

2016 Annual General Meeting

Friday, 16 December 2016



Board of Directors



James Evans
Chairman



Emilio Gonzalez
Group CEO



Meredith Brooks



Andrew Fay



Deborah Page



Les Vance



Kathryn Matthews

Agenda

- 1 Introduction
- 2 Chairman's Address
- 3 Group Chief Executive Officer's Address
- 4 Consideration of Financial Reports
- 5 Questions
- 6 Election of Directors
- 7 Remuneration Report

Shareholder voting cards

Shareholder Voting Card



**Entitled to vote
and address the
meeting**

Non-Voting Shareholder Card



**Not entitled to
vote, but may
address the
meeting**

Visitor Card



**Not entitled to
vote or address
the meeting**

Proxy votes

- To be valid, proxies must have been received by Link Market Services at least 48 hours prior to the meeting
- Valid proxies will be displayed prior to the resolution being considered by the meeting.
- All undirected proxies to the Chairman will be voted in favour of each Resolution
- All resolutions will be decided on a poll

Chairman's Address



James Evans

A transformational acquisition

JO Hambro Capital Management acquired October 2011

“In Australia, BTIM’s new chief executive, Emilio Gonzales, was grappling with the task of achieving growth and diversification ...”

AFR, 14 September 2011

When the stars become aligned

BT Investment Management and JO Hambro were two firms that needed each other, writes **Barrie Dunstan**.

The announcement in July that BT Investment Management was buying the core investment management operations of London boutique JO Hambro was the culmination of months of behind the scenes work and strategy by both groups.

In Australia BTIM’s new chief executive, Emilio Gonzales, was grappling with the task of achieving more growth and diversification for the 60 per cent-owned Westpac fund management arm.

In London Gavin Rochussen, the relatively new group chief executive of JO Hambro, was wrestling with a different problem: finding a way for the majority of passive shareholders to exit while leaving staff shareholders to continue.

In the end, the two men — without needing the intervention of investment bankers framing a deal or private equity investors moving into control.

The formal deal — involving BTIM paying \$314 million for JO Hambro’s core investment business of around \$11 billion of assets under management — will be completed early next month. In the meantime Rochussen has been in Australia meeting BTIM clients.

In the deal, BTIM has achieved its target reweighting of business, acquired a manager compatible with its own operations and secured a stake in fast-growing global and emerging markets.



Emilio Gonzales, left, and Gavin Rochussen ... two men on a mission who found each other.

Photo: ARSINEH HOUSSEIN

Rochussen, a South African whose earlier career was as an accountant and in business, came to JO Hambro from Fleming Family and Partners in late 2008, at the height of the global financial crisis.

His medium-term task was to organise a generational transition for the major shareholders.

He knew the business, liked the organisation and bought into the equity because, he says, it looked like something he could grow and live with for a long time.

His options were to borrow a lot and buy out other holders (which proved disastrous for other groups), float it in an initial public offering (not necessarily an exit for the founders), sell to a private equity investor (only delaying an eventual exit) or sell in a trade sale.

“In our industry, the very first starting point [for a sale] would be

office; one manager operated from Zug in Switzerland and another from Prague.

Its managers are stock pickers who want to run portfolios without having to do marketing or see their funds expand in asset size so much that their performance is cramped.

As Rochussen pondered his

The retail investor has almost given up on global equities.

BTIM’s Emilio Gonzales

options in London, Gonzales, who had left Perpetual as group executive global equities to take up the BTIM post at the start of 2010, was grappling with the task of growth and diversification.

addition of \$5 billion to \$15 billion of funds under management.

At first, Gonzales wasn’t necessarily thinking of an acquisition. He used two overseas contacts just to chat, rather than commission an investment banker. “We wanted to understand any business first before we talked about equity,” he says.

With JO Hambro, this took the form of talking to Rochussen, expressing an interest in him managing some money for BTIM to get an idea of the firm’s investment approach.

Rochussen wasn’t aware initially that BTIM was seeking equity, partly perhaps because the group was relatively unknown in the UK. When asked to present to BTIM, he wondered whether it was British Telecom’s pension fund.

With the potential purchases he

got equity; now we have to remortgage the house.” BTIM was happy that the JO Hambro way of paying its staff was compatible with its own approach, and that it could meet its diversification objectives in just one move.

Rochussen was attracted to BTIM not least because it was a like-minded group, equity focused and a non-UK manager. And he liked the idea of JO Hambro becoming BTIM’s international equities partner.

He was keen to work for BTIM but had a problem: achieving the right valuation for his major shareholders. Gonzales’ problem was that he had to make sure the deal added to earnings per share.

In the end, with some negotiation and give and take, both men achieved their aims.

There were also tactical reasons for BTIM’s move. Gonzales notes it had a chance to buy overseas assets using a strong Australian dollar. The day after its announcement, Westfield made an acquisition in Brazil.

Gonzales makes no secret of his desire to expand into global and emerging markets.

The emerging market story is not new, he says, but in the past its growth always had to be balanced against the risks in emerging market currencies and sovereign risk.

