

Investment opportunity - Business overview and market update

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In this presentation, unless otherwise stated or the context requires otherwise, references to 'dollar amounts', '\$', 'AUD' or '\$A' are to Australian dollars. The financial information in this presentation has been derived from the financial statements and results presentations for the half year ended 31 March 2015 and the full years ended 30 September 2014 and 30 September 2013, with the exception of information related to BTIM's funds under management as at 31 May 2015 and net flows for the two month period ending 31 May 2015. Certain financial data included in this presentation are 'non-GAAP financial measures' within the meaning of Regulation G of the U.S. Securities Exchange Act of 1934, including Cash Net Profit After Tax which is calculated by adding to statutory profit the amortisation for employee equity schemes and then deducting the annual cash cost of buying BTIM shares on market to satisfy employee equity schemes, and Cash Earnings Per Share which is calculated as Cash Net Profit After Tax divided by the weighted average number of BTIM shares on issue in the relevant period. The disclosure of such non-GAAP financial measures in the manner included in this presentation would not be permissible in a registration statement under the Securities Act. These non-GAAP financial measures do not have a standardised meaning prescribed by International Financial Reporting Standards (IFRS) and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. Although BTIM believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, readers are cautioned not to place undue reliance on any non-GAAP financial measure and ratios included in this presentation.

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THE OPPORTUNITY

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The Opportunity

- Westpac has announced its intention to undertake a partial sell-down of its shareholding in BTIM
- The partial sale is expected to result in a number of benefits for BTIM through:
 - Increased size and diversity of BTIM's shareholder base
 - Increased free float resulting in greater liquidity of BTIM shares
 - Eligible for consideration in key market indices
 - Increased free float and index inclusion expected to increase investor demand
- Westpac currently intends to retain a shareholding of between 31% and 40% in BTIM and the relationship between Westpac and BTIM is expected to remain strong and mutually beneficial
- BTIM and Westpac have updated their existing governance arrangements to reflect Westpac's ongoing equity ownership (see Appendix B for further details)

BUSINESS OVERVIEW

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A Growing and Successful Global Asset Management Business

- Global asset manager with A\$80.7bn in Funds Under Management (FUM)¹
- Listed Australian company with majority independent board
- Market capitalisation of ~A\$2.6bn²
- A platform with a track record of attracting and retaining investment talent and delivering superior returns for clients
 - Investment independence
 - Transparent remuneration structure
 - Disciplined approach to capacity management
 - Active investment management
 - Performance driven
 - Stable investment team

1. As at 31 May 2015

2. As at 12 June 2015

Global Investment Team Size and Stability

- Business model with a proven track record of attracting and retaining highly experienced investment professionals
- Significant equity participation that rewards fund managers with BTT equity¹ as a result of growing FUM

Team	Number of portfolio managers and analysts added over the last 5 years	Number of portfolio managers and analysts with service greater than 5 years	Total number of portfolio managers and analysts	Number of departures to a competitor over the last 5 years ³
BTIM Australia	11	21	32	0
JOHCM ²	19	17	36	0
TOTAL	30	38	68	0

1. BTT equity may be issued or purchased to meet various employee share plans. Refer to 2014 Remuneration Report as supplemented by 1H15 Director's Report

2. J O Hambro Capital Management

3. Excludes involuntary departures and staff retirements

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Market Update

FUM of A\$80.7bn as at 31 May 2015

A\$bn	31-Mar-15	Net		FX ³	31-May-15	Breakdown of Net Flows		FY15 YTD Fee Margins	
	Closing FUM	Flows	Other ¹	Impact	Closing FUM	BTIM	JOHCM	BTIM	JOHCM
Institutional	26.4	0.7	0.1	0.4	27.6	0.0	0.7	0.24%	0.58%
Wholesale	31.0	0.9	0.8	0.9	33.6	0.1	0.8	0.79%	0.69%
Westpac – Other ²	10.3	0.0	0.0	-	10.3	0.0	-	0.31%	n/a
BTIM Group Core Funds	67.7	1.6	0.9	1.3	71.5	0.1	1.5		
Westpac - Legacy ²	9.4	(0.1)	(0.1)	-	9.2	(0.1)	-	0.33%	n/a
Total BTIM	77.1	1.5	0.8	1.3	80.7	0.0	1.5		

- A\$1.5bn of net flows across the Group during the past 2 months
 - Represents additional annualised fee revenue of A\$10.4m
 - Driven by strong net inflows of A\$1.3bn into global products
- Margins improving due to strong flows in higher margin wholesale channel
- Performance fees of A\$12.7m accrued in Australian funds/mandates as at 31 May 2015, and at risk until 30 June 2015
- Performance fees of A\$75.5m accrued in JOHCM funds/mandates as at 31 May 2015, and at risk until 31 December 2015
- Approximately one third of the performance fee flows through to Cash NPAT⁴ after factoring in associated costs

1. Other: includes market movement, investment performance & distributions

2. Westpac FUM: represents institutional IMA managing retail and corporate superannuation, managed accounts and a legacy retail book for Westpac clients. Additional Westpac FUM of \$9.5 billion is also included in the Institutional and Wholesale categories pursuant to other contractual arrangements.

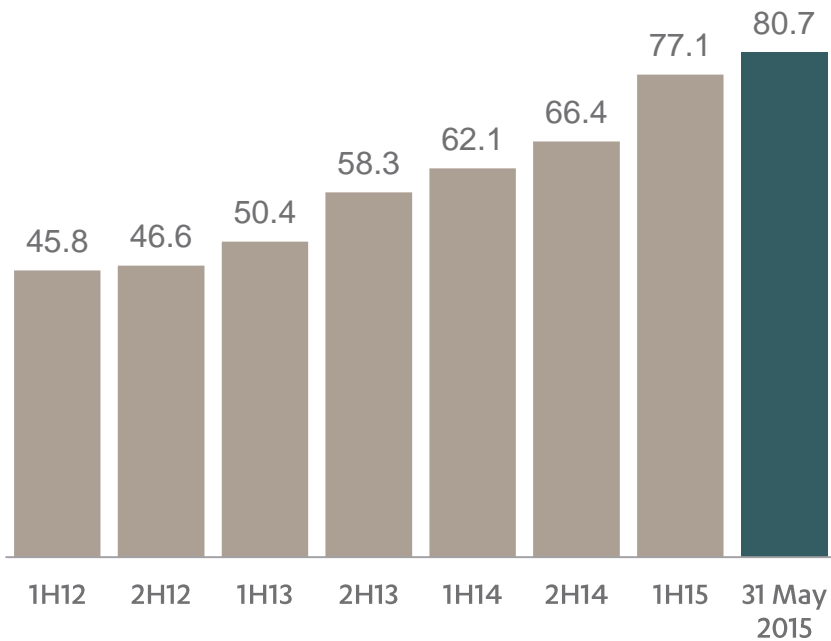
3. The AUD weakened relative to GBP during the two months to 31 May 2015 with the GBP/AUD rate moving from 1.00/1.9354 as at 31 March 2015 to 1.00/2.0004 as at 31 May 2015

4. Refer to Financial Information in the Disclaimer for definition of Cash NPAT and ASX results announcements for reconciliation to Statutory NPAT (see Appendix C)

