

BT Sustainable Balanced Fund

Formerly known as
"BT Institutional Ethical Balanced Fund"

Fact Sheet
March 2010



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 on our website at

<http://www.btim.com.au/AllFunds> and clicking on your fund page.

Investment team

The Fund is managed by BTIM's Macro Strategies team headed up by Joe Bracken who has more than 15 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: 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.

Performance¹

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	0.98	1.20	1.35
FYDT	14.89	15.68	16.75
6 months	3.05	3.52	3.55
1 year (pa)	19.91	21.01	23.09
2 years (pa)	0.36	1.27	0.95
3 years (pa)	-1.43	-0.55	-1.19
5 years (pa)	5.77	6.73	5.61

Asset allocations

Australian Listed Shares:	37.0%
Overseas Listed Shares:	21.9%
Australian Fixed Interest:	23.9%
Property Trusts	6.1%
Global Listed Property	2.9%
Australian Liquidity (< 180 days):	8.2%

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 Mar 2010)	\$87.0 million
Date of inception	August 1984
Minimum investment	\$500,000
Buy-sell spread	0.34% [#]
Distribution frequency	Quarterly
APIR code	BTA0122AU

[#] The buy-sell spread represents transaction costs incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

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.

¹ 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. The benchmark performance shown is that of the combined benchmarks that the fund has aimed to exceed over time.

Market review

January and February were challenging for markets as the economic news was broadly negative. There were concerns about possible monetary policy tightening in China, sovereign debt issues and stimulus withdrawal, unemployment in the US and continuing bad news out of Greece.

This news flow unsettled equity and currency markets while bolstering bonds though equity markets recovered at the end of February and continued the positive momentum into March. The quarter ended with equity markets rising over +4% on average while bond markets remained largely unchanged.

The Australian sharemarket gained just +1.3% over the quarter. The reporting season saw positive surprises outweighing negative ones, though guidance and outlook statements were frequently guarded. Banks were one of the best performing sectors, up nearly 6%, boosted by good results, and updates which underlined that the loan loss cycle is proving milder than previously expected.

Australian economic data in the first quarter underlined the strength of the local economy. Building approvals and retail sales mostly beat expectations while the unemployment rate declined to only 5.3% – far lower than in Europe or the US. The Reserve Bank of Australia surprised many forecasters by leaving the cash rate target unchanged at its February meeting but resumed the tightening cycle in March with a 25 basis point hike to 4.0%. Meanwhile the Australian dollar gained 2.2% against the USD.

Fund performance

The portfolio underperformed the benchmark over the March quarter.

Australian equities underperformed with the main detractor being the portfolio's overweight position in defensive Metcash. Concerns around competition in the retail sector continue to weigh on Metcash, despite clear evidence that both Woolworths and Coles are not choosing to price aggressively. The other detractor to returns was our holdings in global property.

The portfolio's Australian fixed interest component contributed to outperformance overall. The Government fixed interest component added to returns while credit strategies were flat to benchmark. Also contributing to outperformance over the quarter were the portfolio's holdings in global equities and Australian listed property trusts.

Strategy & outlook

Asset allocation remains similar to the benchmark aside from a small overweight to credit securities and underweight to Australian property. In essence, investment grade credit has performed well and still looks reasonably attractive though the valuation argument is less compelling than last year. Government bond yields are likely to rise further from here, as long as the economic recovery remains intact. Inflation is not yet a concern, but needs to be monitored. Currency market volatility is generally subsiding however the Euro continues to suffer from sovereign debt issues, and Sterling faces the prospect of a hung parliament in the May elections.

The global imbalances will be rectified in time but since shares are now above fair value by some metrics, and with limited prospects in the near term for dividend growth and a need for more equity raising, we prefer owning the paper higher up the capital structure, i.e. corporate bonds.

We are neutral in equities having removed the bias to the US dollar bloc at end 2009. We are currently overweight credit and underweight sovereign bonds.

The main risk to global economic growth and the performance of risk assets is the sovereign debt problem of some European countries and the lack of real consumer spending. Until we see real measures to fix the overhang of government debt and see some sustained pick-up in consumer demand we believe that any recovery will be anaemic at best.



For more information

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

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Performance figures are calculated in accordance with the Investment & Financial Services Association (IFSA) standards. Total returns (post-fee) are calculated: to the last day of each month using exit prices; taking into account management costs of the fund; assuming reinvestment of distributions (which may include net realised capital gains from the sale of assets of the fund). No reduction is made to the unit price (or performance) to allow for tax you may pay as an investor, other than withholding tax on foreign income (if any). Certain other fees such as Contribution fees or Withdrawal fees (if any) are not taken into account. Total returns (pre-fee) are calculated by adding back management costs to the (post-fee) returns. Past performance is not a reliable indicator of future performance.

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