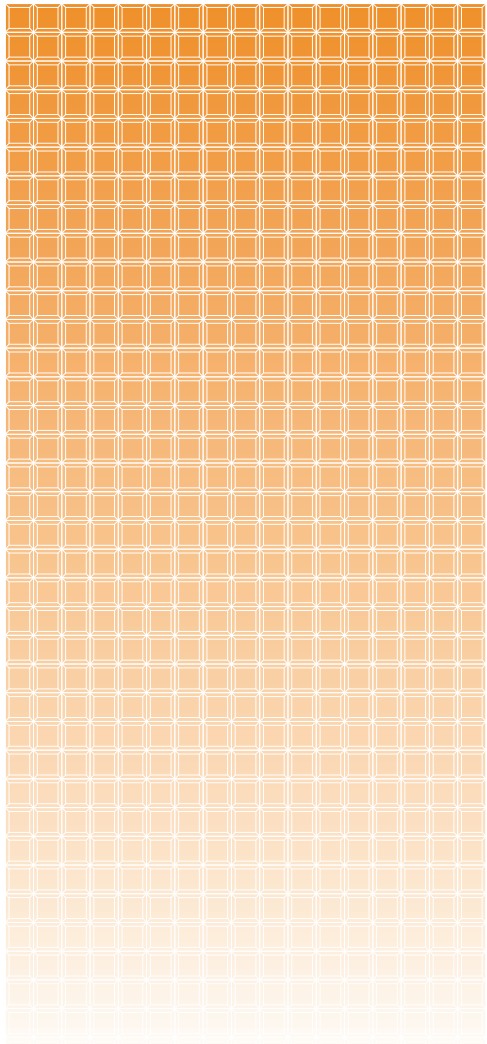




BT Active Balanced PST

Annual Report for Year Ended
30 June 2007





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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, margin lending, superannuation and retirement income products. As at 30 June 2007, BT managed and administered over \$85 billion in funds. 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 investment management arm of the Westpac Group. Westpac has been delivering banking and other financial services to Australians since 1817.

This annual report is dated 14 December 2007.

→ **Welcome to your
2006/2007 Annual Report**

Dear member

I am pleased to bring to you the annual report for your superannuation fund for 2006/2007. It's been another good year for investors in Australia and, more specifically, those invested in superannuation — with major changes making super one of the best investments you can make for your future.

From 1 July this year, superannuation has been simplified, with much better incentives for all working Australians to start saving more for their life after work — no matter how far away that might be.

This simplification should mean you can now concentrate on the important issues — like where and how your super is invested, when you'll need it, and whether you'll have enough.

Your superannuation investment is important to our team here at BT as well. We continue to work hard throughout the year to drive strong returns on your investment and to improve the management of your fund and the features and benefits it provides — and I'd like to give you an overview of some of those things here.

Strong returns

It was yet another good year for markets, both here and overseas, thanks mainly to a strong global economy and a significant pick-up in merger and acquisition activity worldwide. Once again, the Australian share market was a standout performer as it continued to benefit from ongoing global growth, higher commodity prices and strong company profits. And the good news for investors is that the strength in the local market over the last 12 months has fed through into the performance of many of our superannuation investment options.

For the year ahead, our outlook for share markets remains positive. Growth here in Australia and overseas looks set to continue, and we believe this has the potential to underpin further investment gains for our superannuation investors.

→ **Welcome to your
2006/2007 Annual Report
(continued)**

Award-winning funds and service

Our investment performance and the quality of our funds continues to be recognised publicly with BT being awarded Fund Manager of the Year at the 2006 *Australian Financial Review Smart Investor Blue Ribbon Awards*, as well as several awards at the Standard & Poor's 2006 Fund Awards, including Best Australian Equities Fund. Our ethical fund also won Ethical Fund of the Year for the second time in three years at the 2007 *Australian Sustainability Awards*.

But we're not resting on our laurels. Our focus is on getting the best returns we can for you on the hard-earned money you invest in your BT super — and continuing to improve the quality of information and support we provide to you. We're always interested in what you have to say — and our award-winning BT Customer Relations team would love to hear from you on 1800 813 886 if you have any feedback. They can also help you with any questions you have about the annual report or your investment generally.

I'd like to take this opportunity to thank you for your continued support of BT. We take what we do very seriously. We know what we do on a daily basis can help you make the best of your future. Your super is an important investment and — rather than thinking of it as something that you just 'set and forget' — I'd encourage you to think of it as a lifelong project that can be actively managed to your advantage.

Best regards for a great year ahead.

A handwritten signature in black ink, appearing to read 'Rob Coombe', with a stylized flourish at the end.

