

BT Wholesale Core Global Share Fund

Fact Sheet
August 2011

ARSN: 089 938 492



About the Fund

The BT Wholesale Core Global Share Fund is an actively managed portfolio of international shares. The shares are managed by Connecticut-based AQR Capital Management, LLC (AQR) with a currency overlay provided by BT Investment Management (BTIM).

AQR are fundamental investors who use quantitative strategies to maintain a highly diversified and risk controlled portfolio that reflects AQR's valuation and momentum philosophy.

Fund objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds MSCI World ex Australia (Standard) Index (Net Dividends) in AUD over the medium to long term. The suggested investment timeframe is five years or more.

Investment style

The investment style is to seek to generate returns by active trading in both stocks and currency.

Investment process

The Fund's investment process separates the stock and currency investment decisions with the majority of the Fund's risk allocation relating to stock selection.

AQR's disciplined approach uses bottom-up fundamental security selection indicators to generate excess returns through under and overweighting stocks and industries relative to the benchmark.

Separate regional stock selection models are utilised to tailor stock and industry selection considerations to the different global equity markets within the benchmark.

AQR employs a quantitative and model driven investment process with teams conducting ongoing research on security selection indicators, portfolio construction, optimisation, trading techniques and technology.

Currency decisions are actively managed by BTIM's Macro Strategies team which seeks to produce risk adjusted returns by actively investing in a portfolio of currency instruments. The process incorporates the rigour and discipline of a quantitative process with fundamental drivers and qualitative analysis. The strategy invests primarily in the global currency forwards market and may also use other currency derivatives to express the portfolio manager's active views.

Investment team

Founded in 1998, AQR Capital Management is an investment management firm employing a disciplined multi-asset, global research process. AQR's diverse client base includes some of the largest institutional investors across the US, Europe and Asia. AQR's team spans a variety of backgrounds including fund management and academic finance. The research of AQR's principals is internationally renowned and has resulted in numerous published papers in a variety of professional journals since 1991.

BTIM's Macro Strategies Team aims to generate alpha and develop global products from a range of top down strategies. The team's analysts and portfolio managers each have more than 10 years experience running investment strategies. Joe Bracken is the Head of the Macro Strategies team and Cameron Fouladi is the Portfolio Manager primarily responsible for BTIM's Currency portfolios.

Performance¹

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	-5.27	-5.19	-4.77
3 months	-11.13	-10.94	-10.73
FYDT	-9.71	-9.56	-8.85
6 months	-13.49	-13.10	-13.83
1 year (pa)	-5.10	-4.20	-5.10
2 years (pa)	-4.11	-3.26	-4.56
3 years (pa)	-6.93	-6.14	-8.44
5 years (pa)	-7.75	-6.95	-6.97

Country Allocation (as at 31 August 2011)

France	4.4%
Germany	4.2%
Italy	1.2%
Spain	1.6%
Sweden	1.4%
Switzerland	4.0%
United Kingdom	10.2%
Hong Kong	1.3%
Japan	9.9%
Canada	5.7%
USA	52.5%
Cash & Other	3.6%

Other information

Fund size (as at 31 Aug 2011)	\$182 million
Date of inception ¹	October 1992
Minimum investment	\$25,000
Buy-sell spread	0.40% [#]
Distribution frequency	Annual
APIR code	RFA0821AU

[#] 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	0.97% 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.

¹ Please note AQR started managing the fund from June 2006. Historical returns prior to June 2006 do not reflect AQR, investment performance.

Market review

In Global Equities, numbers across the board were weak, with the MSCI World ex-Australia Accumulation Index returning 7.0% in AUD terms. Hedged investors fared worse, with the local currency version of the index returning 7.0% as the AUD lost value. The S&P500 Index dropped by 5.7%, the UK's FTSE100 was down 7.2% while the European bourses were hit the hardest with the German DAX index down a huge 19.2%. France was down 11.3% and Italy lost 15.6%.

There were several key themes and events that dominated markets over the period and despite it being the local reporting season, attention was firmly focused on events in the United States and Europe.

Firstly, at the beginning of the period, the ratings agency Standard and Poor's downgraded the US sovereign debt rating from AAA to AA+. While this historically may have been unthinkable, there has been so much focus on the levels of US debt, particularly after all the political wrangling over the US debt ceiling, that the downgrade falls merely in the 'surprising' rather than 'shocking' category. While many people had anticipated this occurring at some point, not many had anticipated it so soon after the politicians finally worked out a deal to extend the debt ceiling. Investors however looked through this news and in fact US treasuries continued to prove themselves as safe-haven assets, rallying off the back of some very weak economic data and a worsening European situation.

It was these two factors, rather than the US debt issue, that persistently dragged stocks lower. There was a shift to the view that the amount of deleveraging that has to occur in the developed world may well prove to be a structural and longer term headwind to growth. This change of view was galvanised as economic data and leading indicators continued to worsen. The previous idea that the headwinds facing the US economy were largely short term appears to be overly optimistic.

In Europe, the attention shifted to Italy and Spain. The European Central Bank stepped in and started aggressively buying Spanish and Italian government bonds, which had the effect of reducing Italian yields by over 1% to around 5%, but there remains a great degree of uncertainty as to how the crisis will be stemmed as ultimately the market knows the Europeans are constrained in what fire power they can bring to the table.

Fund performance

The portfolio underperformed the benchmark for the month driven by negative performance in the UK strategy while the US strategy performed positively for the month and the Continental Europe and Japan strategies were flat for the period.

Underperformance in the UK was due to negative performance in our valuation and industry valuation signals outweighing positive performance in our sustainable growth factor. Outperformance in the US was driven by positive performance in our valuation factor outweighing negative performance in our momentum signal. The flat performance in Continental Europe was due to positive

performance in our valuation and industry momentum signals offset by negative performance in our momentum and earnings quality factors. The flat performance in Japan was driven by positive performance in our momentum and sustainable growth signals offset by negative performance in our valuation and industry valuation factors.

Negative performance in stock selection within the Industrials sector outweighed positive performance in stock selection within the Consumer Staples sector. In terms of sector positioning, we are currently overweight Health Care while being underweight Information Technology.

The BTIM currency overlay slightly detracted from the portfolio in August 2011. During the month we were long the Euro, the Canadian Dollar and the Yen while we were short the Sterling and the US Dollar. The largest detractors to the performance were the short US Dollar and the short Sterling positions.

Strategy & outlook

Tactically, we now are underweight value in Continental Europe, Japan and the US, while overweight value UK.



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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