

BT Core Australian Share PST

Fact Sheet June 2009

ABN: 71 753 267 021
FRN: R1003871



About the Fund

The BT Core Australian Share PST is an actively managed portfolio of Australian leading and smaller companies 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 over the medium to long term. 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 team is focused on generating independent and unique investment ideas, so as to exploit opportunities not yet considered by the market.

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 nine-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 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%

Other information

Fund size (as at 30 Jun 2009)	\$4 million
Date of inception	August 1996
Minimum investment	\$50,000
Minimum balance	\$50,000
Buy-sell spread	0.50%
APIR code	RFA0017AU

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)	
3 months	9.53	10.57	11.49
FYDT	-16.10	-14.59	-20.34
6 months	9.45	10.59	9.43
1 year (pa)	-16.10	-14.59	-20.34
2 years (pa)	-12.73	-10.98	-17.07
3 years (pa)	-1.14	0.00	-3.86
5 years (pa)	10.05	N/A	6.79

Total Returns are post fee - post tax and pre fee - pre tax.

Asset allocation

Energy	11.7%
Materials	23.5%
Industrials	4.7%
Consumer Discretionary	5.3%
Consumer Staples	9.4%
Health Care	5.1%
Information Technology	0.4%
Telecommunication Services	4.8%
Utilities	0.2%
Financials ex Property Trusts	28.3%
Property Trusts	4.0%
Cash & Other	2.6%

Top 10 holdings

BHP Billiton Limited	10.1%
Westpac Banking Corporation	6.4%
Rio Tinto Limited	5.0%
QBE Insurance Group Limited	4.9%
ANZ Banking Group Limited	4.8%
Telstra Corporation Limited	4.7%
National Australia Bank Limited	4.4%
Commonwealth Bank of Australia Ltd	4.0%
Origin Energy Limited	3.8%
Metcash Trading Limited	3.1%

Market Overview

The Australian sharemarket gained 11.5% in the June quarter breaking a run of six straight quarterly declines and registering +9.4% for the year to date.

While negative economic news continued, markets focused on those indicators which suggested that the rate of contraction in the global economy is decelerating. Adding to investor confidence were signs that China's recovery would be sustainable including the release of further strong economic data in that country.

In Australia, the Government's fiscal stimulus contributed to increased domestic demand with retailers a major beneficiary of the spending package. Companies continued to take the opportunity to fix their balance sheets through capital raising and the good news became self-fulfilling, building further momentum into the market.

More cyclical sectors generally outperformed with Consumer Discretionary (+17.4%) the standout performer as investors returned to stocks with higher-risk earnings. Banks (+8.4%) lagged slightly on weak results announcements and equity issuance but staged a recovery towards the end of the quarter.

Capital raising activity continued to be a theme in the June quarter as companies sought to strengthen balance sheets. Among the large issuers were ANZ, Rio Tinto, Bluescope Steel, Macquarie Group and Asciano.

In economic news, the Australian economy narrowly avoided a technical recession with a rise in first quarter GDP of 0.4%, the Reserve Bank cut its cash rate by 0.25% to 3%, the \$A rebounded strongly, posting a gain of 16.6% against the USD to end June at USD\$0.81 and ten-year bond yields gained 110 basis points over the quarter.

Fund Performance

The portfolio underperformed its benchmark over the June quarter though achieved strong positive returns in absolute terms.

The portfolio's underweight position in Macquarie Group, a highly leveraged beta stock was one of the main detractors. Our overweight in Origin was another detractor; the market views the lack of news flow around the Gladstone LNG project as a negative, however we believe this is simply timeline related and that the project remains on track.

The main contributor to performance over the quarter was our overweight holding in Orica.

Orica has benefited from the markets renewed optimism in the commodity markets as it remains leveraged to mining volumes through its global explosives business.

Another of our cyclical stocks that delivered for us over the quarter was Worley Parsons. The company is a provider of engineering services in the oil and gas industry and benefited from a stronger oil price and hence increased optimism about further expenditure in this industry.

Our underweight in Newcrest was another key contributor as the stock declined on gold's underperformance with the market's increased confidence in the economy.

Strategy & Outlook

The key investment market themes that we have been discussing for the last two months, continued into June. Globally, the markets have been characterised by significant liquidity boosts from governments and progressively better economic data from some of the developed economies, most notably the USA and Europe.

Manufacturing activity in the USA and Germany have begun to show signs of life and are back to levels last seen prior to the commencement of the financial crisis.

Domestically, both consumer sentiment and business confidence surveys have rebounded quite strongly, both of which are generally good lead indicators of actual activity.

The equity market has been responding to these developments with the market anticipating a sustained recovery in the more cyclical sectors of the economy. This has enabled the equity market to continue to rise during the month of June.

We continue to remain cautious on the outlook for both the global and domestic economies in the near term. The scope and the scale of the stimulatory packages have certainly led to better demand environments but, we remain uncertain as to the sustainability of this demand.

June 30 sees companies ruling off their financial statements for their full year or half year ends and the results will be very important in determining the direction of the equities market. We're anticipating some very poor results from companies and think that management will be very reluctant to commit to earnings forecasts for the next 12 months given such an uncertain outlook.

With this backdrop we continue to run the portfolios configured to companies that we see as representing good value with defensive earnings such as Metcash and Origin Energy. On the cyclical side of the ledger we continue to maintain positions in stocks that have solid balance sheets and earning profiles that we feel will offer some protection in the event that demand conditions soften into the latter half of the calendar year. Stocks such as Orica and the recently recapitalised Oz Minerals are examples of these companies.



For more information

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

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