

# BT Wholesale Future Goals Fund

Fact Sheet  
December 2011

ARSN: 087 593 682



## 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<sup>1</sup> (as at 31 December 2011)

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
3 months	2.80	3.05	2.62
FYDT	-5.41	-4.96	-4.83
6 months	-5.41	-4.96	-4.83
1 year (pa)	-4.04	-3.16	-3.88
2 years (pa)	-1.29	-0.38	-0.58
3 years (pa)	5.09	6.05	5.61
5 years (pa)	-2.86	-1.98	-1.31

## Asset allocations (as at 31 December 2011)

Australian Listed Shares:	39.2%
Overseas Listed Shares:	24.5%
Australian Fixed Interest:	10.4%
Overseas Fixed Int (inc Mortgages):	7.3%
Property Trusts	3.5%
Global Listed Property	2.2%
Alternative Assets	8.0%
Australian Liquidity (< 180 days):	4.9%

## Investment guidelines

Asset allocation ranges (%)	Neutral Position	Ranges	
		Min	Max
Australian shares	41	35	55
International shares	24	17	37
Australian fixed interest	10	0	20
International fixed interest	7	0	20
Australian property	3	0	10
Global property	2	0	10
Alternative investments	10	0	20
Cash	3	0	10

## Other information

Fund size (as at 31 Dec 2011)	\$7 million
Date of inception	July 1999
Minimum investment	\$25,000
Buy-sell spread	0.31% <sup>#</sup>
Distribution frequency	Quarterly
APIR code	BTA0125AU

## Fees

Management fee	0.98% 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.

<sup>1</sup> 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.

<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.

## Market review

The December quarter was a reasonably strong one for Equity markets the world over, with both the MSCI World index and Australian share market rising by around 2.0% over the period. This was after the September quarter which was the worst quarter since the GFC. On a hedged basis due to the AUD movements, the returns for international equities hedged were much stronger, around 7.1%.

The market has once again been dominated by macro events mostly out of Europe. In a series of summits, Eurozone nations agreed on measures to alleviate the sovereign debt crisis, looking at 50% haircuts on private sector Greek debt holdings, proposed increases on tier 1 bank debt ratios and reduction of structural deficits.

In the US, the economic news continued show signs of improvement, with GDP increasing at a 1.8% annualised rate, the unemployment rate fell from 9.1% to 8.6%. Congress passed a \$1 trillion spending package, averting a government shutdown. It extended for two months a payroll tax cut and other benefits.

In Australia, corporate news offered little to offset a difficult macro background. Annual General Meetings (AGM) commentary was mixed and a number of companies lowered market expectations over the quarter including JB Hi-Fi, Billabong and Newcrest Mining. Corporate activity was subdued; the buy-back theme of 2011 continued with Sims Metal and Transfield Services announcing programs.

Market volatility, concerns over global growth and in particular signs that China's momentum may be easing contributed to a sub-par showing from the Resource stocks which were negative for the quarter. Banks and defensive stocks outperformed over the quarter.

Australian bond yields continued their rally in the fourth quarter. The three-year bond yield fell from 3.62% to 3.13% and the ten-year yield from 4.22% to 3.67%. The Reserve Bank cut interest rates by 0.50% over the quarter with inflation lower than expected. The bank noted considerable turbulence and difficult financing conditions in financial markets, especially in Europe.

International bond market performance in the fourth quarter was driven by some progress in attempting to resolve the European crisis, and the strength of the US recovery. Investor sentiment improved and the market calmed down toward year end as the European governments explored a number of possible solutions to the crisis. Central banks also acted on deteriorating financial and economic conditions: the ECB cut interest rates by 0.50% over the quarter and the six major central banks lowered the USD liquidity swap facility by 0.50%. In the US, the economic data was generally stronger than expected, with more signs of a sustained recovery. Over December, the US, UK and Japan ten-year yields rallied 4 basis points, 46 basis points and 4 basis points, respectively. Australia outperformed the US with the ten-year yield spread closing lower at 1.79%.

## Fund performance

The portfolio outperformed its benchmark in the December quarter. The quarter was a reasonably strong one for risk assets, particularly shares and property, with Australian shares up 2.1% and Global Property up 8.9%. International equities held up as well, returning a positive 2.0%. Government bonds continued to rally over the quarter, contributing to a 1.9% return for Australian Fixed Interest and a 2.0% for International Fixed Interest.

In a relative sense, our underlying active strategies were mixed with Australian Fixed Interest and International equities adding value whilst Australian equities and Alternatives detracted value in December quarter. Our asset allocation position was positive for the quarter.

## Strategy & outlook

It is customary at this time of year to reflect on the previous twelve months and to gaze into the crystal ball to deduce what might happen over the next twelve. From this standpoint, many of the key drivers that made 2011 such a difficult year look set to continue into 2012. As we have been saying throughout the European sovereign crisis, there is no silver bullet and it seems that we will continue to see recent initiatives to bring about more fiscal integration muddle through the various EU members' legislatures. Moreover, the institutions with the mandate to do so will continue to add liquidity into markets and support the banking system. The 'risk-on, risk-off' pattern looks set to continue as long as this issue remains front and centre of investors' minds. The crux of the issue however remains – there is too much debt. Austerity measures brought in to pay down this debt will continue to temper meaningful growth in the region, which is a painful fact that investors have had to get used to.

In the US, recent data has been more encouraging than expected but in our view a sustained recovery has to come from more significant investment from the corporate sector, which remains in good financial shape. If we're looking for catalysts to improve sentiment over the coming months, signs of stronger investment from this sector would be a clear one.

Closer to home, the much discussed slowdown in the Chinese economy has put further pressure on the Australian market and in particular the resources sector.

Our view is that the Chinese economy may well continue to slow in the shorter term as authorities try to get a grip on the overheating property market but we do not think that a 'hard landing' is a likely outcome. Rather, we believe that the authorities will take measures to stimulate growth and given the tightening measures that have implemented last year, they have some considerable levers to stimulate growth.

The environment remains difficult. However, it also provides opportunities for investors to identify value in companies where negative sentiment has driven share prices well below what their fundamentals indicate they are worth.



## 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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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.

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