Now, he says, all that has changed and the risks are in developed markets, not emerging markets, and “more and more people are investing globally and losing their home bias”.

The US is the biggest market for sales of emerging market funds. The years when Australian equities outperform global shares, as they have for the past decade, won’t last forever, he says.

Five years of strong growth

... across every measure

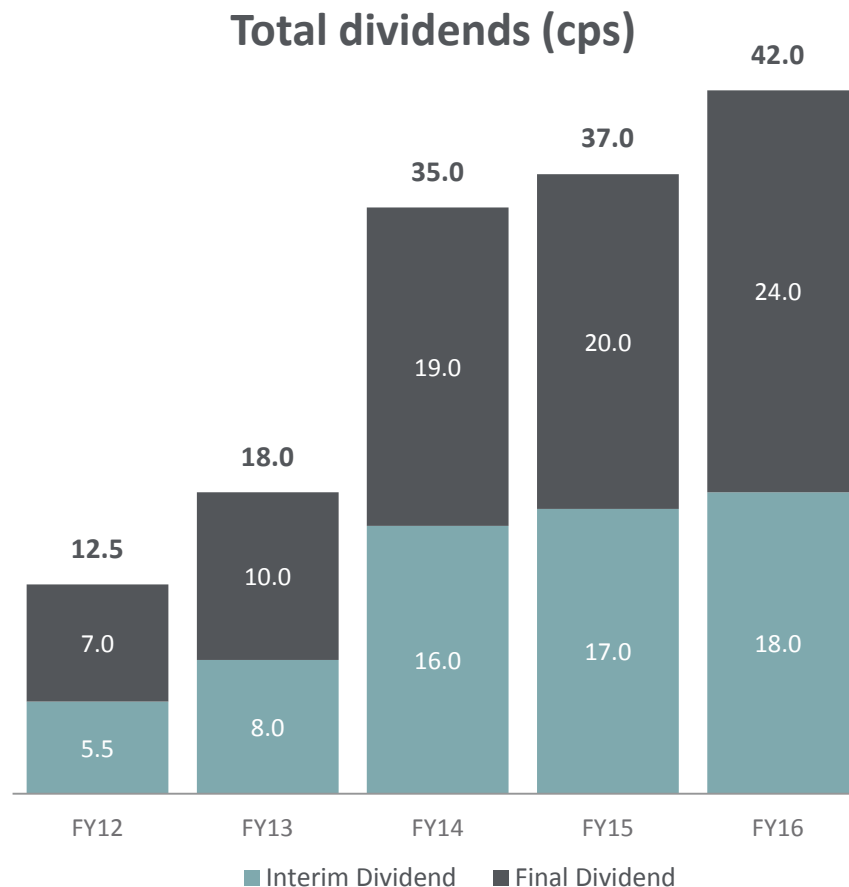
JO Hambro Capital Management
FUM \$11 billion (Oct 2011)

	Sep 2011	Sep 2012	Sep 2013	Sep 2014	Sep 2015	Sep 2016	5 year growth
Cash NPAT	\$30.5 million					\$156.0 million	511 %
Cash EPS	18.7 cents					50.8 cents	272 %
Dividends	16.0 cents					42.0 cents	263%
FUM	\$32.7 billion					\$84.0 billion	257%

FY16 year in review

Rewarding shareholders

- Cash NPAT up 18% to \$156.0 million
- Cash EPS up 15% to 50.8 cents
- Total dividends up 14% to 42.0 cents
 - 35% franked
 - 83% payout ratio
- Zero debt
- Total shareholder return over 5 years¹
 - 42% per annum on average