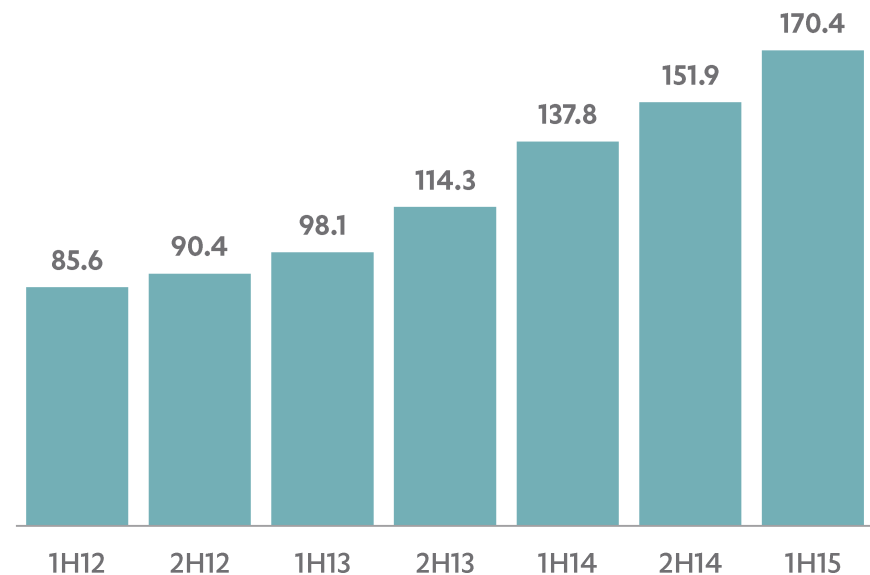
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Growth Momentum

CLOSING FUM (A\$b n)



BASE MANAGEMENT FEES (A\$m)

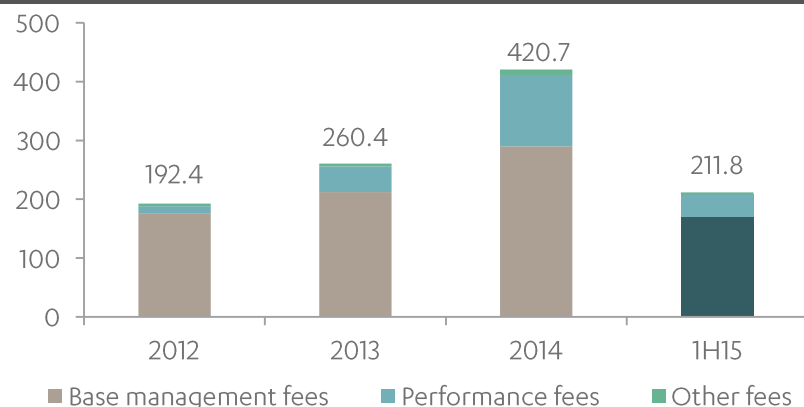


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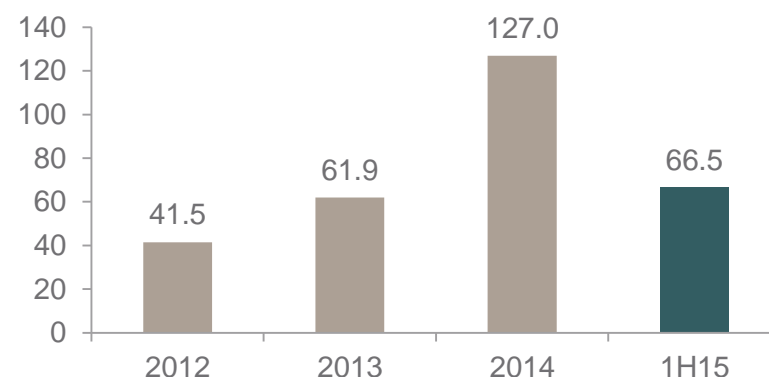
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Successful and Growing Business

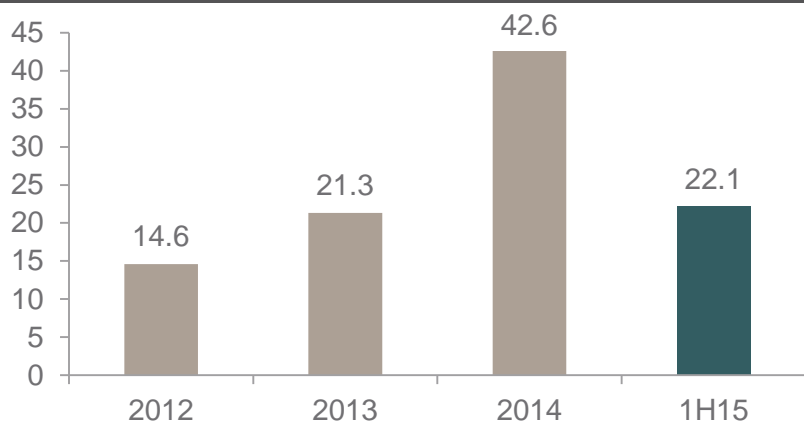
REVENUE (A\$m)



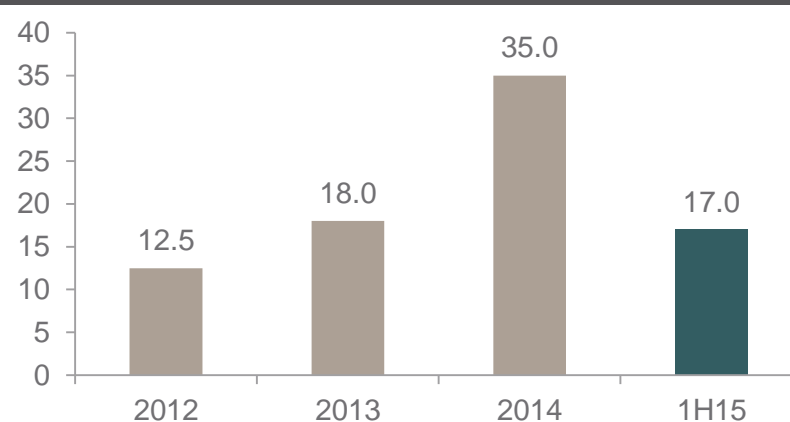
CASH NET PROFIT AFTER TAX (NPAT) (A\$m)¹



CASH EARNINGS PER SHARE (A\$cps)¹



DIVIDENDS PER SHARE (A\$cps)



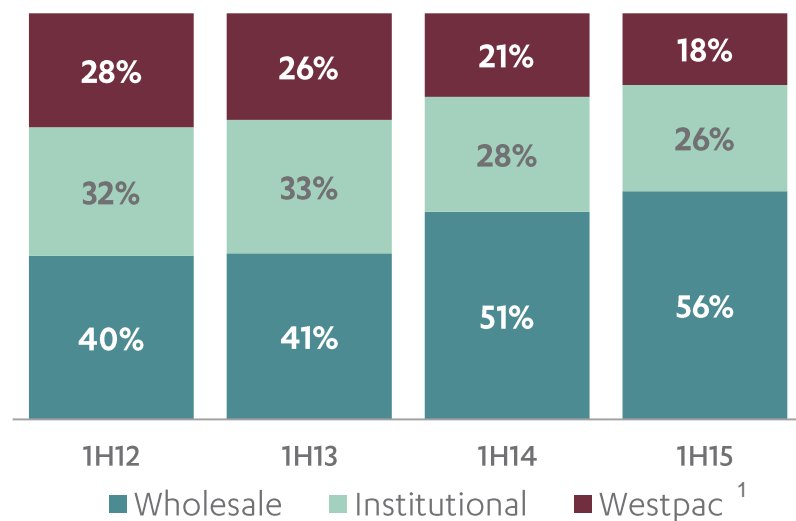
1. Refer to Financial Information in the Disclaimer for definitions of Cash NPAT and Cash EPS and ASX results announcements for reconciliation to Statutory NPAT (see Appendix C)

