

Fiducian Group (ASX: FID)



FY 2017 Results

Investor Presentation

17 August, 2017





New South Wales

Office Locations

Abbotsford

Ballina

Bathurst

Bondi Junction (x2)

Castle Hill

Caves Beach

Coffs Coast

Gosford

Hunter

Kellyville

Ku-ring-gai

Lane Cove

Macarthur

Manly

Newcastle

Ourimbah

Randwick

Roseville

Southern Highlands

St Ives

Sydney CBD

Tweed Heads

Walcha

Windsor

Tamworth

Fiducian Group FY 2017

- **FY 2017 Highlights**
- Business Overview
- Financials
- Growth Strategy and Business Outlook
- Contacts

FY 2017 Highlights



UNPAT up
24%
to \$8.7mil



FUMAA up
20%
to \$5.7bil



Dividends up
28%
to 16.00 cents



67
Aligned Planners
& Associates

Flagship funds performance ranking
for three years to 30 June 2017
against all funds on leading surveys



103 Staff
around Australia
from over 20
different countries
of origin



44 Offices
across Australia



| | |
|--------------|---------------|
| Growth | 1 /188 |
| Ultra Growth | 2 /115 |
| Balanced | 4 /188 |
| Cap Stable | 7 /120 |



\$97mil
Funds Under Advice
acquired in 2016-17



FIDUCIAN
INTEGRITY • TRUST • EXPERTISE



Victoria

Office Locations

Berwick
Chadstone
Mt Waverley

Nth Melbourne
Ringwood
Sale

St Kilda
Surrey Hills

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Profit Generating Sustainable Business Model

Funds Management



- Process driven, client focused investment products
- 15 Managed Funds: 4 Diversified Funds, 4 Sector Funds, 7 Specialist Funds
- **\$1.96 Billion in Funds under Management (FUM)**
- Listed comparables include PTM, IFL, PPT, HFA, MFG

WRAP Platform



- Market competitive Wrap & Managed Discretionary Accounts (MDA) Platform
- Trustee of the Fiducian Superannuation Service and Operator for IDPS, Fiducian Investment Service
- **\$1.58 Billion in Funds under Administration (FUAdmin)**
- Listed comparables include IFL, PPT, EQT, CVW, HUB and unlisted comparable Netwealth

Financial Planning



- Respected non-bank financial planning licensee with over twenty years of experience
- 44 high quality practices, 67 representatives, national footprint
- **\$2.14 Billion Funds Under Advice (FUA)**
- Listed comparables include IFL, CVW, SDF, AUB, YBR

FinTech



- Specialist Fintech system developer
- Developer of 'FORCe' Financial Planning software & 'FASTRACK' platform administration system
- Listed comparables include CL1, PPS and unlisted comparable IRESS

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)



Funds Management

- **15 Funds using Fiducian's Manage-the-Manager (MTM) system of Investment**
- **Select expert Fund Managers – with proven performance and differing investment processes plus styles**
- **Combine experts with different weightings – up to 37 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 | 11.3% (19/196) | 9.8% (1/188) | 12.8% (2/178) |
| Balanced | 9.9% (68/196) | 8.8% (4/188) | 11.4% (8/178) |
| Ultra Growth | 10.9% (80/127) | 11.5% (2/115) | 15.2% (2/106) |
| Capital Stable | 4.7% (29/126) | 5.5% (7/120) | 6.7% (17/115) |

Other specialist MTM funds

| | | | |
|------------|-------|-------|-------|
| India | 23.8% | 21.3% | 25.9% |
| Technology | 32.4% | 23.6% | 26.9% |

Market Segment: Funds Management

*Source: Morningstar – 30 June 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**
- **Administration for SMAs, IMAs and MDAs**
- **Competitive Fees, Flexible Structure**

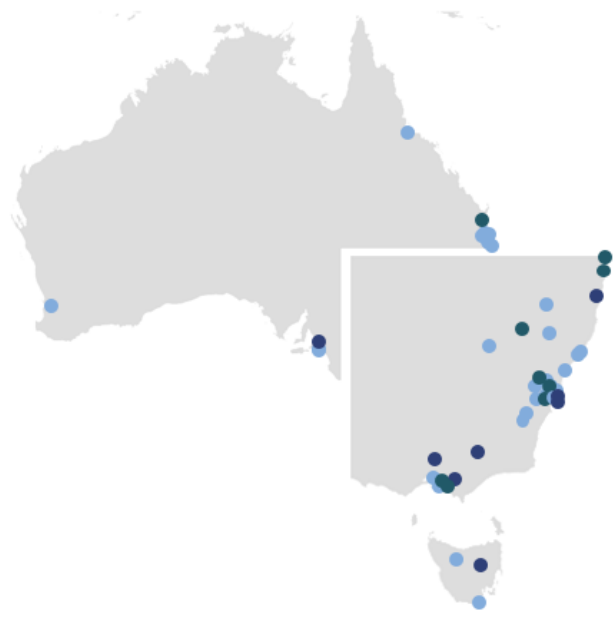


Market Segment: Platform Operators & Administration

Financial Planning

We are selective in recruiting Financial Planners.

