



FY 18-19 RESULTS

INVESTOR PRESENTATION

Indy Singh – Executive Chairman, Fiducian Group

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15 August 2019



- **FY 2019 Highlights**
- **Business Overview**
- **Financials**
- **Growth Strategy and Business Outlook**
- **Key Dates and Contacts**
- **Annexures**

FY 2019 Highlights

UNPAT



UNPAT up
15%
to \$12.0m

FUMAA



FUMAA* up
\$0.7 billion
(by 10%) to \$7.4b

Dividends



Dividends up
11.5%
to 22.30 cents / share

Fund Performance



Growth	1/167
Ultra Growth	3/105
Balanced	3/167
Cap Stable	4/105

Flagship funds performance ranking for five years to 30 June 2019 against all funds in the Morningstar survey

Financial Planners



67
Aligned
Planners &
Associates

Offices



41 Offices
across Australia

Diversity



125 Staff around
Australia from
over **23** different
countries of origin

FUA Acquisitions



\$219 million
FUA* acquired
in 2018-19

*(FUMAA) – Funds Under Management, Advice and Administration | (FUA) – Funds Under Advice

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
- **\$2.66 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
- **\$2.11 Billion in Funds under Administration (FUAdmin)**

Financial Planning



- Respected non-bank financial planning licensee with over twenty one years of experience
- 41 high quality practices, 67 representatives, national footprint
- **\$3.24 Billion Funds Under Advice (FUA)**

FinTech



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

Total **FUMAA \$8.01 billion**. Includes acquisition of MyState's retail financial planning business FUA \$340 mil on 1 July 2019. Fund figures are as at 31 July 2019

- 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 45 Fund Managers
- Dynamic asset allocation and continuous management
- Obtain combined results from teams of expert fund managers, not individual stars
- Fiducian process 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	8.9% (32/187)	9.9% (1/168)	10.1% (1/162)	12.3% (1/157)	9.8% (2/128)
Capital Stable	6.9% (28/118)	5.4% (8/109)	5.8% (4/105)	6.5% (7/101)	6.4% (16/82)
Balanced	8.7% (37/187)	9.1% (16/168)	9.2% (2/162)	11.0% (5/157)	9.0% (11/128)
Ultra Growth	6.6% (78/124)	8.9% (67/115)	10.9% (2/106)	13.9% (4/99)	11.3% (1/77)
Other specialist MTM funds					
Technology	15.8%	20.0%	21.3%	24.5%	18.5%
India	-5.4%	5.8%	12.0%	18.3%	10.1%

2017 FundSource Awards – International Equity Sector

Winner: **Fiducian Funds management** - Technology Fund

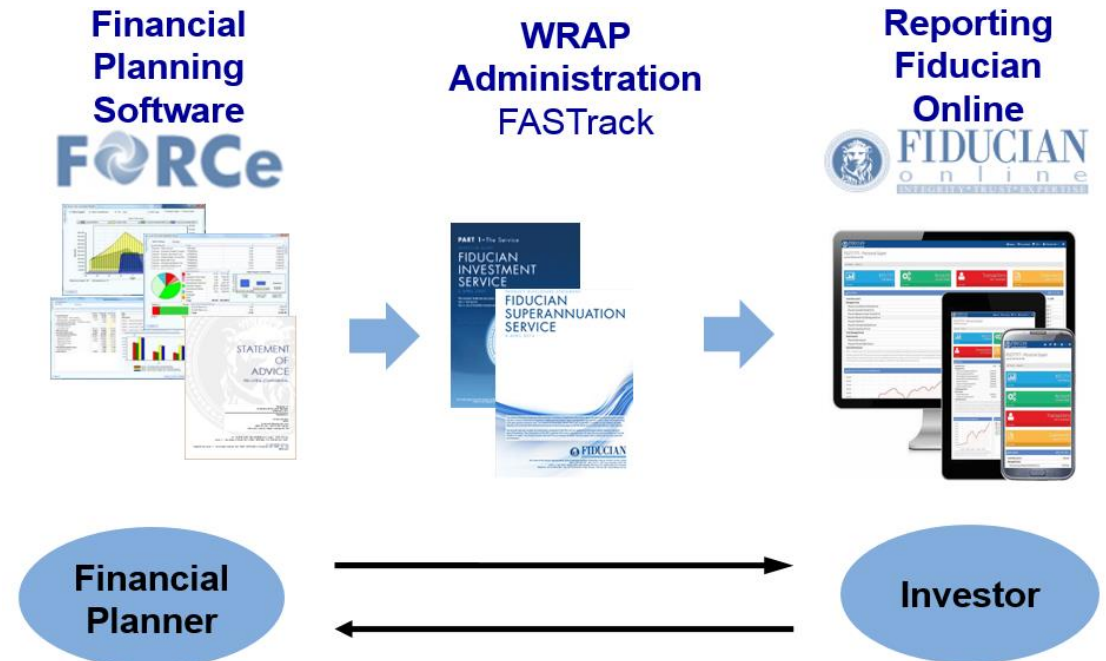
Finalist: **Fiducian Funds management** - India Fund



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

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
- 51 – 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 41 offices, 67 representatives
- 32 Franchised offices
- 9 Salaried offices
- **\$219 million FUA acquisitions in FY19 ***



