

FY 2018-19 H1 RESULTS



INVESTOR PRESENTATION

Indy Singh – Group Executive Chairman

Rahul Guha – Executive Chairman (Fiducian Services)

14 February 2019

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



Highlights: FY 2018-19 H1 Results



UNPAT up
15%
to \$5.7mil



Basic EPS on NPAT up
15%
to 16 cents / share



Dividends up
22%
to 11 cents / share



\$219mil*

Funds Under Advice acquired in half-year ended December 2018

* Of this, \$206 mil is in the process of assimilation and not included in the FUMAA reported



65

Aligned
Planners &
Associates



37 Offices
across Australia



117 Staff around
Australia from
over **26** different
countries of origin



Fund Performance

Growth	11/161
Balanced	27/161
Cap Stable	25/102

Flagship funds performance ranking for three years to 31 December 2018 against all funds on a leading survey

Profit Generating Sustainable Business Model

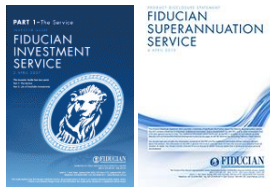


Funds Management



- Process driven, client focused investment products
- 15 Managed Funds: 4 Diversified Funds, 4 Sector Funds, 7 Specialist Funds
- **\$2.35 Billion in Funds under Management (FUM)**

WRAP Platform



- Market competitive Wrap & Managed Discretionary Accounts (MDA) Platform, SMSF admin
- Trustee of the Fiducian Superannuation Service and IDPS Operator for Fiducian Investment Service
- **\$1.88 Billion in Funds under Administration (FUAdmin)**

Financial Planning



- Respected non-bank financial planning licensee with over twenty one years of experience
- 39 high quality practices, 65 representatives, national footprint
- **\$2.34 Billion Funds Under Advice (FUA)**

FinTech



- Specialist **Fintech** system developer
- Developer of 'FORCe' Financial Planning software
- Developer of 'FASTRACK' platform administration system

Total FUMAA \$6.57 billion. Fund figures are as at 31 January 2019.

- 15 Funds using Fiducian’s Manage-the-Manager (MTM) system of investment
- Fiducian process delivers greater **Diversification** with lower 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	0.2% (76/190)	8.5% (6/168)	8.6% (1/164)	10.4% (4/157)	9.5% (3/129)
Balanced	0.6% (59/190)	7.7% (19/168)	7.8% (3/164)	9.4% (12/157)	8.8% (20/129)
Capital Stable	1.8% (34/118)	4.6% (15/107)	5.0% (5/105)	6.0% (15/102)	6.1% (21/85)
Other specialist MTM funds					
Technology	5.3%	15.9%	16.9%	23.0%	15.9%
India	-15.8%	7.5%	17.3%	16.2%	12.1%

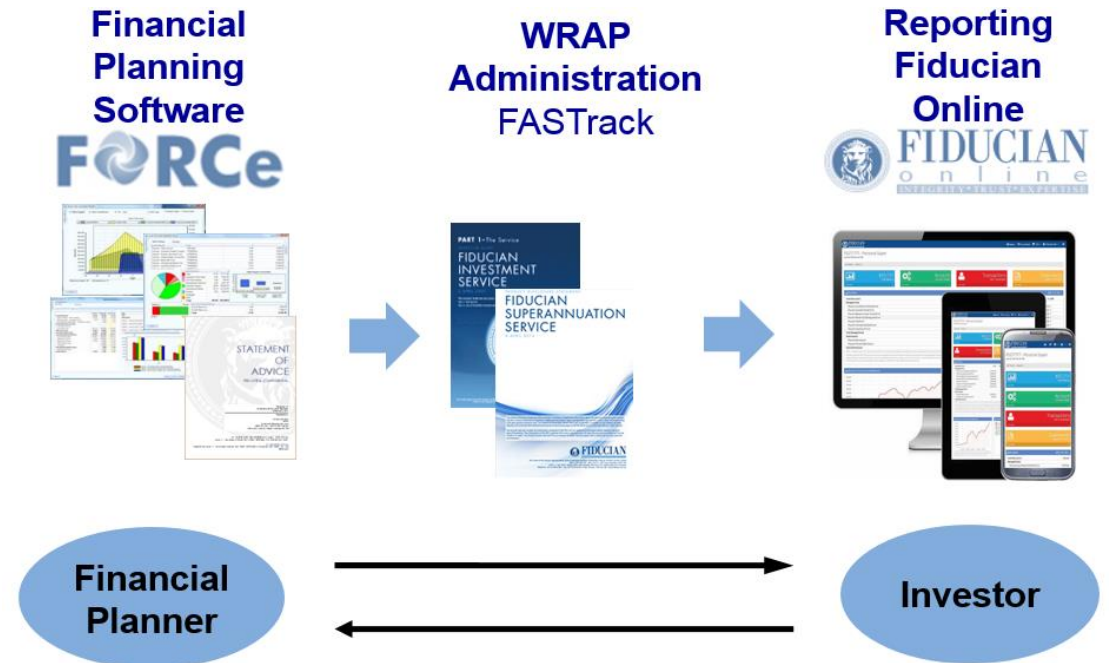
The above performances are based on independent survey conducted by Morningstar survey as at 31 January 2019

