

Analyst

Lafitani Sotiriou 613 9235 1668

Authorisation

TS Lim 612 8224 2810

BT Investment Management (BTT)

Some perspective, key pick in sector

Recommendation
Buy (unchanged)
Price
\$10.51
Target (12 months)
\$13.60 (previously \$14.50)

Expected Return

Capital growth	29.4%
Dividend yield	4.8%
Total expected return	34.2%

Company Data & Ratios

Enterprise value	\$3,058.3m
Market cap	\$3,138.7m
Issued capital	298.6m
Free float	69%
Avg. daily val. (52wk)	\$8.7m
12 month price range	\$6.75-\$13.20

GICS sector

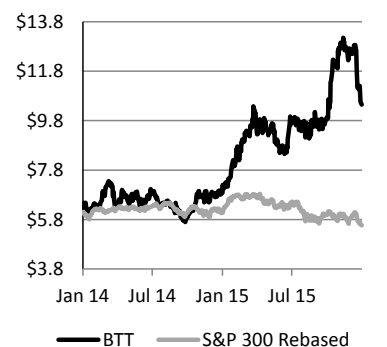
Diversified Financials

Disclosure: Bell Potter Securities acted as Named Broker in the June 2015 WBC block trade and received fees for that service.

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	12.32	9.64	6.90
Absolute (%)	-15.18	8.40	51.45
Rel market (%)	-14.12	14.89	61.29

Absolute Price



SOURCE: IRESS

Perspective please

Often during market volatility perspective can get lost. We still believe BTT is the standout Funds Management Buy in the current market environment and we provide the key reasons why below:

- Following mark-to-markets to account for the recent market weakness, the company is still on track to deliver around 27% underlying EPS growth in FY16;
- The growth is expected to continue, with 18% forecast for FY17;
- JO Hambro achieved \$5.8 billion in positive flows in calendar year 2015; and
- The performance fee earnings potential in JO Hambro continues to accelerate, where we estimate 1% outperformance in FY16 will be worth ~\$43m, which compares to ~\$16m in FY13.

December quarter highlights

- \$0.9bn positive flows from JO Hambro and -\$0.4bn in outflows from BTIM;
- Positive market movements of \$3.4bn offset by a currency impact of -\$2.6bn;
- Total closing FUM of \$79.7bn, below our \$83.3bn estimate; and
- JO Hambro performance fee realised at \$73.2m, below our \$100.0m estimate.

Earning revisions

We have downgraded our estimates for underlying EPS by -10.4%, -6.7% and -6.6% for FY16, FY17 and FY18 respectively. The downgrade is driven by the lower than anticipated performance fee and negative mark-to-markets. We reiterate our Buy recommendation with a revised Price Target of \$13.60 (previously \$14.50). BTT remains a top pick in the sector.

Earnings Forecast

Year end September 30	2015	2016e	2017e	2018e
Sales revenue (\$m)	441.2	524.8	611.3	677.7
EBITDA (\$m)	169.8	211.2	253.2	283.0
NPAT (cash) (A\$m)	132.5	171.8	205.6	229.4
EPS (cash) (cps)	45.4	58.1	68.6	76.2
EPS growth (%)	1.0%	27.9%	18.0%	11.1%
PER (x)	23.1	18.1	15.3	13.8
EV/EBITDA (x)	17.1	13.8	11.5	10.3
Price/CF (x)	19.5	16.2	13.9	12.9
Price/book (x)	4.0	3.9	3.8	3.7
Dividend (eps)	37	51	59	66
Yield (ex special dividend) %	3.5%	4.8%	5.6%	6.3%
ROE (%)	18.9%	22.0%	25.3%	27.2%
Franking (%)	40.0%	40.0%	40.0%	40.0%

SOURCE: BELL POTTER SECURITIES ESTIMATES

JO Hambro performance fee

JO Hambro performance fee

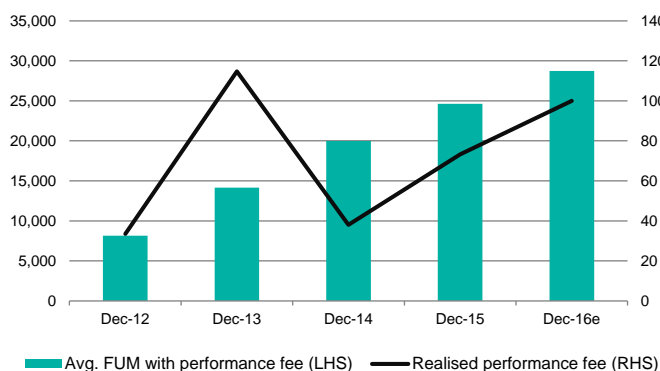
The JO Hambro performance fee for the year ended 31 December 2015 was realised at approximately \$73.2m, and will contribute around \$27.6m to NPAT. The fee is 94.7% higher than the \$37.6m achieved in FY15, however it is below our previous \$100.0m estimate.

