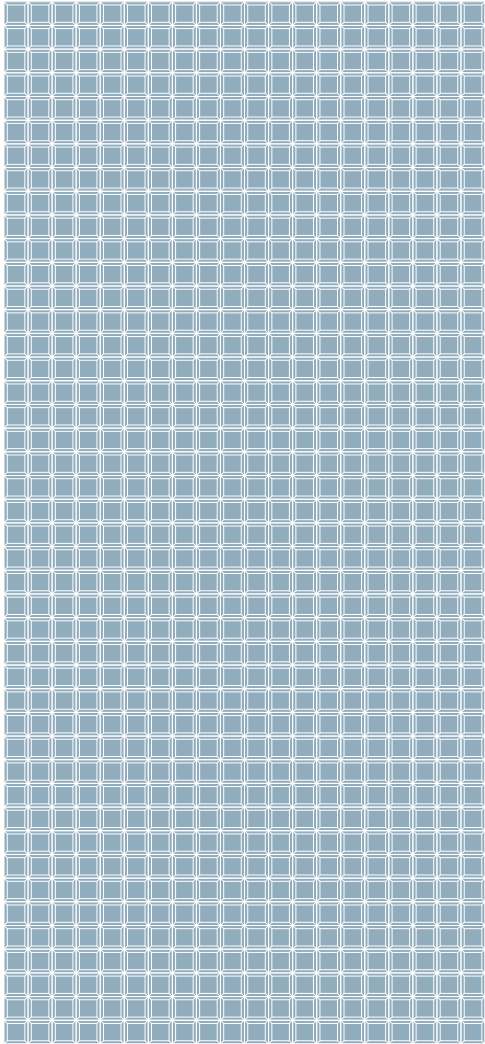




BT Approved Deposit Fund — BT ADF Investment Fund

Annual Report for the year ended
31 August 2010





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About BT Financial Group

BT Financial Group (BT) has been helping Australians create and manage wealth since 1969. BT's core business is providing investment, superannuation and retirement income products, financial advice and insurance options.

In both Australia and New Zealand, BT provides a diverse range of investment choices, including funds managed by BT's own team and through alliances with global investment managers.

BT is the wealth management arm of the Westpac Group.

Westpac has been delivering banking and other financial services to Australians since 1817.

This annual report is dated 1 January 2011.

The information contained in this document is general information only and does not take into account your individual objectives, financial situation or needs. You should assess whether this information is appropriate to you, consider the Product Disclosure statement or other offer documents (available by calling 132 135) and talk to your financial adviser before making an investment decision.

Any statements as to past performance are not necessarily indicative of future performance.

BT Funds Management No. 2 Limited (the Trustee) is a member of the Westpac Group. An investment in the BT Approved Deposit Fund (the Fund) is not an investment in, deposit with, or any other liability of, Westpac Banking Corporation ABN 33 007 457 141 (Westpac) or any other company in the Westpac Group. It is subject to investment risk, including possible delays in repayment of withdrawal proceeds and the loss of income and principal invested. Westpac is not the issuer of the Fund. Neither Westpac nor any other company in the Westpac Group stands behind or otherwise guarantees the capital value or investment performance of the Fund. A Financial Services Guide in relation to the Trustee is available by calling 132 135.

→ **Recent developments
in superannuation**

**Family law changes relating
to same-sex relationships
extended to South Australia**

Legislation to expand the Family Law Act 1975 ('the Act') to cover relationship breakdown as well as marriage breakdown came into effect for South Australia on 1 July 2010. This legislation was effective from 1 March 2009 for all other states and territories with the current exception of Western Australia.

The Act provides that a member's superannuation benefit may be split with the member's spouse or former spouse on marriage or relationship breakdown. Alternatively, for an accumulation superannuation member a payment flag may be imposed on the member's superannuation benefit.

For further information about the treatment of superannuation on relationship or marriage breakdown, please call the BT Contact Centre on 132 135, 8.00am to 6.30pm (Sydney time) Monday to Friday.

