BT Wholesale
American Share Fund

Fact Sheet
December 2010

ARSN: 087 594 509

BT Investment Management

Global Equities Investments

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 Cyclicals, 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 (post-fee)	Total Returns (pre-fee)	Benchmark Return
3 months	5.85	6.13	4.62
FYDT	2.90	3.45	1.57
6 months	2.90	3.45	1.57
1 year (pa)	1.13	2.10	0.95
2 years (pa)	1.56	2.56	-0.51
3 years (pa)	-5.90	-4.96	-7.74
5 years (pa)	-2.57	-1.60	-4.33

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

Asset allocation (as at 31 December 2010)

Materials	5.5%
Consumer Discretionary	11.9%
Energy	12.5%
Information Technology	19.0%
Health Care	10.7%
Utilities	3.0%
Telecommunication Services	2.6%
Finance	15.3%
Industrials	9.8%
Consumer Staples	8.5%
Industrials	1.2%

Other information

Fund size (as at 31 Dec 2010)	$10 million
Date of inception[#]	July 1999
Minimum investment	$50,000
Buy-sell spread	0.30%[1]
Distribution frequency	Quarterly
APIR code	BTA0100AU

[#] 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*

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

Market review

In the United States, recent data suggest the economy is past its "soft patch." US third quarter GDP growth was revised up to 2.6% and many economists have raised their growth expectations for the fourth quarter and for 2011. Driven by strong increases in the new orders and production components, the ISM Purchasing Managers Index unexpectedly reaccelerated in October, signaling continued strength in the manufacturing sector. The ISM Non-Manufacturing Index (NMI), an indicator of business activity in the services segment of the economy, also surprised to the upside in October and continued to expand in November, with respondents reporting "signs of economic stabilisation." Despite continued concerns about poor sales, taxes, and government regulations, small business optimism continues to recover, with the most recent NFIB Small Business Optimism Index producing its largest increase in six months. The survey showed that the number of firms planning to increase employment rose to a post-recession high. Consumer sentiment continued to rise throughout the quarter, reaching its highest level in six months in December and retail sales showed significant improvement with a strong holiday season.

Despite all the favourable news, concern about the European debt crisis continued to linger and although there was good news on the labour front, the latest Non-Farm Payroll Employment report showed that unemployment rose to 9.8% and payrolls had increased much less than expected. Also, US durable-goods orders fell 1.3% in November.

The S&P 500 rose 4.6% in Australian Dollar terms in the fourth quarter with energy and materials stocks leading the way. Utility and health care companies were the weakest performers during the quarter.

Performance review

The portfolio outperformed the S&P 500 index in the fourth quarter of 2010.

Contributors

- → Stock selection in industrials, energy, and financials
- → Stock selection and our overweight position in materials
- → Individual stocks: Monster Worldwide

Detractors

- → Stock selection in consumer staples
- → Individual stocks: Cisco Systems, Abbot Laboratories, and avoiding Wells Fargo and Freeport McMoRan Copper & Gold

Outlook and positioning

We generally employ a sector neutral approach (based on MFS defined Global Sectors) relative to the S&P 500 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. Each of our eight sector teams are focused on constructing portfolios that outperform their respective S&P 500 sectors and we seek to add value through stock selection and have the flexibility to invest across industries and styles.

Within their sector teams our analysts continue to look for compelling investment opportunities. Within the financial services sector, we own more positions than normal given sector volatility and hard to analyze legal/regulatory events. Potential catalysts for the group outside of valuation include credit expense dropping, activity and loan growth resuming and the return of dividends. Current positioning reflects a bias to cheap bank stocks given solvency risk has faded and an overweight to brokers, asset managers and exchanges, with an emphasis on share leaders with great business models. We are modestly overweight trust and processing banks which offer low capital requirements, above sector growth over time and will likely be early dividend payers. Within insurance, we have an overweight to life insurance, which is less exposed to macro issues and offers attractive valuations and an underweight to property & casualty insurance, where pricing pressures persist. Finally, we have no exposure to REITs which look very expensive relative to other financials and are trading at the upper end of their historic trading range.

Within technology, we have been underweight semiconductors due to high margins and inventory concerns. However, more recently we have started to take our exposure higher as the inventory cycle seems to have been, at least partially, digested at this point.

Within health care, we remain overweight medical equipment. We have increased our exposure to medical services with the additions of two companies.

Within consumer staples, we are overweight tobacco as we believe tobacco stocks offer continued margin expansion and better opportunities relative to other categories in the sector.

Within energy, we favour the long-term fundamentals of the oil services group due to the need to drill more in complex areas going forward, which should drive improving returns. We also favour independents (Exploration & Production) relative to the integrated energy companies given the independents better ability to grow over a cycle, with a bias towards oilier names than the more gas relative names. We are underweight gas distribution and electric power due to unattractive valuations.

Within consumer cyclicals we have been trimming our exposure to more offensive names due to valuations. This would include specialty retail.

Looking forward, we are optimistic for the prospects for the portfolio given that the environment for active stock pickers is showing signs of improving as correlations have been declining and the impact of macro trends has moderated. We believe our focus on higher quality companies with attractive fundamentals, sustainable business models and reasonable valuations should position us well as the environment changes and investment decisions are driven by fundamentals and valuations.

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For more information

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