Growing performance fee base

The performance fee earnings potential in JO Hambro continues to accelerate, leveraged to FUM growth in the performance fee FUM allocation. By nature, FUM growth increases the sum of funds or mandates that pay performance fees, substantially increasing the performance fee earnings potential of JO Hambro.

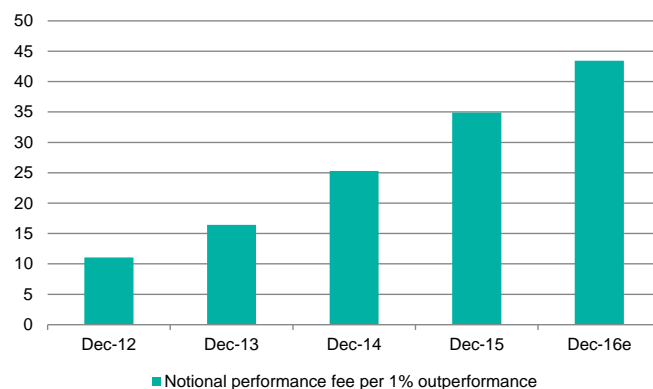
JO Hambro FUM has grown from ~\$24.3 billion at the 31st December 2013 to ~\$38.5 billion at the 31st December 2015, increasing the performance fee that materialises from 1% outperformance from an estimated ~\$16.4m to ~\$34.4m over the same period. We estimate this figure to increase to ~\$43.4m in 2016.

Figure 1 - Avg. FUM with performance fee vs. realised performance fee (\$m)



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 2 - Notional performance fee per 1% outperformance (\$m)



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

FUM and earnings revisions

Funds under management growth

Total group FUM increased 1.7% in the December quarter to close at \$79.7 billion, benefitting from positive net-flows of \$0.5 billion and market gains of \$3.4 billion, which was partially offset by adverse currency movements of -\$2.6 billion.

JO Hambro achieved its 30th consecutive quarter of positive net-flows, recording \$0.9 billion of inflows which comprised the following: UK Dynamic strategy (\$0.5 billion), as well as European (\$0.3 billion) and Emerging markets (\$0.3 billion), with some offsetting items elsewhere.

The JO Hambro net-flows were partially offset by BTIM, which experienced negative net-flows of -\$0.4 billion predominantly due to the run-off in the legacy book.

Earnings revisions

Following the update we have downgraded our estimates for underlying EPS by -10.4%, -6.7% and -6.6% for FY16, FY17 and FY18 respectively. The downgrade is driven by the lower than anticipated performance fee and negative mark-to-markets.

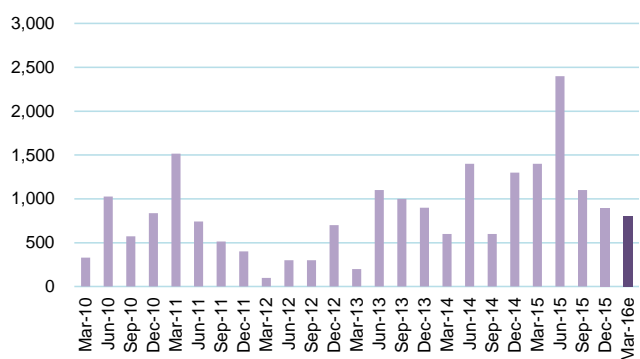
We reiterate our Buy recommendation with a revised Price Target of \$13.60 (previously \$14.50).

