

2017 Half Year Results

Six months to 31 March 2017

Emilio Gonzalez CFA, Group Chief Executive Officer
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11 May 2017



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1H17 highlights

Strong flows and growth in underlying business

- Record net inflows of \$4.6 billion
- Closing FUM increase by 9% to \$91.2 billion
- Base fee revenue up 8% to \$210.8 million (pcp)
- Business diversification supporting flows and FUM growth across strategies, channels and regions
- Continued expansion of investment capabilities
- 5th consecutive year of growth of interim dividend up 6% to 19.0 cents per share (pcp)

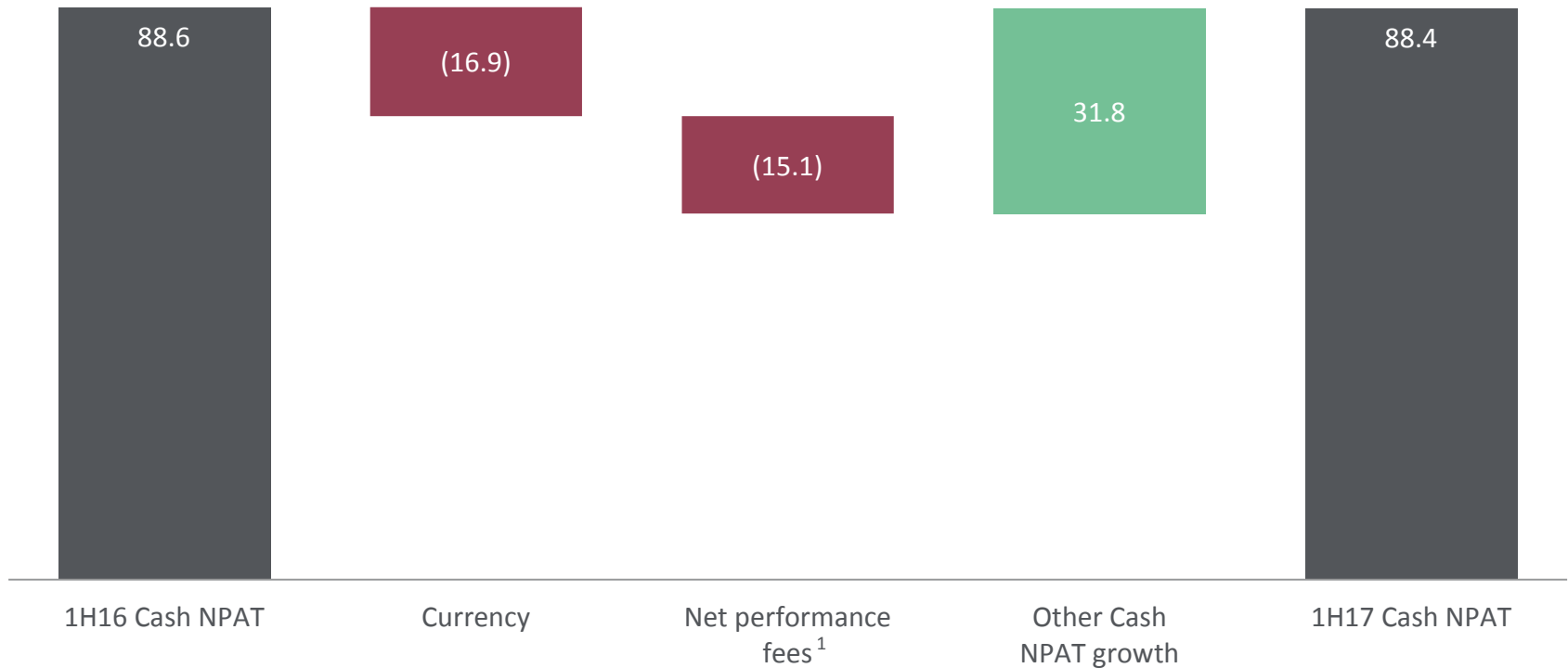
Financial highlights

	1H15	1H16	1H17	Change 1H17 v 1H16
→ Fee Revenue	\$211.8m	\$279.0m	\$243.4m	-13%
<i>Base Management Fees</i>	\$170.4m	\$195.7m	\$210.8m	+8%
<i>Performance Fees</i>	\$38.0m	\$74.9m	\$28.0m	-63%
→ Operating Expenses	\$131.0m	\$167.6m	\$134.5m	-20%
→ Cash NPAT	\$66.5m	\$88.6m	\$88.4m	-0%
→ Statutory NPAT	\$61.9m	\$78.3m	\$79.0m	+1%
→ Operating Profit Margin	38%	40%	45%	+12%
→ Cash EPS	22.1 cps	29.1 cps	28.4 cps	-2%
→ Interim Dividend	17.0 cps	18.0 cps	19.0 cps	+6%
→ Average FUM	\$71.2b	\$78.8b	\$86.3b	+10%

Underlying business strength

Ongoing growth offsetting 1H17 headwinds

Cash NPAT growth (\$m)

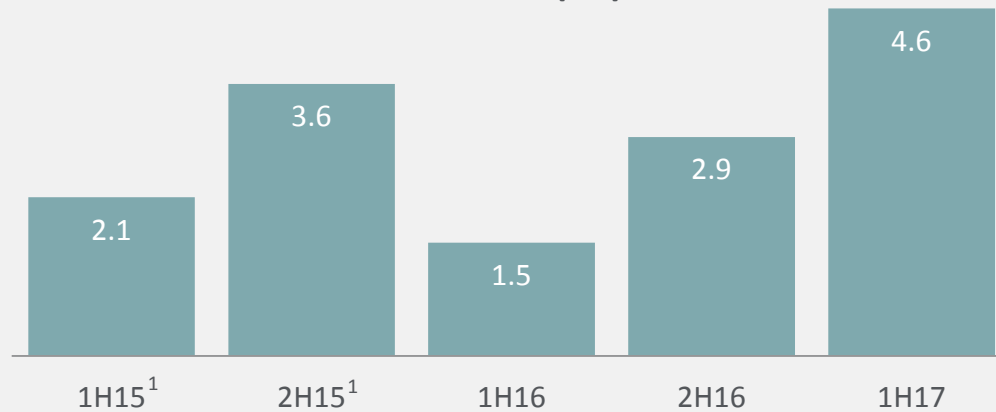


1. Net performance fees represents the Cash NPAT impact after employee expenses and corporate taxes

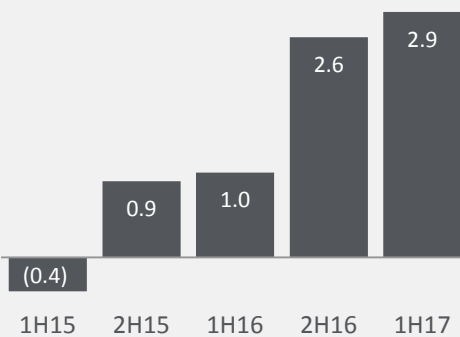
Record net flows

Attracting funds from multiple channels

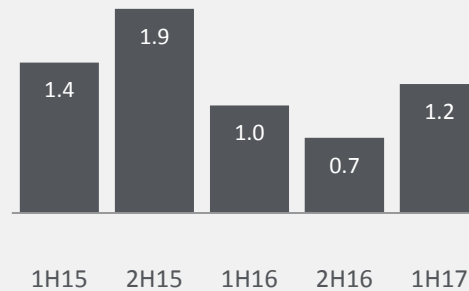
Net Flows (\$b)



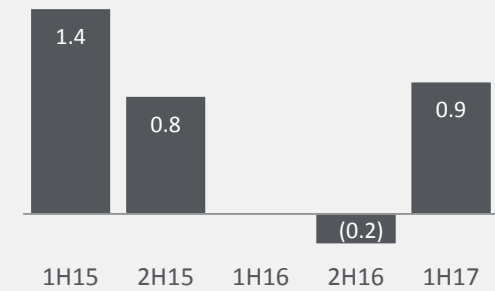
Institutional (\$b)



US Pooled Funds (\$b)



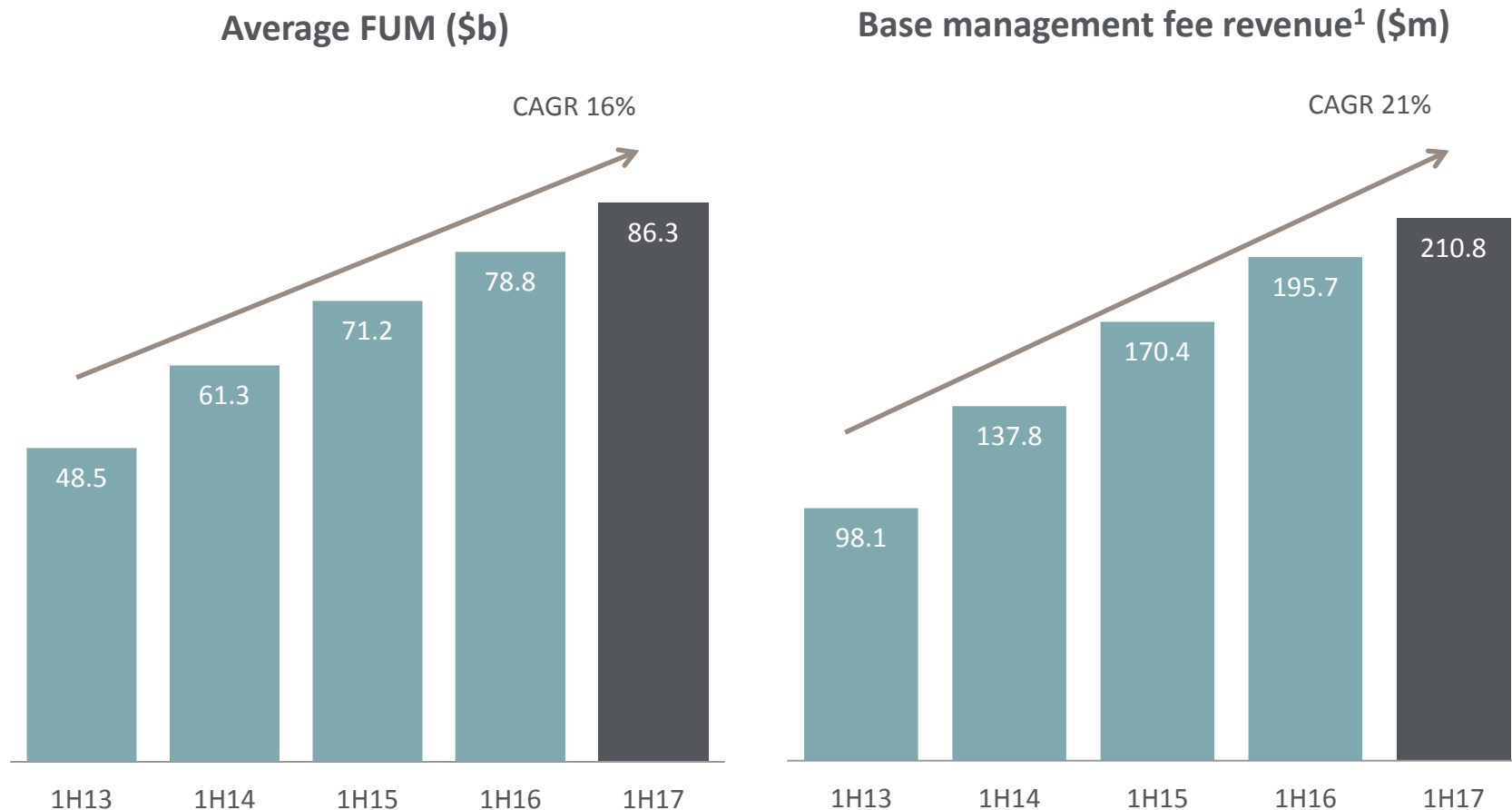
OEICS² (\$b)



