

BT Wholesale Focus Australian Share Fund

Fact Sheet
October 2011

ARSN: 113 232 812



About the Fund

The BT Wholesale Focus Australian Share Fund is a highly concentrated portfolio of 15-30 ASX listed stocks, developed to meet investor demand for a higher alpha, higher tracking error fund.

Fund objective

The Fund aims to provide a return (before fees, costs and taxes), that significantly exceeds the S&P/ASX300 Accumulation Index over the medium to long term. The suggested investment timeframe is five years or more.

Investment approach

BTIM aims to add value primarily through active stock selection. The Fund is managed using the same core investment style as is applied to BTIM's other Australian equity portfolios and utilises the team's proven research and stock selection capabilities.

BTIM's investment process for shares is based on our core investment style and is unrestricted by a growth or value bias.

Fund positioning

The Fund is designed to complement a conventional, core share portfolio by providing satellite exposure to selected Australian equities with the potential for performance enhancement.

Investment team

BTIM's ten-member Equity Strategies team is one of the largest in the Australian fund 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.

Other information

Fund size (as at 31 Oct 2011)	\$150 million
Date of inception	April 2005
Minimum investment	\$25,000
Buy-sell spread	0.50% ¹
Distribution frequency	Semi-annual
APIR code	RFA0059AU

Investment guidelines

Ex-ante tracking error	4.5% - 8.0%
Max absolute stock position	15%
Min/max sector position relative to index	+/- 15%
Min/Max BARRA style factors	+/- 0.5 SD
SIRA style factors	Within 1 SD
Maximum cash level	30%
Shorting	No
Borrowing	No

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

**This is the fee for managing the assets of the Fund and overseeing the operations of the Fund. The issuer fee is paid from the assets of the Fund and is reflected in the unit price of your investment.

***A performance fee is payable to the manager if the Fund exceeds the performance hurdle. The Fund's performance hurdle is the benchmark (S&P/ASX 300 Accumulation Index) plus the issuer fee of 0.75% p.a. The fee is currently equal to 15% of the amount (if any) by which the performance of the Fund exceeds the performance hurdle. The performance fee is calculated each business day based on the investment performance and net asset value of the Fund on that day and, where positive, accrued daily in the Fund's unit price. The fee is payable annually as at 30 June. Any under-performance deficit must be recovered in dollar terms before any performance fee can be accrued in the unit price. Any unrecovered performance deficit is carried forward for up to three consecutive years. Performance fees are payable in relation to the performance of the Fund as a whole during each year, and do not necessarily reflect the performance of any individual unitholder's investment.

¹ The buy-sell spread represents transaction costs incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	8.16	8.23	7.23
3 months	-1.03	-0.84	-1.49
FYDT	-3.75	-3.51	-5.26
6 months	-8.05	-7.70	-9.01
1 year (pa)	-3.34	-2.61	-3.87
2 years (pa)	-0.14	0.67	0.31
3 years (pa)	7.29	8.21	7.06
5 years (pa)	-0.23	0.53	-0.24

Asset allocation (as at 31 October 2011)

Energy	16.5%
Materials	20.8%
Industrials	15.4%
Consumer Discretionary	5.5%
Consumer Staples	2.5%
Health Care	3.3%
Telecommunication Services	3.9%
Financials ex Property Trusts	27.7%
Cash & Other	4.3%

Top 10 holdings (as at 31 October 2011)

National Australia Bank Limited	10.0%
Westpac Banking Corporation	7.9%
BHP Billiton Limited	7.2%
Santos Limited	5.4%
Asciano Limited	5.4%
Origin Energy Limited	5.2%
Rio Tinto Limited	4.9%
Suncorp Group Limited	4.3%
Brambles Limited	4.0%
Telstra Corporation Limited	3.9%

Fees*

Issuer fee**	0.75% pa
Performance fee***	15% of the performance (before fees) above the performance hurdle.
Performance hurdle	Benchmark plus Issuer fee

Market review

After a very weak few months, the Australian share market rebounded very strongly in October as investors started to regain a bit of confidence that the European leaders would find a workable solution to the European sovereign debt issues. As a result, equity markets across the world rallied, with the ASX300 Accumulation Index posting one of its highest months ever with a 7.2% return. This was relatively modest compared to other major markets though, with the US S&P500 up nearly 11%, London's FTSE100 up over 8% and Euro Stoxx 50 up 9.4%.

