

BT Wholesale Ethical Share Fund

**Fact Sheet
May 2011**

ARSN: 096 328 219



Social Responsible Investments

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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CERTIFIED BY RIAA

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	-1.92	-1.84	-2.02
3 months	-1.22	-0.98	-1.68
FYDT	12.49	13.48	14.15
6 months	4.96	5.45	4.52
1 year (pa)	9.80	10.85	11.13
2 years (pa)	12.49	13.57	15.83
3 years (pa)	-2.80	-1.87	-1.69
5 years (pa)	3.18	4.14	3.19

Asset allocation (as at 31 May 2011)

Energy	13.9%
Materials	29.0%
Industrials	12.9%
Consumer Discretionary	6.1%
Consumer Staples	0.8%
Health Care	2.2%
Information Technology	1.0%
Telecommunication Services	3.1%
Utilities	1.5%
Financials ex Property Trusts	25.1%
Property Trusts	1.6%
Cash & Other	2.8%

Top 10 holdings (as at 31 May 2011)

BHP Billiton Limited	11.2%
Westpac Banking Corporation	7.4%
Rio Tinto Limited	5.8%
National Australia Bank Limited	5.7%
Commonwealth Bank of Australia Ltd	5.4%
Origin Energy Limited	4.7%
ANZ Banking Group Limited	3.8%
Newcrest Mining Limited	3.6%
Telstra Corporation Limited	3.2%
Asciano Limited	3.1%

Other information

Fund size (as at 31 May 2011)	\$164 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 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 Iluka was the main contributor to 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 are considering the valuation carefully as given strong share price gains the company has enjoyed.

Our overweight position in Brambles was also a large 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.

Also detracting from performance was Woolworth's strong performance relative to the market as the portfolio does not hold the company. The company returned 3.4% over the month, which reflected the rotation into more defensive parts of the market rather than exclusively stock specific news. During the month, the company announced that it had sold eight shopping centres to a

JV between Telstra Super and Charter Hall Retail, which is part of its initiative to sell 900m of property.

Our overweight position in Westpac detracted from performance over the month, with the bank underperforming the market in line with the 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.

Outlook

There is no question that the market has been facing short-term economic headwinds, which has been reflected in recent weaker equities markets across the globe. 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

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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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