1. 1H and 2H refers to first half and second half of financial years
2. Open ended investment companies

Continued growth momentum

Average FUM and base fee revenue

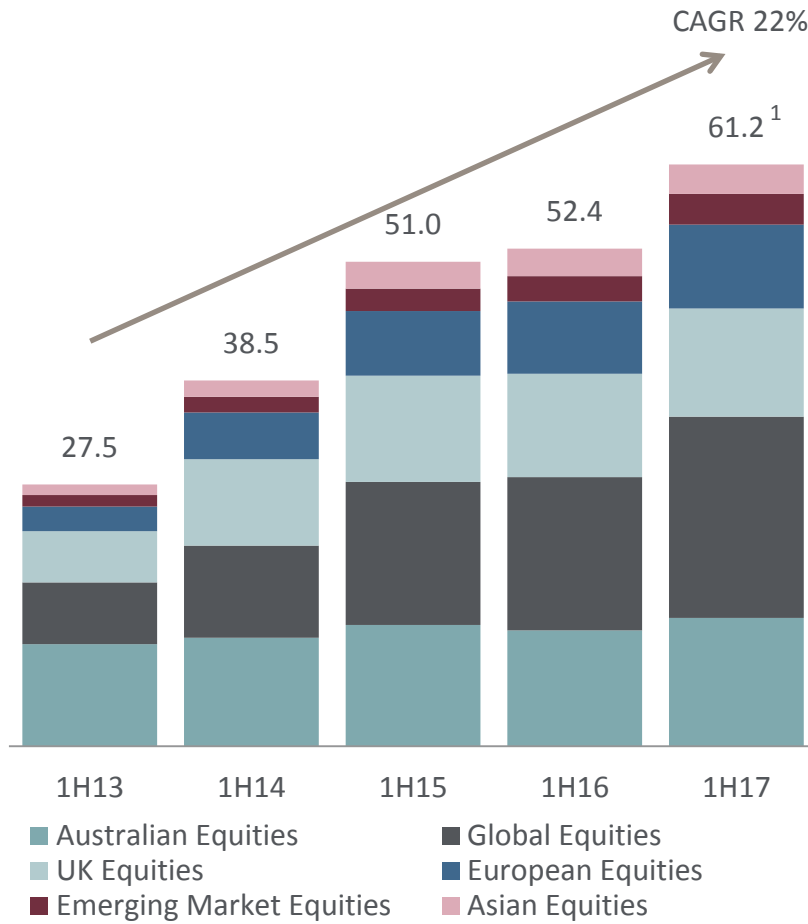


1. Base management fee revenue excludes performance and transaction fees

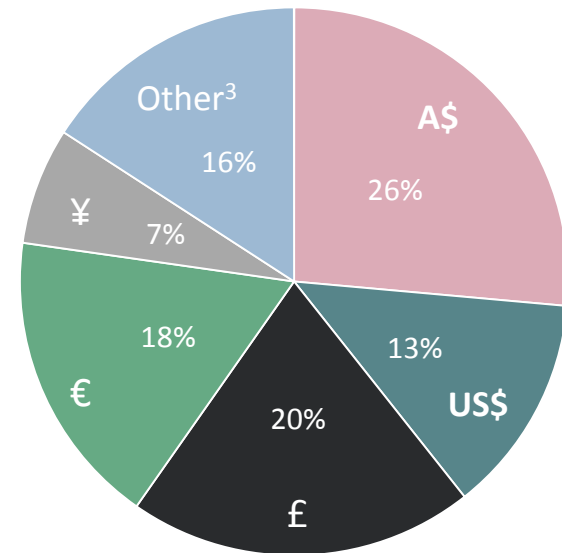
Continued growth in equities portfolio

Diverse across strategies

Equities FUM by strategy (\$b)



Equities FUM² by currency (%)

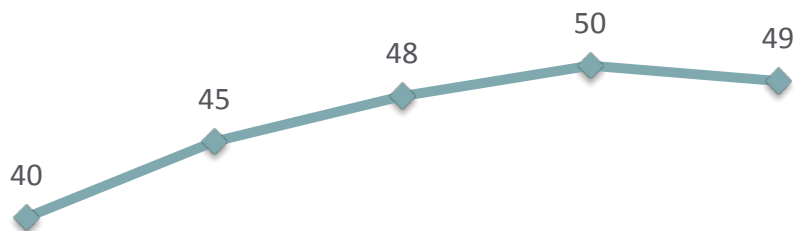


1. Excludes recent transition resulting from MySuper changes; see slide 16
2. Includes multi asset allocation to equities
3. Other includes c.25 other currencies, largely in emerging markets

Fee margins

Channel and asset class mix

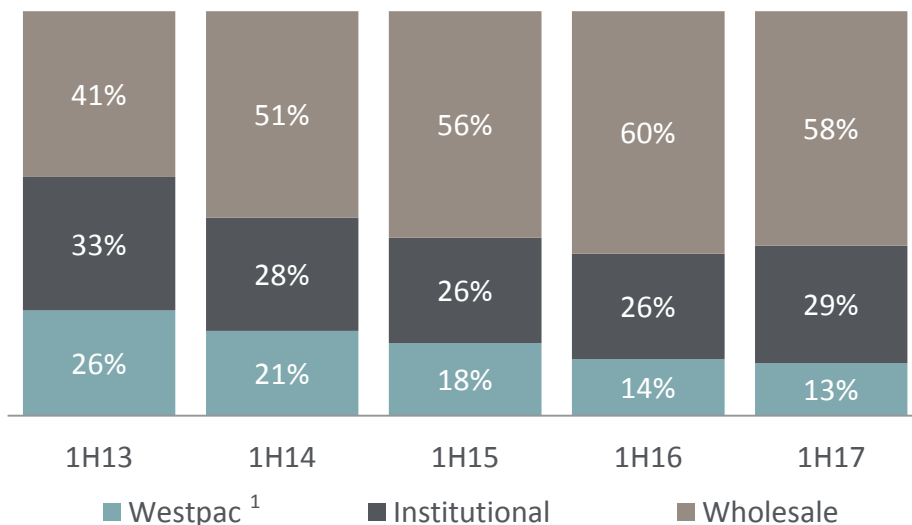
Average base management fee margin (bps)



→ Change in average base fee margin due to:

- Higher relative growth in institutional mandates and cash and fixed income
- Wholesale channel fee pressure from platforms

