

# BT Wholesale Partner Australian Shares Value (ATI)

September 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 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.

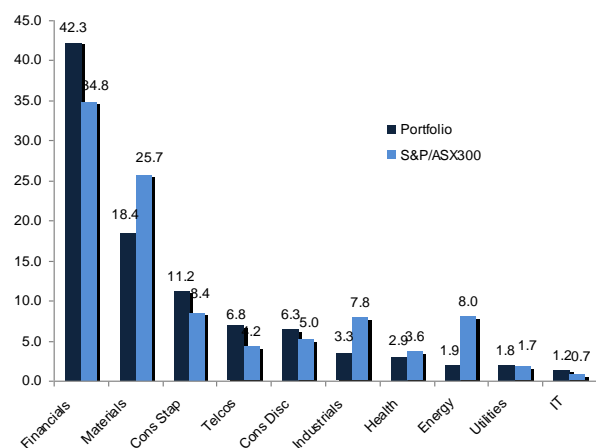
### Fund facts

Minimum suggested investment period	5 years
Date of inception	November 2002
Risk profile	Dynamic
Product size (\$m)	\$93m
Management fee	0.89% pa
APIR code	BTA0243AU

### Performance vs benchmark (% pa)

(%) pa	3 months	1 year	3 years	5 years	Since incept.
Total returns (pre-fee)	-11.46	-9.46	-2.52	-2.38	7.02
Total returns (post-fee)	-11.66	-10.26	-3.39	-3.25	6.01
S&P/ASX 300	-11.65	-8.71	-0.10	-0.71	7.64

### Sector allocation



## Manager history

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

## Commentary

The BT Australian Share Fund fell 4.7% in the June'11 quarter compared with a fall of 4.3% by the S&P/ASX300 Accumulation Index.

The better performing sectors during the June quarter were Utilities (+3.2%), Telecommunications (+3.1%), and Consumer Staples (+2.1%). The worst performing sectors were Energy (-11.1%), Consumer Discretionary (-8.2%), and Industrials (-6.1%). ATI's quarterly performance was positively influenced by an overweight position in the Telecommunication sector, a relatively neutral position in the Materials sector and an underweight position in the Energy sectors. The negative influences on quarterly performance came from an overweight position in the underperforming Financials and an underweight position in the outperforming Consumer Staples sector

## Outlook

Stock markets in the June quarter were hit by the same concerns which prompted a sell-off in the same period of 2010: a faltering US economy and the European sovereign debt crisis. The ASX300 Accumulation Indexes 4.8% fall in the June quarter saw it slip below 4500 for the first time since September 2010 but remain well clear of the 4200 level which it approached during last year's mid-year correction. The index thus remains firmly within the trading range that has characterised the last seven quarters; its June close was 2.9% below its September 2009 close. Domestic macro drivers were unhelpful with the RBA continuing to flag inflation risk over the medium term while data suggested a softening in activity. Corporate news offered little support either with a number of companies downgrading guidance, notably in the media, retail and steel sectors. Tighter policy in China, concerns over global growth and waning risk appetite made heavy weather for the Resources index (-7.0%), which saw consecutive quarters of underperformance for the first time since 2H06. Sharp underperformance in May, as investors became nervous over the strength of the domestic economy, also saw the Banks sector (-4.4%) lag, while defensive sectors held up better (Utilities +3.2%, Consumer Staples +2.1%).

ATI continues to hold a diversified portfolio of stocks that provides leverage to the key growth themes driving the domestic economy (mining investment and volumes, plus consumption) with a minority of stocks being exposed to the US economy that is losing the

potential for positive earnings surprises to emerge over calendar 2011. The resources sector remains leveraged to any ongoing improvements in global growth forecasts, while the short term sentiment towards the major banks has the potential to continue to improve as the chance for some disappointing earnings reports from some industrial stocks seems possible over the next few months during the reporting season. The recent sell-off for equity markets appears to be based on the anticipation that a synchronised global earnings recovery is now some way off and it will need an improvement in reported FY11 and FY12 earnings prospects to draw investors back to equities.

## Top 10 holdings

Stock	Weight %
BHP Billiton	10.5
Westpac Bank	8.5
ANZ Bank	8.3
Commonwealth Bank	7.7
National Australia Bank	7.6
Telstra	6.8
Woolworths	5.3
Rio Tinto	4.7
Wesfarmers	3.8
News Corp	3.1

## Key performance contributors and detractors

Key performers	Contribution %
Telstra	0.59
News Corp	0.31
Kingsgate Consolidated	0.21
Suncorp	0.19
Westpac Bank	0.18

Key detractors	Detraction %
Rio Tinto	-0.37
Fortescue Metals	-0.36
Qantas Airways	-0.27
QBE Insurance	-0.19
PanAust	-0.17



### What to do next

- See your adviser
- Visit [www.bt.com.au](http://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](http://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.