



Fiducian Group (ASX:FID)

FY 2017-18

H1 RESULTS

INVESTOR PRESENTATION

15 February 2018



STIRLING RANGE NATIONAL PARK

WA



Fiducian Group H1 Results December 2017

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



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
- **\$2.21 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
- **\$1.80 Billion in Funds under Administration (FUAdmin)**
- Listed comparables include IFL, PPT, EQT, CVW, HUB, NWL

Financial
Planning



- Respected non-bank financial planning licensee with over twenty years of experience
- 38 high quality practices, 61 representatives, national footprint
- **\$2.31 Billion Funds Under Advice (FUA)**
- Listed comparables include IFL, CVW, CUP, 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 and
Business 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)

Note: FUMAA figures are as at 31 January 2018

Funds Management

- 15 Funds using Fiducian's Manage-the-Manager (MTM) system of Investment
- Select expert Managers – with proven performance, differing investment processes / styles
- Combine experts with different weightings – up to 40 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
- Consistently superior results against the world's best fund managers in the Australian market



Fiducian Funds	1-year return (ranking) p.a.	3-year return (ranking) p.a.	5-year return (ranking) p.a.	7-year return (ranking) p.a.	10-year return (ranking) p.a.
Growth	15.1% (2/175)	9.0% (1/167)	11.8% (1/162)	9.8% (5/154)	6.1% (10/126)
Balanced	13.2% (11/175)	8.0% (6/167)	10.5% (6/162)	9.0% (12/154)	6.0% (17/126)
Ultra Growth	16.4% (7/121)	12.0% (2/110)	14.1% (3/103)	11.4% (4/95)	
Capital Stable	6.8% (10/116)	4.5% (7/110)	6.2% (5/106)	6.3% (13/102)	5.2% (14/84)
Other specialist MTM funds					
Technology	26.5%	17.4%	27.2%	21.6%	14.2%
India	30.3%	10.0%	23.6%	16.3%	9.4%

The above performances are based on independent survey conducted by Morningstar survey as at January 2018

2017 FundSource Awards – International Equity Sector

Winner: Fiducian Funds management - Technology Fund

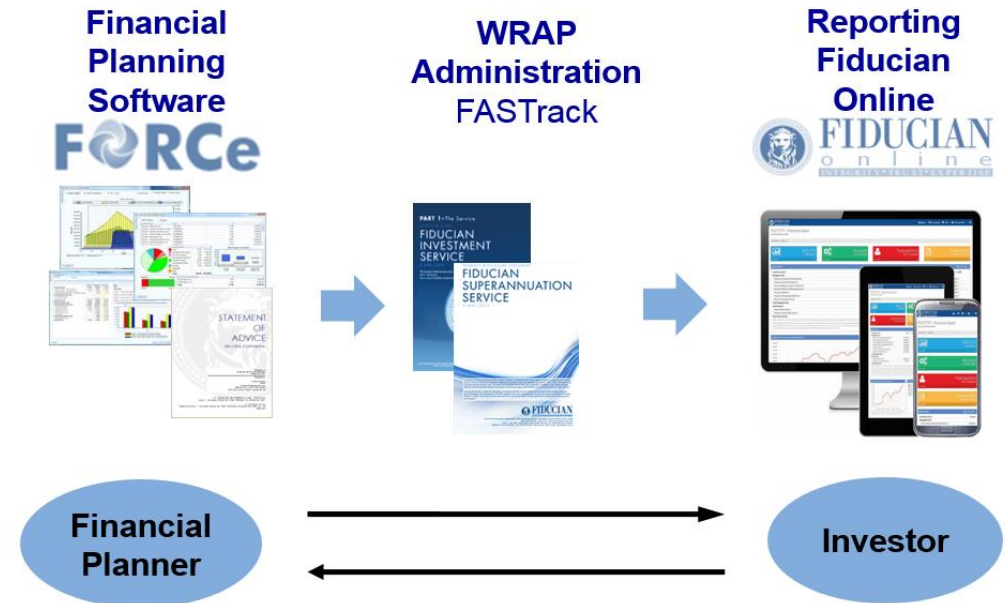
Finalist: Fiducian Funds management - India Fund





WRAP Platforms (FSS/FIS) – FinTech (FORCe & FASTrack)

- Public offer “Superannuation Fund”
- Investor Directed Portfolio Service (IDPS)
- 15 – Multimanager Funds using the Fiducian Manage-the-Manager system
- 57 – Single Manager Fund Choices
- 13 – 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