Rob Coombe
Chief Executive Officer
BT Financial Group

→ **Performance overview**

	Inception date	Return to 30 June ³	Returns to 31 May		3 yr compound average return to 30 June 2007 (%)
		2007 (%)	2006 (%)	2005 (%)	
BT Active Balanced PST ^{1,2}	July 1978	14.31	18.56	13.49	14.58

1_ Performance figures are calculated in accordance with the Investment & Financial Services Association (IFSA) standards. Total returns are calculated:

















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

Investment returns are historical. Investment returns can move up or down and past performance is not necessarily indicative of future performance. Future performance is not guaranteed.

2_ The asset allocation neutral position, asset allocation ranges and the benchmark have changed over time. As it is historical information, the Fund performance reflects the asset allocation neutral positions and ranges that have applied over time.

3_ In 2006/07 the reporting year end for the Fund changed to 30 June. Therefore the return reported above for the current year is for the period 1 June 2006 to 30 June 2007. This return is not annualised.

→ **Fund profile**

		BT Active Balanced PST	
Investment objective	The Fund aims to provide an overall return (ie a return before the deduction of fees, tax and expenses) that exceeds the return from its benchmark ¹ over the recommended investment timeframe.		
Investment strategy	The Fund invests in a diversified portfolio of Australian and international shares, fixed interest, property securities, alternative investments and cash to achieve a balance of capital growth and income.		
Recommended investment timeframe	5 years or more		
Fund size²	\$151.53 million		
How was the Fund invested³ % at 30 June 2007?	Australian shares		37.60
	International shares		23.33
	Australian property		6.16
	International property		2.90
	Australian fixed interest		16.54
	International fixed interest		4.55
	Cash		0.42
	Alternative investments		8.50
How was the Fund invested³ % at 31 May 2006?	Australian shares		36.96
	International shares		21.98
	Australian property		4.67
	International property		3.00
	Australian fixed interest		16.80
	International fixed interest		3.56
	Cash		1.81
	Alternative investments		11.23
Asset allocation neutral position⁴ % (NP) and range		NP	Range
	Australian shares	38	28–48
	International shares	20	12–32
	Australian property	5	0–10
	International property	3	0–10
	Australian fixed interest	17	5–32
	International fixed interest	7	0–20
	Cash	2	0–10
	Alternative investments	8	0–20

1_The term 'benchmark' here refers to an index or measurement that is used to assess the relative risk and the performance of the Fund. The benchmark is a weighted average of various market indices, according to the asset allocation neutral position shown in the profile. Further information on these indices can be found online at www.bt.com.au or by contacting BT Customer Relations.

2_Fund size is at 30 June 2007.

3_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 Fund may change significantly each day.

4_The asset allocation neutral position is the starting point for all asset allocation decisions. The investment manager may adjust the exposure within the specified minimum and maximum ranges (as shown) based on investment views.

Investment Managers

The investment managers in the BT Active Balanced PST are outlined below.

Asset class	Investment manager
Australian shares	BT Financial Group
Australian property securities	BT Financial Group
Australian fixed interest	BT Financial Group
Australian alternative investments	BT Financial Group
International shares	AQR Capital Management, LLC
International property	AEW Capital Management LP
International fixed interest	BT Financial Group
International alternative investments	Grosvenor Capital Management, L.P.

Fees

The Indirect Cost Ratio (ICR) for the Fund for the 2006/2007 financial year was 0.98%pa. The ICR is a measure of the Fund's management costs not deducted directly from an investor's account. It includes the issuer fees we charge, certain fees charged by other investment managers we appoint and other expense recoveries where applicable.

We are entitled to be reimbursed for expenses we incur in the proper performance of our duties. These expense recoveries represent a reimbursement from the Fund to cover those expenses incurred by us in connection with the day to day operation of the Fund. Such recoverable expenses include registry costs, investment management expenses, printing costs, and certain direct expenses such as overseas custodian charges and audit fees.

At the date of this report we currently pay these recoverable expenses (excluding any GST payable on our fees) out of our issuer fee. However, in the future we may decide to deduct expenses in addition to the Issuer fee in which case we will give direct investors 30 days written notice of our change in practice.

Please refer to your periodic statement for any direct fees and charges during the year ended 30 June 2007.

Further information on any fees and expenses associated with your investment is available on www.bt.com.au or by contacting BT Customer Relations.

→ **Additional Information**

Who is the Trustee?

The Trustee of the BT Active Balanced PST is:
BT Funds Management No. 2 Limited
ABN 22 000 727 659, AFSL 233720, RSE L0001076

Registered office:
Level 20, Westpac Place
275 Kent Street
Sydney NSW 2000

Investment exceeding 5%

The Funds invest in other funds that we manage ('interfund investments'). Following are the interfund investments that had a holding of 5% or above as at 30 June 2007 and the details of that holding. Interfund investments not shown did not represent holdings exceeding 5% of the value of the Funds as at 30 June 2007.

