ASX Announcement

6 December 2013

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BT Investment Management Limited – 2013 Annual General Meeting

In accordance with Listing Rule 3.13.1, please find enclosed the proposed addresses of the Chairman and Chief Executive Officer of BT Investment Management Limited (**Company**) to be delivered at the Company's annual general meeting on 6 December 2012, commencing at 10.00 am.

A copy of the presentation slides to be displayed at the annual general meeting will be lodged separately.

For further information in relation to this announcement, please contact:

Chris Millard
Company Secretary
BT Investment Management
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BT INVESTMENT MANAGEMENT LIMITED

ANNUAL GENERAL MEETING

FRIDAY, 6 DECEMBER 2013

ADDRESS BY BRIAN SCULLIN, CHAIRMAN, BT INVESTMENT MANAGEMENT LIMITED:

Highlights for the financial year ended 30 September 2013, included:

- Reporting a Cash net profit after tax of $61.9m, the highest level since listing in 2007
- Growth in funds under management by 25 per cent to $58.3 billion
- Strong inflows from J O Hambro Capital Management which experienced $3 billion in net fund inflows as well as excellent performance across its funds
- Continued strong flows into our fixed income strategies with $1.3 billion of net inflows. This was supported by a number of buy rating recommendations from key asset consultants
- Built on our global presence by opening an office in New York, providing greater access to the world's largest managed funds market
- The successful launch of the BT Equity Income Series, which has raised over $300 million since launch, and has attracted funds from high net worth investors and self-managed super fund investors
- Excellent investment performance across the business supplemented by strong increases in stock markets globally. As you would be aware, we are highly leveraged to movements in stock markets – so we are able to benefit from rising markets.
- I am also very pleased to tell you that yesterday BTIM was awarded Fund Manager of the Year by Money Magazine in their annual Best of the Best edition

As these highlights show, the 2013 Financial Year was an exceptional year for the Company. It is pleasing to see that the strategy which we put in place during difficult markets over the past three to four years ago, in terms of diversifying our sources of revenue with new growth engines, has enabled us to be in a position to benefit strongly from improving markets. Last year I talked about the importance of financial markets to our business. During the 2013 financial year, our business was positively impacted by increases in markets; the Australian market, as measured by the S&P/ASX 300 Price Index, was up 18 per cent for the 12 months to 30 September 2013. Offshore, markets also rose strongly; the MSCI All Countries World Index was up 17 per cent in pound sterling terms. In addition, performance across funds was extremely strong with 71 per cent of our core funds ranked in the top two quartiles in the year to 30 September, and 79 per cent in the top two quartiles over the last five years. In total, the outperformance across our funds, combined with strong positive market movements provided an increase of $8.1 billion to our funds under management.

The business now has leverage to a range of major and emerging markets around the world, whilst also maintaining its investment in lower risk strategies such as income and fixed interest. We believe we have built the right platform and strategies to provide ongoing value to our shareholders in the years ahead.

Capital Management

Turning to capital management, the Board has declared a final dividend of 10 cents per share, bringing total dividends for the year to 18 cents per share. This is an increase of 44 per cent on the previous year.

The total dividend represents a dividend payout ratio of 85 per cent of Cash Net profit after tax, which remains within your Board's stated target range of 80-90 per cent of Cash NPAT.

The final dividend applies to all shares on issue as at 6 December 2012, and the Payment Date will be on 19th December.

One of the outcomes of building a strong, diversified portfolio, with an increasing proportion of earnings from offshore, is a reduction in franking credits which we discussed at last year's AGM and throughout our result announcements this year. For the final dividend of 10 cents per share, franking has been reduced to 50 per cent which together with the first half dividend which was 100 per cent franked, means that for an individual with a tax return for the year end June 2014 the average franking levels will be 72 percent.

When we purchased the JOHCM business in 2011 we advised that franking levels would decline over time due to offshore earnings being a greater proportion of Group profitability. While we recognise the importance of franking credits to our shareholders, from a total shareholder return perspective, shareholders have been better off due to the strong growth in the offshore business and the subsequent growth in the share price.

I would also note that this year your Board has decided to keep activated the Dividend Reinvestment Plan, or DRP. The DRP will be activated for the final dividend and our majority shareholder, Westpac Banking Corporation, has indicated its intention to fully participate in the DRP. Shares issued under the DRP will be at a zero discount to the allocation price.

Share Price

There has been significant change in the Company and unprecedented events in financial markets over the last 6 years as you can see in this chart.

