

# 2015 Full Year Results

ending 30 September 2015

**Emilio Gonzalez, CFA**  
Chief Executive Officer

**Cameron Williamson**  
Chief Financial Officer

29 October 2015

**1 2015 Highlights**

**2 FUM Flows**

**3 Financials**

**4 Strategy Update**

**5 Summary and Outlook**

**6 Questions**

**7 Appendices**

# 2015 Highlights

---

- Record profit result
- Record net inflows of **\$5.7bn**
- **18% increase** in FUM
- **28% increase** in base management fees
- **7% increase** in base management fee margin
- Renewal of Master Relationship Agreement<sup>1</sup> with Westpac Group
- Record dividends for the year

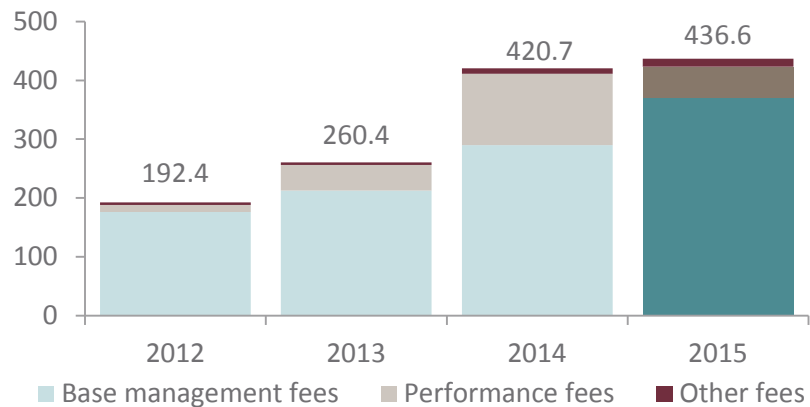
1. Terms of the MRA were announced to the ASX on 16 October 2015

# Financial Highlights

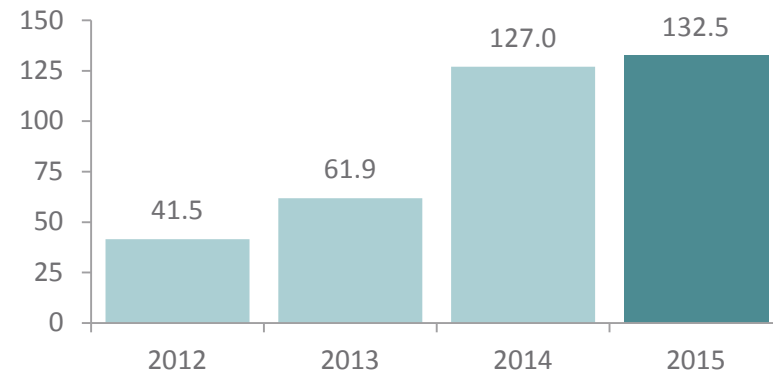
	FY15	FY14	% Change
→ Fee Revenue	\$436.6m	\$420.7m	+4%
- Base Management Fees	\$371.1m	\$289.7m	+28%
- Base Management Fee Margin	0.49%	0.46%	+7%
- Performance Fees	\$51.9m	\$121.8m	-57%
→ Operating Expenses	\$268.2m	\$258.5m	+4%
→ Cash NPAT	\$132.5m	\$127.0m	+4%
→ Statutory NPAT	\$126.4m	\$121.5m	+4%
→ Operating Profit Margin	39%	39%	-
→ Cash EPS	44.0cps	42.6cps	+3%
→ Total Dividends	37.0cps	35.0cps	+6%
→ Average FUM	\$75.2b	\$63.1b	+19%

# Growth and Momentum

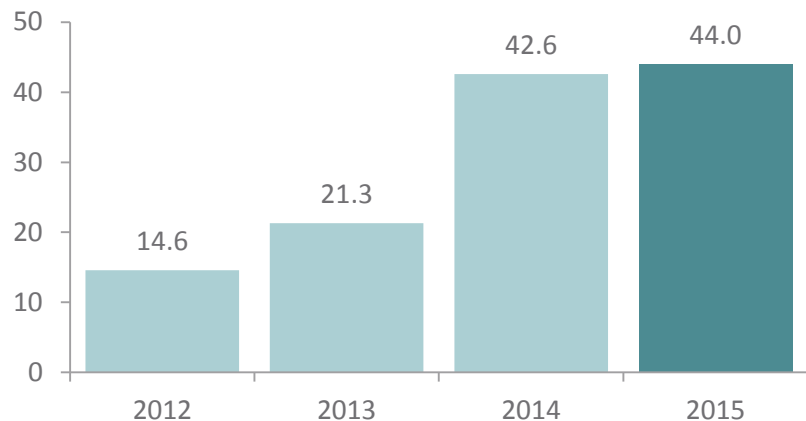
## REVENUE (A\$m)



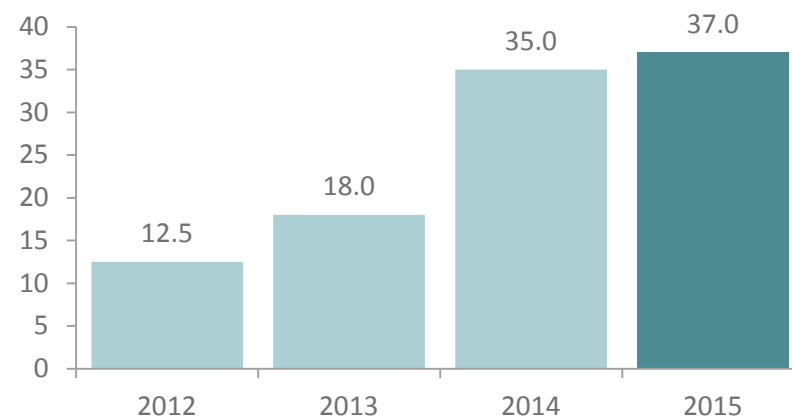
## CASH NET PROFIT AFTER TAX (NPAT) (A\$m)



