

BT Wholesale Focus Australian Share Fund

Fact Sheet
November 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 30 Nov 2011)	\$145 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	-3.00	-2.94	-3.44
3 months	-1.23	-1.04	-2.95
FYDT	-6.64	-6.35	-8.52
6 months	-9.26	-8.92	-10.33
1 year (pa)	-5.44	-4.73	-6.27
2 years (pa)	-2.17	-1.34	-2.31
3 years (pa)	9.20	10.19	8.14
5 years (pa)	-1.22	-0.43	-1.40

Asset allocation (as at 30 November 2011)

Energy	15.5%
Materials	19.7%
Industrials	15.9%
Consumer Discretionary	6.6%
Consumer Staples	2.7%
Health Care	3.2%
Telecommunication Services	3.0%
Financials ex Property Trusts	27.8%
Cash & Other	5.7%

Top 10 holdings (as at 30 November 2011)

National Australia Bank Limited	9.4%
Westpac Banking Corporation	7.2%
BHP Billiton Limited	6.5%
Asciano Limited	5.7%
Origin Energy Limited	5.5%
Santos Limited	5.3%
Rio Tinto Limited	4.9%
Brambles Limited	4.8%
Suncorp Group Limited	4.7%
Qantas Airways Limited	3.5%

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 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 pressured 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 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 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 Gloucester Coal, which returned 12.3% over the month. Many stocks in the coal sector were under pressure during November due to falling coal prices and reports of declining demand from China. Gloucester Coal, however, bucked this trend with the chairman of the company announcing at the AGM that the company aimed to double production over the next four years.

Detracting performance was our underweight position in Woolworths, which given its more defensive characteristics was a strong performer relative to the broader market. 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.

Our underweight position in CSL detracted value over the month with the share price rallying by 8.1%. With its offshore earnings buoyed by a weaker Australian dollar, the share price also outperformed due to investors preferring 'safe-haven' sectors such as healthcare.

Strategy & outlook

It feels more and more 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 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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