

Fiducian Group (ASX: FID)

Investor Presentation

Wilson's Investors Briefing
1 June, 2017



FIDUCIAN
INTEGRITY • TRUST • EXPERTISE

Fiducian Group

- **Business Overview**
- **Financials**
- **Growth Strategy and Business Outlook**
- **Contacts**

Business Overview – A Self-Sufficient Solid Business Foundation

Funds Management



- Market leading Funds Management
- 15 Managed Funds: 4 Diversified Funds, 4 Sector Funds, 7 Specialist Funds
- **\$1.92 Billion in Funds under Management (FUM)**
- Small Cap 'peer group' comparables include PTM, IFL, PPT, HFA

WRAP Platform



- Market competitive Wrap & Managed Accounts Platform
- Trustee of the Fiducian Superannuation Service and Operator for IDPS, Fiducian Investment Service
- **\$1.55 Billion in Funds under Administration (FUAdmin)**
- Small Cap 'peer group' comparables including IFL, PPT, EQT, CVW, HUB

Financial Planning



- Market respected boutique financial planning advice licensee
- 48 high quality practices, 66 representatives, national footprint
- **\$2.12 Billion Funds Under Advice (FUA)**
- Small Cap 'peer group' comparables include IFL, CVW, SDF, AUB, YBR

FinTech



- Market unique technology provider
- Developer of 'FORCe' Financial Planning software & 'FASTRACK' platform system
- Small Cap 'peer group' comparables include RFL

Tax Agent Services



- Accounting & business service provider linked to Sydney Financial Planning office
- Accountancy outsourcing for tax returns through overseas partners
- Administration and accounting services to Self Managed Superannuation Funds (SMSF)

Notes: All funds figures quoted above are as of 30/04/2017

Funds Management

- **15 Funds using Fiducian's Manage-the-Manager system of Investment**
- **Select expert Fund Managers – with proven performance and differing investment processes plus styles**
- **Combine experts with different weightings – up to 35 Fund Managers**
- **Dynamic asset allocation and continuous management**
- **Obtain combined results from teams of expert fund managers not individual stars**
- **Delivers greater Diversification with reduced risks**

Market Segment: Funds Management

Funds Management



Fiducian Funds	1-year return (ranking) p.a.	3-year return (ranking) p.a.	5-year return (ranking) p.a.
Growth	13.7% (9/194)	10.4% (1/184)	11.9% (4/174)
Balanced	12.1% (34/194)	9.4% (3/184)	10.7% (11/174)
Ultra Growth	14.0% (46/126)	12.6% (2/115)	13.8% (5/105)
Capital Stable	6.3% (20/120)	5.9% (8/116)	6.6% (16/111)

Other specialist MTM funds

India	38.2%	28.9%	25.4%
Technology	33.8%	24.8%	26.1%

Market Segment: Funds Management

*Source: Morningstar – 30 April 2017



WRAP Platforms (FSS/FIS) – FASTrack System

- Public offer “Superannuation Fund”
- Investor Directed Portfolio Service (IDPS)
 - 15 – Multimanager Funds using the Fiducian Manage-the-Manager system
 - 57 – Single Manager Fund Choices
 - 4 – Managed Discretionary Accounts (Direct Share Ownership)
- Investments are held by external parties – National Australia Bank, for security and safe keeping
- Create your own SMA or use a financial planner
- Competitive Fees