Figure 3 - Earnings Revisions

Earnings Revisions	FY16e (new)	FY16e (previous)	% Change	FY17e (new)	FY17e (previous)	% Change	FY18e (new)	FY18e (previous)	% Change
EPS (Cash) (cps)	58.1	64.9	-10.4%	68.6	73.5	-6.7%	76.2	81.6	-6.6%
Dividend (eps)	50.6	56.0	-9.6%	59.3	63.7	-6.9%	66.3	71.1	-6.8%

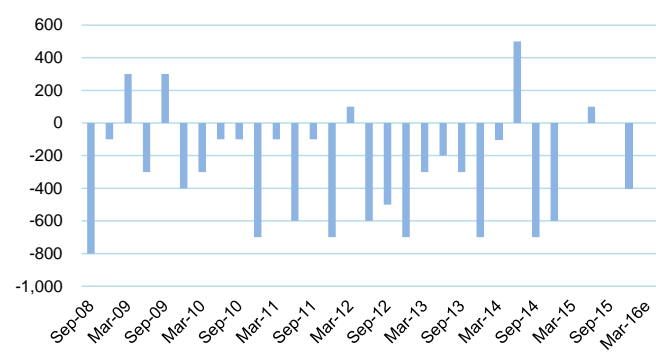
SOURCE: BELL POTTER SECURITIES ESTIMATES

Figure 4 - JO Hambro net-flows (\$m)



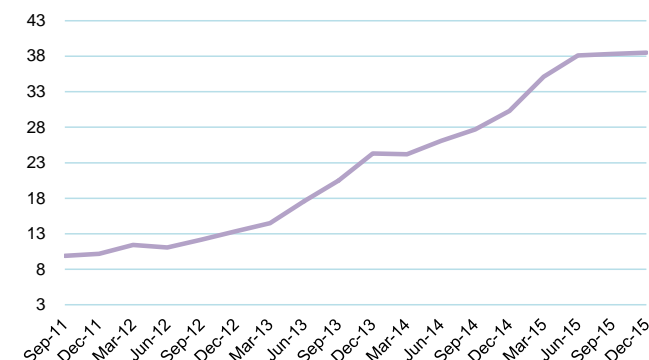
SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 5 - BTIM net-flows (\$m)



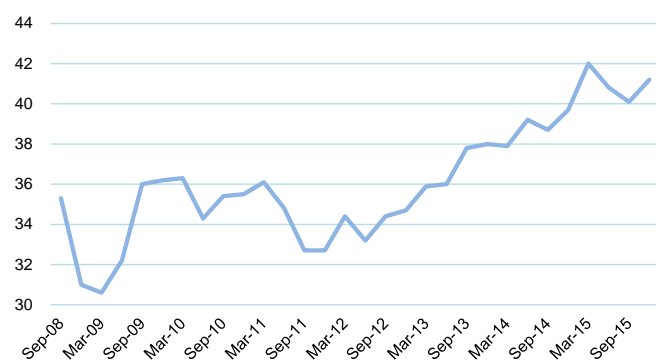
SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 6 - JO Hambro FUM (\$bn)



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 7 - BTIM FUM (\$bn)