Wealth Creation



Retirement Planning



Superannuation



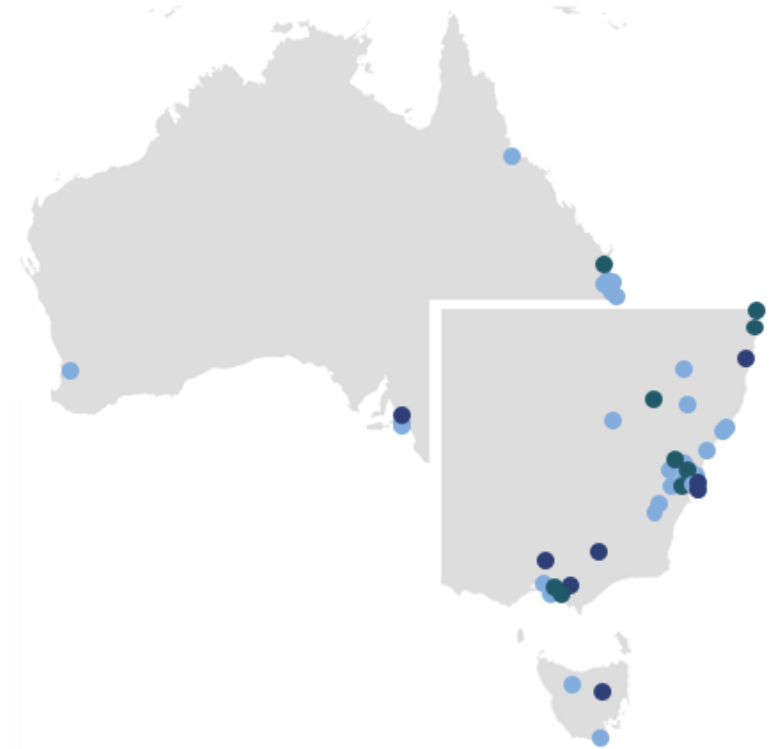
Investment Advice



Estate Planning



Personal Insurance



* Excludes acquisition of MyState's retail financial planning business FUA \$340 mil on 1 July 2019

Integrated Business Model








Our clients experience **the Fiducian difference**:



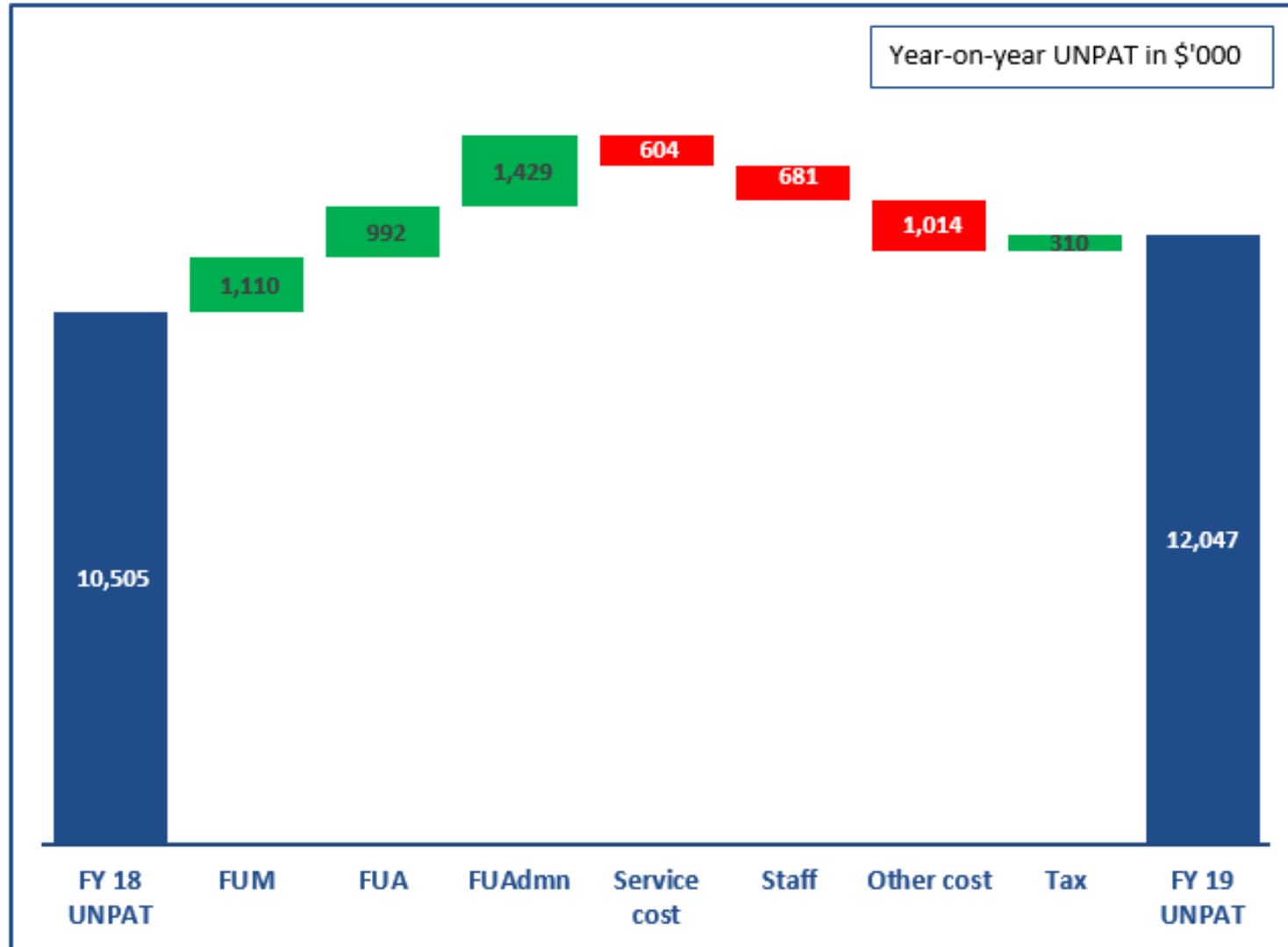
Fiducian Integrated Business Model
FUMAA \$7.40 billion

Total **FUMAA \$8.01 billion** as at 31 July 2019. Includes acquisition of MyState's retail financial planning business FUA \$340 mil on 1 July 2019.

