

# BT Super for Life – 1990s Lifestage Fund – Savings

## Fact sheet

December 2009



### Fund overview

Product name	BT Super for Life – 1990s Lifestage Fund – Savings
APIR	BTA0293AU
Inception date	October 2007
Fund status	Open
Fund size	\$2.29 million
ICR (Management fee)	0.99% as at 31/12/2009
Asset class	Diversified
Risk category	Currently high

### Fund management

BT Super for Life – Lifestage Funds are invested using the ‘multi-manager’ investing concept. The funds are managed by BT’s investment management team and by a number of external managers with complementary capabilities.

Where BT appoints other investment managers, our team of investment specialists provide ongoing monitoring and review of the appointed investment manager. A multi-manager fund packages together high-quality investment management companies from Australia and around the world into a single fund.

### Who is this fund for?

You are saving and have many years until retirement to withstand rises and falls in the value of your fund so you will have a large proportion of growth assets.

### Investment style

A Lifestage Fund has a mix of assets that adjust automatically as you get older. You only have one decision to make and BT Super for Life does the rest, assembling and managing the mix of assets according to your age, until and into retirement, automatically adjusting that mix over time. When you are younger you have more time to withstand ups and downs in the value of your investment, so your Lifestage Fund will be more growth oriented to target a higher return. Over time the fund will gradually shift to a more conservative asset mix generally by decreasing its allocation to growth assets (such as shares and property) and increasing its allocation to conservative assets (such as fixed interest and cash).

### Intended outcome

Each Lifestage Fund is invested in a different mix of asset classes. We are endeavouring to outperform the market in each asset class (before fees and tax). The overall performance objective for each fund is to outperform other funds with a similar mix of asset classes.

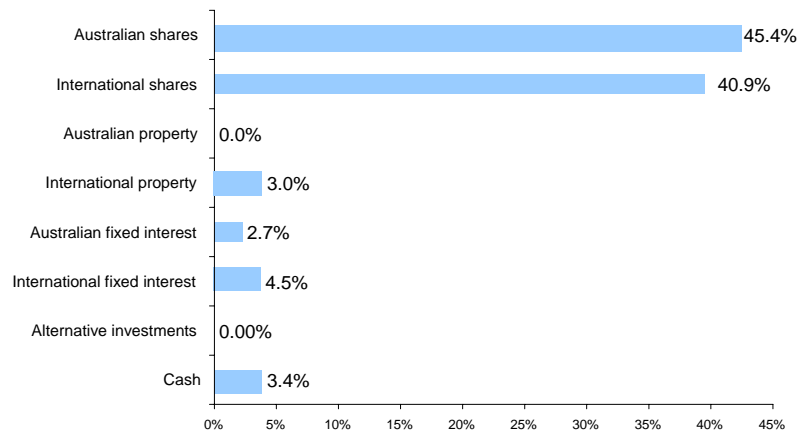
### Investment performance

Performance (%) (as at 31/12/2009)	1 months	3 months	6 months	1 year (pa)	Since Inception
Total return	3.23	3.23	18.46	22.27	-8.46

Performance returns are calculated net of ICR (Management Fees) and post tax. Past performance is not a reliable indicator of future performance, the value of your investment can go down as well as up.

## Asset allocation

By Sector allocation (as at 31/12/2009)



The market exposure (asset allocation) and holdings of the fund may change significantly each day.

## Investment managers

Asset class	Manager(s)
Australian shares	Bernstein, BT, Challenger, GMO, Northcape, Schroders
International shares	AQR, Bernstein, MFS, State Street, Trilogy
Australian property	Renaissance
International property	AEW
Alternative investments	
Fixed interest and Cash	BT, BlackRock, Kapstream, Perennial, Principal

## Fund commentary

### Australian shares

The Australian equity market lost some steam heading into the last quarter of 2009 but still managed to finish at a 12 month high and delivered a robust 3.4% for the three months to December 2009, and 37.6% for the calendar year. The market has now surged approximately 60% from its March lows but still remains around 20% below its pre-credit crisis high reached in November 2007.

