

# BT Institutional Retirement PST

## Fact Sheet March 2011

ABN: 37 606 624 662  
FRN: R1003949



### About the Fund

The BT Institutional Retirement PST 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 higher weighting towards growth assets than 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 five 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 on our website at <http://www.btim.com.au/AllFunds> and clicking on your fund page.

### Investment process

The underlying investments in the BT Institutional Retirement PST are managed by BTIM together with a number of external partners. BTIM manages investments in the asset classes of Australian shares, Australian fixed interest, global 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 and AEW Capital Management LP for global property securities.

### 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.

### Investment guidelines

Asset allocation ranges (%)	Neutral Position	Ranges	
		Min	Max
Australian shares	38	28	48
International shares	20	12	32
Australian fixed interest	17	5	32
International fixed interest	7	0	20
Australian property	5	0	10
Global property	3	0	10
Alternative investments	8	0	20
Cash	2	0	10

### Performance<sup>1</sup>

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	3.27	3.47	2.89
FYDT	9.72	10.43	9.96
6 months	6.04	6.42	5.54
1 year (pa)	4.50	5.34	5.11
2 years (pa)	13.93	15.08	14.36
3 years (pa)	0.74	1.99	2.35
5 years (pa)	1.11	2.27	2.77

Total Returns (post-fee) are post tax.  
Total Returns (pre-fee) are pre tax.

### Asset allocations (as at 31 March 2011)

Australian Listed Shares:	37.5%
Overseas Listed Shares:	19.4%
Australian Fixed Interest:	16.1%
Overseas Fixed Int (inc Mortgages):	7.4%
Property Trusts	5.4%
Global Listed Property	3.2%
Alternative Assets	8.0%
Australian Liquidity (< 180 days):	3.1%

### Other information

Fund size (as at 31 Mar 2011)	\$14 million
Date of inception	September 1971
Minimum investment	\$500,000
Minimum balance	\$500,000
Buy-sell spread	0.35% <sup>#</sup>
APIR code	BTA0102AU

<sup>#</sup> 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	0.77% 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.

<sup>1</sup> 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

The Australian share market gained 3.1% over the March quarter in what was a very eventful period. Natural disasters and geopolitical issues in the Middle East dominated the news. The Queensland floods, the earthquake in Christchurch and the terrible events in Japan all had significant consequences for local and global markets. The ongoing tensions throughout the Middle East region caused the oil price to spike and rattled investor confidence. In Australia we also had the February half-yearly reporting season, which produced mixed results. Broadly, the results reinforced the notion that the economy was running at two speeds with the resource sector demonstrating increased profitability and the domestic economy still very lacklustre. Outlook comments from management reflected this with consumer exposed companies in particular citing continuing softness. Despite this, resource stocks actually underperformed the broader market, returning 2.32%.

The MSCI World Accumulation Index in local currency terms rallied by 4.6% in the first quarter of 2011. Despite unsettling events continuing in the Middle East and the catastrophe in Japan, most global equity markets were strong. The US S&P 500 rallied by 5.4%, which signalled the seventh positive quarter in a row. In fact, volatility as measured by the VIX dropped to a level not seen since July 2007. Volatility did increase and returns came off with escalating problems in the Middle East and the shock of Japan. The market recovered strongly towards the end of the quarter with Energy being far the strongest sector (+16.3%) as the oil price strengthened. The Industrials sector was in fact the only other sector to beat the index. European markets also finished stronger with the Euro Stoxx 50 index returning 4.2% in local terms despite ongoing issues with sovereign debt. In Japan, the Nikkei was down 4.6% as investors digested the ramifications of the natural disasters and subsequent events.

Australian 10-year bonds were almost exactly flat over the quarter. At the shorter end, a reduction in interest rate hike expectations saw the bank bill rate fall over the period as the market considered the effect of the floods in particular. The rising oil price did push up yields temporarily in the middle of the period but events in Japan soon tempered growth expectations.

In economic news, the Reserve Bank of Australia (RBA) left the cash rate unchanged at 4.75% and continued to stress capacity pressures of higher commodity prices and growth in the Mining sector. Despite this, market expectations of further rate rises diminished as the market considered the effect of the floods in particular.

## Fund Performance

The portfolio had a very strong quarter, with all asset classes in the portfolio posting a positive return over the period.

The strongest returns were from Global Property, followed by International Equities and Australian Listed Property.

On relative basis, results were equally strong, with all underlying strategies in the portfolio outperforming their benchmarks. The strongest excess performance came from alternative assets with Australian Equities and Australian Listed Property also performing well.

## Outlook

Overall, the amount of available opportunities within the Australian share market is encouraging and valuations remain broadly supportive. However, short term headwinds exist beyond the well documented global issues that have dominated the news in the last quarter. For example, while no longer grabbing the headlines, the impact of the Queensland floods (and indeed persistent poor weather) may well continue to impact short term earnings for those companies affected. Looking through the short term though, the stock market is well positioned to benefit from very strong domestic investment that is starting to come through which is likely to drive the economy through the next few years. This of course will be focussed largely on the Resources sector infrastructure. Investors will also be trying to establish in what ways this investment theme will affect the rest of the domestic economy, the softness of which has been the subject of many column inches of late. There is potential for strong returns across the breadth of the market. Despite the 'perfect storm' facing retailers at the moment, there are no doubt selective opportunities where valuations are compelling, for example.

On the global front, familiar issues continue to dominate markets, albeit recently put to one side somewhat by geopolitical issues and the terrible events in Japan. In the US, the markets have proved resilient with investors confident that the recovery will be robust and hence the earnings recovery in corporate America a strong one. There are, however still doubts. The recovery in housing is not just around the corner and there are a few worries creeping in about how and when the second round of quantitative easing will be reduced. In Europe, the situation is reminiscent of the late 1990s where central bankers are hawkish, yet most of the region's economies are still sluggish. As is often the case however, equity markets may not be in kilter with the short term economic trends and the 'growth' trade seems to be firmly on the table, partly spurred on by continuing M&A activity – both real and rumoured.



## For more information

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

The Trustee of the BT Institutional Retirement PST is BT Funds Management Limited (BTFM), ABN 63 002 916 458, AFSL 233724, RSE L0001090. An Information Memorandum (IM) 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 IM 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 figures are calculated in accordance with the Investment & Financial Services Association (IFSA) standards. Total returns (post-fee, post-tax) are calculated: to the last day of each month using exit prices; taking into account management costs of the fund; taking into account earnings tax up to a maximum of 15% plus withholding tax paid 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, pre-tax) are calculated by adding back management costs and tax to the (post-fee, post-tax) returns. Past performance is not a reliable indicator of future performance.

If market movements, cash flows or changes in the nature of an investment (eg a change in credit rating) cause the Fund to exceed any of the investment ranges or limits in this document, this will be rectified by BTFM as soon as reasonably practicable after becoming aware of it. If BTFM does so, it will have no other obligations in relation to these circumstances. The procedures, investment ranges, benchmarks and limits specified in this document are accurate as at the date of its issue, and BTFM reserves the right to vary these from time to time.

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