

# Strategic Report

Our strategy of building and growing a diversified global asset management business that provides exceptional investment returns to clients has delivered strong returns to shareholders.

Our strategy remains focussed on expanding our investment expertise and offering that expertise globally. The Group has experienced significant growth in funds under management, investment offerings, capability and global presence, particularly over the past six years with the strong growth in the wholly-owned subsidiary JOHCM.

Our growth agenda remains unchanged however, it is becoming increasingly important to ensure we retain existing FUM and provide quality service to our clients, through building strong relationships and delivering ongoing investment out-performance.

Over the past five years, BTIM has produced a total shareholder return of 622 percent, compared to a 62 percent increase in the S&P/ASX 200 Accumulation Index, which is testament to the successful execution of our strategy.

The Board and senior management review annually the strategic priorities of the business over a three to five year timeframe. The strategy discussion focusses on our investment capabilities, developing and enhancing our distribution channels, identifying opportunities for growth and setting the key priorities for management. This provides clear direction on resource allocation and focus on the areas that strategically matter the most.

Our ability to continue to deliver value for our clients and shareholders is underpinned by the talented people we employ across the Group. Talent management and development has continued to be a key focus over the 2017 Financial Year and we regularly review our retention and succession plans to promote the sustainability and growth of the business.

During the 2017 Financial Year, as part of our strategic plan, we have continued expanding our investment capabilities, strengthening our distribution networks and launching new investment vehicles.

The table on the right details our strategic imperatives, our achievements during the 2017 Financial Year and our focus for the year ahead.



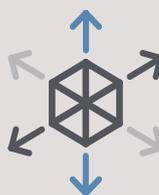
## Grow in new and existing markets

Continue investment in the US for growth



## Build effective distribution channels

Develop and enhance distribution channels to drive sales



## Expand investment capabilities

Identify new investment capabilities to diversify and provide for future growth

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**Purpose**

- BTIM has significant presence in the Australian and UK/European markets. These markets together represent approximately 30 percent of the global asset management industry
- BTIM is expanding its business in the US. The North American markets represent approximately half the global asset management industry
- The Asian market is a fast growing and sizeable market which presents opportunities for BTIM's participation in the future

**FY17 Achievements**

- Total net inflows generated by the Group of \$4.7 billion
- US pooled funds attracted net inflows of USD 1.9 billion, with FUM now USD 9.0 billion
- Added sales and compliance resources in the US Boston office
- Established a Multi Asset Investments team in New York

**FY18 Focus**

- Continue ongoing discussions with investment talent that will add complementary investment strategies for the Group
  - Broaden product offering by leveraging strength of existing relationships or 'step out' strategies from existing teams
  - Seek to grow FUM in the 'younger' mutual funds as investment track record grows
  - Promote new Global Income Fund
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**Purpose**

- Sales and distribution is critical to driving demand for our products and attracting inflows
- We build effective distribution channels by:
  - increasing awareness of our investment teams and products
  - strengthening client relationships
  - developing new and existing distributor relationships
  - tailoring our service and products for markets and clients, and
  - adding sales resources to broaden our distribution

**FY17 Achievements**

- Added sales support resources for Europe and UK
- Additional institutional client service resource for the US
- Additional resources provided to US mutual sales team
- Continued focus on High Net Worth and private client market including tailoring SMAs
- Invested in technology to engage more meaningfully with advisers

**FY18 Focus**

- Broaden client servicing in Europe
  - Drive to sell 'younger' funds in the UK and Europe
  - Target SMAs and the High Net Worth segment in Australia
  - Gain market share in the ESG segment
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**Purpose**

- We maintain a diverse and attractive product range for existing and new clients
- We develop future growth opportunities by expanding our investment capabilities
- Further diversifies our investment risk across investment strategies

**FY17 Achievements**

- Hired new Multi Asset team in New York
- Added analyst resources to Continental Europe and Emerging Markets strategies
- Hired new Head of Multi Assets in Australia
- Hired Head of Responsible Investments in Australia
- Added emerging market debt and asset/liability skill-set to fixed interest team

**FY18 Focus**

- Identify new investment strategies and teams to build FUM capacity
  - Build on existing investment capability by identifying extension strategies
  - Build CPI-plus investment capability
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