Financial Highlights

Financial highlights	2019	2018	\$ Growth	% Change
Year Ending 30 June				
Funds Under Management, Advice and Administration (FUMAA)	7.4 Billion	6.7 Billion	0.7 Billion	10% 
	\$'000	\$'000		
Operating Revenue	49,404	45,873	3.5 Million	8% 
Fees and Charges paid	(12,721)	(12,117)		
Net Revenue	36,682	33,756	2.9 Million	9% 
Gross Margin	74%	74%		
Underlying EBITDA	16,065	14,832	1.2 Million	8% 
Depreciation	(89)	(89)		
Tax on underlying earnings	(3,929)	(4,239)		
Underlying NPAT (UNPAT)	12,047	10,504	1.5 Million	15% 
Amortisation	(1,697)	(1,307)		
Statutory NPAT	10,350	9,198	1.2 Million	13% 
Basic EPS based on UNPAT (in cents)	38.3	33.6		14% 
Basic EPS based on NPAT (in cents)	33.0	29.4		

FY 2019 Results: 15% UNPAT Growth



- Revenue increase from Organic & Inorganic inflows plus increased financial market valuations
- Fund 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 Results



Funds Management

Revenue for the full-year is \$17.6 mil on average FUM \$2.4 bil

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

Administration

Platform Revenue for the full-year is \$14.0 mil on average FUAdm \$1.9 bil

Other Corporate Revenue \$0.4 mil

Scale efficiencies, Reduction of cost to income ratio (2015: 62%, 2019: 56%)
Experienced management team and board in place

Financial Planning

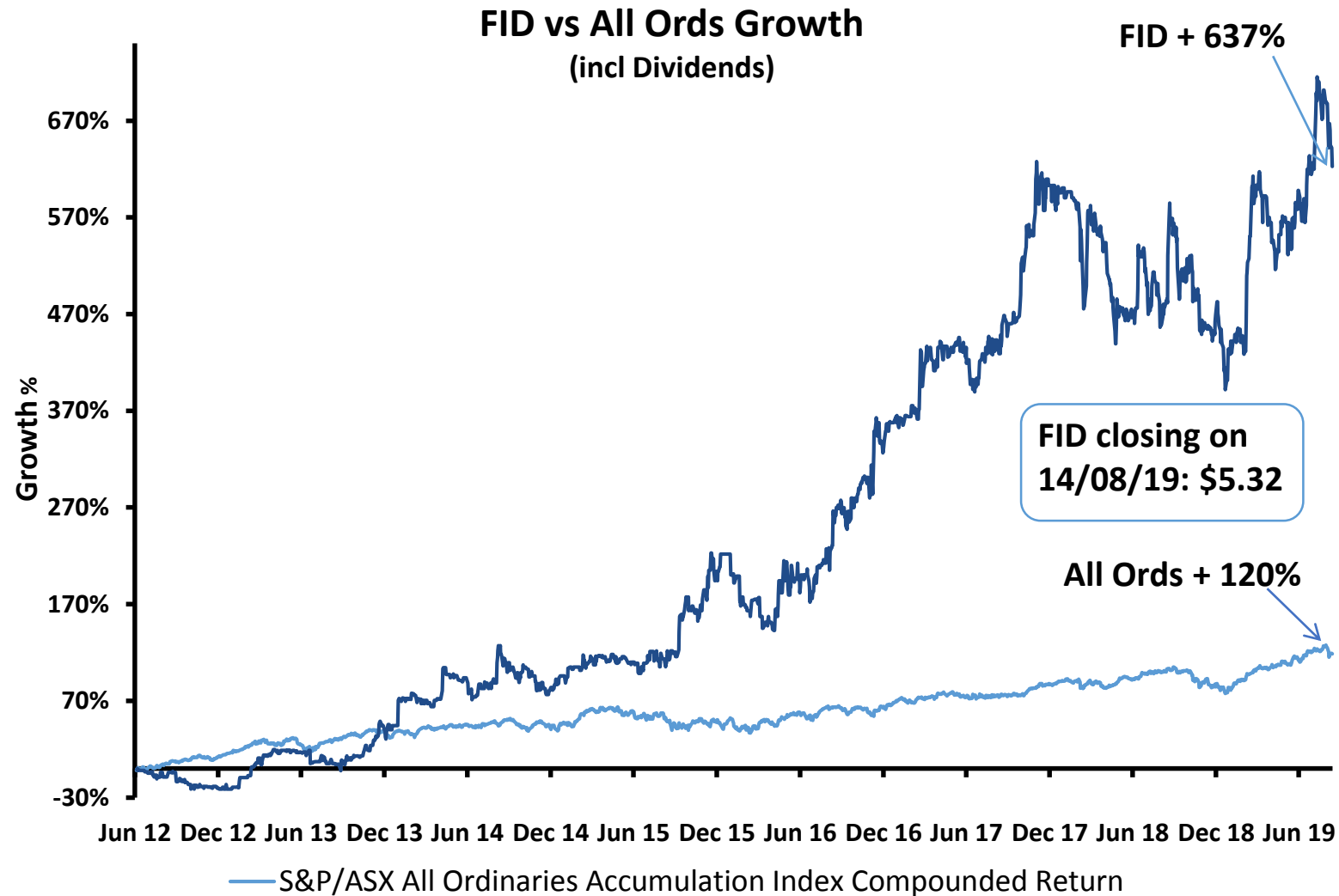
Revenue for the full-year is \$17.4 mil on average FUA \$2.5 bil

Strong organic growth across salaried and franchisee network

IT Development

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

FID outperformance against All Ords Accum Index



- Since Jun 12, FID has **outperformed All Ords by 517%** (including dividend)
- Dividend pay-out policy is 60-70% of Net Profit After Tax
- Double digit EPS growth in 15 out of 19 years since listing
- Full year dividends is 22.30 cents – 12% growth over the comparable period

