



BT Investment Management Full Year Results

Emilio Gonzalez, Chief Executive Officer
Cameron Williamson, Chief Financial Officer
31 October 2011

Agenda

1. Headlines
2. FUM and fund performance
3. Financial results
4. Strategic focus
5. Summary and Outlook
6. Questions

Sound result in volatile market conditions

- Normalised Cash NPAT slightly down due to:
 - lower average FUM
 - lower performance fees
- Cost control delivered 2% decrease in cash expenses
- Closing FUM down 8% with equity market down 12% on pcp
- Higher fully franked dividend
 - 10.0 cps final dividend declared
 - 6.0 cps interim dividend paid

	\$	pcp
Cash NPAT(normalised) ¹	30.5m	-1%
Revenue	126.6m	-2%
Cash Expenses	82.8m	-2%
Average FUM	35.1bn	-1%
Closing FUM	32.7bn	-8%
	cps	pcp
Dividends	16.0	+3%
Cash NPAT EPS	18.7	-3%

(1) Normalised Cash NPAT is pre-transaction costs associated with the J O Hambro Capital Management acquisition

Headlines

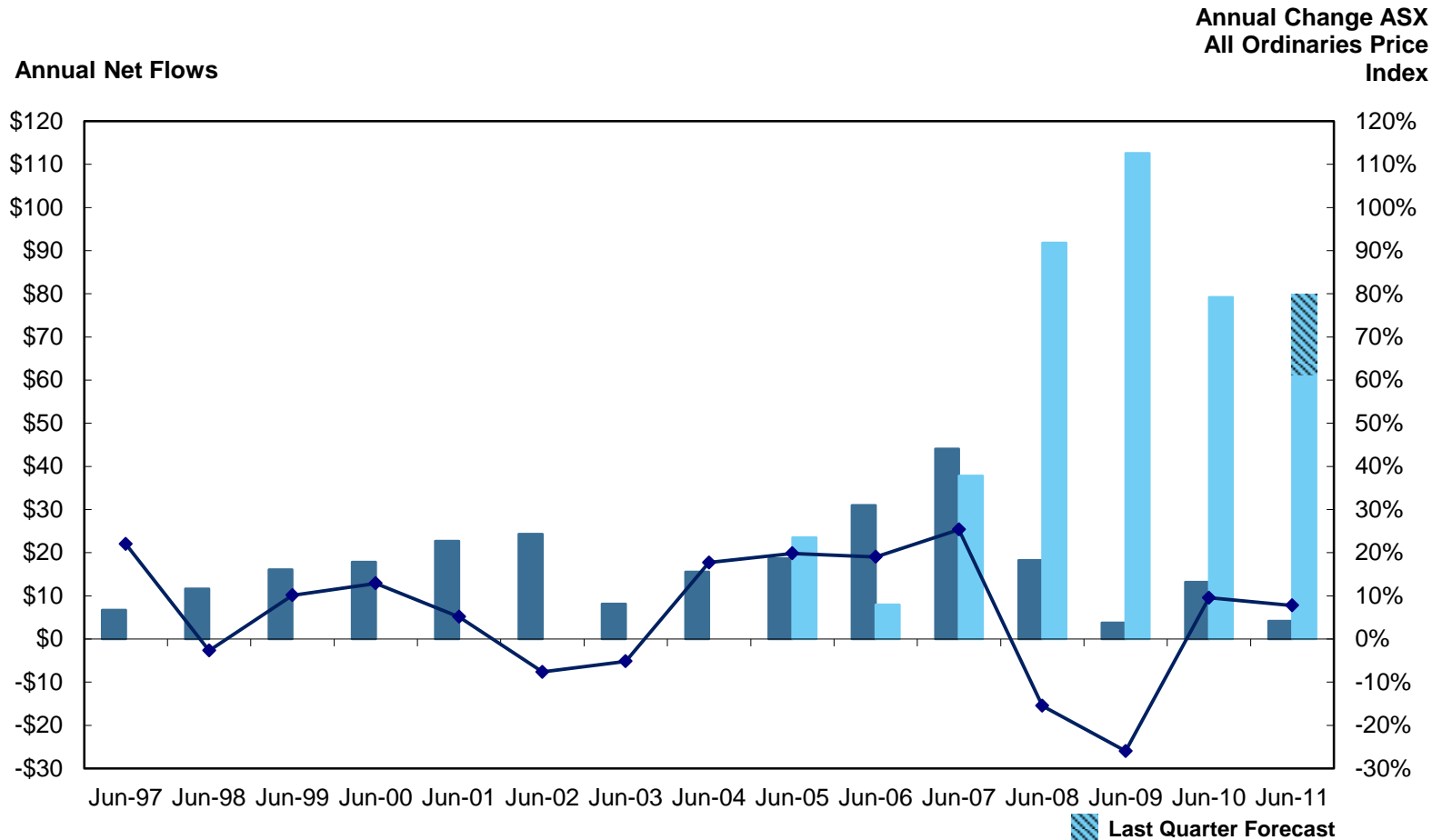
- Acquisition of JOHCM completed and delivering on strategic objectives
- Good progress on Multi-Boutique model
- Repositioned Income Boutique strategy with new product launches
- Investment performance strong across product range
- Strong performance fees, albeit down from previous year
- Volatile market playing heavily on investor sentiment