Unclaimed money

From 1 July 2010, the Trustee is required to transfer to the ATO an account of a lost member:

- with a balance of less than \$200; or
- which has been inactive for a period of five years and the trustee is satisfied that it will never be possible to pay an amount to the member.

If your account balance is transferred you will be able to reclaim it from the ATO directly.

→ **Understanding the risks
of investing**

All investments involve some level of risk. Here are some of the risks you should consider before making any investment decision.

Interest rate risk

Changes in interest rates can have a negative impact, either directly or indirectly, on investment value or returns on all types of assets.

Liquidity risk

This is the risk that an investment may not be easily converted into cash, with little or no loss of capital and minimum delay, because of either inadequate market depth or disruptions in the market place. Securities of small companies in particular, may from time to time, and especially in falling markets, become less liquid.

Alternative investments risk

Alternative investments have a different risk/return profile to traditional investments. These investments may experience limited liquidity and often adopt investment strategies not commonly used for traditional investments.

Derivative risk

The value of share and fixed interest derivatives is linked to the value of the underlying assets and can be highly volatile.

Credit risk

There is always a risk of loss arising from the failure of a debtor or other party to a contract to meet their obligations. This potentially arises with various securities including derivatives, fixed interest and mortgage securities.

→ **The BT Approved
Deposit Fund**

BT ADF Investment Fund^{1,2}

	Diversified																																													
Inception	18 July 1986																																													
Objective	The fund aims to provide members with an above average, long term return from a balanced portfolio of shares, listed property trusts, fixed interest and cash.																																													
Strategy	The fund provides a diversified portfolio of Australian and international shares, Australian and international property securities, Australian and international fixed interest, cash and alternative investments. We aim to deliver over the long term a return higher than the average achieved by the fund's benchmark, ³ by adding value in stock selection and asset allocation. It is anticipated that this will also represent a significant real return above inflation. It is expected to be comprised of a mix of capital growth and some tax effective income to the fund.																																													
Fund size⁴	\$7.19 million																																													
Asset mix⁵	<table border="1"> <thead> <tr> <th></th> <th>Asset mix at 31/08/10 (%)</th> <th>Asset mix at 31/08/09 (%)</th> <th>Neutral position (%)</th> <th>Strategic Range (%)</th> </tr> </thead> <tbody> <tr> <td>Australian shares</td> <td>35.97</td> <td>32.98</td> <td>38</td> <td>28–48</td> </tr> <tr> <td>International shares</td> <td>19.54</td> <td>21.12</td> <td>20</td> <td>12–32</td> </tr> <tr> <td>Australian property</td> <td>6.00</td> <td>4.01</td> <td>5</td> <td>0–10</td> </tr> <tr> <td>International property</td> <td>3.35</td> <td>3.40</td> <td>3</td> <td>0–10</td> </tr> <tr> <td>Australian fixed interest</td> <td>17.46</td> <td>17.74</td> <td>17</td> <td>5–32</td> </tr> <tr> <td>International fixed interest</td> <td>7.05</td> <td>6.59</td> <td>7</td> <td>0–20</td> </tr> <tr> <td>Alternative investments</td> <td>8.28</td> <td>8.91</td> <td>8</td> <td>0–20</td> </tr> <tr> <td>Cash</td> <td>2.35</td> <td>5.25</td> <td>2</td> <td>0–10</td> </tr> </tbody> </table>		Asset mix at 31/08/10 (%)	Asset mix at 31/08/09 (%)	Neutral position (%)	Strategic Range (%)	Australian shares	35.97	32.98	38	28–48	International shares	19.54	21.12	20	12–32	Australian property	6.00	4.01	5	0–10	International property	3.35	3.40	3	0–10	Australian fixed interest	17.46	17.74	17	5–32	International fixed interest	7.05	6.59	7	0–20	Alternative investments	8.28	8.91	8	0–20	Cash	2.35	5.25	2	0–10
	Asset mix at 31/08/10 (%)	Asset mix at 31/08/09 (%)	Neutral position (%)	Strategic Range (%)																																										
Australian shares	35.97	32.98	38	28–48																																										
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1_ The benchmarks for the BT ADF Investment Fund changed on 30 November 2003 and 1 June 2005. As such, past performance may not reflect the current benchmark and may not be directly comparable to performance after 1 June 2005.