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

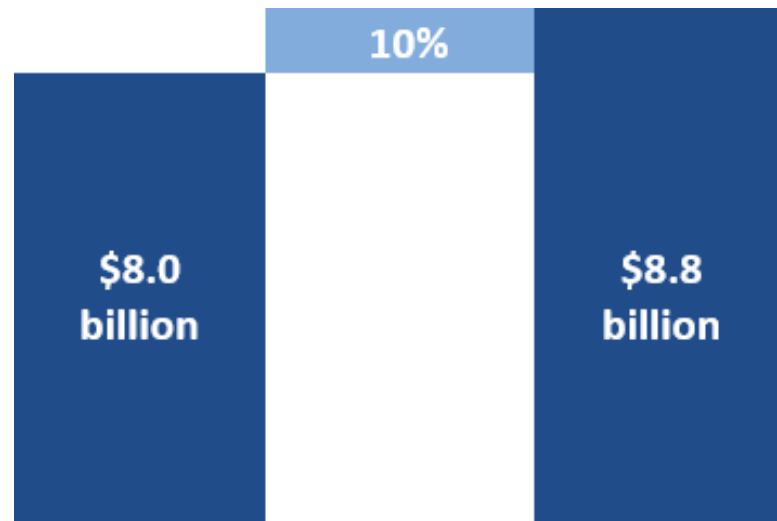
Business Outlook – 3 Revenue Streams

Revenue Growth is a function of volume of FUMAA

Example:



Plus, additional revenue growth if financial market rise



Example:

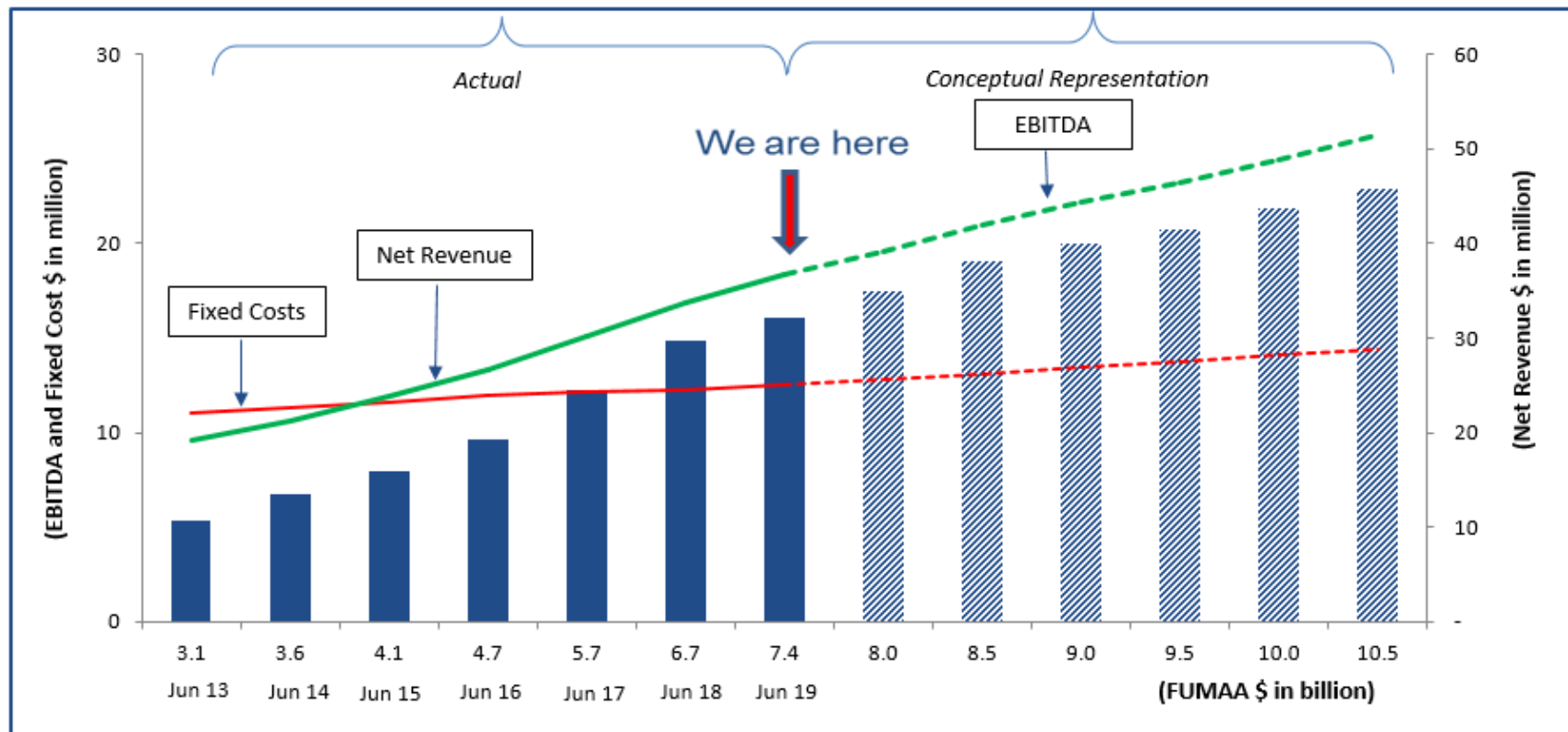
Assets rise 10%

FUMMA of \$8.0 bil rises to \$8.8 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 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

- 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

Key Dates

- Record date for final dividend: Wednesday, 28 August 2019
- Final dividend payment date: Wednesday, 11 September 2019
- Annual General Meeting: Thursday, 17 October 2019

Contacts

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Five Year Summary: Financials

	2019	2018	2017	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Performance					
Gross Revenue	49,404	45,873	40,752	35,451	26,253
Underlying Net Profit After Tax (UNPAT)	12,047	10,505	8,710	7,036	5,748
Statutory Net Profit After Tax (NPAT)	10,350	9,198	7,512	5,839	4,622
Cost To Income Ratio (CTI) - ex amortisation %	56%	56%	60%	63%	62%
Financial Position					
Total Assets	45,899	40,561	36,277	33,690	28,770
Total Equity	34,826	31,131	27,620	24,127	21,191
Cash	11,792	13,885	9,548	9,691	12,374
Shareholder Information					
Number of shares outstanding (numbers)	31,442,623	31,242,623	31,264,368	31,110,855	30,883,398
Market Capitalisation (in \$ million)	162	146	128	72	53
EPS based on UNPAT (in cents)	38.3	33.6	27.8	22.6	18.6
EPS based on NPAT (in cents)	33.0	29.4	24.0	18.8	15.0
Dividends (in cents)	22.3	20.0	16.0	12.5	10.0
Share Price - 30 June closing (in \$)	5.16	4.66	4.09	2.31	1.70