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

FUM and net-flow assumptions

Figure 8 - FUM and net-flows assumptions

	FY2014	Q1	Q2	Q3	Q4	FY2015	Q1	Q2e	Q3e	Q4e	FY2016e	Q1e	Q2e	Q3e	Q4e	FY2017e
	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Sep-17
BTIM (FUM) A\$ billion																
Institutional																
Opening Balance	14.8	15.7	15.9	16.8	16.4	15.7	16.4	17.0	16.7	17.1	16.4	17.4	17.6	17.9	18.2	17.4
Total net-flows	0.0	-0.4	0.1	0.1	0.0	-0.2	0.0	0.1	0.1	0.0	0.2	0.0	0.1	0.0	0.1	0.2
Other Movements	0.9	0.6	0.8	-0.5	0.0	0.9	0.6	-0.4	0.3	0.2	0.8	0.2	0.2	0.2	0.2	0.9
Closing Balanced	15.7	15.9	16.8	16.4	16.4	16.4	17.0	16.7	17.1	17.4	17.4	17.6	17.9	18.2	18.5	18.5
Wholesale																
Opening Balance	4.6	4.8	5.0	5.5	5.4	4.8	5.4	5.7	5.7	5.9	5.4	6.2	6.2	6.4	6.6	6.2
Total net-flows	0.1	0.0	0.1	0.1	0.2	0.4	0.0	0.1	0.1	0.2	0.4	0.0	0.1	0.1	0.2	0.4
Other Movements	0.1	0.2	0.4	-0.2	-0.2	0.2	0.3	-0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.3
Closing Balanced	4.8	5.0	5.5	5.4	5.4	5.4	5.7	5.7	5.9	6.2	6.2	6.2	6.4	6.6	6.9	6.9
BTFG - Legacy																
Opening Balance	9.6	8.9	9.1	9.4	8.9	8.9	8.4	8.3	7.9	7.9	8.4	7.8	7.5	7.4	7.3	7.8
Total net-flows	-1.1	-0.2	-0.2	-0.2	-0.2	-0.8	-0.4	-0.2	-0.2	-0.2	-1.0	-0.4	-0.2	-0.2	-0.2	-1.0
Other Movements	0.4	0.4	0.5	-0.3	-0.3	0.3	0.3	-0.2	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.4
Closing Balanced	8.9	9.1	9.4	8.9	8.4	8.4	8.3	7.9	7.9	7.8	7.8	7.5	7.4	7.3	7.2	7.2
BTFG - Other																
Opening Balance	8.8	9.3	9.7	10.3	10.1	9.3	9.9	10.2	10.0	10.3	9.9	10.4	10.5	10.7	10.9	10.4
Total net-flows	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.1
Other Movements	0.5	0.4	0.6	-0.3	-0.2	0.5	0.3	-0.2	0.2	0.1	0.4	0.1	0.1	0.1	0.1	0.6
Closing Balanced	9.3	9.7	10.3	10.1	9.9	9.9	10.2	10.0	10.3	10.4	10.4	10.5	10.7	10.9	11.1	11.1
Total BTIM																
Opening Balance	37.8	38.7	39.7	42.0	40.8	38.7	40.1	41.2	40.3	41.2	40.1	41.7	41.8	42.4	43.0	41.7
Total net-flows	-1.0	-0.6	0.0	0.1	0.0	-0.5	-0.4	0.0	0.1	0.0	-0.3	-0.4	0.0	0.0	0.1	-0.3
Other Movements	1.9	1.6	2.3	-1.3	-0.7	1.9	1.5	-0.9	0.7	0.5	1.9	0.5	0.5	0.6	0.6	2.2