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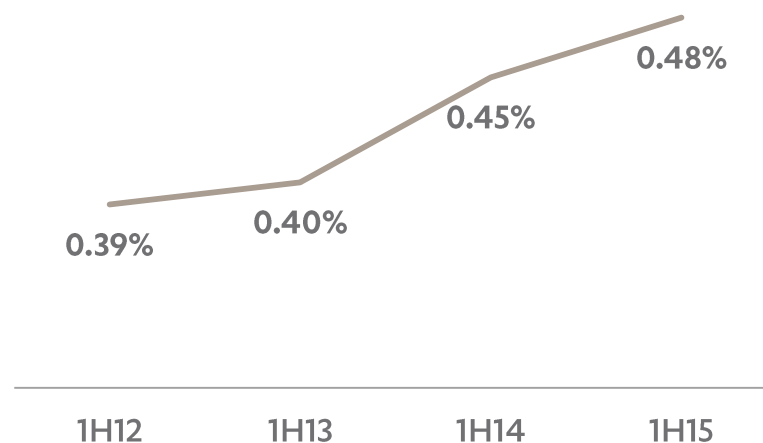
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Delivering Fee Margin Expansion

PERCENTAGE OF BASE FEE REVENUE BY CHANNEL



AVERAGE BASE MANAGEMENT FEE MARGIN (BPS)



Margin expansion driven by:

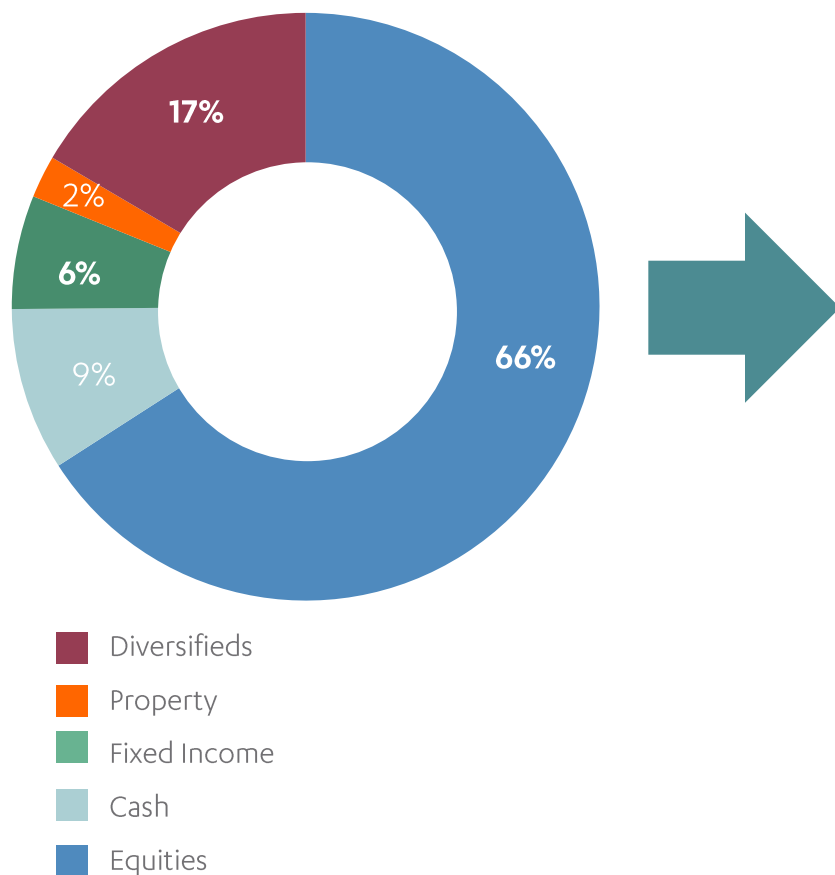
- Strong flows into higher margin wholesale channel driven by growth in off-shore FUM through JOHCM
- Higher proportion of total FUM in equities

1. Westpac channel – retail and corporate superannuation, managed accounts and legacy retail for Westpac clients

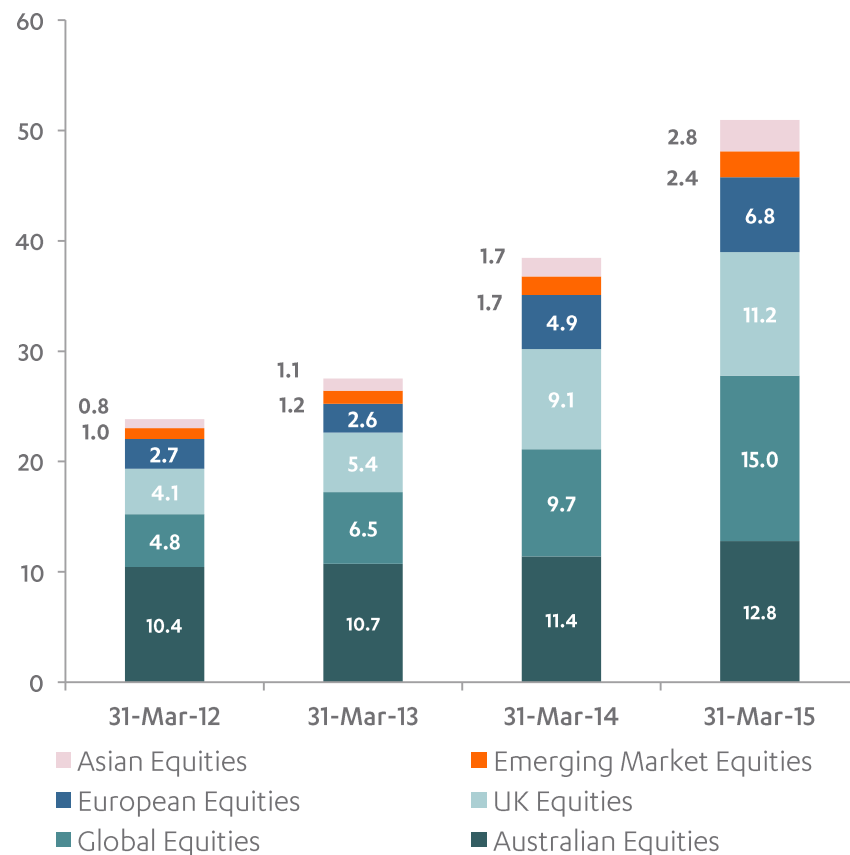
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FUM by Asset Class (as at 31 March 2015)

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



DIVERSE EQUITIES PORTFOLIO (A\$bn)



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Fund Performance (as at 31 March 2015)

→ 99% of FUM has outperformed¹ the applicable fund benchmark over 3 years and 100% over 5 years

Asset Classes	FUM at 31 March 2015 (A\$bn)	% of FUM outperformed ¹ 3 Year	% of FUM outperformed ¹ 5 Year
Equities:			
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%
Property	1.8	93%	100%
Cash	6.5	100%	100%
Fixed Income²	3.6	100%	100%
Diversified	12.8	100%	100%
Other ²	1.4	N/A	N/A
Total FUM	77.1	99%	100%

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. A\$1.2bn has been moved from Fixed Income to Other and a benchmark is not applied

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Strong Performance across Core Funds

