



FY 20 RESULTS **INVESTOR PRESENTATION**

Indy Singh – Executive Chairman, Fiducian Group

Rahul Guha – Executive Chairman, Fiducian Services

17 August 2020

Fiducian Group (ASX:FID)



FIDUCIAN
INTEGRITY • TRUST • EXPERTISE

Fiducian Group Investor Presentation



- FY 20 Highlights
- Business Overview
- Financials
- Growth Strategy and Business Outlook
- Key Dates and Contacts
- Annexures

FY 20 Highlights

Statutory NPAT



Statutory NPAT of
\$10.5 million

UEBITDA



UEBITDA* up
8.9%
to \$17.5m

UNPAT



UNPAT* up
5.6%
to \$12.7m

Dividends



Dividends up
3.1%
to 23.00 cents/
share

Acquisition Funding



\$412 million
FUA* acquired
in 2019-20

Financial Planners



74
Aligned Planners &
Associates

Offices



41
Offices across
Australia

Net Inflows



Net Inflows
increased two fold
106.7%
to \$217m

FUMAA



FUMAA* up
\$600 million
(by 8%) to \$8.0b

Fund Performance



Flagship funds performance ranking for three, five and seven years to 30 June 2020 against all funds in the Morningstar survey

	3 yrs	5 yrs	7 yrs
Growth	6/174	3/167	1/163
Balanced	9/174	5/167	4/163
Cap Stable	10/112	9/105	5/101
Ultra Growth	26/118	8/109	2/102

- Fiducian proved its resilience and remains growth focussed even in uncertain economic conditions
- Throughout the pandemic our planners have maintained contact with clients and continued to assist them resulting in:
 - \$217 million Net-flows to the platform – an increase of more than double the previous year
 - H2 Net-flows at \$125 million were 36% higher than H1 and 190% higher compared to H1 in previous year
- Management is committed to long term growth with staff retention
 - Our staff are key assets to the business and there have been no retrenchments or reductions in salaries
 - Staff have received an increase in salary for the new financial year and also a performance bonus equal to last year or as per their employment terms
 - This should assist with the retention of skilled staff
- We have a strong pipeline of acquisition opportunities and new franchisees looking to join our business

Profit Generating Sustainable Business Model

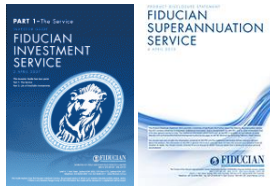


Funds Management



- Process driven, client focused investment products
- 15 Managed Funds: 4 Diversified Funds, 4 Sector Funds, 7 Specialist Funds
- **\$2.90 Billion in Funds under Management (FUM) (30 June 2020: \$2.79 Billion)**

WRAP Platform



- Market competitive Investment and Superannuation Wrap, SMA and SMSF administration services
- Trustee of the Fiducian Superannuation Service and IDPS Operator for Fiducian Investment Service
- **\$2.24 Billion in Funds under Administration (FUAdmin) (30 June 2020: \$2.19 Billion)**

Financial Planning



- Respected non-bank financial planning licensee with over twenty one years of experience
- 41 high quality practices, 74 representatives, national footprint
- **\$3.08 Billion Funds Under Advice (FUA) (30 June 2020: \$3.05 Billion)**

FinTech



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

Total **FUMAA \$8.22 billion**. Fund figures are as at 31 July 2020

- Fiducian process delivers **above average returns with greater Diversification and below average risk**
- 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
- **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.
Capital Stable	1.1% (12/118)	4.8% (10/109)	4.2% (10/103)	5.3% (5/98)	5.8% (9/87)
Balanced	-1.3% (17/190)	6.6% (9/172)	5.9% (7/163)	7.9% (4/160)	8.1% (11/136)
Growth	-2.3% (50/190)	6.9% (8/172)	6.3% (3/163)	8.6% (1/160)	8.7% (1/136)
Ultra Growth	-2.0% (5/127)	6.3% (16/120)	6.7% (2/109)	9.8% (1/104)	9.8% (1/90)
Other specialist MTM funds					
Technology	26.8%	20.5%	16.6%	21.3%	20.8%
India	-12.7%	-4.4%	0.7%	12.6%	7.1%

2020 Money Management Fund Manager of the Year

Finalist: Fiducian Balanced Fund (Multi Asset – Balanced)

