

**BT Classic Lifetime –
Personal Super —
Flexible Pension**

Annual Report

For the year ended 30 June 2011



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→ About this document

BT Funds Management No. 2 Limited ABN 22 000 727 659, AFSL 233720 is the trustee (Trustee) of the BT Classic Lifetime Fund ABN 68 324 870 141. BT Classic Lifetime – Personal Super and BT Classic Lifetime – Flexible Pension are parts of the Fund. The Fund (referenced as 'Plan' throughout this document) is a resident regulated superannuation fund within the meaning of the Superannuation Industry (Supervision) Act 1993 (SIS) and is not subject to a direction under section 63 of SIS.

The Annual Report was prepared on 15 December 2011.

Investments in BT Classic Lifetime – Personal Super and BT Classic Lifetime – Flexible Pension are not deposits or liabilities of Westpac Banking Corporation ABN 33 007 457 141 and are subject to investment risk including possible delay, repayment of withdrawal proceeds and loss of capital invested.

Your investment in the Plan is not guaranteed. The value of your investment can rise and fall depending on the investment returns achieved by the Investment Portfolio(s) you select. You, with the assistance of your Financial Adviser (if applicable) are responsible for selecting the Investment Portfolios in which you invest. We are not responsible for your decision to invest in the Investment Portfolios you select and are not liable for any loss or damage you may incur as a result of you deciding to invest in, or withdraw from, a particular Investment Portfolio.

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 PDS or other offer documents (available by calling 132 135 or at www.bt.com.au) and talk to your Financial Adviser before making an investment decision.

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

A Financial Services Guide (FSG) in relation to the Trustee is available at www.bt.com.au or by calling 132 135.

→ Changes affecting your Plan

Recent developments in superannuation

2011/12 superannuation thresholds

The superannuation contributions caps and various other superannuation thresholds that apply for the 2011/12 financial year are as follows:

Low rate cap	\$165,000
Concessional contributions cap	
— Age 50 or over	\$50,000
— Under age 50	\$25,000
Non-concessional contributions cap	\$150,000¹
Capital Gains Tax (CGT) Cap (lifetime limit)	\$1,205,000
Government Co-contributions	
— Maximum co-contribution ²	\$1,000
— Lower threshold	\$31,920
— Upper threshold (cut off)	\$61,920

Minimum pension payments (BT Pension only)

The Government has provided a reduced level of relief from the minimum pension payment requirements for the 2011/12 financial year. Your minimum pension payment specified by Government regulations will be reduced by 25% for the year ended 30 June 2012. For example, if your minimum payment requirement for the 2011/12 financial year was \$10,000, you will be able to choose to take a payment of only \$7,500 for the financial year.

Flood Levy

The Government has introduced a Temporary Flood and Cyclone Reconstruction Levy (flood levy) applying for the 2011/12 financial year. The flood levy will apply to Australian and foreign resident individuals who have a taxable income over \$50,000 in the 2011/12 financial year. This means the flood levy applies to certain payments from superannuation that are included in your taxable income.

If you are under age 60 when you receive a lump sum superannuation payment in 2011/12, flood levy of up to 1% may be withheld from the taxable component in addition to the current rates of withholding tax.

Flood levy will not apply to lump sum payments you receive in 2011/12 if:

- you are aged 60 or over
- the taxable component of the payment is \$50,000 or less
- you have not provided your Tax File Number (TFN) (tax will be withheld from the taxable component at the top marginal rate, 46.5% for residents and 45% for non-residents)
- the total payment is less than \$200 and is your entire superannuation benefit
- you receive the payment because you have a terminal medical condition
- the payment is a Departing Australia Superannuation Payment (DASP)

In addition, no flood levy will be payable for a superannuation lump sum payment paid as a result of the death of a member to a beneficiary who is a dependant for tax purposes. If you are under age 60 and the total taxable component of all income payments received from your pension in the 2011/12 financial year is more than \$50,000, flood levy of up to 1% may be withheld from the taxable component of your income payments in addition to the current rates of withholding tax.

¹ If you were under age 65 on 1 July 2011 you may be able to make up to \$450,000 of non-concessional contributions over three financial years.

² The maximum co-contribution payable is phased out by 3.333 cents for every dollar of total income over the lower threshold, until it reaches zero at the upper threshold.

You may be exempt from paying the flood levy if you:

- were eligible for an Australian Government Disaster Recovery Payment for a natural disaster that occurred during 2010/11 and you received the payment before 30 June 2012
- were affected by an event that occurred during 2010/11 declared as a natural disaster under the Natural Disaster Relief and Recovery Arrangements and meet certain other criteria
- received an ex-gratia payment from Centrelink before 30 June 2012 because you are a New Zealand citizen holding a special category visa and were not eligible to receive an Australian Government Disaster Recovery Payment.

Additional conditions apply. Further information is available at www.ato.gov.au.

Consolidating multiple superannuation accounts within the same fund

From the later of a date to be fixed by proclamation and 1 January 2012, a superannuation fund may use a member's TFN to determine whether an individual has multiple accounts within the same superannuation fund. The superannuation fund may, with the individual's consent, consolidate these accounts into a single account.