## CASH EARNINGS PER SHARE (A\$cps)

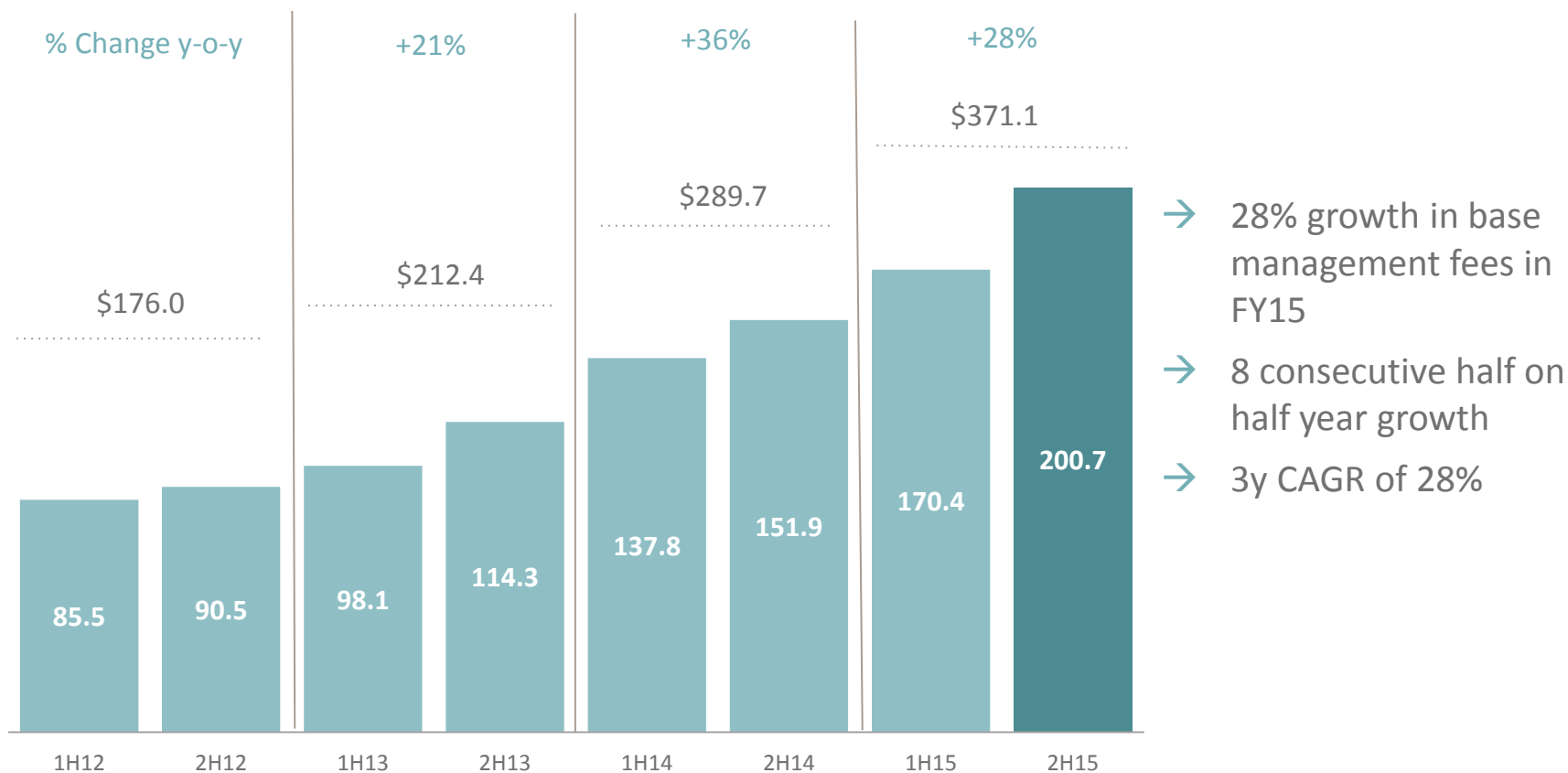


## DIVIDENDS PER SHARE (A\$cps)



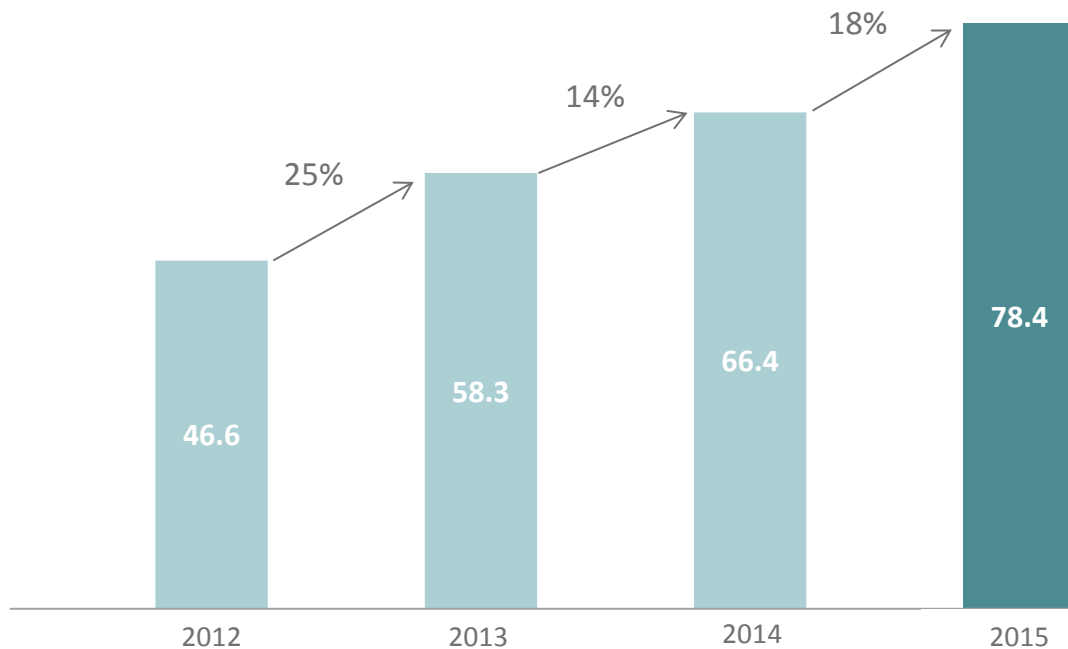
# Strong Growth in Base Management Fees

## Base Management Fees (\$m)



# Growth in Funds Under Management

Closing FUM (\$bn)



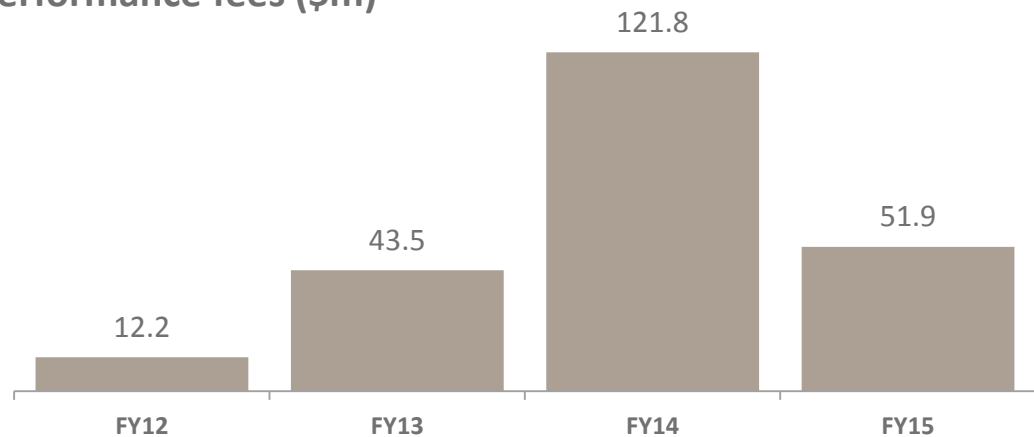
Growth in FUM of \$12bn  
a result of:

- Record net inflows
- Investment outperformance
- Lower A\$

# Performance Fees

→ Performance fees of \$85.1<sup>1</sup> million accrued in JOHCM funds/mandates as at 30 September 2015, and at risk until 31 December 2015

Performance fees (\$m)



% of FUM attracting performance fees	23%	28%	32%	35%
No. of strategies <sup>2</sup> attracting performance fees	25	24	26	28

