BT Super for Life – Moderate Fund – Savings

Fact sheet

September 2011

BT Financial Group

Fund overview

Product name	BT Super for Life – Moderate Fund – Savings
APIR	BTA0296AU
Inception date	October 2007
Fund status	Open
Fund size	$101.53 million
ICR (Management fee)	0.99% as at 30/09/2011
Asset class	Diversified
Recommended investment timeframe	5 years+
Risk category	Medium

Fund management

The funds are managed by BT's investment management team and by a number of external managers with complementary capabilities.

Where BT appoints other investment managers, our team of investment specialists provide ongoing monitoring and review of the appointed investment manager.

Who is this fund for?

For account holders who are comfortable with a reasonably aggressive approach to investing with a moderately high level of risk and potential return.

Investment style

A mixture of growth and conservative assets, with a significant emphasis on growth assets.

Intended outcome

To provide a return (before fees and taxes) that exceeds the fund's benchmark over 5 years or more. The benchmark is described in the Frequently Asked Questions section online.

Investment performance

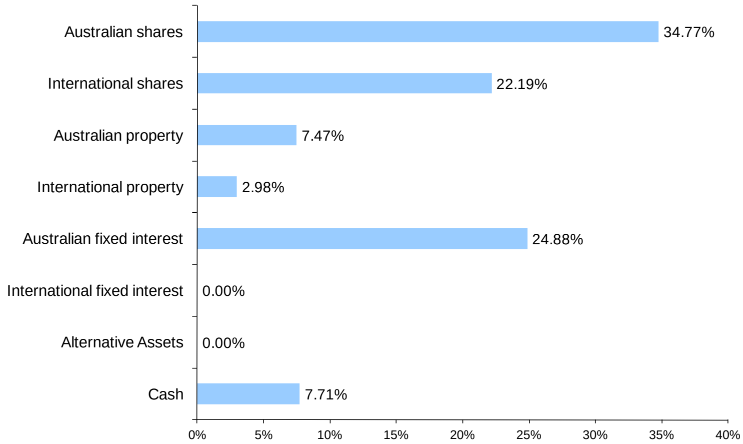
Performance (%) (as at 30/09/2011)	1 months	3 months	6 months	1 year (pa)	3 years	Since Inception
Total return	-2.57	-5.52	-6.42	-1.98	0.29	-3.04
Benchmark return	-2.40	-5.71	-7.06	-1.66	1.14	-3.01

Performance returns are calculated net of ICR (Management Fees) and post tax.
Past performance is not a reliable indicator of future performance, the value of your investment can go down as well as up.

Asset allocation

Target asset allocation	Target	Range
Australian shares	38	28-48
International shares	22	12-32
Australian property	5	0-10
International property	3	0-10
Australian fixed interest	25	5-40
International fixed interest	0	0-20
Alternative investments	0	0-20
Cash and other	7	0-20

By Sector allocation (as at 30/09/2011)



The market exposure (asset allocation) and holdings of the fund may change significantly each day.

Fund commentary

Market review

The September quarter was a very weak one for Equity markets the world over, with the MSCI World index falling by 17.1% over the period. The Australian market fared better than most with the ASX200 Accumulation index down by 11.6%, which was the worst quarter since the nadir of the crisis at the end of 2008.

The market has once again been dominated by macro events, despite the year end reporting season in August. The beginning of the period saw investor confidence significantly dented by the political stalemate in Washington around raising the debt ceiling, with a deal eventually getting approved but not without enduring reputational damage. Firmly consolidating this negative sentiment was the fact that US economic data released in early August was very weak. The idea that any weakness was being caused by temporary factors and that the recovery was still on track was firmly brushed aside as investors contemplated the reality of a persistently slower growth environment. As a result, equities across the globe sold off sharply.

The US Federal Reserve' implemented its USD400bn 'Operation Twist', which is designed to reduce the longer dated treasury yields by increasing the Fed's holdings in longer dated treasuries and reducing shorter dated notes. This provided some temporary respite but overall the market reaction was underwhelming and the rally short-lived as attention moved back to the well documented European, and in particular Italian and Spanish, debt issues. Political leaders within the Eurozone continued to demonstrate that their own political agendas were higher on the priority list than agreeing and implementing a workable solution to the debt problem, which resulted in the equities sell-off gather strong momentum in September.

There was no respite from China either, with increasing speculation in the market that there would be a 'hard landing', with softening equity data and increased concern around the property sector.