Closing Balanced	38.7	39.7	42.0	40.8	40.1	40.1	41.2	40.3	41.2	41.7	41.7	41.8	42.4	43.0	43.6	43.6
Jo Hambro (FUM) A\$ billion																
Segregated Mandates																
Opening Balance	8.1	8.2	8.5	9.6	10.3	8.2	9.8	10.4	10.2	10.6	9.8	11.1	11.5	11.6	12.0	11.1
Total net-flows	-0.5	-0.1	0.0	0.8	0.0	0.7	0.7	0.1	0.1	0.1	1.0	0.2	0.1	0.2	0.2	0.6
FX Impact	0.5	0.2	0.2	0.6	0.5	1.5	-0.7	0.2	0.0	0.2	-0.3	0.0	-0.2	0.0	0.0	-0.2
Other Movements	0.7	0.2	0.9	-0.7	-1.0	-0.6	0.6	-0.5	0.3	0.2	0.6	0.2	0.2	0.2	0.2	0.9
Closing Balanced	8.2	8.5	9.6	10.3	9.8	9.8	10.4	10.2	10.6	11.1	11.1	11.5	11.6	12.0	12.4	12.4
OEIC Funds																
Opening Balance	12.4	19.5	21.8	25.5	27.8	19.5	28.5	28.1	28.0	29.8	28.5	32.0	33.4	34.0	35.4	32.0
Total net-flows	4.0	1.4	1.4	1.6	1.1	5.5	0.2	0.7	1.0	1.0	2.9	0.7	0.7	0.7	0.7	2.8
FX Impact	1.2	0.4	0.6	1.5	1.6	4.1	-1.9	0.6	0.0	0.6	-0.7	0.0	-0.7	0.0	0.0	-0.7
Other Movements	1.3	0.5	1.7	-0.8	-2.0	-0.6	1.3	-1.4	0.8	0.6	1.3	0.6	0.7	0.7	0.7	2.7
Closing Balanced	19.5	21.8	25.5	27.8	28.5	28.5	28.1	28.0	29.8	32.0	32.0	33.4	34.0	35.4	36.8	36.8
Total Jo Hambro																
Opening Balance	20.5	27.7	30.3	35.1	38.1	27.7	38.3	38.5	38.2	40.4	38.3	43.2	44.9	45.6	47.4	43.2
Total net-flows	3.5	1.3	1.4	2.4	1.1	6.2	0.9	0.8	1.1	1.1	3.9	0.9	0.8	0.9	0.9	3.4
FX Impact	1.7	0.6	0.8	2.1	2.1	5.6	-2.6	0.8	0.0	0.8	-1.0	0.0	-1.0	0.0	0.0	-1.0
Other Movements	2.0	0.7	2.6	-1.5	-3.0	-1.2	1.9	-1.9	1.1	0.8	1.9	0.9	0.9	0.9	0.9	3.6
Closing Balanced	27.7	30.3	35.1	38.1	38.3	38.3	38.5	38.2	40.4	43.2	43.2	44.9	45.6	47.4	49.2	49.2
Total Company (FUM) A\$ billion																
Total BTIM + Jo Hambro																
Opening Balance	58.3	66.4	70.0	77.1	78.9	66.4	78.4	79.7	78.5	81.6	78.4	84.9	86.7	88.0	90.3	84.9
Total net-flows	2.5	0.7	1.4	2.5	1.1	5.7	0.5	0.8	1.2	1.1	3.6	0.5	0.8	0.9	1.0	3.1
FX Impact	1.7	0.6	0.8	2.1	2.1	5.6	-2.6	0.8	0.0	0.8	-1.0	0.0	-1.0	0.0	0.0	-1.0
Other Movements	3.9	2.3	4.9	-2.8	-3.7	0.7	3.4	-2.8	1.9	1.3	3.8	1.4	1.4	1.5	1.5	5.8
Closing Balanced	66.4	70.0	77.1	78.9	78.4	78.4	79.7	78.5	81.6	84.9	84.9	86.7	88.0	90.3	92.8	92.8
AUD/GBP Assumption	0.55	0.53	0.52	0.49	0.46	0.50	0.49	0.48	0.48	0.47	0.48	0.47	0.48	0.48	0.48	0.48

