
**Fiducian Group
(ASX:FID)**



FY 2018 RESULTS

INVESTOR PRESENTATION
16 August 2018

- **FY 2018 Highlights**
- **Business Overview**
- **Financials**
- **Growth Strategy and Business Outlook**
- **Key Dates and Contacts**
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FY 2018 Highlights



UNPAT up
21%
to \$10.5mil



FUMAA up
\$1 billion
(by 18%) to \$6.7bil



Dividends up
25%
to 20.00 cents / share

Fund Performance



Growth	1/168
Ultra Growth	2/111
Cap Stable	4/105
Balanced	6/168

Flagship funds performance ranking
for three years to 30 June 2018
against all funds on a leading survey



61
Aligned
Planners &
Associates



37 Offices
across Australia



112 Staff around
Australia from
over **28** different
countries of origin

FUA



\$83mil
Funds Under Advice
acquired in 2017-18

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
- **\$2.37 Billion in Funds under Management (FUM)**
- Listed comparables include NGI, MFG, PCG, PPT

WRAP Platform



- Market competitive Wrap & Managed Discretionary Accounts (MDA) Platform, SMSF admin
- Trustee of the Fiducian Superannuation Service and Operator for IDPS, FIS
- **\$1.94 Billion in Funds under Administration (FUAdmin)**
- Listed comparables include HUB, NWL, OVH, PPS

Financial Planning



- Respected non-bank financial planning licensee with over twenty one years of experience
- 37 high quality practices, 61 representatives, national footprint
- **\$2.41 Billion Funds Under Advice (FUA)**
- Listed comparables include CAF, CUP, ED1, IFL

FinTech



- Specialist Fintech system developer
- Developer of 'FORCE' Financial Planning software & 'FASTRACK' platform administration system
- Listed comparables include BVS, CL1, IRE

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 39 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



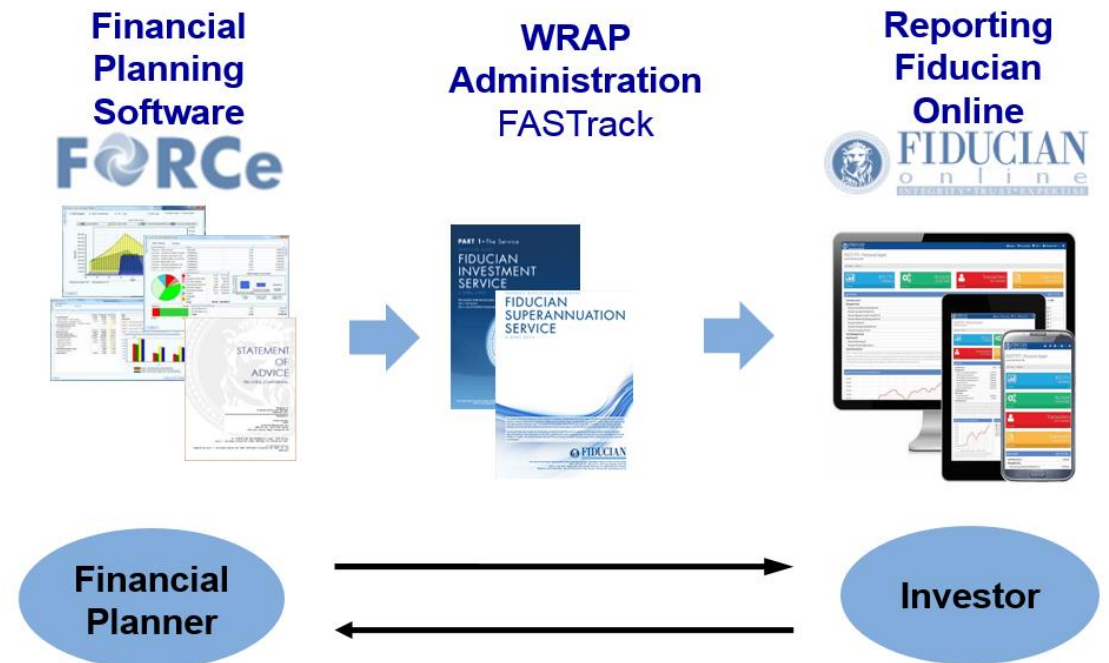
Fiducian Funds	1-year return (ranking) p.a.	3-year return (ranking) p.a.	5-year return (ranking) p.a.	7-year return (ranking) p.a.	10-year return (ranking) p.a.
Growth	13.2% (2/177)	9.8% (1/168)	11.5% (1/163)	10.4% (4/153)	7.5% (5/127)
Balanced	11.6% (7/177)	8.8% (6/168)	10.3% (6/163)	9.5% (11/153)	7.1% (9/127)
Ultra Growth	14.9% (4/120)	10.8% (2/111)	14.1% (1/102)	12.1% (2/96)	
Capital Stable	6% (3/111)	5% (4/105)	6.1% (3/102)	6.3% (8/98)	5.7% (15/82)
Other specialist MTM funds					
Technology	20.9%	16.6%	23.6%	22.7%	15.9%
India	1.9%	7.4%	21.2%	14.9%	12.5%

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 – Multi-manager 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 37 practices, 61 representatives