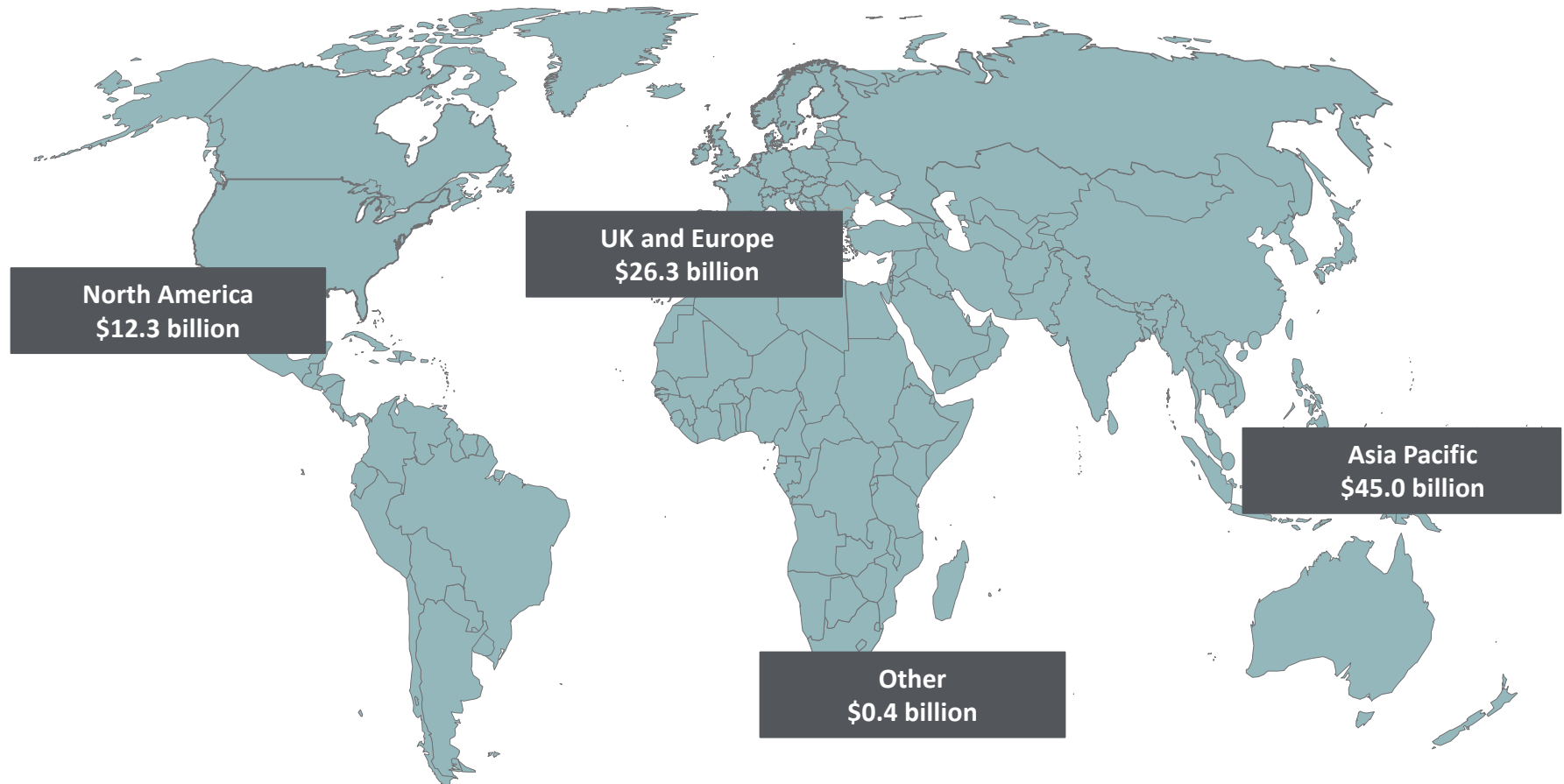


1. Total shareholder return measures BTT share price appreciation and dividends – for the 5 years to 30 September 2016.

A global asset manager

Active in the largest and fastest growing investment markets

→ Distributing investment strategies in markets that make up over 90% of global FUM



Sources: BCG Global Asset Management 2016 and PWC – Asset Management 2020

Note: FUM in \$ represents BTIM Group FUM where client is domiciled as at 30 September 2016