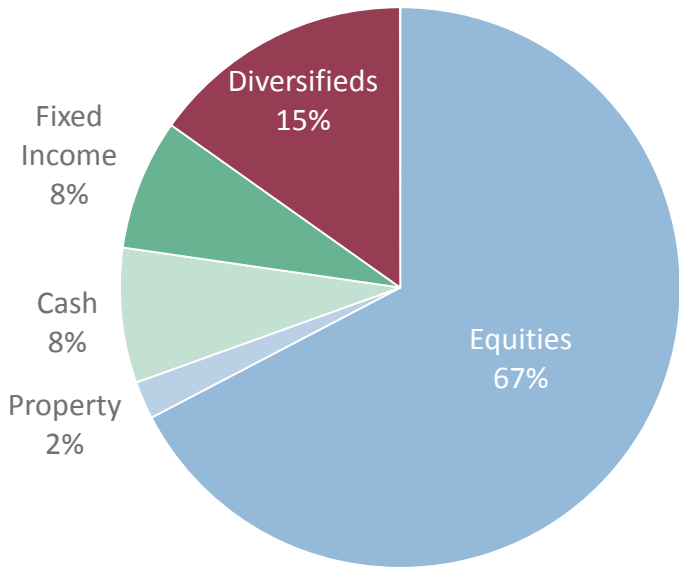
1. Represents £39.2 million

2. Strategies refers to funds and separate mandates

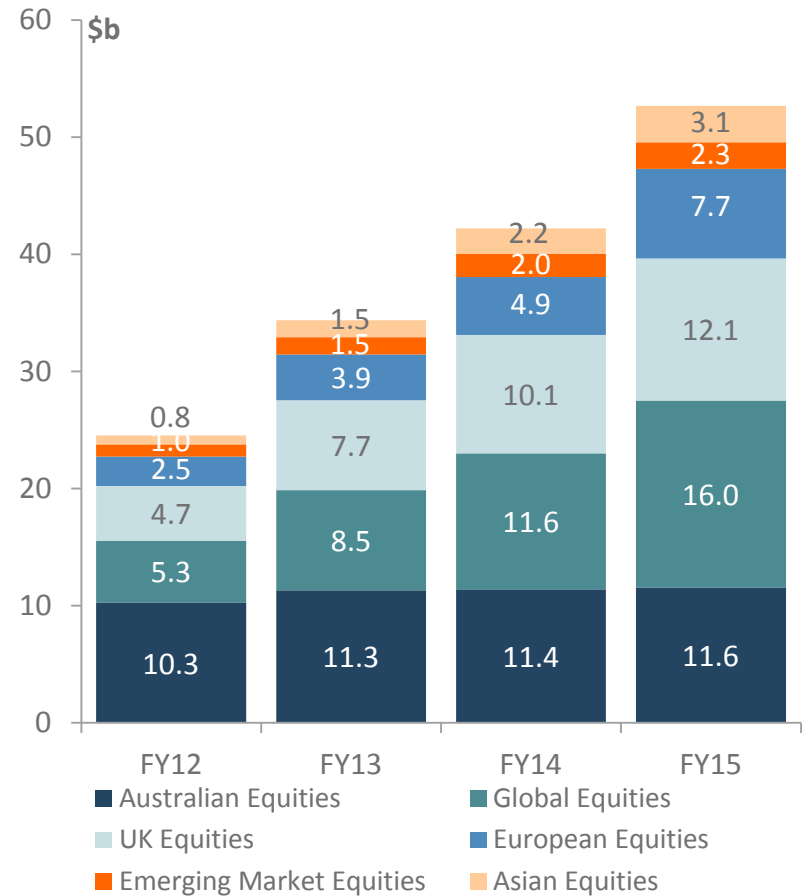


# FUM by Asset Class

Asset Class as % of total FUM  
(at 30 September 2015)



Diverse Equities Portfolio



# Investment Outperformance

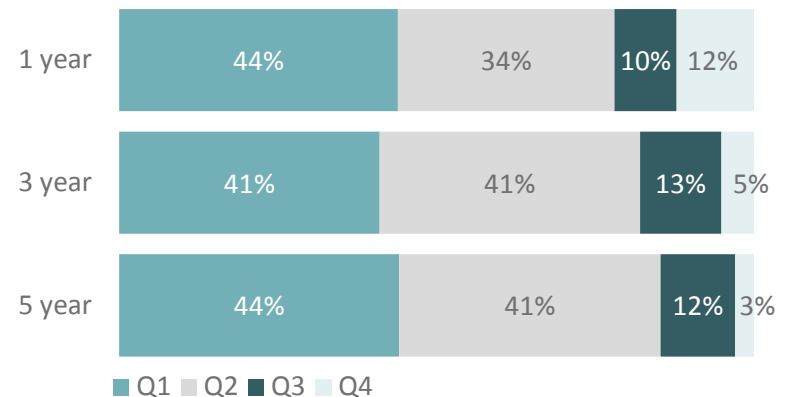
Asset Classes	FUM 30 Sept 2015 (\$bn) <sup>1</sup>	% FUM outperformed <sup>1</sup> 3 Year	% FUM outperformed <sup>1</sup> 5 Year
Equities			
Australian	11.6	100%	100%
Global	16.0	99%	100%
UK	12.1	100%	100%
European	7.7	100%	100%
Emerging Markets	2.3	100%	100%
Asian	3.1	47%	100%
Property	1.7	75%	100%
Cash	6.1	100%	100%
Fixed Income <sup>2</sup>	4.3	94%	96%
Diversified	11.9	100%	100%
Other <sup>2</sup>	1.6	N/A	N/A
<b>Total FUM</b>	<b>78.4</b>	<b>97%</b>	<b>99%</b>

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. \$1.2bn has been moved from Fixed Income to Other and a benchmark is not applied
3. Funds on offer under prospectus with Lipper/Mercer rankings

→ 97% of FUM has outperformed<sup>1</sup> over 3 years and 99% over 5 years

→ 82% of funds in 1<sup>st</sup> and 2<sup>nd</sup> quartile over 3 years and 85% over 5 years

## % of funds<sup>3</sup> across quartile rankings



Source: Lipper and Mercer fund rankings as at 30 September 2015

# Investment Performance

## Relative to Benchmark

	1 Year (pa)	3 Years (pa)	5 Years (pa)
BT Wholesale Core Australian Share Fund	+4.68%	+3.34%	+2.13%
BT Wholesale Focus Australian Share Fund	+6.84%	+4.90%	+2.48%
BT Wholesale Imputation Fund	+2.16%	+0.79%	+0.98%
BT Wholesale Australian Long Short Fund	+3.49%	+2.53%	+2.64%
BT Wholesale Mid Cap Fund	+6.16%	+6.63%	+6.61%
BT Wholesale Smaller Companies Fund	+13.32%	+13.98%	+13.22%
BT Wholesale MicroCap Opportunities Fund	+27.54%	+28.41%	+25.50%
BT Wholesale Property Securities Fund	-0.31%	+0.07%	+0.68%
BT Wholesale Core Global Share Fund	+2.39%	+2.01%	+1.85%
BT Wholesale Active Balanced Fund	+3.96%	+2.59%	+1.50%
BT Wholesale Fixed Interest Fund	+1.72%	+0.70%	+0.65%
BT Wholesale Monthly Income Plus Fund	+4.12%	+3.86%	+3.07%

	1 Year (pa)	3 Years (pa)	5 Years (pa)
JOHCM UK Equity Income Fund	+2.78%	+5.59%	+5.91%
JOHCM UK Opportunities Fund	+7.96%	+3.50%	+3.98%
JOHCM UK Growth Fund	-0.74%	+8.66%	+5.18%
JOHCM UK Dynamic Fund	+1.65%	+6.67%	+5.88%
JOHCM Continental European Fund	+7.17%	+5.88%	+5.15%
JOHCM European Select Values Fund	+6.56%	+5.35%	+6.19%
JOHCM Global Select Fund	-3.72%	+4.77%	+3.73%
JOHCM International Select Fund	+4.10%	+7.54%	+6.24%
JOHCM Global Opportunities Fund	+12.13%	+5.37%	N/A
JOHCM Emerging Markets Fund	+3.25%	+4.14%	+2.67%
JOHCM Global Emerging Markets Opportunities Fund	+8.58%	+4.43%	N/A
JOHCM Japan Fund	-3.29%	-0.37%	+1.96%
JOHCM Asia ex Japan Fund	+10.57%	+7.32%	N/A
JOHCM Asia ex Japan Small & Mid Cap Fund	+24.53%	+12.25%	N/A

Note: Fund performance is pre-fee, pre-tax and relative to the fund benchmark.