Fully Integrated Fintech Solution
for Advisers and Clients

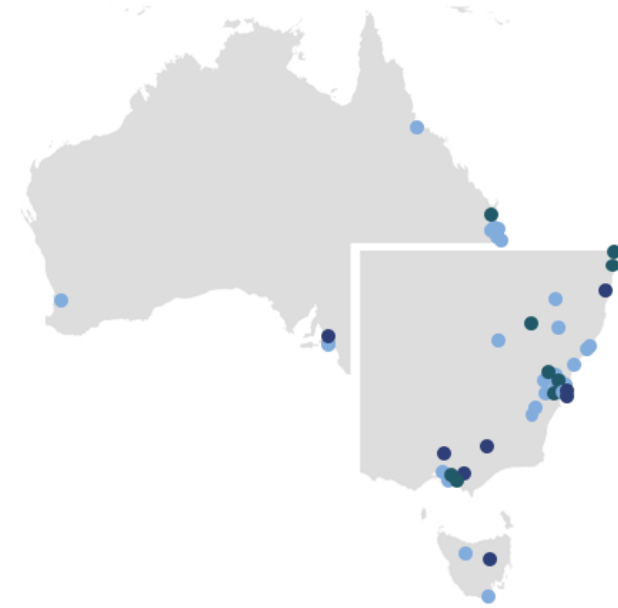
Financial Planning – Focus on Quality and Expertise

- We are selective in recruiting Financial Planners
- National footprint with 38 practices, 61 representatives

● 31 Franchise Offices

● 7 Salaried Offices

Total 61 Authorised Representative



Wealth Creation



Retirement Planning



Superannuation



Investment Advice



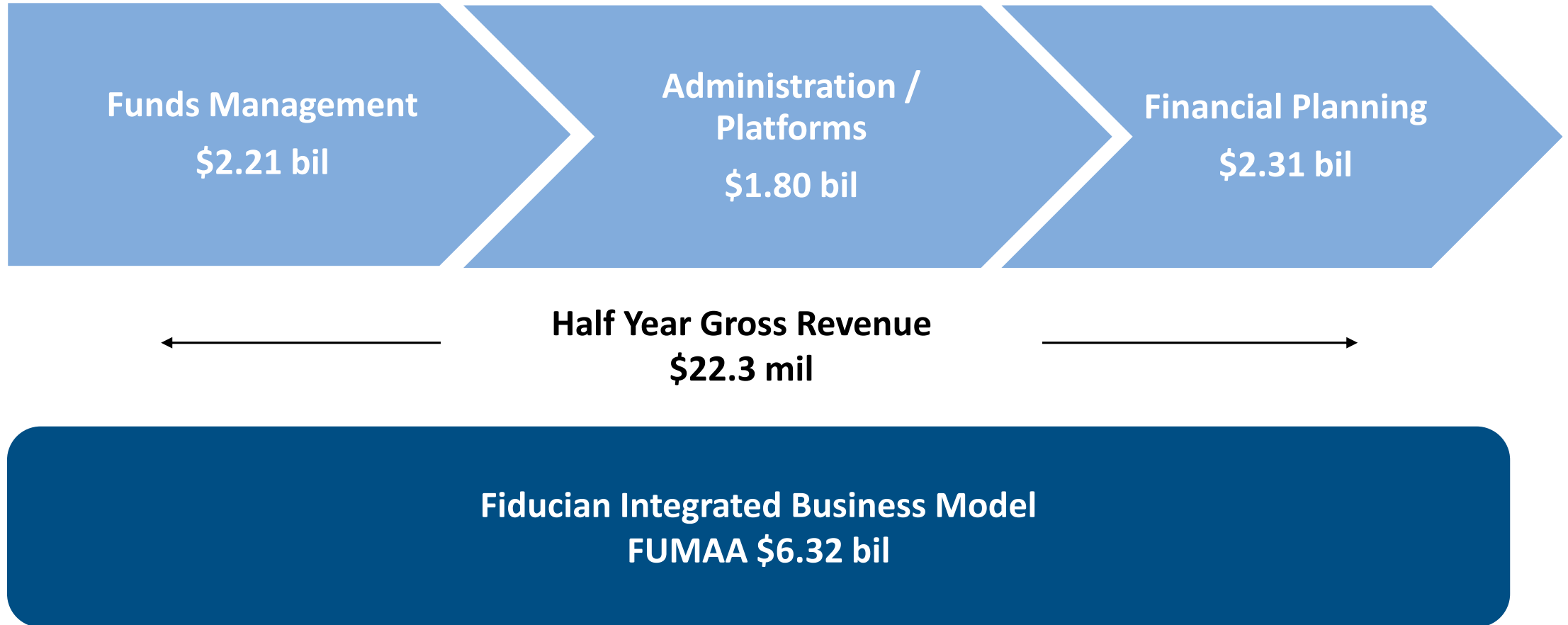
Estate Planning



Personal Insurance

Integrated Business Model

Our clients experience the Fiducian difference:



Note: FUMAA figures are as at 31 January 2018

FINANCIALS



Financial Highlights

Financial Highlights

Half Year Ending 31 December (\$ in thousands)	2017	2016	% Change
Operating Revenue	22,349	19,903	↑ 12%
Fees and Charges paid	(6,020)	(5,041)	
Net Revenue	16,329	14,862	↑ 10%
Gross Margin	73%	75%	
Underlying EBITDA	7,019	5,610	↑ 25%
Depreciation	(44)	(44)	
Tax on underlying earnings	(2,004)	(1,550)	
Underlying NPAT (UNPAT)	4,971	4,016	↑ 24%
Amortisation	(635)	(617)	
Income from Client Servicing Rearrangement (net of tax)		35	
Statutory NPAT	4,336	3,434	↑ 26%
Basic EPS based on UNPAT (in cents)	15.9	12.9	↑ 23%
Basic EPS based on NPAT (in cents)	13.9	11.0	
Funds under Management, Advice and Administration or FUMAA (\$ in millions)	6,266	5,130	↑ 22%



Segment Update

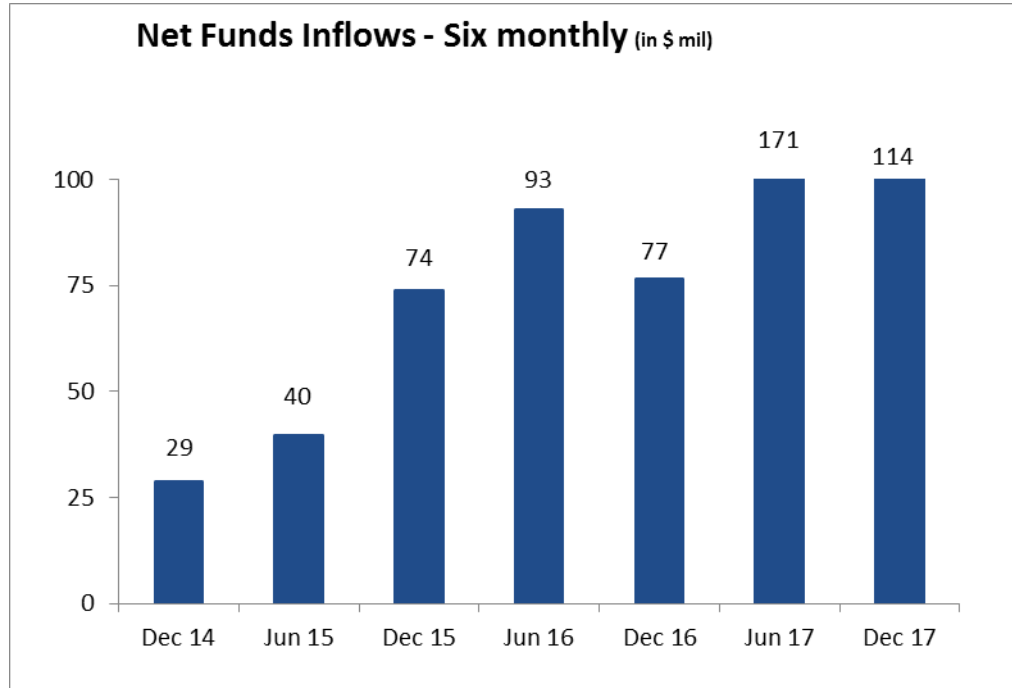
Funds Management	Revenue for the half-year is \$6.1 mil Top quartile performance has driven significant inflows Benefitting from scaled fees from underlying managers
Administration	Revenue for the half-year is \$8.3 mil Operational efficiencies through scale benefits
Financial Planning	Revenue for the half-year is \$7.7 mil Strong organic growth across salaried and franchisee network
Business Services	Revenue for the half-year is \$0.2 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%, 2018 H1: 57%)
Information Technology	Significant investment in developing end-to-end Straight Through Processing Administration capabilities Upgrades to accommodate SMA administration and 'user pays' process



