

BT Wholesale Ethical Share Fund

Fact Sheet
November 2011

ARSN: 096 328 219



Social Responsible Investments

About the Fund

The BT Wholesale Ethical Share Fund is an actively managed portfolio of Australian shares which seeks to ensure that funds are invested in an ethical or socially responsible manner. Investors are becoming increasingly aware of the link between a company's sustainability focus and its long term success and profitability. As a result, ethical fund investing combines the best of both worlds – the potential to achieve strong performance over the long term while contributing to a sustainable environment.

Fund objective

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

Investment approach

The Fund will not invest in companies which:

- directly mine uranium for the purpose of weapons manufacture
- produce alcohol or tobacco
- manufacture or provide gaming facilities
- manufacture weapons and armaments
- have been subject to environmental and/or human rights prosecutions

Investment process

The Fund uses the same investment process as BTIM's flagship Australian equities products with the addition of sustainability screens.

1. The negative screen effectively determines the investment universe of the BT Wholesale Ethical Share Fund
2. The positive screen identifies companies for active consideration, given their focus on the production of sustainable goods and services. The ethical screen is provided by Regnan Governance Research and Engagement, a leading independent research organisation. Examples of positively screened companies include those that derive greater than 20% of their revenue from sustainable technologies, products and services.

Investment team

BTIM's ten-member Equity Strategies team is one of the largest in the Australian funds management industry. The portfolio managers for the Fund are Crispin Murray and Rajinder Singh, who have a combined 28 years 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%
Number of stocks	50-90

Fees

Management fee	0.95% pa*
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CERTIFIED BY RIAA

BT Investment Management (RE) Limited ABN 17 126 390 627, AFSL 316 455, has been certified by RIAA according to the strict disclosure practices required under the Responsible Investment Certification Program. The Certification Symbol signifies that an investment product or service takes environmental, social, ethical or governance considerations into account along with financial returns. See www.responsibleinvestment.org for details.

* 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	-3.04	-2.97	-3.44
3 months	-2.23	-2.00	-2.95
FYDT	-8.01	-7.64	-8.52
6 months	-9.75	-9.32	-10.33
1 year (pa)	-5.27	-4.37	-6.27
2 years (pa)	-3.43	-2.51	-2.31
3 years (pa)	5.87	6.88	8.14
5 years (pa)	-1.58	-0.66	-1.40

Asset allocation (as at 30 November 2011)

Energy	12.8%
Materials	21.9%
Industrials	12.6%
Consumer Discretionary	5.9%
Consumer Staples	0.6%
Health Care	4.2%
Information Technology	1.0%
Telecommunication Services	3.4%
Utilities	0.5%
Financials ex Property Trusts	27.8%
Property Trusts	2.3%
Cash & Other	6.9%

Top 10 holdings (as at 30 November 2011)

BHP Billiton Limited	8.7%
National Australia Bank Limited	8.1%
Westpac Banking Corporation	7.3%
Commonwealth Bank of Australia Ltd	5.3%
Rio Tinto Limited	4.9%
Origin Energy Limited	4.7%
Santos Limited	4.2%
Brambles Limited	3.9%
Telstra Corporation Limited	3.6%
Suncorp Group Limited	3.4%

Other information

Fund size (as at 30 Nov 2011)	\$146 million
Date of inception	May 2001
Minimum investment	\$25,000
Buy-sell spread	0.50% [#]
Distribution frequency	Quarterly
APIR code	RFA0025AU

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

Market Review

After a strong relief rally in October, equity markets were once again in 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 themes were consistent amongst the big four with all citing difficult funding markets and the cost cutting initiatives. Unsurprisingly, defensive sectors such as Healthcare and Telecoms performed better, with AREITs regaining some ground and posting the strongest sector return over the month.

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

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 funds positive excess return during the month was our overweight position in Brambles which returned 6.8% for the fund during the period. Prior to the company reporting, some investors had been concerned that the company would not meet its numbers because of its exposure to slowing European markets. However the company 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 overweight position in Santos, with the share price holding up quite well in a tough market for most of the other energy stocks. The share price was up 0.9%. The company reiterated production guidance for 2011 and provided the market with guidance for 2012. The company also held an investor tour of its Gladstone LNG project, which was well received.

Detracting 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.

Outlook

It feels more and more like we are lurching towards some kind of resolution to the European issue. The two major risks that have precipitated 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 twenty-seven members of the EU. With this in mind, it is hard to see investors' confidence 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 intentional steps to specifically address the overheating property market and will try to ensure that the rest of the economy continues to grow at a healthy rate. While underweight metals, we remain very positive around the resource monetization 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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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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