

BT Investment Management

Macquarie Australia Conference

Emilio Gonzalez, Chief Executive Officer

9 May 2014

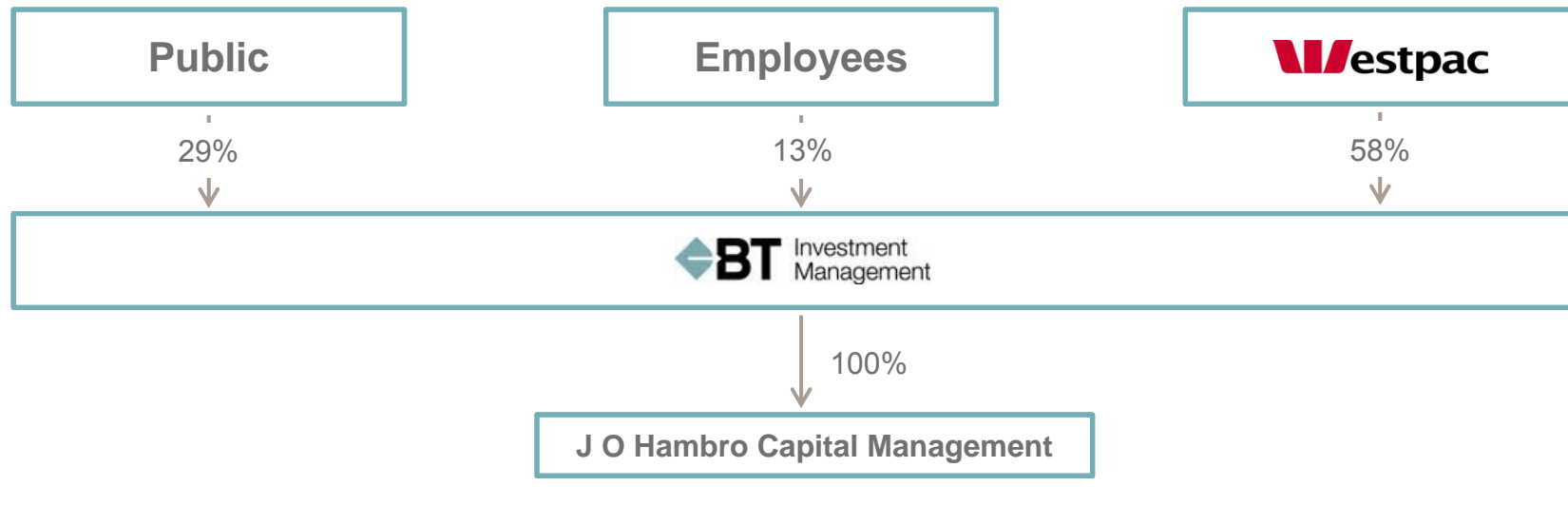


Brief History of BT Investment Management (BTIM)

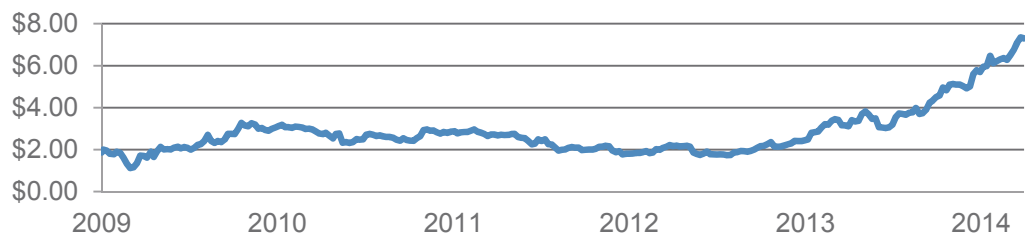
1984	BT enters the retail funds management industry in Australia
1998	Deutsche Bank (DB) buys Bankers Trust and its subsidiaries
1999	DB sells BT Australia to Principal Financial Group
2002	Westpac acquires Rothschild
2002	Westpac acquires BT Financial Group
2007	<p>Westpac lists BT Investment Management (BTIM) on the Australian Securities Exchange</p> <ul style="list-style-type: none">– The BTIM business represents the combination of three different businesses – the investment management business of BT Financial Group, Rothschild Australia and Westpac Investment Management– On listing, Westpac maintains a c.60% shareholding with 40% floated
2011	BTIM acquires 100% of J O Hambro Capital Management (JOHCM)

Organisational Structure

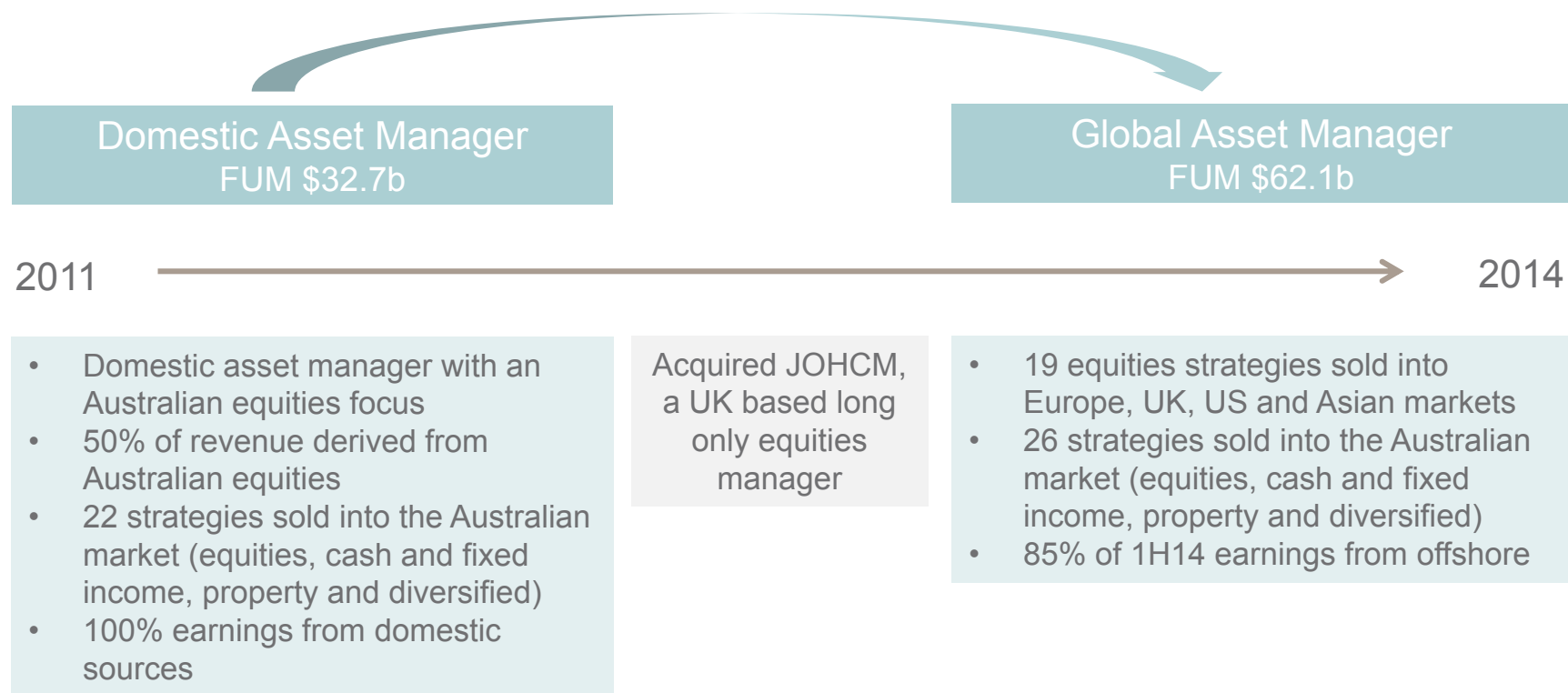
Long term, stable ownership structure, with strong employee ownership



