

BT Wholesale Ethical Share Fund

**Fact Sheet
February 2011**

ARSN: 096 328 219



About the Fund

The BT Wholesale Ethical Share Fund is an actively managed portfolio of Australian shares which seeks to ensure that funds are invested in an ethical or socially responsible manner. Investors are becoming increasingly aware of the link between a company's sustainability focus and its long term success and profitability. As a result, ethical fund investing combines the best of both worlds – the potential to achieve strong performance over the long term while contributing to a sustainable environment.

Fund objective

The Fund aims to provide a return (before fees) that exceeds the S&P/ASX300 Accumulation Index over the medium to long term. The suggested investment timeframe is five years or more.

Investment approach

The Fund will not invest in companies which:

- directly mine uranium for the purpose of weapons manufacture
- produce alcohol or tobacco
- manufacture or provide gaming facilities
- manufacture weapons and armaments
- have been subject to environmental and/or human rights prosecutions

Investment process

The Fund uses the same investment process as BTIM's flagship Australian equities products with the addition of sustainability screens.

1. The negative screen effectively determines the investment universe of the BT Wholesale Ethical Share Fund
2. The positive screen identifies companies for active consideration, given their focus on the production of sustainable goods and services. The ethical screen is provided by Regnan Governance Research and Engagement, a leading independent research organisation. Examples of positively screened companies include those that derive greater than 20% of their revenue from sustainable technologies, products and services.

Investment team

BTIM's ten-member Equity Strategies team is one of the largest in the Australian funds management industry. The portfolio managers for the Fund are Crispin Murray and Rajinder Singh, who have a combined 28 years industry experience. Crispin is also Head of Equity Strategies.

Investment guidelines

Ex-ante (forward looking) tracking error	2.0% - 6.0%
Min/max stock position	+/-4%
Min/max sector position	+/-6%
Number of stocks	50-90

Fees

Management fee	0.95% pa*
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BT Investment Management (RE) Limited ABN 17 126 390 627, AFSL 316 455, has been certified by RIAA according to the strict disclosure practices required under the Responsible Investment Certification Program. The Certification Symbol signifies that an investment product or service takes environmental, social, ethical or governance considerations into account along with financial returns. See www.responsibleinvestment.org for details.

* You should refer to the latest Product Disclosure Statement for full details of fees and other costs you may be charged.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	2.81	2.89	2.33
3 months	6.25	6.50	6.30
FYDT	13.88	14.60	16.10
6 months	11.24	11.76	12.34
1 year (pa)	6.43	7.45	9.02
2 years (pa)	20.62	21.77	25.76
3 years (pa)	-1.76	-0.83	-0.26
5 years (pa)	4.15	5.11	4.04

Asset allocation (as at 28 February 2011)

Energy	10.7%
Materials	31.9%
Industrials	12.0%
Consumer Discretionary	4.8%
Consumer Staples	1.1%
Health Care	2.3%
Information Technology	0.5%
Telecommunication Services	2.3%
Utilities	1.1%
Financials ex Property Trusts	26.1%
Property Trusts	2.6%
Cash & Other	4.6%

Top 10 holdings (as at 28 February 2011)

BHP Billiton Limited	13.9%
Westpac Banking Corporation	7.8%
Commonwealth Bank of Australia Ltd	7.2%
Rio Tinto Limited	6.5%
ANZ Banking Group Limited	5.2%
National Australia Bank Limited	4.0%
Newcrest Mining Limited	3.4%
Asciano Limited	3.4%
Origin Energy Limited	2.8%
News Corporation Inc CDI CL B	2.4%

Other information

Fund size (as at 28 Feb 2011)	\$168 million
Date of inception	May 2001
Minimum investment	\$50,000
Buy-sell spread	0.50% [#]
Distribution frequency	Quarterly
APIR code	RFA0025AU

[#] The buy-sell spread represents transaction costs incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

Market Overview

The Australian Share market was stronger in February, with the ASX300 Accumulation index returning 2.3%. Developed markets continued to post positive returns with the US S&P500 delivering 3.2% and the Euro Stoxx 600 up 2.3%. Emerging market equities again lagged developed markets.

The February earnings reporting season provided the main focus for Australian equities investors and provided a mixed bag of news. Companies whose businesses are exposed to the domestic economy generally cited difficult business conditions, while there were some signs of improvement in the US and other developed economies. The resource sector once again reported very strong numbers off the back of stronger commodity prices and the market focused on the various capital management programs of the big mining companies, with both Rio and BHP announcing large buy-back programs.