Centrelink now administers claims for super on compassionate grounds

From 1 November 2011, the Australian Prudential Regulation Authority (APRA) no longer approves requests for early release of superannuation on compassionate grounds. All applications for the early release of superannuation benefits on compassionate grounds should now be made to the Department of Human Services (Centrelink). For further information about how to apply visit www.centrelink.gov.au and search "superannuation early release".

Personal income tax cuts from 1 July 2012

To help offset the impact of the carbon price, the Government is making structural improvements to the tax system including widespread tax cuts. These changes will result in tax cuts for individuals with a taxable income of up to \$80,000 in the 2012/13 financial year.

This means that less tax may be withheld from income payments you receive from your pension from 1 July 2012. In addition, you may no longer need to lodge an income tax return from the 2012/13 financial year onward. Some individuals may, however, need to lodge a tax return for other purposes such as eligibility for the Government co-contribution and Family Tax Benefit and Family Tax Benefit.

The changes that will apply to personal income tax rates and thresholds include:

- an increase in the tax free threshold from \$6,000 to \$18,200 from 1 July 2012 and to \$19,400 from 1 July 2015.
- increasing the marginal tax rates of 15% and 30% to 19% and 32.5% respectively from 1 July 2012. From 1 July 2015, the 32.5% rate will increase to 33%.

The following changes will apply to the Low Income Tax Offset (LITO):

- from 1 July 2012, LITO will reduce from \$1,500 to \$445. However the threshold where LITO starts to taper will be increased to \$37,000 and the taper rate will improve from 4% to 1.5%.
- From 1 July 2015, LITO will reduce to \$300 and the taper rate will improve further to 1%. There will be no change to the threshold where tapering starts.

→ Changes affecting your Plan

The table below summarises these tax changes and the new effective tax-free thresholds created.

2011/12		From 2012/13		From 2015/16	
Income Threshold \$	Marginal rate*	Income Threshold \$	Marginal rate*	Income Threshold \$	Marginal rate*
Up to 6,000	Nil	Up to 18,200	Nil	Up to 19,400	Nil
6,001–37,000	15%	18,201–37,000	19%	19,401–37,000	19%
37,001–80,000	30%	37,001–80,000	32.5%	37,001–80,000	33%
80,001–180,000	37%	80,001–180,000	37%	80,001–180,000	37%
180,001+	45%	180,001+	45%	180,001+	45%
Maximum LITO of \$1,500 creates an effective tax-free threshold of \$16,000. LITO starts to taper at 4% from \$30,000.		Maximum LITO of \$445 creates an effective tax-free threshold of \$20,542. LITO starts to taper at 1.5% from \$37,000.		Maximum LITO of \$300 creates an effective tax-free threshold of \$20,979. LITO starts to taper at 1% from \$37,000.	

* excludes Medicare Levy of 1.5%

Upcoming Legislative Change

The following items are Government announcements only and are not yet law. Legislation would need to be passed by parliament to make these proposals law.

1_ Refund of excess concessional contributions where breach less than \$10,000

The Government has proposed a one-off opportunity for those who breach their concessional contributions cap by \$10,000 or less to request their excess contributions to be refunded from their superannuation fund. Excess contributions refunded under this measure would be taxed at the individual's marginal tax rate.

If this proposal becomes law, the refund option will only be available for first-time breaches of the concessional contributions cap and only in respect of contributions made in the 2011/12 financial year or later years. It is therefore expected that this measure will not be available to individuals who have breached their concessional contributions cap in a financial year prior to 2011/12. It is not proposed to index the \$10,000 threshold.

2_ Concessional contributions cap for members aged 50 or over

Currently there is a transitional concessional contributions cap of \$50,000, for those aged 50 or over, which ends on 30 June 2012.

The Government has proposed, from 1 July 2012, the concessional contributions cap of \$50,000 will continue to apply for individuals aged 50 or over, provided they have a total superannuation balance of less than \$500,000. Unlike the current transitional cap which is fixed at \$50,000, the new cap is proposed to increase over time remaining \$25,000 higher than the standard concessional contributions cap for those under 50 years of age.

3_ Minimum pension payments

The Government has announced that relief from the minimum pension payment requirements will be extended for a further year. If this proposal is legislated, your minimum pension payment specified by Government regulations will be reduced by 25% for the year ended 30 June 2013. For example, if your minimum payment requirement for the 2012/13 financial year is \$10,000, you will be able to choose to take a payment of only \$7,500 for the financial year.

→ Investment overview

Investing in the Plan

The Plan gives you access to a choice of investment options which you can select to create your own Investment Portfolio. You can choose to invest in and switch between any combination of these Investment Portfolios at any time. No transaction fee applies for switches between Investment Portfolios, however a buy/sell spread may be applicable (up-to-date buy/sell spreads for each Investment Portfolio are available on our website at www.bt.com.au). There is no limit to the number of switches that you can perform on your account.

For the investment objectives and strategies for each individual Investment Portfolio, please see 'Investment Portfolios' on pages 6 to 10.