BTIM.AX weekly closing share price

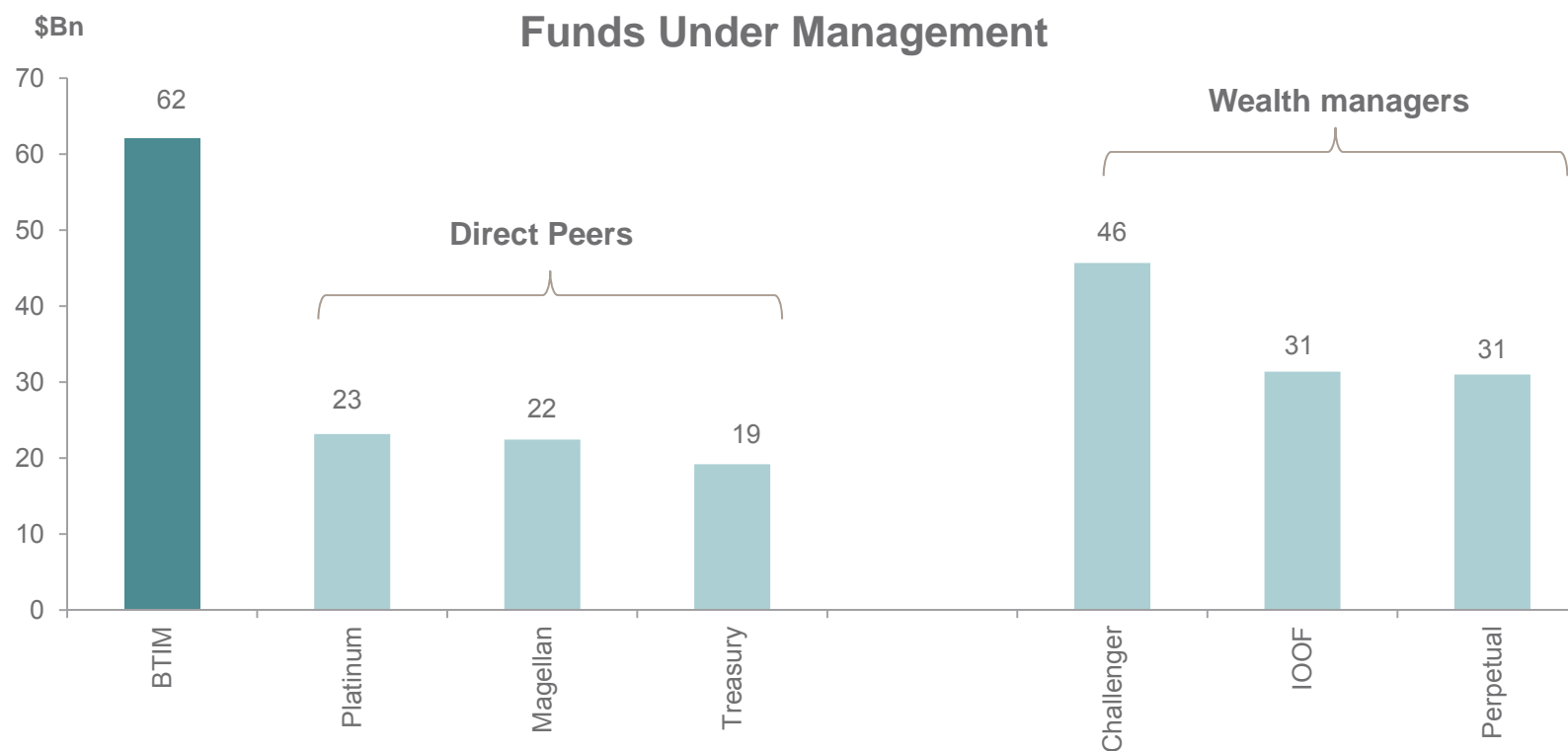


BTIM: A Growing Global Asset Management Business



Comparison to Peers

→ BTIM is the largest¹ ASX listed Australian based pure fund manager



1. Largest by funds under management
Source: Company filings for March Quarter 2014

Culture is a Competitive Advantage

→ Philosophy and culture

- Active management and managing fund capacity
- Culture focused on attracting and retaining investment talent
- Fund managers exercise independent thought and have freedom to exercise stock-picking skills
- Fund managers focus on portfolio performance with support areas the responsibility of the corporate
- Uncapped profit share arrangements

→ Business model

- Boutique model with investment independence
- Investment staff rewarded on the success of their own funds
- Fund managers benefit from institutional grade support, balance sheet, brand and distribution
- Strong alignment of interests between staff and company performance
- Rewards for success and a retention mechanism with equity that is 'real'

