

Globally Diverse Financially Strong

Annual Report 2013

Our Performance

The 2013 Financial Year was a strong year for BT Investment Management (BTIM). The year saw the successful launch of new products, expansion into new markets and the addition of complementary fund strategies. This, along with improved market conditions, strong net fund flows and excellent investment performance has helped us deliver a 49% increase in our Cash Net Profit After Tax (NPAT) and a 44% increase in dividends over the course of the year.

\$2.09

SHARE PRICE AT
30 SEPTEMBER 2012



SHARE PRICE AT
30 SEPTEMBER 2013

\$4.31

CLOSING FUNDS
UNDER MANAGEMENT \$B

58.3 ↑ 25%

CASH NPAT \$M

61.9 ↑ 49%

FEE REVENUE \$M

260.4 ↑ 35%

OPERATING EXPENSES \$M

175.2 ↑ 32%

CASH EPS CPS

21.3 ↑ 46%

DIVIDEND CPS

18.0 ↑ 44%

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Chairman's Letter



On behalf of the Board, I am pleased to present BT Investment Management's (BTIM's) sixth annual report.

It is with mixed emotions that I announce my retirement as Chairman of BTIM. It has been a privilege to be a part of such a dynamic, progressive company which has seen its way through some of the toughest market conditions I have experienced in my career to emerge as a leading Australian Securities Exchange (ASX) listed funds management business.

When BTIM listed on the ASX in 2007 and I joined as Chairman, our business had 137 employees, invested 30% of its funds in Australian equities and had funds under management (FUM) of \$41.9 billion. At that time, the All Ordinaries was at 6,686 points and our listing was on the eve of the Global Financial Crisis (GFC). The GFC hit and the industry within which BTIM operates suffered as a result. I recall our FUM declined 16% in 2008. However our unique multi-strategy boutique model was resilient and enabled us to be strict with our cost base and emerge from the period more disciplined and focused.

In 2010 we appointed Emilio Gonzalez as Chief Executive Officer. In his first year as CEO, Emilio oversaw the extension of the Master Relationship Agreement with our biggest client, The Westpac Group (Westpac), for a further five years. This provided BTIM with stability and certainty in its core business.

During this time, we recognised that in order to grow and diversify, BTIM would need to expand overseas and become less reliant on the Australian business. In 2011, when the Australian currency was at its strongest, BTIM acquired J O Hambro Capital Management providing the opportunity to enter the UK, European and US markets. The acquisition has been a great success and gives the business a platform for expanding into those new markets.

In late 2012, BTIM launched its first direct to market products, the BT Equity Income Series. The funds were developed to target the growing desire for yield and stable income in Australia. BTIM's approach to innovation in product and fund strategy, along with our ambition to grow and diversify, has produced stand-out results in 2013. This year, as a result of all of these efforts, the business reached a record Cash Net Profit After Tax of \$61.9 million. Compared to 2007, BTIM now has 220 employees, operates in four countries and has \$58.3 billion of FUM. In the six years since listing, BTIM has produced a total shareholder return of 23% which compares to a 1% increase in the S&P/ASX 300 Accumulation Index over the same period.

BTIM's approach to innovation in product and fund strategy, along with our ambition to grow and diversify, has produced stand-out results in 2013.

I would also like to highlight the evolution of our client base since we listed in 2007. At that time Westpac was our biggest client accounting for 62% of our FUM, while other institutional clients and wholesale clients represented 24% and 14% of our FUM respectively. Now Westpac accounts for 32% of our FUM, while wholesale funds represent 29% and other institutional funds make up 39%. This diversification has been brought about by our focus on our strategy and as a result we have transformed the business from a domestically focused asset manager into a global asset management business.

It has been a privilege to be a part of such a dynamic, progressive company which has seen its way through some of the toughest market conditions I have experienced in my career to emerge as a leading ASX listed funds management business.

Industry changes

Since 2007, the financial services industry has faced both cyclical swings and, more recently, considerable structural changes. BTIM has not been immune to these. As a result of the low investment returns experienced by clients over the time of the GFC, we have seen investor preferences change.

There has been a strong shift towards safe assets as investors seek certainty of income and security of capital. The permanency of this shift will be tested as equity markets regain confidence. We have also witnessed a considerable shift towards individual investors wanting to undertake their own investments. This has been evidenced in the significant growth in self-managed super funds, and supported by a raft of new regulatory changes such as Future of Financial Advice and MySuper which together have impacted the industry considerably and affected how asset managers operate. Our clients have also become increasingly price sensitive after seeing their savings and investments eroded during and post the GFC.

By any measure, these are not small changes and like any industry going through change it is incumbent on us to adapt to the core needs of our clients. I would like to say that I am very proud of BTIM's thought leadership at a time of substantial industry change.

Capital management

Pleasingly for shareholders, the business produced Cash earnings per share of 21.3 cents per share in the 2013 Financial Year. The Board has declared a final dividend of 10.0 cents per share, bringing the total dividend for the year to 18.0 cents per share. The payout ratio for the year was 85% and the Board continues to target a payout ratio of 80%-90% of Cash NPAT. In last year's report I wrote that franking levels were expected to reduce this year as a result of the growing earnings from our offshore business. Franking levels have reduced and franking for the final dividend is 50% although franking for the full year period was 72%. The Dividend Reinvestment Plan will remain active for the 2013 final dividend which will be paid in December.

Conclusion

I'd like to take this opportunity to thank you, the shareholders, for your support throughout the year. For those of you who have been with us over the last few years or since listing, thank you for your ongoing support of the company and of me as Chairman. I will be leaving BTIM with a strong and capable management team, who have been terrific to work with and who I know will continue to perform and produce shareholder value.

The Board has announced that James (Jim) Evans will replace me as Chairman of the Board. Jim has been a Non-executive Director of BTIM since June 2010 and brings with him a wealth of knowledge of the financial services industry. I have every confidence that I leave my position in strong and capable hands.



Brian Scullin
Chairman

Chief Executive Officer's Report



It is pleasing that we have been able to deliver record results, while continuing to diversify and build on growth opportunities.

This year has been another significant year for BT Investment Management (BTIM). We have been steadfast in focusing on our strategic priorities to diversify our business into new markets, new products and new channels. This has enabled us to continue to grow the business.

I am happy to report that our fee revenue grew by 35% to \$260.4 million and we were able to deliver a record Cash NPAT of \$61.9 million for the year, up 49% on the previous year. We also reported a 46% increase in Cash earnings per share. It is pleasing that we have been able to deliver record results, while continuing to diversify and build on growth opportunities. During the year, we continued to build out our investment capabilities, we expanded geographically and we launched a number of new products. Improved investment markets also helped along the way.

We are a business that is very much reliant on market movements and investor sentiment as both impact our revenue through demand for our products and growth in funds under management (FUM). Over the course of the year we saw an improvement in markets globally and many of our funds outperformed their benchmark indices. On the back of a rise in equity markets, along with strong investment performance in our funds and strong net flows offshore, our business achieved growth in FUM from \$46.6 billion in 2012 to \$58.3 billion in 2013.

J O Hambro Capital Management (JOHCM), our business in the UK, delivered an outstanding result and continues to demonstrate strong growth.

In the 2012 Financial Year, when we acquired JOHCM, our focus was on ensuring a smooth transition under BTIM ownership. This year, our focus was to build on that early success and momentum. I am delighted to report that the performance momentum of JOHCM has continued strongly and I want to congratulate the team for the positive outcomes that have been delivered for shareholders this year. The investment teams have remained stable since the acquisition and during the year the business was able to expand its investment offering, launching a number of new funds. Gavin Rochussen, the CEO of JOHCM, expands further on the JOHCM business and its prospects later in this Annual Report.

Some of the key highlights for the year include:

- strong investment performance across our funds
- strong business performance from J O Hambro Capital Management
- expansion into new markets and opening an office in the US
- adding to our capabilities by hiring an international small-caps team, based in the US
- strong inflows into our Income & Fixed Interest products including the successful expansion of our fixed income range with the launch of the Pure Alpha Fixed Income Fund
- launching the BT Equity Income Series which has experienced strong demand, and
- establishing the Product Solutions Group, an in-house product solutions 'think tank', focused on expanding our product offering in Australia.

During the year, we continued to build out our investment capabilities, we expanded geographically and we launched a number of new products.

During the course of the year we had net inflows of \$1.5 billion. This was driven by strong flows into JOHCM investment strategies as well as strong flows into our Income & Fixed Interest capabilities. JOHCM net flows for the year were \$3.0 billion whilst net flows into the Income & Fixed Interest strategies were \$1.3 billion. The main areas of outflows were from The Westpac Group (Westpac) legacy book in Australia, which had net outflows of \$1.1 billion, and Australian equity strategies which had net outflows of \$1.1 billion, excluding the legacy book. Importantly our investment performance has remained strong with 76% of our core funds in the first or second quartile of performance across the BTIM Group over the three years ending 30 September 2013.

In terms of industry dynamics, ongoing regulatory reforms continue to drive structural change in the industry. The superannuation industry is dominated by four main categories: industry funds, retail funds, public funds and self-managed super funds (SMSFs). Over the years, increased regulation and the drive to achieve scale have led to industry consolidation. This has been accelerated with the introduction of Future of Financial Advice and MySuper. Reforms in the Australian market are increasing regulatory and compliance costs and driving revenue margins lower across the value chain. Over the past ten years the number of industry funds has reduced from 124 to 52, the number of public funds has declined from 58 to 38 and the number of retail funds on offer has reduced from 235 to 127¹. There has also been an increase in industry concentration with the top 20 funds taking a growing share of the market. In contrast, the number of SMSFs has almost doubled from 260,000 to 510,000. This is forcing a re-think in terms of distribution, business models and the importance of a clear value proposition.

Key to our business model is the investment-led culture which the business supports by providing resources such as infrastructure, sales and marketing, risk and compliance and technology services. This is proving to be a valuable proposition for investment managers as the regulatory burden has significantly increased. As a result, we will continue to provide a boutique investment culture and model that promotes investment independence, with the support of an institutional platform to manage the regulatory obligations and compliance requirements. We believe this provides the right balance between investment independence, creativity and a solid foundation for the business. BTIM now offers 52 investment strategies, providing a broad range of funds from which clients can choose. This in turn provides the BTIM Group with a diversified portfolio of assets and clients.

Investment markets

The Australian market as measured by the S&P/ASX 300 Price Index was up 18% for the 12 months to 30 September 2013. Much of the rise can be attributed to reduced concerns regarding the financial stability of Europe which dogged markets in 2012 and a gradually improving outlook for the US. Domestically, the market was boosted by investors chasing yield as the Reserve Bank of Australia (RBA) cut interest rates from 3.50% to 2.50%, from a mid-2011 high of 4.75%. This was reflected in the strong performance of high yielding sectors such as the bank and telecommunications sectors. The materials and energy sectors underperformed during the year, reflecting the lowering of growth expectations for the Chinese economy. Australian growth prospects are still somewhat subdued and growth is expected to be at or below trend in the coming year. This will continue to support a low interest rate environment provided inflation remains within the RBA's target range. Subject to the market maintaining its current levels and with recent adviser surveys showing sentiment at its highest level since the GFC, the next 12 months may see a shift towards riskier assets.

In recent months, we have seen evidence that investors are becoming more risk tolerant and moving back into equities. In the last months of the 2013 Financial Year we have seen flows that reflect signs of this rotation. This is in contrast to data from earlier in the year which shows the industry experienced net outflows in Australian equities of \$28 billion for the 12 month period ending 30 June 2013. Perhaps this will represent the nadir in outflows for this category – which, if this proves to be the case, places us in a good position given the strong performance of our Australian equity strategies.

Nonetheless, income-based investments have found a permanent home with an increasing number of Australian investors who remain cautious and focused on preserving capital, particularly those looking to fund their retirement. Despite term deposit interest rates declining considerably over the past two years, investments into term deposits have continued to grow, albeit at a slower pace. Term deposits have risen to a record level of \$840 billion as at 30 June 2013, however the annual growth rate in term deposits of 4% as at June 2013 is now at its lowest since June 2006.

¹ APRA, *Annual Superannuation Bulletin*, June 2012; and APRA, *Quarterly Superannuation Performance*, June 2013.

Chief Executive Officer's Report continued

Offshore the move towards equities has been far more prevalent given the near-zero interest rate environment and an uptick in market performance. The best performing markets offshore were the US (S&P 500 up 17%) and Japan (Topix up 62%) which was buoyed by 'Abenomics', a string of measures introduced by Japanese Prime Minister Shinzo Abe to aid the expansion of the Japanese economy. The move back into equities offshore was evident in the JOHCM business which, as mentioned earlier, experienced strong net inflows of \$3.0 billion, more than double what was raised the previous year. This not only represents the changing risk appetite but also the strong performance of JOHCM's investment managers.

During the year, exchange rate movements were also favourable. The Pound sterling strengthened against the Australian dollar contributing to an increase in the value of JOHCM's FUM in Australian dollar terms.

A more fulsome discussion and outlook on investment markets is covered in the Boutique Reports and I encourage our shareholders to take a moment to read about how our fund managers are positioning their portfolios and managing client funds.

Strategic initiatives

Our success has been achieved by remaining focused on our key strategic imperatives which include adding new investment capabilities for growth and diversification. We have done this by expanding offshore and focusing on building our presence in markets where we have competitive advantages, such as the wholesale market, and through our relationship with our key shareholder, Westpac. Whilst the work on this front is still evolving, over the past year we have fine-tuned our strategy with the addition of a new team, centered around product development and the necessity to respond to evolving client needs.

We can proudly say that our business is now diversified and a truly global investment management business. The majority of our revenues (51%) are now sourced from offshore: 25% from UK equities; 8% from European equities and 17% from global, Asian and emerging market equities. This complements our revenue generated via Australian equities, fixed interest and our diversified strategies. As I reported earlier, we continue to have strong success in raising FUM offshore through JOHCM and, since the relaunch of our Income & Fixed Interest capabilities in March 2010, we have had similar success, raising over \$1.7 billion in institutional FUM in the fixed interest category.

We are pleased to have opened up an office in New York, housing an investment team to manage an international small-cap strategy as well as a dedicated sales team focused on distributing four (three existing and one new) JOHCM mutual funds into the US market. Further sales resources have also been added in Asia with the appointment of a sales director to raise the profile of JOHCM and increase its focus in that region.

In the 2014 Financial Year, we plan to launch three new funds offshore: the international small-cap strategy, a global emerging small-cap fund and a global Sharia fund. These funds are discussed further in the JOHCM update of this Annual Report.

During the course of the year we closed our Global Macro investment strategies as we saw a lack of appetite from our clients for this type of product and after a number of years we were unable to raise funds. We have to remain disciplined in how we allocate our capital and where we devote our energy. We felt that our resources could be more effectively allocated to other parts of the business that offer better growth opportunities.

We remain committed to growing our market share in the higher margin wholesale channel. Domestically this channel, where we sell our products to financial planners, has remained very difficult and the size of the market is approximately 22% below its peak in 2007². Investor preferences for accessing investments are changing. A growing number of investors are choosing to invest directly and technology is helping to facilitate this appetite. This is most evident in the growth of SMSFs which now represent almost one third, or \$506 billion, of the superannuation industry³. Yet only 7% of funds held by SMSFs are invested in managed funds⁴. Nonetheless, 77% of SMSFs are advised, thus providing an opportunity for businesses like BTIM, who have long-established relationships and strong networks covering this segment. Key to capturing this growth will be providing clarity around what products are suitable for the model portfolios recommended by dealer groups and offering a range of products that cannot be easily replicated to clients who are prepared to pay an attractive margin.

To meet this demand, ongoing product innovation must focus on providing product solutions to meet clients' specific needs. It is this aspect of our strategy that we have refined in order to better meet the needs and demands of the growing self-directed investor segment.

Over the past year we have established a dedicated Product Solutions Group (PSG) aimed at developing products that meet specific investor requirements. This capability will be increasingly important given the expected growth in the retirement market. One of the fastest growing areas in this market is managing the transition from accumulation to retirement, which means a growing emphasis on capital preservation and ongoing income to meet a desired standard of living. I am encouraged by the early success of the PSG following the launch of the BT Equity Income Series. This was a series of funds designed to provide an attractive, reliable and tax-effective monthly income stream, with daily access to funds and low capital volatility. These funds were launched in October and November 2012 and raised \$230 million in FUM to 30 September 2013.

2 Rainmaker, June 2013.

3 APRA, *Quarterly Superannuation Performance*, June 2013.

4 ATO, *SMSF Statistical Report*, June 2013.

The BT Equity Income Series was designed to address the specific need for income during a period of declining interest rates. Of the 122 funds launched by fund managers in the industry over the past 12 months, the BT Equity Income Series has been the most successful in raising new monies.

The outcome-based strategy of the BT Equity Income Series made the funds appropriate to market directly to SMSFs. The success in attracting FUM was assisted by tapping into the direct customer market through advertising. During the year, we undertook an advertising campaign via mainstream print and digital media, radio advertising, search engine marketing and select niche investor magazines.

The BT Equity Income Series also demonstrates the importance of access to distribution through Westpac. Whilst fund rating houses and research groups require a performance track record prior to recommending a product, we were able to work closely with the Private Banking division of Westpac early in the product cycle. Westpac's Private Banking advisers were keen to offer an alternative income product to their clients in a declining interest rate environment. Working with Westpac's Private Bank, and receiving their strong support, enabled us to exceed our initial FUM targets for the year.

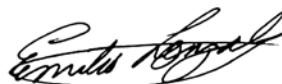
Product innovation will become increasingly important to our business as we seek to grow revenue from new markets with higher margin products that are more tailored to individual needs. These new products, along with our existing product suite, will be key to growing our presence with financial planners in the wholesale market and, selectively, in the high net worth market. As I pointed out in last year's Annual Report, this will require businesses such as ours to be flexible enough to adapt to changes in the marketplace and be prepared to move quickly when opportunities arise. Our team has been able to adapt and think more broadly to meet these challenges.

Conclusion

The 2013 Financial Year has been both a challenging and rewarding year for BTIM. Our business is in a strong position and provides an attractive proposition for you, our shareholders. Whilst we currently have good momentum in the business, particularly through JOHCM, our focus is on developing the next growth phase, three to five years out, and identifying opportunities to build on the current momentum.

I believe we have a strong business model that aligns the interests of clients, shareholders and employees towards success. We focus on delivering value to our clients and are rewarded according to our success in attracting, managing and retaining funds. For our shareholders we offer access to a growing funds management industry through a globally diverse asset management business that is innovative and financially strong.

I would like to thank our employees for their hard work this year. Developing a strategy requires vision, but it is our people who see the strategy through and certainly this year reflects their ability to do that.



Emilio Gonzalez, CFA
Chief Executive Officer

We offer access to a growing funds management industry through a globally diverse asset management business that is innovative and financially strong.

Business Update

Cash Net Profit After Tax (NPAT) for the year was \$61.9 million, which represents a 49% increase from the 2012 Financial Year. Statutory NPAT was \$51.2 million, an increase of 139% on the previous year.

\$61.9m CASH NPAT

Funds under management

The 2013 Financial Year saw the BTIM Group experience significant FUM growth of 25% which resulted in closing FUM of \$58.3 billion. The \$11.7 billion increase in FUM can be attributed to market growth and fund performance adding \$8.1 billion, net inflows into the BTIM Group of \$1.5 billion and a favourable foreign exchange translation of \$2.1 billion on foreign denominated FUM. The strong market performance saw the S&P/ASX 300 Price Index increase 18% and the MSCI All Countries World Index (ACWI) (GBP) rise 17% over the course of the year.

Strong net inflows emanated from J O Hambro Capital Management (JOHCM) where \$3.0 billion was raised while BTIM Australia experienced outflows of \$1.5 billion largely due to its legacy book which is in structural decline. Positive FUM flows came via the higher margin wholesale channel (+\$2.2 billion), the institutional channel (+\$0.2 billion) and Westpac's other non-legacy related channels (+\$0.2 billion), while the legacy book had outflows of \$1.1 billion.

Key asset classes that received the most inflows were Income & Fixed Interest funds (+\$1.3 billion), UK equities (+\$1.1 billion), global equities (+\$1.0 billion) and Japanese equities (+\$0.3 billion). Australian equities were in outflow losing \$1.3 billion, largely through the institutional channel and the legacy book. Pleasingly the BT Equity Income Series, launched in late 2012 and targeted at both the high net worth and retail investor segment, received strong inflows of \$230 million through the year.

Investment performance

In the 2013 Financial Year, the BTIM Group delivered excellent fund performance across the business with 83% of funds we offer producing returns above their benchmarks. In Australia, 79% of funds outperformed their benchmarks and 58% were in the top two quartiles over the 12 month period. The Australian equities funds had a particularly strong year with notable outperformance from: BT Institutional Core Australian Share Sector Trust (+5.4%), BT Wholesale Focus Australian Share Fund (+6.4%), BT Institutional Smaller Companies Sector Trust (+23.3%), and the BT Wholesale MicroCap Opportunities Fund (+36.3%).

Offshore, 93% of the JOHCM funds also outperformed their respective benchmarks over the last 12 months and 79% are in the top quartile since inception. Of the 16 JOHCM investment strategies, nine outperformed their benchmarks by more than 500 basis points over the course of the year including: JOHCM UK Growth Fund (+21.7%), JOHCM UK Equity Income Fund (+12.2%), JOHCM European Select Values Fund (+11.4%), and the JOHCM Global Select Fund (+8.9%).

During the year a number of funds also garnered performance fees with the JOHCM UK Equity Income Fund, JOHCM Japan Fund, BT Wholesale MicroCap Opportunities Fund and the BT Wholesale Australian Long Short Fund the key contributors.

YEAR ENDED 30 SEPTEMBER		FY13	FY12	CHANGE %
Cash NPAT	\$ million	61.9	41.5	↑ 49
Statutory NPAT	\$ million	51.2	21.4	↑ 139
Fee revenue	\$ million	260.4	192.4	↑ 35
Operating expenses	\$ million	175.2	133.1	↑ 32
Operating margin	%	33	30	↑ 7
Cash EPS	cents per share	21.3	14.6	↑ 46
Dividend	cents per share	18.0	12.5	↑ 44
Average FUM	\$ billion	51.5	44.6	↑ 15
Closing FUM	\$ billion	58.3	46.6	↑ 25

Profitability

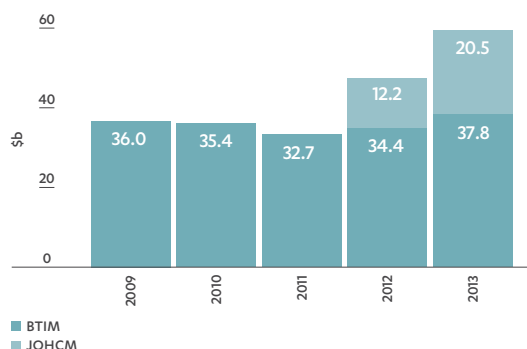
Cash Net Profit After Tax (NPAT) for the year was \$61.9 million which represents a 49% increase from the 2012 Financial Year. Statutory NPAT was \$51.2 million, an increase of 139% on the previous year. This result was driven by improved global financial markets, record JOHCM and BTIM Australia performance fees and strong fund flows into JOHCM. As a result of the increase in earnings, Cash earnings per share (EPS) was 46% higher than the previous period at 21.3 cents per share.

Revenue

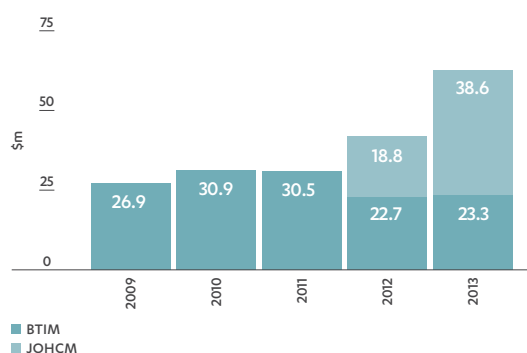
Total fee revenue for the year was \$260.4 million, an increase of 35% on the previous year. Base management fee revenue rose 21% to \$212.4 million on the back of an increase in global equity markets and strong funds flow at JOHCM. In Australia, the average level of equity markets was 15% higher than in the 2012 Financial Year, while the average level of the MSCI ACWI (GBP) increased 18% over the same period. With increased fund flows and upward movements in markets, the average FUM level increased 15% on the previous year. The average management fee margins expanded from 39 basis points to 41 basis points due to asset mix.

Business Update continued

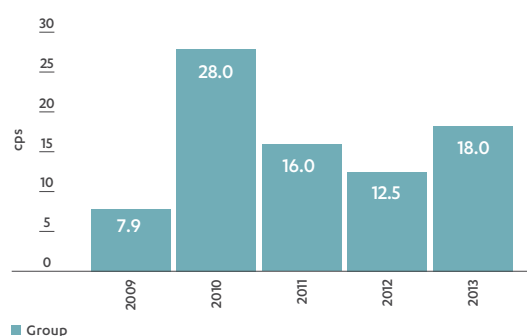
Closing funds under management



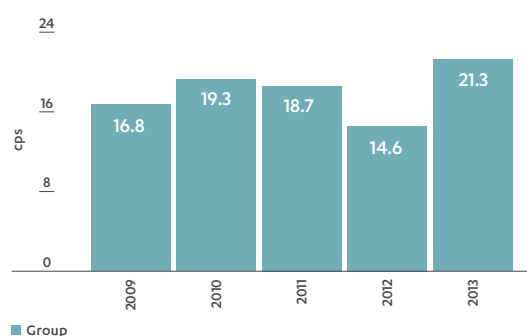
Cash NPAT



Dividends



Cash EPS



Performance fees for the year totaled \$43.5 million increasing more than threefold from the \$12.2 million reported in the previous year. There were record performance fees at both JOHCM and BTIM Australia where \$34.5 million and \$9.0 million were earned respectively. Other fee revenue was \$4.5 million (FY12: \$4.2 million).

Fee revenue within the BTIM Group continues to diversify with \$69.9 million, or 27%, emanating from the institutional channel, \$132.9 million, or 51%, coming through the wholesale channel, while the legacy book represented 11% of the total fee revenue in the BTIM Group.

Expenses

Total cash operating expenses were \$175.2 million, a 32% increase on the \$133.1 million reported in the 2012 Financial Year. Employee costs were \$127.9 million, 43% higher than the previous year and driven by an increase in variable remuneration as a result of increased base management fee revenue and significantly higher performance fees. Overall headcount also increased at JOHCM by seven full-time employees reflecting the growth in the business and ongoing operational needs.

Other operating costs were \$47.3 million which compares to \$43.7 million on the previous year, an 8% increase. The increase was largely a result of higher professional fees and travel costs associated with the BTIM Group's expansion into the US market and higher fund related expenses that are directly linked to FUM growth. Financing costs for the year were \$2.8 million (FY12: \$3.5 million) while the operating cash cost to income ratio was 67%, down from 70% for the 2012 Financial Year.

Earnings per share

Cash EPS was 21.3 cents per share which is 46% higher than the 2012 Financial Year. The higher EPS reflects the growth in the business over the course of the year.

Shares on issue increased throughout the year due to the conversion of converting notes on issue together with the activation of the Dividend Reinvestment Plan (DRP). As at 30 September 2013, the number of ordinary shares on issue was 278,100,237 and the number of outstanding converting notes was 16,646,411. The fully diluted share base as at 30 September 2013 was 294,746,651.

	FY13 \$m	FY12 \$m
Statutory NPAT	51.2	21.4
Add back: amortisation of employee equity grants	19.8	21.6
Add back: amortisation and impairment of intangibles ¹	9.8	11.9
Add back: fair value of liabilities	7.2	1.1
Deduct: cost of acquiring ongoing employee equity grants payable during the year	(21.2)	(9.6)
Deduct: tax effect	(4.9)	(4.9)
Cash NPAT	61.9	41.5

¹ Amortisation and impairment of intangibles relates to JOHCM fund and investment management contracts.

Dividends

The Directors declared a final dividend of 10.0 cents per share, bringing total dividends for the year to 18.0 cents per share, a 44% increase on last year's dividends of 12.5 cents per share. The total dividend represents an 85% payout ratio which is within the Directors' targeted payout ratio of 80–90% of Cash NPAT.

Whilst franking for the interim dividend was 100%, this has reduced for the final dividend to 50% as a result of the increased share of the BTIM Group's earnings coming from the off-shore JOHCM business. In the year ahead, franking levels will be determined by the relative profits of BTIM Australia and JOHCM, however for the 2014 Financial Year, the franking levels are anticipated to be in the 40–50% range.

During the year, the Board also activated the DRP. The DRP has been used to raise funds to assist in repaying external borrowings and funding the ongoing operations of the business. The DRP allows shareholders to reinvest in additional BTIM shares with no commission or brokerage costs.

Balance sheet

During the year, BTIM refinanced its UK debt facilities. The refinancing involved the repayment of \$31 million (£18 million) in outstanding term debt and the take out of a \$43 million (£25 million) revolving loan facility with HSBC. These were replaced with the establishment of a new three year \$78 million (£45 million) revolving loan facility with The Westpac Group. The new financing arrangements provide BTIM with added flexibility in managing its ongoing capital management initiatives while taking advantage of low interest rates in the UK.

As at 30 September 2013, \$36 million (£21 million) of the new facility has been drawn. Financial covenants associated with the facility include a minimum of \$35 billion in FUM, interest coverage ratio of at least 10 times, and a borrowings to EBITDA ratio of no more than 2.5 times. All covenants are being comfortably met as at 30 September 2013. BTIM's current debt to equity ratio is 9% which has reduced from 14% as at 30 September 2012.

Included on the BTIM Group balance sheet at 30 September 2013 are intangible assets of \$572 million consisting of goodwill and management rights associated with the acquisition of JOHCM and goodwill relating to the original purchase of BT Financial Group and Rothschild Australia Asset Management by Westpac in 2002. There has been no impairment to the carrying value of goodwill during the year. The management rights associated with the acquisition of JOHCM continue to be amortised over time.

As a result of new regulatory capital requirements introduced by BTIM's regulator, the Australian Securities and Investments Commission, in November 2012 and consistent with the intent of the regulations, BTIM has restructured its Australian business into two separate legal entities to focus on the institutional business and the managed scheme business independently. This restructure involved the creation of a new responsible entity and has resulted in BTIM's regulatory capital requirements remaining at similar levels to those held prior to the new regulation coming into effect.

Exchange rate

A significant portion of the BTIM Group's consolidated profits are delivered by JOHCM. In facilitating the BTIM Group consolidation, the JOHCM results which are denominated in Pounds sterling (GBP), are converted to Australian dollars (AUD) at the prevailing exchange rate at the end of each month. BTIM does not enter into any arrangements to hedge the currency and as such the BTIM Group's profitability is subject to variability via foreign exchange movements.

Over the course of the year, the average AUD/GBP exchange rate was 0.6384 which was 2.2% lower than the average AUD/GBP exchange rate of 0.6530 in the 2012 Financial Year. The AUD/GBP rate fluctuated between 0.5751 and 0.6944 through the 2013 Financial Year and as at 30 September 2013 the spot AUD/GBP rate was 0.5767.

Reconciliation of Cash and Statutory NPAT

BTIM continues to use Cash NPAT as its headline result in its Annual Report and other ASX releases consistent with prior years' reporting. Cash NPAT comprises Statutory NPAT adjusted for certain non-cash items which BTIM believes do not form part of the underlying profitability of the business for the year. These non-cash items include the amortisation of employee equity grants less the after-tax cash cost of ongoing equity grants made in respect of the current year, together with after-tax amortisation and impairment of intangibles and fair value adjustments for equity settled converting notes issued at the time of the JOHCM acquisition.

A reconciliation of Statutory NPAT to Cash NPAT is set out above.

Equity Strategies

The performance of our small-cap, mid-cap and micro-cap funds remains outstanding over all time periods, which demonstrates the various strategies in which our platform has been able to add value consistently for clients.

Crispin Murray
Head of Equity Strategies

Boutique focus

The year to the end of September 2013 has been a strong one for the Australian share market. The S&P/ASX 300 Accumulation Index returned an impressive 23.6%, a very strong return following on from the previous year's 14.5%. Investor sentiment has certainly improved from last year as the intensity of macro concerns diminished. Clearly the predominant theme of 2012 was the chase for yield amid generationally low cash and bond rates, which in the equity market translated into exceptional returns for many defensive and yield stocks, despite lacklustre earnings growth. The need for yield is still very much front and centre (and is likely to persist for some time yet), but investors have been prepared to cast the net wider within the equity market to find the next leg up in return. Not only has sentiment improved, but also higher valuations in yield plays and defensives have made this part of the market comparatively less compelling, given that their outlook for earnings has not materially changed. This shift in mentality has been beneficial for our portfolios as many of our key investment ideas that lagged during 2012 have subsequently been well rewarded as company fundamentals once again came back into favour.

Performance for the 2013 Financial Year has been very strong across the range of our funds with the majority beating their benchmarks and their investment objectives. In the large-cap space, the BT Institutional Core Australian Share Sector Fund and the BT Wholesale Focus Australian Share Fund, which both had a difficult 2012 relative to benchmark, have exceeded their benchmarks by a healthy margin. I have been particularly pleased with how the team have responded this year, delivering a strong performance outcome for our investors. Financial markets have a habit of testing your conviction and nerve, all teams face periods where investment calls are challenged;

the key is how you respond to these. This is why having a tried and tested investment process that everyone buys into has been so critical, as it has allowed us to keep focused on the job at hand which is generating and implementing investment ideas. A culture of self-appraisal is also essential, identifying mistakes, scrutinising them and applying the lessons learned. Finally a calm, but steely determination to deliver strong investment returns over the long run is critical. As a team we are all galvanised to ensure that the success continues into 2014.

The performance of our small-cap, mid-cap and micro-cap funds remains outstanding over all time periods, which demonstrates that our platform has been able to add value consistently for clients across a variety of strategies. Our research house and asset consultant ratings remain strong across the board with all of our portfolio managers having strong advocacy across the strategies they manage.

From a personal perspective, this year marked my tenth anniversary as Head of Equity Strategies. An enormous amount has changed in our business during that time and I am very proud of what we have achieved for our clients during that period. Importantly though, a lot has also remained unchanged; in particular our philosophy and approach to investing, which remains at the core of what we do.

It is pleasing that since BTIM listed in 2007, we have had no one from the equities team leave to join a competitor. I believe this is testament both to the efficacy of our business model and also to the strength of our team culture that has evolved over the years into what I believe is a key comparative advantage. Nonetheless we did have two departures over the year, with our long-serving resources analyst Tim Barker deciding to embark on a well earned retirement and one of our small-cap analysts,



Patrick Teodorowski, who joined us as part of the graduate program, deciding to live and work overseas. Replacing them are Brenton Saunders, who joined in May as our new resources analyst, and Lewis Edgely who joined as a small-cap analyst in July. Brenton has an interesting and diverse background within the resources sector having trained as a geologist and worked in both operational and corporate roles with major resource companies. After moving into financial markets, he worked as a top-rated research analyst on the stockbroking side before making the move to portfolio management, where he has run both long-only and hedge fund resource and commodity funds. Brenton brings to the team not only a high level of practical experience within the resources sector but also a strong degree of market awareness, which we believe is a necessity in today's more volatile, macro-driven environment. The team has had very little turnover over the years but on the occasions when we have wanted to hire, we have been able to attract the highest calibre candidates which, while always making for a challenging selection process, further demonstrates our standing in the market place. While team stability is an important trait, new people do bring a fresh perspective and challenge entrenched views, which creates a healthy dynamic.

In my 2012 report, I highlighted the addition of Jason Petras and Darron Mitchell to the Equity Strategies team to manage our new BT Equity Income Series. As Emilio mentioned in his report, the launch of these products has been very successful. From an investment perspective, the funds' performance has met our own and more importantly our clients' expectations. We have received great support from Westpac Private Bank, whose clients have embraced the higher income available from an equities product without the traditional levels of volatility. From an internal perspective, Darron and Jason have blended well into the broader team and, being derivatives experts, have brought a fresh perspective to stock discussions that has resonated well in our morning team meetings.

The team has had very little turnover over the years but on the occasions when we have wanted to hire, we have been able to attract the highest calibre candidates.

Outlook

From a global perspective, the three issues of Chinese growth, the US recovery and European sovereign debt remain front of mind for investors. When you recall the events of 2011 and 2012, 2013 has thus far been comparatively free of global macro risk. Nonetheless at the time of writing, the US is once again embroiled in a game of political brinkmanship which can only be a set-back for economic growth, European sovereign debt issues are likely to creep into the headlines once again given the resolution of German elections, and investor sentiment around China remains uncertain as we await further policy direction from the new government. So markets will continue to face bouts of uncertainty and with that, volatility. However, our view is that the US economy will continue to recover well despite policy headwinds, Europe no longer represents a significant tail-risk and while longer-term structural issues will lead to slower growth in China, we expect policy initiatives to tackle some of these issues and avoid any systemic problems. One risk of which we need to be vigilant is the consequences of the extrication from quantitative easing and zero interest rates. We have seen already that this risk is more prevalent in emerging markets with the potential for capital flight. It will be a difficult process to manage and may also have flow-on repercussions for commodity prices and the level of the Australian dollar.

Equity Strategies continued

Domestically the share market remains well supported. The re-rating of the market is consistent with the fall in interest rates that we have seen and it has not yet moved into extended territory. The risk would be if the RBA felt the need to raise rates quickly, however we see this as unlikely given the headwinds of the impending rapid decline in mining capex. A period of moderate growth with low interest rates is constructive for equities. We do need to see earnings coming through from here to drive the market higher but there are encouraging signs. Low interest rates and a more stable global economy are beginning to be reflected in improving consumer and business confidence, this will help support consumption and private investment.

We have also seen a clear shift in the mindset of corporate Australia. After years of subdued top line growth, the pressures of a strong Australian dollar and cost inflation, there is a realisation that they need to take matters into their own hands and we are now witnessing a genuine productivity drive. This is widespread and has the potential to add to earnings growth in the next couple of years. Further to this there is a far stronger emphasis on free cash generation and using this to reward shareholders through capital returns.