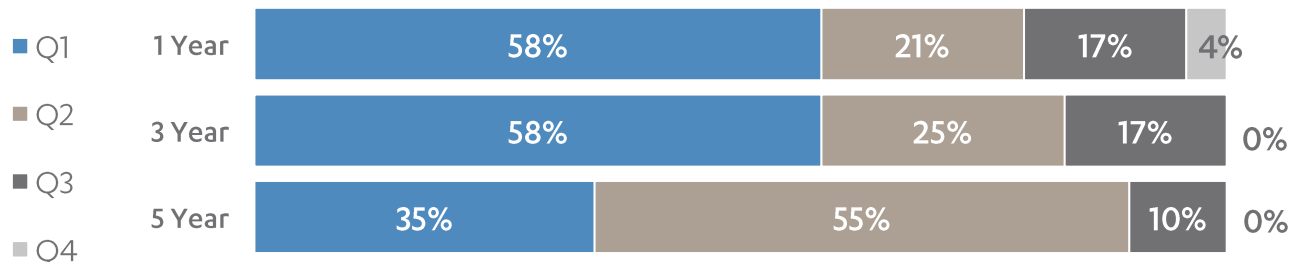
Relative to Benchmark (period ended 31 March 2015)

	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



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Financials – 1H15

Strength and momentum in underlying business delivering growth in base management fees

A\$m	1H13 ¹	1H14	1H15	Change % (1H15 v 1H14)
Avg FUM (A\$bn)	48.5	61.3	71.2	16%
Base Fee Margin	0.40%	0.45%	0.48%	6%
Base management fees	98.1	137.8	170.4	24%
Performance fees	33.5	114.7	38.0	(67%)
Transaction fees	-	-	2.2	-
Other fee revenue	2.2	2.8	1.2	(58%)
Total fee revenue	133.8	255.3	211.8	(17%)
Employee expenses	(66.6)	(125.1)	(100.1)	(20%)
Operating expenses	(22.1)	(27.5)	(30.9)	13%
Total cash operating expenses	(88.7)	(152.6)	(131.0)	(14%)
Operating profit	45.1	102.7	80.8	(21%)
Net investment income	2.1	5.9	3.5	(41%)
Financing charges	(1.3)	(0.8)	(0.6)	(21%)
Tax	(11.7)	(24.7)	(17.2)	(30%)
Cash Net Profit After Tax	34.2	83.1	66.5	(20%)
Operating profit margin	34%	40%	38%	(5%)
Cash Earnings Per Share (A\$cps)	11.8	28.0	22.1	(21%)

- Higher average FUM and expansion in fee margins driving a 24% increase in base management fees over 1H14
- Performance fees lower after record 1H14
- Transaction fees represent fee revenue on new non-annuitized products
- Lower employee expenses driven by lower performance fees
- Higher operating expenses as a result of investment in growth initiatives
 - New products
 - New teams
 - US expansion

1. Certain 1H13 items have been re-classified for consistency purposes

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Balance Sheet Strength

A\$m	Sep 2014	Mar 2015	Mvmt
Cash and cash equivalents	130.2	111.0	(19.2)
Bank debt and loan notes	(36.1)	(43.0)	(6.9)
Net cash	94.1	68.0	(26.1)
Undrawn debt facilities	59.4	51.3	(8.1)
Total equity	643.1	688.4	45.3
Less: Intangibles and equity settled converting notes	(559.1)	(583.4)	(24.3)
Net Tangible Assets	84.0	105.0	21.0

- Strong balance sheet with healthy cash position
- Cash position seasonally lower in 1H
- Debt facility used to seed new strategies
- Net Tangible Assets of A\$105.0m
- Comfortable gearing ratios

Gearing Ratios

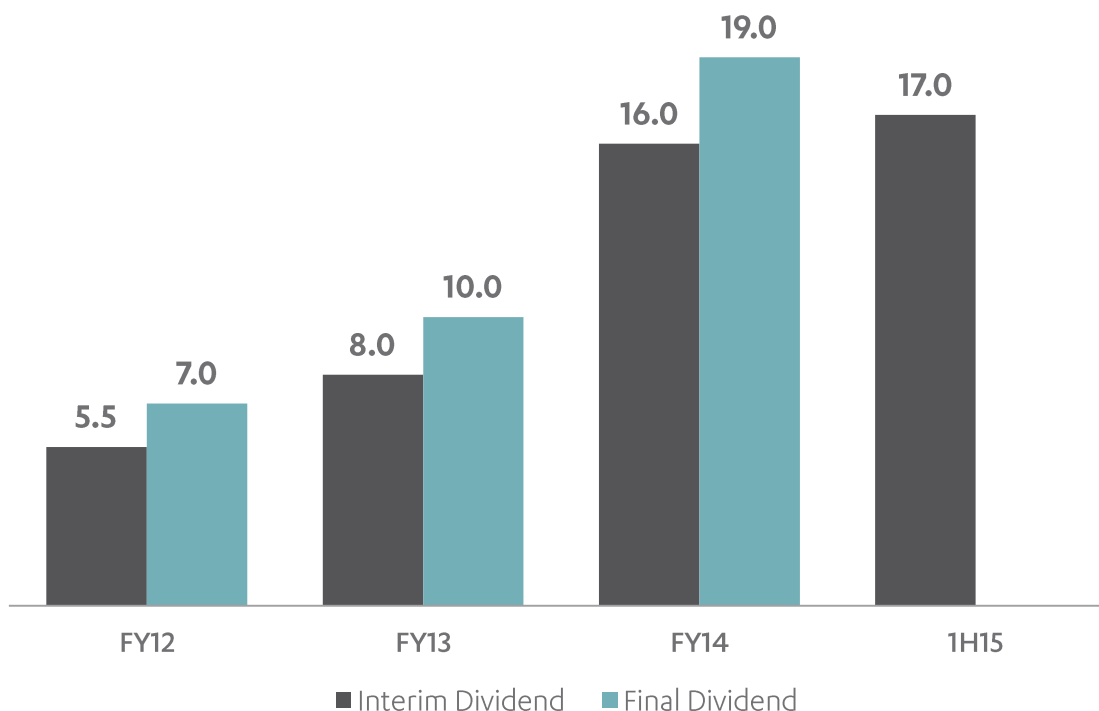
Debt / equity	6%	6%	-
Debt / Operating Profit	22%	31%	9ppts
Interest coverage	103x	125x	22x

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Increasing Dividends Per Share Reflecting Earnings Growth Profile

DIVIDEND PER SHARE (A\$cps)



- BTIM targeted dividend payout ratio of 80-90% of Cash NPAT¹
- 1H15 dividend represented a payout ratio of 77% of Cash NPAT and is to be 40% franked
- Ongoing franking levels determined by the relative profits of the BTIM Australian and international business²

1. Refer to Financial Information in the Disclaimer for definition of Cash NPAT and ASX results announcements for reconciliation to Statutory NPAT (see Appendix C)
2. Franking levels are not guaranteed and remain subject to potential regulatory change. An investor's ability to use franking credits depends on their individual circumstances