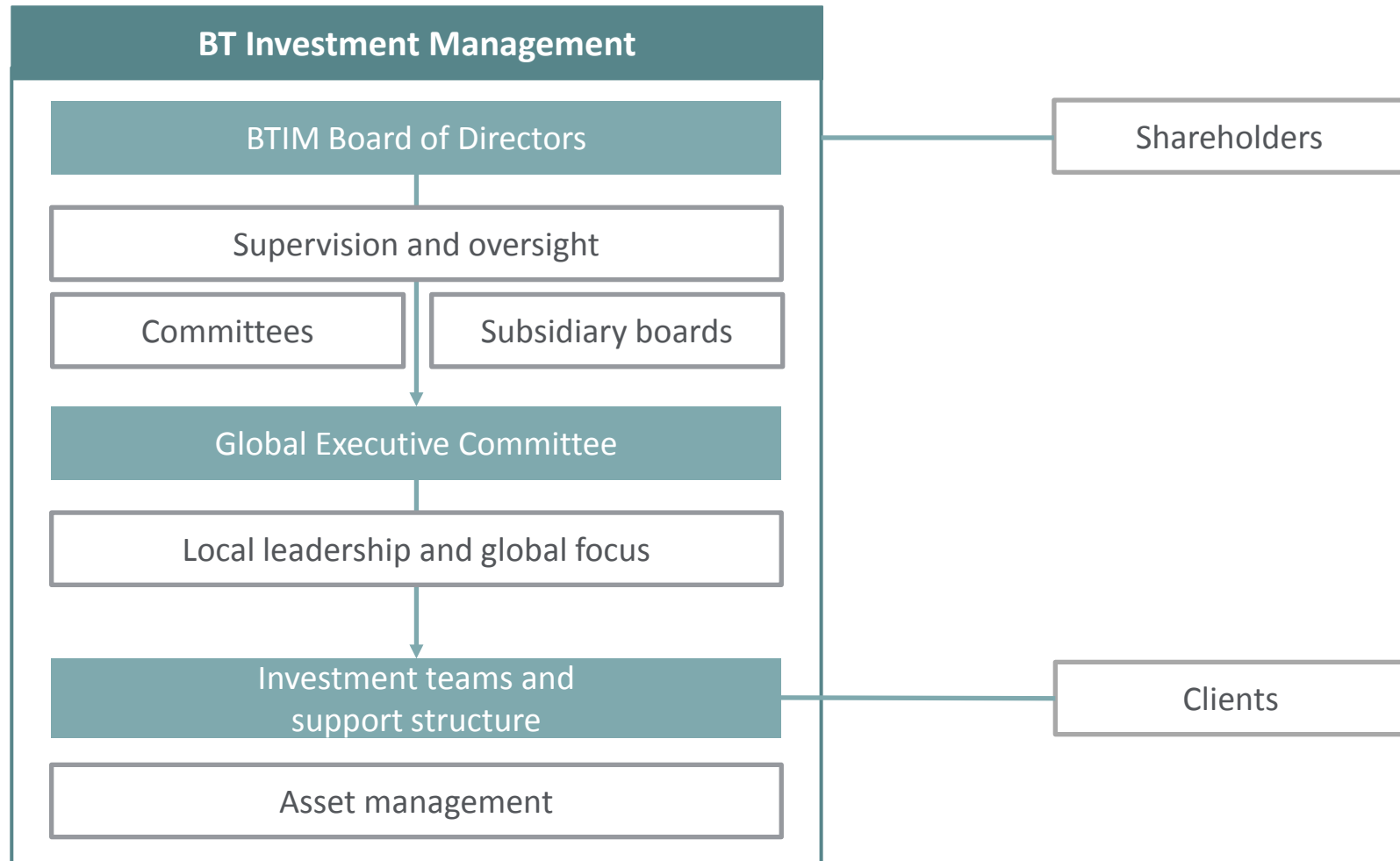
Investing in talent

Attracting and retaining investment talent



Corporate governance

Skilled and experienced board and management



Outlook

- 5 years of strong growth – successfully building a global asset management business
- Continue executing our strategy of growth and diversification
 - Growing our business in the US
 - Expanding our distribution channels
 - Investing in talent
 - Developing new products
 - Strong organisational structure and governance oversight