**1** 2015 Highlights

**2** FUM Flows

**3** Financials

**4** Strategy Update

**5** Summary and Outlook

**6** Questions

**7** Appendices

# FUM up \$12.0b to \$78.4b

\$bn	30-Sep-14	Net		FX	30-Sep-15	Breakdown of Net Flows		Fee Margin	
	Closing FUM	Flows	Other <sup>1</sup>	Impact	Closing FUM	BTIM	JOHCM	BTIM	JOHCM
Institutional	23.9	0.5	0.3	1.5	26.2	(0.2)	0.7	0.24%	0.58%
Wholesale <sup>2</sup>	24.3	5.9	(0.4)	4.1	33.9	0.4	5.5	0.79%	0.70%
Westpac – Other <sup>3</sup>	9.3	0.1	0.5	-	9.9	0.1	-	0.31%	-
<b>BTIM Group Core Funds</b>	<b>57.5</b>	<b>6.5</b>	<b>0.4</b>	<b>5.6</b>	<b>70.0</b>	<b>0.3</b>	<b>6.2</b>		
Westpac - Legacy	8.9	(0.8)	0.3	-	8.4	(0.8)	-	0.33%	-
<b>Total BTIM</b>	<b>66.4</b>	<b>5.7</b>	<b>0.7</b>	<b>5.6</b>	<b>78.4</b>	<b>(0.5)</b>	<b>6.2</b>		

- Record net inflows of \$5.7b
- Strong inflows into JOHCM equity funds, in particular OEICS and US pooled funds
- Lower A\$ contributed strongly to FUM growth
  - AUD down 14% vs GBP from 30 September 2014 level

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

2. Wholesale FUM as at 30 September 2015 includes \$0.3b in FUM that attracts transaction fees which have been excluded from the BTIM wholesale fee margin

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

# FUM and Flows by Asset Class

\$bn	30-Sep-14	Net Flows			30-Sep-15
	Closing FUM	Core	Legacy	Other <sup>1</sup>	Closing FUM
Equities					
Australian	11.4	0.3	(0.2)	0.1	11.6
Global	11.6	3.2	(0.1)	1.3	16.0
UK	10.1	0.3	-	1.7	12.1
European	4.9	1.5	0.0	1.3	7.7
Emerging Markets	2.0	0.2	-	0.1	2.3
Asian	2.2	0.5	(0.1)	0.5	3.1
Property	1.4	0.0	0.0	0.3	1.7
Cash	6.5	(0.6)	0.0	0.2	6.1
Fixed Income	4.4	0.8	0.0	0.3	5.5
Diversified	11.8	0.0	(0.4)	0.5	11.9
Other	0.1	0.3	0.0	0.0	0.4
<b>Total FUM</b>	<b>66.4</b>	<b>6.5</b>	<b>(0.8)</b>	<b>6.3</b>	<b>78.4</b>

→ Net inflows of \$6.5b into core funds

→ Net inflows (excl legacy) into Global equities +\$3.2b, European equities +\$1.5b and Fixed Income +\$0.8b

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

**1** 2015 Highlights

**2** FUM Flows

**3** Financials

**4** Strategy Update

**5** Summary and Outlook

**6** Questions

**7** Appendices

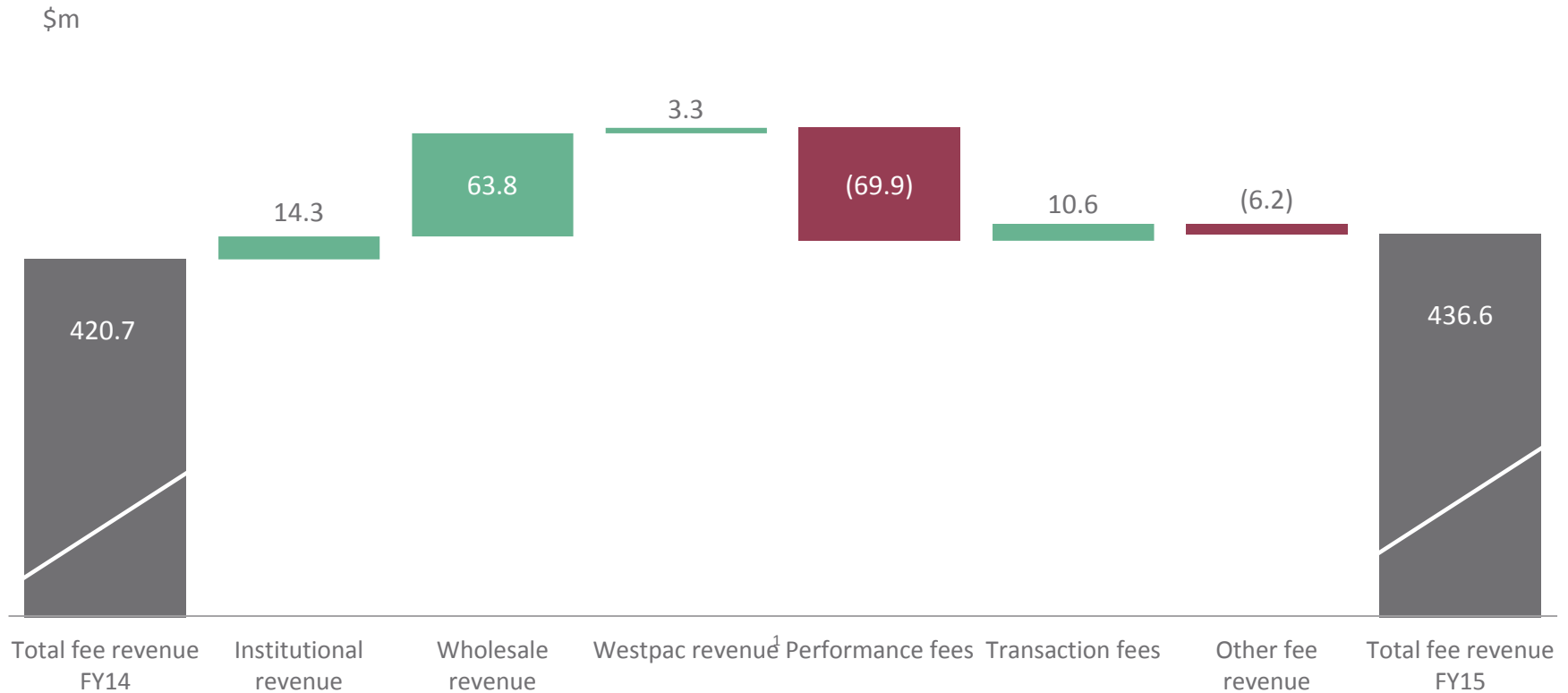
# Financial Highlights

## Strength and momentum delivering growth in base management fees

\$m	FY14	FY15	Change %	
Avg FUM (\$b)	63.1	75.2	19%	→ Average FUM +19% driven by record net inflows, higher average market levels, lower \$A
Base fee margin	0.46%	0.49%	7%	
Base management fees	289.7	371.1	28%	→ Base management fees +28% resulting from higher average FUM and expanding fee margins
Performance fees	121.8	51.9	(57%)	→ Performance fees lower than record FY14 levels
Transaction fees	0.7	11.3	1521%	→ Transaction fees of \$11.3m from new non-annuity type products
Other fee revenue	8.5	2.3	(73%)	
<b>Total fee revenue</b>	<b>420.7</b>	<b>436.6</b>	<b>4%</b>	
Employee expenses	(203.1)	(203.0)	(0%)	
Operating expenses	(55.4)	(65.2)	18%	→ Operating expenses higher driven by FUM growth, marketing /distribution, and IT related spend
<b>Total cash operating expenses</b>	<b>(258.5)</b>	<b>(268.2)</b>	<b>4%</b>	
Operating profit	162.2	168.4	4%	
Net investment income	7.0	1.6	(78%)	
Financing charges	(1.6)	(1.3)	(20%)	
Tax	(40.6)	(36.2)	(11%)	
<b>Cash NPAT</b>	<b>127.0</b>	<b>132.5</b>	<b>4%</b>	→ Cash NPAT +4%, Cash EPS +3%
Operating profit margin	39%	39%	0%	
<b>Cash EPS</b>	<b>42.6</b>	<b>44.0</b>	<b>3%</b>	