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Strategy Focus

BUILDING-OUT A GLOBAL ASSET MANAGEMENT BUSINESS

**Focus on
increasing
margins**

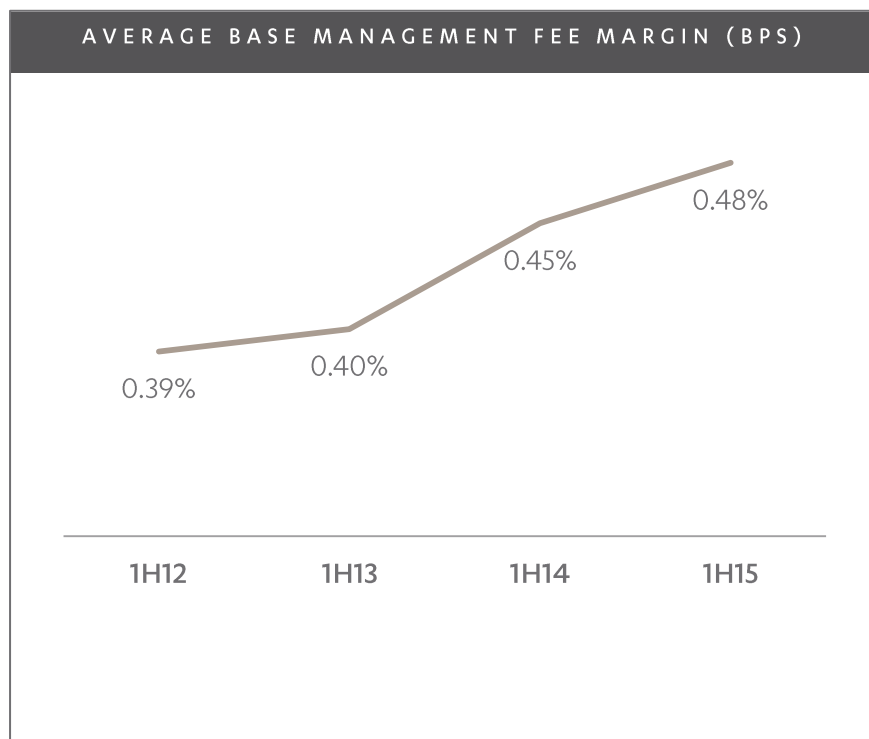
**Build on
current
distribution
channels**

**Expand
investment
capabilities**

**Grow in new
and existing
markets**

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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 bps in 1H12 to 48 bps in 1H15

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Strategy – Expand Investment Capabilities

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	Cross-border Equities
Listed Property	Cash	Global
Equity Income		EAFE
Diversified		Emerging Markets
Growth		Int. Small
Balanced		Emerging Markets Small
Conservative		Global Small
Life-cycle		

→ BTIM Group seen as an attractive Investment Manager:

- Global platform to grow FUM
- Investment independence
- Transparent remuneration
- Capacity management with investment led focus

→ Discussions with potential new teams are ongoing

→ Most recent activity has been in the US where we see opportunity for growth

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Strategy – Grow in New and Existing Markets

US Expansion

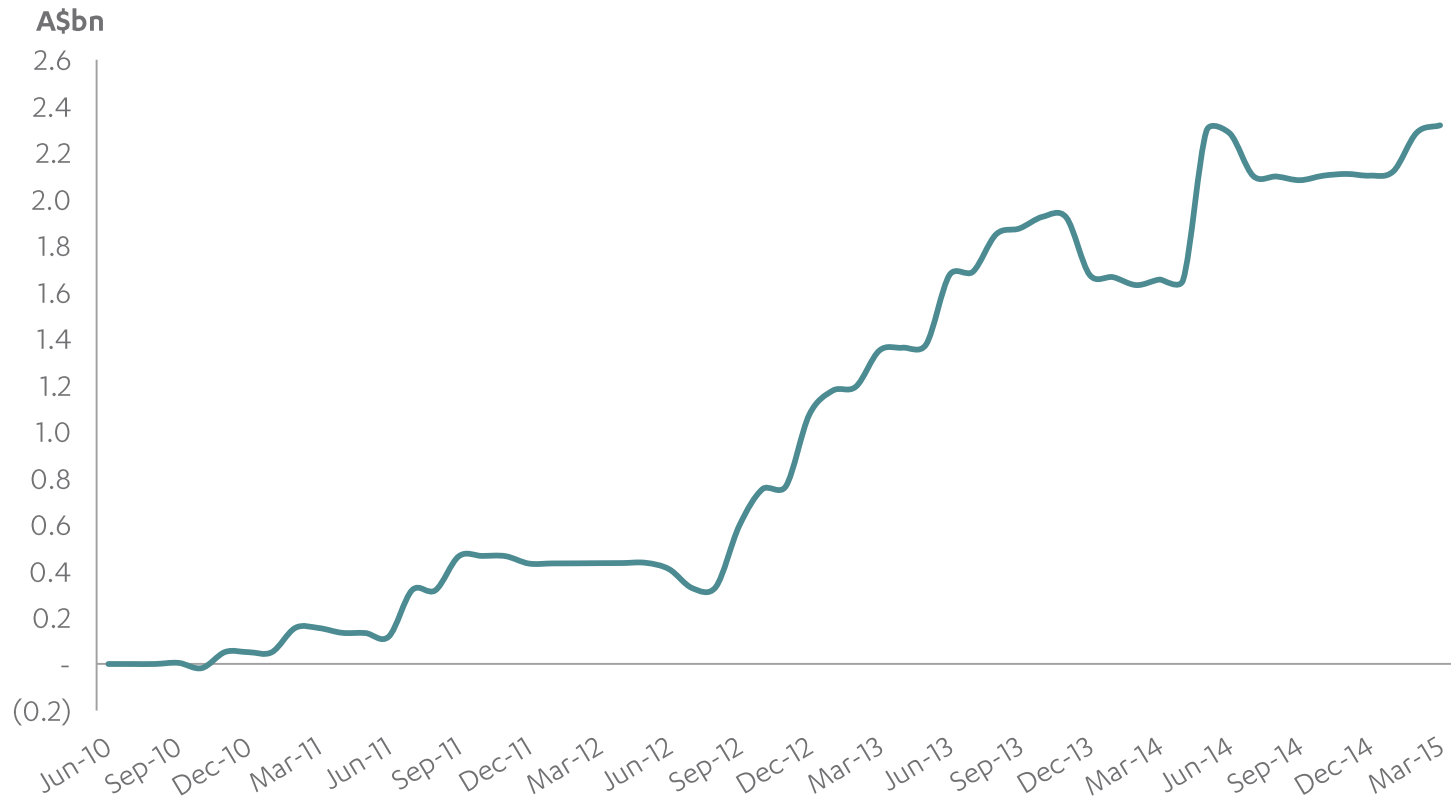
- US funds management market estimated at US\$31.7 trillion
- Offices now in New York, Philadelphia and Boston servicing investment teams, dealing, marketing and sales
- 9 equity strategies now offered in the US
 - Global Select
 - International Select
 - International Small Cap
 - Emerging Markets
 - Global Emerging Markets Opportunities
 - Asia Ex-Japan
 - European Select Values
 - US Small/Mid Cap
 - Emerging Markets Small Cap
- Total FUM from US business of US\$6.6bn¹

1. As at 31 March 2015

Strategy – Grow in New and Existing Markets

Growth in Australian Fixed Income

Australian Fixed Income
Institutional and Wholesale Cumulative Flows



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Strategy – Grow in New and Existing Markets

