

BT Wholesale European Share Fund

**Fact Sheet
June 2009**

ARSN: 087 593 468



About the Fund

The BT Wholesale European Share Fund is an actively managed portfolio of securities, primarily European 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 MSCI Europe Index, unhedged (with net dividends reinvested) in AUD over the medium to long term. The suggested investment timeframe is five years or more.

Investment philosophy

MFS believes that that active management utilising fundamental research and rigorous risk management will lead to superior investment. MFS utilises a team-managed focus on fundamental analysis and thorough valuation discipline to build a high conviction portfolio.

Investment process

The European Equity Team researches companies and industries in order to generate their "best ideas." The research analysts develop investment ideas by obtaining and analysing company and industry information from personal contacts with company management, suppliers, users and competitors, industry consultants, and the research community.



A universe of 500 to 600 European securities is monitored on an ongoing basis. The analysts then examine company fundamentals to further reduce the universe of stocks to 20 to 30 stocks that they will each focus on to develop a detailed earnings and valuation model as well as conduct management interviews to assess the relative attractiveness of each investment. At any given time, approximately 100 to 150 European stocks merit a "buy" rating. The portfolio will typically hold 60-90 stocks.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	5.96	6.08	7.65
FYDT	-19.68	-19.00	-22.29
6 months	-8.08	-7.75	-7.70
1 year (pa)	-19.68	-19.00	-22.29
2 years (pa)	-20.37	-19.66	-21.96
3 years (pa)	-9.34	-8.52	-10.94
5 years (pa)	0.43	1.38	-0.70

Asset allocation

Switzerland	18.0%
Germany	16.3%
Netherlands	7.1%
Greece	1.3%
Finland	1.8%
Italy	4.7%
France	14.0%
Spain	1.6%
United Kingdom	27.6%
Cash & Other	7.6%

Other information

Fund size (as at 30 Jun 2009)	\$23 million
Date of inception	5 June 2006
Minimum investment	\$50,000
Minimum balance	\$50,000
Buy-sell spread	0.40%
Income distribution frequency	Quarterly
APIR code	BTA0124AU

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

During the second quarter of 2009, European markets rebounded strongly as hope that the global recession was coming to an end drove an increase in liquidity and risk appetite.

Financials and commodity-related stocks, which had been the worst performers during 2008, were the strongest performers during the quarter. The two sectors outperformed as optimism increased after the worst-case scenario of the financial crisis failed to play out, and a weaker U.S. dollar pushed oil prices up from their lows. Weighing on European markets was the steep contraction in the United Kingdom gross domestic product and continued concerns about rising unemployment throughout the region, in which Ireland and Spain have been the countries hardest hit by the downturn.

Performance Review

The portfolio underperformed the MSCI Europe Index during the second quarter of 2009.

Detractors

- Stock selection and our underweight position in financials
- Stock selection in materials
- Stock selection and currency effect in consumer staples
- Individual stocks: Roche, Vodafone, Telefonica, and GDF Suez

Contributors

- Stock selection in consumer discretionary and industrials
- Individual stocks: BNP Paribas, Bank of Cyprus, Julius Baer and not owning Novartis, GlaxoSmithKline, BP and Sanofi-Aventis

Significant Impacts on Performance - Detractors

Financials

- Our avoidance of Banco Santander, Spain's largest bank, detracted from relative performance. Investors reacted positively to news that the bank was looking to match 2008 earnings as it battles the global recession and a slump in its major markets.
- Not owning Barclays, the United Kingdom's third-largest bank, hampered relative performance. Shares outpaced the market during the quarter as the company announced that first quarter results were well ahead of those from the prior year. In addition, the bank agreed to sell its investment management arm to BlackRock (United States).
- Not owning Unicredito Italiano, Italy's largest bank, detracted from relative performance. Shares appreciated during the quarter as the bank applied for Italian government loans in an attempt to strengthen its capital ratios.

Materials

- Our avoidance of Anglo American (United Kingdom), one of the world's largest diversified mining groups, hampered portfolio performance. Shares rebounded during the quarter as the price of copper, zinc and lead rose stemming from strong U.S durable goods order data. In addition, the company rejected an all-share merger offer from Xstrata (United Kingdom).
- Our overweight position in CRH (United Kingdom), the world's second-largest maker and distributor of building materials, underperformed the broad market during the quarter and detracted

from relative performance. The company announced that first-half sales will decline more than anticipated as a result of bad weather.

Consumer Staples

- Our overweight position in Danone (France), the world's largest yogurt maker, underperformed the market and detracted from relative performance. Shares declined during the quarter as the company announced that they would be raising capital via a rights issue to existing shareholders. According to the company, the capital raised will be used to reduce its debt and to increase its financial and strategic flexibility.
- Shares of Nestle (Switzerland) underperformed the market and detracted from relative performance. First-quarter organic sales growth at the world's largest food company was lower than the year-ago period. While most divisions saw decent performance, Nestle continued to struggle in the water product line including San Pellegrino and Perrier bottled waters, as consumers sought cheaper alternatives in a difficult economic environment.

Significant Impacts on Performance - Contributors

Consumer Discretionary

- Our overweight position in Virgin Media, the United Kingdom television and telephone company, aided relative performance. Shares of the company appreciated during the quarter despite announcing a decline in first-quarter revenue. On the positive side, the company also announced a drop in account churn and an increase in revenue per customer.
- Shares of Burberry, Britain's largest luxury-goods company, outperformed the market and contributed to relative performance. Despite reporting a full-year loss after it sold more handbags and apparel at a discount and wrote off the value of its business in Spain, the company stated that they are aggressively cutting inventory and are planning more conservatively this year. In addition, they expect gross margins to improve.

Industrials

- Our allocation to Assa Abloy (Sweden), the world's largest lockmaker, aided relative performance. Shares of the company outpaced the market during the quarter despite the lack of significant news.
- Our overweight allocation to Geberit (Switzerland), Europe's largest maker of toilet flushing systems, contributed to relative performance. Shares appreciated during the quarter despite announcing that first-quarter net profit dropped as the recession hit building activity.

Outlook and Positioning

As we enter the second half of the year, there appears to be a dislocation between optimistic sentiment and continued slowing economic data. We continue to expect earnings and profit forecasts to face headwinds as the deleveraging pressures margins. In this environment, we will focus our efforts on fundamental research to uncover those companies that are best positioned to maintain or take additional market share and that are trading at attractive valuation levels.



For more information

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

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