

## BT Sustainable Conservative Fund

Formerly known as  
"BT Wholesale Ethical Conservative Fund"

### Fact Sheet June 2010

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 excluding companies which do not meet the Fund's sustainable guidelines. The suggested investment timeframe is three years or more.

#### Investment approach

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 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 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.

#### Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	-1.46	-1.24	-0.81
FYDT	7.59	8.58	8.48
6 months	-0.56	-0.10	0.43
1 year (pa)	7.59	8.58	8.48
2 years (pa)	3.54	4.49	5.27
3 years (pa)	2.55	3.50	3.94
5 years (pa)	5.88	6.84	6.15

#### Asset allocations

Australian Listed Shares:	23.2%
Australian Fixed Interest:	48.1%
Australian Liquidity (< 180 days):	28.7%

#### Other information

Fund size (as at 30 Jun 2010)	\$75.2 million
Date of inception	September 1989
Minimum investment	\$50,000
Buy-sell spread	0.20%#
Distribution frequency	Quarterly
APIR code	RFA0811AU

# 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 Product Disclosure Statement for full details of fees and other costs you may be charged.



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## Market review

Increasing sovereign risk around EU countries and a weaker-than-expected economic recovery in the US and China saw investors move to defensive assets during the June quarter.

The Australian sharemarket began the second quarter with positive momentum but a weak May and June saw the index lose -11.2% over the period. At a sector level, the market had varied results. Defensive sectors were strong, while cyclical sectors such as Industrials, Banks and Consumer Discretionary sectors underperformed the index. Telecom and Consumer Staples had the best relative performance in the market.

Despite falling commodity prices, anxiety about global growth and the miners' vehement opposition to the government's proposal for a Resources Super Profits Tax weighing on the sector, Resources roughly matched the market over the period (-11.0%). Meanwhile Banks (-17.1%) were affected by a lacklustre results season and concerns about funding costs.

Most bond markets were strong in the June quarter as the European fiscal crisis undermined both risk appetite and the prospects for growth in the region. The Australian 10 year bond shed 69 basis points and its US equivalent 90 bps. Meanwhile the RBA hiked rates in April and May but left rates on hold in June leaving the base rate at 4.5%.

## Fund performance

Further falls in the share market outweighed positive performance in fixed interest assets and saw the portfolio register a slightly negative return for the June quarter. The portfolio underperformed the benchmark over the period.

Positive contributors to the active performance were cash and the Government securities component of Australian fixed interest. These were offset by negative active returns in Australian equities, the credit component of Australian fixed interest and asset allocation.

## Strategy & outlook

The risks to equity market performance appear skewed to the downside in the near term with the forward-looking economic data pointing to slowing growth in the second half of 2010. Hence, the volatility of the past quarter is expected to persist as the global economic cycle becomes increasingly unsynchronised across regions. Fiscal austerity measures in Europe are likely to be a significant drag on growth, while the US recovery appears to be slowing and China continues to engineer a slowdown in its overheating property market. Australia has enjoyed strong employment growth recently, but the domestic economic outlook is less positive in light of a slowing property market and the lowest year-on-year retail sales growth since 2001.

It is therefore hard to call a bottom in equities at this stage, especially as the technical indicators have turned rather negative. With this is likely to come further weakness in the Australian dollar.



### For more information

Please call 1800 813 886, contact your business development representative or visit [www.btim.com.au](http://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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