BT Wholesale Focus Australian Share Fund

Fact Sheet
April 2011

ARSN: 113 232 812

BT Investment Management

Australian Shares

About the Fund

The BT Wholesale Focus Australian Share Fund is a highly concentrated portfolio of 15-30 ASX listed stocks, developed to meet investor demand for a higher alpha, higher tracking error fund.

Fund objective

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

Investment approach

BTIM aims to add value primarily through active stock selection. The Fund is managed using the same core investment style as is applied to BTIM's other Australian equity portfolios and utilises the team's proven research and stock selection capabilities.

BTIM's investment process for shares is based on our core investment style and is unrestricted by a growth or value bias.

Fund positioning

The Fund is designed to complement a conventional, core share portfolio by providing satellite exposure to selected Australian equities with the potential for performance enhancement.

Investment team

BTIM's ten-member Equity Strategies team is one of the largest in the Australian fund 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.

Other information

Fund size (as at 30 Apr 2011)	$270 million
Date of inception	April 2005
Minimum investment	$50,000
Buy-sell spread	0.50%[1]
Distribution frequency	Semi-annual
APIR code	RFA0059AU

Investment guidelines

Ex-ante tracking error	4.5% - 8.0%
Max absolute stock position	15%
Min/max sector position relative to index	+/- 15%
Min/Max BARRA style factors	+/- 0.5 SD
SIRA style factors	Within 1 SD
Maximum cash level	30%
Shorting	No
Borrowing	No

Performance

(%)	Total Returns (post-fee)	Total Returns (pre-fee)	Benchmark Return
1 month	-0.39	-0.33	-0.32
3 months	2.47	2.66	2.69
FYDT	13.73	14.44	16.50
6 months	5.12	5.52	5.64
1 year (pa)	2.55	3.34	4.87
2 years (pa)	16.82	17.78	17.86
3 years (pa)	-0.02	0.92	-0.45
5 years (pa)	3.23	4.13	2.61

Asset allocation (as at 30 April 2011)

Energy	17.3%
Materials	28.5%
Industrials	15.6%
Consumer Discretionary	5.0%
Consumer Staples	2.6%
Health Care	2.5%
Information Technology	1.0%
Telecommunication Services	3.3%
Financials ex Property Trusts	23.7%
Cash & Other	0.5%

Top 10 holdings (as at 30 April 2011)

BHP Billiton Limited	10.2%
Westpac Banking Corporation	8.2%
National Australia Bank Limited	6.0%
Rio Tinto Limited	5.5%
Origin Energy Limited	4.9%
Asciano Limited	4.9%
Commonwealth Bank of Australia Ltd	4.8%
Oil Search Limited	3.6%
Santos Limited	3.5%
Qantas Airways Limited	3.5%

Fees*

Issuer fee**	0.75% pa
Performance fee***	15% of the performance (before fees) above the performance hurdle.
Performance hurdle	Benchmark plus Issuer fee

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

**This is the fee for managing the assets of the Fund and overseeing the operations of the Fund. The issuer fee is paid from the assets of the Fund and is reflected in the unit price of your investment.

***A performance fee is payable to the manager if the Fund exceeds the performance hurdle. The Fund's performance hurdle is the benchmark (S&P/ASX 300 Accumulation Index) plus the issuer fee of 0.75% p.a. The fee is currently equal to 15% of the amount (if any) by which the performance of the Fund exceeds the performance hurdle. The performance fee is calculated each business day based on the investment performance and net asset value of the Fund on that day and, where positive, accrued daily in the Fund's unit price. The fee is payable annually as at 30 June. Any under-performance deficit must be recovered in dollar terms before any performance fee can be accrued in the unit price. Any unrecovered performance deficit is carried forward for up to three consecutive years. Performance fees are payable in relation to the performance of the Fund as a whole during each year, and do not necessarily reflect the performance of any individual unitholder's investment.