When BTIM listed on the ASX in 2007 and I joined as Chairman, our business had just under 140 employees, we had only Australian based clients, and one third of our funds under management was in Australian equities. The Company's funds under management (FUM) was $41.6 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 funds under management declined 16 per cent in 2008 and by the beginning of 2009, the market had halved in value reaching a low of 3111 points. These market conditions tested our business model at a very early stage and our multi-boutique structure proved to be resilient. We responded by being strict with our cost base, investing in new teams and products and expanding offshore in the face of difficult markets.

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, 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, BTIM acquired J O Hambro Capital Management expanding our investment capability to UK, European, global and emerging markets expertise. The acquisition was also done against the backdrop of heightened debt issues in Europe, but this did not prevent us from executing on our strategy. The acquisition has been transformational and a great success taking BTIM from a domestic focused investment manager to a global asset management business with a platform for expanding into new markets, such as the US and Asia.

Whilst we were focused on delivering success on our offshore strategy we did not lose sight of the fact that domestically we needed to re-think our range of products and in particular how to address the thirst for income generating investments. In 2012, we launched the BT Equity Income Series. The funds were developed to target the growing desire for yield and stable income in Australia and have had noteworthy success. Emilio will talk further about this later.

In 2013, we saw improving investment markets and our hard work delivering on our strategy to diversify our client base, increase our exposure to the wholesale channel and provide a greater range of products through new channels, has created the platform for us to report stand out results. In 2013, our business sourced 35 per cent of funds from clients based offshore. Our funds invested in Australian equities is 19 per cent of total funds under management, and the higher margin wholesale channel contributes 51 per cent of our fee revenue compared to 30 per cent three years ago.

When any company faces structural or cyclical headwinds, the issue management face is how best to respond: wait for it to pass, or put in place strategies to ensure that when the operating environment improves the business takes a greater benefit. You can see from the chart, that whilst markets can be volatile and have moved significantly over the last 6 years, our strategy and continued focus on maintaining our own course has paid off.

In the six years since listing BTIM has produced a total shareholder return of 23% compared to 1% for the for the market, a very pleasing result for our shareholders given the backdrop of unprecedented market events that have occurred over the same period.

Outlook

Looking to the future, your Board believes that BTIM continues to be well positioned for growth.

Investor sentiment is improving. Offshore we have seen strong inflows into managed funds, particularly in UK equities. Europe appears to have stabilised in terms of economic issues such as country defaults and political uncertainty, and there have been encouraging, albeit modest, signs of improvement in the US economy.

Domestically, despite sluggish growth forecasts and the expectation of fiscal drag, loose financial conditions provide a basis for a non-mining economic recovery led by the housing sector. Investor sentiment is also improving.

Regulation remains both a challenge and an advantage for our business. The introduction of new regulations such as FOFA (Future of Financial Advice) and MySuper in Australia is changing the face of the industry and how our clients operate. There are increasing challenges for fund management organisations like ours including growth in self-directed investing, margin compression along the value chain and customers growing desire for tailored solutions, particularly as they face retirement. On the plus side, our business will be supported by the growth and rise in the compulsory superannuation guarantee which will continue to grow the available pool of investable funds. For this reason, Australia remains an attractive market for asset managers but we need to demonstrate a clear value proposition and attract the very best talent.

Our focus overseas will be on continuing the current momentum we currently have in the JOHCM business and grow by deepening our presence in existing markets, expanding in new markets such as Asia and the US, and by continuing to broaden our product range.

The Board would like to recognise the achievements of your company's management, led by Emilio Gonzalez, in continuing to execute on BTIM's strategy and guiding the business to its current strong position in the face of difficult market conditions. The company has a great team in place, both in Australia and in London, and I commend them for their constant focus on finding opportunities to leverage the business for growth.

As many of you would know, I have advised the Board and Company that I will be stepping down as Chairman following the conclusion of this meeting. Every successful enterprise needs to find ways to refresh and renew. Over the past few years we have added two new directors, both of which you have heard from today. They have provided invaluable input since joining and bring with them diverse experiences. The regeneration phase will continue with a new Chairman and I retire with the knowledge that the company is in great hands.

I have recently moved to sunny Hobart with my wife where we are enjoying the climate and we look forward to spending time getting to know the region. I leave the Company knowing it is in strong and capable hands. It has been a great privilege to lead BTIM and work with such an effective Board and management team.

The Board has announced that Jim Evans will take on my position as Chairman. This will come into effect following the conclusion of the AGM today. Jim has been a non-executive director of the Board since 2010 and is the current Chairman of the Audit & Risk Management Committee. Jim will bring to the Board a strong history of work in financial services companies and I am confident that he is well placed to take the business forward in its next phase of growth. Jim will talk to you briefly after the close of the meeting and I encourage you to introduce yourself to Jim at the end of today's proceedings.