2017 FundSource Awards – International Equity Sector

Winner: Fiducian Funds management - Technology Fund

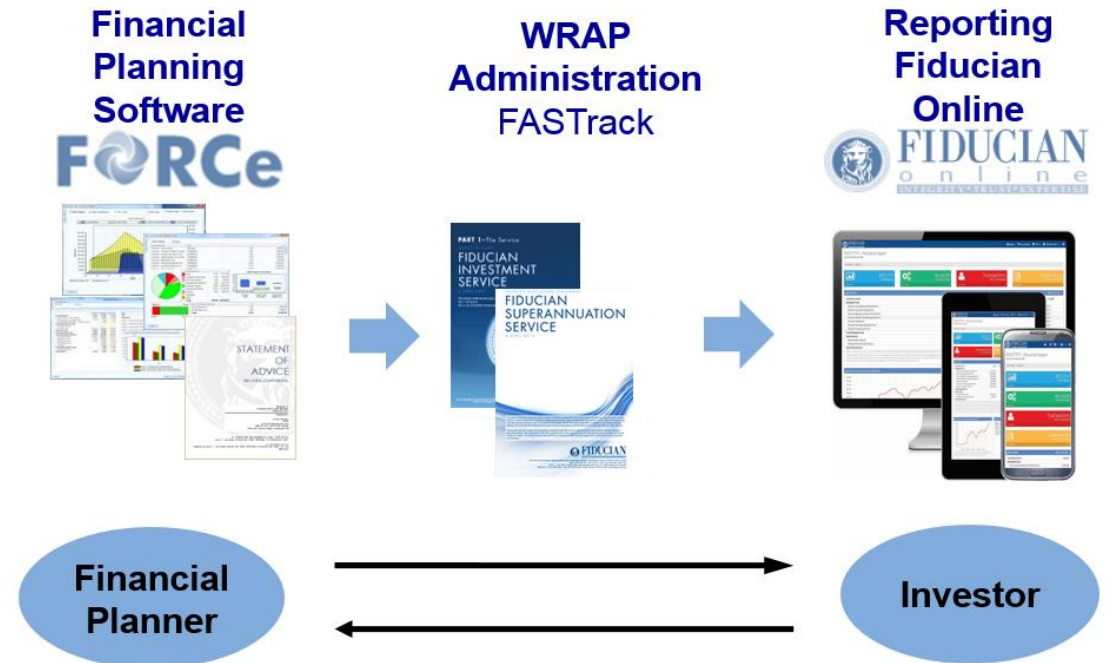
Finalist: Fiducian Funds management - India Fund



The above performances are based on independent survey conducted by Morningstar survey as at 31 July 2020

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 and Separately Managed 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, 74 representatives
- 32 Franchised offices
- 9 Salaried offices
- **\$412 million FUA acquisitions in FY20**



