BT Wholesale
Ethical Share Fund

Fact Sheet
June 2011

ARSN: 096 328 219

BT Investment Management

Social Responsible Investments

About the Fund

The BT Wholesale Ethical Share Fund is an actively managed portfolio of Australian shares which seeks to ensure that funds are invested in an ethical or socially responsible manner. Investors are becoming increasingly aware of the link between a company's sustainability focus and its long term success and profitability. As a result, ethical fund investing combines the best of both worlds – the potential to achieve strong performance over the long term while contributing to a sustainable environment.

Fund objective

The Fund aims to provide a return (before fees) that exceeds the S&P/ASX300 Accumulation Index over the medium to long term. The suggested investment timeframe is five years or more.

Investment approach

The Fund will not invest in companies which:

- directly mine uranium for the purpose of weapons manufacture
- produce alcohol or tobacco
- manufacture or provide gaming facilities
- manufacture weapons and armaments
- have been subject to environmental and/or human rights prosecutions

Investment process

The Fund uses the same investment process as BTIM's flagship Australian equities products with the addition of sustainability screens.

1. The negative screen effectively determines the investment universe of the BT Wholesale Ethical Share Fund
2. The positive screen identifies companies for active consideration, given their focus on the production of sustainable goods and services. The ethical screen is provided by Regnan Governance Research and Engagement, a leading independent research organisation. Examples of positively screened companies include those that derive greater than 20% of their revenue from sustainable technologies, products and services.

Investment team

BTIM's ten-member Equity Strategies team is one of the largest in the Australian funds management industry. The portfolio managers for the Fund are Crispin Murray and Rajinder Singh, who have a combined 28 years industry experience. Crispin is also Head of Equity Strategies.

Investment guidelines

Ex-ante (forward looking) tracking error	2.0% - 6.0%
Min/max stock position	+/-4%
Min/max sector position	+/-6%
Number of stocks	50-90

Fees

Management fee	0.95% pa*

CERTIFIED BY RIAA

BT Investment Management (RE) Limited ABN 17 126 390 627, AFSL 316 455, has been certified by RIAA according to the strict disclosure practices required under the Responsible Investment Certification Program. The Certification Symbol signifies that an investment product or service takes environmental, social, ethical or governance considerations into account along with financial returns. See **www.responsibleinvestment.org** for details.

Performance

(%)	Total Returns		Benchmark
	(post-fee)	(pre-fee)	Return
1 month	-1.89	-1.81	-1.98
3 months	-4.14	-3.91	-4.26
FYDT	10.36	11.42	11.90
6 months	-0.52	-0.05	-1.27
1 year (pa)	10.36	11.42	11.90
2 years (pa)	9.94	10.99	12.47
3 years (pa)	-1.19	-0.25	0.26
5 years (pa)	2.38	3.33	2.37

Asset allocation (as at 30 June 2011)

Energy	13.1%
Materials	28.5%
Industrials	12.5%
Consumer Discretionary	5.8%
Consumer Staples	0.8%
Health Care	2.1%
Information Technology	1.0%
Telecommunication Services	3.6%
Utilities	1.7%
Financials ex Property Trusts	25.8%
Property Trusts	2.0%
Cash & Other	3.1%

Top 10 holdings (as at 30 June 2011)

BHP Billiton Limited	10.8%
Westpac Banking Corporation	7.9%
National Australia Bank Limited	6.3%
Rio Tinto Limited	6.1%
Commonwealth Bank of Australia Ltd	5.7%
Origin Energy Limited	4.6%
Telstra Corporation Limited	3.6%
Newcrest Mining Limited	3.5%
ANZ Banking Group Limited	3.4%
Asciano Limited	3.3%

Other information

Fund size (as at 30 Jun 2011)	$160 million
Date of inception	May 2001
Minimum investment	$25,000
Buy-sell spread	0.50%#
Distribution frequency	Quarterly
APIR code	RFA0025AU

The buy-sell spread represents transaction costs incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

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

Market Review

The final quarter of the financial year was a weak one for the Australian share market, with three negative months culminating in a disappointing return of -4.3%, as measured by the S&P ASX300 Accumulation index. In what was very similar pattern to the same period last year, equity markets were dominated by global macro themes. In fact, these themes have changed little, namely concerns over the strength of the US recovery, European sovereign debt and monetary tightening in China. This year-end, investors also had the additional headache of the end of quantitative easing, the initiation of which mid last year helped bring global equity markets out of the doldrums. Local economic news did nothing to temper the negative sentiment either with most data pointing towards a slowing economy.