# Fee Revenue



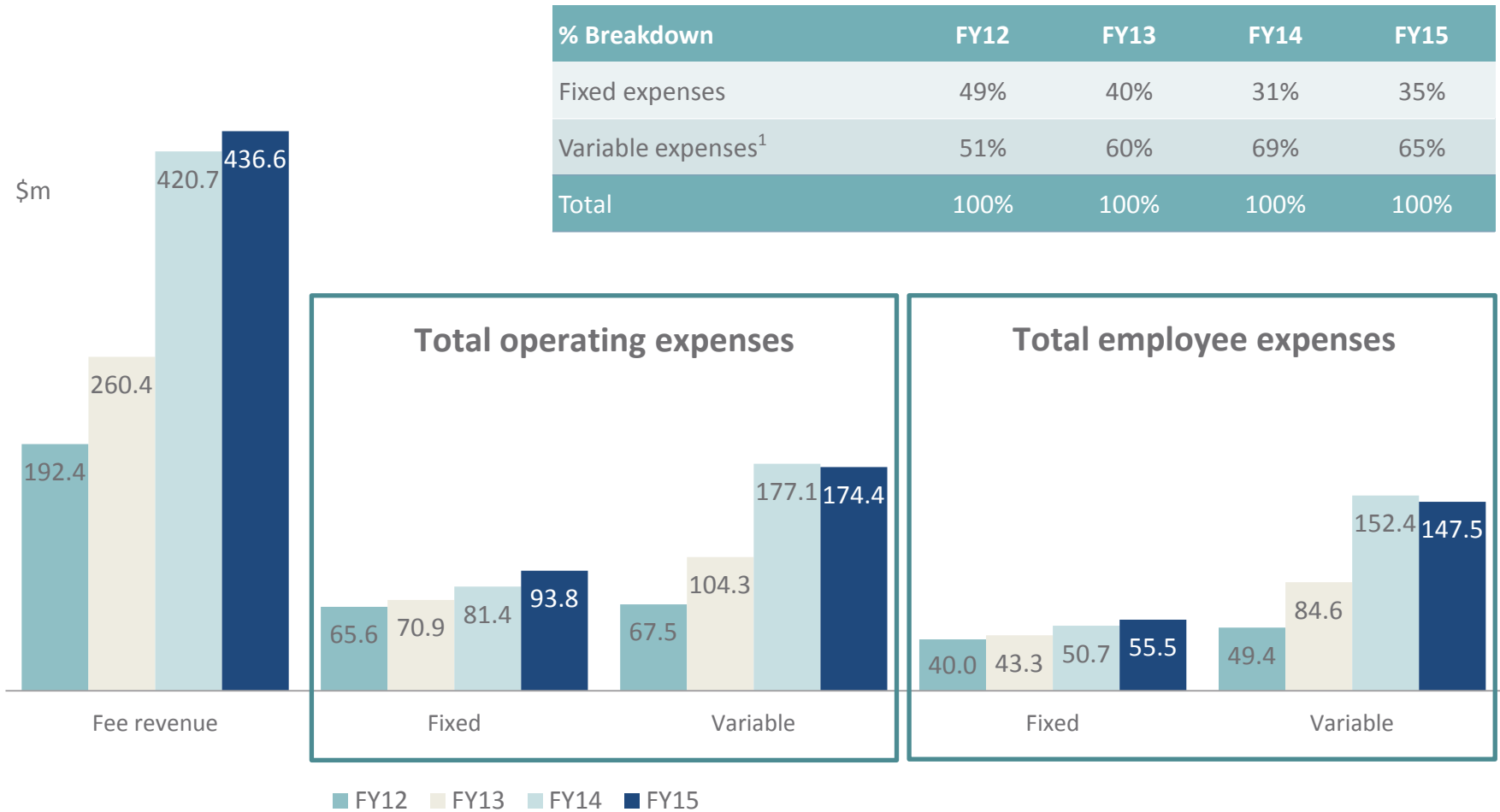
1. Westpac revenue: represents institutional IMA managing retail and corporate superannuation and managed accounts