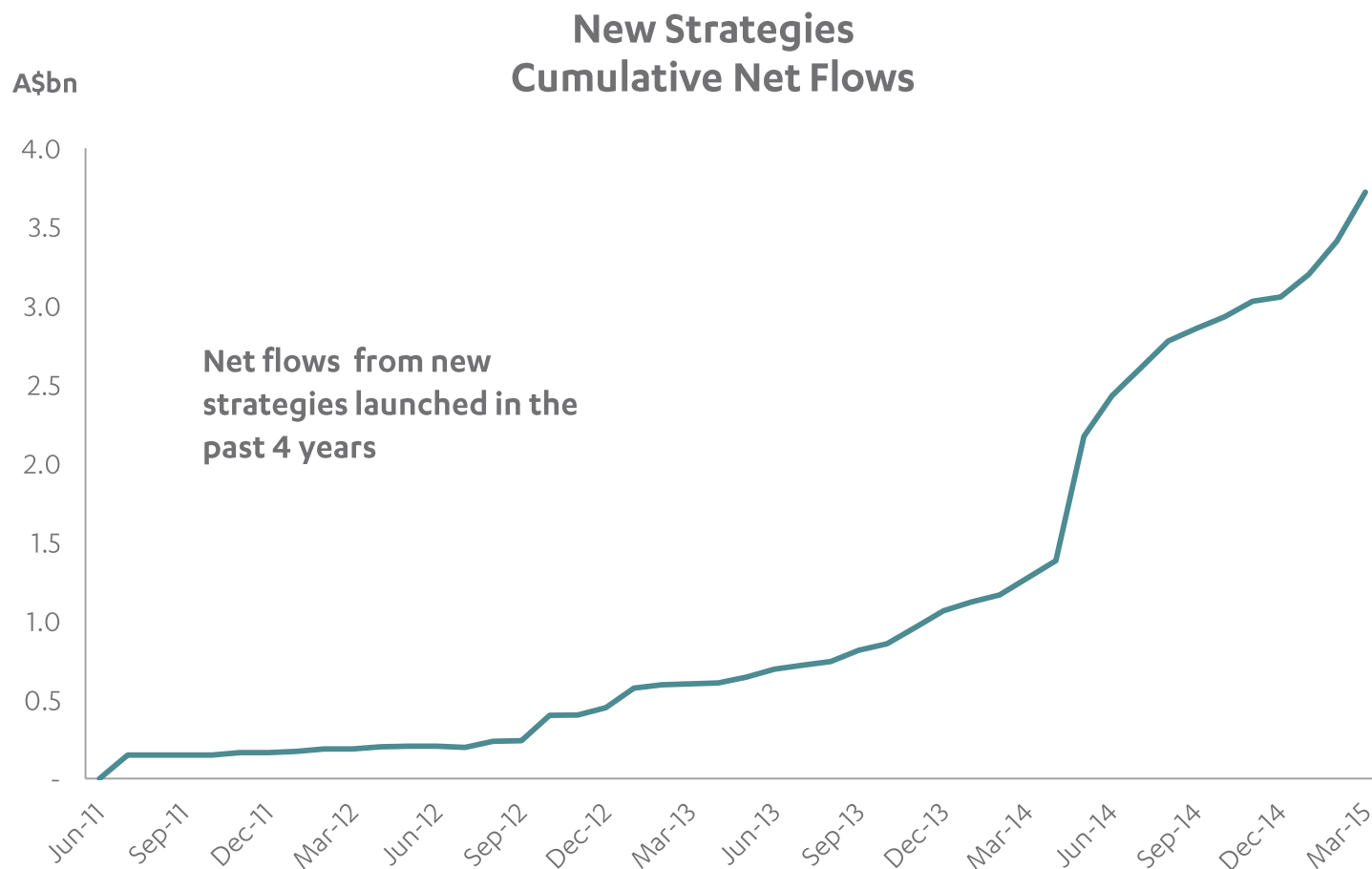
Launch of New Products

- 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 DST¹ structures for the US 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

1. Delaware Statutory Trust

Strategy – Grow in New and Existing Markets

Success of New Investment Strategies



Past growth is illustrative only and is not necessarily an indicator of future growth

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SUMMARY

Summary

- The transaction is expected to provide a number of benefits to BTIM's shareholders, including:
 - A broader and more diverse shareholder base
 - Increased liquidity as a result of greater free-float
 - Eligible for consideration in key market indices creating a step change in investor interest
- Westpac remains a strategic shareholder and the relationship between the two organisations continues to provide significant benefits for both BTIM and Westpac
- Westpac will have a right to nominate a director on the Board
- Brad Cooper, CEO of BT Financial Group, remains as a director on the Board
- The commercial agreements that govern the relationship remain in place and include the Master Relationship Agreement
 - The MRA has been extended to 31 December 2015 and negotiations with Westpac are ongoing in relation to a new revised agreement
- Business remains in a strong position for continued growth

Summary

A Global Asset Management Business with strong growth momentum

- Strategic initiatives leading to positive flows and growth in FUM and base management fees
- US mutual funds and European OEIC's¹ well supported
- Strong investment performance track record
 - Strong outperformance across all asset classes
- Low interest rate environment supportive of global equity markets and demand for income products
- Regulation continues to provide challenges globally for the industry
- Continue to see opportunity to expand through new strategies and the addition of new teams

1. Open Ended Investment Companies

Appendix A: Risks

This section discusses some of the risks associated with an investment in BTIM. BTIM's business is subject to a number of risk factors, many of which are outside the control of BTIM, both specific to its business and of a general nature which may impact on its future performance and forecasts. Before investing in BTIM, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on BTIM (such as that available on the website of ASX), examine the full content of this presentation and consult their professional advisers before making an investment decision. The risks and uncertainties described in this presentation are not the only ones BTIM faces. Additional risks and uncertainties that BTIM is unaware of, or that BTIM currently deems to be immaterial, may also become important factors that affect BTIM shares or BTIM.

Specific risk factors

Market factors

The revenue of BTIM is directly linked to its funds under management (FUM), which is driven by market performance and net fund flows. As a result, a decline in any investment market in which BTIM manages assets (in particular, the Australian, UK and US equities markets, but also global markets in general), or a decline related to an asset class in which BTIM manages assets, may reduce BTIM's existing FUM or negatively impact net fund flows, which would be likely to have a material adverse effect on revenue and hence the financial performance of BTIM. The short-term outlook for markets is currently uncertain given continued volatility in global markets. This includes concerns around sovereign debt in Europe and the pace of global economic recovery. There is no guarantee that markets will improve, or that net fund flows will be positive for individual boutiques or BTIM as a whole. One or a combination of: recent volatility in domestic and world economic and business conditions; weak or declining markets; negative investor sentiment and/or declining net flows may have a material adverse effect on the financial performance of BTIM and BTIM's share price.

Poor investment performance

A key driver of BTIM's financial performance and future growth is achieving strong investment performance for its clients. Sustained periods of poor investment performance (absolute, or relative to benchmarks and/or competitors), including by BTIM's extended investment partners, could lead to withdrawals of FUM, loss of investment mandates and inability to attract new FUM and/or could lead to lower management fees and performance fees (which may also be subject to volatility) all of which would have a material adverse effect on BTIM. Negative investment performance may reduce FUM, performance fees and/or management fees, and therefore, revenue to BTIM.

Withdrawal of FUM and changes to net fund flows

BTIM's clients are able to withdraw their FUM with BTIM, usually at short notice and in their discretion. Clients may choose to withdraw FUM for many reasons, including poor asset class performance, fund underperformance relative to benchmarks, changes in ratings (including withdrawals, holds or downgrades), changes in portfolio asset allocations, change in ownership of BTIM or loss of key BTIM employees. Restrictions on applications of funds could reduce net fund flows which may occur if funds are closed to new/or existing investors due to capacity constraints or other reasons. A material reduction in BTIM's FUM is likely to have a material adverse effect on revenue and hence the financial performance of BTIM and BTIM's share price.

