BT Wholesale Core Australian Share Fund

Fact Sheet
March 2011

ARSN: 089 935 964

BT Investment Management

Australian Shares

About the Fund

The BT Wholesale Core Australian Share Fund is an actively managed portfolio of Australian shares that we believe are trading at a significant discount to their assessed value.

Fund objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the S&P/ASX 300 Accumulation Index. The suggested investment timeframe is five years or more.

Investment process

BTIM aims to add value primarily through active stock selection. BTIM's investment process for shares is based on our core investment style and is unrestricted by a growth or value bias.

Our research is focused on four key factors, which we believe to be the primary drivers of medium term returns (generally 2 to 3 years): valuation, financial risk, franchise and management quality. The combination of these quantitative and qualitative factors forms the basis of the analysts' stock recommendations.

Investment team

BTIM's ten-member Equity Strategies team is one of the largest in the Australian fund's management industry. The portfolio manager for the Fund is Crispin Murray, who has more than 17 year's 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%

Other information

Fund size (as at 31 Mar 2011)	$782 million
Date of inception	September 1992
Minimum investment	$50,000
Buy-sell spread	0.50%#
Distribution frequency	Semi-annual
APIR code	RFA0818AU

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

Fees

Management fee	0.79% pa*

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

Performance

(%)	Total Returns (post-fee)	Total Returns (pre-fee)	Benchmark Return
1 month	0.75	0.82	0.67
3 months	3.41	3.62	3.12
FYDT	15.42	16.12	16.88
6 months	7.99	8.42	7.92
1 year (pa)	1.98	2.79	3.79
2 years (pa)	19.02	19.97	21.37
3 years (pa)	2.06	2.88	1.13
5 years (pa)	3.86	4.69	3.21

Asset allocation (as at 31 March 2011)

Energy	13.2%
Materials	30.8%
Industrials	13.5%
Consumer Discretionary	6.3%
Consumer Staples	5.3%
Health Care	1.5%
Information Technology	1.0%
Telecommunication Services	2.1%
Utilities	0.4%
Financials ex Property Trusts	24.0%
Property Trusts	0.9%
Cash & Other	1.0%

Top 10 holdings (as at 31 March 2011)

BHP Billiton Limited	12.6%
Westpac Banking Corporation	7.5%
Rio Tinto Limited	6.1%
Commonwealth Bank of Australia Ltd	5.8%
National Australia Bank Limited	4.5%
ANZ Banking Group Limited	3.7%
Asciano Limited	3.4%
Origin Energy Limited	3.4%
Newcrest Mining Limited	3.1%
Wesfarmers Limited	2.6%

Market Review

The Australian share market rose slightly in March with the ASX 300 Accumulation index up 0.7%. This small change belies the fact that there was considerable volatility in the market over the month and at one point the market was down 6% before rallying back. Global markets were once again rocked by global events with the devastating earthquake and tsunami grabbing the world's attention. The ongoing drama at the Fukishima nuclear plant has caused the world to reflect on the use of nuclear power, which has had a knock-on effect on related segments of the stock market. Adding to the uncertainty are the continuing tensions in the Middle East escalating with the declaration of the no-fly zone and increasing NATO involvement in Libya. There remains significant uncertainty elsewhere in the region also, with new governments to be formed in Egypt and Tunisia and continuing tension in Syria, Yemen and Bahrain in particular.

The best performing sector in the Australian market was Energy, up by 3.3% mainly due to the higher oil price. Resources were also higher, driven by gas and gold stocks, while other mining stocks were lower as commodity prices softened. There was little to choose between most other sectors in the market, with Health Care and Telecoms (up 2.0% and 1.4%) performing quite strongly while AREITs (-2.1%) and the two Consumer sectors being the worst performers (Consumer Staples -1.6% and Consumer Discretionary -1.4%).

The Australian market fared comparatively better than most developed markets. While the US market was flat, European markets were softer, and Japan was down by 8% in local terms.

On the economic front, the RBA left the cash rate at 4.75% as expected. Other domestic economic news was mixed with weaker consumer confidence but higher business confidence. Credit growth picked up in February but home loan approval value was weak, largely due to Queensland being softer because of the floods. Unemployment remains stable at 5.0%.

Fund Performance

The portfolio outperformed its benchmark over the month.

The main contributor to performance was our overweight position in Santos. The share price rallied with the rise in oil price and due to the company's exposure to LNG, which is one of the key reasons we like the stock. LNG has been of particular focus this month due to the growing safety concerns around nuclear energy. Any move away from nuclear energy may well increase the demand for gas fuelled powered generation.

An underweight position in Westfield also helped performance. The whole AREIT sector was weak in March, which probably reflects outflow from Japanese investors that was repatriated to Japan to fund forthcoming insurance premiums.

The largest detractor from performance was our small overweight position in Uranium producer Paladin, which was down by 27% over the month. Unsurprisingly, all companies exposed to the nuclear energy industry suffered as a result of the Japanese disaster as the Uranium price fell sharply. While it is still unclear what the longer term ramifications of this episode will be, there have been definite short term effects with eleven out of Japan's fifty four reactors being shut down and Germany and China both announcing suspensions or reductions of their nuclear programs.

Detracting from performance was the portfolio's overweight position in Qantas. The share price suffered as a result of the higher oil price and a loss of revenue due to recent natural disasters. The company's response to these issues has been prompt, announcing various cost cutting measures including curtailing planned capacity growth and reductions in management numbers. The company also announced increased surcharges in both domestic and international routes, which will add meaningfully to revenue. Despite a spate of recent challenges, the company's underlying operations remain strong and the valuation is supportive.

Outlook and positioning

Overall, we are encouraged by the amount of opportunities that we are finding within the Australian share market and valuations remain broadly supportive. However, short term headwinds exist beyond the well documented global issues that have dominated the news in the last month. For example, while no longer grabbing the headlines, the impact of the Queensland floods (and indeed persistent poor weather) may well continue to impact short term earnings for those companies affected. Looking through the short term though, the portfolio is well positioned to benefit from very strong domestic investment that is starting to come through which we believe will drive the economy through the next few years. This of course will be focussed largely on the resources sector infrastructure. Investors will also be trying to establish in what ways this investment theme will affect the rest of the domestic economy, the softness of which has been the subject of many column inches of late. Our own view is that we see strong potential returns across the breadth of the market. For example, despite the 'perfect storm' facing retailers at the moments, there are selective opportunities where valuations are compelling.

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For more information

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