Finally, we anticipate that some of the headwinds of recent years may begin to recede. We have already seen the Australian dollar coming off its highs and there are early signs that asset prices are improving, which can flow through into a wealth effect supporting consumption. The easing off of the mining cycle is also alleviating some of the cost pressures for other industries. There is a paradox here, for while the economy may only experience moderate growth, slower than in recent years, the share of profits may rise, which can underpin the share market.

We see many opportunities in the market at a stock level. The key to successful investing is anticipating the change in market perceptions of a company. As mentioned, the story in 2012 was the chase for yield and defensive earnings. That theme has likely run its course, with ratings high and earnings growth limited. The opportunities now lie in those companies that are either taking the most direct action to improve productivity and cash flow or are seeing improvements in their industry dynamics. Two areas worth highlighting are firstly, what we define as 'emerging yield'. These are companies characterised by improving returns, falling capex and growing free cash flow. They are in a position to return far more capital to their shareholders and this potential is often under appreciated. These opportunities sit in the industrial, energy and diversified financial sectors. The second area to highlight are companies with strong offshore businesses, notably those exposed to the US and UK, which enjoy good top line growth and limited capital requirements. These opportunities are in the media and healthcare sectors. This pipeline of stock ideas gives us confidence in continuing to add value for our investors in the year ahead.

The story in 2012 was the chase for yield and defensive earnings. That theme has likely run its course, with ratings high and earnings growth limited. The opportunities now lie in those companies that are either taking the most direct action to improve productivity and cash flow or are seeing improvements in their industry dynamics.

KEY FUND PERFORMANCE (BEFORE FEES)	1 YEAR %	3 YEARS % PA	5 YEARS % PA
BT Institutional Core Australian Share Sector Trust	28.98	10.74	8.45
BT Wholesale Focus Australian Share Fund	29.96	10.13	8.77
BT Institutional Imputation Sector Trust	23.55	9.70	7.16
BT Institutional Ethical Sector Trust	27.31	9.75	6.84
BT Wholesale Australian Long Short Fund	28.33	12.45	11.78
BT Wholesale Mid Cap Fund	26.78	10.88	12.96
BT Institutional Smaller Companies Sector Trust	24.74	13.01	12.76
BT Wholesale MicroCap Opportunities Fund	37.70	23.46	28.03
BT Institutional Property Sector Trust	15.88	12.82	3.02
Benchmarks			
S&P/ASX 300 Accumulation Index	23.61	8.90	7.12
S&P/ASX Small Ordinaries Accumulation Index	1.42	-2.55	0.95
S&P/ASX 300 A-REIT Accumulation Index	16.39	12.02	0.66

Income & Fixed Interest

Our process is centred on delivering strong outperformance across the cycle but especially so when riskier assets such as equities and credit are under pressure, in other words, when a balanced portfolio really needs its fixed income portion to deliver.

Vimal Gor

Head of Income & Fixed Interest

Boutique focus

The last 12 months have been an incredibly busy and rewarding year for the Income & Fixed Interest boutique as we continued to build on the successes of the previous year with strong research and consultant ratings resulting in increased client demand for our products.

We continued to articulate to clients our philosophy and process for managing fixed income and the reasons for holding this asset class and the roles it could play in portfolios. As a result we won many pitches based on our defensive philosophy and strong risk management focus. The past year also saw us secure many clients who had previously held passive fixed interest exposure but were concerned that the next few years require active management with a strong focus on downside risk management.

The 2013 Financial Year also saw investors' concerns about a potential end to the 20 year bond bull market grow, with many exiting duration bond funds and instead seeking absolute return bond funds. This resulted in an increased demand for our Pure Alpha Fixed Income absolute return strategy – a cash plus strategy focusing on our alpha trades but with a bank bill benchmark. We decided to launch this strategy as a fund to the wholesale market on the back of growing adviser demand. Pleasingly during the year we received a Zenith 'Recommended' rating for the fund.

Although it remained a tough year for flows into managed funds, our strategies were very successful with several inclusions into model portfolios for key dealer groups and continued strong institutional support. This translated into a strong sales year across all our key capabilities, with inflows of \$1.3 billion.

Portfolio positioning

The last 12 months can be characterised as the continuation and potentially the peak point for the global search for yield. Central banks around the world drove bond yields to very low levels and given the benign inflation backdrop, this resulted in negative real yields, which is a tax on those who save; also known as 'financial repression'.

These low yields led to a strong desire by the market to relocate capital out of government bonds and into riskier assets (known as the portfolio rebalance effect). As a result this pushed up prices for credit bonds, emerging markets and equities as the search for yield flowed through all asset classes.

We continued to build on the successes of the previous year with strong research and consultant ratings resulting in increased client demand for our products.



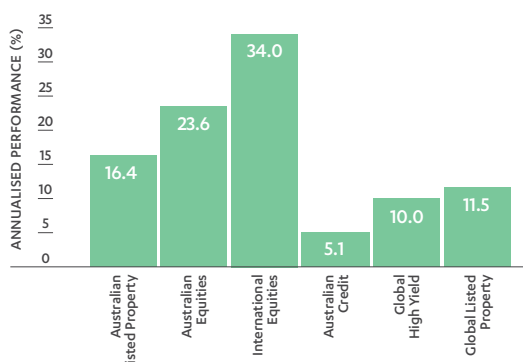
US real ten year yields



Source: Bloomberg

Asset class performance

12 months to 30 September 2013



Source: FactSet

The other side effect of this liquidity in the market and the suppression of bond yields was that volatility across all asset classes was very low and for many markets back to pre-GFC levels. This is surprising given that the underlying fundamentals in many economies are still fragile and the key issue of high total debt levels have not been addressed.

This low level of volatility encouraged more risk taking and effectively drove up prices of higher risk assets such as equities, credit and property in a short space of time. This is illustrated in the chart to the left.

In a 'risk-on' environment when equities and credit rally and volatility is low, we don't expect to be the best performing manager. Strategies that tend to perform well in this environment are those that are prepared to take more credit risk. There are plenty of established funds in Australia that do this well and part of our value proposition is that we tend to blend nicely with these managers.

Our process is centred on delivering strong outperformance across the cycle but especially so when riskier assets such as equities and credit are under pressure, in other words, when a balanced portfolio really needs its fixed income portion to deliver. Our approach is therefore quite different from many of our peers and as such we feel we have a unique role to play in our clients' portfolios.

This year while our cash, credit and income funds performed strongly, our government, composite and Pure Alpha funds have generated returns slightly below benchmark. While disappointing for us, this has certainly been well within the range of clients' expectations given our approach and our role in the portfolio.

Reflecting on some of the specifics of our performance, one of the key themes this year has been that new addition to the common vernacular – 'tapering' – also known as the reduction of the US Federal Reserve's quantitative easing program. We still hold the view that the underlying issues of a low participation rate coupled with higher unemployment represents too negative an environment for a potential end to the bond purchasing stimulus.

Income & Fixed Interest continued

As it turned out, our view has gained more credence given the US Federal Reserve's subsequent U-turn, but not before the bond market had a significant sell off in May and June as investors priced in a reduction of quantitative easing, for which we were not positioned.

While the coming 12 months will undoubtedly offer plenty of opportunities we feel it has the potential to be a challenging time for managers who engage in buy and hold strategies and other strategies which are generally long credit. We feel that the easy money has been made and the slow removal of liquidity from the market will result in these strategies becoming more volatile.

Outlook

Over the last few months we have seen a dramatic shift in market expectations of risk and return, especially around fixed interest. Bond yields have risen across the globe on the back of expectations that central banks are stepping back from their massive monetary stimulus packages.

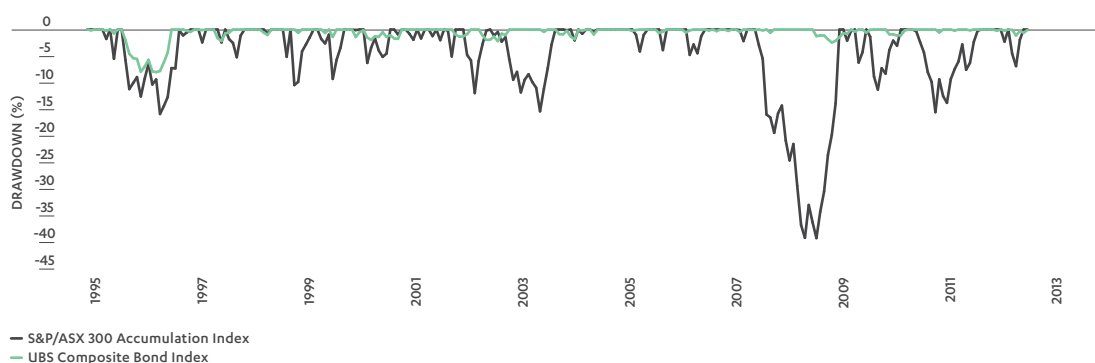
Unfortunately many investors are overly concerned about potential losses without understanding the reality of the asset class. This is further magnified by the press. In reality bonds are significantly less volatile than equities and experience materially lower losses (as shown in the chart below) and the role of fixed income as part of a diversified portfolio to mitigate risks and generate returns are still as valid today as they were ten years ago.

Slowing growth, the political problems in the US, and the work through of the large government and private debt issues in Europe are still present today. Australia faces a slowing economy with the non-mining sector still struggling from the dual headwinds of a high currency and a benign consumer, despite all-time low interest rates.

However, more pressing is a return to volatility as investors and the market react to uncertainty brought on by the end to the greatest monetary experimentation the world has seen in the quantitative easing programs the world's central banks have undertaken over the last five years. This volatility will likely see markets overreact and prices move well beyond underlying fundamentals. It is in this environment where active management with a strong risk focus pays off, and where the role of fixed income becomes ever more important for a well-diversified portfolio.

Drawdowns – maximum loss from the market peak to the market trough over one year

Australian bonds versus Australian equities



While the coming 12 months will undoubtedly offer plenty of opportunities we feel it has the potential to be a challenging time for managers who engage in buy and hold strategies and other strategies which are generally long credit. We feel that the easy money has been made and the slow removal of liquidity from the market will result in these strategies becoming more volatile.

KEY FUND PERFORMANCE (BEFORE FEES)	1 YEAR %	3 YEARS % PA	5 YEARS % PA
BT Wholesale Fixed Interest Fund	1.55	7.04	7.33
BT Government Bond Fund	0.21	6.60	6.95
BT Wholesale Enhanced Credit Fund	4.73	8.12	8.42
BT Wholesale Enhanced Cash Fund	4.62	5.67	5.87
BT Wholesale Managed Cash Fund	3.29	4.33	4.38
Benchmarks			
UBS Composite Bond Index	1.82	6.75	6.93
UBS Bank Bill Index	3.06	4.14	4.21

Diversified Strategies

Our positioning of the portfolios, in addition to the solid performance outcomes during the 2013 Financial Year have resulted in ongoing external recognition of the direction in which we continue to take our business.

Martyn Wild
Senior Portfolio Manager

Boutique focus

At the inception of the Diversified Strategies team in late 2010, one key objective was to evolve our portfolios and process to ensure that we continue to be thought leaders in our core competencies: asset allocation, portfolio construction and implementation. This objective remains as pertinent today as it did in 2010.

Over the last three years, the significant structural changes we have made to the portfolio have yielded solid returns (particularly risk-adjusted returns) and meaningful alpha. These improvements have been made against the background of our three-pronged investment philosophy:

- Protecting against risks will improve the consistency of long-term wealth creation.
- Portfolios should be built to meet the needs of clients rather than with reference to peers.
- A smooth 'investment journey' is an important part of investor outcomes.

Our positioning of the portfolios, in addition to the solid performance outcomes during the 2013 Financial Year have resulted in ongoing external recognition of the direction in which we continue to take our business.

During the year, research house Zenith maintained their 'Recommended' rating for our funds. Lonsec similarly maintained their 'Recommended' rating, citing the robustness of our investment process and significant improvement of both the strategic and tactical asset allocation approaches to produce much higher risk-adjusted returns.

Against this backdrop, our FUM has grown from \$11.1 billion to \$11.8 billion, making BTIM one of the largest managers of diversified funds in Australia.

The 2013 Financial Year saw the achievement of three key strategic objectives:

1. Completion of the BT Total Return Fund

Our alternatives portfolio, the BT Total Return Fund (TRF), is a liquid vehicle with a dual mandate to deliver meaningful returns with a low correlation to other assets in the portfolio. Aimed at improving overall portfolio return efficiency and the consistency of long-term wealth creation, TRF is now complete following a rebuild that began in July 2012. The fund is comprised of a core mandate with our strategic partner, AQR Capital Management and satellite investments in BTIM's Pure Alpha Fixed Income Fund and the BT Defensive Equity Income Fund.

Over the past year, TRF has outperformed its benchmark and has done so with very low volatility. TRF has become a well-regarded, standalone fund with FUM of \$1.0 billion.

2. Enhancement of our Tactical Asset Allocation process

We further enhanced our Tactical Asset Allocation (TAA) process over the year by increasing the breadth of markets to which it is applied and by enhancing the models that ultimately determine our core overlay exposures. In the volatile markets of 2012 and 2013, these enhancements have been fruitful for our clients. Trending markets (in either direction) bode well for our TAA process, enabling us to rapidly adjust our strategic positioning to capitalise on opportunities to add return and reduce risk.

3. Appointment as default for the BT Business Super portfolio

In May 2013, we were appointed by BT Financial Group (BTFG) to run their MySuper 'Life Stages' strategy for the BT Business Super portfolio. The Life Stages approach has been chosen by BTFG as the default for new members. This appointment broadens the appeal of BTIM's suite of multi-asset offerings.



TAA rolling one year returns



Source: BTIM

Portfolio positioning

Markets have been somewhat kinder to multi-asset investors this year and our portfolios have benefited as a result. Starting with the stimulative actions of Japanese Prime Minister Shinzo Abe and the Bank of Japan in late 2012, growth assets generated significant returns for our clients via our enhanced portfolio structure, as economic indicators pointed to the start of what we believe to be a post-GFC recovery.

Equity markets rallied 34.0% internationally (in AUD) and 23.6% domestically, while bond markets struggled to deliver the returns investors have enjoyed during the challenging economic environment of the past six years. Against this background, our strategic positioning paid off and yielded strongly positive outcomes for our multi-asset portfolios.

Our flagship BT Wholesale Active Balanced Fund delivered a total return of 18.3% for the 2013 Financial Year, of which 3.2% was alpha; an excellent result for our investors. Notably, our TAA process performed above expectations, delivering approximately 1.1% alpha at the portfolio level versus a target of 0.6%.

The adjacent chart highlights the strong run of our TAA overlay performance for the year. The process delivered positive returns in ten out of twelve months with minimal additional risk given the TAA overlay's very low correlation to the rest of the portfolio. Returns were broad-based also, with no single asset class (bonds, equities or alternatives) dominating the TAA return profile.

Of importance was our risk-adjusted return profile which was both high and in excess of peers. For the 2013 Financial Year, our one year rolling risk-adjusted returns (after fees) were 1st quartile 58% of the time according to Morningstar data. In our opinion, risk-adjusted returns matter because they appropriately scale the returns a manager has generated in terms of the risk to which they have exposed the portfolio. Given that volatility is an impediment to building long-term wealth with surety, our high risk-efficient returns should give clients continued confidence that their retirement incomes will be stable and secure.

The chart below shows the rolling one year risk-adjusted return compared to that of the benchmark for the BT Wholesale Active Balanced Fund. Clearly, our process has been consistently more risk efficient than the benchmark and has provided a smoother investment journey for our clients.

Outlook

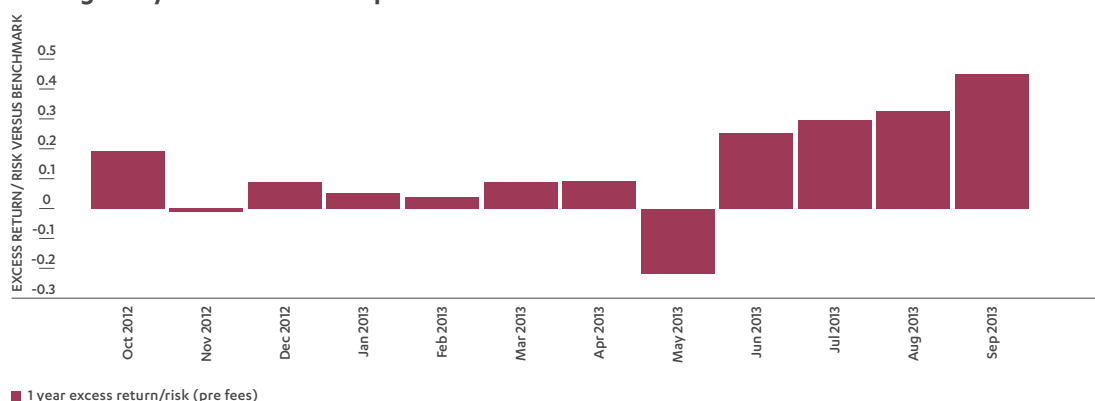
The ultimate objective of our 2013 Strategic Asset Allocation (SAA) review is to ensure that we continue to provide our clients with a robust and consistent 'investment journey' with strong outcomes.

While it is still a little early to point to specific changes in portfolio asset class weightings, as part of the review we forecast asset class metrics five years forward, which indicate:

- international assets will be relatively more compelling investments than has recently been the case
- expected equity returns, compared to fixed interest and cash, remain well above historical norms, indicating strong relative performance
- the multi-decade bull market in bonds is most probably over, and
- total returns delivered by our funds will most likely continue to be risk-efficient.

Overall, we believe BTIM's diversified funds are well placed to deliver meaningful returns with surety.

Rolling one year excess return per unit of risk for the BT Wholesale Active Balanced Fund



Markets have been somewhat kinder to multi-asset investors this year and our strategic positioning has also added value. As a result, we've been able to deliver strongly positive outcomes for our investors.

KEY FUND PERFORMANCE (BEFORE FEES)	1 YEAR %	3 YEARS % PA	5 YEARS % PA
BT Wholesale Conservative Outlook Fund	8.51	7.47	6.41
BT Wholesale Balanced Returns Fund	15.86	8.95	6.35
BT Wholesale Active Balanced Fund	18.30	9.47	6.66
BT Wholesale Future Goals Fund	21.97	10.16	6.51
Benchmarks			
BT Active Conservative Benchmark ¹	7.12	6.90	6.37
BT Balanced Returns Benchmark ¹	13.26	8.02	6.19
BT Wholesale Active Balanced Benchmark ¹	15.13	8.51	6.30
BT Future Goals Benchmark ¹	18.18	8.98	6.17

¹ The benchmark is calculated by using the weighted average asset allocation neutral position and the index returns for each asset class.

J O Hambro Capital Management

It was a highly satisfactory year for JOHCM, marked by excellent investment performance by our fund managers. This supported sizeable inflows in a year when investor appetite for equities improved as global macroeconomic fears slowly receded. We also made substantial progress in expanding JOHCM's international presence.

Gavin Rochussen Chief Executive Officer, J O Hambro Capital

Performance and business review

The 2013 Financial Year was characterised by sizeable gains in major equity markets with developed market indices rising by between 18% and 30% in sterling terms. Emerging markets were less buoyant, beginning to underperform from May 2013 after the US Federal Reserve raised the prospect of a tapering of asset purchases.

Set against this largely favourable backdrop, a high percentage of J O Hambro Capital Management's (JOHCM's) 16 investment strategies performed strongly versus their benchmark indices, with 14 strategies outperforming their respective benchmark over the year. The only significant common influence upon this performance pattern was the fall in stock correlations globally. This trend typically follows a reduction in macroeconomic uncertainty and as a result creates a more fertile environment for active stock selection – one of the key tenets of all our investment strategies. Indeed, strategies which fared particularly well over the year, such as Global Select, International Select and European Select Values, generated all of their outperformance from stock selection, with positive stock picking in almost every sector. As investor confidence has improved, a pick-up in M & A activity has also started to influence results. This has worked to the benefit of our Asia ex Japan, European and Global strategies.

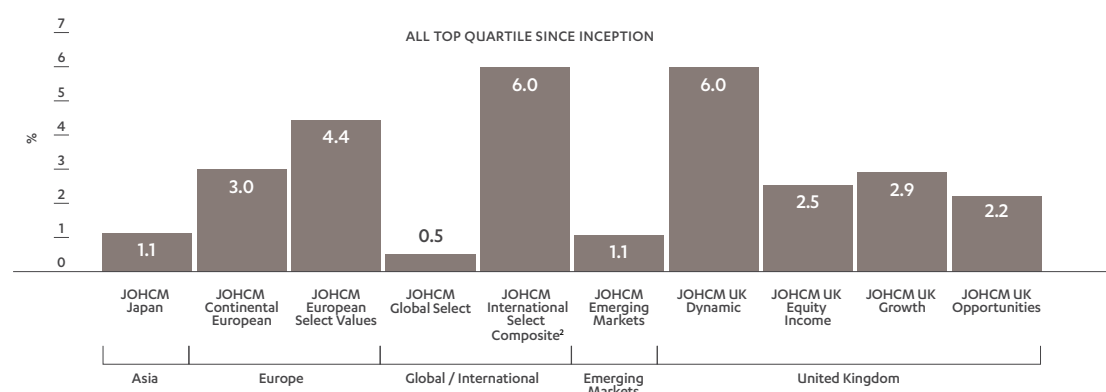
It was also highly gratifying that our more nascent strategies, All European Dynamic Growth and Global Opportunities, have got off to a good start. Both should continue to build upon their good early performance track records and will be actively marketed as they mature.

Pleasingly, as a result of the strong performance of our funds, net inflows of \$3.0 billion and favourable market movements, we were able to report an 89% increase in operating profit. This was driven by a 42% increase in our average FUM for the year and a 77% increase in fee revenue including record performance fees of \$34.5 million.

We are proud of the long-term performance track records established by our fund managers. As reflected in the chart below, 100% of our funds with track records of greater than three years are currently ranked within the top quartile of their respective industry peer groups on a since inception basis¹. Market-leading fund performance is the primary driver of the business and remains our number one priority.

¹ Lipper Hindsight and eVestment.

JOHCM fund performance (annualised, geometric relative, since inception) versus performance benchmark
All funds with three year plus track records to 30 September 2013



Source: JOHCM/eVestment Alliance/Lipper/Bloomberg as at 30 September 2013 against the performance benchmark. JOHCM data is annualised, net of fees, retail share class income reinvested.

² International Select data as at 30 June 2013, eVestment EAFE region peer group.



Assets under management

During the year, JOHCM's equity assets under management increased by 68% from \$12.2 billion in the 2012 Financial Year to \$20.5 billion in the 2013 Financial Year. The chart below reflects our significant growth over the last 12 years.

Over the course of the year net inflows amounted to \$3.0 billion, with market uplift, outperformance and favourable foreign exchange movements accounting for an additional \$5.3 billion in increased assets under management.

This year marks the fifth year, and indeed 21 consecutive quarters, of net inflows. This is a very pleasing result for the business.

The strategies that attracted the majority of net inflows during the year were the JOHCM Global and International Select Funds (\$1 billion), the JOHCM UK Equity Income Fund (\$841 million), the JOHCM European Select Values Fund (\$685 million) and the JOHCM Japan Fund (\$341 million). This represents an encouraging geographic spread and highlights our reduced dependency on just one or two flagship funds to generate inflows. Indeed, this year saw positive flows for all regional strategies, with capacity remaining within each strategy range.

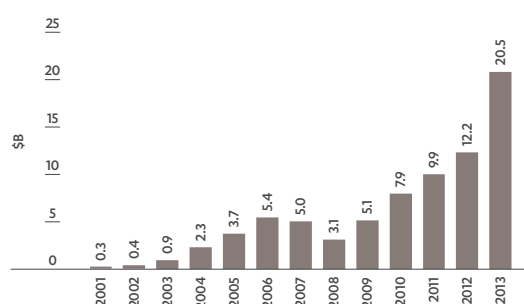
Global expansion

The majority of our institutional net inflows in the past three years have emanated from the US, the world's largest investment market by assets under management. As a result of this success, this year saw us establish a presence in the country by opening an office in New York and hiring our first US-based investment team, the International Small Cap team. Further, US distribution capability has been enhanced by contracting with Ohio-based Beacon Hill Investment Advisory LLC to provide a dedicated sales and marketing team to distribute the JOHCM mutual funds in the US.

The decision to have 'feet on the ground' in the US follows the successful model of establishing an Asian presence two years ago. In Singapore, the business has two investment teams that manage the Asia ex Japan and Global/International Select strategies. We added to our distribution capability in the region to raise our profile in the developing Asian markets, particularly within the wholesale investment community.

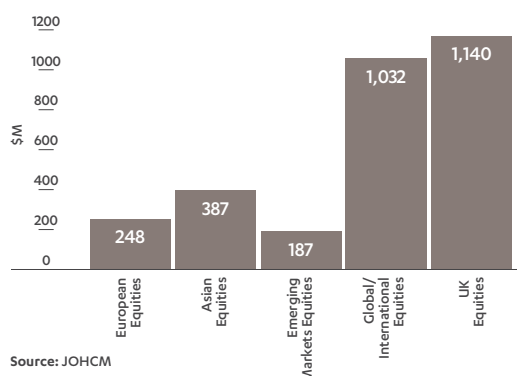
Marking our progress in Asia, we held our inaugural Singapore Investment Forum in September, where clients, prospects and press heard presentations from some of our leading fund managers, helping to elevate our profile in the region.

Equity assets under management¹



Source: JOHCM as at 30 September 2013. Equity assets based on OEIC funds, segregated institutional mandates and US-only commingled and mutual funds. Excludes property assets under management.

JOHCM 2013 Financial Year inflows by region



Source: JOHCM

¹ 2001–2010 are 31 December Financial Year end figures. 2011–2013 are 30 September Financial Year end figures.

Global and emerging markets equities

A world of increasing investor confidence and greater differentiation in individual stock returns has been fruitful for the Singapore-based Global/International Select team, who found an abundance of outstanding investment opportunities at the stock level, rather than from taking pronounced views on regional allocation. By sector, the portfolio's financials, healthcare and materials holdings have added greatest value this year from a performance perspective. By region, North American stocks proved to be the most rewarding for the portfolios. Turning to our London-managed Global Opportunities strategy, launched on 30 June 2012, the fund managers' focus on high-quality, cash flow generative companies with strong balance sheets ensured a solid start for this extension of the successful UK Opportunities strategy.

JOHCM's global equity strategies have remained popular with clients, with net inflows of \$1,032 million during the year, almost entirely into the established Global/International Select strategies. In many parts of the world, investors continue to diversify away from domestic assets towards the broader opportunities offered by international funds. We expect this trend to continue.

Emerging markets (EM) started the year strongly, but began to underperform the US and Europe in March 2013. This trend accelerated from late May, when the US Federal Reserve began to externalise its views on the reduction of its bond buying program. The dollar strengthened, pressurising the financing options for countries with large external debt positions. Substantial outflows followed from EM debt markets and currencies. EM stock markets suffered less in local currency terms but returns to US dollar and sterling investors were hit hard by currency weakness.

JOHCM has two EM strategies, one a growth-oriented, bottom-up strategy managed from Prague, the other a more overtly top-down, valuation-driven approach run from London. The Prague-managed fund outperformed in the year; stock selection was the dominant influence,

as one would expect given the team's emphasis on stock-picking rather than macro calls, but sector selection also played an important role, with the materials sector underweight and consumer discretionary overweight positions contributing the biggest gains. Stock selection in the latter sector was also strongly positive. Notable themes that played within the portfolio included the growth of smartphone penetration within China and other emerging markets. Here, the fund managers' interest lay particularly with some of the Chinese producers of low-cost smartphones.

The top-down Global Emerging Market Opportunities strategy, which adopts a more macro approach, underperformed the benchmark. Underperformance came early in the year, principally due to the portfolio's holdings in certain gold stocks, although investors' desire for yield in a low interest rate world has also served as a headwind. The investment team employs a growth-at-a-reasonable-price philosophy and does not actively target dividend yield within the portfolio construction process. The demand for yield has seen low-yielding markets such as China and Russia, both of which were and remain large overweight positions for the strategy, lag higher-yielding markets. More recently, the strategy has outperformed; the over-owned, and arguably overvalued, consumer staples stocks in emerging markets, in which the portfolio is underweight, have performed badly as liquidity has been withdrawn from emerging markets in the past few months. Furthermore, the strategy focused on attractively-valued markets with positive current account balances, such as China and Russia. Bond markets in these countries have lower levels of foreign ownership, so have suffered less from capital outflows.

JOHCM's emerging markets funds have both seen net inflows during the year despite the well-publicised issues that the asset class has experienced, namely worries over a winding down of quantitative easing in the US and concerns that rising US interest rates will trigger substantial capital outflows from emerging markets.

KEY FUND PERFORMANCE (BEFORE FEES, £)	1 YEAR %	3 YEARS % PA	5 YEARS % PA
JOHCM Emerging Markets Fund	8.23	1.82	N/A
JOHCM Global Emerging Markets Opportunities Fund	1.41	N/A	N/A
JOHCM Global Select Fund	26.54	13.88	13.22
JOHCM International Select Fund (\$US)	33.19	12.14	N/A
JOHCM Global Opportunities Fund	20.49	N/A	N/A
Benchmarks			
MSCI Emerging Markets Net Return Index	1.31	-0.72	N/A
MSCI All Country World Net Return Index	17.67	9.62	10.67
MSCI EAFE Net Return Index (\$US)	23.77	8.47	N/A

Note that all benchmarks are adjusted for pricing as at 12 noon (UK time) each business day.

European equities

European equities have performed well over the past 12 months, with the MSCI Europe Net Return Index rising by 23% in sterling terms. The revival in the fortunes of European equity markets can be traced back to a comment made by European Central Bank (ECB) head Mario Draghi in July 2012 to do 'whatever it takes' within the central bank's mandate to preserve the euro. The prospect of potentially substantial bond-buying by the ECB led to a swift narrowing of the yield difference between Italian and Spanish government bonds and German government debt.

Share prices rose sharply over the latter months of 2012 and started 2013 in spectacular fashion. Progress then slowed in February and March amid a banking bail-out in Cyprus, which abruptly altered positive sentiment in mid-March. April saw a continuation in the market's long upward trajectory since September 2012, before a sell-off in global bond markets, triggered by fears of a so-called tapering of US quantitative easing in the face of the US economic recovery, led to pronounced stock market weakness in late May and June 2013. However, this was swiftly followed by a rebound in European markets.

The European Select Values strategy performed very strongly, comfortably beating its index through robust stock selection. By sector, stock picks within the materials and the consumer-related sectors offered the most eye-catching performance. In particular, the strategy's concentration on undiscovered value bore fruit as acquirers woke up to the attractions of media content and investors appreciated the merits of special situations. The majority of the companies owned within the portfolio exhibit predictable operating cash flow and low capital intensity, the latter leading the fund manager to be structurally underweight the financials and energy sectors. Being underweight the former was an isolated performance drag over the period amid an excellent year for the strategy.

Our Continental European strategy also performed well. This strategy's ex-ante tracking error has never exceeded 4% since being managed by the current portfolio manager in 2010, so its risk-adjusted returns were particularly good. Stock selection has been the main driver of performance this year, although the fund manager's decision to increase exposure to cyclical industrial stocks proved timely as the outlook for Europe slowly improved and cyclical shares re-rated.

The All Europe Dynamic Growth strategy modestly outperformed over the 12 months. As a stock selection-based strategy, the investment team's stock picks in the materials and financials sectors particularly added value. The fund managers seek out strong franchises that are expanding globally from a European base, which have outstanding potential to grow sales and increase margins, yet which trade at a substantial discount to intrinsic value.

Flows into our European funds have picked up conspicuously during the year, initially from Europe-based investors but more recently from the US, as confidence in Europe's economic recovery and political stability has risen. The European Select Values and Continental European strategies have seen particularly good net flows during the year, \$735 million in aggregate. Both strategies have excellent long-term performance; the former is the top-performing fund in its peer group over ten years. Less positively, our pan-European strategy has experienced outflows. This is due to a clear trend towards higher alpha, more differentiated styles and away from more benchmark-aware approaches.

KEY FUND PERFORMANCE (BEFORE FEES, £)	1 YEAR %	3 YEARS % PA	5 YEARS % PA
JOHCM All Europe Dynamic Growth	27.07	N/A	N/A
JOHCM Continental European Fund	32.20	12.64	12.79
JOHCM European Select Values Fund	34.24	16.89	20.62
Benchmarks			
MSCI Europe Net Return Index	22.73	N/A	N/A
MSCI Europe ex UK Composite Net Return Index ¹	26.49	8.02	7.91
MSCI Europe Composite Net Return Index ¹	22.80	8.29	8.52

¹ Fund benchmark changed on 31 December 2012 to MSCI from FTSE.

Note that all benchmarks are adjusted for pricing as at 12 noon (UK time) each business day.

UK equities

The UK funds performed strongly over the period in a year of strong gains for the overall UK market. The popular JOHCM UK Equity Income Fund continued its extended outperformance and was well ahead of its benchmark for the 12 month period. The fund's significant resources underweight was a contributor – low-yielding mining stocks fell foul of the team's strict yield discipline – but stock selection across a range of sectors was also highly positive. Areas to highlight include the financials sector, where the portfolio remained significantly overweight and which proved to be performance-enhancing for the fund. The team have been significantly overweight non-bank financials for some time, their focus being on other financials and life insurance, particularly those that are growing regular fee income (often third party fund management revenue). Other themes that played out successfully included stocks with high levels of domestic UK exposure, especially where the companies concerned have been gaining market share. The team was quick to recognise signs of improvement in the UK economy, with the fund consequently benefiting from the performance of a number of its cyclical holdings.

The JOHCM UK Growth Fund experienced strong outperformance. Many of the stocks that contributed were long-standing holdings characterised by high returns and sizeable growth potential. A number of these names suffered in the late 2011 market sell-off in a climate of macroeconomic uncertainty and associated risk aversion, in part due to their smaller-cap nature; calmer economic waters have proved helpful for these stocks. Other stocks have outperformed as economic conditions have recovered or as management change has delivered results. A common feature of many of the portfolio's holdings is that these companies continued to invest throughout the financial crisis and recession, putting them in a strong position to boost revenues should the environment improve, as indeed we are now seeing.

The JOHCM UK Dynamic Fund also finished well ahead of the index. It is particularly gratifying to see this fund's excellent long-term record (top decile since inception within its peer group) rewarded with substantial flows. The fund now stands at \$154 million, representing seven-fold growth over 18 months. The portfolio aims to profit from understanding and backing corporate change. The fund management team seeks to identify good quality companies with strong franchisees that are currently underappreciated by the market. Their mixture of restructuring/recovery plays, cheap or hidden growth and other more general special situations should be capable of making progress largely irrespective of the economic conditions.

Lastly, the JOHCM UK Opportunities Fund lagged the benchmark slightly over the year, although it remains top quartile since inception within its peer group. Given its emphasis on relatively conservative, high quality stocks and onus on capital preservation, its underperformance in buoyant market conditions is not unusual. Indeed, for many of the wholesale fund-buying clients, the fund's more defensive qualities have been in demand as a hedge to more aggressively positioned UK equities funds.

We have seen strong flows into our UK equity funds in the year. The principal beneficiary has been the JOHCM UK Equity Income Fund, with net flows of \$841 million, testament to the team's investment performance and the enduring popularity of income generation in addition to capital growth. The UK Opportunities and UK Dynamic strategies have also experienced positive net flows. The latter has further capacity, so is now the focus of the UK sales team's efforts.

KEY FUND PERFORMANCE (BEFORE FEES, £)	1 YEAR %	3 YEARS % PA	5 YEARS % PA
JOHCM UK Growth Fund	39.96	16.43	17.47
JOHCM UK Equity Income Fund	30.46	18.16	19.50
JOHCM UK Opportunities Fund	17.51	12.96	12.73
JOHCM UK Dynamic Fund	33.04	17.74	19.11
Benchmarks			
FTSE All Share Total Return Index	18.26	9.98	10.96

Note that the benchmark is adjusted for pricing as at 12 noon (UK time) each business day.

Asian equities

The JOHCM Japan Fund has been the beneficiary of \$341 million net inflows over the past year, as investor confidence in the Japanese market's long-term potential has begun to emerge, reflected in very strong performance by the Japanese market since November 2012.

This small/mid-cap biased fund outperformed its index slightly despite large-cap stocks leading the long-awaited market rally. The portfolio is a collection of our fund managers' best stock ideas and has been aggressively positioned for some time given the compelling value the fund managers have long felt existed in the Japanese market. The portfolio was therefore well-positioned for the rising market in Japanese equities that developed during the year.

Themes that have threaded through the Japan portfolio and have added value include railway stock holdings. The fund managers view these stocks as an effective play on a number of positive developments underway in Japan amid radical attempts to reflate the economy: improved consumer confidence leading to higher retail spending including increased leisure expenditure; higher employment leading to greater passenger numbers; and rising property values (the railway companies have large property portfolios comprising land alongside the rail network).

On the theme of rising property values, the fund continues to have a big weighting in real estate and related areas. Whilst it is uncertain as to whether Prime Minister Abe will be successful in generating 2% consumer price inflation, the portfolio managers are convinced that he will be successful in generating asset price inflation in the attempt. The fund holds companies whose operating businesses will benefit from an economic recovery and which also own undervalued real estate, for instance, the aforementioned railway companies.

The concerted effort underway to stimulate and reform the Japanese economy should shine light on the attractively-valued smaller companies in which our fund invests, in addition to the more familiar names which benefit from flows into regional exchange traded funds. The fund managers continue to believe that the real opportunities within the Japanese market lie in the under-researched small and mid-cap areas, where they identify extraordinary value, particularly among domestic-facing companies.

The Singapore-managed Asia ex Japan funds (one an all-cap product, the other a mid/small-cap fund) have delivered impressive outperformance over their first two years. Both have a preference for the type of companies that can deliver high and stable returns on capital over an investment cycle, with the fund managers targeting quality, long-term sustainable growth companies. The all-cap JOHCM Asia ex Japan Fund has benefited from stock selection in the consumer staples and information technology sectors this year. Meanwhile, the JOHCM Asia ex Japan Small & Mid Cap Fund has also generated its outperformance from quality holdings within the consumer staples sector.

Quality companies were not immune to the emerging markets sell-off in mid-2013, however, and the funds also suffered from their significant Indian exposure – the Indian currency and markets sold off amid investor fears over weak economic growth and the country's heavy external financing requirements. The fund managers subsequently reduced their exposure to Indian equities to reflect a slower growth environment and to reduce risk.