Loss of key employees

BTIM's investment performance, retention of FUM and ability to attract new FUM is highly dependent on a small number of highly skilled investment managers. BTIM's future growth is also dependent on its ability to attract and retain additional skilled investment professionals, for example in sales and marketing. The loss or permanent or temporary departure of one or more key employees, and/or the inability to hire new investment professionals, could lead to withdrawal of a material amount of FUM, including loss of investment mandates, or an inability to attract new FUM, which may have a material adverse effect on BTIM. Key employees of BTIM receive a significant proportion of their remuneration in BTIM securities. A loss in the value of BTIM shares, which may be caused by any of the risk factors set out in this Appendix, may have a material adverse effect on the ability to retain key employees.

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Appendix A: Risks

Fund Linked Equity scheme

The Fund Linked Equity (FLE) scheme is an equity scheme operated for JOHCM which rewards fund managers with BTIM equity as a result of growing their FUM.

The FLE scheme provides certain JOHCM fund managers with the ability to participate and receive equity grants by allowing fund managers to convert part of the revenue generated from the growth in FUM related to their investment strategies into BTIM ordinary shares based on a pre-determined conversion formula over multiple years. The value of BTIM equity received at the time of conversion is directly linked to the funds raised for the underlying fund.

As a consequence of share issuance under the FLE scheme, JOHCM fund managers receive a lower share of their fee revenue and shareholders share of revenue increases such that Cash Earnings Per Share should be broadly neutral to positive, provided FUM and management fee margins are maintained post conversion. A reduction in FUM and / or a decline in management fee margins post share issuance under the FLE scheme is likely to have an adverse effect on Cash Earnings Per Share and hence the financial performance of BTIM.

Further details regarding the FLE scheme are available on page 6 of BTIM's Directors Report for the half year ending 31 March 2015.

Foreign exchange risk

A substantial component of BTIM's revenues and funds under management are denominated in currencies other than Australian dollars. Therefore movements in foreign exchange markets may have a material adverse effect on BTIM's earnings.

Strategic risks

BTIM is subject to a range of strategic risks, including:

- that BTIM has adopted the wrong strategic objectives; or
- that BTIM has adopted the right strategic objectives but fails to effectively execute those objectives; or
- that BTIM has successfully executed the right strategic objectives, but this does not produce the expected results for the business.

Should these risks eventuate, each has the potential to have a material adverse impact on BTIM's financial performance and future growth prospects.

Competitive environment

The funds management industry is highly competitive, with a significant number of existing investment professionals and new entrants regularly developing new products and establishing funds management businesses. Increased or better competition may result in loss of FUM, fee reductions, reduced margins or lower market share, and may have a material adverse effect on BTIM's financial performance and growth prospects. In addition, the growing influence of certain clients (such as portfolio administration services, master trusts and other distribution platforms) together with the oversight of regulators may increase commercial pressure to reduce fees, which could have an adverse effect on BTIM's financial performance.

Disposal of Westpac's shareholding

Following completion of the Offer, Westpac will retain a significant shareholding in BTIM. If Westpac reduced or disposed of all or a significant part of its remaining shareholding in BTIM at any time, this may in itself have a material adverse effect on the value of BTIM shares. It may also result in the termination of the Name Licensing Agreement and the inability of BTIM to continue using the BT brand.

The loss of the value of the BT brand to BTIM resulting from the termination of the Name Licensing Agreement may have a material adverse effect on the financial performance of BTIM.

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Appendix A: Risks

Commercial agreements with Westpac and renegotiation of existing agreements

BTIM currently manages approximately \$29 billion in FUM as at 31 May 2015 for BT Financial Group under a number of Investment Management Agreements, Investment Advisory Agreements, platform and distribution agreements, Master Relationship Agreement (MRA) and other arrangements between the parties. The MRA terminates on 31 December 2015. BTIM and the BT Financial Group product issuers are currently negotiating a revised MRA and primary Investment Management Agreement (which accounts for \$15 billion of the \$29 billion FUM referred to above). The negotiations are being carried out at arm's length and in accordance with BT Financial Group's statutory and fiduciary obligations to act in the best interests of beneficiaries. The exercise of these duties by the independent BT entity boards means the outcome of negotiations is outside the control of BT Financial Group and could result in a range of positions being adopted, including potentially the non-renewal of the arrangements. As part of the negotiations, the BT Financial Group is reviewing BTIM's performance and has engaged specialists to assist with aspects of that review, including to review BTIM's performance and fees against its competitors. It is expected that the replacement agreements will be agreed by 31 December 2015. Based on the work done by the BT Financial Group to date, it is not anticipated that the replacement agreements will result in a materially adverse outcome for BTIM. Nevertheless, these negotiations will mean that there will be some changes to the existing agreements and these changes may include a reduction in BTIM's management fees. Poor investment performance, amongst other factors could result in termination of all or part of FUM currently managed by BTIM under these arrangements.

Brand

The use of the 'BT' brand is important to BTIM's distribution strategy and relationships in Australia. The use of the 'BT' brand by BTIM is governed by the Name Licensing Agreement with Westpac. The Name Licensing Agreement is due to expire on 1 October 2018. The inability to use the 'BT' name or failure to renegotiate the Name Licensing Agreement with Westpac beyond this date may have a material adverse impact on BTIM and BTIM's financial performance. The 'J O Hambro Capital Management' brand has developed over time into a recognised brand in the UK investment market place. J O Hambro Capital Management is permitted the use of the 'J O Hambro' trade marks in the UK in accordance with the terms of the Trade Mark Licence.

Loss of the rights to use either brand name may have a material adverse effect on BTIM's existing FUM, ability to attract net flows and overall financial performance and price of BTIM shares. Furthermore, any damage to the brands or decline in brand reputation, which may be caused by parties outside of the control of BTIM, may have one or more similar material adverse effects.

Changes to legislation

A key driver of the financial performance of BTIM and future growth is the current legislative framework in countries where BTIM operates. In Australia this includes legislation around compulsory and voluntary superannuation and related taxation. Any adverse change to this legislation or other legislation where BTIM operates may have a material adverse effect on BTIM's financial performance, growth prospects and share price.

Legal and regulatory developments

The financial services industry is highly regulated both in Australia, the UK and in the offshore markets in which BTIM operates or may operate. The financial services industry across the world has undergone significant legislative and regulatory change in recent years. BTIM could be subject to increased regulatory scrutiny in the future. This could include more aggressive and intensive regulation of BTIM's business by financial services and other regulators in the jurisdictions in which BTIM operates or will operate. Additionally, regulation could extend to areas of BTIM's business that, to date, have not been regulated. Furthermore, any change in such regulations may have a material adverse effect on the ability of BTIM to carry on its business and pursue its investment strategies or may affect the attraction of alternative investments generally for either private or institutional investors. Any failure to comply with such legal and regulatory developments may lead to BTIM being subject to regulatory sanctions and may adversely affect BTIM's reputation, financial condition, operations and results as a whole.

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Appendix A: Risks

Taxation legislation

BTIM and any future BTIM shareholders are subject to taxation laws, which often change, both prospectively and retrospectively. Different interpretations of taxation matters from time to time, or changes in taxation or accounting laws in Australia, the UK and other jurisdictions, may have a material adverse impact on BTIM's financial performance and may also affect the value of BTIM's shares.