Wealth Creation



Retirement Planning



Superannuation



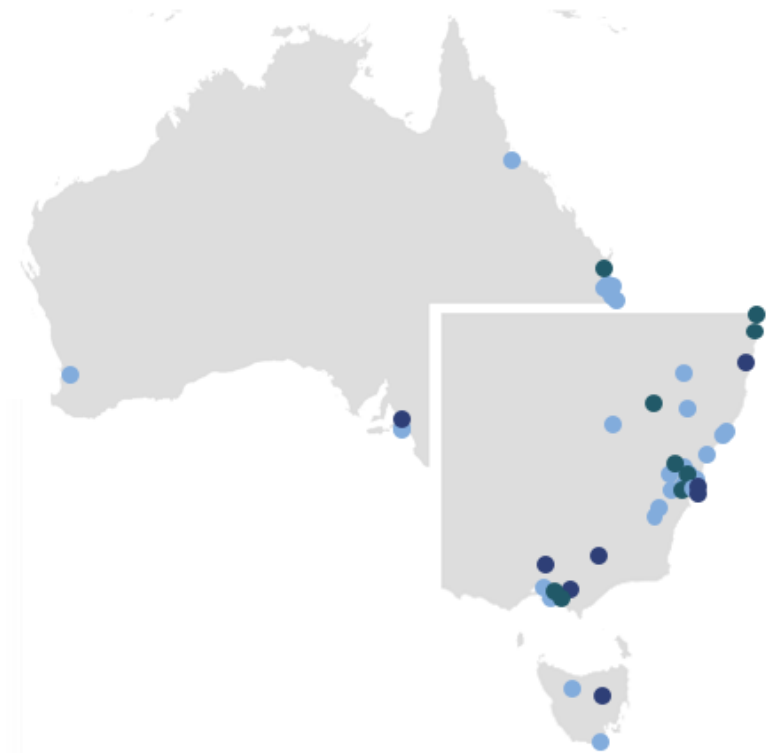
Investment Advice



Estate Planning



Personal Insurance



Integrated Business Model

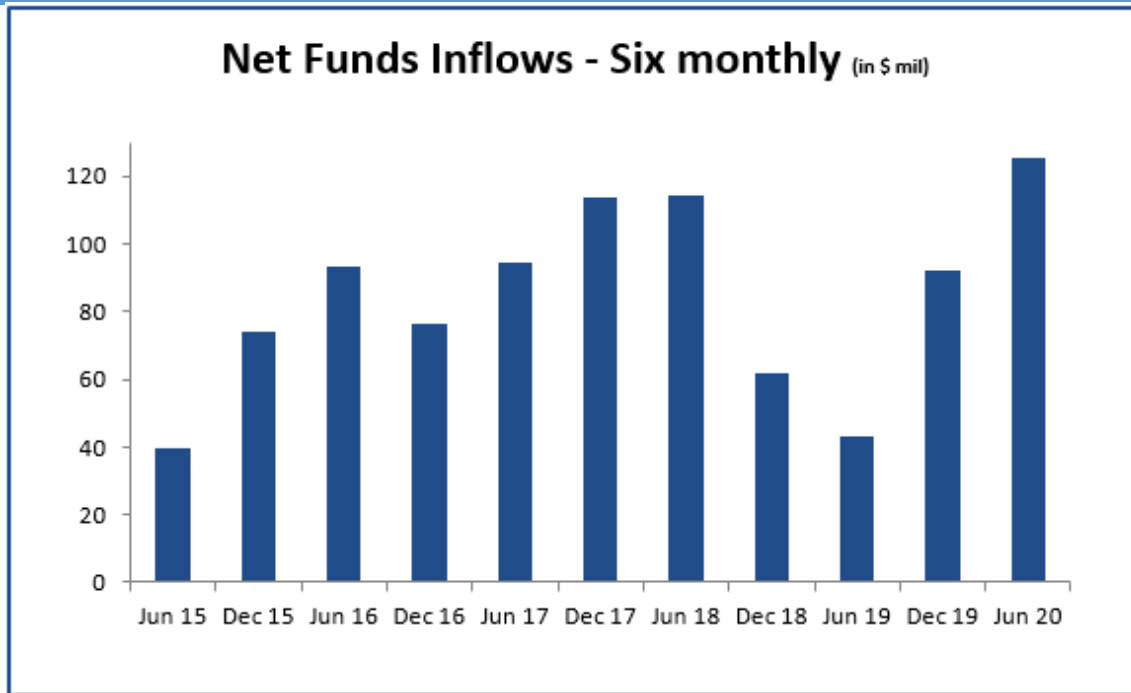
Our clients experience **the Fiducian difference**:



Fiducian Integrated Business Model
FUMAA \$8.03 billion

Total **FUMAA \$8.22 billion** as at 31 July 2020.









