

BT Partner International Shares Core (MFS)

March 2011



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 investment 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 international shares with a core investment style, and is currently managed by MFS.

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 MFS

MFS Institutional Advisors, Inc. (MFS) is America's oldest mutual fund company being established in Massachusetts in 1924. Headquartered in Boston, and with an extensive global presence, MFS has an enviable track record of international equity investing.

MFS:

- is a style-neutral active manager
- believes that active management and bottom-up fundamental research are the best means of identifying companies with attractive earnings growth and subsequent capital appreciation
- employs a process that considers a range of growth and value factors in constructing their portfolios, which limits the development of biases from a particular style and therefore moderates cyclical market swings
- has an extensive and collaborative global research team with superior knowledge of local cultures and markets. Their strength in research differentiates them from peers.

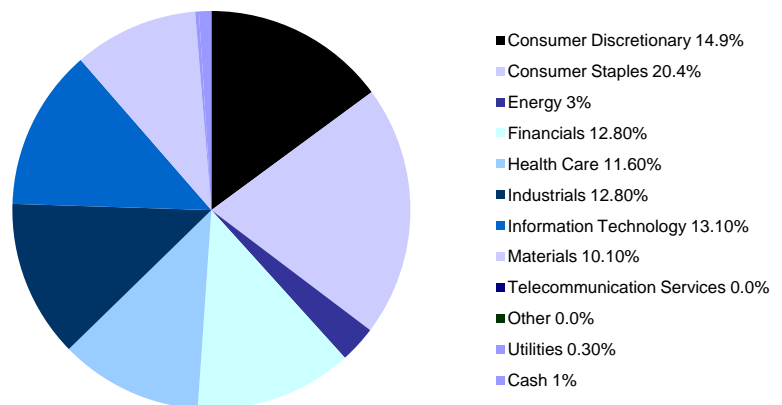
Fund facts

Minimum suggested investment period	5 years
Date of inception	July 2004
Risk profile	Dynamic
Product size (\$m)	\$41.1
Management fee	2.10% pa
APIR code	BTA0249AU

Performance vs benchmark (% pa)

(%) pa	3 months	1 year	3 years	5 years	Since incept.
Total returns (pre-fee)	13.28	6.48	8.20	-1.16	2.42
Total returns (post-fee)	12.69	4.26	5.95	-3.21	0.30
MSCI World ex Australia Index	10.50	0.69	5.07	-5.63	-0.46

Sector allocation



Manager history

Manager	Appointed	Replaced
MFS Institutional Advisors	May 2007	
Wellington Management Company	July 2004	May 2007

Commentary from MFS

Contributors to performance this quarter included underweight positions in utilities and communications and underweight positions and stock selection in energy. Stock selection in health care also contributed to performance. An underweight position in the Japanese yen and an overweight position in the euro had a positive currency impact on relative performance as the Japanese yen depreciated and the euro appreciated during the quarter. We do not actively manage currency in this strategy. Individual stocks contributing were Linde, WPP Group, Goldman Sachs, Heineken, Autodesk, Amphenol, and LVMH.

Detractors to performance this quarter included underweight position and stock selection in technology. A moderate allocation to cash, used for transactional purposes, negatively impacted relative performance as the market appreciated over the quarter.

Individual stocks to detract from performance were Canadian National Railway, Tesco, and not holding JPMorgan Chase or Bank of America.

Outlook from MFS

During the first quarter, we continued to add to high-quality franchises that possess strong balance sheets, generate good free cash flow and have the opportunity to capture market share going forward. We started a new position in a leading global manufacturer and distributor of flavors and fragrances after trimming our position in one of its major competitors based on relative valuation. We believed the company will benefit from a favorable industry outlook with high barriers to entry and solid long-term organic revenue growth, as well as improving returns and profit margins at the company, and the stock's valuation was attractive relative to global peers. We initiated a position in a supplier of parts, components and systems to the global automotive industry. We believed the company had become a low-cost supplier following its restructuring over the past several years, and the company is capable of delivering above-industry growth due to its significant exposure to higher-growth segments.

In aggregate, the changes this quarter were quite modest relative to the overall strategy, which is consistent with our long-term investment horizon. We believe the portfolio is well-positioned with our focus on high-quality, above-average growth businesses that have tended to perform well over the long term, and we continue to invest in these businesses at attractive valuations when stock prices often overreact to near-term earnings forecasts.

Top 10 holdings

Stock	Weight %
Linde AG	3.4
Nestle SA	3.1
Walt Disney Co	2.6
Heineken NV	2.5
Reckitt Benckiser Group PLC	2.5
Diageo PLC	2.3
Honeywell International Inc	2.0
LVMH Moet Hennessey	1.9
Accenture PLC	1.9
Oracle Corp	1.9



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 International 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.