

BT Wholesale Conservative Outlook Fund

**Fact Sheet
June 2010**

ARSN: 087 593 100



About the Fund

The BT Wholesale Conservative Outlook Fund provides investors with a diversified portfolio of Australian and international shares, Australian and international property securities, Australian and international fixed interest, cash and alternative investments. The Fund has a significant weighting towards defensive assets.

Fund objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the Fund's benchmark over the medium term. The suggested investment timeframe is three years or more.

Benchmark

The benchmark for the Fund is created from a blend of indices based on the Fund's exposure to different asset classes. The benchmark is calculated by using the weighted average asset allocation neutral position and the index returns for each asset class. Details of the particular market indices used for the Fund's benchmark can be found on our website at

<http://www.btim.com.au/AllFunds> and clicking on your fund page.

Investment process

The underlying investments in the BT Wholesale Conservative Outlook Fund are managed by BTIM together with a number of external partners. BTIM manages investments in the asset classes of Australian shares, global fixed interest, Australian fixed interest and cash, Australian property securities and alternative investments. These investments are augmented by our arrangements with leading global investment managers who have a competitive advantage in the management of global asset classes. These include: AQR Capital Management LLC for international shares and AEW Capital Management LP for global property securities.

Investment team

The Fund is managed by BTIM's Macro Strategies team headed by Joe Bracken who has more than 15 years industry experience. The team has a diverse skill set, combining a range of global and domestic market experience and drawing on the resources of BTIM's other specialist teams: Income Strategies and Equity Strategies.

Investment guidelines

| Asset allocation ranges (%) | Neutral Position | Ranges | |
|------------------------------|------------------|--------|-----|
| | | Min | Max |
| Australian shares | 15 | 5 | 25 |
| International shares | 8 | 0 | 18 |
| Australian fixed interest | 34 | 20 | 55 |
| International fixed interest | 15 | 5 | 35 |
| Australian property | 3 | 0 | 10 |
| Global property | 2 | 0 | 10 |
| Alternative investments | 6 | 0 | 20 |
| Cash | 17 | 0 | 40 |

Performance¹

| (%) | Total Returns | | Benchmark Return |
|--------------|---------------|-----------|------------------|
| | (post-fee) | (pre-fee) | |
| 3 months | -0.59 | -0.39 | -0.12 |
| FYDT | 9.57 | 10.48 | 9.47 |
| 6 months | 0.92 | 1.33 | 1.31 |
| 1 year (pa) | 9.57 | 10.48 | 9.47 |
| 2 years (pa) | 2.64 | 3.46 | 4.82 |
| 3 years (pa) | 0.55 | 1.37 | 2.84 |
| 5 years (pa) | 3.95 | 4.79 | 5.34 |

Asset allocations (as at 30 June 2010)

| | |
|-------------------------------------|-------|
| Australian Listed Shares: | 14.0% |
| Overseas Listed Shares: | 8.2% |
| Australian Fixed Interest: | 34.7% |
| Overseas Fixed Int (inc Mortgages): | 16.3% |
| Property Trusts | 3.3% |
| Global Listed Property | 2.2% |
| Alternative Assets | 6.2% |
| Australian Liquidity (< 180 days): | 15.1% |

Other information

| | |
|-------------------------------|--------------------|
| Fund size (as at 30 Jun 2010) | \$70 million |
| Date of inception | February 1990 |
| Minimum investment | \$50,000 |
| Minimum balance | \$50,000 |
| Buy-sell spread | 0.22% [#] |
| Distribution frequency | Quarterly |
| APIR code | BTA0805AU |

[#] 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 | 0.86% pa* |
|----------------|-----------|

* You should refer to the latest Product Disclosure Statement for full details of fees and other costs you may be charged.

¹ The asset allocation neutral position, asset allocation ranges and the benchmark have changed over time. As it is historical information, the fund performance reflects the asset allocation neutral positions and ranges that have applied over time. The benchmark performance shown is that of the combined benchmarks that the fund has aimed to exceed over time.

Market review

Increasing sovereign risk around EU countries and a weaker-than-expected economic recovery in the US and China saw investors move to defensive assets during the June quarter. Global equities fell -4.8% over the period though were down -11.2% in local dollar terms owing to the sharp depreciation of the Australian dollar against the US dollar.

The Australian sharemarket began the second quarter with positive momentum but a weak May and June saw the index lose -11.2% over the period. At a sector level, the market had varied results. Defensive sectors were strong, while cyclical sectors such as Industrials, Banks and Consumer Discretionary sectors underperformed the index. Telecom and Consumer Staples had the best relative performance in the market.

Despite falling commodity prices, anxiety about global growth and the miners' vehement opposition to the government's proposal for a Resources Super Profits Tax weighing on the sector, Resources roughly matched the market over the period (-11.0%). Meanwhile Banks (-17.1%) were affected by a lacklustre results season and concerns about funding costs.

Most bond markets were strong in the June quarter as the European fiscal crisis undermined both risk appetite and the prospects for growth in the region. The Australian 10 year bond shed 69 basis points and its US equivalent 90 bps. Meanwhile the RBA hiked rates in April and May but left rates on hold in June leaving the base rate at 4.5%.

Fund performance

Further falls in the local and global sharemarkets outweighed positive performance in fixed interest assets and saw the portfolio register a slightly negative return for the June quarter. The portfolio also underperformed the benchmark over the period.

The largest positive contributors to active performance were international equities, international fixed interest and global property, offset by negative active returns in Australian equities and listed property, the credit component of Australian fixed interest, commodities within alternative investments and asset allocation.

Strategy & outlook

We retain a slight negative bias to equities at present.

The risks to equity market performance appear skewed to the downside in the near term with the forward-looking economic data pointing to slowing growth in the second half of 2010. Hence, the volatility of the past quarter is expected to persist as the global economic cycle becomes increasingly unsynchronised across regions. Fiscal austerity measures in Europe are likely to be a

significant drag on growth, while the US recovery appears to be slowing and China continues to engineer a slowdown in its overheating property market. Australia has enjoyed strong employment growth recently, but the domestic economic outlook is less positive in light of a slowing property market and the lowest year-on-year retail sales growth since 2001.

It is therefore hard to call a bottom in equities at this stage, especially as the technical indicators have turned rather negative. With this is likely to come further weakness in the Australian dollar.



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.

If market movements, cash flows or changes in the nature of an investment (eg a change in credit rating) cause the Fund to exceed any of the investment ranges or limits in this document, this will be rectified by BTIM (RE) as soon as reasonably practicable after becoming aware of it. If BTIM (RE) does so, it will have no other obligations in relation to these circumstances. The procedures, investment ranges, benchmarks and limits specified in this document are accurate as at the date of its issue, and BTIM (RE) reserves the right to vary these from time to time.

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