

BT Wholesale European Share Fund

**Fact Sheet
June 2011**

ARSN: 087 594 429



About the Fund

The BT Wholesale European Share Fund is an actively managed portfolio of securities, primarily European 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 MSCI Europe (Standard) Index (Net Dividends) in AUD over the medium to long term. The suggested investment timeframe is five years or more.

Investment philosophy

MFS believes that that active management utilising fundamental research and rigorous risk management will lead to superior investment. MFS utilises a team-managed focus on fundamental analysis and thorough valuation discipline to build a high conviction portfolio.

Investment process

The European Equity Team researches companies and industries in order to generate their "best ideas." The research analysts develop investment ideas by obtaining and analysing company and industry information from personal contacts with company management, suppliers, users and competitors, industry consultants, and the research community.



A universe of 500 to 600 European securities is monitored on an ongoing basis. The analysts then examine company fundamentals to further reduce the universe of stocks to 20 to 30 stocks that they will each focus on to develop a detailed earnings and valuation model as well as conduct management interviews to assess the relative attractiveness of each investment. At any given time, approximately 100 to 150 European stocks merit a "buy" rating. The portfolio will typically hold 60-90 stocks.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	0.82	1.00	-1.05
FYDT	8.07	9.05	7.31
6 months	6.67	7.12	4.41
1 year (pa)	8.07	9.05	7.31
2 years (pa)	7.15	8.09	4.19
3 years (pa)	-2.66	-1.82	-5.51
5 years (pa)	-3.08	-2.20	-5.17

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

Asset allocation (as at 30 June 2011)

Czech Republic	1.3%
Netherlands	9.9%
Switzerland	18.1%
Portugal	1.7%
Denmark	2.5%
Germany	14.1%
Austria	0.9%
France	15.6%
Finland	0.8%
Belgium	0.7%
Spain	3.5%
Italy	1.6%
Sweden	1.4%
United Kingdom	25.4%
Cash & other	2.5%

Other information

Fund size (as at 30 Jun 2011)	\$17 million
Date of inception #	July 1999
Minimum investment	\$25,000
Buy-sell spread	0.40% ¹
Distribution frequency	Quarterly
APIR code	BTA0124AU

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 Commentary

European equities outperformed global markets during the second quarter. This quarter saw the emergence of renewed sovereign debt concerns in Europe. Throughout the period concerns over a debt default in Greece and the possible outcomes of contagion intensified. It is believed that a default by Greece would have a significant, but manageable, impact on French banks and the European Central Bank (ECB), but that a contagion to Portugal, Ireland, and particularly Spain would likely put the entire European banking system at risk.

The recent passage of additional austerity measures by the Greek parliament virtually ensures Greece will receive the next €12 billion tranche of joint International Monetary Fund/European Union bailout funds July 8 and prevents a debt default and looming contagion to other peripheral countries and exposed banks. While this is not a long-term solution and does not completely remove the risk of default, it hopefully buys time for policymakers to negotiate a longer-term financing package. It is expected that Greece, along with Ireland and Portugal, will eventually need its debt restructured.

The economic profile of Europe can best be described as uneven, and with business surveys broadly declining in recent months, the divergences are likely to become exacerbated. Overall economic conditions within the eurozone are exhibiting trends comparable with those of the United States, inflation trends are similar, unemployment is gradually declining, and credit conditions have begun to show signs of improvement. Germany, whose unemployment rate has declined to the lowest levels since unification, continues to be the standout, with strength both in exports and final domestic demand.

Growth in European countries outside the eurozone is also showing signs of deceleration, with strong exports offset by slower investment and consumption. The United Kingdom is facing stagflationary-type conditions, with the second slowest recovery in the G7 and the highest rate of inflation in the developed world.

European central banks, which unlike the US Fed have the single mandate of monitoring inflation, are in broadly tightening mode. Despite an inflation rate two times greater than its official target, the Bank of England is keeping rates on hold, citing growth concerns and blaming the elevated CPI on transitory issues. Given the combination of fiscal restraint and monetary tightening, the economic outlook for Europe remains lackluster.

Performance Review

The portfolio outperformed the MSCI Europe Index in the second quarter of 2011.

Contributors

- Stock selection and currency effect in consumer staples, health care, financials and materials
- Stock selection in information technology
- Individual stocks: Mitie Group and LVMH

Detractors

- Stock selection in telecommunication services and consumer discretionary
- Individual stocks: Akzo Nobel, SNS REAAL, Bankers Petroleum, Fortum Oyj and not owning BASF and GlaxoSmithKline

Positioning

The positioning of the European Equity strategy did not undergo significant changes in the second quarter of 2011. Our overall exposure to the health care, utilities and telecommunication services sectors has remained unchanged in the quarter. We continue to actively screen the European universe of stocks for companies that meet our investment criteria. Applying our principles of fundamental research with a keen eye on valuation, we continue to exhibit a focus on high quality companies with sustainable above-average growth and returns whose prospects are not fully reflected in their valuation. We maintain a well-diversified portfolio across all sectors in the region.

We maintain a significant overweight exposure to the consumer staples sector as we find several companies with strong brands and diverse geographical exposure that are attractively valued. We believe that the companies we own are in solid financial health, generate good cash flow and will deliver better than market returns over the long term. During the quarter, we increased our exposure to the sector and established a new position in a Portuguese based food retailing company. The sector was affected by headwinds of inflationary pressures which may impact short term earnings. With our focus on long term returns, we used this opportunity to top up some core holdings in the sector.

We continue to steer away from those companies whose earnings are very dependent on any given commodity price. This includes most companies in the metals and mining space which we believe should trade at a discount to the market over the long term due to their earnings volatility. We remain extremely underweight to the materials sector apart from some specialty chemical stocks which display more stable returns through the cycle. We added a new position in a German specialty chemicals company. In energy, we remain significantly underweight the sector and we did reduce positions in some stocks in order to diversify our exposure and add to a new position in the oil and gas industry. We tend not to find many opportunities with compelling valuations within this sector.

In the financials sector our positions have been largely unchanged this quarter, however, we did add two new positions in this sector, a Danish bank as well as a German real estate company. We continue to favour the insurance industry, in favour of banks, more diversified financials and those exposed to real estate. We own both large cap insurance stocks and added to our largest position, whilst maintaining holdings in several smaller specialist franchises. We believe that the banking industry remains strategically challenged due to the ongoing issues regarding sovereign debt and the requirement for capital replenishment. Our exposure to banks remains minimal and focused on avoiding downside risk.



For more information

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

BT Investment Management (RE) Limited ABN 17 126 390 627, AFSL 316 455, is the responsible entity and issuer of units in the BT Wholesale European Share Fund. A Product Disclosure Statement (PDS) is available for the Fund and can be obtained by contacting your business development representative on 1800 813 886 or visiting www.btim.com.au. You should obtain and consider the PDS before deciding whether to acquire, continue to hold or dispose of units in the Fund. This information has been prepared without taking account of your objectives, financial situation or needs. Before acting on this information, consider its appropriateness, having regard to your objectives, financial situation and needs. An investment in the Fund is not a deposit with or any other liability of the Westpac Banking Corporation (ABN 33 007 457 141) or any other Company in the Westpac Group of companies.

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.

BT Investment Management (RE) Limited is a member of the Westpac Group. Neither BT Investment Management (RE) Limited, nor any other company in the Westpac Group, guarantees the repayment of capital or the performance of the product or any particular rate of return.

BT® is a registered trade mark of BT Financial Group Pty Ltd and is used under licence.