Compliance

There is a risk that one or more members of the BTIM Group, may fail to comply with the laws and regulatory conditions and obligations to which it is, or becomes, subject. In this event, the entity in question may be subject to censures, fines or other legal proceedings or, in extreme circumstances, lose one or more of its regulatory permissions.

Information technology

BTIM depends on information technology systems and platforms to operate its business. A disruption to, or failure of, one or more of these internal or third party systems in the normal course of business (which could lead to third party disruptions, liability to clients, reputational damage, and regulatory and compliance problems) may have a material adverse effect on BTIM's financial performance and growth prospects.

Information security risks including cyber security risks

The proliferation of new technologies has resulted in increased information security risks for BTIM and its third party service providers. While BTIM has implemented systems and controls which are designed to attempt to detect and respond to cyber security events, there can be no assurance that BTIM will not suffer losses from cyber security events or other information security breaches in the future.

BTIM's operations rely on a combination of internal and third party developed and provided information technology systems and platforms to operate its business including the processing, storage and transmission of information. Although BTIM implements measures to protect the security, integrity and confidentiality of its information, there is a risk that the computer systems, software and networks on which BTIM relies may be subject to security breaches, unauthorised access, malicious software, external attacks or internal breaches that could have an adverse impact on BTIM's confidential information or that of its clients and counterparties.

Operational systems and controls

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events which impact on BTIM. The impact of failures or disruptions in operational systems and controls (including errors, process breakdowns and fraud) could have a material adverse effect on BTIM.

Investment accounting pricing

Accurate and timely calculation and reporting of prices and cash flows and the provision of other back office services are critical to BTIM's business. Any errors in back office services (including in the calculation and reporting of prices) may have an adverse effect on BTIM's reputation and financial performance.

Appendix A: Risks

Remuneration costs and other expenses

BTIM's expenses primarily comprise salaries and payments to external suppliers. BTIM offers short, medium and long term incentives to its key employees under employee share plans in respect of BTIM securities. BTIM may issue shares or purchase shares to satisfy its obligations under the employee share plans. Remuneration costs can escalate quickly as a result of industry competition to retain current investment managers and attract new investment managers. Increases in costs may have a material adverse effect on BTIM's financial performance.

Litigation

BTIM may be exposed to litigation from time to time with third parties (including clients, regulators and investment professionals) in relation to professional negligence, investment losses or product liability claims. To the extent that the costs of such litigation are not covered by insurance policies, these may have a material adverse impact on BTIM financial performance or financial position.

Negligence, liabilities and insurance

While BTIM is covered by insurance for a number of liabilities, including professional negligence, not all liabilities may be covered and the level of insurance for liabilities that are covered may be insufficient. A significant underinsured or non-insured liability could have a material adverse effect on BTIM's financial performance or financial position, and may result in an increase in ongoing insurance premiums or an inability to obtain suitable insurance cover for all aspects of the business.

Counterparties

As part of its investment management activities, BTIM enters into swaps, hedges or other agreements with a number of counterparties. If one or more of BTIM's counterparties was unable to meet its obligations to BTIM, while the resulting loss would generally be borne by the relevant fund, this may have a material adverse effect on BTIM's reputation, financial performance and the value of BTIM shares.

General risk factors

General economic conditions and external factors

BTIM's financial performance, distributions and share price may be materially adversely affected by a number of general risk factors including but not limited to changes in the Australian, UK and international economic outlook; Australian or UK government fiscal, monetary or regulatory policies (such as increases in interest rates); and inflation and exchange rates.

Price of BTIM shares may fluctuate

There is no guarantee that the market price of BTIM shares will increase in the future, nor that the market price in the future will be the same as the current trading price of BTIM shares. The market price of BTIM shares may fall due to the factors described in this Appendix and other factors, some of which are beyond BTIM's and the BTIM Board's control, including, but not limited to:

- general economic conditions, changes in government policy, investor sentiment and general market movements, which may or may not have an impact on BTIM's actual operating performance;
- operating results that vary from expectations of securities analysts and investors;
- changes in expectations as to BTIM's future financial performance, including financial estimates by securities analysts and investors;
- changes in market valuations of other financial services institutions;

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Appendix A: Risks

Price of BTIM shares may fluctuate (continued)

- changes in dividends paid to BTIM shareholders, BTIM's dividend payout policy or BTIM's ability to frank dividends;
- announcement of acquisitions, strategic partnerships, joint ventures or capital commitments by BTIM or its competitors; and
- future issues of BTIM debt or equity securities.

In particular, the share prices for many companies have in recent times been subject to wide fluctuations, which in many cases may reflect a diverse range of non company specific influences such as the general state of the economy, investor uncertainty and global hostilities and tensions. Such market fluctuations may materially adversely affect the market price of BTIM shares. No assurances can be made that BTIM's market performance will not be adversely affected by any such market fluctuations or factors. None of BTIM, BTIM's Directors or any other person guarantees BTIM's market performance.

Trading in BTIM shares may not be liquid or may be subject to shareholding restrictions

The level of trading in BTIM shares may be low and there can therefore be no guarantee that liquidity in the BTIM shares will be significant. There may be relatively few potential buyers or sellers of BTIM shares on ASX at any time. This may increase the volatility of the market price of BTIM shares and affect the prevailing market price at which shareholders are able to sell their BTIM shares. This may result in shareholders receiving a market price for their BTIM shares that is less or more than the price that Shareholders paid, including under the Offer. It may also prevent BTIM shares from satisfying the liquidity hurdles required to be included in key equity market indices including the ASX / S&P 200 index.

Investors also need to take into account any legal requirements or restrictions relating to the acquisition and holding of BTIM shares. This includes any obligation to notify the UK Financial Services Authority under the Financial Services Markets Act, 2000 (UK) if they decide to acquire or increase control (deemed at 10%) in BTIM or for foreign persons to seek review and approval where required under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) or the Australian Foreign Investment Policy.

Taxation

Any change to the current rate of company income tax in jurisdictions where BTIM operates may impact on shareholder returns. Any changes to the current rates of income tax applying to individuals and trusts may similarly impact on shareholder returns.

Liquidity risk

The BTIM Group is required to maintain sufficient cash and working capital to meet future obligations and statutory regulatory capital requirements. An inability to meet its financial obligations at a reasonable cost may have a material adverse impact on the BTIM Group's performance, financial position, reputation and share price.

Force majeure events may occur

Acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters may cause an adverse change in investor sentiment with respect to BTIM specifically or the share market more generally, which could have a negative impact on the value of an investment in BTIM shares.

Other risks

The above risks are not an exhaustive list of the risks involved in an investment in BTIM shares. The risks outlined above and other risks may have a material adverse effect on the future financial performance and financial position of BTIM and the price of BTIM shares.

Accordingly, no assurances or guarantees of future performance, profitability, distributions, or returns of capital are given by BTIM or any other person in respect of the future financial performance and financial position of BTIM, or the price of BTIM shares.

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Appendix B: BTIM – Westpac Governance and Information Arrangements

- New Relationship Deed between Westpac and BTIM replaces information sharing arrangements put in place around the time of BTIM's IPO in 2007 and:
 - Provides for Westpac to nominate one director (initially Brad Cooper) to the BTIM Board, subject to confidentiality restrictions and protocols and Westpac's BTIM shareholding being above 20%; and
 - Provides for information to Westpac for regulatory reporting and compliance purposes

Appendix C: Adjustments from Statutory NPAT to Cash NPAT for 1H15

A\$m

