

BT Wholesale Ethical Share Fund

Fact Sheet
December 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, costs and taxes) 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.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	-1.93	-1.85	-1.44
3 months	2.26	2.50	2.05
FYDT	-9.78	-9.35	-9.83
6 months	-9.78	-9.35	-9.83
1 year (pa)	-10.25	-9.39	-10.98
2 years (pa)	-6.34	-5.44	-4.76
3 years (pa)	5.14	6.14	7.67
5 years (pa)	-2.72	-1.80	-2.39

Asset allocation (as at 31 December 2011)

Energy	12.5%
Materials	21.9%
Industrials	12.1%
Consumer Discretionary	5.5%
Consumer Staples	0.6%
Health Care	4.4%
Information Technology	1.0%
Telecommunication Services	3.4%
Utilities	0.5%
Financials ex Property Trusts	29.1%
Property Trusts	2.3%
Cash & Other	6.7%

Top 10 holdings (as at 31 December 2011)

BHP Billiton Limited	8.8%
National Australia Bank Limited	8.6%
Westpac Banking Corporation	7.2%
Commonwealth Bank of Australia Ltd	5.4%
Rio Tinto Limited	4.8%
Origin Energy Limited	4.4%
Santos Limited	4.4%
Brambles Limited	4.1%
Suncorp Group Limited	3.9%
Telstra Corporation Limited	3.5%

Other information

Fund size (as at 31 Dec 2011)	\$141 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.

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

Market review

The Australian share market finished a difficult 2011 in negative territory once again, with the ASX 300 Accumulation index retreating 1.4%. The market recorded eight negative months in 2011, which with the exception of the month of October, were consecutively negative.

As had been the case for most of the year, the main influence on market sentiment in December was the ongoing European sovereign debt crisis. During the month, an EU summit agreed measures to augment fiscal consolidation for member states via further government borrowing controls and initiatives were put in place to provide further capital support via the IMF. This tempered the negative sentiment to a degree with peripheral bond yields coming down over the month. However, the outlook remains tepid and uncertainty high, with few initiatives for growth and continued need for austerity dampening prospects.

On the domestic front, the consumer sector also contributed to the downbeat mood with Billabong announcing a significant profit warning and JB Hi-Fi also tempering earnings expectations.

The month however did see some corporate activity with Aston Resources and Whitehaven Coal announcing an intention to merge and Chinese miner Yanzhou Coal Mining of China made an offer for Gloucester Coal.

The RBA continued cut rates for the second month in a row in December, cutting the base rate to 4.25%.

Fund performance

The largest contributor to performance during the month was the underweight position to Woodside Petroleum, which was down by 6.7% over the month. Energy was the weakest sector during the month with the ASX200 Energy price index down by 5% with most oil stocks driven lower by the weaker oil price. During the month, the company stated that it was seeking to amend the retention leases on its Browse JV. The current retention leases state that the lessees should be in a position to make a final investment decision by the middle of 2012, whereas Woodside believe that this will need to be extended to the middle of 2013.

Another outperformer this month was our overweight position in Brambles, which outperformed the market by returning 1.4%. There was no significant news flow for the company.

Detracting from performance was our overweight position in JB Hi-Fi. The company was down significantly during the month, falling 27%, as the company announced that it expects first half EBIT to be around 5% lower than for the same period last year. The company stated that like for like sales for the five months to the end of November fell by around 2% and that heavy discounting had reduced gross margins by 27 bps.

Also detracting from performance was our overweight position in Santos, which like Woodside, was softer largely due to the weaker oil price. The share price was down 6.4% over the period. During the month the company announced an increase in the capital cost of its PNG LNG cost due to the stronger AUD. The company also

announced that the first gas has been delivered from its Reindeer/Devil Creek project.

Outlook

It is customary at this time of year to reflect on the previous twelve months and to gaze into the crystal ball to deduce what might happen over the next twelve. From this standpoint, many of the key drivers that made 2011 such a difficult year look set to continue into 2012. Last year was a year when global macro issues were by far the biggest influence on the local share market's performance and it is hard to see this changing in the short term.

As we have been saying throughout the European sovereign crisis, there is no silver bullet and it seems that we will continue to see recent initiatives to bring about more fiscal integration muddle through the various EU members' legislatures over the course of the next few months. Moreover, the institutions with the mandate to do so will continue to add liquidity into markets and, if the last six months are anything to go by, this will happen most at the highest point of nervousness. The 'risk-on, risk-off' pattern looks set to continue as long as this issue remains front and centre of investors' minds. While the specifics of a Euro summit deadline, the prospects of a bond auction or the latest raft of data will influence the shorter term flux, the key fundamental issue of there being too much debt looks set to remain for the foreseeable, with plans for growth not even on the agenda. Austerity measures brought in to pay down this debt will continue to temper meaningful growth in the European region, which is a fact that investors have painfully had to get used to. In the US, recent data has been more encouraging than expected, but in our view a sustained recovery has to come from more significant investment from the corporate sector, which remains in good financial shape. If we're looking for catalysts to improve sentiment over the coming months, signs of stronger investment from this sector would be a clear one.

Closer to home, the much discussed slowdown in the Chinese economy has put further pressure on the Australian market and in particular the resources sector. Our view is that the Chinese economy may well continue to slow in the shorter term as authorities continue to try to get a grip on the overheating property market but we do not think that a 'hard landing' is a likely outcome. Rather, we think that the authorities will take measures to stimulate growth and given the tightening measures that was implemented last year, they have some considerable levers at their disposal. Finally, the end of the year saw further woes in the retail sector. We will be watching the all important Christmas and new year period with interest, not only to assess specific earnings prospects for these companies but also as a key barometer for general consumer sentiment.

The environment remains difficult. However, it also provides opportunities for investors to identify value in companies where negative sentiment has driven share prices well below what their fundamentals indicate they are worth.



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 Financial Services Council (FSC) 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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