

BT Wholesale Core Global Share Fund

Fact Sheet
December 2011

ARSN: 089 938 492



About the Fund

The BT Wholesale Core Global Share Fund is an actively managed portfolio of international shares. The shares are managed by Connecticut-based AQR Capital Management, LLC (AQR) with a currency overlay provided by BT Investment Management (BTIM).

AQR are fundamental investors who use quantitative strategies to maintain a highly diversified and risk controlled portfolio that reflects AQR's valuation and momentum philosophy.

Fund objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds MSCI World ex Australia (Standard) Index (Net Dividends) in AUD over the medium to long term. The suggested investment timeframe is five years or more.

Investment style

The investment style is to seek to generate returns by active trading in both stocks and currency.

Investment process

The Fund's investment process separates the stock and currency investment decisions with the majority of the Fund's risk allocation relating to stock selection.

AQR's disciplined approach uses bottom-up fundamental security selection indicators to generate excess returns through under and overweighting stocks and industries relative to the benchmark.

Separate regional stock selection models are utilised to tailor stock and industry selection considerations to the different global equity markets within the benchmark.

AQR employs a quantitative and model driven investment process with teams conducting ongoing research on security selection indicators, portfolio construction, optimisation, trading techniques and technology.

Currency decisions are actively managed by BTIM's Macro Strategies team which seeks to produce risk adjusted returns by actively investing in a portfolio of currency instruments. The process incorporates the rigour and discipline of a quantitative process with fundamental drivers and qualitative analysis. The strategy invests primarily in the global currency forwards market and may also use other currency derivatives to express the portfolio manager's active views.

Investment team

Founded in 1998, AQR Capital Management is an investment management firm employing a disciplined multi-asset, global research process. AQR's diverse client base includes some of the largest institutional investors across the US, Europe and Asia. AQR's team spans a variety of backgrounds including fund management and academic finance. The research of AQR's principals is internationally renowned and has resulted in numerous published papers in a variety of professional journals since 1991.

BTIM's Macro Strategies Team aims to generate alpha and develop global products from a range of top down strategies. The team's analysts and portfolio managers each have more than 10 years experience running investment strategies. Joe Bracken is the Head of the Macro Strategies team and Cameron Fouladi is the Portfolio Manager primarily responsible for BTIM's Currency portfolios.

Performance¹

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	0.79	0.87	0.21
3 months	3.51	3.76	2.00
FYDT	-5.75	-5.30	-6.15
6 months	-5.75	-5.30	-6.15
1 year (pa)	-4.10	-3.20	-5.34
2 years (pa)	-2.16	-1.28	-3.70
3 years (pa)	-1.01	-0.15	-2.58
5 years (pa)	-8.09	-7.29	-7.53

Country Allocation (as at 31 December 2011)

France	4.4%
Germany	3.8%
Ireland	3.8%
Norway	1.1%
Sweden	1.4%
Switzerland	1.4%
United Kingdom	10.2%
Hong Kong	1.2%
Japan	9.3%
Canada	5.4%
USA	54.8%
Cash & Other	3.2%

Other information

Fund size (as at 31 Dec 2011)	\$187 million
Date of inception ¹	October 1992
Minimum investment	\$25,000
Buy-sell spread	0.10% [#]
Distribution frequency	Annual
APIR code	RFA0821AU

[#] 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	0.97% 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.

¹ Please note AQR started managing the fund from June 2006. Historical returns prior to June 2006 do not reflect AQR, investment performance.

Market review

Overall, the final quarter of 2011 saw global equity markets recover from a very weak prior third quarter. The MSCI World Ex Australia Accumulation Index in hedged terms was up 8.9%. Unhedged Australian global equity investors however fared less well, with the relative strength of the Australian dollar vs. the MSCI World basket of currencies meaning that the unhedged version of the index returned only about 2%.

Looking at the specific countries and regions, the US was the strongest region with the S&P500 Index climbing by 11%. Better than expected economic data spurred the market, with the cyclical sectors of the market such as Materials and Industrials performing the best.

As had been the case for most of the year though, the main influence on global market sentiment in the December quarter was the ongoing European sovereign debt crisis. Peripheral European bond spreads continued to widen with the Italian ten-year bond yield moving above 7%, a level that indicates extreme funding difficulty, which prompted agreement at an EU summit 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 steadying towards the end of the period and local equity markets staged a relief rally, particularly in October. The Euro Stoxx was up by 6% and the FTSE100 was up by 8.7%.

Asian markets also joined the global rally, despite renewed concerns around Chinese growth. The major exception was Japan, posting a negative quarter with the Nikkei down nearly 3%, with the export heavy market continuing to suffer in light of sluggish global demand and persistently high currency.

Fund performance

Within this environment, the Fund performed strongly over the quarter and outperformed the benchmark.

Stock selection contributed well to Fund returns, with positive active stock selection returns sourced from the US, continental European, Canadian and Japanese stock markets. Within the UK, active stock selection was flat over the period. Thematically, outperformance in the US was driven by strong performance to valuation considerations both in selecting stocks and industry tilts. Similarly, in the Canadian & Japanese markets cheaper stocks rallied strongly, driving our outperformance in those markets. The outperformance in Continental Europe was due to positive performance in our momentum and investor sentiment signals, while valuation considerations detracted slightly from overall results. At an industry group level, the Fund's underweight to Financials was the largest contributor to returns, further assisted by positive contributions from our stock selection tilts within the Financials sector.

Strategy & outlook

Going into 2012, at a stock level, the Fund continues to be positioned more defensively than it would be, on average, over a cycle. Valuation differentials between lower and higher quality companies remains tight in continental Europe and Japan, though we are finding there are more relative value opportunities in the US and UK and we enter 2012 mildly overweight value in our stock positioning within these markets. At an industry level, we are currently most overweight Health care stocks, and most underweight Utilities.



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 Financial Services Council (FSC) 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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