

BT Managed Portfolios

Part 2 - Investment Options Booklet Hyperion

Issued 30 October 2020

The Product Disclosure Statement (PDS) is issued by
Westpac Financial Services Limited
ABN 20 000 241 127
Australian Financial Services Licence (AFSL) Number 233716

About the PDS

The PDS should help you to make a decision about whether or not to invest in BT Managed Portfolios ARSN 604 066 686 by:

- giving you a clear overview of BT Managed Portfolios and how it works
- explaining the benefits, features, risks and costs of investing in BT Managed Portfolios
- giving you an understanding of where you can find more information or get help.

The PDS is comprised of 2 parts:

- **Part 1 - General Information.**
Please read this for an overview of BT Managed Portfolios and how it works.
- **Part 2 - Investment Options Booklet (this document).**
This document describes the managed portfolio options within BT Managed Portfolios that are managed by Hyperion Asset Management Limited ABN 80 080 135 897 (Hyperion or the investment manager) (together referred to as the Hyperion managed portfolio options) as well as the fees and charges that apply to these managed portfolio options.

Updated information

These documents may change. If information is not materially adverse, we may update information by placing a notice on bt.com.au/panorama. You may also request a paper copy free of charge by calling us on 1300 881 716. The PDS contains important information that you should consider before making a decision about BT Managed Portfolios.

General advice warning

The information in the PDS is general information only and doesn't take into account your personal objectives, financial situation or needs. You should consider whether the information in the PDS is appropriate for you in light of your objectives, financial situation and needs.

Consent to be named

Hyperion has given and not withdrawn its consent to the inclusion in this document of all information referable to it (and the managed portfolio options it is engaged to manage) in the form and context in which that information appears.

Availability

If, within your Panorama Investments or Panorama Super (excluding BT Super Invest) account, you only have access to the Compact menu of investment options (and not the Full menu), you may not be able to access some or all of the managed portfolio options described in this document. If you hold a BT Super Invest account you may also be unable to access some or all of the managed portfolio options in this document. Please refer to the disclosure document for your Panorama Product to confirm your ability to access and invest in the Hyperion managed portfolio options.

Managed portfolio options in BT Managed Portfolios other than those described in this document might also be available to you. Information about these other managed portfolio options is set

out in separate product disclosure statements for BT Managed Portfolios that are also issued by us. You should obtain and consider those product disclosure statements in deciding whether to acquire or continue to hold any interest in BT Managed Portfolios. Contact the Panorama Support team or your adviser for more information on other managed portfolio options that may be available to you, and to obtain a copy of the relevant product disclosure statement for those managed portfolio options.

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Who is the investment manager?

Hyperion Asset Management Limited (Hyperion)

Hyperion has been appointed by us as investment manager to advise on the construction and management of the Hyperion managed portfolio options.

ABN	80 080 135 897
AFSL Number	238380
About the investment manager	<p>Hyperion is a high conviction manager that specialises in identifying and investing in quality Australian shares. Hyperion's investment process produces a relatively concentrated portfolio of quality companies with relatively predictable earnings and superior growth potential.</p> <p>Hyperion's executives are majority equity partners in Hyperion. Hyperion's investment team has substantial capital invested in the business and Hyperion products, demonstrating Hyperion's commitment to the long-term and to aligning the goals of Hyperion's investment team to those of clients.</p>
Investment philosophy and process	<p>Hyperion's investment philosophy and process centres around aiming to buy the highest quality companies with the strongest competitive advantages and organic growth opportunities in an attempt to produce superior shareholder returns over the long-term.</p>

What are the fees and other costs?

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneySMART.gov.au) has a managed funds fee calculator to help you check out different fee options.

This section of the document shows fees and other costs that you may be charged for investing in BT Managed Portfolios. These fees and costs may be deducted from your money, from the returns on your investment or from your portfolio as a whole. Taxes are set out in another part of the PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment. Fees and costs for the Hyperion managed portfolio options are set out on page 10. All fees are in Australian dollars.

Except where otherwise stated, all fees in this document are expressed as inclusive of any GST and are net of any reduced input tax credits (RITCs) which may be claimed.

What are the fees and other costs?