● 30 Franchise Offices

● 7 Salaried Offices

Total 61 Authorised Representative



Wealth Creation



Retirement Planning



Superannuation



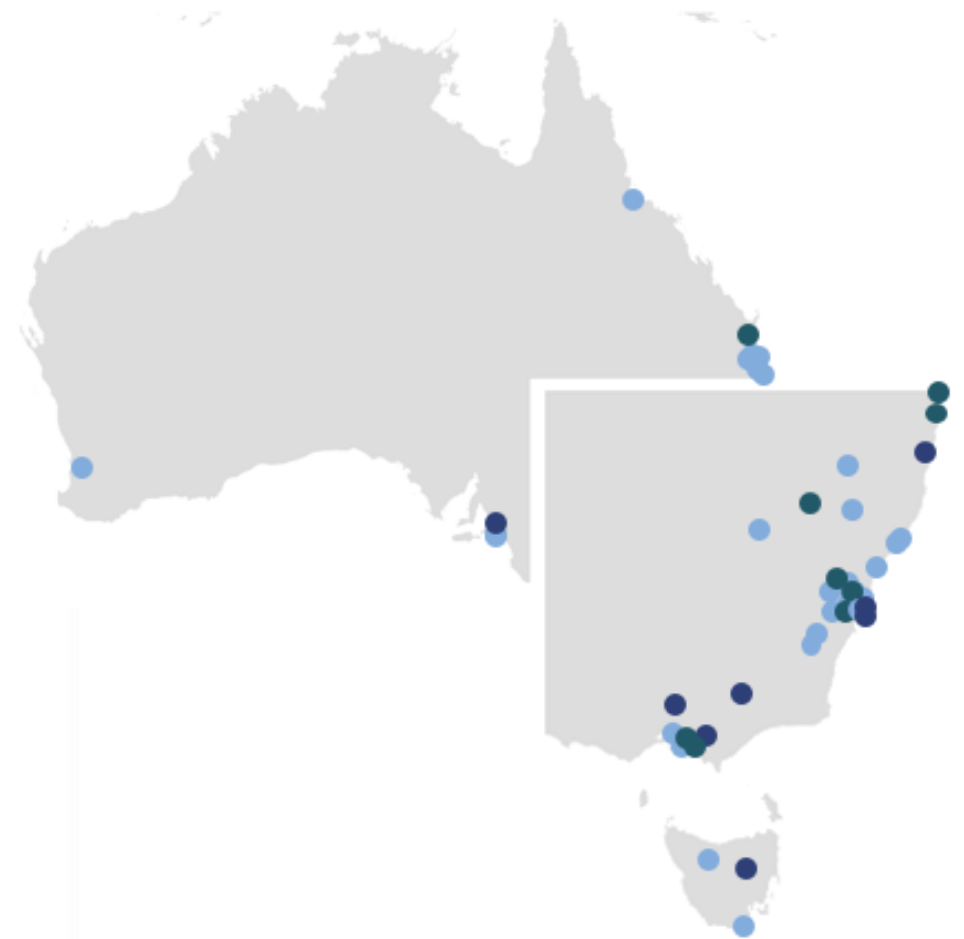
Investment Advice



Estate Planning

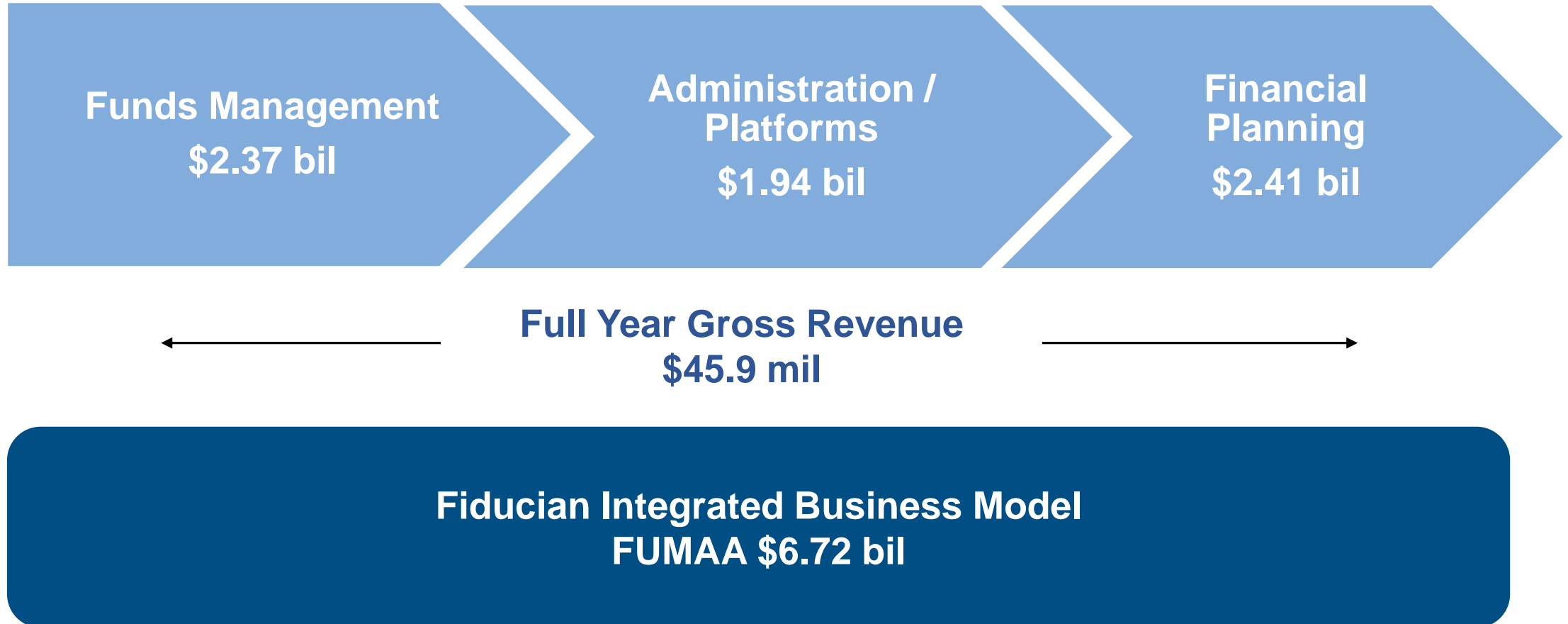


Personal Insurance



Integrated Business Model

Our clients experience the Fiducian difference:

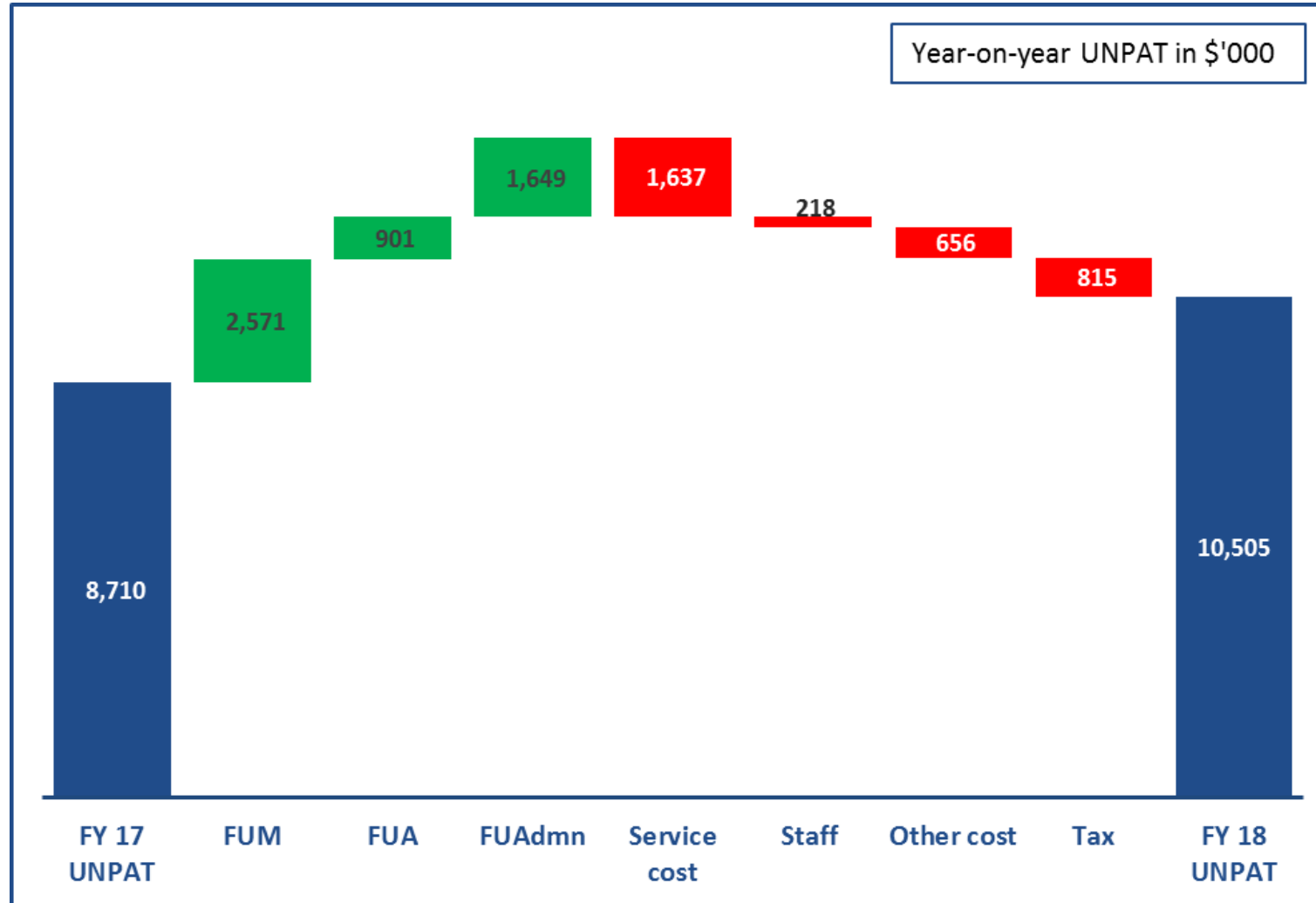


FY 2018 Results: Financial Highlights



FINANCIAL HIGHLIGHTS				
Year Ending 30 June	2018	2017	\$ GROWTH	% CHANGE
Funds Under Management, Advice and Administration (FUMAA)	6.72 Billion	5.68 Billion	1.0 Billion	↑ 18%
	\$'000	\$'000		
Operating Revenue*	45,873	40,752	5.1 Million	↑ 13%
Fees and Charges paid*	(12,117)	(10,480)		
Net Revenue	33,756	30,272	3.5 Million	↑ 12%
Gross Margin	74%	74%		
Underlying EBITDA	14,832	12,220	2.6 Million	↑ 21%
Depreciation	(89)	(86)		
Tax on underlying earnings	(4,239)	(3,424)		
Underlying NPAT (UNPAT)	10,504	8,710	1.8 Million	↑ 21%
Amortisation	(1,307)	(1,233)		
Income from Client Servicing Rearrangement (net of tax)	-	35		
Statutory NPAT	9,198	7,512	1.7 Million	↑ 22%
Basic EPS based on UNPAT (in cents)	33.6	27.8		↑ 21%
Basic EPS based on NPAT (in cents)	29.4	24.0		

FY 2018 Results: 21% 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 in line with higher revenue
- ✓ Staff and Other costs increase to compensate for inflation and encourage ethical growth activities

Segment Update

Funds Management

Revenue for the full-year is \$15.7 mil

Top quartile performance has driven significant inflows
Benefitting from scaled fees from underlying managers

Administration, Corporate & Other

Revenue for the full-year is \$14.0 mil

Scale efficiencies. Reduction of Cost to Income ratio (2012: 79%, 2018: 56%)
Experienced management team and board in place

