

BT Wholesale Core Global Share Fund

Fact Sheet
June 2010

ARSN: 089 938 492



About the Fund

The BT Wholesale Core Global 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 BT 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)	
1 month	-3.90	-3.92	-4.15
3 months	-3.70	-3.56	-4.81
FYDT	7.33	8.22	5.22
6 months	-1.59	-1.22	-3.75
1 year (pa)	7.33	8.22	5.22
2 years (pa)	-3.29	-2.51	-6.12
3 years (pa)	-12.11	-11.39	-11.47
5 years (pa)	-2.90	-2.05	-2.16

Country allocation (as at 30 June 2010)

France	4.2%
Germany	3.9%
Netherlands	1.2%
Spain	1.8%
Sweden	2.0%
Switzerland	5.6%
United Kingdom	10.5%
Hong Kong	1.1%
Japan	10.9%
Canada	5.4%
USA	49.2%
Cash & Other	4.2%

Other information

Fund size (as at 30 Jun 2010)	\$192 million
Date of inception ¹	October 1992
Minimum investment	\$50,000
Buy-sell spread	0.40% [#]
Distribution frequency	Annual
APIR code	RFA0821AU

[#] 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 returns prior to June 2006 do not reflect AQR, investment performance.

Market review

In Australian dollar terms, the MSCI World (Ex-Australia) Index (Net) was down -4.8% for the quarter while a weaker Australian dollar saw global returns fall more sharply (-11.2%) in local dollar terms. In the US, the S&P 500 reached its best level for the first half of 2010 in late April, only to give back all of its gains for the year and then some, losing -11.9% for the quarter.

The VIX index of implied volatility hit a 2-year low in April before spiking in May-June. Q1 earnings season was strong relative to expectations but stocks were undermined by Europe's fiscal and banking sector problems and by concerns about the durability of the US recovery. This hit cyclical sectors such as Materials (-15.7%) and Financials (-13.9%); the latter also had to contend with a tough regulatory reform bill which worked its way through Congress during the second quarter. A stronger US dollar penalised global sectors such as Healthcare, while domestic defensives such as Telcos (-5.6%) held up better than average.

The oil price was down -9.7% for the quarter, gold gained +12.1% – setting an all-time high of US\$1265 – whilst base metals were weak on concerns over the strength of Chinese demand as well as wavering confidence in developed world growth.

The US dollar was volatile during the quarter. Initially, the US dollar 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 euro and the pound weaken most against the US dollar. Meanwhile Chinese authorities shrugged off US pressure on China to revalue the renminbi, sparking fears of a trade war between the two countries.

The USD was volatile during the second quarter of 2010. Initially, it appreciated against most major currencies, with investors looking for the relative safety of the US dollar. But, with more news flowing about the weak US economic recovery, the US dollar weakened towards the end of the quarter. Fiscal and banking system concerns meant that the euro was the weakest major currency in the second quarter, falling by 9.4% against the US dollar. In June the People's Bank of China announced that the renminbi policy would shift from a US dollar peg back to a target range against a basket of currencies, the system used prior to 2008.

Fund performance

The portfolio outperformed the benchmark for the June quarter driven by positive performance in the US and Continental Europe strategies, while the UK strategy was flat for the period and the Japan strategy was down for the period. The outperformance in the US was mainly due to a positive period in our industry valuation and sustainable growth signals outweighing negative performance in our valuation and investor sentiment factors.

The outperformance in Continental Europe was due to a positive performance in our momentum and industry momentum factors outweighing negative performance in our valuation signals. The flat performance in the UK was due to positive performance in our industry valuation and industry momentum signals offsetting negative performance in our valuation factors. The underperformance in Japan was due to positive performance in our valuation factors being outweighed by negative performance in our momentum and industry momentum signals.

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

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

Strategy & outlook

Tactically, we now are underweight Value in all our core regions: US, UK, Continental Europe and Japan strategies.



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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