National footprint with 44 practices, 67 representatives



- 38 Franchise Offices
- 6 Salaried Offices
- Total 67 Authorised Representatives

✓ Focus is on Quality and Expertise

Market Segment: Financial Planning / Wealth Creation



FinTech (FORCe & FASTrack)

Financial Planning Software



**WRAP Administration
FASTrack**



**Reporting
Fiducian
Online**



**Financial
Planner**



Investor

Market Segment: Fintech (IT Development)



Integrated Business Model

Our clients experience the Fiducian difference:



← **Full Year Gross Revenue** →
\$40.7 mil

Fiducian Integrated Business Model
FUMAA \$5.68 bil



Queensland

Office Locations

Buderim

Caboolture

Gold Coast

Sunshine Coast

Fiducian Group FY 2017

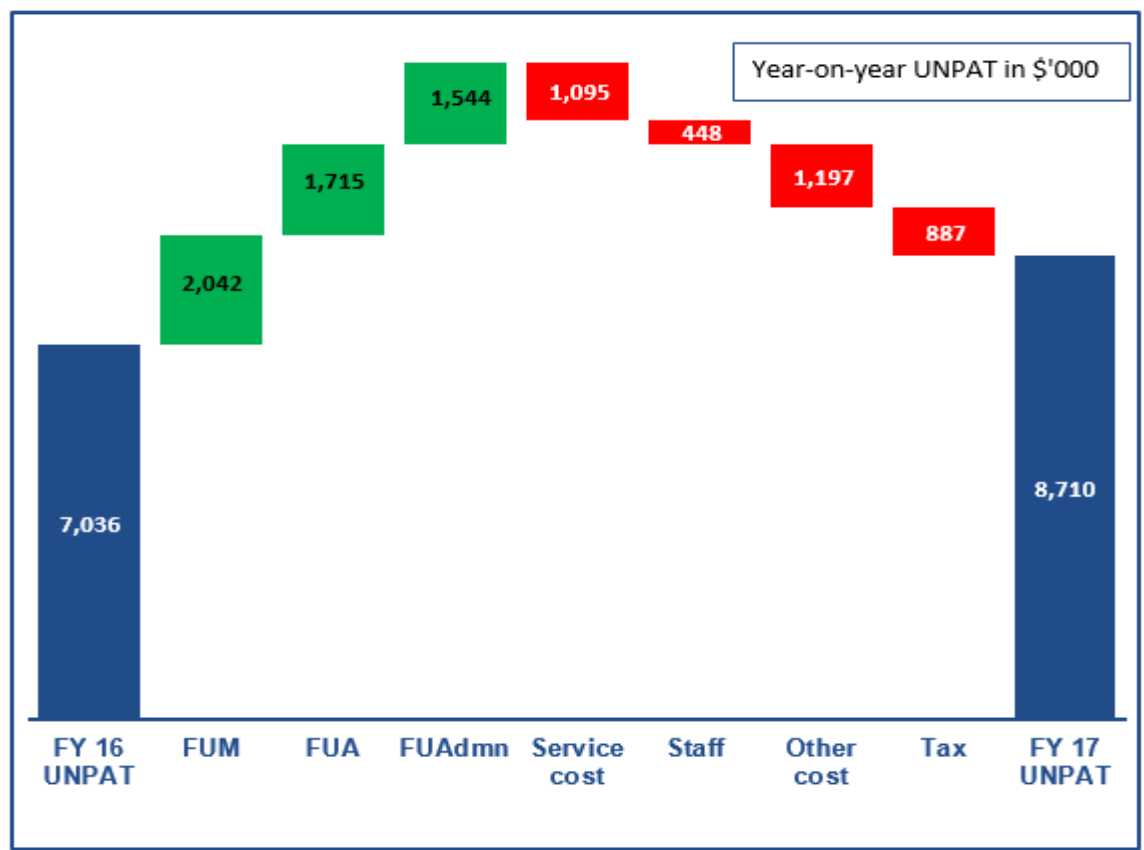
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FY 2017 Results: Financial Highlights