Cash Flow

- Cash Flow in line with expectations for Jul – Dec 17:
 - \$24.5 mil Receipts from Customers
 - \$4.8 mil Net Operating Cash Flow after expenses and tax
 - \$11.4 mil Cash at end of the period
- Reinvestments into business:
 - \$0.7 mil payments for Client acquisitions
- Dividend payments for FY 16-17 H2:
 - 8.9 cent final dividend totalling \$2.8 mil

Net Fund In-Flows in Platform

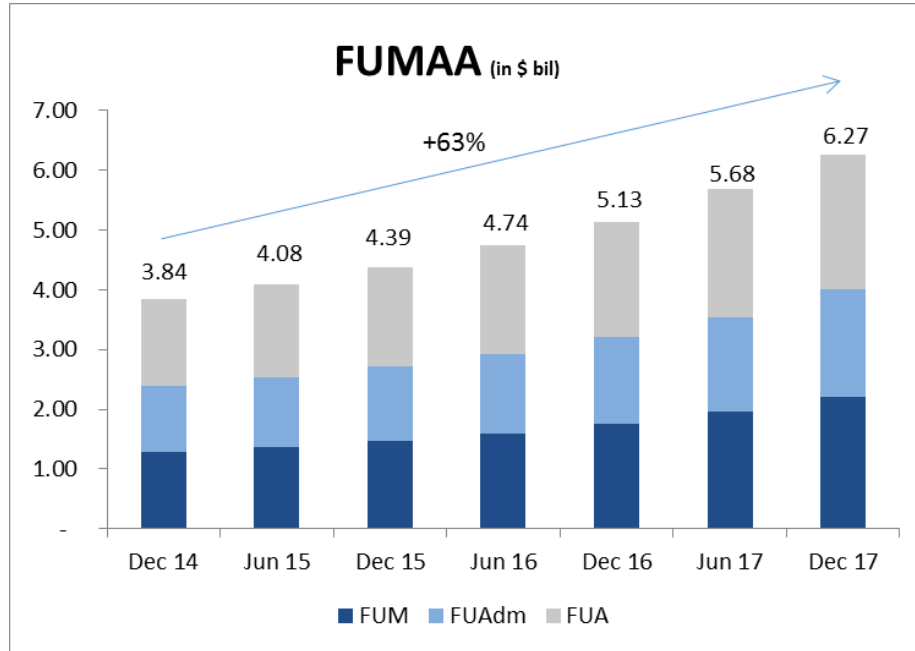


Funds Inflows and Outflows (in \$ mil)

Years	Inflows	Outflows	Net Flows
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
Jun 17	290	-119	171
Dec 17	157	-44	114

- ✓ Net In- Flows of \$114 mil during FY17-18 H1
- ✓ Both Salaried and Franchised networks contributing to the Inflows
- ✓ Combination of organic flows from active referrals and inorganic flows from strategic acquisitions

FUMAA Growth



FUMMA Closing Balance (in \$ bil)