BT Managed Portfolios

Type of fee or cost ¹	Amount	How and when paid
Fees when your money moves in or out of BT Managed Portfolios		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Not applicable
Management costs – The fees and costs for managing your investment²		
The amount you pay for the Hyperion managed portfolio options is shown on page 10.		
Investment management fee	The investment management fee for your portfolio is 0.8500% per annum of the total value invested. Please refer to the Hyperion managed portfolio options list on page 10 for more information.	<ul style="list-style-type: none"> – The investment management fee is calculated based on the average daily value of your portfolio for the month. – The investment management fee is deducted and paid to us from the cash allocation of your portfolio on a monthly basis at the end of each month.
Indirect costs³	<p>Performance-related fees The weighted average performance-related fee is 0.00% per annum.</p> <p>Other indirect costs The weighted average of other indirect costs is 0.00% per annum.</p> <p>Please refer to the Hyperion managed portfolio options list on page 10 for more information.</p>	<ul style="list-style-type: none"> – The calculation of fees and costs in relation to an underlying managed fund or exchange traded fund, and timing of payment, will vary between the underlying managed funds or exchange traded funds. – The indirect costs, including any performance-related fees payable in connection with an underlying managed fund or exchange traded fund, are not directly charged or retained by us. These indirect costs are paid from the assets of the relevant underlying managed funds or exchange traded funds, and will generally be reflected in the unit prices of those underlying managed funds or the closing market prices of the exchange traded funds that are held in your portfolio.
Service fees		
Switching fee The fee for changing investment options	Nil	Not applicable

¹ Adviser fees may also apply.

² Additional fees may apply. Refer to the 'Additional explanation of fees and costs' section of this document for more information.

³ The performance-related fees and other indirect costs are estimates and calculated based on the indirect costs for the 12 month period ending 30 June 2020, or in the case of a new or varied managed portfolio option, as if the managed portfolio option had been in place for the 12 month period ending 30 June 2020. The performance-related fees shown are not a representation of likely future performance. The actual indirect costs of a managed portfolio option in future periods may be different and materially so, given the nature of these costs. For more information, refer to 'Indirect costs' in the 'Additional explanation of fees and costs' section of this document.

What are the fees and other costs?

Example of annual fees and costs for a balanced managed portfolio option or other managed portfolio option

This table gives an example of how the fees and costs for the Hyperion High Conviction Large Cap Portfolio can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

Example - Hyperion High Conviction Large Cap Portfolio		Balance of \$50,000 with a contribution of \$5,000 during the year ¹
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management costs		
– Investment management fee	0.8500%	And, for every \$50,000 you have in the Hyperion High Conviction Large Cap Portfolio you will be charged \$425.00 each year.
– Performance-related fees ²	0.00%	
– Other indirect costs ²	0.00%	
EQUALS		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$425.00
Cost of the Hyperion High Conviction Large Cap Portfolio ³		
What it costs you will depend on the investment option you choose and the fees you negotiate.		

- 1 The amount used in this example is prescribed by legislation. This example assumes that the \$50,000 is invested for the entire year, the value of the investment is constant over the year and that the additional \$5,000 is invested at the end of the year. Therefore management costs are calculated using the \$50,000 balance only.
- 2 The performance-related fees and other indirect costs are estimates and calculated based on the indirect costs for the 12 month period ending 30 June 2020, or in the case of a new or varied managed portfolio option, as if the managed portfolio option has been in place for the 12 month period ending 30 June 2020. The performance-related fees shown are not a representation of likely future performance. The actual indirect costs of a managed portfolio option in future periods may be different and materially so, given the nature of these costs. For more information, refer to 'Indirect costs' in the 'Additional explanation of fees and costs' section of this document.
- 3 Additional fees may apply. This example does not take into account all the fees and costs that may apply, for example, the total transactional and operational costs. For more information, refer to 'Transactional and operational costs' in the 'Additional explanation of fees and costs' section of this document.

Additional explanation of fees and costs

Management costs

Management costs for each managed portfolio option include the investment management fee, any performance-related fees and other indirect costs.

Management costs do not include transactional and operational costs ie costs associated with investing (including in underlying funds, if applicable). For more information, refer to 'Transactional and operational costs' on page 8.

Investment management fee

We are entitled to be paid an investment management fee as responsible entity of BT Managed Portfolios.

The investment management fee is charged as a percentage of the value of your portfolio. It is accrued daily and paid from the cash allocation of your portfolio monthly.

Payments we make to the investment manager

We may pay the investment manager a fee for investment management services provided to us. This is paid from the investment management fee we receive, and is not an additional cost to you.

Changes in fees and costs

We have the right to introduce fees and to begin reimbursing ourselves for expenses from your portfolio (including performance fees payable to an investment manager), but we will give you 30

days' notice prior to doing so. The constitution provides for the responsible entity to receive a maximum investment management fee of 4% per annum (excluding GST) of the total value invested and a maximum performance fee of 5% per annum (excluding GST) of the total value invested. The responsible entity does not currently charge performance fees.

Expenses

We're entitled to be reimbursed from the scheme for authorised expenses incurred in the management and administration of managed portfolio options in the proper performance of our duties. Currently routine scheme expenses, including trustee, registry, custodian, accounting, audit and legal expenses (excluding transaction costs), are paid out of our investment management fee. If extraordinary or unusual expenses are incurred, we may choose to recover costs from the scheme.