FINANCIAL HIGHLIGHTS

| Year Ending 30 June (\$ in thousands) | 2017 | 2016 | % CHANGE |
|------------------------------------------------------------------|------------------|------------------|--------------|
| Operating Revenue* | 40,752 | 35,451 | ↑ 15% |
| Fees and Charges paid* | (10,480) | (9,385) | |
| Net Revenue | 30,272 | 26,066 | ↑ 16% |
| Gross Margin | 74% | 74% | |
| Underlying EBITDA | 12,220 | 9,673 | ↑ 26% |
| Depreciation | (86) | (100) | |
| Tax on underlying earnings | (3,424) | (2,537) | |
| Underlying NPAT (UNPAT) | 8,710 | 7,036 | ↑ 24% |
| Amortisation | (1,233) | (1,197) | |
| Income from Client Servicing Rearrangement (net of tax) | 35 | - | |
| Statutory NPAT | 7,512 | 5,839 | ↑ 29% |
| Basic EPS based on UNPAT (in cents) | 27.8 | 22.6 | ↑ 23% |
| Basic EPS based on NPAT (in cents) | 24.0 | 18.8 | |
| Funds Under Management, Advice and Administration (FUMAA) | 5,678 Mil | 4,736 Mil | ↑ 20% |

FY 2017 Results: 24% UNPAT Growth






- ✓ Revenue increase from Organic & Inorganic inflows plus increased financial market valuations
- ✓ Funds Management, Administration and Financial Advice performed strongly
- ✓ Service provider costs increased to provide for higher revenue
- ✓ Staff and Other costs increase to compensate for inflation and encourage ethical growth activities

FY 2017 Results: Segment update

| | |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Funds Management | Revenue for the year is \$10.1 mil Top quartile performance has driven significant inflows Benefitting from scaled fees from underlying managers |
| Administration | Revenue for the year is \$15.0 mil Operational efficiencies through scale benefits |
| Financial Planning | Revenue for the year is \$14.9 mil Strong organic growth across salaried and franchisee network |
| Business Services | Revenue for the year is \$0.7 mil Generated cross referrals to Financial Planning business |
| Corporate | Experienced management team and board in place Reduction of Cost to Income ratio through scalability (2013: 70%, 2017: 60%) |
| Information Technology | Significant investment in developing end-to-end Straight Through Processing Administration capabilities Upgrades to accommodate SMA administration and 'user pays' process |