20%
Annualised
UNPAT Growth



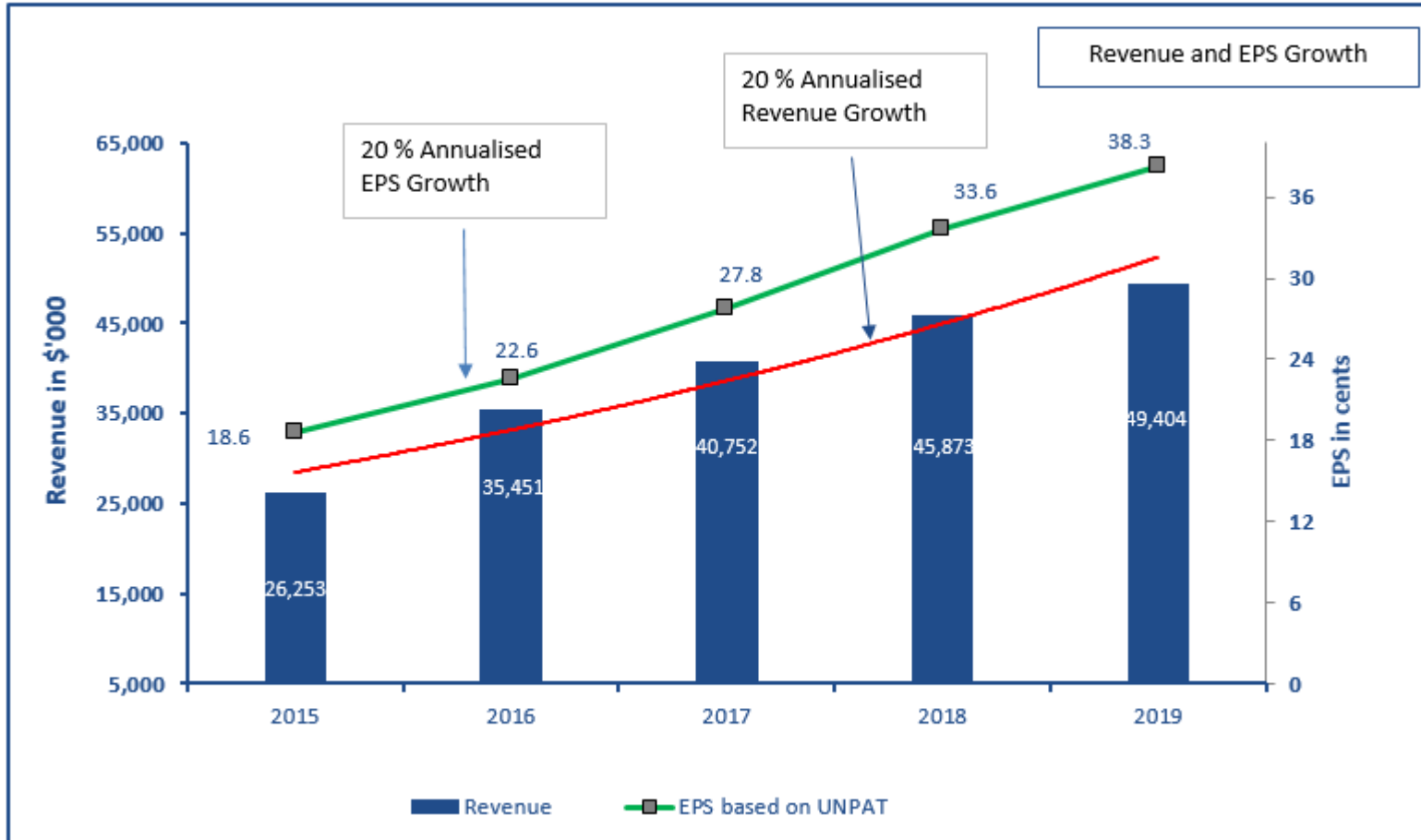
20%
Annualised
EPS Growth



6%
Cost to Income
% Reduction
over the Five
Year Period

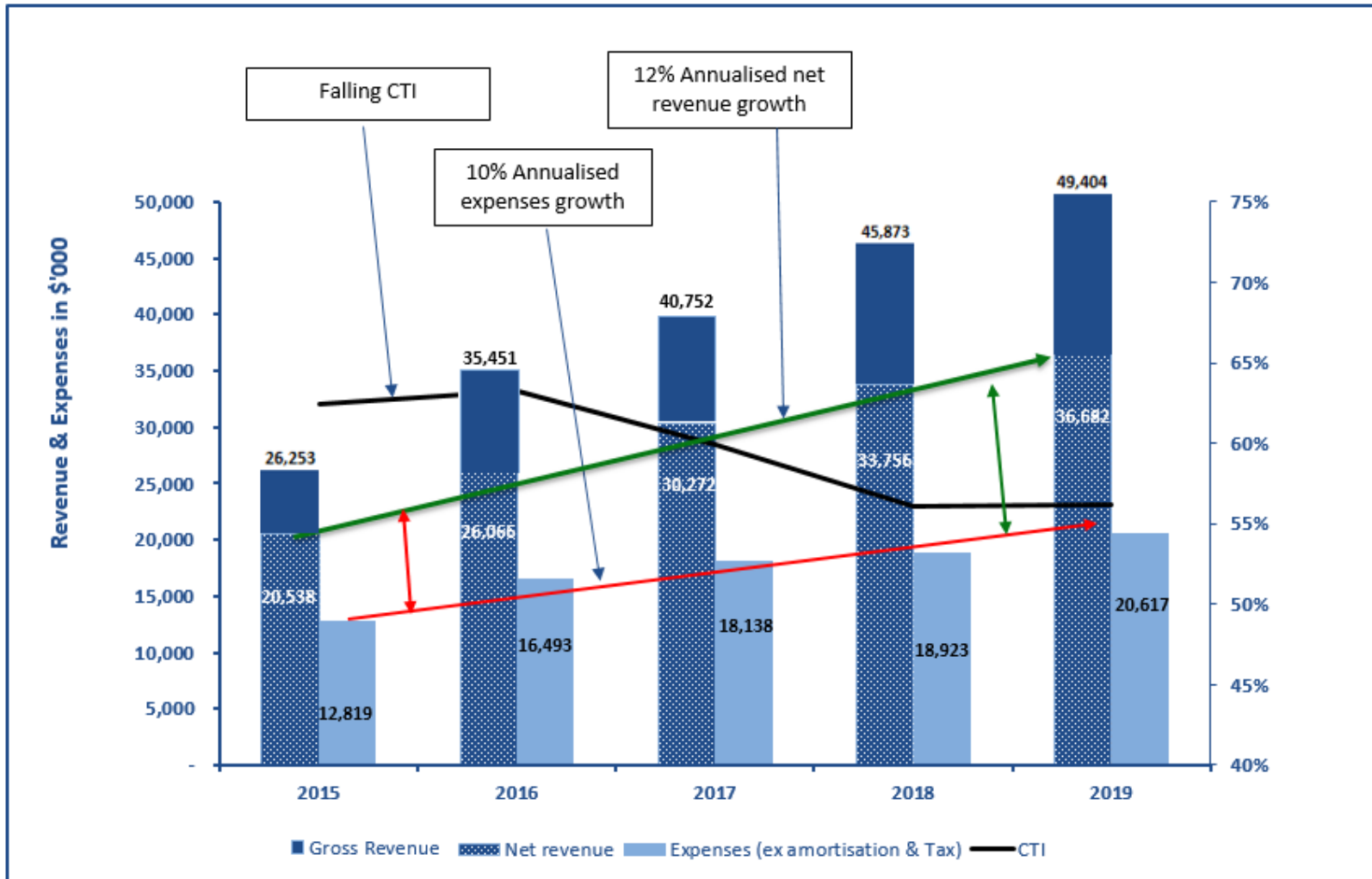
✓ Sustainable growth history consistently over long term