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Retail fund flows remain subdued

Annual net retail fund flows and term deposits versus annual change in ASX All Ordinaries Price Index
(\$ billion; percent; year ended 30 June)



Subdued retail/ wholesale fund flow environment for last 3 years

Term deposits favoured by investors

Market performance important driver for managed funds

Source: Plan For Life, Retail Managed Funds (excluding Cash Trusts); APRA Term Deposits

Note: Net increase in Term Deposits for June 11 is to 31 March 2011 (3 quarters) actual, and one quarter estimate

Outflows driven by legacy retail book

Closing FUM (\$bn)	Sep-10	Net Flows	Market	Sep-11	Mvt
Institutional¹	13.5	(0.3)	(0.4)	12.8	(0.7)
Margin ²	0.27%			0.26%	
Wholesale	4.2	(0.1)	(0.4)	3.7	(0.5)
Margin ²	0.73%			0.73%	
Westpac/BTFG					
- Legacy Retail	11.2	(1.2)	(0.4)	9.6	(1.6)
Margin	0.30%			0.30%	
- Other³	6.5	0.2	(0.1)	6.6	0.1
Margin	0.29%			0.29%	
Total FUM	35.4	(1.4)	(1.3)	32.7	(2.7)
Overall Margin	0.34%			0.34%	

- Institutional outflows include AEQ (-\$0.3bn) and cash (-\$0.3bn), and partially offset by inflows into Australian fixed interest (+\$0.5bn)
- Wholesale flows holding up well in light of market conditions
- Legacy funds represent the bulk of net outflows
- Other flows driven by BTFG superannuation products

(1) Super for Life was previously classified as Institutional and has been re-categorised as Other within Westpac

(2) Margins exclude performance fees

(3) Other includes Superannuation and Managed Accounts

Short and long term performance is strong

Performance¹ Relative to Benchmark for period ending 30 September 2011

	1 Year (pa)	3 Years (pa)	5 Years (pa)	S&P Rating
BT Institutional Core Australian Share Sector Trust	+1.87%	+1.06%	+1.67%	5 Stars
BT Wholesale Focus Australian Share Fund	+0.55%	+1.64%	+0.67%	5 Stars
BT Institutional Imputation Sector Trust	+1.44%	-0.15%	+1.10%	4 Stars
BT Institutional Smaller Companies Sector Trust	+11.09%	+7.87%	+6.85%	4 Stars
BT Institutional Property Sector Trust: A-REIT	+1.49%	+3.31%	+3.82%	4 Stars
BT Institutional Global Property Sector Trust	+0.65%	+1.52%	+1.83%	4 Stars
BT Core Global Share Sector Trust	+0.72%	+3.24%	+0.02%	4 Stars
BT Wholesale Active Balanced Fund ²	+0.53%	-0.14%	-0.57%	4 Stars
BT Wholesale Fixed Interest Fund	+0.83%	+0.65%	+0.16%	N/A

- Australian equity funds continue to deliver consistent returns above benchmark
- Fixed interest funds performing well and gaining support
- Specialist AEQ funds delivering high alpha returns:
 - MicroCap fund (alpha of + 17.7%)
 - MidCap fund (alpha of + 4.8%)
- Ratings for Diversified funds recently upgraded

