

BT Partner International Shares Value (Tradewinds)

March 2016



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

To provide a return (after fees and taxes) that exceeds the benchmark over the medium to long term. The Fund invests in International shares with a growth investment style, and is currently managed by Tradewinds.

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 Tradewinds

Tradewinds Global Investors, LLC is a specialist global equities manager based in Los Angeles. As at 30 September 2009, they manage over \$24 billion USD in assets across an array of actively managed strategies on behalf of institutional, high net-worth and managed account clients. Tradewinds:

- is a research driven fundamentals based manager employing a value-orientated investment process that is designed to find appealing investment opportunities across all market capitalisations anywhere across the globe.
- employs seasoned, successful investment professionals forming strong convictions leading to a portfolio that can be very different to that of the benchmark
- opportunistically seeks to identify undervalued companies considering absolute valuation and security pricing in the context of industry and market conditions seeks to add value through bottom-up research aimed at selecting undervalued securities that are believed to be mispriced, misperceived or under-followed, and that have the prospect of strong or improving business fundamentals.

Manager history

Manager	Appointed	Replaced
Tradewinds Global Investors, LLC	November 2009	-
Bernstein Investment Research & Management	May 2005	November 2009
Bank of Ireland Asset Management	November 2002	May 2005

Fund Facts

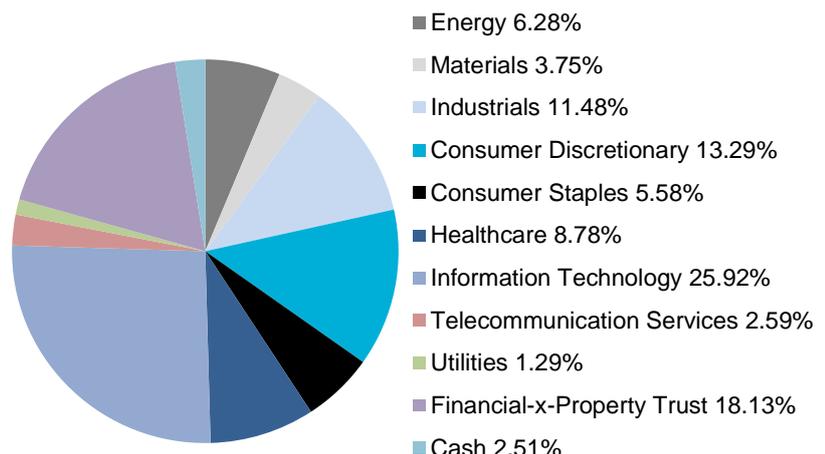
Minimum suggested investment period	5 years
Date of inception	March 2003
Risk profile	7 - Very High
Product size (\$m)	\$6.99
Management fee	2.15% pa
APIR code	BTA0076AU

1_This is an estimate only based on the performance fees paid over the 12 months to 30 June 2015.

Performance vs benchmark (% pa)

(%) pa	3 months	1 year	3 years	5 years	Since incept.
Total returns (pre-fee)	-1.18	-0.54	16.06	7.31	4.82
Total returns (post-fee)	-1.71	-2.66	13.61	5.04	2.60
MSCI World ex Australia Index	-5.81	-3.90	18.68	13.27	6.71

Actual Asset allocation



Latest Portfolio update

The Fund depreciated by approximately 1.71% (post fees) in AUD terms during March. Outperforming the benchmark MSCI All Country World Index that depreciated by approximately 5.81%.

The information technology sector was the leading quarterly contributor to portfolio performance on a relative basis, driven by a few strongly performing U.S.-based companies. More broadly, companies based in the U.S. were the largest contributor to returns, followed by emerging markets exposure. The financials sector was the primary detractor from relative quarterly performance, driven by declines in companies across various regions.

Market moves like those seen during the first quarter can be quite jarring for investors. However, for fundamental value investors, times of declines and high volatility can often bring opportunity. It appears the stage is set for many undervalued companies to make impressive comebacks and the Fund is likely to benefit from this as it is effectively positioned to gain from such a development.

Outlook

Global equity markets experienced heightened volatility over the first quarter of 2016, although the MSCI All Country World Index eventually eked out a small gain for the period. The index fell by over 11% in the first half of the quarter. Investors appeared to be concerned by prospective Federal Reserve tightening, continued weakness in oil prices, uncertainty regarding global growth (particularly in China), fears that Britain may exit the EU and the unexpected announcement of a negative interest rate policy from the Bank of Japan. Flight-to-safety effects could be seen in multiple areas, with defensive equity sectors and gold rising in value. Around the mid-point of the quarter investors began finding solace in select countervailing factors, such as oil prices seeming to hit at least a short-term bottom. Overall, the rather noisy quarter frustrated attempts to establish any broad themes.

Overall, the rather noisy quarter frustrated attempts to establish any broad themes. Financials were particularly hard hit during the quarter, upon fears that the net interest margins of many banks would suffer under the weight of low or negative interest rates, along with continued stresses to economic growth. Health care companies also faced difficulties, especially the biotechnology firms that are perceived as particularly risky, following increased scrutiny of tax inversions in the U.S., the usual U.S. election cycle and high profile investor squabbles over certain health care businesses.

Many emerging market equities and currencies rallied strongly from the February low, as investors decided that the Federal Reserve would likely delay interest rate increases this year. We were able to take advantage of this trend.

Japan is also one of the sources of opportunity to capitalize on undervalued companies, in our view. While the surprise of negative rates underscored the sustained battle against economic malaise in that country, we believe there are multiple possible tailwinds that could support Japanese equities—although the recent strength of the Japanese yen is proving a challenge

Additionally, given the market sell-off, the financial sector globally offers strong franchises that, while they may be in a difficult space currently, we believe offer good earnings power and discounted valuations.

Top 10 holdings

Stock	Fund Weight%
Ubs Group Ag	3.41
Oracle Corp	3.20
Ms&Ad Insurance Group Holdings	2.83
American International Group	2.78
Citigroup Inc.	2.71
Wh Group Ltd	2.62
Royal Dutch Shell Plc-B Shs	2.36
General Motors Co	2.11
Bunge Ltd	2.10
Arkema	2.06

Key performance contributors and detractors

Key performers	Contribution
Wh group ltd	0.54%
Arkema sa	0.40%
Aes corporation	0.37%
Bankers petroleum ltd	0.37%
Oracle corporation	0.34%

Key detractors	Detraction
Adecoagro s.a.	-0.15%
Teva pharmaceutical	-0.08%
Mitie group plc	-0.06%
Roche holding ltd	-0.02%
Ypf sa sponsored adr	-0.02%

*Relative to benchmark and based on pre fee returns.



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 Retail Partner Australian Shares Core Fund - Tradewinds (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 132 135 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.