

# BT Wholesale Conservative Outlook Fund

**Fact Sheet**  
**September 2009**

ARSN: 087 593 100



## About the Fund

The BT Wholesale Conservative Outlook Fund provides investors with a diversified portfolio 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 defensive assets.

### Fund objective

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

### 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 philosophy

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. Tactical Asset Allocation is used to supplement the value added from SAA.

### Investment process

BTIM's investment process for the BT Wholesale Conservative Outlook Fund applies an active management approach across all asset classes.

The underlying investments in the BT Wholesale Conservative Outlook Fund are managed by BTIM together with a number of external partners. BTIM manages investments in the asset classes of Australian shares, Australian fixed interest and cash, Australian property securities and alternative investments. These investments are augmented by our arrangements with leading global investment managers who have a competitive advantage in the management of global asset classes. These include: AQR Capital Management LLC for international shares, Grosvenor Capital Management LP for global fund of hedge funds and AEW Capital Management LP for global property securities.

### 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	6.75	6.98	6.50
FYDT	6.75	6.98	6.50
6 months	11.15	11.59	9.78
1 year (pa)	2.67	3.47	5.45
2 years (pa)	-1.18	-0.39	1.72
3 years (pa)	1.70	2.52	4.10
5 years (pa)	4.99	5.85	6.40

## Asset allocation

Australian Listed Shares:	14.0%
Overseas Listed Shares:	8.7%
Australian Fixed Interest:	34.4%
Overseas Fixed Int (inc Mortgages):	15.9%
Property Trusts	2.6%
Global Listed Property	2.1%
Alternative Assets	6.8%
Australian Liquidity (< 180 days):	15.4%

## Investment guidelines

Asset allocation ranges (%)	Neutral Position	Ranges	
		Min	Max
Australian shares	15	5	25
International shares	8	0	18
Australian fixed interest	34	20	55
International fixed interest	15	5	35
Australian property	3	0	10
Global property	2	0	10
Alternative investments	6	0	20
Cash	17	0	40

## Other information

Fund size (as at 30 Sep 2009)	\$77 million
Date of inception	December 1990
Minimum investment	\$50,000
Minimum balance	\$50,000
Buy-sell spread	0.22%
Income distribution frequency	Quarterly
APIR code	BTA0805AU

## Fees

Management fee	0.86% pa*
----------------	-----------

\* You should refer to the latest Product Disclosure Statement 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 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.

The Listed Property Trust sector also performed strongly over the September quarter, posting a total return of 30% (S&P/ASX200 Property).

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. All asset classes performed positively with particularly strong returns from equities and listed property markets.

The portfolio outperformed its benchmark for the quarter. The credit selection strategies within the fixed interest portfolios made a solid contribution to relative returns on account of the overweight exposure to diversified financials and insurers. Also, relative returns stemmed from positive currency selection in the international share portfolio. By contrast, the Australian share portfolio slightly underperformed the broader benchmark over the period however this was counterbalanced by the strong performance of alternatives.

## 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.

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](http://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 Wholesale class of units in the BT Conservative Outlook Fund (referred to as the BT Wholesale Conservative Outlook 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](http://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 data (post-fee) assumes reinvestment of distributions and is calculated using exit prices, net of management costs. Performance data (pre-fee) is calculated by adding back management costs to the (post-fee) performance. Past performance is not a reliable indicator of future performance. 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.