

BT Investment Management Half Year Results: March 2012

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30 April 2012



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1. Highlights

Half-Year Overview

- Incorporates the first 6 months contribution from J O Hambro Capital Management (JOHCM)
- 1st Half result reflects lower markets during 2011
- Incorporates one-off costs associated with JOHCM establishment costs
- BTIM (Aust) higher external manager fees offset against lower operating costs
- Dividend pay-out ratio more evenly spread between 1st and 2nd half

Step-change in Combined Group

- Significant step change in FUM and revenue
- Business transformed from domestic to global business
- More sources of fund flow
- Greater diversity across the business
- Better position for capturing opportunities
- Difficult to compare result with prior corresponding period given the change in the company

Financial highlights

→ Cash NPAT	\$19.7m (+26%)
→ Average FUM	\$44.0bn (+23%)
→ Closing FUM	\$45.8bn (+\$3.6bn or 7.5% since transaction ⁽¹⁾)
→ Management Fee Margin	39bps (+15%)
→ Fully Diluted Cash EPS	7.0 cps (-29%)
→ Interim Dividend	5.5 cps (-8%)

⁽¹⁾ Transaction effective 1 October 2011
A\$ used throughout presentation unless otherwise stated

JOHCM progress

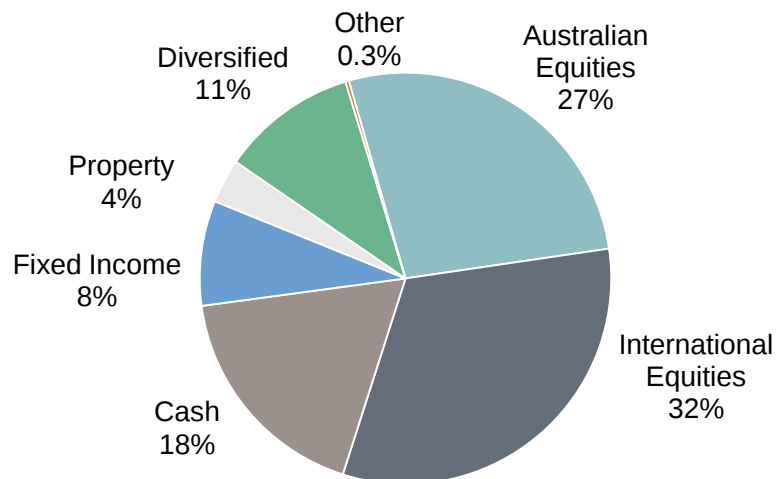
Pleasing progress:

- No mandates lost due to transaction
- No disruption to investment teams and their process
- JOHCM continues to attract flows
- Ratings and consultant recommendations maintained and improved
- Strong fund performance maintained by JOHCM
- JOHCM products now being marketed in Australia
- Combined group now set

2. BTIM Group – a diversified business

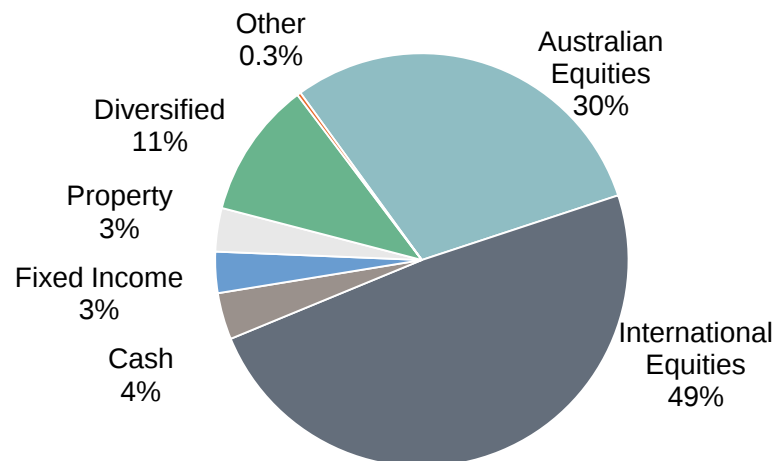
BTIM Group – a diversified business

FUM by asset class



31 Mar 2012	A\$bn
Australian Equities	12.4
International Equities	14.8
Cash	8.2
Fixed Income	3.8
Property	1.6
Diversified	4.9
Other	0.1
Total	45.8

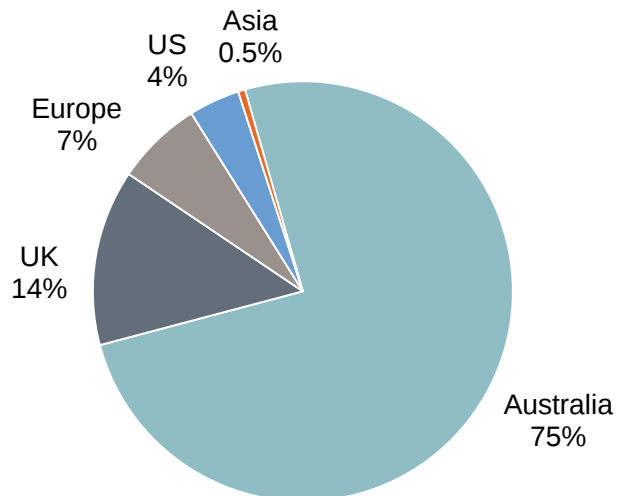
Fee revenue by asset class



1H12	A\$m
Australian Equities	26.8
International Equities	43.8
Cash	3.3
Fixed Income	2.9
Property	3.0
Diversified	9.6
Other	0.2
Total	89.6

