

BT Sustainable Balanced Fund

Formerly known as
"BT Institutional Ethical Balanced Fund"

Fact Sheet
December 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	2.05	2.29	2.16
FYDT	13.78	14.30	15.19
6 months	13.78	14.30	15.19
1 year (pa)	12.30	13.33	15.03
2 years (pa)	-4.07	-3.19	-3.87
3 years (pa)	-0.72	0.19	-0.63
5 years (pa)	5.88	6.84	5.49

Asset allocation

Australian Listed Shares:	36.5%
Overseas Listed Shares:	21.5%
Australian Fixed Interest:	24.6%
Property Trusts	6.0%
Global Listed Property	2.9%
Australian Liquidity (< 180 days):	8.5%

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 31 Dec 2009)	\$75 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

The Australian equity market gained 3.4% over the December quarter and saw out 2009 at its high for the year. After going backwards in October – the market's first decline after registering seven consecutive monthly gains – stocks gathered strength over the next two months. Gains were driven by a strong performance by the Materials sector (+13.7%) and Resources (+ 9.8%) on the back of renewed confirmation of the robustness of the China recovery.

Global equity markets were up 2.1% for the quarter in Australian dollar terms though a strengthening US dollar meant that returns in local dollar terms were +4.5%. Concerns about the strength and durability of the US recovery caused market volatility to jump sharply towards the end of October and debt market worries around Dubai World and Greek government bonds tested investor confidence in November. However, improving signs for the US economy, the ongoing commitment from the government to maintain the fiscal stimulus and signs of stabilisation in the US housing market helped equity markets finish the quarter on a positive note.

The Reserve Bank of Australia raised rates in October by 25 basis points – becoming the first central bank to do so – and taking the base rate to 3.25%. This was followed by two other 25 basis points hikes with indications that more may follow. Meanwhile, on the back of the increase in the base rate and a brightening economic climate the Australian dollar continued its good run against the US dollar and ended the quarter at just under 0.90c.

Performance

The portfolio outperformed the benchmark over the December quarter. Australian equities outperformed with the main contributor to returns being our overweight to Rio which benefited from strong commodity prices and a rising Australian dollar.

The Australian listed property sector was down -5% in the December quarter while global property was up strongly (+6.8%).

The Reserve Bank raised rates by 0.75% over the quarter to bring the cash rate to 3.75%. Meanwhile, Australian 3-year bonds declined from 4.83% to 4.66% while 10-year bonds rose from 5.36% to 5.64%.

Strategy & outlook

Our overarching view remains that the market continues to be in a consolidation phase driven primarily by lack of clarity with regards to the success of the developed economies in weaning themselves off government stimulus. The signals on the strength of the private sector have continued to be mixed during the month of December. US manufacturing continues to rebound on restocking but the consumer continues to face some headwinds and is not yet in a position to provide a backstop to move the economies sustainably higher. On the other hand the developing nations driven primarily by China have continued to exhibit very sound economic growth fundamentals which has been a key reason why the commodity spectrum has been well supported.

As companies now rule off their first half results, there will be some clearer instances where the market has gotten ahead of itself in terms of a rebound in earnings. We remain cautious on those names where we feel that there may be some disappointment in first half earnings. However this scenario may also present some attractive entry opportunities, including in the engineering/contracting space.

In Australian Fixed Interest, the supply of global and domestic bonds remain a concern and we are of the opinion that yields will continue to rise.



For more information

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

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