

# Macquarie Australia Conference

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Chief Executive Officer

6 May 2015

# A Growing and Successful Global Asset Management Business

- Listed Australian company with independent board and long term stable ownership
- Market capitalisation of ~\$2.8b
- An investment platform that attracts and retains investment talent to deliver superior returns for clients
- Significant equity participation for fund managers and staff
  - Investment independence
  - Transparent remuneration structure
  - Capacity management discipline
  - Active management
  - Performance driven
  - Strong investment culture

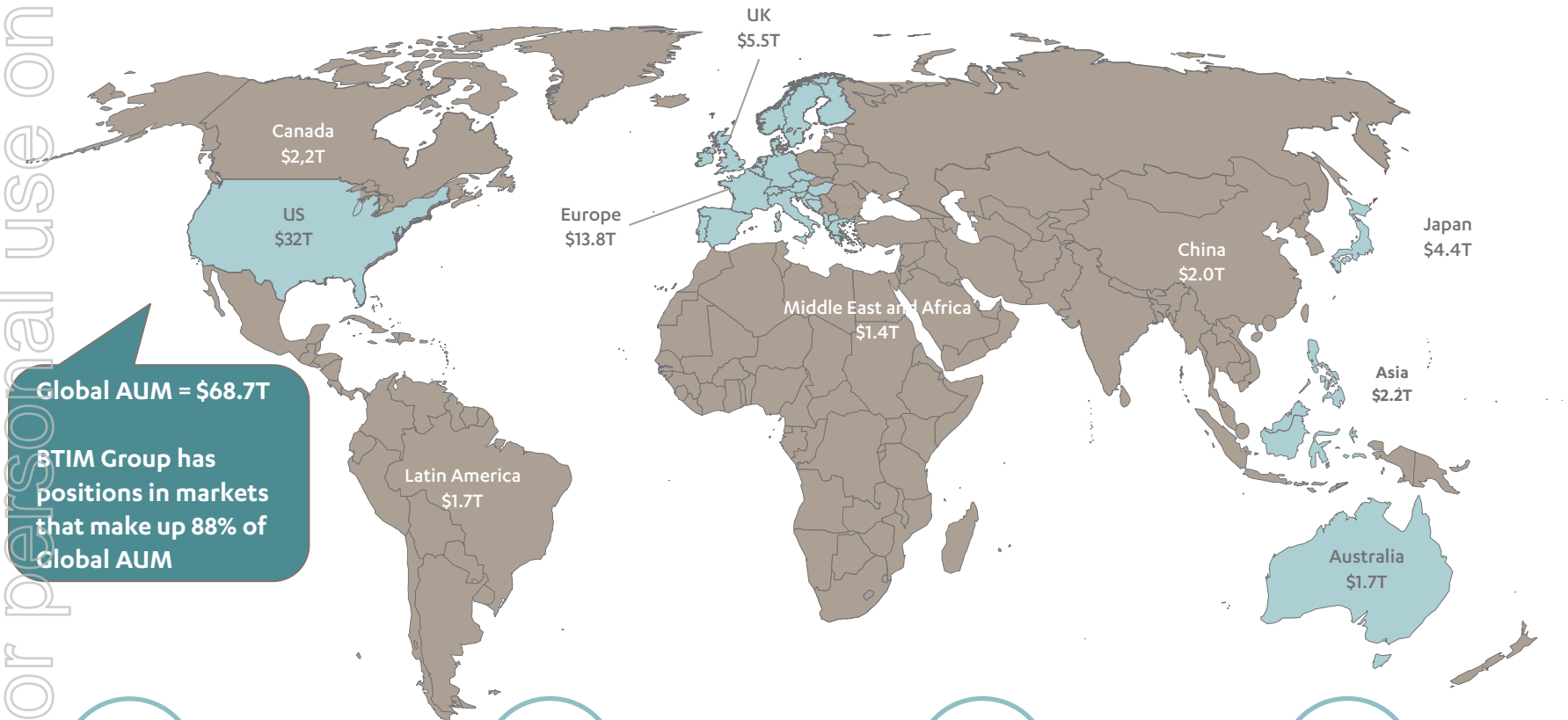
# Global Investment Team Experience and Stability

- Business model proven with 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
BTIM Australia	30	31	0
JOHCM	36	22	0