(1) Performance is pre-fee, pre-tax

(2) S&P ratings released October 2011

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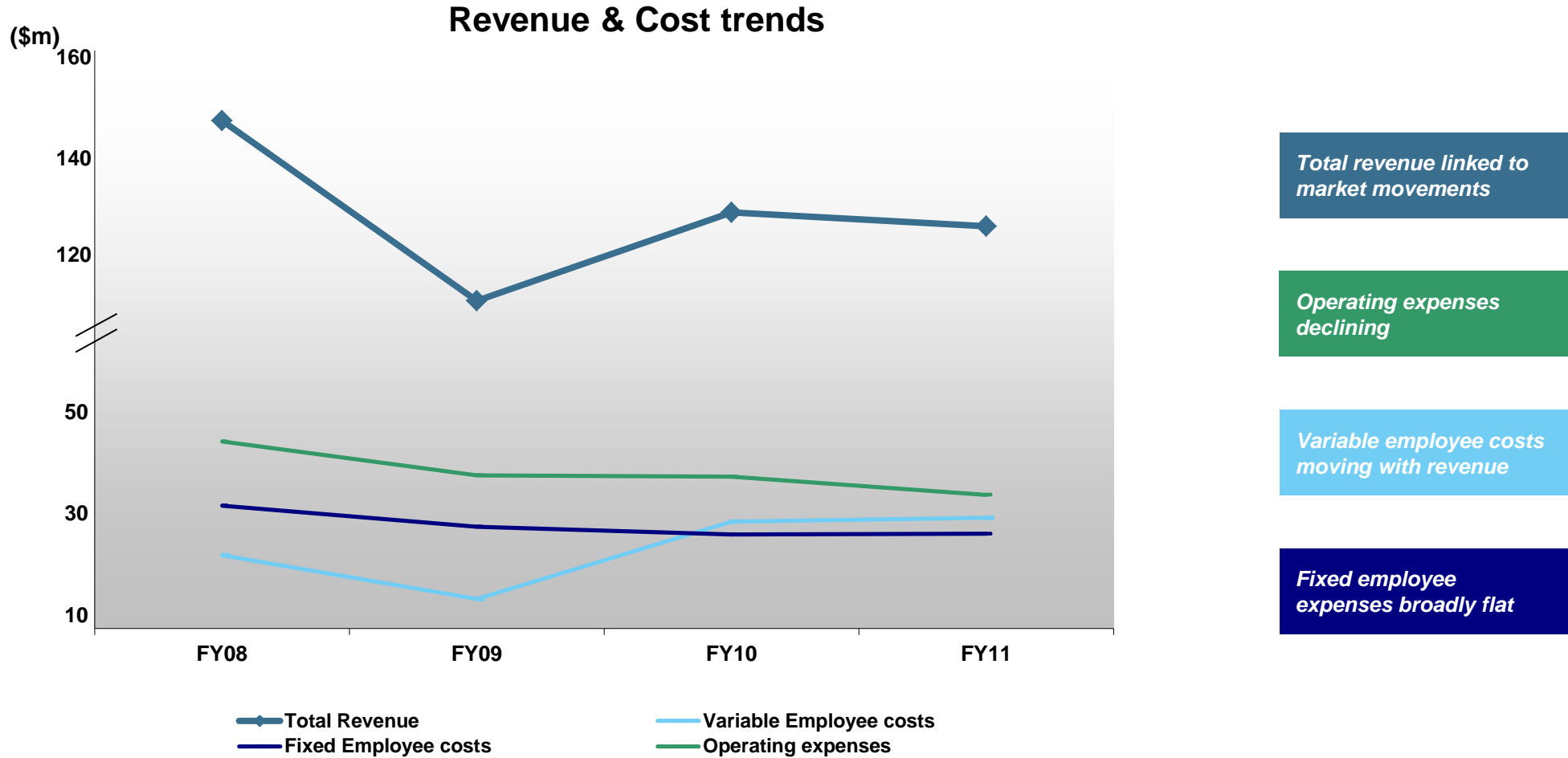
Sound result in a flat market environment