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

Market Review

The Australian share market lost ground in April with the S&P ASX 300 Accumulation index losing 0.3% over the month. Mixed metal prices, curtailed production volumes due to the recent floods and concerns of over tightening in China pushed the resources sector lower. Stocks in the consumer sectors also continued to face headwinds with softer sales numbers and higher CPI numbers weighing on the retailers in particular. The enduring strength of the Australian dollar was another factor that affected the market during the period with the local currency rallying through the US$1.09 mark and hence impacted those businesses with exposure to US dollar earnings.

Corporate activity in the Australian market continued over the month with Barrick Gold's bid for Equinox being accepted by the board. Other news included the binding agreement between Sinopec (the China Petroleum and Chemical Corporation) and APLNG the venture (involving Origin Energy) in Gladstone QLD, which is a reflection of the increasing investor interest in LNG projects throughout the world. One deal that didn't get through was the Singapore Stock Exchange's bid for the ASX, which was rejected by the Australian government.

In economic news, the RBA kept rates on hold during the month but short term rates increased with higher than expected CPI numbers increasing the market's expectations of rate rises. On the global front, S&P put US government debt on negative watch and Eurozone sovereign issues continue with Portugal now seeking assistance from the EU. In China, the central bank continued to increase both rates and reserve requirements.

Fund Performance

The portfolio's performance tracked that of the benchmark over the month.

The largest contributor to performance over the period was our overweight position in pharmaceutical company QRxPharma. During the month, the US Patent and Trademark office issued the company a new trademark for its drug MoxDuo IR, which was a significant milestone in the commercial launch of the drug. As a result the stock rallied by over 25% during the month.

Also contributing to performance was our overweight position to Transfield Services, which was up nearly 6% over the period. The company confirmed its earnings guidance even though the flooding and poor weather across Australia has delayed some of their work, particularly in the minerals division. We remain positive about the prospects for the company given the large amount of contracts that the company will be tendering for in forthcoming months.

The largest detractor from performance was the overweight position in Incitec Pivot, which fell by 13% over the month, largely as a result of the stronger Australian dollar and a rotation away from Materials into more defensive stocks.

Also detracting from performance from our overweight position to haulage and ports operator, Asciano, which fell by over 5% over the month. Productivity in all the company's main divisions continue to be hampered by the effects of the floods in Queensland and persistent poor weather conditions mean that coal haulage volumes remain subdued. As such, expectations for earnings to June this year have been further tempered. On a longer time horizon however, Asciano remains a compelling investment opportunity and will be in a prime position to benefit from the substantial expansion of resource volumes, which we believe will see the company to continue to win coal haulage contracts.

Also detracting from performance was our overweight position in Brambles, which fell by nearly 5% over the period. Brambles, which derives the majority of its earnings in USD, was another company that saw its share price suffer because of the strength of the AUD. The company has reinvested in its business and customers and we believe is well set up for a period of superior earnings growth given its strong leverage to an improving operating environment.

Outlook

The Australian Share market faces some short term headwinds. The enduring strength of the Australian dollar, the impending fiscal tightening and the completion of QE2 in the US, higher oil prices and the looming spectre of inflation across the globe have all tempered optimism. Furthermore there is concern that the resource sector is susceptible to a fall due to corrections in commodity prices in what is an uncertain global environment.

However, we remain positive about the amount of opportunities currently available across the spectrum of the market. We may well see a rotation out of resource related companies as risk appetite wanes but this is likely to provide sound buying opportunities at attractive valuation points. This is particularly the case for those companies that are exposed to the significant amount of investment in resource infrastructure projects that is currently taking place in Australia. This is likely to be the source of significant earnings growth over the next couple of years and we believe that this domestic investment will be a key factor in driving the economy forward. There are very positive developments in the LNG industry in particular and Sinopec's recent binding agreement with the APLNG JV is a significant milestone.

The domestic economy does continue to struggle. Credit growth remains lacklustre and consumers remain focussed on saving rather than spending. The prospect of further interest rate risks later this year is unlikely to change that sentiment. We believe the multi-speed economy will continue to weigh on a number of domestic sectors notably steel and residential construction. Where we see some emerging opportunities is in some of the defensive names which have lagged the market for some time and offer attractive valuations.

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For more information

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