2_ The BT ADF Investment Fund invests into the BT Wholesale Active Balanced Fund.

3_ The term 'benchmark' here refers to an index or measurement that is used by an investment manager to assess the relative risk and the performance of an investment fund. For diversified funds, the benchmark is a weighted average of various indices used by each investment manager, according to the asset allocation neutral position shown in the profiles. Further information on these indices can be found online at www.bt.com.au or by contacting BT on 132 135.

4_ Fund size is at 31 August 2010.

5_ In preparing the fund investment information, we use the effective exposure, which is the percentage of the gross assets held in each asset class including the impact of derivative positions. Market exposure of the funds may change significantly each day.

**Investments
exceeding 5%**

Investments exceeding 5% of the total value of the fund as at 31 August 2010, are detailed in the table below. There are no further combinations of investments that the Trustee knows or ought reasonably to know are held directly or indirectly (eg. through discrete mandates or investment vehicles), that have a combined value in excess of 5% of the total assets of the fund.

Approved Deposit Fund holdings

Investment Portfolio	Direct asset	%	Indirect asset	%
BT ADF Investment Fund	BT Wholesale Active Balanced Fund	99.46	BT Institutional International Share Interfund	19.71
			BT Government Bond Fund	7.99
			BT Institutional Enhanced Global Fixed Interest Fund	7.26
			BT Wholesale Enhanced Credit Fund	6.19
			BT Total Return Fund	5.59
			BT Institutional Enhanced Property Securities Fund	5.28

→ Performance overview

Portfolio	Start date	One year returns to 31 August (%)					5 year compound average or since inception (%)
		2006	2007	2008	2009	2010	
Diversified BT ADF Investment Fund	18 Jul 86	14.13	12.90	-10.50	-7.41	2.91	6.79

Performance data assumes that the units in the fund are held for the specified time period, based on exit to exit price calculated to the last day of the month. It does not allow for any inflation or dollar costs but takes into account earnings tax up to a maximum of 15% and management costs. Returns are historical.

Past performance is not a reliable indicator of future performance.

To calculate performance, we adhere to the standard set by the Financial Services Council (FSC).

Net earnings

The earnings rate for members of the fund is reflected in the price of the units of the fund, rather than being credited or debited against the accounts of members. A change in the value of the members' units reflects the earnings of the assets in the fund.

As provided in the governing rules, the following fees may apply in relation to membership of the fund. The Trustee administers the application of these fees in accordance with these rules.

Management fee

A management fee is calculated daily on the value of the fund and is paid monthly. It is not deducted directly from your investment in the fund but is deducted from the value of each fund and reflected in the unit price on a daily basis. The management fees are detailed in the table overleaf.

Recoverable expenses

In administering the fund, certain expenses will be incurred which are recoverable directly from the fund, including costs incurred in buying, holding and selling investments and any Goods and Services Tax (GST) incurred in operating the fund. These expenses are deducted from the value of the fund and are reflected in the unit price of the fund. The amount the Trustee can recover in relation to these expenses is capped at 1%. These fees are detailed in the table below.

Fund name	Management fee	Recoverable expenses	Other expenses
BT ADF Investment Fund	1.74%	0.24%	0.04%

The management fee and recoverable expense fee are collectively known as the fund's Indirect Cost Ratio (ICR). For disclosure purposes the figures shown are for the period ended 30 June 2010.

Interfund expenses

Where the fund invests (interfunds) into other unit trusts managed by the same Trustee, the fund does not have to pay the contribution fee or the management fee in the underlying fund. Furthermore, no fund has to pay the recoverable expenses for the underlying fund.