2017 FundSource Awards – International Equity Sector
 Winner: Fiducian Funds management - Technology Fund
 Finalist: Fiducian Funds management - India Fund



WRAP Platforms (FSSWRAP Platforms (FSS/FIS) – FinTech (FORCe & FAStTrack)

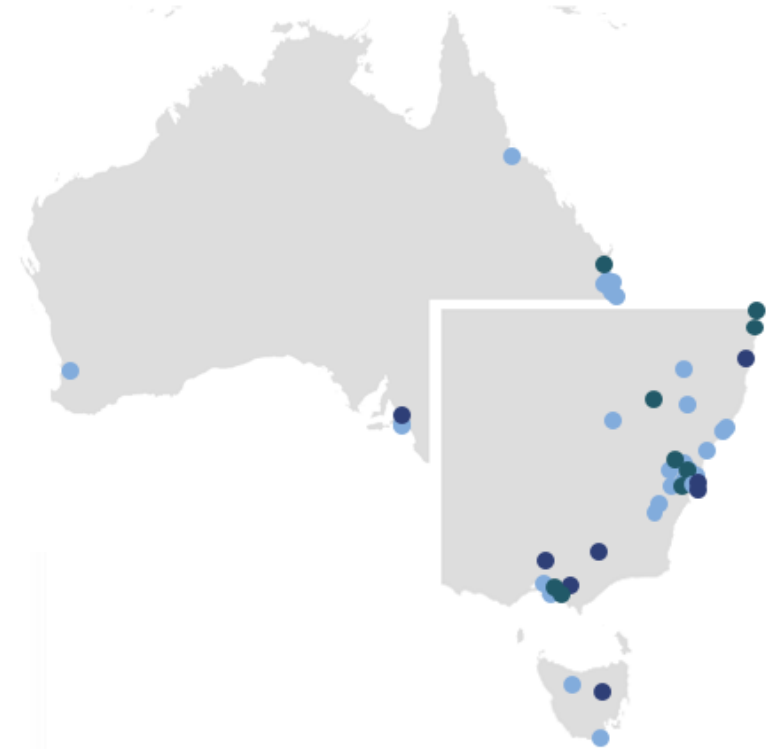
- **Competitive Fees, Flexible Structure**
- Public offer “Superannuation Fund”
- Investor Directed Portfolio Service (IDPS)
- 15 – Multi-manager Funds using the Fiducian Manage-the-Manager system
- 57 – Single Manager Fund Choices
- 13 – Managed Discretionary Accounts (Direct Share Ownership)
- Term Deposits
- Investments are held by external parties – National Australia Bank, for security and safe keeping
- Administration for SMAs, IMAs and MDAs



**Fully Integrated Fintech Solution
for Advisers and Clients**

- We are selective in recruiting Financial Planners
- National footprint with 37 offices, 65 representatives
- 5 new franchised planners
- **\$219 million FUA acquisitions***