The latest economic data suggest that Australia is one of the best performing major economies in the world. Most sectors of the economy continued to show solid growth towards the end of 2009. Rising business confidence and increases in employment suggest that growth will continue to be robust through to 2010. However, the fiscal stimulus induced boost to the consumer sector has moderated largely as a result of Reserve Bank of Australia's (RBA) interest rate hikes and even higher lending rates being charged by commercial banks.

Materials stocks soared during the December quarter and drove most of the positive performance as commodity prices strengthened on the back of a weak US dollar and the prospects of increased demand as the global economic recovery gathers pace. At the other end of the scale, the worst performing sectors were energy and financials. Despite rising oil prices, energy stocks slid on disappointing profit announcements and equity raisings, while financials were under pressure due to concerns about funding costs as the RBA raised its official interest rate for the third successive time in December. Both large and smaller companies performed solidly during December. Increase in risk appetite has supported the strength of smaller companies over the past nine months. Smaller companies have outperformed their larger peers by more than 20% over the year.

The Australian Shares Portfolio performance was below the benchmark for the quarter although performance was positive in absolute terms. The one-year performance was stronger than benchmark. For the quarter, manager out performance was unfortunately more than offset by the few who lagged the benchmark. While all managers provided positive returns for the quarter, key allocations to Challenger and BT Investment Management were the strongest contributors. Allocations to Northcape, Bernstein and Schroders were the detractors.

### Australian property

Domestically listed property as measured by the S&P/ASX 200 LPT Accumulation Index underperformed the global market throughout 2009, returning 3.4% for the quarter and only 7.9% over the year. Domestic Real Estate Investment Trusts (REITs) have recovered significantly from market lows reached in March of 2009. Balance sheet strength and gearing was fiercely scrutinised and while the listed sector was forced to mark-to-market the value of their assets earlier in the cycle, access to liquidity via the equity market has restricted the volume of distressed property sales. The focus on lower risk and higher income resulted in Industrial

REITs outperforming for 2009, gaining 10.4%, while the higher leveraged commercial property sector led the underperformers, declining 8.6% as a group.

Renaissance, our manager, significantly outperformed their benchmark for the quarter although was weaker on an absolute basis. Their underweight positions in CFS Retail, Commonwealth Office, Charter Hall Group and Westfield all contributed negatively to performance. Conversely, Renaissance has been overweight quite a few of the perceived 'riskier' stocks namely ING Office, Tishman Speyer, Challenger Kenedix and Ardent Leisure which all contributed positively to performance driven by stock specific news.

### **International shares**

Global equity markets posted positive returns in the fourth quarter albeit at a slower pace than the previous two quarters. Enthusiasm over corporate earnings, positive economic data and ongoing support from fiscal and monetary policies benefited equity markets over the quarter despite some jitters in response to Dubai's debt situation and Greece's fiscal problems.

In local currency terms, global equities, as measured by the MSCI World ex Australia Index gained 4.9% over the quarter whilst in unhedged Australian dollar terms the Index returned a more modest 2.1% given the strength of the Australian Dollar. However, stronger data out of the US later in the quarter pushed bond yields higher spurring a rally in the US dollar pairing back some of the earlier gains in the Australian dollar.

Equity markets rallied on the prospects of continued growth in emerging economies as well as the re-emergence of growth in the US. The fourth quarter rally was certainly not a smooth one as financial markets faced numerous obstacles during the period. Rating agencies downgraded the sovereign debt of Greece and threatened to downgrade Spain's obligations. Dubai World announced in late October that it would need to restructure its debt. In response to the financial crisis, the Bank for International Settlements issued its paper, the so-called "Basel II" proposing stricter regulations regarding banks' capital and liquidity requirements.

