

BT Wholesale Property Securities Fund

**Fact Sheet
June 2011**

ARSN: 087 593 584



About the Fund

The BT Wholesale Property Securities Fund invests primarily in Australian listed property-related investments including listed property trusts, developers and infrastructure investments, both directly and indirectly. In addition, up to 15% of the Fund can be invested in international listed property-related investments and around 5% of the Fund will generally be invested in unlisted property investments.

Fund objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the S&P/ASX 300 Property Accumulation Index over the medium to long term. The suggested investment timeframe is five years or more.

Investment style

BTIM's property securities investment style is active, bottom-up and valuation-driven with stock selection driven by absolute valuations.

Investment philosophy

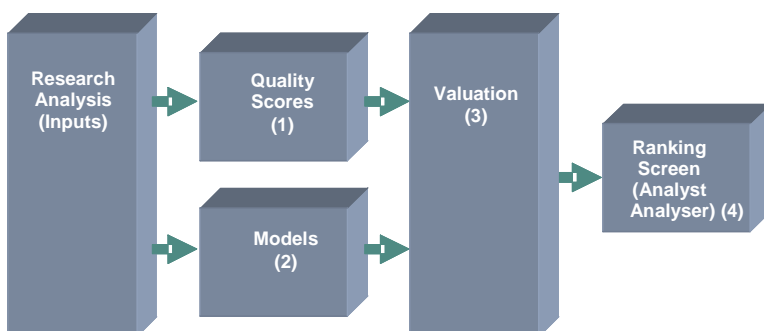
BTIM's investment philosophy is based on the beliefs that:

- market inefficiencies provide opportunities for well researched and disciplined investors to identify and purchase securities that are mispriced compared to what we consider to be their fundamental value;
- quality companies will outperform over time. BTIM's Listed Property Team place a high emphasis on quality scores to identify the best business franchises; and
- active investment management will outperform passive alternatives over a full market cycle

Investment process

The Property Securities investment process starts with comprehensive research utilising a range of proprietary valuation methodology and continues to four steps:

1. Scoring of quality factors
2. Financial modelling
3. Valuation
4. Stock Ranking



Investment team

BTIM's Head of Property Securities, Peter Davidson has over 20 years industry experience and is supported by a team of two portfolio managers/analysts and a specialist LPT dealer. The team also draws on the resources of BTIM's other specialist teams: Macro Strategies, Income Strategies and Equity Strategies.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	-0.91	-0.86	-0.77
3 months	-0.04	0.12	-0.49
FYDT	7.29	7.97	5.87
6 months	4.28	4.60	3.23
1 year (pa)	7.29	7.97	5.87
2 years (pa)	13.18	13.90	12.87
3 years (pa)	-6.18	-5.59	-9.65
5 years (pa)	-6.99	-6.40	-10.32

Other information

Fund size (as at 30 Jun 2011)	\$114 million
Date of inception	November 1997
Minimum investment	\$25,000
Buy-sell spread	0.50%#
Distribution frequency	Quarterly
Currency management	Foreign currency exposure is hedged
Cash holdings	Up to 20%
Tracking error guideline	2-5%
APIR code	BTA0061AU

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	0.65% pa*
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* You should refer to the latest Product Disclosure Statement for full details of fees and other costs you may be charged.

Market review

The Listed Property Trust sector provided a total return of -0.5% in the June 2011 quarter. The broader share market was down by 4.3% over the same period. Over the past year the LPT sector is up by 5.9% against a broader market which is up by 11.9%.

The June quarter was marked by concerns about growth stalling in the US economy. The sovereign debt crisis in Europe re-ignited with concerns about Greek and Italian sovereign debt. In hindsight LPT market was resilient through yet another difficult quarter

In Australia, 1Q2011 GDP fell 1.2% its worst fall in 20 years reflecting the impact of natural disasters (flooding) in the first quarter. Consumer confidence fell to its lowest levels since June 2009. The RBA remained on hold with cash rates steady at 4.75%. Meanwhile in the US, the all important non farm payrolls came in at a mere 54k in May compared to expectations around 165k. Unemployment rose to 9.1%

In sector news, Blackstone has made a bid for Valad Property Group (BT overweight) at \$1.80 per security cash. The bid underscores the value resident in the Valad balance sheet despite its weak earnings and challenged business model. Challenger Diversified (BT underweight) announced at 10% stock buyback. The move highlights management efforts to close the gap between trading price and underlying NTA. Charter Hall Office announced they have 28 interested parties to buy their US office portfolio which underscores how strong asset markets in the US are. We expect ING Office will also sell their US and European portfolios later this year. GPT has announced a 5% stock buyback

Over the quarter, there was 11% spread in the sectors with office returning 8% and retail -3%. This low return reflected concerns about a weakening consumer and the threat posed by the growth of online shopping expenditure here in Australia.

Looking forward, earnings growth for the LPT market will be 3 % for the near term FY12.

Fund performance

The portfolio performed above benchmark over the June 2011 quarter with an overweight position in Valad Property and ING Office adding to performance. On the negative side of the ledger, our underweight position in Commonwealth Office detracted.

Strategy & outlook

At current prices, the sector is trading on a 13.1 x PE, it is delivering a 6% distribution yield and 3%pa medium term growth. Earnings and balance sheets are stable. We look to improving direct property and equity markets for the next leg up in the sector.



For more information

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

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