

BT Wholesale Asian Share Fund

Fact Sheet
June 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 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 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	4.44	4.59	3.33
FYDT	17.97	18.98	16.90
6 months	4.70	5.11	2.53
1 year (pa)	17.97	18.98	16.90
2 years (pa)	6.13	7.01	6.66
3 years (pa)	-2.29	-1.46	-1.75
5 years (pa)	8.24	9.18	9.07

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)

Hong Kong	20.7%
Singapore	7.0%
India	12.7%
Indonesia	4.1%
Taiwan	15.4%
Malaysia	1.5%
China	20.7%
South Korea	12.5%
Philippines	1.4%
Thailand	1.3%
Cash & Other	2.7%

Other information

Fund size (as at 30 Jun 2010)	\$238 million
Date of inception #	August 1996
Minimum Investment	\$50,000
Buy-sell spread	0.60% ¹
Distribution frequency	Quarterly
APIR code	BTA0054AU

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

The Asia ex-Japan equity market declined for the second quarter, although the MSCI All Country Asia ex-Japan Index rose slightly in Australian dollar terms because of a weakening of the Australian dollar. Despite robust economic data and corporate earnings, the prospect of an economic slowdown in China and the threat of contagion from the sovereign debt crisis in Europe weighed on the market. The greater China markets (Taiwan, Hong Kong and China) declined the most, while the Philippines and Indonesia posted the best performance in the region during the quarter.

The Chinese government, increasingly concerned about economic overheating, a housing bubble and the threat of inflation, announced a series of monetary tightening and new regulation policies. Following a faster-than-expected 11.9% GDP growth in the first quarter, China's consumer price index rose 2.8% in April and 3.1% in May on a year-on-year basis. Wage pressures have been rising in China, although the rise was not out of the norm, as wages have typically increased every year in the past 20 years. Rising wages can also have positive effects by fueling consumer spending. In an effort to curb speculation in the property market, the government restricted banks from lending for third-home purchases, and tightened the property developer fund-raising review. China also increased banks' reserve ratios for the third time this year, and the central government maintained its pressure on banks to be more prudent in lending to local governments and to new projects. In late June, China pledged to increase the flexibility of its exchange rate and end the peg of its currency, the yuan, to the US dollar, although the government ruled out a dramatic one-off appreciation of the currency.

Economic indicators also remained strong in Taiwan and Hong Kong, whose economies are closely tied to China's. Taiwan reported first-quarter GDP growth of 13.3%, the most since 1978. Taiwan's central bank unexpectedly raised its benchmark interest rate in late June for the first time since 2008. The bank said the move reflected the global and domestic recoveries, the island's falling jobless rate, and significant export gains. Taiwan and China officially signed a historical trade deal, formally known as the Economic Cooperation Framework Agreement (ECFA), under which they agreed to lower tariffs on goods and further open up their markets for banking and other services.

In India, where first-quarter GDP grew 8.6% year-on-year and inflation reached 10.2% in May, the possibility of further interest rate hikes increased. Inflation also accelerated in Singapore, Hong Kong, Korea, Malaysia, and Indonesia in May. In Singapore, private home sales slumped in May, and the government announced plans to release, in the second half of the year, a record supply of land for private homes as it tries to push housing prices lower.

On the geopolitical front, tensions between North and South Korea elevated following the sinking of a South Korean naval ship. The tensions subsequently receded as neither side sought to escalate the conflict, although tensions could reignite in the future. Philippine senator Benigno Aquino won the presidential election by

a landslide, while political unrest in Thailand threatened to cut the country's economic growth by one third this year.

Performance review

The fund outperformed the MSCI All Country Asia ex Japan index in the second quarter of 2010.

Contributors

- Stock selection and our overweight position in telecommunication services
- Stock selection in energy and financials
- Individual stocks: Venture Corp., Hengan International, LG Chem, and our avoidance of Hon Hai Precision Industry

Detractors

- Stock selection in consumer discretionary and industrials
- Individual stocks: Acer, Steel Authority of India, and not owning 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 signs of economic improvement with most countries in the region showing resilient and rapid growth. We believe Asia's economies and markets will continue to benefit from a number of positive factors, including favorable demographic trends, growing international and intra-Asia trade, increasing domestic consumption, an expanding middle class, improving infrastructure, and continued liberalization and structural reforms.

Despite the strong economic data, there remains concern about the sustainability of global growth once the effects of the government stimulus efforts wear off. As the fallout from the European sovereign debt crisis threatens to derail the global economic recovery, a potential slowdown of Asia's own economies, albeit from very robust levels, may increase uncertainty in the Asia equity market. Concerns over asset bubbles, macroeconomic tightening and the threat of inflation, particularly in China, could continue to depress market sentiment.

We continue to focus on bottom-up stock selection as the primary source of alpha, 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. Meanwhile, we are aware of the macroeconomic situation in Asian markets as part of our investment process. While we expect near-term volatility in equity markets and corporate earnings, we believe that the current market environment enables us to invest in high-quality companies at relatively attractive valuations. That investment will potentially provide us with a strong upside over the next three to five years.



For more information

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

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