

# BT Sustainable Conservative Fund

## Additional Information to the Product Disclosure Statement

Issued 28 August 2017

### Read this

The information in this document forms part of the Product Disclosure Statement for the BT Sustainable Conservative Fund (Fund) dated 28 August 2017 (PDS). **You should read this information together with the PDS before making a decision to invest into the Fund.**

This additional information is general information only and does not take into account your personal financial situation or needs. BT® is a registered trade mark of BT Financial Group Pty Ltd and is used under licence.

## 1. Restrictions on withdrawals

**There may be circumstances where your ability to withdraw from the Fund is restricted. The following text contains further information on restrictions on withdrawals and should be read in conjunction with the PDS.**

If the Fund is illiquid (as defined in the Corporations Act), withdrawals from the Fund will only be possible if we make a withdrawal offer in accordance with the Corporations Act. We are not obliged to make such an offer. However, if we do, you are only able to withdraw your investment in accordance with the terms of a current withdrawal offer. If an insufficient amount of money is available from the assets specified in the withdrawal offer to satisfy withdrawal requests, the requests will be satisfied proportionately amongst those investors wishing to withdraw from the Fund. Under the Corporations Act, a trust is illiquid if it has less than 80% liquid assets (generally cash and marketable securities).

The constitution of the Fund also contains specific provisions that provide us with powers in relation to withdrawals. The specific provisions in the constitution are summarised below.

Provision	Explained
<b>Extending period to satisfy withdrawal requests</b>	We may extend the period we take to process a withdrawal request by a maximum of 30 days from when we receive the withdrawal request. However, we can only do this if we believe that the earlier withdrawal of units would be prejudicial to the interest of unitholders or where there has been a delay due to circumstances beyond our reasonable control in remitting to Australia the money necessary to effect such redemptions.
<b>Postponing calculation of the exit price</b>	<p>We may also postpone the calculation of the exit price at which units can be redeemed by a maximum period of 30 days from when we receive your withdrawal request. However, we can only do this if we believe that the disposal of the investments cannot be effected without seriously prejudicing the interests of unitholders and where any stock exchange on which 5% or more (in value) of the Fund's investments are quoted is closed (other than for ordinary holidays), or where dealings in 5% or more (in value) of the Fund's investments on any stock exchange are restricted or suspended.</p> <p>Where we postpone the calculation of the exit price, we will determine the exit price on the earlier of the first Business Day after the cessation of the matters set out above or the Business Day immediately preceding the 30th day after we receive your withdrawal request.</p>

## 2. Indirect investors

**The following text contains further information on indirect investors and should be read in conjunction with the PDS.**

An investment in the Fund offered under the Fund's PDS through a master trust or wrap account does not entitle you to a direct interest in the Fund.

This means that the rights that apply to a person who invests directly in the Fund are not available to indirect investors but rather, to the operator or custodian of the master trust or wrap account. The operator or custodian of the master trust or wrap account will be recorded in the register as the investor and will be the person who exercises the rights and receives the benefits of an investor.

Persons who invest through a master trust or wrap account may be subject to different conditions from those referred to in the PDS, particularly in regard to:

- how to transact on your investment (initial and additional investments and withdrawals are determined by the master trust or wrap account operator);
- cooling-off period and rights (no cooling-off rights apply to any investments in the Fund acquired through a master trust or wrap account operator);

- timing of distributions, withdrawals and the processing of transactions are determined by the master trust or wrap account operator;
- cut-off times for transacting (eg applications and withdrawals) are determined by the master trust or wrap account operator;
- fund reporting and other documentation including notices about fee increases and other significant events (Fund reports and investor notices are sent to the master trust or wrap account operator who then provide this information to indirect investors);
- fees and other costs (additional fees and expenses may be charged by the operator or custodian of the master trust or wrap account).

Investors in the master trust or wrap account should contact their financial adviser or master trust or wrap account operator for any investor queries.

### **3. Labour, environmental, social and ethical considerations**

**The following text contains further information on the various labour, environmental, social and ethical considerations that we use when selecting, retaining or realising investments in the Fund and should be read in conjunction with the PDS.**

Sustainable and ethical investment practices are currently incorporated into the Australian and international shares and Australian and international fixed interest components of the Fund. All other investments by the Fund are not screened for sustainable or ethical investment practices.

The Fund invests in securities that are considered to meet the Fund's sustainable and ethical criteria.