Base management fee by channel

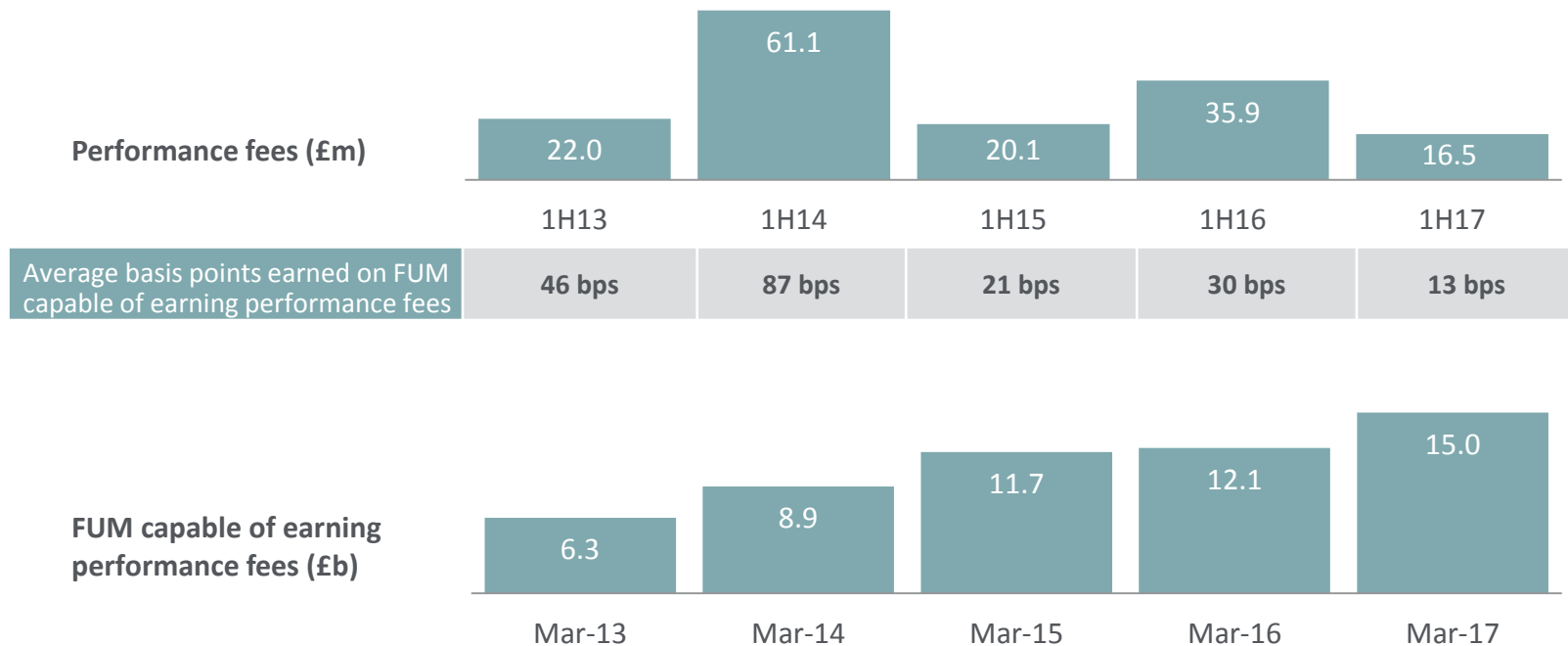


1. Westpac base management fee revenue: represents institutional IMA managing legacy retail, corporate superannuation and managed accounts for BT Financial Group

Lower 1H17 performance fees

JOHCM funds

→ Performance fee of £16.5 million (\$28.0 million) earned in JOHCM funds for calendar year 2016



→ BTIM (Australia) performance fee status: \$5.3 million as at 31 March 2017¹

1. Performance fees are highly variable and can vary from month to month, and BTIM (Australia) realised performance fees will not be determined until 30 June 2017

Investment performance

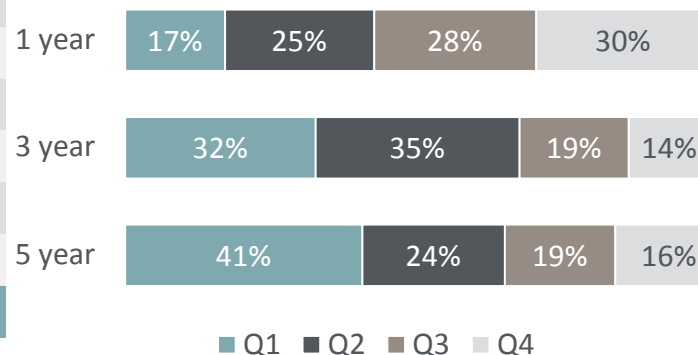
Generating strong long-term outperformance

Asset Classes	FUM 31 Mar 17 (\$b)	% FUM outperformed ¹ 3 Year	% FUM outperformed ¹ 5 Year
Equities			
Australian	15.2	81%	82%
Global/International	22.2	64%	97%
UK	11.4	95%	100%
European	8.8	100%	100%
Emerging Markets	3.3	100%	100%
Asian	3.1	68%	82%
Property	2.1	100%	100%
Cash	9.0	100%	97%
Fixed Income	7.5	84%	80%
Multi asset	7.2	84%	100%
Other	1.4	N/A	N/A
Total FUM	91.2	84%	95%

→ 84% of FUM has outperformed¹ over 3 years and 95% over 5 years

→ 67% of funds in 1st and 2nd quartile over 3 years and 65% over 5 years

% of funds² across quartile rankings



Source: Lipper and Mercer fund rankings as at 31 Mar 2017

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 31 March 2017

	1 Year (pa)	3 Years (pa)	5 Years (pa)
BT Wholesale Core Australian Share Fund	-2.08%	+0.92%	+0.91%
BT Wholesale Focus Australian Share Fund	+0.24%	+3.31%	+2.43%
BT Wholesale Imputation Fund	-1.41%	-0.06%	-0.22%
BT Wholesale Australian Long Short Fund	+1.15%	+1.79%	+1.87%
BT Wholesale Ethical Share Fund	-1.68%	+1.74%	+1.02%
BT Wholesale Mid Cap Fund	-1.59%	+1.50%	+4.63%
BT Wholesale Smaller Companies Fund	-2.51%	+2.83%	+8.63%
BT Wholesale MicroCap Opportunities Fund	+9.07%	+14.60%	+19.71%
BT Wholesale Property Securities Fund	+1.81%	+0.47%	+0.26%
BT Wholesale Core Global Share Fund	-0.81%	+0.08%	+1.14%
BT Wholesale Active Balanced Fund	-0.60%	+0.93%	+1.00%
BT Wholesale Conservative Outlook Fund	+0.26%	+0.70%	+0.65%
BT Wholesale Fixed Interest Fund	-0.16%	+0.12%	+0.12%
BT Wholesale Monthly Income Plus Fund	+3.05%	+3.18%	+3.49%
BT Pure Alpha Fixed Income Fund	-1.26%	-0.18%	N/A
BT Wholesale Enhanced Cash Fund	+1.39%	+0.76%	+1.10%

	1 Year (pa)	3 Years (pa)	5 Years (pa)
JOHCM UK Equity Income Fund	+3.48%	+0.94%	+4.42%
JOHCM UK Opportunities Fund	-8.41%	+2.15%	+1.95%
JOHCM UK Growth Fund	+4.29%	-2.15%	+4.18%
JOHCM UK Dynamic Fund	+8.88%	+2.50%	+5.94%
JOHCM Continental European Fund	-2.10%	+2.15%	+3.48%
JOHCM European Select Values Fund	+1.34%	+5.32%	+5.29%
JOHCM Global Select Fund	-4.65%	-1.14%	+2.17%
JOHCM International Select Fund	+1.16%	+5.22%	+5.13%
JOHCM Global Opportunities Fund	-9.20%	+3.15%	N/A
JOHCM Emerging Markets Fund	+2.46%	+2.67%	+3.41%
JOHCM Global Emerging Markets Opportunities Fund	+3.03%	+3.91%	+2.84%
JOHCM Japan Fund	-1.57%	-3.42%	-0.13%
JOHCM Asia ex Japan Fund	+1.03%	+2.03%	+3.92%
JOHCM Asia ex Japan Small & Mid Cap Fund	-4.79%	+8.51%	+7.16%
JOHCM International Small Cap Equity Fund	+4.13%	+1.25%	N/A

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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Record half net inflows of \$4.6 billion

Growth in institutional and wholesale flows

\$b	30-Sep-16	Net		FX	31-Mar-17	Breakdown of Net Flows		Fee Margin	
	Closing FUM	Flows	Other ¹	Impact	Closing FUM	BTIM	JOHCM	BTIM	JOHCM
Institutional	31.2	2.9	1.4	(0.4)	35.1	0.9	2.0	0.25%	0.57%
Wholesale									
Australia	6.3	(0.1)	0.1	-	6.3	(0.1)	-	0.74%	-
OEICs	20.5	0.9	1.5	(0.9)	22.0	-	0.9	-	0.64%
US Pooled	8.0	1.2	0.1	0.0	9.3	-	1.2	-	0.83%
Westpac - Other ²	10.2	0.1	0.3	-	10.6	0.1	-	0.30%	-
BTIM Group Core Funds	76.2	5.0	3.4	(1.3)	83.3	0.9	4.1	0.34%	0.66%
Westpac - Legacy	7.8	(0.4)	0.5	-	7.9	(0.4)	-	0.30%	-
Total BTIM Group FUM	84.0	4.6	3.9	(1.3)	91.2	0.5	4.1	0.33%	0.66%

- Net inflows of \$4.6b driven by institutional channel (+\$2.9b)
- OEIC flows recovery since BREXIT referendum (+\$0.9b)
- Continued growth in the US (+\$1.2b)
- 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 for BT Financial Group

FUM and flows by asset class

Net inflows of \$5.0 billion in core funds

\$b	30-Sep-16	Net Flows			31-Mar-17
	Closing FUM	Core	Legacy	Other ¹	Closing FUM ²
Equities					
Australian	13.0	(0.4)	(0.1)	1.0	13.5
Global/International	17.7	3.1	0.0	0.4	21.2
UK	10.9	0.2	-	0.3	11.4
European	7.6	0.8	0.0	0.4	8.8
Emerging Markets	3.1	0.0	-	0.1	3.2
Asian	3.2	(0.1)	0.0	0.0	3.1
Property	1.9	0.0	(0.1)	0.0	1.8
Cash	7.4	1.4	0.0	0.1	8.9
Fixed Income	6.8	0.1	0.0	(0.2)	6.7
Multi asset	11.7	(0.2)	(0.2)	0.5	11.8
Other	0.7	0.1	-	0.0	0.8
Total FUM	84.0	5.0	(0.4)	2.6	91.2

- Strong flows in Global/International (+\$3.1b) through institutional and US mutual fund channels
- European (+\$0.8b) benefitting from extension strategy (European Concentrated Values)
- Cash (+\$1.4b) driven by significant mandate win

1. Other includes market movement, investment performance, distributions and currency
 2. Pro-forma FUM excludes recent transition resulting from MySuper changes; see slide 16

MySuper changes

Reclassification and expected FUM redemptions

Transition of BTIM's multi asset FUM to individual asset classes

\$b	Pre transition 31-Mar-17 Closing FUM	Transition	Post transition 31-Mar-17 Closing FUM
Equities			
Australian	13.5	1.7	15.2
Global/International	21.2	1.0	22.2
UK	11.4	-	11.4
European	8.8	-	8.8
Emerging Markets	3.2	0.1	3.3
Asian	3.1	-	3.1
Property	1.8	0.3	2.1
Cash	8.9	0.1	9.0
Fixed Income	6.7	0.8	7.5
Multi asset	11.8	(4.6)	7.2
Other	0.8	0.6	1.4
Total FUM	91.2	-	91.2