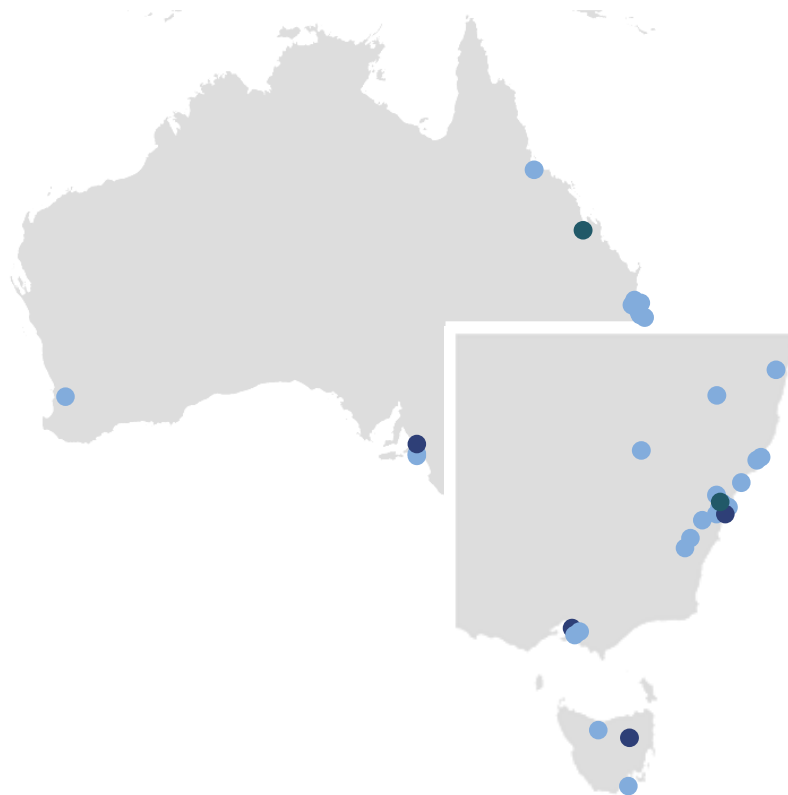
Market Segment: Platform Operators & Administrators



Financial Planning

We are selective in recruiting Financial Planners.

National footprint with 48 practices, 66 representatives



- 42 Existing FP Offices
- 6 New FP Offices
- 66 Representatives
- ▶ Focus is on Quality and Expertise

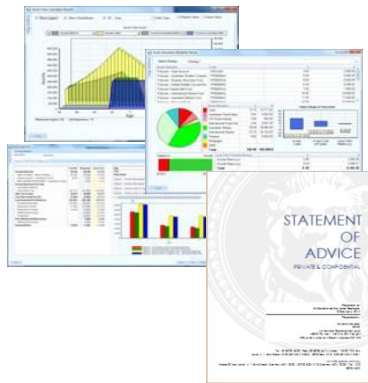
Market Segment: Financial Planning/ Wealth Creation



FinTech (FORCe & FASTrack)

Financial
Planning
Software

FORCe



WRAP
Administration
FASTrack



Reporting
Fiducian
Online

 **FIDUCIAN**
online
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**Financial
Planner**



Investor

Market Segment: Fintech (IT Development)

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Integrated Business Model

Our clients experience the Fiducian difference:



← **Half Year Revenue to Dec 2016** →
\$19.9 mil

Fiducian Integrated Advice Model
FUMAA \$5.60 bil (\$5.13 bil as at Dec 2016)

Notes: All funds figures quoted above are as of 30/04/2017

Fiducian Group HY December 2016

Financials



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Financial Highlights

FINANCIAL HIGHLIGHTS

Half-Year Ending 31 December (\$ in thousands)	2016	2015	% CHANGE
Operating Revenue	19,903	17,269	↑ 15%
Fees and Charges paid	(5,041)	(4,726)	
Net Revenue	14,862	12,543	↑ 18%
Gross Margin	75%	73%	
Underlying EBITDA	5,610	4,550	↑ 24%
Depreciation	(44)	(53)	
Tax on underlying earnings	(1,550)	(1,231)	
Underlying NPAT (UNPAT)	4,016	3,266	↑ 23%
Amortisation	(617)	(564)	
Income from client servicing rearrangement (net of tax)	35	-	
Statutory NPAT	3,434	2,702	↑ 27%
Basic EPS based on UNPAT (in cents)	12.9	10.5	↑ 22%
Basic EPS based on statutory NPAT (in cents)	11.0	8.7	
Funds Under Management, Advice and Administration or FUMAA	5,130 Mil	4,437 Mil	↑ 16%

