



# Multi-manager Funds

**The perfect investment blend.**

 **BT** Financial Group

# Imagine you could create a perfect investment blend



- **a diversified range of asset classes**
- **the best investment managers in the world**
- **access to different styles of managing money**
- **a team of experts to select the managers and watch over the fund for you**
- **consistent, less volatile investment returns**

**...all within the one fund.**

**With BT's range of Multi-manager Funds — you can.**

# Why diversify your investment?

You've seen the headlines — 'Aussie shares down', or 'Property prices soar'. We'd all like to be able to pick the investment that's going to perform best each year. But markets are unpredictable, and when one asset class is performing well, chances are that others are performing poorly. If you've only invested in one asset class, you leave yourself open to the rises and falls of that particular asset class. That's why experts recommend you spread — or diversify — your investments across asset classes, to diversify the risks.

Managed funds offer a short-cut to diversification. By pooling your money with that of many other investors, managed funds give you the power to invest across different asset classes — typically shares, property, fixed interest, alternative investments and cash. Even if you only have a small amount to invest, you can still achieve the benefits of diversification. And your investment is managed by professional investment managers from around the world.

Diversified funds are an effective way to invest across a number of asset types. While returns from diversified funds may not be as high as those achieved by funds only investing in a single asset class like shares or property, the returns are often less volatile and more consistent across time.

The table on the following page shows the best performing asset classes over the last 20 years. As you can see, every asset class has its 'time in the sun' and this varies from year to year. By investing across all asset classes through a diversified fund, you will have a portion of your portfolio in the best-performing asset class every year.

## Best performing asset classes

Calendar Year	Int'l Shares	Australian Shares	Australian Property	Int'l Bonds	Australian Bonds	Cash
2007	-2.6	16.2	-8.4	6.6	3.5	6.7
2006	11.5	24.5	34.1	4.4	3.1	6.0
2005	16.8	22.5	12.7	6.6	5.8	5.7
2004	9.9	27.9	32.2	8.9	7.0	5.6
2003	-0.8	15.0	8.8	6.6	3.0	4.9
2002	-27.4	-8.6	11.8	11.6	8.8	4.8
2001	-10.0	10.5	15.0	8.3	5.4	5.2
2000	2.2	4.8	18.8	9.7	12.1	6.3
1999	17.2	16.1	-4.2	0.3	-1.2	5.0
1998	32.3	11.6	18.4	10.1	9.5	5.1
1997	41.6	12.2	21.8	10.7	12.2	5.6
1996	6.2	14.6	14.2	9.5	11.9	7.6
1995	26.0	20.2	14.3	20.6	18.6	8.1
1994	-8.4	-8.7	-6.3	-2.5	-4.7	5.3
1993	24.5	45.4	30.0	13.5	16.3	5.4
1992	4.8	-2.3	6.6	10.1	10.4	6.9
1991	20.2	34.2	20.1	18.9	24.7	11.2
1990	-14.9	-17.5	8.7	14.1	19.0	16.2
1989	26.0	17.4	2.3	18.0	15.6	18.4
1988	4.0	17.9	16.1	13.8	13.5	12.5
1987	7.0	-7.9	5.7	13.5	16.0	15.1
1986	45.3	52.2	35.4	25.7	20.1	17.5
1985	71.4	44.1	5.2	0.3	5.8	14.3

Best performing asset class each calendar year is highlighted.

Source: Int'l shares – MSCI World ex Australia (Net Dividends) Standard Index in AUD

Australian shares – S&P/ASX 300 Accumulation Index from July 1992, ASX All Ordinaries

Index prior to that. Australian Property – S&P/ASX 300 Property Index from July 1992, ASX

Property Index prior to that. Int'l Bonds – Lehman Global Aggregate Bond Index hedged to

AUD from January 1990, Salomon Smith Barney Bond Index hedged to AUD prior to that.