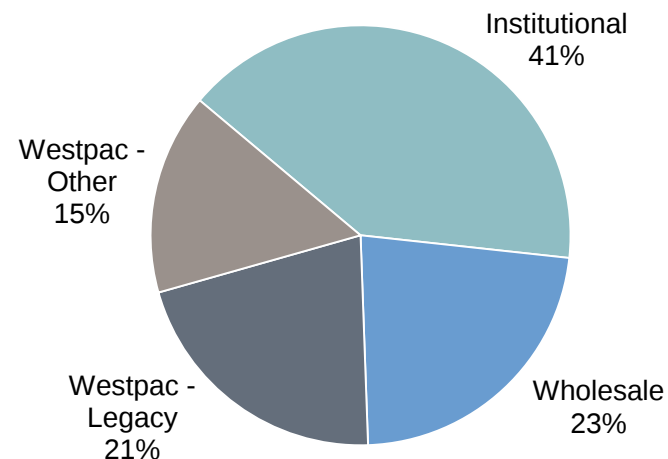
BTIM Group – a diversified business

FUM by client domicile



31 Mar 2012	A\$bn
Australia	34.5
UK	6.2
Europe	3.1
US	1.8
Asia	0.2
Total	45.8

FUM by channel

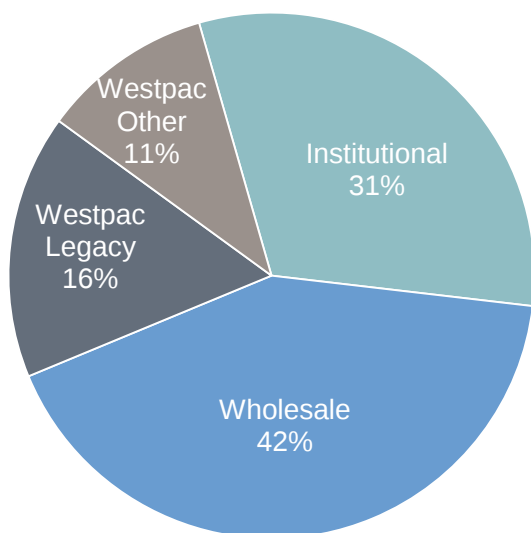


31 Mar 2012	A\$bn
Institutional	18.6
Wholesale	10.4
Westpac – Legacy	9.7
Westpac – Other	7.1
Total	45.8

BTIM Group – a diversified business

Group fee revenue by channel

1H12 fee revenue: \$89.6m



Fee margins by channel⁽¹⁾

1H12 fee margin: 0.39%

	BTIM	JOHCM
Institutional	0.22%	0.57%
Wholesale	0.73%	0.67%
Westpac – Legacy	0.31%	-
Westpac – Other	0.27%	-
Total	0.31%	0.62%

(1) Fee margins exclude performance fees

3. FUM and fund performance

FUM flows by channel

\$bn	30-Sep-11 Closing FUM	Net Flows	Market Performance	FX Impact	31-Mar-12 Closing FUM
Institutional	12.8	0.1	0.8		13.7
Wholesale	3.7	(0.2)	0.4		3.9
Westpac - Legacy	9.6	(0.6)	0.7		9.7
Westpac - Other ⁽¹⁾	6.6	0.1	0.4		7.1
Total BTIM FUM	32.7	(0.6)	2.3		34.4
Institutional Mandates	4.2	0.3	0.6	(0.2)	4.9
Wholesale Funds (OEICs)	5.7	0.2	0.8	(0.2)	6.5
Total JOHCM FUM	9.9	0.5	1.4	(0.4)	11.4
Total FUM	42.6	(0.1)	3.7	(0.4)	45.8

BTIM

- Institutional flows strong ex-previously advised AEQ redemption
- Wholesale flows reflective of industry softness
- Legacy retail attrition rate unchanged

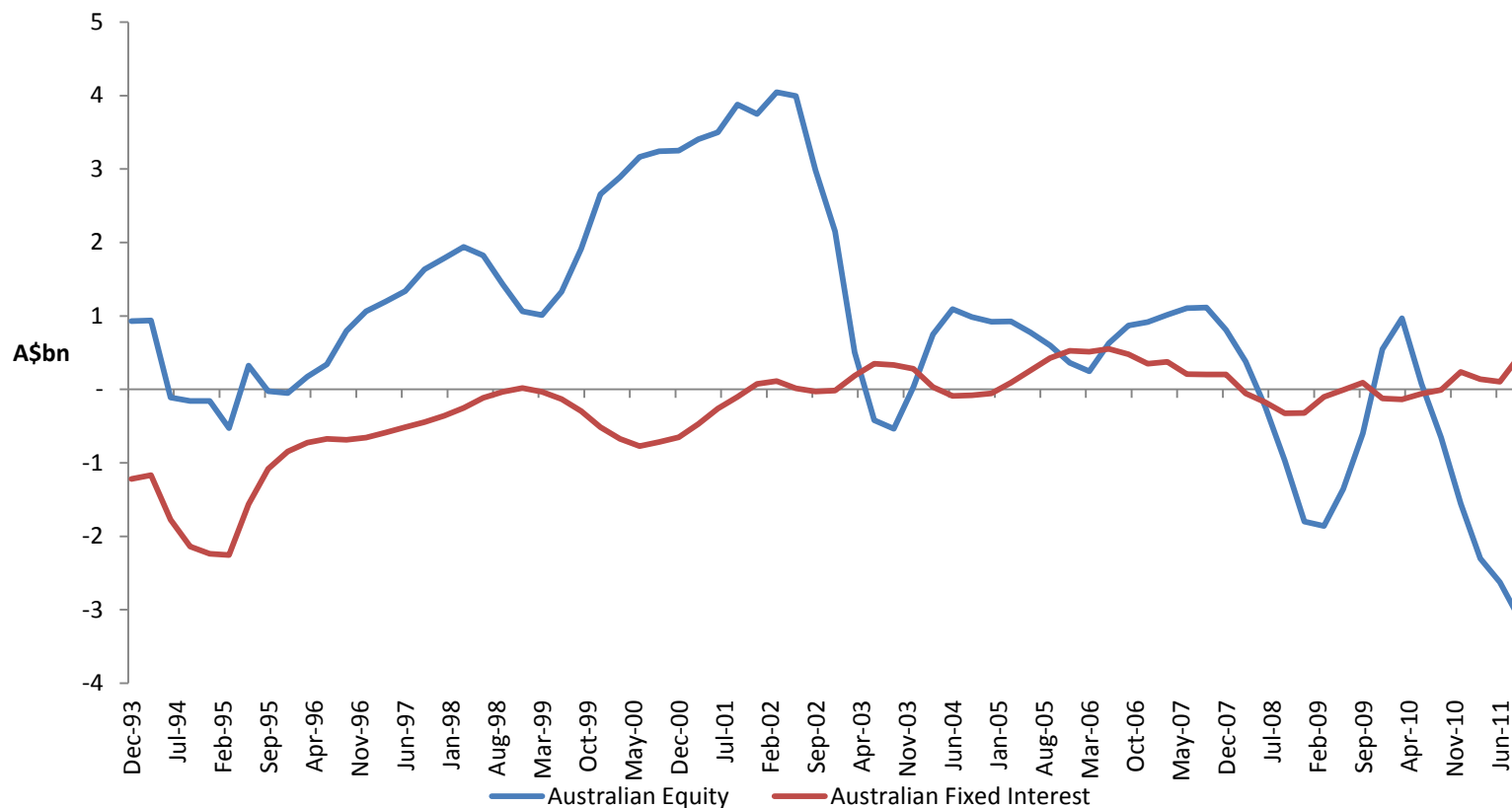
JOHCM

- Institutional flows well supported across regions
- Positive flows in wholesale (OEICs) despite volatile markets

(1) Westpac Other includes superannuation and managed accounts.