* Of this, \$206 million FUA is in the process of assimilation and not included in the FUA / FUMAA reported



Wealth Creation



Retirement Planning



Superannuation



Investment Advice



Estate Planning



Personal Insurance

Integrated Business Model

Our clients experience **the Fiducian difference**:



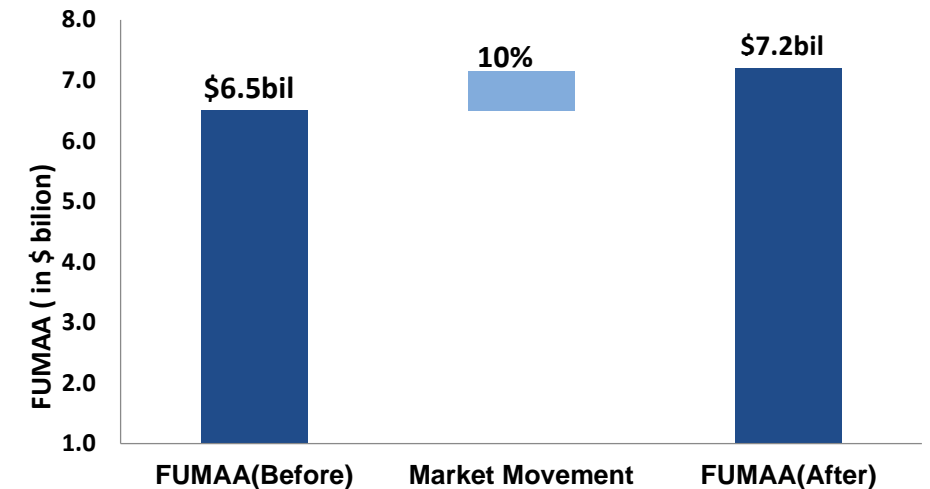
Fiducian Integrated Business Model
FUMAA \$6.57 billion
H1 Gross Revenue \$24.6 million
(includes Other Income \$0.9 million)

Revenue Growth is a function of volume of FUMAA

Example:



Plus, additional revenue growth if financial markets rise



Example:

Assets rise 10%

FUMAA of \$6.5 billion rises to \$7.2 billion

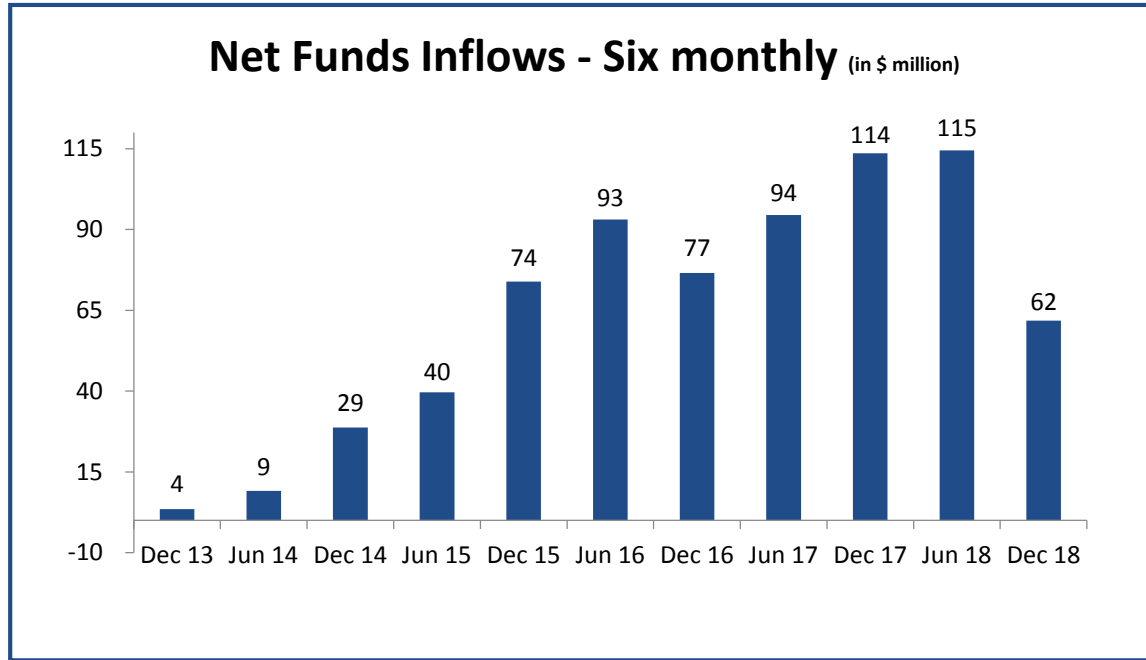
Financial Highlights

FINANCIAL HIGHLIGHTS

(\$ in thousands)

Half-Year Ending 31 December	2018	2017	% Change
Operating Revenue	24,600	22,349	↑ 10%
Fees and Charges paid	(6,396)	(6,020)	
Net Revenue	18,204	16,329	↑ 11%
Gross Margin	74%	73%	
Underlying EBITDA	7,946	7,019	↑ 13%
Depreciation	(48)	(44)	
Tax on underlying earnings	(2,191)	(2,004)	
Underlying NPAT (UNPAT)	5,707	4,971	↑ 15%
Amortisation	(703)	(635)	
Statutory NPAT	5,004	4,336	↑ 15%
Basic EPS based on UNPAT (in cents)	18.2	15.9	↑ 15%
Basic EPS based on NPAT (in cents)	16.0	13.9	↑ 15%
Funds under Management, Advice and Administration FUMAA (\$ in millions)	6,301	6,310	