Lastly, I would like to thank all of you, our shareholders, for your support throughout the year. For those of you who have been shareholders since listing, thank you for your ongoing support of the Company and of me as Chairman, especially given the turbulent times we have experienced.

ADDRESS BY EMILIO GONZALEZ, CHIEF EXECUTIVE OFFICER, BT INVESTMENT MANAGEMENT LIMITED:

Thank you, Brian. Welcome and good morning,

2013 has been another significant year for BT Investment Management with a number of factors coming together to produce a strong set of financial outcomes for shareholders.

As Brian has already alluded to, we are a business that is very much linked to market movements and investor sentiment as the majority of our fees are based on a percentage of funds we manage. Over the course of the year we saw an improvement in markets globally and a significant number of our funds outperformed their respective indices adding to significant growth in funds under management.

Financial Highlights

The key financial highlights for the year include:

- Cash net profit after tax was up 49 per cent to $61.9 million
- Average funds under management up 15 per cent to $51.5 billion and closing FUM up 25 per cent to $58.3 billion at 30 September. Growth in Funds under management was driven by strong inflows into J O Hambro Capital Management (JOHCM), rising markets and exceptional outperformance from our investment funds
- Fee revenues were up 35 per cent to $260.4 million, driven by stronger base management fees and record performance fees
- Pre-tax cash operating expenses grew by 32 per cent to $175.2 million, linked to rising revenue and strong investment performance and hiring of new staff to support growth in the business

The strong performance across the business resulted in our Cash Earnings Per Share rising by 46 per cent compared to the previous year, and our dividends growing by 44 per cent.

FUM flows by Asset Class

During the course of the year we received strong client support for a number our funds. The key asset classes that received the most inflows included:

- Income & Fixed Interest which received $1.3 billion in net inflows
- UK equities with net inflows of $1.1 billion
- Global equities experienced net inflows of $1.0 billion
- and Japanese equities, following strong performance in that asset class, registering positive flows of $300 million

Where we did experience outflows was Australian equities and cash. Australian equities had net outflows of $1.3 billion largely through the institutional channel and the legacy book which is in run-off. Some of our clients also withdrew some of their cash holdings to re-deploy elsewhere culminating in net cash outflows of $0.7 billion.

BTIM Group Wholesale Flows

There is more to the picture than what is shown in the final end of year numbers. If you compare the second half with the first half there has been a noticeable pick-up in net flows in the second half of the year when compared to the first which reflects improved sentiment towards markets. This pattern has been evident both offshore and domestically. For example, if you consider our offshore business, JOHCM, the total net flow in the advice market for the first six months of the year was $700million whereas for the second half of the year, net flows were $1.5billion, more than double the first half run-rate. Domestically the trend was also evident. After posting continuous months of net outflows in the wholesale channel, that is flows through financial planners and intermediaries such as platforms, the Australian business has recorded positive net flows every month since May this year.

Strong performance across core funds

Important to generating flows in our business, is the delivery of strong investment performance, which in turn, is key to the sustainability of our business.

In the year to 30 September 2013, 83 per cent of the Group's funds produced returns above their benchmarks which is an impressive outcome. The Australian equity funds had a particularly strong year with notable outperformance from BT Institutional Core Australian Share Sector Trust, 5.4 per cent ahead of its benchmark index, the BT Wholesale Focus Australian Share Fund ahead of its benchmark by 6.4 per cent and the Smaller Companies Sector Trust a very impressive level of outperformance of 23.3 per cent along with the Wholesale MicroCap Fund exceeding its benchmark returns by an outstanding 36.3 per cent.

Our offshore funds through JOHCM are also doing extremely well with 9 of the 16 offshore investment strategies ahead of the market by more than 5 per cent including impressive performance from the European Select Values Fund (+11.4 per cent), the UK Equity Income Fund (+12.2 per cent), UK Growth Fund (+21.7 per cent) and the Global Select Fund (+8.9 per cent).

It is investment performance outcomes such as these that is recognised by clients and the industry. For BTIM this culminated in BTIM being named Fund Manager of the Year for 2013 by Money Management Magazine. Importantly, this award shows that we are delivering value to our clients, which in turn, provides economic value for our shareholders. We are very pleased to have received this award.

The nature of the strong investment results has also meant that our business has received a substantial increase in the level of investment performance fees, particularly from the JOHCM business, where performance fees apply on the open ended investment vehicles in the UK.