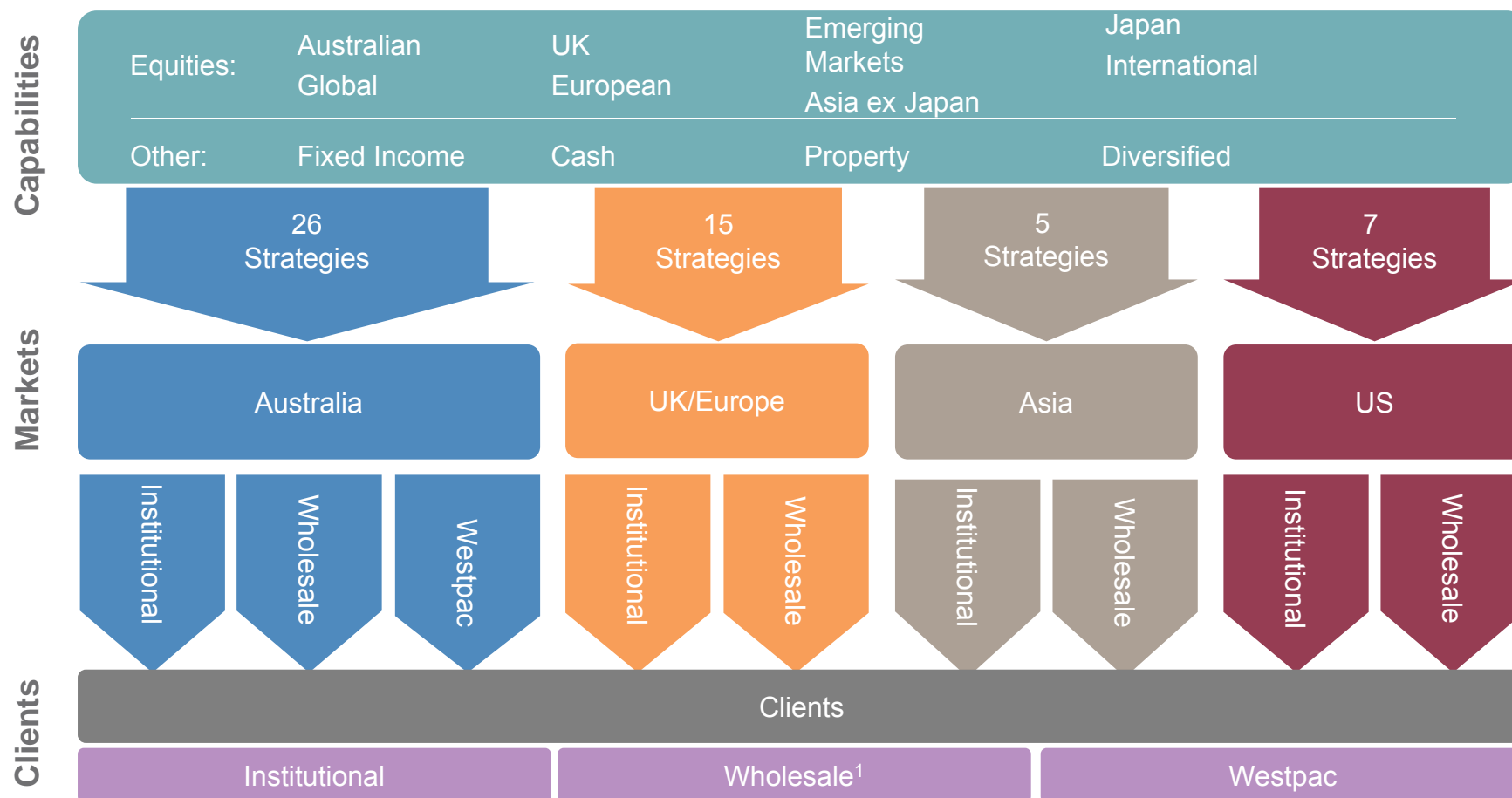
Investment Team Experience and Stability

- Business model proven through a track record of attracting and retaining highly experienced investment professionals

Team	Number of team members	Average years of experience per team member	Number of staff departures to a competitor over the last 5 years
Australian Equities	17	19	0
Income & Fixed Interest	7	15	0
JOHCM	33	17	0

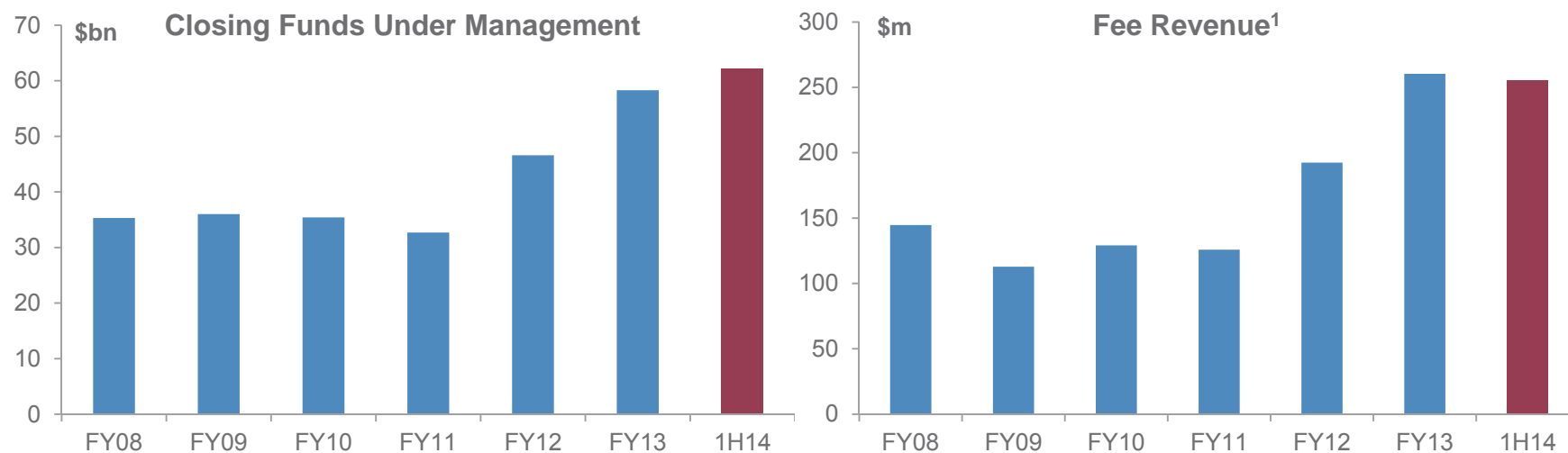
1. A Story of Growth and Diversification

