

BT Wholesale Property Securities Fund

Fact Sheet
June 2011

ARSN: 087 593 584



Property Investments

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

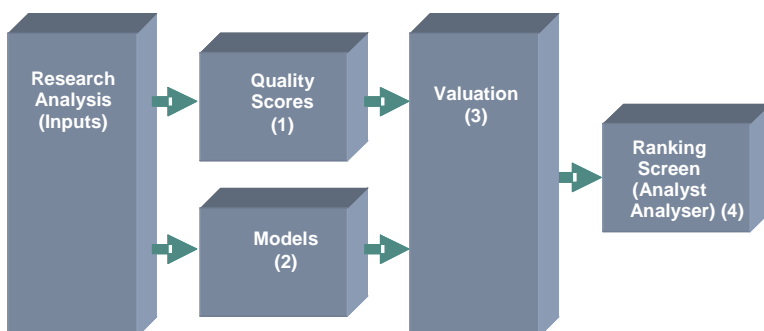
BTIM's investment philosophy is based on the beliefs that:

- 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	-0.91	-0.86	-0.77
3 months	-0.04	0.12	-0.49
FYDT	7.29	7.97	5.87
6 months	4.28	4.60	3.23
1 year (pa)	7.29	7.97	5.87
2 years (pa)	13.18	13.90	12.87
3 years (pa)	-6.18	-5.59	-9.65
5 years (pa)	-6.99	-6.40	-10.32

Other information

Fund size (as at 30 Jun 2011)	\$114 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 down slightly in June (-0.8%) 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 monetary policy tightening).

Newsflow within the AREIT sector was relatively positive with Goodman announcing an asset in Hong Kong that neatly bolsters FY11 income, some solid asset revaluations from Commonwealth Office Fund and continued interest in the assets of Charter Hall Office. All in all, another solid month for the sector. On a rolling 12 month measure, REIT returns (+5.9%) are behind the broader share market (ASX 300 Accumulation + 11.9%).

In the US, economic data pointed to a slowdown. Non farm payrolls barely grew and unemployment hiked to 9.1%. Retail sales fell by 0.2% and consumer confidence fell. In this environment we would expect the solid defensive AREIT sector to outperform equities.

Here in Australia, we printed a weak GDP number for 1Q2011, which reflects the impact of the natural disasters at the start of the year. Retail sales were stronger, up 1.1% in April but credit growth was still weak.

In AREIT sector news, the main theme remains market attempts to close the gap between share prices and asset valuation (NTA). A meeting has been called to change the manager (known as the RE) of the Charter Hall Office Fund in order to facilitate a sell down of their assets. It would seem unlikely that the attempt to change RE would be successful. Nonetheless it is a welcome warning shot for managers with share prices languishing and portfolios replete with undervalued assets. We expect ING Office will also sell their US and European portfolios later this year.

Buying demand by sovereign wealth funds continues unabated. In June, the Canadian sovereign wealth fund (CPIIB) purchased a 50% stake in the Northlands regional mall in Melbourne. Later in the month, the Singapore sovereign fund (GIC) announced a \$4450m JV with Australand to develop industrial property. This strong demand underpins asset values in the AREIT sector.

The best sector returns in June were Office (+2.2%) followed by Diversified Trusts (0.8%). The wooden spoon went to Retail Trusts (-2.2%); with market heavy weight, Westfield, sold off on concerns about the slowing retail environment here in Australia.

Fund performance

The portfolio was behind benchmark for the month of June with an overweight in Centro Retail detracting from performance. ING Office was our largest positive contributor. A change of manager in ING Office should see better newsflow from that stock.

Strategy & outlook

At current prices, the sector is trading on a 13.1 x PE, it is delivering a 6% distribution yield and 3%pa 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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