

2016 Full Year Results

Year-ended 30 September 2016

Emilio Gonzalez, Group Chief Executive Officer
Cameron Williamson, Group Chief Financial Officer

3 November 2016



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FY16 year in review

Business diversity driving continued growth momentum

- Growth momentum continues despite tougher market conditions
- Fourth consecutive full year record result
 - 18% increase in Cash NPAT to \$156.0 million
 - Strong net inflows of \$4.4 billion
 - FUM at record high level of \$84.0 billion
 - 14% increase in full year dividend to 42.0cps
- Diversity of business providing resilience
 - Contributing to consistent FUM growth across investment strategies, channels and geography
 - Positive flows across all equities categories

Financial highlights

Strong result across all measures

	FY15	FY16	Change
→ Fee Revenue	\$436.6m	\$493.9m	+ 13%
- Base Management Fees	\$371.1m	\$399.8m	+ 8%
- Base Management Fee Margin	49 bps	50 bps	+ 1 bps
- Performance Fees	\$51.9m	\$77.2m	+ 49%
→ Operating Expenses	\$268.2m	\$297.0m	+ 11%
→ Cash NPAT	\$132.5m	\$156.0m	+ 18%
→ Statutory NPAT	\$126.4m	\$142.0m	+ 12%
→ Operating Profit Margin	39%	40%	+ 3%
→ Cash EPS	44.0cps	50.8cps	+ 15%
→ Total Dividends	37.0cps	42.0cps	+ 14%
→ Average FUM	\$75.2b	\$80.2b	+ 7%

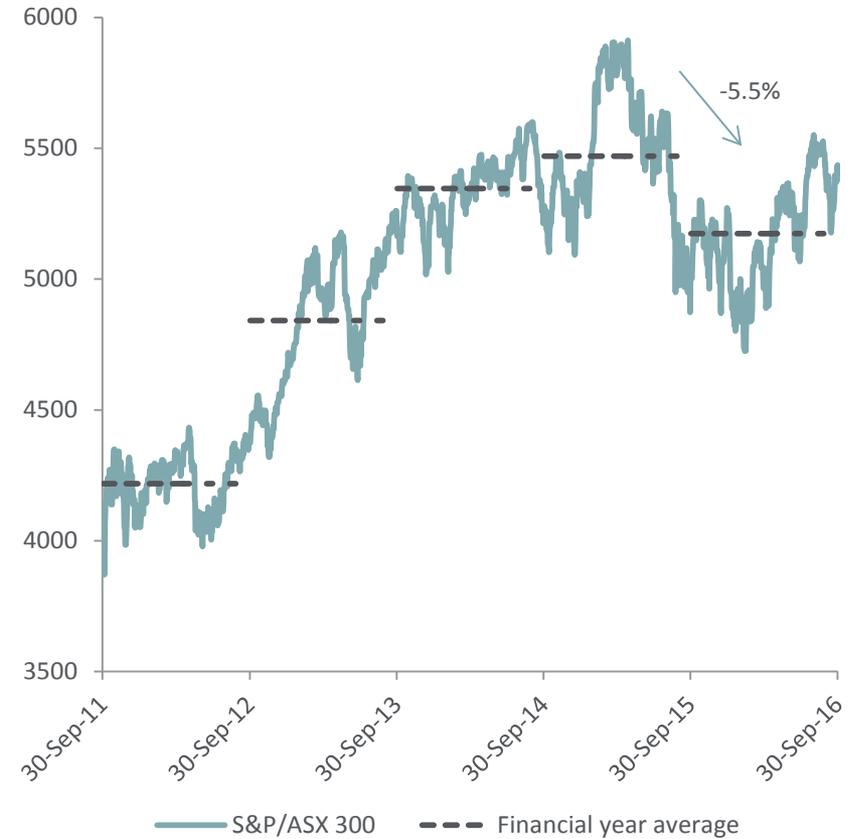
Continued momentum in tougher markets

Lower average markets

World markets

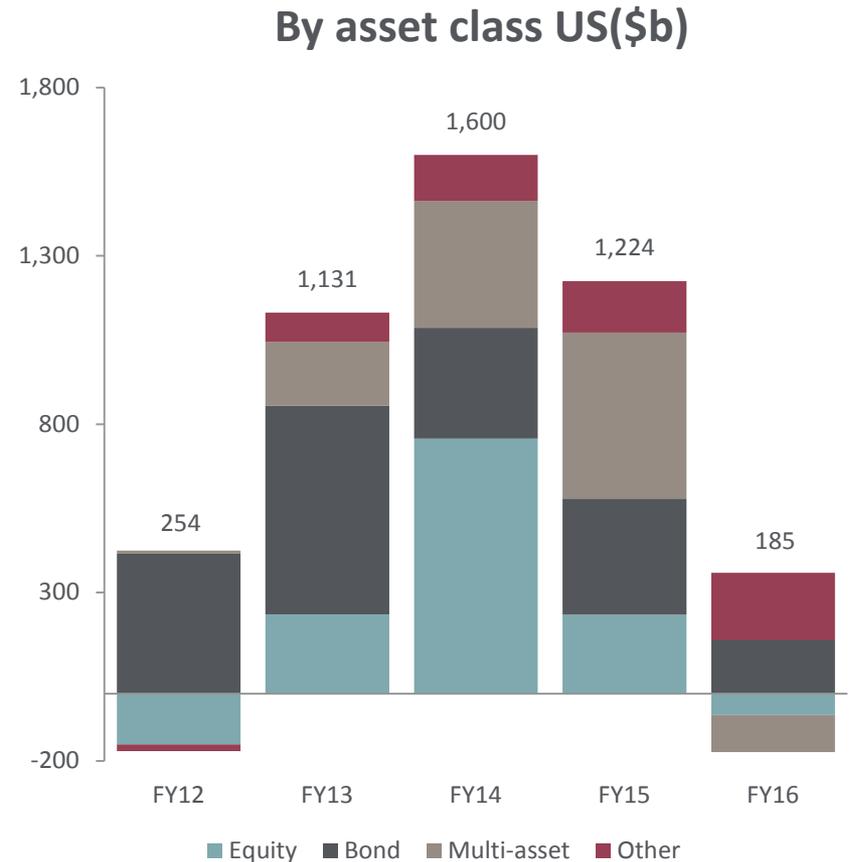
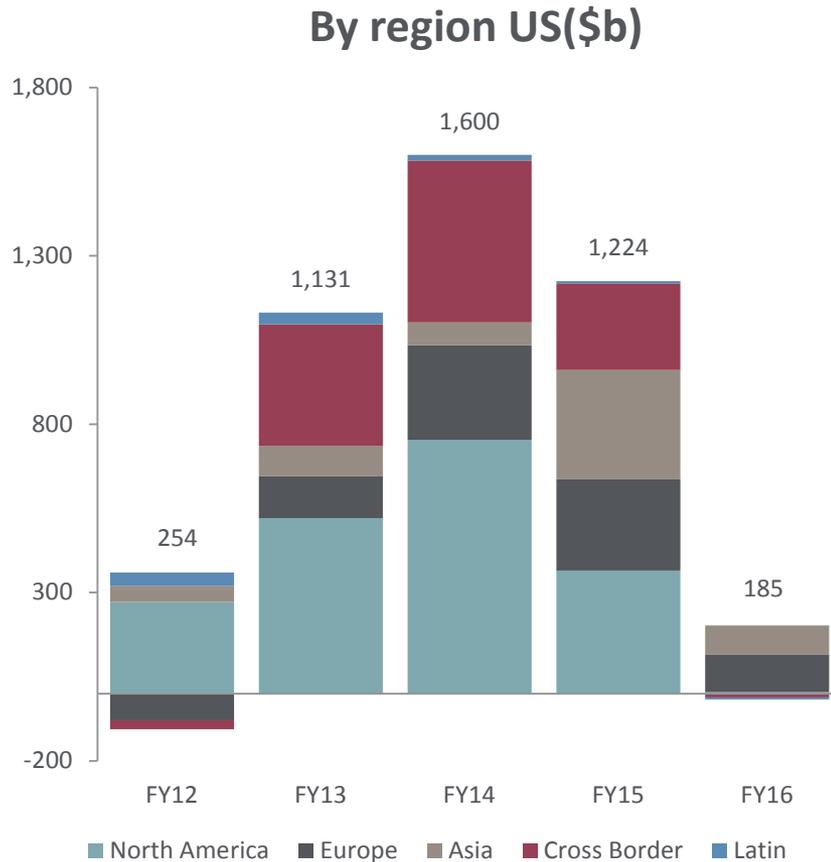


Australian market



Global flows last 5 years

Industry global flows lower in FY16

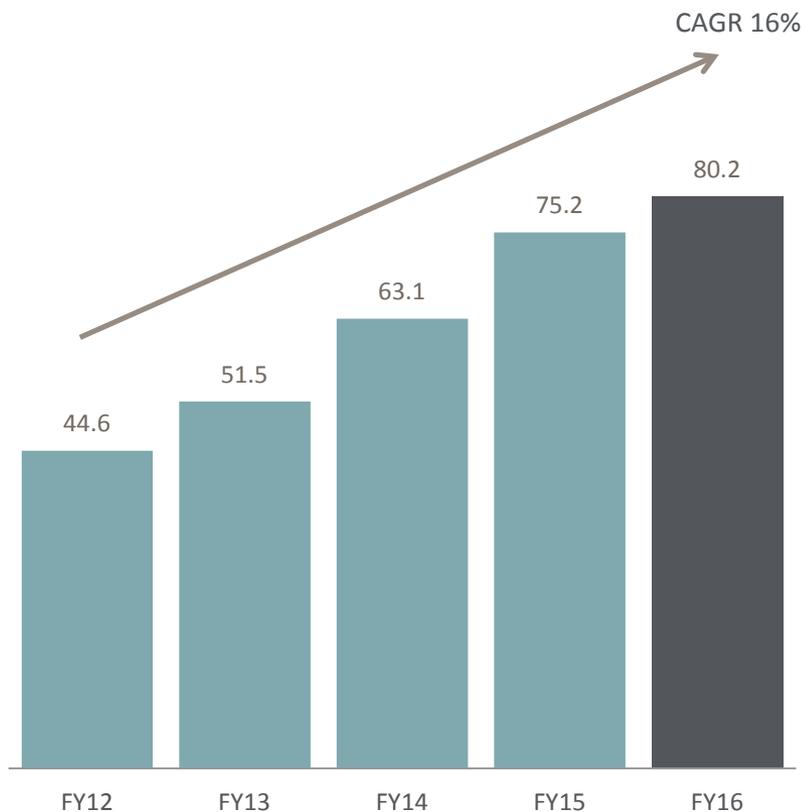


Source: Strategic Insights; June financial year end

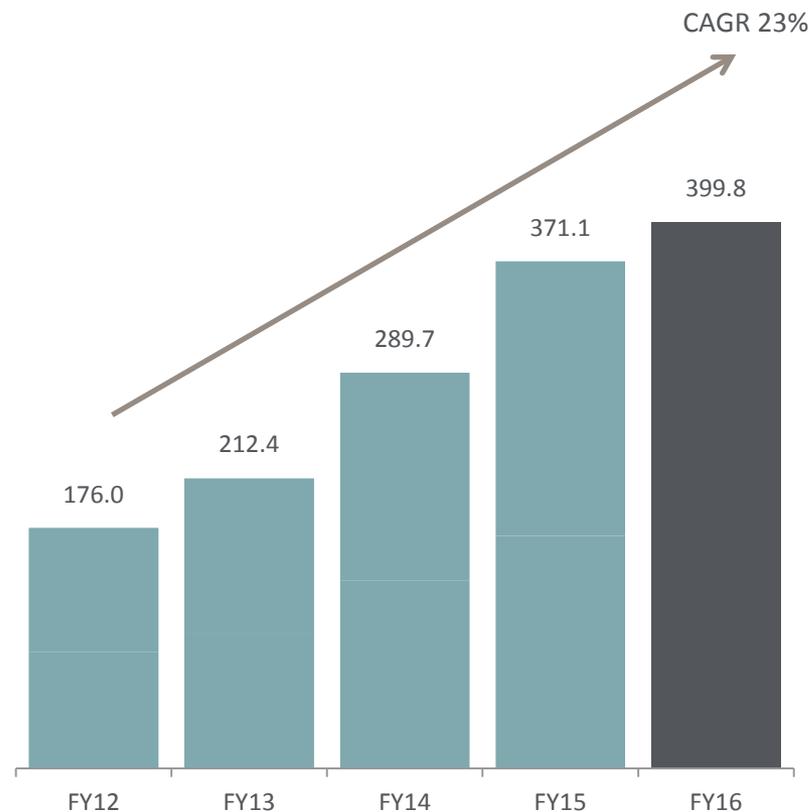
Continued growth momentum

Base fee revenue growth rate exceeding FUM growth rate

Average FUM (\$b)



