# BT Wholesale
# American Share Fund

## Fact Sheet
## September 2009

ARSN: 089 938 492

BT Investment Management

Global Equities Investments

### 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 Cyclicals, 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 (post-fee) | Total Returns (pre-fee) | Benchmark Return |
|---|---|---|---|
| 3 months | 6.58 | 6.85 | 5.90 |
| FYDT | 6.58 | 6.85 | 5.90 |
| 6 months | 6.36 | 6.89 | 5.51 |
| 1 year (pa) | -13.96 | -13.10 | -16.80 |
| 2 years (pa) | -10.30 | -9.40 | -14.66 |
| 3 years (pa) | -6.87 | -5.94 | -10.57 |
| 5 years (pa) | 0.19 | 1.23 | -2.90 |

### Asset allocation

| | |
|---|---|
| Consumer Discretionary | 10.5% |
| Materials | 4.2% |
| Utilities | 4.3% |
| Telecommunication Services | 3.6% |
| Information Technology | 18.7% |
| Health Care | 13.1% |
| Financials | 15.1% |
| Energy | 10.6% |
| Consumer Staples | 10.4% |
| Cash & Other | 9.5% |

### Other information

| | |
|---|---|
| Fund size (as at 30 Sep 2009) | $15 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* |

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

## Market Commentary

A synchronized global recovery continued in the third quarter with all major economies showing signs of improvement. Global stock markets have rallied since their March lows, oil prices have doubled, and house prices in the United States and the United Kingdom have begun to stabilize.

A pickup in manufacturing, spurred by $2 trillion of global government spending, tax breaks and infrastructure projects, led the emergence from the deepest slump the world economy has experienced since the 1930s. The International Monetary Fund raised its forecast for global growth to 3.1% for 2010, noting that these government stimuli, combined with growing demand from emerging Asian countries, would power the return to growth. This year the IMF expects the world economy to contract by 1.1% with advanced economies leading the slump as emerging economies expand.

Spurred by renewed investor confidence and fiscal and monetary stimulus, financial markets throughout much of the world rallied during the quarter as the worst of the crisis appeared to be over. The MSCI World Index gained more than 7% in Australian dollar terms during the period. Volatility fell as investors regained risk appetite. Business and household confidence improved and economists revised forecasts upward. In the United States, stronger than expected corporate profits helped fuel the market gains.

Despite the positive signs, the overall recovery is expected to remain sluggish. Unemployment is still the big unknown. The continued shedding of jobs has acted as a drag on consumer spending, the largest component of the U.S. economy and a major factor in global demand. The longer-term fear for most economies is that recovery will be slowed by the high unemployment levels that have yet to peak. It is typical that in most economies unemployment continues to rise for up to a year or so after a recession has ended. The delay is reflective of the lags in both the firing and hiring process.

## Performance Review

The portfolio outperformed its benchmark, the S&P 500 Index, during the third quarter of 2009.

## Contributors

• Stock selection in information technology, consumer discretionary, and materials

• Individual stocks: Rockwell Automation and our underweight positioning in Exxon Mobil

## Detractors

• Stock selection in industrials, financials, and health care

• Individual stocks: Expeditors International and First Solar

## Outlook and 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. Despite a slow economic recovery, we believe confidence in financial balance sheets will build and that valuation will matter again as seizure/solvency risks are dramatically reduced. Overall, we are biased to consumer credit (which we believe will recover faster than commercial and industrial, and commercial real estate), are overweight brokers and asset managers (which are leveraged to the capital markets recovery), and are underweight property & casualty insurance and REITs. In addition, while maintaining exposure to high quality, long term winners we have added modest exposure to some turnaround situations where valuations are depressed and the core business is sound.

In technology, we are gradually shifting the portfolio's positioning towards stocks driven by more secular growth trends and reducing the higher cyclical exposure. This is mostly a function of how valuations have changed in a relatively short amount of time. There are still great opportunities in the sector in terms of valuation relative to fundamental prospects, but that opportunity is more balanced today than it was earlier in the year. This can be observed in reduced exposure to the semiconductor/supply chain, and increased exposure to the non-supply chain oriented sub-sectors of technology and enterprise/corporate spending towards holdings which should benefit as the demand outlook strengthens later this year and into 2010.

Within consumer cyclicals, we continue to take a barbell approach with offensive exposure in more discretionary names that have strong relative earnings growth, underestimated operating leverage and valuations that do not fully reflect these facts. We are gaining defensive exposure by investing in firms with strong franchises, although we are avoiding the defensive grocers on concerns about food deflation.

Within health care, we are cautious on a number of large benchmark constituents within pharmaceuticals, biotechnology and HMO's due to lower duration assets and heightened government reimbursement risks, leading to modest overweights in medical equipment and medical services. Within pharmaceuticals, most of our exposure is to companies with less patent expiration headwinds but still low valuations. Our medical equipment and medical services exposure consists of companies with long duration assets (no patent expirations), enviable, dominant competitive positions, with government pressures that are either indirect (medical technology) or not very material (medical services), that have reasonable valuations.

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**For more information**

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