Financial Planning

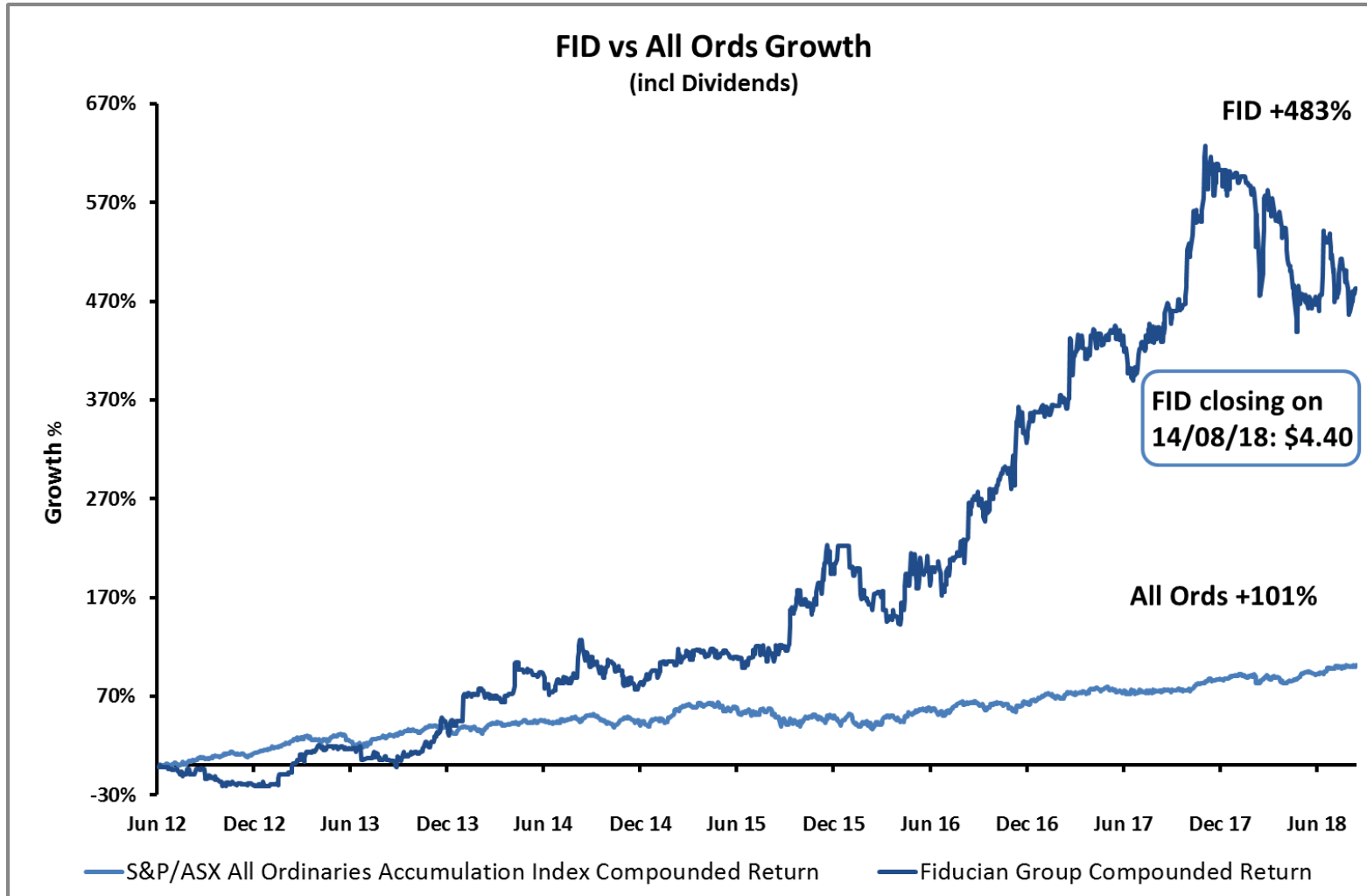
Revenue for the full-year is \$16.2 mil

Strong organic growth across salaried and franchisee network

Information Technology

Significant investment in developing end-to-end Straight Through Processing
Administration capabilities
Upgrades to accommodate SMA administration and user pay's process

FID outperformance against All Ords Accum



- Since Jun 12, outperformance 382% 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
- Full year dividends 20 cents – 25% growth over comparable period

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
	Corporate	Re-invest in business growth and Active share buy-back while supporting existing dividend policy of 60-70% of NPAT
	Information Technology	Enhance STP functionalities and commercialise Financial Planning software

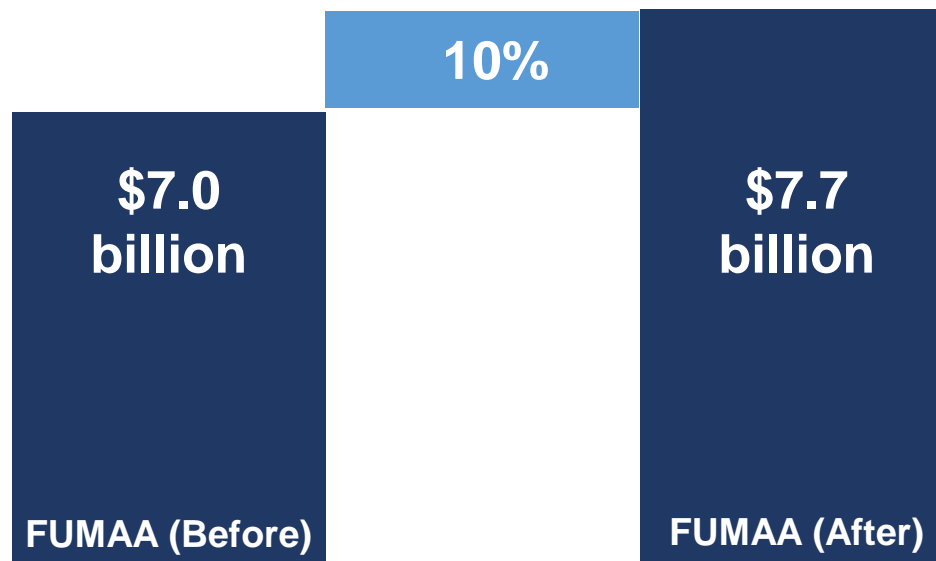
Business Outlook – 3 Revenue Streams

Revenue Growth is a function of volume of FUMAA

Example:



Plus, additional revenue growth if financial markets rise



Example:

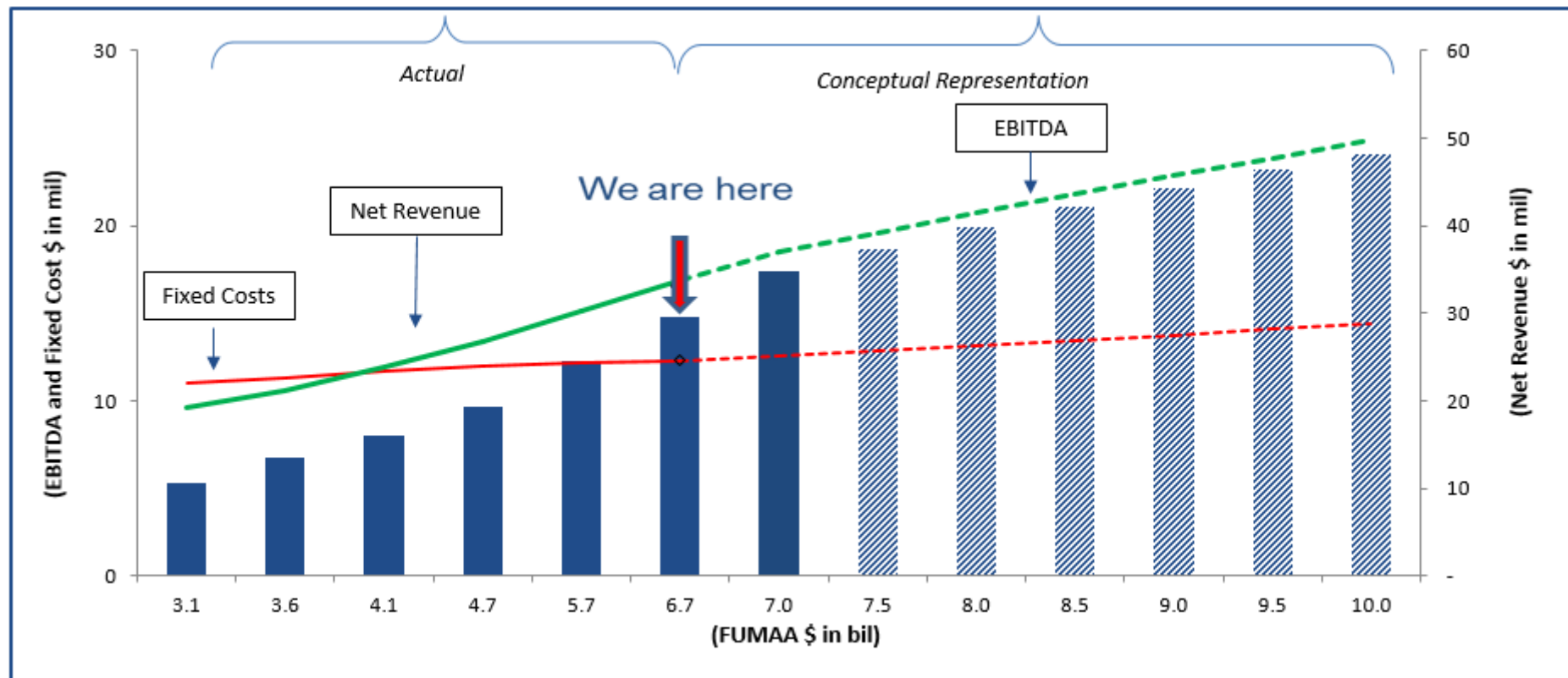
Assets rise 10%

FUMAA of \$7.0 bil rises to \$7.7 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.

- **Royal Commission**
 - The government has instituted a Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.
 - Fiducian has not been contacted by the Commission, but is monitoring the progress of the hearings.
 - The Commission's final report and recommendations are expected to be released in February 2019.
 - At this stage, Fiducian believes it should be business as usual as we provide the highest level of integrity to our clients.
- **Vertical Integration**
 - Significant part of the industry is vertically integrated
 - Some Industry Funds through their in-sourced funds management and in-house planners
 - Some planning groups through Separately Managed Accounts (SMAs) and white-label/badge products
 - For-profit organisations (including Fiducian)

- **Vertical Integration (cont'd)**
 - ASIC identified the potential benefits of vertical integration in the financial advice industry in ASIC Report 562 and their Round 2 submission to Hayne Royal Commission:
 - the creation of economies of scale, which potentially improve cost efficiencies in the provision of services and produce savings that may then be passed on to the customer and improve access to advice
 - some customers may benefit from the convenience of dealing with a single financial institution
 - some customers may value the perceived safety of dealing with a large institution
 - Fiducian's vertically integrated business model has controls in place to manage inherent conflicts of interest to ensure that advice given to the client complies with the best interests duty and related obligations and is not tainted by that conflict
 - Restricted APL on our platform (15 Fiducian funds + 57 other external products) are thoroughly researched and assessed for appropriateness for our clients
 - Facilitate client diversification process through multi-manager investment products (e.g. 24 manager diversification in Balanced product)
 - Three Lines of Defence compliance framework

- **Trail Commission**
 - Grandfathered Commission (“Trail Commission”, “Ongoing Commission”) is embedded within the FoFA legislation. This commission is paid out of the product / service providers’ margins to the advisers and is not contingent on providing an ongoing service by an adviser. This is not an additional costs to the clients (in most of the cases) and the product / service provider could simply retain the Commission if not paid to an adviser
 - Grandfathered Commission is to be distinguished from the “Fee for No Service” issue that has also been raised by ASIC and the Hayne Royal Commission. Fee for No Service becomes an issue when an adviser has charged an “Adviser Service Fee (ASF)” or a Portfolio Review Fee (PRF)” (which could be ongoing as well), but has not provided any service to the clients
 - Due to natural attrition and product switches, grandfathered commission is a falling percentage across Fiducian. Over time, grandfathered commission has been replaced by ASF or PRF

- A number of established participants are exiting or have announced their intentions to exit the industry
- New educational standards may expedite adviser exits in the short to medium term
- Regulation and change in industry dynamics could lead to enhanced opportunities for Fiducian
- Fiducian is considering a pipeline of growth opportunities in acquisition, franchised planners, white label / badged platform clients and funds distribution
- Focus is to remain on sustainable business growth increasing shareholder value and business profitability rather than chasing market share with limited benefits to the organisation

- 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 Services
- Continue delivering superior investment performance through Fiducian Funds and attract IFAs and investors within the New Zealand market
- Target sustainable double digit earnings growth

Key Dates

- Record date for final dividend: Wednesday, 29 August 2018
- Final dividend payment date: Wednesday, 12 September 2018
- Annual General Meeting: Thursday, 25 October 2018
- H1 FY 2018-19 results announcement: Thursday, 14 February 2019

Contacts

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Fiducian Offices



FIDUCIAN
INTEGRITY • TRUST • EXPERTISE

ACT

Canberra

NSW

Abbotsford
Ballina
Bathurst
Bondi
Bondi Junction
Castle Hill
Caves Beach

Coffs Coast

Gosford
Hunter
Kellyville
Macarthur
Narrabri
Newcastle
North-East Sydney
Nowra
Randwick
Roseville

Southern Highlands

Sydney CBD
Tamworth
Taren Point
Walcha
Windsor

QLD

Buderim
Caboolture

SA

Adelaide City Central

TAS

Devonport
Hobart
Launceston

VIC

Mt Waverley
Ringwood
Sale
St Kilda
Surrey Hills

WA

South Perth



Five Year Summary: Financials

	2018	2017	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL PERFORMANCE					
Gross Revenue	45,873	40,752	35,451	26,253	22,874
Underlying Net Profit After Tax (UNPAT)	10,505	8,710	7,036	5,748	4,501
Statutory Net Profit After Tax (NPAT)	9,198	7,512	5,839	4,622	3,983
Cost To Income Ratio (CTI) - ex amortisation %	56%	60%	63%	62%	63%
FINANCIAL POSITION					
Total Assets	40,562	36,277	33,690	28,770	26,363
Total Equity	31,132	27,620	24,127	21,191	19,351
Cash	13,885	9,548	9,691	12,374	11,194
SHAREHOLDER INFORMATION					
Number of shares outstanding	31,242,623	31,264,368	31,110,855	30,883,398	30,757,897
Market Capitalisation (in \$ mil)	146	128	72	53	50
EPS based on UNPAT (in cents)	33.6	27.8	22.6	18.6	14.6
Dividends (in cents)	20.0	16.0	12.5	10.0	9.1
Share Price - 30 June closing (in \$)	4.66	4.09	2.31	1.70	1.62