Base fee revenue¹ (\$m)

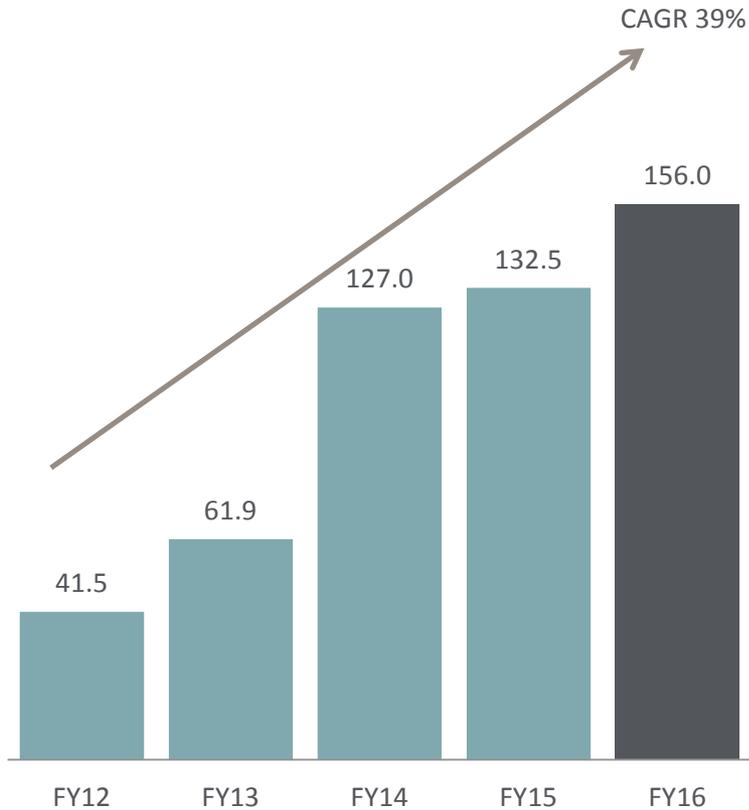


1. Base Fee Revenue does not include performance or transaction fees

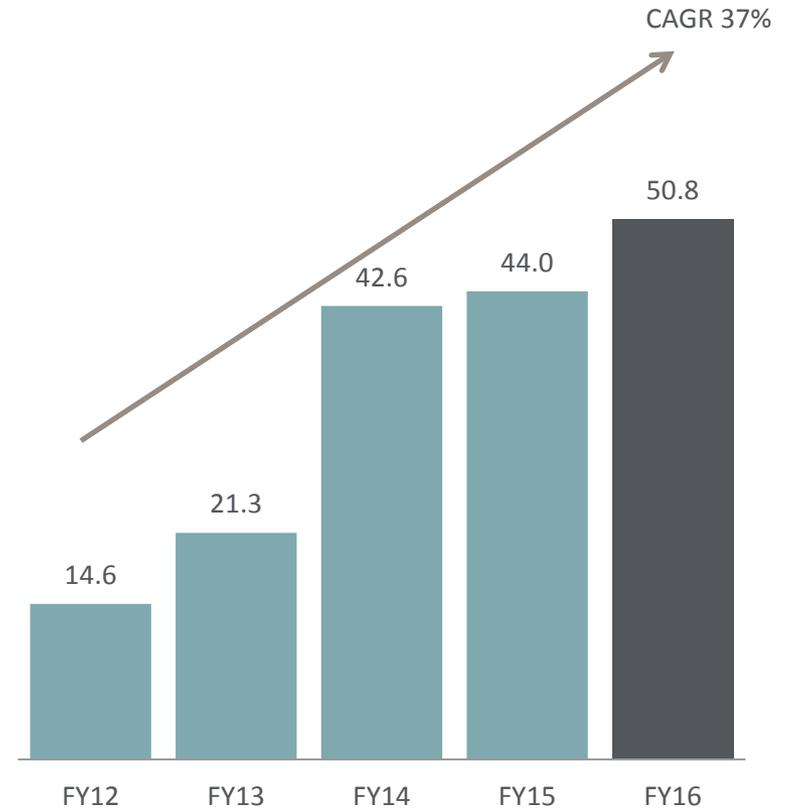
Continued growth momentum

Delivering on strategy

Cash net profit after tax (\$m)



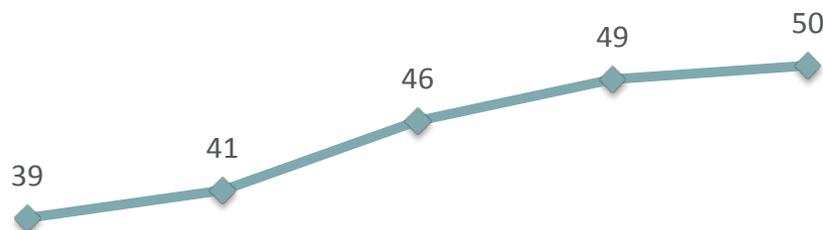
Cash earnings per share (cps)



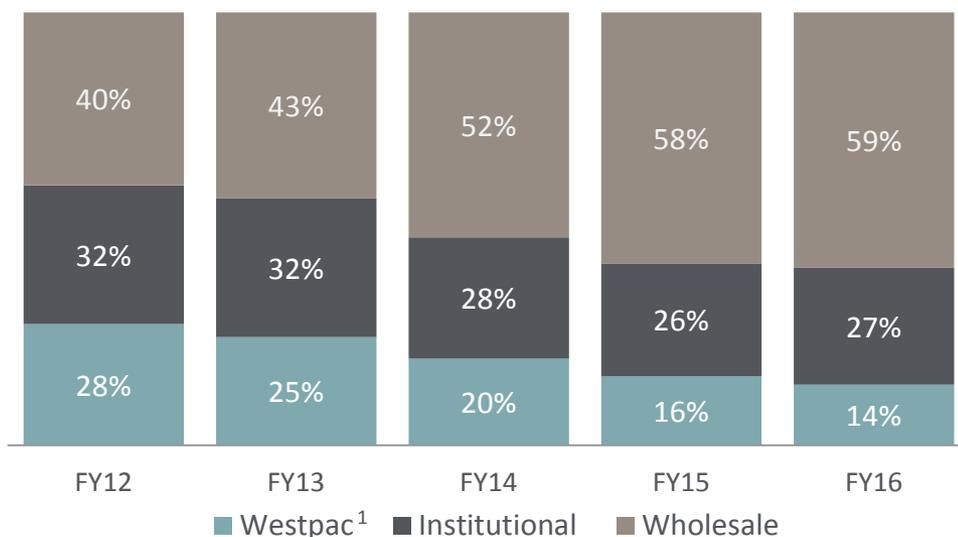
Continued growth momentum

Margin expansion driven by change in channel and asset class mix

Average base management fee margin (bps)



Base management fee by channel

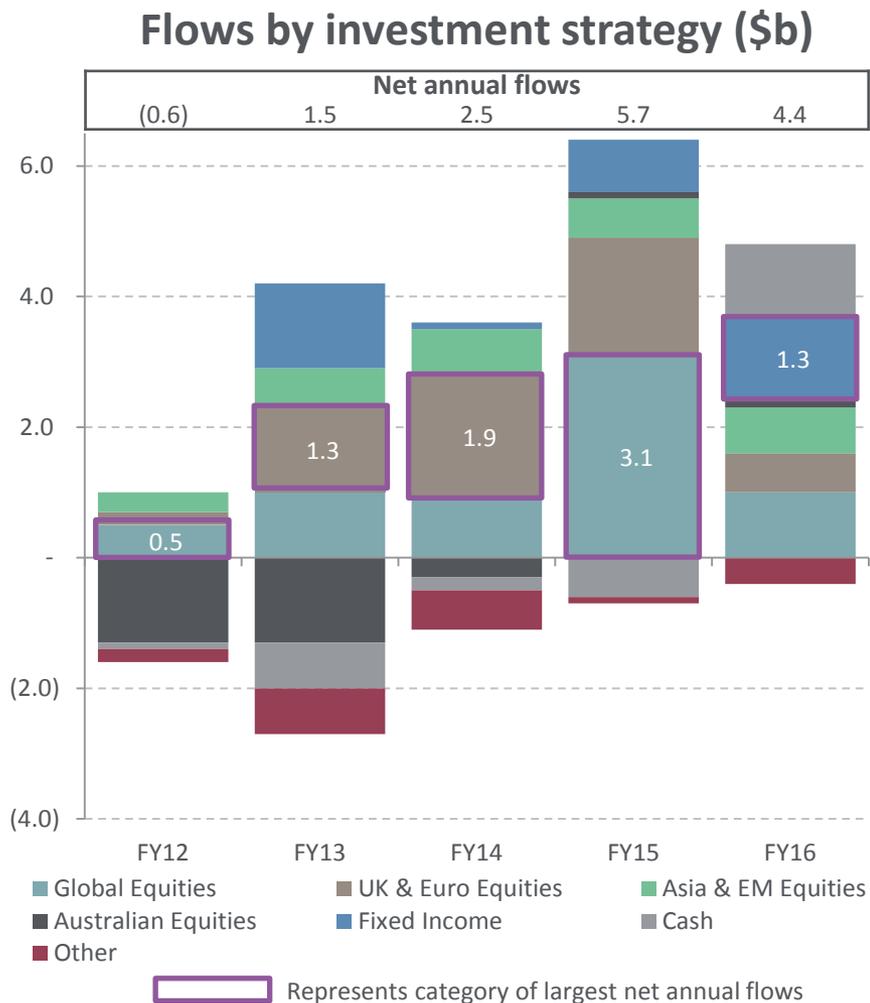


- Greater exposure to higher margin wholesale channel
- Continued growth in US pooled funds
- Greater proportion of the book in equities
- Lower margin book being replaced with higher margin business