The second half of the month saw increased volatility across global markets as geo-political events in the middle-east developed at a rapid pace. The fall of both the Tunisian and Egyptian presidencies along with extensive civil protests in Bahrain, Yemen, Iran, Iraq and Libya unsettled markets. Events in Libya are now the focus with the prospect of civil war not growing. The unrest in the region has seen the oil price spike considerably, with spot Brent rising by 12%. While it is clear that major oil supplying nations would be able to make up any short-fall from Libya, the world's key concern is that the unrest spreads to Saudi Arabia. At this juncture at least, this appears unlikely.

In economic news, the RBA left interest rates on hold at 4.75%. Other domestic economic news was generally upbeat with consumer confidence improving, employment numbers strong and signalled capital expenditure moving in the right direction.

Fund Performance

The portfolio outperformed the ASX300 Accumulation index over the month.

The portfolio's largest contributor to excess performance was our overweight position in Asciano, which was up 9% over the month. In an eventful month for the company, it was announced that CEO Mark Rowsthorn, who was on a short term contract expiring in July, will be replaced by John Mullen. The change coincides with the company's strategic review, which the market has speculated will focus in part on the ownership of the ports business, a part of the group that we believe is currently undervalued by the market. With regard to the company's results, Asciano increased 1H NPAT by 43% to \$115m and cash flow grew by the same amount. The company also announced an additional Queensland haulage contract win from Anglo-American, which will add another \$200 million in revenue over the life of the contract. We remain very positive on the stock given its strong growth profile in coal haulage and the ability to improve returns in the port business and are maintaining our position in the company.

Also contributing to the positive performance was our overweight position Iluka. The stock rallied by 25% over the month as the company posted a \$36.1m full year profit, which was better than the market expected. Zircon volumes and prices continued to rise and outlook comments from management were positive.

Detracting from performance was our overweight position in Qantas, which suffered over the month as the oil price spiked significantly. For the first time since March 2009, Qantas increased its fuel surcharges on Qantas international routes. They also announced an increase to domestic, regional and trans-Tasman airfares by up to 5%. In terms of results, the company increased profit before tax by 56% despite the \$55m lost from the A380 fleet being grounded. Jetstar also surprised on the upside despite well reported weather related one-off impacts. Demand is improving and yields continue to firm so the fundamentals of the business remain appealing to us and the investment case remains intact, particularly given the attractive valuation.

Also detracting from performance was our small overweight in Gloucester Coal, which was down after some very strong share price performance. During the month the company reported a 28% jump in after tax profit, driven by both stronger volumes and supportive

Outlook

We have spent much of our time over the last month engaged in one-on-one meetings with the management of companies in which we have vested interest. The February reporting season did not throw up a lot of surprises with most results well-flagged prior to the earnings announcement. However, looking at the composition of the results and hearing first hand from management has given us more confidence in some specific themes in the market playing out as we expected. For example, increased levels of investment and capital expenditure on resource projects are coming through strongly and tangibly in the numbers of the mining service providers. The management teams of the companies in this sector have been universally bullish about the number of new projects coming through. We have observed a shift in the dynamic between service providers and mining companies, whereby the sheer capacity of work to do has relieved pricing pressure on the service providers.

In other areas of the market, our meetings with management have provided more ambiguity or uncertainty, particularly with companies that are exposed to the domestic economy. For a lot of these companies, there are few catalysts for strong growth in this environment and our focus is on where the valuations are most compelling.



For more information

Please call 1800 813 886, contact your business development representative or visit www.btim.com.au

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Performance figures are calculated in accordance with the Investment & Financial Services Association (IFSA) standards. Total returns (post-fee) are calculated: to the last day of each month using exit prices; taking into account management costs of the fund; assuming reinvestment of distributions (which may include net realised capital gains from the sale of assets of the fund). No reduction is made to the unit price (or performance) to allow for tax you may pay as an investor, other than withholding tax on foreign income (if any). Certain other fees such as Contribution fees or Withdrawal fees (if any) are not taken into account. Total returns (pre-fee) are calculated by adding back management costs to the (post-fee) returns. Past performance is not a reliable indicator of future performance.

If market movements, cash flows or changes in the nature of an investment (eg a change in credit rating) cause the Fund to exceed any of the investment ranges or limits in this document, this will be rectified by BTIM (RE) as soon as reasonably practicable after becoming aware of it. If BTIM (RE) does so, it will have no other obligations in relation to these circumstances. The procedures, investment ranges, benchmarks and limits specified in this document are accurate as at the date of its issue, and BTIM (RE) reserves the right to vary these from time to time.

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