Despite this negative short-term performance impact, long-term performance numbers remain good for both funds, both versus the index and peers. The JOHCM Asia ex Japan Fund had net inflows for the first three quarters of the 2013 Financial Year, but saw small outflows in the September quarter as investors withdrew funds from the region in response to currency weakness and concerns over economic stability.

KEY FUND PERFORMANCE (BEFORE FEES, £)	1 YEAR %	3 YEARS % PA	5 YEARS % PA
JOHCM Asia ex Japan Fund	10.85	N/A	N/A
JOHCM Asia ex Japan Small & Mid Cap Fund	14.27	N/A	N/A
JOHCM Japan Fund	35.52	13.77	12.99
Benchmarks			
MSCI All Country Asia ex Japan Net Return Index	5.63	N/A	N/A
MSCI All Country Asia ex Japan Small Cap Net Return Index	10.67	N/A	N/A
Topix Total Return Index	31.31	8.85	7.86

Note that all benchmarks are adjusted for pricing as at 12 noon (UK time) each business day.

Regulation and risk

Regulatory change on a business arises as a result of either entering into new areas of activity or as a result of changes in regulations affecting existing activities. In the past 12 months, the changing activities of our business have brought about a particular focus on the regulatory impact of new business areas, however the volume of new regulation on all of our activities continues at a heightened level.

The approach to expanding into new markets, such as the US and Asia, has been measured and marked by appropriate risk mitigation. The US business received a new Securities and Exchange Commission registration, which now allows us to advise our own mutual fund range, where previously our initial mutual fund was run via a sub-advisory arrangement with a third party.

In the UK, as I remarked last year, the most significant change for the industry and consumers alike was the implementation of the Retail Distribution Review (RDR) on 1 January 2013. We made some minor changes to the detailed terms of some of our funds but overall the impact so far has been small. Next year sees the implementation of RDR for platforms and supermarkets and we continue to work with these companies on the product offering via these channels.

There seems little relief in the amount of global regulatory change. Ensuring how the business is affected by those changes is a constant challenge. To this end, we have expanded our headcount in this area over the course of the year and given it added focus.

Strategy and outlook

As an active equities fund management boutique, we face challenges in the form of the rising popularity of low-cost passive styles including exchange traded funds. Meanwhile, in the core markets of the UK and Continental Europe, there have been trends that are altering investment appetite and reducing the bias towards domestic equities. Nevertheless, we are confident that

there will always be a place for high conviction, high alpha-generating active investors. Ultimately, our success will be contingent upon our investment success.

One welcome development over the past 12 months has been emerging signs of renewed interest in equities as an asset class. It is perhaps too early to say if this is a so-called 'great rotation' out of bonds into equities, but recent industry data suggests improved investor appetite for equities, which will only be boosted if, as seems likely, economic conditions in the major developed world economies continue to normalise. We are well placed should this nascent renaissance in equities take root.

JOHCM's strategy for growth is essentially 'more of the same', and to bring this to new markets. The two key headwinds, namely product capacity and regulation, are more than compensated by strong fund performance and the opportunity to deepen existing markets and enter new markets.

Aside from the previously mentioned international small-cap strategy, over the coming year we plan to launch a global emerging markets (GEM) small-cap fund and a global Sharia fund. The GEM small-cap strategy will be targeted at the US wholesale and institutional markets and will be managed by the existing Prague-based GEM fund managers, assisted by a London-based analyst.

The global Sharia Fund will serve as an extension of the successful Global/International Select strategy. We have identified a joint venture partner, who will provide Middle East distribution and the Sharia Board requirement. The Sharia market is growing, and we will assess the opportunity to market the Sharia fund from our Singapore office to neighbouring Malaysia and Indonesia, the latter being the world's most populous Muslim country.

With our complementary equity strategies and compelling track record in fund strategies that remain open with capacity, we are confident that we will continue to attract investors and achieve market-leading returns for clients, maintain an enjoyable and rewarding environment for our people and generate growing returns for our shareholders.

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Corporate Sustainability & Responsibility

We demonstrate our commitment to environmental, social and governance (ESG) considerations not only through our focus on responsible investment, and our leadership in ESG industry initiatives, but in the continuing enhancement of our workplace policies and practices.

At BTIM, demonstrating a commitment to long-term sustainability is vital to maintaining the trust and goodwill of our clients, our people and our shareholders. To do this, we need to understand the impacts of our core operations on financial markets and the wider economy, and play our role in encouraging and driving sustainability and good governance throughout corporate Australia.

Responsible investment

As an investment manager, one of BTIM's most influential sustainability activities is our focus on responsible investment.

BTIM's sustainable and ethical funds

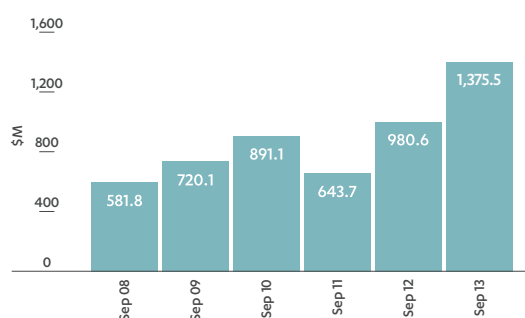
BTIM offers a diverse range of products with an explicit tilt towards environmental, social and corporate governance (ESG) best practice.

Options offered to clients include both best of sector and ethical screening. BTIM's product suite with an ESG tilt includes:

- BT Wholesale Australian Sustainable Share Fund
- BT Enhanced Sustainability Australian Share Fund
- BT Institutional International Sustainability Share Fund
- BT Sustainable Conservative Fund
- BT Sustainable Balanced Fund, and
- BT Wholesale Ethical Share Fund.

BTIM's range of sustainable products continues to attract investor interest. As at 30 September 2013, we managed \$1.375 billion on behalf of investors in these products, an increase of 40% on last year and 136% in the five years since September 2008.

BTIM sustainable and ethical FUM



Source: BTIM

United Nations Principles for Responsible Investment

BTIM's affiliate, BT Financial Group, has been a signatory to the UN Principles for Responsible Investment (PRI) since 2007. Through this initiative, signatories commit to incorporating ESG principles into investment analysis and decision making processes across the entire range of investments, as well as taking an active approach to their investments and working with other investors to improve ESG performance and practices. BTIM recognises that good governance and corporate responsibility will drive better shareholder returns in the long term. Importantly, as ESG issues are being incorporated into our mainstream investment processes, we report on progress via the PRI Reporting and Assessment Survey. This allows us to benchmark ourselves against our peers and identify strengths and weaknesses.

Regnan

BTIM is a client and active shareholder of Regnan Governance Research and Engagement Pty Limited (Regnan). Regnan represents institutional investors with the objective of driving and facilitating ESG practices in the companies in which they invest. Regnan undertakes research in ESG matters and engages companies on ESG issues.

In the year to 30 September 2013 Regnan worked with 54 of the top 200 ASX listed companies, many of which were engaged several times in the sustained pursuit of change. Just over a third of meetings (34%) were face-to-face meetings with board members.

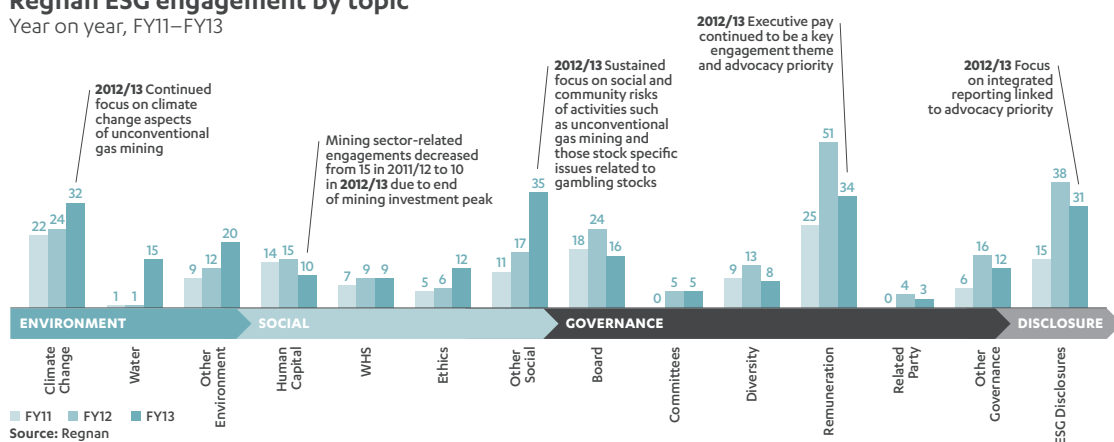
Companies were engaged on a wide range of issues across the ESG spectrum – the full range of topics is illustrated in the chart on page 33.

'Social issues' grew significantly to become the number one engagement topic in the year. This covers issues of environmental risks, issues such as the impact of unconventional gas mining (including coal seam gas), as well as community risks such as problem gambling and community consent for project developments. Executive pay, climate change and ESG disclosure also continued to be key themes for discussion.

Regnan enables BTIM to work with other institutional investors to ensure a coordinated approach to important matters of market integrity. Regnan also provides specialist ESG data, analysis and research which are used in BTIM's ESG product range as well as our mainstream funds. BTIM considers this initiative important in our leadership of ESG principles in funds management and maintains board representation in Regnan.

Regnan ESG engagement by topic

Year on year, FY11–FY13



Industry initiatives

BTIM continues to strengthen our leadership in responsible investment by our sustained involvement in:

→ The Carbon Disclosure Project

This project seeks information on the business risks and opportunities presented by climate change and greenhouse gas emissions data from the world's largest companies.

→ The Investor Group on Climate Change (founding member)

This group represents investors with stakes in businesses right across the economy and aims to encourage policies and investment practices that address the risks and opportunities of climate change in an economically efficient manner.

Proxy voting

BTIM regards corporate governance and the exercise of voting power as an important aspect of investment decision-making. We do not involve ourselves in the day-to-day management of the companies in which we invest but recognise we can influence company policy on matters of corporate governance by virtue of shareholdings under management. In accordance with industry practice we use that influence for the benefit of clients.

BTIM places great emphasis on exercising clients' ownership rights and responsibilities to ensure companies are run in the best interests of their long-term investors.

Accordingly, we exercise our voting discretion on a case by case basis following an assessment of the matter at hand and after taking into consideration the likely effect on the portfolio or fund. We publish a summary of Australian proxy voting records for the previous year on an annual basis on the BTIM website.

Risk management and governance

BTIM's corporate governance practices and policies as they relate to the ASX Recommendations are detailed fully in our Corporate Governance Statement. BTIM also has a number of other governance or compliance policies in place beyond those referred to in the ASX Recommendations. These include:

- Conflicts of Interest Policy
- Chinese Walls Policy
- Gifts and Hospitality Policy
- Complaints Resolution Policy
- Incident Management Policy
- Outsourcing Policy, and
- Whistleblower Protection Policy.

In accordance with BTIM's Annual Training Plan, employees received training during the year on the Conflicts of Interest Policy and other related policies. Directors also attended a training session relating to conflicts of interest. Many other employees also completed role specific training, such as those required under ASIC's Regulatory Guide 146, relating to their interactions with retail clients.

Workplace

BTIM is a people driven business. So we can attract, develop and retain the highest calibre people, the key objective of our people strategy is to provide a work environment where all the supporting conditions are in place to ensure our talented people can achieve our strategic goals.

Across the BTIM Group, we offer a range of programs and policies that support the attraction, retention and development of high calibre people and that recognise their achievements, including:

- paid parental leave (over and above legislative entitlements)
- continuation of certain benefits during parental leave
- flexible work arrangements
- support for working parents
- leadership forums and programs
- support of industry specific accreditations and memberships
- onsite training programs and an in-house learning and development portal
- study assistance
- employee excellence awards, and
- long service awards.

In the 2013 Financial Year we have continued to improve the benefits and policies offered to BTIM employees. In Australia, we introduced Contribution Leave, which gives eligible employees an additional five days leave each year, subject to certain criteria, with the aim of encouraging them to take a break, achieve better work-life flow, contribute to their community and enhance their overall well-being.

Contributing to Our Communities

The Contributing to Our Community programs aim to make meaningful contributions to the social well-being of the communities in which BTIM operates. It enables our people to enhance their understanding of, and gain compassion and tolerance towards, those who are disadvantaged in the community and to experience a sense of achievement and responsibility by making a positive difference to the lives of others.

In Australia, the BTIM Community Committee, comprising employees from various divisions across the business, helps coordinate and champion community involvement and fundraising initiatives. This year, the Committee elected to continue to focus its efforts on two main charities – The Wayside Chapel and Melanoma Institute Australia. In the 2013 Financial Year the following initiatives were undertaken:

- The Wayside Corporate Days whereby groups of BTIM employees were involved in providing supplies and cooking lunch for local community members
- continued sponsorship of, and corporate participation in, the Melanoma March
- Christmas gift collection from our employees in support of The Wayside Chapel Christmas Day, and
- fundraising efforts through various initiatives including a Bake Off and Trivia Night held for BTIM employees.

JOHCM and its staff regularly sponsor and support UK based charities and special causes throughout the year. In the 2013 Financial Year specific activities included:

- corporate participation in the London Marathon with proceeds going to the charity Whizzkids
- running a Christmas raffle where corporate gifts were donated as prizes and proceeds went to a number of charities chosen by the team, and
- participation in, and being one of the leading fund raisers for, the Macmillan Cancer Charity's annual cake and coffee morning.

Both BTIM Australia and JOHCM support individual employees in their charitable endeavours through the provision of community service leave and corporate matching of funds raised for various registered charities.

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BTIM diversity strategies

BTIM People Strategies aim to attract, develop and retain a diverse workforce of the highest quality and to provide work environments for our people that foster creativity and innovation. As a business we acknowledge that broad employee diversity encourages innovation and different thought processes to help execute on overall business strategy. BTIM continues to review and develop policies and programs within our employment framework which encourage diversity. Specifically, BTIM has implemented three strategic levers to achieve these objectives which are:

1. encourage the development of women in senior leadership positions
2. support cultural diversity, and
3. provide flexibility to employees.

Lever 1

Encourage the development of women in senior positions

In the BTIM 2012 Annual Report, the Board and Senior Management Team demonstrated their commitment to gender diversity by setting public targets for female representation at Board and Executive level. The targets to be achieved by 2015 are:

- 20% female representation on the BTIM Board, and
- 30% female representation at CEO-1 level.

Progress toward these gender targets as at 30 September 2013 show 33% female representation at the BTIM Board level, which exceeds our target and is an increase from 20% in 2012. The proportion of females at CEO-1 level in 2013 remains at 20%, and the total proportion of women employed at BTIM Australia is 38%.

Female representation on both the JOHCM Board and CEO-1 level is 33% and the total proportion of women employed by JOHCM is 37%.

Under the new Australian Workplace Gender Equality Act 2012 (WGEA) requirements, BTIM Australia submitted its first annual WGEA report in May 2013 which provides detail of the gender breakdown across the organisation. The report can be accessed in the shareholder centre via the BTIM website.

Lever 2

Support cultural diversity

In pursuit of the 2015 gender targets, and to encourage broad diversity, including cultural diversity, across all levels of the organisation, BTIM Australia introduced a Diversity Program of Work in 2012. The Diversity@BTIM Group, which comprises senior male and female BTIM employees, continues to be a central component of the program and exposes the participants to learning, networking and knowledge sharing opportunities and events.

Lever 3

Provide flexibility to employees

BTIM continues to offer a broad range of policies that encourage and support flexible work arrangements. The policies are designed to help employees across all levels of the organisation achieve a better work-life flow.

In the 2013 Financial Year, BTIM Australia's policies and benefits were reviewed with a specific focus on supporting workforce diversity. Contribution Leave (up to five days per year) was introduced and now supplements the following policies in use across the BTIM Group:

- flexible working (including working from home)
- purchased leave (of up to four weeks per year)
- paid parental leave (over and above legislative entitlements)
- continuation of certain benefits during parental leave
- timeout and career break, and
- job sharing.

Environment

While recognising BTIM has a relatively small environmental footprint based on the nature of operations and employee numbers, we aim to minimise the direct impact of our operations on the environment.

In the 2013 Financial Year a number of energy efficiency improvements were introduced in our primary office premises, including:

- ongoing installation of more energy efficient lights, and
- new measures to reduce energy usage through heating and cooling.

These supplemented our range of existing initiatives in this regard:

- recycling of all waste paper
- reducing landfill by segregation of waste at source
- recycling surplus office furniture, equipment and technology
- use of smart lighting
- monitoring of electricity usage through National Greenhouse and Energy Reporting, and
- participation in Earth Hour.

We also encourage BTIM shareholders to receive investor communications electronically and to receive dividends by direct credit.

Corporate Governance Statement

Introduction

This Corporate Governance Statement sets out the corporate governance practices of BTIM and the BTIM Group and the extent to which those practices follow the *Corporate Governance Principles and Recommendations* published by the ASX Corporate Governance Council (**ASX Recommendations**).

Unless otherwise indicated, this statement reflects the BTIM Group's corporate governance framework, policies and procedures in place on 31 October 2013.

1. Board of Directors

1.1 Board composition

Between 1 October 2012 and 31 March 2013, the Board was comprised of six Directors – Brian Scullin (Chairman), Emilio Gonzalez (CEO), Brad Cooper, James Evans, Andrew Fay and Carolyn Hewson.

On 1 April 2013, Meredith Brooks was appointed a Director, increasing the size of the Board to seven Directors.

Details of the qualifications and experience of each Director are set out on pages 42 to 44 of the Directors' Report.

1.2 Role and responsibilities of the Board

The Board is responsible for the governance of the BTIM Group. The Board's Charter sets out the responsibilities and functions of the Board, which include, to:

- review and approve the BTIM Group's strategic plan
- review and approve the BTIM Group's annual budget and review the BTIM Group's performance against the budget
- approve significant financial transactions and borrowings
- approve significant policies
- appoint the CEO
- approve the half year and year-end financial reports
- approve all dividends
- review the independence and performance of the external auditor
- monitor the effectiveness of the BTIM Group's risk management policies and procedures and the adequacy of its internal control mechanisms, and
- approve any changes to the share structure of the BTIM Group.

1.3 Delegations to management

The Board has formally delegated responsibility for the day-to-day operation of the BTIM Group to the CEO and other senior management. The Board monitors the exercise of delegated authority by senior management.

1.4 Director independence

During the 2013 Financial Year, the following Directors of BTIM were considered to be Independent Directors: Brian Scullin (Chairman), James Evans, Andrew Fay and Meredith Brooks, upon her appointment to the Board on 1 April 2013.

The Board did not consider Brad Cooper to be an Independent Director as he is an executive and officer of Westpac. Carolyn Hewson was not considered to be an Independent Director of BTIM as she was a non-executive director of Westpac during the previous three years.¹

The appointment of Meredith Brooks on 1 April 2013, increased the number of Independent Directors on the Board from three to four. BTIM therefore has had a majority of Independent Directors on its Board since 1 April 2013.

1.5 Access to independent professional advice

Directors may obtain independent professional advice at BTIM's expense. The approval of the Chairman of the Board (which must not be unreasonably withheld) must be obtained before independent advice is sought. Any advice obtained must be made available to all Directors.

1.6 Chairman of the Board

Brian Scullin is the Independent Non-executive Chairman of the Board. The Chairman is elected by the Board. The role of the Chairman is to:

- chair meetings of the Board and general meetings
- provide leadership to the Board
- oversee the operation and function of the Board
- facilitate the effective contribution of all Directors to Board discussions
- oversee the process of evaluating the Board and individual Directors
- maintain an ongoing dialogue with the CEO and provide appropriate guidance and mentoring
- act as a public spokesman for the Board, and
- promote good relations between the Board and management.

1.7 Board meetings

The Board met on nine occasions during the 2013 Financial Year. A summary of the attendance of Directors at those meetings is set out in the Directors' Report (see page 45).

Each Board meeting is attended by relevant senior management and the Company Secretary. The Directors regularly meet in the absence of senior management and in the absence of the CEO.

1.8 Conflicts of Interest

BTIM is very conscious of potential conflicts of interest and has processes in place to mitigate and manage any conflicts of interests that may arise.

Directors are required to make a general disclosure of their interests and the interests of related parties. These interests are recorded in a register which is circulated with the papers for each Board and Board Committee meeting.

The disclosure of conflicts of interest is a standing item on the agenda of each Board and Board Committee meeting. If an actual or potential conflict of interest arises, it is managed by the relevant Director:

- absenting themselves from the meeting during the Board's discussion of the issue; and/or
- refraining from participating in the Board's consideration of the issue; and/or
- abstaining from voting on the issue.

In appropriate circumstances, Directors may not be sent board papers on a particular issue in which they have a conflict of interest.

¹ Carolyn Hewson retired from the Board of Westpac with effect from 30 June 2012.

1.9 Performance evaluation

In accordance with its Charter, the Board conducted a peer review of the performance of Director Andrew Fay who is standing for re-election at the Company's annual general meeting on 6 December 2013. Following its review, the Board has recommended to shareholders that they vote in favour of the re-election of Andrew Fay. The Board's recommendation is set out in the AGM Notice of Meeting.

1.10 Company Secretary

The Board is responsible for the appointment of the Company Secretary. The Company Secretary, Chris Millard, attends all Board and Board Committee meetings and is responsible for the Company's secretariat function and in conjunction with management, for giving practical effect to the Board's decisions.

2. Board Committees

2.1 Board Committee Charters

The Board has two Committees: the Audit & Risk Management Committee (ARM Committee) and the Remuneration & Nominations Committee (RN Committee).

Each Committee has a formal Charter, which details its composition, role and responsibilities.

The Charters provide that Directors may attend meetings of each Board Committee, even though they may not be a member of the Committee. All Directors receive notice of all Committee meetings and are provided with the papers for each Committee meeting.

Details of the number of Committee meetings held and the attendance of Directors at those meetings are set out in the Directors' Report (see page 45).

2.2 Audit & Risk Management Committee

2.2.1 Composition and structure the Audit & Risk Management Committee

The members of the ARM Committee during the 2013 Financial Year were James Evans (Chairman), Carolyn Hewson, Brian Scullin and Meredith Brooks, who became a member of the ARM Committee on her appointment to the Board on 1 April 2013.

The structure of the ARM Committee meets that suggested in ASX Recommendation 4.2, as it:

- has three members
- has a majority of Independent Directors, and
- is chaired by an Independent Director, who is not the Chairman of the Board.

2.2.2 Role and responsibilities of the ARM Committee

The role and responsibilities of the ARM Committee include:

- reviewing the integrity of the BTIM Group's financial reporting
- satisfying itself that the BTIM Group has a sound system of risk management and financial controls
- approving the BTIM Group's risk framework and risk management policies and processes and reviewing compliance with those policies and processes, and
- overseeing the Company's risk profile within the risk management and governance framework.

Further details on the ARM Committee's responsibilities as they relate to the external auditors are set on page 40.

2.2.3 Financial knowledge of ARM Committee members

The qualifications of the members of the ARM Committee are set out in the Directors' Report, with each member having appropriate financial and risk management experience and an understanding of the investment management industry.

2.3 Remuneration & Nominations Committee

2.3.1 Composition and structure of the Remuneration & Nominations Committee

Between 1 October 2012 and 31 March 2013 the members of the RN Committee were Brian Scullin, Brad Cooper, James Evans and Andrew Fay.

On 21 February 2013, Brian Scullin stepped down as the Chairman of the RN Committee and the Board appointed Andrew Fay as the Chairman of the RN Committee.

From 1 April 2013, the RN Committee was comprised of the following Directors: Andrew Fay (Chairman), Brad Cooper and Brian Scullin.

The structure of the RN Committee meets that suggested in ASX Recommendation 8.3, as it:

- has three members
- has a majority of Independent Directors, and
- is chaired by an Independent Director.

2.3.2 Role and responsibilities of the Remuneration & Nominations Committee

The role and responsibilities of the RN Committee include:

- to review and approve executive remuneration policies
- make recommendations to the Board in relation to the recruitment, retention and termination policies and procedures for the CEO and the Senior Management Team
- to review and approve performance hurdles and awards under each equity plan
- make recommendations to the Board for the appointment of new directors, having regard to the existing mix of skills and experience on the Board
- review and make recommendations to the Board on remuneration policies for Non-executive Directors
- develop and implement a process for the performance evaluation of the Board, Board Committees and individual Directors
- make recommendations to the Board in relation to the re-election of Directors, and
- develop a Board succession plan.

2.4 Evaluation of senior executive performance

The RN Committee approves the annual performance objectives and measures of the CEO and the Senior Management Team.

As part of BTIM's performance management cycle, the performance of the CEO and the Senior Management Team is reviewed and evaluated at the end of each financial half year and full year.

Performance is reviewed and evaluated against previously agreed objectives which are based on financial and non-financial criteria.

2.5 Induction of Senior Executives

BTIM has an induction process in place for all new employees, including the Senior Management Team. The induction process includes providing briefings on BTIM's business, code of conduct, policies and procedures. Briefings focus on operational, regulatory, risk and compliance issues that are of significance to the BTIM Group.

3. Promoting ethical and responsible decision-making

3.1 Code of Conduct

BTIM has a Code of Conduct that applies to Directors, the Senior Management Team and all other employees. The Code of Conduct is based on six key principles:

- acting with honesty and integrity
- respecting the law and acting accordingly
- respecting confidentiality and not misusing information
- valuing and maintaining professionalism
- avoiding conflicts of interest, and
- striving to be a good corporate citizen and achieve community respect.

All new employees receive induction training in relation to the Code of Conduct.

3.2 Diversity at BTIM

In support of diversity, the BTIM Board has adopted a Diversity Policy, which outlines what diversity means for BTIM and the values that diversity brings to the business. Details of the gender diversity targets set by the Board and the progress towards those targets are set out in the report on Corporate Sustainability & Responsibility on pages 32 to 35 of this Annual Report.

3.3 Insider Trading Policy and Personal Account Trading Policies

Under the Company's Insider Trading Policy and Personal Account Trading Policy, Directors and any employee in possession of undisclosed materially price sensitive information are prohibited from dealing in BTIM securities or other securities in which the individual has material non-public information.

Directors and employees are also precluded from trading in BTIM's securities during 'blackout periods', which occur prior to the announcement of BTIM's half year and full year results and the quarterly funds under management (FUM) announcements.

Directors and employees may trade in BTIM securities outside a trading blackout period, but only after obtaining pre-clearance from the Risk and Compliance Team, or in the case of Directors, from the Company Secretary.

The Personal Account Trading Policy also provides that Directors and employees may in exceptional circumstances obtain approval to trade in the Company's securities during a blackout period. Exceptions to the policies would normally only be granted where:

- failure to do so would cause financial hardship
- the person is not in possession of undisclosed materially price sensitive information
- the trade will not affect the interests of the Company's shareholders
- no other conflicts of interest exist.

4. Shareholders

4.1 Market Communications

BTIM is committed to promoting investor confidence and the rights of all shareholders by complying with the disclosure obligations contained in the Corporations Act and the ASX Listing Rules.

BTIM seeks to ensure that all market announcements are presented in a factual, clear and balanced way.

BTIM has a Market Disclosure Policy, which sets out how BTIM communicates with its shareholders and the market. The policy establishes a Disclosure Committee. The members of the Disclosure Committee are the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the General Counsel, the Chief Executive of JOHCM and the Company Secretary.

The Disclosure Committee is responsible for managing compliance with BTIM's disclosure obligations. The Disclosure Committee determines what information should be disclosed to the market and the form of that information. The Disclosure Committee is also responsible for assisting BTIM employees to understand BTIM's disclosure obligations.

The Board retains responsibility for approving announcements of key significance such as:

- full year and half year financial results
- earnings updates
- mergers and acquisition related announcements
- changes to corporate structures, and
- matters involving significant reputational risk, such as regulatory issues.

4.2 Shareholder Communications

BTIM is committed to ensuring that all shareholders have equal and timely access to material information concerning the BTIM Group.

BTIM communicates to its shareholders directly and by the publication of all relevant company information in the Shareholder Centre on BTIM's website. Shareholders have the option to receive information from BTIM either electronically or in hard copy.

4.3 Shareholder Meetings

The participation of shareholders at the Annual General Meeting is encouraged. The form and content of the Notice of Annual General Meeting are drafted to ensure maximum participation by all shareholders.

All shareholders have the opportunity to attend the AGM and ask any questions of the Board and management. Shareholders may also ask questions of BTIM's auditors in relation to the conduct of the audit, the audit report, the accounting policies adopted in preparing the financial statements and the independence of the auditors.

BTIM provides all shareholders with an opportunity to submit written questions prior to the AGM and seeks to respond to those questions during the course of the AGM.

5. JOHCM governance framework

The operations of the BTIM Group's UK business are overseen by the Board of J O Hambro Capital Management Holdings Limited (JOHCM Holdings).

5.1 Board composition

The Board of JOHCM Holdings is comprised of the following Directors: James Hambro (Chairman), Christopher Bannister, James Evans, Emilio Gonzalez, Gavin Rochussen and Cameron Williamson.

5.2 Role and responsibilities of the JOHCM Holdings Board

The JOHCM Holdings Board is responsible for providing oversight of the operations of JOHCM and reporting to the BTIM Board on matters relating to the operation of the JOHCM business.

The Board of JOHCM Holdings has a Charter which sets out its responsibilities and functions, which include, to:

- approve JOHCM's long-term objectives and strategies
- approve operating and capital expenditure budgets
- approve the annual financial accounts, and
- ensure that a sound system of internal controls and risk management is in place.

5.3 Board Committees

The JOHCM Board has two Committees: the Audit & Risk Committee and the Remuneration & Nominations Committee.

Each Committee has a formal Charter, which details its composition, role and responsibilities. The Charters provide that all Directors may attend meetings of each Board Committee, even though they may not be a member of the Committee. All Directors receive notice of all the Committee's meetings and are provided with a copy of the papers for each Committee meeting.

6. Risk management and internal controls

6.1 Risk management principles

The BTIM Group is committed to ensuring that it maintains a sound system of risk oversight, management and ongoing internal control assurance and an appropriate risk management culture within the business.

The BTIM Group has identified the following categories of risk as having the potential to impact its business:

- **strategic risk** – the risk of an event occurring that will adversely affect the achievement of one of the Company's strategic objectives
- **regulatory and compliance risk** – the risk of not complying with laws, regulations, contracts, industry codes, internal standards and policies applicable to the Company's operations
- **financial and market risk** – the risk of financial loss arising from the Company's activities in the financial and investment markets, and
- **operational risk** – the risk arising from inadequate or failed internal processes, people or systems or from external events.

6.2 Roles and responsibilities

The Board is also responsible for approving the BTIM Group's significant risk management policies. The Audit & Risk Management Committee assists the Board in its oversight of risk management, financial and assurance matters. The Board delegates responsibility for the implementation of risk management to the CEO and the Senior Management Team.

6.3 Risk Management Framework

To ensure its risk management principles are met, the Company has established a Risk Management Framework (Framework). The Framework sets out the overarching philosophy, principles, requirements and responsibilities for a sound approach of risk oversight, management and ongoing internal control assurance within the BTIM Group. The Framework formalises and communicates the BTIM Group's approach to risk management.

The success of BTIM's business is based on taking risks that are known, understood, assessed and managed within the limits of our risk appetite. Management of compliance risk is a key element of risk management. For most risks, the Company adopts a threshold level of materiality which will influence the level of risk mitigation applied. By contrast, all statutory compliance obligations must be managed strictly in accordance with the relevant statutory or regulatory obligation.

6.4 Our Risk Management Principles

- The BTIM Board determines the company's risk appetite and is responsible for the establishment and oversight of an effective system of risk management. The Board delegates authority to the CEO and Senior Management Team to conduct business activity within the limits of the risk appetite, approved business plans, policies and codes.
- A Risk & Compliance team suitably skilled and resourced, assists business units to manage their business risks and provide reporting to the Board and management.
- The CEO and Senior Management Team are accountable for managing business risks and maintaining an appropriate control framework and promoting a positive risk culture. In such a culture good corporate governance is demonstrated and effective management of risks is encouraged, rewarded and becomes a core element of all BTIM business activity.

6.5 Internal audit

Deloitte Touche Tohmatsu has been appointed to provide internal audit services to BTIM and:

- has all necessary access to Company information to effectively conduct their audits
- works with the Senior Management Team including the Chief Risk Officer to develop an internal audit plan that complements other assurance work conducted across the BTIM Group
- independently reviews the effectiveness of the Company's risk management processes and internal controls, and
- reports audit results to Company management and to the Audit & Risk Management Committee.

6.6 Risk management at JOHCM

The Audit & Risk Committee of the JOHCM Holdings Board is responsible for reviewing JOHCM's overall risk assessment processes, providing advice to the board on JOHCM's risk appetite, current risk exposures and strategies to manage risk. The Audit & Risk Committee is comprised of James Evans (Chairman), James Hambro and Cameron Williamson.

JOHCM has identified the following categories of risk as having the potential to impact its business: operational risk; concentration risk; investment risk, credit and counterparty risk.

The Audit & Risk Committee receives regular reports on risk issues, including a Risk and Controls Matrix which identifies the key operational risks faced by the business; the controls established to mitigate those risks; results from the regular assessment of those controls and any actions proposed to manage residual risk.

Corporate Governance Statement continued

Where appropriate, significant risk issues are elevated to the BTIM Risk & Compliance team and the BTIM Audit & Risk Management Committee.

6.7 Chief Executive Officer and Chief Financial Officer Assurance

Prior to the Board's approval of the interim and annual financial reports, the Chief Executive Officer and the Chief Financial Officer provide a formal statement to the Board that:

- the financial records of the Company have been properly maintained
- the financial statements and notes of the Company give a true and fair view of its financial position and performance and comply with the requirements of the Accounting Standards, and
- the statement is based on a sound system of risk management and internal controls which is operating effectively in all material respects in relation to financial reporting risks.

6.8 Responsible entity governance

BT Investment Management (Fund Services) Limited (BTIMFS) is the responsible entity of the BTIM Funds and has a fiduciary obligation to act in the best interests of investors in the Funds. These fiduciary obligations may, from time-to-time, conflict with the interests of the Company. When this occurs, the Board is required by the Corporations Act to give priority to the interests of investors. The Directors of BTIMFS are conscious of their fiduciary obligations to investors and assess their decisions in light of these obligations.

The BTIMFS Board is comprised of the following executive directors: Emilio Gonzalez (CEO), Alan Artyun (Head of Investment Operations) and Cameron Williamson (CFO). M Gonzalez is the Chairman of the BTIMFS Board.

The BTIMFS Board has responsibility for the management of risks that arise from its duties as the responsible entity of the BTIM Funds and the provision of financial services under its Australian Financial Services Licence (AFSL).

The Board of BTIMFS has delegated a number of its responsibilities to the CEO.

6.9 MICC

As the BTIMFS Board is not comprised of a majority of external directors (as defined by section 601JA of the Corporations Act) the Board has appointed a Managed Investments Compliance Committee (MICC).

The MICC is comprised of two external members and one internal member. The MICC has the functions and responsibilities of a compliance committee as set out in Sections 601JC and 601JD of the Corporations Act.

7. Statutory auditors

7.1 Appointment of statutory auditor

The Company's statutory auditor is PricewaterhouseCoopers (PwC). PwC provides an independent opinion that the Company's financial statements represent a true and fair view of the Company's financial position and performance and comply with relevant regulations.

PwC receives copies of the agenda and papers for each meeting of the Audit & Risk Management Committee. The statutory auditors attend the Committee's meetings when the half year and full year financial statements are being considered. The statutory auditors also attend other meetings when relevant items are on the Committee's agenda.

Members of the Audit & Risk Management Committee are able to contact the auditors directly at any time. Similarly, the statutory auditors are able to contact the Chairman of the Committee directly at any time.

The Audit & Risk Management Committee has the following responsibilities in relation to audit matters:

- evaluate the independence of the statutory auditor at least annually, including making an assessment whether the statutory auditor is independent of the Company and there are no conflicts of interest that could compromise the independence of the statutory auditor
- ensure that the statutory auditor meets the auditor independence tests set out in relevant standards
- review statutory audit plans and audit opinions
- discuss any issues relating to the conduct of the audit with the statutory auditor
- review the findings of statutory audits to ensure that issues are being appropriately managed and rectified, and
- periodically consult the statutory auditor in the absence of management in relation to the internal controls in place over financial information, reporting and disclosure and the fullness and accuracy of the Company's financial statements.

7.2 Non-audit services

Any non-audit services provided by PwC to the Company are approved by the Chairman of the Audit & Risk Management Committee.

7.3 Attendance at the Annual General Meeting

The Company's statutory auditors attend the Company's Annual General Meeting and are available to answer questions from shareholders in relation to the conduct of the audit, the audit report, the accounting policies adopted by the Company in preparing the financial statements and the independence of the auditors.

Shareholders are able to submit written questions to the statutory auditor prior to the Annual General Meeting.

8. Documents

Copies of the following documents referred to in this Statement are available on the Company's website at www.btim.com.au/corporategovernance.

- BTIM Board Charter
- Audit & Risk Management Committee Charter
- Remuneration & Nominations Committee Charter
- BTIM Board Statement on Director Selection and Appointments
- Code of Conduct
- Insider Trading Policy
- Personal Account Trading Policy
- Market Disclosure Policy

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Directors' Report

The Directors present their report and the annual financial report for the BTIM Group for the 2013 Financial Year.

Directors

The following persons were Directors during the 2013 Financial Year and up to the date of this report:

DIRECTORS	APPOINTMENT DATE	PERIOD
Brian Scullin	25 September 2007	Full year
Emilio Gonzalez	22 January 2010	Full year
Meredith Brooks	1 April 2013	Appointed 1 April 2013
Brad Cooper	29 April 2010	Full year
James Evans	2 June 2010	Full year
Andrew Fay	1 October 2011	Full year
Carolyn Hewson	25 September 2007	Full year

On 8 October 2013 the Company announced that Brian Scullin will resign as Chairman of the Board following the conclusion of the Company's annual general meeting on 6 December 2013. James Evans will succeed Mr Scullin as the Company's new Chairman.