(\$m)	FY10	FY11 ¹	Movement	%	
Average FUM (\$bn)	35.3	35.1	(0.2)	(0.5%)	→ Average FUM lower driven by legacy book outflows
Base Margin	0.34%	0.34%	0.0%	0.0%	
Performance Fee Margin	0.02%	0.02%	(0.0%)	(0.0%)	
Base Management Fees	118.4	117.8	(0.6)	(0.5%)	
Performance Fees	8.2	6.2	(2.0)	(24.8%)	→ Revenue down on reduced performance fees, margins steady
Other Revenue	2.6	2.6	(0.0)	(1.7%)	
Total Revenue	129.2	126.6	(2.6)	(2.0%)	
Employee Expenses	(51.2)	(52.0)	(0.8)	(1.5%)	
Operating Expenses	(33.7)	(30.8)	2.9	8.5%	
Total Expenses	(84.9)	(82.8)	2.1	2.5%	→ Employee expenses broadly flat while operating costs lower on reduced fund related expenses/timing of business expenses
Tax	(13.4)	(13.3)	0.1	0.9%	
Cash NPAT	30.9	30.5	(0.4)	(1.3%)	
Deduct : Amortisation of Equity Grants	(15.4)	(10.4)	5.0	32.4%	
Addback : Tax effected Ongoing Equity Grants	6.3	8.6	2.3	36.8%	
Deduct : Net JOHCM Acquisition costs ²	0.0	(12.3)	(12.3)	0.0%	→ Non-recurring JOHCM acquisition costs
Addback : Tax effect of JOHCM Acquisition costs	0.0	0.5	0.5	0.0%	
NPAT	21.8	16.9	(4.9)	(22.5%)	
Cost to income ratio (CNPAT basis)	66%	65%			→ Cost to income ratio improved despite revenue decline

(1) Normalised Cash NPAT is pre-transaction costs associated with the J O Hambro Capital Management acquisition

(2) Net acquisition costs are net of realised FX gains on currency contracts. Furthermore the after-tax cash cost of \$1.5m in transaction related equity grants has been excluded from normalised Cash NPAT, however statutory NPAT will be impacted in future years as equity grants amortise over the vesting period

Costs being contained



30 September balance sheet

	Balance Sheet			
(\$m)	Sep-10	Sep-11	Movement	
Cash	54.8	283.7	228.9	→
Other Current Assets	24.6	20.3	(4.3)	
Current Assets	79.4	304.0	224.6	
Property, Plant & Equipment	5.1	3.6	(1.5)	
Intangible Assets	233.7	233.7	-	→
Other Non-current assets	7.4	7.7	0.3	
Non-Current Assets	246.2	245.0	(1.2)	
Total Assets	325.6	549.0	223.4	
Current Liabilities	38.7	41.1	2.4	
Non-Current Liabilities	4.9	5.4	0.5	
Total Liabilities	43.6	46.5	2.9	→
Net Assets	282.0	502.5	220.5	
Capital	254.7	464.6	209.9	→
Reserves	14.2	33.4	19.2	
Retained Earnings	13.1	4.5	(8.6)	
Total Shareholders Equity	282.0	502.5	220.5	

Significant cash held on balance sheet from entitlement offer for JOHCM acquisition

No impairment of intangibles

£52m (\$83m) bank facilities in place at year-end but undrawn

Capital raised in entitlement offer for JOHCM acquisition

Dividends

- Final fully franked dividend of 10.0 cps
- Full year dividend of 16.0 cps, up 3% compared to FY10 interim & final
- Dividend applies to all ordinary shares as at 2 December including new shares issued as part of the JOHCM capital raise
- Payout ratio for year represents 127% of FY11 normalised cash NPAT
- DPS payout approximately 85% of FY11 EPS
- Long term Board target payout ratio of 80-90% confirmed

Pro-forma post transaction balance sheet

(A\$m, 30 September 2011)	Actual BTIM	Proforma JOHCM ¹	Proforma transaction adjustments	Proforma combined
Cash	283.7	12.0	-225.2	70.5
Other current assets	20.3	-	-	20.3
Current assets	304.0	12.0	-225.2	90.8
Property, plant & equipment	3.6	-	-	3.6
Intangible assets	233.7	-	321.4	555.1
Investments	-	19.6	-	19.6
Other non-current assets	7.7	-	-	7.7
Non-current assets	245.0	19.6	321.4	586.0
Total assets	549.0	31.6	96.2	676.8
Current bank debt	-	-	14.4	14.4
Other current liabilities	41.1	-	-	41.1
Current liabilities	41.1	-	14.4	55.5
Non-current bank debt & Loan Notes	-	-	69.0	69.0
Non-current Convertible Notes	-	-	44.4	44.4
Other non-current liabilities	5.4	-	-	5.4
Non-current liabilities	5.4	-	113.4	118.8
Total liabilities	46.5	-	127.8	174.3
Net assets	502.5	31.6	-31.6	502.5
Capital	464.6	31.6	-31.6	464.6
Reserves	33.4	-	-	33.4
Retained earnings	4.5	-	-	4.5
Total shareholder's equity	502.5	31.6	-31.6	502.5

