

BT Wholesale International Share Fund

Fact Sheet
September 2009

ARSN: 087 593 299



About the Fund

The BT Wholesale International Share Fund is an actively managed portfolio of international shares. The shares are managed by Connecticut-based AQR Capital Management, LLC (AQR) with a currency overlay provided by BTIM Investment Management (BTIM).

AQR are fundamental investors who use quantitative strategies to maintain a highly diversified and risk controlled portfolio that reflects AQR's valuation and momentum philosophy.

Fund objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds MSCI World (ex Australia) Standard Index, unhedged (with net dividends reinvested) in AUD over the medium to long term. The suggested investment timeframe is five years or more.

Investment style

The investment style is to seek to generate returns by active trading in both stocks and currency.

Investment process

The Fund's investment process separates the stock and currency investment decisions with the majority of the Fund's risk allocation relating to stock selection.

AQR's disciplined approach uses bottom-up fundamental security selection indicators to generate excess returns through under and overweighting stocks and industries relative to the benchmark.

Separate regional stock selection models are utilised to tailor stock and industry selection considerations to the different global equity markets within the benchmark.

AQR employs a quantitative and model driven investment process with teams conducting ongoing research on security selection indicators, portfolio construction, optimisation, trading techniques and technology.

Currency decisions are actively managed by BTIM's Macro Strategies team which seeks to produce risk adjusted returns by actively investing in a portfolio of currency instruments. The process incorporates the rigour and discipline of a quantitative process with fundamental drivers and qualitative analysis. The strategy invests primarily in the global currency forwards market and may also use other currency derivatives to express the portfolio manager's active views.

Investment team

Founded in 1998, AQR Capital Management is an investment management firm employing a disciplined multi-asset, global research process. AQR's diverse client base includes some of the largest institutional investors across the US, Europe and Asia. AQR's team spans a variety of backgrounds including fund management and academic finance. The research of AQR's principals is internationally renowned and has resulted in numerous published papers in a variety of professional journals since 1991.

BTIM's Macro Strategies Team aims to generate alpha and develop global products from a range of top down strategies. The team's analysts and portfolio managers each have more than 10 years experience running investment strategies. Joe Bracken is the Head of the Macro Strategies team and Cameron Fouladi is the Portfolio Manager primarily responsible for BTIM's Currency portfolios.

Performance¹

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	7.79	8.01	7.07
FYDT	7.79	8.01	7.07
6 months	14.26	14.59	10.88
1 year (pa)	-7.39	-6.74	-13.41
2 years (pa)	-14.77	-14.11	-15.06
3 years (pa)	-11.68	-10.95	-9.90
5 years (pa)	-1.64	-0.78	-0.80

Country Allocation

France	4.3%
Germany	4.2%
Italy	2.3%
Netherlands	1.6%
Spain	2.7%
Sweden	2.7%
Switzerland	3.8%
United Kingdom	10.4%
Japan	10.6%
Canada	5.1%
USA	48.9%
Cash & Other	3.6%

Other information

Fund size (as at 30 Sep 2009)	\$65 million
Date of inception	August 1996
Minimum investment	\$50,000
Minimum balance	\$50,000
Buy-sell spread	0.40% ²
Income distribution frequency	Quarterly
APIR code	BTA0056AU

Fees

Management fee	0.97% 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.

¹ Please note AQR started managing the fund from June 2006. Historical return prior to June 2006 is not representative of AQR.

² The buy-sell spread represents transaction costs incurred whenever you invest or withdraw funds and may vary from time to time without notice.

Market Review

In Australian dollar terms, the MSCI World (Ex-Australia) Index (Net) was up 7.1% for the quarter though in local dollar terms the gain was 14.6% due to a strong rally in the AUD.

Data from the US and Europe was more mixed but did suggest a turning point: nearly 1m jobs were lost from US non-farm payrolls between May and August but the pace of decline slowed, and in September the ISM manufacturing index crossed the 'expansionary' threshold for the first time since January 2008. Q2 GDP suggested that the US recession may be nearing an end, falling at an annualised rate of 1.0% while the Fed maintained its Fed Funds target range of 0 to 0.25% throughout Q3 2009.

In the US, the S&P 500 was up 15.0% in Q3, close to topping the 15.2% rally of the June quarter. The September close was 56.3% above the 2009 closing low of March 9th. As in Q2 the Financials sector (+25.1%) led the pack as investors responded to a continued easing of credit markets. Cyclical sectors such as Consumer Discretionary (+18.8%) and Materials (+21.0%) also fared well while defensive groups such as Telcos (+3.9%) lagged. Q2 earnings for the S&P500 were reported down 28% on the previous year, better than the anticipated 36% fall.

Oil was the laggard of the major commodities, gaining only 1.0% in the quarter while spot gold passed the \$1,000 barrier for a 6.6% gain. Chinese buyers continued to hold out for lower prices in iron ore contract negotiations after the June 30 deadline passed. The US dollar fared poorly during the quarter, depreciating against most currencies, including a sharp 6.9% decline versus the Japanese yen.

Performance

The portfolio outperformed the benchmark for the September quarter.

AQR's stock selection was up for the quarter driven by positive performance in the US and Continental Europe strategies while the UK and Japan strategies were flat for the period. The outperformance in the US was mainly due to a positive performance in our valuation factors outweighing negative performance in our momentum signals.

In Continental Europe, the positive performance was driven by a good quarter in our valuation and earnings quality signals outweighing negative performance in our momentum factors. The flat performance in the UK was due to a positive period in our valuation factors balancing negative performance in our momentum signals. In Japan, the flat performance was driven by positive performance in our sustainable growth and investor sentiment signals offsetting negative performance in our momentum factors.

Within the global asset allocation overlay, the BTIM currency overlay strategy contributed positively to returns for the September 2009 quarter. During the quarter we were long Australian Dollar, Japanese Yen and UK Sterling (on average) while we were short US Dollar (on average), the Euro and Canadian Dollar. The largest contributors to performance were the short Euro, the short Canadian Dollar and the US Dollar positions and the largest detractor was the long UK Sterling position.

Strategy & Outlook

Tactically, we continue to maintain an underweight to Value in the US and Continental Europe. We now have a slight underweight to Value in the UK and are currently at long-term strategic weight in Japan.



For more information

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

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