Financial planner remuneration

The financial planner who sold you this product may receive payment (remuneration) for the sale. Your adviser's remuneration is included in the fees and charges described earlier (except any remuneration that the adviser charges directly to you as a fee for service).



Your financial planner's remuneration is paid by BT as commission in two forms — upfront commission and ongoing (trail) commission. BT may, at any time, increase the commission it pays your financial planner up to: for upfront commission — the contribution fee received by BT plus GST; for trail commission — the management fee received by BT.

Withdrawal fees

There are no withdrawal fees payable when you withdraw from the fund.

Increases or alterations in the fees and charges

The fees payable to BT may be increased up to the maximum outlined in the relevant policy documents as detailed below:

- **Management fee**
2% pa
- **Reimbursable expenses**
1%.

Note: All fees quoted are inclusive of GST.

Operating statement		
	Year ended	
	31 August 2010 \$	31 August 2009 \$
Investment income		
Interest income	619	1,227
Distributions from unit trusts	240,562	399,708
Changes in the net market value of investments	59,330	(1,336,979)
Other investment income	1	1
	300,512	(936,043)
Expenses		
Trustee's fees	64,265	67,024
Other operating expenses	19,857	20,611
	84,122	87,635
Benefits accrued as a result of operations before tax	216,390	(1,023,678)
Income tax expense/(revenue)	(34,368)	(65,281)
Benefits accrued as a result of operations after tax	250,758	(958,397)



Statement of financial position		
	As at	
	31 August 2010 \$	31 August 2009 \$
Assets		
Investments		
Cash and cash equivalents	10,464	10,507
Unlisted unit trusts	7,132,059	8,188,234
	7,142,523	8,198,741
Other assets		
Accrued income	5	4
Receivables	477	524
Tax refund due	34,368	65,281
	34,850	65,809
Total assets	7,177,373	8,264,550
Liabilities		
Payables	6,372	7,353
Total liabilities	6,372	7,353
Net assets available to pay benefits	7,171,001	8,257,197
Represented by:		
Liability for accrued benefits		
Allocated to members' accounts	7,171,001	8,257,197

Who is the Trustee?

The BT ADF Investment Fund ABN 21 194 694 608 is a regulated approved deposit fund under the Superannuation Industry (Supervision) Act 1993 (Cth). The Trustee of the fund is:

BT Funds Management No.2 Limited (BTFM No.2)
ABN 22 000 727 659
AFSL No. 233720
RSE L0001076
Level 20
Westpac Place
275 Kent Street
Sydney NSW 2000

Use of derivatives

The fund does not invest directly in derivative securities.

Investment manager

BT Financial Group's investment process is based on the belief that with thorough research and active management, complemented by disciplined portfolio construction, wealth can be created for customers over the long term.

BT identifies trading opportunities and adds value to their members' portfolios in three main ways:

- thorough in-house research, which uncovers investment opportunities not always recognised by the broader market
- an objective decision making process, which clearly identifies overvalued and undervalued assets
- asset allocation, which focuses on finding the best combination of asset classes for the portfolio based on their risk and return profile.

Trustee indemnity

The Trustee is indemnified by a policy of insurance in respect of its duties as Trustee of the fund.

Superannuation contributions surcharge

The superannuation surcharge, including the termination payments surcharge, has been abolished for contributions and termination payments made or received on or after 1 July 2005. The superannuation surcharge may still apply for contributions and termination payments made prior to 1 July 2005.

If you are liable for the superannuation contributions surcharge, the amount will be deducted from your account.

Currency exposure

The currency exposures of the international components of the fund are now actively managed. The managers seek to protect and/or enhance the Australian dollar value of the fund by actively managing the exposure to currency fluctuations through currency hedging. The value of Australian dollar currency hedging and active currency management will generally not exceed 20% of the fund exposure to international assets.