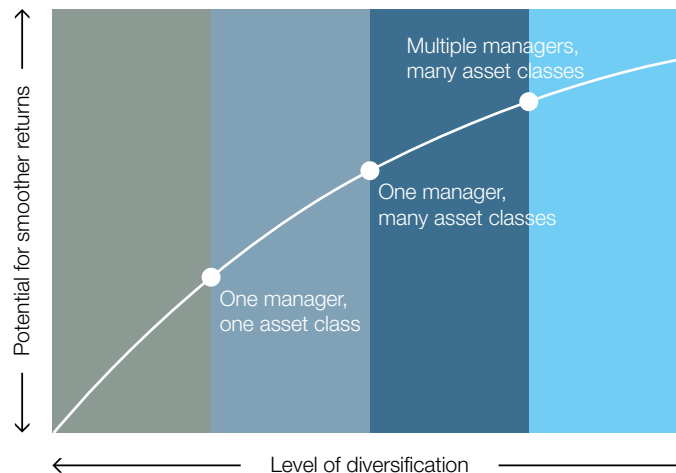
Australian Bonds – UBS Composite 0+ years Index from October 1989, Commonwealth

Bank Bond Index prior to that. Cash – UBS Bank Bill 0+yrs Index

# What is a multi-manager fund?

Multi-manager funds take diversification one step further — allowing diversification not only across asset classes, but also across a range of different specialist investment managers. Different investment managers use different investment styles and processes, which adds another layer of diversification to your portfolio.

The investment managers used in a multi-manager fund are selected, monitored and ‘blended’ by investment professionals — who search Australia and the world for the best investment managers in each asset class and investment management style. As each investment style performs differently according to prevailing economic and market conditions, multi-manager funds can help reduce the risk in your investment and can typically provide you with more consistent, less volatile returns.



# Are multi-manager funds right for you?

Why use a multi-manager fund? Why wouldn't you just create your own diversified portfolio by investing in different asset classes with several investment managers?

Combined with the expert advice of your financial adviser, multi-manager funds mean you don't need to make difficult decisions on your own about which investment managers to select and how much of your money to allocate to different asset classes and different managers.

Multi-manager funds, like BT's Multi-manager Fund range, are constructed as a result of extensive research on the most appropriate asset allocations for various investor risk profiles, and the best managers in each asset class world-wide. This expertise, combined with the guidance of your financial adviser, gives you the ability to create an appropriate mix of investments and managers to suit your investment strategy.



# **In short... multi-manager funds may be suited to investors who want:**

- **a simple, cost-effective way to benefit from diversification, and the ability to access a variety of managers, styles and asset classes — all through one fund**
- **greater consistency of investment returns**
- **reduced risks and lower volatility of returns**
- **access to the specialist expertise of ‘best of breed’ investment managers from around the world — which may not be accessible by an individual investor.**

# BT's range of multi-manager funds

BT has constructed four different multi-manager funds — each developed specifically to suit particular types of investors based on their risk profile and investment objectives.

Each BT Multi-manager Fund uses a combination of different assets — domestic and international shares, domestic and international property, fixed interest, alternative investments and cash — and different specialist investment managers.

The investment managers selected, and the proportion of each asset class used in the fund, is determined by the objective of the fund, ie the return outcome the fund is designed to deliver, and the type of investor for whom the fund is designed.

With the help of your financial adviser you can select just one of the funds, or select a combination of the funds to create a different 'mix' to suit your investment strategy.



# Fund information

## BT Multi-manager Conservative

### Suitable for

Investors who are only willing to accept a low risk of fluctuations in capital values in the short term.

### Types of investments

The Fund invests in a diversified range of asset classes, as outlined below, which are managed by a number of leading investment managers.

### Fund aim

The Fund aims to maximise returns above inflation with a low risk of fluctuations in capital values in the short term and provide an overall return which exceeds its benchmark over the suggested investment period.

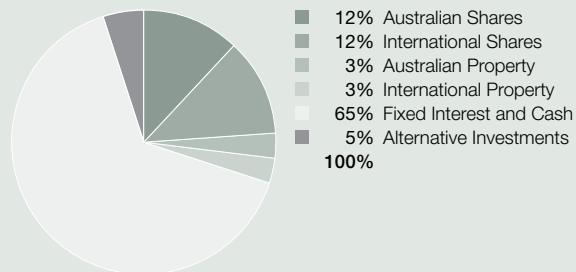
### Suggested investment period

Three years or more.

### Performance

Please see [www.bt.com.au](http://www.bt.com.au).