# Investment and Distribution Covering 88% of Global AUM

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Global AUM = \$68.7T

BTIM Group has positions in markets that make up 88% of Global AUM



22

OFFSHORE  
EQUITIES  
STRATEGIES



18

AUSTRALIAN  
EQUITIES  
STRATEGIES



12

INCOME &  
FIXED INTEREST  
STRATEGIES

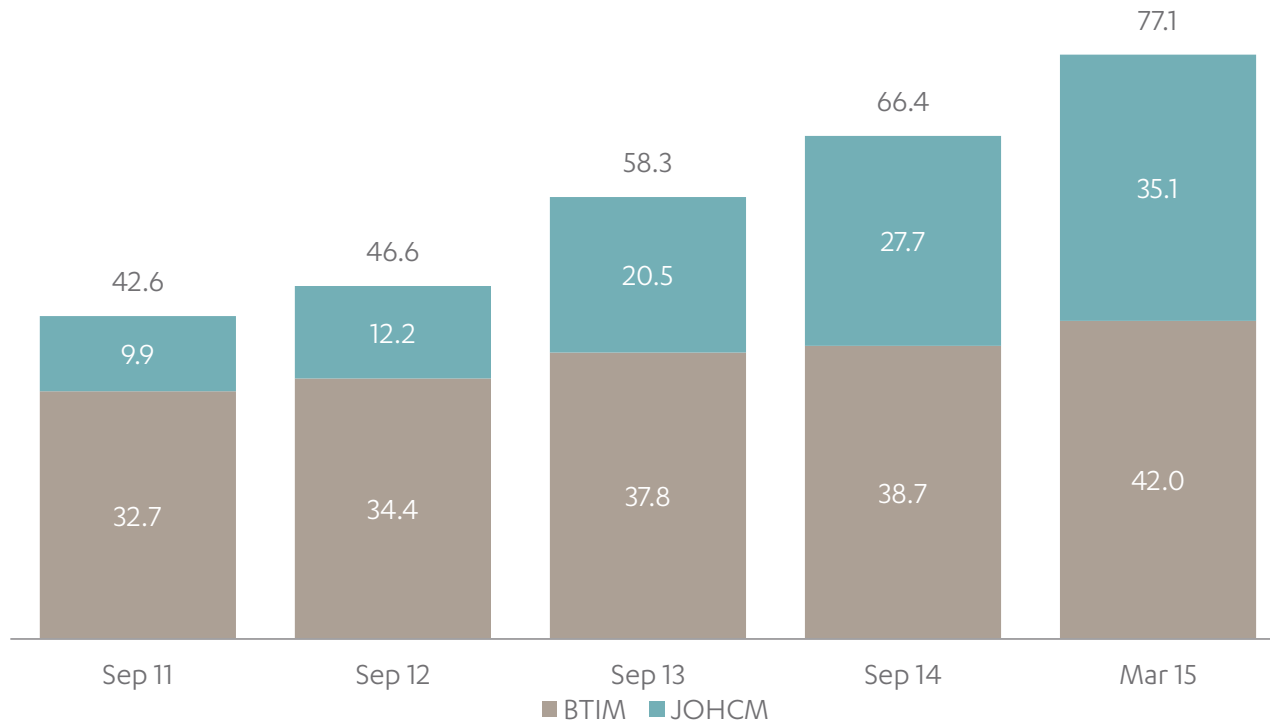


16

DIVERSIFIED  
STRATEGIES

# Growth in Funds Under Management

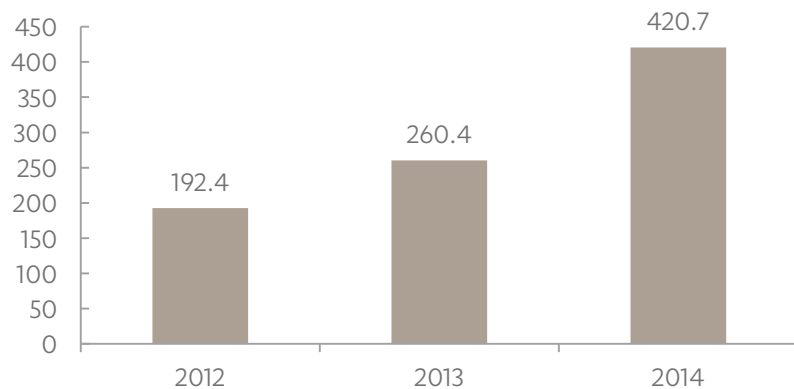
Growth in FUM \$b



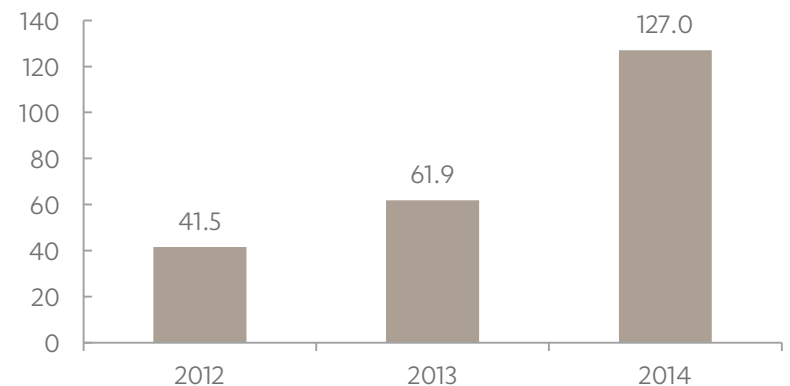
# Successful and Growing Business

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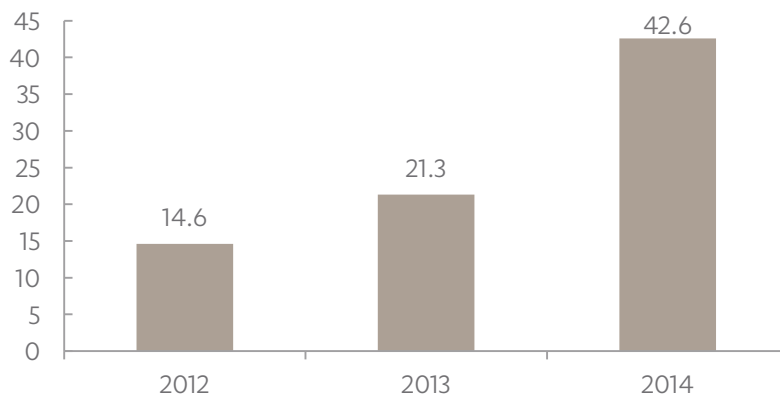
REVENUE (\$M)



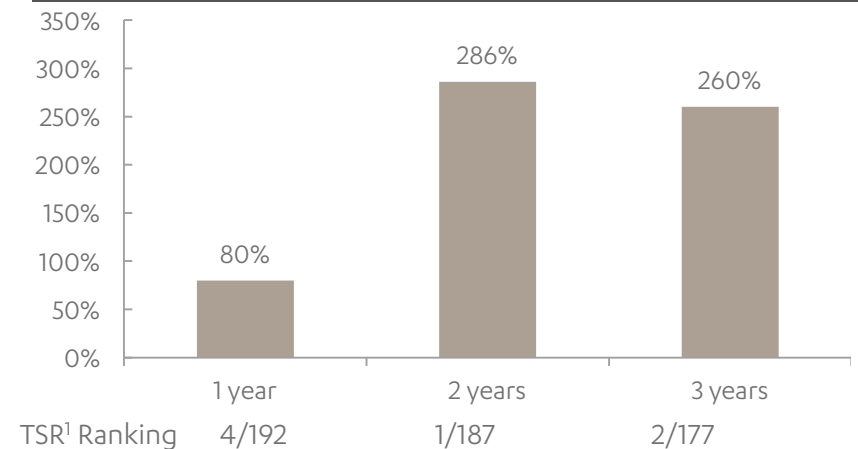
CASH NET PROFIT AFTER TAX (NPAT) (\$M)



CASH EARNINGS PER SHARE (EPS)



TOTAL SHAREHOLDER RETURNS (%)



\*All figures to 30 September 2014

<sup>1</sup>TSR: Total Shareholder Returns

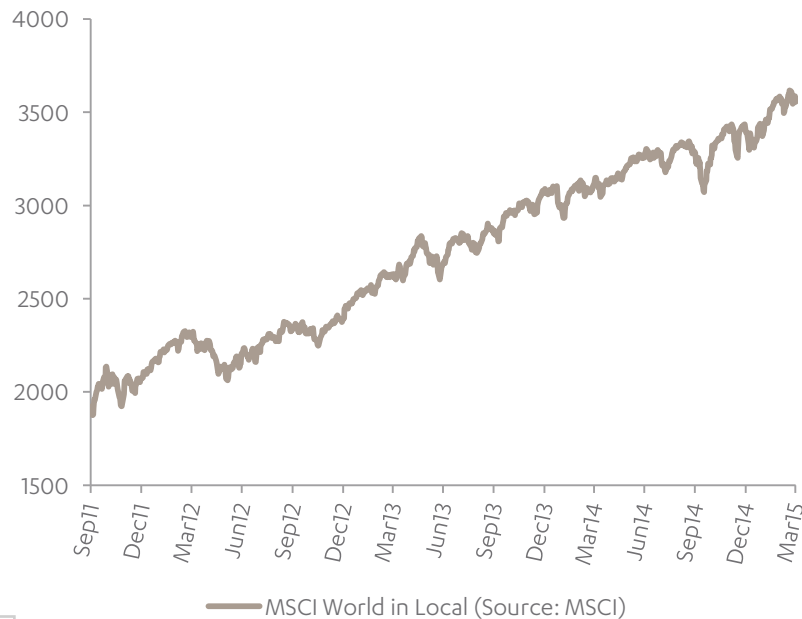
# Growth Drivers

- Strong performing equity markets
- Weaker Australian currency
- Investment performance
- Strong JOHCM fund inflows
- US expansion
- Growth in Australian Fixed Income flows
- Growth in flows from new products