Diversification across the Business



1: Wholesale channel represents platforms, financial planners and private banks

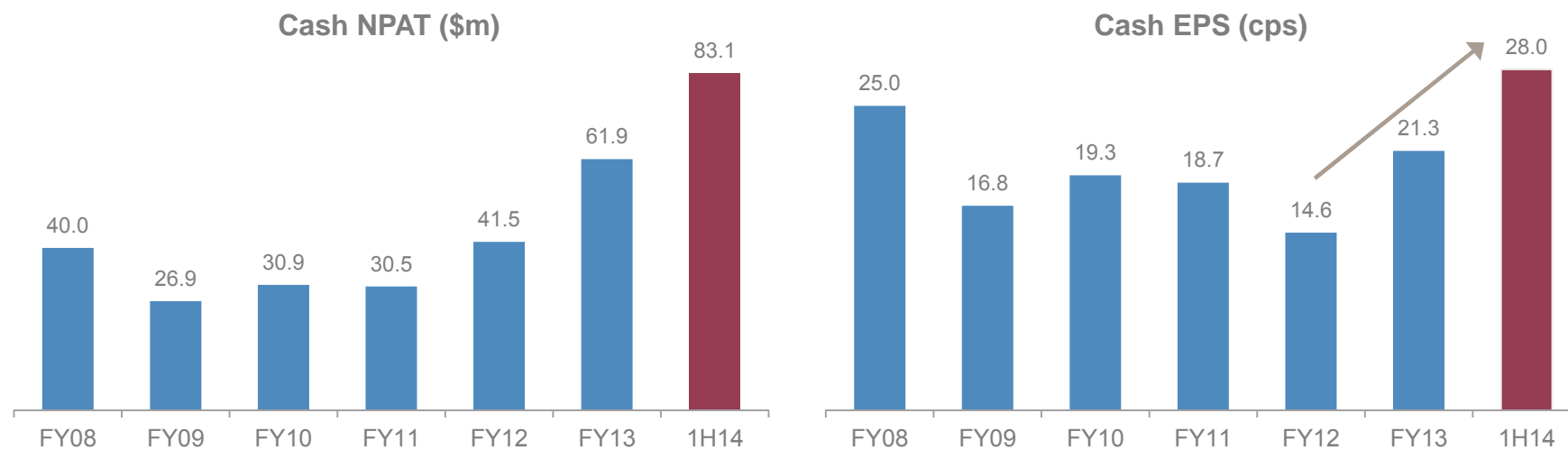
A Growing Global Asset Management Business



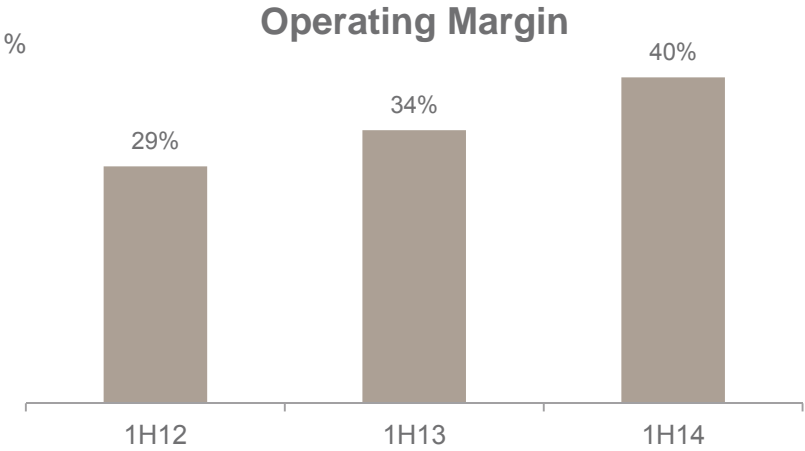
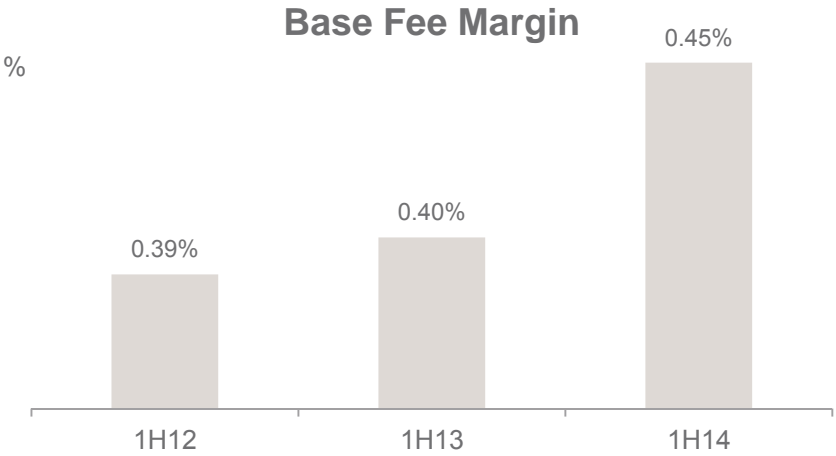
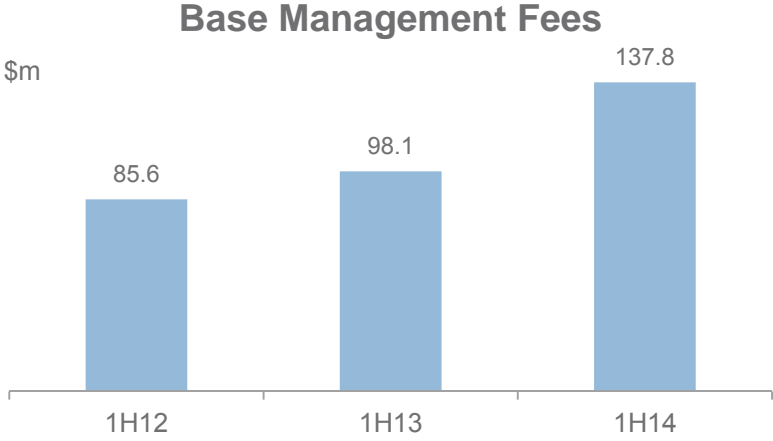
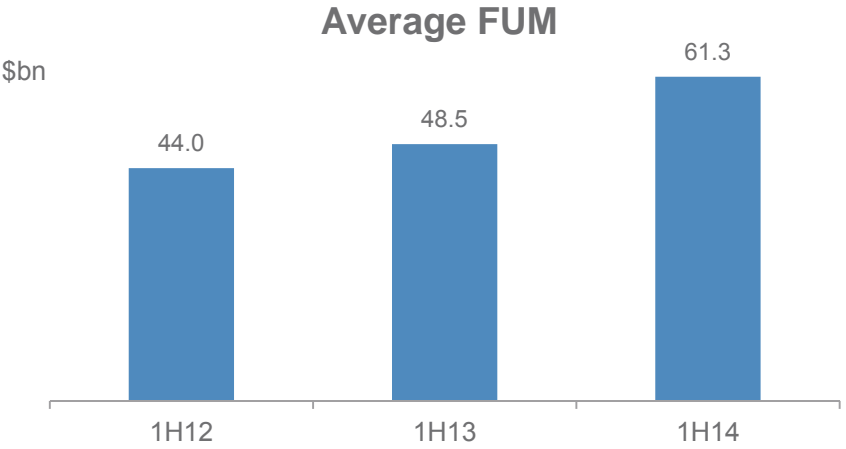
1: Fee revenue includes base, performance & other fee revenue

