

Currency Hedging on selected Diversified Funds and investment options

April 2009



What is the change?

From April 2009, BT introduced a partial currency hedge on the international share component of certain diversified funds and investment options, aiming to reduce the foreign currency risk.

From the same date, performance for the international share component commenced reporting against a 35% hedged, 65% unhedged benchmark.

What is foreign currency risk?

Investments in overseas assets are generally priced in that country's local currency, so the investment returns on those assets are impacted by two factors;

- 1_ The market performance of the underlying international assets, and
- 2_ Changes in foreign exchange rates between the Australian dollar and the foreign currency in which those shares are denominated.

Exchange rate fluctuations can have a significant impact on fund performance, potentially eroding the returns investors would otherwise receive from investment decisions.

Why introduce a currency hedge?

Currency hedging can reduce the foreign currency risk implicit in holding overseas assets, limiting the impact of large foreign exchange rate movements on investment performance.

We believe that an appropriate level of currency hedging in diversified portfolios may reduce the performance volatility related to currency fluctuations, without sacrificing long-term investment performance.

What are the costs?

BT is not charging for implementation of the hedge.

Some small pricing differentials (referred to as spreads), are inherent in the purchase and sale price of the derivative investments used to hedge currency risk. We anticipate these spreads will be more than offset by the benefits of the hedge.

Which products are impacted?

This change is specific to the BT diversified funds and investment options listed below.

Product name	Fund / Investment option	APIR Code
BT Business Super	Dynamic Growth	WFS0104AU
	Balanced Growth	WFS0514AU
	Moderate Growth	WFS0512AU
BT Investor Choice	Balanced Growth Fund	WFS0033AU
	Moderate Growth Fund	WFS0032AU
	Dynamic Growth Fund	WFS0034AU
	Conservative Growth Fund	WFS0003AU
	Balanced Growth Fund – Nil Entry Fee	WFS0334AU
	Moderate Growth Fund – Nil Entry Fee	WFS0333AU
	Dynamic Growth Fund – Nil Entry Fee	WFS0335AU
BT Lifetime Super – Employer Plan	Westpac balanced	BTA0098AU
BT Personal Portfolio Service – Investment	Dynamic Growth	WFS0222AU
	Balanced Growth	WFS0219AU
	Diversified Growth	WFS0221AU
	Moderate Growth	WFS0223AU
	Conservative Growth	WFS0220AU
BT Personal Portfolio Service – Superannuation	Dynamic Growth	WFS0131AU
	Balanced Growth	WFS0127AU
	Diversified Growth	WFS0130AU
	Moderate Growth	WFS0134AU
	Conservative Growth	WFS0129AU
BT Personal Portfolio Service – Pension	Dynamic Growth	WFS0173AU
	Balanced Growth	WFS0170AU
	Diversified Growth	WFS0172AU
	Moderate Growth	WFS0174AU
	Conservative Growth	WFS0171AU
BT Superannuation Investment Fund	WFS0401AU	

What about BT's other products?

BT's other diversified funds and investment options (for example, the BT Multi-manager funds) may have existing currency management strategies in place. For more information, please contact Customer Relations.

BT's 100% international share funds and investment options will continue to be managed on a fully unhedged basis.



What to do next

- See your adviser
- Visit www.bt.com.au
- Call 132 135
- Visit your local BT Investor Centre