1. Westpac base management fee revenue: represents institutional IMA managing legacy retail, corporate superannuation and managed accounts

Diverse sources of FUM and revenue

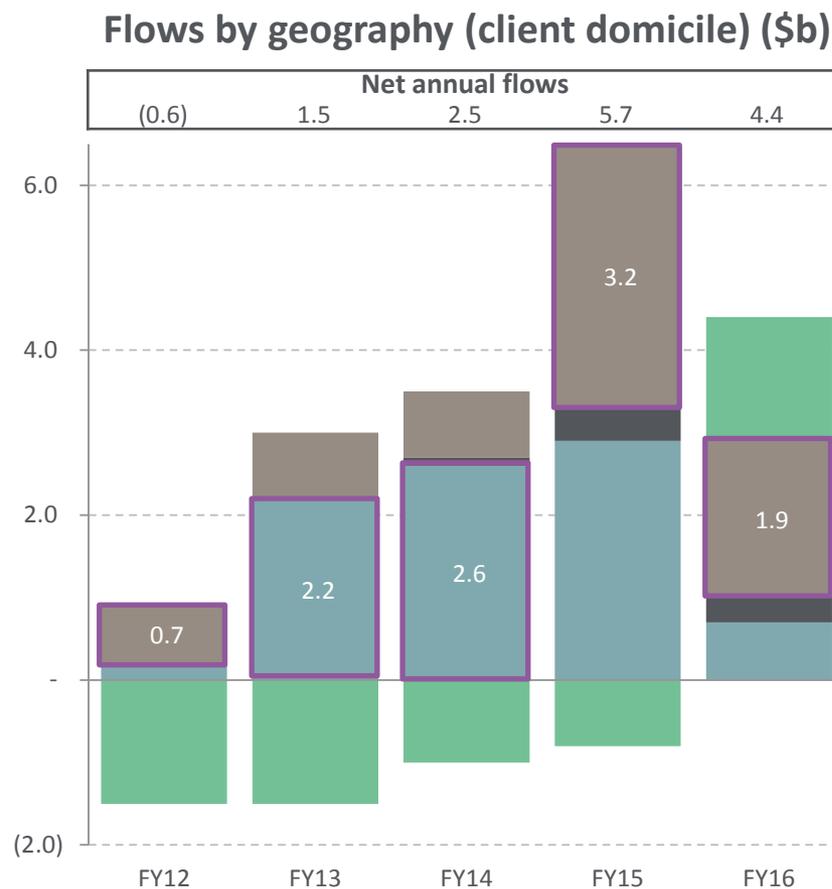
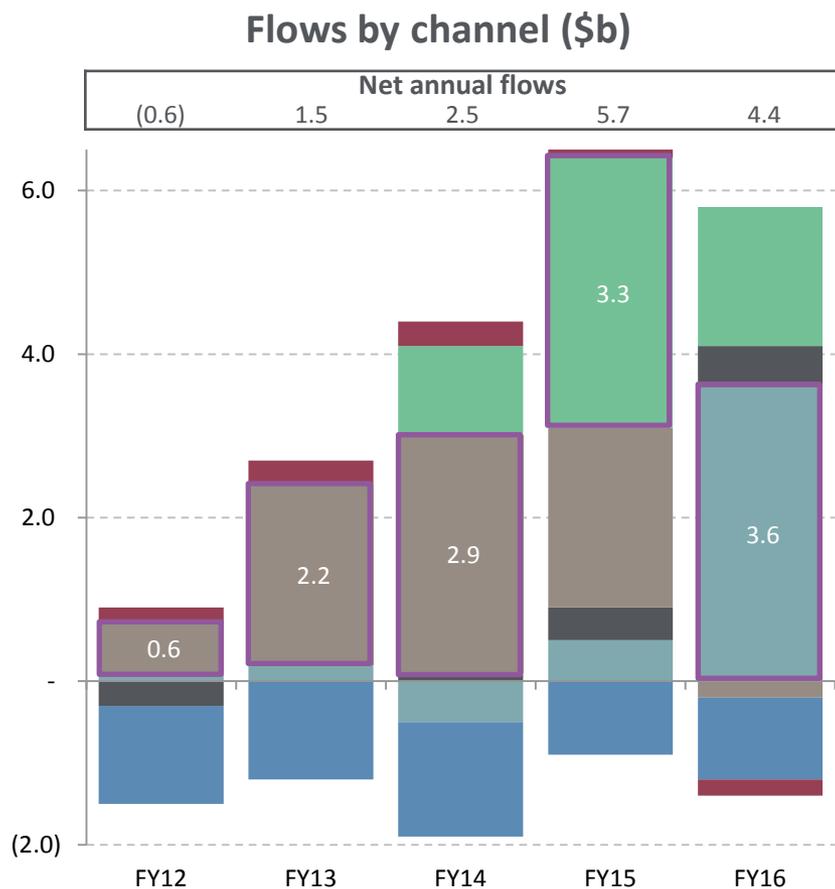
By investment strategy



- Contribution to FUM growth driven by diverse product offering
- Business diversity contributing to consistent FUM growth across:
 - Investment strategy
 - Channel
 - Geography

Diverse sources of FUM and revenue

By channel and geography



■ Institutional ■ Wholesale Aust ■ Wholesale OEIC
■ Wholesale US Pooled ■ Legacy ■ Other

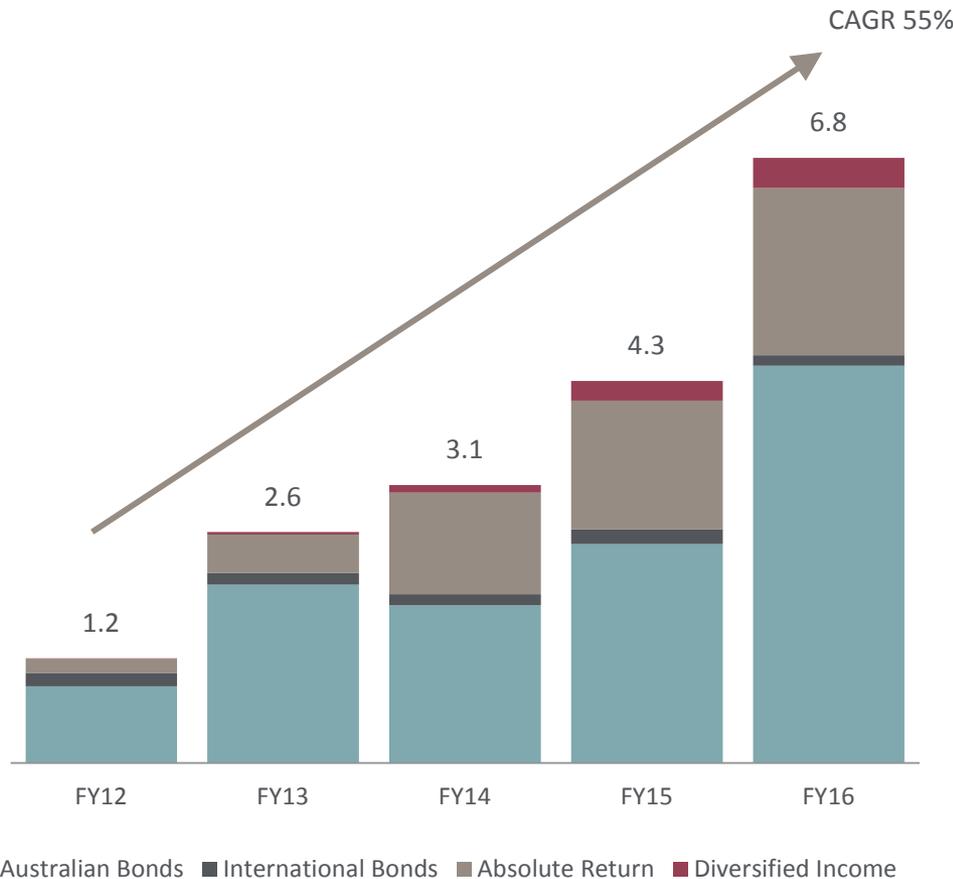
Represents category of largest net annual flows

■ UK/Europe ■ Asia ■ USA ■ Australia

Significant growth in fixed income

55% CAGR since FY12

Fixed income FUM¹ by strategy (\$b)



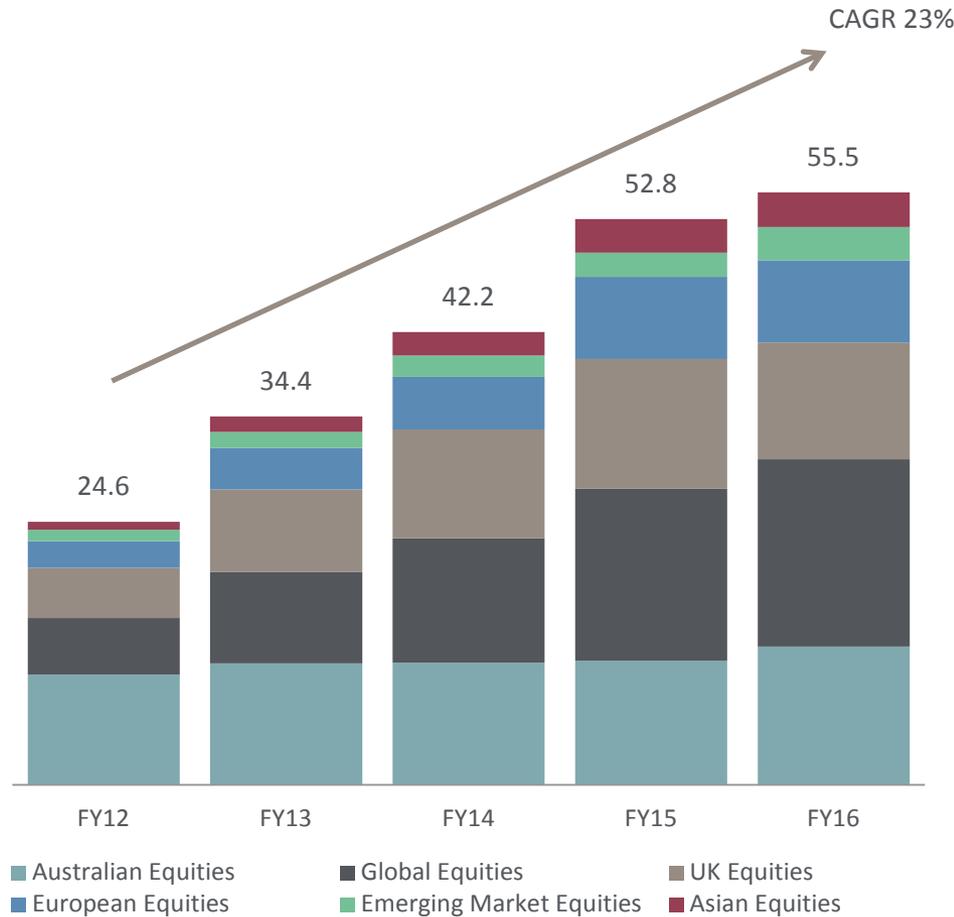
- Demographic changes driving increased demand for income products
- Flows in new strategies driving FUM growth
- Significant institutional mandate wins
- Increasing flows in wholesale channel

