

Shareholder update

BT Investment Management Limited announces another record full year result, delivering an 18% increase in Cash NPAT to \$156.0 million

Dear Shareholder,

BT Investment Management Limited (BTIM) has announced its fourth consecutive full year record result for the year ended 30 September 2016 with statutory net profit after tax of \$142.0 million and cash net profit after tax (Cash NPAT) of \$156.0 million. Cash earnings per share (Cash EPS) of 50.8 cents was up 15 percent on last year.

The Board declared a final dividend of 24.0 cents per share, up 20 percent compared to the previous corresponding period. Total dividends for the year increased by 5.0 cents to 42.0 cents, an increase of 14 percent on last year.

The final dividend will be 35 percent franked and paid on 21 December 2016 to ordinary shareholders on record on 9 December 2016.

	FY16	FY15	Movement
Full year ended 30 September:			
➤ Statutory NPAT	\$142.0m	\$126.4m	+12%
➤ Cash NPAT	\$156.0m	\$132.5m	+18%
➤ Fee Revenue	\$493.9m	\$436.6m	+13%
➤ Base Management Fees	\$399.8m	\$371.1m	+8%
➤ Base Management Fee Margin	50 bps	49 bps	+1 bps
➤ Performance Fees	\$77.2m	\$51.9m	+49%
➤ Operating Expenses	\$297.0m	\$268.2m	+11%
➤ Operating Margin	40%	39%	+3%
➤ Cash EPS	50.8cps	44.0cps	+15%
➤ Dividends	42.0cps	37.0cps	+14%
➤ Average FUM	\$80.2b	\$75.2b	+7%
As at 30 September:			
➤ Closing FUM	\$84.0b	\$78.4b	+7%

This year marks another successful year for our business, more pleasing given the backdrop of heightened uncertainty in markets and regions in which we operate. It demonstrates the strength and resilience of the business on the back of our long-term strategy of growth and diversification.

We have grown significantly over the last five years, more than doubling funds under management (FUM) and increasing Cash NPAT five-fold. Total shareholder return, which measures both dividend and share price growth, has increased annually by 42 per cent over this period. This compares very favourably with the annual increase of 11 per cent in returns delivered by the Australian share market over the same period.

There was continued investor demand for our broad range of products, in particular fixed income and equity products, with strong net inflows of \$4.4 billion. This contributed to the growth in FUM, which increased by seven per cent, and at 30 September 2016 was a record \$84.0 billion.

FUM growth together with increased fee margins contributed to the eight percent increase in base management fees to \$399.8 million. Total fee revenue grew by 13 percent to \$493.9 million, which includes performance fees of \$77.2 million, up 49 percent on last year.

We continue to deliver strong long term investment performance, with 88 percent of FUM exceeding their respective benchmarks over three years and 95 percent over five years.

This year we increased our presence in some of the largest global asset management markets, including the US and UK/Europe, investing in new products and strengthening distribution. Our US business again attracted net inflows for the year, while there was a slowdown in flows into our UK/European fund range around the time of the UK referendum on EU membership.

We continue to see more opportunities for growth, and have put in place the people, structure and resources to build on these. We added to our investment talent and expanded the executive management team in alignment with the size and strategic objectives of the business.

The strong result achieved this year is testament to the successful execution of our strategy, the enhanced scale and diversity of our business and our ongoing investment in talent. In the year ahead we will continue our strategy, generating further value for all our stakeholders and increasing rewards for our shareholders.

The Board announced that the Dividend Reinvestment Plan (DRP) will remain active for the final dividend payment, with shares issued 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 final 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 12 December 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