Our sustainable assessment process considers the extent to which a company or issuer manages its material environmental, social, and corporate governance (**ESG**) issues. Specifically, the assessment may consider issues such as:

#### **Environmental management**

- Management of environmental impacts through the implementation of best practice environmental techniques, technologies and product design
- Environmental performance against a range of environmental indicators including for example, greenhouse gas emissions, energy and water use and environmental incidents
- The capacity to consult key stakeholders in relation to activities that may have significant environmental impacts
- Adoption of best practice with regards to management and disclosure of material risks and opportunities associated with climate change

#### **Social practices**

- Equal opportunity, anti-discrimination and industrial relations policies and practices
- Staff incentives, development and training
- Employee benefits and entitlements
- Human capital management performance against a range of indicators, such as voluntary turnover and gender diversity in senior management
- Products or services that provide positive social impacts such as improved health & community well-being, disease prevention, and education
- Management of contractors and suppliers
- Workplace health and safety performance against indicators such as fatalities and lost time injury frequency rate

### **Corporate governance and business conduct**

- Codes of conduct and the extent of their integration into the company's operations
- Provision of regular and appropriate training
- Whistleblower policies and procedures
- Ethical conduct and performance of employees and officers – the extent to which companies are adopting principles in areas such as complying with the law, fair and open dealings and accepting responsibility for their actions
- Product safety and consumer protection
- Engagement practices with employees, shareholders and key community stakeholders

### **Ethical practices**

Across the Australian and international shares and Australian and international fixed interest components, the Fund will not invest in companies or issuers with material business involvement in the following activities:

- the production of tobacco or alcohol,
- manufacture or provision of gaming facilities,
- manufacture of weapons or armaments,
- manufacture or distribution of pornography,
- directly mine uranium for the purpose of weapons manufacturing,
- extraction of thermal coal and oil sands production.

We consider that a company or issuer has a material business involvement in an activity if 10% or more of its total revenue is derived from that activity.

Fixed interest securities issued by Government related entities are generally considered to meet the Fund's sustainable and ethical investment guidelines.

### **How these factors are taken into account when selecting investments**

Companies and issuers within each industry sector of the Australian shares, international shares, Australian fixed interest and international fixed interest benchmarks are assigned a sustainable and ethical rating relative to industry peers, based upon ESG and ethical factors. The investable universe consists of companies or issuers satisfying the sustainable and ethical rating process.

Companies or issuers with higher sustainable ratings will typically be favoured to those with lower scores. Lower ranked companies or issuers will generally be excluded from the Fund's investable universe.

The criteria applied to the Fund's investments may exclude some industry sectors, companies or issuers from the Fund's 'investable universe'. For this reason the Fund's performance may vary when compared to other funds that do not apply sustainable screens in their investment process. This risk should be considered when deciding whether to invest in the Fund.

The Fund's compliance with the investment guidelines is reviewed regularly (usually monthly, but this timeframe is not fixed). If our review process identifies that an investment ceases to comply with the investment guidelines for the Fund, the investment will usually be sold as soon as reasonably practicable, having regard to the interests of investors (but this may vary on a case by case basis).

#### 4. Additional information about fees and costs

The following section provides further details about fees and other costs that you may be charged for investing in the Fund along with further information about the additional fees and costs that could apply to your investment. This information should be read in conjunction with the PDS.

Type of Fee or Cost <sup>1</sup>	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
<b>Management costs</b>		
The fees and costs for managing your investment	At the date of this PDS, management costs consist of the following components:	
	Issuer fee	0.90% pa The issuer fee is paid from the assets of the Fund and reflected in the unit price of your investment. The fee is calculated on a daily basis based on the value of the Fund as at the end of the month and paid to us after the end of each month.
	Estimated expense recoveries <sup>2</sup>	Nil Expenses are generally reimbursed to us out of the assets of the Fund after the end of each month.
	Estimated indirect costs <sup>3</sup>	0.07% pa Reflected in the unit price of the Fund and are not charged to you or retained by us.
	<b>Estimated total management costs<sup>4</sup></b>	<b>0.97% pa</b>
<b>Service fees</b>		
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

4 1\_ Fees in this PDS can be individually negotiated if you are a wholesale client under the Corporations Act.

2\_ At the date of this PDS, we pay recoverable expenses (if any, excluding any GST payable on our fees) out of our issuer fee. However, if we decide to deduct expenses in addition to the issuer fee in the future, we will give you 30 days' written notice.

