

## BT Wholesale European Share Fund

**Fact Sheet**  
**September 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	12.95	13.17	12.60
FYDT	12.95	13.17	12.60
6 months	19.68	20.05	21.22
1 year (pa)	-7.27	-6.53	-9.22
2 years (pa)	-13.92	-13.20	-16.12
3 years (pa)	-7.32	-6.49	-8.88
5 years (pa)	3.47	4.43	2.24

### Asset allocation

Netherlands	10.1%
Switzerland	17.5%
France	16.9%
Germany	12.5%
Greece	1.3%
Finland	1.8%
Belgium	1.2%
Italy	4.0%
United Kingdom	29.0%
Cash & Other	5.7%

### Other information

Fund size (as at 30 Sep 2009)	\$26 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 third-quarter of 2009, the European market continued to rebound sharply from its first-quarter decline as European stocks continued to rise amid strengthening confidence, bolstered by better-than-expected economic data. Construction sector improvements and an increase in industrial production edged the U.K.'s national income figures higher and the Office for National Statistics raised its estimates of household spending. The euro economy contracted 0.1% in the second-quarter after shrinking 2.5% in the first-quarter, while France and Germany returned to growth. Germany's industrial rebound showed few signs of slowing in July, as manufacturing orders rose by a greater-than expected 3.5%, expanding on a 3.8% increase in June. The data supported the view that economic growth in Germany would prove much stronger than had been expected and bolstered confidence in the broader European market.

Despite the positive news, many feel that rising unemployment and stretched government finances would lead to a weak economic recovery. Unemployment in a number of European countries, including the U.K. and Ireland, rose to record levels.

Financials which had been the worst performer during 2008, continued to be the strongest performer during the thirdquarter. The sector outperformed as optimism increased after the worst-case scenario of the financial crisis failed to play out. Energy stocks experienced positive returns but were the weakest performers in Europe.

## Performance Review

The European Share portfolio outperformed the MSCI Europe Index during the third quarter of 2009.

## Contributors

- Stock selection in materials, consumer discretionary, financials and industrials
- Individual stocks: Not owning BP, AstraZeneca or GlaxoSmithKline

## Detractors

- Our modest allocation to cash, used for transactional purposes
- Our overweight position and currency effect in information technology
- Individual stocks: Merck KGaA, Reed Elsevier, Vodafone, Nestle, Reckitt Benckiser, and not owning Banco Santander or Unicredito Italiano

## Outlook and Positioning

### Strategy

There has been no change to our investment philosophy or process. We remain focused on high-quality companies with sustainable above-average growth and returns, whose prospects are not reflected in their valuation.

### Market

Although economic data has shown improvement and strengthening investor confidence that the worst of the economic slowdown is behind us, much uncertainty exists. The economic recovery faces a number of challenges including rising unemployment, weaker consumer spending, and stretched government finances. 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.

### Positioning

We remain focused on the long-term prospects for individual companies, and we base our investment decisions on our investment professionals' bottom-up research, not top-down forecasts. We remain focused on uncovering opportunities in stocks whose market valuations are below their intrinsic worth.

At the end of September, the portfolio was most overweight the health care and consumer discretionary sectors and was most underweight the industrial and financial sectors.



## For more information

Please call 1800 813 886, contact your business development representative or visit [www.btim.com.au](http://www.btim.com.au)

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