# Operating Expenses

\$m

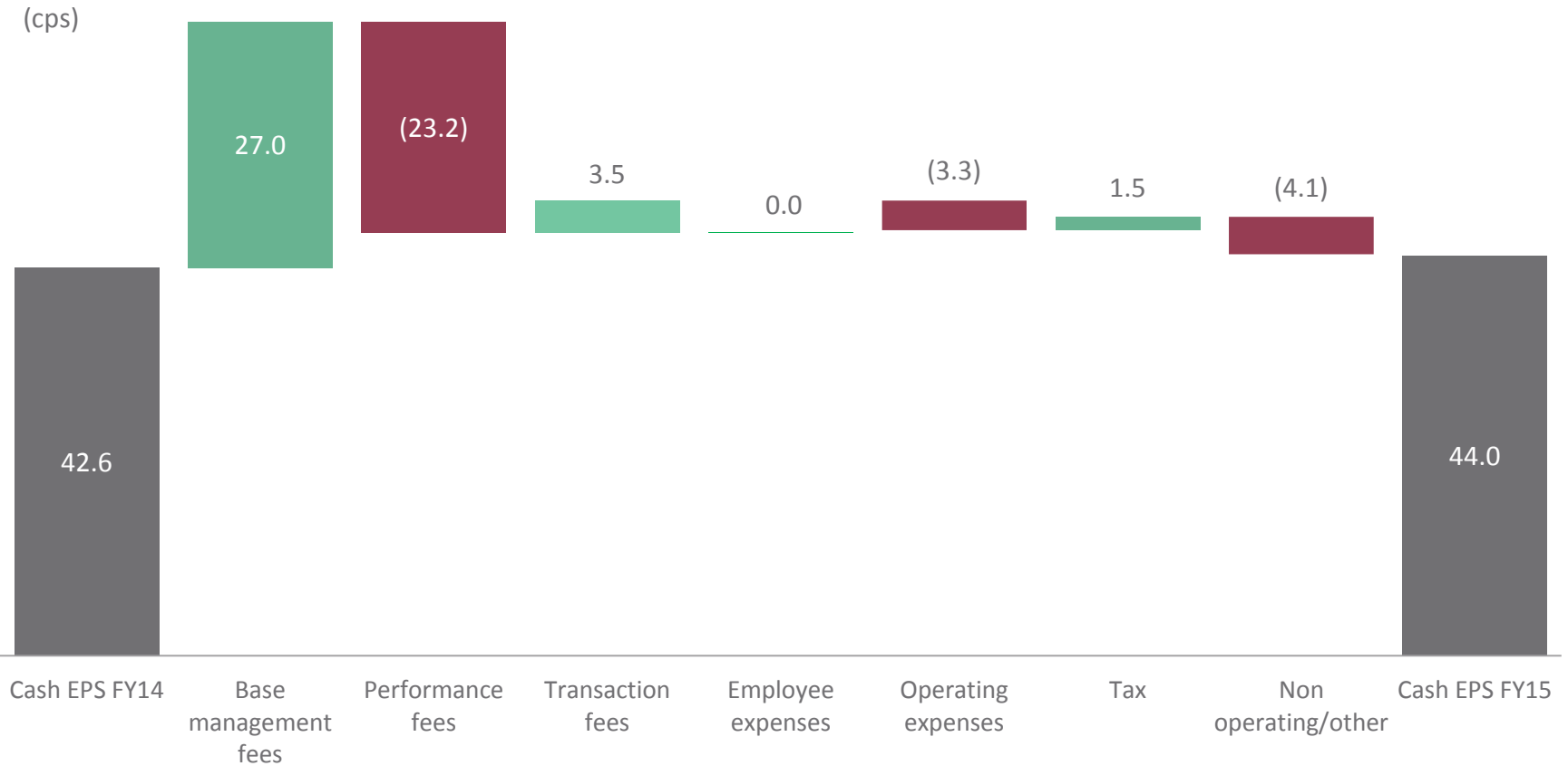


# Fixed v Variable Operating Expenses



1. Variable expenses include fund expenses that are linked to FUM & employee expenses that are linked to profit

# Cash EPS



# Balance Sheet Strength

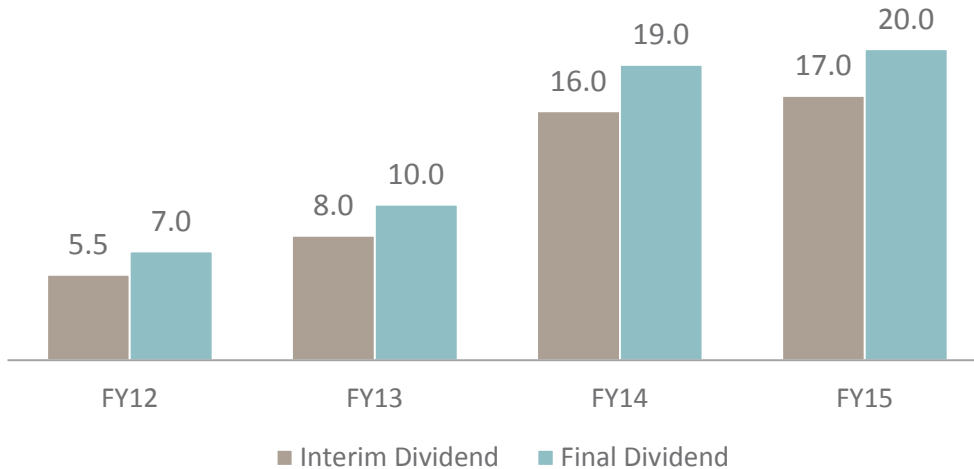
\$m	Sep 2014	Sep 2015	Mvmt
Cash and cash equivalents	130.2	166.8	36.6
Bank debt and loan notes	(36.1)	(18.0)	18.1
<b>Net cash</b>	<b>94.1</b>	<b>148.8</b>	<b>54.7</b>
<b>Undrawn debt facilities</b>	<b>59.4</b>	<b>86.7</b>	<b>27.3</b>
Total equity	643.1	761.9	118.8
Less: Intangibles and equity settled converting notes	(559.1)	(622.5)	(63.4)
<b>Net Tangible Assets</b>	<b>84.0</b>	<b>139.4</b>	<b>55.4</b>
<b>Gearing Ratios</b>			
Debt / equity	6%	2%	(4%)
Debt / Operating Profit	22%	11%	(11%)
Interest coverage	103x	133x	30x

- Strong balance sheet with healthy cash position
- Net cash improving as debt reducing
- Debt facility available for seeding and operational purposes
- Net Tangible Assets +\$139.4m, up \$55m from pcp and growing with increased earnings
- Comfortable gearing ratios provide platform for growth

# Growth in Dividends

## Final dividend of 20.0 cents per share, up 5% on pcp

(cps)



- Final dividend declared of 20.0 cps
- Total dividends for the year were 37.0 cps, +6% versus pcp
- Final dividend to be 40% franked
- Dividend represents a payout ratio of 84% and within payout range of 80-90%
- DRP to continue

**1** 2015 Highlights

**2** FUM Flows

**3** Financials

**4** Strategy Update

**5** Summary and Outlook

**6** Questions

**7** Appendices

# Strategy Focus

## Building-out a Global Asset Management Business

**Focus on  
increasing  
margins**

**Build on current  
distribution  
channels**

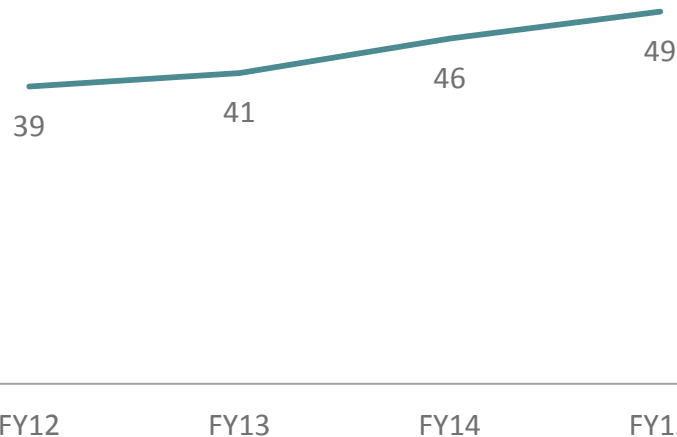
**Expand  
investment  
capabilities**

**Grow in new  
and existing  
markets**

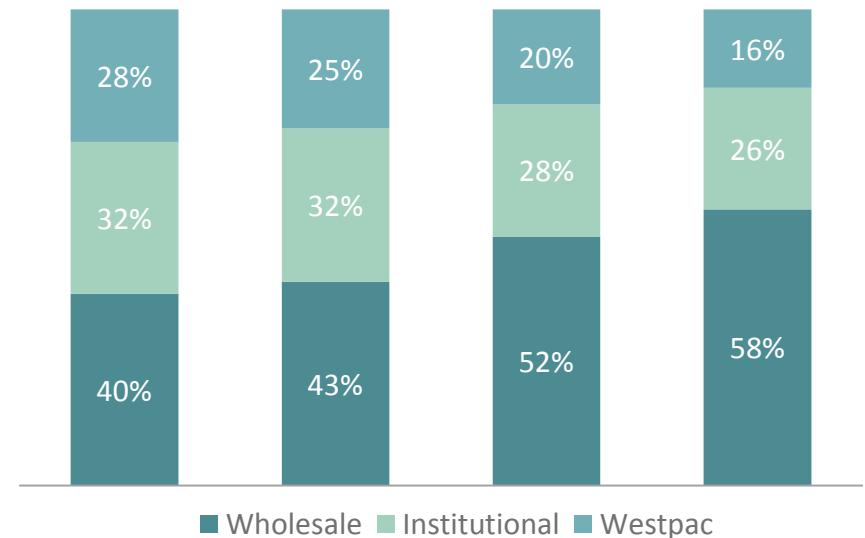


# Margins

Average Base Management Fee Margin (bps)



Base Management Fee by Channel (%)



- Average base management fee margin expanded from 46 bps to 49 bps in last 12 months
- Channel management with increasing percentage of flows through higher margin wholesale channel
- New products targeting higher margin contribution
- Higher proportion of total FUM in equities
- Pricing discipline particularly where capacity is constrained

# Global Distribution Supports Growth and Diversity of Client Base

## FUM by client domicile (A\$b)



- Added senior sales staff to Boston office to support fund flows
- Funds added to US platforms
- Launched new DST structures for US small-medium institutional market

