

BT Wholesale Core Australian Share Fund

Fact Sheet
November 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 Nov 2011)	\$657 million
Date of inception	September 1992
Minimum investment	\$25,000
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	-2.92	-2.86	-3.44
3 months	-1.85	-1.65	-2.95
FYDT	-7.14	-6.83	-8.52
6 months	-9.07	-8.70	-10.33
1 year (pa)	-4.84	-4.09	-6.27
2 years (pa)	-2.46	-1.68	-2.31
3 years (pa)	8.15	9.01	8.14
5 years (pa)	-0.21	0.59	-1.40

Asset allocation (as at 30 November 2011)

Energy	12.7%
Materials	22.5%
Industrials	13.9%
Consumer Discretionary	8.3%
Consumer Staples	5.3%
Health Care	3.0%
Information Technology	1.0%
Telecommunication Services	2.9%
Financials ex Property Trusts	26.3%
Property Trusts	2.1%
Cash & Other	2.0%

Top 10 holdings (as at 30 November 2011)

BHP Billiton Limited	8.2%
National Australia Bank Limited	7.4%
Westpac Banking Corporation	6.7%
Commonwealth Bank of Australia Ltd	4.7%
Rio Tinto Limited	4.5%
Origin Energy Limited	4.0%
Santos Limited	3.9%
Brambles Limited	3.6%
Asciano Limited	3.5%
Suncorp Group Limited	3.2%

Market review

After a strong relief rally in October, equity markets re-entered negative territory in November as the European sovereign situation once again spooked investors. The ASX300 Accumulation Index gave away around half its gains from the prior month, down by 3.4%. The result could have been worse if it were not for a last day rally brought about by the move by six central banks to lower the cost of USD funding.

The two major sectors in the Australian market, Banks and Resources, both lagged the market. Resources remained under pressure given the general 'risk-off' environment but also due to enduring concerns around Chinese growth. The big four banks announced their annual results which were broadly in line with expectations. The major themes were consistent amongst the big four, with all citing difficult funding markets and their cost cutting initiatives. Unsurprisingly, defensive sectors such as Healthcare and Telecoms performed better, with Australian Real Estate Investment Trusts (AREITs) regaining some ground and posting the strongest sector return over the month.

In Europe, market confidence remained fragile amid ongoing and largely circular discussions between the EU, IMF and Eurozone governments. Such is the extent of the crisis we saw the prime ministers of both Greece and Italy step down and replaced with technocratic leaders, yet this did little to stop the continued yield spike; Italian bond yields hit over 7% for the first time.

In Australia, the RBA cut interest rates from 4.75% to 4.50% due to the continuing global uncertainty. The Australian dollar was weaker versus the greenback, due to the rate cut, weaker commodity prices and negative sentiment in general.

Fund performance

The portfolio outperformed its benchmark in November.

The largest contributor to the portfolio's positive excess return during the month was our overweight position in Brambles which returned 6.6% for the Fund during the period. Prior to the company reporting, some investors had been concerned it would not meet its forecasts because of its exposure to slowing European markets. However Brambles reported solid revenue growth across all its key divisions and reiterated guidance. We remain happy with our overweight position given its positive organic growth profile and resilient earnings.

Also contributing to outperformance was our underweight position in Woodside. The company's production forecast for next year disappointed investors resulting in a fall in the share price. Over the period, the price was down -10.3%. On its LNG project, the company maintained its target for Pluto and stated that it would update the market on how dialogue with LNG buyers from its Browse project progresses. While we believe the prospects for LNG producers are extremely positive, we currently prefer exposure via Origin Energy and Santos.

Detracting from performance was our underweight position in Woolworths which, given its more defensive characteristics, was a

strong performer relative to the broader market, returning 3.4%. The share price rallied after an investor strategy day early in the month where the company outlined its four strategic objectives, which while sounding sensible did not provide any detail for us to change our overall view on the company. While the company is performing quite well operationally, prospects remain challenging with fewer incremental opportunities for growth. Given the current valuation levels, we find it hard to make a solid investment case for Woolworths despite its strong franchise and appealing characteristics in a difficult market.

Also detracting from performance over the month was our overweight position in Rio Tinto, which was down by 9% over the month. The Resources sector has continued to face headwinds in the form of softening raw material demand from China amid a more general slowdown and the nervous investor sentiment due to the escalating debt crisis in Europe. Overall, we have maintained an underweight position in metals which has worked well for the portfolio but we have nonetheless maintained an overweight exposure to Rio Tinto. While we believe the medium- to long-term story for Resources is very positive, we remain quite cautious in the short term.

Strategy & outlook

It feels increasingly like we are lurching towards some kind of resolution to the European issue, although we are by no means out of the woods. The two major risks precipitating such nervousness in equity markets, namely a bank failure or a major sovereign bond auction falling over, now look less likely. We believe this alone may provide something of a more sustainable rally in equity markets but it is hard to gauge its length and strength, particularly as any resolution will no doubt meet significant hurdles in implementation given the disparate political motivations within each of the 27 members of the EU. With this in mind, it is hard to see investors' confidence being fully restored in the short term, particularly as the growth outlook remains very weak. That said, there has been a lot of risk already priced into markets and from that point of view, we are comfortable with our portfolio's positioning.

Currently, companies with strong balance sheets, sustainable cash flow and resilient earnings make up the core of the portfolio and we are also positioned in a number of companies with significant stock specific drivers that will enable solid medium-term earnings growth, even though the overall global environment remains on shaky ground. As mentioned above, we remain cautious on metals at this stage but believe that the Chinese authorities have taken steps to specifically address the overheating property market and will try to ensure the rest of the economy continues to grow at a healthy rate. While underweight metals, we remain very positive around the resource monetisation opportunity in LNG, particularly with all the work being done in Gladstone QLD. Finally, there are some stocks in the market which appear significantly undervalued, where management are being driven to realise value for investors. These are looking a lot more attractive for patient investors.



For more information

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

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