→ Increase to intangible assets arising from the acquisition

→ Principal debt facility – payable September 2012

→ Non-current bank debt (\$53m) and loan notes (\$16m) with \$22m due in FY13

↘ Convertible notes equity settled only, not cash settled

(1) Based on an exchange rate of £0.6265/A\$1.00, as at 30 September 2011. JOHCM balance sheet illustrative only based on agreed terms.

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Strategic focus

→ Strategic objectives remain:

- Grow our exposure to the wholesale channel
- Leverage our competitive advantage from being part of The Westpac Group
- Build out our multi-boutique model to attract and expand into other investment capabilities that provide growth and diversification. JOHCM acquisition most important initiative in FY11

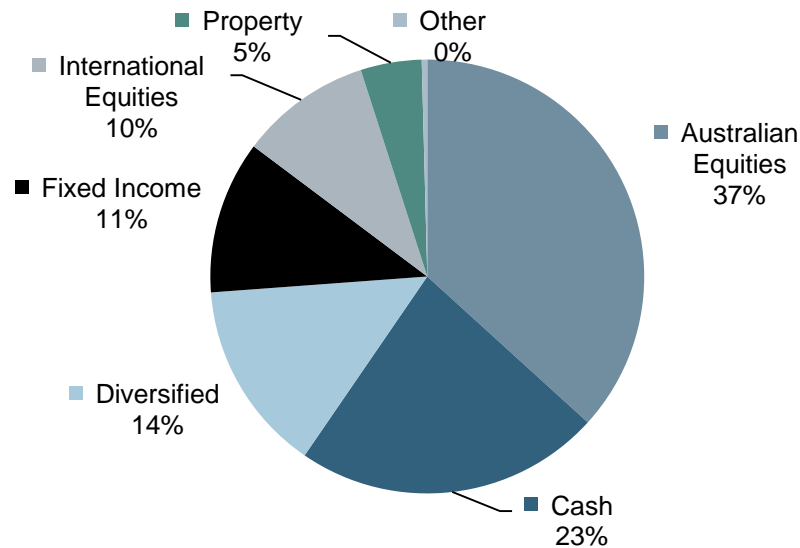
Strategic Focus: JOHCM

- JOHCM acquisition announced in July 2011
- Capital raise completed in mid-September
- Transaction settled 26 October

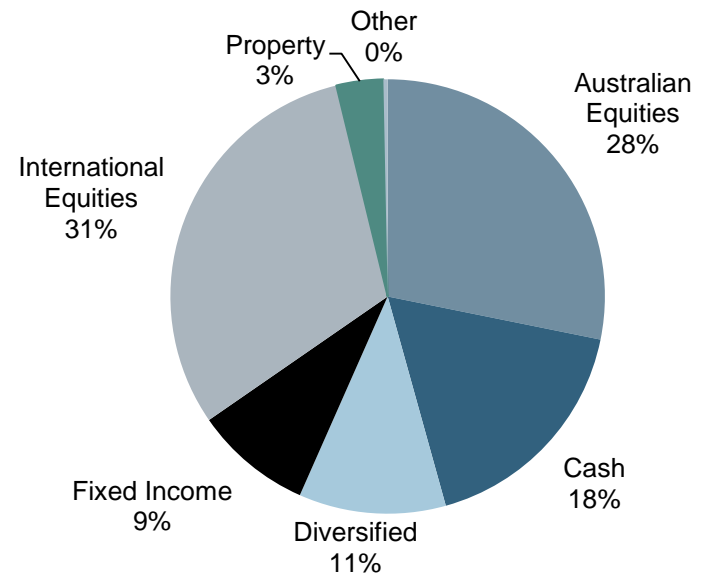
→ Benefits to BTIM:

- Drives growth
- Increases revenue margins
- Enhances diversification

BTIM FUM¹
\$32.7 bn



Combined Group Pro-forma FUM¹
\$42.6 bn²



(1) As at 30 September 2011

(2) JOHCM standalone FUM of A\$9.9 bn (£6.2 bn). Based on exchange rate of £0.6265/A\$1.00 as at 30 September 2011.

