

# BT Wholesale Property Securities Fund

**Fact Sheet  
September 2011**

ARSN: 087 593 584



Property Investments

## 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

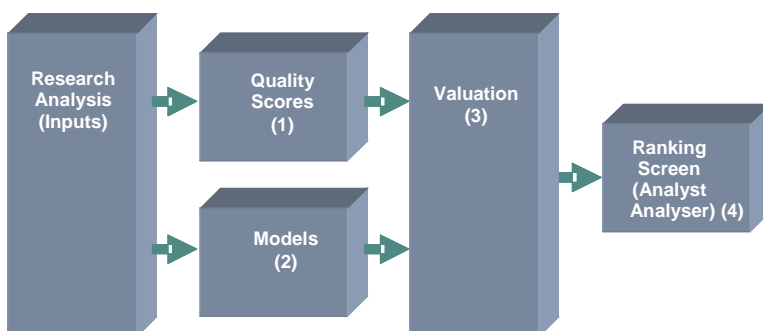
BTIM's investment philosophy is based on the beliefs that:

- 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	-4.52	-4.47	-4.58
3 months	-8.41	-8.26	-8.15
FYDT	-8.41	-8.26	-8.15
6 months	-8.44	-8.15	-8.59
1 year (pa)	-5.27	-4.67	-6.29
2 years (pa)	-5.08	-4.48	-5.41
3 years (pa)	-8.86	-8.28	-11.68
5 years (pa)	-10.31	-9.74	-13.59

## Other information

Fund size (as at 30 Sep 2011)	\$107 million
Date of inception	November 1997
Minimum investment	\$25,000
Buy-sell spread	0.50% <sup>#</sup>
Distribution frequency	Quarterly
Currency management	Foreign currency exposure is hedged
Cash holdings	Up to 20%
Tracking error guideline	2-5%
APIR code	BTA0061AU

<sup>#</sup> 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 S&P/ASX 300 Property Accumulation Index provided a total return of -8.1% in the September 2011 quarter. The broader sharemarket was down by 11.6% over the same period. Over the past year the LPT sector is down by 6.3% against a broader market which is down by 8.6%.

The September quarter saw the unprecedented S&P's downgrade of US government debt as well as an ongoing concern about growth stalling in the US economy. The sovereign debt crisis in Europe continued, reflected in low government debt yields. The LPT market was relatively resilient through yet another difficult quarter.

In sector news, Commonwealth Property Office Fund sold 259 George St, Sydney to an overseas investor on a very firm 6.3% cap rate. Mirvac sold a 50% interest in the 8 Chifley Square office development to KREIT, an Asian REIT on a firm 6.65% cap rate. There continues to be strong appetite for investment grade assets from a number of offshore sovereign wealth funds and private investors. Commentary from REIT teams during reporting season was all reasonably upbeat. A number of AREITs continue with their buyback plans and capital recycling strategies.

Over the quarter, there was 15% spread in the sectors with office returning -3.1% and industrial -18.4%. This low return reflects the trend towards more defensive earnings streams and concerns about Goodman Group's exposure to Europe.

## Fund performance

The portfolio performed below benchmark over the September 2011 quarter. An overweight position in Centro Retail Trust and Goodman Group and underweight position in Charter Hall Office detracted from performance. On the positive side of the ledger, our underweight position in Australand and overweight positions in Ale Property Group and Charter Hall Retail assisted performance.

## Strategy & outlook

At current prices, the sector is trading on an 11.5x PE, it is delivering a 6.7% distribution yield and 2-3% pa medium term growth. Earnings and balance sheets are stable. We expect improving capital management and strong support for high quality direct property to provide improving returns for the sector.



## For more information

Please call 1800 813 886, contact your business development representative or visit [www.btim.com.au](http://www.btim.com.au)

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