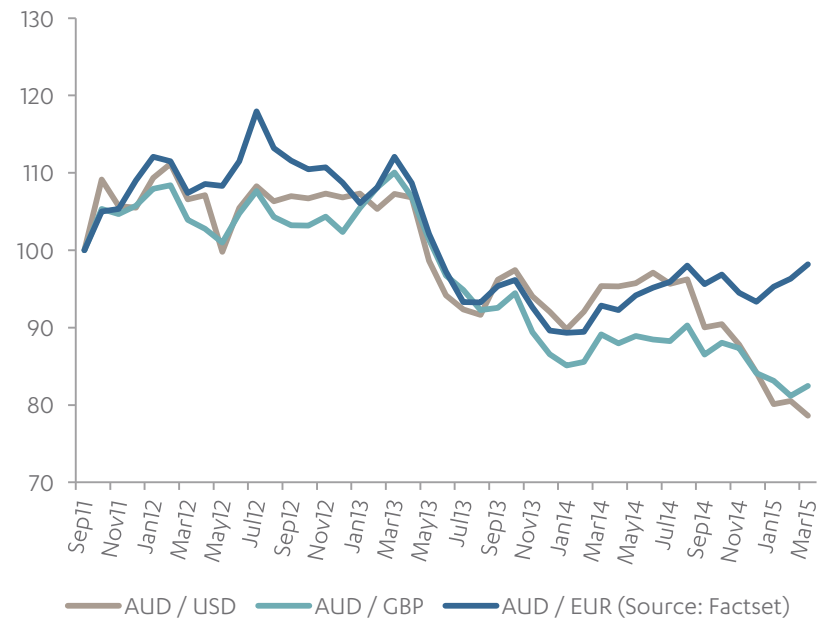
# Growth Drivers

## Strong Markets and Weaker Australian Dollar

STRONG MARKETS



WEAKER AUD





# Growth Drivers

## Strong Investment Performance

→ 99% of FUM has outperformed<sup>1</sup> over 3 years and 100% over 5 years

Asset Classes	FUM at 31 March 2015 (\$b)	% of FUM outperformed <sup>1</sup> 3 Year	% of FUM outperformed <sup>1</sup> 5 Year
<b>Equities:</b>			
Australia	12.8	100%	100%
Global	15.0	99%	100%
UK	11.2	100%	100%
Europe	6.8	100%	100%
Emerging Markets	2.4	100%	N/A
Asia	2.8	82%	100%
<b>Property</b>	1.8	93%	100%
<b>Cash</b>	6.5	100%	100%
<b>Fixed Income<sup>2</sup></b>	3.6	100%	100%
Diversified	12.8	100%	100%
Other <sup>2</sup>	1.4	N/A	N/A
<b>Total FUM</b>	<b>77.1</b>	<b>99%</b>	<b>100%</b>

1. Fund performance is pre-fee, pre-tax and relative to the fund benchmark; % of FUM outperforming relates to FUM with sufficient track record only
2. \$1.2bn has been moved from Fixed Income to Other and a benchmark is not applied

# Growth Drivers

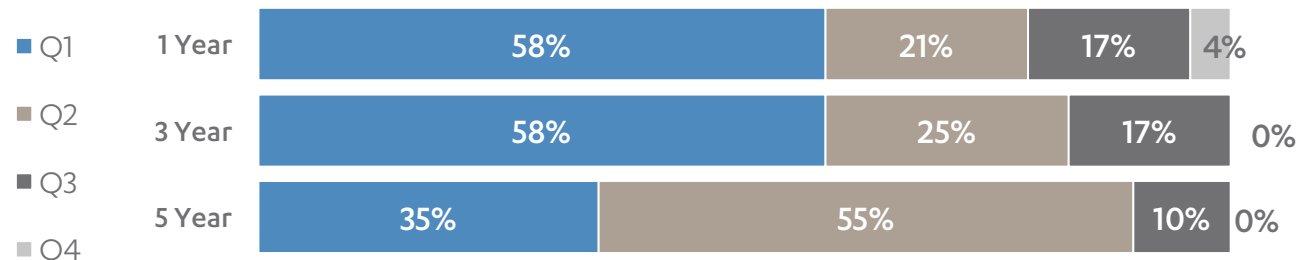
## Investment Performance Relative to Benchmark

	1 Year (pa)	3 Years (pa)	5 Years (pa)
BT Institutional Core Australian Share Sector Trust	+3.58%	+1.75%	+1.12%
BT Wholesale Focus Australian Share Fund	+6.89%	+2.97%	+1.54%
BT Institutional Imputation Sector Trust	+3.02%	+0.65%	+0.27%
BT Wholesale Australian Long Short Fund	+3.88%	+2.62%	+1.85%
BT Wholesale Mid Cap Fund	+4.08%	+7.65%	+6.40%
BT Institutional Smaller Companies Sector Trust	+4.49%	+12.80%	+11.30%
BT Wholesale MicroCap Opportunities Fund	+25.13%	+26.47%	+25.54%
BT Institutional Property Sector Trust	+0.40%	+0.03%	+0.58%
BT Institutional Core Global Share Sector Trust	+1.16%	+2.36%	+1.97%
BT Wholesale Active Balanced Fund	+4.97%	+2.36%	+1.33%
BT Wholesale Fixed Interest Fund	+2.80%	+0.98%	+0.64%
BT Wholesale Monthly Income Plus Fund	+6.83%	+4.92%	+3.20%
BT Wholesale Enhanced Cash Fund	+0.80%	+1.34%	+1.44%

