

UPDATE – Changes to advice commissions

BT Managed Investment Schemes

BT Investment Funds, BT Classic Investment Funds, BT Investor Choice, BT Premium Cash Fund, and BT Global Share Fund

Summary of the changes

In December 2020 we informed investors of changes to grandfathered commissions.

From 1 July 2013, certain payments made by product issuers to advisers and dealer groups were banned as part of the Future of Financial Advice (FoFA) reforms. However, under those reforms, some of these payments were allowed to continue. These payments are referred to as 'grandfathered payments'.

From 1 January 2021, these grandfathered payments will no longer be allowed to continue and any benefit from ceasing these payments must be passed back to investors.

Attachments

All members were provided with the attached letter (sample), outlining the changes and providing additional contact information with BT.

For more information

bt.com.au | 132 135 | GPO Box 2675, Sydney NSW 2001

IMPORTANT INFORMATION

BT Funds Management Limited ABN 63 002 916 458, AFSL 233724 (BTFM), BT Funds Management No. 2 Limited ABN 22 000 727 659, AFSL (BTFM2) and Westpac Financial Services Limited ABN 20 000 241 127, AFSL 233716 (WFSL) are the responsible entities and issuers of units in the BT Investment Funds, BT Classic Investment Funds, BT Investor Choice Funds, BT Premium Cash Fund, and BT Global Share Fund.

The information provided is factual only and does not constitute financial product advice. Before acting on it, you should seek independent financial and tax advice about its appropriateness to your objectives, financial situation and needs. A Product Disclosure Statement (PDS) is available for BT Investment Funds, BT Classic Investment Funds, BT Investor Choice, BT Premium Cash Fund, and BT Global Share Fund and can be obtained by visiting bt.com.au and/or calling BT Customer Relations on 132 135. You should obtain and consider the PDS before deciding whether to acquire, continue to hold or dispose of units in the BT Investment Funds, BT Classic Investment Funds, BT Investor Choice, BT Premium Cash Fund, and/or BT Global Share Fund. A Financial Services Guide can be obtained by visiting bt.com.au or calling BT Customer Relations on 132 135. An investment in the BT Investment Funds, BT Classic Investment Funds, BT Investor Choice, BT Premium Cash Fund, and/or BT Global Share Fund is not an investment in, deposit with or any other liability of Westpac Banking Corporation ABN 33 007 457 141 (the Bank) or any other company in the Westpac Group. It is subject to investment risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested. Westpac and its related entities do not stand behind or otherwise guarantees the capital value or investment performance of the BT Investment Funds, BT Classic Investment Funds, BT Investor Choice, BT Premium Cash Fund, and BT Global Share Fund.

Date

Investor number

Dear <first name>,

Ending grandfathered payments

From 1 July 2013, certain payments made by product issuers to advisers and dealer groups were banned as part of the Future of Financial Advice (FoFA) reforms. However, under those reforms, some of these payments were allowed to continue. These payments are referred to as 'grandfathered payments'.

What's changing?

From 1 January 2021, these grandfathered payments will no longer be allowed to continue and any benefit from ceasing these payments must be passed back to investors.

To comply with the new legislation, on 1 December 2020 we reduced the management fee of your investment option(s) in <product name> by an amount equal to the total of all grandfathered payments and fee rebates for all investors within the investment option(s).

At the same time, we ceased the monthly 'fee rebate' you were receiving on your management fees (this was applied to your account as you did not have a financial adviser to whom any grandfathered payments were being made to).

However, as part of the rebating arrangements that were in place before 1 December 2020, you were receiving fee rebates at a higher percentage rate than the reduced management fee amount that was implemented on 1 December 2020.

This means your fees are increasing, as the new reduction in management fees is less than the fee rebate you received previously.

Please see the table at the end of this letter that shows the management fee increase for each impacted investment option on an annum basis.

Do I need to do anything?

No, you don't have to do anything.

We are required to give you 30 days' notice before increasing your fees. This letter provides you with notice of the management fee changes, and to ensure you have the required 30 days' notice you will also receive a one-off fee rebate in early 2021 (based on the annual management fee and rebate, pro-rated for a 30-day period, as detailed below). This means you are not worse off from 1 December 2020 up to the end of the 30 day notice period.. After the notice period, the overall fees of your investment will increase, as shown in the table at the end of this letter.

The one-off fee rebate will be deposited into your investment option(s), and will equal the difference between the 1 December 2020 management fee reduction and the pre-1 December 2020 grandfathered rebate arrangement for each relevant investment option, plus an additional amount for "time out of the market". This will be provided to you after the end of the 30-day notice period.

We're here to help

If you have any questions, please speak to your financial adviser if you have one. Alternatively, you can call our Customer Relations team on 132 135 between 8.30am and 5.30pm (Sydney time), Monday to Friday.

Yours sincerely

<signature>

Disclaimer information