JOHCM – positive business momentum maintained

- No funds put 'on hold' since announcement of acquisition
- No turnover of investment staff
- £319m (A\$509m¹) net flows in September quarter despite volatility in global equity markets
 - Flows split 50% OEIC (Public Offer) funds and 50% segregate mandates (Institutional)
 - Global and emerging market funds continue to attract interest
 - Launch of 2 new Asian (ex-Japan) strategies
- FUM at 30 September £6.2bn (A\$9.9bn¹) down from £7.1bn (A\$10.7bn¹) at 30 June due to equity market decline
- Performance fees accrued² in funds to 30 September (9 months) of £6.9m (A\$11.0m¹)
- Revenue margins maintained at 64bp

(1) Based on an exchange rate of £0.6265/A\$1.00 as at 30 September 2011.

(2) Performance fees are crystallised at 31 December. Estimated performance fees accrued in funds as at 30 September 2011 may not be realised if investment performance declines.

JOHCM – performance update

Quartile performance ranking as at 30 September 2011

	1 Year Ranking	3 Year Ranking	5 Year Ranking
Continental European	Q1	Q1	Q1
European Select Values	Q1	Q1	Q1
European	Q3	Q3	Q2
UK Growth	Q4	Q2	Q2
UK Equity Income	Q3	Q1	Q1
UK Opportunities	Q1	Q2	Q1
UK Dynamic	Q3	Q1	-
Global Select	Q1	Q2	-
Japan	Q2	Q1	Q1
Emerging Markets	Q1	-	-