Details of the qualifications, experience and responsibilities of the current Directors are set out below:



Brian Scullin, BCom, BEc

Term: Appointed Non-executive Chairman in September 2007

Independent: Yes

Board Committees: Member, Audit & Risk Management Committee; Member, Remuneration & Nominations Committee

Brian Scullin is the Chairman of the Board. Brian has 25 years' experience in the funds management industry in both Australia and Asia. Following a career in the Federal Government and politics, Brian was appointed the Executive Director of the Association of Superannuation Funds of Australia (ASFA) in 1987.

In 1993, Brian joined Bankers Trust, holding a number of senior positions, including President of Japan Bankers Trust. He was appointed Chief Executive Officer – Asia/Pacific for Deutsche Asset Management in 1999. He retired from that full time position in 2002, although he remained a non-executive director of Deutsche Asset Management until June 2007.

Brian has held many industry positions including Vice Chairman of the Financial Services Council (previously known as IFSA), a part time member of the Federal Government's Financial Reporting Council and a panel member for the Financial Industry Complaints Service. He has also served as a non-executive director of State Super Financial Services and Dexus Property Group.

Brian is currently the Chairman of Spark Infrastructure RE Limited.

Directorships of other listed entities over the past three years: Dexus Property Group (2005–2011)



Emilio Gonzalez, BCom (Ec), CFA

Term: Appointed Chief Executive Officer from January 2010

Independent: No

Board Committees: Nil

Emilio Gonzalez is the Company's Chief Executive Officer. Prior to his appointment as Chief Executive Officer in January 2010, Emilio was Group Executive, Global Equities at Perpetual Limited. Prior to this role, he was the Chief Investment Officer for seven years. During his early tenure at Perpetual, Emilio was responsible for establishing and running a currency program, tactical asset allocation strategies, Perpetual's diversified and balanced funds, as well as being Head of Research.

Prior to joining Perpetual, Emilio worked as the Chief Dealer at Nikko Securities (Australia) Limited and as a retail client adviser at Norths Stockbroking Limited.

Emilio is also a director and chairman of BTIMFS and BTIMI and a director of J O Hambro Capital Management Holdings Limited and BTIM UK Limited.

Directorships of other listed entities over the past three years: Nil



Meredith Brooks, BA, FIAA

Term: Appointed a Non-executive Director on 1 April 2013

Independent: Yes

Board Committees: Member, Audit & Risk Management Committee

Meredith Brooks has over 30 years' experience in the financial services industry, including extensive experience in funds management both in Australia and overseas. Meredith held the position of Managing Director, US Institutional Investment Services at Frank Russell Company, based in New York between 2000 and 2004. Prior to that, she held a number of other senior positions at Frank Russell Company, including Managing Director, Australasia (1996–2000) and Director, European Funds (1991–1996).

Meredith is currently the Chair of Balmain Investment Management Limited, Chair of Critical Path Inc and a member of the Industry Advisory Board for the Faculty of Business and Economics at Macquarie University.

Directorships of other listed entities over the past three

years: Perpetual Limited (2004–2011)



Brad Cooper, DipBM, MBA

Term: Appointed a Non-executive Director in April 2010

Independent: No

Board Committees: Member, Remuneration & Nominations Committee

Brad Cooper is the Chief Executive Officer of the BT Financial Group, having been appointed to that role on 1 February 2010. Brad joined The Westpac Group in April 2007 as Chief Executive for Westpac New Zealand. He then moved to the role of Group Chief Transformation Officer, leading the implementation of the Westpac-St George merger before taking up his current role.

Prior to joining The Westpac Group, Brad was Chairman of GE Capital Bank and Chief Executive Officer of GE Consumer Finance UK & Ireland.

Brad is a director of the Financial Services Council. Brad is also an executive director of Westpac Financial Services Group Limited and an alternate director of a number of other companies within The Westpac Group, including: BT Life Limited, Westpac Life Insurance Services Limited, St George Life Limited, Westpac General Insurance Limited, Westpac Lenders Mortgage Insurance Limited and St George Insurance Australia Pty Limited.

Directorships of other listed entities over the past three

years: Nil



James Evans, BEc, CPA, F Fin, FAICD

Term: Appointed a Non-executive Director in June 2010

Independent: Yes

Board Committees: Chairman, Audit & Risk Management Committee

James Evans has 40 years of corporate experience. His most recent executive role, which he held from 2003 to 2008, was as the Chief Risk Officer, Wealth Management at the Commonwealth Bank of Australia. As part of this role, James held directorships in the Commonwealth Bank's funds management, general insurance, life insurance and lease financing businesses.

James also held a number of other senior executive roles with the Commonwealth Bank in the areas of finance, accounting, business development and strategy.

Before joining the Commonwealth Bank in 1996, James was a senior executive with Lend Lease in the Property Investment Services Group, holding directorships of property investment and joint venture companies. Prior to that, James held senior executive positions at GEC Australia and Grace Bros.

James is a non-executive director of J O Hambro Capital Management Holdings Limited and the Chairman of the Audit & Risk Committee of J O Hambro Capital Management Holdings Limited.

James is also a non-executive director of the Equigroup companies, Hastings Funds Management Limited, Investa Wholesale Funds Management Limited, Macquarie Generation and Suncorp Portfolio Services Limited.

Directorships of other listed entities over the past three

years: Australian Infrastructure Fund Limited (2010–2013)

Directors' Report continued



Andrew Fay, BAgEc (Hons), A Fin

Term: Appointed a Non-executive Director from 1 October 2011

Independent: Yes

Board Committees: Chairman, Remuneration & Nominations Committee

Andrew Fay has over 25 years' experience in the financial services sector and was Chief Executive Officer at Deutsche Asset Management (Australia) Limited from 2005 to 2008 and Chief Investment Officer from 2000 to 2008. Prior to that, he held a number of other senior investment roles at Deutsche Asset Management and previously at AMP Capital. From 1998 to 2006, he was a member of the Investment Board Committee of the Financial Services Council.

Andrew was, until September 2011, the Chairman and a non-executive director of Deutsche Asset Management (Australia) Limited, having been appointed to this role in 2008. He is a non-executive director of Deutsche Managed Investments Limited.

Andrew is also a non-executive director of Spark Infrastructure RE Limited, South Australia Power Networks and Victoria Power Networks Pty Limited.

Directorships of other listed entities over the past three years: Nil



Carolyn Hewson, AO, BEc (Hons), MA (Econ), FAICD

Term: Appointed a Non-executive Director in September 2007

Independent: No

Board Committees: Member, Audit & Risk Management Committee

Carolyn Hewson has over 30 years' experience in the finance sector, having joined Schroders Australia investment bank in 1981, serving as an executive director of Schroders between 1989 and 1995.

Carolyn is currently a non-executive director of BHP Billiton Limited and Stockland Corporation Limited and Chair of the Westpac Foundation.

Carolyn has previously served as a non-executive director of Westpac (2003–2012), CSR Limited (1995–2005), AMP Limited (1996–2001), The Australian Gas Light Company (1996–2006) and AGL Energy Limited (2006–2009). Carolyn has also served on the boards of SA Water and the Economic Development Board of South Australia. Carolyn currently has board and advisory roles with Nanosonics Limited, the Australian Charities Fund and the Neurosurgical Research Foundation.

Directorships of other listed entities over the past three years: Westpac Banking Corporation (2003–2012)

Company Secretary

Chris Millard (LLM, DipLaw (SAB), GradDipAppCorpGov, FCIS, FCSA) is the Company Secretary. Chris was appointed the Company Secretary in January 2008, having previously held the role of Head of Secretariat with BTFG. Chris is a qualified lawyer, having been admitted to practise in 1994. Prior to joining BTFG, he worked as a lawyer in private practice and in senior in-house counsel and company secretary roles.

Directors' meetings

The number of meetings of the Board and of each Board Committee held during the 2013 Financial Year and the number of meetings attended by each Director during that year are set out in the following table:

DIRECTORS	BOARD		AUDIT & RISK MANAGEMENT COMMITTEE			REMUNERATION & NOMINATIONS COMMITTEE		
	A	B	A	B	C	A	B	C
Brian Scullin	9	9	4	4	–	4	4	–
Emilio Gonzalez	9	9	–	–	4	–	–	4
Meredith Brooks	5	5	2	2	–	–	–	2
Brad Cooper	9	9	–	–	4	4	2	–
James Evans	9	9	4	4	–	2 ¹	2 ¹	2 ¹
Andrew Fay	9	9	–	–	4	4	4	–
Carolyn Hewson	9	9	4	4	–	–	–	4

A Meetings eligible to attend as a member of the Board or Committee.

B Meetings attended as a member of the Board or Committee.

C Committee meetings attended by the Director although the Director is not a member of the relevant Committee.

¹ James Evans was a member of the Remuneration & Nominations Committee for only part of the 2013 Financial Year.

Senior Management Team

The following persons are the current members of the Senior Management Team:

NAME	POSITION	JOINED BTIM	APPOINTED TO CURRENT POSITION
Emilio Gonzalez	Chief Executive Officer	2010	2010
Geraldine Bouquet	Head of Human Resources	2008	2008
Daniel Campbell	Head of Investment Products	2010	2013
Jennifer Davies	Chief Risk Officer	2009	2009
Cameron Williamson	Chief Financial Officer	2008	2010
Brian Wright	Head of Corporate Development	2009	2012
Gavin Rochussen ¹	CEO – JOHCM	–	–

¹ Gavin Rochussen is CEO of JOHCM and joined JOHCM in November 2008.

Changes to the Senior Management Team

Phil Stockwell, Chief Operating Officer, resigned from BTIM with effect on 26 July 2013 and Martin Franc, Head of Sales & Marketing, resigned with effect on 16 October 2013.

On 1 October 2013, Daniel Campbell, Head of Investment Products and Jennifer Davies, Chief Risk Officer, were appointed members of the Senior Management Team.

Directors' Report continued

Details of the qualifications, experience and responsibilities of the current members of the Senior Management Team are set out below:



Emilio Gonzalez, BCom (Ec), CFA
Chief Executive Officer

Refer to Directors' biographies.



Geraldine Bouquet, BCom (HRM & IR), CAHRI
Head of Human Resources

Geraldine Bouquet was appointed the Head of Human Resources in May 2008.

Geraldine is responsible for leading BTIM's human resources function as well as developing and delivering the Company's People Strategy. She is also a management representative of BTIM's Superannuation Policy Committee.

Prior to joining BTIM, Geraldine held a number of senior human resources roles with Westpac Institutional Bank, supporting businesses across debt markets, corporate & institutional banking and risk management.



Daniel Campbell, MA (Hons), Grad Dip App Fin
Head of Investment Products

Daniel Campbell was appointed BTIM's Head Portfolio Specialist in 2010. He was appointed to his current role on 1 October 2013. Daniel's responsibilities include management of a number of BTIM's critical relationships, including BT Financial Group and Research Houses. Daniel is also responsible for investment and portfolio analytics at BTIM and chairs the BTIM Investment Review Committee which has oversight of BTIM's portfolios risk and performance.

Prior to joining BTIM, Daniel spent ten years at Perpetual Investments. Most recently, he held the position of General Manager, Institutional Business for Global Equities. Daniel also worked as the General Manager, Analytics & Research during his tenure at Perpetual.



Jennifer Davies, LLM, LLB
Chief Risk Officer

Jennifer Davies was appointed BTIM's Chief Risk Officer in November 2009.

Jennifer has responsibility for leading BTIM's Risk & Compliance and Legal teams. She also works closely with the CEO and senior management to integrate risk management into business strategy.

Prior to joining BTIM, Jennifer held various legal, risk and compliance positions in Australia, Singapore and Hong Kong. Her previous employers include Westpac Financial Services, Sydney, Deutsche Asset Management (Asia) Limited, UBS Global Asset Management (Hong Kong) Limited and Deacons Financial Services Group (Lawyers), Hong Kong.



Cameron Williamson, BAcc, CA
Chief Financial Officer

Cameron Williamson was appointed BTIM's Chief Financial Officer in February 2010, having assumed that role since May 2009.

Cameron is responsible for BTIM's overall financial operations and reporting, business planning, taxation and investor relations.

Cameron is a director of BTIMFS, BTIMI, J O Hambro Capital Management Holdings Limited and BTIM UK Limited.

Prior to joining BTIM, Cameron held Chief Financial Officer and Company Secretary responsibilities at Clairvest Group, a mid-market private equity group in Toronto. His previous positions also included senior finance roles with Franklin Templeton and CIBC World Markets in Toronto, UBS in the UK and KPMG in Australia.



Gavin Rochussen, BCom, BAcc,
Chartered Accountant (SA)
Chief Executive Officer, J O Hambro Capital Management

Gavin Rochussen joined J O Hambro Capital Management (JOHCM) in November 2008 as Chief Executive Officer. Gavin's primary responsibility is to lead the JOHCM business, which was acquired by BTIM in October 2011.

Gavin is a director of J O Hambro Capital Management Limited and J O Hambro Capital Management Holdings Limited.

Prior to joining JOHCM, Gavin was the Finance Director (2002) and later Chief Executive (from 2003) of Fleming Family & Partners, a private asset management firm based in the United Kingdom.

Gavin has 28 years' experience in the financial industry, including the establishment and operation of a consulting practice in South Africa.



Brian Wright, BCom, CA
Head of Corporate Development

Brian Wright joined BTIM as Head of M & A and Strategy in January 2009. Brian was appointed to his current role as Head of Corporate Development in 2012.

Prior to joining BTIM, Brian was the Chief Financial Officer and Company Secretary of MMC Contrarian Limited between August 2007 and 2008. He also held the positions of Chief Financial Officer and Chief Operating Officer for the hedge fund, Red Centre Capital, from 2004 to 2007.

Brian was at Bankers Trust from 1990 to 2003. He held a number of senior positions at Bankers Trust, including Operations Manager for Equity & Currency Derivatives in the Investment Bank. In 1995, he moved to funds management where he held the position of Business Manager for Currency & International Bonds before being appointed Business Manager for the Australian and International Equity business.

Directors' Report continued

Principal activities

The principal activity of the BTIM Group during the 2013 Financial Year was the provision of investment management services.

Review of operations

Information on the operations and financial position for the BTIM Group is set out in our Operating and Financial Review (OFR) consisting of our Chairman's Letter, CEO's Report and Business Update on pages 2 to 11 of the Annual Report accompanying this Directors' Report.

The BTIM Group continued to operate under two operating segments since the acquisition of J O Hambro Capital Management (JOHCM) effective 1 October 2011. These two segments comprise of the investment management business in Australia (BTIM Australia) and outside of Australia (BTIM UK operations). The statutory net profit after tax (NPAT)¹ of the BTIM Group for the 2013 Financial Year was \$51,245,291 (2012: \$21,397,632).

The BTIM Group's cash net profit after tax (Cash NPAT)¹ for the 2013 Financial Year was \$61,883,006 (2012: \$41,503,952). The increase on the prior year is predominantly driven by higher funds under management (FUM) and an increase in the performance fee revenue in JOHCM.

Reconciliation of statutory NPAT to Cash NPAT	2013 \$'000	2012 \$'000
Statutory NPAT	51,245	21,398
Add back: amortisation of employee equity grants	19,795	21,584
Deduct: cash cost of ongoing equity grants	(21,262)	(9,588)
Add back: amortisation and impairment of intangibles ²	9,806	11,924
Add back: loss on financial liabilities at fair value through the profit and loss ³	7,213	1,090
Deduct: tax effect	(4,914)	(4,904)
Cash NPAT	61,883	41,504

Funds under Management at 30 September 2013 was \$58.3 billion, an increase of 25% from the FUM of \$46.6 billion at 30 September 2012. The movement for the full year ended 30 September 2013 has been driven by positive market and investment performance of \$8.1 billion, net inflows of \$1.5 billion and a weaker Australian dollar relative to the Pounds sterling which contributed to a positive foreign exchange movement of \$2.1 billion.

Dividends

The Directors have resolved to pay a final dividend and dividend-linked coupon of 10.0 cents (50% franked) per share (2012: 7.0 cents per share fully franked) on ordinary shares and converting notes. The amount of dividend and dividend-linked coupon which has not been recognised as a liability at 30 September 2013 is \$29.5 million (2012: \$20.0 million). The Company paid an interim dividend and dividend-linked coupon of 8.0 cents per share (\$21.4 million) on 2 July 2013.

Equity dividends on ordinary shares	2013 \$'000	2012 \$'000
(a) Dividends declared and paid during the Financial Year		
Final fully franked dividend for the 2012 Financial Year: 7.0 cents per share (2011 Financial Year: 10.0 cents per share)	18,770	26,696
Interim fully franked dividend for the 2013 Financial Year: 8.0 cents per share (2012 Financial Year: 5.5 cents per share)	21,437	14,536
	40,207	41,232

1 NPAT includes accounting adjustments required under International Financial Reporting Standards for amortisation of employee equity grants, amortisation and impairment of intangible assets, and the fair value adjustments on equity-settled converting notes. These non-cash charges are not considered by the Directors to be part of the underlying earnings for the year and therefore the Directors believe that Cash NPAT is a more suitable measure of profitability. Cash NPAT comprises NPAT before amortisation of employee equity grants less the after-tax cash costs of grants made in respect of the current year, together with the after-tax amortisation and impairment of intangible assets recognised and the fair value adjustment

on equity-settled converting notes issued as a result of the JOHCM acquisition.

2 Amortisation and impairment of intangibles relates to fund and investment management contracts.

3 Loss on financial liabilities at fair value through the profit and loss relates to the fair value adjustment on the converting notes issued as purchase consideration in relation to the JOHCM acquisition.

Equity dividends on ordinary shares	2013 \$'000	2012 \$'000
(b) Dividends proposed to be paid subsequent to the end of the Financial Year and not recognised as a liability		
Final dividend for the 2013 Financial Year 10.0 cents (50% franked) per share (2012 Financial Year: 7.0 cents per share fully franked)	27,810	18,753

Dividend-linked coupons on converting notes	2013 \$'000	2012 \$'000
(a) Coupons paid during the Financial Year		
Final fully franked coupon for the 2012 Financial Year: 7.0 cents per converting note (2011 Financial Year: 10.0 cents per converting note)	1,184	1,805
Interim fully franked coupon for the 2013 Financial Year: 8.0 cents per converting note (2012 Financial Year: 5.5 cents per converting note)	1,332	992
	2,516	2,797
(b) Coupons proposed to be paid subsequent to the end of the Financial Year and not recognised as a liability		
Final coupon for the 2013 Financial Year: 10.0 cents (50% franked) per converting note (2012 Financial Year: 7.0 cents per converting note fully franked)	1,665	1,260

Significant changes in the state of affairs

There has been no significant changes in the state of affairs of the BTIM Group during the 2013 Financial Year.

Matters subsequent to the end of the financial year

A final dividend of 10.0 cents (50% franked) per share on ordinary shares and a final dividend-linked coupon of 10.0 cents per note on converting notes, is to be paid on all ordinary shares and converting notes outstanding at the record date.

Except for the dividend declaration no other matters or circumstances have arisen since 30 September 2013 that have significantly affected, or may significantly affect:

- the BTIM Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the BTIM Group's state of affairs in future financial years.

Likely developments and expected results of operations

The OFR sets out the information on the business strategies and prospects for future financial years (refer to our Chairman's Letter, CEO's Report and Business Update on pages 2 to 11 of the Annual Report accompanying this Directors' Report). Information in the OFR is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the BTIM Group.

Environmental regulations

The operations of the BTIM Group are not subject to any particular or significant environmental regulation under any law of the Commonwealth of Australia or of any state or territory thereof.

The BTIM Group has not incurred any liability (including rectification costs) under any environmental legislation.

Indemnities and insurance

In accordance with the provisions of the Corporations Act, the BTIM Group has insurance policies covering directors' and officers' liabilities for the BTIM Group. Under the terms of the policies, disclosure of the amount of cover and premiums paid is prohibited.

Rounding of amounts

The BTIM Group is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in the Directors' Report and Financial Report. Amounts in this report and the accompanying Financial Report have been rounded to the nearest thousand dollars in accordance with that class order, unless otherwise stated.

Loans to Directors and Senior Executives

There were no loans made to, nor are there any outstanding loans with, Directors or Senior Executives.

Directors' Report continued

INTRODUCTION TO THE 2013 REMUNERATION REPORT

The Directors present the Remuneration Report for the year ended 30 September 2013. The Remuneration Report provides a description of BTIM Group's remuneration approach and current practices and forms part of the Directors' Report.

The Remuneration Report more specifically sets out remuneration information for the Company's key management personnel (KMP) who are accountable for planning, directing and controlling the affairs of the Company and its controlled entities.

The KMPs for BTIM are listed in the table below:

Non-executive Directors

Name	Position	Term
Brian Scullin	Chairman	Full year
Meredith Brooks ¹	Director	Part year
Brad Cooper	Director	Full year
James Evans	Director	Full year
Andrew Fay	Director	Full year
Carolyn Hewson	Director	Full year

CEO and other Senior Executives

Name	Position	Term
Emilio Gonzalez	Chief Executive Officer	Full year
Geraldine Bouquet	Head of Human Resources	Full year
Martin Franc ²	Head of Sales & Marketing	Full year
Gavin Rochussen	Chief Executive Officer, JOHCM	Full year
Phil Stockwell ³	Chief Operating Officer	Part year
Cameron Williamson	Chief Financial Officer	Full year
Brian Wright	Head of Corporate Development	Full year

Jennifer Davies and Daniel Campbell were appointed to the Executive Committee from 1 October 2013 as Chief Risk Officer and Head of Investment Products respectively. From 1 October 2013 they are KMPs and accordingly their remuneration arrangements will be disclosed from that date onwards.

The information provided in this Remuneration Report has been audited by the Company's auditors, PricewaterhouseCoopers, as required by section 308(3C) of the *Corporations Act 2001*.

¹ Meredith Brooks was appointed to the Board on 1 April 2013.

² Martin Franc's employment with BTIM ceased on 16 October 2013 following his resignation.

³ Phil Stockwell's employment with BTIM ceased on 26 July 2013 following his resignation.

REPORT STRUCTURE

The Remuneration Report is structured in the following sections:

SECTION	PAGE
A message from the Chairman of the Remuneration & Nominations Committee	51
BTIM Group's Multi-boutique Business and approach to Remuneration	52
Sales Remuneration	53
Senior Executive/Corporate Employee Remuneration	54
How is the share of profits (pre-tax pre-variable reward) divided?	54
Oversight of Remuneration	55
Link between remuneration outcomes and Group performance	56
Remuneration structure	56
CEO and other Senior Executive Remuneration Components and Performance	
• Target Remuneration Mix	
• Senior Executive Performance	59
Disclosure of CEO & Senior Executive Remuneration and Employment Agreements	59
Disclosure of Non-executive Director Remuneration and Employment Agreements	69
Director and Senior Executive holdings	71

A MESSAGE FROM THE CHAIRMAN OF THE REMUNERATION & NOMINATIONS COMMITTEE

BTIM Group is a talent driven business and our multi-boutique strategy is designed to incentivise people and harness their entrepreneurial drive, while achieving synergies by sharing a common infrastructure.

In addition to the normal disclosure requirements that we are required to meet as a listed company, we have provided a detailed description of the remuneration arrangements, including the Board's policy on KMP remuneration, and have attempted to provide deeper insight into the key elements and drivers that underpin why our remuneration is structured in the way it is and its key determinants across the BTIM Group. We are open to sharing with you and our clients, details of the drivers of remuneration and how employees are rewarded up to a point of granularity that does not disadvantage BTIM Group commercially, so as to better understand how our business model works.

We are confident that we have in place robust remuneration arrangements which achieve a direct alignment between the remuneration of our employees and the interests of our shareholders. In the 2013 Financial Year, we have enhanced those arrangements with the introduction of a broad-based, long-term incentive scheme, the Performance Reward Scheme. This is designed to provide equity awards to our corporate employees, subject to the achievement of longer term performance hurdles that benefit the shareholder. Further details are set out in this report.

To ensure our remuneration arrangements remain relevant and competitive, we will continue to review our remuneration arrangements in consideration of a changing business environment, legislative reform and your feedback.



Andrew Fay

Chairman of the Remuneration & Nominations Committee

BTIM GROUP'S MULTI-BOUTIQUE BUSINESS AND APPROACH TO REMUNERATION

Last year in our remuneration report we wrote an introductory piece that outlined our approach to how we reward our people.

This year we again provide that introduction to our remuneration schemes reaffirming our approach and updating sections for changes we have made during the year. We attempt to do so in an 'easy to read' fashion to provide transparency and clarity. Remuneration is very important to us as we rely heavily on our people to deliver superior investment returns for our clients as the basis for creating value for our shareholders.

Our model is a 'multi-boutique' business model. In Australia, that involves the Company entering into contractual arrangements with teams of investment professionals to share the profit that can be generated from their efforts, their experience and, above all, their skill. In the case of JOHCM, fund manager variable reward is based on a pre-agreed revenue share when individuals are introduced to the business. The model is an attempt to provide 'the best of both worlds' where fund managers operate in a boutique environment (investment-led with independence, share in economic value created, creative independence, absence of bureaucratic structures) combined with the strengths of a significant institution that provides a strong operational platform (brand, distribution, compliance, back-office). This makes it possible to attract and retain the very best investment talent.

Why the multi-boutique approach?

It has been difficult for large diversified organisations to create an appropriate cultural environment for fund managers and to structure suitable remuneration arrangements that closely link value creation with reward. The inclusion of equity in remuneration arrangements was often unattractive to fund management teams in large institutions who viewed the primary stock of the company too far removed from their own activities or even their own industry. Consequently, there has been a tendency for fund management teams to either establish their own or join other independent boutiques.

This has been accelerated by a growing view among the key gatekeepers – asset consultants and research houses – that the employment of fund managers within large institutions is inherently unstable.

How does BTIM Group approach a multi-boutique structure?

A number of competitors approach the creation of a multi-boutique business by taking an equity stake (usually minority) in boutique investment management businesses (for example, Challenger, Treasury Group, NAB Invest). With this arrangement the fund managers will have a large equity stake in their own business but, in many cases, little or no equity in the listed company.

BTIM Group's approach is quite different, and in our opinion, superior. BTIM Group aims to take 100% of the equity in all the fund management businesses and teams that form part of the Group. BTIM Group then contractually agrees with each of the teams to give them a defined proportion of the revenue from the funds they manage but requires that a proportion of the income generated to them through this arrangement be taken in the form of deferred equity in BTIM shares. The result for fund management teams is that their income each year is a direct function of the financial success of their own efforts but their wealth is driven by the success of the Group. This creates an investment management organisation with consistent alignment.

BTIM Group believes that this provides considerable advantages to fund managers, clients and shareholders. For **fund managers** it means that their equity is not tied up in small unlisted vehicles whose securities have no liquidity other than through a business sale as the only true means to realise value. By having equity in BTIM our fund managers know the value of their shareholding on a day-to-day basis and can realise value over time.

As a result of BTIM Group being a pure asset manager, the equity is not in a remote company operating in a different industry and perhaps subject to different P/E multiples.

We also believe it works for **clients** who are primarily interested in ensuring that there is a performance oriented, stable and culturally-attuned environment for their chosen fund managers. It has been suggested that rewarding fund managers from a profit pool might encourage an asset-gathering mentality and that it is better to reward fund managers on the basis of investment performance.

However:

- within our system, investment performance, and the individual contribution to it, is a key factor in how the boutique pool is divided up
- there is no evidence of an asset-gathering mentality – indeed every boutique has voluntarily imposed capacity constraints on some or all of their products. In the case of JOHCM every product has a stated capacity agreed with the fund managers, and
- interests are also aligned by earning performance fees on fund returns that exceed benchmarks.

For our **shareholders** our approach produces a very strong alignment between the fund managers and shareholder interests. Our senior fund managers are among our most significant shareholders and consequently have the same interests as other shareholders in terms of dividends and Cash earnings per share (EPS) growth. In fact, many of our fund managers would gain or lose much more from share price movements than they would expect in terms of the fluctuations in their annual revenue share.

Is there a set percentage of profits awarded to fund management teams?

Our fund management teams are not awarded a set percentage of profits.

Each team negotiates an arrangement with the BTIM Group CEO or the CEO, JOHCM upon joining the Company. The revenue sharing arrangement is expressed as a percentage of revenue and takes into account direct expenses incurred by the fund management team.

In the case of BTIM Australia, the revenue share can depend upon the source of funds. Where revenue is directly attributable to the skill and efforts of the fund management team (e.g. performance fees) this will generally attract a higher revenue share arrangement. On the other hand assets which have come from the Company attract a much lower revenue share.

In the case of JOHCM, fund managers have a revenue share arrangement which differs between the more established funds and the newer investment strategies.

Will the total remuneration paid to fund managers as a percentage of total revenue be constant over time?

The total remuneration paid to fund managers as a percentage of total revenue will not necessarily be constant over time.

There are a number of factors that could cause the revenue share percentage to fluctuate from year to year. For example, in years in which performance fees are a high proportion of total revenue, the revenue share earned by fund managers will be higher and the reverse will be true in years when the Group earns less in performance fees.

How is the revenue share split within individual teams?

All fund managers are paid a fixed remuneration package which is set at the beginning of each financial year in consultation between the CEO and the boutique heads in the case of BTIM Australia and the CEO, JOHCM and the fund managers based in the UK business in the case of JOHCM.

In the case of JOHCM, fund manager variable remuneration is based on a pre-agreed revenue share. Those fund managers managing more established funds receive a variable reward as part of the revenue share which is based off their fund performance after taking into account direct costs. Those fund managers with newly established investment strategies are also given the right, as the funds build scale, to convert that share of revenue into BTIM shares based on a pre-determined formula over multiple years. The value of BTIM shares received at the time of conversion is linked to the value of the funds those fund managers are running at that time. BTIM shares received will be subject to vesting restrictions over five years.

For the Australian operations, a revenue share is also pre-agreed that takes into consideration direct expenses, creating a profit share available to be distributed within the team.

The recommended allocation of the variable remuneration pool is discussed with the CEO for the Australian business to ensure that individual allocations are fair and reasonable. The CEO then reports to the Remuneration & Nominations Committee, outlining the process that has been followed, the outcomes for individual fund managers, particularly senior fund managers, and his assessment that appropriate processes have been followed.

Each fund manager who receives a variable reward payment is required to take a proportion of their remuneration in the form of deferred equity. The equity vests over five years.

While the equity allocations only vest over time, they are regarded as having been 'earned' through the year and hence are not subject to any additional hurdles. Consequently, the equity vests automatically with the vesting schedule provided the recipient is still employed by BTIM Group. It is not subject to further performance hurdles and it attracts dividends and voting rights to the recipient immediately from the time of allocation.

These dividend payments are an important part of the overall remuneration package for employees and are partial compensation for the fact that, even though their variable remuneration has been earned, a substantial proportion is deferred for a significant period.

SALES REMUNERATION

Under the sales remuneration arrangements, the business development managers in our retail and institutional sales teams (sales teams) are paid a fixed remuneration package which is reviewed at the beginning of each financial year. The variable remuneration to be paid on top of this fixed remuneration package is derived from the actual sales performance of individual members of the sales teams according to an agreed formula which is largely commission based. There is also a variable component expressed as a percentage of fixed remuneration that is determined by non-sales factors such as team cooperation, business profitability, client retention and sales support.

The formula will tend to be different for different sales channels so that there is one approach for the 'institutional' business and a different approach for 'retail' (in Australia the wholesale channel and in Europe OEICS) business.

In line with fund managers and other employees, sales employees are required to take a portion of their variable remuneration in the form of deferred equity, vesting between three and five years.

Payments in relation to sales achievement are typically spread over a one to three year period but with considerable front-end loading. The result is that in periods of strong sales success, the payments to the sales teams will run ahead of the revenue increase to shareholders which will come over time. Importantly, the system creates a strong alignment between generating revenue and rewarding the sales teams.

SENIOR EXECUTIVE/CORPORATE EMPLOYEE REMUNERATION

Our corporate employees consist of the Senior Executives (other than the CEO), Finance, Human Resources, Investment Operations, Information Technology, Client Services, Legal and Risk & Compliance teams. All corporate employees have a fixed remuneration package which is set at the beginning of each year.

A variable reward pool is also set aside each year for allocation to corporate employees.

Individual employees have a target variable reward which is established using market data, having regard to the seniority, complexity and responsibility associated with their position. Each employee undergoes a performance review outlining key performance objectives. Depending on individual and business performance, employees can achieve up to 200% of their target reward. Subject to the quantum of an individual's variable reward, corporate employees are required to take a proportion of their remuneration in the form of deferred equity vesting over five years. The amount of variable reward taken in the form of deferred equity will vary depending on the seniority of the individual and/or the amount of variable reward earned.

The business performance of each business and capacity to pay has a significant influence on the variable outcome of Senior Executives and the size of the Variable Pool.

A broad-based, long-term incentive scheme, the Performance Reward Scheme (PRS), has also been extended to all corporate employees, including Senior Executives. The PRS provides all corporate employees, subject to being at the firm for at least 12 months, with an amount of equity aimed at creating alignment between employees and shareholders and a culture of business ownership.

Corporate employees may receive an award of performance share rights which may vest at the end of a three year performance period, subject to meeting employment and performance conditions. The performance conditions vary for different groups of employees and are either based on Cash EPS and Total Shareholder Return (TSR), on revenue linked or on Cash operating profit targets. Upon meeting the performance hurdles, the performance share rights vest and convert into ordinary BTIM shares.

As they are performance rights and not yet earned, these rights do not earn dividends during the non-vesting period.

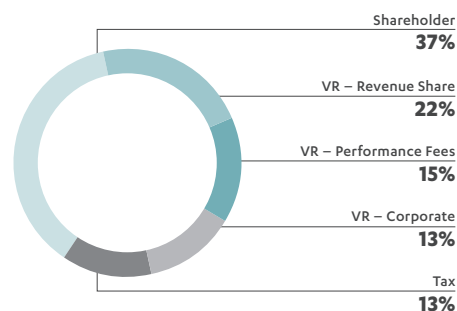
HOW IS THE SHARE OF PROFITS (PRE-TAX PRE-VARIABLE REWARD) DIVIDED?

As mentioned in the introduction outlining BTIM Group's remuneration philosophy, our 'multi-boutique' business involves sharing the profits between shareholders and employees, which can be generated by the efforts and skill of the fund management teams with the support of corporate employees. The variable reward schemes vary for different groups of employees to provide the right level of alignment to drive performance and reward outcomes. The reward outcomes may vary depending on an individual's role in the business.

Taking into account all of the variable remuneration schemes across the business as described above, when the share of pre-tax pre-variable reward profits (revenue less operating costs of running the business prior to distribution of variable reward and profits to shareholders) is assessed, as shown in the chart below, the share of wallet as a percentage of profits attributed to:

- shareholders is 37%
- the revenue share linked to fund manager remuneration schemes is 22%
- performance fees retained by fund managers is 15%
- corporate employees is 13% and
- the payment of taxes is 13%.

Chart 1: Share of profits (pre-tax pre-variable reward)



OVERSIGHT OF REMUNERATION

The Board through its Remuneration & Nominations Committee (Committee) and the JOHCM Remuneration Committee (together, the Remuneration Committees) provides oversight of remuneration and incentive policies. This includes specific recommendations on remuneration packages and other terms of employment for Executive Directors, Senior Executives, Non-executive Directors (NEDs) and fund managers.

In summary, the Committees are responsible for recommending to the Board for approval:

- remuneration for senior executive appointments
- remuneration arrangements and all reward outcomes for the CEO and senior direct reports to the CEO, and
- significant changes in remuneration policy and structure, including employee equity plans and benefits.

During the 2013 Financial Year, the Board & Committee made a number of decisions in relation to remuneration arrangements, including:

Benchmarking of CEO's remuneration	Benchmarking the CEO's remuneration elements with external market data, having regard to the complexity and market capitalisation of comparator companies.
Review of LTI arrangements	Reviewed BTIM Australia's and JOHCM's LTI arrangements with the aim of creating alignment between employees and shareholders and a culture of business ownership through the introduction of the Performance Reward Scheme.

Engagement of remuneration consultants

Guerdon Associates continues to act as the Committee's nominated remuneration adviser. The Committee has Charters in place that acknowledge its obligations under the *Corporations Act 2001* in respect to remuneration advice or remuneration recommendations for KMPs. This includes:

- requiring Committee approval to appoint any remuneration consultant to advise in relation to KMP remuneration
- any advice from the remuneration consultant must be provided directly to the Chairman of the Committee and not to management, and
- precludes dialogue between KMP and the remuneration consultant, declaration of their independence from the KMP to whom their recommendations relate, and also confirmation that the Committee's conditions of engagement have been observed.

By observing these requirements, the Committee receives assurance that the remuneration advice and recommendations provided by remuneration consultants are independent from management.

Remuneration advice and services received in 2013

To ensure that BTIM's remuneration practices remained competitive and relevant in the current employment environment, the Remuneration Committees and management obtained remuneration advice, services and market data from the following organisations during the year:

Independent Board advice and services

Guerdon Associates were engaged to provide advice to the Remuneration & Nomination Committee in relation to CEO incentive elements. All advice was provided to the Remuneration & Nomination Committee. No advice was provided to management.

Fees for advice in relation to CEO incentive elements that fit within the definition of a 'remuneration recommendation' under the *Corporations Act 2001* were \$5,014.

Guerdon Associates were also engaged to provide the Committee with KMP market data.

Services provided to management

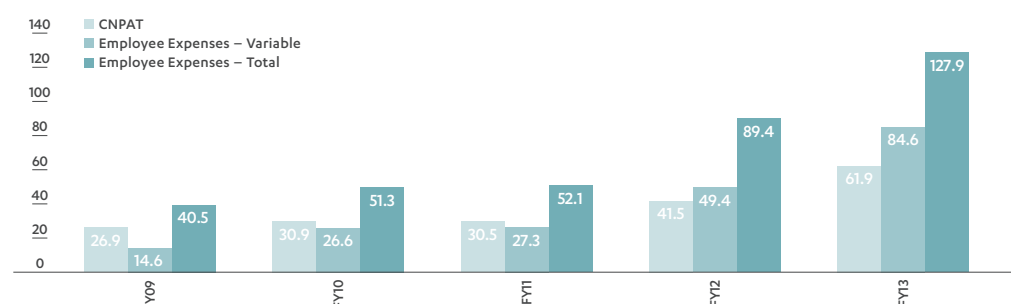
The following organisations provided management with remuneration benchmarking data for all employees:

- Financial Institutions Remuneration Group (FIRG)
- McLagan
- PRPi, and
- Kepler Associates.

