BT Wholesale Future Goals Fund

Fact Sheet September 2011

ARSN: 087 593 682

BT Investment Management

Diversified Funds Investments

About the Fund

The BT Wholesale Future Goals Fund provides investors with a diversified portfolio of Australian and international shares, Australian and international property securities, Australian and international fixed interest, cash and alternative investments. The Fund has a significant weighting towards growth assets.

Fund objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the Fund's benchmark over the medium to long term. The suggested investment timeframe is five years or more.

Benchmark

The benchmark for the Fund is created from a blend of indices based on the Fund's exposure to different asset classes. The benchmark is calculated by using the weighted average asset allocation neutral position and the index returns for each asset class. Details of the particular market indices used for the Fund's benchmark can be found on our website at

http://www.btim.com.au/AllFunds and clicking on your fund page.

Investment process

The underlying investments in the BT Wholesale Future Goals Fund are managed by BTIM together with a number of external partners. BTIM manages investments in the asset classes of Australian shares, Australian fixed interest and cash, Australian property securities and alternative investments. These investments are augmented by our arrangements with leading global investment managers who have a competitive advantage in the management of global asset classes. These include: AQR Capital Management LLC for international shares and AEW Capital Management LP for global property securities.

Investment team

The Fund is managed by BTIM's Macro Strategies team headed by Joe Bracken who has more than 15 years industry experience. The team has a diverse skill set, combining a range of global and domestic market experience and drawing on the resources of BTIM's other specialist teams: Income Strategies and Equity Strategies.

Performance[1] (as at 30 September 2011)

(%)	Total Returns (post-fee)	Total Returns (pre-fee)	Benchmark Return
3 months	-7.99	-7.77	-7.26
FYDT	-7.99	-7.77	-7.26
6 months	-9.79	-9.39	-9.16
1 year (pa)	-3.75	-2.86	-3.43
2 years (pa)	-1.26	-0.36	-0.71
3 years (pa)	-1.03	-0.13	0.22
5 years (pa)	-2.19	-1.30	-0.51

Asset allocations (as at 30 September 2011)

Australian Listed Shares:	41.3%
Overseas Listed Shares:	25.2%
Australian Fixed Interest:	8.6%
Overseas Fixed Int (inc Mortgages):	5.0%
Property Trusts	5.9%
Global Listed Property	2.9%
Alternative Assets	8.1%
Australian Liquidity (< 180 days):	3.0%

Investment guidelines

Asset allocation ranges (%)	Neutral Position	Ranges Min	Ranges Max
Australian shares	45	35	55
International shares	25	17	37
Australian fixed interest	8	0	20
International fixed interest	4	0	20
Australian property	5	0	10
Global property	3	0	10
Alternative investments	8	0	20
Cash	2	0	10

Other information

Fund size (as at 30 Sep 2011)	$7 million
Date of inception	July 1999
Minimum investment	$25,000
Buy-sell spread	0.31%[#]
Distribution frequency	Quarterly
APIR code	BTA0125AU

Fees

Management fee	0.98% pa*

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

[1] The asset allocation neutral position, asset allocation ranges and the benchmark have changed over time. As it is historical information, the fund performance reflects the asset allocation neutral positions and ranges that have applied over time. The benchmark performance shown is that of the combined benchmarks that the fund has aimed to exceed over time.

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

Market review

The September quarter was a very weak one for Equity markets the world over, with the MSCI World index falling by 17.1% over the period. The Australian market fared better than most with the ASX200 Accumulation index down by 11.6%, which was the worst quarter since the nadir of the crisis at the end of 2008.

The market has once again been dominated by macro events, despite the year end reporting season in August. The beginning of the period saw investor confidence significantly dented by the political stalemate in Washington around raising the debt ceiling, with a deal eventually getting approved but not without enduring reputational damage. Firmly consolidating this negative sentiment was the fact that US economic data released in early August was very weak. The idea that any weakness was being caused by temporary factors and that the recovery was still on track was firmly brushed aside as investors contemplated the reality of a persistently slower growth environment. As a result, equities across the globe sold off sharply.

