

BT Sustainable Conservative Fund

Formerly known as
"BT Wholesale Ethical Conservative Fund"

Fact Sheet September 2009

ARSN: 090 651 924



About the Fund

The Fund is a diversified portfolio that invests principally in Australian fixed interest securities, cash and a limited amount of Australian shares.

Key benefits of the Fund

- provides investors with the potential for income as well as capital growth
- allows for diversification across a number of asset classes
- offers access to companies assessed as demonstrating superior environmental practices and sustainable product and service offerings.

Fund objective

The Fund aims to provide a real return over inflation over the medium term to meet the objectives of conservative investors including tax exempt entities whilst screening for companies which meet the Fund's sustainable guidelines. The suggested investment timeframe is three 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 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.

The investment process for Australian shares is managed by BTIM's Australian Equities team and has the addition of sustainability screens.

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.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	6.48	6.73	6.21
FYDT	6.48	6.73	6.21
6 months	8.72	9.22	8.15
1 year (pa)	6.01	6.99	7.49
2 years (pa)	1.86	2.81	3.42
3 years (pa)	5.11	6.07	5.90
5 years (pa)	7.58	8.56	7.43

Asset allocation

Australian Listed Shares:	29.9%
Australian Fixed Interest:	44.8%
Australian Liquidity (< 180 days):	25.3%

Other information

Fund size (as at 30 Sep 2009)	\$55 million
Date of inception	September 1989
Minimum investment	\$50,000
Minimum balance	\$50,000
Buy-sell spread	0.20%
Income distribution frequency	Semi-annual
APIR code	RFA0811AU

Fees

Management fee	0.90% pa*
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* You should refer to the latest Product Disclosure Statement for full details of fees and other costs you may be charged.



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Market Review

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.

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 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 solidly for the quarter continuing the significant market rally that started in March this year with particularly strong returns from Australian equities.

The fund also outperformed the index over the period due largely to the manager actively increasing the allocation to Australian equities. Stock selection in the fund's Australian share portfolio slightly detracted from performance due to overweights in defensive Metcash and a number of stocks in the resources sector which 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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