Corporate Activities at a Glance

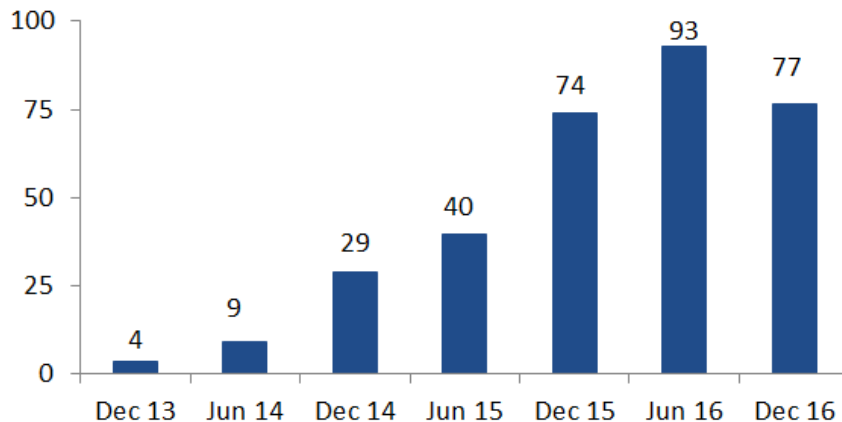
Funds Management	Revenue for half year is \$6.2 mil Top quartile performance has driven significant inflows Benefitting from scaled fees from underlying managers
Administration	Revenue for half year is \$7.3 mil Completion of restructure has increased operational efficiencies
Financial Planning	Revenue for half year is \$7.7 mil Strong organic growth across salaried and franchisee network
Business Services	Revenue for half year is \$0.4 mil Generated cross referrals to Financial Planning business
Corporate	Inter-segment sales for year is (\$1.7 mil) Experienced management team and board in place Reduction of Cost to Income ratio through scalability of operations
Information Technology	Significant investment in developing end-to-end STP capabilities

Cash Flows

- **Cash Flow in line with expectations for Jul – Mar 17:**
 - **\$31.8 mil Receipts from Customers**
 - **\$6.5 mil Net Operating Cash Flow after expenses and tax**
 - **\$9.0 mil Cash at end of the period**
- **Significant Investment Activities during Jul – Mar 17 :**
 - **\$1.1 mil payments for Client acquisitions**
 - **\$1.9 mil loans for business developments**
- **Dividend payments within 60-70% range:**
 - **7.1 cent interim dividend totalling \$2.2 mil**

Net Fund In-Flows in Platform

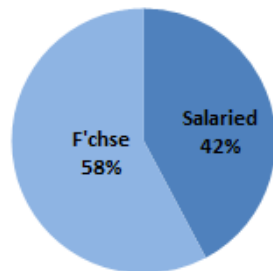
Net Funds Inflows - Six monthly (in \$ mil)



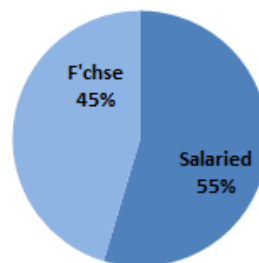
Funds Inflows and Outflows (in \$ mil)

Years	Inflows	Outflows	Net Flows
Dec 13	38	-35	4
Jun 14	57	-48	9
Dec 14	78	-49	29
Jun 15	88	-48	40
Dec 15	111	-37	74
Jun 16	135	-42	93
Dec 16	115	-39	77

Dec 15 Netflows from Aligned

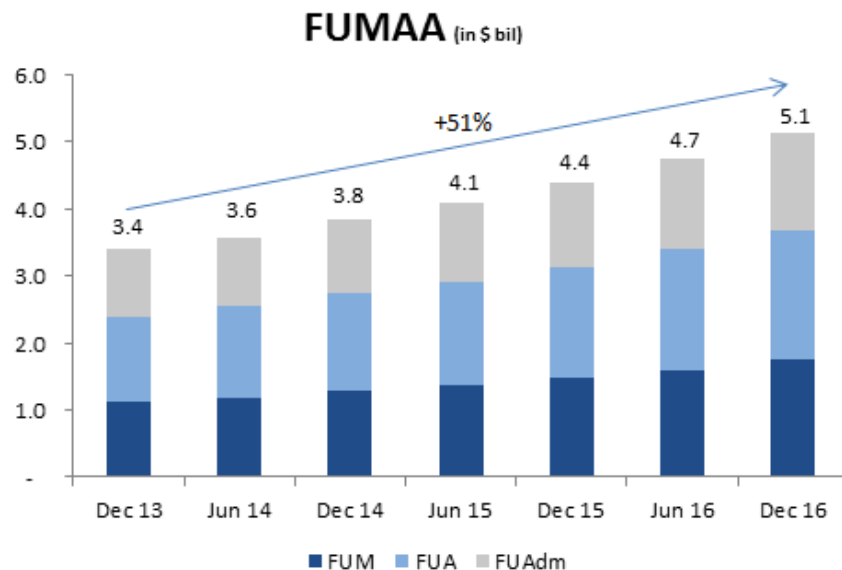


Dec 16 Netflows from Aligned



- ▶ Both Salaried and Franchised networks contributing to Inflows
- ▶ Increase in Salaried Net Inflows as a proportion is primarily due to recent acquisitions

