

## BT Wholesale Asian Share Fund

**Fact Sheet**  
**March 2010**

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) Index (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	0.25	0.50	-0.77
FYDT	12.96	13.76	13.14
6 months	3.61	4.13	3.79
1 year (pa)	30.40	31.48	31.16
2 years (pa)	-1.92	-1.13	-1.79
3 years (pa)	-0.54	0.32	0.47
5 years (pa)	8.60	9.57	9.59

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

### Asset allocation

Hong Kong	20.8%
Singapore	7.1%
India	14.4%
Philippines	2.0%
Taiwan	15.0%
Indonesia	2.0%
Malaysia	1.3%
China	21.8%
South Korea	12.4%
Cash & Other	3.2%

### Other information

Fund size (as at 31 Mar 2010)	\$230 million
Date of inception #	August 1996
Minimum Investment	\$50,000
Buy-sell spread	0.60% <sup>1</sup>
Distribution frequency	Quarterly
APIR code	BTA0054AU

# MFS started managing the fund in June 2006.

<sup>1</sup> 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

The Asia ex-Japan market traded modestly lower in the first quarter as concerns over monetary tightening in the region, particularly in China, weighed on investor sentiment. The robust data from the region led to concerns that countries, China in particular, would increase their tightening measures in order to slow their rapidly growing economies and as a result damp rebounding global trade. Fears that sovereign debt problems in the eurozone would spread to other areas also pressured regional markets. Taiwan, China, and Singapore experienced the greatest declines during the quarter, while stocks in Thailand, Indonesia, and Pakistan experienced significant gains.

Economic data out of Asia continued to show strength in the first quarter on the back of the regional recovery, with most countries experiencing expanded economic growth and thus increasing their gross domestic product (GDP) forecasts. Industrial production continued to strengthen, with Taiwan and Singapore showing increased output. Standard & Poor's raised India's rating outlook and Indonesia's credit rating amid signs of a robust recovery in both countries. Exports across the region continued to strengthen. Retail sales in Singapore grew in January for the first time in 16 months in January. In some areas, unemployment has showed signs of improvement.

Asset bubbles, particularly in China, remained a concern. China, Hong Kong, and Taiwan all introduced regulations to curb rising home prices. China ordered state-owned firms, whose core business is not in property, to exit the sector and limited the number of players in real estate development. New loans will now be denied to these firms as well as to developers who have been amassing land. Taiwan withdrew liquidity and restricted property lending in order to prevent asset bubbles. Singapore also took steps to cool its property market.

Inflation concerns persisted with a number of countries reporting a rise in price pressures. India's central bank surprisingly raised interest rates after manufactured product price inflation jumped in February. South Korea, Thailand, and the Philippines kept interest rates unchanged because inflation remained benign.

## Performance review

The portfolio outperformed the MSCI All Country Asia ex Japan index in the first quarter of 2010.

## Contributors

- Stock selection in consumer discretionary, materials and information technology
- Individual stocks: HDFC Bank, SmarTone Telecommunications, Keppel, China Pacific Insurance, Public Bank, Hutchison Whampoa and ICICI Bank

## Detractors

- Stock selection in telecommunication services and industrials
- Individual stocks: Yuanta Financial Holding, Hong Kong Exchanges & Clearing, China Construction Bank, Acer, Industrial & Commercial Bank of China, Taiwan Semiconductor, and our underweight position in Housing Development Finance

## 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 a number of countries in the region showing resilient and rapid growth. Concerns over monetary tightening in the region, particularly in China could continue to depress sentiment. Also, governments may continue to implement measures in order to slow lending growth and to control booming asset prices, particularly in the property market.

Despite the strong economic data, there remains concern about the sustainability of global growth once the effects of government stimulus efforts wear off. 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 likely will need to demonstrate further strength and signs of sustainability to support durable longerterm gains. Concerns about speculative bubbles, particularly in China, also cannot be dismissed. We believe that if real estate and commodity prices continue to escalate, the People's Bank of China may be forced to tighten monetary policy later this year.

We continue to focus on our bottom-up approach, looking for companies that are reasonably valued, have strong visibility in their earnings, strong management, and a good competitive advantage that can help them outperform through economic 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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Performance figures are calculated in accordance with the Investment & Financial Services Association (IFSA) standards. Total returns (post-fee) are calculated: to the last day of each month using exit prices; taking into account management costs of the fund; assuming reinvestment of distributions (which may include net realised capital gains from the sale of assets of the fund). No reduction is made to the unit price (or performance) to allow for tax you may pay as an investor, other than withholding tax on foreign income (if any). Certain other fees such as Contribution fees or Withdrawal fees (if any) are not taken into account. Total returns (pre-fee) are calculated by adding back management costs to the (post-fee) returns. Past performance is not a reliable indicator of future performance.

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