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Interim earnings

Figure 9 - Interim Earnings

INCOME STATEMENT										
Y/e September 30 (\$m)	2014	1H15	2H15	2015	1H16e	2H16e	2016e	1H17e	2H17e	2017e
Sales revenue	423	214	227	441	286	239	525	342	269	611
EBITDA	164	81	88	170	118	93	211	147	106	253
Depreciation	-1	-1	-1	-1	-1	-1	-1	-1	-1	-2
EBIT	162	81	88	168	118	92	210	146	106	252
Net Interest and seed capital	5	3	-3	0	3	3	6	3	3	6
Pre-tax profit	168	84	85	169	121	95	216	149	109	258
Tax	-41	-17	-19	-36	-24	-20	-44	-30	-22	-52
Cash profit	127	66	66	132	97	75	172	119	86	206
Employee share adjustments	-6	-5	-2	-6	-4	-4	-9	-4	-4	-9
Reported net profit	121	62	65	126	92	71	163	115	82	197
SEGMENTALS										
Y/e September 30 (\$m)	2014	1H15	2H15	2015	1H16e	2H16e	2016e	1H17e	2H17e	2017e
BT Investment Management										
Management fee (\$m)	133	73	83	156	80	83	163	86	89	175
Performance fee (\$m)	8	0	14	14	1	15	16	1	14	15
Other Revenue (\$m)	3	4	11	15	12	12	24	13	13	26
Total Revenue (\$m)	142	74	97	171	81	98	178	87	103	190
Costs (\$m)	103	53	66	119	56	69	126	59	72	131
EBIT (\$m)	39	21	31	51	24	29	53	28	31	58
Closing FUM (\$ billion)	39	42	40	40	40	42	42	42	44	44
Average FUM (\$ billion)	38	40	41	39	40	41	41	42	43	43
Institutional margin (%)	0.23%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%
Wholesale margin (%)	0.80%	0.79%	0.79%	0.79%	0.80%	0.81%	0.81%	0.82%	0.83%	0.83%
BTFG - Legacy Retail margin (%)	0.32%	0.33%	0.33%	0.33%	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
BTFG - Other margin (%)	0.31%	0.31%	0.31%	0.31%	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
Total revenue margin (%)	0.34%	0.34%	0.35%	0.35%	0.34%	0.34%	0.34%	0.35%	0.35%	0.35%
JO Hambro										
Management fee (\$m)	161	102	130	233	132	141	272	155	166	321
Performance fee (\$m)	114	38	0	38	73	0	73	100	0	100
Other Revenue (\$m)	7	0	0	1	0	0	1	0	0	1
Total Revenue (\$m)	281	140	130	271	205	141	346	255	167	422
Costs (\$m)	158	80	74	154	112	78	190	137	92	229
EBIT (\$m)	123	60	57	117	93	64	157	118	75	193
Closing FUM (\$ billion)	28	35	38	38	38	43	43	46	49	49
Average FUM (\$ billion)	25	32	37	34	38	41	39	44	47	46
Institutional margin (%)	0.58%	0.58%	0.58%	0.58%	0.59%	0.59%	0.59%	0.59%	0.59%	0.59%
Wholesale margin (%)	0.68%	0.68%	0.72%	0.70%	0.73%	0.73%	0.73%	0.74%	0.74%	0.74%
Total revenue margin (%)	0.65%	0.65%	0.68%	0.67%	0.69%	0.69%	0.69%	0.70%	0.70%	0.70%
ASSUMPTIONS										
Y/e September 30	2014	1H15	2H15	2015	1H16e	2H16e	2016e	1H17e	2H17e	2017e
Closing FUM										
Institutional (A\$ billion)	15.7	16.8	16.4	16.4	16.7	17.4	17.4	17.9	18.5	18.5
Wholesale (A\$ billion)	4.8	5.5	5.4	5.4	5.7	6.2	6.2	6.4	6.9	6.9
WBC/BTFG - Legacy Retail (A\$ billion)	8.9	9.4	8.4	8.4	7.9	7.8	7.8	7.4	7.2	7.2
WBC/BTFG - Other (A\$ billion)	9.3	10.3	9.9	9.9	10.0	10.4	10.4	10.7	11.1	11.1
JO Hambro (A\$ billion)	27.7	35.1	38.3	38.3	38.1	43.1	43.1	45.6	49.1	49.1
Total	66.4	77.1	78.4	78.4	78.4	84.8	84.8	88.0	92.7	92.7
Average FUM										
Institutional (A\$ billion)	15.5	16.2	16.8	16.1	16.6	17.1	16.9	17.6	18.2	17.9
Wholesale (A\$ billion)	4.7	5.1	5.5	5.1	5.5	5.9	5.8	6.3	6.7	6.5
WBC/BTFG - Legacy Retail (A\$ billion)	9.3	9.1	8.9	8.7	8.2	7.8	8.1	7.6	7.3	7.5
WBC/BTFG - Other (A\$ billion)	24.9	9.7	10.1	9.6	9.9	10.2	10.1	10.5	10.9	10.7
JO Hambro (A\$ billion)	24.9	31.6	36.7	34.1	38.2	40.6	39.4	44.3	47.3	45.8
Total	63.3	71.6	78.0	73.5	78.4	81.6	80.3	86.4	90.4	88.5

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

BTT Overview

Company description

BTT is a pure play investment manager, with Westpac Bank (WBC) as a majority and controlling shareholder. The company was floated during October 2007 in a bid to retain investment management staff.

In October 2011 BTT acquired UK based JO Hambro which effectively doubled the size of BTT. The firm will retain the JO Hambro brand, particularly in markets abroad.

The earnings are split roughly in half between JO Hambro and BT Investment Management in Australia. For all intents and purposes, JO Hambro is largely left to its own management, with some oversight from Australia.

Investment analysis

After more than three year's ownership of the UK fund manager JO Hambro, BTT is beginning to see the benefits of the transaction that was completed in October 2011. We see JO Hambro as the driver of growth going forward, given its healthy investment performance, positive net-flows, and large FUM base subject to performance fees. We believe global markets will continue to improve and we are seeing increasing evidence of improving net-flows in the sector, which supports our positive view on BTT.

Risks

Key risks for the stock include:

- **Key people risk** – Similar to other wealth management businesses, the loss of any key investment personnel may result in the loss of investment mandates, which is particularly relevant for BTT;
- **Performance risk** – Investors are wary of investment managers that charge active management fees and that have underperformed the index over a prolonged period of time. It is important for BTT to maintain reputable performance metrics across its product offering;
- **Currency risk** – BTT operates funds in multiple currencies, in addition to operating in different markets. Given the share price is in AUD and FUM is reflected in AUD, any major movements against the share price currency can significantly impact the AUD earnings and subsequently, the valuation of the group; and
- **Regulatory risk** - BTT is regulated by multiple agencies in different jurisdictions and any changes in the regulatory regimes under which it operates may affect the financial performance and capital requirements of the group.