Unsurprisingly, defensive parts of the market held up better during the month with Consumer Staples, Utilities and Telecoms holding up well. The worst performing sector was Energy, which was down by 11.1% as oil prices retreated and investors started to focus more on increasing costs in the sector. Materials were also weak, losing 5.5% having clawed some performance back at the end of the period. The banking sector was also weak, down 4.4% with investors concerned about the lack lustre domestic economy and soft credit growth.

The RBA left interest rates on hold at 4.75% throughout the quarter. The prospect of further interest rates has lessened over the period with softer local economic conditions but could easily resurface if the threat of inflation becomes more pressing and growth prospects pick up.

Fund Performance

The portfolio outperformed its benchmark over the period

Our overweight position in Iluka was the main contributor to performance with the stock continuing its strong rally, up 26.2% over the period. The driver for the continuing strong returns is the upward price momentum in zircon prices which has endured further than we had anticipated. While the fundamentals for zircon have been supportive, we are considering the valuation carefully is given strong share price gains the company has enjoyed.

Also contributing to performance over the quarter was our overweight position in Equinox Minerals. Canadian company, Barrick Gold Corporation made an all cash offer of C$8.15 per share for Equinox, which was accepted by the board. This superseded a previous offer from Chinese company Minmetals Resources. The opportunistic bid by Minmetals was quite significant in that it re-emphasised China's continued attempts to buy up quality resource assets, which supports the long term structural growth story for commodities. The share price rallied by 39.5% during the period, reflecting the value of the Barrick bid.

Our underweight position in Woolworths was the leading detractor from performance over the on period. The stock was up 3.2% during the quarter as investors favoured the more defensive stocks in the market.

Also detracting from performance was our overweight position in Qantas which was down 15.4% over the period. The company gave profit guidance for 2011 in the $500m to $550m range, which was at the lower end of the market consensus. They cited a profit before tax impact of $206m due to weather related losses incurred by the Japanese earthquake and Tsunami and the Queensland floods and a further $21m from the volcanic ash cloud in June. They will also receive $95m in damages from Rolls-Royce relating to the A380 engine issue. During the month Qantas announced that it was reducing planned domestic capacity growth from 8% to 5.5%, a move that is consistent with other airlines. More positively for the airline domestic yield growth of 9.6% in May was the strongest month since July 2007.

Outlook

The most significant driver in the direction of equity markets for some time now has been the handful of major macro issues that have persistently dominated the headlines. From where we are today, it seems unlikely that this will stop any time soon. The European sovereign debt problem lurches from one elastoplast solution to the next, with no proposed more permanent solution palatable to enough of the disparate parties to make it workable. Speculation as to which country the crisis will land in next continues, all the while unsettling markets. Across the Atlantic, where the national debt problem should be more manageable, political agendas are exacerbating the problem. The once implausible notion that US Treasuries could default has now become only an improbable one, as initiatives to increase the US debt ceiling stall in the face of congressional brinkmanship, despite the obvious dismal consequences. Meanwhile, the Chinese continue grapple with inflationary issues, which given the more downbeat investor mood, is gaining more focus despite this being a protracted issue. With this backdrop, there appears very little on the horizon to get equity investors excited, particularly as there is no current prospect of any further quantitative easing, which boosted equity markets this time last year.

However, as always, there are opportunities. In particular, the market valuation looks attractive. Excluding the range seen during the crisis period, the overall Australian share market prospective price to earnings multiple is at levels not seen since the early 1990s. Of course, there are clearly downgrades coming, particularly in sectors exposed to the domestic economy such as retail and media, which on a prima facie basis look extremely cheap but in our view lack clear catalysts to bring about a share price turnaround. We are focused on finding investment opportunities where we can buy quality businesses with sound growth prospects. Given the broad based falls lately, there are companies that meet these characteristics that are attractively priced.

For more information

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