

# BT Partner Funds Update

May 2007



## Changes to the BT Partner Funds

The BT Partner Funds provide investors with continuous exposure to some of the best equity fund managers, domestically and from around the world, in the three style classifications of Growth, Value and Core.

On behalf of our clients, both BT's specialist Investment Solutions team, and the manager research team of independent consultants, continually review investment managers to ensure only the most appropriate are appointed. To qualify as a manager for a Partner fund, a fund manager needs to obtain a positive rating from both research teams, and should a manager no longer qualify for such a high review, we will replace the manager efficiently and with no action required by investors or their advisors. This means that you are always invested with the most appropriate, highly rated fund managers.

As the result of our recent review of the BT Partner Funds and ongoing analysis of existing and new managers, Investment Solutions has implemented improvements for two of the funds.

## Summary of improvements

- We have appointed MFS Institutional Advisers to manage the Partner International Shares Core Fund, replacing the previous manager Wellington Management Company.
- We have appointed Trilogy Global Advisors to manage the Partner International Shares Growth Fund, replacing the previous manager Marvin & Palmer.

## Rationale for the changes

### Partner International Shares Core

Wellington had managed the Fund since July 2004. We originally selected Wellington based on the strength of their analyst culture and their research capabilities. However, following in depth reviews of Wellington's capabilities, we have a lesser conviction in their ability to deliver the investment characteristics we seek for our investors and they have not done so over the term of their mandate as manager of the Partner International Shares Core Fund. We now believe it is in the best interests of the investors to appoint an alternative manager.

## Why MFS?

The MFS Global Equity investment strategy employed for the Partner fund is managed by highly regarded, seasoned investment professionals - Dave Mannheim and Simon Todd. Their extensive global research team analyses securities in more than 60 countries, and their strength in research differentiates them from peers. The research process seeks to gather and exploit company specific insights, and to deliver consistent returns to investors. Considering a range of both value and growth factors in constructing their portfolios means that the portfolio will not exhibit large biases to either style at any one point in time. This quality supports MFS' style as being well suited to the Partner International Shares Core Fund.

Established as a partnership in Massachusetts in 1924, MFS is America's oldest mutual fund company. Based in Boston, MFS invented America's first mutual fund, Massachusetts Investors Trust, and later established one of the first in-house research groups in the industry, globally, based on their disciplined, in depth security-selection process.

Headquartered in Boston, MFS also has offices in Chicago and Phoenix. Outside the US, MFS is strategically located in South America, Mexico, London, Bahrain, Singapore and Japan.

MFS believes that active management and bottom-up fundamental research are the best means of identifying attractive opportunities for earnings growth and subsequent capital appreciation, aiding in the delivery of consistently superior investment results.

In addition to BT's selection of MFS, leading retail researchers Lonsec and vanEyck and many of the institutional investment consultants have also rated MFS' capabilities highly. These ratings are a further endorsement of the strength of MFS' investment team and process, and our belief that the manager is well positioned to deliver out-performance over the long-term.

## Partner International Shares Growth

Marvin & Palmer have been managing the fund since November 2002. Our original selection of Marvin & Palmer was based largely on the portfolio management skills and leadership of Dave Marvin. While we maintain confidence in Marvin & Palmer as an investment firm, we have significantly less confidence in their ability to deliver the requisite investment characteristics and performance than we do for the newly appointed manager, Trilogy Global Advisors.

Having conducted detailed due diligence, we therefore believe it is in the funds' best interest to appoint Trilogy Global Advisors as the new investment manager for the Fund.

## Why Trilogy?

Trilogy Global Advisors LLC is a registered investment advisor founded in 1999 by the former global head of equities at Credit Suisse Asset Management, Bill Sterling. Headquartered in New York, the firm is independently owned. Trilogy's origin was based on Bill's desire to continue providing institutional investors with his growth-oriented global and international investment management discipline, a process he had been implementing successfully for many years.

The Trilogy style is well suited to the Partner International Shares Growth Fund. Led by three highly experienced global Portfolio Managers, their strong growth-oriented investment process of identifying companies with superior growth prospects, has guided them in the development of a high quality growth process that leaves Trilogy Global Advisors well positioned to take advantage of current and future marketplace dynamics characterized by intense global competition and rapid structural change.

Our appointment of Trilogy is supported by other leading investment organisations, including industry superannuation funds, implemented consultants and several industry investment consultants in Australia.

## What is the impact of the change?

A benefit of the unique structure of the Partner Funds is that we have been able to make the changes extremely efficiently and without any additional effort required from investors and advisors. We employed the services of a specialist transition manager so as to maximise efficiency in implementing these changes.

## Summary

Markets and investment managers are always changing. The clear benefit of the Partner Funds is that there are specialists constantly looking out for these changes and positioning their portfolio as appropriate. Investors in the Partner Funds can feel comfortable that their assets are invested with highly rated fund managers throughout the life of their investment and not just at the time of initial purchase. In pursuit of this, we have appointed MFS Institutional Advisers and Trilogy Global Advisors, both of whom we believe are well positioned to deliver strong performance for our customers.



### What to do next

- See your adviser.
- Visit [www.bt.com.au](http://www.bt.com.au).
- Call 132 135.
- Visit your local BT Investor Centre.

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