→ Advised by BT Financial Group of reconfiguration of its MySuper portfolio over the next 12 months

→ Will lead to redemptions of circa \$2.7b

→ Expected impact of circa 2% on run rate Group base management fees

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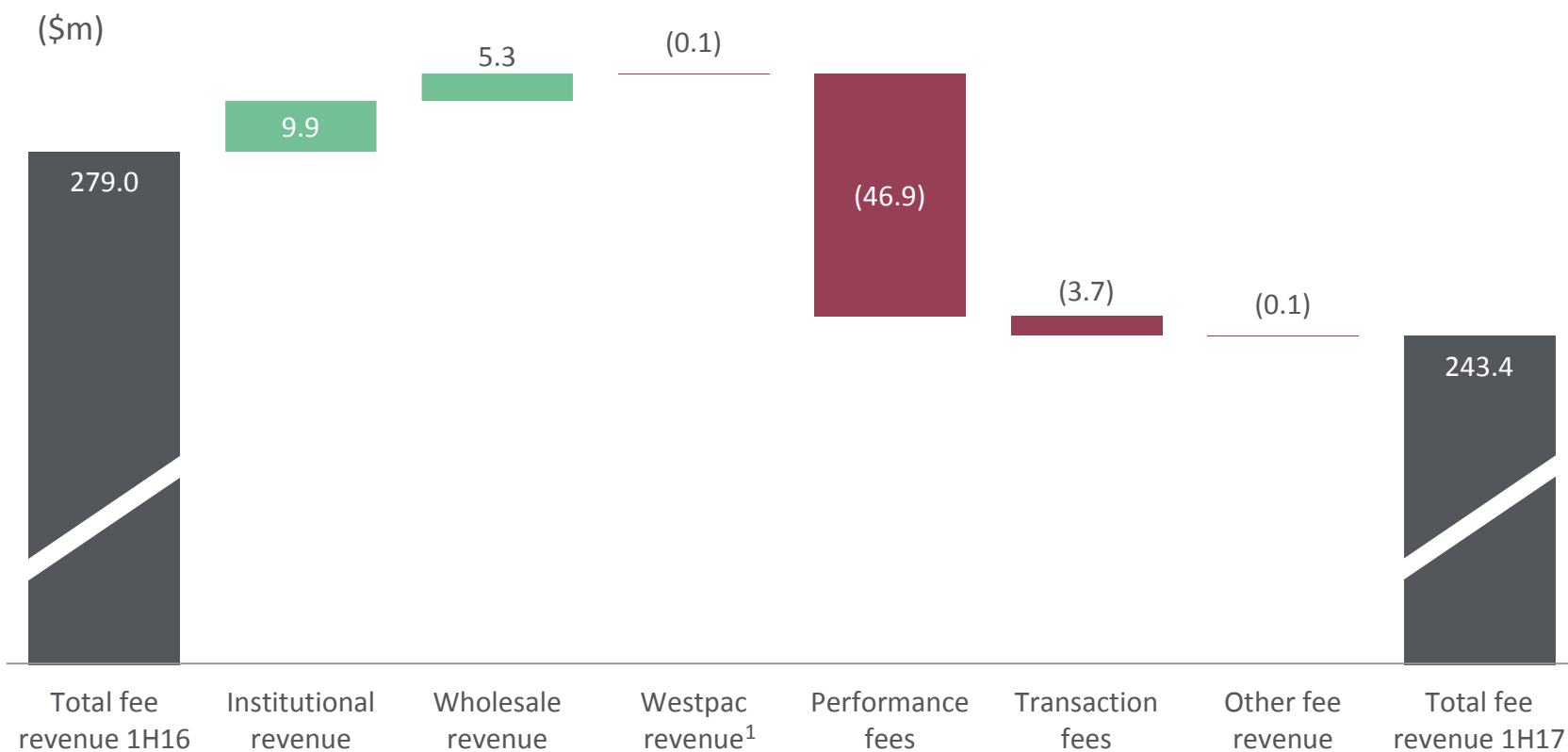
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Financial highlights

\$m	1H16	1H17	Change
Average FUM (\$b)	78.8	86.3	+10%
Base fee margin	0.50%	0.49%	-1%
Base management fees	195.7	210.8	+8%
Performance fees	74.9	28.0	-63%
Transaction fees	7.5	3.8	-49%
Other fee revenue	0.9	0.8	-6%
Total fee revenue	279.0	243.4	-13%
Employee expenses	(134.1)	(103.2)	-23%
Operating expenses	(33.5)	(31.3)	-7%
Total cash operating expenses	(167.6)	(134.5)	-20%
Operating profit	111.4	108.9	-2%
Non operating income	1.8	2.8	+53%
Tax	(24.6)	(23.3)	-5%
Cash NPAT	88.6	88.4	-0%
Operating profit margin	40%	45%	+12%
Cash EPS	29.1	28.4	-2%

- Average FUM +10%
 - Strong net inflows
 - Higher markets
- Base management fees +8%
 - Higher FUM
 - Slight margin contraction
- Lower FY17 JOHCM performance fees
- Operating expenses -20%
 - Lower variable employee costs
 - One-off adjustments
- Profit margin higher
- Cash NPAT steady, Cash EPS -2%

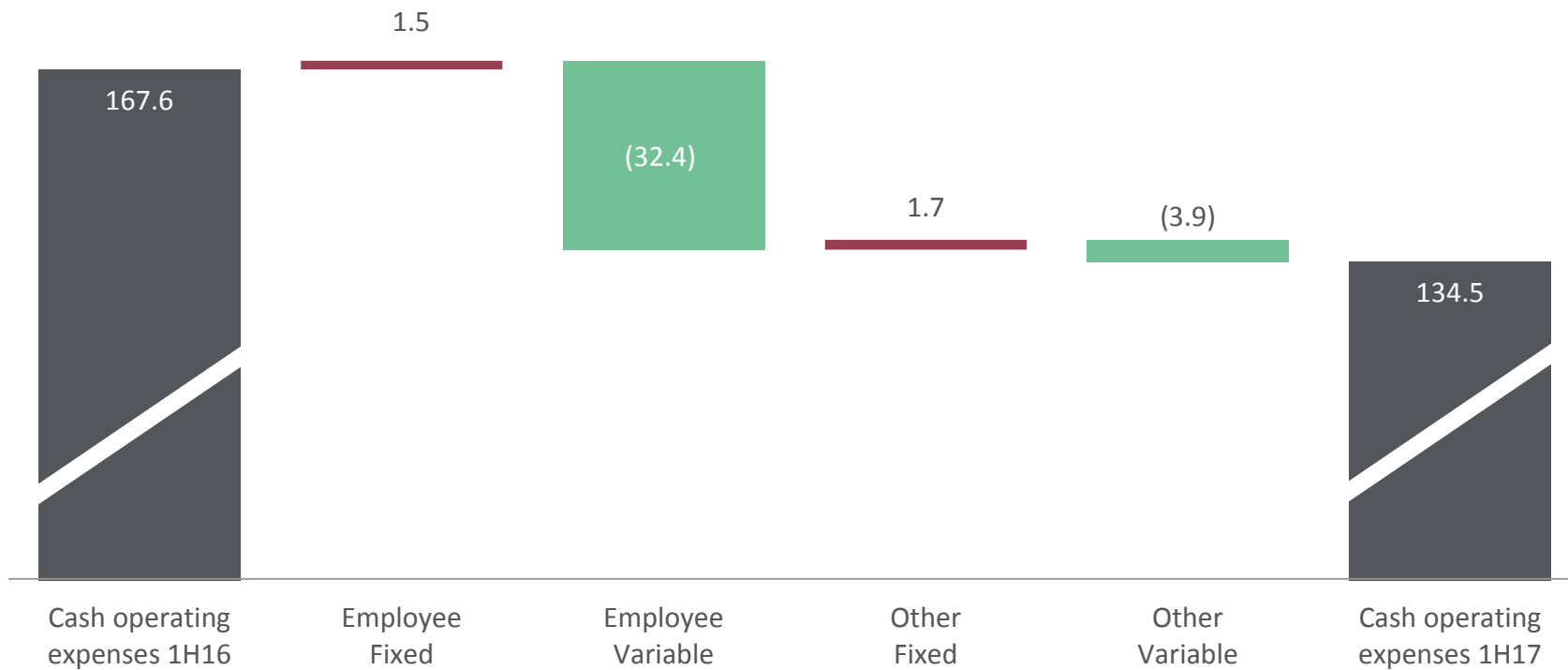
Fee revenue



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

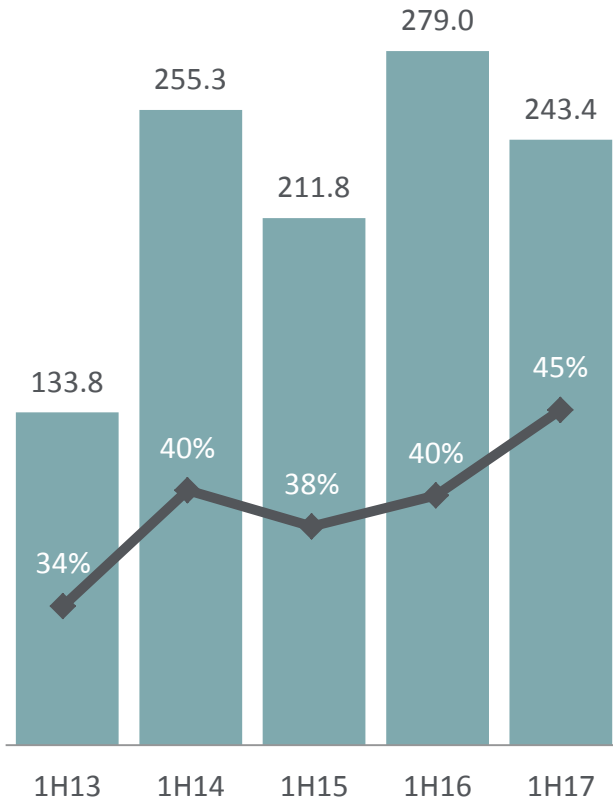
Operating expenses

(\$m)