- Hired new capabilities to support extension strategies

- MRA renewed with BTFG
- Added resources to private client channel

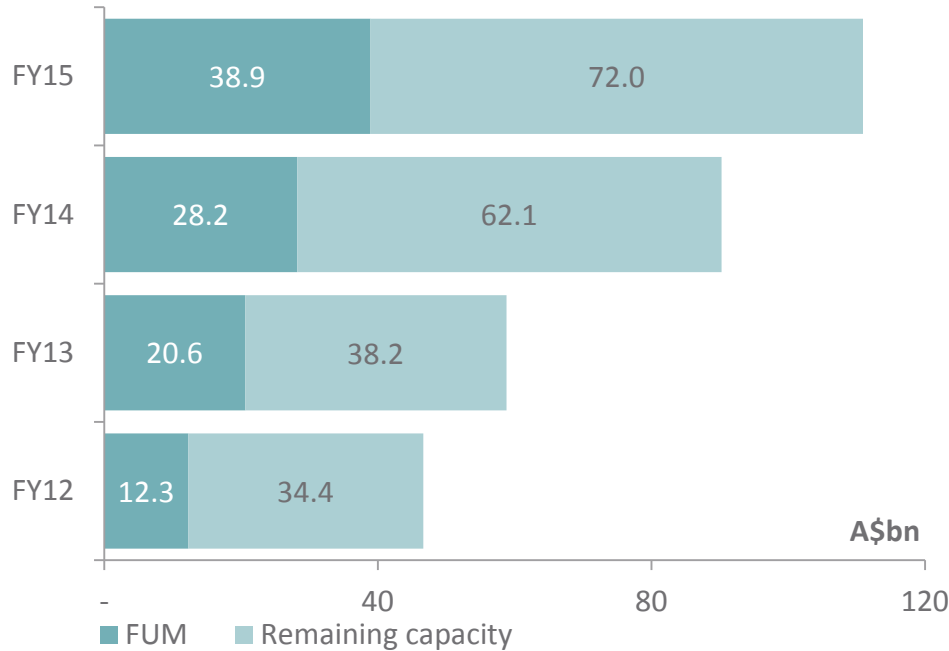
# Master Relationship Agreement

- BTIM currently manages approx \$17 billion in retail funds, pooled superannuation trusts and statutory funds on behalf of BT Financial Group
- The management of these funds is governed by a Master Relationship Agreement
- The MRA was renewed in October for an indefinite period, subject to termination rights
- Effective management fee is now 29 basis points, a change from 32 basis points previously
  - The change in fee represents approx \$5.1 million<sup>1</sup> in revenue, or ~1% of FY15 total revenue
- The agreement supports the continued strong relationship between the two businesses

1. Based on 30 September 2015 FUM balances

# Expansion of Investment Capabilities

## JOHCM Fund Capacity<sup>1</sup>



## New Strategies Launched

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

- ➔ Ongoing discussions with potential teams to add complimentary investment strategies to global platform
- ➔ BTIM Group seen as an attractive proposition for investment professionals

1. Includes FUM managed on behalf of BTIM

# Growth in New and Existing Markets

- Expanded global distribution platform and broadening of product offering has driven net inflows at \$5.7b
- New products have delivered \$4.9b of new monies in last 4 years
- Attracting strong early interest in new products launched in Australia
  - SIV
  - Institutional overlay

	Launch Date	FUM (\$m)
JOHCM Global Emerging Markets Opportunities	Jun 2011	599
BTIM Pure Alpha Fixed Interest	Jul 2011	1,451
JOHCM Asia All Cap	Sep 2011	1,092
JOHCM Asia Small/Mid Cap	Sep 2011	138
JOHCM Global Opportunities	Jun 2012	272
BTIM Equity Income Series	Oct 2012	479
JOHCM International Small Cap	Oct 2013	167
JOHCM Japan Dividend Growth	Mar 2014	214
JOHCM Global Sharia	Feb 2014	55
BTIM SIV Complying Funds	Jul 2014	324
JOHCM US Small/Mid Cap	Aug 2014	16
JOHCM GEM Small Cap	Oct 2014	97
<b>Total funds raised since 2011</b>		<b>4,898</b>

Note: FUM as at 30 September 2015

**1** 2015 Highlights

**2** FUM Flows

**3** Financials

**4** Strategy Update

**5** Summary and Outlook

**6** Questions

**7** Appendices

# Summary and Outlook

---

## A Global and Diversified Asset Management Business with growth momentum

- Strategy to build-out a global asset management business delivering results and increased earnings and dividends to shareholders
- Continued steady growth in base management fees despite volatile markets
- Broad product suite capturing investor demand across regions
- Flows from US clients delivering strong growth in FUM
- Business in strong starting position for FY16
  - Current FUM level higher than FY15 average level
  - Investment performance remains strong with a number of funds producing strong alpha
  - Good flow momentum but subject to market sentiment
  - Performance fees of \$85.1m accrued in JOHCM funds/mandates as at 30 September 2015 and at risk until 31 December 2015

**1** 2015 Highlights

**2** FUM Flows

**3** Financials

**4** Strategy Update

**5** Summary and Outlook

**6** Questions

**7** Appendices



**1** 2015 Highlights

**2** FUM Flows

**3** Financials

**4** Strategy Update

**5** Summary and Outlook

**6** Questions

**7** Appendices

# Segment P&L

\$m	FY15						
	FY14	BTIM	JOHCM	Inter-segment	Group	Mvmt	Change %
Avg FUM (\$b)	63.1	40.7	35.1	(0.6)	75.2	12.1	19%
Base fee margin	0.46%	0.35%	0.66%	-	0.49%	0.03%	7%
Base management fees	289.7	141.7	232.5	(3.1)	371.1	81.4	28%
Performance fees	121.8	14.3	37.6	-	51.9	(69.9)	(57%)
Transaction fees	0.7	11.3	-	-	11.3	10.6	1521%
Other fee revenue	8.5	3.2	0.6	(1.5)	2.3	(6.2)	(73%)
<b>Total fee revenue</b>	<b>420.7</b>	<b>170.5</b>	<b>270.7</b>	<b>(4.6)</b>	<b>436.6</b>	<b>15.9</b>	<b>4%</b>
Employee expenses	(203.1)	(77.5)	(125.7)	0.2	(203.0)	0.1	(0%)
Operating expenses	(55.4)	(41.6)	(28.1)	4.5	(65.2)	(9.8)	18%
<b>Total cash operating expenses</b>	<b>(258.5)</b>	<b>(119.1)</b>	<b>(153.8)</b>	<b>4.7</b>	<b>(268.2)</b>	<b>(9.7)</b>	<b>4%</b>
<b>Operating profit</b>	<b>162.2</b>	<b>51.4</b>	<b>116.9</b>	<b>0.1</b>	<b>168.4</b>	<b>6.2</b>	<b>4%</b>
Net investment income	7.0	(2.3)	4.5	(0.6)	1.6	(5.4)	(78%)
Financing charges	(1.6)	(0.9)	(0.9)	0.5	(1.3)	0.3	(20%)
Tax	(40.6)	(15.1)	(21.1)	-	(36.2)	4.4	(11%)
<b>Cash NPAT</b>	<b>127.0</b>	<b>33.1</b>	<b>99.4</b>	<b>-</b>	<b>132.5</b>	<b>5.5</b>	<b>4%</b>
<b>Operating profit margin</b>	<b>39%</b>	<b>30%</b>	<b>43%</b>	<b>-</b>	<b>39%</b>	<b>0%</b>	<b>0%</b>

# Cash EPS Calculation

## Number of Shares

(m)	FY14	FY15
Weighted average ordinary shares on issue	282.2	291.5
Weighted average converting notes on issue	15.6	9.6
<b>Weighted average fully diluted ordinary shares on issue</b>	<b>297.8</b>	<b>301.1</b>