Net Fund In-Flows in Platform



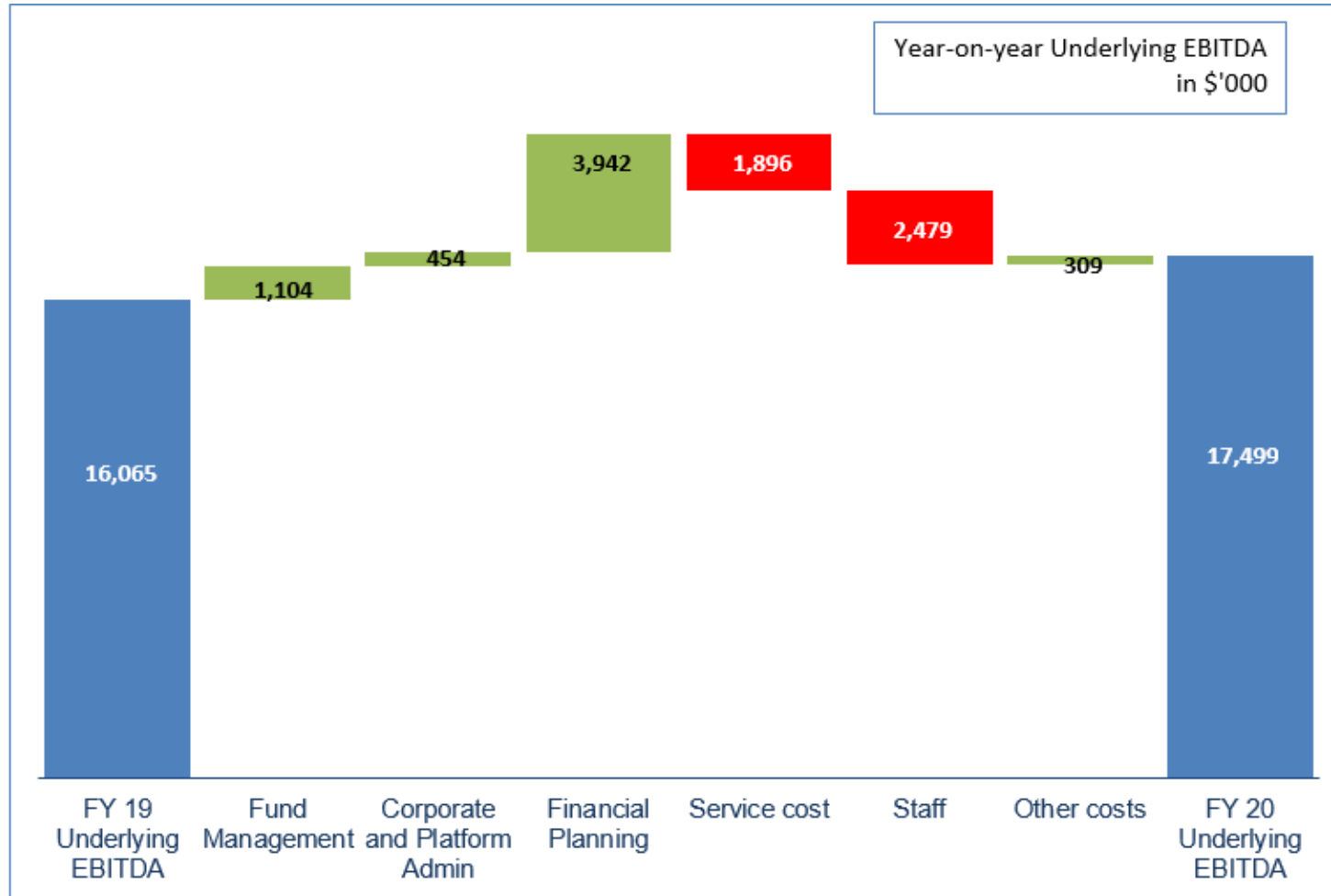
Funds Inflows and Outflows (in \$ mil)			
Years	Inflows	Outflows	Net Funds Inflows
Jun 15	88	(48)	40
Dec 15	111	(37)	74
Jun 16	135	(42)	93
Dec 16	115	(39)	77
Jun 17	175	(80)	94
Dec 17	157	(44)	114
Jun 18	166	(51)	115
Dec 18	108	(46)	62
Jun 19	107	(64)	43
Dec 19	158	(66)	92
Jun 20	183	(58)	125

- **Net In-flows of \$217 million** in FY 2020
 - 107% increase to previous year
 - H2 Net-flows at \$125 million increased 36% compared to H1 and 190% against comparative half in previous year
- Both Salaried and Franchised networks contributing to the Inflows
- Combination of organic flows from active referrals and inorganic flows from strategic acquisitions