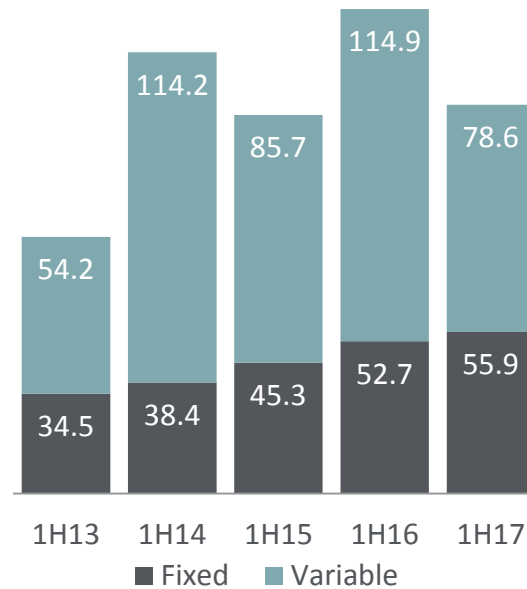
Fixed vs variable operating expenses

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

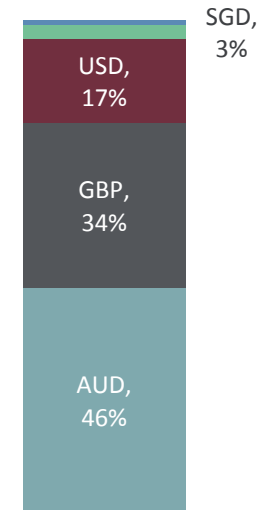


% Breakdown	1H13	1H14	1H15	1H16	1H17
Fixed expenses	39%	25%	35%	31%	42%
Variable expenses ¹	61%	75%	65%	69%	58%
Total	100%	100%	100%	100%	100%

Total operating expenses² (\$m)



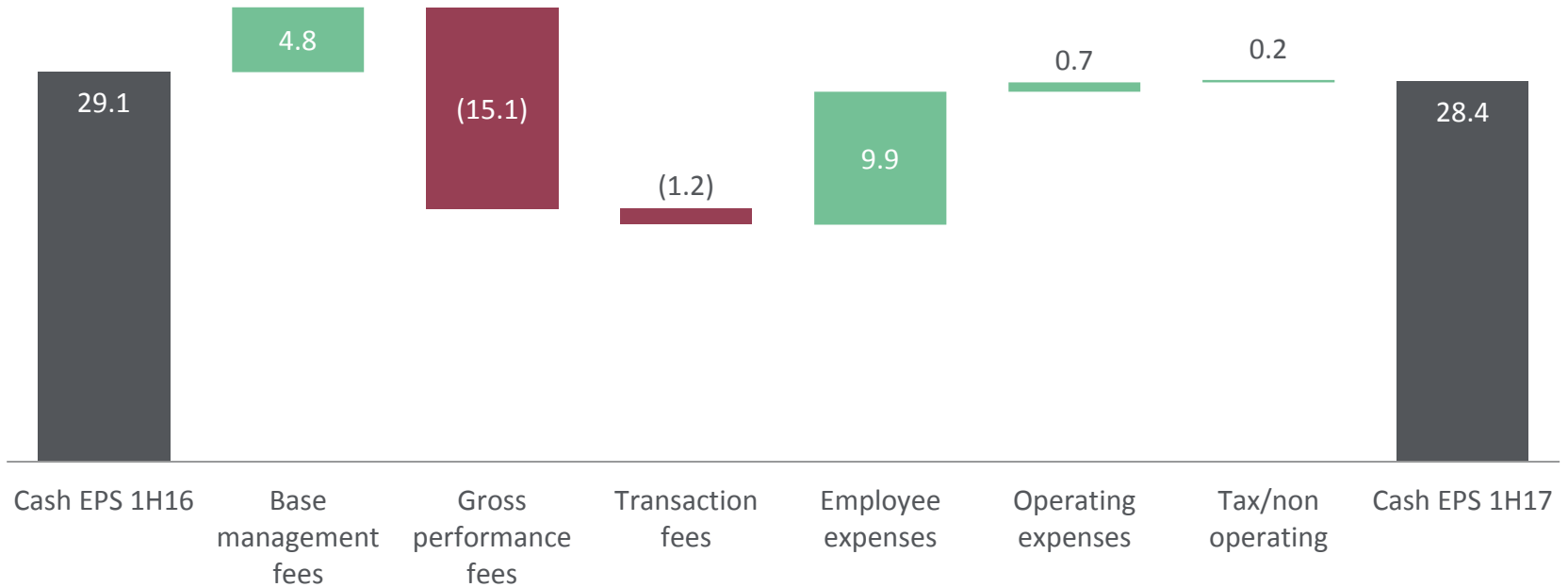
1H17 fixed expenses by currency



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

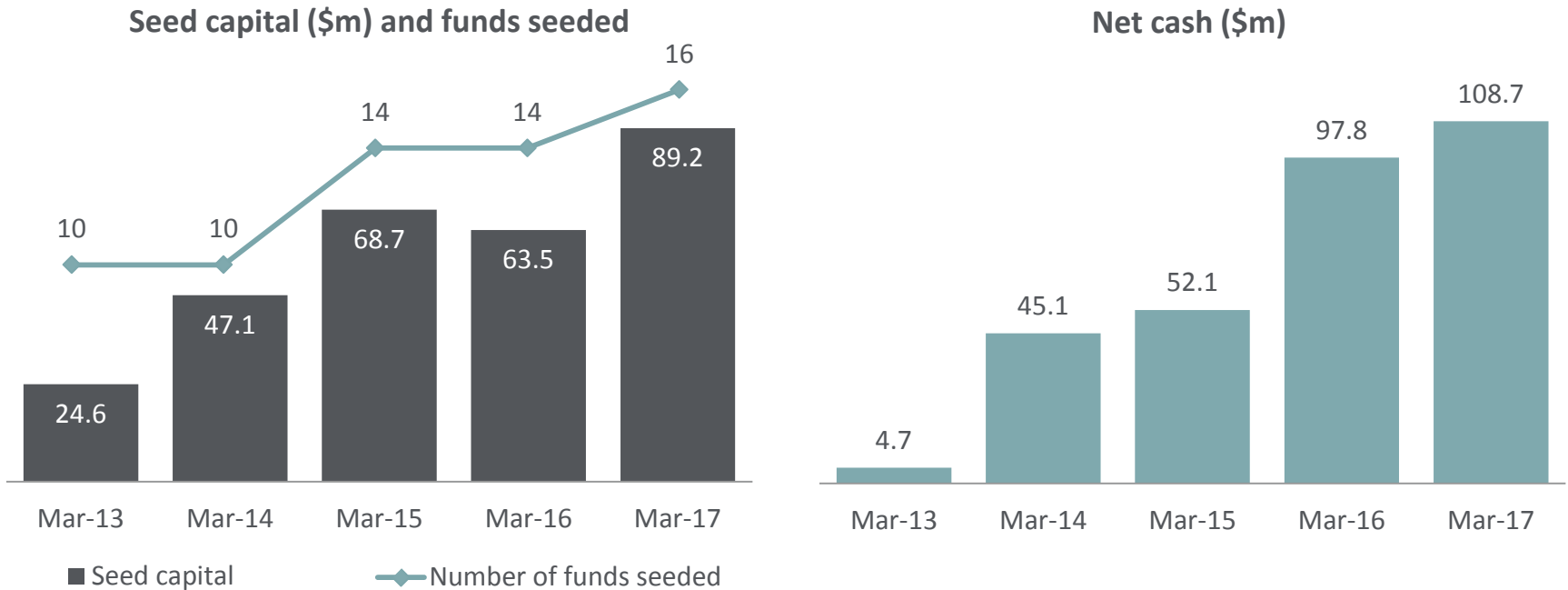
Cash EPS

(cps)



Balance sheet strength

Investing in the business for future growth



→ Strong balance sheet with no debt

→ Seed investments to increase providing for future growth

Note: Seed capital and net cash exclude escrowed fund manager deferred remuneration held in trust

Continued dividend growth

5 years of successive growth of interim dividend



- Interim dividend 19 cents per share, up 6%
- Interim dividend to be 30% franked
- Dividend represents a 1H17 payout ratio of 67%; full year payout ratio of 80-90% confirmed
- DRP remains active