	1 Year (pa)	3 Years (pa)	5 Years (pa)
JOHCM UK Equity Income Fund	+1.32%	+6.99%	+5.98%
JOHCM UK Opportunities Fund	+1.69%	+1.66%	+3.14%
JOHCM UK Growth Fund	-0.31%	+9.41%	+4.32%
JOHCM UK Dynamic Fund	+0.75%	+7.71%	+6.29%
JOHCM Continental European Fund	+1.97%	+4.35%	+4.12%
JOHCM European Select Values Fund	+2.62%	+4.31%	+6.14%
JOHCM Global Select Fund	+13.05%	+8.97%	+7.69%
JOHCM International Select Fund	+18.76%	+9.95%	+8.57%
JOHCM Emerging Markets Fund	+1.89%	+3.64%	N/A
JOHCM Global Emerging Markets Opportunities Fund	+9.27%	+3.76%	N/A
JOHCM Japan Fund	-6.83%	+1.01%	+1.71%
JOHCM Asia ex Japan Fund	+2.82%	+5.43%	N/A
JOHCM Asia ex Japan Small & MidCap Fund	+19.37%	+9.51%	N/A

Note: Fund performance is pre-fee, pre-tax and relative to the fund benchmark  
Source: Lipper and Mercer fund rankings as at 31 March 2015

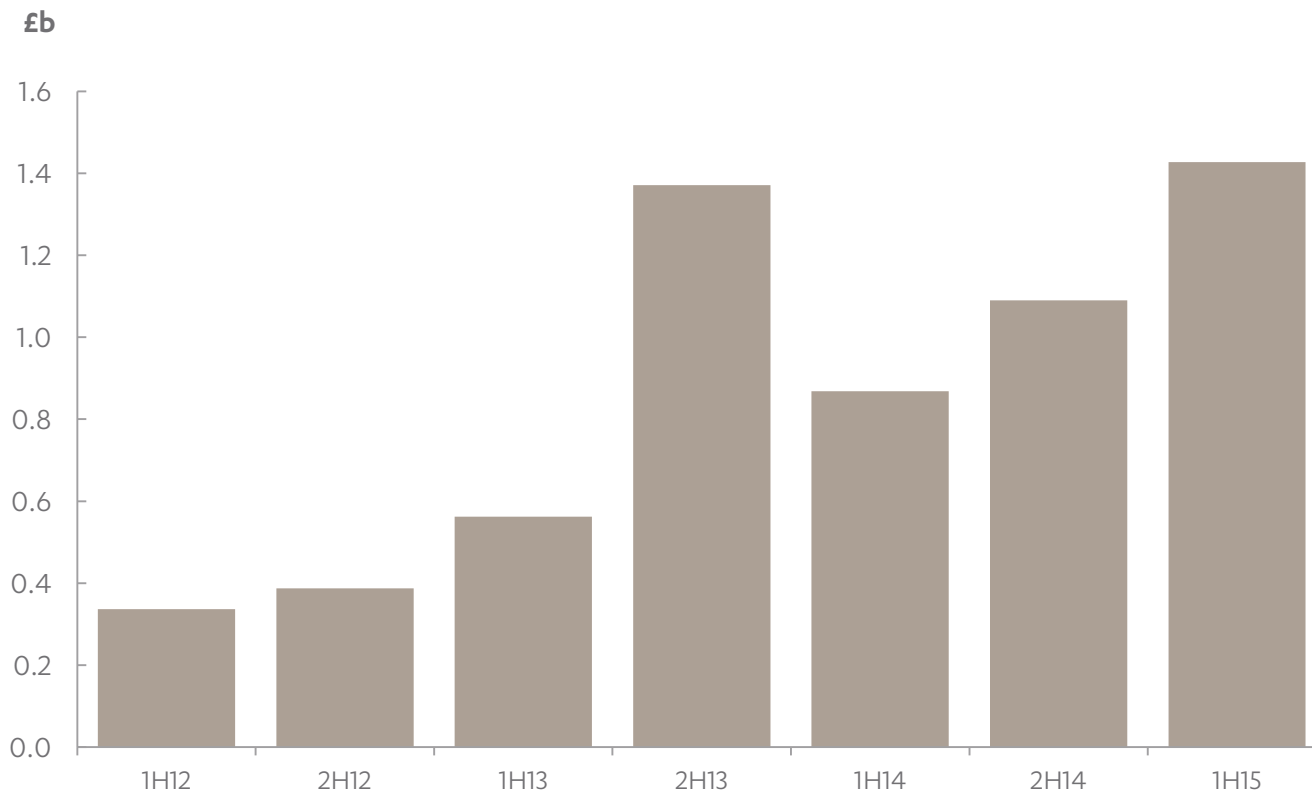
### % of core funds across quartile rankings



# Growth Drivers

## Strong JOHCM Fund Flows

JOHCM Cumulative Net Flows

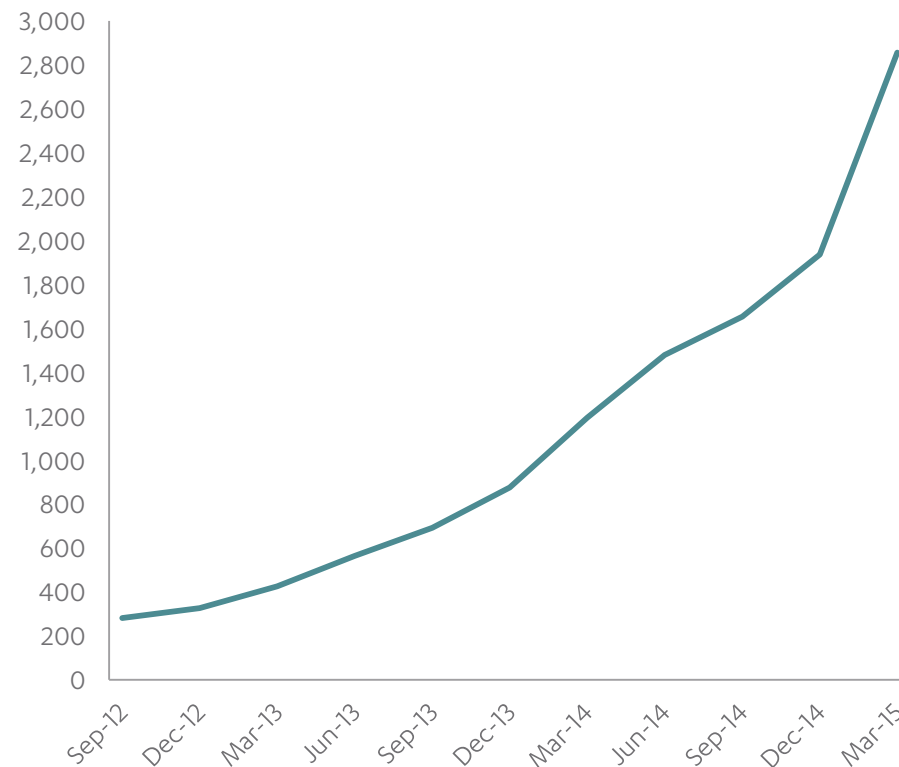


# Growth Drivers

## US Expansion

- US funds management market estimated at US\$32.1 trillion<sup>1</sup>
- Offices now in New York, Philadelphia and Boston servicing investment teams, trading, marketing and sales
- 9 products now offered in the US
  - Global Select
  - International Select
  - International Small Cap
  - Emerging Markets
  - Global Emerging Markets Opportunities
  - Asia Ex-Japan
  - European Select Values
  - US Small/Mid Cap
  - Emerging Markets Small Cap
- Total FUM from US business now at US\$6.4bn