Investment performance

Performance fees for the 2013 Financial Year totaled $43.5 million due to higher performance fees received both in Australia and JOHCM. Performance fees have increased more than threefold from the $12.2 million reported in the 2012 Financial Year. Of the $43.5 million reported, JOHCM accounted for $34.5 million, and the Australian business earned $9.0 million in performance fees.

In the early months of the current 2014 Financial Year, our fund performance remains strong. In terms of performance fees, in Australia performance fees on Australian funds are reported on a June to June record date so it is too early to make any meaningful assessment for the current Financial Year. The JOHCM performance fee period however, is accounted for on a calendar year basis and so come the end of December, we will be able to advise the market on the outcome of the performance fees generated from the JOHCM business in our January FUM announcement.

At our year-end financial results announcement we advised that as at 30 September the assessed performance fee for JOHCM, being 9 months into the performance period, was $A67.8 million. Since then, investment performance has remained strong and so too has the performance fee. With December yet to play out, it is important to note that investment performance fees can be volatile and with our growing FUM it adds further volatility to our earnings.

One of the highlights for the year has been the strong and continued success of JOHCM. During the 2013 Financial Year, JOHCM's equity assets under management increased by 68 per cent from $12.2 billion to $20.5 billion, that is an increase of $8.3billion which was driven by net inflows, strong investment performance, higher markets and a lower Australian dollar.

The 2013 Financial Year saw positive flows for all of JOHCM's regional strategies: UK, Europe, Asia, Global and Emerging markets . An important focus for the JOHCM business over the past 12 months has been expanding its geographical presence into the US and building a foundation for growth in that market. I will cover this in more detail later when I discuss our strategy.

Market Dynamics (Global)

12 months ago I talked about the potential for an improvement in markets and fund flows, investors growing appetite for stable investments generating income and the need to look at new products to meet this demand.

To a large extent this has and is being played out where; yield on equities on a pre-tax basis is now well above a cash rate that declined during the course of the year; the global environment has improved with consensus expecting global GDP to improve with much of that improvement coming from the advanced economies; and, the key concerns surrounding the Eurozone, at least for the moment, dissipating.

The key concern for 2014 is "tapering" and at what point will the US Federal Reserve look to start winding back its asset buying program. We think a tapering will more than likely lead to a transition period, which may unsettle markets for a period of time while there is an adjustment to a more "normalized" interest rate setting. Nonetheless, we believe monetary policy will continue to remain very accommodative around the world well into 2015.

Importantly, as I have already pointed out confidence is returning to markets and investors are re-risking portfolios.

Market Dynamics (Australia)

Consumer sentiment has recovered in 2013 to the highest level seen in over two years. Investor preference for safety is diminishing and the long-term movement towards cash is slowing and starting to unwind. Term deposits are still growing but at the slowest growth rate since June 2006. The Reserve Bank has now cut interest rates to a low of 2.5% from a mid-2011 high of 4.75%. Market surveys in September 2013 saw the biggest quarterly fall in preference for cash since the GFC and sharemarket return expectations amongst both investors and advisers improved in 2013 for the first time since the recovery of the All Ords from the low point in 2009. Advisers have also reported that the build-up of excess cash which occurred since 2010 is now starting to be released.

As I mentioned earlier we have already seen evidence of this trend change in our own flows in the second half of the financial year and it augurs well for the year ahead if it can be sustained.

Strategy Focus

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 a competitive advantage and through our relationship with our key shareholder Westpac.

Our business is now well diversified and IS a truly global investment management business. The majority of our revenue is now sourced offshore with 25 per cent from UK equities, 8 per cent from European equities and 17 per cent from global, Asian and emerging market strategies. This complements our revenue generated from Australian equities, income and fixed interest and our diversified strategies.

What this means is that whilst we are still linked to market movements, the business has been de-risked through the material increase in the number of teams and investment strategies we offer, the expanded geographic foot print, the expanded range and nature of economies our shareholders are exposed to, as well as providing currency diversification at a time when our own central bank is jawboning for a lower currency. We are in a much stronger position.

This represents significant progress on our strategy with the focus now building off that platform by:

- growing in new and existing markets through high margin products,
- continued expansion in our investment capabilities; and,
- building on our current distribution channels with a focus on increasing our share in the planner/wholesale market.

As a result, we have undertaken a number of initiatives that will add to our growth profile. These initiatives include recognising the importance of being able to deliver solutions to our clients along with the launch of new products offshore and expanding our geographical footprint.