1. Excludes cash like mandates

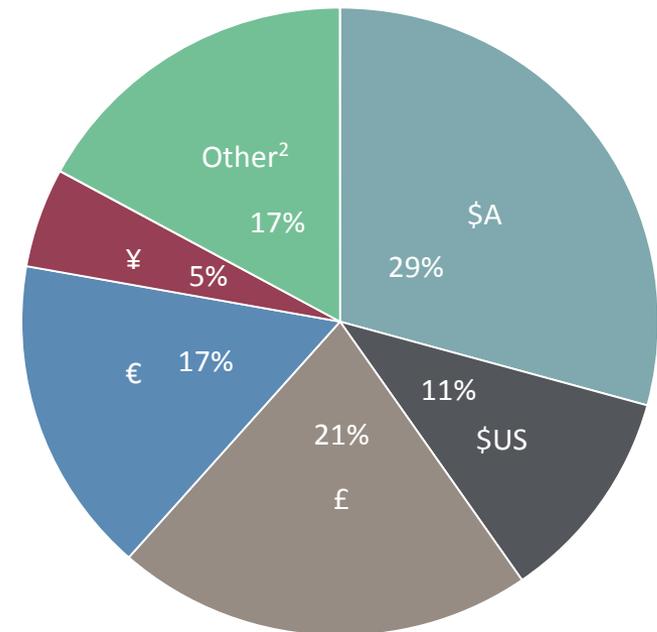
Continued growth in equities portfolio

Diverse currency exposure across equities

Equities FUM by strategy (\$b)



Equities FUM¹ by currency (%)

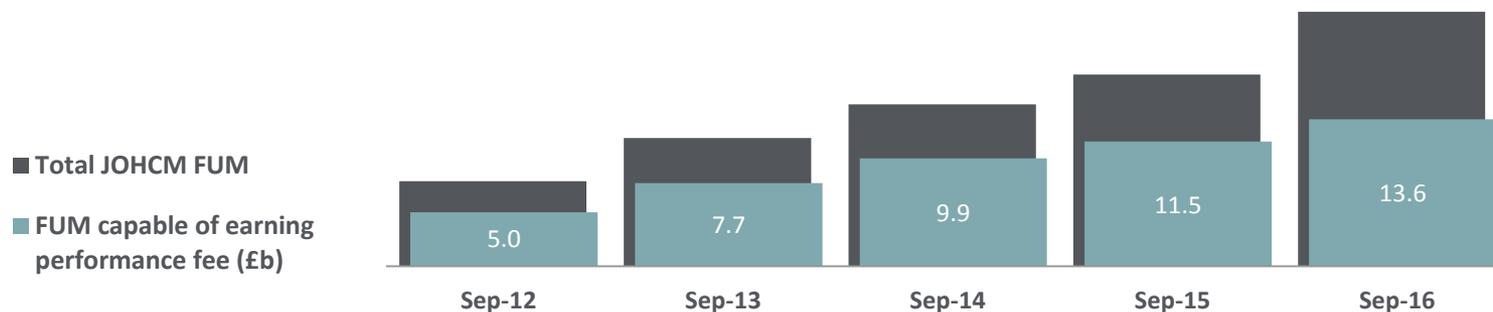
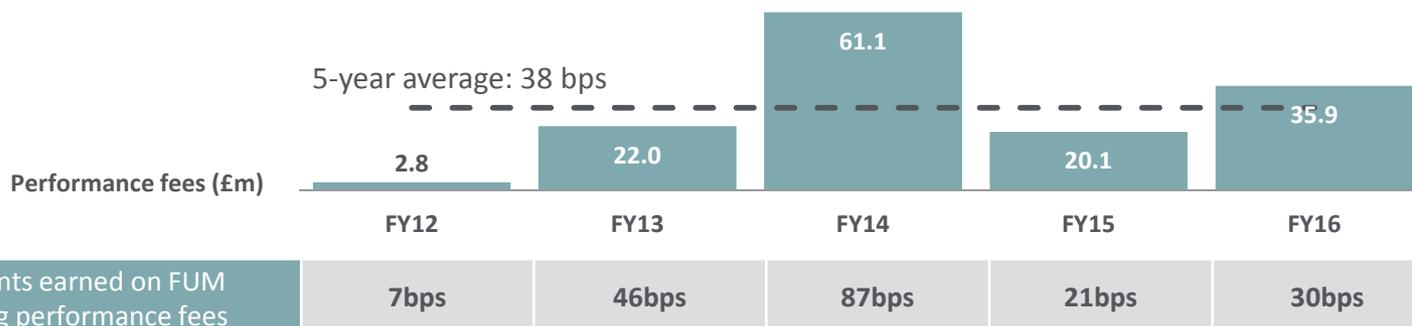


1. Includes Multi Asset allocation to equities;
2. Other includes c.25 other currencies, largely in emerging markets

JOHCM performance fees update

5 year history

→ £30.5 million (\$51.9 million) - JOHCM performance fees accrued 30 September 2016¹



% of JOHCM FUM capable of earning performance fees	63%	65%	67%	65%	58%
No. of strategies ² capable of earning performance fees	16	16	18	20	18

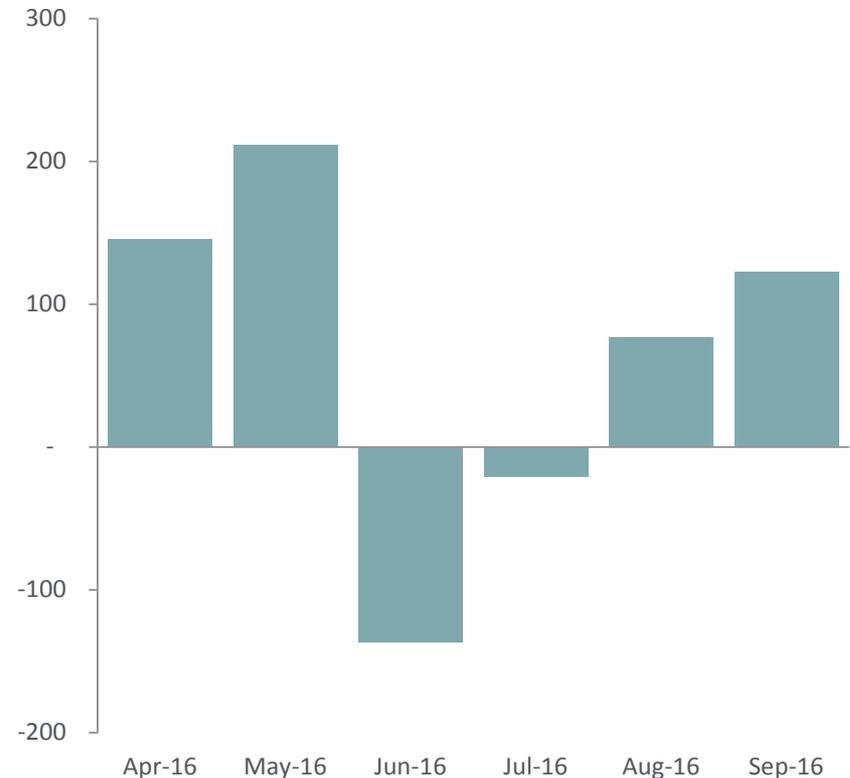
1. Performance fees are highly variable and can vary from month to month, and JOHCM's realised performance fees will not be determined until 31 December 2016
2. Strategies refer to funds and separate mandates

BREXIT

Well positioned through period of market uncertainty

- Inflows recovering after BREXIT referendum
- UK intends to trigger Article 50 by the end of March 2017. This will start the formal process of leaving the EU (within a two year period - 2019)
- Of JOHCM FUM
 - 1% of UK domiciled OEICs held by European investors
 - 15% of European domiciled OEICs held by UK investors
 - Remaining 84% of clients invested in onshore registered vehicles in UK, Europe, US and segregated accounts
- 16% of Group FUM in GBP
- 51% of FY16 Group cost base in GBP

JOHCM monthly net flows (£m)



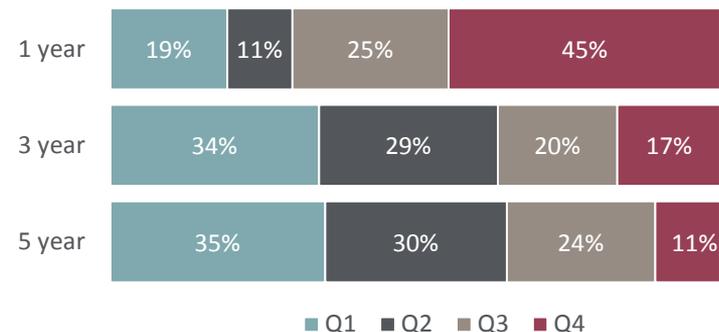
Investment performance

Strong long term outperformance

Asset Classes	FUM 30 Sept 16 (\$b) 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

Relative to benchmark as at 30 September 2016

	1 Year (pa)	3 Years (pa)	5 Years (pa)
BT Wholesale Core Australian Share Fund	-5.35%	-0.04%	+0.68%
BT Wholesale Focus Australian Share Fund	-3.32%	+1.85%	+1.78%
BT Wholesale Imputation Fund	-5.83%	-1.10%	-0.51%
BT Wholesale Australian Long Short Fund	-2.52%	+0.50%	+1.58%
BT Wholesale Mid Cap Fund	-3.17%	+2.75%	+5.26%
BT Wholesale Smaller Companies Fund	-8.65%	+4.35%	+9.85%
BT Wholesale MicroCap Opportunities Fund	+8.73%	+20.17%	+24.44%
BT Wholesale Property Securities Fund	+0.13%	+0.25%	+0.33%
BT Wholesale Core Global Share Fund	-2.34%	+0.49%	+1.17%
BT Wholesale Active Balanced Fund	-2.87%	+0.58%	+0.82%
BT Wholesale Conservative Outlook Fund	-1.23%	+0.52%	+0.54%
BT Wholesale Fixed Interest Fund	-1.46%	+0.31%	+0.19%
BT Wholesale Monthly Income Plus Fund	+3.60%	+3.58%	+3.73%
BT Pure Alpha Fixed Income Fund	-3.87%	+0.76%	N/A
BT Wholesale Enhanced Cash Fund	+0.59%	+0.68%	+1.03%

	1 Year (pa)	3 Years (pa)	5 Years (pa)
JOHCM UK Equity Income Fund	-5.06%	+0.36%	+4.22%
JOHCM UK Opportunities Fund	+2.89%	+4.62%	+3.11%
JOHCM UK Growth Fund	-11.29%	-1.31%	+3.60%
JOHCM UK Dynamic Fund	-0.14%	+2.24%	+5.86%
JOHCM Continental European Fund	+1.64%	+4.61%	+4.11%
JOHCM European Select Values Fund	+11.62%	+5.47%	+5.48%
JOHCM Global Select Fund	+2.00%	+2.71%	+3.43%
JOHCM International Select Fund	+9.42%	+7.87%	+7.51%
JOHCM Global Opportunities Fund	+5.33%	+6.21%	N/A
JOHCM Emerging Markets Fund	+7.04%	+3.99%	+3.04%
JOHCM Global Emerging Markets Opportunities Fund	+2.52%	+5.54%	+2.59%
JOHCM Japan Fund	-8.86%	-4.05%	-0.39%
JOHCM Asia ex Japan Fund	-0.74%	+5.87%	+6.42%
JOHCM Asia ex Japan Small & Mid Cap Fund	-0.82%	+11.34%	+9.56%

Note: Fund performance is pre-fee, pre-tax and relative to the fund benchmark.
Australian domestic funds represent the flagship fund for the asset class.

