35
Total assets	13,758	13,384
Liabilities		
Due to brokers – payable for securities purchased	36	—
Payables	7	8
Income tax payables	2	—
Total liabilities	45	8
Equity		
Unitholders' funds	13,713	13,376

The audited financial statements, the auditor's report and other information concerning the Fund is available on request, free of charge, by calling the BT Contact Centre.

→ **Financial information – Statement of comprehensive income**

	BT Institutional Retirement PST	
	Year Ended	
	30 June 2011 \$'000	30 June 2010 \$'000
Investment income		
Interest income	11	7
Distribution income	565	1,250
Net gains/(losses) on financial instruments held at fair value through profit or loss	607	—
Other investment income	—	7
Total net investment income/(loss)	1,183	1,264
Expenses		
Trustee's fees	56	50
Other operating expenses	34	31
Total operating expenses	90	81
Operating profit/(loss) before income tax	1,093	1,183
Income tax expense/(revenue)	2	(21)
Profit/(loss) for the year	1,091	1,204
Other comprehensive income	—	—
Total comprehensive income	1,091	1,204

The audited financial statements, the auditor's report and other information concerning the Fund is available on request, free of charge, by calling the BT Contact Centre.



Investment
Management

**If you need more information,
please contact:**

- your financial adviser, master trust or wrap account operator
- the BT Contact Centre on 1800 813 886, from 8.00am to 5.30pm, (Sydney time), Monday to Friday

**For all written correspondence,
write to your financial adviser
or to BT at:**

- BT Financial Group
GPO Box 2675
Sydney NSW 2001
- You can also visit BT online at www.btim.com.au

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