

## BT Wholesale American Share Fund

**Fact Sheet  
June 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 MFS International (U.K) Limited (MFS), a member of the Boston-based Massachusetts Financial Services group. 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	-4.90	-4.73	-3.75
FYDT	8.14	9.15	9.53
6 months	-1.72	-1.30	-0.61
1 year (pa)	8.14	9.15	9.53
2 years (pa)	-1.71	-0.76	-2.06
3 years (pa)	-7.01	-6.09	-9.68
5 years (pa)	-1.03	-0.05	-2.81

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

### Asset allocation (as at 30 June 2010)

Materials	5.4%
Health Care	12.4%
Consumer Discretionary	10.3%
Utilities	3.8%
Telecommunication Services	2.9%
Energy	10.5%
Information Technology	18.4%
Finance	15.9%
Consumer Staples	10.9%
Industrials	8.7%
Cash & Other	0.8%

### Other information

Fund size (as at 30 Jun 2010)	\$14 million
Date of inception <sup>#</sup>	July 1999
Minimum investment	\$50,000
Buy-sell spread	0.30% <sup>1</sup>
Distribution frequency	Quarterly
APIR code	BTA0100AU

<sup>#</sup> 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

Fear maintained its grip on financial markets throughout much of the second quarter.

Volatility rose and global equity markets sold off as concerns mounted that the debt crisis in Europe would spread. A confluence of events, ranging from geopolitical risks to concerns about fiscal policies and financial regulation, created a level of anxiety in financial markets not experienced since the global recovery began about a year ago. US Treasury yields tumbled and gold prices rose as investors sought the safety of more defensive investments

Greece's debt crisis set the stage for a quarter of turbulence in financial markets. Concern that Greece could be the tip of an iceberg that opens the way to a broader range of financial problems around the world put European leaders on the fast track to broker a deal aimed at preventing the crisis from spreading to debt-laden neighbors Spain and Portugal. Even the announcement of plans by eurozone leaders and the International Monetary Fund to set up a lending facility that could make some \$1 trillion available to the most indebted countries in the euro region failed to calm markets. By the end of May investor confidence in European leaders had eroded and worries that the crisis could take on enough momentum to derail the global economic recovery had increased.

While we cannot ignore the risks, the global economy seemed to be firing on all cylinders in the second quarter. A broad recovery was under way, with manufacturing, trade, corporate profits, and employment all rising. The Organization for Economic Cooperation and Development raised its forecast for economic growth for this year and next. The Paris-based think tank cited strong growth in developing economies and the rapid rebound in world trade to conclude that the combined output of the organization's 31 members will increase 2.7% this year and 2.8% next year.

Following generally positive corporate news led by solid earnings and positive stock performance in April, US stocks sold off, as investors, fearing a spread of the Greek crisis, sought safer havens. Additionally, concerns over disappointing data out of China and the United States as well as the potential for slowing economic growth put further pressure on stocks. This led to a rotation during the second half of the quarter toward higher-quality, less economically sensitive investments.

## Performance review

The fund underperformed its benchmark, the S&P 500 Index, during the quarter.

### Detractors

- Stock selection in materials, energy and financials
- Individual stocks: our underweight position in IBM

### Contributors

- Stock selection in industrials and consumer discretionary
- Individual stocks: Apple and our avoidance of Microsoft and 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. We seek to add value through stock selection and have the flexibility to invest across industries and styles.

Going forward, we continue to look for good secular growth companies that can produce earnings growth from revenue as opposed to cost cutting. In addition, we believe that markets are now attractively valued and that companies will likely be able to produce decent free cash flow and profits over the coming quarters. While caution is called for on a near-term basis, we believe US large-cap high-quality 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](http://www.btim.com.au)

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