Indirect costs

Indirect costs (also referred to as 'Fees and costs - underlying investments') are determined as a percentage of the value of the relevant managed portfolio option you're invested in. Indirect costs are an estimate of the costs incurred in managing the managed portfolio's assets which directly or indirectly reduce the return on the managed portfolio. These costs are not directly charged or retained by us. These costs are generally deducted from the assets of an underlying managed fund or exchange traded fund.

What are the fees and other costs?

Where the managed portfolio invests in an underlying managed fund or exchange traded fund, we have relied on the information provided by the issuers of those underlying funds and have made reasonable enquiries where necessary to determine the appropriateness of the indirect costs provided.

The amounts included in the table of fees and costs are estimates and calculated based on the indirect costs paid in the 12 month period ending 30 June 2020, or in the case of a new or varied managed portfolio option, as if the managed portfolio option had been in place for the 12 month period ending 30 June 2020.

These indirect costs are reflected in the unit price of the underlying managed funds or the closing market prices of the exchange traded funds that are held in your portfolio and are an additional cost to you.

The actual indirect costs of a managed portfolio option in future periods may be different to the estimates included in this document and materially so, given the nature of these costs, as explained below.

Indirect costs are:

- **Performance-related fees:** An underlying investment manager of a managed fund or exchange traded fund may charge a performance fee, called a performance-related fee. If applicable, it is included in indirect costs and is not an additional cost to you. We do not currently charge performance-related fees.

Generally, a performance-related fee will only be charged in respect of an underlying managed fund or exchange traded fund when the investment return outperforms either the relevant benchmark or a specific performance hurdle return. However, usually, any prior under performance must also be made good before the underlying investment manager qualifies for a performance-related fee.

The performance-related fee rate typically ranges from 0%–30% of the outperformance over the relevant benchmark or performance hurdle and is generally paid at least annually (performance period). Performance-related fees affect the underlying fund's return and therefore the value of your investment in the fund. The performance-related fee may still be payable where the overall performance of the underlying managed fund or exchange traded fund has declined over the performance period. This is because one or more underlying investment managers may have outperformed the benchmark or their performance hurdle over that period.

Where an underlying investment manager's cumulative performance for a period is less than the relevant benchmark or performance hurdle, this underperformance may be carried forward to the following period and no further performance-related fees will be either reflected in the unit price or paid in respect of the underlying investment manager until the underperformance is recouped.

The more exposure a managed portfolio has to an underlying investment that charges performance-related fees, the greater

the potential impact that this will have on your investment in that managed portfolio.

- **Other indirect costs:** The managed portfolio option may incur other indirect costs as a result of investing in underlying managed funds or exchange traded funds. Typical indirect costs include an underlying managed fund's or exchange traded fund's costs which have been included in the valuation of the underlying managed fund or exchange traded fund.

Other indirect costs will also be incurred in respect of the cash allocation of each managed portfolio option.

Transactional and operational costs

- **Transaction fees:** We charge a transaction fee in relation to the buying and selling of listed securities and exchange traded funds in your portfolio. This fee will cover the costs of processing and settling the transactions, including the brokerage payable to the appointed broker. Generally, the fee will be between 0.11% and 0.18% of the transaction amount but may be as high as 0.20% of the transaction amount. As an example, if a \$50,000 transaction occurred in your portfolio, the transaction fees charged at 0.18% would be \$90. In some circumstances, we may not need to process a transaction as it may be possible to net the transaction against transactions for other investors. In these circumstances, we will still charge the transaction fee.
- **Buy/sell spread:** The buy/sell spread (generally applicable to managed funds) is the transaction cost incurred when buying and selling assets in an underlying managed fund when new investors apply for and existing investors redeem units in the underlying managed fund. It is charged by the issuer and is included in the underlying managed fund's unit price.

Typical buy/sell spreads are estimated to be between 0% and 0.70% but may fall outside this range. For example, if \$10,000 is invested in an underlying managed fund, at the maximum buy/sell spread of 0.70%, you will generally incur a cost of \$70 at the time you invest. The buy/sell spread is an additional cost to you. If you require further information on the buy/sell spread applicable to the underlying managed funds, please speak to your adviser or contact us.

- **Other transactional and operational costs:** In relation to an underlying managed fund, where transactional and operational costs arise from trading activity to execute the relevant fund's investment strategy, and are not the result of applications into and redemptions from the relevant fund, these costs (including brokerage, stamp duty and clearing and settlement costs) may not be recouped by the buy/sell spread. In these circumstances, they are an additional cost to you at the time of undertaking the trading activity, and are included in the underlying managed fund's unit price.

In addition, when it comes to buying and selling listed securities and exchange traded funds in your portfolio, there may be transactional and operational costs in addition to transaction fees. These are referred to as bid/ask spreads and represent the difference between the price paid for an

What are the fees and other costs?

underlying investment and the price that it would be disposed of at that time. They are an additional cost to you at the time of undertaking the trading activity.