LINK BETWEEN REMUNERATION OUTCOMES AND GROUP PERFORMANCE

Chart 2 demonstrates the linkage between Group performance (i.e. Cash NPAT) and overall remuneration outcomes (i.e. variable reward and total employee expenses) over the last five years. The 2009 to 2011 Financial Years are not comparable with the 2012 and 2013 Financial Years given the expanded BTIM Group following the acquisition of JOHCM. Remuneration outcomes and company performance is linked primarily via the contracted revenue scheme with the fund managers and the variable reward scheme for corporate employees including Senior Executives. The schemes link variable remuneration to either a change in revenue as is the case for the fund managers under a revenue sharing agreement or a change in company profitability in the case of corporate employees. The 2013 Financial Year variable remuneration was impacted by a strong outcome in performance fees where fund managers have a greater share.

Chart 2: VR Outcomes compared to Company performance over the last five years



REMUNERATION STRUCTURE

The remuneration paid and payable to employees including Senior Executives comprises fixed and variable cash and deferred equity components. The way these components are determined and their alignment to BTIM Group's performance are outlined below.

Fixed remuneration

Fixed remuneration package consists of base compensation (and includes any fringe benefits and other applicable tax charges related to employee benefits) as well as employer contributions to superannuation⁴ (in the case of BTIM Australia). The fixed remuneration package for all employees is reviewed annually. The level of fixed remuneration is determined based on competitor market data for each role, internal relativities and in some cases, independent advice. It is aimed at market median (based on geographical location) using external benchmark and anecdotal data. The fixed remuneration package varies based on an employee's role, responsibilities, skills and experience. There are no guaranteed fixed increases included in contracts.

Variable remuneration

While fixed remuneration is an important part of an employee's total remuneration, it is the variable remuneration that provides significant financial upside. Further, the equity component of variable remuneration provides alignment with BTIM Group and its shareholders.

Variable remuneration is granted in the form of a STI and a LTI. In most cases a proportion of the STI is paid in the form of equity with vesting periods up to five years, whilst the LTI can vest between three and five year and is subject to meeting performance hurdles.

Short Term Incentive

STI plans have been put in place to help retain our people, to reward performance and balance short and long term results by aligning remuneration with shareholders' interests through the allocation of equity.

STI is governed by equity plan rules and the various Corporate, sales and boutique/fund manager variable reward schemes. All variable reward schemes include a cash component and in some cases a deferred equity component, and are designed to motivate employees to meet and exceed their financial and non-financial performance measures. It is important to note the deferred component will typically be greater at higher levels of total remuneration.

STI is awarded annually based on an individual's performance against financial and non-financial objectives. In some instances STI may be granted as a sign on or retention-based payment.

⁴ The Superannuation Guarantee Contribution (SGC) is gradually increasing from 9% to 12% over the next six years. SGC increased by 0.25% on 1 July 2013 and this increase is reflected in the current Fixed Remuneration Package for the CEO and Senior Executives.

Long Term Incentive

A LTI plan (the Performance Reward Scheme (PRS)), was put in place last year for the BTIM Group CEO in lieu of a reduction in his STI target following a review of the CEO remuneration. For the 2013 Financial Year, the Board extended the application of the LTI plan to all corporate colleagues, including Senior Executives.

The PRS is designed to be a broad-based LTI program which provides all corporate employees, subject to 12 months service, with equity aimed at creating alignment between employees and shareholders and a culture of business ownership.

Under the PRS, corporate employees may receive an award of performance share rights which vest at the end of a three year performance period, subject to performance hurdles being met, either Cash EPS and Total Shareholder Return (TSR), or revenue linked targets. Upon meeting the performance hurdles, the performance share rights vest and convert into ordinary BTIM shares.

Details of the plan are noted in Table 1 below.

JOHCM remuneration arrangements

BTIM Group has kept in place the existing bonus arrangements for sharing in the management and performance fee revenue. Transitional arrangements have been implemented so that equity based remuneration is paid in BTIM securities, and is subject to forfeiture restrictions for up to five years.

BTIM Group has put in place other incentive schemes focused on incentivising and retaining management and investment professionals together with a broader employee equity program under which BTIM securities are earned over a period of time.

A rolling LTI program, along the same lines as the BTIM Australia PRS, was implemented this year for JOHCM employees who were not part of the acquisition and who have been employed by JOHCM for more than 12 months.

Details of the various equity-based reward plans are noted in Table 1 below.

Table 1: Equity-based employee reward schemes/plans

Table 1 provides an overview of short-term and long-term, equity-based employee variable reward schemes/plans that are in place across the group and their objective.

Variable Reward Scheme/Plan	Description
BTIM Australia Corporate Variable Reward (VR) Scheme, JOHCM Senior Staff Bonus Scheme and General Staff Bonus Scheme	The three schemes are designed to reward performance specifically for senior and general employees (including the JOHCM CEO) who work within the BTIM and JOHCM corporate support teams and who do not participate in a revenue share scheme. The variable component for each individual employee is set annually and is based on regular analysis of competitor market data for each role. The schemes are linked to the performance of BTIM Australia and JOHCM through the creation of variable pools from which employees are paid their variable outcomes. The size of the variable pool for each of the three schemes is based on performance against their financial objectives.
BTIM Australia Boutique Variable Reward (VR) Scheme	The Boutique VR Scheme is a scheme to reward performance specifically for investment employees who are in boutiques on a revenue share arrangement. For the 2013 Financial Year, the Equity Strategies and Income & Fixed Interest boutiques operated under their own arrangements, as per the Boutique VR Scheme. The VR pool for each boutique is based on an agreed formula that accounts for revenue share and expenses directly attributable to the boutique.
JOHCM Fund Manager Remuneration Schemes (FMRS)	The FMRS are designed to recognise and reward fund managers for fund performance and asset/client retention. The FMRS cater for two plans depending on the lifecycle of the fund. Those fund managers managing more established funds receive a variable reward as part of the revenue share which is based off the funds that they manage after taking into account direct costs. A portion of the variable reward is required to be taken in the form of BTIM shares with a vesting period of up to five years. The FMRS also cater for fund managers who are rewarded for growth in newly established investment strategies by receiving a share of the funds revenue. They are also given the right, as the funds build scale, to convert that share of revenue into BTIM shares based on a pre-determined formula over multiple years. The value of BTIM shares received at the time of conversion is linked to the value of the funds those fund managers are managing at that time. BTIM shares received will then be subject to vesting restrictions over five years.

Directors' Report continued

Variable Reward Scheme/Plan

Description

BTIM Australia and JOHCM Performance Reward Schemes (PRS)

The PRS was implemented in October 2012 and is a broad-based LTI program which provides all corporate employees with an amount of equity aimed at rewarding success. Corporate employees who have been employed by BTIM Group for a minimum of 12 months and who commenced employment with BTIM Group prior to or on 1 October prior to the award being made are eligible to participate.

Under the BTIM Australia PRS, employees may receive an award of performance share rights which vest at the end of a three year performance period, subject to performance hurdles being met, either Cash EPS and Total Shareholder Return (TSR) or revenue linked targets. Upon meeting the performance hurdles, the performance share rights vest and convert into ordinary BTIM shares.

Employees are required to be employed by the Company on the date of vesting to be eligible to receive shares granted to them.

The award is at the discretion of the Remuneration & Nominations Committee.

The performance share rights allocation does not qualify for any dividends throughout the performance period. However, there will be a dividend-equivalent payment made to employees for dividends that apply to the performance period based on the number of performance share rights that ultimately vest at the end of the performance period and are allocated as BTIM ordinary shares.

A similar program has been implemented for JOHCM employees who were not employed by JOHCM at the time of the acquisition. This program is aligned to the BTIM Australia scheme except that the hurdle is based on annual growth in JOHCM Cash Operating Profit over a three year performance period. The award is at the discretion of the JOHCM Remuneration Committee.

BTIM Australia General Reward Plan (GRP)

The GRP has been discontinued in the 2013 Financial Year and has been replaced with the PRS (see above). The last award made under the GRP was in the 2012 Financial Year and will vest in the 2015 Financial Year.

The GRP was a reward scheme that allowed certain eligible employees to participate in BTIM Australia's success by receiving an offer of BTIM shares. The award was at the discretion of the Remuneration & Nominations Committee and took into consideration BTIM Australia's overall financial performance, measured by a relative increase in cash earnings achieved versus the prior year. The maximum value of shares each employee could receive was \$2,000 per annum.

JOHCM Long Term Incentive Reward Schemes

Following the JOHCM acquisition, selected employees were granted an equity award that vests subject to performance hurdles linked to the growth in the profitability of the JOHCM business measured over three to five years. Where performance hurdles are not met, the equity lapses.

The schemes replaced pre-acquisition LTI schemes and dividends are payable during the performance period.

JOHCM Long Term Retention Equity

A LTI plan has been put in place to provide long-term retention of certain fund managers which is linked to individual performance.

Part of the LTI plan is time-based where a portion of the variable reward is issued as equity and vests over a period up to six years.

Selected employees were also issued retention equity which vests over a specified holding period or after cessation of employment, provided certain conditions have been satisfied.

CEO & OTHER SENIOR EXECUTIVE REMUNERATION COMPONENTS AND PERFORMANCE

The key components of CEO and other Senior Executive remuneration including target remuneration mix for the 2013 Financial Year are summarised below.

Target remuneration mix

The Remuneration & Nominations Committee takes into account a target remuneration mix in determining the level of each remuneration component. When setting target remuneration levels, our key objective is to remain competitive by attracting and retaining highly talented executives. We do this by considering the size and responsibilities of each role, using any relevant executive remuneration surveys and disclosed data. Target remuneration is generally set around the market median.

Each component of remuneration has a direct link to our business strategy as detailed above in the Remuneration Structure section.

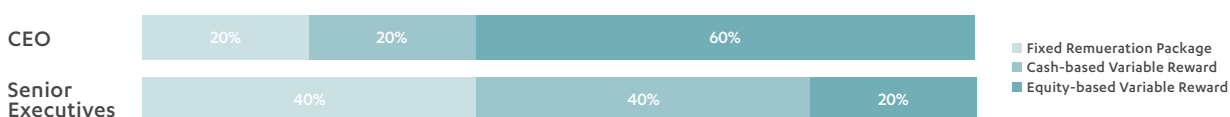
In determining total remuneration levels for the 2013 Financial Year, the Remuneration & Nominations Committee:

- reviewed fixed remuneration packages⁵ effective from 1 January 2013 as outlined in Table 3a, b and c, and
- set VR outcomes based on a target remuneration mix as outlined in Chart 2. Actual VR outcomes including cash payments and allocation of deferred equity which are expected to be provided to the CEO and other Senior Executives in December 2013.

Chart 3 illustrates the target remuneration mix for the CEO and Senior Executives.

Details of the remuneration components for the 2013 Financial Year for the CEO and other Senior Executives are included in Table 3a.

Chart 3: CEO and other Senior Executives – target remuneration mix



Senior Executive performance

Each year the CEO, taking into consideration market data and the scope of the role, considers the appropriate variable reward target for each Senior Executive and makes recommendations to the BTIM Remuneration & Nominations Committee who discuss and approve the remuneration package for all the CEO's direct reports. Changes in company profitability that impact the size of the Corporate VR pool are an important determinant in Senior Executive variable outcomes with non-financial factors also having an influence. Financial performance indicators considered include Company profitability, expense management and sales performance.

At the beginning of each year, the CEO outlines for each Senior Executive a set of priorities and key deliverables that align with the goals of the business. These discussions include a review of key achievements during the period under review as well as areas for improvement and focus going forward. The non-financial measures that are incorporated will differ from one Senior Executive to the next depending on the role but will capture areas specific to that Senior Executive's role such as business strategy, people management, quality and delivery of project work, client satisfaction, support to the boutiques, ability to resolve issues and risk management. The CEO meets regularly with his direct reports to assess progress and adjust or change priorities depending on the needs of the business. A more formal review of achievements and assessment against objectives is carried out twice a year. The CEO reviews the performance of his Senior Executives annually with the Remuneration & Nominations Committee.

DISCLOSURE OF CEO AND SENIOR EXECUTIVE REMUNERATION AND EMPLOYMENT AGREEMENTS

BTIM is required by the *Corporations Act* and the Australian Accounting Standards to make specific disclosures in relation to the remuneration of KMP.

Actual remuneration awarded to the CEO and Senior Executives in 2013

Chief Executive Officer

The following table outlines the CEO's remuneration structure and remuneration awarded in relation to performance for the 2013 Financial Year. As a result of the review of the structure of the CEO's remuneration undertaken in the 2012 Financial Year, a greater proportion of the CEO's VR outcome is now issued as equity compared to previous years. This provides greater alignment between the CEO and the success of the business in light of the JOHCM transaction.

⁵ The fixed remuneration packages set out in Tables 3a, b and c include the mandatory 0.25% increase in SGC which became effective 1 July 2013.

Directors' Report continued

Remuneration Component	Description
Fixed Remuneration \$600,317	Fixed remuneration package consists of base salary (and includes any fringe benefits and other applicable tax charges related to employee benefits) as well as employer contributions to superannuation⁶. There was no change in the CEO's fixed remuneration package for 2013, other than the mandatory increase in SGC of 0.25%, effective 1 July 2013.
Short Term Incentive \$1,400,000	The VR outcome is approved annually by the Board. Under the current structure, 50% of the STI outcome is received as equity, subject to vesting over five years. The CEO's STI target is directly linked to financial and non-financial performance measures that are set annually by the Board, as part of the annual performance review cycle. For the 2013 Financial Year, the Board increased the CEO's STI target from \$1.2m to \$1.4m to recognise the increased size and complexity of the business following the acquisition of JOHCM. The Board had the absolute discretion to vary the CEO's VR outcome up or down based on first meeting financial performance outcomes and then the CEO's overall performance. For the 2013 Financial Year 50% of the CEO's STI outcome will be issued as equity.
Long Term Incentive \$1,000,000	The LTI is issued under the Performance Reward Scheme. The award is due to vest in three years (i.e. 2016). No value is delivered unless hurdles are met. The award is split into two parts as follows: 1. 50% (\$500,000) subject to TSR versus comparator group, and 2. 50% (\$500,000) subject to Cash EPS growth. TSR performance hurdle If TSR achievement is at the weighted median of the S&P/ASX 200 Accumulation Index for the performance period, then 50% of the award will be allocated as BTIM ordinary shares at the end of year three. If TSR achieved is at top quartile of the S&P/ASX 200 Accumulation Index for the performance period, then 100% of the award will be allocated as BTIM ordinary shares at the end of year three. For TSR achievement between the weighted median and top quartile for the performance period, then a pro rata of the award will apply. EPS performance hurdle If Cash EPS compounded annual growth of more than 5% has been achieved, then 50% of the award will vest at the end of three years. For every increase of one percentage point of Cash EPS compounded average growth rate above 5%, the percentage of the award that vests increases accordingly on a pro rata basis. If 10% Cash EPS compounded annual growth rate has been achieved then 100% of the award will vest at the end of three years. If the hurdles are not met, the award will forfeit. The CEO can only access up to 100% of the award based on both performance hurdles being met at the maximum level. The performance share rights allocation does not qualify for any dividends throughout the performance period. However, there will be a dividend-equivalent payment made to the CEO for dividends that apply to the performance period based on the number of performance share rights that ultimately vest at the end of the performance period and are allocated as BTIM ordinary shares. The payment will be cash settled and paid on or around the date of allocation and subject to PAYG withholding tax.

CEO and Senior Executive remuneration

The actual remuneration presented in Table 3a below provides the remuneration that the CEO and other Senior Executives have been awarded and have the potential to convert into BTIM shares in future years in relation to their performance for the 2013 Financial Year.

This voluntary disclosure includes a summary of the following remuneration components for the CEO and other Senior Executives for the 2013 Financial Year:

- fixed remuneration package (consisting of cash salary, superannuation, packaged employee benefits and associated fringe benefits tax). Where increases have occurred these have been made to align Senior Executives to market, and
- short and long-term incentives awarded for the 2013 Financial Year (the short-term incentive is payable in December 2013).

Remuneration details that are provided in accordance with the Australian Accounting Standards are included in Table 3b.

⁶ The CEO's fixed remuneration package includes the mandatory increase in SGC of 0.25% effective 1 July 2013

Table 3a: Actual remuneration awarded to the CEO and other Senior Executives in 2013

		EMPLOYMENT BENEFITS								
		SHORT TERM					SHARE BASED PAYMENTS			
		Salary & fees \$	Superan- nation benefits \$	Total fixed remune- ration \$	Cash component of VR ¹ \$	Non- monetary benefits ^{3&4} \$	Short term equity payment ₂ \$	Long term equity payments ₈ \$	Equity forfeited \$	Total \$
2013										
CEO and other Senior Executives										
Emilio Gonzalez ⁷	2013	564,549	25,000	589,549	700,000	10,768	700,000	1,000,000		3,000,317
	2012	565,718	25,000	590,718	600,000	9,282	600,000	1,000,000		2,800,000
Geraldine Bouquet	2013	211,305	19,067	230,372	90,000	0	0	80,000		400,372
	2012	206,676	18,532	225,208	65,000	0	0	0		290,208
Martin Franc ¹⁰	2013	324,513	25,000	349,513	0	9,085	0	100,000		458,598
	2012	319,968	25,000	344,968	121,891	9,282	34,109	0		510,250
Gavin Rochussen ⁶	2013	505,169	0	505,169	723,684	7,816	310,150	0		1,546,819
	2012	459,418	0	459,418	545,669	7,781	233,858	2,247,450		3,494,176
Phil Stockwell ⁹	2013	233,945	21,111	255,056	0	0	155,912	100,000	100,000	410,968
	2012	275,229	24,771	300,000	142,764	0	42,236	0		485,000
Cameron Williamson ⁷	2013	291,941	24,924	316,865	262,733	0	107,267	100,000		786,865
	2012	264,379	23,486	287,865	187,513	0	62,488	0		537,866
Brian Wright ¹¹	2013	313,384	15,953	329,337	146,306	152,592	43,694	100,000		771,929
	2012	260,872	21,840	282,712	142,764	0	42,109	0		467,585
Total CEO and other Senior Executive Remuneration	2013	2,444,806	131,055	2,575,861	1,922,723	180,261	1,317,023	1,480,000	100,000	7,375,868
	2012	2,352,260	138,629	2,490,889	1,805,601	26,345	1,014,800	3,247,450	0	8,585,085

Notes to Table 3a

- The cash component of VR represents the award for performance during the 2013 Financial Year and will be paid in December 2013. These projected amounts were determined on 26 September 2013, after performance reviews were completed, and approved by the Board. It should be noted there may be immaterial changes to these figures following final approval of the relative proportions of cash and equity as part of the annual remuneration review cycle.
- Equity-based remuneration in Table 3a represents the actual short term equity awarded for performance for the 2013 Financial Year. These projected amounts were determined on 26 September 2013, after performance reviews were completed, and approved by the Board. It should be noted there may be immaterial changes to these figures following final approval of the relative proportions of cash and equity as part of the annual remuneration review cycle.
- The non-monetary benefit for Emilio Gonzalez and Martin Franc is a salary sacrifice benefit which is accessible to all employees and includes but is not limited to car parking, novated leases and/or computers etc.
- The non-monetary benefits provided to Gavin Rochussen include healthcare coverage, life cover and long term disability cover.
- Emilio Gonzalez, Martin Franc and Cameron Williamson have chosen to cap their superannuation at \$25,000 and exercised superannuation variation and taken the remaining employer superannuation contribution as cash (i.e. which is captured under the total fixed remuneration).
- Gavin Rochussen was declared a KMP from 26 October 2011 as part of the JOHCM acquisition.
Gavin Rochussen is remunerated in Pounds sterling. An average exchange rate of 0.6384 (2012: 0.6530) has been applied to convert his remuneration to Australian dollars.
His remuneration package consists of a fixed remuneration component of £330,000 and he is a participant in three equity schemes including the Senior Staff Bonus Scheme, the CEO and the Senior Management Award.
With effect from 26 October 2011, a portion of any annual bonus in respect of the relevant financial year payable under the Senior Staff Bonus Scheme is deferred and paid in BTIM Shares (Senior Staff Bonus Deferred Shares). The Senior Staff Bonus Deferred Shares will be held over the period of five years from the date the bonus is deferred (the Deferral Period). 20% of the Senior Staff Bonus Deferred Shares will become capable of sale or transfer on the Relevant Date after each anniversary of the date the bonus is deferred into Senior Staff Bonus Deferred Shares.
With effect from 26 October 2011 Gavin Rochussen was granted two further equity awards classified as the CEO Award and the Senior Management Award. He was granted an award of 484,364 converting notes per scheme that convert into BTIM shares subject to performance hurdles being met.
- Emilio Gonzalez and Cameron Williamson are employees of BTIM and did not receive additional remuneration as Directors of JOHCM.

Directors' Report continued

- 8 All LTI awards granted to Senior Executives are subject to performance hurdles. The amounts represented in Table 3a represent the face value of the grants at time of issue. Actual outcomes may differ materially from zero to the value of shares represented by the number of shares that meet the performance hurdles at the time of vesting.
- 9 Phil Stockwell's employment with BTIM ceased on 26 July 2013 following his resignation. The actual short term payments set out above are for the period from 1 October 2012 to 26 July 2013. All unvested equity was forfeited at the date of separation as shown in Tables 5 and 6. The Board exercised its discretion to approve an equity allocation of 41,572 shares to him in recognition of his contribution to the Company. The equity allocation was granted in accordance with the Equity Plan Rules and with a vesting date aligned to his separation date. Shareholder approval was not required as the termination payment did not exceed Phil Stockwell's average annual base salary over the previous three years.
- 10 Martin Franc's employment with BTIM ceased on 16 October 2013 following his resignation. Accordingly, he was not granted an STI award for the 2013 Financial Year.
- 11 Brian Wright was seconded to the UK with effect from 11 February 2013. His actual remuneration for the 2013 Financial Year includes overseas assignment benefits comprising health insurance, housing, and relocation allowances.

CEO and other Senior Executive remuneration – prepared in accordance with Australian Accounting Standards

Table 3b is prepared in accordance with Australian Accounting Standards which includes actual remuneration and amortisation of an estimate of future share-based remuneration that might be earned under the various variable reward schemes, if target performance is achieved. Because the Australian Accounting Standards remuneration table contains estimates as well as actual payments, this does not reflect the actual amounts awarded to Senior Executives in the year and therefore Table 3a provides this information. While Table 3a is not required under Australian Accounting Standards (and not audited to Australian Accounting Standards requirements), it more accurately reflects the total remuneration awarded to Senior Executives during the period. Table 3b outlines remuneration received in accordance with Australian Accounting Standards (AIFRS), while Table 3c outlines remuneration received and equity that has vested in the 2013 Financial Year.

Table 3b: 2013 and 2012 CEO and other Senior Executive remuneration – prepared in accordance with Australian Accounting Standards

		EMPLOYMENT BENEFITS								Total \$
		SHORT TERM					LONG TERM	SHARE- BASED PAYMENTS		
		Salary and fees \$	Super-annuation benefits 7 \$	Total fixed remuneration 4 \$	Cash component of VR 1 \$	Non-monetary benefits 4 \$	Long service leave 6 \$	LTI equity 10 \$	STI equity 2a,3,5 \$	
2013										
CEO and other Senior Executives										
Emilio Gonzalez ⁹	2013	564,549	25,000	589,549	700,000	10,768	5,877	625,286	957,968	2,889,448
	2012	565,718	25,000	590,718	600,000	9,282	7,409	104,037	1,052,950	2,364,396
Geraldine Bouquet	2013	211,305	19,067	230,372	90,000	0	12,705	22,081	24,327	379,485
	2012	206,676	18,532	225,208	65,000	0	4,243	0	61,212	355,663
Martin Franc ¹²	2013	324,513	25,000	349,513	0	9,085	3,315	27,601	33,451	422,965
	2012	319,968	25,000	344,968	121,891	9,282	4,984	0	94,593	575,718
Gavin Rochussen ⁸	2013	505,169	0	505,169	723,684	7,816	0	383,616	274,729	1,895,014
	2012	459,418	0	459,418	545,669	7,781	0	383,616	188,411	1,584,895
Phil Stockwell ¹¹	2013	233,945	21,111	255,056	0	0	0	0	0	255,056
	2012	275,229	24,771	300,000	142,764	0	4,669	0	221,475	668,908
Cameron Williamson ⁹	2013	291,941	24,924	316,865	262,733	0	4,491	27,601	145,155	756,845
	2012	264,379	23,486	287,865	187,513	0	4,946	0	306,668	786,992
Brian Wright ¹³	2013	313,384	15,953	329,337	146,306	152,592	4,039	27,601	131,765	791,640
	2012	260,872	21,840	282,712	142,764	0	5,138	0	306,897	737,511
Total CEO and other Senior Executive Remuneration	2013	2,444,806	131,055	2,575,861	1,922,723	180,261	30,427	1,113,786	1,567,395	7,390,453
	2012	2,352,260	138,629	2,490,889	1,805,601	26,345	31,389	487,653	2,232,206	7,074,083

Table 3c: 2013 CEO and other Senior Executive remuneration – based on the vesting schedule

	EMPLOYMENT BENEFITS									Total \$
	SHORT TERM					LONG TERM	SHARE BASED PAYMENTS	OTHER		
	Salary and fees \$	Super-annuation benefits ⁷ \$	Total fixed remuneration ⁴ \$	Cash component of VR ¹ \$	Non-monetary benefits ⁴ \$	Long service leave ⁶ \$	LTI equity ¹⁰ \$	STI equity ^{2b,3 & 5} \$	Termination payments \$	
2013										
CEO and other Senior Executives										
Emilio Gonzalez ⁹	564,549	25,000	589,549	700,000	10,768	5,877	0	766,408	0	2,072,602
Geraldine Bouquet	211,305	19,067	230,372	90,000	0	12,705	0	29,235	0	362,312
Martin Franc ¹²	324,513	25,000	349,513	0	9,085	3,315	0	48,928	0	410,841
Gavin Rochussen ⁸	505,169	0	505,169	723,684	7,816	0	0	48,681	0	1,285,350
Phil Stockwell ¹¹	233,945	21,111	255,056	0	0	0	0	155,912	0	410,968
Cameron Williamson ⁹	291,941	24,924	316,865	262,733	0	4,491	0	142,024	0	726,113
Brian Wright ¹³	313,384	15,953	329,337	146,306	152,592	4,039	0	126,890	0	759,164
Total CEO and other Senior Executive										
Remuneration	2,444,806	131,055	2,575,861	1,922,723	180,261	30,427	0	1,318,078	0	6,027,350

Notes to Tables 3b and 3c

- The cash component of VR represents the award for performance during the 2013 Financial Year and will be paid in December 2013. These projected amounts were determined on 26 September 2013, after performance reviews were completed and approved by the Board. It should be noted there may be immaterial changes to these figures following finalisation of the relative proportions of cash and equity as part of the annual remuneration review cycle.
- Equity-based remuneration in Tables 3b and 3c are represented differently and as follows:
 - equity-based remuneration in Table 3b represents the amortisation of 'fair value' at grant over the vesting period (five years) of all grants allocated up to the year ended 30 September 2013, and does not represent the vested portions of the grant (refer to Table 7). 'Fair value' is defined by accounting standards as 'the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged'. Accounting standards set out specific requirements in relation to the calculation of fair value of equity-based remuneration. BTIM complies with all relevant requirements, and
 - equity-based remuneration in Table 3c represents the actual portion of equity allocations that have vested in the 2013 Financial Year.
- The equity component of the VR outcome for KMPs for the 2013 Financial Year is not included in Tables 3b and 3c as the equity was not granted in the 2013 Financial Year and will be reported in the 2014 Financial Year. Table 5 includes equity that vested on 1 October 2013.
- The non-monetary benefit for Emilio Gonzalez and Martin Franc is a salary sacrifice benefit which is accessible to all employees and includes but is not limited to car parking, novated leases and/or computers, etc. The non-monetary benefits provided to Gavin Rochussen include healthcare coverage, life cover and long term disability cover.
- The equity component represented in Tables 3b and 3c includes the Initial Public Offering (IPO) grants, acquisition grants, other retention-based grants as well as the equity grants as a component of VR made subsequent to the IPO for Martin Franc and Phil Stockwell.
- Although long service leave benefits continue to accumulate, the amount recognised in the financial statements for such benefits has been re-valued during the 2013 Financial Year in accordance with actuarial-based valuation methodologies.
- Emilio Gonzalez, Martin Franc and Cameron Williamson have chosen to cap their superannuation at \$25,000 and exercised superannuation variation and taken the remaining employer superannuation contribution as cash (i.e. which is captured under the total fixed remuneration).
- Gavin Rochussen was declared a KMP from 26 October 2011 as part of the JOHCM acquisition.
Gavin Rochussen is remunerated in Pounds sterling. An average exchange rate of 0.6384 (2012: 0.6530) has been applied to convert his remuneration to Australian dollars.
His remuneration package consists of a fixed remuneration component of £330,000 and he is a participant in three equity schemes including the Senior Staff Bonus Scheme, the CEO and the Senior Management Award.
With effect from 26 October 2011, a portion of any annual bonus in respect of the relevant financial year payable under the Senior Staff Bonus Scheme is deferred and paid in BTIM Shares (Senior Staff Bonus Deferred Shares). The Senior Staff Bonus Deferred Shares will be held over the period of five years from the date the bonus is deferred (the Deferral Period). 20% of the Senior Staff Bonus Deferred Shares will become capable of sale or transfer on the relevant date after each anniversary of the date the bonus is deferred into Senior Staff Bonus Deferred Shares.
With effect from 26 October 2011 Gavin Rochussen was granted two further equity awards classified as the CEO Award and the Senior Management Award. He was granted an award of 484,364 converting notes per scheme that convert into BTIM shares subject to performance hurdles being met.
- Emilio Gonzalez and Cameron Williamson are employees of BTIM and did not receive additional remuneration as Directors of JOHCM.

Directors' Report continued

- 10 The LTI equity has been valued independently by Ernst & Young using Binomial/Monte-Carlo simulation models which take into account the performance hurdles relevant to the issue of those equity instruments. The share-based payment remuneration in relation to the LTI equity is the amount expensed in the financial statements for the year and includes adjustments to reflect the most current expectation of vesting of LTI grants with non-market hurdles. For grants with non-market conditions including EPS hurdles, the number of shares expected to vest is estimated at the end of each reporting period and the amount to be expensed is adjusted accordingly. For grants with market conditions such as TSR, the number of shares expected to vest is not adjusted during the life of the grant and no adjustment is made to the amount expensed in the financial statements (except if the service condition is not met). The accounting treatment of non-market and market conditions is in accordance with Accounting Standards.
- 11 Phil Stockwell's employment with BTIM ceased on 26 July 2013 following his resignation. The actual short term payments set out above are for the period from 1 October 2012 to 26 July 2013. All unvested equity was forfeited at the date of separation as shown in Tables 5 and 6. The Board exercised its discretion to approve an equity allocation of 41,572 shares to him in recognition of his contribution to the Company. The equity allocation was issued in accordance with the Equity Plan Rules and with a vesting date aligned to his separation date. Shareholder approval was not required as the termination payment did not exceed Phil Stockwell's average annual base salary over the previous three years.
- 12 Martin Franc's employment with BTIM ceased on 16 October 2013 following his resignation. Accordingly, he was not granted an STI award for the 2013 Financial Year.
- 13 Brian Wright was seconded to the UK with effect from 11 February 2013. His actual remuneration for the 2013 Financial Year includes overseas assignment benefits comprising health insurance, housing, and relocation allowances.

Table 4: 2013 and 2012 fixed and variable components of total remuneration

Table 4 illustrates the relative proportions of remuneration (based on Australian Accounting Standards Table 3b) as a percentage of total remuneration that are linked to performance, IPO, sign on, retention and those that are fixed components. Table 4 differs to Chart 3 which is based on actual remuneration (refer to Table 3a).

CEO and other Senior Executives	FIXED REMUNERATION AS A PERCENTAGE OF TOTAL REMUNERATION ²		CASH VR AS A PERCENTAGE OF TOTAL REMUNERATION		EQUITY AS A PERCENTAGE OF TOTAL REMUNERATION ¹	
	FY13	FY12	FY13	FY12	FY13	FY12
Emilio Gonzalez	21%	26%	24%	25%	55%	49%
Geraldine Bouquet	64%	65%	24%	18%	12%	17%
Martin Franc ⁴	86%	63%	0%	21%	14%	16%
Gavin Rochussen	27%	29%	38%	34%	35%	37%
Phil Stockwell ³	100%	46%	0%	21%	0%	33%
Cameron Williamson	42%	37%	35%	24%	23%	39%
Brian Wright	62%	39%	18%	19%	20%	42%

Notes to Table 4

- 1 The equity component represented in this table includes the equity component of VR for the 2013 and 2012 Financial Years and long term incentives.
- 2 Non-monetary benefits and long service leave have been included in the fixed remuneration calculation, if applicable.
- 3 Phil Stockwell's employment with BTIM ceased on 26 July 2013 following his resignation. All unvested equity was forfeited at the date of separation.
- 4 Martin Franc's employment with BTIM ceased on 16 October 2013 following his resignation. Accordingly, he was not granted an STI award for the 2013 Financial Year. All unvested equity was forfeited at the date of separation and will be disclosed in the Remuneration Report for the 2014 Financial Year.

Share based-payments

Table 5: CEO and other Senior Executive short term equity allocations

Details of the shares in BTIM granted as compensation to the CEO and the other Senior Executives under the Employee Equity Plan during the reporting period are set out in Table 5:

	Date of grant	Number of shares granted during FY13 ¹	Number of shares granted during FY12 ¹	Value per share at grant date \$	Number of shares vested 1 Oct 2013 ¹	Number of shares forfeited during FY13 ¹	% Vested 1 Oct 2013 ¹	Number of shares vested 1 Oct 2012 ¹
CEO								
Emilio Gonzalez	10 Mar 10	0	0	2.98	114,397	0	90	114,398
	2 Dec 10	0	0	2.83	65,362	0	60	65,362
	1 Dec 11	0	553,708	1.95	55,371	0	20	55,371
	6 Dec 12	301,265	0	2.20	60,253	0	20	0
Other Senior Executives								
Geraldine Bouquet	2 Dec 10	0	0	2.83	5,084	0	60	5,083
	1 Dec 11	0	30,454	1.95	7,614	0	75	15,227
Martin Franc ³	4 Dec 08	0	0	2.09	3,741	0	100	3,742
	3 Dec 09	0	0	3.06	2,785	0	80	2,785
	2 Dec 10	0	0	2.83	5,808	0	60	5,808
	1 Dec 11	0	22,086	1.95	4,418	0	40	4,418
	6 Dec 12	17,126	0	2.20	3,426	0	20	0
Gavin Rochussen	2 May 12	0	50,366	2.15	10,074	0	20	0
	6 Dec 12	61,407	0	2.20	12,282	0	20	0
Phil Stockwell ²	4 Dec 08	0	0	2.09	0	3,706	80	3,706
	3 Dec 09	0	0	3.06	0	6,768	60	3,384
	2 Dec 10	0	0	2.83	0	15,094	40	5,032
	1 Dec 11	0	124,606	1.95	0	69,785	44	54,821
	6 Dec 12	21,207	0	2.20	0	21,207	0	0
	26 Jul 13	41,572	0	3.70	0	0	100	0
Cameron Williamson	11 Jun 09	0	0	2.04	4,909	0	100	4,909
	22 Feb 10	0	0	3.10	3,229	0	80	3,230
	2 Dec 10	0	0	2.83	3,721	0	60	3,721
	1 Dec 11	0	204,810	1.95	50,098	0	71	95,780
	6 Dec 12	31,375	0	2.20	6,275	0	20	0
Brian Wright	2 Dec 10	0	0	2.83	7,020	0	60	7,020
	1 Dec 11	0	204,810	1.95	50,098	0	71	95,780
	6 Dec 12	21,207	0	2.20	4,242	0	20	0

Notes to Table 5

- ¹ The shares issued for Deferred VR, Sign on and retention vest over five years with vesting dates of 1 October each year in most cases.
- ² Phil Stockwell's employment with BTIM ceased on 26 July 2013 following his resignation. All unvested equity was forfeited at the date of separation. The Board exercised its discretion to approve an equity allocation of 41,572 shares to him in recognition of his contribution to the Company. The equity allocation was issued in accordance with the Equity Plan Rules and with a vesting date aligned to his separation date. Shareholder approval was not required as the termination payment did not exceed Phil Stockwell's average annual base salary over the previous three years.
- ³ Martin Franc's employment with BTIM ceased on 16 October 2013 following his resignation. All unvested equity was forfeited at the date of separation and will be disclosed in the Remuneration Report for the 2014 Financial Year.

Long Term Performance

Our remuneration outcomes also focus on driving performance and creating shareholder alignment in the longer term. We do this by providing our Senior Executives with LTI awards in the form of performance share rights and converting notes with a three and five year vesting period. Vesting is subject to performance against TSR and Cash EPS hurdles. The table below provides an overview of the CEO and other Senior Executives current LTI awards which have not yet vested.

Table 6 – CEO and other Senior Executive long term incentive awards

Table 6 details the performance share rights and converting notes granted as compensation to the CEO and the other Senior Executives under the Employee Equity Plans during the 2013 Financial Year:

2013	Year of grant	Award type	No. of rights/notes granted	Value of award at grant date \$ ¹	Year of vesting ²	Vested during the year	Lapsed during the year	Balance as at 1 Oct 2013
Emilio Gonzalez	2012	Performance Share Rights	495,417	1.62	2015	0	0	495,417
	2013	Performance Share Rights	491,424	1.69	2016	0	0	491,424
Geraldine Bouquet	2013	Performance Share Rights	39,313	1.69	2016	0	0	39,313
Martin Franc ⁴	2013	Performance Share Rights	49,412	1.69	2016	0	0	49,412
Gavin Rochussen	2012	Converting notes	968,728	1.98	2017	0	0	968,728
Phil Stockwell ³	2013	Performance Share Rights	49,412	1.69	2016	0	49,412	0
Cameron Williamson	2013	Performance Share Rights	49,412	1.69	2016	0	0	49,412
Brian Wright	2013	Performance Share Rights	49,412	1.69	2016	0	0	49,412

Notes to Table 6

- 1 Table 6 outlines the fair value of the performance share rights which has been based on Australian Accounting Standards and has been independently calculated using Binomial/Monte-Carlo simulation models. For further details on the fair value methodology, refer to Note 31 to the financial statements.
- 2 The LTIs are subject to performance hurdles which are tested at the end of three years for performance share rights and at the end of five years for converting notes.
- 3 Phil Stockwell's employment with BTIM ceased on 26 July 2013 following his resignation. All unvested equity and performance share rights were forfeited at the date of separation.
- 4 Martin Franc's employment with BTIM ceased on 16 October 2013 following his resignation. All unvested equity was forfeited at the date of separation and will be disclosed in the Remuneration Report for the 2014 Financial Year.

