

# BT Wholesale Core Global Share Fund

Fact Sheet  
November 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.

## Performance<sup>1</sup>

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	1.15	1.23	0.93
3 months	3.57	3.81	2.75
FYDT	-6.49	-6.11	-6.34
6 months	-7.96	-7.54	-8.28
1 year (pa)	-4.31	-3.41	-5.23
2 years (pa)	-0.93	-0.04	-2.08
3 years (pa)	-1.79	-0.93	-3.86
5 years (pa)	-7.68	-6.88	-7.17

## Country Allocation (as at 30 November 2011)

France	4.5%
Germany	4.0%
Ireland	3.6%
Netherlands	1.1%
Sweden	1.4%
Switzerland	1.3%
United Kingdom	10.3%
Hong Kong	1.2%
Japan	9.3%
Canada	5.4%
USA	54.5%
Cash & Other	3.2%

## Other information

Fund size (as at 30 Nov 2011)	\$188 million
Date of inception <sup>1</sup>	October 1992
Minimum investment	\$25,000
Buy-sell spread	0.10% <sup>#</sup>
Distribution frequency	Annual
APIR code	RFA0821AU

<sup>#</sup> 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.

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

## Market review

November saw international shares reverse most of their October gains, with the MSCI World Index down by 2.7%.

The key factors behind the decline were the continuing economic situations in the US and Eurozone.

In the US, despite better than expected earnings and economic data, markets reacted negatively to the failure of the US congressional 'super committee' (the Joint Select Committee on Deficit Reduction) to reach a deal by the November 23 deadline.

Across the Atlantic the debt crisis in the Eurozone continued to intensify. Optimism created by the new solutions was soon shattered by the worsening economic reality, with GDP forecasts for 2012 and 2013 being lowered for Europe. 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; with market confidence remaining fragile amid ongoing and largely circular discussions between the EU, IMF and governments, Italian bond yields hit over 7% for the first time.

The recent downgrades in the credit ratings of Belgium and Portugal, combined with disappointing debt auctions in Spain and Italy, are just the most recent events that indicate how precarious the situation in the Eurozone remains. A more shocking event was the failed auction of 10-year bonds by Germany, which was unable to place 40% of the issue.

## Fund performance

The Fund outperformed the benchmark for the month. The positive performance was mainly attributable to active stock selection positioning within continental European and US markets. Thematically, outperformance in Continental Europe was due to positive performance in our momentum and investor sentiment signals outweighing negative performance to fundamental, relative value stock selection considerations. Similarly, outperformance in the US was driven by positive performance in our management signaling and other quality considerations, while fundamental, relative value measures were weak. Active stock selection was most productive in the Health Care sector, led by an overweight to Omnicare, a US-based provider of pharmaceutical care to the elderly. Other meaningful stock level contributors were the underweight to Bank of America and overweight to Protective Life Corp, a US-based insurance company. Most notable detractors were: an overweight to Career Education, an overweight to Valeo, a France-based automotive parts supplier, and an overweight to CF Holdings, a US-based fertilizer manufacturer and distributor.

The BTIM currency overlay slightly detracted value over the month.

## Strategy & outlook

In terms of current positioning at a stock level, the portfolio remains more defensively positioned than it would be, on average, over a market cycle. Particularly in continental Europe where we are mildly tilted towards higher quality companies and away from their cheaper industry peers. Conversely, in the US and UK markets, the stock portfolios maintain a tilt towards cheaper companies where the valuation spreads look attractive. At a sector level, the portfolio is most overweight Health Care and maintains its underweights to Information Technology and Utilities.



## For more information

Please call 1800 813 886, contact your business development representative or visit [www.btim.com.au](http://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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