Eligible Rollover Fund

Eligible Rollover Funds are generally designed to accept small balances and unclaimed money in certain circumstances. These funds are required to 'protect' members' accounts. This means that certain fees charged on money transferred to an Eligible Rollover Fund cannot

be greater than the amount of earnings on that money. We may transfer your benefit into an Eligible Rollover Fund in the following circumstances:

- you become a lost member, that is:
 - we are unable to contact or locate you and two consecutive communications which have been sent to you are returned to us;
 - we have never received your address details, unless, during the last two years we have verified that your address is correct and have no reason to believe it is not correct; or
- you request to transfer your benefit to another fund and we cannot process that request due to insufficient information, or the other fund returns the money to us as they have been unable to process the request; or
- On termination of the fund.

Where a benefit relating to compensation for the unit pricing errors exists with respect to a member who has previously exited the fund, the Trustee may transfer the benefit to the nominated Eligible Rollover Fund where no response is received within a 30-day period after we send notification requesting payment instructions.

The Eligible Rollover Fund chosen by the Trustee is the SuperTrace Rollover Fund. If your benefit is transferred into the SuperTrace Eligible Rollover Fund, it will maintain the same conditions of payment and will



generally be subject to the same preservation rules as in the BT Approved Deposit Fund. After transfer to the Eligible Rollover Fund, you will no longer have any interest in, or claim in respect of any benefits in the BT Approved Deposit Fund. Details of this fund are:

SuperTrace Eligible
Rollover Fund
Locked Bag 5429
Parramatta NSW 2124

Telephone
1300 788 750

Facsimile
(02) 9947 4184

Trustees of regulated super funds report details of lost members to the Australian Taxation Office (ATO), which maintains a lost members register. Persons may search the register to ascertain whether they have benefits, which are lost.

Unclaimed money

In some circumstances if an amount is payable to you and the Trustee is unable to ensure that you will receive it, the Trustee may be obliged to pay the amount to The Office of State Revenue NSW on your behalf.

Member queries

You are welcome to call or write to us at any time if you have any questions regarding this report or require further information about the Plan. Call the BT Contact Centre on 132 135, 8.00am to 6.30pm (Sydney time), Monday to Friday.

Do you have a complaint?

The Trustee has arrangements for dealing with members' questions or complaints about the operation or management of the fund. If you have a concern or complaint, please contact a BT Contact Centre Consultant on 132 135. Where possible, member concerns received over the telephone are resolved at that time. If your concerns cannot be resolved in this way, you can outline your complaint in writing to:

BT Approved Deposit Fund
The Complaints Officer
GPO Box 2675
Sydney NSW 2001

The Complaints Officer will endeavour to resolve your complaint within 30 days of receiving your letter and is required by law to deal with your enquiry or complaint within 90 days. However, if you are not satisfied with the response, or have not received a response within 90 days, you may contact the Superannuation Complaints Tribunal (the Tribunal) by calling 1300 884 114 or writing to:

Locked Bag 3060
GPO Melbourne VIC 3001.

The Tribunal is an independent body established by the government to help members of superannuation funds and Approved Deposit Fund resolve complaints. The Tribunal will attempt to resolve your complaint through conciliation, helping you and the Trustee to reach an agreement. If your dispute cannot be resolved through conciliation, the Tribunal may ask for submissions and make a binding determination.

Further information

Other information concerning the fund, such as audited financial statements and the auditor's report are available from:

BT Funds Management No.2
Limited
Level 20
Westpac Place
275 Kent Street
Sydney NSW 2000

or by calling the BT Contact Centre on 132 135.



BTXX875-0111nw

Contact BT

- BT Contact Centre
132 135
8.00am to 6.30pm (Sydney time)
Monday to Friday
- Our automated telephone
service, BT Link, is accessible
24 hours a day, 7 days a week.
- Fax (02) 9274 5780
- Internet www.bt.com.au
- Email [customer.relations@
btfinancialgroup.com](mailto:customer.relations@btfinancialgroup.com)
- Postal address
BT
GPO Box 2675
Sydney NSW 2001
- Overseas enquiries phone
(612) 8222 7154
- Overseas fax (612) 9274 5780