BT Investment Management

as at 19 January 2016

Recommendation

Buy

Price

\$10.51

Target (12 months)

\$13.60

Table 1 - Financial summary

BT Investment Management (BTT)						Price target (A\$)	13.60	Share Price (A\$)	10.51		
						Recommendation:	Buy	Market Cap (A\$m)	3,139		
INCOME STATEMENT						VALUATION DATA					
Y/e September 30 (\$m)	2014	2015	2016e	2017e	2018e	Y/e September 30 (\$m)	2014	2015	2016e	2017e	2018e
Sales revenue	423	441	525	611	678	Net profit adj (\$m)	127.0	132.5	171.8	205.6	229.4
EBITDA	164	170	211	253	283	Adjusted (Cash) EPS (c)	45.0	45.4	58.1	68.6	76.2
Depreciation	-1	-1	-1	-2	-2	EPS growth (%)	98%	1%	28%	18%	11%
EBIT	162	168	210	252	281	P/E ratio (x)	23.4	23.1	18.1	15.3	13.8
Net Interest & Seed capital	5	0	6	6	6	CFPS (c)	72.2	53.8	65.0	75.6	81.7
Pre-tax profit	168	169	216	258	288	Price/CF (x)	14.6	19.5	16.2	13.9	12.9
Tax	-41	-36	-44	-52	-58	DPS (c)	35.0	37.0	50.6	59.3	66.3
Cash profit	127	132	172	206	229	Yield, ex special (%)	3.3%	3.5%	4.8%	5.6%	6.3%
Employee and other adj	-6	-6	-9	-9	-9	Franking (%)	35%	40%	40%	40%	40%
Reported net profit	121	126	163	197	220	EV/EBITDA (x)	17.8	17.1	13.8	11.5	10.3
CASHFLOW						PROFITABILITY RATIOS					
Y/e September 30 (\$m)	2014	2015	2016e	2017e	2018e	Y/e September 30 (\$m)	2014	2015	2016e	2017e	2018e
EBITDA	164	170	211	253	283	EBIT/sales (%)	38%	38%	40%	41%	42%
Change in provisions	55	7	23	24	19	Return on assets (%)	20%	18%	20%	23%	24%
Working capital change	-9	-1	-5	-5	-4	Return on equity (%)	21.1%	18.9%	22.0%	25.3%	27.2%
Net interest	5	0	6	6	6	ROIC (%)	16%	16%	18%	22%	24%
Tax paid	-41	-36	-44	-52	-58	Dividend cover (x)	1.2	1.2	1.1	1.1	1.1
Other	17	17	0	0	0	Effective tax rate (%)	24%	21%	20%	20%	20%
Operating cashflow	204	157	192	227	246	LIQUIDITY AND LEVERAGE RATIOS					
Capex	-1	-1	-2	-2	-2	Y/e September 30 (\$m)	2014	2015	2016e	2017e	2018e
Investments	0	0	0	0	0	Net debt/(cash) (\$m)	-80	-149	-190	-239	-288
Asset sales	0	0	0	0	0	Net debt/equity (%)	-12%	-20%	-24%	-29%	-33%
Other	-24	19	0	0	0	Current ratio (x)	1.0	1.1	1.2	1.3	1.4
Investing cashflow	-25	18	-2	-2	-2	ASSUMPTIONS					
Change in borrowings	-28	-28	0	0	0	Y/e September 30	2014	2015	2016e	2017e	2018e
Equity raised	0	10	0	0	0	Closing FUM - BTIM					
Dividends paid	-73	-104	-127	-166	-187	Institutional (A\$ billion)	15.7	16.4	17.4	18.5	19.7
Other	-6	-6	-9	-9	-9	Wholesale (A\$ billion)	4.8	5.4	6.2	6.9	7.7
Financing cashflow	-107	-127	-136	-175	-196	WBC/BTFG - Legacy Retail (A\$ billion)	8.9	8.4	7.8	7.2	6.5
Net change in cash	72	47	55	50	48	WBC/BTFG - Other (A\$ billion)	9.3	9.9	10.4	11.1	11.8
Cash at end of period	130	167	208	257	306	JO Hambro (A\$ billion)	27.7	38.3	43.1	49.1	56.2
BALANCE SHEET						Average FUM					
Y/e September 30 (\$m)	2014	2015	2016e	2017e	2018e	Institutional (A\$ billion)	15.5	16.1	16.9	17.9	19.1
Cash	130	167	208	257	306	Wholesale (A\$ billion)	4.7	5.1	5.8	6.5	7.3
Receivables	46	59	82	96	106	WBC/BTFG - Legacy Retail (A\$ billion)	9.3	8.7	8.1	7.5	6.8
Other	5	5	5	5	5	WBC/BTFG - Other (A\$ billion)	9.1	9.6	10.1	10.7	11.4
Current assets	181	230	295	358	417	JO Hambro (A\$ billion)	24.9	34.1	39.4	45.8	52.6
PPE	2	2	2	2	2	Margins (ex. performance fees)					
Goodwill	483	525	525	525	525	Institutional (%)	0.23%	0.24%	0.24%	0.24%	0.24%
Other	213	238	238	238	238	Wholesale (%)	0.80%	0.79%	0.81%	0.83%	0.85%
Non-current assets	699	765	765	765	765	WBC/BTFG - Legacy Retail (%)	0.32%	0.33%	0.29%	0.29%	0.29%
Total assets	879	995	1,060	1,123	1,182	WBC/BTFG - Other (%)	0.31%	0.31%	0.29%	0.29%	0.29%
Payables	26	38	53	62	68	JO Hambro (%)	0.65%	0.67%	0.69%	0.70%	0.71%
Debt	50	18	18	18	18	Total Operating Revenue (\$m)					
Provisions	117	134	147	172	190	Growth	62%	4%	19%	16%	11%
Other	43	44	44	44	44	INTERIM					
Total liabilities	236	233	262	295	320	Half end March 31 (\$m)	1H14	1H15	1H16e	1H17e	1H18e
Shareholders' equity	455	454	454	454	454	Sales revenue	256	214	286	342	376
Total shareholders funds	643	762	798	828	862	EBIT	103	81	118	146	162
W/A shares on issue	282	292	296	300	301	Pre tax profit	107	84	121	149	165
						Cash profit	82	66	97	119	132
						Employee share adjustments	-5	-5	-4	-4	-4
						Reported profit	77	62	92	115	127
						Interim DPS (cents)	16.0	17.0	22.9	27.8	30.6

