

BT Wholesale Property Securities Fund

**Fact Sheet
May 2011**

ARSN: 087 593 584



About the Fund

The BT Wholesale Property Securities Fund invests primarily in Australian listed property-related investments including listed property trusts, developers and infrastructure investments, both directly and indirectly. In addition, up to 15% of the Fund can be invested in international listed property-related investments and around 5% of the Fund will generally be invested in unlisted property investments.

Fund objective

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

Investment style

BTIM's property securities investment style is active, bottom-up and valuation-driven with stock selection driven by absolute valuations.

Investment philosophy

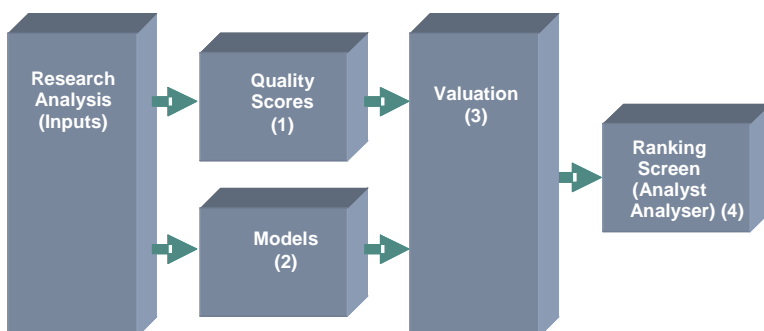
BTIM's investment philosophy is based on the beliefs that:

- market inefficiencies provide opportunities for well researched and disciplined investors to identify and purchase securities that are mispriced compared to what we consider to be their fundamental value;
- quality companies will outperform over time. BTIM's Listed Property Team place a high emphasis on quality scores to identify the best business franchises; and
- active investment management will outperform passive alternatives over a full market cycle

Investment process

The Property Securities investment process starts with comprehensive research utilising a range of proprietary valuation methodology and continues to four steps:

1. Scoring of quality factors
2. Financial modelling
3. Valuation
4. Stock Ranking



Investment team

BTIM's Head of Property Securities, Peter Davidson has over 20 years industry experience and is supported by a team of two portfolio managers/analysts and a specialist LPT dealer. The team also draws on the resources of BTIM's other specialist teams: Macro Strategies, Income Strategies and Equity Strategies.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	-0.02	0.03	-0.02
3 months	-0.93	-0.77	-1.67
FYDT	8.28	8.91	6.68
6 months	6.48	6.81	5.27
1 year (pa)	6.83	7.51	5.60
2 years (pa)	16.80	17.53	16.05
3 years (pa)	-9.36	-8.79	-12.97
5 years (pa)	-5.74	-5.14	-9.10

Other information

Fund size (as at 31 May 2011)	\$116 million
Date of inception	November 1997
Minimum investment	\$50,000
Buy-sell spread	0.50%#
Distribution frequency	Quarterly
Currency management	Foreign currency exposure is hedged
Cash holdings	Up to 20%
Tracking error guideline	2-5%
APIR code	BTA0061AU

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	0.65% pa*
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* You should refer to the latest Product Disclosure Statement for full details of fees and other costs you may be charged.

Market Review

The REIT sector was flat in May (-0.02%) outperforming the equity market (-2.0%). It was another difficult month for equity investors as concerns mounted about: the US (recovery stalling); Europe (Greek debt problems); and China (continued policy tightening).

Newsflow within the AREIT sector was relatively positive with GPT announcing a 5% stock buyback, Mirvac selling out a new residential tower in Chatswood and buyers emerging for the US office assets of Charter Hall Office. All in all, a solid month for the sector. On a rolling 12 month measure, REIT returns (+5.6%) are behind of the broader share market (ASX 300 Accumulation + 11.1%).

In the US, the April ISM (manufacturing) index recorded growth but at a slowing rate. The April non-manufacturing index (services) fell to almost flat. US retail sales rose by 0.5% in April, the smallest increase in 9 months. And housing starts fell to a mere 523k per annum. On a slightly more positive note the April payrolls data came in at relatively strong at 244k, with 268k new private jobs added.

Here in Australia, the Federal Budget projected a high Federal deficit for 2011 (equivalent to 3.6% of GDP). Employment growth was -22k, the third fall in five months. There are increasing concerns about growth being maintained here in Australia, especially in the face of the slowdown elsewhere.

In sector news, the main theme remains market attempts to close the gap between share prices and asset valuation (NTA). Charter Hall Office announced they have 28 interested parties to buy their US office portfolio which underscores how strong asset markets in the US are. We expect ING Office will also sell their US and European portfolios later this year. GPT has announced a 5% stock buyback.

In early June, the Canadian sovereign wealth fund (CPPIB) announced the purchase of 50% stake in the Northlands regional mall in Melbourne on a 6.25% cap rate. We regard this as a healthy sale which underscores asset values in the LPT market.

The best sector returns in May were industrial (+3.5%) followed by retail trusts (1.3%). The wooden spoon went to diversified trusts (-2.5%); with market heavy weight, Stockland, sold off on concerns about its future strategy and a lack of earnings growth in 2012.

Fund Performance

The portfolio was in line with benchmark for the month of May with an overweight in Charter Hall Retail and Goodman performing well. Conversely an underweight position in CFS Retail and Commonwealth Office detracted from performance.

Outlook

At current prices, the sector is trading on a 13.1 x PE, it is delivering a 6% distribution yield and 3% p.a. medium term growth. Earnings and balance sheets are stable. We look to improving direct property and equity markets for the next leg up in the sector.



For more information

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

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