The US Federal Reserve' implemented its USD400bn 'Operation Twist', which is designed to reduce the longer dated treasury yields by increasing the Fed's holdings in longer dated treasuries and reducing shorter dated notes. This provided some temporary respite but overall the market reaction was underwhelming and the rally short-lived as attention moved back to the well documented European, and in particular Italian and Spanish, debt issues.

Political leaders within the Eurozone continued to demonstrate that their own political agendas were higher on the priority list than agreeing and implementing a workable solution to the debt problem, which resulted in the equities sell-off gather strong momentum in September. There was no respite from China either, with increasing speculation in the market that there would be a 'hard landing', with softening equity data and increased concern around the property sector.

The RBA held the cash rate at 4.75% throughout the period, in what continues to be lacklustre domestic economy. Themes remained consistent in each of the accompanying statements with the Reserve Bank noting the unsettled nature of the financial markets due to sovereign debt and banking concerns in Europe and the prospect of slower economic growth in the United States.

Fund performance

The portfolio underperformed its benchmark in September quarter. The quarter was a very weak one for risk assets, particularly shares & property, with Australian shares down 13.89% and Global Property down 24.33%. International equities held up a little better, falling 2.96%, due mainly to the fall in the Australian dollar offsetting losses in the offshore share markets. Government bonds continued to rally in the September quarter, contributing to a 3.84% return for Australian Fixed Interest and a 5.71% for International Fixed Interest.

In a relative sense, our underlying active strategies were mixed with Australian equities adding value and International Equities detracting value in September quarter. Our asset allocation position also slightly detracted value.

Strategy & outlook

The key influence on the Australian share market continues to be the global macro environment. While we expect there to be a recovery from the aggressive sell-off we saw in September, there looks to be little imminent chance of a meaningful and long lasting reduction in the levels of volatility to buoy equity investors. The key issue remains Europe and while the economic situation there remains dire, the element that continues to frighten markets the most remains a now seemingly entrenched lack of confidence in the key political protagonists agreeing (let alone implementing) a timely and workable solution to the problem. The current state of play is there is an initiative to provide the under funded European Financial Stability Facility (EFSF), with a 'first-loss guarantee' facility that would effectively insure a proportion of the face value of a sovereign bonds issue with the aim of re-instigating investor confidence in that sovereign issuer. Importantly, there are more meaningful initiatives to recapitalise European banks and clear consensus that action must be taken to avoid full contagion into the banking sector. Progress is being made but it is not quick enough to provide sustained confidence for markets.

In the U.S, data has improved to the extent that the complete stand-still scenario that some were portraying back in August has not eventuated. However, there is broader acceptance that overall growth will be sluggish for some time. From where we are today, we are faced with a long period of lacklustre growth and it remains to be seen what further initiatives the government and Federal reserve can implement to jolt the economy.

In China, recent data suggests something of a slow-down, with softening data, particularly in the property sector. We are definitely not in the 'hard–landing camp' and would point out that the imbalances in the Chinese economy that had such a painful impact in 2008 are not nearly so evident today. In particular, growth has been slower in light of more restrictive policy and they are running about half the surplus that they were 3 years ago.

The Reserve Bank has yet not been able to gauge the extent that the slowing growth in Europe and the US will have on emerging market economies. It would be naïve to suggest that they will come through unscathed and it is likely that China's export-led economy will start to moderate as export volumes decline. Declining commodity prices may also provide an indication of slowing emerging markets and may also result in a paring back of mining investment intentions in Australia, although the investment pipeline remains large. Australian households have remained cautious, a behaviour that is only likely to be exacerbated by a weakening labour market and a high level of financial market volatility.

Fundamentally, we continue to be negative in the near to mid-term on credit markets as global growth appears to have markedly slowed. Whilst corporate balance sheets are markedly more robust than a few years ago, we believe that the market will continue to experience ongoing gyrations, typically with credit either widening or the market losing liquidity, until headline risk dissipates.

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For more information

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