

BT Wholesale American Share Fund

Fact Sheet
December 2011

ARSN: 087 594 509



About the Fund

The BT Wholesale American Share Fund is an actively managed portfolio of securities, primarily North American 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 S&P500 Total Return Index in AUD over the medium to long term. The suggested investment timeframe is five years or more.

Investment philosophy

MFS believes that bottom-up, fundamental analysis offers the best opportunity to identify high quality companies with above average, sustainable earnings growth. Further, MFS believes that focusing on stock selection, rather than sector selection, is a compelling way to add value versus the S&P 500 over time.

Investment process

Each analyst is responsible for following companies within their specific industry coverage. The analysts develop and maintain their own models, visit with company management, and interview competitors, suppliers and customers in order to form an opinion on each company.



The portfolio is managed in sector neutral style vs. the S&P500 according to eight broad sectors as defined by MFS: Capital Goods, Consumer Cyclical, Consumer Staples, Energy, Financial Services, Health Care, Technology and Telecom. Each sector has an allocation within the MFS Research Portfolio which matches its proportionate weight in the S&P 500. The Quantitative Analysts will run screens to exclude companies that are deemed to be illiquid.

The portfolio will typically hold 80-110 stocks.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	5.09	5.38	6.00
FYDT	-1.09	-0.57	0.57
6 months	-1.09	-0.57	0.57
1 year (pa)	-1.01	-0.01	2.10
2 years (pa)	0.06	1.04	1.52
3 years (pa)	0.70	1.70	0.35
5 years (pa)	-3.61	-2.65	-5.36

The investment manager for this fund changed on 6th June 2006. Performance before this date may not be directly comparable.

Asset allocation (as at 31 December 2011)

Consumer Discretionary	13.2%
Information Technology	19.9%
Industrials	11.4%
Utilities	3.8%
Health Care	11.7%
Energy	12.0%
Telecommunication Services	2.6%
Materials	2.3%
Consumer Staples	10.2%
Financials	12.0%
Cash & other	0.9%

Other information

Fund size (as at 31 Dec 2011)	\$9 million
Date of inception [#]	July 1999
Minimum investment	\$25,000
Buy-sell spread	0.30% ¹
Distribution frequency	Quarterly
APIR code	BTA0100AU

[#] 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

Global equity markets rose over December 2011, with the MSCI World Ex Australia Accumulation Index in hedged (AUD) terms up 1%. Unhedged Australian global equity investors however fared less well, with the index returning about 0.2%.

As had been the case for most of the year, the main influence on market sentiment in December was the ongoing European sovereign debt crisis. During the month, an EU summit agreed measures to augment fiscal consolidation for member states via further government borrowing controls and initiatives were put in place to provide further capital support via the IMF. This tempered the negative sentiment to a degree with peripheral bond yields coming down over the month. However, the outlook remains tepid, with few initiatives for growth and continued need for austerity dampening prospects.

Fund performance

The portfolio underperformed its benchmark during the December quarter. Detractors included stock selection in industrials, health care, and energy; and at an individual stock level, our overweight positions in Oracle and Target. Contributors included stock selection in consumer staples and materials; and our stock overweight positions in Occidental Petroleum and F5 Networks, our underweight position in Amazon.com and avoiding Bank of America.

Strategy & outlook

Within their sector teams our analysts continue to look for compelling investment opportunities. Within the financial services sector, we continued to reduce our exposure to credit by eliminating our position in a diversified financial as we believed its cheap valuation was unlikely to matter in an environment of muted revenue growth, limited return of capital and European economic struggles. We also swapped our position in a couple of regional banks and started a position in a major bank which we feel offers a decent dividend yield that is likely to grow and exposure to C&I lending, one of the few bright spots in banking. We have no exposure to trust banks given continued interest rate pressures and lower activity levels in high margin businesses (securities lending, FX trading) are likely to persist for some time. We are overweight areas of revenue growth including select asset managers, which trade at only a slight valuation premium to trust banks and offer improving earnings, the payment processing space. We also decreased our exposure to life insurance as the environment remains challenging given the likelihood interest rates will remain low for an extended period of time and increased our exposure to property & casualty insurance. Finally, within the REIT space, we swapped our only position into a new position; a well managed REIT oriented to commercial real estate which we believed had less political intervention risk.

Within technology, we remain focused on owning reasonably valued, strong secular growth stories. We do not own many of the mature, large cap technology stocks which are cheap but will likely be the slowest growers over the next several years. Specifically,

while these companies have dominated the PC market over the years, there is a shift from desktop to mobile (in particular the tablet space) and from developed markets to undeveloped markets and these companies are unlikely to dominate these new markets. While we remain underweight semiconductors, and eliminated a position during the quarter, our exposure to semis did increase during the quarter with the addition of a couple of new holdings, one of which is the leading designer of PLD's (Programmable Logic Devices). Over time, PLD's have been gaining share from traditional chips as they have a shorter time to market, tend to be cheaper and are more flexible for use in different applications and the company has been gaining share relative to its competitors, generates solid free cash flow, has a good balance sheet with a net cash position and an above average growth profile. Our weighting in the internet space moved higher as we added to a current position.

Within health care, we remain overweight medical devices & supplies. While fundamentals have been challenging for the group we have found a mix of companies that we believe offer a combination of growth, driven by favorable long-term demographic trends, new product launches and a focus on innovation and penetration in faster growing markets; high relative market share and stock prices trading at attractive valuations.

Within consumer staples, we remain overweight tobacco as we believe tobacco stocks offer continued margin expansion, pricing power, good capital allocation (returning cash to shareholders), reasonable valuations and better opportunities relative to other categories in consumer staples. However, we did use the strong performance of the group to trim and reposition our exposure. We sold our positions in two tobacco holdings and used the proceeds to start a new position in a company which we felt offered the strong valuation in US tobacco and had superior volume growth. Within consumer products, we added a company which we believe offered a reasonable valuation, is taking price on a more systematic basis and should benefit from lower raw material costs.

Within consumer cyclicals, we increased our exposure to media, and are now slightly overweight, by initiating a position in a company that we feel has strong cable-net growth and international expansion, and an improving capital allocation story as the company undertakes share repurchases. We are also overweight apparel manufacturers and increased our overweight with the addition of a new holding that we think has an underappreciated growth profile. We are also overweight specialty stores with a preference for non-macro comparison drivers or unit growth stories at reasonable multiples.

Within telecommunications, our biggest overweight is in cable funded by an underweight to the regional bell operating companies. We recently increased our cable exposure by adding a name, and while cable does have lower dividend yields than the RBOC's, it had faster dividend growth, faster revenue and FCF growth, and an annual total shareholder return greater than the RBOC's.

For more information

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

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