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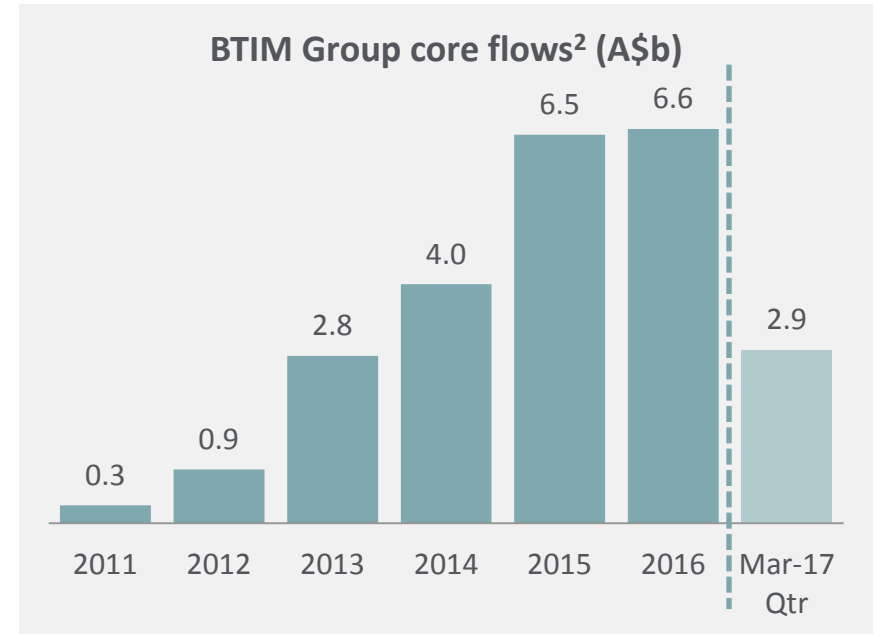
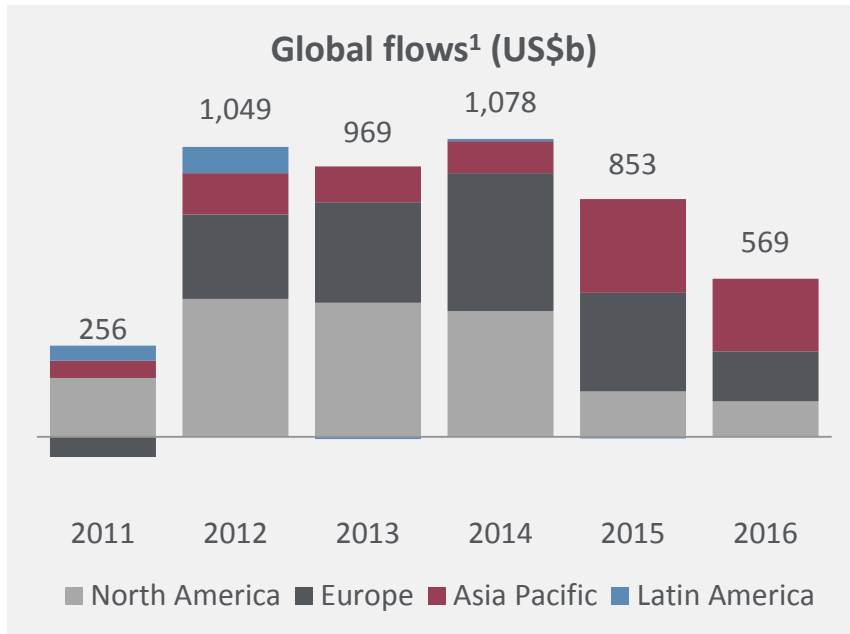
Strategy focus

Building out a Global Asset Management business

- Identify investment talent that brings complementary strategies and further diversifies the portfolio
- Disciplined capacity management for the preservation of investment performance
- Continued organic growth through extension strategies and product development
- Price discipline, channel management and product development focussed on revenue margins
- Leverage established distribution in the UK and Australia across growing product offering and continue expansion in the US and Europe
- Positioned to address key industry challenges
 - Active vs passive
 - Increasing industry regulation

Global industry and BTIM Group flows

Growing despite industry trend



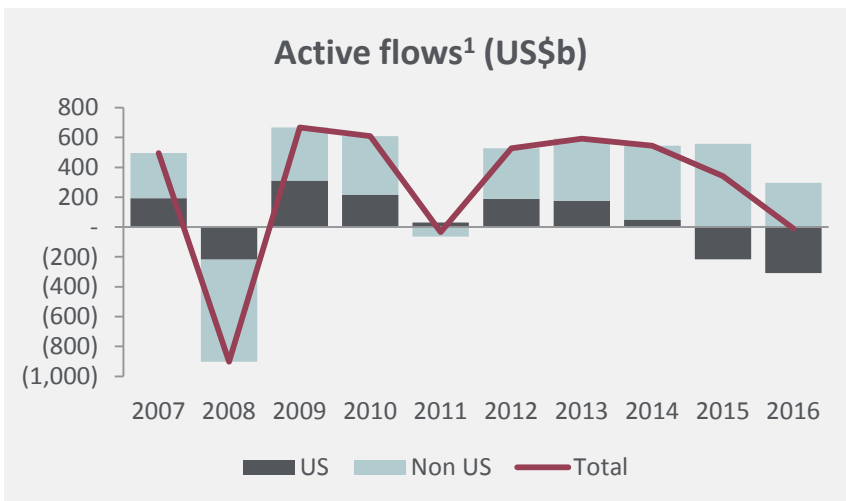
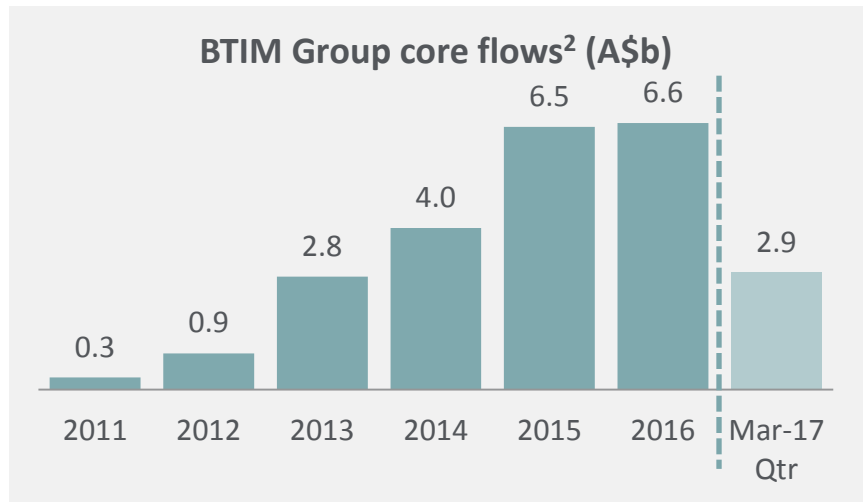
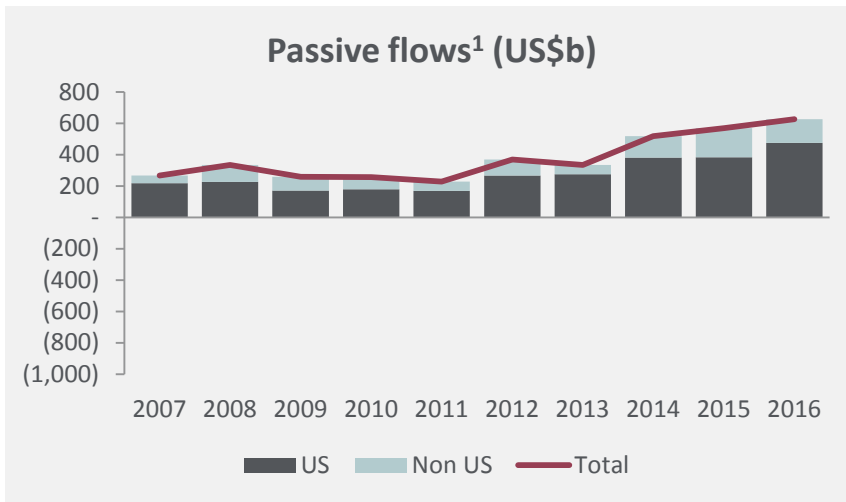
- Second year of lower investment flows globally
- Slowdown mainly in North America and Europe
- BTIM Group flows growing despite industry trend

1. Source: Strategic Insights; based on calendar years

2. BTIM Group core flows exclude Westpac Legacy flows; based on calendar years

Active vs passive

High pedigree vs low cost



Active management success factors

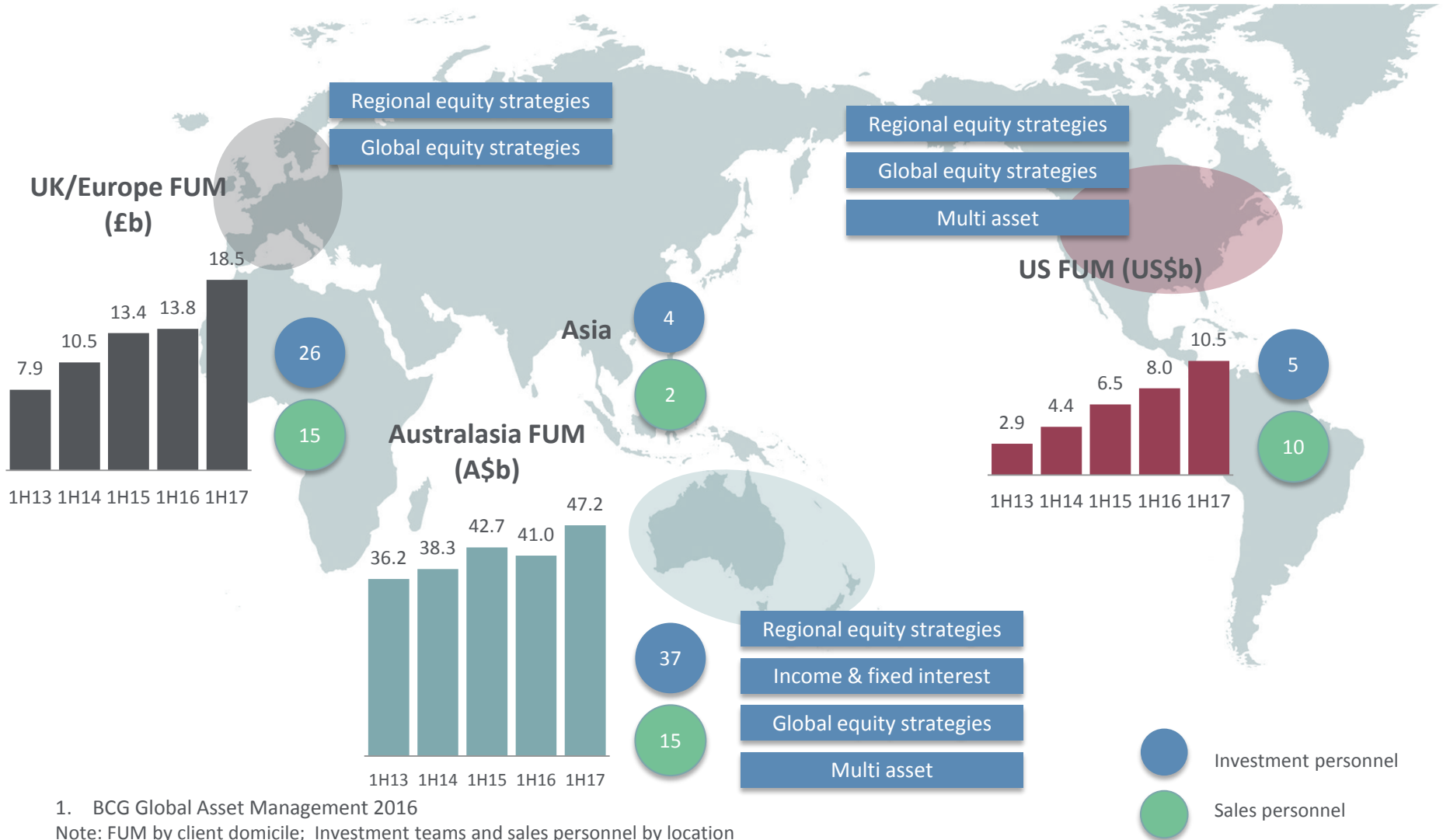
- Attract and retain superior investment talent
- Delivery of Q1/Q2 investment performance
- Investment strategies with high value active share
- Broad based distribution channel with attractive product offering