Group Chief Executive Officer's Address



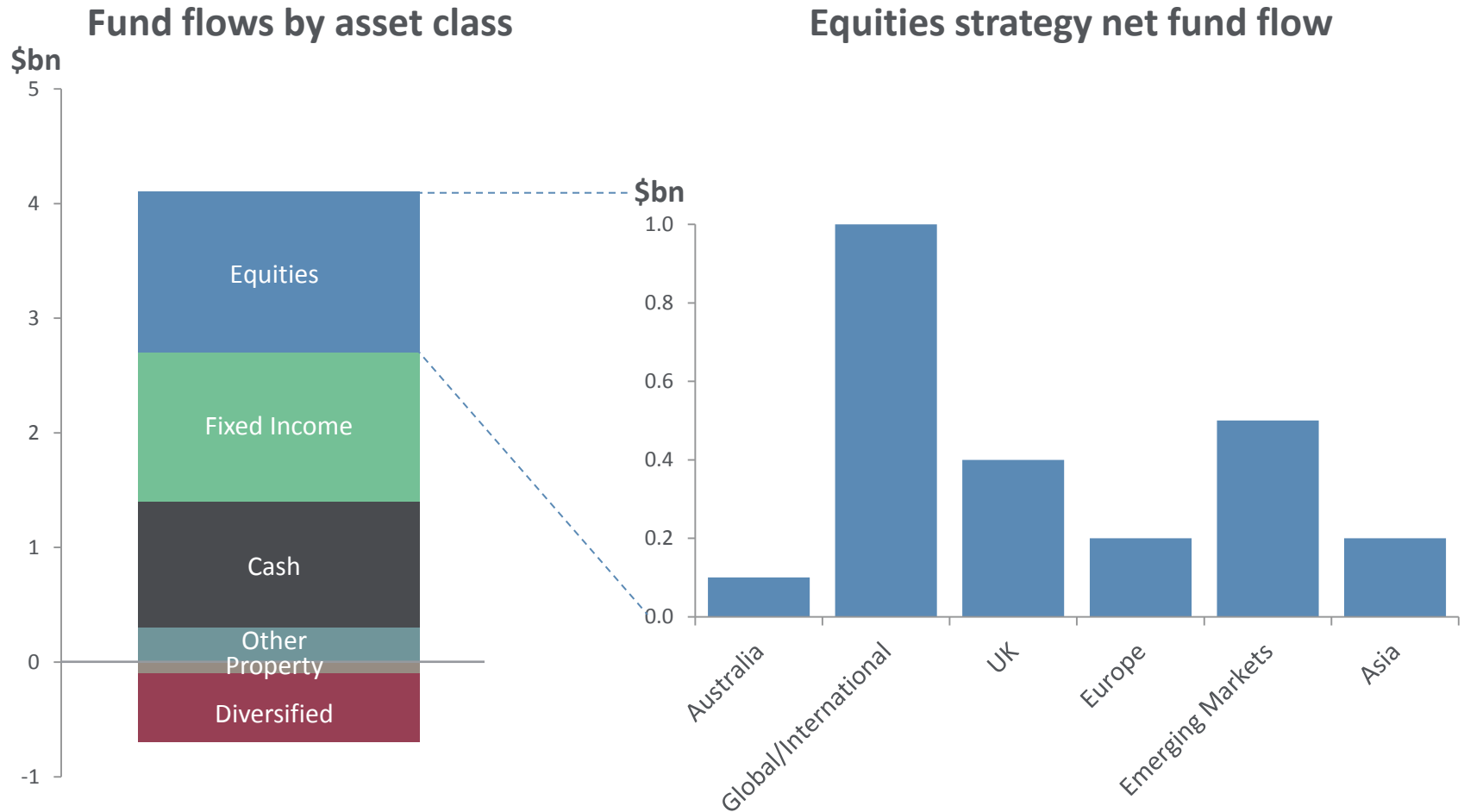
Emilio Gonzalez

2016 highlights

- Funds under management up by \$5.6 billion to \$84.0 billion
- Net inflows of \$4.4 billion
- Investment performance fees of \$77.2 million
- Cash net profit after tax of \$156.0 million
- Cash earnings per share of 50.8, up 15 per cent
- Total dividends of 42.0cps, up 14 percent

Fund flows by asset class

Net FUM inflows of \$4.4 billion



Funds Under Management – net inflows

Breakdown of net inflows (\$bn)

Institutional	3.6
Wholesale	2.0
<i>Australia</i>	<i>0.5</i>
<i>OEIC's</i>	<i>-0.2</i>
<i>US Pooled</i>	<i>1.7</i>
Westpac – other¹	-0.2
Westpac – legacy	-1.0
Total Net Inflows	4.4

1. Westpac other: represents institutional IMA managing retail and corporate superannuation and managed accounts

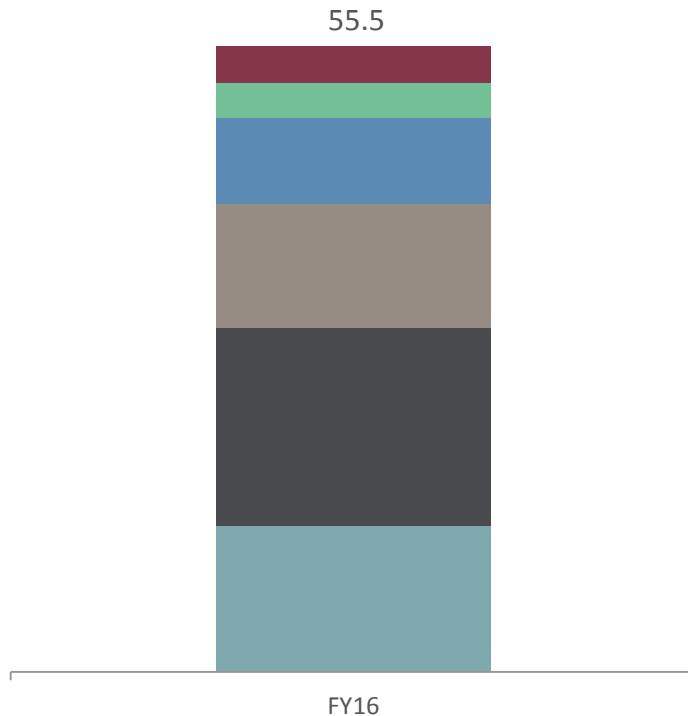
Funds Under Management – net change

Breakdown of movements in FUM (\$bn)

Net inflows	4.4
Market movement, investment performance and distributions	10.8
Foreign exchange impact	-9.6
Net change in FUM	5.6

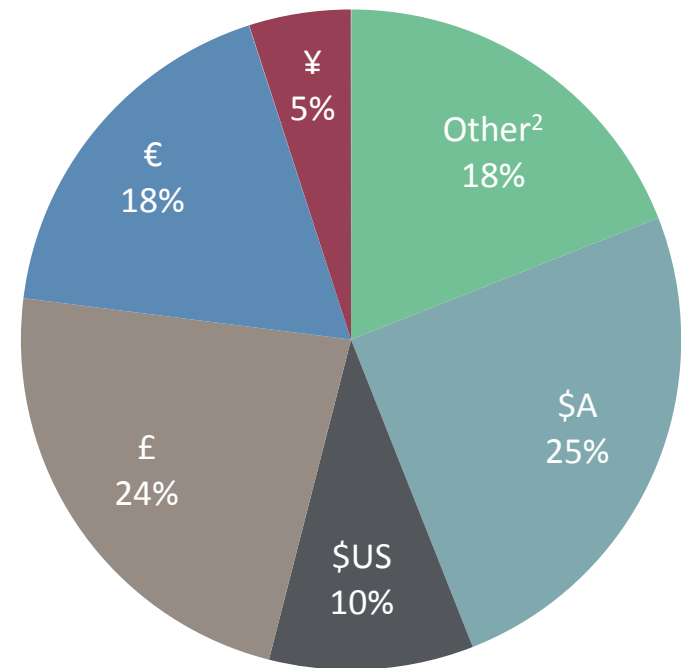
Currency exposure across equities

Equities FUM
by strategy (\$bn)