Growth Momentum in Earnings

- Strong growth in earnings through both organic growth and via acquisition of JOHCM business

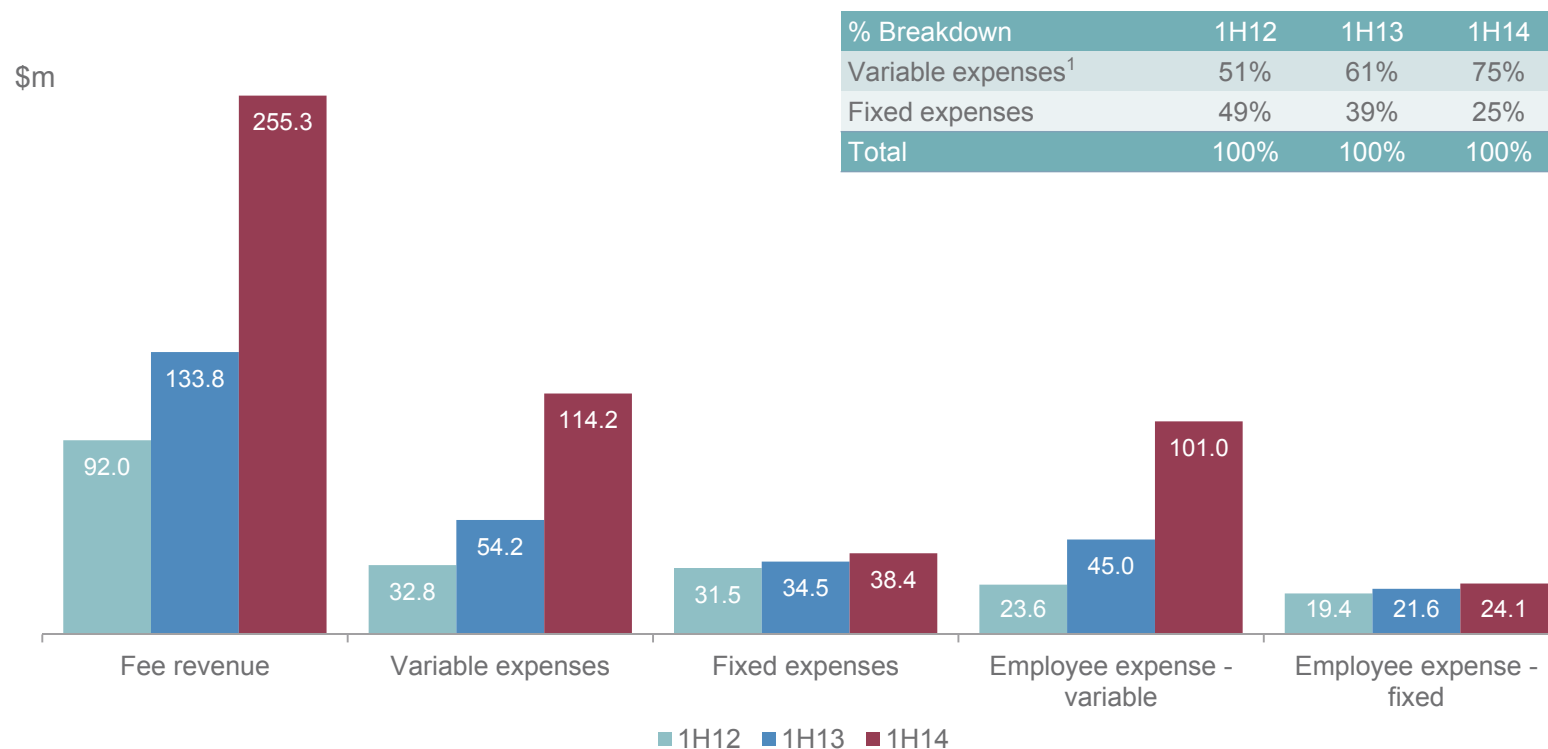


Growth Momentum



Fixed v Variable Operating Expenses

- While there has been strong growth in the business, fixed expense growth has remained constrained



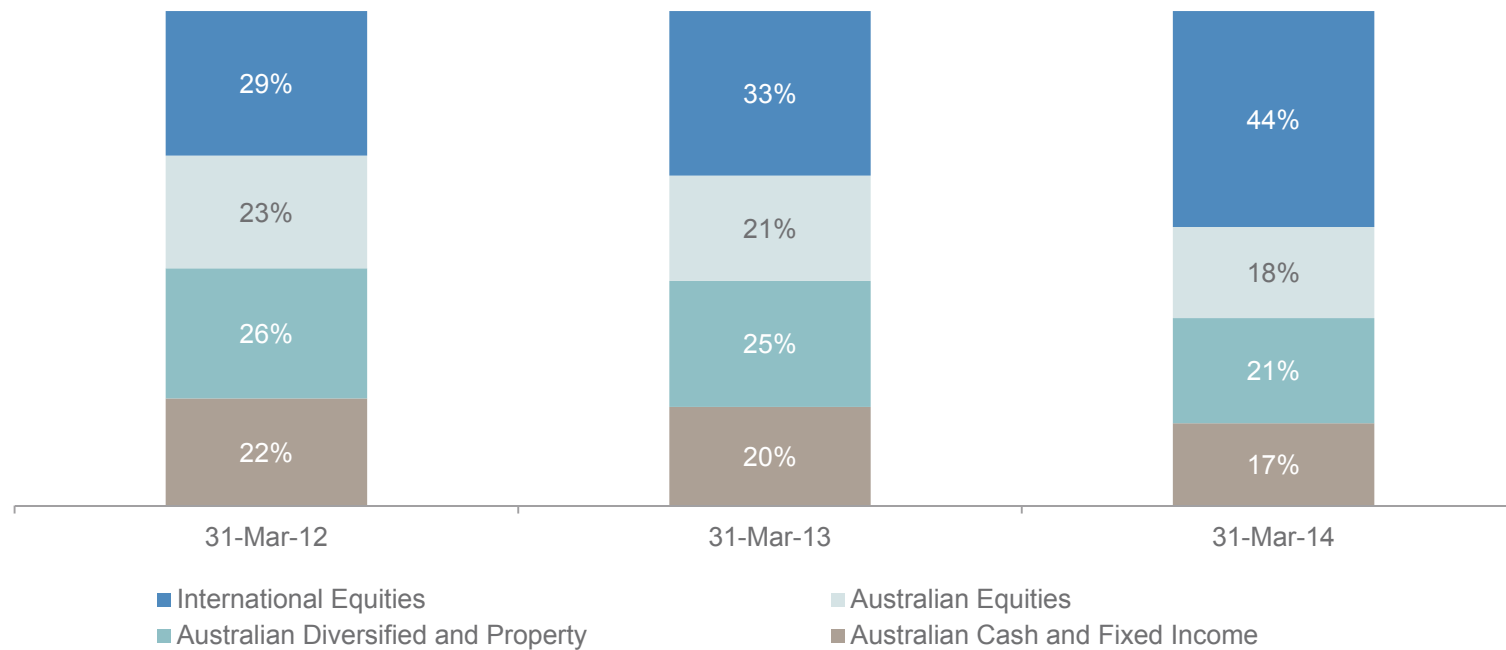
% Breakdown	1H12	1H13	1H14
Variable expenses ¹	51%	61%	75%
Fixed expenses	49%	39%	25%
Total	100%	100%	100%