Changes to Investment Portfolio details

To maintain the quality and diversity of the Investment Portfolios offered through the Plan, we may make changes at any time and without prior notice to you, including:

- adding, closing or terminating an Investment Portfolio (including transferring an Investment Portfolio into other Investment Portfolios);
- changing an Investment Portfolio's objective, investment strategy, asset allocation neutral position and ranges for currency strategy (if any);
- changing the rules which govern an Investment Portfolio (eg changing fees, notice periods or withdrawing features);
- removing or adding an investment manager or investment consultant.

Any changes made to an Investment Portfolio will be notified to investors in the next Annual Report.

Derivatives

These are investments whose value is derived from other assets, such as shares, and may be used as part of the portfolio management process. Futures contracts and options are examples of derivatives.

Derivatives may be used to reduce risk and can act as a hedge against adverse movements in a particular market and/or in the underlying asset. Derivatives can also be used to gain exposure to assets and markets. While derivatives offer the opportunity for significantly higher gains from a smaller investment (because of the high effective exposure obtained) they can also produce significantly higher losses, sometimes in excess of the amount invested.

The investment managers are required to have strict policies and procedures on the use of derivatives and are generally not permitted to use derivatives to gear Investment Portfolios.

BT Classic Lifetime – Personal Super and BT Classic Lifetime – Flexible Pension currently directly hold derivative securities and are authorised to make such investments as a part of the management of their assets. Derivative securities are used for cash flow management and/or for hedging purposes.

Net earnings

The earnings rate for members of the Plan is reflected in the price of the units of the Investment Portfolio, rather than being credited or debited against the accounts of members. A change in the value of the members' unit price includes the net earnings of supporting assets in the Investment Portfolio.

Valuing your investment

It is BT's practice generally to value each Investment Portfolio for the calculation of unit prices each Business Day. The unit price and therefore the value of your investment may rise and fall depending on movements in the market. The value of your investment in each Investment Portfolio can be calculated at any date as the unit price on the applicable date multiplied by the number of units held in the Investment Portfolio.

How we calculate unit prices

Each Investment Portfolio has its own unit price, which is the monetary value of one unit. Unit prices are normally calculated every Business Day by dividing the value of the assets held in the Investment Portfolio, after allowing for certain fees, taxes and expenses, by the total number of units on issue for that Investment Portfolio.

The application and withdrawal prices may include an allowance for costs that would be incurred if the unit's share of the assets were purchased or sold on the day the unit prices are calculated.

Details of unit prices for all Investment Portfolios are available via our website at www.bt.com.au or by calling the BT Contact Centre. We can change the way in which we calculate unit prices. Information regarding any such change will be available via our website at www.bt.com.au or by calling the BT Contact Centre on 132 135, but we ordinarily will not otherwise give you notice.

Method of allotment of earnings in all Investment Portfolios

All income, including realised and unrealised capital gains and losses, and expenses for all Investment Portfolios are brought to account and are fully reflected in the unit price of that option. Income tax as appropriate is provided for in the unit price for each Investment Portfolio.

Transaction processing

For switches, withdrawals and contributions, where a valid request is received before the daily cut-off time of 4.00pm (Sydney time) on a Business Day, the request will be processed using the application and withdrawal prices for the relevant investment option issued for the Business Day we receive the valid request. We aim to process the request as soon as reasonably practicable and ordinarily within 5 Business Days of receipt. Because units are issued or redeemed on this basis, there can be an effect on underlying Fund performance, either positive or negative, depending on market movements between the Business Day for which the application or withdrawal price is used and the date of processing. Ordinarily, the impact on performance is insignificant.

Understanding the risks of investing

All investments involve some level of risk. No matter which Investment Portfolio you choose to invest in, there will always be some level of investment risk. Investment risk is often described as the risk of fluctuations in the market price of a particular investment.

Risk can be managed and even minimised, but cannot be eliminated. No matter how skilled the investment manager, or however strong an Investment Portfolio's performance has been in the past, there is always a chance you could receive back less than you invested. That is, you may lose money no matter which Investment Portfolio you invest in. You should be aware of these risks when investing and understand that not all risks are foreseeable.

We have allocated the Investment Portfolios into five risk categories; the table below contains a brief description of the investor risk profile for each category.

Low risk and potential return			High risk and potential return	
Stable	Conservative	Moderate	Dynamic	Aggressive
For investors who do not like risk and need to access their funds in the near future.	For investors who are looking for some growth but are mostly concerned about protecting their capital.	For investors who are looking for good long-term returns without large ups-and-downs in the short term.	For investors who are prepared to take more risk in exchange for potentially higher earnings on their investments over the longer term. Dynamic investors are comfortable with volatility and the possibility of negative returns.	For investors who are willing to take more risk in search of greater returns. Aggressive investors are comfortable with volatility and with the possibility of negative returns and aim to invest over a longer period.