### Target asset allocations<sup>1</sup>



## BT Multi-manager Balanced

### Suitable for

Investors who are willing to accept a medium risk of fluctuations in capital values in the short term.

### Types of investments

The Fund invests in a diversified range of asset classes, as outlined below, which are managed by a number of leading investment managers.

### Fund aim

The Fund aims to maximise returns above inflation with a medium risk of fluctuations in capital values in the short term and provide an overall return which exceeds its benchmark over the suggested investment period.

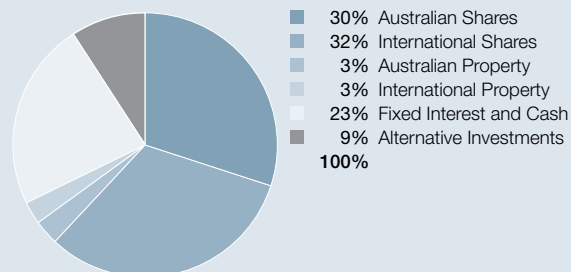
### Suggested investment period

Five years or more.

### Performance

Please see [www.bt.com.au](http://www.bt.com.au).

### Target asset allocations<sup>1</sup>



## BT Multi-manager Growth

### Suitable for

Investors who are willing to accept a medium to high risk of fluctuations in capital values in the short term.

### Types of investments

The Fund invests in a diversified range of asset classes, as outlined below, which are managed by a number of leading investment managers.

### Fund aim

The Fund aims to maximise returns above inflation with a medium to high risk of fluctuations in capital values in the short term and provide an overall return which exceeds its benchmark over the suggested investment period.

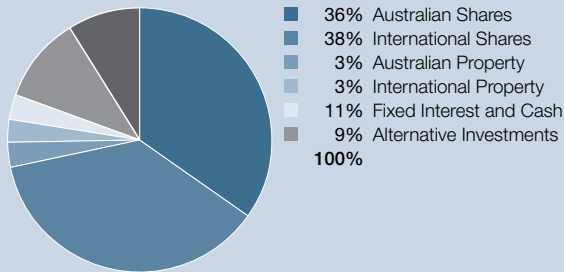
### Suggested investment period

Five years or more.

### Performance

Please see [www.bt.com.au](http://www.bt.com.au).

### Target asset allocations<sup>1</sup>



## BT Multi-manager High Growth

### Suitable for

Investors who are willing to accept a high risk of fluctuations in capital values in the short term.

### Types of investments

The Fund invests in a diversified range of asset classes, as outlined below, which are managed by a number of leading investment managers.

### Fund aim

The Fund aims to maximise returns above inflation with a high risk of fluctuations in capital values in the short term and provide an overall return which exceeds its benchmark over the suggested investment period.

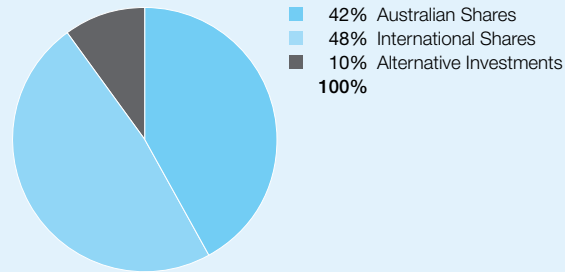
### Suggested investment period

Five years or more.

### Performance

Please see [www.bt.com.au](http://www.bt.com.au).

### Target asset allocations<sup>1</sup>



<sup>1</sup>For current actual asset allocation please refer to the website.

# Which BT Multi-manager Fund is right for you?

Which of the BT Multi-manager Funds is right for you will depend on your personal investment objectives and the level of risk with which you are comfortable.

For example, if you're a conservative investor with a low tolerance for risk, the BT Multi-manager Conservative Fund may be appropriate for you. At the other end of the spectrum, if you are a more aggressive investor who is comfortable investing a greater proportion of your total assets in the sharemarket for higher growth, then the BT Multi-manager High Growth Fund might be more aligned with your objectives.