Five Year Summary: Revenue and EPS Growth



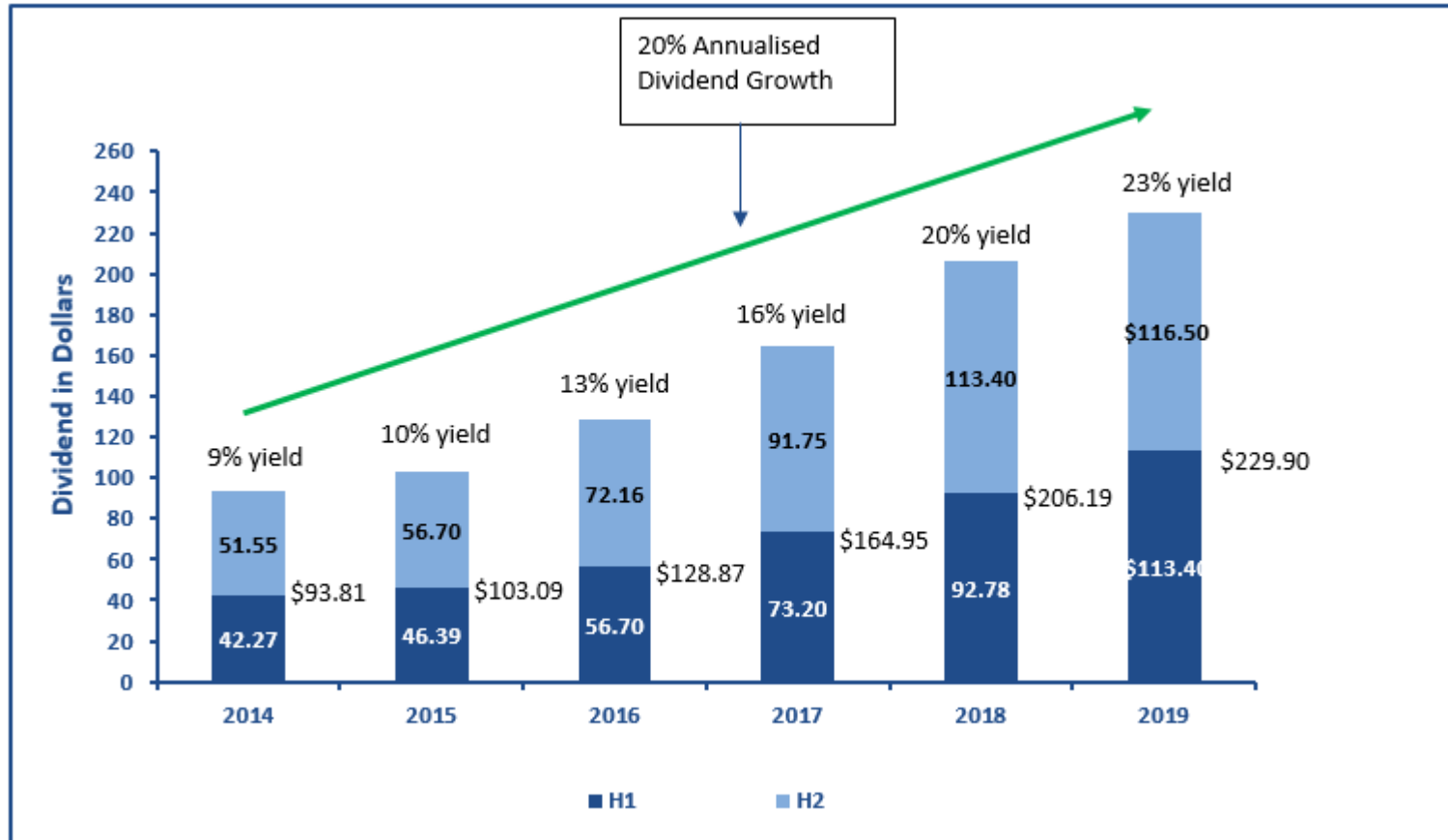
- ✓ Top-line Revenue Growth: 20% annualised
- ✓ EPS Growth: 20% annualised
- ✓ Sustainability: Double-digit Growth in 15 out of 19 years since listing