1. Variable expenses include fund expenses that are linked to FUM and employee expenses that are linked to profit

Diversification across Asset Classes

- International equities a growing part of the business, in line with the growth being experienced in the JOHCM business

FUM split by Asset Class



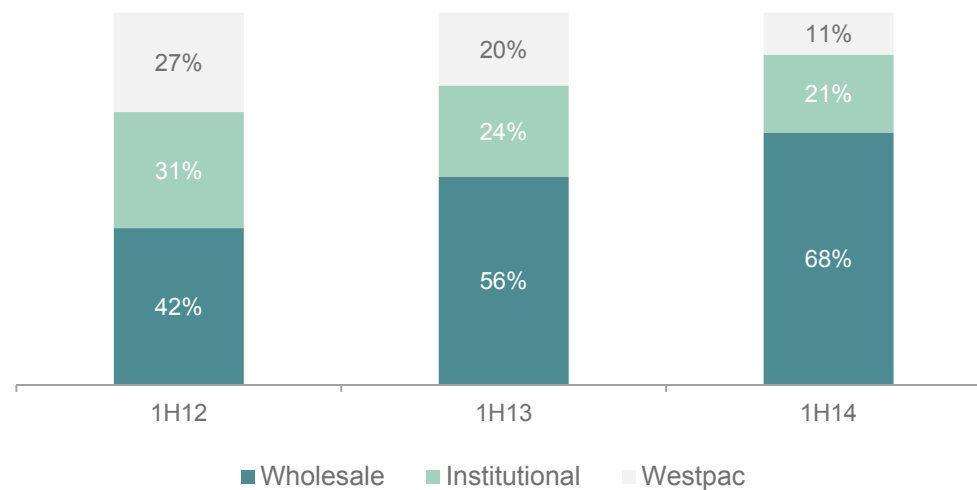
Growing in Higher Margin Channels

→ Focus on growing higher margin sources of revenue

Base management fee margins by channel

\$bn	1H14 Fee Margin	
	BTIM	JOHCM
Institutional	0.23%	0.60%
Wholesale	0.77%	0.67%
Westpac – Other ¹	0.30%	
Westpac - Legacy	0.32%	

Group fee revenue by channel



1. Westpac – Other includes superannuation and managed accounts

2. Portfolio of Quality Investment Strategies

Strong Investment Performance

→ 97% of FUM has outperformed¹ over 3 years and 89% over 5 years

Asset Classes	FUM at 31 March 2014 (\$bn)	% of FUM outperformed ¹ 3 Year	% of FUM outperformed ¹ 5 Year
Australian Equities	11.4	100%	68%
International Equities:			
Global	9.7	100%	100%
UK	9.1	100%	100%
Europe	4.9	100%	100%
Emerging Markets	1.7	100%	N/A
Asia	1.7	100%	100%
Property	1.4	100%	99%
Cash	6.4	100%	100%
Fixed Income ²	2.8	89%	100%
Diversified	11.8	98%	89%
Other ²	1.2	0%	4%
Total FUM	62.1	97%	89%

1. Fund performance is pre-fee, pre-tax and relative to the fund benchmark

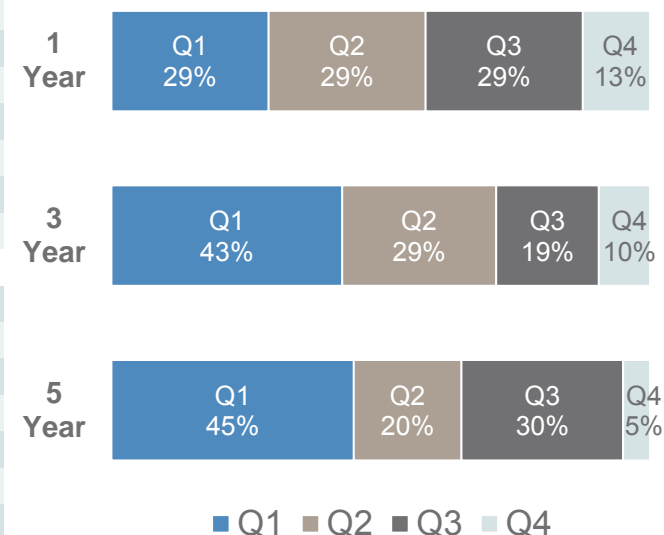
2. \$1.1bn has been moved from Fixed Income to Other as it is managed to an alternative benchmark