Type of Investor		Multi-manager Fund
<b>Conservative/Low Risk</b> and/or <b>Short term time horizon</b>	→	<b>BT Multi-manager Conservative</b>
<b>Moderate Risk</b> and/or <b>Medium term time horizon</b>	→	<b>BT Multi-manager Balanced</b>
<b>Growth-oriented</b> and/or <b>Medium term time horizon</b>	→	<b>BT Multi-manager Growth</b>
<b>Aggressive</b> and/or <b>Long term time horizon</b>	→	<b>BT Multi-manager High Growth</b>

Your financial adviser will work with you to assess your personal profile — taking into account factors such as your lifestyle, your financial goals, the length of time you are seeking to invest, your savings patterns, and attitude toward risk. They will then develop an investment strategy for you and make a recommendation on whether one particular BT Multi-manager Fund is right for you, or if perhaps a combination of the funds (eg 40% Conservative, 60% Balanced) might better meet your investment objectives. So, seek specialist advice ahead of making a decision.

And, if your investment goals or personal circumstances change, the BT Multi-manager Fund range gives you the flexibility to easily switch between any of the four funds at any time. Before making any decisions on switching, speak to your financial adviser, as there may be costs involved and tax implications.



# How does BT select the best managers and construct the portfolios?

BT has a dedicated independent team of professionals who specialise in constructing and managing the process around the BT Multi-manager Funds.

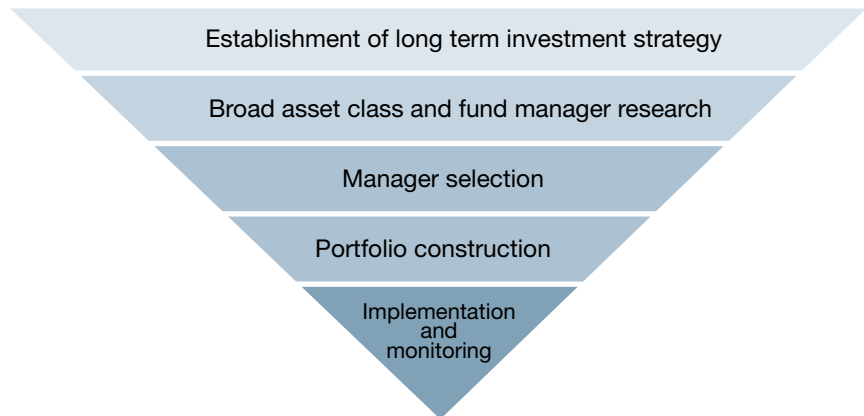
Our experienced team is responsible for designing and constructing each of the four portfolios in the BT Multi-manager Fund range and making asset allocation decisions for each one. They set long term strategic asset allocations — in light of the objective of the fund and return outcomes they are seeking to deliver — and constantly monitor and rebalance the funds to their long-term targets.

The team also researches and reviews potential investment managers from across the world and selects those that they consider to be among the best for their particular investment style and in managing a particular asset class.

When evaluating potential investment managers for the BT Multi-manager Funds, we look for those who have a clearly identifiable, sustainable edge and a repeatable process that we believe will deliver strong, investment performance over time. We carefully analyse each manager's investment philosophy and portfolio construction, the quality and expertise of their team, their investment and stock selection processes, and the efficiency and robustness of their business. We only select those managers we believe are exceptional on all of those criteria and who will complement the other managers in our range.

Once a manager has been selected via our rigorous selection process, we combine them with our other managers, with the aim of providing you with more reliable performance over time.

While we select managers who we believe will deliver superior performance for you, it should be noted that all managers may have periods where they underperform. However, by combining managers with different, yet complementary, styles BT aims to reduce the probability of underperformance across the aggregated portfolio and maximise the potential for outperformance over the longer term. That said, we continually monitor and review our selected investment managers' performance and make changes, where necessary.



## Who are BT's investment managers?

The investment managers we have selected to manage the BT Multi-manager Funds are those we consider to be among the best from Australia and around the globe. Australia comprises only a small percentage of the world's investment opportunities. By including investment managers from outside Australia, you benefit from access to broader opportunities and the expertise of highly specialised managers, who are considered to be superior in their field. Often, these are managers who you wouldn't ordinarily have access to as an individual investor.