1. Source: Strategic Insights; based on calendar years

2. BTIM Group core flows exclude Westpac Legacy flows; based on calendar years

Benefiting from global scale and diversification

Established in markets representing over 90% of investible assets¹



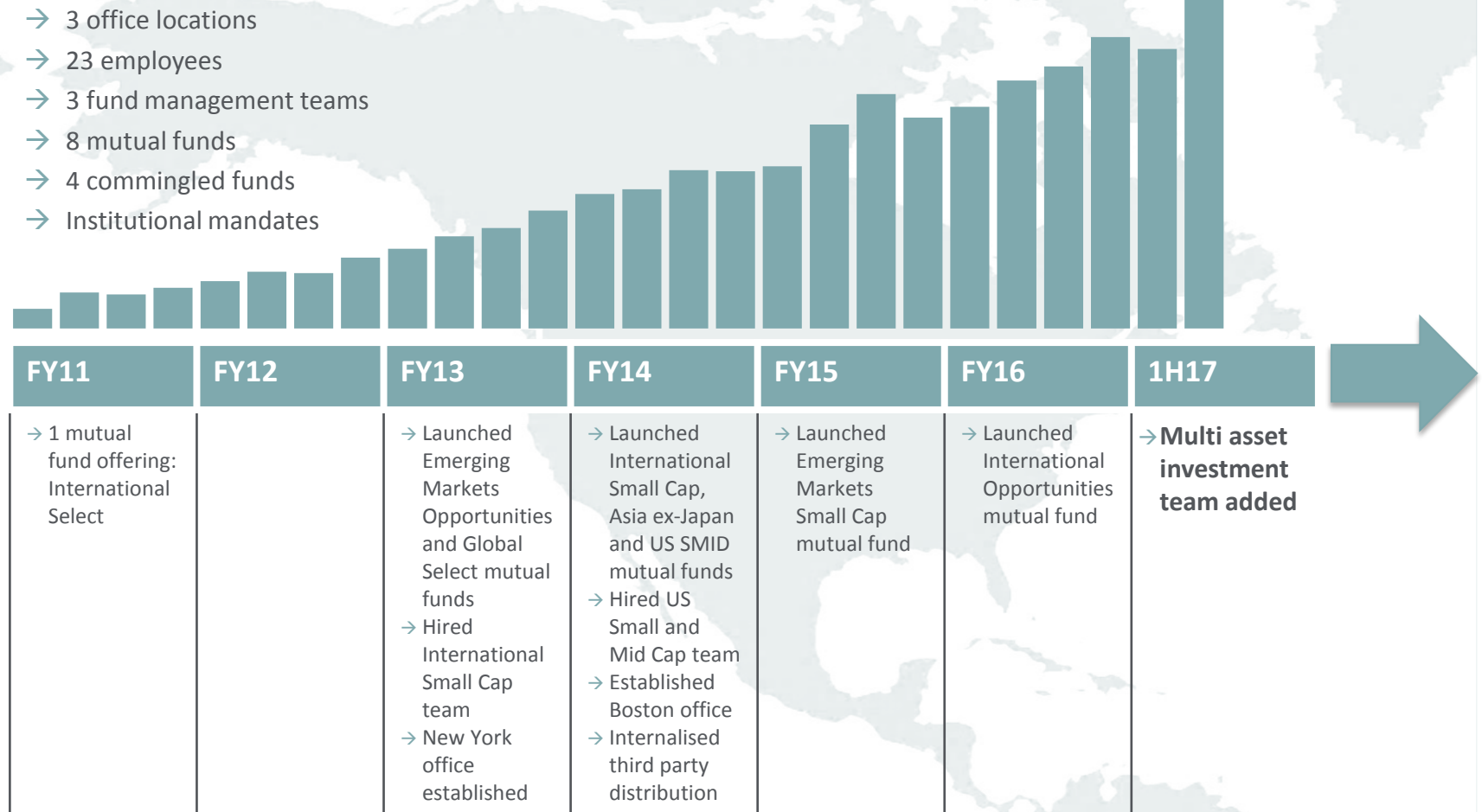
1. BCG Global Asset Management 2016

Note: FUM by client domicile; Investment teams and sales personnel by location

Expanding in new and existing markets

Building long-term US presence

US funds under management¹ (US\$b)

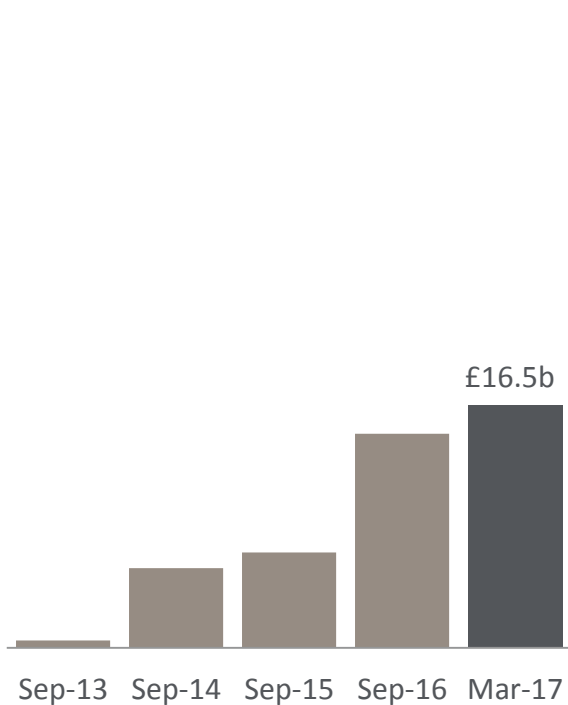


1. Includes US pooled funds and mandates from US clients

Expanding capacity and investment capability

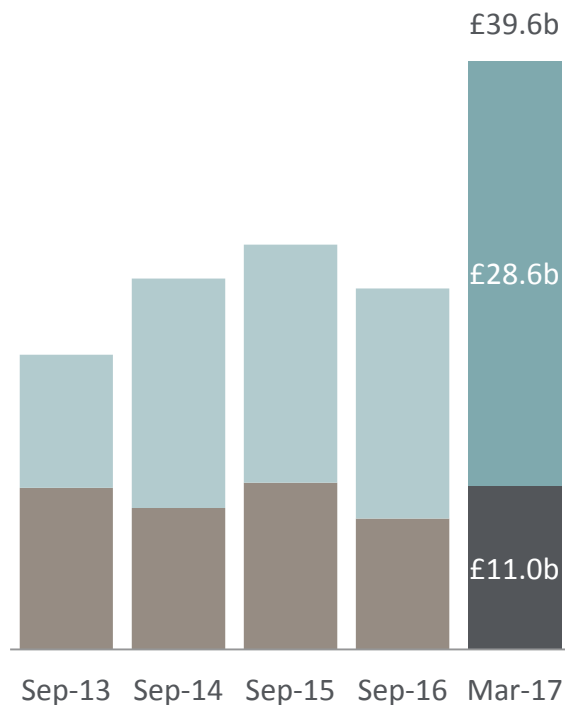
Managing fund capacity for performance and growth

Preserving performance



FUM in soft closed strategies

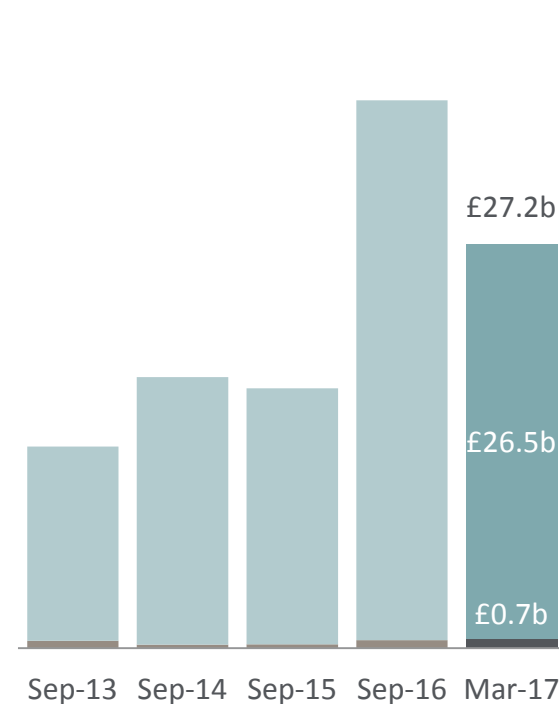
Current growth



Capacity of open strategies: >3yr track record

FUM in open strategies: >3yr track record

Future growth



Capacity of open strategies: <3yr track record

FUM in open strategies: <3yr track record

Note: Excludes Australian equities, fixed interest and US multi asset strategy
 JOHCM funds includes FUM managed on behalf of BTIM