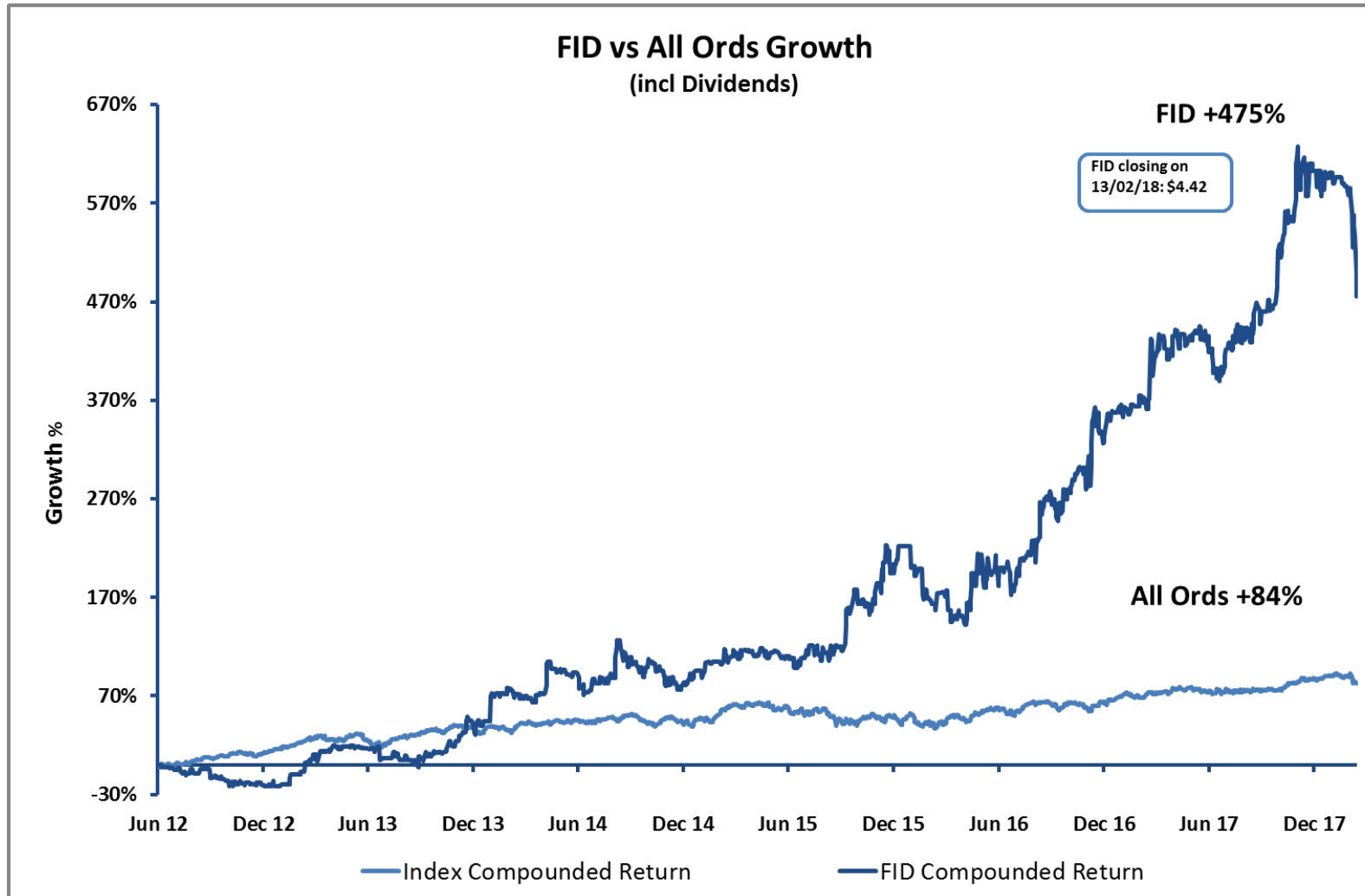
Years	FUM	FUAdm	FUA	Total
Dec 14	1.28	1.11	1.46	3.84
Jun 15	1.37	1.17	1.54	4.08
Dec 15	1.47	1.25	1.66	4.39
Jun 16	1.59	1.32	1.82	4.74
Dec 16	1.76	1.45	1.92	5.13
Jun 17	1.96	1.58	2.14	5.68
Dec 17	2.21	1.79	2.26	6.27

- ✓ Consistent FUMAA growth contributed by strong organic and inorganic inflows and market improvements
- ✓ \$41 mil acquisition announced by Fiducian for Franchisees and salaried offices in H1: 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

FID outperformance against All Ords Accum Index









- Since Jun 12, outperformance 391% including dividend
- Dividend pay-out policy 60-70% of Net Profit After Tax
- Double digit EPS growth in 14 out of 18 years since listing
- H1 dividends 9.0 cents – 27% growth over comparable period

STRATEGY & OUTLOOK



Growth Strategy

	Funds Management	Leverage of successful Manage-The-Manager model and expand in new markets where profitable
	Administration	Distribute SMA capabilities, offer Badged solutions to IFA market and Build SMSF Administration
	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 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