Financial Highlights

Financial highlights				
Year Ending 30 June	2020	2019	\$ Growth	% Change
Funds Under Management, Advice and Administration (FUMAA)	8.0 Billion	7.4 Billion	0.6 Billion	8% 
	\$'000	\$'000		
Operating Revenue	54,904	49,404	5.5 Million	11% 
Fees and Charges paid	(14,617)	(12,721)		
Net Revenue	40,287	36,682	3.6 Million	10% 
Gross Margin	73%	74%		
EBITDA	18,344	16,065	2.3 Million	14% 
Add back rent and deduct interest on lease liabilities	(845)	-		
Underlying EBITDA	17,499	16,065	1.4 Million	9% 
Depreciation	(212)	(89)		
Tax on underlying earnings	(4,562)	(3,929)		
Underlying NPAT (UNPAT)	12,725	12,047	0.7 Million	6% 
Amortisation	(2,023)	(1,697)		
AASB 16 <i>Leases</i> adjustment impacts - Office Lease	(239)	-		
Statutory NPAT	10,463	10,350	0.1 Million	1% 
Basic EPS based on UNPAT (in cents)	40.5	38.3		6% 
Basic EPS based on NPAT (in cents)	33.3	33.0		

FY 2020 Results: 9% UEBITDA 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 increased to compensate for additional staff in financial planner compliance and acquired client bases

Segment Results



Funds Management

Revenue for the full-year is \$15.0 mil on average FUM \$2.7 bil

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

Administration

Platform Revenue for the full-year is \$19.1 mil on average FUAdm \$2.2 bil

Scale efficiencies, Reduction of cost to income ratio (2016: 63%, 2020: 52%)
Experienced management team and board in place

Financial Planning

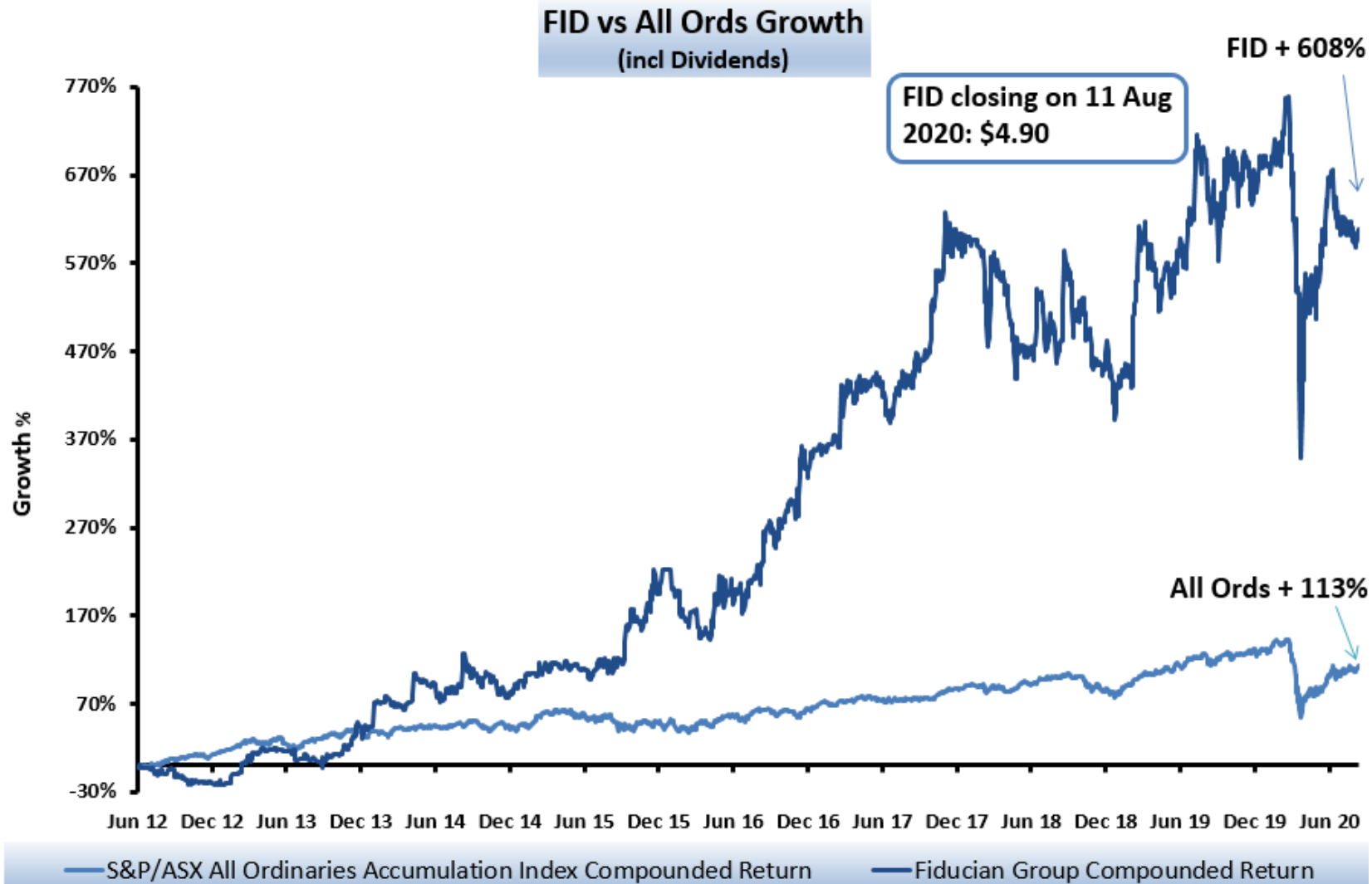
Revenue for the full-year is \$20.8 mil on average FUA \$3.0 bil

