

BT Partner Australian Shares Core (Alphinity)

March 2012



BT Partner Funds – BT presents the world's best equity style managers

The BT Partner Funds proposition is to select and continuously monitor the world's best equity investments managers, domestically and from around the world, in the three style classifications of Growth, Value and Core.

Fund objective

The Fund aims to provide an overall return that exceeds its benchmark over the recommended investment timeframe. This Fund invests in Australian shares with a core investment style, and is currently managed by Alphinity Investment Management.

About core investment style

Core investment managers do not have a predetermined growth or value bias. They purchase shares that they believe are either undervalued or have above average growth potential. This investment approach moderates the cyclical swings from growth and value investing and can outperform over the full business cycle.

About Alphinity

Alphinity is a boutique Australian investment manager whose goal is to add value through an investment philosophy and process that is distinctive, rigorous and disciplined.

Alphinity has:

- A well-defined investment philosophy
- A distinctive, disciplined and rigorous research process – with a true partnership between fundamental and quantitative research inputs
- A highly experienced, accomplished and cohesive investment team
- A business structure which strongly aligns the objectives of investors with investment staff.

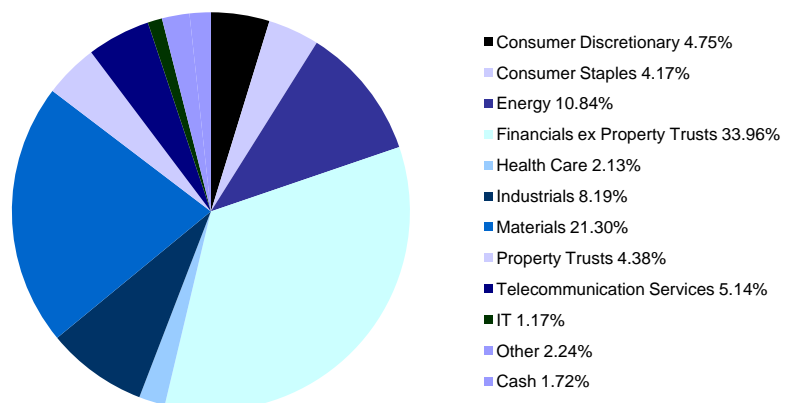
Fund facts

Minimum suggested investment period	5 years
Date of inception	March 2003
Risk profile	Dynamic
Product size (\$m)	\$4.1
Management fee	1.95% pa
APIR code	BTA0072AU

Performance vs benchmark (% pa)

(%) pa	3 months	1 year	3 years	5 years	Since incept.
Total returns (pre-fee)	8.85	-4.92	12.00	-3.51	7.67
Total returns (post-fee)	8.32	-6.75	9.84	-5.36	5.59
S&P/ASX 300	8.58	-6.27	11.35	-2.10	5.23

Sector allocation



Manager history

Manager	Appointed	Replaced
Alphinity Investment Management	November 2011	
Challenger Financial Services	October 2006	November 2011
Alpha Investment Management	April 2004	October 2006
AMP Capital	November 2002	April 2004

Commentary from Alphinity

Main contributors to performance were overweight positions in Super Retail Group, Flight Centre and an underweight position in Newcrest Mining. Detracting from returns were overweight positions in New Hope Corporation, Transurban Group and an underweight position in CSL.

Outlook from Alphinity

The month of March capped off a solid first quarter for global equity markets as well as for the Australian market. We see two requirements for positive market returns going forward. Firstly, an increased risk appetite as investors become more comfortable with the financial risks associated with the Euro debt crisis and secondly better earnings growth. On the first issue, markets still trading below long term valuation metrics, particularly in Australia, are likely to benefit from further evidence of a full-blown debt crisis having been avoided. Somewhat ironically, markets weakened towards the end of the period on disappointment over a reduced likelihood of further quantitative easing in the US as that economy appears to continue its steady path onto firmer ground. The fact that the US economy can grow without renewed Fed Reserve stimulus, is considered a positive development in our book! On the second issue, it is more difficult to be enthusiastic. In fact, despite only just over a month having passed since the end of the February reporting season, a number of companies (Leighton, Metcash, Qantas, Stockland, Transfield Services) have already provided updated earnings guidance which have been unanimously negative. It looks like the steady march towards no earnings growth for the market in FY12 continues. On a brighter note, our visits to the US and China during March have made us more positive on the outlook for the two largest economies in the world. In the US, steady progress appears to be made with unemployment reducing and even the housing market showing definite signs of life. Perhaps most noteworthy for investors is our increased confidence in the Chinese economy. While acknowledging that medium term growth is likely to slow somewhat and the commodity intensity of the next five year plan is likely to reduce, our visits to close to 30 companies indicated that the seasonal upturn and some improvement from the gradual easing of financial constraints has belatedly arrived. This should provide support to the resources part of the market which has been easing off on the back of the now well-known slowdown in the Chinese property market that we have commented on extensively over the last several months.

Top 10 holdings

Stock	Weight %
BHP Billiton	8.96
ANZ Banking Group	7.31
Westpac Banking Corp	6.86
National Australia Bank	5.64
Commonwealth Bank	5.44
Telstra Corporation	5.14
Rio Tinto	5.02
Woodside Petroleum	3.18
Wesfarmers	2.87
AMP	2.36

Key performance contributors and detractors

Key performers	Contribution %
Super Retail Group	0.42
Flight Centre	0.27
Newcrest Mining	0.21

Key detractors	Detraction %
Fortescue Metals Group	-0.22
New Hope Corporation	-0.15
Brambles	-0.14



What to do next

- See your adviser
- Visit www.bt.com.au
- Call 1800 813 886

BT Funds Management Limited ABN 63 002 916 458 is the responsible entity of the BT Partner Australian Core 1 Fund (Fund) and is the issuer of units in the Fund. A Product Disclosure Statement (PDS) is available for the Fund and can be obtained by calling 1800 813 886 or online at www.bt.com.au. You should obtain and consider the PDS before deciding whether to acquire, or continue to hold, units in the Fund. This fact sheet has been prepared without taking account of your objectives, financial situation or needs. Because of this you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation and needs. Total returns for the Fund are calculated to the last day of each month using exit prices. Total return figures assume distributions are reinvested and issuer fee and expenses are deducted but contribution fees (where payable) and taxes are not. Returns are historical and past performance is not a reliable indicator of future performance. This fact sheet is updated quarterly and is accurate at the time of publishing. We may change the investment characteristics of the Fund at any time.