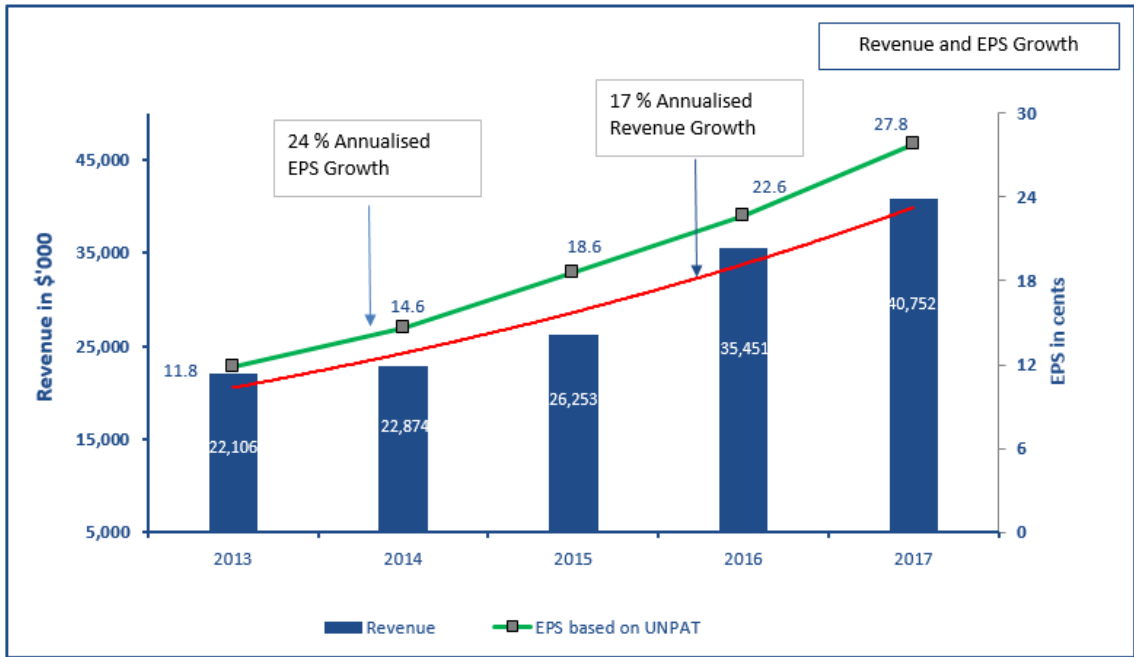


Five Year Summary: Financials

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2013-2017 |
|------------------------------------------------|------------|------------|------------|------------|------------|----------------------------------------------------------------------------------------------------------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| FINANCIAL PERFORMANCE | | | | | | |
| Gross Revenue | 40,752 | 35,451 | 26,253 | 22,874 | 22,106 |  24% Annualised Profit Growth |
| Underlying Net Profit After Tax (UNPAT) | 8,710 | 7,036 | 5,748 | 4,501 | 3,719 | |
| Statutory Net Profit After Tax (NPAT) | 7,512 | 5,839 | 4,622 | 3,983 | 3,270 | |
| Cost To Income Ratio (CTI) - ex amortisation % | 60% | 63% | 62% | 63% | 70% | |
| FINANCIAL POSITION | | | | | | |
| Total Assets | 36,277 | 33,690 | 28,770 | 26,363 | 22,446 |  24% Annualised EPS Growth |
| Total Equity | 27,620 | 24,127 | 21,191 | 19,351 | 18,320 | |
| Cash | 9,548 | 9,691 | 12,374 | 11,194 | 9,440 | |
| SHAREHOLDER INFORMATION | | | | | | |
| Number of shares outstanding | 31,264,368 | 31,110,855 | 30,883,398 | 30,757,897 | 31,532,429 |  10% CTI % Reduction |
| Market Capitalisation (in \$ mil) | 128 | 72 | 53 | 50 | 32 | |
| EPS based on UNPAT (in cents) | 27.8 | 22.6 | 18.6 | 14.6 | 11.8 | |
| Dividends (in cents) | 16.0 | 12.5 | 10.0 | 9.1 | 6.8 | |
| Share Price - 30 June closing (in \$) | 4.09 | 2.31 | 1.70 | 1.62 | 1.03 | |

✓ Sustainable growth history consistently over long term

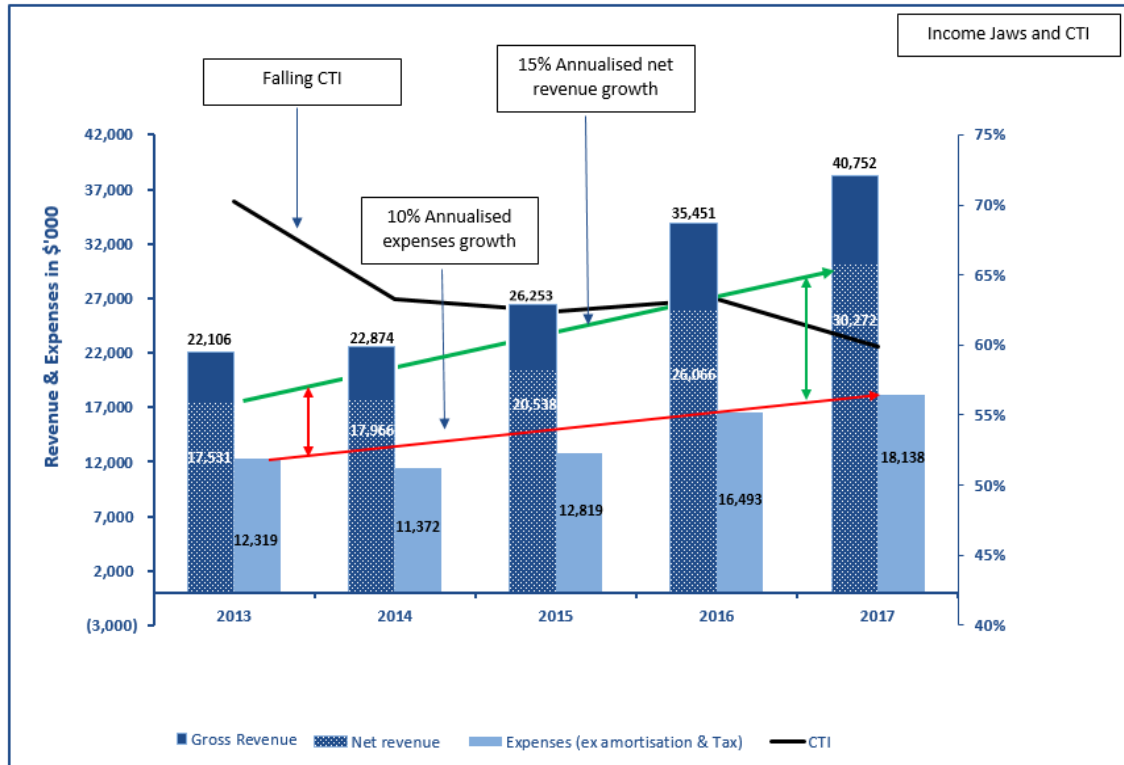
Five Year Summary: Revenue & EPS



- ✓ Top-line Revenue Growth: 17% annualised
- ✓ EPS Growth: 24% annualised
- ✓ Economic Leverage: EPS Growth faster than Revenue Growth
- ✓ Sustainability: Double-digit EPS growth in 14 out of 18 years since listing