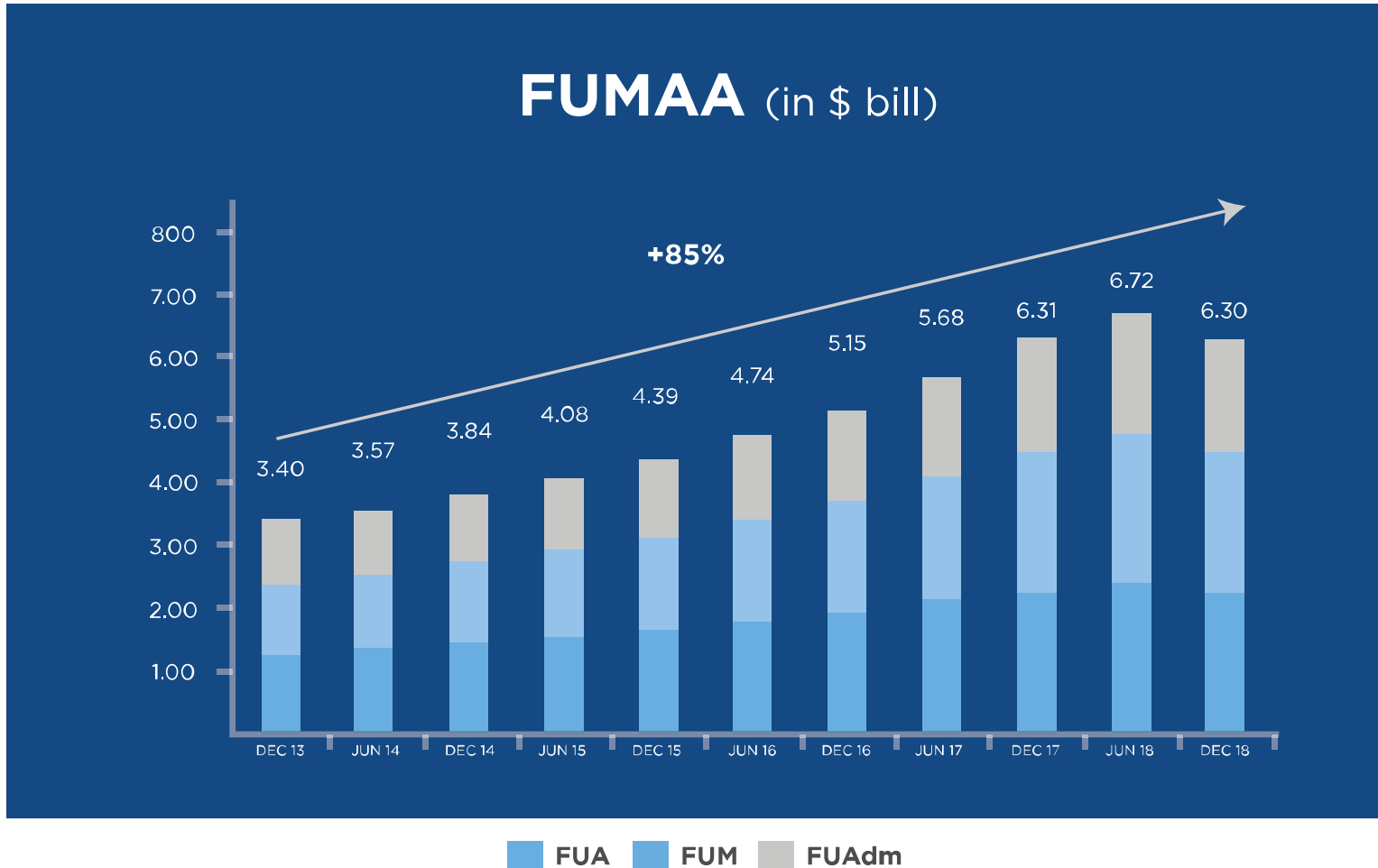
Net Fund In-Flows in Platform



Funds Inflows and Outflows (in \$ million)			
Half Years ending	Inflows	Outflows	Net Funds Inflows
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
Jun 17	175	-80	94
Dec 17	157	-44	114
Jun 18	166	-51	115