2014-2018



24%

Annualised
Profit Growth



23%

Annualised
EPS Growth

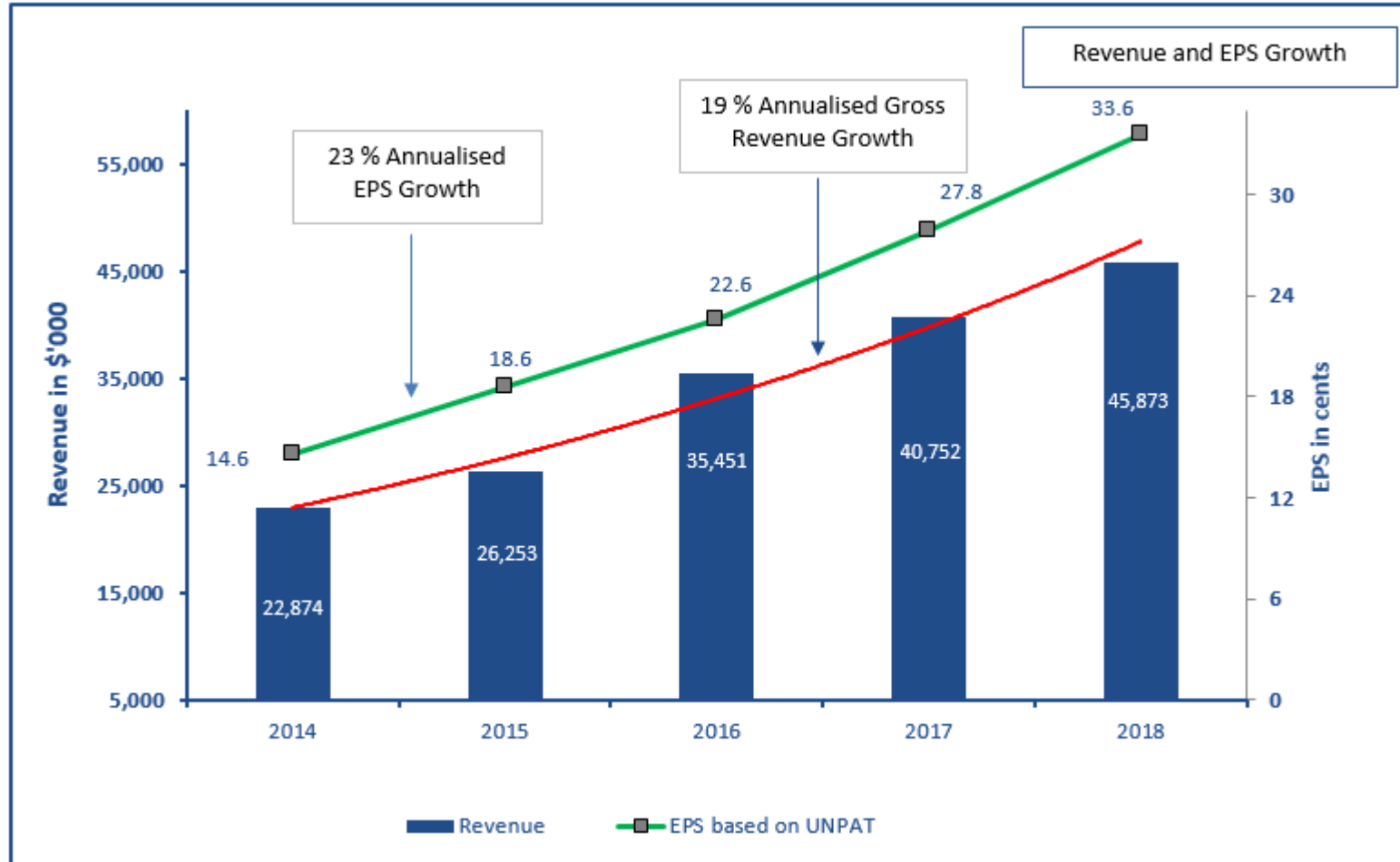


7%

Cost To Income
% Reduction

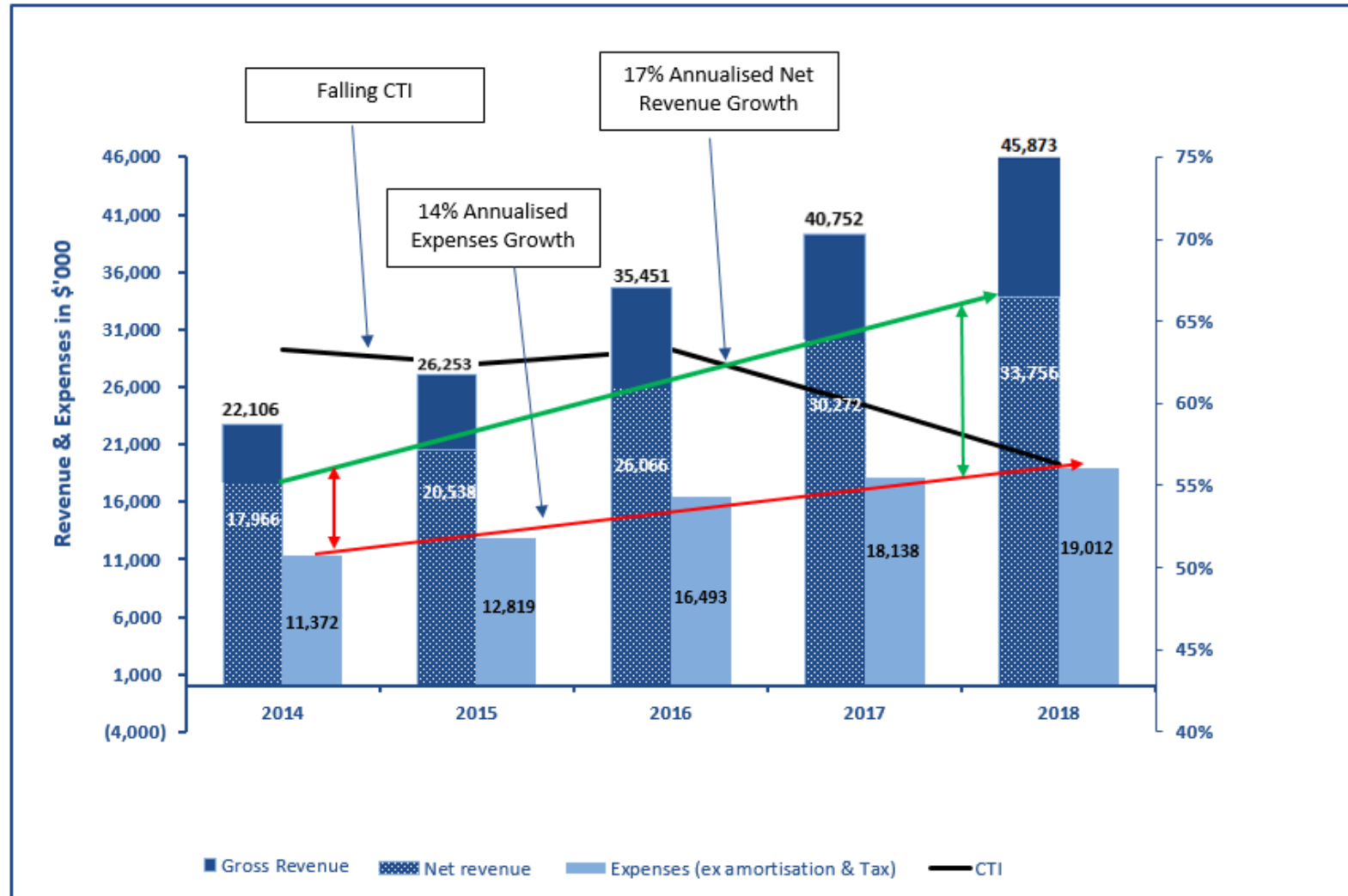
✓ Sustainable growth history consistently over long term