As has been the theme of late with the European debt issue, markets rally when new initiatives to resolve the problem are proclaimed, only to sell off later when the details are heavily scrutinised and questioned by investors. The high level features of the new plan involved a 50% haircut of Greek sovereign debt and around a 100 billion Euro recapitalisation of the European banking sector.

On the domestic front, October saw the onset of the banks' reporting season with the big four banks just about meeting the market's expectations, albeit at the lower end. In terms of what parts of the market drove returns, the banks were very strong in the run up to their reporting season and Materials and Energy were also strong.

On the economic front, CPI numbers for the third quarter were softer than expected, consolidating the expectation of a rate cut in the November meeting of the RBA's monetary policy committee, which duly eventuated.

Fund performance

The fund outperformed its benchmark over the month and remains ahead of benchmark over all major time periods, with returns driven predominantly by positive stock selection.

The largest contributor to performance was our underweight position in Woolworths, which lost 4.2% over the month. While the more defensive parts of the market were relatively weak in October, Woolworths reported first quarter sales growth of 4.9% but sales growth in food and liquor of 1.9% disappointed the market given that food inflation sits at 2.2%. As the major incumbent in the industry, Woolworths will continue to face challenges in meaningfully growing their earnings and tougher competition from Coles.

Also contributing to performance was our overweight position in National Australia Bank, which rallied into the bank reporting season along with all the other stocks in the sector. However, NAB was the clear outperformer. The company reported 19% cash earnings growth from last year, driven by strong growth in Business and Personal Banking, with the company growing its market share while still maintaining margins. We still prefer National Australia Bank to the other main three based on valuation, and on the fact that it may have fewer cost issues to deal with, a position which has worked in our favour over the period.

The largest detractor from performance was our overweight position in healthcare company ResMed, which was down 7.8%

after a quarterly result that disappointed investors. The source of the disappointment was that ResMed have held firm with customers on pricing of their non-premium Obstructive Sleep Apnea (OSA) product range, which has impacted earnings for the quarter with some customers delaying their orders. The company has stated that much of this will be down to timing and lost revenue should come through in the next quarter. The industry dynamics remain very positive for ResMed, with industry growth set to continue at 6-8% and they remain the market leader in sleep-disorder apparatus and well positioned for further growth.

Also detracting from performance was our underweight position to ANZ, which rallied by 11% in line with the broader banking sector. While ANZ was a large detractor, this was more than offset by our overweight position in National Australia Bank. Overall stock selection in the banking sector was a positive for the portfolio, although our slight underweight to the overall sector was a headwind. We remain comfortable with an underweight position in the banks, still preferring National Australia Bank to the other main three based on valuation and on the fact that it may have fewer cost issues.

Strategy & outlook

In our view, the recent initiatives put forward to manage the European debt situation do not go far enough in resolving the problem as neither the 50% haircut on Greek debt nor the proposed recapitalisation amounts look big enough to really deal with the issue. Significant uncertainty also remains around the potential funding of the European Financial Stability Fund (EFSF) and the role that the IMF will play in resolving the issues. We anticipate that this issue will continue to dominate market sentiment with no definitive resolution implemented in the short-term. In the meantime, we anticipate the market behaving as it has done over the last few months – rallying when European leaders respond to market selling and galvanise themselves into action, and selling off when it comes to working out the details.

With regard to the slow down in China, which has been an additional concern for investors of late; we remain positive on a medium-term view but cautious in the shorter-term, particularly around the iron ore price. There is no question that economic conditions have softened measurably in recent months and growth rates in the all important construction sector will be close to 0%, even with the impact of the social housing program. At \$120 per tonne for iron ore (coming off recent levels of \$170 per tonne), production does start to become uneconomic for some producers, which will ultimately redress the demand/supply balance but this takes time to come through.

Our portfolio remains positioned to take advantage of a variety of drivers. We continue to seek out companies that have clear stock specific factors, which will enable them to drive stronger earnings growth in the medium-term, despite a softer cycle. More attractive valuations in some pockets of the market have also led us to specific opportunities where we believe management can drive changes that will realise significant value for shareholders.



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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