Retail fund flows

Australian equities and Australian fixed interest retail funds – rolling annual net inflows



Source: Plan for life

FUM flows by asset class

	30-Sep-11	Net	Market	FX	31-Mar-12
\$bn	Closing FUM	Flows	Performance	Impact	Closing FUM
Australian Equities	12.0	(0.8)	1.2	–	12.4
International Equities:					
Global	5.5	0.1	0.7	(0.1)	6.2
UK	3.9	(0.1)	0.5	(0.2)	4.1
Europe	2.4	0.1	0.3	(0.1)	2.7
Emerging Markets	0.6	0.3	0.1	(0.0)	1.0
Asia	0.7	0.0	0.1	(0.0)	0.8
Property	1.5	(0.0)	0.1	–	1.6
Cash	7.5	0.5	0.2	–	8.2
Fixed Income	3.7	(0.1)	0.2	–	3.8
Diversified	4.7	(0.1)	0.3	–	4.9
Other	0.1	(0.0)	(0.0)	–	0.1
Total FUM	42.6	(0.1)	3.7	(0.4)	45.8

→ Australian Equities outflows driven by one mandate loss and legacy book attrition

→ Strong emerging markets +\$300m and Global +\$250m flows in JOHCM being driven primarily through institutional demand

→ Cash inflows through the institutional channel but can be transactional in nature

Strong fund performance

Quartile rankings of top 20 funds by revenue

Fund	Quartile Performance ⁽¹⁾		
	1 Year	3 Year	5 Year
BT Wholesale Core Australian Share Fund	Q2	Q3	Q2
BT Wholesale Focus Australian Share Fund	Q3	Q2	Q3
BT Wholesale Imputation Fund	Q2	Q4	Q2
BT Wholesale Ethical Share Fund	Q3	Q4	Q3
BT Wholesale Australian Long Short Fund	Q1	Q2	N/A
BT Wholesale Smaller Companies Fund	Q1	Q2	Q2
BT Wholesale MicroCap Opportunities Fund	Q1	Q1	Q1
BT Wholesale Property Securities Fund	Q2	Q2	Q1
BT Wholesale Core Global Share Fund	Q2	Q2	Q3
BT Wholesale Global Property Securities Fund	Q1	Q1	Q1
BT Wholesale Active Balanced Fund	Q3	Q3	Q3
BT Wholesale Enhanced Cash Fund	Q1	Q2	Q2
JOHCM UK Equity Income Fund	Q2	Q1	Q1
JOHCM UK Opportunities Fund	Q1	Q2	Q1
JOHCM UK Growth Fund	Q4	Q2	Q2
JOHCM Continental European Fund	Q2	Q1	Q1
JOHCM European Select Values Fund	Q1	Q1	Q1
JOHCM Global Select Fund	Q3	Q2	N/A
JOHCM Global Emerging Markets Fund	Q2	N/A	N/A
JOHCM Japan Fund	Q1	Q3	Q1

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

Source: Lipper and Mercer fund rankings as at 31 March 2012.

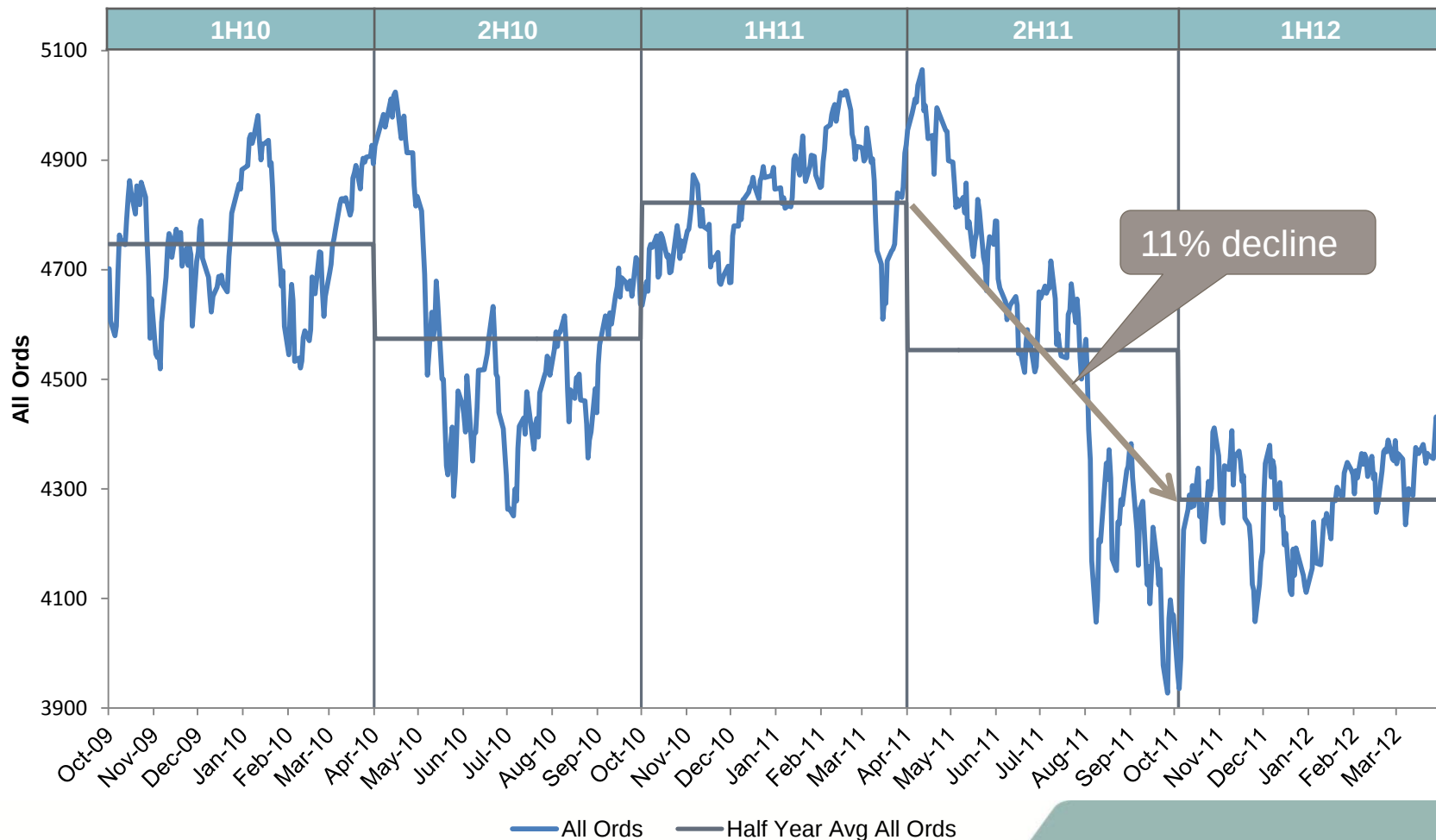
Quartile rankings for BT Institutional funds have been shown where Wholesale fund rankings are not available.