Direct Holdings >5%	
BT Institutional International Share Interfund	20.39%
BT Institutional Fixed Interest Sector Trust	16.30%
BT Institutional Enhanced Global Fixed Interest Fund	7.19%
BT Institutional Enhanced Prop Securities Fund	5.05%

There are no further combinations of investments that the Trustee knows or ought reasonably to know are invested, directly or indirectly, in a single enterprise or single group of associated enterprises and that have a combined value in excess of 5% of the total assets of the pooled superannuation trusts.

Significant Events

Change of Investment manager

Effective from 19 October 2007, BT Investment Management (RE) Limited (ABN 17 126 390 627, AFSL 316455) has been appointed as the investment manager of the Fund by BT Funds Management No. 2 Limited (ABN 22 000 727 659, AFSL 233720, RSE L0001076), which remains the Trustee.

Change of financial year

For financial reporting purposes, the financial year for BT Active Balanced PST has changed from 12 months period ending on 31 May to 12 months period ending on 30 June each calendar year, in line with other BT Pooled Superannuation Trusts.

Buy-sell spread

There is no change to the Buy-sell spread for the Fund this year. Updated information can be obtained from our website: www.bt.com.au.

Non-compliance

If you have a superannuation entity which ceases to be complying, you must advise us immediately and take all reasonable steps to immediately dispose of the units in the Fund, unless the Australian Prudential Regulation Authority (APRA) or the Australian Taxation Office (ATO) directs otherwise.

Once we become aware that a superannuation entity is non-complying, we may withdraw its investment in the Fund and deduct a sum of money from the withdrawal proceeds to cover any additional costs incurred by the Fund as a result of the non-compliance.

Further information and complaints

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 it quickly and fairly.

As a first step, please contact us by calling BT Customer Relations. Alternatively, you can contact us by email or in writing to the Complaints Officer at the address set out on the back page of this annual report. We will let you know when we have received your complaint and a Complaints Officer will try to resolve your complaint within 30 days.

If you are still not satisfied you can refer the matter to the Financial Industry Complaints Service (FICS) — it is independent from us. Their contact details are:

Financial Industry Complaints Service
PO Box 579
Collins Street West
Melbourne VIC 8007
Telephone 1300 780 808

Before you contact FICS, we recommend that you first try and resolve your concern with us.

If you are investing through a master trust or wrap account, enquiries and complaints should be directed to the operator of that service.

→ **Financial Information –
Balance sheet**

	BT Active Balanced PST	
	30 June 2007 \$'000	31 May 2006 \$'000
Assets		
Cash and cash equivalents	78	678
Deposits held with brokers for margin	150	337
Accrued income	4,956	110
Due from Brokers – receivable for securities sold	838	3,673
Receivables	116	18
Financial assets held at fair value through profit or loss	148,518	149,071
Tax refund due	–	2,155
Total assets	154,656	156,042
Liabilities		
Due to brokers – payable for securities purchased	321	84
Payables	105	249
Financial assets held at fair value through profit or loss	24	93
Income tax payable	1,247	–
Deferred Tax Liability	1,434	2,395
Total liabilities (excluding net assets attributable to unitholders)	3,131	2,821
Net assets attributable to unitholders	151,525	153,221

A complete set of the audited financial statements, the auditor's report and other information concerning the Fund is available on request, free of charge, by calling BT Customer Relations.

→ **Financial information —
Income statement**

	BT Active Balanced PST	
	Year Ended	
	1 June 2006 to 30 June 2007 \$000	31 May 2006 \$000
Investment income		
Interest income	51	186
Dividends	1,814	5,993
Trust distributions	16,948	22,232
Net gain/(loss) on financial instruments held at fair value through profit or loss	5,929	58,935
Reimbursable expense rebates	84	–
Other investment income	16	328
Total investment income/(loss)	24,842	87,674
Expenses		
Trustee's fees	1,443	3,255
Transaction costs	75	426
Other operating expenses	–	40
Total operating expenses	1,518	3,721
Operating profit/(loss) before income tax (expense)/revenue	23,324	83,953
Income tax (expense)/revenue	(1,630)	(8,446)
Profit/(loss) for the year after income tax (expense)/revenue	21,694	75,507
Finance costs attributable to unitholders		
Increase/(decrease) in net assets attributable to unitholders	21,694	75,507
Profit/(loss) for the year	–	–

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Investment
Management

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**If you need more information,
please contact:**

- your financial adviser, master trust or wrap account operator
- BT Customer Relations Consultants on 1800 813 886, who are available Monday to Friday from 8.00am to 5.30pm, Sydney time.

**For all written correspondence,
write to your financial adviser
or to BT at:**

- BT Financial Group
GPO Box 2675
Sydney NSW 2001
- You can also visit the
BT internet site, located
at www.bt.com.au

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