Performance of Core Funds

Relative to Benchmark

	1 Year (pa)	3 Years (pa)	5 Years (pa)
BT Institutional Core Australian Share Sector Trust	+2.33%	+1.11%	+0.14%
BT Wholesale Focus Australian Share Fund	+4.44%	+0.79%	+0.80%
BT Institutional Imputation Sector Trust	-0.01%	+0.51%	-0.70%
BT Wholesale Australian Long Short Fund	+2.85%	+2.52%	+1.73%
BT Institutional Smaller Companies Sector Trust	+13.40%	+15.35%	+12.59%
BT Wholesale MicroCap Opportunities Fund	+31.66%	+25.62%	+30.83%
BT Institutional Property Sector Trust	-0.46%	+0.38%	+0.62%
BT Institutional Core Global Share Sector Trust	+3.00%	+2.26%	+2.63%
BT Institutional Global Property Sector Trust	+1.83%	+0.81%	+0.53%
BT Wholesale Active Balanced Fund	+1.86%	+0.53%	+0.78%
BT Wholesale Fixed Interest Fund	-0.07%	+0.32%	+0.89%
BT Wholesale Enhanced Cash Fund	+0.76%	+1.36%	+2.11%
JOHCM UK Equity Income Fund	+9.57%	+7.75%	+8.16%
JOHCM UK Opportunities Fund	+2.83%	+4.77%	+1.18%
JOHCM UK Growth Fund	+18.21%	+8.00%	+7.00%
JOHCM UK Dynamic Fund	+12.59%	+8.48%	+7.85%
JOHCM Continental European Fund	+8.09%	+4.86%	+5.52%
JOHCM European Select Values Fund	+2.61%	+5.55%	+9.89%
JOHCM Global Select Fund	+10.17%	+3.82%	+3.08%
JOHCM International Select Fund	+7.62%	+4.51%	+4.34%
JOHCM Emerging Markets Fund	+2.69%	+3.10%	N/A
JOHCM Global Emerging Markets Opportunities Fund	+5.27%	N/A	N/A
JOHCM Japan Fund	-1.92%	+4.07%	+2.68%
JOHCM Asia ex Japan Fund	+2.67%	N/A	N/A
JOHCM Asia ex Japan Small & MidCap Fund	-1.89%	N/A	N/A

% of core funds across quartile rankings



Note: Fund performance is pre-fee, pre-tax and relative to the fund benchmark
Source: Lipper and Mercer fund rankings as at 31 March 2014

Industry Recognition



BTIM (Australia)

- Winner of the “**Best of the Best Fund Manager**” in Australia award by Money Magazine
- Winner of the “**Fund House of the Year Award – Australia**” in the 2014 Asian Investor Investment Performance Awards
- Nominated¹ for Money Management / Lonsec Fund Manager of the Year awards in Australia for:
 - Global Equities Category: **BT Global Emerging Markets Fund**
 - Multi-Sector Category: **BT Future Goals Fund**
 - Asset Allocator of the Year: **BT Future Goals Fund**
 - Retirement Product Innovation Category: **BT Equity Income Series**

JOHCM

- Winner of a Platinum Award - 2014 Portfolio Adviser Fund Awards
 - Equity Income Category: **JOHCM UK Equity Income Fund**
- Winner of a 2013 European Funds Trophy
 - European Large Cap Category: **JOHCM European Select Values Fund**
- Winner of two categories of the 2014 Lipper Funds Award (Austria) – 10 year
 - Equity – Europe ex UK Category: **JOHCM Continental European Fund**
 - Equity – Europe Category: **JOHCM European Select Values Fund**

1. Winners to be announced on 22 May 2014

3. Strong Financial Position

1H14 Financial Result

Strength in the underlying business and performance fees contribute to higher Cash NPAT

\$m	1H13	1H14	Mvmt	Change %
Avg FUM (\$b)	48.5	61.3	12.8	26%
Base Fee Margin	0.40%	0.45%	0.05%	12%
Base management fees	98.1	137.8	39.7	40%
Performance fees	33.5	114.7	81.2	243%
Other fee revenue	2.2	2.8	0.6	29%
Total fee revenue	133.8	255.3	121.5	91%
Employee expenses	(66.6)	(125.1)	(58.5)	88%
Operating expenses	(22.1)	(27.5)	(5.4)	24%
Total cash operating expenses	(88.7)	(152.6)	(63.9)	72%
Operating profit	45.1	102.7	57.6	128%
Net investment income	2.1	5.9	3.8	177%
Financing charges	(1.3)	(0.8)	0.5	(37%)
Tax	(11.7)	(24.7)	(13.0)	110%
Cash NPAT	34.2	83.1	48.9	143%
Operating profit margin	34%	40%	6%	19%
Cash EPS (cps)	11.8	28.0	16.2	137%

- 1H14 result announced on 30 April 2014
- Strong growth (+143%) in preferred profit measure - Cash NPAT
- FUM growth and fee margin expansion driving base fee revenue growth of 40%
- Significant increase in JOHCM performance fees resulting from excellent investment performance
- Expenses higher driven by increases in FUM and performance fees
- Operating margin expanded to 40%

Strong Balance Sheet

\$m	Sep 2013	Mar 2014	Mvmt
Cash and cash equivalents	83.6	107.7	24.1
Bank debt and loan notes	(51.3)	(47.7)	3.6
Net cash	32.3	60.0	27.7
Undrawn debt facilities	41.6	45.1	3.5
Total equity	561.5	621.3	59.8
Less: Intangibles and equity settled converting notes	(541.9)	(553.5)	(11.6)
Net Tangible Assets	19.6	67.8	48.2
Gearing Ratios			
Debt / equity	9%	8%	(1%)
Debt / Operating Profit	60%	33%	(27%)
Interest coverage	30x	61x	31x