→ Investment Portfolios

BT Cash			
Investment objective		To provide returns that are at least comparable to short term cash rates.	
Investment strategy		Suits investors wanting security of capital and short term flexibility with an investment horizon of up to one year.	
Investment manager		BT Investment Management	
Risk category		Stable	
Recommended investment timeframe		1 year +	
Asset allocation		At 30 June 2011 %	At 30 June 2010 %
Personal Super	Cash and short term fixed interest securities	100	100
Flexible Pension	Cash and short term fixed interest securities	100	100

BT Diversified Share			
Investment objective		To provide capital growth from a diversified range of Australian and international shares.	
Investment strategy		Suits investors seeking long term capital growth whilst realising that short term volatility can occur in returns.	
Investment manager		BT Investment Management and External Managers	
Risk category		Aggressive	
Recommended investment timeframe		5 years +	
Asset allocation		At 30 June 2011 %	At 30 June 2010 %
Personal Super	Australian shares	47.8	46
	International shares	48.4	48
	Australian property	0	1
	Cash	3.8	5
Flexible Pension	Australian shares	48.7	47
	International shares	49.2	50
	Australian property	0	1
	Cash	2.1	2

→ Investment Portfolios

BT Active Balanced			
Investment objective		To provide a return (before fees and taxes) that exceeds the return from its specified benchmark over the recommended investment timeframe.	
Investment strategy		Invests in a diversified portfolio of Australian and international shares, property securities, fixed interest, listed property trusts, cash and alternative investments, by investing in the BT Wholesale Active Balanced Fund.	
Investment manager		BT Investment Management and External Managers	
Risk category		Moderate	
Recommended investment timeframe		5 years +	
Asset allocation		At 30 June 2011 %	At 30 June 2010 %
Personal Super	Australian shares	37.5	36
	International shares	21.1	20
	Australian listed property	5.3	6
	Global listed property	3	3
	Australian fixed interest	15	18
	Global fixed interest	7.1	7
	Alternative assets	8.1	8
	Cash	2.9	2
Flexible Pension	Australian shares	37.6	36
	International shares	21.2	20
	Australian listed property	5.4	6
	Global listed property	3.2	3
	Australian fixed interest	14.8	18
	Global fixed interest	7.1	7
	Alternative assets	8.2	8
	Cash	2.5	2

BT Conservative			
Investment objective		To maximise returns from a conservatively managed portfolio of fixed interest, cash, listed property trusts, international property securities and a limited amount of Australian and international shares and alternative investments.	
Investment strategy		Suits investors seeking moderate growth without excess variability in returns, and with an investment horizon of at least 3 years.	
Investment manager		BT Investment Management and External Managers	
Risk category		Conservative	
Recommended investment timeframe		3 years +	
Asset allocation		At 30 June 2011 %	At 30 June 2010 %
Personal Super	Australian shares	14.6	18
	International shares	8.6	8
	Australian listed property	3.1	0
	Global listed property	2.1	0
	Australian fixed interest	33.3	35
	Global fixed interest	15.8	16
	Alternative assets	6	8
	Cash	16.5	15
Flexible Pension	Australian shares	14.9	15
	International shares	8.6	8
	Australian listed property	3.2	3
	Global listed property	2.1	2
	Australian fixed interest	33.5	35
	Global fixed interest	15.2	16
	Alternative assets	6.1	6
	Cash	16.4	15

BT Core Australian Share			
Investment objective		To outperform the S&P/ASX 300 Accumulation Index on an after tax basis over the long term by investing in Australian leading and smaller companies that we believe are trading at a significant discount to their assessed variation.	
Investment strategy		Suits investors seeking long term capital growth who recognise that short term volatility can occur.	
Investment manager		BT Investment Management	
Risk category		Dynamic	
Recommended investment timeframe		5 years +	
Asset allocation		At 30 June 2011 %	At 30 June 2010 %
Personal Super	Australian shares	93.2	92
	Australian property	0	3
	Cash	6.8	5
Flexible Pension	Australian shares	93.8	93
	Australian property	0	2
	Cash	6.2	5

→ Investment Portfolios

BT Imputation Share			
Investment objective		To outperform the S&P/ASX 300 Accumulation Index on an after-tax basis by delivering a mix of tax-effective income and long-term capital growth.	
Investment strategy		Investing in a portfolio of Australian shares, listed property trusts and convertible preference shares offering above average income returns.	
Investment manager		BT Investment Management	
Risk category		Dynamic	
Recommended investment timeframe		5 years +	
Asset allocation		At 30 June 2011 %	At 30 June 2010 %
Personal Super	Australian shares	92.9	92
	Australian property	2.4	4
	Cash	4.7	4
Flexible Pension	Australian shares	93.6	93
	Australian property	2.4	4
	Cash	4	3

BT Ethical Share			
Investment objective		To provide a return (before fees and taxes) that exceeds the return from its specified benchmark over the recommended investment timeframe.	
Investment strategy		<p>BT actively seeks out companies which we feel demonstrate superior environmental and social practices and offer sustainable products and services. This includes companies already listed on the Australian Stock Exchange and investments in initial public offerings. The Investment Portfolio will not invest in companies which:</p> <ul style="list-style-type: none"> → directly mine uranium for the purpose of weapons manufacture → produce tobacco or alcohol → manufacture or provide gaming facilities → manufacture weapons and armaments, or → have been subject to environmental and/or human rights prosecutions. <p>We may invest in companies which mine or use uranium primarily in relation to power generation.</p>	
Investment manager		BT Investment Management	
Risk category		Dynamic	
Recommended investment timeframe		5 years +	
Asset allocation		At 30 June 2011 %	At 30 June 2010 %
Personal Super	Australian shares	90	90
	Australian property	2	4
	Cash	8	6
Flexible Pension	Australian shares	91.3	92
	Australian property	2	4
	Cash	6.7	4