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FUM up \$5.6b to \$84.0b

Net inflows and positive market offset by stronger AUD

\$b	30-Sep-15	Net		FX	30-Sep-16	Breakdown of Net Flows		Fee Margin	
	Closing FUM	Flows	Other ¹	Impact	Closing FUM	BTIM	JOHCM	BTIM	JOHCM
Institutional	26.2	3.6	4.0	(2.6)	31.2	2.3	1.3	0.26%	0.59%
Wholesale									
Australia	5.4	0.5	0.4	-	6.3	0.5	-	0.76%	-
OEICs	22.5	(0.2)	3.5	(5.3)	20.5	-	(0.2)	-	0.66%
US Pooled	6.0	1.7	2.0	(1.7)	8.0	-	1.7	-	0.82%
Westpac - Other ²	9.9	(0.2)	0.5	-	10.2	(0.2)	-	0.30%	-
BTIM Group Core Funds	70.0	5.4	10.4	(9.6)	76.2	2.6	2.8	0.35%	0.67%
Westpac - Legacy	8.4	(1.0)	0.4	-	7.8	(1.0)	-	0.30%	-
Total BTIM FUM	78.4	4.4	10.8	(9.6)	84.0	1.6	2.8	0.34%	0.67%

- Net inflows of \$4.4b driven by institutional channel (+\$3.6b)
- \$2.0b in wholesale flows
- OEIC flows impacted by BREXIT
- Stronger AUD negatively impacted foreign denominated FUM upon translation

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

2. Westpac Other: represents institutional IMA managing retail and corporate superannuation and managed accounts

FUM and flows by asset class

Net inflows of \$5.4 billion in Core funds

\$b	30-Sep-15 Closing FUM	Net Flows			30-Sep-16 Closing FUM
		Core	Legacy	Other ¹	
Equities					
Australian	11.6	0.3	(0.2)	1.3	13.0
Global/International	16.0	1.0	0.0	0.7	17.7
UK	12.1	0.4	-	(1.6)	10.9
European	7.7	0.2	0.0	(0.3)	7.6
Emerging Markets	2.3	0.5	-	0.3	3.1
Asian	3.1	0.2	0.0	(0.1)	3.2
Property	1.7	0.0	(0.1)	0.3	1.9
Cash	6.1	1.2	(0.1)	0.2	7.4
Fixed Income	5.5	1.3	0.0	0.0	6.8
Diversified	11.9	0.0	(0.6)	0.4	11.7
Other	0.4	0.3	0.0	0.0	0.7
Total FUM	78.4	5.4	(1.0)	1.2	84.0

- Positive flows across all equity categories
- Strong flows in Cash and Fixed Income (+\$2.4b), Global/International (+\$1.0b) and Emerging Markets (+\$0.5b)

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

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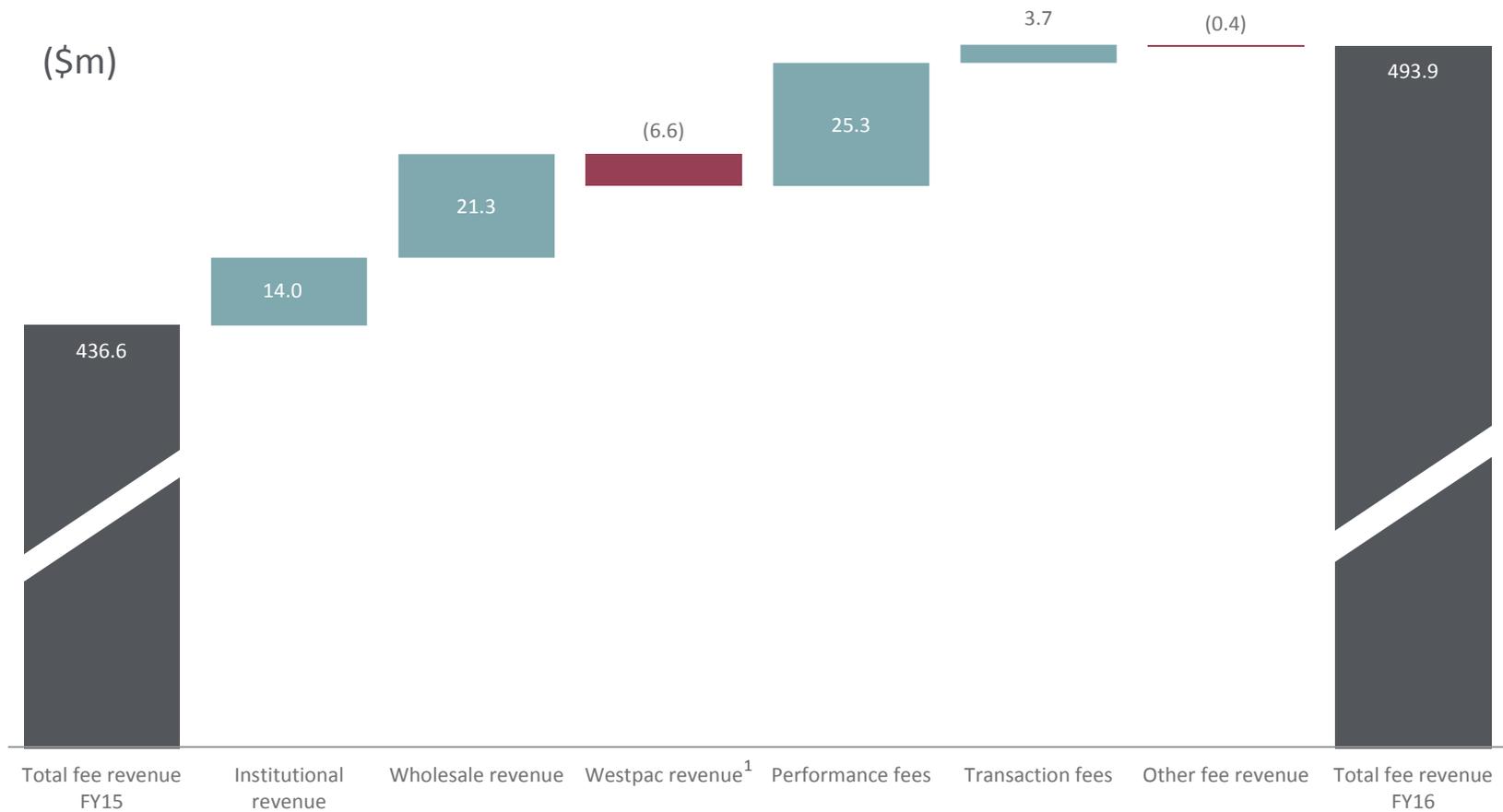
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Financial highlights

\$m	FY15	FY16	Change
Avg FUM (\$b)	75.2	80.2	+7%
Base fee margin	49bps	50bps	+1bps
Base management fees	371.1	399.8	+8%
Performance fees	51.9	77.2	+49%
Transaction fees	11.3	15.0	+33%
Other fee revenue	2.3	1.9	-16%
Total fee revenue	436.6	493.9	+13%
Employee expenses	(203.0)	(227.6)	+12%
Operating expenses	(65.2)	(69.4)	+6%
Total cash operating expenses	(268.2)	(297.0)	+11%
Operating profit	168.4	196.9	+17%
Net investment income	1.6	6.1	+288%
Financing charges	(1.3)	(0.7)	-46%
Tax	(36.2)	(46.3)	+28%
Cash NPAT	132.5	156.0	+18%
Operating profit margin	39%	40%	+3%
Cash EPS	44.0	50.8	+15%

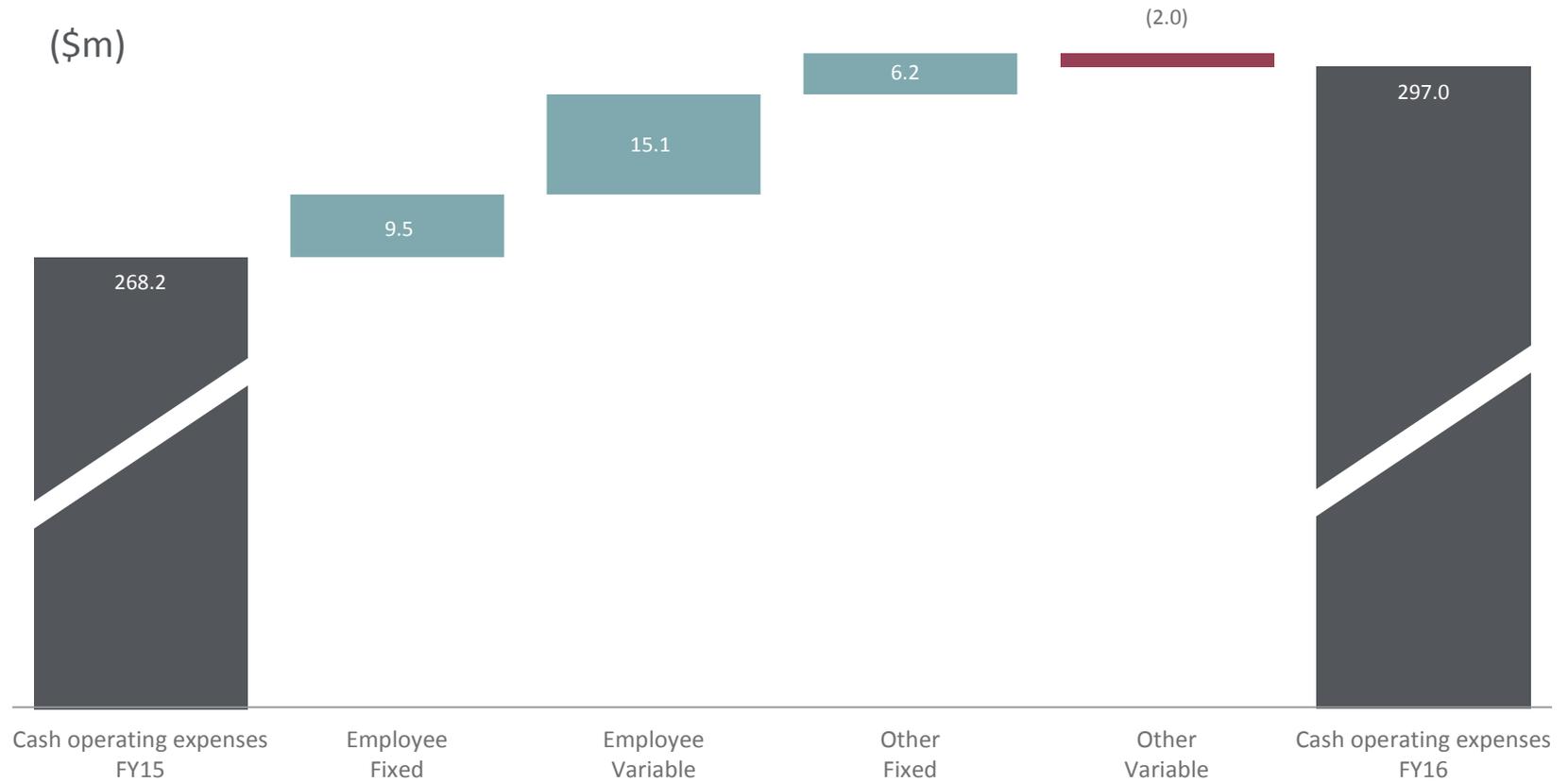
- Average FUM +7% despite lower average markets and flat currency
 - Driven by net inflows
- Base management fees +8% resulting from higher FUM and expanding fee margins
- Stronger FY16 performance fees
- Transaction fees higher due to demand for Significant Investor Visa (SIV) products
- Operating expenses higher with increased variable employee costs on higher revenue, increased headcount, IT/data and regulatory driven costs
- Profit margin expanding
- Cash NPAT +18%, Cash EPS +15%