% of funds across quartile rankings



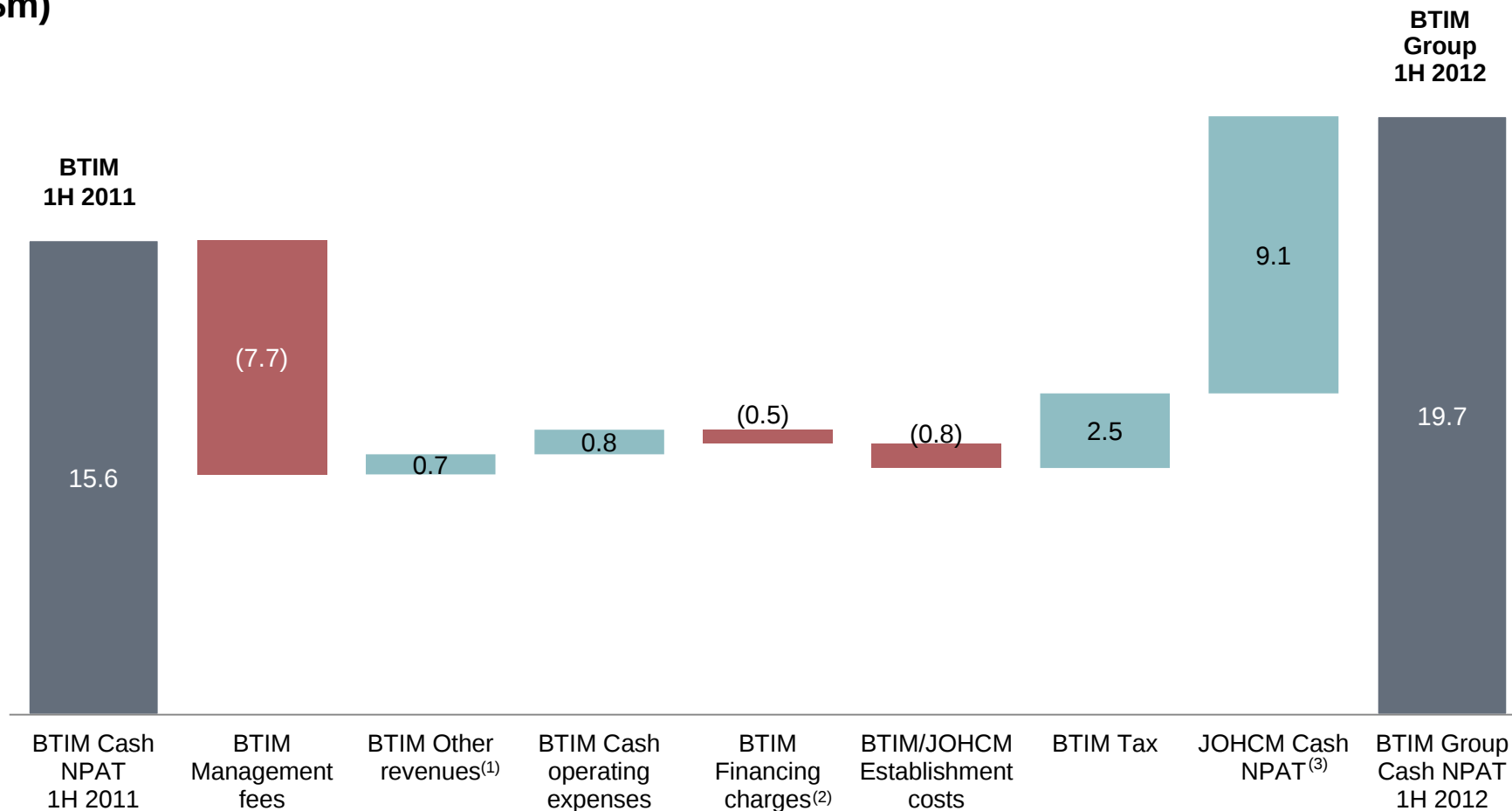
4. Financials

ASX All Ordinaries movement



Cash NPAT

(\$m)



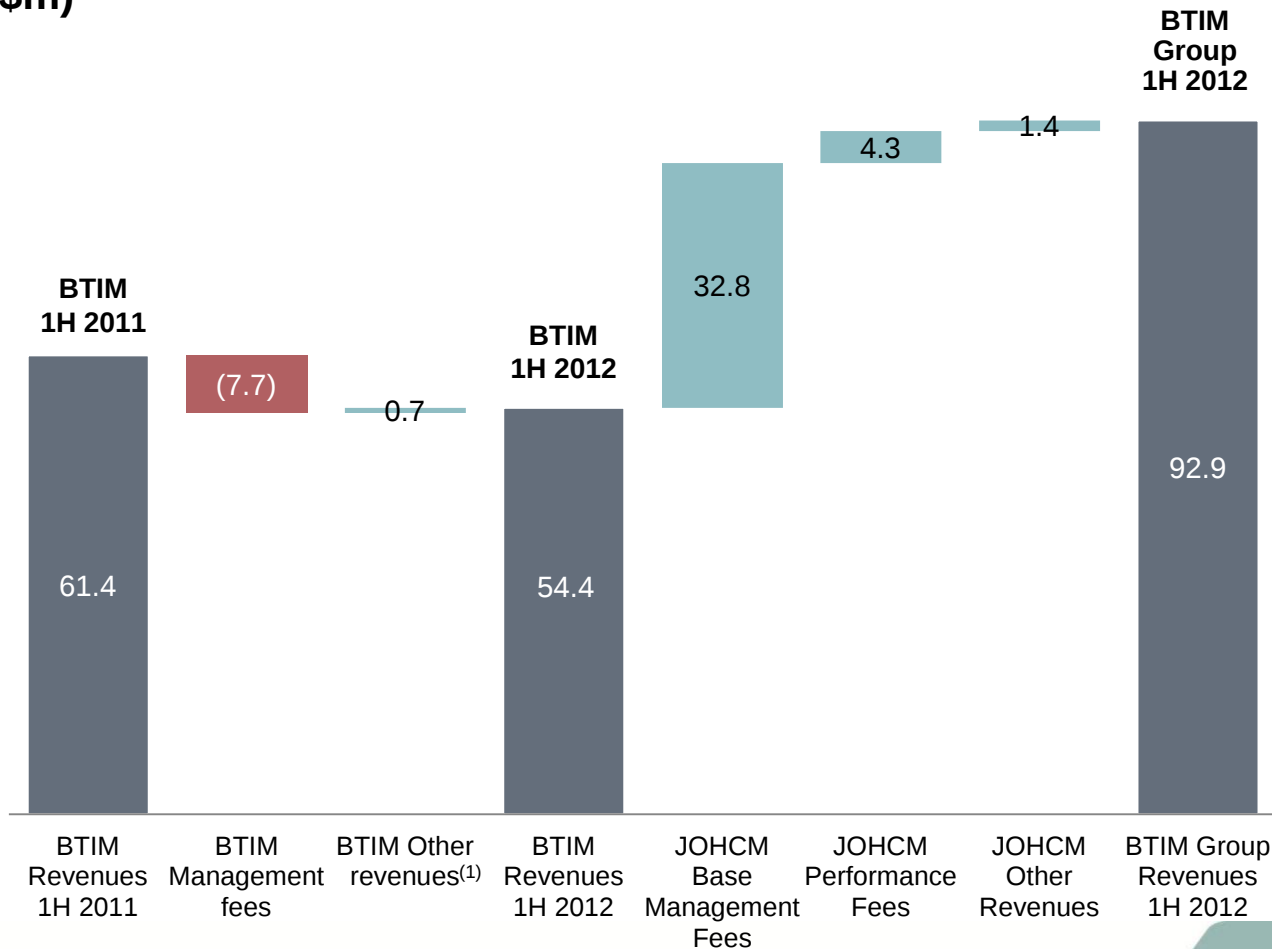
(1) Other Revenue includes interest revenue and net FX gains.