Source: Lipper

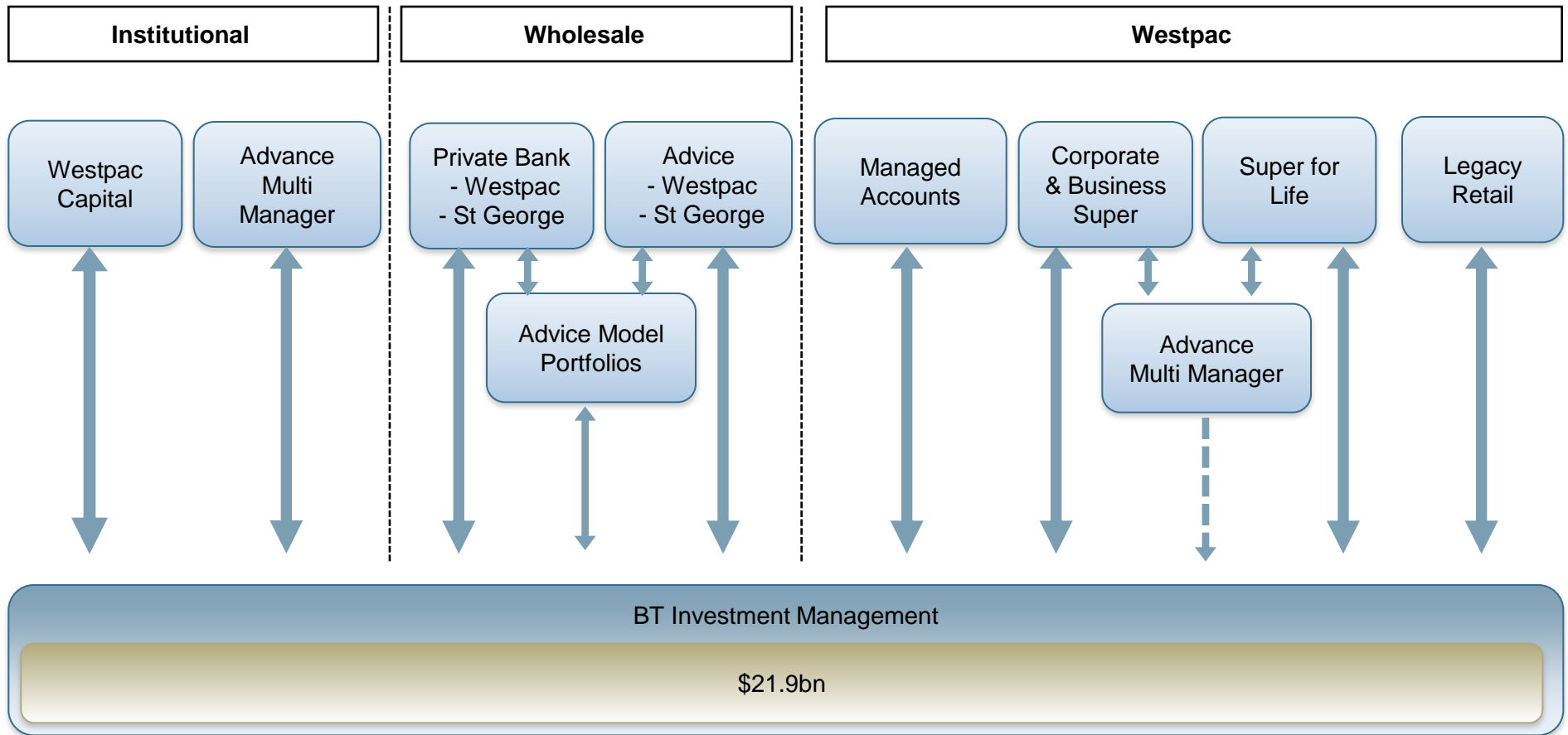
Strategic focus: Wholesale channel

- Market volatility creating investor concern
- Growing demand for income type investments
- Industry going through regulatory changes
- Adviser support important – roadshows, client functions, newsletters
- Successful in getting on more approved lists and model portfolios, eg Global Macro
- Launched new income product and re-positioned our Fixed Interest Fund
- Brand, ratings and platform representation positions us well when investor sentiment improves

Strategic focus: The Westpac Group

- Competitive advantage from access to Adviser networks, private client business, multi-manager products, corporate super and retail super across BTFG
- Working with different distribution channels across Westpac's wealth segments:
 - Institutional: Institutional type relationship with segregated mandates
 - Wholesale: FUM arising from intermediaries such as financial planning
 - Other: Includes superannuation and managed accounts

Strategic Focus: The Westpac Group relationship



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Outlook and summary

- Stabilisation of equity markets required for investor sentiment to improve
- Term deposit rates and global events biggest factor impacting flows
- Equity valuations at low end of historical range
- Regulation and lower market levels continue to argue for industry consolidation

Outlook and summary (cont...)

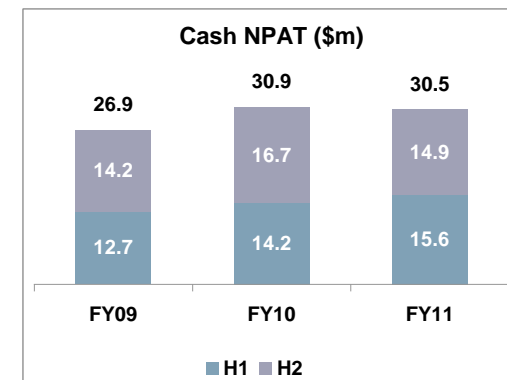
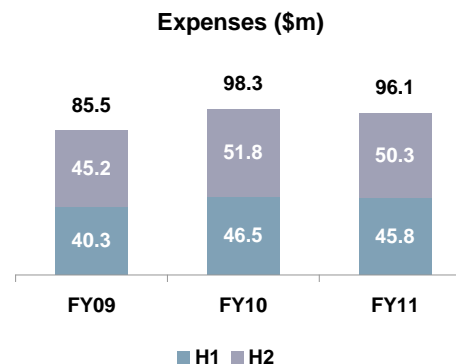
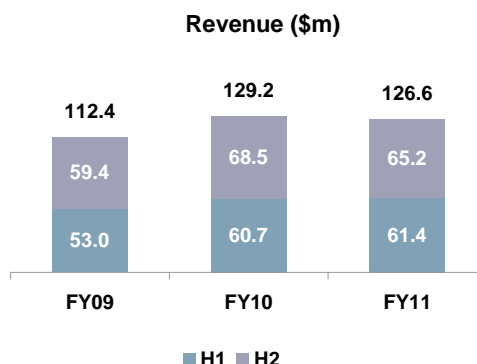
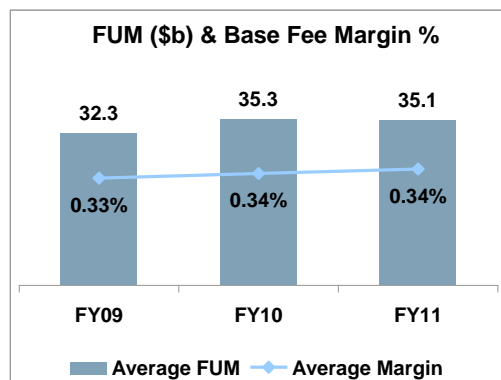
- FY11 result sound in volatile market conditions
- Starting FUM is 7% below FY11 average
- Cost control to be maintained
- Fund performance is strong
- Increased focus on income strategies
- Focus on ensuring JOHCM acquisition is well executed
- Revenue drivers now more diverse across product, clients and currency