Five Year Summary: Expense Management



- ✓ Expanding Jaws: Revenue growth faster than Expense growth
- ✓ Improving Cost To Income (CTI) Ratio: From 62% in 2015 to 56% in 2019
- ✓ Carefully managed expenses to support growth in infrastructure and revenue generating functions

Dividends Growth



- \$1,000 invested in July 2013:
- ✓ 23% current year yield
- ✓ 20% Annualised Dividend growth

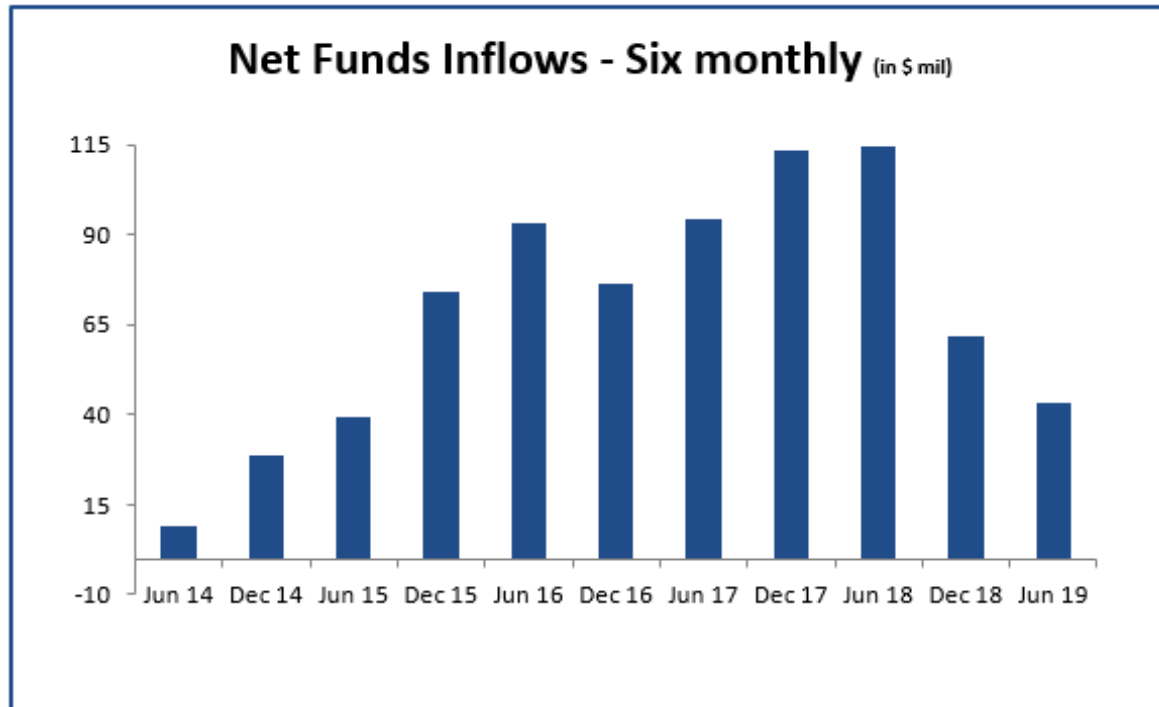
Five Year Summary: Balance Sheet

(\$'000)

Description	2015	2016	2017	2018	2019
Cash	12,374	9,691	9,548	13,885	11,792
Client Acquisition (including Goodwill)	8,770	16,271	15,814	15,776	20,081
Other assets (Net of Liabilities)	47	- 1,835	2,258	1,470	2,953
Net Assets	21,191	24,127	27,620	31,131	34,826

- Stable Cash position in excess of regulatory requirement of \$5.1 mil to support growth initiatives
- Significant reinvestments into business: \$7 mil spent on client acquisitions in FY19
- Net Assets Growth 10% annualised

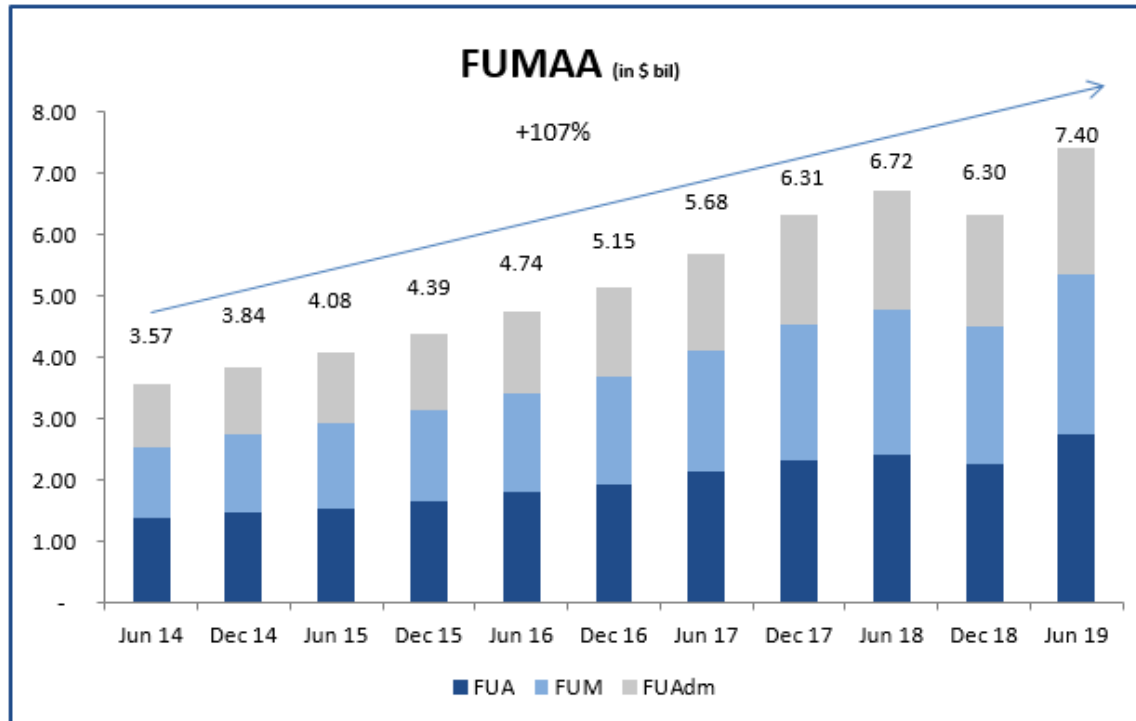
Net Fund In-Flows in Platform



Funds Inflows and Outflows (in \$ mil)			
Years	Inflows	Outflows	Net Funds Inflows
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
Jun 19	107	(64)	43