Manager	Style	Description
<b>Diversified Hedge Funds</b>		
Grosvenor	Fund of hedge funds	Grosvenor Capital Management L.P., is a privately owned company and one of the largest and most established funds of hedge fund managers in the world. Grosvenor has been managing money on behalf of investors since 1997. As at 31 December 2007, Grosvenor had approximately US\$23 billion in assets under management.
AQR	Quantitative multi-strategy	AQR, based in Connecticut in the US, is an employee-owned firm established in 1998 by former Goldman Sachs staff. It is wholly-focused on quantitative investment management. As at 31 December 2007, AQR managed US\$35 billion across a series of quantitatively-based investment products.
<b>Fixed Interest and Cash</b>		
BT	Enhanced cash	BT Investment Management (BTIM) is listed on the Australian Stock Exchange and as at 31 December 2007 managed over A\$40 billion for investors. BTIM is majority owned by the Westpac Group.
BlackRock	Core global fixed interest	BlackRock was founded in 1988 to provide fixed income investment management services to investors worldwide. The company has a global footprint, with dedicated investment professionals occupying offices in all major financial centres. BlackRock's assets under management totalled US\$1.4 trillion as at 31 December 2007, of which US\$511 billion was invested in fixed interest.
Kapstream	Absolute return fixed interest	Kapstream Capital, established in late 2006, is a global fixed income fund manager providing alternative investment strategies to the Australian market. Founded by the former Head of Portfolio Management of PIMCO Asia Pacific, Kapstream is an employee-owned firm and is backed by Challenger Financial Services through a 25% ownership stake. As at 31 December 2007, the assets under management totalled A\$334 million.
Perennial	Core Australian fixed interest	Perennial Fixed Interest is a specialist active investment boutique, majority owned by Perennial Investment Partners (PIP), the investment management subsidiary of the IOOF Group. PIP have been managing Australian bond portfolios since 1987. As at 31 December 2007, PIP manages over A\$22.5 billion across various asset classes, of which A\$3.3 billion is managed in Australian fixed interest.
Principal	Global credit	Principal Global Investors traces its origins back to 1879 and the founding of Bankers Life, a predecessor of the Principal Financial Group. The firm is based in Des Moines, Iowa, USA with investment offices across the globe to research thousands of global fixed interest securities. As at 30 September 2007, Principal manages US\$245 billion, of which US\$131 billion is invested in the fixed interest.

Manager	Style	Description
<b>Australian Property</b>		
Renaissance	Core	Renaissance Property Securities Pty Ltd is a specialist listed property manager, wholly-owned by its two principals. Renaissance's funds under management totalled A\$240 million as at 31 December 2007.
<b>Global Property</b>		
AEW	Global REIT	AEW Capital Management L.P. was established in 1981 and is an investment firm dedicated solely to real estate investment and management and is one of the world's leading real estate investment advisers. With major offices in Boston, Los Angeles, London, Paris, Barcelona, Milan, Stockholm, Luxembourg, Warsaw, Budapest and Prague, the firm managed approximately US\$47.4 billion as at 31 December 2007.
<b>Australian Shares</b>		
BT	Core	BT Investment Management (BTIM) is listed on the Australian Stock Exchange and as at 31 December 2007 managed over A\$40 billion for investors. BTIM is majority owned by the Westpac Group.
Bernstein	Value	Bernstein Investment Research and Management (Bernstein) is part of Alliance Bernstein – a Delaware (US) incorporated, but New York located, partnership. Alliance Bernstein managed US\$800 billion as at 31 December 2007. Of this, US\$4.9 billion was in Bernstein's value-oriented Australian shares process.
Challenger	Core	Challenger Financial Services was borne out of a merger between Challenger International and CPH Investment Corp in 2003, and is listed on the Australian Stock Exchange. As at 31 December 2007, Challenger had total funds under management of over A\$19 billion, of which around A\$9 billion was invested in Australian equities.
GMO	Value	GMO Australia is a partnership between Grantham, Mayo, Van Otterloo & Co LLC and key Australian investment management staff. As at 31 December 2007, GMO managed A\$174 billion globally, with funds under management in the Australian office totalling A\$15.5 billion, of which A\$6.5 billion is managed in Australian equities.
Northcape	Growth	Northcape Capital Pty Ltd is an independent, privately-owned, specialist investment house dedicated solely to Australian equities management. Northcape is equally-owned by its four founders who are also portfolio managers/analysts. As at 31 December 2007, Northcape's funds under management totalled A\$2.6 billion.
Schroders	Growth	The Schroders Group is one of the largest and most internationally diverse independent investment managers providing investment management, research and marketing services from offices located in 26 countries. At 31 December 2007, the Schroder Group worldwide managed over US\$325 billion. In Australia, investment management has been a core business since 1961, and Schroders Australia manages over A\$12.3 billion, of which A\$10.1 billion is in Australian equities.