Our estimate of these transactional and operational costs for the year ended 30 June 2020 for the Hyperion High Conviction Large Cap Portfolio are set out in the example below.

Managed portfolio option	(A) Transactional and operational costs of underlying investments	(B) Transaction fees	(C) = (A) + (B) Total transactional and operational costs
Hyperion High Conviction Large Cap Portfolio	0.08% pa	0.08% pa	0.16% pa

Using the example above, if \$50,000 is invested in the Hyperion High Conviction Large Cap Portfolio, total transactional and operational costs will be \$80. This is comprised of transactional and operational costs of the underlying investments of \$40 and transaction fees of \$40. For the total fees and costs relating to the Hyperion High Conviction Large Cap Portfolio, excluding the transactional and operational costs, refer to the fee example on page 7.

Government duty

Government duty may be payable if you transfer certain assets into or out of your portfolio. For further information regarding how government duty is deducted, refer to the relevant disclosure document for your Panorama Product.

Refer to 'Taxation' in Part 1 of the PDS for information about tax generally.

Other fees and costs

All other fees and costs (such as government fees, bank fees, fees for failed transactions and penalty interest) incurred as a result of a transaction, deposit or withdrawal, will be passed on to you and payable out of the cash allocation of your portfolio.

Additional fees may be paid to a financial adviser if you have consulted a financial adviser. You should refer to the Statement of Advice provided by your financial adviser in which details of the fees are set out. ASIC provides a fee calculator on www.moneysmart.gov.au, which you may use to calculate the effects of fees and costs on your investment in BT Managed Portfolios.

Hyperion managed portfolio options list

The fees and costs applying to each managed portfolio option are set out below.

Option name	APIR code	Investment management fee ¹	Fees and costs – underlying investments ²			Page
			Performance-related fees	Other indirect costs	Total transactional and operational costs	
ASSET CLASS: Australian shares						
Hyperion High Conviction Large Cap Portfolio	WFS0580AU	0.8500% pa	0.00% pa	0.00% pa	0.16% pa	11

1 This fee is payable monthly to us as the responsible entity of BT Managed Portfolios, and is calculated on the average daily value of your portfolio for the month. Refer to 'Investment management fee' in the 'Additional explanation of fees and costs' section of this document for more information.

2 These fees and costs are weighted averages based on the estimated fees and costs for the relevant underlying investments in relation to the 12 months to 30 June 2020, or in the case of a new or varied managed portfolio option, as if the managed portfolio option has been in place for the 12 month period ending 30 June 2020. Refer to 'Indirect costs' in the 'Additional explanation of fees and costs' section of this document for further information.

Hyperion managed portfolio options summaries

Hyperion High Conviction Large Cap Portfolio

APIR code	WFS0580AU		
Designed for investors who	Seek a long term investment in Australian shares and are willing to take more risk and volatility in search of greater returns. The investor is prepared to accept the possibility of negative returns.		
Investment objective	To deliver outperformance relative to the benchmark by 3% pa before fees over a rolling five year period.		
Benchmark index	S&P/ASX 300 Accumulation Index		
Asset class	Australian shares		
Investment style	Active		
Investment strategy and approach	<p>Hyperion aims to find and invest in companies with high return on equity, low gearing and solid track records of revenue growth, that are positioned to deliver long-term organic growth in earnings to shareholders. Hyperion expects these companies will have sustainable competitive advantages.</p> <p>Hyperion's primary focus is finding companies that are expected to provide a value proposition to their customers, enabling that company to charge a premium for the goods or service they produce. This approach aims to deliver long-term earnings growth to the portfolio and therefore rising earnings to investors.</p>		
Investment universe	Predominantly securities within the S&P/ASX 300 Index		
Risk label (SRM)	High (6)		
Minimum investment horizon	5 years		
Minimum investment amount	\$25,000		
Indicative number of assets	15 - 35		
Investment management fee	0.8500% pa		
Fees and costs – underlying investments¹	Performance-related fees	0.00% pa	
	Other indirect costs	0.00% pa	
	Transactional and operational costs	0.08% pa	
	Transaction fees	0.08% pa	
Asset allocation ranges	Asset class	Minimum (%)	Maximum (%)
	Cash ²	2	20
	Australian shares	80	98

1 These fees and costs are weighted averages based on the estimated fees and costs for the relevant underlying investments in relation to the 12 months to 30 June 2020, or in the case of a new or varied managed portfolio option, as if the managed portfolio option has been in place for 12 month period ending 30 June 2020.

2 The 'Cash' asset class includes the cash allocation of the portfolio that is held in BT CMA (or any other cash product nominated by us) but may include allocation to other cash type investments.

For more information

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