

BT Sustainable Conservative Fund Additional Information to the Product Disclosure Statement

Issued 23 August 2016

Read this

The information in this document forms part of the Product Disclosure Statement for the BT Sustainable Conservative Fund (Fund) dated 23 August 2016 (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
Extending period to satisfy withdrawal requests	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.
Postponing calculation of the exit price	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. 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.

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 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 investment practices.

The Fund invests in the securities of companies that are considered to meet the Fund's investment guidelines relating to sustainability. An exception will be where the investment is required to minimise financial risk to the Fund's overall investment portfolio.

Our sustainable assessment considers the extent to which a company manages its material environmental and social 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

Business Ethics and 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
- ▶ How product safety or consumer protection is ensured
- ▶ Ways in which the company relates to key community stakeholders, including how regularly the company engages with key stakeholders and whether guidelines exist to manage stakeholder consultation

Human Capital Management

- ▶ 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

Workplace Health and Safety

- ▶ Workplace health and safety practices
- ▶ Management of contractors and suppliers
- ▶ Provision of regular and appropriate training
- ▶ Workplace health and safety performance against indicators such as fatalities and lost time injury frequency rate

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

How sustainable factors are taken into account when selecting investments

Companies within each industry sector of the Australian shares, international shares, Australian fixed interest and international fixed interest benchmarks are assigned a ranking relative to industry peers, based upon sustainable risks. The Fund invests in companies or issuers that are more effective at managing sustainable risks relative to their industry peer groups by generally excluding lower ranked companies or issuers from the Fund's investable universe.

The Fund may screen out companies which:

- ▶ directly mine uranium for the purpose of weapons manufacture;
- ▶ produce alcohol or tobacco;
- ▶ manufacture or provide gaming facilities;
- ▶ manufacture weapons and armaments;
- ▶ manufacture and distribute of pornography; or
- ▶ or have been subject to environmental, workplace health and safety, anti-discrimination, equal opportunity, trade practices or industrial relations prosecutions.

As sustainable screens are applied to the Fund's investments, some industry sectors or companies may be excluded 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.

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 ¹	Amount	How and when paid
Fees when your money moves in or out of the Fund		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Not applicable
Management costs		
The fees and costs for managing your investment	At the date of this PDS, management costs consist of the following component: 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.
Service fees		
Switching fee The fee for changing investment options	Nil	Not applicable

Additional explanation of fees and costs

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.

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

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 Australian Securities and Investments Commission 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**).