

BT Wholesale American Share Fund

Fact Sheet
March 2010

ARSN: 087 594 509



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 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 Cyclical, 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		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	3.35	3.60	3.26
FYDT	13.72	14.57	13.79
6 months	6.70	7.23	7.45
1 year (pa)	13.48	14.62	13.37
2 years (pa)	-1.21	-0.22	-3.97
3 years (pa)	-4.91	-3.95	-8.16
5 years (pa)	0.88	1.91	-1.51

The investment manager for this fund changed on 6th June 2006. Performance before this date may not be directly comparable.

Asset allocation

Materials	5.2%
Consumer Discretionary	11.3%
Energy	11.6%
Health Care	12.4%
Information Technology	18.9%
Financials	16.4%
Telecommunication Services	2.6%
Consumer Staples	10.6%
Utilities	2.2%
Industrials	8.1%
Cash & Other	0.7%

Other information

Fund size (as at 31 Mar 2010)	\$14 million
Date of inception [#]	July 1999
Minimum investment	\$50,000
Buy-sell spread	0.30% ¹
Distribution frequency	Quarterly
APIR code	BTA0100AU

[#] MFS started managing the fund in June 2006.

¹ The buy-sell spread represents transaction costs incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

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

Economic reports around the world pointed to improving conditions in global economies and financial markets. Growth in manufacturing, production, and trade led the recovery, and by late in the quarter a long-awaited turnaround in the US job market and stabilization in the housing sector gave a boost to investor sentiment internationally. Adding to the positive mood was the strength in corporate earnings that we are seeing throughout global financial markets. Corporations have improved their balance sheets, and are now experiencing strong cash flows. Cyclically adjusted price to 10-year earnings ratios suggest that broad market valuations are in the mid part of their historic ranges. While the recovery does seem to have solidified, concern for its sustainability has been increasing. Central banks continue to discuss options for withdrawing monetary stimuli, and some governments are winding down their spending plans. Risk aversion has abated, and volatility fell later in the quarter after European Union leaders agreed to a financial plan for Greece that would combine aid from the International Monetary Fund and loans from other Eurozone members.

Most global stock markets finished the quarter higher, with the MSCI World Index up 1.1% in Australian dollar terms.

In the first quarter, US stocks continued their rallies, as stronger-than-expected corporate profits gave investor sentiment a boost, and data continued to point to growth in the US economy. Companies proved their cost-cutting measures -- especially in terms of labor -- paid off as productivity and profits continued to rise. Lower wages helped tame inflation, which in turn contributed to higher multiples. Risk aversion abated during the quarter, a development that prompted investors to take their cash off the sidelines and invest in higher-yielding assets.

Performance review

The portfolio outperformed its benchmark, the S&P 500 Index, during the first quarter of 2010.

Contributors

- Stock selection in information technology, consumer discretionary, and health care
- Individual stocks: Regions Financial and Teck Resources

Detractors

- Stock selection in industrials and consumer staples
- Individual stocks: Monsanto, Google, our underweight positioning in Citigroup, and our avoidance of Wells Fargo

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. Each of our eight sector teams are focused on constructing portfolios that outperform their respective S&P 500 sectors and 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. Our analysts have identified areas of the financial services sector that appear to be undervalued, and we have recently added exposure to some of the cheapest names in the group. For example, given clear signs of a credit turn we started positions in several regional banks with cheap valuations. Reasons for optimism include the fact that valuations matter again for financials, we expect net interest margins to expand throughout the year and non-performing assets to plateau midyear, and tail risks (seizure, dilution, bankruptcy) are greatly reduced. Current positioning reflects a bias to credit, an overweight to brokers and asset managers (which are leveraged to the capital markets recovery), an overweight to life insurance and trust banks (which are very cheap versus historical valuations) and an underweight to property & casualty insurance (where pricing pressures persist and low rates are pressuring investment income) and no exposure to REITs (which appear expensive to us).

Within energy, given a less bullish stance overall on the commodity and a belief that a consolidating service industry gets more of the industry profits going forward, we are focused on owning a combination of safer, oil sensitive exploration and production/integrated companies and blue chip service companies.

Within consumer cyclicals, we continue to take a barbell approach with a mix of offensive and defensive exposure that varies based upon valuation opportunities. Currently, this mix includes turnaround stories in specialty retailers which offer attractive international growth opportunities and long-term share gainers with superior growth profiles trading at reasonable valuations.

Within health care, we remain 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 a large overweight in medical equipment. Within pharmaceuticals, most of our exposure is to companies with less patent expiration headwind 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, and reasonable valuations.

Going forward, we will look for companies that produce earnings growth from revenue growth as opposed to cost cutting. Historically, high free-cash flow levels should encourage hiring and expansion. We believe that markets are now fairly valued and that companies will need to produce earnings growth to achieve further gains. We expect positive economic data in the months ahead will support continued market gains. We believe US large-cap highquality stocks with consistent return on equity, strong cash flow yields, and solid creditworthiness should outperform in the months ahead.



For more information

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

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