

ASX Release

Market Update

BT Investment Management Limited (BTIM) today issued a market update for the two month period from 1 April 2015 to 31 May 2015 following on from its half year 2015 results announcement on 29 April 2015. The market update follows an announcement today by Westpac Group (Westpac) of its intention to reduce its shareholding in BTIM from its current 59% of issued capital to between 31% and 40%.

Under the sale Westpac intends to offer 55 million BTIM shares to institutional investors via a fully underwritten institutional offer to be conducted via a book-build over the next two days while BTIM shares are in a market halt. Up to a further 27 million BTIM shares is intended to be offered to eligible BTIM and Westpac shareholders on the register as at 7:00pm (Sydney Time) on 11 June 2015 at the same price as the institutional offer¹.

In commenting on the transaction, BTIM's Chairman, Mr James Evans said, "Westpac remains a strategic shareholder and the relationship between the two organisations provides significant benefits for both BTIM and Westpac. While Westpac will no longer have a controlling interest in BTIM, it is retaining a significant shareholding which is a strong endorsement of BTIM's business, its management and its performance.

As an indication of the strong relationship between Westpac and BTIM, existing governance arrangements have been updated to reflect Westpac's on-going equity stake². The BTIM Board composition remains unchanged and will continue to have a majority of independent directors. Westpac will remain BTIM's largest shareholder and Brad Cooper, CEO of BT Financial Group, will continue as a Non-Executive Director on BTIM's Board."

BTIM's Chief Executive Officer, Mr Emilio Gonzalez, said, "Westpac's sell down will deliver a number of benefits to our existing shareholders including greater liquidity for BTIM's shares, a larger and more diverse shareholder base and a step-change in investor interest as BTIM becomes eligible for inclusion in key market indices. The transaction provides investors the opportunity to own shares in a high-performing and diversified global asset management business."

Funds under management update

BTIM announced its half year results on 29 April 2015, where it reported an increase in funds under management (FUM) of \$10.7 billion for the 6 months to 31 March 2015. In the two months to 31 May 2015, BTIM has experienced continued growth with total FUM increasing by \$3.6 billion to \$80.7 billion. Net flows in the two month period totalled \$1.5 billion driven by strong demand for global equity products, with favourable currency movements, strong investment performance and higher global equity market levels also contributing to growth in FUM.

1 The offer of BTIM shares to eligible BTIM and Westpac shareholders is subject to allocation and scale back determinations to be made by Westpac. It is expected that BTIM will lodge a prospectus with the Australian Securities and Investment Commission (that will also be made available on Westpac's website) on or around 22 June 2015 when it makes an offer of the BTIM shares to retail investors. A person wishing to acquire BTIM shares under the prospectus will need to complete the relevant application form, which will be attached to the prospectus and should consider the prospectus in deciding whether to acquire the BTIM shares.

2 Details of the on-going relationship arrangement between BTIM and Westpac are described in Appendix B to BTIM's investor presentation lodged today.

Funds under management – 31 March 2015 to 31 May 2015

(AUD \$bn)	31-Mar-15 Closing FUM	Net Flows	Other*	FX Impact	31-May-15 Closing FUM
Institutional	16.8	0.0	0.0	-	16.8
Wholesale	5.5	0.1	0.0	-	5.6
Westpac/BTFG					
- Legacy Retail	9.4	(0.1)	(0.1)	-	9.2
- Other	10.3	0.0	0.0	-	10.3
TOTAL BTIM FUM	42.0	0.0	(0.1)	-	41.9
Segregated Mandates	9.6	0.7	0.1	0.4	10.8
OEIC/Mutual Funds	25.5	0.8	0.8	0.9	28.0
TOTAL JOHCM FUM	35.1	1.5	0.9	1.3	38.8
TOTAL FUM	77.1	1.5	0.8	1.3	80.7

* Other includes market movement, investment performance and distributions

Net inflows for the two month period translate to additional annualised fee income of \$10.4 million.

The Group also benefited from favourable movements in the GBP/AUD exchange rate. The Australian dollar weakened relative to the pound during the two months to May with the GBP/AUD rate moving from 1.00/1.9354 as at 31 March 2015 to 1.00/2.0004 as at 31 May 2015.

Performance fees

Performance across the Group's funds has remained strong.

As at 31 May 2015, performance fees of \$12.7 million have been accrued in the Australian funds/mandates, but remain at risk and will not be determined until 30 June 2015.

Performance fees of £37.7 million (\$75.5 million) have also been accrued in JOHCM funds/mandates, but remain at risk and will not be determined until 31 December 2015.

Performance fees are highly variable and can vary from month to month. Approximately one third of the performance fees flow through to Cash NPAT after factoring in associated costs.

Further details associated with the market update are included in today's Investor Presentation lodged by BTIM (including risk factors).

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