✓ Sustainable growth history consistently over long term

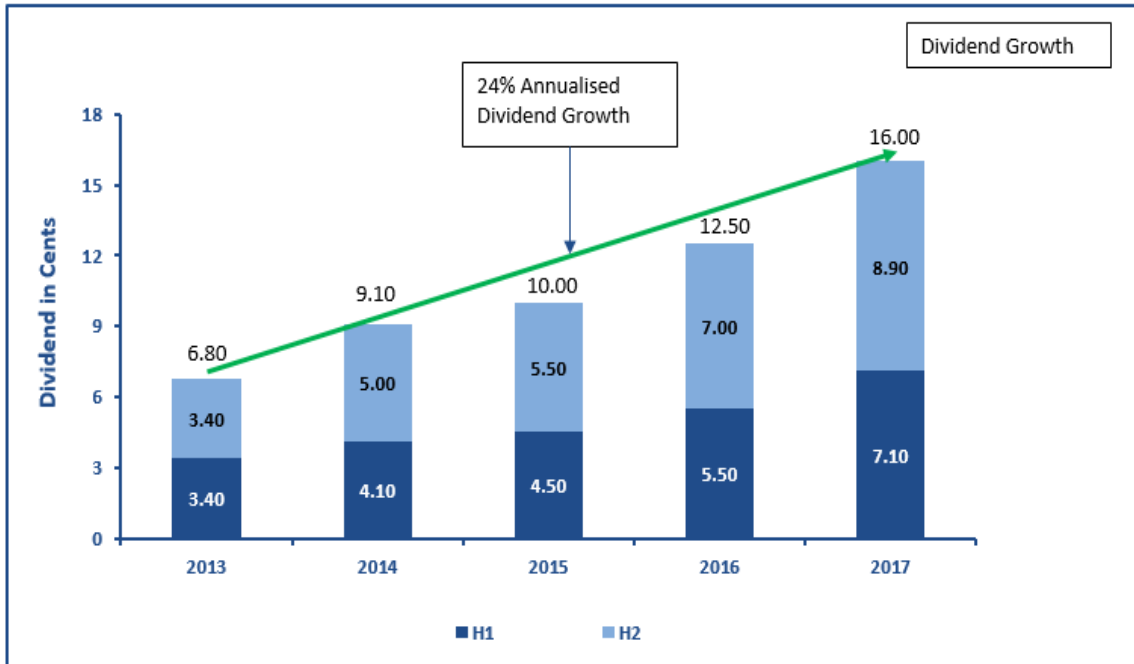
Five Year Summary: Expenses



- ✓ Expanding Jaws: Revenue growth faster than Expense growth
- ✓ Improving Cost To Income (CTI) Ratio: from 70% in 2013 to 60% in 2017
- ✓ Carefully managed expenses to support growth in infrastructure and revenue generating functions

✓ Sustainable growth history consistently over long term

Five Year Summary: Dividends



- ✓ Dividend Growth: 24% annualised
- ✓ Board maintains 60%-70% pay-out ratio based on NPAT
- ✓ FY17 full year dividend 16.00 cents
- ✓ Final dividend 8.90 cents per share held on 30/08/17 and payable on 13/09/17

✓ Sustainable growth history consistently over long term

Five Year Summary: Balance Sheet

(\$'000)

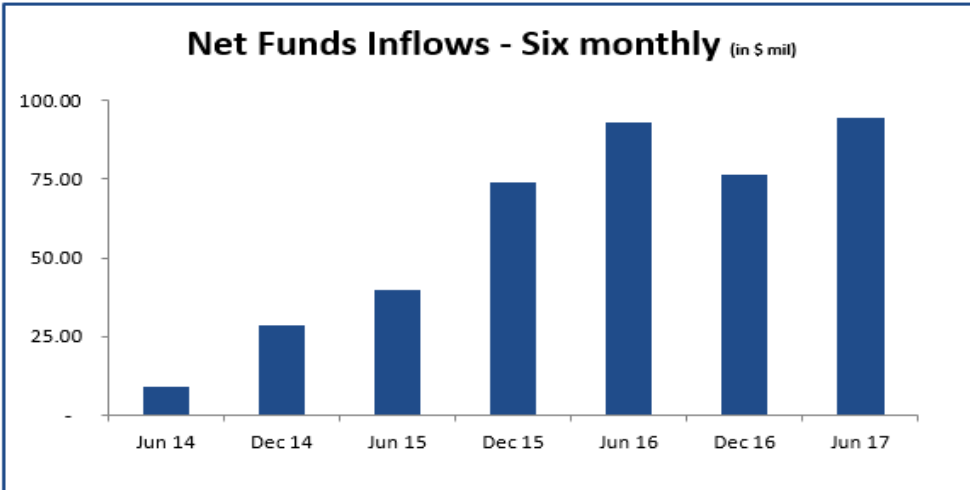
| Description | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash | 9,440 | 11,194 | 12,374 | 9,691 | 9,548 |
| Client Acquisition (including Goodwill) | 6,413 | 9,600 | 8,770 | 16,271 | 15,814 |
| Other assets (Net of Liabilities) | 2,467 | - 1,443 | 47 | - 1,835 | 2,258 |
| Net Assets | 18,320 | 19,351 | 21,191 | 24,127 | 27,620 |