JOHCM US MUTUAL FUNDS – CUMULATIVE NET FLOWS (US\$M)

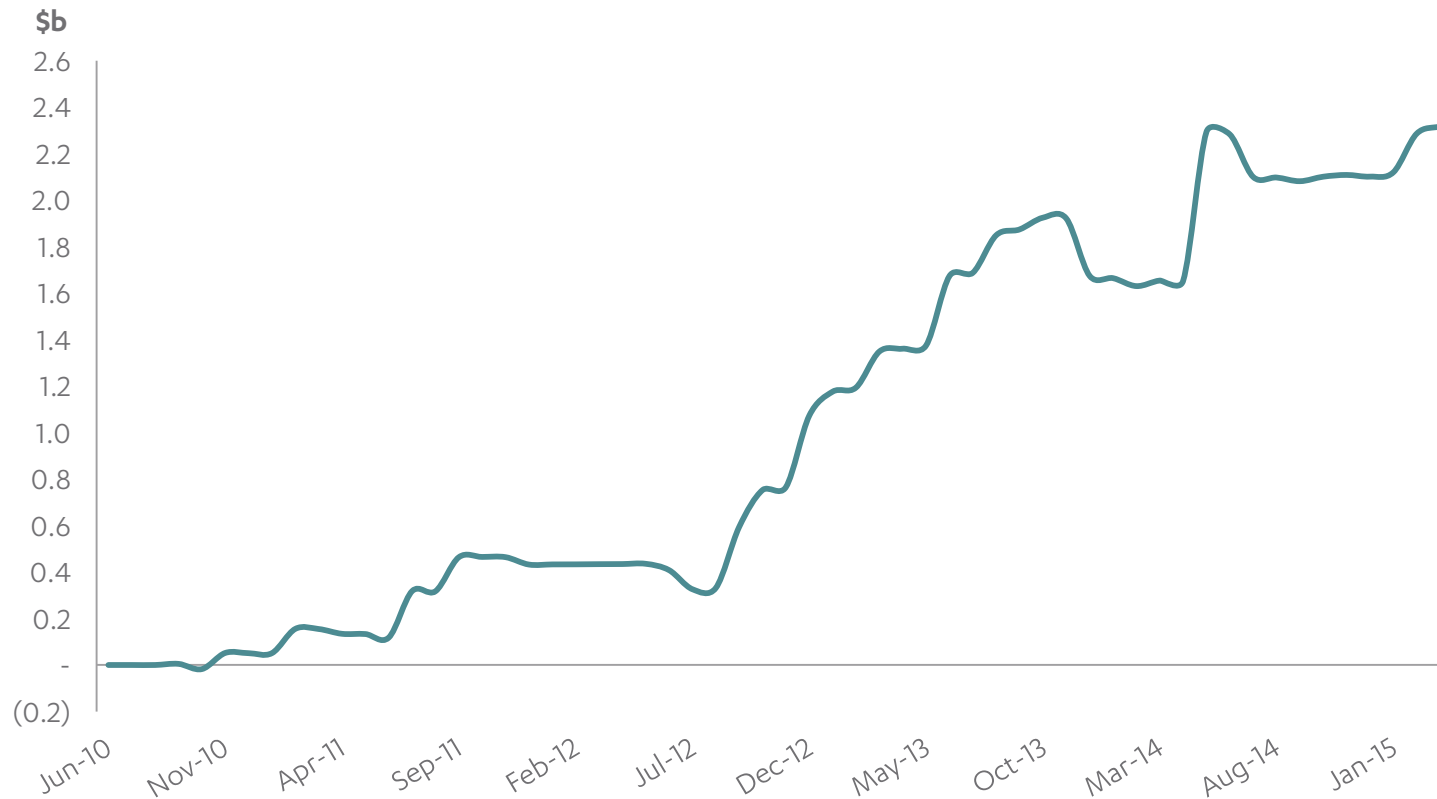


1. BCG Global Asset Management 2014

# Growth Drivers

## Growth in Australian Fixed Income

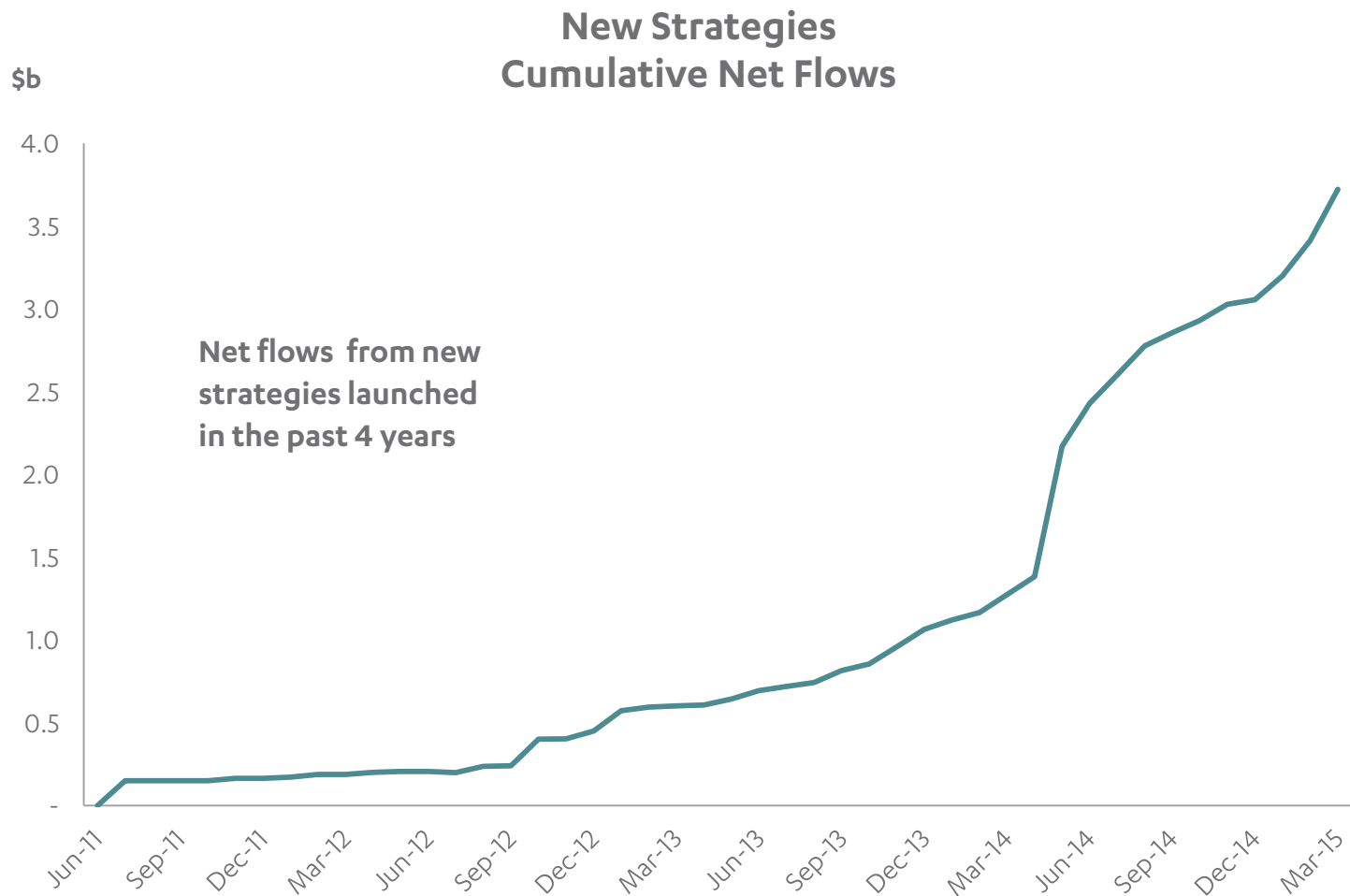
Australian Fixed Interest  
Institutional and Wholesale Cumulative Flows