Our diversity is our strength in a market that has and is witnessing considerable change. There has been marked dislocation brought on by the pace of regulatory reform worldwide, a lack of confidence in traditional products resulting in greater demand for individual control, and the growth of self managed super funds. There is continued margin pressure across the value chain and we are seeing a move to consolidation leading to a more concentrated market with fewer but larger players.

Over the past year we have established a dedicated Product Solutions Group aimed at developing product to meet the growing and we believe the sustained interest in products that can deliver a regular and attractive level of income without high levels of capital volatility. Income-based investments now have a permanent place in portfolios with an increasing number of Australian investors focused on capital preservation, particularly those looking to fund their retirement.

One of the fastest growing segments in the marketplace is the transition from accumulation to retirement, which means a growing emphasis on capital preservation and ongoing income to meet a desired standard of living. The nature of the demographic dictates this trend.

Our response has been to launch a series of funds designed to be tax-efficient, and provide an attractive and reliable income stream, daily access to funds and low volatility in capital. This was the objective of the BT Equity Income Series, designed to address the specific need for income particularly during a period of declining interest rates.

I went to some length to outline the nature of these funds at last's year Annual General Meeting and am glad to report that 12 months on they have been hugely successful, raising $315million to date from the high net worth and self-managed super fund segments. This demonstrates the strong appetite of investors looking for alternatives to term deposits.

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 self-managed super funds, now representing one-third, or $506 billion, of the superannuation industry. Yet only a small percentage of investments held by self-managed super funds are directed to managed funds. Key to capturing this growth will be the ability to develop products that are distinct, innovative and meet a clear need and as a result provide a clear value proposition which will be better able to attract an attractive margin. For this reason, as I discussed earlier, we have invested in dedicated resources to focus on new product capability.

Offshore the focus is on sustaining the current momentum and bringing more of the same to new markets.

In the US, we have been receiving strong demand for our products from US based investors, and JOHCM has been raising funds in that market for some years now. As a result of this success, we established an on the ground presence by opening an office in New York and hiring our first US based investment team, the International Small Cap team. In October, we launched the International Small Cap strategy.

We are also planning the launch of two other new funds offshore. The first fund is a Global Emerging Markets Small–Cap fund which will also be launched in the US and targeted at planners and institutional clients.

The second fund that we plan to launch is a Global Sharia fund. This will serve as an extension of the existing and successful Global/International Select strategy which is managed by the Singapore based team. We have identified a joint venture partner who will provide Middle East distribution and assist with the Sharia Board requirement.

These initiatives are as a result of our continued focus on building out our investment capability platform which is central to our model. The International Small Cap team and the added Emerging Small Cap capability broadens our investment expertise further. In the 2014 Financial Year, we will continue to search for investment capability, particularly in the US now we have an on the ground presence with a focus on adding a US regional strategy and global capability, an area where we are seeing increased demand. Domestically, we have added derivatives expertise to provide better and more tailored solutions for our clients as well as enhance our existing strategies. Any addition to our investment platform however, needs to satisfy our key criteria of the ability to deliver value to our clients.

We have also built out our distribution channels. In the US, distribution has been boosted by bringing on board a dedicated sales and marketing team to distribute products into the US market. We have also added sales capability in Asia to support our global and Asia investment funds management teams who are based in Singapore.

Outlook

Our strategy has delivered a platform for growth that has transformed BTIM into a broad-based global asset management business. We continue to have success in building funds under management through JOHCM and domestically through new capabilities such as the success of our fixed income team and new products.

We are in a strong position to build on our success this year. Our funds are delivering superior investment performance for our clients at a time when investors are gaining confidence in the market.

Our starting funds under management for the 2014 Financial Year is 13 per cent higher than the 2013 Financial Year average levels. We have growth momentum in the JOHCM business which has continued into the current year and domestically we continue to see positive flows from the financial planner channel. Subject to no dramatic adverse market movements we are confident that we can achieve continued growth in earnings in the year ahead.

It is also important to note that whilst our current momentum is strong, we remain focused on our long term strategy and are investing in long-term growth initiatives and I look forward to providing updates on those initiatives as the year progresses.

Lastly, on behalf of management and staff at BTIM, I want to express an enormous thank-you to Brian Scullin who has steered the company through some very turbulent times in financial markets. Brian has always been committed to driving outcomes that is best for the business and its shareholders and provided the management team with great insight and direction. I believe he has been of great service to shareholders.

I also want take this opportunity to thank you, our shareholders, for your ongoing support for the business. I look forward to another successful year.