- Australian Equities
- UK Equities
- Emerging Market Equities
- Global Equities
- European Equities
- Asian Equities

Equities FUM¹
by currency (%)



1. Excludes Multi Asset allocation to equities
2. Other includes c.25 other currencies, largely in emerging markets

Total Funds Under Management

Net inflows and positive market offset by stronger AUD

Total FUM (\$bn)

Opening FUM	78.4
<i>Net inflows</i>	<i>4.4</i>
<i>Market movement, investment performance and distributions</i>	<i>10.8</i>
<i>Foreign exchange impact</i>	<i>-9.6</i>
Net change in FUM	5.6
Closing FUM	84.0

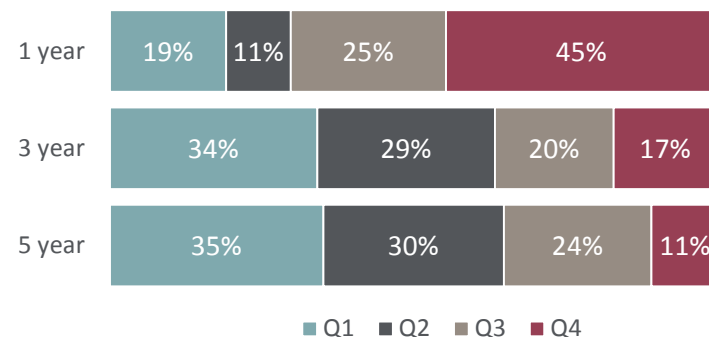
Investment performance

Strong long term outperformance

Asset Classes	FUM 30 Sep 16 (\$bn) ¹	% FUM outperformed ¹ 3 Year	% FUM outperformed ¹ 5 Year
Equities			
Australian	13.0	80%	89%
Global	17.7	99%	99%
UK	10.9	95%	100%
European	7.6	100%	100%
Emerging Markets	3.1	100%	100%
Asian	3.2	66%	66%
Property	1.9	100%	100%
Cash	7.4	100%	98%
Fixed Income	6.8	100%	89%
Diversified	11.7	50%	88%
Other	0.7	N/A	N/A
Total FUM	84.0	88%	95%

- 88% of FUM has outperformed¹ over 3 years and 95% over 5 years
- 63% of funds in 1st and 2nd quartile over 3 years and 65% over 5 years
- Softer performance over last 12 months