Emerging markets continued to outperform developed markets over the quarter. Commodity-related markets such as Russia and Brazil led the way as investors began anticipating resurgence in demand. Turkey, China and Mexico also delivered strong returns while Korea and India were notable laggards. Within developed markets, Singapore, USA and UK were strong performers while Greece and Japan trailed.

The international Shares Portfolio significantly outperformed its' benchmark for the quarter and performed positively in absolute terms. All managers provided positive returns with MFS and Trilogy the strongest contributors at a manager level.

### **Global property**

The global listed real estate sector ended the year on a high, with the index up 5.4% for the quarter, and 33.0% over the year. Despite this the strongest performing regions of the global index were also those least effected by the economic weakness. Asia, excluding Japan outperformed all other regions while Japan and the U.K. were the poorest performing global markets for listed property in 2009.

Our manager, AEW, outperformed for the quarter largely owing to positive stock selection in Europe and North America while stocks in Asia Pacific remained weaker. On a country basis, stock selection was strongest in the US, UK and Canada. In aggregate the Fund outperformed its benchmark during the second quarter by 0.4%.

### **Fixed Interest and Cash**

Although investment grade, high yield and securitised assets continued to provide good returns over the fourth quarter, the core developed government bond sector was sold aggressively in the latter part of the quarter due to concerns over mounting fiscal deficits and the associated risks of increasing supply.

The necessity to pay for both bank bail outs and fiscal stimulus programmes in order to avert a severe economic downturn saw the USA, UK, Euro-zone and Japan issue a record of approximately US\$4 trillion of Government bonds in 2009, an 86% increase from the previous year. Worryingly, it is forecast that there will be similar levels of government fund raising in 2010. Indeed, according to Morgan Stanley, the US Treasury will sell a record US\$2.55 trillion of notes and bonds in 2010, an increase of some 38% from 2009's already elevated level.

Ten-year Australian government bonds which began the fourth quarter yielding 5.28%, experienced quite a volatile three months, trading in a 5.74% to 5.10% range to eventually yield 5.64% at the end of the quarter. Activity tended to mirror developments in off shore bond markets, primarily the USA, with the ultimate increase in yield over the quarter resulting from both increased optimism by markets as to the strength of the global recovery and also worries over the supply overhang of international bond issuance necessary to fund fiscal deficits by developed country governments.

The monetary policy tightening which began in October 2009, when the RBA became the first of the G20 central banks to begin withdrawing monetary stimulus originally instigated by the global financial crisis, was maintained in each of the two

subsequent months until calendar year end, with the RBA cash rate reaching 3.75% by December.

The fixed interest portfolios outperformed the benchmark index by 0.90% over the quarter whilst the cash portfolios outperformed by 0.95%. At a manager level, StandishMellon, Franklin Templeton and Kapstream significantly outperformed over the quarter.

## Other features

### Responsible and sustainable investment in Lifestage Funds

BT Financial Group is a signatory to the UN Principles for Responsible Investment (PRI). These Principles are about maintaining long-term growth without causing environmental or social damage.

Investing with BT Super for Life can help you reconcile your social and environmental concerns with your financial goals. Specifically, a portion of the Australian and international share components of the Lifestage Funds are invested in strategies that have sustainability as a core part of their process.

You can find out more information about PRI and sustainable investing in the BT Super for Life PDS.



### More information?

→ Speak to your financial adviser → Visit [btsuperforlife.com.au](https://btsuperforlife.com.au) → Call BT Customer Relations 1300 653 553

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Performance figures are calculated in accordance with the Investment and Financial Services Association (IFSA) standards. Total returns are calculated to the last day of each month (unless otherwise indicated) using exit prices and assuming reinvestment of distributions (which may include net realised capital gains from the sale of fund assets).

An investment in BT Super for Life is not a deposit with, or any liability of, Westpac Banking Corporation ABN 33 007 457 141, or any other company in the Westpac Group of companies. For further information refer to the PDS.