

BT Wholesale International Share Fund

Fact Sheet
March 2010

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 (Net Dividends) 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	2.17	2.41	1.12
FYDT	11.59	12.36	10.54
6 months	3.52	4.03	3.24
1 year (pa)	18.29	19.20	14.47
2 years (pa)	-5.07	-4.34	-7.02
3 years (pa)	-11.02	-10.27	-9.61
5 years (pa)	-1.59	-0.75	-0.83

Country Allocation

France	4.4%
Germany	3.9%
Italy	1.5%
Spain	2.2%
Sweden	2.0%
Switzerland	4.9%
United Kingdom	10.4%
Hong Kong	1.2%
Japan	10.8%
Canada	5.1%
USA	50.1%
Cash & Other	3.5%

Other information

Fund size (as at 31 Mar 2010)	\$64 million
Date of inception	August 1996
Minimum investment	\$50,000
Buy-sell spread	0.40% ²
Income distribution frequency	Quarterly
APIR code	BTA0056AU

² 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	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.

Market review

Macro news flow during the quarter focused on possible monetary policy tightening in China, sovereign debt issues and stimulus withdrawal, unemployment in the US and a possible currency war between the US and the China. A better-than-expected US reporting season and the Fed's commitment to keep the Fed funds rate low supported the market. With the US economy showing signs of stabilisation, the Fed increased the discount rate and discussed other possible tools available to reduce its balance sheet to pre-crisis levels. Despite struggling during the first part of the quarter, equity markets finished positively.

In Australian dollar terms, the MSCI World (Ex-Australia) Index (Net) was up +1.1% for the quarter though a strengthening Australian dollar meant that global equity returns in local dollar terms were +4.8%.

In the US, the S&P 500 posted a gain for the fourth quarter in a row (+4.9%) and at its end-March level had gained 73% from the closing low of 9th March 2009. Volatility continued to slide: the VIX index of implied volatility saw out March at the lowest monthly close (17.6) since June 2007. Q4 earnings beat expectations on average and in particular helped the Financials sector (+10.8%) overcome regulatory concerns. Cyclical stocks generally fared well with Industrials (+12.5%) and Consumer Discretionary (+10%) outperforming while defensives like Healthcare (+2.9%), Utilities (-4.6%) and Telcos (-5.7%) lagged.

Oil gained ground in Q1 (+5.5%) while gold was broadly flat (+0.4%) over the quarter. Base metals were mostly firmer, particularly copper, despite concerns over whether China's credit policy might be tightened.

The US dollar was volatile during the quarter. Initially, the USD appreciated against most major currencies with investors looking for the relative safety of the greenback. A deteriorating macro environment and the risk of a hung parliament in the UK saw the EUR and the GBP weaken most against the USD. Meanwhile Chinese authorities shrugged off US pressure on China to revalue the renminbi, sparking fears of a trade war between the two countries.

Fund performance

The portfolio outperformed the benchmark for the March quarter.

The result was 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 period in our valuation and management signalling factors outweighing a weak period in our momentum signals. In Continental Europe, the positive performance was driven by a good quarter in our valuation and momentum factors outweighing negative performance in our industry valuation signals.

The flat performance in the UK was due to positive performance in our valuation factors balancing negative performance in our industry valuation and industry momentum signals. In Japan, the flat performance was mainly due to positive performance in our valuation signals offsetting negative performance in our momentum signals.

Positive performance in stock selection within the Materials and Consumer Discretionary sectors outweighed negative performance in stock selection within the Information Technology sector. In terms of sector positioning, we are currently overweight Consumer Discretionary and Industrials while being underweight Information Technology.

Within the global asset allocation overlay, the BTIM currency overlay strategy was positive for the March quarter. During the period we were long Australian dollar and Japanese yen while we were short the euro, Canadian dollar (on average) and UK sterling. The largest contributors to performance were the short euro and the short UK sterling positions. The Canadian dollar position detracted.

Strategy & outlook

Tactically, we now are underweight Value in the US, UK and Continental Europe. Our Japan strategy is currently at long-term strategic weight.



For more information

Please call 1800 813 886, contact your business development representative or visit 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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