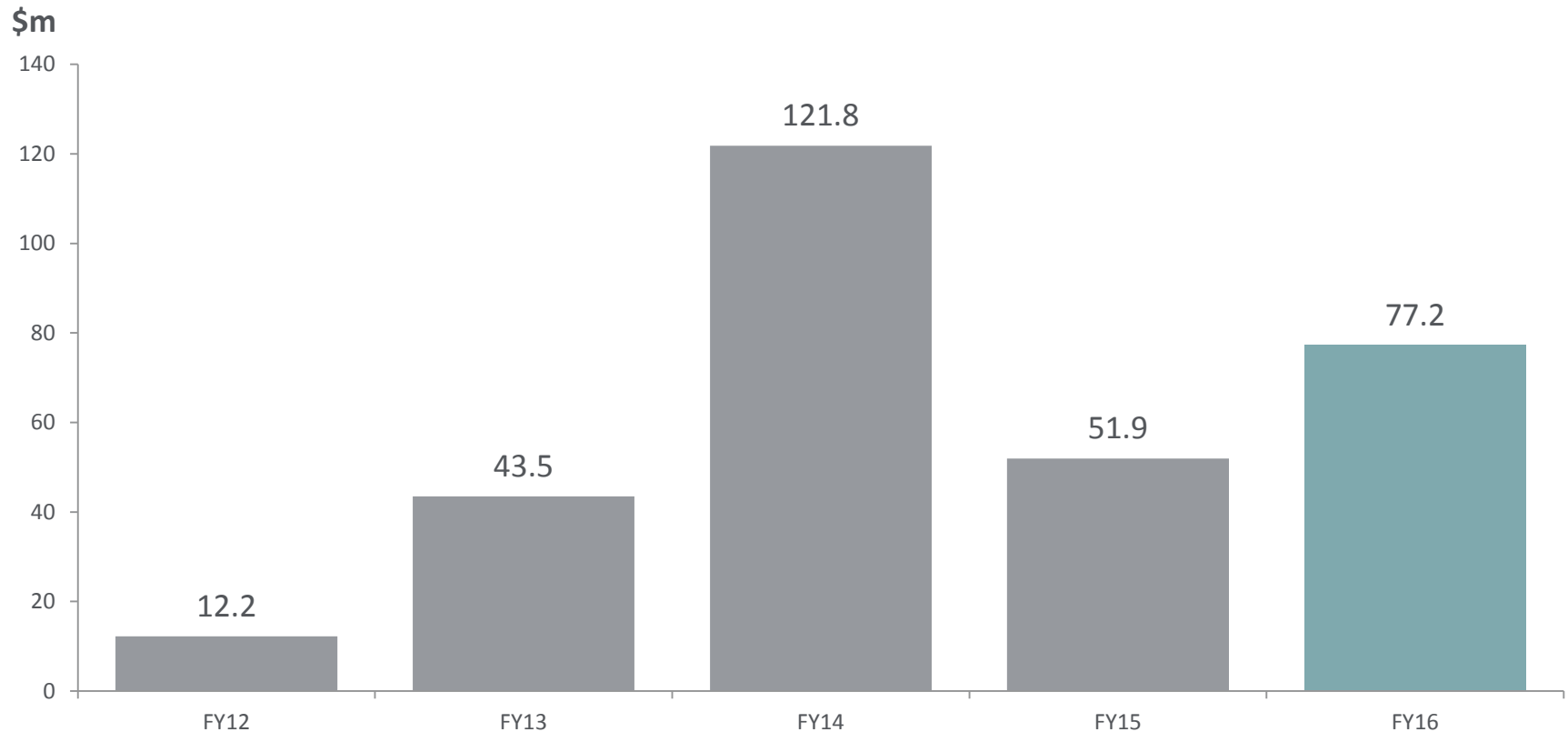
% of funds² across quartile rankings



Source: Lipper and Mercer fund rankings as at 30 Sep 2016

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. Funds represent funds on offer under prospectus with Lipper/Mercer rankings

Investment performance fees



Performance fees are highly variable and can vary significantly from year to year. JOHCM's realised performance fees is based on a December year end and BTIM (Aust) realised performance fees is based on a June year end.

Investment capacity and new equity strategies

- \$88 billion in available investment capacity¹ in regional and global equity strategies
- BT Global Concentrated Share Fund
 - Sydney based Global Equity team
 - Focus on demand for Global Equities in Australia
- JOHCM International Opportunities Fund
 - London based team currently managing Global Opportunities Fund
 - Focus on demand for International Equities in the US

Includes JOHCM funds and BT Global Concentrated fund; JOHCM funds includes FUM managed on behalf of BTIM; Capacity is continually reviewed and adjusted for market movements and trading conditions.

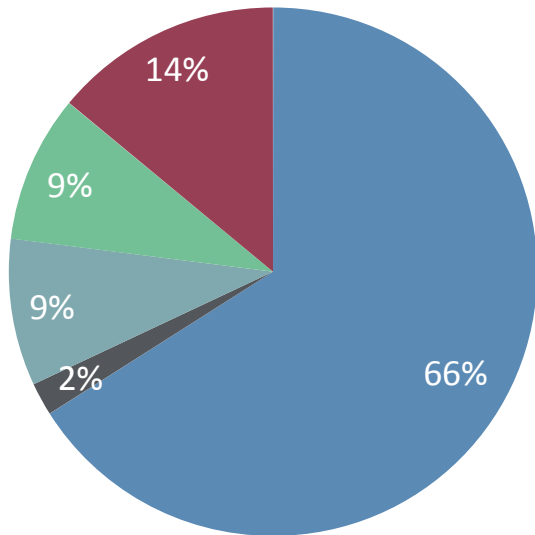
Global Executive Committee



Strategy

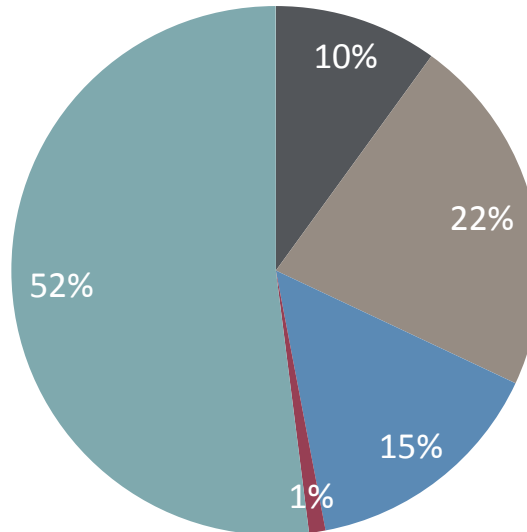
Building-out a global asset management business

Asset class



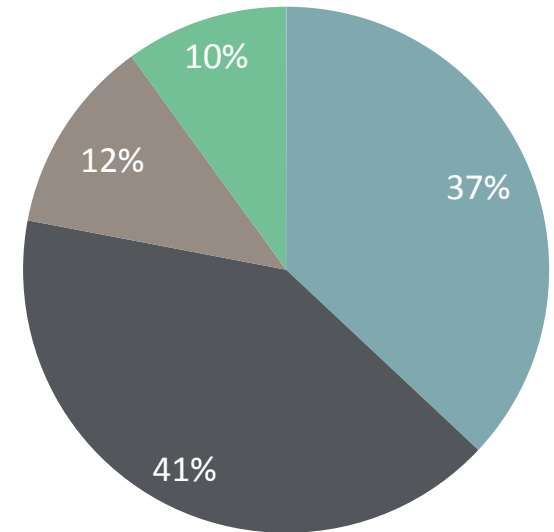
■ Equities
■ Cash
■ Property
■ Fixed Income

Geography (client domicile)