The RBA held the cash rate at 4.75% throughout the period, in what continues to be lacklustre domestic economy. Themes remained consistent in each of the accompanying statements with the Reserve Bank noting the unsettled nature of the financial markets due to sovereign debt and banking concerns in Europe and the prospect of slower economic growth in the United States.

Strategy & outlook

The key influence on the Australian share market continues to be the global macro environment. While we expect there to be a recovery from the aggressive sell-off we saw in September, there looks to be little imminent chance of a meaningful and long lasting reduction in the levels of volatility to buoy equity investors. The key issue remains Europe and while the economic situation there remains dire, the element that continues to frighten markets the most remains a now seemingly entrenched lack of confidence in the key political protagonists agreeing (let alone implementing) a timely and workable solution to the problem. The current state of play is there is an initiative to provide the under funded European Financial Stability Facility (EFSF), with a 'first-loss guarantee' facility that would effectively insure a proportion of the face value of a sovereign bonds issue with the aim of re-instigating investor confidence in that sovereign issuer. Importantly, there are more meaningful initiatives to recapitalise European banks and clear consensus that action must be taken to avoid full contagion into the banking sector. Progress is being made but it is not quick enough to provide sustained confidence for markets.

In the U.S, data has improved to the extent that the complete stand-still scenario that some were portraying back in August has not eventuated. However, there is broader acceptance that overall growth will be sluggish for some time. From where we are today, we are faced with a long period of lacklustre growth and it remains to be seen what further initiatives the government and Federal reserve can implement to jolt the economy.

In China, recent data suggests something of a slow-down, with softening data, particularly in the property sector. We are definitely not in the 'hard–landing camp' and would point out that the imbalances in the Chinese economy that had such a painful impact in 2008 are not nearly so evident today. In particular, growth has been slower in light of more restrictive policy and they are running about half the surplus that they were 3 years ago.

The Reserve Bank has yet not been able to gauge the extent that the slowing growth in Europe and the US will have on emerging market economies. It would be naïve to suggest that they will come through unscathed and it is likely that China's export-led economy will start to moderate as export volumes decline. Declining commodity prices may also provide an indication of slowing emerging markets and may also result in a paring back of mining investment intentions in Australia, although the investment pipeline remains large. Australian households have remained cautious, a behaviour that is only likely to be exacerbated by a weakening labour market and a high level of financial market volatility.

Fundamentally, we continue to be negative in the near to mid-term on credit markets as global growth appears to have markedly slowed. Whilst corporate balance sheets are markedly more robust than a few years ago, we believe that the market will continue to experience ongoing gyrations, typically with credit either widening or the market losing liquidity, until headline risk dissipates.

Other features

Responsible and ethical investment

BT Financial Group is a signatory to the UN Principles for Responsible Investment (PRI). These Principles are about maintaining long-term growth without causing environmental or social damage. Investing with BT Super for Life can help you reconcile your social and environmental concerns with your financial goals.

Specifically, the Australian and international share components of the BT Super for Life – Moderate Fund are invested ethically. You can find out more information about PRI and ethical investing in the PDS.

More information?

→ Speak to your financial adviser → Visit btsuperforlife.com.au → Call BT Customer Relations 1300 653 553

BT Funds Management Limited ABN 63 002 916 458, AFSL No. 233724, RSE No. L0001090 is Trustee of BT Super for Life which is part of Retirement Wrap ABN 39 827 542 991, RSE No. R1001327

The Product Disclosure Statement (PDS) is available by visiting btsuperforlife.com.au or calling BT on 1300 653 553. You should consider the PDS in deciding whether to acquire, or continue to hold, the Fund and consider whether the Fund is appropriate for you. This document (Fact sheet) does not take into account your objectives, financial situation and needs. Because of this, you should, before acting on information in this document, consider its appropriateness, having regard to your objectives, financial situation or needs and we recommend you consult a financial adviser.

Performance figures are calculated in accordance with the Investment and Financial Services Association (IFSA) standards. Total returns are calculated to the last day of each month (unless otherwise indicated) using exit prices and assuming reinvestment of distributions (which may include net realised capital gains from the sale of fund assets).

An investment in BT Super for Life is not a deposit with, or any liability of, Westpac Banking Corporation ABN 33 007 457 141, or any other company in the Westpac Group of companies. For further information refer to the PDS.