Fee revenue



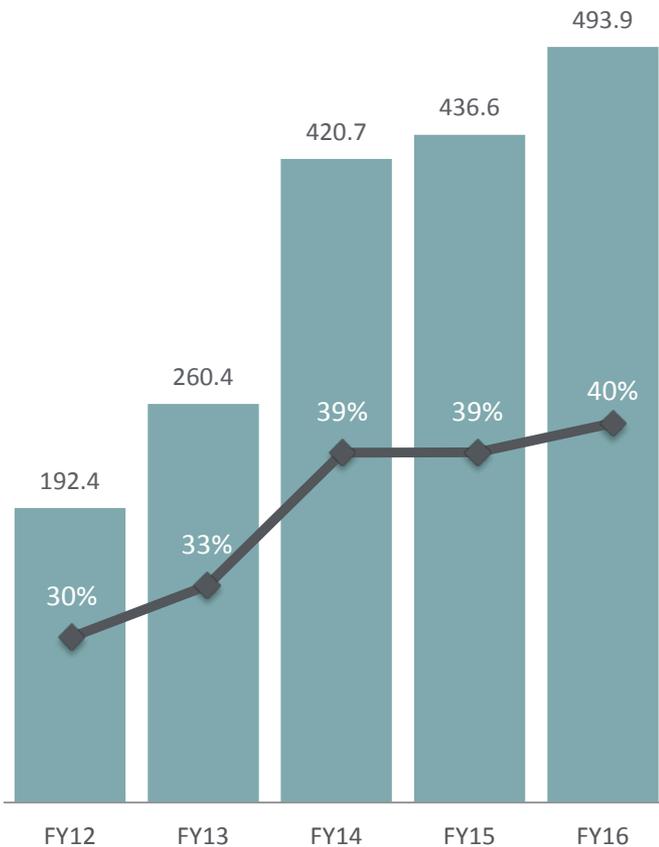
1. Westpac revenue: represents institutional IMA managing legacy retail, corporate superannuation and managed accounts

Operating expenses



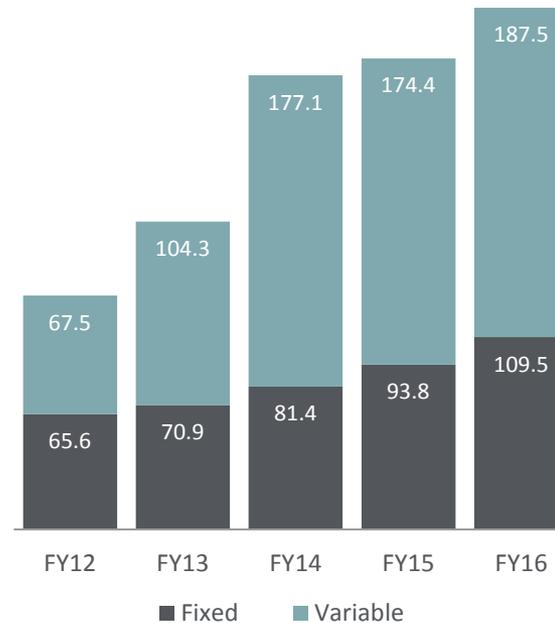
Fixed vs variable operating expenses

Revenue (\$m) and operating margin (%)

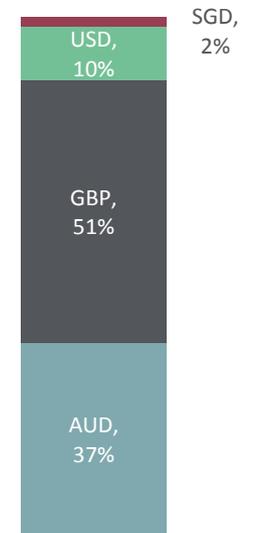


% Breakdown	FY12	FY13	FY14	FY15	FY16
Fixed expenses	49%	40%	31%	35%	37%
Variable expenses ¹	51%	60%	69%	65%	63%
Total	100%	100%	100%	100%	100%

Total operating expenses² (\$m)

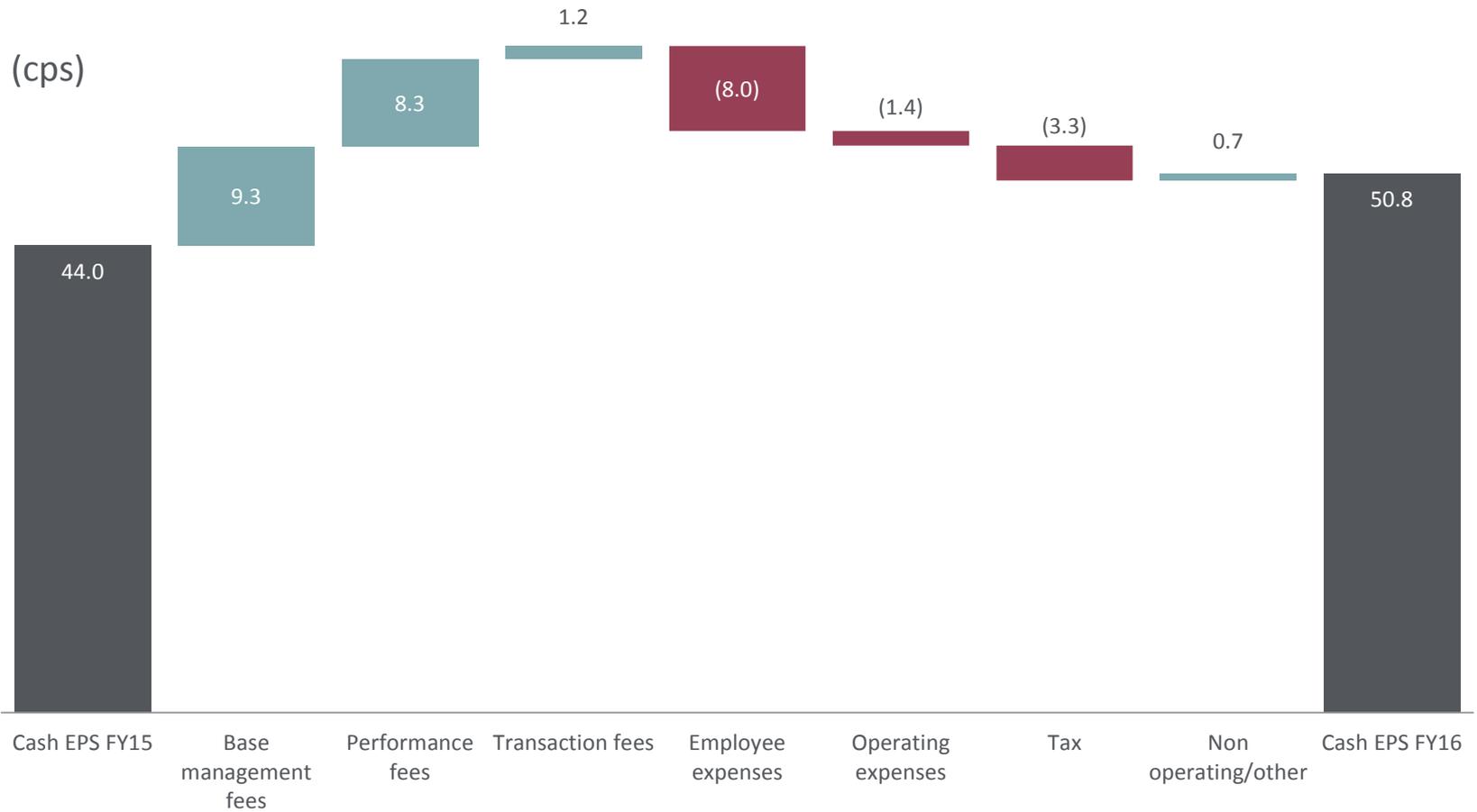


FY16 expenses by currency



1. Variable expenses include fund expenses that are linked to FUM & employee expenses that are linked to profit
2. Total operating expenses includes employee expenses

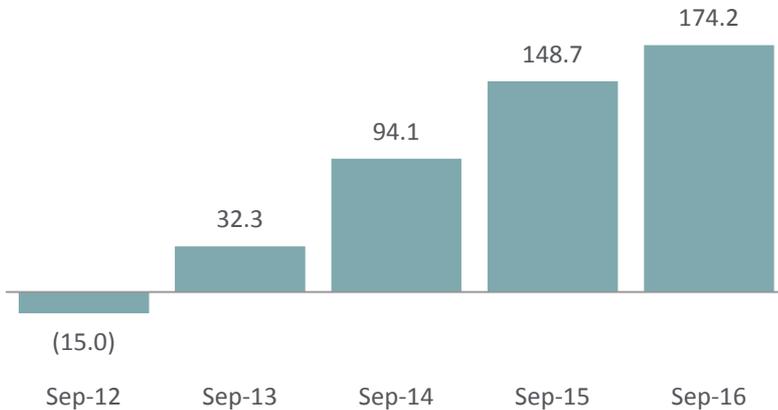
Cash EPS



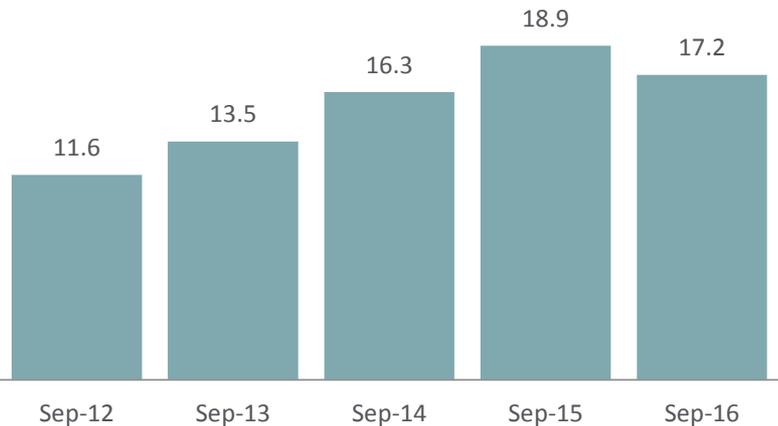
Balance sheet strength

Well positioned to support future growth

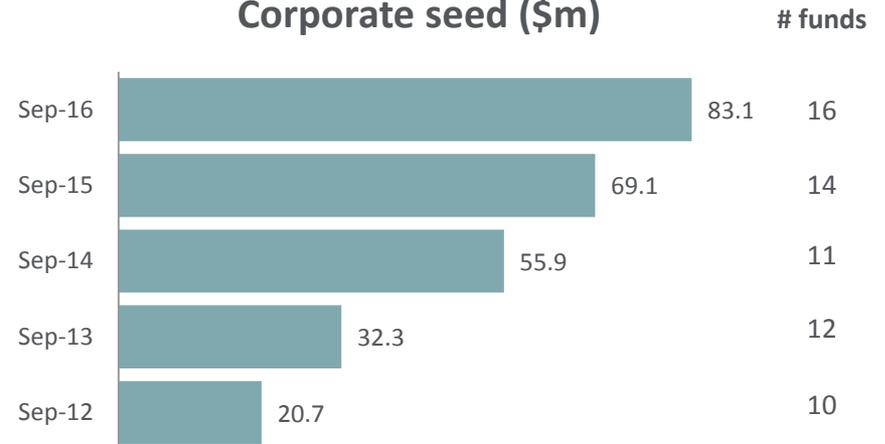
Net cash (\$m)