■ Europe
■ US
■ UK
■ Asia

Channel



■ Institutional
■ Wholesale
■ Westpac - Other
■ Westpac - Legacy

Strategy focus

- Identifying new investment capabilities
- Continue to build out business in the US
- Utilise distribution channels to drive sales
- Operationalise Group structure to execute on strategy

The year ahead

- Brexit arrangements to become clearer
- \$2.0 billion already funded
- Equity markets above FY16 average levels
- Australian Dollar at a higher starting point against most currencies
- Focus remains on delivering superior investment performance and attracting and retaining best investment talent

Financial Reports

Resolution

- To receive and consider the following reports for the financial year ended 30 September 2016:
- Financial Report
 - Directors' Report
 - Auditor's Report

Financial Reports

Questions

If you have a question relating to the Financial Report, Directors' Report or the Auditor's Report, please:

- Raise your hand and an attendee will provide you with a microphone
- Show your voting card to the attendant
- Tell the Chairman your name before asking your question



Election of Directors

Resolution 2 (a) – Election of Les Vance



Election of Les Vance

Questions

If you have a question relating to the election of Les Vance please:

- Raise your hand and an attendee will provide you with a microphone
- Show your voting card to the attendant
- Tell the Chairman your name before asking your question



Election of Les Vance

Proxy votes

→ The following proxies have been received for this resolution:

Votes for	181,661,885	94.4%
Votes against	7,112,505	3.7%
Discretionary (open) votes	3,553,414	1.9%
Total:	192,327,804	100.0%
Abstentions	184,699	

Election of Les Vance

Voting card

SHAREHOLDER / PROXYHOLDER ADMISSION / VOTING CARD

POLL VOTING

In a poll, please mark a box below to indicate your voting intention

Resolution 2(a)

Election of Les Vance as a Director

For

☐

Against

☐

Abstain

☐

Resolution 2(b)

Election of Kathryn Matthews as a Director

☐☐☐

Resolution 3

Adoption of the Remuneration Report

☐☐☐

→ Please vote by marking the “**For**”, “**Against**” or “**Abstain**” box with a tick (✓) cross (✕) or other mark, against Resolution 2(a)

→ Please retain your voting card until you have voted on the final resolution

Election of Directors

Resolution 2(b) – Election of Kathryn Matthews



Election of Kathryn Matthews

Questions

If you have a question relating to the election of Kathryn Matthews, please:

- Raise your hand and an attendee will provide you with a microphone
- Show your voting card to the attendant
- Tell the Chairman your name before asking your question



Election of Kathryn Matthews

Proxy votes

→ The following proxies have been received for this resolution:

Votes for	187,863,350	97.7%
Votes against	912,110	0.5%
Discretionary (open) votes	3,544,736	1.8%
Total:	192,320,196	100.0%
Abstentions	192,307	

Election of Kathryn Matthews

Voting card

SHAREHOLDER / PROXYHOLDER ADMISSION / VOTING CARD

POLL VOTING

In a poll, please mark a box below to indicate your voting intention

Resolution 2(a)

Election of Les Vance as a Director

For

☐

Against

☐

Abstain

☐

Resolution 2(b)

Election of Kathryn Matthews as a Director

☐☐☐

Resolution 3

Adoption of the Remuneration Report

☐☐☐

→ Please vote by marking the “**For**”, “**Against**” or “**Abstain**” box with a tick (✓) cross (✕) or other mark, against Resolution 2(b)

→ Please retain your voting card until you have voted on the final resolution

Adoption of the Remuneration Report Resolution

To consider and, if thought fit, to pass the following ordinary resolution:

To adopt the Company's Remuneration Report for the year ended 30 September 2016.

Adoption of the Remuneration Report

Questions

If you have a question relating to the Remuneration Report, please:

- Raise your hand and an attendee will provide you with a microphone
- Show your voting card to the attendant
- Tell the Chairman your name before asking your question



Adoption of the Remuneration Report

Proxy votes

→ The following proxies have been received for this resolution:

Votes for	186,738,654	97.4%
Votes against	1,494,447	0.8%
Discretionary (open) votes	3,501,879	1.8%
Total:	191,734,980	100.0%
Abstentions	453,802	

Adoption of the Remuneration Report

Voting card

SHAREHOLDER / PROXYHOLDER ADMISSION / VOTING CARD

POLL VOTING

In a poll, please mark a box below to indicate your voting intention

	For	Against	Abstain
Resolution 2(a) Election of Les Vance as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2(b) Election of Kathryn Matthews as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

→ Please vote by marking the “**For**”, “**Against**” or “**Abstain**” box with a tick (✓) cross (✕) or other mark, against Resolution 3

→ Please retain your voting card until you have voted on the final resolution

Voting

Please place your completed voting papers in the ballot boxes provided by Link Market Services.

The results of the polls will be available later this afternoon at:

www.btim.com.au

or

www.asx.com.au

Closing of Meeting

The formal part of the meeting is now closed.

Please remain for presentations by:

Crispin Murray, Head of Equities Strategies

and

Vimal Gor, Head of Income & Fixed Interest

Disclaimer

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