(2) Financing charges relate to interest on loan notes issued by BTIM as part of the JOHCM acquisition

(3) JOHCM Cash NPAT includes external financing with HSBC

Revenues

(\$m)

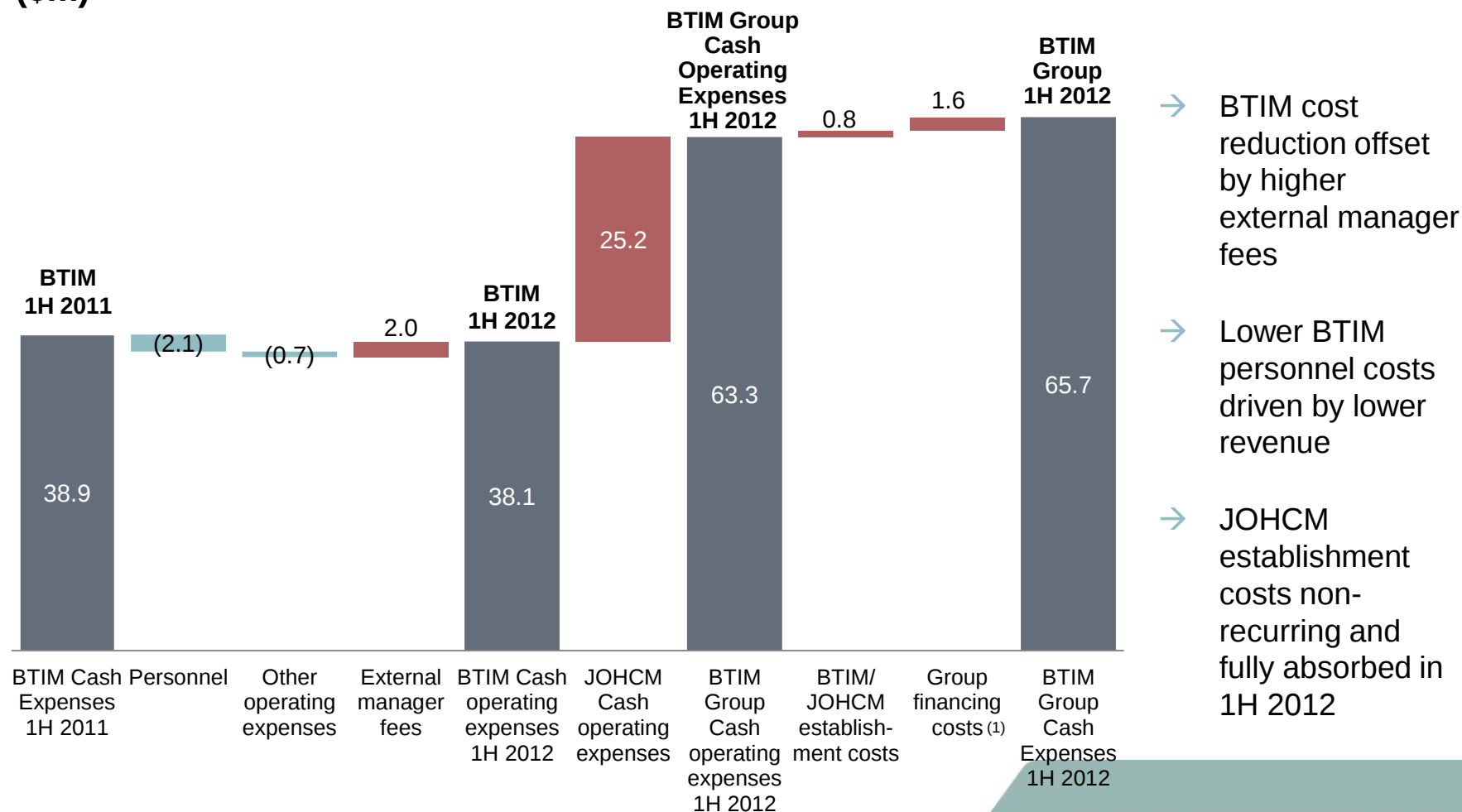


- BTIM revenues impacted by lower market level and prior year outflows
- Average All Ords down 11% from prior period
- JOHCM performance fees recognised at December driven by European Select Values, Continental European and UK Opportunities strategies

(1) Other Revenue includes interest revenue and net FX gains.

Cash expenses

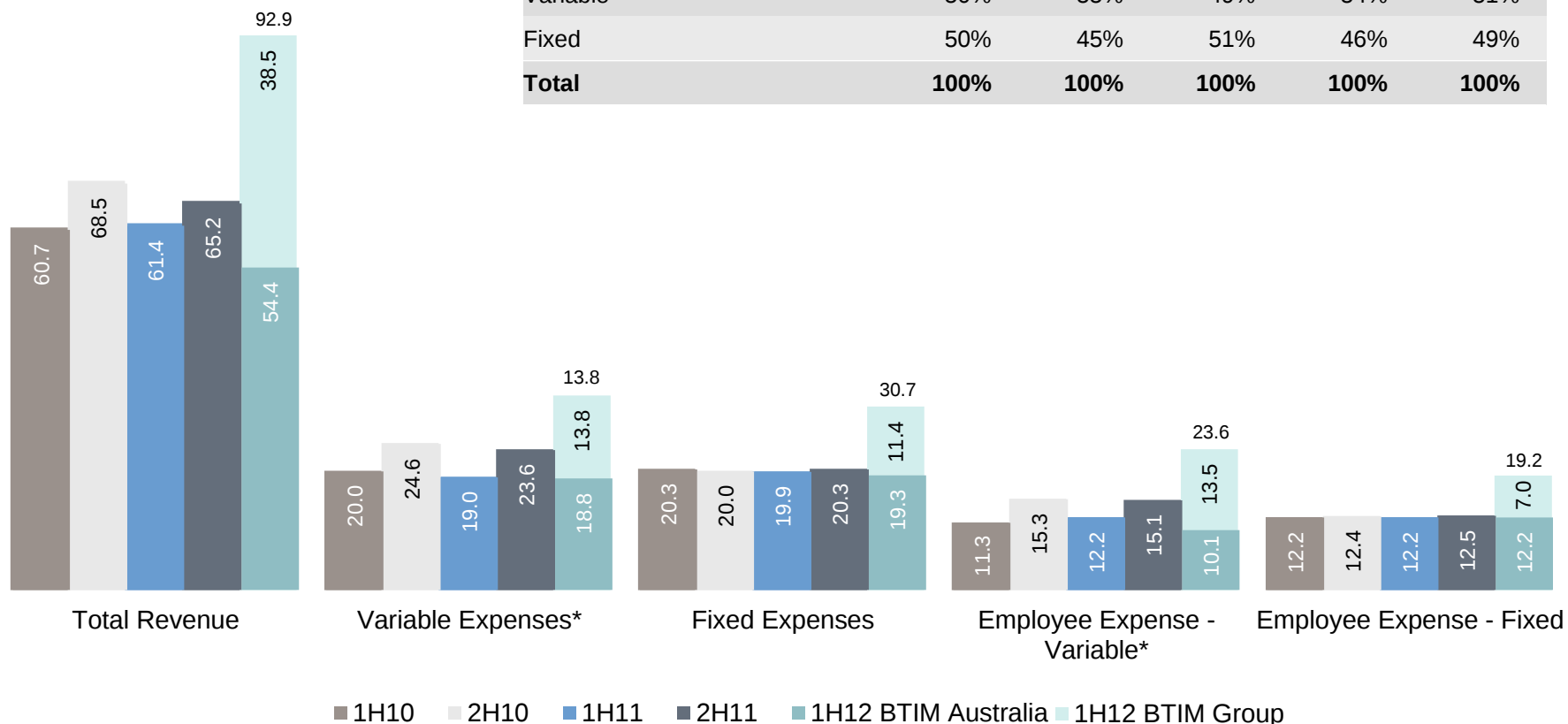
(\$m)



