

BT Sustainable Balanced Fund

Formerly known as
"BT Institutional Ethical Balanced Fund"

Fact Sheet
September 2009



About the Fund

The Fund is an actively managed diversified portfolio that invests in Australian and international shares, Australian and international property securities, Australian fixed interest and cash investments.

Fund objective

The Fund aims to provide a return (before fees and expenses) that exceeds the Fund's benchmark over the medium to long term. The suggested investment timeframe is five years or more.

Investment approach

BTIM's investment philosophy is based on active management and operates on two levels:

- All BTIM's underlying managers and products have an active management approach which seeks to deliver consistent risk-adjusted outperformance by exploiting investment opportunities that arise due to the inefficient market pricing of securities
- BTIM places significant importance on determining the optimal long term Strategic Asset Allocation and disciplined rebalancing.

The underlying investments in the Fund are managed by BTIM together with external partners. The investment process for Australian shares is managed by BTIM's Australian Equities team and has the addition of sustainability screens. International shares are invested in a Socially Responsible Investment fund managed by AMP.

The Australian fixed interest component of the Fund is an actively managed combination of corporate, semi-government and government debt and short-term money market securities.

Benchmark

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. Details of the particular market indices used for the Fund's benchmark can be found in the product disclosure statement (PDS).

Investment team

The Fund is managed by BTIM's Multi-Strategies team headed up by Robert Swift who has more than 25 years industry experience. The team has a diverse skill set, combining a range of global and domestic market experience and drawing on the resources of BTIM's other specialist teams: Macro Strategies, Income Strategies and Equity Strategies.



CERTIFIED BY RIAA

BT Investment Management Limited ABN 17 126 390 627, AFSL 316455, has been certified by RIAA according to the strict disclosure practices required under the Responsible Investment Certification Program. The Certification Symbol signifies that an investment product or service takes environmental, social, ethical or governance considerations into account along with financial returns. See www.responsibleinvestment.org for details.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	11.49	11.75	12.66
FYDT	11.49	11.75	12.66
6 months	16.37	16.90	18.79
1 year (pa)	1.29	2.22	2.26
2 years (pa)	-5.87	-5.00	-5.87
3 years (pa)	0.48	1.39	0.46
5 years (pa)	6.83	7.80	6.39

Asset allocation

Australian Listed Shares:	34.9%
Overseas Listed Shares:	20.4%
Australian Fixed Interest:	24.0%
Property Trusts	6.5%
Global Listed Property	2.9%
Australian Liquidity (< 180 days):	11.4%

Investment guidelines

Asset allocation ranges (%)	Neutral position	Ranges	
		Min	Max
Australian shares	38	28	48
International shares	22	12	32
Australian property	5	0	10
International property	3	0	10
Australian fixed interest	25	12	40
International fixed interest	0	0	10
Cash	7	0	15

Other information

Fund size (as at 30 Sep 2009)	\$62 million
Date of inception	August 1984
Minimum investment	\$500,000
Minimum balance	\$500,000
Buy-sell spread	0.34%
Income distribution frequency	Quarterly
APIR code	BTA0122AU

Fees

Management fee	0.90% 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

After soaring over 8% for July, the equity markets slowed down in August and September but continued to rise. In Australian dollar terms, the MSCI World (Ex-Australia) Index (Net) was up 7.1% for the quarter though in local dollar terms the gain was 14.6% due to a strong rally in the AUD. In the US, the S&P 500 was up 15.0% in Q3, close to topping the 15.2% rally of the June quarter. The September close was 56.3% above the 2009 closing low of March 9th.

The Australian equity market gained 21.6% over the September quarter on improved growth prospects and greater investor optimism as economic indicators pointed to a short and shallow downturn. There was a general rotation to cyclical sectors on signs that the Australian economy was stabilising. Banks (+35.6%) was the strongest sector as concerns eased about the loan loss cycle. However Resources (+11%) underperformed as commodity prices were mixed in AUD terms. The Listed Property Trust sector also performed strongly over the September quarter, posting a total return of 30% (S&P/ASX200 Property).

In fixed interest, an overhang of bond auctions and a surging equity market meant that yields drifted upwards over the period. By mid-quarter though, most bond markets had recovered on some healthy scepticism that perhaps the world economies wouldn't go back to sky-rocketing growth just yet and that just maybe there are a few unpleasant surprises left in the banking system.

In other economic news, the Australian economy continued to avoid the worst excesses of the global recession. Unemployment rose less than expected, building approvals bounced back, house prices began to rise and retail sales were strong. GDP grew by 0.6% in Q2 and business and consumer sentiment increased. The Australian dollar rallied 9.5% in Q3. Meanwhile the RBA kept its cash rate on hold at 3.0%.

Fund Performance

In this environment fund returns were up strongly for the quarter continuing the significant market rally that started in March this year with all asset classes performing positively.

On a relative basis, the fund underperformed its benchmark over the period. The Australian share portfolio's overweights in Metcash and a number of materials and energy stocks detracted from returns as defensives and the resources sector underperformed over the quarter.

Strategy/Outlook

In Australian equities, the drivers of the positive market sentiment remain in place. The developed economies have seen a stabilisation of growth after what was an unprecedented free fall at the beginning of the year, the Chinese economy is accelerating, which is driving better Asian growth and demand for commodities, and the extremely loose monetary policy is generating surplus liquidity which is finding its way into investment markets.

These factors are driving a self-reinforcing rally in markets with the higher prices enabling more capital raisings which in turn facilitate bond issuance – all of which enables companies to de-risk their balance sheets. The situation in Australia is even more constructive with the emerging boom in China fuelling strong commodity prices and improving the terms of trade as well as supporting new investment. The fiscal stimulus has supported the retail sector and the rise in unemployment has not been as dramatic as feared. This is feeding through into evidence that housing prices are beginning to rise again. Reporting season provided more evidence that the underlying operating environment was improving particularly for domestically exposed companies.

As expected, the RBA made no changes to the official cash rate at the September meeting. The tone of the accompanying statement remains hawkish and we are now confident that the RBA will complete a move away from the current 'emergency' 3% cash rate. The timing is still uncertain but market expectations are pricing in a 3.5% cash rate by year end.



For more information

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

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