BT Core Global Shares			
Investment objective		To provide a return (before fees and taxes) that exceeds the return from its specified benchmark over the recommended investment timeframe.	
Investment strategy		The Investment Portfolio is actively managed and seeks what we perceive to be the best investment opportunities within a broad portfolio of international investments by investing in the BT Wholesale Core Global Shares Investment Portfolio. While the Investment Portfolio can invest in any international market that offers attractive opportunities, most investments will be located in the United States, Europe and Japan.	
Investment manager		AQR Capital Management, LLC.	
Risk category		Aggressive	
Recommended investment timeframe		5 years +	
Asset allocation		At 30 June 2011 %	At 30 June 2010 %
Personal Super	International shares	98.3	98
	Cash	1.7	2
Flexible Pension	International shares	99.2	99
	Cash	0.8	1

External investment managers

In addition to any internally managed asset classes, BT has also formed strategic alliances with international investment managers considered to have strong comparative advantages in other asset classes.

For some of BT's funds, BT has formed the following alliances:

- AQR Capital Management, LLC. in international shares
- AEW Capital Management, L.P in international property.

→ Performance

BT Classic Lifetime – Personal Super

Performance figures are calculated in accordance with the Financial Services Council (FSC) standards. Total returns are calculated:

- using withdrawal prices appropriate for the month end;
- taking into account management costs of the relevant Investment Portfolio, and
- taking into account earnings tax up to a maximum of 15% plus withholding tax paid on foreign income (if any).

Certain other fees such as Contribution fees or Withdrawal fees (if any) are not taken into account.

The latest performance information and more about how performance is calculated is available from our website, the BT Contact Centre or your Financial Adviser.

Investment Portfolio		Start date	One year returns to 30 June					Compound average 5 year annual returns (% pa)
			2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)	
Diversified	BT Diversified Share	April 1993	12.9	-17.7	-14.5	9.1	7.00	-1.50
	BT Active Balanced	May 1993	12.3	11.0	-13.6	9.7	7.52	0.37
	BT Conservative	May 1993	6.9	-3.3	-4.5	8.4	5.81	2.52
Sector	BT Core Global Share	January 2001	4.8	-26.1	-3.6	5.8	1.83	-4.24
	BT Core Australian Share	January 2001	23.3	-9.5	-15.4	10.0	9.64	2.62
	BT Ethical Share	February 2002	29.2	-11.5	-21.3	10.8	9.65	1.78
	BT Imputation Share	October 2002	29.6	-11.1	-20.1	11.0	10.08	2.39
	BT Cash	February 1995	4.3	5.2	3.9	2.3	3.31	3.80

Investment returns are historical. Investment returns can go up and down and past performance is not a reliable indicator of future performance. Future performance is not guaranteed.

BT Classic Lifetime – Flexible Pension

Performance figures are calculated in accordance with the Financial Services Council (FSC) standards. Total returns are calculated:

- using withdrawal prices appropriate for the month end, and
- taking into account management costs of the relevant investment option.

Certain other fees such as Contribution fees or Withdrawal fees (if any) are not taken into account.

The latest performance information and more about how performance is calculated is available from our website, the BT Contact Centre or your Financial Adviser.

Investment Portfolio		Start date	One year returns to 30 June					Compound average 5 year annual returns (% pa)
			2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)	
Diversified	BT Diversified Share	April 1993	14.8	-19.8	-15.2	9.2	7.28	-1.74
	BT Active Balanced	April 1993	14.1	-12.2	-12.9	9.9	7.63	0.66
	BT Conservative	April 1993	7.9	-3.6	-3.8	9.1	5.99	2.97
Sector	BT Core Global Share	February 2001	4.9	-28.2	-14.4	5.9	2.12	-6.94
	BT Core Australian Share	March 2001	24.7	-10.3	-15.4	10.3	10.02	2.79
	BT Ethical Share	January 2002	31.0	-11.5	-19.0	9.2	9.76	2.40
	BT Imputation Share	September 2002	31.5	-11.0	-18.8	9.0	10.06	2.67
	BT Cash	February 1995	4.8	6.1	4.3	2.7	3.88	4.36

Investment returns are historical. Investment returns can go up and down and past performance is not a reliable indicator of future performance. Future performance is not guaranteed. No reduction is made to the unit price (or performance) to allow for tax you may pay as an investor, other than withholding tax on foreign income (if any).

→ Investments exceeding 5%

**BT Classic Lifetime – Personal Super
As at 30 June 2011**

Following are the investments of the fund that have a value of 5% or above. Investments not shown do not exceed 5% of the value of the fund as at 30 June 2011.