(1) Group financing costs include interest on loan notes and interest on external debt with HSBC

Fixed vs variable operating expenses

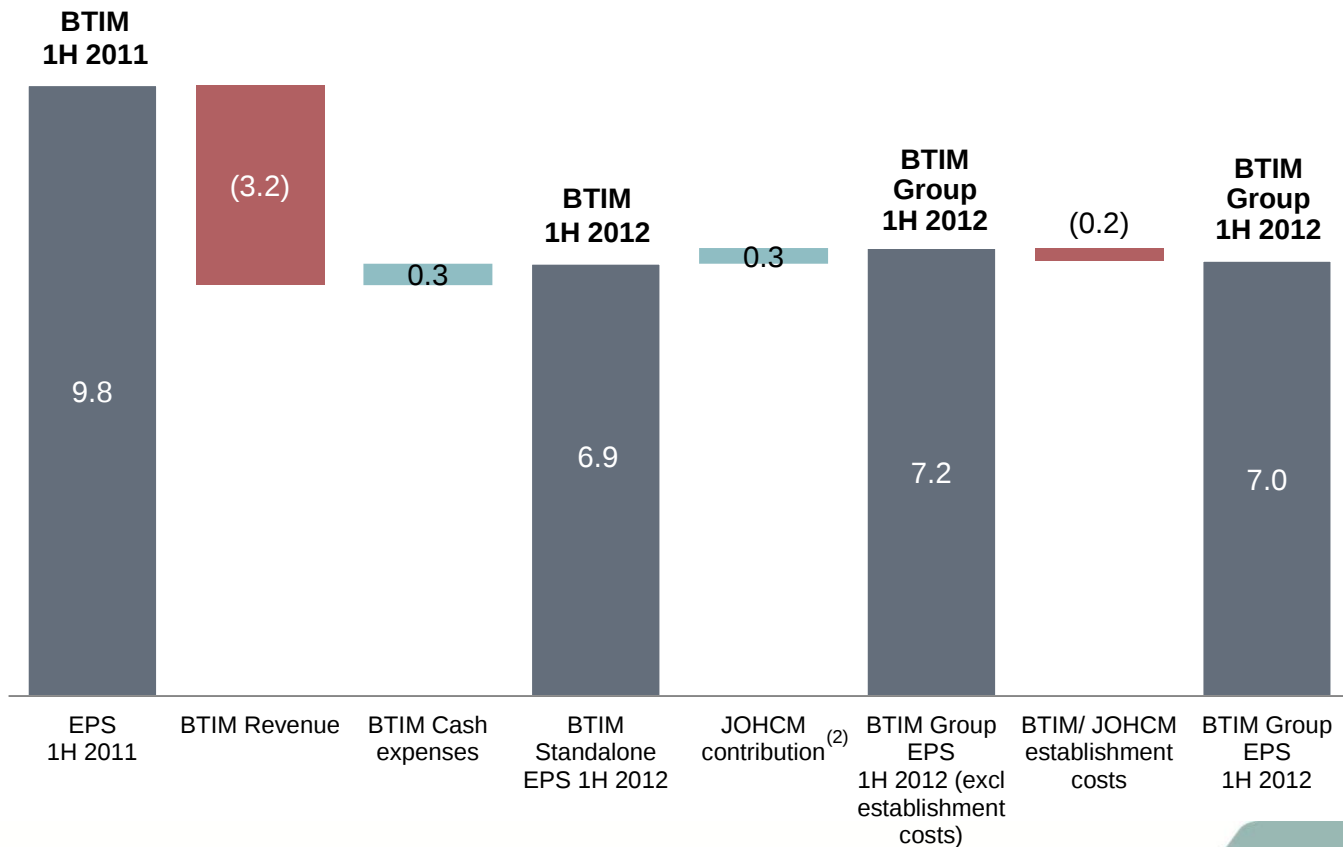
% Breakdown	1H10	2H10	1H11	2H11	1H12
Variable*	50%	55%	49%	54%	51%
Fixed	50%	45%	51%	46%	49%
Total	100%	100%	100%	100%	100%



* Note: Variable expenses include fund expenses that are linked to FUM and employee expenses that are linked to profit; Expenses exclude financing charges and BTIM/JOHCM establishment costs

Earnings per share – cash NPAT basis

Earnings per share⁽¹⁾ (cps)



→ JOHCM acquisition is Cash NPAT EPS accretive in first 6 months post transaction