Table 7: Components of variable remuneration

Table 7 outlines the cash VR and VR deferred to equity awarded to the CEO and other Senior Executives with an associated vesting schedule for the 2013 Financial Year. No part of the cash bonuses are payable in future years. The shares vest over a period of up to five years, provided the vesting conditions are met. No shares will vest if the vesting conditions are not satisfied, hence the minimum value of the shares yet to vest is nil. The maximum value of the shares yet to vest has been determined as the market value of the share at grant as reflected as follows:

		CASH COMPONENT OF VR		EQUITY ^{1,2}					
CEO and other Senior Executives	\$	Year of grant	Value of equity grants at grant \$	Minimum total value of grant yet to vest \$	MAXIMUM COST OF EQUITY GRANTS ALLOCATED BY THE COMPANY THAT MAY VEST IN FUTURE YEARS ^{1&2}				
					FY14 \$	FY15 \$	FY16 \$	FY17 \$	FY18 \$
Emilio Gonzalez	700,000	2010	2,272,697	Nil	340,903	227,270	0	0	0
		2011	924,869	Nil	184,974	184,974	184,973	0	0
		2012	1,079,731	Nil	107,973	377,906	242,941	242,938	0
		2012	802,576	Nil	0	802,576	0	0	0
		2013	662,783	Nil	132,557	132,557	132,557	132,556	132,556
		2013	828,049	Nil	0	0	828,049	0	0
Geraldine Bouquet	90,000	2011	73,988	Nil	14,388	16,442	14,388	0	0
		2012	59,385	Nil	14,847	14,845	0	0	0
		2013	66,242	Nil	0	0	66,242	0	0
Martin Franc ⁴	0	2009	39,102	Nil	7,818	0	0	0	0
		2010	42,617	Nil	8,522	8,522	0	0	0
		2011	82,189	Nil	16,437	16,437	16,439	0	0
		2012	43,068	Nil	8,613	8,613	8,613	8,614	0
		2013	37,677	Nil	7,537	7,535	7,535	7,535	7,535
		2013	82,804	Nil	0	0	82,804	0	0
Gavin Rochussen	723,684	2012	108,289	Nil	21,660	21,657	21,657	21,657	21,658
		2012	1,918,082	Nil	0	0	0	1,918,082	0
		2013	135,098	Nil	27,021	27,019	27,019	27,019	27,020
Phil Stockwell ³	0	2009	38,730	Nil	0	0	0	0	0
		2010	51,775	Nil	0	0	0	0	0
		2011	71,197	Nil	0	0	0	0	0
		2012	242,982	Nil	0	0	0	0	0
		2013	46,655	Nil	0	0	0	0	0
		2013	82,804	Nil	0	0	0	0	0
		2013	153,816	Nil	0	0	0	0	0
Cameron Williamson	262,733	2009	50,000	Nil	10,000	0	0	0	0
		2010	50,000	Nil	10,000	10,000	0	0	0
		2011	52,646	Nil	10,530	10,530	10,526	0	0
		2012	399,380	Nil	97,691	97,691	8,613	8,614	0
		2013	69,025	Nil	13,805	13,805	13,805	13,805	13,805
		2013	82,804	Nil	0	0	82,804	0	0
Brian Wright	146,306	2011	101,385	Nil	19,866	21,921	19,864	0	0
		2012	399,380	Nil	97,691	97,691	8,613	8,614	0
		2013	46,655	Nil	9,332	9,332	9,330	9,330	9,330
		2013	82,804	Nil	0	0	82,804	0	0

Notes to Table 7

- The equity grants comprise shares, converting notes and performance share rights. The equity grants issued vest over three or five years with vesting dates of 1 October each year in most cases.
- The vesting schedule for the sign on equity allocation and a component of VR equity allocations for Emilio Gonzalez (granted in March 2010 and December 2011) and a component of the VR equity for the other Senior Executives differs from the standard vesting schedule, whereby shares vest equally over five years.
- Phil Stockwell's employment with BTIM ceased on 26 July 2013 following his resignation. All unvested equity was forfeited at the date of separation.
- Martin Franc's employment with BTIM ceased on 16 October 2013 following his resignation. All unvested equity was forfeited at the date of separation and will be disclosed in the Remuneration Report for the 2014 Financial Year.

Senior Executive Employment agreements

Remuneration and other terms of employment for Senior Executives are also formalised in employment agreements. Each of these agreements takes into consideration the provision of a fixed remuneration package (which is reviewed annually), performance-based cash bonuses, other benefits, and participation, when eligible, in the Employee Equity Plan. The employment agreements for the Senior Executives are open-ended, permanent, full time, common law employment agreements.

Other significant provisions of the agreements relating to remuneration are set out in Tables 8 and 9.

Table 8: Summary of notice periods

Name	Notice period
Emilio Gonzalez	6 months
Geraldine Bouquet	1 month
Martin Franc	3 months
Gavin Rochussen	6 months
Phil Stockwell	3 months
Cameron Williamson	3 months
Brian Wright ¹	3 months

Notes to Table 8

¹ Brian Wright's notice period was increased from 1 month to 3 months in the 2013 Financial Year.

Table 9: Summary of termination entitlements

Term	Who	Conditions
Termination with notice	Emilio Gonzalez, CEO	Any amount payable on the termination of employment will be made up of the following components: • accrued but unpaid fixed remuneration as at the date of termination of employment • accrued but unused annual leave and long service leave as at the termination date • all vested shares relating to the initial grant as at the date of notice of termination • all unvested shares will be determined by the Board at its discretion • any payment of a variable reward in the year of termination, including cash and/or equity, will be determined by the Board at its discretion, and • BTIM retains the right to bring the employment to an immediate end and pay an amount in lieu of notice, equal to the fixed remuneration that would have applied during the notice period.
Termination with notice	Gavin Rochussen	Any amount payable on the termination of employment will be made up of the following components: • accrued but unpaid fixed remuneration as at the date of termination of employment • any payment of a VR in the year of termination, including cash and/or equity, will be determined by the Board at its discretion, and • if his employment ceases on the grounds of redundancy, ill-health/disability or death, those BTIM shares subject to an LTI award, which have not reached their vesting dates, will be subject to Board approval.
	Other Senior Executives	Any amount payable on the termination of employment will be made up of the following components: • accrued but unpaid fixed remuneration package as at the termination date • accrued but unused annual leave and/or long service leave as at the termination date • any payment of a VR in the year of termination, including cash and/or equity, and all unvested equity entitlements relating to grants as at the termination date will be determined in accordance with the relevant plan rules, and • BTIM retains the right to bring the employment to an immediate end and pay an amount in lieu of notice, equal to the fixed remuneration that would have applied during the notice period.

Term	Who	Conditions
Termination for cause	Emilio Gonzalez, CEO	Any amount payable on the termination of employment will be made up of the following components: • accrued but unpaid fixed remuneration package as at the date of termination of employment (termination date) • accrued but unused annual leave and long service leave as at the termination date, and • no entitlement to any VR for the year in which termination occurs or to any unvested equity grants.
	Gavin Rochussen	Any amount payable on the termination of employment will be made up of the following components: • accrued but unpaid fixed remuneration as at the date of termination of employment, and • any payment of a variable reward in the year of termination, including cash and/or equity, and all unvested equity entitlements relating to grants as at the termination date will be determined in accordance with the relevant plan rules.
	Other Senior Executives	Any amount payable on the termination of employment will be made up of the following components: • accrued but unpaid fixed remuneration package as at the date of termination of employment (termination date) • accrued but unused annual leave and long service leave as at the termination date, and • any payment of a VR in the year of termination, including cash and/or equity, and all unvested equity entitlements relating to grants as at the termination date will be determined in accordance with the relevant plan rules.

Post-employment restraint

Employment agreements for Senior Executives include a post-employment restraint clause which provides that for a period of six months (in the case of Emilio Gonzalez, Gavin Rochussen and Geraldine Bouquet) and three months (in the case of Martin Franc, Phil Stockwell, Cameron Williamson and Brian Wright) after cessation of employment, there is a prohibition during that period on soliciting employees or clients of the Company.

DISCLOSURE OF NON-EXECUTIVE DIRECTOR REMUNERATION AND EMPLOYMENT AGREEMENTS

Non-executive Director fees

Non-executive directors (or NEDs) are paid a fixed fee for their service on the Board. Directors also receive superannuation contributions that are made in accordance with legislative requirements. Non-executive directors do not receive performance-based remuneration and are not eligible to participate in any share plan or other incentive arrangements.

Fees for Non-executive directors were originally set prior to the Company's listing in December 2007. For the first time since the Company's listing in December 2007, fees for Non-executive directors were reviewed in the Financial Year 2013. Following the review, fees for Non-executive directors were increased from April 2013. A summary of the fees payable to Non-executive directors during the 2013 Financial Year are set out in Table 10 below.

Table 10: Non-executive director fees

Fixed fees	2012 fees prior to review	2013 revised fees
Chairman	\$220,000 + superannuation	\$220,000 + superannuation
Other NEDs	\$90,000 + superannuation	\$100,000 + superannuation
Additional fees		
Audit & Risk Management Committee – Chairman	\$40,000 + superannuation	\$40,000 + superannuation
Audit & Risk Management Committee – member	\$20,000 + superannuation	\$20,000 + superannuation
Remuneration & Nominations Committee – Chairman	No additional fee	\$30,000 + superannuation
Remuneration & Nominations Committee – member	No additional fee	\$15,000 + superannuation

Directors' Report continued

Non-executive directors' annual fee pool

BTIM's Constitution sets down a maximum aggregate amount that can be paid in fees to Non-executive directors each year. Prior to the Company's listing in 2007, this amount was set at \$800,000 per year. Any increase in this maximum amount must be approved at a general meeting of BTIM's shareholders. A resolution will be submitted to the Company's Annual General Meeting on 6 December 2013, seeking the approval of the Company's shareholders to increase this maximum amount from \$800,000 to \$1,000,000 per year. The fees paid to Non-executive directors during the 2013 Financial Year are set out in Table 11.

James Evans is a non-executive director of JOHCM Holdings and Chairman of the JOHCM Audit Committee and was paid an additional fee in relation to that directorship, which is disclosed in the notes to Table 11 below. The fees paid to Mr Evans in relation to his directorship of JOHCM Holdings are not included in the maximum fee pool for BTIM NEDs.

Retirement allowances

No allowance is payable on the retirement of Non-executive directors. Superannuation payments are made in line with legislative requirements.

Remuneration for Non-executive directors

Listed below (refer to Table 11) are details of the nature and amount of each major element of remuneration for each of the Non-executive directors.

The fees paid to Non-executive directors in the 2013 and 2012 Financial Year are shown in Table 11.

Table 11: 2013 & 2012 Non-executive director remuneration

2013	Notes	Fees \$	Superannuation \$	Total \$
Non-executive directors				
Brian Scullin	2013	219,157	16,707	235,864
	2012	219,157	15,874	235,031
Andrew Fay	2013	108,659	9,854	118,513
	2012	87,586	7,883	95,469
Brad Cooper	2013 1	0	0	0
	2012 1	0	0	0
James Evans	2013 2	134,033	12,084	146,117
	2012 2	129,502	11,655	141,157
Carolyn Hewson	2013	114,330	10,359	124,689
	2012	109,579	9,862	119,441
Meredith Brooks	2013 3	57,011	5,200	62,211
	2012	0	0	0
Total	2013	633,190	54,204	687,394
	2012	545,824	45,274	591,098

Notes to Table 11

- 1 Brad Cooper is an employee of Westpac and did not receive additional remuneration as a Director.
- 2 An additional fee of \$70,000 was paid to James Evans in relation to his Non-executive directorship of JOHCM Holdings and the Chairman of the JOHCM Audit Committee.
- 3 Meredith Brooks was appointed to the Board on 1 April 2013.

Payments to persons before taking office

There have been no payments made to Directors prior to taking office.

Non-executive director employment agreements

On appointment to the Board, all Non-Executive directors enter into an employment agreement with BTIM in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of the Non-executive director.

DIRECTOR AND SENIOR EXECUTIVE HOLDINGS

Table 12: Director and Senior Executives holdings

Table 12 represents all holdings, including holdings not yet vested. For vesting, refer to Table 7.

2013	Year of grant	Type of holding	Balance 1 October 2012	Number of securities acquired	Granted as remuneration	Net change other	Balance 30 September 2013
Brian Scullin		Ordinary	163,696	8,560	0	0	172,256
Brad Cooper		Ordinary	0	0	0	0	0
James Evans		Ordinary	5,000	0	0	0	5,000
Andy Fay		Ordinary	12,500	0	0	0	12,500
Carolyn Hewson		Ordinary	27,937	0	0	0	27,937
Meredith Brooks		Ordinary	0	10,000	0	0	10,000
Total for Directors			209,133	18,560	0	0	227,693
Emilio Gonzalez		Ordinary	280,000	0	0	0	280,000
	2010	Sign on	762,650	0	0	(114,398)	648,252
	2011	Ordinary	326,809	0	0	(65,362)	261,447
	2012	Ordinary	553,708	0	0	(20,240)	533,468
	2012	Performance share rights	495,417	0	0	0	495,417
	2013	Ordinary	0	0	301,265	0	301,265
	2013	Performance share rights	0	0	491,424	0	491,424
Geraldine Bouquet	2011	Ordinary	25,418	0	0	(5,083)	20,335
		Ordinary	726	0	0	0	726
	2012	Ordinary	30,454	0		(15,227)	15,227
	2013	Performance share rights			39,313		39,313
Martin Franc	2008	Ordinary	83,333	0	0	(24,392)	58,941
	2008	Ordinary	69,998	0	0	0	69,998
	2009	Ordinary	18,709	0	0	0	18,709
	2010	Ordinary	13,927	0	0	0	13,927
	2011	Ordinary	29,042	0	0	0	29,042
	2012	Ordinary	22,086	0		0	22,086
	2013	Ordinary	0	0	17,126	0	17,126
	2013	Performance share rights	0	0	49,142	0	49,142
Gavin Rochussen ¹	2012	Ordinary	50,366	0		0	50,366
	2012	Loan Notes	2	0	0	0	2
	2012	Converting notes	2,478,870	0	0	0	2,478,870
	2013	Ordinary	0	0	61,407	0	61,407
Phil Stockwell ²		Ordinary	5,730	0	0	(5,730)	0
	2008	Ordinary	72,916	0	0	(72,916)	0
	2008	Ordinary	55,998	0	0	(55,998)	0
	2009	Ordinary	18,531	0	0	(18,531)	0
	2010	Ordinary	16,920	0	0	(16,920)	0
	2011	Ordinary	25,158	0	0	(25,158)	0
	2012	Ordinary	124,606	0	0	(124,606)	0
	2013	Ordinary	0	0	41,572	(41,572)	0
	2013	Ordinary	0	0	21,207	(21,207)	0
	2012	Performance share rights	0	0	49,142	(49,142)	0

Directors' Report continued

2013	Year of grant	Type of holding	Balance 1 October 2012	Number of securities acquired ¹	Granted as remuneration	Net change other	Balance 30 September 2013
Cameron Williamson		Ordinary	48,162	0	0	(48,162)	0
	2009	Ordinary	906	0	0	(906)	0
	2009	Ordinary	24,545	0	0	(19,636)	4,909
	2010	Ordinary	16,148	0	0	(9,690)	6,458
	2011	Ordinary	18,603	0	0	(7,442)	11,161
	2012	Ordinary	204,810	0	0	(95,780)	109,030
	2013	Ordinary			31,375	0	31,375
	2013	Performance share rights			49,142	0	49,142
Brian Wright	2011	Ordinary	35,099	0	0	0	35,099
		Ordinary	726	0	0	0	726
	2012	Ordinary	204,810	0	0	0	204,810
	2013	Ordinary	0	0	21,207	0	21,207
	2013	Performance share rights	0	0	49,142	0	49,142
Total for CEO and other Senior Executives			6,115,183	0	1,222,464	(858,098)	6,479,549

Notes to Table 12

- 1 Loan notes and converting notes awarded to Gavin Rochussen were granted in exchange for his shares in JOHCM at the time of the acquisition.
- 2 Phil Stockwell's employment with BTIM ceased on 26 July 2013 following his resignation. All unvested equity was forfeited at the date of separation. The Board exercised its discretion to approve an equity allocation of 41,572 shares to him in recognition of his contribution to the Company. The equity allocation was issued in accordance with the Equity Plan Rules and with a vesting date aligned to his separation date.

Auditors

Non-audit services

The Company may decide to employ the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the BTIM Group are important.

Details of the amounts paid or payable to the external auditor, PricewaterhouseCoopers (PwC), for audit and non-audit services provided during the year are set out below.

The Directors have considered the position and are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act for the following reasons:

- all non-audit services have been reviewed by the Audit & Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

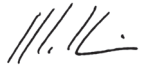
During the 2013 Financial Year the following fees paid or payable for non-audit services provided by the auditor of the BTIM Group, its related practices and non-related audit firms:

	2013 \$	2012 \$
Other assurance services		
PricewaterhouseCoopers – Australian firm	–	15,000
PricewaterhouseCoopers – UK firm	58,740	100,028
Total remuneration for non-audit services	58,740	115,028

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 74.

This Directors' Report is made in accordance with a resolution of Directors.



Brian Scullin

Director

31 October 2013



Emilio Gonzalez

Director

31 October 2013

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of BT Investment Management Limited for the year ended 30 September 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit .

This declaration is in respect of BT Investment Management Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'V. Papageorgiou'.

Voula Papageorgiou
Partner
PricewaterhouseCoopers

Sydney
31 October 2013

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	Notes	2013 \$'000	2012 \$'000
Revenue from continuing operations			
Investment management fees	4	257,788	189,871
Property administration fees	4	2,691	2,548
		260,479	192,419
Other income	5	2,161	2,212
Expenses			
Employee expenses			
Salaries and related expenses		106,693	79,792
Amortisation of employee equity grants	31	19,795	21,584
Depreciation, amortisation and impairment		11,263	13,328
Fund administration		11,491	10,671
Investment management		7,558	7,464
Business development and promotion		7,100	6,908
General office and administration		5,144	5,125
Information and technology		4,407	4,608
Professional services		5,347	4,398
Occupancy		4,121	3,906
Distribution		651	–
Loss on financial liabilities at fair value through profit and loss	18	7,213	1,090
Finance costs	6	4,298	3,461
Total expenses		195,081	162,335
Profit before income tax		67,559	32,296
Income tax expense	7	16,314	10,898
Profit attributable to owners of BTIM		51,245	21,398
Other comprehensive income for the financial year			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	21	32,411	2,684
Net unrealised gain on available-for-sale assets	21	3,843	2,815
Income tax relating to components of other comprehensive income	7, 21	(680)	(478)
Other comprehensive income, net of tax		35,574	5,021
Total comprehensive income for the financial year attributable to owners of BTIM		86,819	26,419
Earnings per share for profit attributable to ordinary equity holders of BTIM		Cents	Cents
Basic earnings per share	30	20.9	8.8
Diluted earnings per share	30	19.9	8.5

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2013

	Notes	2013 \$'000	2012 \$'000
Current assets			
Cash and cash equivalents	8	83,649	53,492
Trade and other receivables	9	40,762	30,536
Prepayments	10	3,830	3,603
Total current assets		128,241	87,631
Non-current assets			
Property, plant and equipment	11	3,077	3,828
Available-for-sale financial assets	12	48,127	25,017
Deferred tax assets	13	15,350	8,695
Intangible assets	14	571,933	546,124
Total non-current assets		638,487	583,664
Total assets		766,728	671,295
Current liabilities			
Trade and other payables	15	26,264	16,976
Employee benefits	16	59,816	33,309
Borrowings	17	14,921	46,547
Converting notes	18	2,511	2,262
Lease incentive		556	451
Current tax liabilities		11,454	2,796
Total current liabilities		115,522	102,341
Non-current liabilities			
Employee benefits	16	781	895
Borrowings	17	36,414	21,928
Converting notes	18	27,480	22,823
Lease incentive		967	1,496
Deferred tax liabilities	19	24,109	27,273
Total non-current liabilities		89,751	74,415
Total liabilities		205,273	176,756
Net assets		561,455	494,539
Equity			
Contributed equity	20	469,748	462,490
Reserves	21	67,013	26,068
Retained earnings		24,694	5,981
Total equity		561,455	494,539

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 October 2012		462,490	26,068	5,981	494,539
Profit for the financial year		–	–	51,245	51,245
Other comprehensive income for the financial year		–	35,574	–	35,574
Total comprehensive income for the financial year		–	35,574	51,245	86,819
Transactions with owners in their capacity as owners:					
Converting notes converted into ordinary shares	20	2,305	–	–	2,305
Treasury shares acquired	20	(28,293)	–	–	(28,293)
Treasury shares released	20	6,744	(6,744)	–	–
Share-based payments	21	–	22,306	–	22,306
Dividend reinvestment plan	20	26,502	–	–	26,502
Dividends and dividend-linked coupons paid	22	–	(10,191)	(32,532)	(42,723)
		7,258	5,371	(32,532)	(19,903)
Balance at 30 September 2013		469,748	67,013	24,694	561,455

Balance at 1 October 2011		464,558	33,432	4,533	502,523
Profit for the financial year		–	–	21,398	21,398
Other comprehensive income for the financial year		–	5,021	–	5,021
Total comprehensive income for the financial year		–	5,021	21,398	26,419
Transactions with owners in their capacity as owners:					
Rights issue – associated costs	20	105	–	–	105
Treasury shares acquired	20	(6,878)	–	–	(6,878)
Treasury shares released	20	4,705	(4,705)	–	–
Share-based payments	21	–	26,233	–	26,233
Changes in cash flow hedge	21	–	(9,834)	–	(9,834)
Dividends and dividend-linked coupons paid	22	–	(24,079)	(19,950)	(44,029)
		(2,068)	(12,385)	(19,950)	(34,403)
Balance at 30 September 2012		462,490	26,068	5,981	494,539

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	Notes	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Fees and other income received		266,420	211,719
Interest received		450	790
Distributions from unit trusts		1,104	1,362
Expenses paid		(133,621)	(160,243)
Income tax paid		(17,369)	(10,532)
Net cash inflows from operating activities	29	116,984	43,096
Cash flows from investing activities			
Payment for the acquisition of JOHCM (net of cash acquired) ¹		–	(260,024)
Payments for JOHCM share transfers		–	(1,596)
Payments for property, plant and equipment	11	(707)	(524)
Payments for available-for-sale financial assets		(19,385)	(4,197)
Payments for IT development	14	(486)	(26)
Proceeds from sales of available-for-sale financial assets		4,080	3,647
Net cash outflows from investing activities		(16,498)	(262,720)
Cash flows from financing activities			
Rights issue – associated costs	20	–	105
Payments for purchase of treasury shares	20	(28,293)	(6,878)
Proceeds from external borrowings	17	55,488	65,279
Repayment of borrowings	17	(80,072)	(13,988)
Interest and other financing costs		(2,828)	(2,207)
Dividends and dividend-linked coupons paid	22	(16,221)	(44,029)
Net cash outflows from financing activities		(71,926)	(1,718)
Net increase/(decrease) in cash and cash equivalents		28,560	(221,342)
Cash and cash equivalents at the beginning of the financial year		53,492	283,703
Effects of exchange rate changes on cash and cash equivalents		1,597	(8,869)
Cash and cash equivalents at the end of the financial year	8	83,649	53,492

¹The BTIM Group settled its acquisition of JOHCM on 26 October 2011.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of accounting

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The BTIM Group is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of the BTIM Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and revised standards and interpretations effective and adopted

The BTIM Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. New and revised standards and interpretations effective for the current reporting period that are relevant to the BTIM Group include:

AASB 2011–9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective 1 July 2012)

The adoption of this new and revised Standard has resulted in additional disclosure of the items presented in other comprehensive income, based on whether they may be reclassified to profit or loss in the future

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss.

Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(b) Critical accounting assumptions and estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the BTIM Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are outlined below.

Share-based payments

The BTIM Group measures the cost of equity-settled transactions with employees by reference to the fair value of the ordinary shares at the date at which they are granted. The fair value is determined using Binomial/Monte-Carlo simulation valuation techniques, taking into account the terms and conditions upon which the equity instruments were granted, as discussed in Note 31. The fair value calculation is performed by an external valuer.

Deferred tax on share-based payments

The tax effect of the excess of estimated future tax deductions for share-based payments over the related cumulative remuneration expense is recognised directly in equity. The estimated future tax deduction is based on the share price of BTIM ordinary shares at balance date in accordance with AASB 112 *Income Taxes*.

Intangible assets

Identifiable intangible assets acquired through a business combination in accordance with AASB 3 *Business Combinations* are measured at their fair value. This involves the use of judgements, estimates and assumptions about future fund and investment performance, based largely on past experience and contractual arrangements.

Financial liabilities – converting notes

The fair value of the converting notes is measured with reference to the fair value of BTIM ordinary shares at the date at which they were granted and remeasured at each balance date. The fair value has been adjusted to reflect the number of converting notes that are expected to convert into BTIM ordinary shares.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of BTIM as at 30 September 2013 and the results of the subsidiaries for the financial year then ended. BTIM and its controlled entities together are referred to in this Financial Report as the BTIM Group.

Subsidiaries are all those entities over which the BTIM Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the BTIM Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the BTIM Group. They are de-consolidated from the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between BTIM Group entities are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred.

The BTIM Group has two employee benefit trusts to administer the BTIM Group's two employee share schemes. These trusts are consolidated, as the substance of the relationships is that the trusts are controlled by the BTIM Group. Shares held by BT Investment Management Limited Employee Equity Plan and J O Hambro Capital Management Limited Employee Equity Plan are disclosed as treasury shares and deducted from contributed equity. For further information, refer Note 31.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the BTIM Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is the parent company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income in the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue recognition

Fee income

Fees and commissions are generally recognised on an accrual basis over the period during which the service is performed. Management, fund and trustee fees are recognised based on the applicable service contracts, usually on a time proportionate basis. Management fees related to investment funds are recognised over the period the service is provided. Performance fees are recognised in the accounting period in which the performance hurdles have been met.

Distribution income

Distributions are recognised as revenue when the right to receive payment is established.

Property administration fees

Property administration services include accounting, finance, and company secretarial. Income is recognised on an accrual basis over the period during which the service is performed.

Interest income

Interest income is recognised on a time proportionate basis using the effective interest method.

(f) Expense recognition

Interest expense

Interest expense is recognised in the Statement of Comprehensive Income for all financial liabilities using the effective interest method.

Rights issue and acquisition transaction costs

Costs directly attributable to the rights issue are recognised in equity. Those costs in relation to the acquisition are recognised in the Statement of Comprehensive Income in the period during which the related service is received.

Distribution and other fees

All distribution and other fees are recognised in the Statement of Comprehensive Income over the period which the related service is provided.

(g) Income tax

Income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and any adjustment to tax payable in respect of previous periods, in relation to amounts recognised in the Statement of Comprehensive Income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the original recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted for each jurisdiction by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences.

(g) Income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred income tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Except as noted above, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Tax consolidation legislation

BTIM and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, BTIM, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in Note 7.

Non-Australian subsidiaries are not subject to tax consolidation legislation; however, they are each subject to taxation in the applicable jurisdiction as separate taxpayers.

(h) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the BTIM Group as lessee are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease, net of any incentives received from the lessor which are deducted from the lease liability in the Statement of Financial Position.

Leases in which the BTIM Group has substantially all the risks and rewards of ownership are classified as finance leases. The BTIM Group had no finance leases as at 30 September 2013.

(i) Investments and other financial assets

The BTIM Group classifies its investments and other financial assets in the following categories: receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments and other financial assets were acquired. Management determines the classification of the BTIM Group's investments at initial recognition.

Loans and receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the BTIM Group provides goods or services directly to a debtor with no intention of selling the receivable.

Trade and other receivables are recognised at fair value and collectability is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment for receivables is established when there is objective evidence that the BTIM Group will not be able to collect all amounts due.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or that are not classified as financial assets through profit or loss or loans and receivables.

Purchases and sales of available-for-sale financial assets are recognised on trade date, being the date on which the BTIM Group commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or where the BTIM Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is de-recognised at which time the cumulative gain or loss previously recognised in equity is recognised in the Statement of Comprehensive Income when the right to receive a payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active, the BTIM Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Impairment

The BTIM Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments classified as available-for-sale financial assets are not reversed through the Statement of Comprehensive Income.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(j) Non-financial assets

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation, amortisation and impairment. Cost is the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the Statement of Comprehensive Income as an expense as incurred. Impairment is recognised as part of operating expenses in the Statement of Comprehensive Income.

Computer software is capitalised at cost and classified as property, plant and equipment where it is integral to the operation of associated hardware.

Depreciation and amortisation is calculated using the straight-line method to allocate the cost of assets less any residual value over their estimated useful lives, as follows:

- | | |
|---------------------------------|-------------|
| • computer hardware | 3 – 7 years |
| • office furniture and fittings | 4 – 5 years |
| • computer software | 3 years |
| • leasehold improvements | 5 – 7 years |

The residual value and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on the disposal of property, plant and equipment are determined by reference to their carrying value, and are included in the Statement of Comprehensive Income.

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of service and are recognised as intangible assets. Amortisation is calculated on a straight-line basis over a three year period.

Fund and investment management contracts

Fund and investment management contracts acquired as part of a business combination are recognised separately from goodwill. Fund management contracts relate to contractual relationships to manage open-ended funds (OEICs). Investment management contracts comprise contractual relationships with individual clients and a property investment trust. The investment management contracts and OEIC fund management contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives currently estimated at between 5 and 20 years.

Fund and investment management contracts are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The recoverable amount of each contract is measured using the present value of future cash flows expected to be derived for each asset

Impairment losses are recognised through the Statement of Comprehensive Income for the amount by which the assets carrying amount exceeds its recoverable amount.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the BTIM Group's share of the net identifiable assets acquired at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units (CGUs) for the purpose of impairment testing. The CGU represents the lowest level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. To determine if goodwill is impaired, the carrying value of the identified CGU to which the goodwill is allocated, including the allocated goodwill, is compared to its recoverable amount.

Recoverable amount is the higher of the CGU's fair value less costs to sell and its value-in-use. Value-in-use is the present value of expected future cash flows from the CGU. Fair value is the amount obtainable for the sale of the CGU in an arm's length transaction between knowledgeable, willing parties.

(k) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company or the BTIM Group. Trade payables other than those owing to related entities are normally settled within 30 days. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as finance costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(l) Borrowings (continued)

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Comprehensive Income as other income or finance costs.

Borrowings are classified as current liabilities, unless the BTIM Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(m) Borrowing costs

All borrowing costs are expensed as Finance costs.

(n) Financial liabilities

Financial liabilities are recognised in the Consolidated Statement of Financial Position when the BTIM Group becomes party to the contractual provision of an instrument which is initially recognised at fair value plus transaction costs. Financial liabilities are recognised when an obligation arises and derecognised when it is discharged, cancelled or expires.

Converting notes at fair value

Converting notes issued by BTIM for consideration as part of the acquisition of JOHCM are recognised in the balance sheet at fair value with any changes in fair value recorded through profit or loss. Fair value is determined by using option pricing models which incorporate the BTIM share price, time to conversion, dividend yield and volatility in the BTIM share price.

(o) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages, salaries, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in provisions in respect of employee services up to the balance date and are measured at the amounts expected to be paid when the liabilities are settled. No provision is made for non-vesting sick leave as the pattern of sick leave taken indicates that no additional liability will arise for non-vesting sick leave.

Long service leave

Liabilities for long service leave, expected to be settled within 12 months of the balance date, are recognised in the provision for long service leave and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for long service leave expected to be settled more than 12 months from the balance date are recognised in the provision for long service leave and are measured at the present value of future payments expected to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departure and periods of service. Expected future payments are discounted to their net present value using market yields at the balance date on national government bonds with terms that match, as closely as possible, the estimated timing of future cash flows.

Share-based payments

Share-based payment compensation benefits are provided to employees via employee share and option schemes. The fair value of shares and options granted to employees for no consideration under the employee share and option schemes is recognised as an expense over the vesting period, with a corresponding increase in shareholders' equity. The fair value of shares granted without market-based vesting conditions approximates the listed market price of the shares on the ASX at the date of grant. The fair value of shares granted with market-based vesting conditions has been determined using option-equivalent valuation methodologies. The fair value of options granted is measured using Binomial/Monte-Carlo simulation valuation techniques, taking into account the terms and conditions upon which the options were granted.

Converting notes issued to JOHCM employees on acquisition requiring future services are measured at fair value at the date of acquisition and recognised as an expense over the vesting period, with a corresponding increase in shareholders' equity. Each converting note will convert into one BTIM ordinary share over a period of up to five years provided that certain conditions are met.

BTIM has two employee benefit trusts to purchase shares for future allocations to both BTIM and JOHCM employees and to hold any shares forfeited by employees until they are reallocated at a later date. Shares held by the trusts as a result of purchases for future allocations to employees, forfeitures not yet reallocated to employees and those held in the name of the employee which are yet to satisfy certain holding restrictions are treated as treasury shares and deducted from shareholders' equity. Shares granted to employees but not yet released are also treated as treasury shares and deducted from shareholders' equity.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The BTIM Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Employee benefits on-costs

A liability is also carried for on-costs, including payroll tax, in respect of provisions for certain employee benefits which attract such costs.

(p) Equity

Ordinary shares

Ordinary shares are recognised at the amount paid up per ordinary share, net of directly attributable issue costs.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(p) Equity (continued)

Treasury shares

Where BTIM or other entities of the BTIM Group purchase shares in BTIM, the consideration paid is deducted from total shareholders' equity and the shares treated as treasury shares. When restrictions on the sale of shares granted to employees are lifted from the employee share plans, the cost of such shares is treated as a reduction in treasury shares. The corresponding offset is reflected in the share-based payment reserve.

(q) Reserves

Common control reserve

The differences, if any, between the cost of acquisition (fair value of consideration paid), and the amounts at which the assets and liabilities are initially recorded has been recognised directly in equity as part of a business combination under common control reserve.

Share-based payment reserve

The share-based payment reserve comprises the amortised portion of the fair value of performance share rights, shares and options granted to employees for no consideration, recognised as an expense. The share-based payment reserve is a separate component of equity. The balance of the share-based payment reserve is reduced by the payment of certain dividends not paid from retained earnings, where the requirements of the Corporations Act are met.

Cash flow hedge reserve

The effective portion of changes in the fair value of instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, that is, when the forecast transaction that is hedged takes place. When the forecast transaction that is hedged results in the recognition of a non-financial asset, such as fixed assets or an investment in a subsidiary, the gains and losses previously recognised in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts in relation to non-financial assets are ultimately recognised in profit or loss as impairment.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Available-for-sale financial assets reserve

Changes in the fair value and exchange differences arising on translation of investments, classified as available-for-sale financial assets, are recognised in other comprehensive income, and accumulated in the available-for-sale financial assets reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(r) Provision for dividends

Provision is made for the amount of any dividend declared or dividend-linked coupon, determined or recommended by the Directors before or at the end of the financial period but not distributed at balance date.

(s) Funds management and trust activities

Controlled entities within the BTIM Group conduct investment management and other fiduciary activities as RE, trustee or manager on behalf of individuals, trusts, retirement benefit plans and other institutions.

These activities involve the management of assets in investment schemes and superannuation funds, and the holding or placing of assets on behalf of third parties.

Where the controlled entities, as RE or trustee, incur liabilities in respect of these activities, a right of indemnity exists against the assets of the applicable trusts. To the extent these assets are sufficient to cover liabilities, and it is not probable that the controlled entity will be required to settle them, the liabilities are not included in the consolidated financial statements.

(t) Earnings per share

Basic earnings per share is determined by dividing net profit after tax attributable to equity holders of the Company, excluding costs of servicing other equity instruments, by the weighted average number of ordinary shares outstanding during the financial period, that is, ordinary shares less treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares, plus converting notes issued which are considered potential ordinary shares. The number of ordinary shares assumed to be issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average market price over the financial period.

Options and performance share rights, where ordinary shares will be acquired on-market over time to settle the exercise of the options, are not included in the calculation of diluted Earnings per Share (EPS).

(u) Cash

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions and with maturities of three months or less that are readily convertible to known amounts of cash.

(v) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(w) Rounding of amounts

In accordance with Australian Securities and Investments Commission Class Order 98/100, all amounts have been rounded to the nearest thousand dollars, unless otherwise stated.

(x) Segment reporting

Operating segments have been reported in a manner consistent with internal management reporting provided to the chief operating decision-maker (CODM). As a result, the BTIM Group has determined it has two operating segments, being the BTIM Group's investment management business in Australia (BTIM Australia) and the BTIM Group's investment management business outside of Australia (BTIM UK).

(y) Parent entity financial information

The financial information for the parent entity, BTIM, disclosed in Note 32 has been prepared on the same basis as the consolidated financial statements of the BTIM Group except for the items disclosed below.

Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the BTIM Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(z) New accounting standards**New and revised standards not mandatory and not adopted**

Certain new and revised accounting standards have been published that are not mandatory for 30 September 2013 reporting periods. They are available for early adoption but have not been applied in preparing this Financial Report. The BTIM Group's assessment of the impact of these new standards is set out below:

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning on or after 1 January 2015)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and replaces the multiple classification and measurement models in AASB 139 *Financial Instruments: Recognition and Measurement* with a single model that has two classification categories: amortised cost and fair value.

