

## BT Wholesale American Share Fund

**Fact Sheet**  
**March 2011**

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     | 3.49          | 3.74      | 4.99             |
| FYDT         | 6.49          | 7.32      | 6.64             |
| 6 months     | 9.54          | 10.10     | 9.84             |
| 1 year (pa)  | 1.27          | 2.24      | 2.64             |
| 2 years (pa) | 7.20          | 8.25      | 7.87             |
| 3 years (pa) | -0.39         | 0.59      | -1.81            |
| 5 years (pa) | -3.20         | -2.23     | -4.73            |

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 March 2011)

|                            |       |
|----------------------------|-------|
| Information Technology     | 19.6% |
| Consumer Discretionary     | 11.6% |
| Materials                  | 4.5%  |
| Energy                     | 13.3% |
| Utilities                  | 2.9%  |
| Health Care                | 10.7% |
| Telecommunication Services | 2.7%  |
| Industrials                | 10.4% |
| Finance                    | 14.7% |
| Consumer Staples           | 8.5%  |
| Cash & Other               | 1.1%  |

### Other information

|                                |                    |
|--------------------------------|--------------------|
| Fund size (as at 31 Mar 2011)  | \$12 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* |
|----------------|-----------|

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

## Market Review

The U.S. equity market as measured by the S&P 500 Index rose 5% (in AUD terms) in the first quarter, led by energy, and industrial stocks.

In the United States specifically, business surveys clearly indicate that the economy continues to accelerate; a 27-year high in the recently released Philadelphia Federal Reserve Bank's general activity index, with notable strength in new orders and the outlook for capex, production growth and employment, is a good example. Similarly, the US service sector continues to improve, evidenced by the February ISM nonmanufacturing index reaching its highest level since August 2005, with 13 of 18 industries reporting growth. Lastly, the small business sector appears to be finally joining the recovery with the NFIB Small Business Optimism index increasing to its highest level since December 2007, with 7 of 10 components either improved or unchanged and signs of increased capex and hiring.

With the trend in government fiscal restraint increasing, private sector job creation is going to be the key to sustaining the recovery. Corporate balance sheets in the United States remain flush with cash and are expected to continue, increasing capex in the coming months, which should ultimately drive job growth. Despite recent mixed employment reports, a number of forward-looking indicators for employment growth are improving, including the Conference Board Employment Trends Index, which increased in February for the fifth-straight month, and the recent strength in the jobs component of the Reuters/University of Michigan Consumer Sentiment Index, which has historically had a high correlation with payroll employment.

Despite rising fuel prices, further declines in home prices, and weak job and income growth, the consumer remains resilient. This resilience was illustrated by retail sales, which were up for the eighth consecutive month in February and posted the fastest year-over-year growth since August 2005.

Having said that, recent declines in consumer confidence surveys suggest higher gasoline prices may be starting to bite, given the high correlation between the two. Additionally, while credit card delinquency rates have declined to well below normal levels, consumer credit continues to contract, suggesting debt deleveraging continues at the consumer level.

With low core inflation, an elevated unemployment rate, and rising energy prices acting like a tax on consumers, the US Federal Reserve Board is unlikely to remove stimulus in the near future. As we move toward the summer and toward the expiration of the second round of quantitative easing, a key question will be whether the expansion is self-sustaining, and if not, whether the Fed will implement a third round of quantitative easing. We believe that barring any macro shocks, the recovery will be sustained, but that the path will continue to be bumpy and the progress slower than normal.

## Performance Review

The portfolio underperformed the S&P 500 Index in the first quarter of 2011.

### Detractors

- Stock selection in consumer discretionary, energy, and materials
- Individual stocks: Monster Worldwide, Expeditors International, and Cisco Systems

### Contributors

- Stock selection in information technology and consumer staples
- Individual stocks: Halliburton, Fluor, and avoiding Merck

### Portfolio Positioning

We employ a generally sector neutral approach (based on MFS defined Global Sectors) 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. 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 analyse legal/regulatory events. Potential catalysts for the group outside of valuation include credit expenses dropping, activity and loan growth resuming and the return of capital through dividends and buybacks. Current positioning reflects a bias to cheap bank stocks and an overweight to asset managers, with an emphasis on share leaders with great business models. We reduced our exposure to trust and processing banks given concerns that the revenue pressures are more structural than cyclical, combined with the potential for expenses to move higher after several years of rebuilding capital. 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.



### 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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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.

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