

BT Wholesale American Share Fund

**Fact Sheet
June 2009**

ARSN: 089 938 492



About the Fund

The BT Wholesale American Share Fund is an actively managed portfolio of securities, primarily North American shares.

The management of BTIM's regional international share assets is outsourced to Boston-based MFS International (U.K) Limited (MFS). A member of the firm's group established the first mutual fund, Massachusetts Investors Trust, in 1924.

Fund objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the S&P500 Total Return Index, unhedged (with net dividends invested) in AUD over the medium to long term. The suggested investment timeframe is five years or more.

Investment philosophy

MFS believes that bottom-up, fundamental analysis offers the best opportunity to identify high quality companies with above average, sustainable earnings growth. Further, MFS believes that focusing on stock selection, rather than sector selection, is a compelling way to add value versus the S&P 500 over time.

Investment process

Each analyst is responsible for following companies within their specific industry coverage. The analysts develop and maintain their own models, visit with company management, and interview competitors, suppliers and customers in order to form an opinion on each company.



The portfolio is managed in sector neutral style vs. the S&P500 according to eight broad sectors as defined by MFS: Capital Goods, Consumer Cyclical, Consumer Staples, Energy, Financial Services, Health Care, Technology and Telecom. Each sector has an allocation within the MFS Research Portfolio which matches its proportionate weight in the S&P 500. The Quantitative Analysts will run screens to exclude companies that are deemed to be illiquid.

The portfolio will typically hold 80-110 stocks.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	-0.21	0.04	-0.37
FYDT	-10.67	-9.77	-12.41
6 months	-7.31	-6.85	-11.03
1 year (pa)	-10.67	-9.77	-12.41
2 years (pa)	-13.77	-12.90	-17.98
3 years (pa)	-7.56	-6.63	-10.77
5 years (pa)	-2.38	-1.36	-5.11

Asset allocation

Consumer Discretionary	10.2%
Utilities	4.7%
Health Care	14.3%
Materials	3.5%
Information Technology	18.2%
Telecommunication Services	3.3%
Financials	13.3%
Consumer Staples	11.7%
Energy	11.3%
Cash & Other	9.5%

Other information

Fund size (as at 30 Jun 2009)	\$12 million
Date of inception	5 June 2006
Minimum investment	\$50,000
Minimum balance	\$50,000
Buy-sell spread	0.30%
Income distribution frequency	Quarterly
APIR code	BTA0100AU

Fees

Management fee	1.00% 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.

Market Commentary

Data throughout the period provided a mixed picture of a global economy struggling to emerge from the worst recession since the Great Depression. Signs of economic and financial recovery emerged most prominently in Asia and more tentatively in Europe and the United States. Chinese manufacturing expanded in June for the fourth month, and South Korean exports fell the least in eight months. At the same time U.S. consumer confidence fell in June, and the U.K. economy shrank the most in the first quarter since 1958.

We consider that the worst of the global slump is over and that the US \$2.2 trillion in stimulus spending worldwide has given a boost to consumers and companies. In line with these more positive signs, investors increased their exposure to riskier assets, liquidity increased, and volatility fell. The MSCI World Index rose 20.9% in U.S. dollar terms for the second quarter, but because of the 14.2% decline of the U.S. dollar against its Australian counterpart, the MSCI World Index was up only 3.7% in Australian dollar terms.

We believe that conditions are in place for temporary growth momentum heading into the second half of the year. Around the world, a decline in inventories and an increase in spare capacity have cleared the way for renewed production. In response, we are already seeing a rise in new orders and the beginning of an inventory correction. High rates of unemployment in many major economies will mute the recovery, however. We expect these rates to continue rising even after recovery begins.

Performance Review

The portfolio performed broadly in-line with its benchmark, the S&P 500 Index, during the second quarter of 2009.

Contributors

- Stock selection in industrials, information technology, and materials
- Individual stocks: State Street and our underweight position in ExxonMobil

Detractors

- Stock selection in financials and consumer discretionary
- Individual stocks: Genzyme and our avoidance of Microsoft

Outlook and Positioning

US stocks experienced a tremendous bounce off the lows hit March 9. The move was largely a risk-seeking trade made by investors buying smaller-cap and highly leveraged, or high-beta, companies. The move in US stocks mirrored that in most major global markets and came as signs of the end of recession emerged.

Outlook

Historical patterns suggest that this kind of risk-seeking trade tends to fade as investors look to buy stocks based on valuations. Stocks with good price-to-earnings, price-to-book, and price-to-sales ratios tend to win out in the middle stage of a bull market exiting recession. We expect that positive economic data in the months ahead should support continued market gains. While we are not yet exiting the recession, it has become less severe. We

believe U.S. large-cap stocks are attractive in historical terms, not only from a valuation point of view but also in terms of their very high free cash flow yields, which should support financial activity, growth and dividend streams in the months ahead.

Positioning

We employ a sector neutral approach relative to the S&P 500 Index and use our bottom-up, fundamental investment approach to identify solid companies that we expect to have above-average earnings growth and whose stocks trade at reasonable valuations. We seek to add value through stock selection and have the flexibility to invest across industries and styles.

Within their sector teams our analysts continue to look for compelling investment opportunities. Within the financial services sector, we have become more constructive on the sector for the first time in several years. Reasons for optimism include improvements in the bond markets, results of stress tests reduced risk of significant dilution, signs of life in housing, labor markets, consumer confidence and commodity prices and valuations that are attractive based on normalized earnings. As a result, we have reduced our exposure to more defensive names, raised weights to high quality, long term winners, added to capital markets recovery stories, and added some balance sheet risk in select names trading very cheaply on a normalized earnings basis.

The capital goods team has been working on shifting from downside analysis to valuing companies based on the through-cycle quality of their businesses and what they can earn as the economy recovers. Where we have opportunities to build positions in high-quality yet cyclical best of breed franchises, we have done so. Another major trend in capital goods has been looking for industries where there has been significant inventory destocking that will need to be replenished quickly when the economy picks up.

Within consumer cyclicals, we have taken a more cautious near-term stance given the strong performance within the group. As a result, we eliminated our exposure to several retailers based on valuation, and have added to another which has exhibited less business volatility. We also have non-retail exposure through positions in the online post-secondary education, casino gaming machines manufacturing, and hotel industries. We continue to monitor the more discretionary names within retail for potential opportunities.



For more information

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

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