# Growth Drivers

## Success of New Products

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# Business Segment FUM

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## BTIM Australia

31 Mar 2015	A\$b
Australian Equities	12.8
International Equities	3.1
Cash	6.5
Fixed Income	4.8
Property	1.8
Diversifieds	12.8
Other	0.2
Total	42.0

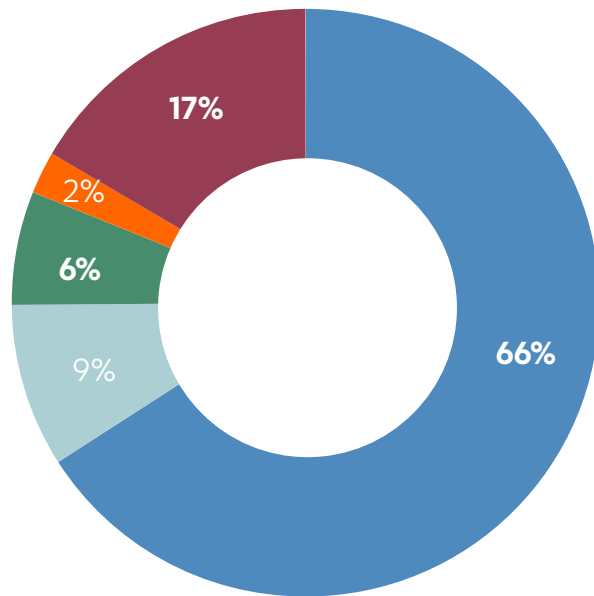
## JOHCM

31 Mar 2015	A\$b
Global/International	12.4
Emerging Markets	2.4
UK	11.2
European	6.7
Asia/Japan	2.4
US	0.0
Total	35.1

Note: JOHCM FUM is all Equities  
As of close March 2015

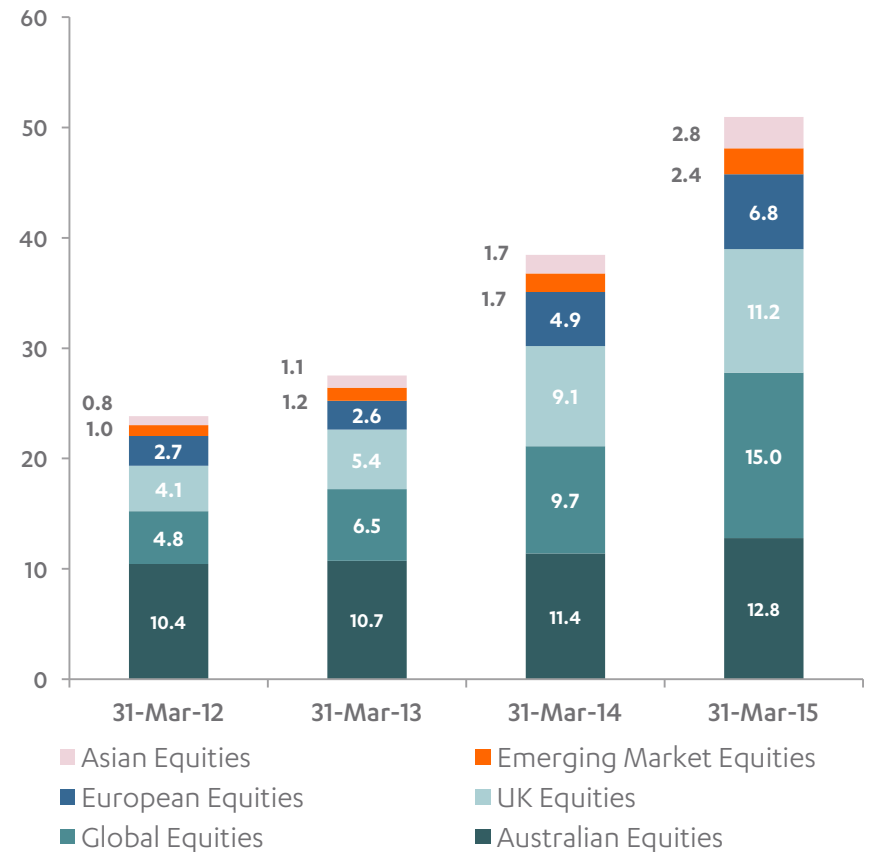
# Group FUM by Asset Class

ASSET CLASS AS % OF TOTAL FUM (AT 31 MARCH 2015)



- Diversifieds
- Property
- Fixed Income
- Cash
- Equities

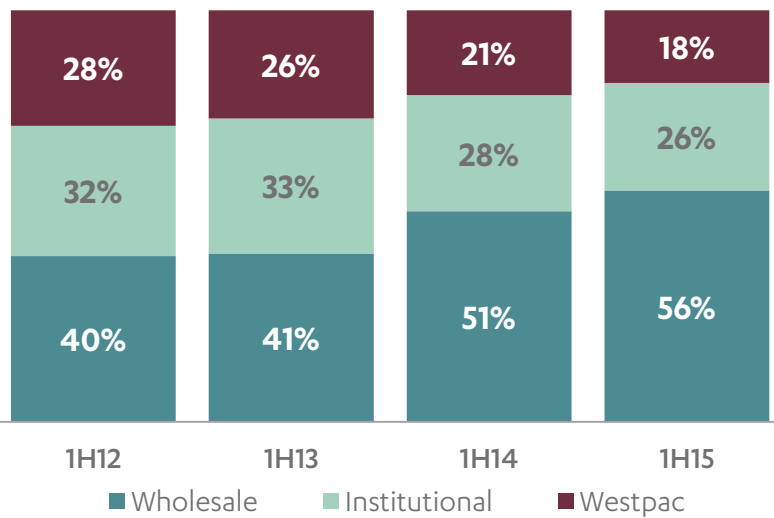
DIVERSE EQUITIES PORTFOLIO (\$b)





