

BT Wholesale European Share Fund

**Fact Sheet
September 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	-12.61	-12.47	-14.75
FYDT	-12.61	-12.47	-14.75
6 months	-11.90	-11.59	-15.65
1 year (pa)	-7.53	-6.74	-12.14
2 years (pa)	-5.75	-4.94	-9.34
3 years (pa)	-6.26	-5.47	-9.30
5 years (pa)	-6.70	-5.87	-9.07

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 September 2011)

Switzerland	19.6%
Netherlands	8.5%
Germany	14.1%
Denmark	2.8%
Portugal	1.5%
France	13.6%
Italy	1.7%
Spain	3.1%
United Kingdom	29.3%
Czech Republic	1.3%
Sweden	1.2%
Cash & Other	3.3%

Other information

Fund size (as at 30 Sep 2011)	\$15 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*
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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

Political drama in both the United States and Europe added to a number of weak economic reports that raised investor concerns about a return to recession, causing volatility and correlations to spike and stocks to tumble. With the global economic expansion at a crossroads and a number of political hurdles to overcome in the coming months, we expect equity markets to be largely driven by macroeconomic forces and technical factors. However, equity valuations remain attractive. Assuming a sluggish economic growth outlook (our base case) or at worst a mild recession, attractive longer-term investment opportunities exist for bottom-up active managers.

Political theatrics around the raising of the debt ceiling, the subsequent debt downgrade by Standard & Poor's, and renewed anxieties about the European sovereign debt crisis have been significant blows to business, consumer, and investor confidence. The European Central Bank's decision to buy Spanish and Italian bonds, combined with a commitment by G7 central banks to coordinate policy in the event of a seizing up of global banking liquidity, has played a crucial role in calming markets in recent weeks.

Headline risks will continue to be a significant issue in the coming months. Volatility is likely to remain elevated through a full calendar of events, including votes on changes to the European Financial Stability Facility (EFSF) by eurozone member parliaments, a decision by a German constitutional court on the legality of peripheral bailouts, and votes by the US Congress on a balanced budget amendment and a bipartisan plan to reduce the budget deficit.

Fund performance

The portfolio outperformed its benchmark during the September quarter of 2011. Contributors included stock selection in materials, industrials, consumer discretionary, and telecommunication services, individual stocks: Roche, Reckitt Benckiser, Nestle, and Societe Generale also contributed to performance. Detractors included stock selection in consumer staples, individual stocks: BNP Paribas, ING Groep, Akzo Nobel, Schneider Electric, and our avoidance of GlaxoSmithKline also detracted.

Strategy & outlook

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 an overweight exposure to the consumer staples sector, and have for several quarters, 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. Our absolute exposure to the sector remained unchanged during the quarter.

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. In energy, we remain underweight the sector as we are not finding many opportunities with compelling valuations.

We remain underweight to the utilities sector as we believe the opportunities for companies to generate above market levels of growth are limited as they struggle with the pressure of intense competition and a changing regulatory environment.

We remain underweight the financials sector. We continue to seek more diversified financial companies that have the potential to achieve sustainable, above-average growth. We recognize the banking industry remains strategically challenged due to the ongoing issues regarding sovereign debt and the requirement for capital replenishment, and we remain focused on avoiding downside risk. We continue to seek to identify securities that provide the opportunity for growth while maintaining this focus on downside risks.



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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