

BT Wholesale Core Australian Share Fund

**Fact Sheet
May 2011**

ARSN: 089 935 964



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 May 2011)	\$695 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		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	-1.86	-1.79	-2.02
3 months	-1.30	-1.10	-1.68
FYDT	13.07	13.90	14.15
6 months	4.64	5.06	4.52
1 year (pa)	10.14	11.02	11.13
2 years (pa)	13.86	14.77	15.83
3 years (pa)	-0.56	0.23	-1.69
5 years (pa)	3.70	4.53	3.19

Asset allocation (as at 31 May 2011)

Energy	14.3%
Materials	27.9%
Industrials	13.6%
Consumer Discretionary	6.3%
Consumer Staples	4.9%
Health Care	1.4%
Information Technology	1.0%
Telecommunication Services	3.1%
Utilities	0.6%
Financials ex Property Trusts	23.8%
Property Trusts	0.7%
Cash & Other	2.4%

Top 10 holdings (as at 31 May 2011)

BHP Billiton Limited	11.0%
Westpac Banking Corporation	6.8%
Rio Tinto Limited	5.8%
National Australia Bank Limited	5.7%
Commonwealth Bank of Australia Ltd	5.2%
Origin Energy Limited	4.2%
ANZ Banking Group Limited	3.4%
Asciano Limited	3.3%
Newcrest Mining Limited	3.2%
Telstra Corporation Limited	3.1%

Market Review

The Australian share market moved definitively downwards in May, with the S&P ASX200 down by 2.4% on a price basis. Risk assets sold off markedly across the globe and the drivers were once again largely macro driven. Investors fretted over Eurozone issues and concerns around global growth. More defensive sectors gained favour in a general rotation out of higher beta sectors. Traditional defensives, Telecoms and Consumer staples, produced a positive return and Utilities were flat, while all other sectors were negative for the month on a price return basis. The biggest falls were in the banks while the consumer discretionary sector was also very weak, reflecting continuing negative sentiment about the prospects for the domestic based economy.

Equity markets globally were also weak, with the US S&P500 down by 1.4%, the largest negative month since August 2010. The market was driven down largely by cyclical sectors as the market lost confidence about the strength of the recovery with weaker economic numbers coming through. European and Asian Bourses also fared poorly with all the main exchanges posting negative returns.

The RBA kept interest rates on hold over the month at 4.75%. Comments were hawkish, which suggested more hikes further down the track but not imminently. Data over the month was mixed, with weaker than expected numbers in housing and employment. May also saw the federal budget announced, in which the treasurer projected a slightly higher deficit than expected but held firm the intention to be back in surplus within two years.

Fund Performance

Our overweight position in Brambles was the largest contributor to performance over the month. The company provided a trading update covering the last three quarters that stated that earnings expectations remain broadly unchanged, but that its CHEP business had won back several customers in the US. They also expected the IFCO Systems division result for the fourth quarter to be stronger than expected. Brambles is well positioned for growth in its key global markets and the fact that it is winning market share provides us with more confidence that our investment case is playing out as we anticipated.

Our underweight position in ANZ also contributed to performance. The company reported broadly in line with market expectations over the month but the share price nonetheless suffered in line with the rest of the banking sector. The banks have been able to improve their margins through higher deposit bases but critically credit growth remains weak, which will temper any expectations for any significant growth in the sector. We have recently been slightly underweight the broader banking sector which contributed to performance over the month.

Our underweight position in Iluka was the main detractor from performance with the stock continuing its strong rally. The driver for the continuing strong returns is the upward price momentum in zircon prices which has endured further than we had anticipated. While the fundamentals for zircon have been supportive, we have typically preferred to gain resource exposure through high quality

iron ore, copper and coal producers, where compelling opportunities in selective companies remain.

Our overweight position in Asciano also detracted over the month, with the stock down by 4.2%. The company provided its operating update for the March quarter, which highlighted that the floods had affected volumes in each of its business divisions. The company was also weighed down by the prospect of industrial action at ports in Brisbane, Sydney and Fremantle. However, the strikes were cut short after only one day as the Maritime Union of Australia returned to the negotiating table. Asciano remains one of the highest conviction positions in the portfolio and we believe that the company is trading at a significant valuation discount when you consider the valuation multiples of Asciano's key competitor in the haulage business, QR National, as well as the recent DP Ports transaction which was executed at a significant premium to Asciano's arguably higher quality ports business.

Outlook

On the US front, disappointing first quarter economic data and the end of the second quantitative easing program in the US has created uncertainty about the robustness of the recovery. In Europe, policy makers continue to grapple with working out ways of containing sovereign debt problems and in China the authorities continue to try to tighten the money supply to contain inflation, while also contending with higher food prices.

On the domestic front, the local economy continues to face headwinds with most domestic based companies are citing extremely challenging conditions. The prospect of further interest rates hikes over the next few months has tempered recently but the tone of the central bank nonetheless remains hawkish. While the overall valuation of the Australian share market remains attractive, there is a sense that earnings consensus numbers for 2012 are on the high side and so there is broad expectation of further downward earnings revisions, particularly in domestic cyclical stocks.

While we have positioned our portfolios to reflect these risks, we think that some of the headwinds will be temporary. In particular, the effects of the floods in Queensland have persisted more than first anticipated and have had a short term dampening effect on economic growth, which was reflected in softer March quarter economic data. However, this issue should not disguise the fact that there remains a wall of work in the resource sector which provides investment opportunities across a variety of different businesses in the Australian stock market. Similarly, with regard to the US, we think that the recent weak March quarter data reflects the more temporary effects of higher oil prices and in particular the knock-on effects of the Japanese earthquake, which has reduced activity in the US auto industry. Several members of our team have visited the US recently to meet with companies from a range of industries and our view is that while issues remain in the financial and housing sectors, the corporate sector is in general well financed and more optimistic than the headlines might suggest. Investment from the corporate sector will be important in driving growth and there are some sectors, such as the very large energy industry, where business activity is clearly ramping up.



For more information

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

BT Investment Management (RE) Limited ABN 17 126 390 627, AFSL 316 455, is the responsible entity and issuer of units in the BT Wholesale Core Australian Share Fund. A Product Disclosure Statement (PDS) is available for the Fund and can be obtained by contacting your business development representative on 1800 813 886 or visiting www.btim.com.au. You should obtain and consider the PDS before deciding whether to acquire, continue to hold or dispose of units in the Fund. This information has been prepared without taking account of your objectives, financial situation or needs. Before acting on this information, consider its appropriateness, having regard to your objectives, financial situation and needs. An investment in the Fund is not a deposit with or any other liability of the Westpac Banking Corporation (ABN 33 007 457 141) or any other Company in the Westpac Group of companies.

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.

BT Investment Management (RE) Limited is a member of the Westpac Group. Neither BT Investment Management (RE) Limited, nor any other company in the Westpac Group, guarantees the repayment of capital or the performance of the product or any particular rate of return.

BT® is a registered trade mark of BT Financial Group Pty Ltd and is used under licence.