→ Net cash position of +\$60m

→ Net tangible assets of +\$68m

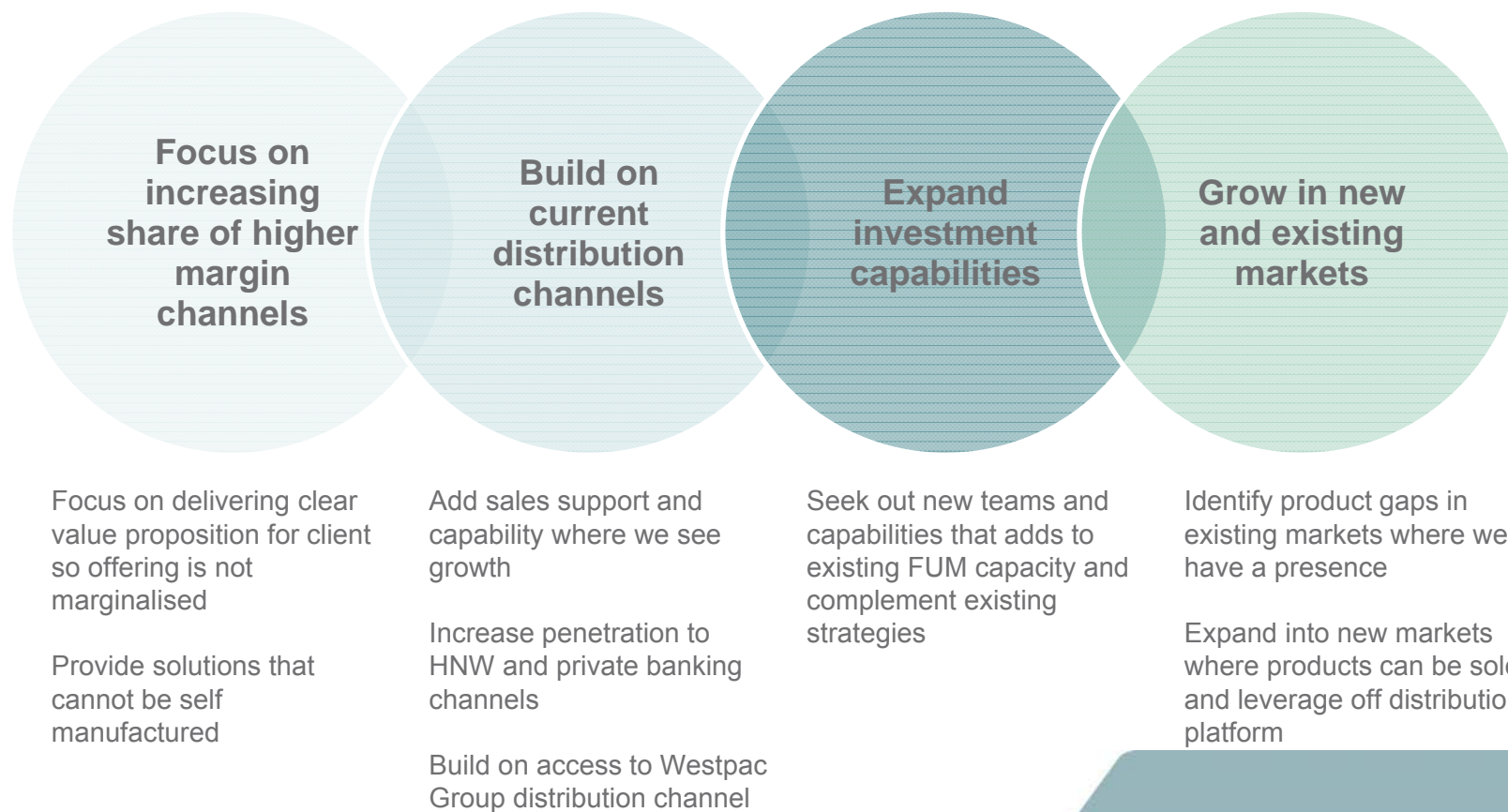
→ Conservative gearing ratios

4. Strategy Focus

Strategy Focus

Strategy platform – continuing to invest in future growth opportunities

Building-out a Global Asset Management Business



Growth Engines: Offshore – US Market

Rolling out a successful model in a market where we have an investor base

- JOHCM has been successful in the US
 - Over A\$4.7 billion in US sourced FUM raised (20% of JOHCM's FUM)
- Majority of assets raised in the institutional market however recent flows have been sourced from the wholesale (mutual fund) channel where margins are higher
 - A\$550 million in mutual fund net flows in last 6 months
- Now building out US market presence
 - Established New York office
 - Dedicated sales team
 - Products offered:
 - Global Select
 - International Select
 - GEM Opportunities
 - International Small Cap
 - Asia ex-Japan

Growth Engines: Australia - New Products

Developing new products and channels that offer unique solutions

- SMSF fastest growing segment of the superannuation market
- Launched BT Equity Income Series in Nov-12 to target SMSF market
 - Product has received strong demand to date providing support for strategy focus on this area of the market



Unleash your savings.
It's time to get selfish.

Income 6-7.5%^{pa} + franking credits¹

BT Equity Income Series.
Expect more. Earn more. Get more.

→ It's your money and it's also your future. So you have every right to want more from your investments. With a high income of 6-7.5%^{pa} plus franking credits¹, paid monthly and known up to 6 months in advance, you can get more with the BT Equity Income Series. And with reduced exposure to sharemarket falls and daily access to your funds, it's time to get selfish.

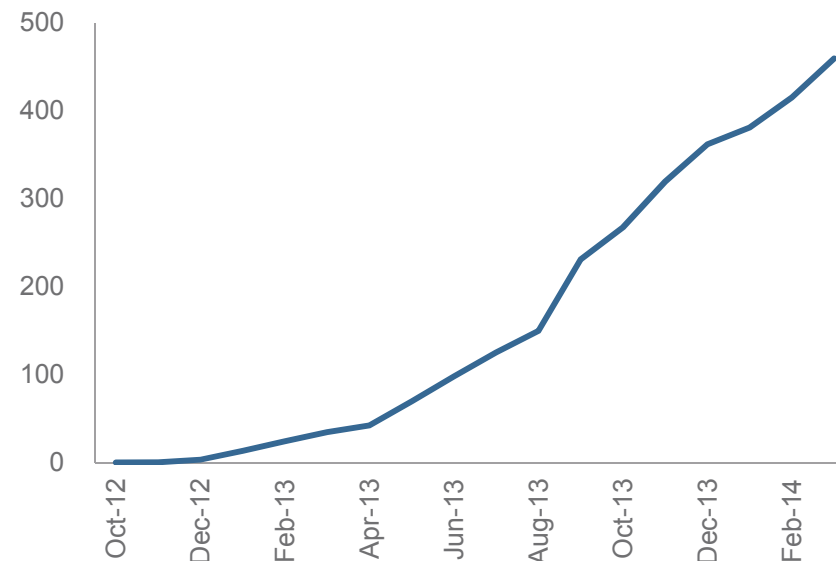
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Unleash your savings.
Call BT Investment Management on
1300 889 576 or visit BTIM.com.au/AFR

¹ Income based on pre-announced distributions for 6 months to 30 September 2013 and based on a \$1 unit price. The income depends on the unit price at the time of investment. The unit price will vary daily. The latest unit price and income can be obtained by calling 1300 889 576 or visiting www.btim.com.au/equityincomefund. The value of your investment will go up and down over time. There is a risk that there may be lower income after 30 September 2013. Franking credits to which you may be entitled will be advised in your annual fund tax statement at the end of the tax year.

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Equity Income Series – FUM (A\$m)



5. Why Invest in BTIM

Why BTIM

- ✓ Broad based investment management business with strong product range
- ✓ Diversified sources of revenue across geographies, clients and asset classes
- ✓ Proven business model that attracts and retains investment professionals
- ✓ Strong investment performance
- ✓ Strong cash flow generating business rewarding shareholders
- ✓ Solid balance sheet with flexibility to invest in growth opportunities
- ✓ Good momentum with future growth opportunities through geographic expansion and new products

6. Questions

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