Regulatory capital (\$m)



Corporate seed (\$m)



- Net cash position improving
- Regulatory capital requirements c.\$17m across Group-wide entities
- Seed capital investments increasing
- Zero debt as at 30 September 2016

Continued growth in dividends

Total dividends (cps)



Record total dividend of 42.0 cents per share, up 14%

- Final dividend declared of 24.0 cps
- Final dividend to be 35% franked
- FY17 franking levels expected to be in 30-35% range
- Total dividend represents a payout ratio of 83% and within payout range of 80-90%
- DRP remains active

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Strategy

Building out a global asset management business

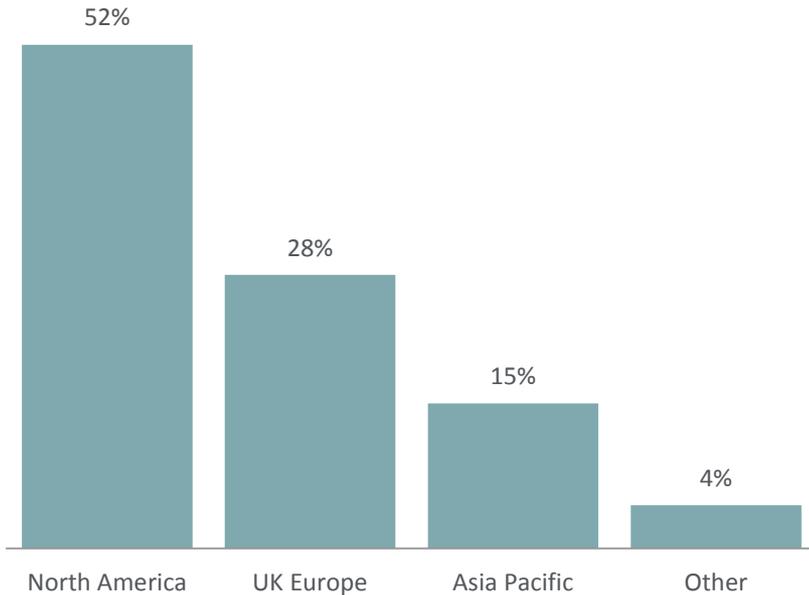
- Significant progress over five years in building global asset management business
- Strategy continues to focus on growth and diversification
 - Global Executive Committee:
 - International growth focus with strong local leadership
 - Increased management bandwidth to execute strategy
 - Identifying investment talent that will bring complementary strategies and further diversify the portfolio
 - US is a key market, with an ongoing focus on expanding the business
 - Leverage established distribution in UK and Australia across growing product offering and continue expansion in US and Europe

Well positioned globally

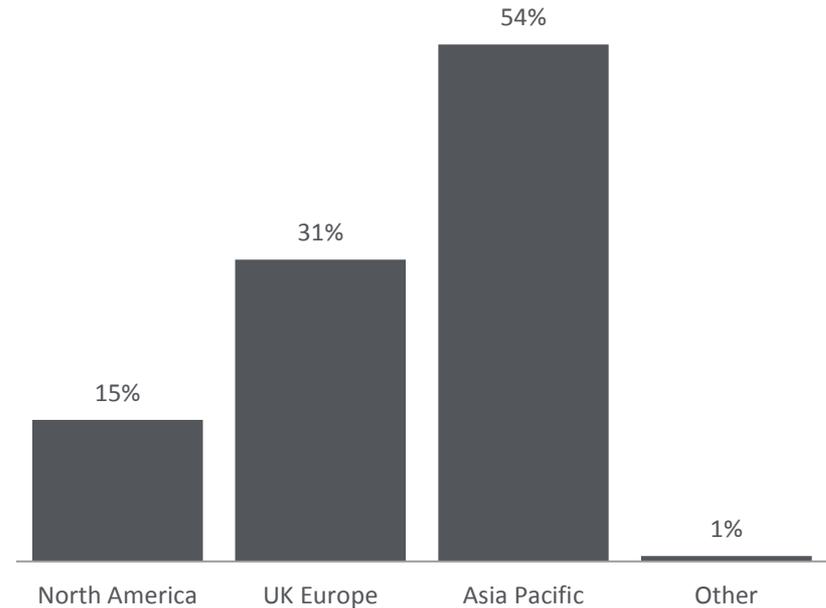
Focused on largest and fastest growing regions

→ BTIM has positions in markets that make up over 90% of global AUM

Global FUM by region
A\$70 trillion 2015



BTIM FUM by client domicile
A\$84 billion Sep 16

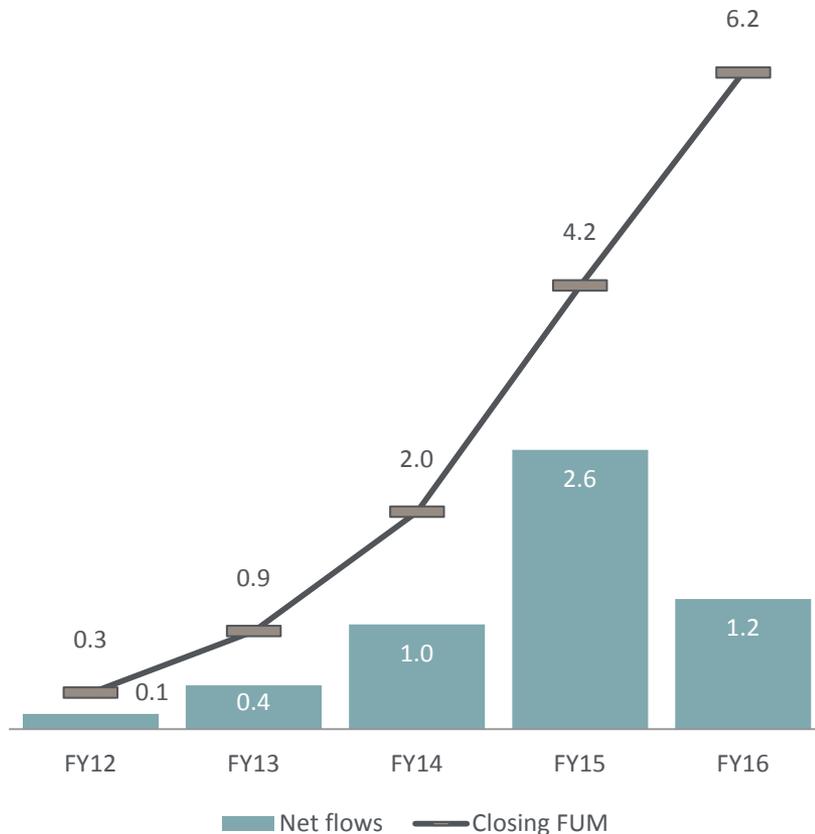


Sources: BCG Global Asset Management 2016 and PWC – Asset Management 2020; BTIM

Further global expansion

Building a strong US platform

US Pooled Funds FUM and net flows (US\$b)

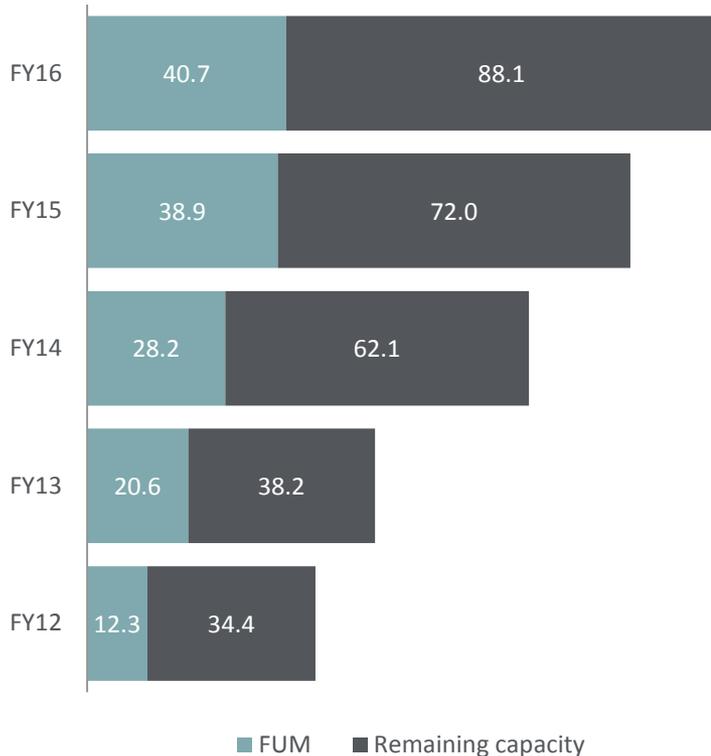


- US FUM¹ at US\$9.4 billion (A\$12.3 billion)
- Investing in client and sales support
- 8 mutual fund products available
 - International Small Cap
 - International Select
 - Global Select
 - US SMID
 - Emerging Markets Small Cap
 - Emerging Markets Opportunities
 - Asia ex-Japan
 - International Opportunities (launched 2016)

