

BT Wholesale Focus Australian Share Fund

Fact Sheet
June 2011

ARSN: 113 232 812



About the Fund

The BT Wholesale Focus Australian Share Fund is a highly concentrated portfolio of 15-30 ASX listed stocks, developed to meet investor demand for a higher alpha, higher tracking error fund.

Fund objective

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

Investment approach

BTIM aims to add value primarily through active stock selection. The Fund is managed using the same core investment style as is applied to BTIM's other Australian equity portfolios and utilises the team's proven research and stock selection capabilities.

BTIM's investment process for shares is based on our core investment style and is unrestricted by a growth or value bias.

Fund positioning

The Fund is designed to complement a conventional, core share portfolio by providing satellite exposure to selected Australian equities with the potential for performance enhancement.

Investment team

BTIM's ten-member Equity Strategies team is one of the largest in the Australian fund management industry. The portfolio manager for the Fund is Crispin Murray, who has more than 17 year's industry experience. Crispin is also Head of Equity Strategies.

Other information

Fund size (as at 30 Jun 2011)	\$250 million
Date of inception	April 2005
Minimum investment	\$25,000
Buy-sell spread	0.50% ¹
Distribution frequency	Semi-annual
APIR code	RFA0059AU

Investment guidelines

Ex-ante tracking error	4.5% - 8.0%
Max absolute stock position	15%
Min/max sector position relative to index	+/- 15%
Min/Max BARRA style factors	+/- 0.5 SD
SIRA style factors	Within 1 SD
Maximum cash level	30%
Shorting	No
Borrowing	No

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

**This is the fee for managing the assets of the Fund and overseeing the operations of the Fund. The issuer fee is paid from the assets of the Fund and is reflected in the unit price of your investment.

***A performance fee is payable to the manager if the Fund exceeds the performance hurdle. The Fund's performance hurdle is the benchmark (S&P/ASX 300 Accumulation Index) plus the issuer fee of 0.75% p.a. The fee is currently equal to 15% of the amount (if any) by which the performance of the Fund exceeds the performance hurdle. The performance fee is calculated each business day based on the investment performance and net asset value of the Fund on that day and, where positive, accrued daily in the Fund's unit price. The fee is payable annually as at 30 June. Any under-performance deficit must be recovered in dollar terms before any performance fee can be accrued in the unit price. Any unrecovered performance deficit is carried forward for up to three consecutive years. Performance fees are payable in relation to the performance of the Fund as a whole during each year, and do not necessarily reflect the performance of any individual unitholder's investment.

¹ The buy-sell spread represents transaction costs incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	-2.80	-2.74	-1.98
3 months	-4.84	-4.66	-4.26
FYDT	8.65	9.47	11.90
6 months	-2.22	-1.85	-1.27
1 year (pa)	8.65	9.47	11.90
2 years (pa)	11.38	12.32	12.47
3 years (pa)	0.44	1.34	0.26
5 years (pa)	2.78	3.68	2.37

Asset allocation (as at 30 June 2011)

Energy	18.6%
Materials	26.6%
Industrials	15.1%
Consumer Discretionary	3.5%
Consumer Staples	2.5%
Health Care	2.5%
Telecommunication Services	4.5%
Financials ex Property Trusts	25.1%
Cash & Other	1.5%

Top 10 holdings (as at 30 June 2011)

BHP Billiton Limited	9.0%
Westpac Banking Corporation	8.5%
National Australia Bank Limited	8.0%
Rio Tinto Limited	5.9%
Origin Energy Limited	5.7%
Asciano Limited	5.4%
Telstra Corporation Limited	4.5%
Commonwealth Bank of Australia Ltd	4.0%
Santos Limited	3.7%
Newcrest Mining Limited	3.6%

Fees*

Issuer fee**	0.75% pa
Performance fee***	15% of the performance (before fees) above the performance hurdle.
Performance hurdle	Benchmark plus Issuer fee

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 underperformed its benchmark over the period

The largest contributor to performance was our overweight position in Woodside Petroleum, which fell by 12.4% over the period. The share price fell due to the falling oil price and was put under further pressure for stock specific reasons. The company announced that the Pluto 1 project would take 6 months longer than previously expected and would increase in cost by A\$900m, increasing the total capex for the project to A\$14.9b. Delivery of the first gas will now not occur until March next year. As a result, the company's credit rating was put on watch by both Moody's and S&P.

Also contributing strongly to performance was our overweight position in Brambles, which returned 2% over the period. The company provided a trading update covering the last three quarters that stated that earnings expectations remain broadly unchanged, but that its CHEP business had won back several customers in the US. They also expected the IFCO Systems division result for the fourth quarter to be stronger than expected.

Detracting from performance was our overweight position in Gloucester Coal, which was down by 21.7%. The main reason for the company's underperformance was its discounted capital raising of 230m during the quarter to buy Donaldson Coal and Monash. While the deal has been quite controversial for

shareholders, from a strategic standpoint the acquisition makes sense for Gloucester as its new assets provide excellent access to ports and increase the scale of the operation significantly. The stock was sold down further towards the end of the quarter in line with other stocks in the sector. The structural industry conditions remain very strong for the coal industry and we consider Gloucester to be one of the highest quality businesses in its industry.

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.



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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