# Channel Revenue

PERCENTAGE OF BASE FEE REVENUE BY CHANNEL



FEE MARGIN (BPS) ACROSS CHANNEL

	Closing FUM	Fee Margin	
		BTIM (Aust)	JOHCM
Institutional	26.4	0.24%	0.58%
Wholesale	31.0	0.79%	0.68%
Westpac - Other	10.3	0.31%	n/a
<b>BTIM Group Core Funds</b>	<b>67.7</b>		
Westpac - Legacy	9.4	0.33%	n/a
<b>Total BTIM Group</b>	<b>77.1</b>		

As at 31 March 2015

# Strategy Focus

BUILDING-OUT A GLOBAL ASSET MANAGEMENT BUSINESS

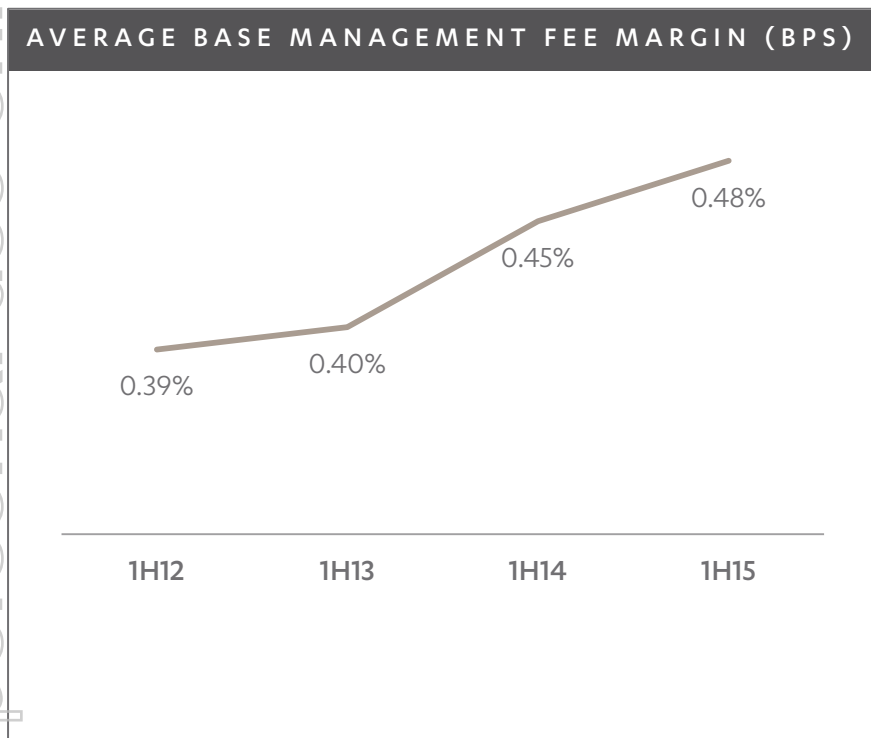
**Focus on  
increasing  
margins**

**Build on  
current  
distribution  
channels**

**Expand  
investment  
capabilities**

**Grow in new  
and existing  
markets**

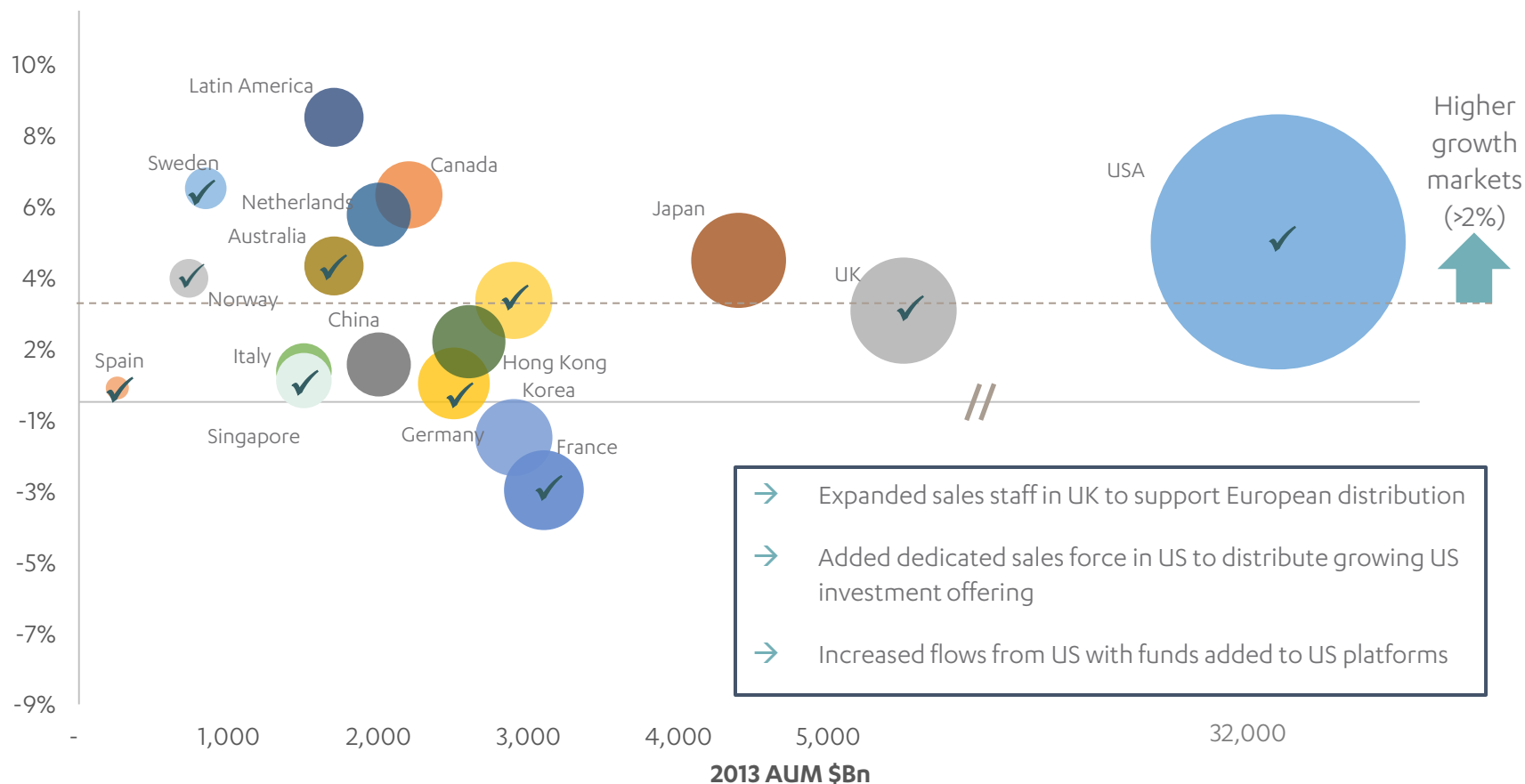
# Strategy - Focus on Increasing Margins