3\_ This is an estimate of the last financial year's indirect costs and includes performance related fees of 0.03%.

4\_ The actual total management costs may vary from this estimate.

## **Additional explanation of fees and costs**

### **Transactional and operational costs**

Transactional and operational costs such as brokerage, bid-offer spreads on securities traded, settlement costs, clearing costs and government charges may be incurred as a result of changes in a Fund's investment portfolio either in relation to implementing the Fund's investment strategy or investors entering or exiting the Fund.

When a Fund incurs transactional and operational costs these are paid out of the Fund's assets and reflected in its unit price and are not charged to you as an additional fee or cost.

Transaction costs that are incurred in relation to investors entering or exiting the Fund are recouped via the Fund's buy-sell spread (being the difference between the Fund's entry and exit unit prices).

At the date of this PDS, the estimated total transactional and operational costs for the Fund for the last financial year were 0.24%. Of this amount, we estimate 0.02% was recouped via the buy-sell spread and 0.22% reduced the return of the Fund.

This information may change from year to year and prior notice will not ordinarily be provided unless there is a material increase.

### **Borrowing costs**

Borrowing costs are the costs associated with borrowing money or securities such as interest, government charges and stock borrowing fees. For the last financial year, we estimate that the Fund's borrowing costs were 0.08%.

The Fund's borrowing costs may vary from time to time.

### **Indirect investors – additional master trust or wrap account fees**

For indirect investors accessing the Fund through a master trust or wrap account, additional fees and costs may apply. These fees and costs are stated in the offer document provided by your master trust or wrap account operator.

### **Fund manager payments and product access payments**

From the fees we receive we may pay (at our discretion) amounts to any wrap platform, master trust or other investment administration service (**Platform**) through which the Fund is available. We may make two types of payments to Platform operators:

- product access payments (as a flat dollar amount each year) for administration and investment related services, which may be an amount of up to \$25,900 pa (GST inclusive) per Platform; and/or
- fund manager payments (based on the volume of business generated), which may be an amount of up to 100% of our issuer fee.

Fund manager payments (based on volumes of business generated) are only paid by us where such payments are permitted under an arrangement entered into with the relevant Platform operator before 1 July 2013. Volume based fund manager payments are not paid by BTIM under new arrangements entered into with Platform operators on or after 1 July 2013.

The amount of these payments may change during the life of the PDS. As these amounts are paid by us out of our own resources, they are not an additional cost to you.

### **Rebates/waivers for interfunding arrangements**

The Fund may invest from time to time in other funds that we, or a related entity, manage (**related fund**). Our current policy is:

- no contribution fee is payable to the related fund;
- issuer fees are either not collected by the related fund or if they are, they are rebated in full to the investing fund; and
- certain expense recoveries (if any) are fully rebated to the investing fund.

However, we may change these arrangements at any time, in which case, we will give investors 30 days' notice.

### **Ability to negotiate fees – wholesale investors**

If you are classed as a wholesale investor (such as a professional investor) under the Corporations Act, in accordance with ASIC policy, all fees described in this PDS may be individually negotiated. There is no set manner or method of negotiating fees. Please contact BT Customer Relations for further information.

## **Adviser remuneration**

### ***Direct remuneration***

BTIM does not pay commissions to financial advisers who provide financial product advice to retail investors.

### ***Alternative forms of remuneration***

We may make alternative forms of payments or benefits (including sponsorships, gifts and entertainment) to financial advisers, dealer groups and platform providers who provide financial product advice to retail investors where those payments are less than \$300 or are given in relation to providing information technology support or software used for professional development, or for genuine educational and training purposes.

If these amounts or benefits are provided, they are payable out of the fees and costs we are entitled to receive and are not an additional cost to you.

### ***Register of alternative forms of remuneration***

We maintain a register that outlines all of the alternative forms of payments or benefits that we make to financial advisers, dealer groups and platform providers or receive from them.

The register is publicly available and you can obtain a copy by contacting BT Customer Relations.

### ***Incidental fees and costs***

Standard Government fees, duties and bank charges may also apply to your investments and withdrawals including dishonour fees and conversion costs.

### ***Taxes***

Unless otherwise stated, all fees quoted in the PDS are quoted on a GST inclusive basis and net of any applicable Reduced Input Tax Credits (RITCs).