- ✓ Stable Cash position in excess of regulatory requirement of \$5.1 mil to support growth initiatives
- ✓ Significant reinvestments into business: \$15.8 mil client acquisitions through aligned planners
- ✓ Net Assets Growth 11% annualised

✓ Sustainable growth history consistently over long term



Net Fund In-Flows in Platform

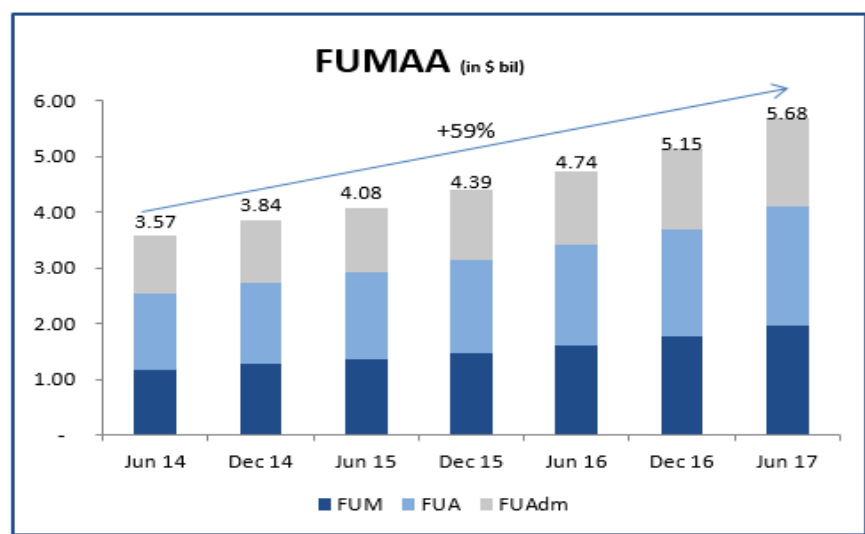


Funds Inflows and Outflows (in \$ mil)

| Years | Inflows | Outflows | Net Funds Inflows |
|--------|---------|----------|-------------------|
| Jun 14 | 57.01 | (47.91) | 9.11 |
| Dec 14 | 78.01 | (49.26) | 28.75 |
| Jun 15 | 87.69 | (48.10) | 39.59 |
| Dec 15 | 111.07 | (37.17) | 73.90 |
| Jun 16 | 134.87 | (41.83) | 93.04 |
| Dec 16 | 115.33 | (38.73) | 76.59 |
| Jun 17 | 174.79 | (80.31) | 94.48 |

- ✓ Net In- Flows of \$171 mil during FY17
- ✓ Both Salaried and Franchised networks contributing to the Inflows
- ✓ Combination of organic flows from active referrals and inorganic flows from strategic acquisitions

Funds Under Management, Administration and Advice (FUMAA) Growth



FUMMA Closing Balance (in \$ bil)

| Years | FUA | FUM | FUAdm | Total |
|--------|------|------|-------|-------|
| Jun 14 | 1.37 | 1.17 | 1.03 | 3.57 |
| Dec 14 | 1.46 | 1.28 | 1.11 | 3.84 |
| Jun 15 | 1.54 | 1.37 | 1.17 | 4.08 |
| Dec 15 | 1.66 | 1.47 | 1.25 | 4.39 |
| Jun 16 | 1.82 | 1.59 | 1.32 | 4.74 |
| Dec 16 | 1.94 | 1.76 | 1.45 | 5.15 |
| Jun 17 | 2.14 | 1.96 | 1.58 | 5.68 |