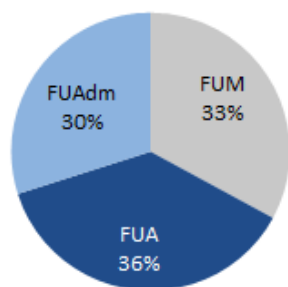
Funds Under Management, Administration and Advice (FUMAA) Growth



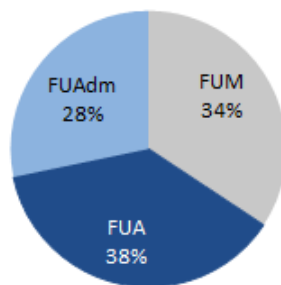
FUMMA Closing Balance (in \$ bil)

Years	FUM	FUA	FUAdm	Total
Dec 13	1.119	1.263	1.017	3.399
Jun 14	1.172	1.370	1.031	3.573
Dec 14	1.277	1.455	1.107	3.839
Jun 15	1.369	1.543	1.172	4.084
Dec 15	1.473	1.659	1.254	4.386
Jun 16	1.594	1.818	1.324	4.736
Dec 16	1.760	1.920	1.450	5.130

Dec 13 FUMAA \$3.4 bil



Dec 16 FUMAA \$5.1 bil



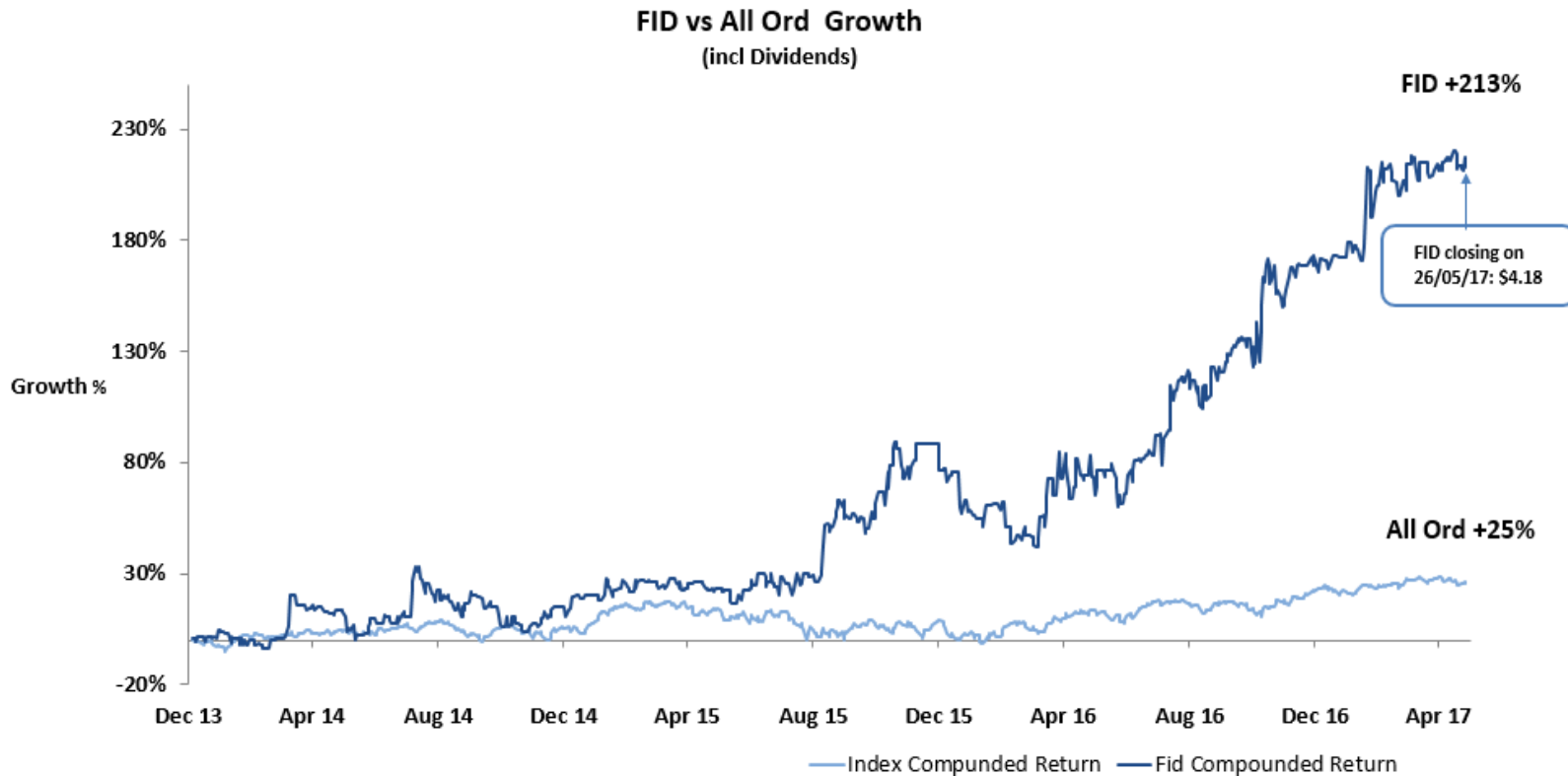
- ▶ Consistent FUMAA growth contributed by strong organic and inorganic Net Inflows and market improvements
- ▶ \$44 mil acquisition by Fiducian for Franchisee - strengthens retention
- ▶ Increase in FUA as proportion of FUMAA reflects recent acquisitions