- **Net In-flows of \$105 million** during YTD June 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



FUMMA Closing Balance (in \$ bil)

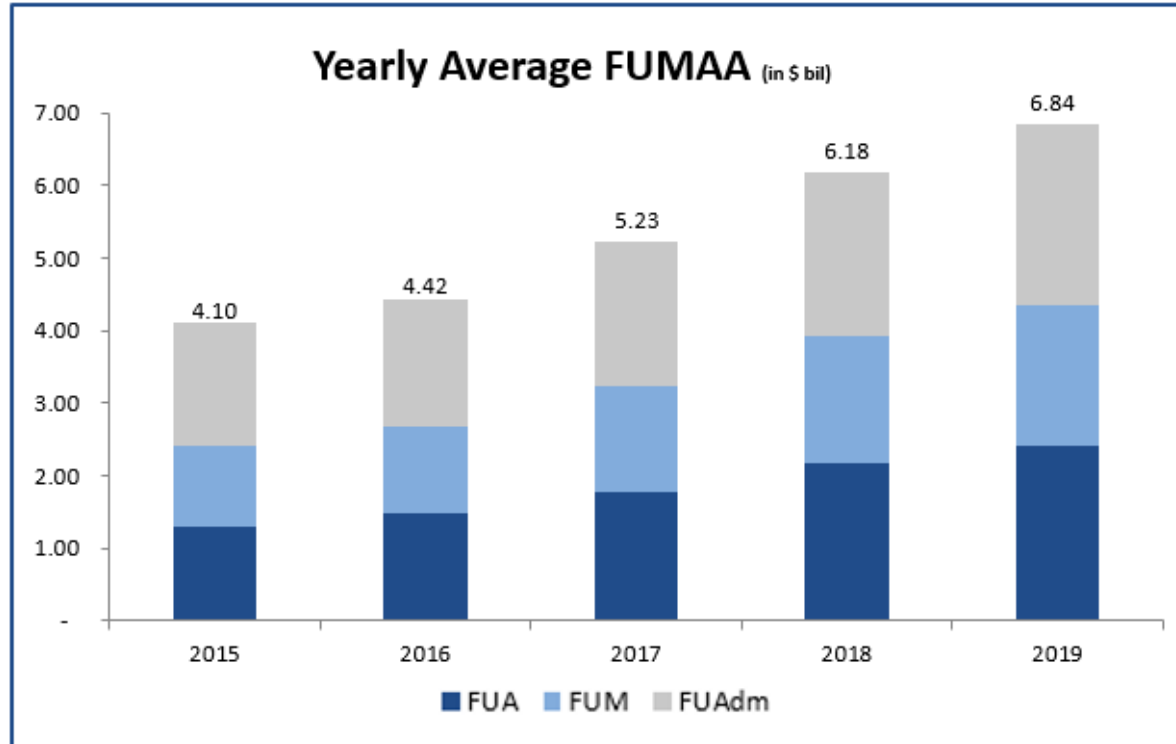
Years	FUA	FUM	FUAdm	Total
Jun 14	1.37	1.17	1.03	3.57
Dec 14	1.46	1.28	1.11	3.84
Jun 15	1.54	1.37	1.17	4.08
Dec 15	1.66	1.47	1.25	4.39
Jun 16	1.82	1.59	1.32	4.74
Dec 16	1.94	1.76	1.45	5.15
Jun 17	2.14	1.96	1.58	5.68
Dec 17	2.31	2.21	1.79	6.31
Jun 18	2.41	2.37	1.94	6.72
Dec 18	2.27	2.22	1.82	6.30
Jun 19	2.74	2.60	2.06	7.40

- ✓ Consistent FUMMA growth contributed by strong organic and inorganic inflows and market improvements.
- ✓ \$219 mil acquisition announced by Fiducian for Franchisees and salaried offices in FY19
- ✓ Increase in FUA as proportion of FUMA reflects recent acquisition

Explanatory Notes:

- FUM includes cross holdings from diversified funds into sector / specialised funds. Excluding cross holdings, FUM is \$1.76 Bil.
- FUA includes assets held in Fiducian and External platforms
- FUAdm includes aligned advisers and IFAs

Funds Under Management, Administration and Advice (FUMAA) Yearly average Growth



FUMMA Average Balance (in \$ bil)

Years	FUM	FUAdm	FUA	Total
2015	1.29	1.12	1.69	4.10
2016	1.47	1.22	1.73	4.42
2017	1.79	1.46	1.99	5.23
2018	2.17	1.75	2.26	6.18
2019	2.42	1.93	2.49	6.84

NSW

Bathurst	Gosford	Nowra	Taren Point
Bondi	Hunter	Randwick	Windsor
Bondi Junction	Macarthur	Southern Highlands	Wynyard
Caves Beach	Maitland	Sydney CBD	Wollongong
Coffs Coast	Newcastle	Tamworth	

Queensland

Bayside	Noosa Hinterland
Buderim	Sunshine Coast
Caboolture	Toowoomba
Caloundra	

Tasmania

Devonport
Hobart
Launceston

ACT

Canberra

Victoria

Colac	Mt Waverley	St Kilda
Geelong	Ringwood	Sunbury
Ivanhoe	Sale	Surrey Hills

Western Australia

Kelmscott
South Perth

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Information provided are as at 30 June 2019 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 15 August 2019.