Five Year Summary: Revenue and EPS Growth



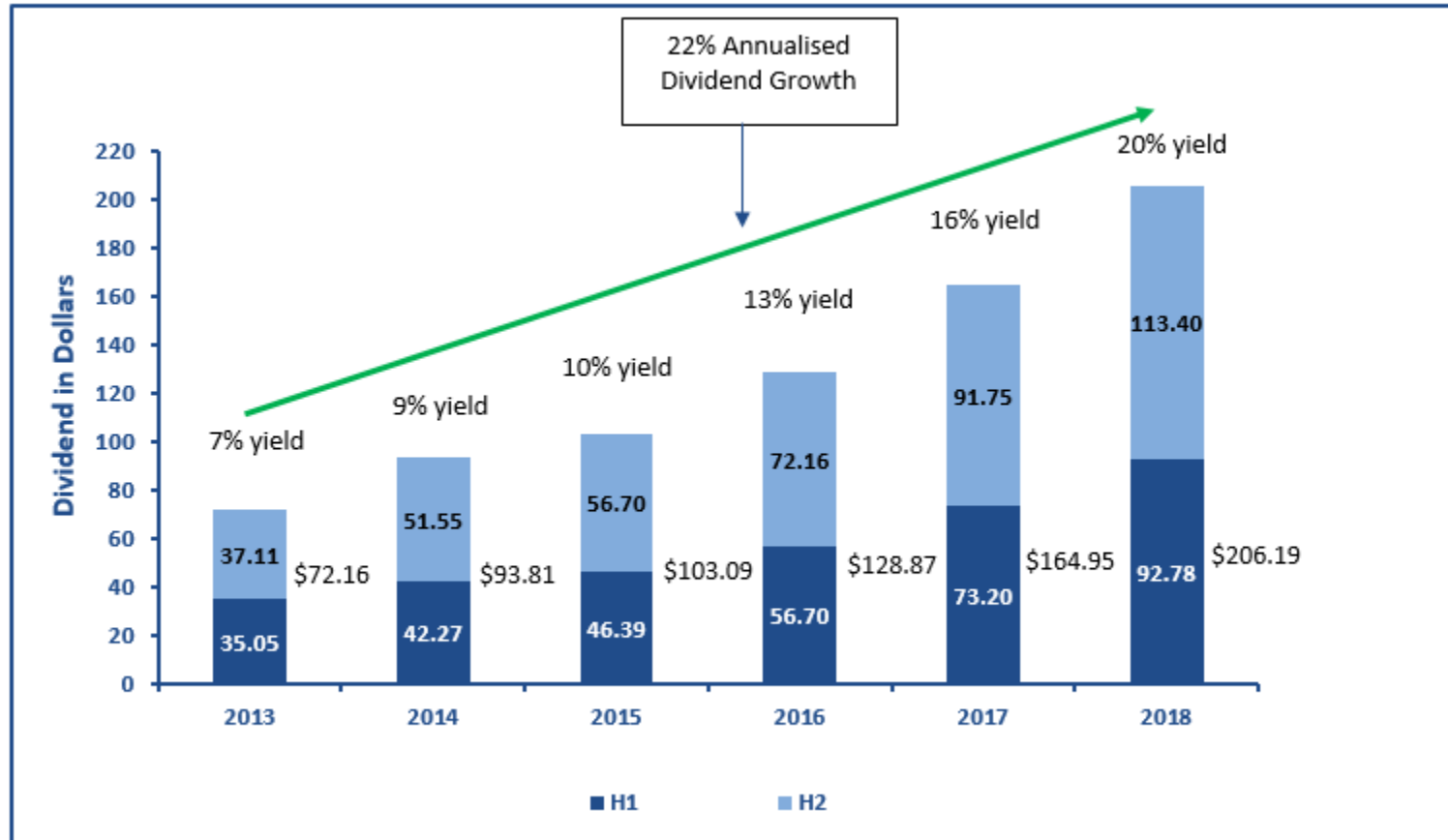
- ✓ Top-line Revenue Growth: 19% annualised
- ✓ EPS Growth: 23% annualised
- ✓ Economic Leverage: EPS Growth faster than Revenue Growth
- ✓ Sustainability: Double-digit EPS growth in 14 out of 18 years since listing

Five Year Summary: Expense Management



- ✓ Expanding Jaws: Revenue growth faster than Expense growth
- ✓ Improving Cost To Income (CTI) Ratio: from 63% in 2014 to 56% in 2018
- ✓ Carefully managed expenses to support growth in infrastructure and revenue generating functions

Dividends Growth



- \$1,000 invested in July 2013:
- ✓ 20% current year yield
- ✓ 22% Annualised Dividend growth