Investment Portfolio	Direct asset	%	Indirect asset	%
BT Diversified Share	BT Institutional Core Australian Share Sector Fund	48.75	BHP Billiton Limited	5.03
	BT Institutional International Share Interfund	43.64		
BT Active Balanced	BT Institutional Core Australian Sector Fund	38.18		
	BT Institutional International Share Interfund	19.99		
	BT Government Bond Fund	10.48		
	BT Institutional Enhanced Global Fixed Interest Fund	7.28		
	BT Total Return Fund	5.79		
BT Conservative	BT Government Bond Fund	20.93		
	BT Institutional Liquidity Management Trust	16.22		
	BT Institutional Enhanced Global Fixed Interest Fund	15.45		
	BT Institutional Core Australian Sector Fund	15.02		
	BT Wholesale Enhanced Credit Fund	11.49		
	BT Institutional International Share Interfund	8.03		
BT Core Australian Share	BT Institutional Core Australian Share Sector Trust	98.30	BHP Billiton Limited	10.13
			BT Institutional Smaller Companies Sector Trust	9.32
			Westpac Banking Corporation	7.16
			National Australia Bank Limited	6.16
			Rio Tinto Limited	5.88
BT Imputation Share	BT Institutional Imputation Sector Trust	98.07	BHP Billiton Limited	10.80
			Commonwealth Bank of Australia Limited	9.21
			Westpac Banking Corporation	5.51
			Rio Tinto Limited	5.31
BT Ethical Share	BT Institutional Ethical Sector Trust	97.49	BHP Billiton Limited	10.48
			Westpac Banking Corporation	7.70
			National Australia Bank Limited	6.13
			Rio Tinto Limited	5.93
			Commonwealth Bank of Australia Limited	5.55
BT Core Global Share	BT Institutional Core Global Share Sector Trust	98.27		

→ Investments exceeding 5%

BT Classic Lifetime – Flexible Pension
As at 30 June 2011

Following are the investments of the fund that have a value of 5% or above. Investments not shown do not exceed 5% of the value of the fund as at 30 June 2011.

Investment Portfolio	Direct asset	%	Indirect asset	%
BT Diversified Share	BT Institutional Core Australian Share Sector Fund	49.67	BHP Billiton Limited	5.12
	BT Institutional International Share Interfund	44.38		
BT Active Balanced	BT Institutional Core Australian Sector Fund	38.20		
	BT Institutional International Share Interfund	20.07		
	BT Government Bond Fund	10.06		
	BT Institutional Enhanced Global Fixed Interest Fund	7.19		
	BT Total Return Fund	5.82		
	BT Institutional Enhanced Property Securities Fund	5.03		
BT Conservative	BT Government Bond Fund	20.95		
	BT Institutional Liquidity Management Trust	15.96		
	BT Institutional Core Australian Sector Fund	15.37		
	BT Institutional Enhanced Global Fixed Interest Fund	14.90		
	BT Wholesale Enhanced Credit Fund	11.50		
	BT Institutional International Share Interfund	8.16		
BT Core Australian Share	BT Institutional Core Australian Share Sector Trust	99.15	BHP Billiton Limited	10.22
			BT Institutional Smaller Companies Sector Trust	9.40
			Westpac Banking Corporation	7.22
			National Australia Bank Limited	6.22
			Rio Tinto Limited	5.93
			Commonwealth Bank of Australia Limited	5.04
BT Imputation Share	BT Institutional Imputation Sector Trust	98.98	BHP Billiton Limited	10.90
			Commonwealth Bank of Australia Limited	9.30
			Westpac Banking Corporation	5.56
			Rio Tinto Limited	5.36
BT Ethical Share	BT Institutional Ethical Sector Trust	98.87	BHP Billiton Limited	10.63
			Westpac Banking Corporation	7.81
			National Australia Bank Limited	6.22
			Rio Tinto Limited	6.01
			Commonwealth Bank of Australia Limited	5.63
BT Core Global Share	BT Institutional Core Global Share Sector Trust	99.27		

→ Statement of financial position

Statement of financial position as at 30 June 2011

Assets		Flexible Pension 2011	Personal Super 2011	BT Classic Lifetime 2011	
		\$000	\$000	\$000	
Investments	Cash and cash equivalents	7,018	10,524	17,542	
	Margin accounts	107	140	247	
	Derivatives	30	38	68	
	Equities securities	—	—	—	
	Unlisted unit trusts	98,098	163,759	261,857	
		105,253	174,461	279,714	
Other assets	Receivables	3,065	5,565	8,630	
	Tax refund due/(payable)	526	(45)	481	
	Deferred tax assets	—	1,714	1,714	
		3,591	7,234	10,825	
	Total assets	108,844	181,695	290,539	
Liabilities	Payables	390	1,199	1,589	
		Total liabilities	390	1,199	1,589
	Net assets available to pay benefits	108,454	180,496	288,950	
Represented by	Liability for accrued benefits				
	Allocated to members' accounts	108,454	180,496	288,950	

Statement of financial position as at 30 June 2010

Assets		Flexible Pension 2010	Personal Super 2010	BT Classic Lifetime 2010	
		\$000	\$000	\$000	
Investments	Cash and cash equivalents	7,224	13,620	20,844	
	Margin accounts	—	—	—	
	Derivatives	1,115	1,992	3,107	
	Equities securities	33,845	59,286	93,131	
	Unlisted unit trusts	73,969	117,376	191,345	
		116,153	192,274	308,427	
Other assets	Receivables	2,161	3,914	6,075	
	Tax refund due/(payable)	544	(47)	497	
	Deferred tax assets	—	2,055	2,055	
		2,705	5,922	8,627	
	Total assets	118,858	198,196	317,054	
Liabilities	Payables	248	664	912	
		Total liabilities	248	664	912
	Net assets available to pay benefits	118,610	197,532	316,142	
Represented by	Liability for accrued benefits				
	Allocated to members' accounts	118,610	197,532	316,142	

This annual report contains abridged financial information for the financial year ending 30 June 2011 in relation to the BT Classic Lifetime – Personal Super and BT Classic Lifetime – Flexible Pension, which are part of the BT Classic Lifetime Fund. The full abridged accounts are available on request by contacting BT Contact Centre on 132 135.