Notes:

1. FUM includes cross holdings from diversified funds
2. FUA includes assets held in Fiducian and External Platforms
3. FUAdm includes aligned advisers and IFAs



Share Price and EPS Growth



- ▶ Since Dec 13, FID has outperformed All Ord by 188% (including dividend)
- ▶ The EPS for Dec 16 has grown by 85% over Dec 13
- ▶ Fiducian posted double digit Annual EPS growth in 13 out of 17 years of listing



Growth Strategy & Business Outlook



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Growth Strategy

Funds Management

Leverage of successful Manage-The-Manager model and expand in new markets where profitable

Administration

Distribute SMA capabilities and offer Badged solutions to IFA market

Financial Planning

Continue to attract high quality planners and expand through value accretive acquisitions

Business Services

Increase cross-referrals between Planning & Accounting and Build SMSF Administration and Accounting

Corporate

Re-invest in business growth while supporting existing dividend policy of 60-70% of NPAT

Information Technology

Enhance STP functionalities and commercialise Financial Planning software

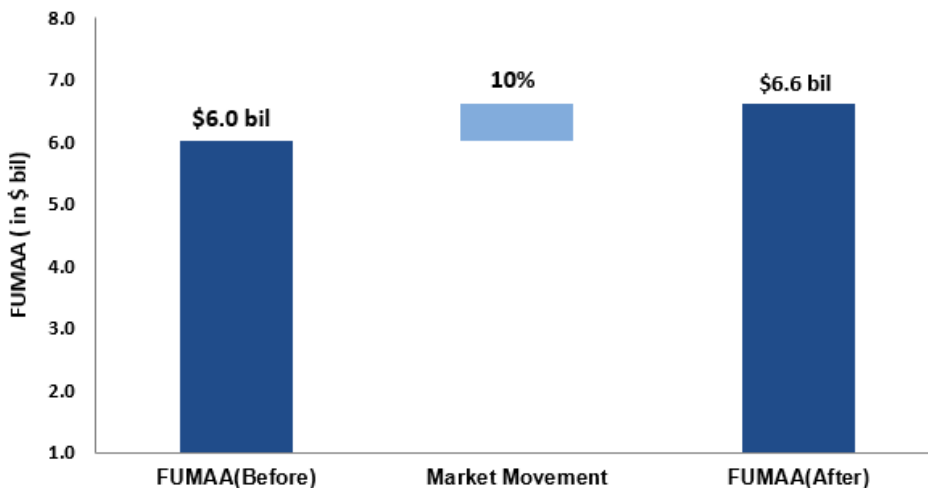
Business Outlook – 3 Revenue Streams

Revenue Growth is a function of volume of FUMAA

Example:



Plus, additional revenue growth if financial markets rise



Example:

Assets rise 10%

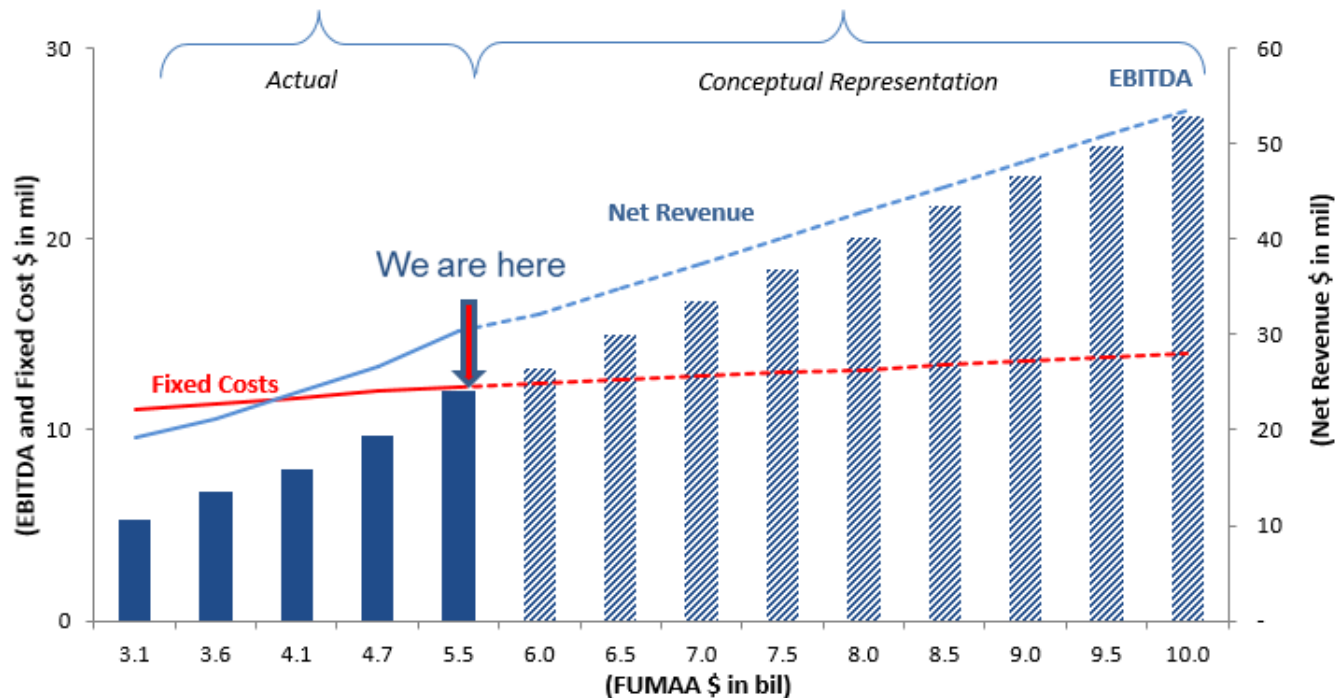
FUMAA of \$6.0 bil rises to \$6.6 bil



Projecting the Potential – Conceptual Representation

The following is a concept extrapolation* of how increasing scale lifts EBITDA at an accelerating rate above a relatively fixed cost base:

Funds under Management, Administration and Advice (FUMAA) & EBITDA



This is simply extrapolating how revenue and EBITDA could grow and is not a forecast

*This is not a projection or a forward-looking statement, and should not be read or relied upon as such. This concept extrapolation may or may not be correct or accurate.

Outlook

- **Grow Funds Under Advice organically and through strategic acquisitions of financial planning businesses**
- **Expand platform administration services to IFAs and capture market share where value accretive**
- **Build SMSF Admin and Accounting Services**
- **Continue delivering superior investment performance through Fiducian Funds and attract IFAs**
- **Target sustainable double digit earnings growth**

Contacts

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