Questions

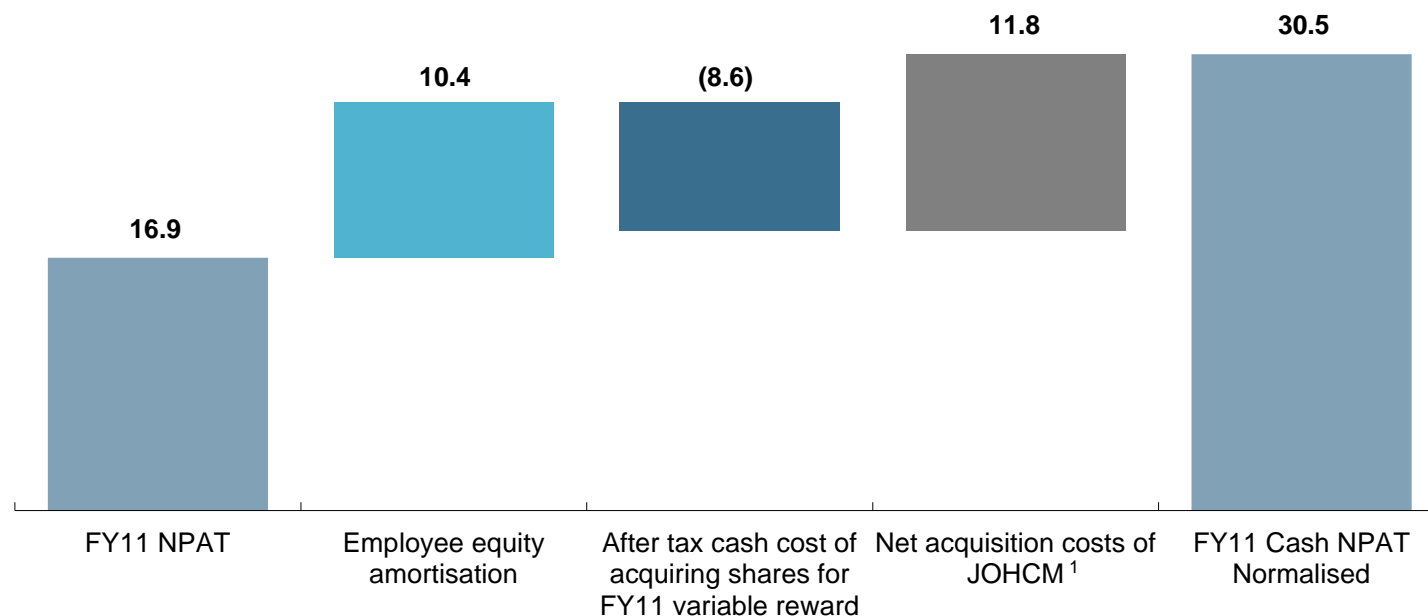
Appendices

Year-on-year FUM and profit movements



- Revenue includes base management fees, performance fees and sundry income
- Performance fees predominantly accounted for in H2 each year
- Expenses are on a cash basis (including tax expense)

Adjustments from Statutory NPAT to Cash NPAT



(1) Net acquisition costs are tax effected and net of realised FX gains on currency contracts. Furthermore the after-tax cash cost of \$1.5m in transaction related equity grants has been excluded from normalised Cash NPAT, however statutory NPAT will be impacted in future years as equity grants amortise over the vesting period

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