

BT Partner Australian Shares Value (ATI)

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 value investment style, and is currently managed by ATI.

About value investment style

Value investment managers look for bargains – companies that have fallen out of favour with the market and are currently undervalued. They purchase shares below their ‘intrinsic value’ where they expect that value to be recognised by other investors in the future.

About ATI

Above the Index Asset Management Pty Ltd (ATI) [ACN 111 239 591 / AFSL 295904] was established in September 2004 as a boutique Australian equity manager, specialising in the manufacturing of long only Australian equity portfolios. ATI’s investment style utilises a relative value methodology. Based in Sydney, ATI manages in excess of A\$500M on behalf of institutional and retail clients.

Fund facts

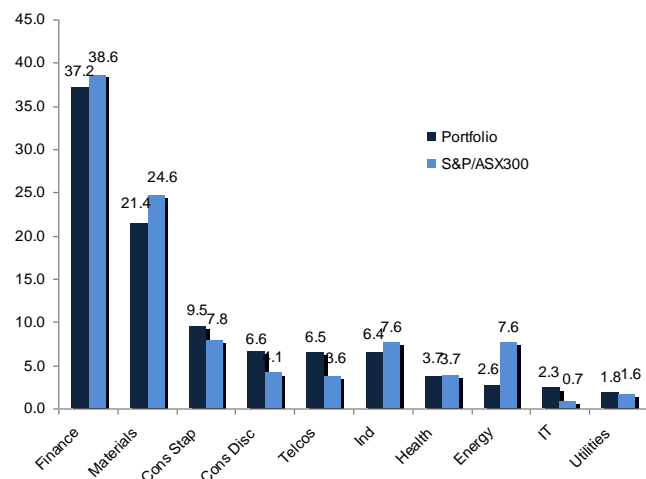
Minimum suggested investment period	5 years
Date of inception	March 2003
Risk profile	Dynamic
Product size (\$m)	\$21.34m
Management fee	1.95% pa
APIR code	BTA0074AU

Performance vs benchmark (% pa)

(%) pa	3 months	1 year	3 years	5 years	Since incept.
Total returns (pre-fee)	6.83	-7.34	8.77	-4.06	8.08
Total returns (post-fee)	6.32	-9.12	6.68	-5.90	5.99
S&P/ASX 300 Accum	8.58	-6.27	11.35	-2.10	9.26

Note: ATI since May-11

Sector allocation



Manager history

Manager	Appointed	Replaced
GMO Australia	November 2002	April 2011
ATI	May 2011	

Commentary

The Fund rose 4.61% (post-fees) in the March quarter compared with a rise of 5.73% for the S&P/ASX300 Accumulation Index.

The better performing sectors during the quarter were Industrials (+13.6%), Information Technology (+12.5%), and Energy (+11.0%); while the worst were Telecommunications (-0.4%), Consumer Staples (+4.3%), and Materials (+4.7%).

The Fund's quarterly performance was positively influenced by overweight positions in the Consumer Discretionary sector (by holding Flight Centre and Qantas) and the Information Technology sector (by holding Computershare). The negative influences on quarterly performance came from an overweight position in the underperforming Financials sector, and an underweight position in the outperforming Industrials sector. The portfolio performance during the quarter was assisted by overweight positions in Flight Centre, ANZ Bank, and Qantas; and by not holding Stockland, Origin Energy and Transurban. Positions that detracted most from the portfolio's performance during the quarter were from being overweight Lynas, Newcrest Mining and Telstra; and from not holding Westfield Group and Macquarie Group, and from not holding QBE for the entire quarter, which all relatively outperformed.

Outlook

The Australian equity market continued to be driven by global macro forces during the March quarter as the improvement in US economic data and a subsidence in concerns over the European debt situation saw the market trade higher. However, these underlying issues remain largely unresolved. Meanwhile, the slowing Chinese economy became more evident as the quarter progressed. As such, global uncertainty is likely to remain for some time. However, the quarter also saw a return to more local issues with reporting season in full swing. Overall results were mixed, however not as bad as some had predicted which saw several underperforming stocks rebound strongly. Many companies commented about ongoing softness in domestic trading activity and margin pressure (particularly across the industrials and the banks), as guidance and outlook comments generally remained cautious.

ATI has responded to the recent market conditions with a series of active portfolio management decisions that have been implemented during this period of significant market instability. These decisions had the cumulative effect of concentrating and de-risking the portfolio into those large capitalisation stocks which provided the greatest expected return for the lowest level of expected risk. The recent sell-off in equity markets reflects the fact that a synchronised global earnings recovery is now some way off as both Europe and the US are attempting to deal with mounting debt problems. As a result of revised global growth expectations, the ongoing domestic earnings downgrade cycle for equities is likely to continue, and until we see some improvement in the global macro backdrop, investors are likely to remain somewhat wary.

Top 10 holdings

Stock	Weight %
ANZ Bank	9.3
BHP Billiton	9.2
National Australia Bank	8.3
Westpac Bank	8.2
Telstra	6.6
Woolworths	5.4
Commonwealth Bank	4.6
Newcrest Mining	3.8
CSL	3.7
News Corporation	3.0

Key performance contributors and detractors

Key performers	Contribution %
Flight Centre	0.25
ANZ Bank	0.14
Qantas	0.12
Computershare	0.11
Australian Infrastructure Fund	0.09

Key detractors	Detraction %
Lynas	-0.31
Newcrest Mining	-0.21
Telstra	-0.15
Kingsgate Consolidated	-0.14
Suncorp	-0.09



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 Value 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.