Media release

BT Financial Group

Monday, 30 April, 2012

BT FINANCIAL GROUP LAUNCHES NEXT GENERATION OF GEARED EQUITY PRODUCTS TO OFFER INVESTORS MORE CHOICE

BT Financial Group has launched the "next generation" of geared equity investment products in response to renewed interest from investors who are seeking to achieve their financial objectives and manage equity market risk in the post-GFC environment.

"The appeal of high dividend yields available in the Australian equity market and a perception that the market is undervalued is encouraging investors to take a fresh look at borrowing to invest. But many are looking for new borrowing solutions that match their growth objectives with their risk appetite and avoid the mistakes of the past," said Cathy Kovacs, Head of Gearing and Investment Solutions, Equities at BT Financial Group.

Investment Trends said in its February 2012 Investor Intentions Index Report that confidence in the share market (and return expectations) began recovering rapidly in the first months of 2012 after collapsing in the second half of 2011 and 58% of investors believe blue chip stocks are undervalued.

"As the markets have become less volatile, we are seeing a moderate return to gearing, but investors are far more risk aware and cost conscious. They, and we, have learned from the GFC experience, where borrowers who were highly leveraged to large single-stock exposures assuming these companies would constantly pay dividends to fund borrowing costs were most harshly affected," Ms Kovacs said.

"There is still a role for margin call products for borrowers who want flexibility and investment choice. In addition, a new breed of investor has emerged with slightly different needs. Some investors want a more conservative investment strategy and the ability to proactively reduce some risk. So BT Financial Group has responded with the next generation of products that offer tailored alternatives that go beyond traditional margin lending."

New to the suite of products are:

BT Professional Investment Loans
The BT Professional Investment Loan is designed for those who wish to invest in a diversified managed portfolio over the medium term. What makes this product truly innovative is that there are no margin calls during the life of the loan.

Westpac Protected Equity Loans
The Westpac Protected Equity Loan is a flexible equity loan with over 50 ASX-listed securities to choose from and the ability to borrow up to 100% of the initial market price of the securities with the borrowed amount capital protected at the loan's maturity.

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Like any investment, both of these products involve some risks. While borrowing to invest in shares and managed funds increases your potential returns, it can also increase potential losses. The value of securities may not go up, or if they go up, the increase in value may not be sufficient to cover the costs of the investment. Where an investment is not capital protected at maturity, there is a risk of losing the difference between the loan amount and the value of the securities at that time. Where an investment is capital protected, it is only capital protected at maturity and there are material risks associated with early termination, including a risk of significant break costs. In particular, capital protection does not apply if a loan terminates before maturity. Interest, fees and charges apply. An investor needs to ensure they can fund their obligations under any loan and any interest loan (including the payment of any interest, fees and charges).

These new products complement the traditional BT and St George Margin Lending offerings, Westpac Self Funding Instalment Warrants and the Westpac Blue Chip 20 regular gearing offering.

“It is no longer a one-size-fits-all geared investment market. Investors can choose the gearing solution that matches their financial situation, risk appetite, investment term and stock selection mix,” Ms Kovacs said.

“Investors have begun the migration from term deposits to higher yielding yet slightly more risky fixed investments such as hybrids. Others have also cautiously moved to high yielding Australian shares, where a degree of borrowing in the suitable geared equity product offers an enhanced risk/reward trade-off.

“For advisors, BTFG is offering a menu of geared equity products that allow them to tailor their solution to suit client needs. These next generation products have been designed in consultation with advisers, who are looking to accelerate their clients’ wealth and more proactively manage risk.”

(*See over for key parameters of new products in the range (compared to the standard BT Margin Loan))*

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	BT Professional Investment Loan	Westpac Protected Equity Loan	BT Margin Loan
May suit an investor who:	• Wants to invest in a diversified managed portfolio over the medium term • Does not wish to be subject to potential margin calls	• Is looking to invest in selected Australian shares over 1 to 5 years • Wants to choose a level of capital protection at the maturity of their loan	• Would like to take control over their stock selection and borrowing levels • Is comfortable with the risk of potential margin calls
May not suit an investor who:	• Would like to control their stock selection	• Does not intend to hold the loan until maturity • Is concerned that events outside his control may cause him to terminate the loan early	• Is not comfortable with the risk of potential margin calls
Invest in:	Managed funds, separately managed accounts (SMAs) and exchange traded funds (ETFs)	A selection of Australian shares and ETFs	Over 2,000 shares, ETFs and managed funds
Borrowing Level (LVR)	Up to 70%	Up to 100%	Up to 75%
Capital Protection	No	Yes – up to 100%	No
Margin Call	No	No	Yes
Minimum Loan Amount	$50,000	$50,000	No minimum
Maximum Loan Amount	$1,000,000	No maximum	No maximum
Loan Term	5 Years*	1 to 5 Years*	No fixed loan term
Eligible for SMSFs	No	Yes	No

* Subject to early termination events

Things you should know:

This information does not take into account your personal objectives, financial situation or needs so you should consider its appropriateness having regard to these factors before acting on it.

BT Securities Limited ABN 84 000 720 114 and Westpac Banking Corporation ABN 33 007 457 141, ASF 233714 ('Westpac') are together the issuers of the BT Margin Lending Margin Loan - Product Disclosure Statement dated 15 November 2010 ('BTML PDS'). The BTML PDS is available at www.bt.com.au.

Westpac BlueChip20 is a financial product issued by BlackRock Investment Management (Australia) Limited. It is not a deposit with or other liability of Westpac or any other company in the Westpac group of companies. It is subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither Westpac nor any of its respective directors, officers, employees, associates or subsidiaries guarantee or give any assurance in regard to the capital value, income return or performance of any investment offered in the Westpac BlueChip20 Product Disclosure Statement ('BC20 PDS'). The BC20 PDS is available at www.westpac.com.au/bluechip20.

Westpac is the issuer of the Westpac Protected Equity LoanProduct Disclosure Statement dated 19 April 2012 ('PEL PDS') and Westpac Self-Funding Instalments Product Disclosure Statement dated 1 February 2011 ('SFI PDS'). The PEL PDS and SFI PDS are available at www.westpac.com.au/pel and www.westpac.com.au/sfi.

Before considering whether to acquire or continue to hold any of the above products, you should consider the relevant PDS.

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