→ Operating statement

Operating statement for year ended 30 June 2011

		Flexible Pension 2011	Personal Super 2011	BT Classic Lifetime 2011
		\$000	\$000	\$000
Investment income	Dividend income	689	1,222	1,911
	Interest income	25	50	75
	Distributions from unit trusts	3,980	6,150	10,130
	Changes in the net market value of investments	5,161	9,296	14,457
	Net foreign exchange gains/(losses)	—	(1)	(1)
	Other investment income	—	—	—
		9,855	16,717	26,572
Contributions revenue	Member contributions	907	1,815	2,722
	Employer contributions	—	3,114	3,114
		907	4,929	5,836
Other Revenue	Proceeds from insurance policy	—	—	—
General administration expenses	Trustee's fees	1,661	2,859	4,520
	Other expenses	395	315	710
	Insurance premiums	—	135	135
		2,056	3,309	5,365
Benefits accrued before income tax		8,706	18,337	27,043
Income tax expense/(benefit)		(531)	372	(159)
Benefits accrued after income tax		9,237	17,965	27,202

Operating statement for year ended 30 June 2010

		Flexible Pension 2010	Personal Super 2010	BT Classic Lifetime 2010
		\$000	\$000	\$000
Investment income	Dividend income	1,320	2,288	3,608
	Interest income	16	36	52
	Distributions from unit trusts	3,651	5,320	8,971
	Changes in the net market value of investments	8,935	14,167	23,102
	Net foreign exchange gains/(losses)	(17)	7	(10)
	Other investment income	18	47	65
		13,923	21,865	35,788
Contributions revenue	Member contributions and transfers in	647	2,050	2,697
	Employer contributions	—	3,012	3,012
		647	5,062	5,709
Other revenue	Proceeds from insurance policy	—	600	600
General administration expenses	Trustee's fees	1,894	3,182	5,076
	Other expenses	432	355	787
	Insurance premiums	—	141	141
		2,326	3,678	6,004
Benefits accrued before income tax		12,244	23,849	36,093
Income tax expense/(benefit)		(550)	(36)	(586)
Benefits accrued after income tax		12,794	23,885	36,679

→ Nomination of beneficiary options

Members of BT Classic Lifetime – Personal Super and BT Classic Lifetime – Flexible Pension can choose to make a non-binding or a binding death benefit nomination.

Non-binding death benefit nomination

This kind of nomination is not binding on the Trustee. The Trustee will consider this nomination in determining how the benefit will be paid. It will also consider any other matters it decides are relevant, for example, whether you have any other dependants, or whether you have had a child or married since you made your nomination.

If you give the Trustee a non-binding nomination, the Trustee will decide to whom, from among your dependants and your Legal Personal Representative, and in what proportions, to pay your death benefit. In exercising its discretion, the Trustee may not follow your nomination.

Binding death benefit nomination

This type of nomination allows you to instruct the Trustee to whom you want your benefit paid in the event of your death, and generally, if valid, it cannot be overridden by the Trustee.

A binding nomination is valid for three years from the date on which it is made. You must renew or confirm your nomination within this three-year period for it to remain valid and binding.

If any beneficiary nominated is no longer your dependant or LPR at the time of your death, they will not be entitled to receive a share of your benefit and the Trustee will pay their share to your estate.

Automatic reversionary nomination (Flexible Pension Plan only)

If you are a reversionary beneficiary, this option is not available to you.

If you are the original investor, an automatic reversionary nomination was only available to you when you commenced your pension (but is valid for the entire time you are a member of the Fund).

If you established an automatic reversion of your pension on commencement and the nomination is valid at the time of your death, your pension will automatically continue to be paid to your nominated beneficiary, following your death.

If you wish to change your nominated beneficiary you will have to commute and commence your pension. As the BT Classic Lifetime Flexible Pension is closed to new investment you would have to re-commence a new pension in a different, currently available retirement product (contribution fees may apply). For more information about our currently available retirement products, please visit www.bt.com.au, contact your Financial Adviser or call the BT Contact Centre on 132 135. As this may have important tax consequences, we encourage you to seek professional advice before changing your nomination.

What happens if I make no nomination?

If you choose not to nominate a beneficiary, your death benefit will be paid to your Legal Personal Representative (ie the executor or administrator of your estate).

Details of your current nomination was recorded on your 2011 annual statement. If you need to update your details, please obtain a Nomination of Beneficiaries form online at www.bt.com.au or by calling the BT Contact Centre on 132 135.

For further information about nomination of beneficiaries refer to your PDS or seek professional advice from your financial adviser.