When adopted, the standard will relate in particular to the BTIM Group's accounting for its available-for-sale financial assets. Since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading, and BTIM currently accounts for its available-for-sale financial assets in this manner, it is unlikely to have any impact on the BTIM Group's accounting for financial assets or related disclosures. The standard has not been adopted early by the BTIM Group.

AASB 10 Consolidated Financial Statements (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. The BTIM Group does not expect the new standard to have a significant impact on its composition.

AASB 12 Disclosure of Interests in Other Entities (effective 1 January 2013)

AASB 12 sets out the required disclosures for entities reporting under AASB 10 and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the BTIM Group will not affect any of the amounts recognised in the financial statements nor the type of information disclosed under AASB 10.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The BTIM Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The BTIM Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 September 2014.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The Corporations Act requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future. The BTIM Group intends to apply the new rules for the first time in the annual reporting period ending 30 September 2014.

AASB 2012-3 Amendments to Australian Accounting Standard – Offsetting Financial Assets and Financial Liabilities and AASB 2012-2 Disclosures – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014 and 1 January 2013 respectively)

In June 2012, the AASB approved amendments to the application guidance in AASB 132 *Financial Instruments: Presentation*, to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. The standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the entity's current offsetting arrangements.

However, the AASB has also introduced more extensive disclosure requirements into AASB 7 which will apply from 1 January 2013. When they become applicable, the BTIM Group may have to provide a number of additional disclosures in relation to its offsetting arrangements. The BTIM Group intends to apply the new rules for the first time in the annual reporting period ending 30 September 2014.

AASB 2012-5 Amendments to Australian Accounting Standard arising from Annual Improvements 2009-2011 cycle (effective for annual periods beginning on or after 1 January 2013)

In June 2012, the AASB approved a number of amendments to Australian Accounting Standards as a result of the 2009 – 2011 annual improvements project. These include:

- AASB 101 *Presentation of Financial Statements* – Clarification of the requirements for comparative information
- AASB 116 *Property, Plant and Equipment* – Classification of servicing equipment
- AASB 132 *Financial Instruments: Presentation* – Tax effect of distribution to holders of equity instruments
- AASB 134 *Interim Financial Reporting* – Interim financial reporting and segment information for total assets and liabilities

The BTIM Group will apply the amendments in the annual reporting period ending 30 September 2014. The BTIM Group does not expect that any adjustments will be necessary as the result of applying the revised rules.

AASB 2012-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)

The AASB has made small changes to some of the disclosures that are required under AASB 136 *Impairment of Assets*. These may result in additional disclosures if the group recognises an impairment loss or the reversal of an impairment loss during the period. They will not affect any of the amounts recognised in the financial statements. The BTIM Group intends to apply the amendment from 1 October 2014.

AASB 2012-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (effective 1 January 2014)

The AASB has made small amendments to AASB 139 *Financial Instruments: Recognition and measurement*. The amendments will allow entities to continue hedge accounting, where a derivative contract that was designated as a hedge has been novated to a central counterparty as a consequence of laws or regulations. The BTIM Group intends to apply the amendments from 1 October 2014.

Since the BTIM Group has not novated any hedging contracts in the current or prior periods, applying the amendments will not affect any of the amounts recognised in the financial statements.

2. FINANCIAL RISK MANAGEMENT

The BTIM Group manages its business in Australia and the UK and is consequently exposed to a number of financial risks. The key financial risks are market risk (including price risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Board is responsible for the establishment and oversight of an effective system of risk management. The Board delegates authority to management to conduct business activity within the limits of the approved business plans, policies and procedures.

The BTIM Group held the following financial instruments as at 30 September:

	2013 \$'000	2012 \$'000
Financial assets		
Cash and cash equivalents	83,649	53,492
Trade and other receivables	40,762	30,536
Available-for-sale financial assets	48,127	25,017
	172,538	109,045
Financial liabilities		
Trade and other payables	26,264	16,976
Borrowings	51,335	68,475
Converting notes	29,991	25,085
	107,590	110,536

(a) Market risk

The BTIM Group may take on exposure to market risks which include securities price and interest rate risk due to the nature of its investments and liabilities. The key direct risks are driven by investment and market volatility which have a resulting impact on the funds under management (FUM) of the BTIM Group. A reduction in FUM will reduce management fee income, calculated as a percentage of FUM, and consequently reduce NPAT. The BTIM Group estimates the potential movements in overall FUM, covering all its asset classes, and their impact on NPAT is as follows:

Profit sensitivity to movement in FUM

	2013		2012	
	10%	10%	10%	10%
Impact on:	Increase	decrease	increase	decrease
FUM (\$ billion)	5.8	(5.8)	4.7	(4.7)
NPAT (\$'000)	15,064	(15,054)	10,457	(10,499)

The sensitivity calculation is made on the basis of FUM as at 30 September 2013 increasing or decreasing by 10%. The profit or loss sensitivity calculation is derived by holding net flows and market movements flat for 12 months, maintaining the current average management fee margin, and flowing the revenue result through the current operating cost parameters and/or assumptions. Depending on the extent and duration of an actual FUM movement, management would respond with appropriate measures which would change the parameters and/or assumptions and potentially reduce or improve the calculated profit or loss impact.

(i) Price risk

The BTIM Group is exposed to securities' price risk. This arises from both FUM and investments directly held by the BTIM Group. The majority of the BTIM Group's revenue consists of fees derived from FUM. Exposure to securities' price risk could result in fluctuations in FUM that would impact the BTIM Group's profitability.

Exposure to price risk also exists from directly held equity securities in funds managed by JOHCM (refer Note 12). The directly held securities consist of shares in unlisted companies and other investments.

Equity price risk sensitivity

The BTIM Group provides seed capital into a number of funds which invest in regions including the UK, Europe, Emerging markets and Asia (ex-Japan) which may be subject to price volatility. In aggregate, if the price increased or decreased by 10% with all other variables held constant, the value of other components of equity would increase by \$4,782,225 or decrease by (\$4,782,225) respectively.

(ii) Interest rate risk

The BTIM Group is also subject to interest rate risk, which impacts both the BTIM Group's FUM and the BTIM Group's cash balances and borrowings. This risk is managed through asset/liability management strategies that seek to limit the impact arising from interest rate movements.

Notes to the Financial Statements continued

2. FINANCIAL RISK MANAGEMENT CONTINUED

Fair value sensitivity analysis

The BTIM Group does not account for any fixed rate financial instruments at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not result in a change of fair value affecting profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change in interest rates would be applicable to the BTIM Group's cash balances and borrowings. A change of 50 bps in the average of the effective interest rates over the year ended 30 September 2013 would have increased/(decreased) net profit or loss after tax (NPAT) and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	PROFIT OR LOSS AFTER TAX		OTHER COMPONENTS OF EQUITY	
	50 bps increase \$'000	50 bps decrease \$'000	50 bps increase \$'000	50 bps decrease \$'000
30 September 2013				
Cash and cash equivalents	300	(300)	—	—
Borrowings	(139)	139	—	—
30 September 2012				
Cash and cash equivalents	192	(192)	—	—
Borrowings	(192)	192	—	—

(iii) Foreign exchange risk

The BTIM Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the BTIM Group's functional currency.

The following table details the BTIM Group's net exposure to foreign currency as at reporting date in Australian dollar equivalent amounts:

	30 SEPTEMBER 2013			30 SEPTEMBER 2012		
	GBP \$'000	EUR \$'000	USD \$'000	GBP \$'000	EUR \$'000	USD \$'000
Financial assets						
Cash at bank	21,155	—	—	17,339	—	—
Trade receivables	21,161	—	—	17,813	—	—
Available-for-sale	37,919	1,695	8,413	19,829	1,354	3,734
Financial liabilities						
Trade payables	(25,917)	—	—	(15,492)	—	—
Borrowings	(51,335)	—	—	(68,475)	—	—
Net exposure in AUD	2,983	1,695	8,413	(28,986)	1,354	3,734

The foreign currency exposure is mitigated through future ongoing cash flows generated by the JOHCM business. No specific assets and liabilities are hedged directly.

The table below shows the impact on the BTIM Group's NPAT and equity of a 10% movement in foreign currency exchange rates against the Australian dollar for financial assets and financial liabilities:

	Movement in variable against A\$	Profit or loss after tax 30 Sep 2013 \$'000	Changes in Equity 30 Sep 2013 \$'000	Profit or loss after tax 30 Sep 2012 \$'000	Changes in Equity 30 Sep 2012 \$'000
Pounds sterling (GBP)	+10%	(1,044)	1,790	(1,178)	(1,216)
	-10%	1,044	(1,790)	1,178	1,216
Euro (EUR)	+10%	—	169	—	135
	-10%	—	(169)	—	(135)
US Dollar (USD)	+10%	—	841	—	373
	-10%	—	(841)	—	(373)

(b) Credit risk

Credit risk exposures are monitored regularly with all BTIM Group counterparties. The major counterparties are The Westpac Group, Royal Bank of Scotland, the funds for which BTIM and JOHCM are the fund managers as well as outstanding receivables including credit exposures to wholesale and institutional clients. Exposure to credit risk arises on the BTIM Group's financial assets which are disclosed at the beginning of this Note.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The credit quality of financial assets is AA- for The Westpac Group and A for Royal Bank of Scotland (2012: A1+ for The Westpac Group and A for Royal Bank of Scotland). For wholesale customers the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors.

Credit risk further arises in relation to financial guarantees given to certain parties (refer Note 32). Such guarantees are only provided in exceptional circumstances and are subject to specific Board approval.

(c) Liquidity risk

Liquidity risk is the risk that the BTIM Group may not be able to meet its financial obligations in a timely manner at a reasonable cost. The BTIM Group maintains sufficient cash and working capital in order to meet future obligations and statutory regulatory capital requirements.

Maturities of financial liabilities

The table below analyses the BTIM Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 – 2 years \$'000	Over 2 years \$'000	Total contractual cash flows \$'000	Carrying amount of liabilities \$'000
30 September 2013					
Trade and other payables	26,264	—	—	26,264	26,264
Borrowings	16,216	—	36,414	52,630	51,335
Converting notes	2,511	13,740	13,740	29,991	29,991
30 September 2012					
Trade and other payables	16,976	—	—	16,976	16,976
Borrowings	48,937	23,318	542	72,797	68,475
Converting notes	2,262	1,916	20,907	25,085	25,085

Financing arrangements

The BTIM Group has a \$78 million (£45 million) revolving loan facility with The Westpac Group which is denominated in GBP and expires on 30 September 2016. This facility replaced the loan facilities previously held with HSBC.

BTIM is the guarantor on the above facility and at 30 September 2013, a further \$42 million (£24 million) remains undrawn.

Notes to the Financial Statements continued

2. FINANCIAL RISK MANAGEMENT CONTINUED

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the BTIM Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

The BTIM Group classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities – Level 1;
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) – Level 2;
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) – Level 3.

30 September 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Available-for-sale assets:				
Shares in Regnan-Governance Research and Engagement Pty Limited	–	–	100	100
Shares in James Hambro & Partners LLP	–	–	201	201
Units held in open-ended investment companies (OEICs)	–	44,963	–	44,963
Units held in a listed property trust	2,863	–	–	2,863
Total financial assets	2,863	44,963	301	48,127
Financial liabilities				
Converting notes	–	29,991	–	29,991
Total financial liabilities	–	29,991	–	29,991
30 September 2012	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Available-for-sale assets:				
Shares in Regnan-Governance Research and Engagement Pty Limited	–	–	100	100
Shares in James Hambro & Partners LLP	–	–	180	180
Units held in open-ended investment companies (OEICs)	–	22,062	–	22,062
Units held in a listed property trust	2,675	–	–	2,675
Total financial assets	2,675	22,062	280	25,017
Financial liabilities				
Converting notes	–	25,085	–	25,085
Total financial liabilities	–	25,085	–	25,085

Refer Note 12 and Note 18 for further information.

3. SEGMENT INFORMATION

(a) Description of segments

The BTIM Group has identified two operating segments based on internal management reports that are reviewed and used by the chief operating decision-maker (CODM) in assessing performance and in determining the allocation of resources. Segment information is provided on the basis by which the BTIM Group manages its business which is split by the BTIM Group's investment management business in Australia (BTIM) and the BTIM Group's investment management business outside of Australia (BTIM UK operations). The BTIM UK operations comprise the JOHCM group of companies together with external debt financing in the UK.

(b) Segment information provided to the chief operating decision-maker

	BTIM		BTIM UK OPERATIONS		TOTAL GROUP	
	30 Sep 2013 \$'000	30 Sep 2012 \$'000	30 Sep 2013 \$'000	30 Sep 2012 \$'000	30 Sep 2013 \$'000	30 Sep 2012 \$'000
Revenue	128,841	119,298	133,799	75,333	262,640	194,631
Inter-segment revenue	125	39	317	80	442	119
Total segment revenue	128,966	119,337	134,116	75,413	263,082	194,750
Inter-segment expense	(317)	(80)	(125)	(39)	(442)	(119)
Depreciation and amortisation	(1,043)	(1,104)	(415)	(300)	(1,458)	(1,404)
Finance costs ¹	(2,333)	(950)	(1,965)	(2,511)	(4,298)	(3,461)
Other operating expenses	(91,946)	(84,694)	(81,827)	(47,766)	(173,773)	(132,460)
Total segment expenses	(95,639)	(86,828)	(84,332)	(50,616)	(179,971)	(137,444)
Income tax expense	(10,076)	(9,839)	(11,152)	(5,963)	(21,228)	(15,802)
Cash NPAT	23,251	22,670	38,632	18,834	61,883	41,504
Deduct: amortisation of employee equity grants	(15,116)	(18,194)	(4,679)	(3,390)	(19,795)	(21,584)
Add back: cash cost of ongoing equity grants	10,872	7,668	10,390	1,920	21,262	9,588
Deduct: amortisation and impairment of intangibles	—	—	(9,806)	(11,924)	(9,806)	(11,924)
Deduct: loss on financial liabilities at fair value through profit and loss	(7,213)	(1,090)	—	—	(7,213)	(1,090)
Add back: tax effect	88	867	4,826	4,037	4,914	4,904
Statutory NPAT	11,882	11,921	39,363	9,477	51,245	21,398
Segment assets	328,318	298,512	438,410	372,783	766,728	671,295
Segment liabilities	(91,744)	(79,813)	(113,529)	(96,943)	(205,273)	(176,756)
Net assets	236,574	218,699	324,881	275,840	561,455	494,539

¹ Finance costs for BTIM for the 2013 Financial Year includes interest and finance charges paid on borrowings of \$863,033 and foreign exchange losses on borrowings of \$1,469,726.

The CODM assesses the performance of the operating segments based on a measure of Cash NPAT. This measurement basis excludes the amortisation of equity-settled share-based payments, and includes the after-tax cash costs of equity grants made in respect of the current year. Cash NPAT also excludes the after-tax amortisation and impairment of intangibles relating to fund and investment management contracts and fair value adjustment on converting notes recognised as a result of the acquisition of JOHCM. These non-cash charges are not considered part of the BTIM Group's underlying earnings.

Notes to the Financial Statements continued

4. REVENUE FROM CONTINUING OPERATIONS

	2013 \$'000	2012 \$'000
Management, fund and trustee fees	211,910	175,540
Realised performance fees	43,504	12,246
Property administration fees	2,691	2,548
Service fees from related parties	1,488	1,426
Expense recoveries	526	439
Other revenue	360	220
Total revenue from continuing operations	260,479	192,419

5. OTHER INCOME

	2013 \$'000	2012 \$'000
Distributions from unit trusts	1,135	1,231
Interest revenue	446	735
Net gain on sale of available-for-sale financial assets	322	–
Net foreign exchange gains	258	246
Total other income	2,161	2,212

6. FINANCE COSTS

	2013 \$'000	2012 \$'000
Interest and finance charges paid / payable for borrowings	2,828	3,461
Net foreign exchange loss on borrowings	1,470	–
Total finance costs	4,298	3,461

7. INCOME TAX EXPENSE

	2013 \$'000	2012 \$'000
(a) Income tax expense		
Current tax	26,167	15,421
Deferred tax ¹	(9,712)	(4,341)
Adjustments for current tax of prior periods	(141)	(182)
Income tax expense	16,314	10,898
¹ Deferred income tax expense/(revenue) included in income tax expense comprises:		
Increase in deferred tax assets	(3,508)	(747)
Decrease in deferred tax liabilities	(6,204)	(3,594)
Total decrease in deferred tax	(9,712)	(4,341)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	67,559	32,296
Income tax calculated at the Australian tax rate of 30% (2012: 30%)	20,268	9,689
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Employee equity grant amortisation	1,419	2,553
Acquisition transaction costs	–	(21)
Fair value of financial liabilities	2,164	327
Sundry non-deductible items	178	270
	24,029	12,818
Difference in overseas tax rates	(2,350)	(524)
Effect on deferred taxes of reduction in tax rates	(2,054)	(900)
Previously unrecognised timing differences on employee equity grants	(3,072)	–
Previously unrecognised capital losses	(222)	(314)
Previously unrecognised tax losses recouped	(60)	–
Tax losses for which no deferred tax asset was recognised	184	–
Adjustments for current tax of prior financial year	(141)	(182)
Income tax expense in the Statement of Comprehensive Income	16,314	10,898
(c) Tax expense relating to items of other comprehensive income		
Available-for-sale financial assets	680	478
	680	478
(d) Amounts recognised directly in equity		
Deferred tax on employee equity grants	(2,511)	–
	(2,511)	–
(e) Unrecognised temporary differences		
Temporary difference relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
Foreign currency translation	35,095	2,684
Unrecognised deferred tax liabilities relating to the above temporary differences	10,529	805

A deferred tax liability has not been recognised in respect of temporary differences arising as a result of the translation of the financial statements of the consolidated entity's subsidiaries. The deferred tax liability will only arise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

Notes to the Financial Statements continued

7. INCOME TAX EXPENSE CONTINUED

(f) Tax consolidation legislation

BTIM and its wholly-owned Australian entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in Note 1(g).

The entities in the tax consolidated group have entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, BTIM.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate BTIM for any current tax payable assumed and are compensated by BTIM for any current tax receivable. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due when advised by the head entity, which occurs when a tax liability is due and payable by the head entity. The funding amounts are recognised as current inter-company receivables or payables.

8. CASH AND CASH EQUIVALENTS

	2013 \$'000	2012 \$'000
Cash at bank and in hand	27,846	22,906
Deposits at call	55,803	30,586
Balance as per Consolidated Statement of Cash Flows	83,649	53,492

Deposits at call are invested in cash management trusts managed by the BTIM Group.

Risk exposure

The BTIM Group's exposure to interest rate risk is disclosed in Note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

9. TRADE AND OTHER RECEIVABLES

	2013 \$'000	2012 \$'000
Trade receivables	40,762	30,536

Trade receivables are expected to be received within one to three months.

(a) Related party receivables

Related party receivables are disclosed in Note 27(e).

(b) Impaired receivables and receivables past due

None of the trade receivables are impaired or past due but not impaired.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of the receivables mentioned above. Refer Note 2 for more information on the risk management policy of the BTIM Group and the credit quality of its trade receivables.

10. PREPAYMENTS

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	2013 \$'000	2012 \$'000
Prepayments	3,830	3,603

Prepayments substantially relate to prepaid information and technology related expenses.

11. PROPERTY PLANT AND EQUIPMENT

	2013 \$'000	2012 \$'000
Computer hardware		
Cost	3,629	4,129
Accumulated depreciation	(3,059)	(3,486)
Net carrying value	570	643
Office furniture and fittings		
Cost	2,827	2,982
Accumulated depreciation	(2,390)	(2,295)
Net carrying value	437	687
Leasehold improvements		
Cost	4,809	4,445
Accumulated depreciation	(2,739)	(1,947)
Net carrying value	2,070	2,498
Total property, plant and equipment		
Cost	11,265	11,556
Accumulated depreciation	(8,188)	(7,728)
Net carrying value	3,077	3,828

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	2013 \$'000	2012 \$'000
Computer hardware		
Balance at the beginning of the financial year	643	187
Acquisition of subsidiary	—	390
Exchange differences	18	(10)
Additions	203	307
Disposals	(2)	(149)
Depreciation	(292)	(82)
Balance at the end of the financial year	570	643
Office furniture and fittings		
Balance at the beginning of the financial year	687	694
Acquisition of subsidiary	—	87
Exchange differences	12	(3)
Additions	65	215
Depreciation	(327)	(306)
Balance at the end of the financial year	437	687

Notes to the Financial Statements continued

11. PROPERTY PLANT AND EQUIPMENT CONTINUED

	2013 \$'000	2012 \$'000
Leasehold improvements		
Balance at the beginning of the financial year	2,498	2,735
Acquisition of subsidiary	–	432
Exchange differences	14	(13)
Additions	295	–
Depreciation	(737)	(656)
Balance at the end of the financial year	2,070	2,498
Total property, plant and equipment		
Balance at the beginning of the financial year	3,828	3,616
Acquisition of subsidiary	–	909
Exchange differences	44	(26)
Additions	563	522
Disposals	(2)	(149)
Depreciation	(1,356)	(1,044)
Balance at the end of the financial year	3,077	3,828

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2013 \$'000	2012 \$'000
Unlisted securities		
Shares in Regnan-Governance Research and Engagement Pty Limited ¹	100	100
Shares in James Hambro & Partners LLP ²	201	180
Units held in open-ended investment companies (OEICs) ³	44,963	22,062
Units held in a listed property trust ³	2,863	2,675
	48,127	25,017

¹ These securities are measured at cost which approximates the fair value of the shares (refer Note 2).

² James Hambro & Partners LLP is an independent private asset management partnership business.

³ These securities represent shares held in offshore unlisted OEICs and units held in a listed property trust which are either managed or administered by the BTIM Group and are measured at fair value. The fair value is measured with reference to underlying net asset value of the OEICs and the quoted market price of the listed property trust.

13. DEFERRED TAX ASSETS

	2013 \$'000	2012 \$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Employee benefits	10,826	7,148
Initial Public Offer transaction costs	(984)	(984)
Accrued expenses	362	314
Lease expenses	(374)	(234)
Property, plant and equipment	852	708
Share of partnership income	213	219
Unutilised foreign tax credits	–	16
Business-related costs	94	–
Capital losses carried forward	301	227
	11,290	7,414
Amounts recognised directly in equity		
Initial Public Offer transaction costs	984	984
Employee equity grants	2,779	–
	3,763	984
Amounts recognised on acquisition of subsidiary		
Employee benefits	10	10
Fixed asset depreciation	51	51
Employee equity grants	(33)	(33)
Capital losses carried forward	269	269
	297	297
Deferred tax assets to be settled after more than 12 months	15,350	8,695
Movement in temporary differences during the financial year:		
Balance at the beginning of the financial year	8,695	7,630
Credited to profit or loss	3,508	768
Credited to other comprehensive income	636	–
Credited to equity	2,511	–
Recognised on acquisition of subsidiary	–	297
Balance as at the end of the financial year	15,350	8,695

Notes to the Financial Statements continued

14. INTANGIBLE ASSETS

	2013 \$'000	2012 \$'000
Goodwill		
Cost	466,462	442,282
Accumulated impairment	—	—
Net carrying value	466,462	442,282
Fund and investment management contracts		
Cost	129,189	115,614
Accumulated amortisation and impairment	(24,357)	(11,924)
Net carrying value	104,832	103,690
IT development and software		
Cost	1,308	715
Accumulated amortisation	(669)	(563)
Net carrying value	639	152
Total intangible assets		
Cost	596,959	558,611
Accumulated amortisation and impairment	(25,026)	(12,487)
Net carrying value	571,933	546,124

Reconciliations of the carrying amounts for each class of intangibles are set out below:

	2013 \$'000	2012 \$'000
Goodwill		
Balance at the beginning of the financial year	442,282	233,300
Acquisition via a business combination	–	207,878
Foreign exchange gain	24,180	1,104
Balance at the end of the financial year	466,462	442,282
Fund and Investment management contracts		
Balance at the beginning of the financial year	103,690	–
Acquisition via a business combination	–	115,180
Foreign exchange gain	10,947	434
Amortisation expense	(6,762)	(7,308)
Impairment expense ¹	(4,094)	(4,616)
Reversal of prior year impairment expense ¹	1,051	–
Balance at the end of the financial year	104,832	103,690
IT development and software		
Balance at the beginning of the financial year	152	314
Additions	589	26
Amortisation expense	(102)	(188)
Balance at the end of the financial year	639	152
Total intangible assets		
Balance at the beginning of the financial year	546,124	233,614
Acquisition via a business combination	–	323,058
Foreign exchange gain	35,127	1,538
Additions	589	26
Amortisation expense	(6,864)	(7,496)
Impairment expense ¹	(4,094)	(4,616)
Reversal of prior year impairment expense ¹	1,051	–
Balance at the end of the financial year	571,933	546,124

¹ The impairment loss due to the remeasurement of the fund and investment management contracts to the lower of their carrying value and their recoverable amount is included in the depreciation, amortisation and impairment expense in the Statement of Comprehensive Income. Reversal of impairment losses are made in certain circumstances if there has been a change in forecasts and market conditions used in determining the recoverable and carrying amounts.

The recoverable amount of each fund and management contract has been measured using the present value of future cash flows expected to be derived for each asset. The discount rate used to discount the cash flow projections (post tax) is 15% based on the Group's cost of capital (post tax).

Goodwill has been derived from the following business combinations:

	2013 \$'000	2012 \$'000
Purchase of the investment management business from Westpac Banking Corporation effective 19 October 2007	233,300	233,300
Acquisition of JOHCM effective 1 October 2011	233,162	208,982
Total goodwill	466,462	442,282

Notes to the Financial Statements continued

14. INTANGIBLE ASSETS CONTINUED

Fund and investment management contracts were acquired via the business combination with JOHCM and are made up as follows:

	2013 \$'000	2012 \$'000
<i>Fund management contracts</i>		
OEIC fund management contracts	89,515	86,006
<i>Investment management contracts</i>		
Segregated mandates	15,317	15,586
Property management ²	–	2,098
Total fund and investment management contracts	104,832	103,690

² The property management contract relates to administration services provided to Primary Health Properties (PHP) by JOHCM. PHP have given notice to JOHCM terminating the contract and this has resulted in a full impairment of the carrying value.

Goodwill is allocated to the BTIM Group's cash-generating units (CGUs) identified according to operating segments (refer Note 3). Goodwill attributable to BTIM Australia and BTIM UK is \$233,300,000 and \$233,161,815 respectively.

The recoverable amount of each CGU is determined using a 'Fair value less cost to sell' methodology that utilises cash flow projections (post tax) based on management's best estimates over a 5 year period and then applying a terminal value in perpetuity of 3%. The discount rate used to discount the cash flow projections for BTIM Australia and BTIM UK are 12.5% and 15% respectively based on the cost of capital (post tax) for each of these CGU's.

Management is of the view that reasonably possible changes in the key assumptions, such as an increase to the discount rate of 2% or a reduction in cash flow of 10%, would not cause the recoverable amount for each CGU to fall short of the carrying amounts as at 30 September 2013.

There has been no impairment of goodwill during the year ended 30 September 2013.

15. TRADE AND OTHER PAYABLES

	2013 \$'000	2012 \$'000
Trade payables	22,426	13,236
Payables – related entities (refer Note 27(e))	3,838	3,740
Total trade and other payables	26,264	16,976

Risk exposure

Information about the BTIM Group's exposure to liquidity risk is provided in Note 2.

16. EMPLOYEE BENEFITS

	2013 \$'000	2012 \$'000
Current liabilities		
Annual leave	1,582	1,623
Long service leave	1,095	938
Provision for bonus	57,139	30,748
Total current employee liabilities	59,816	33,309
Non-current liabilities		
Long service leave	781	895
Total non-current employee liabilities	781	895

Included in employee expenses recognised in the Statement of Comprehensive Income is an amount related to the BTIM Group's contributions to employees' superannuation and pensions, as follows:

Defined contribution superannuation expense	2,871	2,661
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17. BORROWINGS

	2013 \$'000	2012 \$'000
Current	14,921	46,547
Non-current	36,414	21,928
Total borrowings	51,335	68,475

Details of borrowings, including accrued interest, are as follows:

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Carrying Amount liabilities \$'000
As at 30 September 2013					
Bank loans					
Revolving loan facility	4	–	36,414	–	36,418
Loan notes	14,917	–	–	–	14,917
Total Borrowings	14,921	–	36,414	–	51,335
As at 30 September 2012					
Bank loans					
Term debt facility	13,988	13,988	–	–	27,976
Revolving loan facility	23,674	–	–	–	23,674
Loan notes	8,885	7,940	–	–	16,825
Total Borrowings	46,547	21,928	–	–	68,475

Bank loans

The BTIM Group has a \$78 million (£45 million) revolving loan facility with The Westpac Group which is denominated in GBP and expires on 30 September 2016. This facility replaced the borrowing facilities previously held with HSBC.

An amount of \$36 million (£21 million) is drawn and \$42 million (£24 million) remains undrawn at 30 September 2013. BTIM is the guarantor on the borrowing facility. Interest on draw-downs has been fixed for between 2 and 12 months.

Loan notes

Loan notes are denominated in GBP and were issued to JOHCM employees in October 2011. The loan notes are redeemable over a two year period and mature over a period of two to four years. Interest accrues at a fixed rate per annum payable annually.

Risk exposures

Details of the BTIM Group's exposure to risks arising from current and non-current borrowings are set out in Note 2.

Notes to the Financial Statements continued

18. CONVERTING NOTES

Conversion profile as at 30 September 2013:

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Carrying Amount liabilities \$'000
30 September 2013					
Converting notes	2,511	13,740	13,740	–	29,991
30 September 2012					
Converting notes	2,262	1,916	20,907	–	25,085

The converting notes were issued to JOHCM employees in October 2011. Subject to certain adjustments, each converting note will convert into one BTIM ordinary share over a period of up to five years provided certain conditions are met. The value of the converting notes represents the fair value of the conversion right that the note holder will receive irrespective of whether they continue in employment. The fair value of the converting notes at balance date has been determined with reference to the BTIM share price at 30 September 2013, which has resulted in a loss of \$7.2 million (2012: \$1.1 million) recognised in the Statement of Comprehensive Income.

The dividend-linked coupon payment dates and distribution rates on converting notes will be the same as those dividends declared on ordinary shares.

On 2 November 2012 1,082,302 converting notes converted into 1,082,302 BTIM ordinary shares (refer Note 20).

19. DEFERRED TAX LIABILITIES

	2013 \$'000	2012 \$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Employee equity grants	2,346	3,214
Foreign exchange loss	(676)	(275)
Amortisation of intangible assets	(6,645)	(3,941)
	(4,975)	(1,002)
Amounts recognised in other comprehensive income		
Available-for-sale financial assets	1,294	485
Amounts recognised on acquisition of subsidiary		
Intangible assets	27,790	27,790
Net deferred tax liabilities	24,109	27,273
Deferred tax liabilities to be settled after more than 12 months		
Balance at the beginning of the financial year	27,273	2,651
Charged/ (credited) to profit or loss	(6,204)	(3,653)
Charged to other comprehensive income	3,040	485
Recognised on acquisition of subsidiary	–	27,790
Balance at the end of the financial year	24,109	27,273

20. CONTRIBUTED EQUITY

	2013 \$'000	2012 \$'000
Ordinary shares 278,100,237 (2012: 267,906,977) each fully paid	528,420	499,613
Treasury shares 30,573,893 (2012: 24,541,450)	(58,672)	(37,123)
Total contributed equity 247,526,344 (2012: 243,365,527)	469,748	462,490

	2013 Shares ('000)	2013 \$ ('000)	2012 Shares ('000)	2012 \$ ('000)
Movements in ordinary shares during the financial year				
Balance at the beginning of the financial year	267,907	499,613	267,907	499,508
Converting notes converted into ordinary shares	1,082	2,305	–	–
Dividend reinvestment plan	9,111	26,502	–	–
Rights issue – associated costs	–	–	–	105
Balance at the end of the year	278,100	528,420	267,907	499,613
Movements in treasury shares during the financial year				
Balance at the beginning of the year	(24,541)	(37,123)	(24,314)	(34,950)
Treasury shares acquired	(9,703)	(28,293)	(3,412)	(6,878)
Treasury shares released	3,669	6,744	3,185	4,705
Balance at the end of the year	(30,575)	(58,672)	(24,541)	(37,123)
Total contributed equity	247,525	469,748	243,366	462,490

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends as declared and in the event of a winding up of the Company, to participate in the proceeds in proportion to the number of and amounts paid on the shares held. Ordinary shares entitle the holder to one vote per share, either in person or by proxy, at a meeting of BTIM shareholders.

(b) Treasury shares

Treasury shares are those shares issued through the Initial Public Offer, and purchased as necessary, in order to meet the obligations of the BTIM Group under its employee share plans. These are recorded at cost and when restrictions on employee shares are lifted, the cost of such shares is written back to treasury shares. The corresponding offset is reflected in the share-based payment reserve.

Details of the balance of treasury shares at the end of the financial year were as follows:

	2013 Shares ('000)	2013 \$ ('000)	2012 Shares ('000)	2012 \$ ('000)
Unallocated shares held by trustees	10,164	30,134	4,438	5,184
Shares allocated to employees	20,411	28,538	20,103	31,939
Balance at the end of the financial year	30,575	58,672	24,541	37,123

Notes to the Financial Statements continued

20. CONTRIBUTED EQUITY CONTINUED

(c) Capital management

The BTIM Group's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and maintain an optimal capital structure.

The Board monitors NPAT, cash, tax and other financial factors in order to maintain or adjust the capital structure. The BTIM Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The BTIM Group has two employee benefit trusts, the trustees of which purchase BTIM shares, intended to be used to satisfy the BTIM Group's obligations under the employee share plans. For further information on the employee share trusts and schemes refer Note 31.

BTIM has restructured its funds management business by separating its responsible entity activities and institutional business activities into two discrete legal entities. Effective 3 April 2013, BT Investment Management (Fund Services) Limited (BTIM FS) replaced BT Investment Management (RE) Limited (BTIM RE) as the new responsible entity of the BTIM registered and unregistered trusts. BTIM RE was subsequently renamed as BT Investment Management (Institutional) Limited (BTIMI) and retired as the responsible entity, but continues to provide investment management services to institutional clients as well as to all of BTIM's registered and unregistered trusts.

The restructure is in response to new financial resource requirements for responsible entities that came into effect 1 November 2012.

BTIM FS and BTIMI are required to maintain minimum capital requirements as part of the Australian Securities and Investments Commission's Australian financial services licensing conditions. Both entities have complied with all requirements during the financial year.

J O Hambro Capital Management Limited is also required to maintain minimum capital requirements as part of its licencing requirements with the Financial Conduct Authority (formally the Financial Services Authority) in the UK.

21. RESERVES

	2013 \$'000	2012 \$'000
Common control reserve		
Balance at the beginning of the financial year	(25,472)	(25,472)
Balance at the end of the financial year	(25,472)	(25,472)
Share-based payment reserve		
Balance at the beginning of the financial year	46,519	49,070
Share-based payment expense	19,795	21,584
Deferred tax	2,511	–
Share-based payment reserve via a business combination	–	4,649
Treasury shares released	(6,744)	(4,705)
Dividend and dividend-linked coupon paid	(10,191)	(24,079)
Balance at the end of the financial year	51,890	46,519
Foreign currency translation reserve		
Balance at the beginning of the financial year	2,684	–
Currency translation difference arising during the year	32,411	2,684
Balance at the end of the financial year	35,095	2,684
Available-for-sale-financial assets reserve		
Balance at the beginning of the financial year	2,337	–
Revaluation	3,916	2,937
Exchange differences	(73)	(122)
Deferred tax	(680)	(478)
Balance at the end of the financial year	5,500	2,337
Cash flow hedge reserve		
Balance at the beginning of the financial year	–	9,834
Transfer to profit or loss	–	(256)
Transferred to purchase consideration on JOHCM acquisition	–	(9,578)
Balance at the end of the financial year	–	–
Total reserves	67,013	26,068

Common control reserve

The common control reserve relates to the BTIM purchase of the investment management business from a number of wholly owned subsidiaries of Westpac Banking Corporation effective 19 October 2007. Any difference between the cost of acquisition (fair value of consideration paid), and the amounts at which the assets and liabilities are recorded, has been recognised directly in equity as part of a business combination under the common control reserve.

Share-based payment reserve

The share-based payment reserve relates to the amortised portion of the fair value of equity instruments granted to employees for no consideration, recognised as an expense. Deferred tax in relation to amounts not recognised in the Statement of Comprehensive Income is also recognised in the share-based payment reserve. The balance of the share-based payment reserve is reduced by the payment of certain dividends not paid from retained earnings, where the requirements of the Corporations Act are met.

Foreign currency translation reserve

Exchange differences arising on the translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Notes to the Financial Statements continued

21. RESERVES CONTINUED

Available-for-sale financial assets reserve

The available-for-sale financial assets reserve represents changes in the fair value and exchange differences arising on translation of investments, classified as available-for-sale financial assets. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

Cash flow hedge reserve

The cash flow hedge reserve reflects the currency movement of the balance in the foreign currency bank account held to settle the purchase of JOHCM. On settlement the reserve subsequently transferred into the purchase consideration.

22. DIVIDENDS

	2013 \$'000	2012 \$'000
Equity dividends on ordinary shares		
(a) Dividends declared and paid during the Financial Year		
Final fully franked dividend for the 2012 Financial Year: 7.0 cents per share (2011 Financial Year: 10.0 cents per share)	18,770	26,696
Interim fully franked dividend paid for the 2013 Financial Year: 8.0 cents per share (2012 Financial Year: 5.5 cents per share)	21,437	14,536
	40,207	41,232
(b) Dividends proposed to be paid subsequent to the end of the Financial Year and not recognised as a liability		
Final dividend for the 2013 Financial Year: 10.0 cents (50% franked) per share (2012 Financial Year: 7.0 cents per share fully franked)	27,810	18,753
Dividend-linked coupons on converting notes		
(a) Coupons paid during the Financial Year		
Final fully franked coupon for the 2012 Financial Year: 7.0 cents per converting note (2011 Financial Year: 10.0 cents per converting note) ¹	1,184	1,805
Interim fully franked coupon paid for the 2013 Financial Year: 8.0 cents per converting note (2012 Financial Year: 5.5 cents per converting note)	1,332	992
	2,516	2,797
(b) Coupons proposed to be paid subsequent to the end of the Financial Year and not recognised as a liability		
Final coupon for the 2013 Financial Year: 10.0 cents (50% franked) per converting note (2012 Financial Year: 7.0 cents per converting note fully franked)	1,665	1,260

¹ Converting notes were issued on 26 October 2011 as part of the acquisition of JOHCM.