Five Year Summary: Balance Sheet

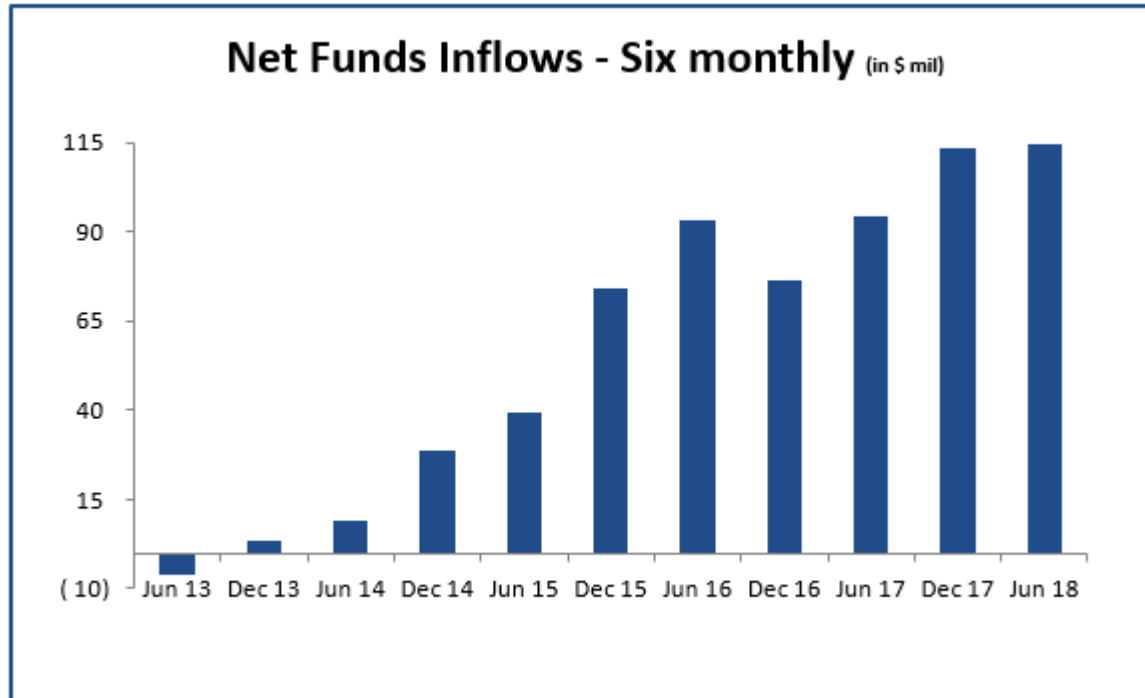
(\$'000)

Description	2014	2015	2016	2017	2018
Cash	11,194	12,374	9,691	9,548	13,885
Client Acquisition (including Goodwill)	9,600	8,770	16,271	15,814	15,776
Other assets (Net of Liabilities)	- 1,443	47	- 1,835	2,258	1,470
Net Assets	19,351	21,191	24,127	27,620	31,131

- ✓ Stable Cash position in excess of regulatory requirement of \$5.1 mil to support growth initiatives
- ✓ Significant reinvestments into business: \$29.7 mil client acquisitions through aligned planners
- ✓ Net Assets Growth 13% annualised

- ✓ Sustainable growth history consistently over long term

Net Fund In-Flows in Platform

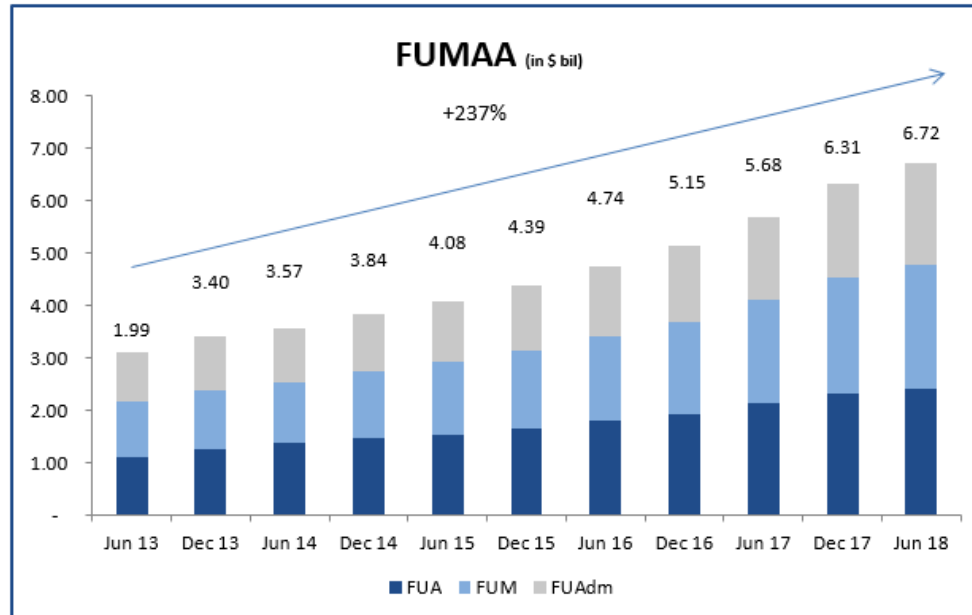


Funds Inflows and Outflows (in \$ mil)

Years	Inflows	Outflows	Net Funds Inflows
Jun 14	57.01	(47.91)	9
Dec 14	78.01	(49.26)	29
Jun 15	87.69	(48.10)	40
Dec 15	111.07	(37.17)	74
Jun 16	134.87	(41.83)	93
Dec 16	115.33	(38.73)	77
Jun 17	174.79	(80.31)	94
Dec 17	157.47	(43.87)	114
Jun 18	165.63	(51.12)	115

- ✓ Net In- Flows of \$229 mil during FY17-18
- ✓ 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	FUA	FUM	FUAdm	Total
Jun 13	1.12	1.04	0.95	1.99
Dec 13	1.26	1.12	1.02	3.40
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
Dec 17	2.31	2.21	1.79	6.31
Jun 18	2.41	2.37	1.94	6.72

- ✓ Consistent FUMAA growth contributed by strong organic and inorganic inflows and market improvements
- ✓ \$83 mil acquisition announced by Fiducian for Franchisees and salaried offices in FY18: 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. Excluding cross holdings, FUM is \$1.63 bil.
- FUA includes assets held in Fiducian and External platforms
- FUAdm includes aligned advisers and IFAs

Disclaimer



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Information provided are 12 months to/as at 30/06/2018 unless otherwise mentioned. Figures presented are subject to rounding. Prior period figures may have been restated where applicable to be on comparable basis with the current period.

The information was prepared on 16 August 2018.