→ Other important information

Complying super fund

This report has been prepared under the Corporations Act 2001. The Trustee believes that the Fund has satisfied the superannuation fund conditions for the year ended 30 June 2011 and also to the date of this Report. The Trustee believes that the Australian Prudential Regulation Authority (APRA) would be satisfied that the Fund operated in accordance with those conditions and that the Fund has continuously satisfied the superannuation fund conditions since being established on 29 March 1993.

The Trustee intends to lodge the Annual Return for the year ended 30 June 2011 and the respective Trustee and Audit certificates relating to this Return within the prescribed time. The Trustee has lodged all previous Returns.

Superannuation contributions surcharge

The superannuation surcharge, including 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 to pay, this amount will be withdrawn from the balance of your account.

If you are a member of the BT Classic Lifetime – Flexible Pension, you will be required to pay the surcharge directly to the ATO. If you would like this deducted from your account based pension, please contact the BT Contact Centre on 132 135.

Treatment of accounts of temporary residents who have left Australia

The Australian Government requires the BT Classic Lifetime – Personal Super and BT Classic Lifetime – Flexible Pension Trustee to pay temporary residents' unclaimed superannuation to the ATO after at least 6 months have passed since the later of:

- the date a temporary resident's visa ceased to be in effect; and
- the date a temporary resident permanently left Australia.

The ATO identifies and informs the Trustee of the impacted members on a twice yearly basis. Once the benefit has been transferred to the ATO, investors are required to claim the benefit directly from the ATO (www.ato.gov.au).

The Australian Securities and Investment Commission has issued industry wide relief exempting Trustees of regulated superannuation funds from providing exit statements to temporary residents who cease to hold a superannuation account as a result of the transfer of that account to the Australian Tax Office (ATO) under the super unclaimed money legislation. On this basis, the Trustee of the BT Classic Lifetime – Personal Super and BT Classic Lifetime – Flexible Pension will not issue exit documentation for temporary residents where an account balance has been paid to the ATO as unclaimed money.

In the event that the benefit has not yet been transferred to the ATO, investors are able to claim it from the BT Classic Lifetime – Personal Super and BT Classic Lifetime – Flexible Pension under the Departing Australia Superannuation Payments (DASP) regime.

Tax and Goods and Services Tax (GST)

The investment earnings of the Plan are not subject to taxation.

GST will not be imposed on the application for or withdrawal of units in the Plan. However, it will be charged on:

- the price of most purchases made by the Plan in carrying out its investment activities
- fees payable to us and reimbursable expenses.

The Plan may be able to claim a refund (Reduced Input Tax Credit (RITC)) for part (75%) of the price of GST included in most purchases.

Complaints resolution

Complaints resolution is a priority for us. If you have any concerns or complaints with the financial products or services we provide, please contact us and we will do our best to resolve them quickly and fairly.

As a first step, please contact us by calling the BT Contact Centre on 132 135. Alternatively, you can contact us by email at customer.relations@btfinancialgroup.com or in writing to the following; Complaints Officer at:

BT Complaints Officer
GPO Box 2675
Sydney NSW 2001

We will let you know that we have received your complaint and a Complaints Officer will try to resolve your complaint within 30 days of receipt.

If you remain dissatisfied with our response, or have not received a response within 90 days, you may contact the Superannuation Complaints Tribunal (Tribunal) by calling 1300 884 114 or writing to Locked Bag 3060, Melbourne VIC 3001. The Tribunal is an independent body established by the government to help members of superannuation funds 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.

Eligible Rollover Fund

The Eligible Rollover Fund (ERF) currently selected by us is:

SuperTrace Eligible Rollover Fund
Locked Bag 5429
Parramatta NSW 2124

If your investment is transferred to SuperTrace:

- you will cease to be a member in the Plan and any insurance cover provided by you will also cease
- you will need to contact the SuperTrace Administrator on 1300 788 750 in order to claim your investment back or deal with your investment
- you will not be able to make contributions to the ERF
- you will not have investment choice
 - the trustee of the ERF will nominate the investment strategy
- the ERF will normally ensure that your benefits will not be eroded by administration fees and charges however other fees may apply. Please refer to the ERF's disclosure document for more details.

Your investment currently may be transferred to an ERF in the following circumstances:

- If you become a lost member, that is: one piece of written communication has been returned unclaimed, or 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. (It is important that you inform us of any changes to your address details so that you are not transferred to the ERF. Trustees of regulated super funds report details of lost members to the ATO, which maintains a lost members register. Persons may search the register to ascertain whether they have benefits which are lost).

- If your investment balance falls below the minimum balance (currently \$1,200) you will be requested to make an additional investment to increase your balance over \$1,200. If you do not increase your investment, it may be transferred to the ERF.
- If 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.
- You have requested a cash payment but you fail to present the cheque and the cheque goes stale.

In any other circumstances permitted under superannuation law.

Indemnity insurance

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

Information that may change

Where changes to information occur that do not adversely affect you, you may be informed in the next Annual Report for the Plan. Such information includes, but is not limited to, changes in:

- investment managers
- the underlying insurer
- Investment Portfolios (closing or terminating)
- fees.

Where we are required to do so by law, we will provide you with 30 days written notice prior to the changes occurring.

Further information

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. Details of how we can be contacted are on the back cover.

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Contact BT

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