- Channel management with increasing percentage of flows through higher margin wholesale channel
- Higher proportion of total FUM in equities
- New products targeting higher margin contribution
- Pricing discipline particularly where capacity is constrained
- Average base management fee margin expanded from 39% in 1H12 to 48% in 1H15

# Building Out Distribution to Capture the Largest and Fastest Growing Markets Globally

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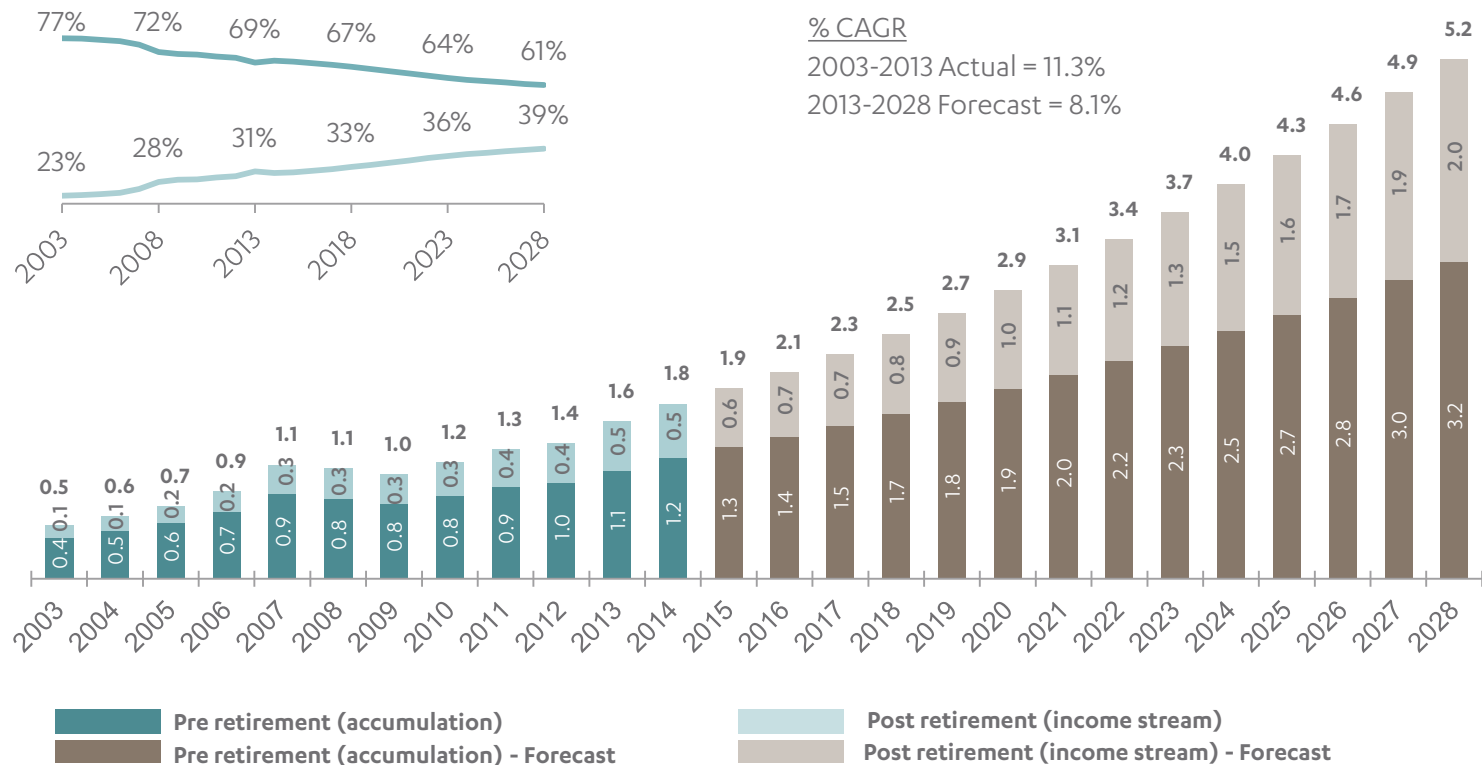


Source: 2010-13 Flows from Strategic Insight, State of the Global Fund Industry 2014, FUM from BCG Global Asset Management 2014

✓ Markets product is currently being distributed into

# Australian Market Superannuation Market Projections

\$ trillions – nominal dollars



Source: Rice Warner "Superannuation Market Projections": 2013, APRA Annual Statistics Jun 2013, APRA Quarterly Statistics Sep 2013, ATO Annual Statistic ATO SMSF Quarterly Statistics Sep 2013

# Strategy – Expand Investment Capabilities

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Australian Equities	Cash and Fixed Income	Regional Equities
Core	Government	UK
Concentrated	Composite	Europe
Mid-cap	Pure Alpha	Asia ex-Japan
Small-cap	Monthly Income Plus	Japan
Long/Short	Credit	US small / mid
Micro-cap	Enhanced Income	
Listed Property	Cash	
Equity Income		
Diversified		Cross-border Equities
Growth		Global
Balanced		EAFE
Conservative		Emerging Markets
Life-cycle		Int. Small
		Emerging Markets Small
		Global Small

- BTIM Group seen as a strong investment manager with a global platform to grow FUM
- Discussions with potential new teams is ongoing that is complementary to our current investment strategies and that can grow FUM
- Most recent activity has been in the US where we see opportunity for growth

# Strategy – Grow in New and Existing Markets

- Continue to expand offshore in particularly the US through the expansion of distribution and launch of new investment strategies. New investment vehicles launched in the past year include:
  - US Small to Mid-cap Fund
  - Global Smaller Companies Fund
  - Global Emerging Markets Small Cap Fund
  - European Concentrated Value
  - A range of DST structures for US small-medium institutional market
- Meet the growing demand for retirement income
  - Equity Income Fund
  - Monthly Income Plus
- Utilise existing investment skill to better target needs of existing and new clients
  - Significant Investor Visa offering
  - Institutional overlay strategy

# QUESTIONS



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