Industry regulation

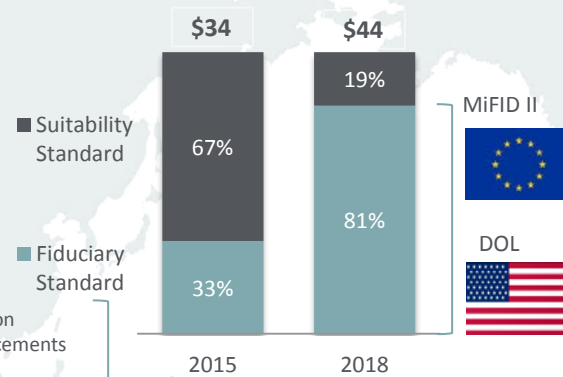
Increasing regulation and fiduciary standards

UK/EUROPE

- MiFID II
- FCA Market policy
- 4th AML Directive
- SMR

-  Ban on inducements
-  Retail Distribution Review
-  Future of Financial Advice

Assets in Advice-Regulated Markets ¹ (AUM/US\$T)



USA

- DOL Repeal?
- Financial CHOICE Act
- Inv. Advisers Act 2016
- Mutual Fund Liquidity Risk Mgmt

AUSTRALIA

- MySuper
- RG97
- RG259

1. Source: Casey Quirk Analysis

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Summary

This half was a story of flows

- Attracted record net inflows of \$4.6b
- Stable earnings despite lower performance fees and stronger AUD
- Continued growth in base management fee revenue
- Added new investment capability in the US
- Existing investment strategies have capacity for growth
- Investing for growth through continued allocation to seed portfolio
- 5th consecutive year of growth in interim dividends

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Segment profit and loss

\$m	1H16	1H17				Change	Change %
		BTIM	JOHCM	Inter-segment	Group		
Avg FUM ¹ (\$b)	78.8	44.6	42.5	(0.8)	86.3	7.5	+10%
Base fee margin FUM	0.50%	0.33%	0.66%	-	0.49%	(0.01%)	-1%
Base management fees	195.7	73.1	139.0	(1.3)	210.8	15.1	+8%
Performance fees	74.9	-	28.0	-	28.0	(46.9)	-63%
Transaction fees	7.5	3.8	-	-	3.8	(3.7)	-49%
Other fee revenue	0.9	0.8	0.0	-	0.8	(0.1)	-6%
Total fee revenue	279.0	77.7	167.0	(1.3)	243.4	(35.6)	-13%
Employee expenses	(134.1)	(39.5)	(63.7)	-	(103.2)	30.9	-23%
Operating expenses	(33.5)	(13.8)	(18.8)	1.3	(31.3)	2.2	-7%
Total cash operating expenses	(167.6)	(53.3)	(82.5)	1.3	(134.5)	33.1	-20%
Operating profit	111.4	24.4	84.5	-	108.9	(2.5)	-2%
Non operating items	1.8	3.6	(0.8)	-	2.8	1.0	+53%
Tax	(24.6)	(8.3)	(15.0)	-	(23.3)	1.3	-5%
Cash NPAT	88.6	19.7	68.7	-	88.4	(0.2)	-0%
Operating profit margin	40%	31%	51%	-	45%	5%	+12%

Cash EPS calculation

Number of Shares

(m)	1H16	1H17
Weighted average ordinary shares on issue	300.4	311.0
Weighted average converting notes on issue	4.1	0.6
Weighted average fully diluted ordinary shares on issue	304.5	311.6

Cash EPS Calculation

	1H16	1H17
Cash Net Profit After Tax (\$m)	88.6	88.4
Weighted average fully diluted ordinary shares on issue (m)	304.5	311.6
EPS based on Cash NPAT (cps)	29.1	28.4

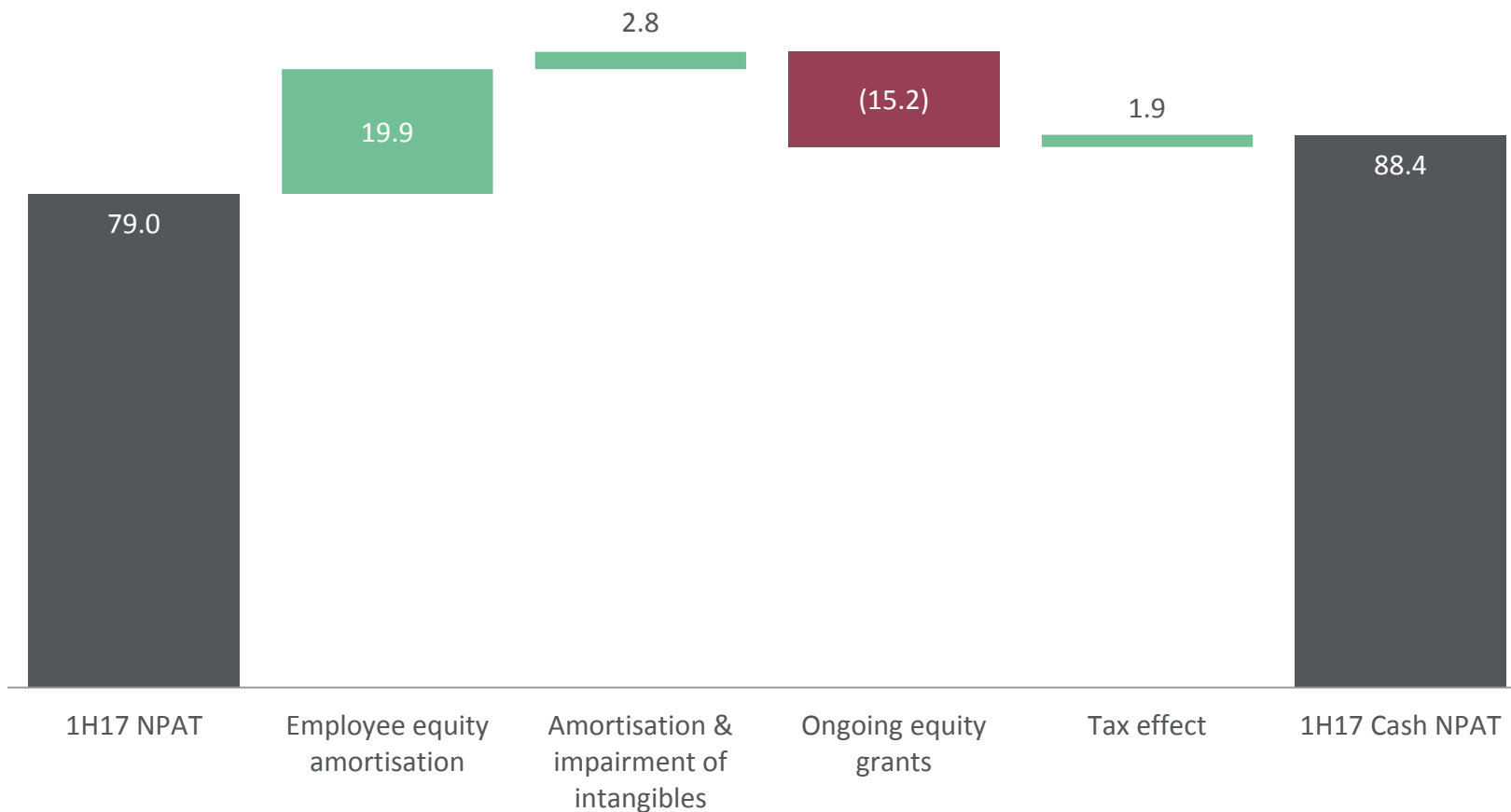
Performance fees

Fund	FUM \$m 31 Mar 2017	Performance fee period to	Benchmark	Participation rate %
BTIM				
BT Wholesale Microcap Opportunities Fund ¹	323	30 June	S&P/ASX Small Ord Accum Index	20%
BT Wholesale Mid Cap Fund	306	30 June	BT Midcap Customised Index	20%
BT Wholesale Focus Australian Share Fund ¹	285	30 June	S&P/ASX 300 Accum Index	15%
BT Wholesale Australian Long Short Fund ¹	280	30 June	S&P/ASX 200 Accum Index	15%
Mandates	1,911	Various	Various	
JOHCM²				
UK Equity Income Fund	5,090	31 December	FTSE All-Share TR Index	15%
European Select Values Fund ¹	4,403	31 December	MSCI Europe NR Index (net dividends reinvested)	15%
Global Select Fund	3,925	31 December	MSCI ACWI NR Index (net dividends reinvested)	15%
Continental European Fund	2,949	31 December	MSCI Europe ex UK NR Index (net dividends reinvested)	15%
UK Opportunities Fund	2,833	31 December	FTSE All-Share TR Index	15%
UK Dynamic Fund ¹	857	31 December	FTSE All-Share TR Index	15%
Asia Ex Japan Fund	836	31 December	MSCI AC Asia ex Japan NR Index (net dividends reinvested)	15%
Japan Fund	653	31 December	TOPIX TR Index	15%
Global Opportunities Fund	552	31 December	MSCI ACWI NR Index (net dividends reinvested)	15%
UK Growth Fund	492	31 December	FTSE All-Share TR Index	15%
Global Emerging Markets Opportunities Fund	350	31 December	MSCI Emerging Markets NR Index (net dividends reinvested)	15%
European Concentrated Values Fund ¹	304	31 December	MSCI Europe Adj (EUR)	15%
Japan Dividend Growth Fund	172	31 December	TOPIX 100 TR Index	15%
Asia Ex Japan Small & Mid Cap Fund	88	31 December	MSCI AC Asia ex Japan Small Cap NR Index (net dividends reinvested)	15%
Global Emerging Markets Fund	42	31 December	MSCI Emerging Markets NR Index (net dividends reinvested)	15%
US SMID & MID Cap Fund ¹	21	31 December	Russell 2500 NR \$ adj	15%
Mandates	944	31 December	Various	
Total funds/mandates with performance fees		27,618		
Current status of BTIM performance fees with performance period ending 30 June 2017		5.3		

1. Funds above their high water mark as at 31 March 2017
2. JOHCM includes OEIC FUM converted at 31 March 2017 spot rate of 0.6126

Adjustments from statutory to cash NPAT

(\$m)



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