Franked dividends

Dividends and dividend-linked coupons declared or paid during the year were fully franked at the tax rate of 30%.

The franked portions of the final dividends and dividend-linked coupons declared or paid after 30 September 2013 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 September 2014.

	2013 \$'000	2012 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2012: 30%)	4,955	11,138

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (i) franking credits that will arise from the payment of the amount of the provision for income tax
- (ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- (iii) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking account of the dividends declared or paid by the Directors since year end, but not recognised as a liability at financial year end, will be a reduction in the franking account of \$6,222,243 (2012: \$8,577,366).

23. KMP DISCLOSURES

Key Management Personnel are defined as having authority and responsibility for planning, directing and controlling the activities of BTIM, including the Directors, the members of the Senior Management Team and the Chief Executive Officer of JOHCM.

(a) KMP compensation	2013 \$	2012 \$
Short-term employee benefits	5,180,980	4,730,030
Post-employment benefits	185,259	183,903
Long-term benefits	30,427	31,389
Share-based payments	2,691,181	2,719,859
	8,087,847	7,665,181

(b) Shareholdings

The following table sets out details of number of BTIM ordinary shares held by key management personnel (including their related parties) during the year ended 30 September 2013:

	Held at 1 October 2012	Granted as compen- sation	Purchases	Sales	Other changes	Held at 30 September 2013
Non-executive Directors						
Brian Scullin	163,696	–	8,560	–	–	172,256
Meredith Brooks	–	–	10,000	–	–	10,000
Brad Cooper	–	–	–	–	–	–
James Evans	5,000	–	–	–	–	5,000
Carolyn Hewson	27,937	–	–	–	–	27,937
Andrew Fay	12,500	–	–	–	–	12,500
Meredith Brooks	–	–	–	–	–	–
Executive Director						
Emilio Gonzalez	1,923,167	301,265	–	200,000	–	2,024,432
Other KMP						
Gavin Rochussen	50,366	61,407	–	–	–	111,773
Phil Stockwell ¹	319,859	62,779	–	–	(382,638)	–
Cameron Williamson	313,174	31,375	–	181,616	–	162,933
Martin Franc	237,095	17,126	–	24,392	–	229,829
Brian Wright	240,635	21,207	–	–	–	261,842
Geraldine Bouquet	56,598	–	–	20,310	–	36,288

¹ Phil Stockwell ceased being a KMP following his resignation with BTIM on 26 July 2013.

Notes to the Financial Statements continued

23. KMP DISCLOSURES CONTINUED

The following table sets out details of number of BTIM ordinary shares held by key management personnel (including their related parties) during the year ended 30 September 2012:

	Held at 1 October 2011	Granted as compen- sation	Purchases	Sales	Held at 30 September 2012
Non-executive Directors					
Brian Scullin	163,696	–	–	–	163,696
Brad Cooper	–	–	–	–	–
James Evans	5,000	–	–	–	5,000
Carolyn Hewson	27,937	–	–	–	27,937
Andrew Fay	–	–	12,500	–	12,500
Executive Director					
Emilio Gonzalez	1,369,459	553,708	–	–	1,923,167
Other KMP					
Gavin Rochussen	–	50,366	–	–	50,366
Phil Stockwell	195,253	124,606	–	–	319,859
Cameron Williamson	108,364	204,810	–	–	313,174
Martin Franc	215,009	22,086	–	–	237,095
Brian Wright	35,825	204,810	–	–	240,635
Geraldine Bouquet	26,144	30,454	–	–	56,598

(c) Other equity instruments

The following table sets out the number of performance share rights and converting notes held by key management personnel (including related parties) for the year ended 30 September 2013:

	Type of Equity based instrument	Held at 1 October 2012	Granted as compen- sation	Acquired during the year	Vested during the year	Lapsed during the year	Held at 30 September 2013
Emilio Gonzalez	Performance share rights	495,417	491,424	–	–	–	986,841
Phil Stockwell	Performance share rights	–	49,142	–	–	49,142	–
Cameron Williamson	Performance share rights	–	49,142	–	–	–	49,142
Martin Franc	Performance share rights	–	49,142	–	–	–	49,142
Brian Wright	Performance share rights	–	49,142	–	–	–	49,142
Geraldine Bouquet	Performance share rights	–	39,313	–	–	–	39,313
Gavin Rochussen	Converting notes	2,478,870	–	–	–	–	2,478,870

The following table sets out the number of performance share rights and converting notes held by key management personnel (including related parties) for the year ended 30 September 2012:

	Type of Equity based instrument	Held at 1 October 2011	Granted as compen- sation	Acquired during the year ¹	Vested during the year	Lapsed during the year	Held at 30 September 2012
Emilio Gonzalez	Performance share rights	–	495,417	–	–	–	495,417
Gavin Rochussen	Converting notes	–	968,728	1,510,142	–	–	2,478,870

¹ Converting notes provided to Gavin Rochussen were in exchange for his shareholding in the JOHCM Group. Subject to certain adjustments each converting note will convert into one BTIM ordinary share over a period of up to five years provided certain conditions are met.

(d) Loan notes

The following table sets out the number of loan notes held by key management personnel (including related parties) for the year ended 30 September 2013:

	Held at 1 October 2012	Granted as compensation	Acquired during the year	Redeemed during the year	Held at 30 September 2013
Gavin Rochussen	2	–	–	–	2

The following table sets out the number of loan notes held by key management personnel (including related parties) for the year ended 30 September 2012:

	Held at 1 October 2011	Granted as compensation	Acquired during the year ²	Redeemed during the year	Held at 30 September 2012
Gavin Rochussen	–	–	3	1	2

² Loan notes provided to Gavin Rochussen in exchange for his shareholding in the JOHCM Group. The total value acquired was \$8,446,402 (£5,456,116).

An amount of \$4,602,655 (£2,938,335) (2012: \$5,958,149 / £3,897,225) was redeemed during the financial year. The total value of loan notes held at 30 September 2013 is \$1,662,719 (£958,890) (2012: \$2,422,894 / £1,558,890).

Loan notes accrue interest at 6% per annum, the amount of interest accrued at 30 September 2013 is \$18,670 (£10,767) (2012: \$145,374 / £93,533).

(e) Loans or transactions with KMP

There were no loans or other transactions to KMP during the financial year (2012: Nil).

24. REMUNERATION OF AUDITORS

During the financial year, the following fees were paid or payable for services provided by the auditor of the BTIM Group, its related practices and non-related audit firms:

	2013 \$	2012 \$
(a) Audit and other assurance services – Australia		
PricewaterhouseCoopers firm		
Audit and review of Financial Reports	459,951	426,500
Other assurance services		
Other services	–	15,000
Audit of Australian Financial Service Licences	16,000	8,500
Total remuneration for Australian assurance services	475,951	450,000
(b) Audit and other assurance services – UK firm		
PricewaterhouseCoopers firm		
Audit and review of Financial Reports	158,756	315,620
Other assurance services		
Other services	58,740	100,028
Audit of Financial Conduct Authority Licence	27,882	27,259
Total remuneration for assurance services (Non-Australian)	245,378	442,907

(c) Non-audit services

It is the BTIM Group's policy to engage PwC on assignments additional to their statutory audit duties where PwC's expertise and experience is important to the BTIM Group.

The external auditor, PwC, provides audit and non-audit services to non-consolidated trusts for which BTIM FS and BTIMI is trustee, manager or RE. The fees in respect of their services were approximately \$1,124,557 for the financial year (2012: \$1,248,215).

Notes to the Financial Statements continued

25. CONTINGENT ASSETS AND LIABILITIES

Performance fees

The BTIM Group manages the investments of certain funds and clients for which it may be entitled to receive fees contingent upon performance of the portfolio managed, on an annual basis or longer. Performance fees which are contingent upon performance to be determined at future dates have not been recognised as income or as a receivable at 30 September 2013 as they are not able to be estimated or measured reliably and may change significantly. All fees are exposed to significant risk associated with the funds' performance, including market risks (such as price risk, interest rate risk and foreign exchange risk) and liquidity risk.

UK tax liability

The BTIM Group is currently in discussions with the UK tax authorities regarding the treatment of certain prior period tax deductions. The amount which is currently being disputed approximates \$11.3 million (£6.5 million), plus any interest and/ or penalties. Under the terms of the Share Purchase Agreement (SPA) BTIM is indemnified by the sellers.

Guarantee on bank loans

BTIM has entered into a guarantee with The Westpac Group in relation to the debts of its subsidiary BTIM UK Limited. For further information about guarantees given by entities within the BTIM Group, including the parent entity, refer Note 32.

Capital guarantee

BTIM has guaranteed the obligations of BTIMI to its institutional clients. The effect of the guarantee which is capped at \$5 million will provide recourse to capital exceeding the minimum regulatory capital required to be maintained by BTIMI.

To the extent that the BTIM Group, in the normal course of business, has incurred various contingent obligations at 30 September 2013, none of those contingent obligations are anticipated to result in any material loss.

26. COMMITMENTS

Lease commitments

	2013 \$'000	2012 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	3,656	2,684
Later than one year but not later than five years	4,624	7,650
Later than five years	–	–
Total commitments	8,280	10,334

The Company entered into a new lease agreement for its Australian premises from 14 March 2009 for seven years with an option for a further five years. As part of the lease agreement, the Company has a bank guarantee with The Westpac Group of \$1,619,393. JOHCM entered into lease agreements for its UK premises until 2015.

Capital commitments

	2013 \$'000	2012 \$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Intangible assets – computer software	468	–
Total commitments	468	–

The above commitment relates to Group's investment in a new financial reporting system.

27. RELATED PARTY TRANSACTIONS

(a) Parent entity

The parent entity within the BTIM Group is BTIM. The immediate parent entity is Westpac Financial Services Group Limited which at 30 September 2013 owned 172,800,000 ordinary shares of BTIM. The ultimate parent entity is Westpac, incorporated in Australia, which at 30 September 2013 owned 100% (2012: 100%) of the issued ordinary shares of WFSGL.

(b) Subsidiaries and controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(c):

Name	Country of Incorporation /formation	Class of shares	EQUITY HOLDING	
			2013 %	2012 %
BT Investment Management (Institutional) Limited	Australia	Ordinary	100	100
BT Investment Management (Fund Services) Limited	Australia	Ordinary	100	–
BTIM UK Limited	UK	Ordinary	100	100
J O Hambro Capital Management Holdings Limited	UK	Ordinary	100	100
J O Hambro Capital Management Limited	UK	Ordinary	100	100
JOHCM (USA) General Partner Inc.	USA	Ordinary	100	100
JOHCM (USA) Inc.	USA	Ordinary	100	–
JOHCM (Singapore) PTE Limited	Singapore	Ordinary	100	100
JOHCM Share Trustee Limited	UK	Ordinary	–	100
BT Investment Management Employee Share Trust	Australia	Ordinary	–	–
BTIM Employee Benefit Trust	Jersey	Ordinary	–	–

(c) KMP

Disclosures relating to KMP are set out in Note 23 and the Remuneration Report of the Directors' Report.

(d) Transactions with The Westpac Group of companies	2013 \$	2012 \$
The following transactions occurred with related parties:		
<i>Rendering of services</i>		
Management, fund and trustee fees	58,428,217	53,785,363
Service fees from related parties	1,488,422	1,425,567
<i>Purchase of goods and services</i>		
Service fees to related parties	7,540,380	7,875,734
Insurance premiums to related parties	131,243	126,458
<i>Interest income</i>		
Interest received on cash balances held	268,818	340,660
<i>Financing costs</i>		
Bank guarantee fee paid for premises lease	16,663	14,229
Establishment fee on borrowings	175,578	–
Interest paid on borrowings	1,787	–
<i>Other transactions</i>		
Dividends paid to the immediate parent entity, WFSGL	25,920,000	26,784,000

Notes to the Financial Statements continued

27. RELATED PARTY TRANSACTIONS CONTINUED

(e) Outstanding balances with The Westpac Group of companies arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2013 \$	2012 \$
<i>Current receivables (rendering of services)</i>		
Other related entities	5,350,634	5,393,912
<i>Current payables (purchase of services)</i>		
Ultimate parent entity	2,322,381	2,373,861
Other related entities	1,515,346	1,366,485

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(f) Outstanding balances with The Westpac Group of companies relating to outstanding debt

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2013 \$	2012 \$
<i>Non-current borrowings</i>		
Other related entities	36,417,563	–

(g) Cash and cash equivalents

\$4,907,327 (2012: \$4,506,973) was in bank accounts held with The Westpac Group at 30 September 2013.

(h) Bank guarantees

As part of the lease agreement for its premises, the Company has a bank guarantee with The Westpac Group of \$1,619,393 (refer Note 26).

(i) Terms and conditions

Transactions relating to dividends and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

Outstanding balances are unsecured.

The following material contracts and agreements were in place with The Westpac Group during the financial year (unless otherwise stated):

Agreement	Term	Description
Name Licensing Agreement	Five years to 19 October 2012 and extended by mutual agreement.	Non-exclusive licence for the BTIM Group to use the 'BT' brand in Australia in connection with providing investment management services, and the distribution and marketing of investment management funds.
Master Relationship Agreement	Initial three year term extended to 31 March 2015.	Governs the terms on which BTIMI acts as the investment manager of certain Westpac Group retail funds, pooled superannuation trusts and statutory funds (Funds), including management fees payable, the rights of members of The Westpac Group to withdraw funds from management and/or terminate BTIM FS's appointment.
Investment Management Agreement	Ongoing, subject to termination rights under the agreement and the Master Relationship Agreement.	Appoints BTIMI as the investment manager for the Funds for which members of The Westpac Group act as the RE.
PPM Advisory Agreement	Three years to 19 October 2013 and extended by mutual agreement.	Appointment of BTIMI to provide investment advisory and other services to the managed account business within The Westpac Group which provides advice to high net worth clients.
Services Agreements	Ongoing, unless terminated in accordance with the provisions of the agreement.	The Westpac Group's provision of registry, customer relations, technology, finance, compliance, payroll and other miscellaneous services to the BTIM Group. In addition, the BTIM Group will provide services (including performance measurement and client services) to The Westpac Group.
Investment Accounting Agreement	Ongoing, until terminated by either party.	Provision of investment accounting services by The Westpac Group to the BTIM Group.

(j) Other related parties

J D Hambro is Chairman, member and has a significant holding directly and indirectly in James Hambro LLP (JH&P) and is a Director and substantial holder of Runnall Limited, a designated member of JH&P in which entity JOHCM has a 6.76% (2012: 9.9%) investment. In addition, the chief executive of JOHCM GM Rochussen has a 2.99% investment in JH&P.

J D Hambro is a director of Primary Health Properties PLC (PHP) from which JOHCM receives fees in addition to Mr Hambro's fees for his services as a director. Directors fees received during the year were \$39,160 / £25,000 (2012: \$41,156 / £26,875). During the year, JOHCM received fees for services provided to PHP of \$2,698,871 / £1,722,959 (2012: \$2,477,418 / £1,617,754) and at balance date the amount due from PHP was \$237,016 / £151,311 (2012: \$204,361 / £133,448). J D Hambro holds an equity interest in Wiltons Holdings Limited which holds the trademark licences for the Hambro name. The trademark licence is for a term of 7 years at a fee of \$78,320 / £50,000 (2012: \$91,883 / £50,000) and may be renewed thereafter.

The Transitional Services Agreement between JOHCM and JH&P terminated on 26 October 2012 and on termination, the parties entered into an agreement for the provision of dealing and IT services to JH&P for a fee of £50,000 per annum (\$78,320).

28. SUBSEQUENT EVENTS

No matter or circumstance which is not otherwise reflected in this Financial Report has arisen subsequent to the balance date, which has significantly affected or may significantly affect the operations of the BTIM Group, the results of those operations or the state of affairs of the BTIM Group in subsequent financial periods.

29. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 \$'000	2012 \$'000
Profit after tax for the financial year	51,245	21,398
<i>Adjustments for non-cash expense items:</i>		
Depreciation	1,356	1,216
Amortisation and impairment of intangibles	9,907	12,112
Amortisation of employee equity grants	19,795	21,584
Interest and finance costs	2,828	2,207
Loss on financial liabilities at fair value through profit and loss	7,213	1,090
Net gain on sale of available-for-sale financial assets	(322)	–
Net exchange differences	1,212	(246)
<i>Change in operating assets and liabilities, net of effects from the purchase of JOHCM:</i>		
(Increase)/decrease in trade and other receivables	(10,226)	4,965
Increase in prepayments	(227)	(342)
Increase in deferred tax assets	(3,508)	(755)
Increase/(decrease) in trade and other payables	9,288	(21,974)
Increase in employee benefits	26,393	1,051
Decrease in lease liabilities	(424)	(331)
Increase in current tax liabilities	8,658	4,142
Decrease in deferred tax liabilities	(6,204)	(3,021)
Net cash inflow from operating activities	116,984	43,096

Notes to the Financial Statements continued

30. EARNINGS PER SHARE

	2013 Cents per share	2012 Cents per share
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of BTIM	20.9	8.8
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of BTIM	19.9	8.5

(c) Reconciliation of earnings used in calculating earnings per share

	2013 \$'000	2012 \$'000
<i>Basic earnings per share</i>		
Profit attributable to owners of BTIM used in calculating basic earnings per share	51,245	21,398
<i>Diluted earnings per share</i>		
Profit attributable to owners of BTIM used in calculating diluted earnings per share	51,245	21,398

(d) Weighted average number of shares used as the denominator

	2013 Number of shares '000	2012 Number of shares '000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	245,544	242,687
<i>Adjustment for calculation of diluted earnings per share</i>		
Effect of own shares held	–	2,834
Converting notes ¹	11,911	5,286
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	257,455	250,807

¹ Converting notes issued on 26 October 2011, and totalling 16,646,411 at 30 September 2013, are considered potential ordinary shares and have been included in the determination of diluted earnings per share from their issue date.

Options totalling 5,844,665 and performance share rights totalling 2,145,329 issued to staff of the BTIM Group have not been included in the calculation of diluted EPS for the year ended 30 September 2013. This is because ordinary shares will be acquired on-market over time to settle the exercise of the options and the conversion of the performance share rights.

31. SHARE-BASED PAYMENTS

The BTIM Group has two employee benefit trusts to administer the BTIM Group's employee share schemes. The BT Investment Management Employee Share Trust (EST) is used by BTIM to administer the employee share plan for its Australian employees and the BTIM Employee Benefit Trust (EBT) for the employee share plan for its UK employees. Share purchases are undertaken by the specially established trusts that are funded on an ongoing basis by the BTIM Group and controlled by BTIM.

(a) BTIM employee equity grants

Ordinary shares have been granted to employees and KMP under the following schemes:

Upfront Equity Grants

The shares comprising Upfront Equity Grants were issued under the BTIM Employee Equity Plan at listing. These shares were not a cash expense to the business and were subject to a vesting period of up to five years. These shares were fully vested as at 1 October 2012.

New and Existing Employee Equity Grants

BTIM satisfies any grants to new employees, current employees where equity is provided for retention for employees filling new or existing positions by either issuing treasury shares from forfeited shares in the ESP or from shares purchased on market (refer Note 20).

	2013	2012
Number of shares issued under the New and Existing Employee Equity Grants to participating employees under the ESP	515,375	1,605,607

Each participant was issued shares with a weighted average market price of between \$3.23 and \$3.68 (2012: between \$1.90 and \$2.17).

Ongoing Equity Grants

Boutique Variable Reward Scheme

The ongoing remuneration structure for investment managers has two components: fixed remuneration and variable reward. Investment managers are eligible for a profit share payment consisting of a combination of cash and/or shares (Ongoing Equity Grants).

Corporate Variable Reward Scheme

Management employees of BTIM are paid a combination of fixed remuneration and variable reward made up of cash and/or shares (Ongoing Equity Grants).

Annual CEO Award

To recognise outstanding individual achievement, the winner of the Annual CEO Award is eligible to receive \$10,000 of Company shares.

Number of shares issued under the Ongoing Equity Grants	2013	2012
Grants to participating employees of the ESP	3,779,695	4,069,176
Grants to participating employees of the EBT	61,407	50,366
Total grants to participating employees of the BTIM Group	3,841,102	4,119,542

ESP participants were issued shares with a weighted average market price of between \$1.99 and \$2.02 (2012: \$2.17). EBT participants were issued shares with a weighted average market price of \$2.02 (2012: \$1.99).

Shares granted in Ongoing Equity Grants have time-based vesting conditions and may contain performance hurdles.

(b) JOHCM employee equity grants

As part of the acquisition of JOHCM, BTIM has provided JOHCM employees short, medium and long term equity incentives in the form of BTIM shares or other BTIM securities. These are equity-settled share-based payment transactions, where JOHCM receives consideration for the equity instruments granted. The fair value of the services received cannot be estimated reliably and therefore the Company has measured their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

The following share-based payment compensation schemes were in operation during the 2013 Financial Year for JOHCM employees:

Rollover Equity and Fund Equity – Converting Notes

On the date of the acquisition of JOHCM by BTIM, a total number of 14,009,668 BTIM converting notes were issued to JOHCM employees in exchange for their JOHCM Group shares or other equity entitlements. Each converting note will convert into one BTIM ordinary share over a period of up to five years provided that the note holder continues in employment. If the employment conditions are not met the number of converting notes that will convert may be reduced.

The employees are entitled to receive dividend-linked coupons during the vesting period.

The fair value of the converting notes are based on the BTIM share price at the grant date of \$1.98 and allocated between purchase consideration and remuneration. The fair value of the converting notes treated as purchase consideration and classified as a financial liability (refer Note 18), represents the fair value of the conversion right that the note holder will receive irrespective of whether they continue in employment. The remuneration component is accounted for as equity-settled share-based payment with a vesting period of up to five years. The assessed fair value of the remuneration component is in the range of \$0.26 to \$0.28 per converting note. It was independently determined using Monte-Carlo simulation valuation techniques that take into account the following inputs:

- the term of the converting note
- the impact of dilution
- the share price at grant date of \$1.98
- expected volatility of the underlying share of 30%
- the expected dividend yield of 6%
- the risk free rate of return for the term of the converting note of 3.81%.

On 2 November 2012, 1,082,302 converting notes converted into 1,082,302 BTIM ordinary shares. The number of converting notes outstanding and convertible into BTIM ordinary shares at 30 September 2013 is 12,927,366 (2012: 14,009,668).

Notes to the Financial Statements continued

31. SHARE-BASED PAYMENTS CONTINUED

Staff Equity Plan – Converting Notes

Equity was granted in the form of BTIM converting notes to JOHCM senior and general staff with performance hurdles attached. The total number of converting notes issued was 4,047,220. The fair value of the converting notes was determined to be the BTIM share price on grant date of \$1.98. The converting notes will vest and convert into unrestricted ordinary shares in BTIM in two tranches after three and five years, subject to operating earnings growth targets and the employee remaining in employment. The number of shares to which the note holder shall be entitled upon conversion will be equal to the number of notes.

The employees are entitled to receive dividend-linked coupons during the vesting period. A total number of 276,510 (2012: 51,665) converting notes were forfeited during the year. The total number of converting notes outstanding at 30 September 2013 is 3,719,045 (2012: 3,995,555).

Fund Linked Equity

JOHCM investment managers who held long term equity awards under a JOHCM equity scheme prior to the BTIM Group's acquisition have been awarded new equity grants under substantially the same terms. The new equity awards will convert into a number of BTIM ordinary shares over a period of up to eight years.

Long Term Retention Equity

Two tranches of BTIM equity in the form of BTIM nil cost options were awarded to existing JOHCM fund managers as part of the acquisition. A total number of 5,844,665 nil cost options were issued during 2012 which will vest and be exercised into BTIM ordinary shares over a period of up to ten years. The number of shares to which the option-holder is entitled upon exercise will be equal to the number of options.

The employee is not entitled to receive dividends during the vesting period.

The fair value of the options was determined using the binomial method based on the BTIM share price at grant date of \$1.98 and dividend yield of 6%. The assessed fair value of the nil cost options issued based on these inputs was between \$1.09 and \$1.38 depending on their vesting date.

No nil cost options were exercised during the year (2012: nil). The total number of nil cost options at 30 September 2013 is 5,844,665 (2012: 5,844,665).

Following the acquisition fund managers who are awarded BTIM shares in the Fund Manager Remuneration schemes are awarded additional equity in BTIM in the form of other nil cost options. The number of nil cost options is determined with reference to individual performance each year through the performance period ending 30 September.

The nil cost options can not be exercised until 2019. Dividends accrue over the period until they are exercised with additional nil cost options being awarded in lieu of dividends which can also be exercised in 2019.

No nil cost options were issued in the year ended 30 September 2013.

Ongoing Equity Grants

Fund Manager Variable Reward Scheme

The ongoing remuneration structure for fund managers has two components : fixed and variable reward. Eligible fund managers will receive a variable reward based on a share of the funds revenue calculated under the Fund Manager Remuneration Scheme for the year ended 30 September 2013 and in subsequent years deferred and paid in BTIM ordinary shares.

The shares will vest over a period of up to five years.

There were no shares issued in the year ended 30 September 2013.

Corporate Variable Reward Scheme

Management employees of JOHCM employees are paid a combination of fixed remuneration and variable reward made up of cash and/or BTIM ordinary shares in respect of ongoing equity grants. During the year shares were issued to eligible participants with a weighted average market price of \$2.02 (2012: \$1.99).

The shares will vest over a period of up to five years.

The Company's Constitution provides that the aggregate number of shares issued to current employees under the employee share plans (ESP and EBT) must not exceed 15% of the shares then on issue. This restriction may only be waived or amended by the approval of shareholders in a general meeting.

The total number of shares held within the ESP and EBT at 30 September 2013 was 11%.

(c) Long-term incentive plans (LTIP)

The BTIM Group has the following long-incentive plans which are aimed at driving performance by delivering value only when specific performance hurdles are met or exceeded.

BTIM Performance Reward Scheme

The BTIM Performance Reward Scheme (PRS) is a long-term incentive plan for BTIM employees where selected BTIM employees will be granted performance share rights which vest into BTIM ordinary shares at the end of a the three year period subject to meeting employment and performance conditions. The performance conditions are either based on total shareholder return (TSR) and, Cash earnings per share (Cash EPS) growth or revenue-linked targets.

Performance share rights do not qualify for any dividends throughout the performance period. However, there will be a dividend-equivalent payment made for dividends attributable to performance share rights that vest at the end of the performance period.

The scheme was in place for eligible employees during the 2012 and 2013 Financial Years.

During the 2013 Financial year a total of 1,556,723 (2012: 495,417) performance share rights were granted. The performance share rights granted that are linked to TSR hurdles over three years have been independently valued using a Monte Carlo simulation model. The performance share rights that are linked to Cash EPS performance hurdles or revenue targets over three years are valued with reference to the BTIM share price at grant date. The fair value at grant date was \$1.29 and \$2.08 (2012: \$1.26 and \$1.98) for the TSR and Cash EPS performance share rights respectively and \$3.95 (2012: nil) for the revenue-linked performance share rights.

Key inputs in the valuation model performance share rights include a risk free interest rate of 3.62% and 2.39% for the 2013 and 2012 Financial Years respectively, volatility of 30% and dividend yield of zero for both years.

A total number of 65,112 performance share rights granted during the 2013 Financial Year were forfeited during the year. There were no forfeitures in relation to the performance share rights granted during the 2012 Financial Year. The total number of performance share rights outstanding at 30 September 2013 is 1,491,611 and 495,917 for the performance share rights granted during the 2013 Financial Year and 2012 Financial Years respectively.

JOHCM Performance Reward Scheme

Under the JOHCM PRS scheme selected employees will be granted performance share rights which will vest into BTIM ordinary shares at the end of the three year period subject to meeting employment and performance conditions. The performance conditions are based on the growth in JOHCM Cash Operating Profit over a three year period.

Performance share rights do not qualify for any dividends throughout the performance period. However, there will be a dividend-equivalent payment made for dividends attributable to performance share rights that vest at the end of the performance period.

A total of 93,189 performance share rights were granted during the 2013 Financial Year. No amounts were forfeited during the year and the total number of performance share rights outstanding at 30 September 2013 is 93,189.

(d) Expenses arising from share-based payment transactions

Total expenses of the BTIM Group arising from share-based payment transactions recognised during the financial year as part of employee benefit expense were as follows:

	2013 \$'000	2012 \$'000
Amortisation of employee equity grants	19,795	21,584

Notes to the Financial Statements continued

32. PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity, BTIM, show the following aggregate amounts:

	2013 \$'000	2012 \$'000
(a) Summary financial information		
Profit for the financial year	59,801	25,177
Total comprehensive income for the financial year	59,801	25,177
Current assets	80,679	46,240
Total assets	612,751	565,727
Current liabilities	51,367	36,303
Total liabilities	82,267	72,397
Shareholders' equity:		
Contributed equity	469,749	462,490
Reserves		
Common control reserve	(25,472)	(25,472)
Share-based payment reserve	49,408	46,547
Retained earnings	36,799	9,765
Total equity	530,484	493,330

(b) Guarantees entered into by the parent entity

The parent entity entered into a guarantee with The Westpac Group in relation to the debts of its subsidiary, BTIM UK Limited.

The parent entity has also guaranteed the obligations of its subsidiary, BTIMI to its institutional clients. The effect of the guarantee which is capped at \$5 million will provide recourse to capital exceeding the minimum regulatory capital required to be maintained by BTIMI.

(c) Contingent liabilities of the parent entity

The parent entity has contingent liabilities as outlined in Note 25.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 September 2013, the parent entity had a contractual commitment for the purchase of software totalling \$467,977 (2012: Nil). This commitment is not recognised as a liability as the asset has not yet been received.

Directors' Declaration

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 75 to 118 are in accordance with the Corporations Act, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements
 - (ii) giving a true and fair view of the BTIM Group's financial position as at 30 September 2013 and of its performance, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that BT Investment Management Limited will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required under section 295A of the Corporations Act by the Chief Executive Officer and Chief Financial Officer.

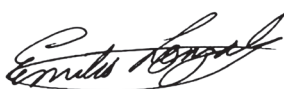
This declaration is made in accordance with a resolution of the Directors.

For and on behalf of the Board.



Brian Scullin

Director



Emilio Gonzalez

Director

Sydney, 31 October 2013

Independent Auditors' Report

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013



Independent auditor's report to the members of BT Investment Management Limited

Report on the financial report

We have audited the accompanying financial report of BT Investment Management Limited (the company), which comprises the consolidated statement of financial position as at 30 September 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for BTIM Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

PricewaterhouseCoopers, ABN 52 780 433 757

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



- (a) the financial report of BT Investment Management Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 50 to 72 of the directors' report for the year ended 30 September 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of BT Investment Management Limited for the year ended 30 September 2013 complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of BT Investment Management Limited (the company) for the year ended 30 September 2013 included on BT Investment Management Limited's web site. The company's directors are responsible for the integrity of BT Investment Management Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

V. Papageorgiou
Voula Papageorgiou
Partner

Sydney
31 October 2013

Shareholder Information

The shareholder information set out below is current as at 15 October 2013.

Number of shareholders and shares on issue

The Company has issued 278,100,237 fully paid ordinary shares and these are held by 9,096 shareholders.

Top twenty shareholders

Details of the 20 largest holders of ordinary shares in the Company are:

	NAME	NUMBER OF SHARES	%
1	Westpac Financial Services Group Limited	172,800,000	62.14
2	J P Morgan Nominees Australia Limited	10,139,459	3.65
3	HSBC Custody Nominees (Australia) Limited	6,255,159	2.25
4	National Nominees Limited	5,985,878	2.15
5	Citicorp Nominees Pty Limited	4,877,285	1.75
6	EFJ Investments Pty Limited	4,426,745	1.59
7	Equinity TST (Jersey) Limited	3,454,794	1.24
8	Pacific Custodians Pty Limited	2,907,137	1.05
9	Pacific Custodians Pty Limited	2,037,616	0.73
10	Emilio Gonzalez	2,024,432	0.73
11	Australian United Investment Company Limited	2,000,000	0.72
12	Diversified United Investment Limited	2,000,000	0.72
13	James Francis Taylor	1,744,119	0.63
14	Equinity TST (Jersey) Limited	1,669,904	0.60
15	Andrew Waddington	1,595,134	0.57
16	Noel Adrian Webster	1,416,970	0.51
17	BNP Paribas Nominees Pty Limited	1,314,502	0.47
18	Adina Holdings No 2 Pty Limited	1,308,330	0.47
19	Investor Nominees Pty Limited	1,170,262	0.42
20	National Investment Holdings Pty Limited	938,790	0.34
	Total	230,066,516	82.73
	Grand TOTAL	278,100,237	100.00

Distribution of shareholders

HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	%
100,001 and Over	41	243,296,546	87.49
10,001 to 100,000	588	14,352,205	5.16
5,001 to 10,000	833	6,277,500	2.26
1,001 to 5,000	6,969	13,836,024	4.97
1 to 1,000	665	337,962	0.12
Total	9,096	278,100,237	100.00

Unmarketable parcels of shares

There are 100 shareholders holding less than a marketable parcel of ordinary shares.

Substantial shareholders

The number of securities held by substantial shareholders and their associates, as disclosed in substantial holding notices given to the Company, is set out below:

NAME	NUMBER OF SHARES	%
Westpac Financial Services Group Limited	172,800,000	62.14

Restricted securities

There are no restricted securities or securities subject to voluntary escrow.

Unquoted securities

The following unquoted securities are on issue:

Converting notes: 16,646,411

Nil cost options: 5,844,665

Voting rights

The voting rights attached to ordinary shares are that on a show of hands, every member present, in person or proxy has one vote and upon a poll, each share shall have one vote.

No voting rights are attached to converting notes or nil cost options.

Glossary

\$

Australian dollars, unless indicated otherwise

£ or GBP

Pounds sterling

2013 Financial Year or FY13

The financial year ended 30 September 2013

20XX Financial Year or FYXX

Refers to the financial year ended 30 September 20XX, where XX is the two digit number for the year

AASB

Australian Accounting Standards Board

ABN

Australian Business Number

ACN

Australian Company Number

AFSL

Australian Financial Services Licence

AGM

Annual General Meeting

ASX

Australian Securities Exchange

ASX Recommendations

The Corporate Governance Principles and Recommendations (Second Edition) published by the ASX Corporate Governance Council

AUD

Australian Dollar

b

Billion

Board

Board of Directors

bps

Basis points

BTFG

BT Financial Group, the wealth management division of Westpac

BTIM or Company

BT Investment Management Limited (ABN 28 126 385 822)

BTIM Australia

BTIM and its Australian-based subsidiaries, BTIMFS and BTIMI.

BTIM ESP

BTIM Employee Share Plan.

BTIMI

BT Investment Management (Institutional) Limited (ABN 17 126 390 627) a wholly owned subsidiary of BTIM (previously known as BT Investment Management (RE) Limited).

BTIM FS

BT Investment Management (Fund Services) Limited (ABN 13 161 249 332), a wholly-owned subsidiary of BTIM and the RE of the BTIM Funds

BTIM Funds

The managed investment schemes or unit trusts of which BTIM FS is the RE or trustee

BTIM Group

BTIM and its subsidiaries

Cash EPS

Cash earnings per share

CEO

Chief Executive Officer of BTIM

CFO

Chief Financial Officer of BTIM

CGU

Cash generating unit

CODM

Chief Operating Decision-Maker, which is the Senior Management Team

COO

Chief Operating Officer of BTIM

Corporations Act

Corporations Act 2001 (Cth)

cps

Australian cents per share

CRO

Chief Risk Officer of BTIM

Directors

Directors of BTIM

DRP

Dividend Reinvestment Plan

EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortisation

EM

Emerging markets

ESG

Environmental, social and governance

FTE

Full time equivalent employees

FUM

Funds under management

IASB

International Accounting Standards Board

GDP

Gross Domestic Product

GFC

Global financial crisis

JOHCM

J O Hambro Capital Management Limited

JOHCM EBT

JOHCM Employee Benefit Trust

Key management personnel or KMP

Those persons having authority and responsibility for planning, directing and controlling the activities of BTIM, including the Directors and the members of the Senior Management Team

KPIs

Key performance indicators

Listing Rules

Listing rules of ASX

LTI

Long-term incentive

m

Million

M & A

Mergers & Acquisitions

NED(s)

Non-executive directors

NPAT

Net profit after tax

PwC

PricewaterhouseCoopers, the external auditor of the BTIM Group

RE

Responsible entity

Reporting Period

The financial year ended 30 September 2013

Senior Executives

Members of the Senior Management Team

STI

Short-term incentive

Senior Management Team

Senior Management Team of BTIM. During the 2013 Financial Year, the Senior Management Team included the CEO, the Chief Executive Officer of JOHCM, CFO, COO, the Head of Sales & Marketing, the Head of Corporate Development and the Head of Human Resources

SMSF

Self-managed super fund

TSR

Total shareholder return

UN PRI

United Nations Principles for Responsible Investment

VR

Variable reward

Westpac

Westpac Banking Corporation (ABN 33 007 457 141)

The Westpac Group

Westpac and its controlled entities

WIB

Westpac Institutional Bank

WFSGL

Westpac Financial Services Group Limited (ABN 50 000 326 312), a subsidiary of Westpac.

Corporate Directory

Directors

Brian Scullin (Chairman)
Emilio Gonzalez (CEO)
Meredith Brooks
Brad Cooper
James Evans
Andrew Fay
Carolyn Hewson

Company Secretary

Chris Millard

Registered Office

Level 14
The Chifley Tower
2 Chifley Square
Sydney NSW 2000
Telephone: +612 9220 2000
Facsimile: +612 9220 2307
Email: enquiries@btim.com.au

Postal address

GPO Box 7072
Sydney NSW 2001

Website

www.btim.com.au

Australian Company Number (ACN)

126 385 822

Australian Business Number (ABN)

28 126 385 822

ASX Code

BTT

Auditors

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

Share Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Telephone: +612 8280 7111
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