

Shareholder Update

BT Investment Management Limited announces a strong result delivering Cash NPAT of \$88.6 million for the half year ending 31 March 2016

Dear Shareholder,

I am pleased to inform you that BT Investment Management Limited (BTIM) today announced a strong result for the half year ending 31 March 2016. Cash net profit after tax (Cash NPAT) was \$88.6 million, a 33 per cent increase on the first half result last year, while statutory NPAT was \$78.3 million, a 26 per cent increase. Cash earnings per share (Cash EPS) was 29.1 cents per share.

The Board has declared an interim dividend of 18.0 cents per share, a six per cent increase on the interim dividend of 17.0 cents per share paid for the half year ending 31 March 2015.

The interim dividend will be 40 per cent franked and paid on 1 July 2016 to ordinary shareholders at record date 27 May 2016.

	1H 2015	1H 2016	% change
Half year ended 31 March:			
➤ Cash NPAT	\$66.5m	\$88.6m	+33%
➤ Statutory NPAT	\$61.9m	\$78.3m	+26%
➤ Fee Revenue	\$211.8m	\$279.0m	+32%
➤ Base Management Fees	\$170.4m	\$195.7m	+15%
➤ Base Management Fee Margin	48 bps	50 bps	+2 bps
➤ Performance Fees	\$38.0m	\$74.9m	+97%
➤ Operating Expenses	\$131.0m	\$167.6m	+28%
➤ Operating Margin	38%	40%	+5%
➤ Cash EPS	22.1cps	29.1cps	+32%
➤ Dividends	17.0cps	18.0cps	+6%
➤ Average FUM	\$71.2b	\$78.8b	+11%
As at 31 March:			
➤ Closing FUM	\$77.1b	\$77.2b	0%

The strong result was driven by an increase in average funds under management (FUM), fee margin expansion, higher performance fees and favourable currency movements. The growth in average FUM of 11 per cent to \$78.8 billion and an expansion in the Group's fee margins resulted in a 15 per cent increase in base management fee revenue.

Performance fees for the period of \$74.9 million were significantly higher than last year (up 97 per cent) reflecting another year of good investment outperformance by the J O Hambro Capital Management (JOHCM) funds in the 2015 calendar year.

It is pleasing to deliver our shareholders a 32 per cent increase in Cash EPS to 29.1 cps, particularly as the result was achieved against the backdrop of lower average equity market levels and more volatile currency movements compared to last year.

BTIM's growth story continues on track and reflects the globally diversified business across geographies, channels and products, which have all contributed to top line revenue growth.

Strong demand from investors contributed to net inflows across the equities book with Global/International and Emerging Markets funds receiving the highest net inflows of \$0.7 billion and \$0.5 billion respectively, followed by European (+\$0.4 billion), Australian (+\$0.3 billion), UK (+\$0.3 billion) and Asian (+\$0.2 billion) equities. Fixed Income also saw good demand for core products, although overall experienced net outflows of \$0.7 billion due to a redemption of a low margin cash-like mandate.

It is also pleasing to report that long-term fund performance across the Group has again been strong, with 98% of our funds under management exceeding respective benchmarks over a 5 year period to 31 March 2016.

This result demonstrates the resilience of our business despite what has been challenging market conditions. We continue to build out our business through ongoing investment in our people, systems and products, and aligning our capabilities and resources with our global ambitions. While markets are expected to remain volatile over the next half, and investors are likely to remain cautious, we continue to actively seek-out and attract investment talent, which is core to our business and provides for ongoing growth. Over time this strategy will deliver value to our clients and growing returns for you, our shareholders.

The Board has announced that the Dividend Reinvestment Plan (DRP) will remain active for the interim dividend payment, at a zero discount to the allocation price, as determined by the DRP rules. The DRP allows shareholders to reinvest in additional BTIM shares with no commission or brokerage costs.

Shareholders who wish to participate in the DRP for the interim dividend and have not previously elected to participate in the DRP must complete a DRP Instruction Form and return it to BTIM's share registry, Link Mark Services, by no later than 5:00pm on 30 May, 2016. The DRP Instruction Form can be obtained at www.linkmarketservices.com.au.

I encourage you to review BTIM's results in more detail on our website: www.btim.com.au or under announcements on the ASX website: www.asx.com.au.

Yours faithfully,



James Evans
Chairman, BT Investment Management