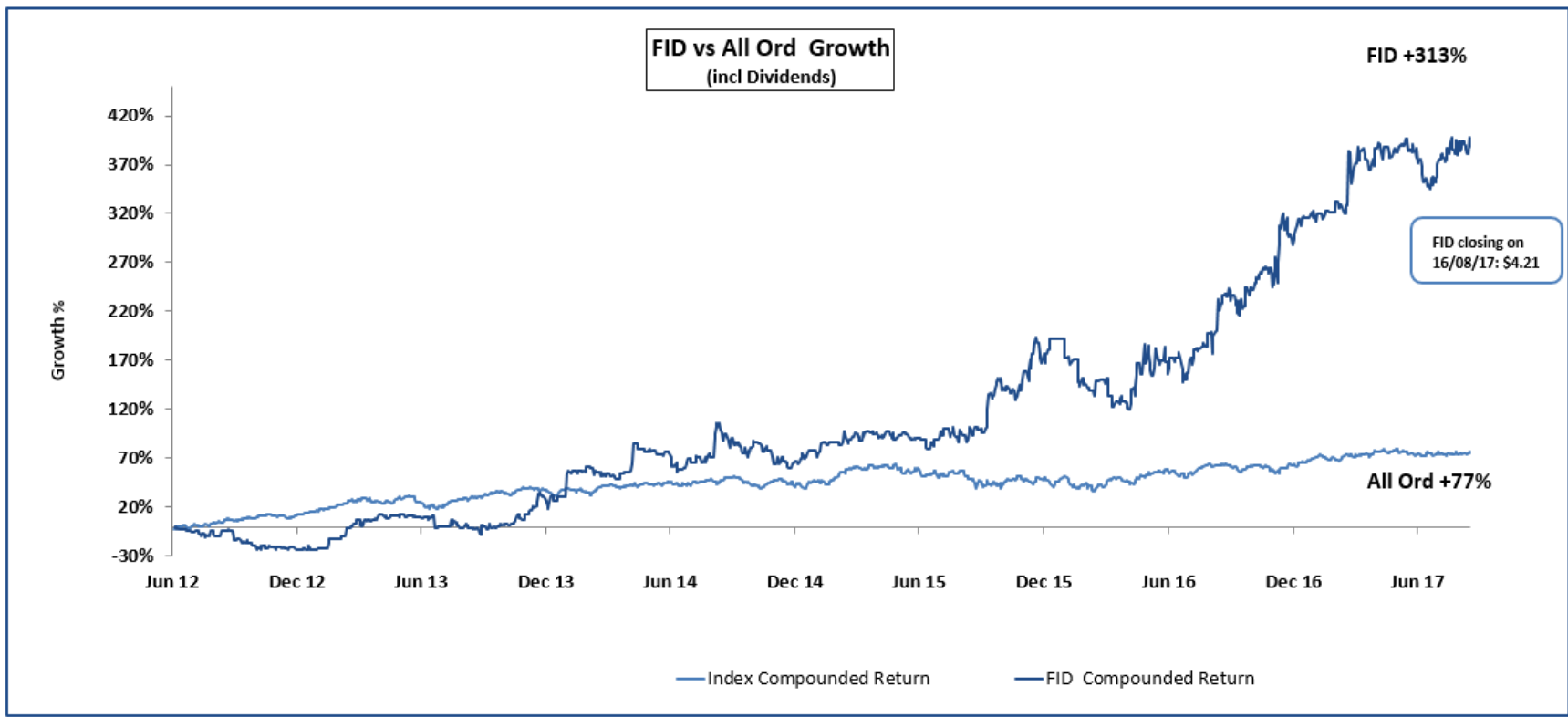
- ✓ Consistent FUMAA growth contributed by strong organic and inorganic inflows and market improvements
- ✓ \$97 mil acquisition by Fiducian for Franchisees and salaried offices: strengthens retention
- ✓ Increase in FUA as proportion of FUMAA reflects recent acquisition

Explanatory Notes:

- FUM includes cross holdings from diversified funds into the sector / specialised funds
- FUA includes assets held in Fiducian and External platforms
- FUAdm includes aligned advisers and IFAs



Five Year: FID vs All Ord



✓ Since Jun 12, FID has outperformed All Ord by 236% (including dividend)





Tasmania

Office Locations

Devonport
Hobart
Launceston

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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