(1) All items shown are tax effected

(2) JOHCM contribution includes financing costs associated with the transaction

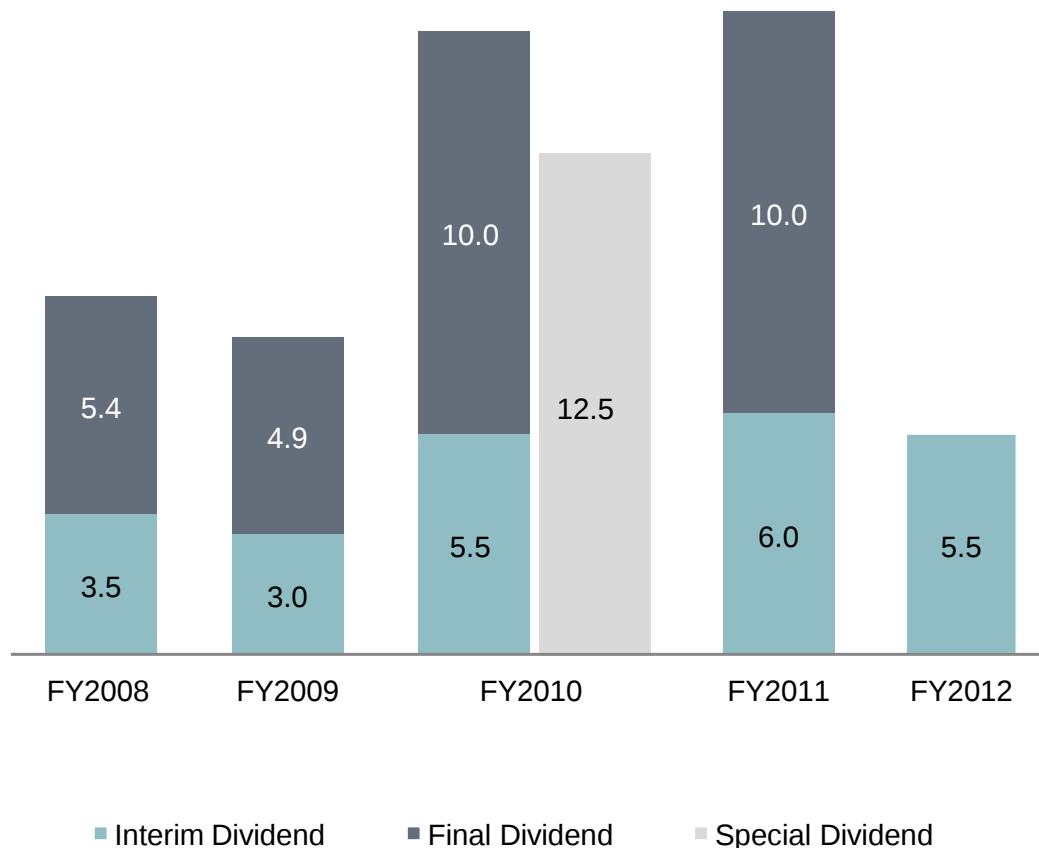
Balance sheet

\$m	Sep 2011	Mar 2012	Mvmt
Cash	283.7	54.1	(229.6)
Other current assets	20.3	37.9	17.6
Current assets	304.0	92.0	(212.0)
Property, plant & equipment	3.6	4.1	0.5
Intangible assets	233.7	550.7	317.0
Other non-current assets	7.7	30.9	23.2
Non-current assets	245.0	585.7	340.7
Total assets	549.0	677.7	128.7
Current borrowings	–	25.0	25.0
Other current liabilities	41.1	48.0	6.9
Current liabilities	41.1	73.0	31.9
Non-current borrowings	–	80.7	80.7
Other non-current liabilities	5.4	34.2	28.8
Non-current liabilities	5.4	114.9	109.5
Total liabilities	46.5	187.9	141.4
Net assets	502.5	489.8	(12.7)
Contributed equity	464.6	462.7	(1.9)
Reserves	33.4	15.8	(17.6)
Retained earnings	4.5	11.3	6.8
Total equity	502.5	489.8	(12.7)

- Cash decline due to funding of JOHCM acquisition
- Intangible increase driven by JOHCM acquisition of management contracts and goodwill
- Current borrowings represent bank debt (\$15m) and loan/converting notes (\$10m)
- Non-current borrowings include \$22m of converting notes which are equity settled only

Interim dividend

BTIM dividend history (cps)



- 5.5 cps interim dividend
- Dividend represents 80% payout of 1H12 Cash NPAT
- Move towards a more even distribution payout between interim and final dividends
- Re-confirm policy of 80-90% annual target payout ratio of Cash NPAT
- FY12 dividends to be fully franked

5. Strategic focus and outlook

BTIM strategy progress

Grow our exposure to the Wholesale channel

- Launched two new income products
- Launching Emerging Markets Fund
- Launched national roadshow for advisers
- Improved representation in model portfolios
- Improved ratings in cash, fixed income and diversified funds
- Now represents 42% of Group revenue

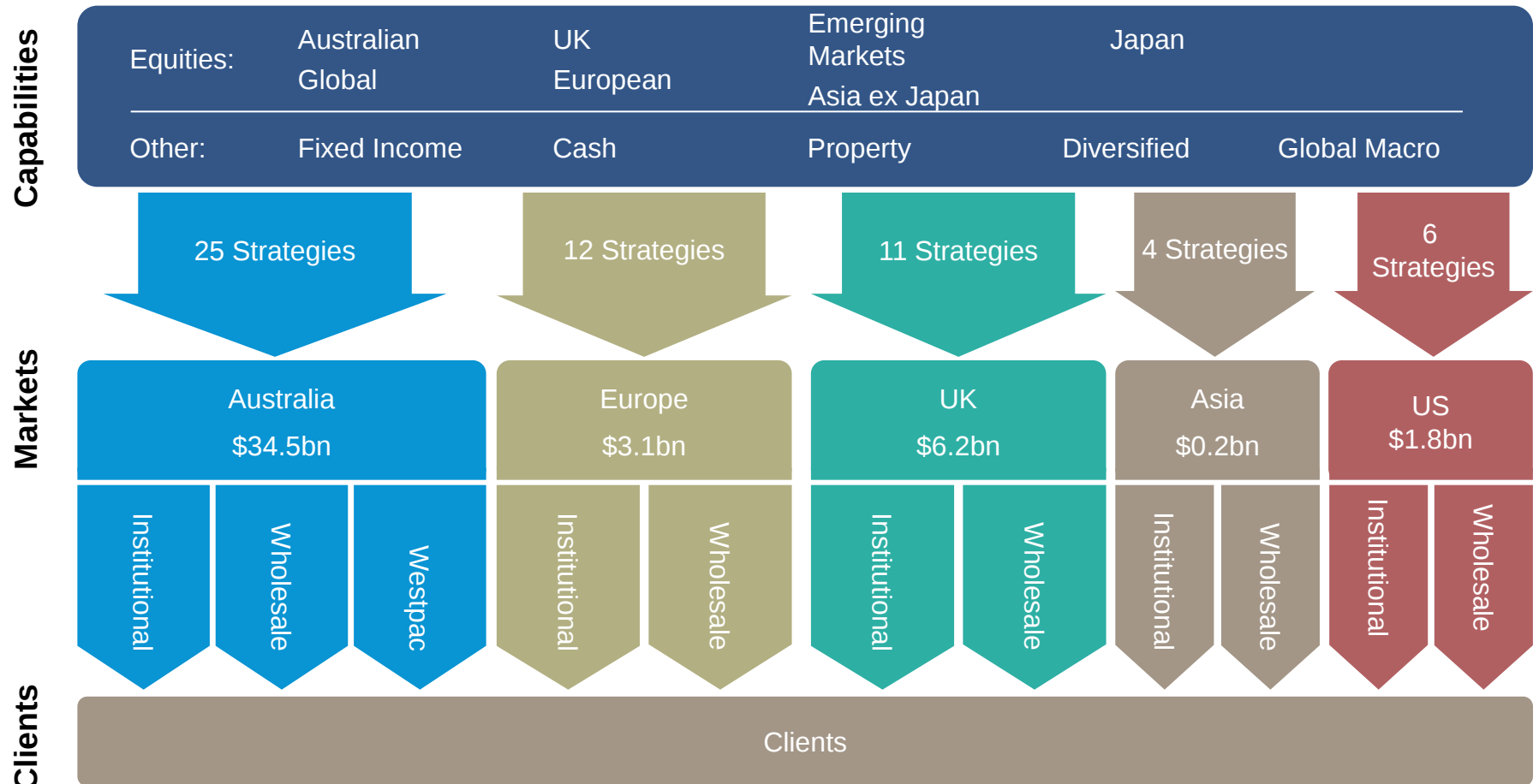
Leverage our competitive advantage from being part of the Westpac Group