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

Research Team

Staff Member	Title/Sector	Phone	@bellpotter.com.au
TS Lim	Head of Research	612 8224 2810	tslim
Industrials			
Sam Haddad	Industrials	612 8224 2819	shaddad
John O'Shea	Industrials	613 9235 1633	joshea
Chris Savage	Industrials	612 8224 2835	csavage
Jonathan Snape	Industrials	613 9235 1601	jsnape
Sam Byrnes	Industrials	612 8224 2886	sbyrnes
John Hester	Healthcare	612 8224 2871	jhester
Tanushree Jain	Healthcare/Biotech	612 8224 2849	tnjain
Financials			
TS Lim	Banks/Regionals	612 8224 2810	tslim
Lafitani Sotiriou	Diversified	613 9235 1668	lsotiriou
Resources			
Peter Arden	Resources	613 9235 1833	parden
David Coates	Resources	612 8224 2887	dcoates
Associates			
Hamish Murray	Associate Analyst	613 9256 8761	hmurray
Tim Piper	Associate Analyst	612 8224 2825	tpiper

Bell Potter Securities Limited

ACN 25 006 390 7721

Level 38, Aurora Place
88 Phillip Street, Sydney 2000

Telephone +61 2 9255 7200

www.bellpotter.com.au

The following may affect your legal rights. Important Disclaimer:

This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of Bell Potter Securities Limited. In the USA and the UK this research is only for institutional investors. It is not for release, publication or distribution in whole or in part to any persons in the two specified countries. In Hong Kong this research is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. This is general investment advice only and does not constitute personal advice to any person. Because this document has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited investment adviser (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this document.

While this document is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in the document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views opinions, or recommendations contained in this document or for correcting any error or omission which may become apparent after the document has been issued.

Except insofar as liability under any statute cannot be excluded, Bell Potter Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this document or any other person.

Disclosure of interest:

Bell Potter Securities Limited, its employees, consultants and its associates within the meaning of Chapter 7 of the Corporations Law may receive commissions, underwriting and management fees from transactions involving securities referred to in this document (which its representatives may directly share) and may from time to time hold interests in the securities referred to in this document.

Lafitani Sotiriou owns 5,000 shares in BTT.

Disclosure: Bell Potter Securities acted as Named Broker in the June 2015 WBC block trade and received fees for that service.

ANALYST CERTIFICATION

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.