1. Includes US pooled funds and mandates from US clients

Expanding equities capabilities

Equities FUM capacity (\$b)¹



New equity strategies launched

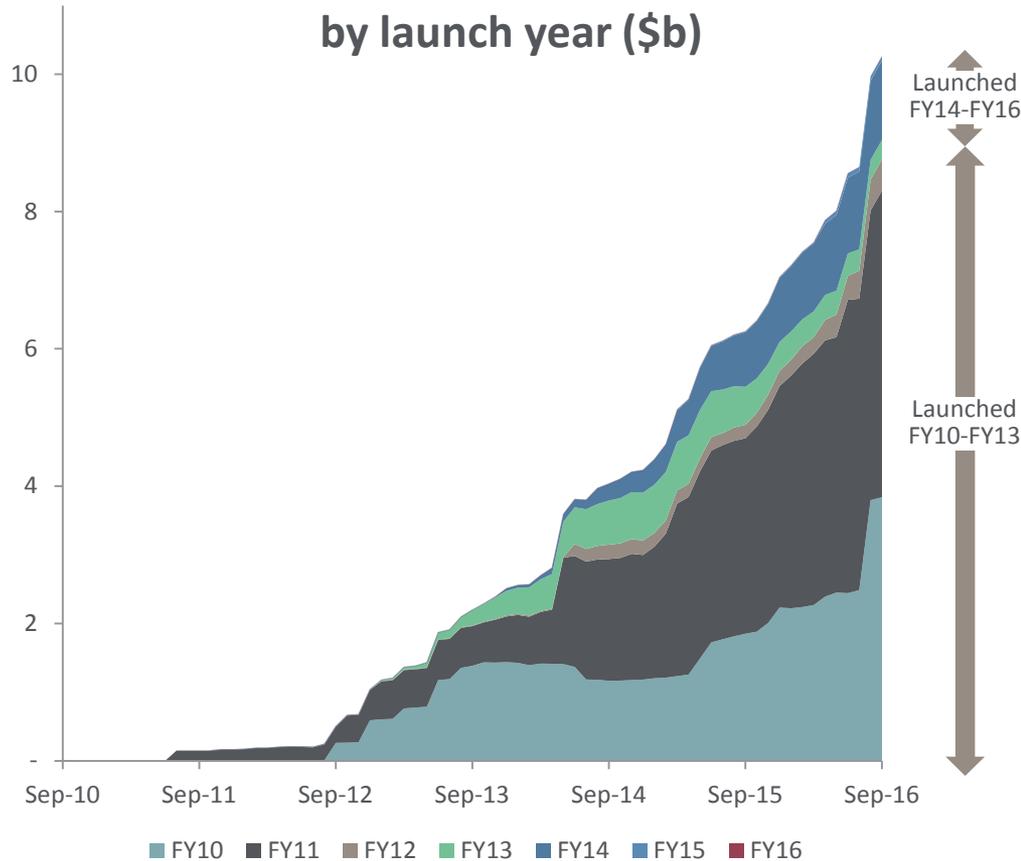
FY16	BT Global Concentrated Share Fund International Opportunities Fund
FY15	Emerging Markets Small Cap Fund, European Concentrated Value Fund Global Smaller Companies Fund
FY14	US Small-Mid Cap Fund, Japan Dividend Growth Fund, Global Sharia Fund
FY13	International Small Cap Fund
FY12	Global Opportunities Fund

1. 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.

Organic growth

A\$10.3b in FUM raised from new products

New products¹ cumulative net flows
by launch year (\$b)



- Investment in new products driving FUM growth
- Proven capability in bringing product to market
- Investing for growth – maintaining 3-5 year future outlook on product development
- Current annualised revenue of new products launched over the last five years is A\$55m

1. New products includes new investment strategies

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Summary

- Another record year despite tougher market conditions
- Dividends up 14% on prior year
- Contributions to FUM growth coming from a broader set of opportunities
- Diversity of the business demonstrating resilience
- Continued focus on growth

The year ahead

- AUD levels higher than FY16 average
- Equity markets above FY16 average levels
- Good start to the year on flows with \$2.0b already funded
- BREXIT arrangements to become clearer
- BTIM starts FY17 in a position of strength with record FUM levels

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Segment profit and loss

\$m	FY15	FY16				Change	Change %
		BTIM	JOHCM	Inter-segment	Group		
Avg FUM (\$b)	75.2	41.4	39.5	(0.7)	80.2	5.0	+7%
Base fee margin	0.49%	0.34%	0.67%	-	0.50%	0.01%	+1%
Base management fees	371.1	139.2	262.6	(2.0)	399.8	28.7	+8%
Performance fees	51.9	3.5	73.7	-	77.2	25.3	+49%
Transaction fees	11.3	15.0	-	-	15.0	3.7	+33%
Other fee revenue	2.3	1.7	0.2	-	1.9	(0.4)	-16%
Total fee revenue	436.6	159.4	336.5	(2.0)	493.9	57.3	+13%
Employee expenses	(203.0)	(76.5)	(151.2)	0.1	(227.6)	(24.6)	+12%
Operating expenses	(65.2)	(42.0)	(29.4)	2.0	(69.4)	(4.2)	+6%
Total cash operating expenses	(268.2)	(118.5)	(180.6)	2.1	(297.0)	(28.8)	+11%
Operating profit	168.4	40.9	155.9	0.1	196.9	28.5	+17%
Net investment income	1.6	11.8	(4.7)	(1.0)	6.1	4.5	+288%
Financing charges	(1.3)	(0.9)	(0.7)	0.9	(0.7)	0.6	-46%
Tax	(36.2)	(15.9)	(30.4)		(46.3)	(10.1)	+28%
Cash NPAT	132.5	35.9	120.1	-	156.0	23.5	+18%
Operating profit margin	39%	26%	46%	-	40%	1%	+3%

Cash EPS calculation

Number of Shares

(m)	FY15	FY16
Weighted average ordinary shares on issue	291.5	303.8
Weighted average converting notes on issue	9.6	3.6
Weighted average fully diluted ordinary shares on issue	301.1	307.4

Cash EPS Calculation

	FY15	FY16
Cash Net Profit After Tax (\$m)	132.5	156.0
Weighted average fully diluted ordinary shares on issue (m)	301.1	307.4
EPS based on Cash NPAT (cps)	44.0	50.8

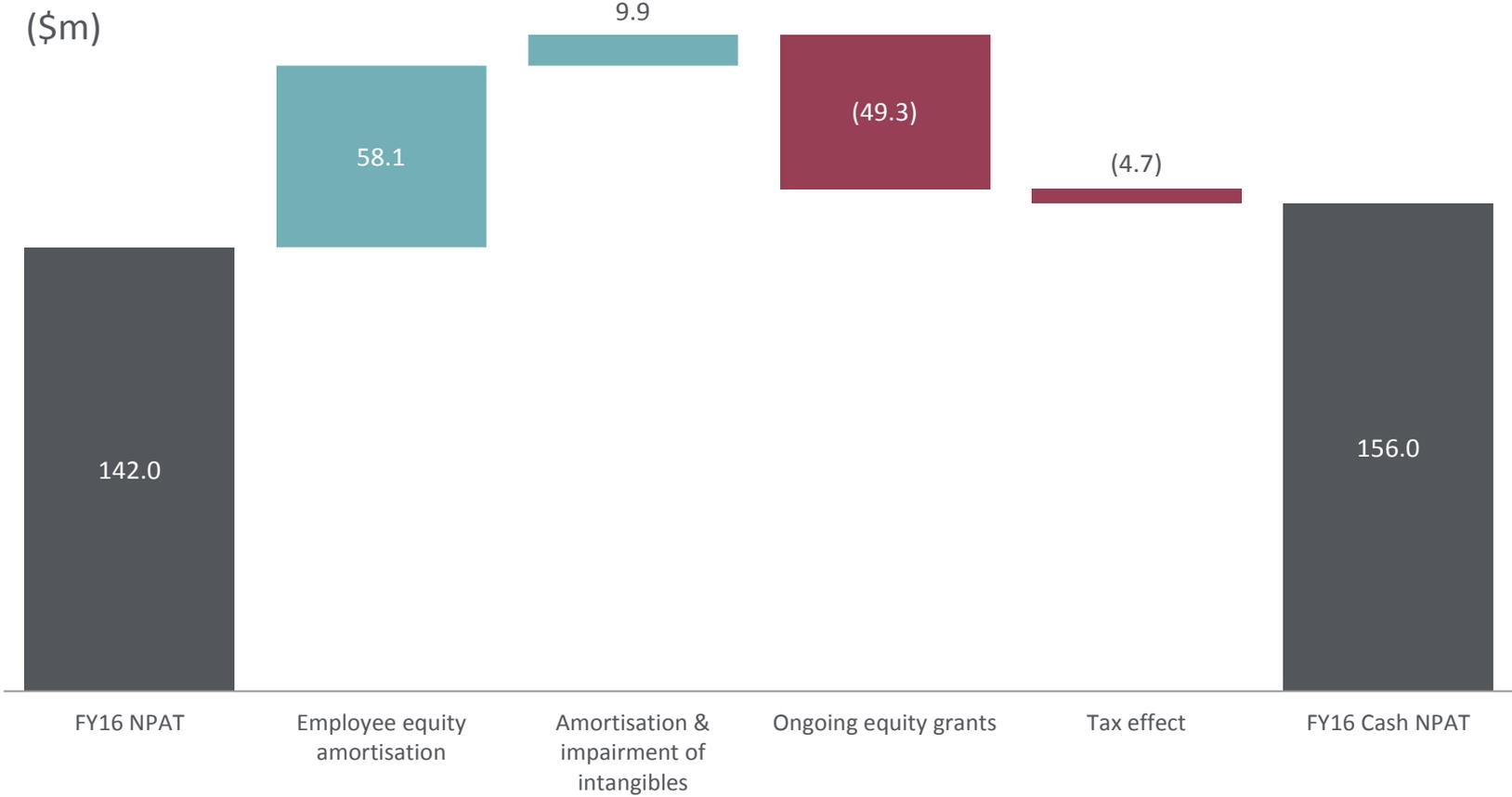
Performance fees

Fund ¹	FUM \$m 30 Sep 2016	Performance fee period to	Benchmark	Participation rate %
BTIM				
BT Wholesale Microcap Opportunities Fund ¹	308	30 June	S&P/ASX Small Ord Accum Index	20%
BT Wholesale Mid Cap Fund	300	30 June	BT Midcap Customised Index	20%
BT Wholesale Australian Long Short Fund	249	30 June	S&P/ASX 200 Accum Index	15%
BT Wholesale Focus Australian Share Fund	225	30 June	S&P/ASX 300 Accum Index	15%
Mandates	1,803	Various	Various	
JOHCM²				
UK Equity Income Fund	4,580	31 December	FTSE All-Share TR Index	15%
Global Select Fund	3,907	31 December	MSCI ACWI NR Index (net dividends reinvested)	15%
European Select Values Fund ¹	3,893	31 December	MSCI Europe NR Index (net dividends reinvested)	15%
UK Opportunities Fund ¹	3,078	31 December	FTSE All-Share TR Index	15%
Continental European Fund ¹	2,629	31 December	MSCI Europe ex UK NR Index (net dividends reinvested)	15%
Asia Ex Japan Fund ¹	868	31 December	MSCI AC Asia ex Japan NR Index (net dividends reinvested)	15%
Japan Fund	714	31 December	TOPIX TR Index	15%
UK Dynamic Fund	616	31 December	FTSE All-Share TR Index	15%
UK Growth Fund	515	31 December	FTSE All-Share TR Index	15%
Global Opportunities Fund ¹	474	31 December	MSCI ACWI NR Index (net dividends reinvested)	15%
Global Emerging Markets Opportunities Fund	403	31 December	MSCI Emerging Markets NR Index (net dividends reinvested)	15%
Japan Dividend Growth Fund	151	31 December	TOPIX 100 TR Index	15%
Asia Ex Japan Small & Mid Cap Fund	126	31 December	MSCI AC Asia ex Japan Small Cap NR Index (net dividends reinvested)	15%
Global Emerging Markets Fund ¹	42	31 December	MSCI Emerging Markets NR Index (net dividends reinvested)	15%
Mandates	1,077	31 December	Various	
Total funds/mandates with performance fees	25,956			

JOHCM performance fees accrued but not realised until 31 December 2016 \$m **51.9**

1. Funds above their high water mark as at 30 September 2016
2. JOHCM includes OEIC FUM converted at 30 Sep 2016 spot rate of 0.5878

Adjustments from statutory to cash NPAT



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