Dec 18	108	-46	62

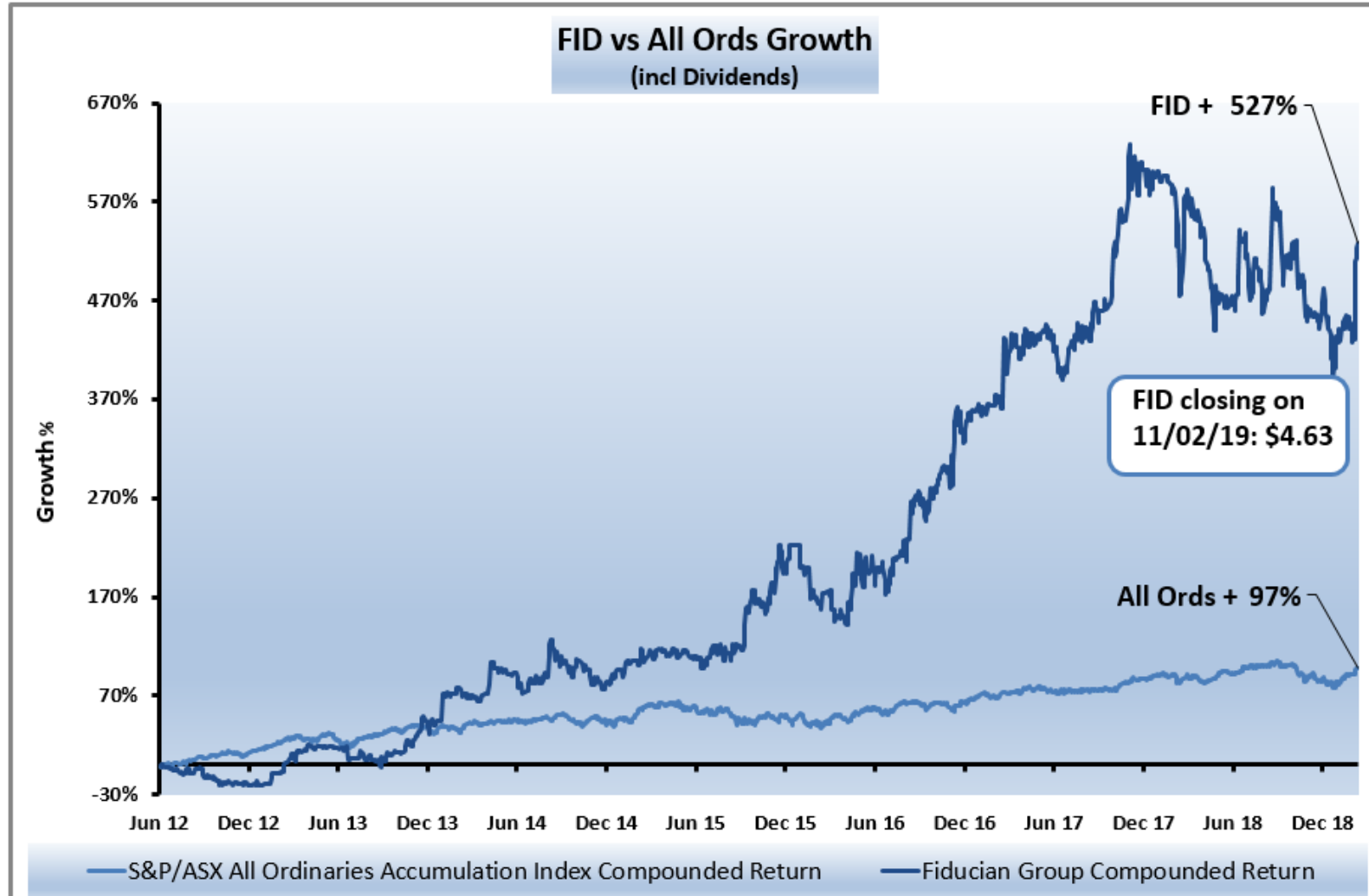
- Net In-flows of \$62 million during H1 FY 2018-19
- Both Salaried and Franchised networks contributing to the Inflows
- Combination of organic flows from active referrals and inorganic flows from strategic acquisitions