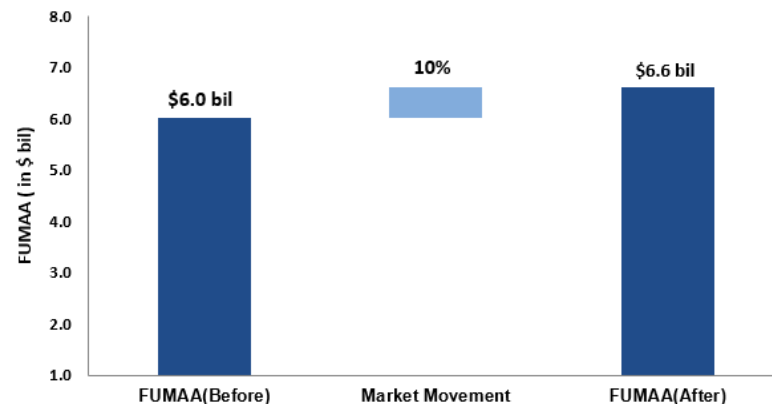
Business Outlook – 3 Revenue Streams

Revenue Growth is a function of volume of FUMAA

Example:



Plus, additional revenue growth if financial markets rise



Example:

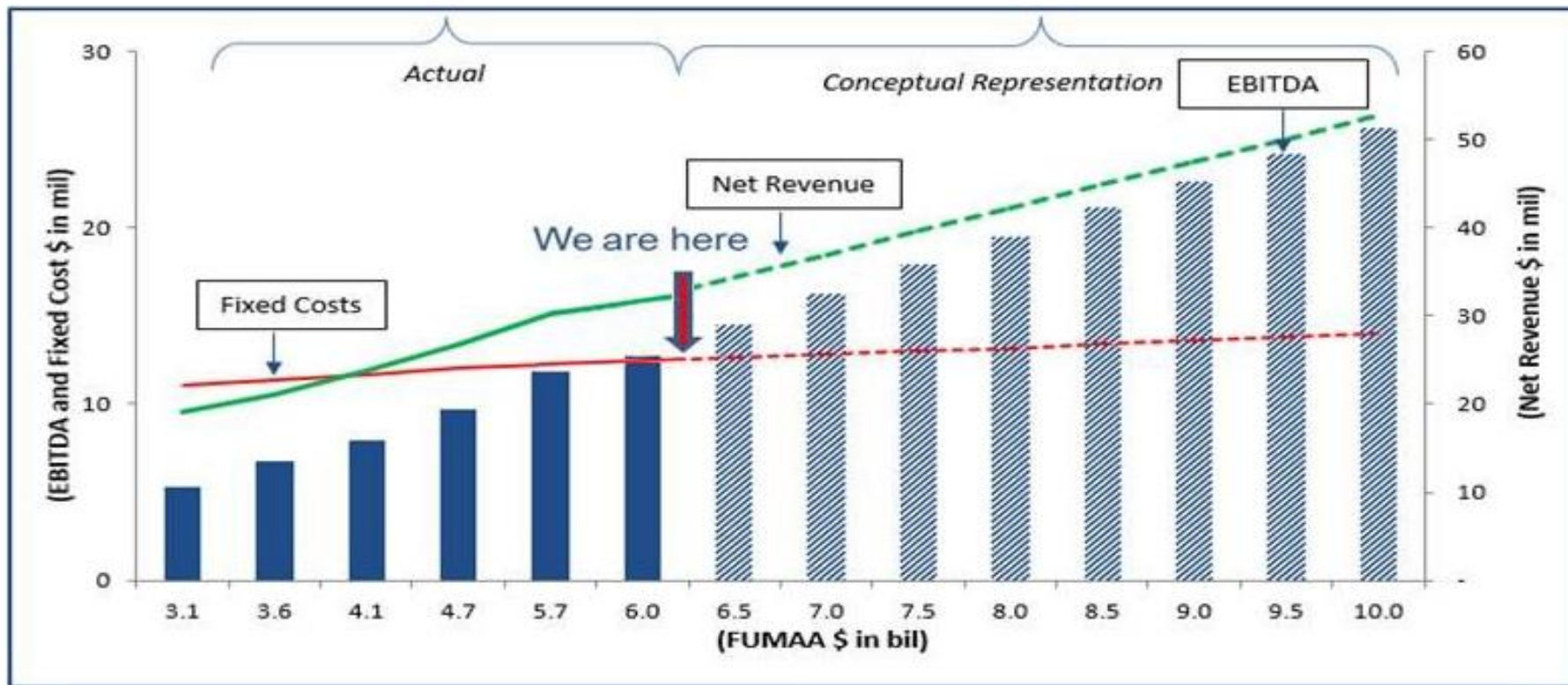
Assets rise 10%

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 and SMA capabilities 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



Key Dates and Contacts

Key Dates

- H1 dividend Record Date: 1 March 2018, Payment Date: 15 March 2018
- Full Year results announcement: Thursday, 16 August 2018

Contacts

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