## Cash EPS Calculation

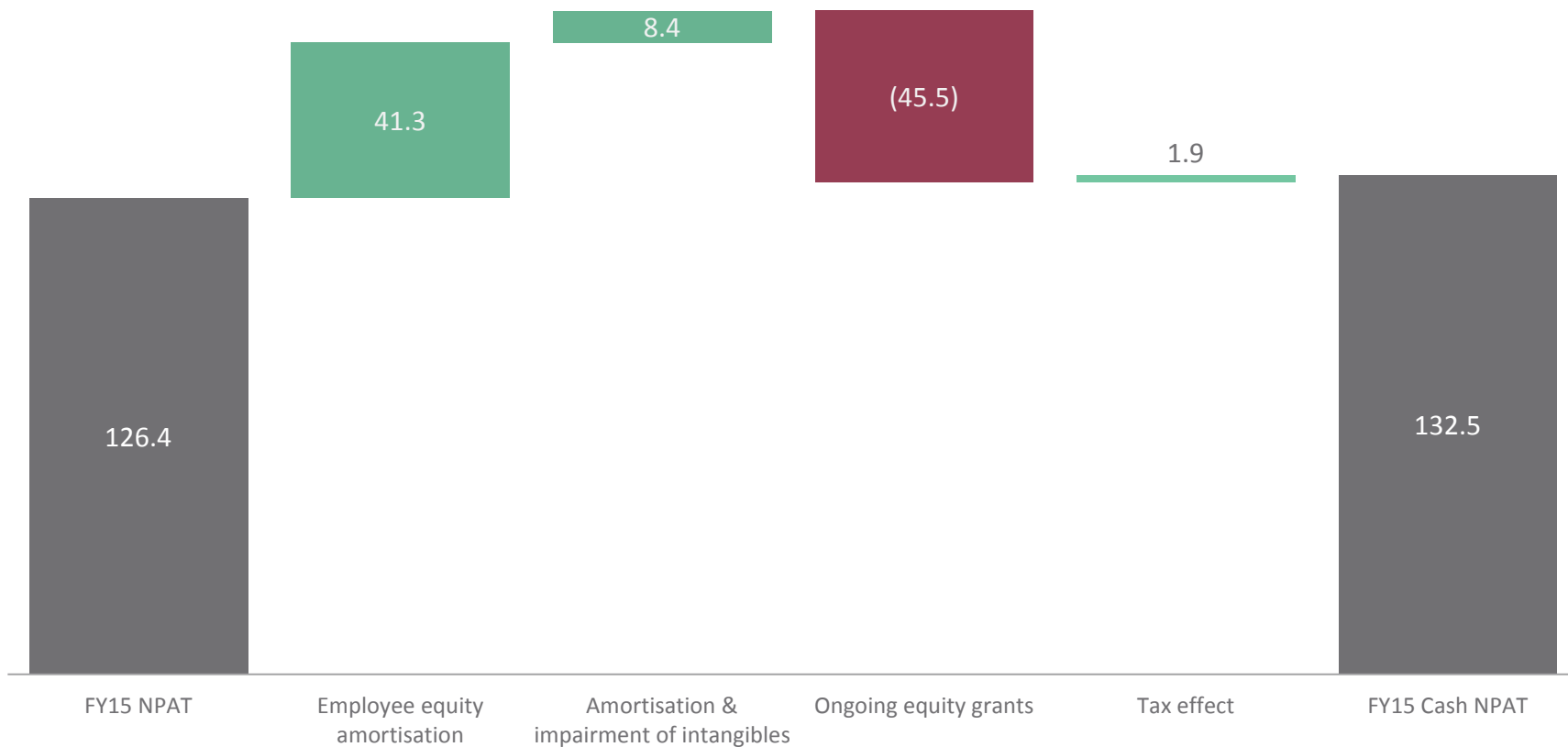
	FY14	FY15
<b>Cash Net Profit After Tax (\$m)</b>	<b>127.0</b>	<b>132.5</b>
Weighted average fully diluted ordinary shares on issue (m)	297.8	301.1
<b>EPS based on Cash NPAT (cps)</b>	<b>42.6</b>	<b>44.0</b>

# Performance Fees

Fund <sup>1</sup>	FUM \$m 30 Sep 15	Performance fee period to	Benchmark	Participation Rate %
<b>BTIM</b>				
BT Wholesale Australian Long Short Fund <sup>1</sup>	226	30 June	S&P/ASX 200 Accum Index	15%
BT Wholesale Microcap Opportunities Fund <sup>1</sup>	216	30 June	S&P/ASX Small Ord Accum Index	20%
BT Wholesale Mid Cap Fund <sup>1</sup>	156	30 June	BT Midcap Customised Index	20%
BT Wholesale Focus Australian Share Fund <sup>1</sup>	130	30 June	S&P/ASX 300 Accum Index	15%
Mandates	1,681	Various	Various	
<b>JOHCM<sup>2</sup></b>				
UK Equity Income Fund <sup>1</sup>	5,520	31 December	FTSE All-Share TR Index	15%
Global Select Fund	4,109	31 December	MSCI ACWI NR Index (net dividends reinvested)	15%
European Select Values Fund <sup>1</sup>	3,363	31 December	MSCI Europe NR Index (net dividends reinvested)	15%
Continental European Fund <sup>1</sup>	3,344	31 December	MSCI Europe ex UK NR Index (net dividends reinvested)	15%
UK Opportunities Fund <sup>1</sup>	3,284	31 December	FTSE All-Share TR Index	15%
Japan Fund	1,281	31 December	TOPIX TR Index	15%
UK Growth Fund	778	31 December	FTSE All-Share TR Index	15%
UK Dynamic Fund	704	31 December	FTSE All-Share TR Index	15%
Asia Ex Japan Fund <sup>1</sup>	639	31 December	MSCI AC Asia ex Japan NR Index (net dividends reinvested)	15%
Global Emerging Markets Opportunities Fund <sup>1</sup>	271	31 December	MSCI Emerging Markets NR Index (net dividends reinvested)	15%
Global Opportunities Fund <sup>1</sup>	246	31 December	MSCI ACWI NR Index (net dividends reinvested)	15%
Japan Dividend Growth Fund	214	31 December	TOPIX 100 TR Index	15%
Asia Ex Japan Small & Mid Cap Fund <sup>1</sup>	105	31 December	MSCI AC Asia ex Japan Small Cap NR Index (net dividends reinvested)	15%
Global Emerging Markets Fund	41	31 December	MSCI Emerging Markets NR Index (net dividends reinvested)	15%
Mandates	1,008	31 December	Various	
<b>Total funds/mandates with performance fees</b>	<b>27,315</b>			
<b>JOHCM performance fees accrued in funds/mandates but not realised until 31 Dec 2015 \$m</b>	<b>85.1</b>			

1. Funds above their high water mark as at 30 September 2015
2. JOHCM represents OEIC and mandate FUM converted at 30 September 2015 spot rate of 0.4615

# Adjustments from Statutory NPAT to Cash NPAT



---

# Disclaimer

---

This presentation has been prepared by BT Investment Management Limited (BTIM).

While the information in this presentation has been prepared in good faith and with reasonable care, no representation or warranty, express or implied, is made as to the accuracy, adequacy or reliability of any statements, estimates, opinions or other information contained in the presentation.

This presentation contains forward looking statements. These forward looking statements have been made based upon BTIM's expectations and beliefs concerning future developments and their potential effect upon BTIM and are subject to risks and uncertainty which are, in many instances, beyond BTIM's control. No assurance is given that future developments will be in accordance with BTIM's expectations. Actual results could differ materially from those expected by BTIM.

The information contained in this presentation is not intended to be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending upon their specific investment objectives, financial situation or particular needs.

In this presentation, unless otherwise stated or the context otherwise requires, references to 'dollar amounts', '\$', 'AUD' or 'A\$' are to Australian dollars.