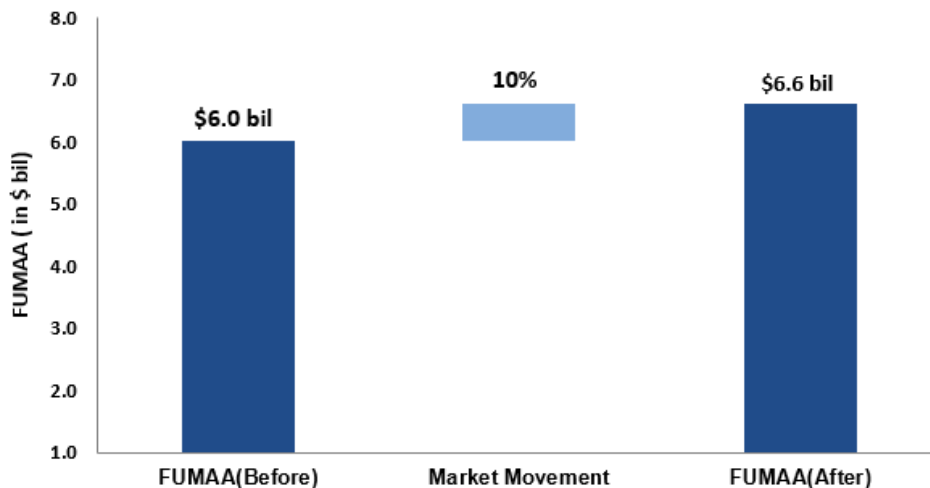
Business Outlook – 3 Revenue Streams

Revenue Growth is a function of volume of FUMAA

Example:



Plus, additional revenue growth if financial markets rise



Example:

Assets rise 10%

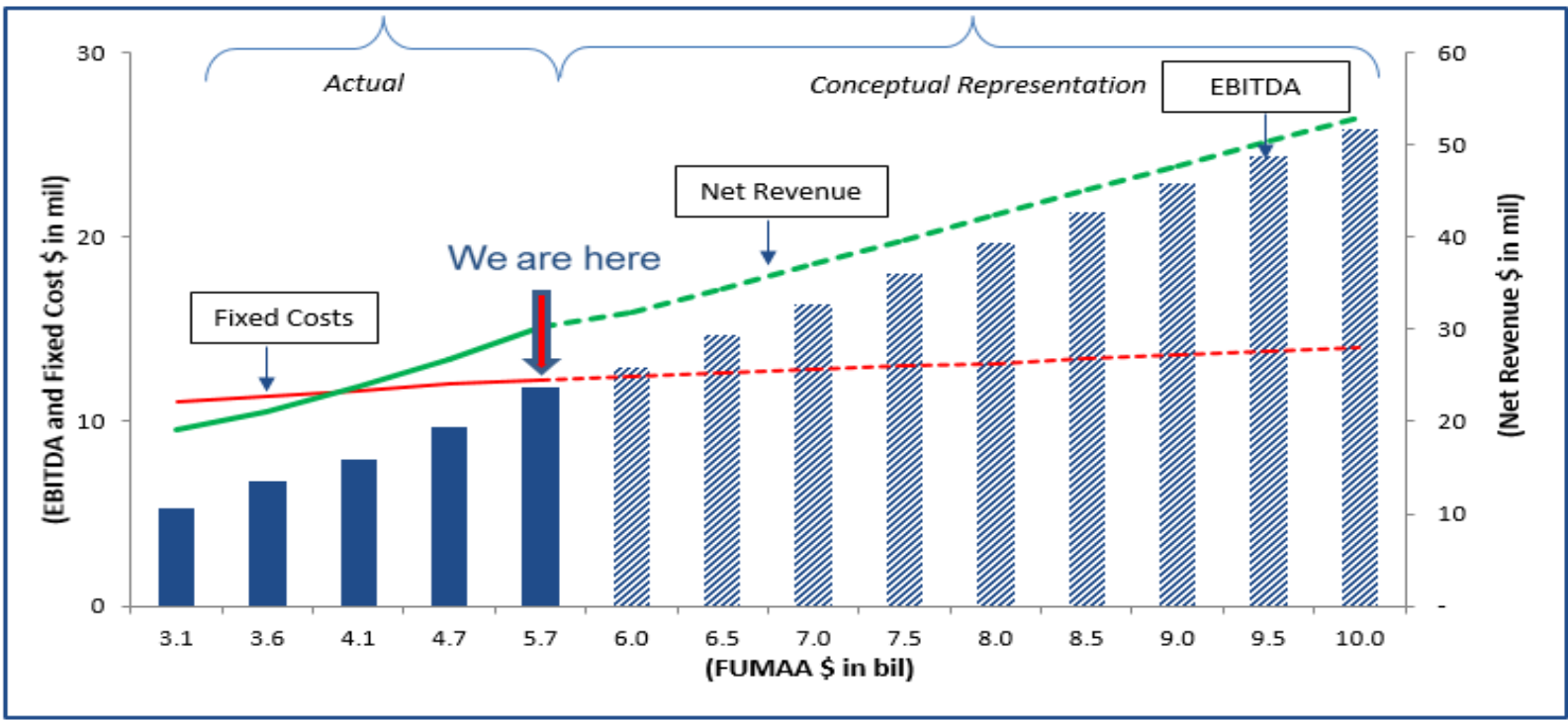
FUMAA of \$6.0 bil rises to \$6.6 bil



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**



Western Australia

Office Location

South Perth

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Australian Capital Territory

Office Location

Canberra

Contacts

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South Australia

Office Location

Adelaide City Central

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