

BT Wholesale Property Securities Fund

**Fact Sheet
September 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

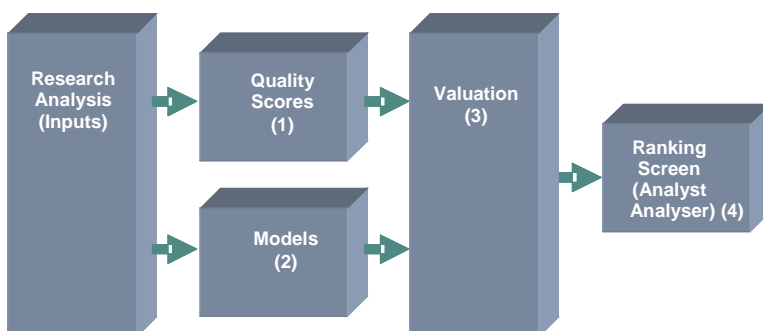
BTIM's investment philosophy is based on the beliefs that:

- 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	-4.52	-4.47	-4.58
3 months	-8.41	-8.26	-8.15
FYDT	-8.41	-8.26	-8.15
6 months	-8.44	-8.15	-8.59
1 year (pa)	-5.27	-4.67	-6.29
2 years (pa)	-5.08	-4.48	-5.41
3 years (pa)	-8.86	-8.28	-11.68
5 years (pa)	-10.31	-9.74	-13.59

Other information

Fund size (as at 30 Sep 2011)	\$107 million
Date of inception	November 1997
Minimum investment	\$25,000
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

September was a turbulent month for equity investors with ongoing signs of stress in the Eurozone. During the month Italian and Spanish yields jumped to unsustainably high levels, despite ECB buying, reflecting a lack of confidence in the countries' fiscal controls and increasing public debt levels. The US Fed announced "Operation Twist", a USD400 billion program aimed at selling short-term securities and reinvesting the proceeds into longer dated securities. The announcement had the desired effect with the US 10-year bond rate hitting a record low during the month, closing at 1.72%.

The AREIT sector while slipping back 4.5% outperformed the broader market which was down 6.1%. In the year-to-date AREITs have outperformed the broader market by 7.4%.

It was a relatively quiet month in the AREIT sector, although the recycling of capital theme in the sector continues. Mirvac sold a 50% interest in its Hoxton Park project to Aviva Investors on a very firm 7.5% cap rate and plans to sell an additional four assets for \$84 million, and Charter Hall Office closed the first of its fourteen US asset sales. On the debt refinancing front Stockland issued a new \$185 million US 10-year private placement at a margin of 247 basis points. Australand negotiated a 4.3 year, \$550 million bank debt facility at a margin of 205 basis points.

Financial markets globally continue to be on edge with a slew of poor economic data coming from the US. Most non-farm payroll numbers were flat for the month of August, but the unemployment rate held steady at 9.1%. US housing starts fell 5% month-on-month to their lowest level in three months, reflecting an annual rate of 571,000.

In Australia employment fell by 9,700 (vs an expected increase of 10,000) lifting the unemployment rate to 5.3%. The NAB Business Confidence Index dropped sharply from +2 in August to -8 in September, however consumer confidence unexpectedly jumped 8.1% month-on-month after four consecutive monthly declines.

Following on from August, the major investment theme continues to be a flight to defensive earnings based trusts and away from any form of risk. The weakest performances were recorded by trusts with high beta, low liquidity or European exposure.

The best sector returns in September were in Ale Property Group (+1.8%), Charter Hall Office (+0.9%), Investa Office Fund (+0.8%) and GPT (+0.6%). All other trusts showed negative returns.

Fund performance

The portfolio outperformed the benchmark for the month of September, driven by overweights in Transurban Group, ING Office Fund and Ale Property Group. Underweights in Westfield Retail and Commonwealth Property Office also assisted performance. Overweight positions in Goodman and Centro Retail Group detracted from performance.

Strategy & outlook

At current prices, the sector is trading on an 11.5x PE, it is delivering a 6.7% distribution yield and 2-3% pa medium term growth. Earnings and balance sheets are stable. We expect improving capital management and strong support for high quality direct property to provide improving returns for 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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