

BT Wholesale Global Fixed Interest Fund

Fact Sheet
September 2011

ARSN: 009 567 558



About the Fund

The BT Wholesale Global Fixed Interest Fund actively seeks out investment opportunities within a broad portfolio of international fixed interest securities.

The management of BTIM's global fixed interest portfolios is outsourced to US-based BlackRock Financial Management Inc., a premier provider of international investment services across a broad range of asset classes. BlackRock has a cross-disciplinary team approach, which enables BTIM to benefit from the pooled expertise of all BlackRock's resources: its investment and risk management professionals, and its highly sophisticated, integrated, proprietary analytical tools.

Fund objective

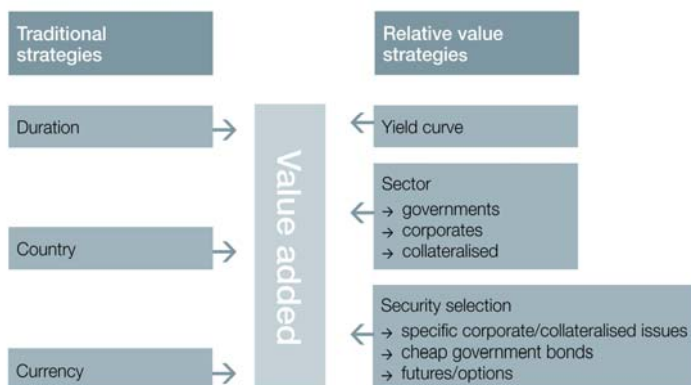
The Fund aims to provide a return (before fees, costs and taxes) that exceeds the Barclays Capital Global Aggregate Bond Index, hedged to AUD, over the medium term. The suggested investment timeframe is three years or more.

Investment approach

BlackRock's Global Bond philosophy is an extension of its risk-controlled approach that focuses on active sector/sub-sector rotation and security selection. BlackRock believes that this strategy is particularly well suited to today's dynamic global fixed income markets where the opportunity for relative value has increased.

Investment process

BlackRock's investment team employs multiple strategies to add value with an emphasis on exploiting relative value along the yield curve, across sectors and between individual securities. While value is also derived from traditional strategies, active exposures to country, currency and duration relative to the benchmark tend to be limited. In general, BlackRock expects 35% of value add to come from traditional strategies (duration, country and currency), while 65% is expected to come from relative value strategies (sector, security and yield curve).



BlackRock's portfolio construction is a two-stage process:

- Formulate strategies around major macro factors: country/bloc, currency and duration exposures
- Focus on relative value considerations: yield curve positioning, rotation between sectors and sub-sectors, and security selection are the key decision drivers

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	0.48	0.51	1.05
3 months	2.49	2.62	4.28
FYDT	2.49	2.62	4.28
6 months	4.91	5.15	7.28
1 year (pa)	5.75	6.27	7.79
2 years (pa)	8.86	9.40	9.39
3 years (pa)	9.01	9.56	10.25
5 years (pa)	6.86	7.40	8.53

On 3rd November 2008 the benchmark name for this fund was changed to Barclays Capital Global Aggregate Bond Index Hedged to AUD.

Asset allocation (as at 30 September 2011)

Belgium	1.4%
France	1.3%
Germany	3.4%
Italy	3.9%
Netherlands	1.4%
Spain	3.5%
United Kingdom	7.9%
Other Europe	13.2%
Japan	9.3%
Canada	2.6%
USA	51.0%
Cash & Other	1.1%

Duration

Portfolio duration is managed to +/- 1 year of the benchmark's duration.

Other information

Fund size (as at 30 Sep 2011)	\$82 million
Date of inception	July 2002
Minimum investment	\$25,000
Buy-sell spread	0.20%#
Distribution frequency	Semi-annual
APIR code	RFA0032AU

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	0.53% 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 sovereign and banking crises in Europe, along with slower global economic growth, remained the main drivers of risk over the quarter. Despite early 2011 predictions of accelerating growth and an improving global economy, economic weakness spread from the US to other regions during the third quarter, escalating the risks of a credit event in Europe.

In the US, the Fed stopped purchasing Treasuries on 30 June 2011, ending the second round of quantitative easing (QE2). However, the bond market was able to absorb the larger net supply without difficulty, dispelling fears that the loss of a large treasury buyer would cause yields to rise. The downgrade of the US AAA debt rating by S&P's at the beginning of August served as a catalyst for a sharp rally in the government bonds of 'safe haven' countries such as the US, Germany, the UK and Australia, while riskier credits and peripheral bonds were shunned by investors. The Fed reacted quickly to the challenging environment for credit, first by committing to the current policy rate until 2013, and second by announcing a program of long-end bond purchases under 'Operation Twist' following the September meeting of the Federal Open Markets Committee (FOMC)

Fund performance

The Fund underperformed its benchmark Barclays Capital Global Aggregate Bond Index (AUD Hedged) by 166 basis points (pre-fee) over the September quarter 2011. Performance over the quarter was negatively impacted by the dramatic fall in treasury rates following S&P's downgrade of the US credit rating to AA+ from AAA on the last day of July, followed by deepening concerns about the euro area sovereign debt and financial market crises. Our underweight position in USD and EUR duration had significant impacts on performance versus the index. Our other macro positions performed well, especially our yield curve flattening position in USD, which benefitted from the Fed's 'Operation Twist' in September.

As fear of contagion from the euro sovereign debt crisis turned into a broader crisis of confidence in the European banking system, corporate credit had two of its weakest months on record in August and September. In this environment, our small overweight position in financial credit was a negative contributor to portfolio performance, including our positions in US names, but our underweight position in EUR corporates was a small positive. Likewise, our emerging market and high yield positions suffered despite their strong fundamentals, as liquidity dried up and market inflows observed last year inverted quickly.

Outlook

The outlook for the global economy and global financial markets is finely balanced. In the short run, one could almost believe the worst is over, with the US economic data surprising on the upside and European authorities pledging to present a grand plan for the Eurozone by the end of October. On the other hand, the big macro risks stemming from the forced de-leveraging of developed markets are untamed: weak demand, low growth, high risk aversion. We believe investors looking for a roadmap would do well to follow political developments carefully: at this juncture, the direction of global markets will be largely driven by the difficult political decisions made in core European countries to save the euro project, and to underwrite a new grand bargain for the Eurozone entailing some form of fiscal union, and reinforced conditionality. However, first there is no guarantee this new grand bargain will come out of the hard political climate prevalent in the most important countries, where important elections are being held in the coming months. Second, recent history suggests that only subject to very intense market pressure will the hardest political choices be made. In this context of binary outcomes, with high political risk, we are biased to bring our positions closer to home, but we see some opportunities to play the range in credit assets where risk aversion has inflicted considerable damage.



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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