

BT Wholesale Core Australian Share Fund

Fact Sheet
June 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 30 Jun 2011)	\$679 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*
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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.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	-2.08	-2.02	-1.98
3 months	-4.07	-3.88	-4.26
FYDT	10.72	11.61	11.90
6 months	-0.80	-0.41	-1.27
1 year (pa)	10.72	11.61	11.90
2 years (pa)	10.87	11.75	12.47
3 years (pa)	1.05	1.86	0.26
5 years (pa)	3.01	3.83	2.37

Asset allocation (as at 30 June 2011)

Energy	13.6%
Materials	27.4%
Industrials	13.0%
Consumer Discretionary	6.4%
Consumer Staples	5.5%
Health Care	1.3%
Information Technology	1.0%
Telecommunication Services	3.5%
Utilities	1.1%
Financials ex Property Trusts	24.6%
Property Trusts	1.2%
Cash & Other	1.3%

Top 10 holdings (as at 30 June 2011)

BHP Billiton Limited	10.3%
Westpac Banking Corporation	7.3%
National Australia Bank Limited	6.3%
Rio Tinto Limited	6.0%
Commonwealth Bank of Australia Ltd	5.1%
Origin Energy Limited	4.3%
Asciano Limited	3.5%
Telstra Corporation Limited	3.5%
ANZ Banking Group Limited	3.2%
Newcrest Mining Limited	3.0%

Market Review

The Australian Share market finished the month in negative territory with ASX300 Accumulation index down by 2.0% for the month, finishing off the financial year with a very weak quarter of three consecutive negative months. In what was a very similar pattern to the same period last year, equity markets were dominated by global macro themes. In fact, these themes have changed little, namely concerns over the strength of the US recovery, European sovereign debt and monetary tightening in China. This year-end, investors also had the additional headache of the end of quantitative easing, the initiation of which mid last year helped bring global equity markets out of the doldrums. Local economic news did nothing to temper the negative sentiment either with most data pointing towards a slowing economy.

Unsurprisingly, defensive parts of the market held up better during the month with Consumer Staples and Utilities the only sectors to post positive returns, and these were both less than 1%. The worst performing sector was Energy, which was down by 8.4% as oil prices retreated and investors started to focus more on increasing costs in the sector. Materials were also weak, losing 2.4% having clawed some performance back at the end of the month.

The RBA again left interest rates on hold at 4.75%. The prospect of further interest rate cuts has lessened with softer local economic conditions but could easily resurface if the threat of inflation becomes more pressing and growth prospects pick up.

Fund Performance

The fund performance was in line with the benchmark over the month.

Our top overweight position, Asciano, was the leading contributor to performance over the month, with the company returning 3.8%. We consider the company to be trading on very attractive valuation multiples and it remains well set to benefit from structural growth in resource volumes. We are confident that the company can continue to win haulage contracts in its existing and new markets. Over the month, the company won two significant contracts with Anglo American and BHP Mitsui in Queensland at the expense of QR National.

Another strong contributor to performance was our underweight position in Woodside Petroleum, which was done 12.4%. Not only did the stock suffer as a result of the oil price falling but also the company's earnings were downgraded after announcing another delay and capex increase in its Pluto LNG project in the North West Shelf in Western Australia.

The largest detractor from performance was our overweight position in Qantas which was down 12.4% over the period. The company gave profit guidance for 2011 in the \$500m to \$550m range, which was at the lower end of the market consensus. They cited a profit before tax impact of \$206m due to weather related losses incurred by the Japanese earthquake and Tsunami and the Queensland floods and a further \$21m from the volcanic ash cloud in June. They will also receive \$95m in damages from Rolls-Royce relating to the A380 engine issue. During the month Qantas

announced that it was reducing planned domestic capacity growth from 8% to 5.5%, a move that is consistent with other airlines. More positively for the airline domestic yield growth of 9.6% was the strongest month since July 2007.

Also detracting from performance was our underweight position in Commonwealth Bank, which was up by 3.3% over the month. The two more conservative banks, Westpac and Commonwealth Bank outperformed The National Australia Bank and ANZ over the month as investors continued to reduce risk. While the credit growth environment still remains weak, investors are attracted to the relative safety of the banks and the dividends on offer.

Outlook

The most significant driver in the direction of equity markets for some time now has been the handful of major macro issues that have persistently dominated the headlines. From where we are today, it seems unlikely that this will stop any time soon. The European sovereign debt problem lurches from one elastoplast solution to the next, with no proposed more permanent solution palatable to enough of the disparate parties to make it workable. Speculation as to which country the crisis will land in next continues, all the while unsettling markets. Across the Atlantic, where the national debt problem should be more manageable, political agendas are exacerbating the problem. The once implausible notion that US Treasuries could default has now become only an improbable one, as initiatives to increase the US debt ceiling stall in the face of congressional brinkmanship, despite the obvious dismal consequences. Meanwhile, the Chinese continue to grapple with inflationary issues, which given the more downbeat investor mood, is gaining more focus despite this being a protracted issue. With this backdrop, there appears very little on the horizon to get equity investors excited, particularly as there is no current prospect of any further quantitative easing, which boosted equity markets this time last year.

However, as always, there are opportunities. In particular, the market valuation looks attractive. Excluding the range seen during the crisis period, the overall Australian share market prospective price to earnings multiple is at levels not seen since the early 1990s. Of course, there are clearly downgrades coming, particularly in sectors exposed to the domestic economy such as retail and media, which on a prima facie basis look extremely cheap but in our view lack clear catalysts to bring about a share price turnaround. We are focused on finding investment opportunities where we can buy quality businesses with sound growth prospects. Given the broad based falls lately, there are companies that meet these characteristics that are attractively priced.



For more information

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

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