
CHAIRMAN'S ADDRESS
22nd Annual General Meeting of Fiducian Group
25th October 2018

As Chairman of Fiducian Group, I want to comment on some highlights of the past year:

BUSINESS ACTIVITY

- Financial planning client bases of about \$83 million have been acquired for our salaried and franchise planners. As acquisitions continue to assimilate we expect increased revenue and earnings growth in accordance with our disciplined approach to balancing growth and returns.
- There are now 17 salaried financial planners in company owned offices throughout Australia that manage over 54.5% of funds under advice.
- There are now 40 franchised financial planners that manage over 45.5% of funds under advice and also 4 accounting practices in our "Associate" franchise program which could convert to full franchises when education and training programs are complete;
- The Information Technology division has successfully made significant development enhancements to our systems to satisfy legislative requirements. In addition, we now offer Managed Account services to an external Melbourne based dealer group. Resources have been increased to distribute and offer such services to the external market which should add to revenues and profits when they come to fruition.
- The Planners Council, IT User Group and Platform User Group have all contributed significantly to the advancement of Fiducian; and
- Fiducian has continued to support administration of Vision Beyond AUS which has assisted 7 hospitals, located in India, Myanmar, Nepal and Cambodia. Through Vision Beyond Aus, we have helped to restore eyesight to over 29,000 persons who live in abject poverty and as well funded the eye screening of 6,000 schoolchildren in Nepal.

2018 FINANCIAL PERFORMANCE

- Consolidated underlying net after tax profit increased to \$10.5 million, up 21%, and, after Amortisation, Reportable after tax net profit increased to \$9.2million, up 22% on the previous year;
- Consolidated revenues from ordinary activities increased by 13%, whilst the gross margin remained constant at 74%;

- Consolidated net cash operating expenses were controlled, and only increased by 5%, due mainly to increased staffing relating to acquisitions, and compares to an increase of 9% in the previous financial year;
- Combined Funds under Management, Administration and Advice (FUMAA) increased to \$6.7 billion, showing a growth of 18% over the previous year and 237% growth over the past 5 years;
- Fully franked dividends declared for the 2018 year have increased by 25% to 20.0 cents per share, up from 16 cents in the previous year; and
- Fiducian Funds performed exceptionally well against comparative funds in the industry as recorded by Morningstar Investment Performance Survey. The flagship diversified funds, Fiducian Growth, Ultra Growth, Capital Stable and Balanced Funds were each ranked 1st, 2nd, 4th and 6th respectively over 3 years. Over the past ten years, these funds have been reported in the top quartile in all of the 39 annualised results. This is an outstanding achievement.

CURRENT YEAR EXPECTATIONS

Royal Commission

The recent Royal Commission into misconduct in banking, insurance and financial services is nearing completion. Its final report and recommendations are expected in February 2019. Management continues to monitor and assess the impact of the matters raised at the Royal Commission. At this stage, we believe that it should be business as usual, as we provide the highest level of integrity to our clients.

Succession Strategy

Despite the continuing growth and increasing challenges to the business, the management team now provides strong management support to relieve Mr. Singh of much of his day to day involvement in the activities of the subsidiary companies. Therefore, as announced to the ASX earlier this month, and in accordance with the succession strategy commenced at last year's AGM, Mr. Indy Singh, the current Executive Deputy Chairman, has been appointed the Executive Chairman of the Fiducian Group from the close of this meeting. He is of course the founder of the group, has an intimate knowledge of all aspects of the group activities and has all the qualities necessary to fulfil this role extremely well.

This will allow me to step back in my role at Fiducian, but still remain a director and chairman of the Audit, Risk and Compliance Corporate Committee and Remuneration Committee. I have enjoyed every moment of my role as Chairman of the Fiducian Group and seeing its success through continued growth and integrity.

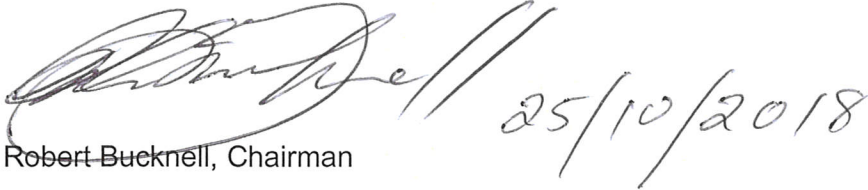
Continuing Growth

The Board is cautious but confident that, subject to an improving economic and financial market environment in Australia and internationally:

- Fiducian has significant capacity and strategies in place for further growth in its traditional revenue base and has loyal financial planners and staff to assist such growth;
- Funds under Administration should grow as financial markets strengthen and further benefit from recent financial planning acquisitions;
- Operating expenses are expected to remain tightly controlled, but likely to continue to expand at the current rate to meet further growth;
- The Board's strategy to grow at double digit earnings per share annually remains and management is working hard to achieve this target;
- Fully franked dividends should increase with profit growth;
- The previously announced on-market buy-back of Fiducian shares will continue and be applied, in the absence of other earnings accretive opportunities;
- Acquisitions of client bases shall continue, subject to them being appropriate and funding being available;
- Based on the new IT initiative, client administration services have commenced being offered to the external markets which should add to revenues and profit;
- The company currently remains debt free with positive working capital and operating cash flows; and
- Management profit reports for the first quarter are in line with budget expectations as Funds under Administration have continued to grow since June as a result of net inflows and funds' performance. If this situation continues, it should assist in the achievement of profit growth expectations.



The Board, Management Team and staff are all working to achieve our expectations and my thanks go to each individual for their contribution to the growth and success of Fiducian, of which I have had the pleasure of being Chairman over the past 22 years.



Robert Bucknell, Chairman
Fiducian Group Limited