

# BT Wholesale Asian Share Fund

**Fact Sheet  
December 2009**

ARSN: 087 593 468



## About the Fund

The BT Wholesale Asian Share Fund is an actively managed fund that invests in shares selected from the Asian region (excluding Japan and Australia). The Fund can invest in any market in the Asian region that offers attractive opportunities including Korea, Hong Kong, Taiwan, Singapore, China, Malaysia, Thailand, Indonesia, the Philippines, India and Pakistan.

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 AC Asia ex Japan Standard (Net Dividends) in AUD over the medium to long term. The suggested investment timeframe is five years or more.

### Investment philosophy

MFS believes that stock selection based on bottom-up fundamental research is the most consistent method of generating alpha and that a long term focus allows us to capitalise on opportunities created by investors with shorter-term investment horizons. MFS seeks to invest in high quality companies with above average growth and reasonable valuations.

### Investment process

The MFS, Asia Pacific ex-Japan Equity strategy is to invest in companies with sustainable fundamentals or significant potential for improvement in earnings and returns, whose value is not fully recognised by the market. Overall, portfolio construction focuses on bottom-up best ideas at weights that reflect conviction levels and, with risk controls at multiple levels.



The security selection process begins with a universe of approximately 600 Asian securities, of which around 400 are covered by analysts. The portfolio will typically hold 45-65 stocks.

## Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	3.36	3.61	4.60
FYDT	12.68	13.19	14.02
6 months	12.68	13.19	14.02
1 year (pa)	33.52	34.61	33.40
2 years (pa)	-9.68	-8.96	-10.55
3 years (pa)	-1.43	-0.58	0.21
5 years (pa)	9.26	10.23	10.36

## Asset allocation

Hong Kong	17.5%
Singapore	7.2%
India	15.7%
Philippines	2.4%
Taiwan	16.3%
Thailand	1.2%
Malaysia	1.9%
China	22.8%
South Korea	12.8%
Cash & Other	2.2%

## Other information

Fund size (as at 31 Dec 2009)	\$230 million
Date of inception	5 June 2006
Minimum Investment	\$50,000
Minimum balance	\$50,000
Buy-sell spread	0.60%
Income distribution frequency	Quarterly
APIR code	BTA0054AU

## 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

Asia's largest economies led the overall global recovery as they continued to strengthen in the fourth quarter. Growth in the region continued to accelerate as China's manufacturing output held at its fastest pace in 18 months, and India's economy grew 7.9%, the most in 1½ years.

China's industrial output increased 19.2% in November, and industrial production in India also rose. Exports have continued to rebound in most parts of the region. China's decline in exports narrowed; South Korea's exports rose 19%, the first gain in 13 months; and Singapore's exports rose for the first time in over a year as demand from Europe and China increased. Taiwan and Malaysia's shipments also rebounded. Increased confidence in the prospects for the region was illustrated by the acceleration of foreign direct investment in China.

As conditions improved around the world, central banks continued discussions about the best path to withdraw stimulus from the system, although most central banks in Asia kept interest rates steady. Inflation and speculative bubbles, particularly in China, have caused some concern. Beijing began introducing measures to cool the property market and stated that this year it planned to remove some tax incentives introduced in 2009.

With signs that the economic recovery was gaining momentum, the MSCI AC Asia ex-Japan Index traded higher in the fourth quarter, with markets in Singapore, the Philippines, and China leading the way. Conversely, stocks in Pakistan, Thailand, and Korea were the weakest performers during the quarter.

## Performance Review

The portfolio underperformed the MSCI All Country Asia ex Japan index in the fourth-quarter.

## Detractors

- Stock selection in information technology and industrials
- Individual stocks: China Unicom, Hana Financial Group, KT&G Corp., and avoiding POSCO

## Contributors

- Stock selection in materials and health care
- Our underweight position in utilities
- Individual stocks: Acer, Hengan International Group, CNOOC, CapitaCommercial Trust, and our underweight position in China Mobile

## Outlook and Positioning

Asian companies still have relatively strong balance sheets with comparatively low levels of debt. Structurally healthier economies in Asia are experiencing increased consumer spending and improved capital spending. There have been some modest signs of economic improvement with countries such as China, India, and Indonesia showing resilient and rapid growth. The timing of when countries and central banks will begin to unwind some of the extensive stimulus measures that were implemented to boost growth has become the focus of many investors.

Despite the strong economic data, the duration and magnitude of the current recovery is far from certain, and there remains concern about the sustainability of global growth once the effects of government stimulus efforts wear off. Economic indicators and corporate earnings remain weak despite notable improvements in the past few months. Looking ahead, markets face a number of headwinds that need to be monitored. First, valuations, which were attractive at the March lows, are now a bit more stretched. Second, the economic data will likely need to demonstrate further strength and signs of sustainability to support durable longer-term gains. Concerns of speculative bubbles, particularly in China, also cannot be dismissed.

We continue to focus on our bottom-up approach, looking for companies that are reasonably valued, have stronger visibility in their earnings, strong managements, and a good competitive advantage that can help them operate across cycles. While we expect earnings to remain under pressure and markets to remain volatile, we believe that the current market environment enables us to invest in high-quality companies at relatively attractive valuations, potentially providing us with a strong upside over a three-year horizon.



## 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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