

## → BT Partner Australian Shares Core Fund

### Manager Change

#### The Partner Series

The BT Partner Fund proposition is to provide you with continuous exposure to the best equity fund managers, domestically and from around the world, in the three style classifications of Growth, Value and Core.

An investment in our Partner Funds means you gain an investment edge through the double layer of research provided by BT's specialist Investment Solutions research team and the manager research team of Intech Investment Consultants. To qualify as a Partner manager, a fund manager needs to obtain a top rating from both research teams. For global equities a third layer of research is provided by leading US investment consultant, CRA Rogers Casey.

Due to the institutional nature of BT's relationships with the fund managers, we are able to consider a larger number of fund managers than those ordinarily available to retail investors.

We will not pick a manager unless they are a perfect fit as a BT Partner.

Once selected, the managers are subject to ongoing review from each of the teams, including several face-to-face meetings with the investment teams themselves. Should a manager no longer qualify for a top rating, we will change the manager for you. This means that you are always invested with the top rated managers.

#### What is the Change?

We have decided to change the manager in the Partner Australian Shares Core Fund. We are replacing Alpha Investment Management with Challenger Financial Services.

Alpha has managed the Fund since October 2003. We originally picked Alpha based on the portfolio management skills of its managing director, Peter Apostolopoulos. However at the end of September, Peter decided to restructure his business and himself concentrate on the company's fledgling long-short fund.

While we and Intech have respect for the remaining investment team, Alpha's Core Australian Equity process does not command a top rating without Peter's involvement. Therefore we believe it is in the best interests of the Fund to move the investment management elsewhere.

An integral part of our process is to have a reserve manager in place so that we can make a change swiftly. Thus we have been able to move extremely quickly to appoint Challenger Financial Services as the new investment manager for the Fund.

## Why Challenger?

Challenger Financial Services was born out of the merger between Challenger International and CPH Investment Corporation in mid 2003. This marked the beginning of an aggressive restructure of its funds management business.

Peter Greentree was recruited in February 2004 and given the mandate of assembling the best domestic equity analyst team in Australia. He accomplished this within a short space of time and since then the team has gelled into a quality unit. Its strength is its depth of analyst experience and strong team approach which leads to a collegiate culture amongst the analysts

The Challenger style is well suited to the Partner Australian Shares Core Fund. Challenger considers a range of both value and growth factors in constructing its portfolio which means that the portfolio will not exhibit large biases to either style. Its approach to identifying mis-priced stocks relative to their fundamental valuation is simple and has already demonstrated considerable success.

Challenger's process aims to deliver a target excess return of 3% p.a. above the benchmark S&P / ASX 300 Accumulation Index. While its Australian equity funds under management currently remain low, Challenger has committed to closing to new clients before becoming too big. This will ensure that it will not be constrained from delivering its target level of return.

The renaissance of the Challenger team has been applauded by the leading retail researchers and the process has received the following recommendations:

Research House	Rating
Lonsec	Recommended
Morningstar	5 stars
InvestorWeb	Strong Buy
S&P	4 stars

## Impact of Change

Because of the mandate structure in the Partner Core Fund, we have been able to make the change extremely efficiently. We employed the services of a specialist transition manager so as to minimize the cost to the Fund of these changes.

## Summary

Markets and investment managers are always changing. The clear benefit of the Partner Series is that there are specialists constantly looking out for these changes and acting where necessary. Investors in the Partner Series can feel comfortable that their money is invested with top rated fund managers throughout the life of their investment and not just at the point of purchase. In this case, changes at Alpha Investment Management have prompted us to move the management of the Partner Australian Shares Core Fund to Challenger Financial Services whom we believe are well poised to deliver strong performance going forward.



### More information?

- See your business development representative.
- Visit [www.btadviserexchange.com.au](http://www.btadviserexchange.com.au).
- Call 1800 025 127.