Funds Under Management, Administration and Advice (FUMAA) Growth



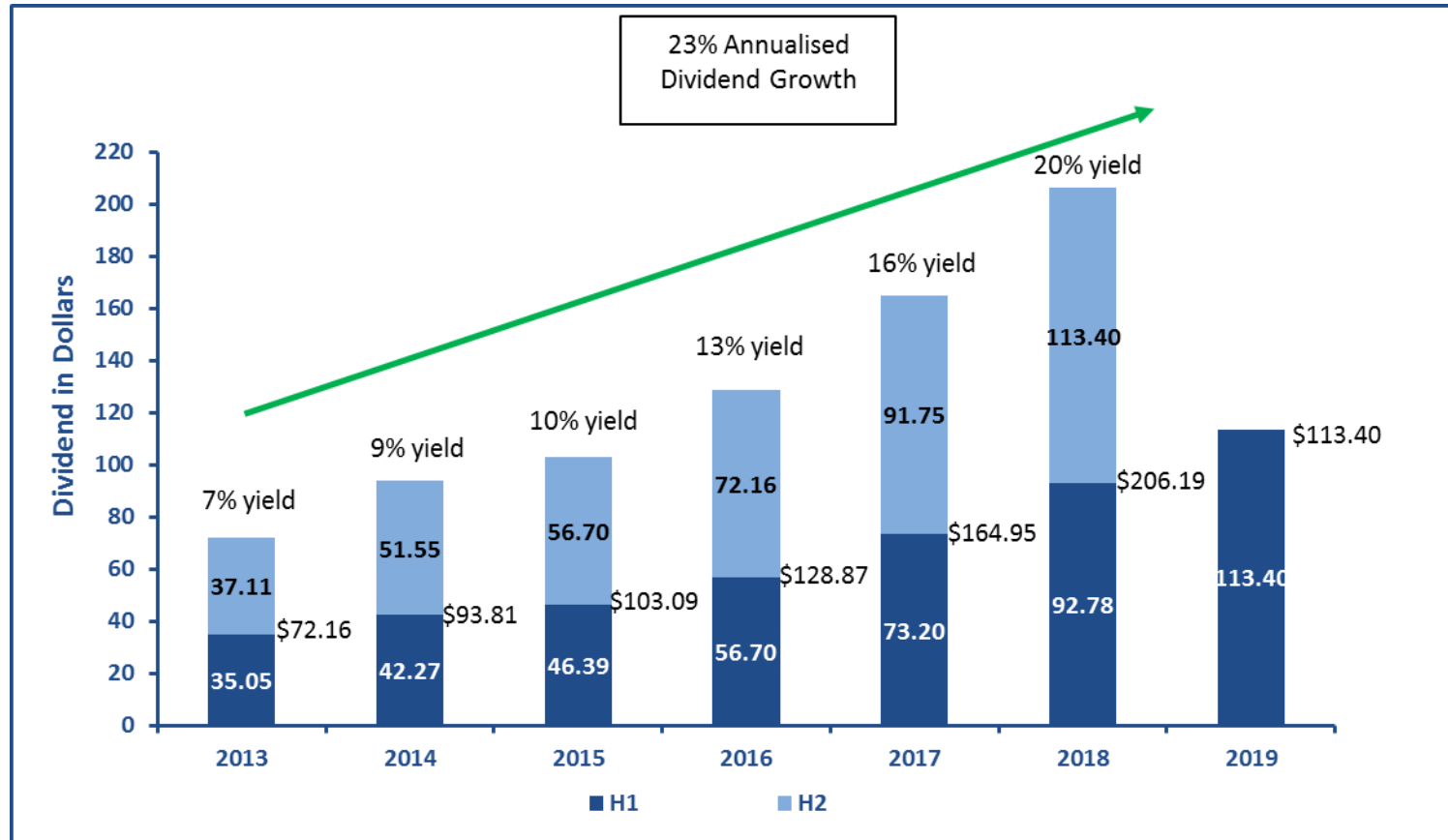
- Despite a market driven decline, the combined Funds under Management, Administration and Advice (FUMAA) was \$6.30 billion as at 31 December 2018.
- This has since grown to **\$6.57 billion as at January 2019.**