- Positive flows through marketed BTFG channels (ex-legacy)
- Improved our position in model portfolios across Westpac Group
- Focus on growing FUM from ex-legacy products

Build out our multi-boutique model to attract and expand into other investment capabilities that provide growth and diversification to our business

- Expanded product range across UK, Europe, Asia and Global
- Additional growth profile via offshore opportunities
- Access to quality product to offer into the Australian market
- Good diversity across asset classes and investment strategies

BTIM strategy



Summary and outlook

- Defining six months in the context of a transformational acquisition, volatile markets and challenging flow environment
- Good progress made on our strategy
- JOHCM acquisition has gone smoothly with pleasing progress
- Despite a tough flow environment across the industry globally our flows have held up well with positive flows in the March quarter
- Investment performance remains key to capturing flows
- Remain vigilant on costs

Summary and outlook (cont.)

- Investors remain cautious particularly in the retail segment
- A sustained period of positive market returns is needed for investor confidence to return
- At least in the short term investors will continue to chase yield
- Institutional investors have been cautious post the December 2011 quarter but we expect their investment programs to fund through 2012
- Healthy pipeline of opportunities with around \$0.5bn of FUM committed but not funded
- Our product focus will be in areas where we see client demand such as income and emerging markets
- Expanding Singapore office by adding sales capability for the Asia region
- Business is in a strong position for growth

6. Questions

7. Appendices

Summary P&L

(\$m)	1H11	1H12		Group	Mvmt	Change %
		BTIM	JOHCM			
Avg FUM (\$bn)	35.6	33.5	10.5	44.0	8.4	23%
Margin (Mgt Fee excludes Perf. Fee)	0.34%	0.31%	0.62%	0.39%	0.05%	15%
Base Management Fees	60.1	52.5	32.8	85.3	25.2	42%
Performance Fees	0.1	0.0	4.3	4.3	4.2	3901%
Other Revenue ⁽¹⁾	0.1	0.1	1.4	1.5	1.4	1281%
Total Revenue	60.3	52.6	38.5	91.1	30.8	51%
Employee Expenses	(24.4)	(22.3)	(20.5)	(42.8)	(18.4)	(76%)
External Manager Fees	(1.9)	(3.9)	-	(3.9)	(2.0)	(102%)
Operating Expenses	(12.6)	(11.9)	(4.7)	(16.6)	(4.0)	(31%)
Total Cash Operating Expenses	(38.9)	(38.1)	(25.2)	(63.3)	(24.4)	63%
Operating profit	21.4	14.5	13.3	27.8	6.4	30%
BTIM/JOHCM establishment costs	-	(0.8)	-	(0.8)	(0.8)	NA
Interest related revenue	1.1	1.8	0.0	1.8	0.7	57%
Financing charges	-	(0.5)	(1.1)	(1.6)	(1.6)	NA
Tax	(6.9)	(4.4)	(3.1)	(7.5)	(0.6)	(8%)
Cash NPAT	15.6	10.6	9.1	19.7	4.1	26%
Deduct: Amortisation of Equity Grants and Intangibles	(5.3)	(9.1)	(5.3)	(14.4)	(9.1)	(172%)
Addback: Ongoing Equity Grants	4.9	3.2	1.2	4.4	(0.5)	10%
Deduct: Tax Effect	(0.5)	0.6	0.9	1.5	2.0	408%
NPAT	14.7	5.3	5.9	11.2	(3.5)	(24%)
Operating profit margin	35%	28%	35%	30%		

⁽¹⁾ Excludes interest related revenue.

Performance fees

Fund ⁽¹⁾	FUM \$m 31 Mar 12	Performance fee period to	Benchmark	Participation Rate %
BTIM				
BT Wholesale Microcap Opportunities Fund*	181.1	30 June	S&P/ASX Small Ord Accum Index	20%
BT Wholesale Australian Long Short Fund*	179.1	30 June	S&P/ASX 200 Accum Index	15%
BT Wholesale Focus Australian Share Fund	144.3	30 June	S&P/ASX 300 Accum Index	15%
BT Global Macro Fund	43.1	30 June	UBS Bank Bill Index	20%
BT Wholesale Mid Cap Fund *	21.3	30 June	BT Midcap Customised Index	20%
JOHCM⁽²⁾				
UK Equity Income Fund*	1,593.2	31 December	FTSE All-Share TR Index	15%
UK Opportunities Fund	1,367.1	31 December	FTSE All-Share TR Index	15%
Global Select Fund	1,139.8	31 December	MSCI ACWI TR (net dividends reinvested)	15%
Continental European Fund*	820.4	31 December	FTSE Eurofirst 300 Ex UK TR Index	15%
European Select Values Fund*	601.1	31 December	FTSE Eurofirst 300 TR Index	15%
UK Growth Fund	443.2	31 December	FTSE All-Share TR Index	15%
Japan Fund*	301.2	31 December	TOPIX TR Index	15%
European Fund	245.1	31 December	FTSE Eurofirst 300 TR Index	15%
Global Emerging Markets Fund	197.5	31 December	MSCI Emerging Markets TR (net dividends reinvested)	15%
Asia ex Japan Fund*	32.3	31 December	MSCI AC Asia ex Japan TR Index (net dividends reinvested)	15%
Global Emerging Markets Opportunities Fund	31.8	31 December	MSCI Emerging Markets TR (net dividends reinvested)	15%
UK Dynamic Fund*	18.4	31 December	FTSE All-Share TR Index	15%
All European Dynamic Growth Fund*	11.2	31 December	MSCI Europe TR Index (net dividends reinvested)	15%
Asia ex Japan Small and Mid Cap Fund	6.1	31 December	MSCI AC Asia ex Japan Small Cap TR Index (net dividends reinvested)	15%
Total Funds with Performance Fees	7,377.3			

(1) Funds above their high water mark as at 31 March 2012 are denoted with an asterisk

(2) JOHCM includes OEIC FUM converted at a spot rate of 0.6512

Acquisition accounting for JOHCM

Reconciliation of purchase consideration to accounts

	£m	A\$m
Purchase consideration		
Purchase consideration at announcement	209	314 ⁽¹⁾
Seed capital	12	19
Consideration allocated to remuneration	(10)	(15)
FX movement	–	10
Purchase consideration for accounting purposes	211	328
Allocation of consideration		
Net tangible assets	20	33
Intangible assets: Management contracts	75	115
Deferred tax liability on recognition of intangible assets	(18)	(28)
Goodwill	134	208
Purchase consideration	211	328

(1) As per prospectus issued on 19 July 2011

Adjustments from statutory NPAT to cash NPAT

Reconciliation of 1H 2012 statutory NPAT to cash NPAT (\$m)



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