Manager	Style	Description
<b>International Shares</b>		
Altrinsic	Non-US value	Altrinsic Global Advisors LLC, located in Stamford, Connecticut, was started in April 2000 and is 100% employee-owned. As at 30 September 2007, Altrinsic managed US\$8.5 billion in shares globally.
AQR	Global core	AQR Capital Management, based in Connecticut in the US, is an employee-owned firm established in 1998 by former Goldman Sachs staff. It is wholly-focused on quantitative investment management. As at 31 December 2007, AQR managed US\$35 billion across a series of quantitatively-based investment products.
Axiom	Global growth	Axiom International Investors LLC, located in Connecticut in the US, managed approximately US\$2.4 billion in equities globally as at 30 September 2007.
Bernstein	Global value	Bernstein Investment Research and Management (Bernstein) is part of Alliance Bernstein – a Delaware (US) incorporated, but New York located, partnership. Alliance Bernstein managed US\$800 billion as at 31 December 2007. Of this, US\$303 billion was in Bernstein's value-oriented global and non-US shares process.
Marathon	Global value	Marathon Asset Management was founded in 1986 and is a London-based specialist funds management group. Marathon's funds under management totalled US\$44.9 billion as at 31 December 2007, in global, non-US and regional share portfolios.
MFS	Global core	MFS was established as a partnership in Massachusetts in 1924, and is America's oldest mutual fund company. Headquartered in Boston, MFS also has investment offices in London, Mexico City, Singapore and Tokyo. As at 31 December 2007, total funds under management was US\$198 billion, of which US\$141 billion is managed in equities.
Pzena	US value	Pzena Investment Management LLC was founded in late 1995 and is a predominantly employee-owned firm focusing on investment management. As at 31 December 2007, Pzena managed US\$23.7 billion across its US value-oriented products.
Sands Capital	US growth	Sands Capital is an employee-owned firm which was founded by Frank Sands Snr and William Johnson in 1992. The firm is solely focused on portfolios of quality high growth US companies and as at 31 December 2007, Sands managed approximately US\$20.6 billion.
State Street	Global indexed	State Street Global Advisors (SSgA), the world's largest institutional asset manager, is the investment management arm of State Street Corporation. SSgA commands a truly global presence, with 27 locations and 11 investment centers across 5 continents. As at 31 December 2007, SSgA managed over US\$2 trillion worldwide and SSgA Australia managed over A\$79 billion, of which A\$15.6 billion was in indexed international shares.
Trilogy	Global growth	Trilogy Global Advisors LLC is a registered investment advisor founded in 1999 by the former global head of equities at Credit Suisse Asset Management. Headquartered in New York, the firm is independently owned. As at 31 December 2007, total funds under management for Trilogy was A\$17.8 billion.
William Blair	Non-US growth	William Blair & Company (William Blair) is a predominantly employee-owned investment bank based in Chicago which has been involved in funds management since 1935. As at 31 December 2007, William Blair managed US\$29.7 billion.

Manager line-up as at March 2008

# Ready to create your perfect investment blend?

If you think the BT Multi-manager Fund range might meet your investment needs, speak with your financial adviser, who can help you make your selection from the four funds in the BT range — Conservative, Balanced, Growth, High Growth.

If you'd like more detail on which investment managers you would be investing with and what proportions of your investment each would manage, visit our online Multi-manager calculator at [www.bt.com.au/multimanager](http://www.bt.com.au/multimanager).





### What to do next

- See your financial adviser
- Visit [www.bt.com.au](http://www.bt.com.au)
- Call 132 135

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