FID outperformance against All Ords Accum Index



- Since Jun 12, FID has **outperformed All Ords by 430%** (including dividend)
- Dividend pay-out policy is 60-70% of Net Profit After Tax
- H1 dividends is 11 cents – 22% growth over the comparable period

Dividends - \$1,000 invested on 1 July 2012

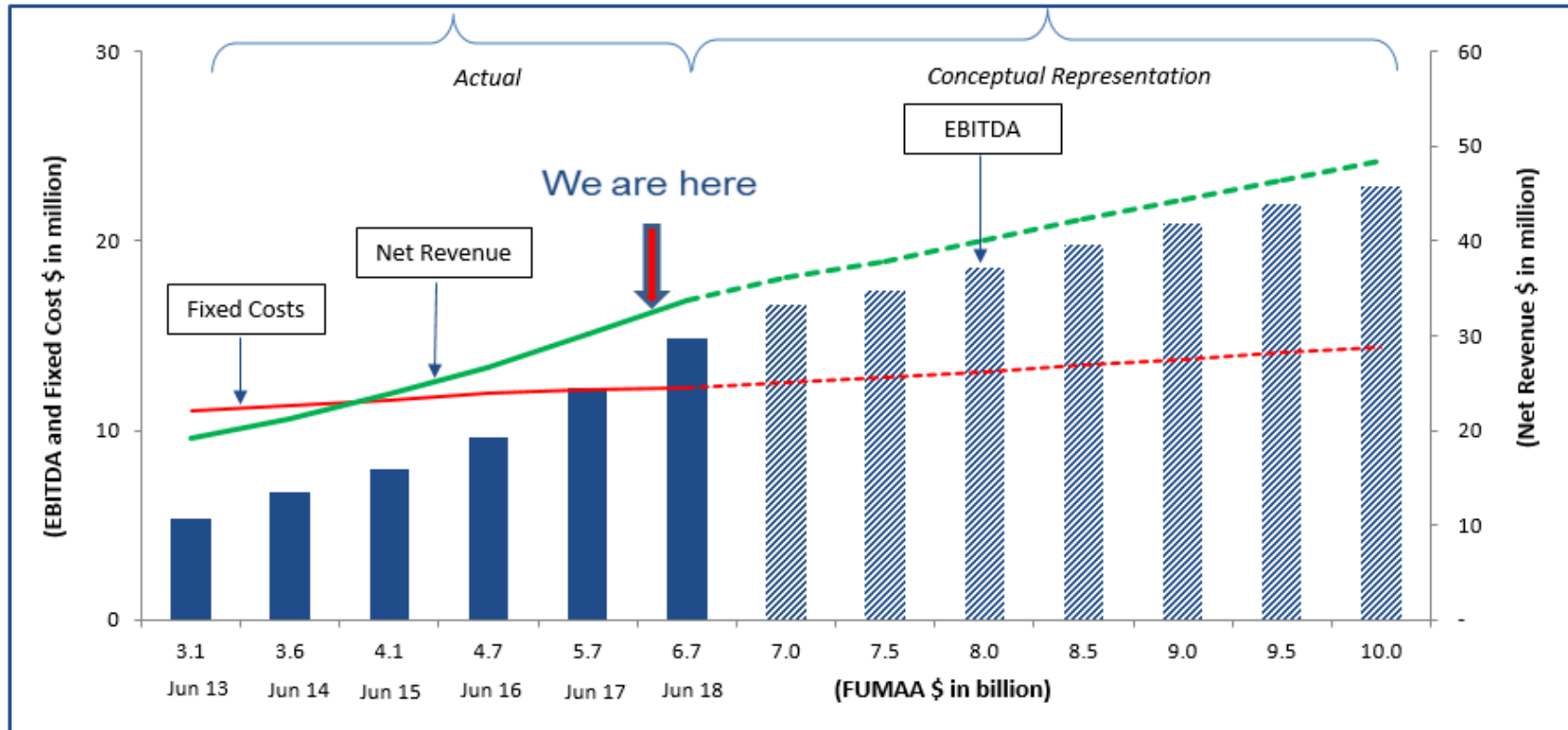


- The above graph shows annualised dividend yield (before franking credits) on \$1,000 invested in FID on 01/07/2012.
- Double digit EPS growth in 14 out of 18 years since listing

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 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.

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

Royal Commission

- Fiducian has reviewed the recommendations and welcomed the Final Report by the Hayne Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
- Fiducian sees **no need to alter its business model** or the way it has operated or intends to operate in the future

Grandfathered Trail Commission

- About 4% of the Group's net revenue is from grandfathered commissions
- Management estimates this will largely convert to fee for service before January 2021

Fees for no Service

- Fiducian's compliance and legal teams have conducted extensive reviews into this matter, through which no systemic issues were identified
- The methodology supporting this project has been submitted to the Board and our auditors
- While management is confident in its procedures and controls, a provision of \$100,000 has nevertheless been provided for in these financial statements

Vertical Integration

- The Royal Commission has examined the vertical integration model and the Commissioner has concluded that “I am not persuaded that it is necessary to mandate structural separation between product and advice.”
- A significant part of the industry is already vertically integrated
- Fiducian’s vertically integrated business model has controls in place to manage inherent conflicts of interest to ensure that advice given to clients complies with the best interest duties obligations and is not tainted by that conflict

Adviser Educational Standards

- The Financial Advisers Standards and Ethics Authority (FASEA) has recently finalised the minimum education requirements for Financial Planners
- Fiducian has assessed all planners against these standards and has implemented training plans to ensure additional qualifications are attained within the required timeframes
- In addition, all new planners undergo mandatory testing conducted by third party provider before being recruited in Fiducian

- Grow Funds Under Advice organically and through strategic acquisitions of financial planning businesses
- 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 continue on **sustainable business growth**, increasing shareholder value and business profitability rather than chasing market share with limited benefit to the organisation

Growth Strategy Outlook

	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
	IT Development	Commercialise Financial Planning software and Leverage platform administration services with new system functionality development

Key Dates

- H1 Dividend Record Date: 28 February 2019, Payment Date: 14 March 2019
- Full Year results announcement: Thursday, 15 August 2019
- Annual General Meeting: Thursday, 17 October 2019

Contacts

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Information provided are 6 months to/as at 31 December 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 14 February 2019.