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 495%** (including dividend)
- Dividend pay-out policy is 60-70% of Net Profit After Tax
- Double digit EPS growth in 15 out of 20 years since listing
- Full year dividends is 23.00 cents – 3% growth over the comparable period

	Funds Management	Leverage of successful Manage-The-Manager model and expand in new markets where profitable
	Administration	Distribute Managed Accounts capabilities, offer Badged solutions to IFA market and build on 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

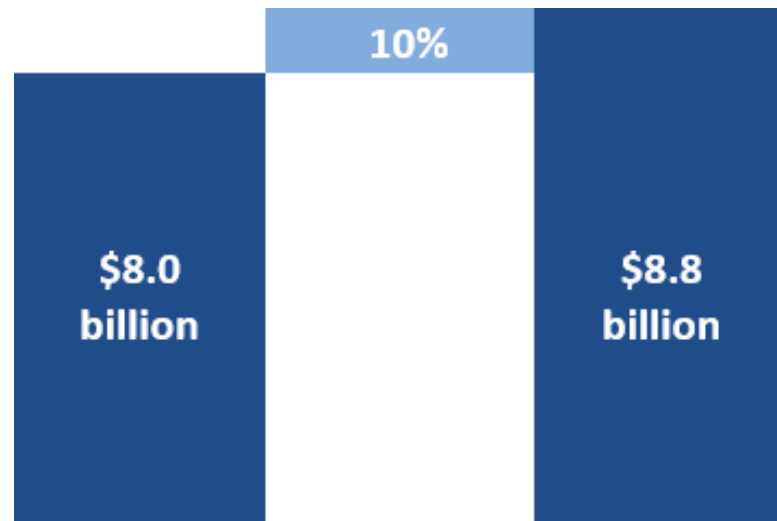
Business Outlook – 3 Revenue Streams

Revenue Growth is a function of volume of FUMAA

Example:



Plus, additional revenue growth if financial market rise



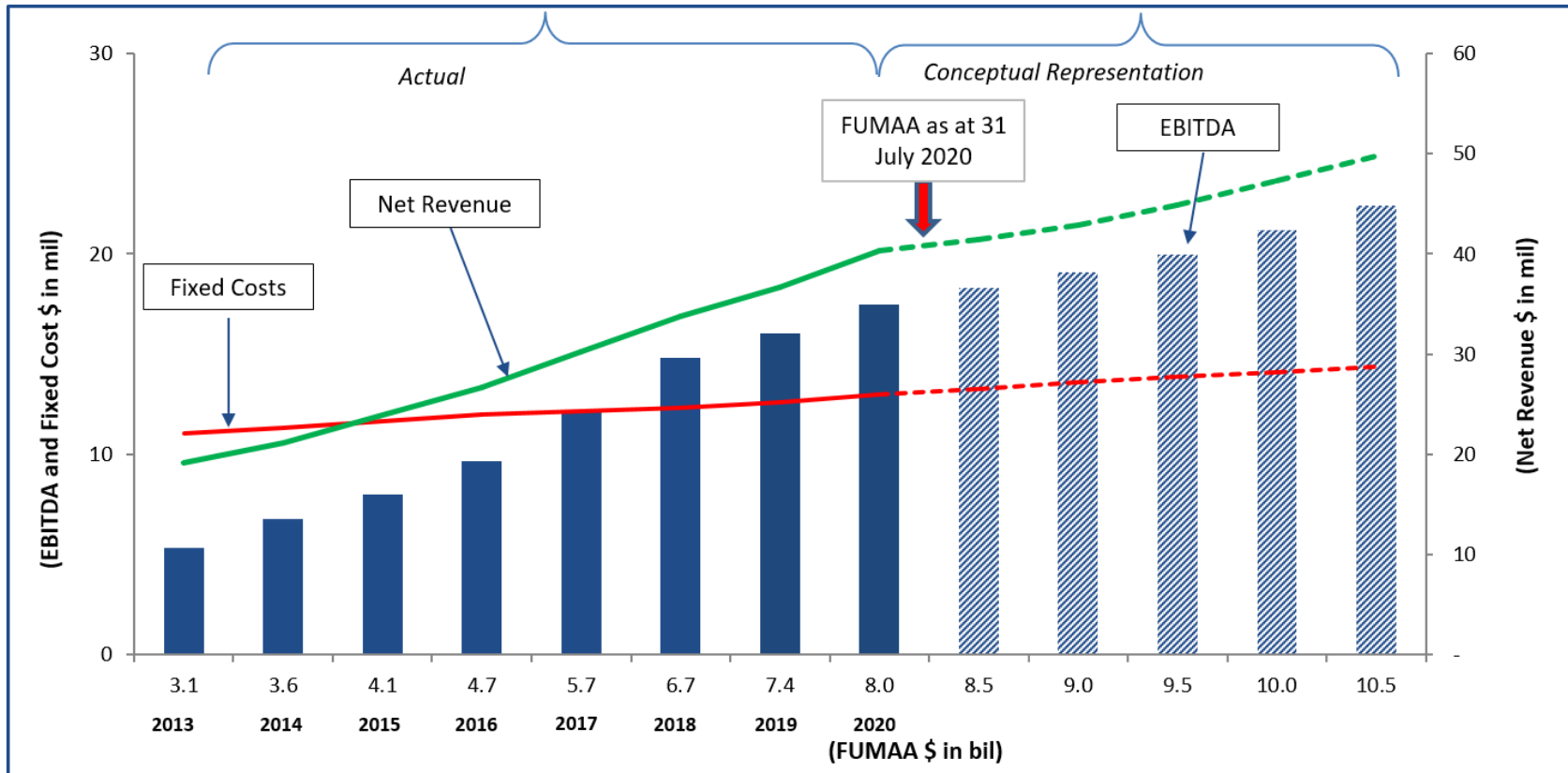
Example:

Assets rise 10%

FUMMA of \$8.0 billion rises to \$8.8 billion

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 a **sustainable business path**, where revenue growth generates a higher rate of profit growth and increases shareholder income and value

Key Dates

- Record date for final dividend: Monday, 31 August 2020
- Final dividend payment date: Monday, 14 September 2020
- Annual General Meeting: Thursday, 22 October 2020

Contacts

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Five Year Summary: Financials

	2020	2019	2018	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Performance					
Gross Revenue	54,904	49,404	45,873	40,752	35,451
Underlying EBITDA (UEBITDA)	17,499	16,065	14,832	12,290	9,673
Underlying Net Profit After Tax (UNPAT)	12,725	12,047	10,505	8,710	7,036
Statutory Net Profit After Tax (NPAT)	10,463	10,350	9,198	7,512	5,839
Cost To Income Ratio (CTI) - ex amortisation %	55%	56%	56%	60%	63%
Financial Position					
Total Assets	54,653	45,899	40,561	36,277	33,690
Total Equity	38,123	34,826	31,131	27,620	24,127
Cash	13,961	11,792	13,885	9,548	9,691
Shareholder Information					
Number of shares outstanding (numbers)	31,442,623	31,442,623	31,242,623	31,264,368	31,110,855
Market Capitalisation (in \$ million)	157	162	146	128	72
EPS based on UNPAT (in cents)	40.5	38.3	33.6	27.8	22.6
EPS based on NPAT (in cents)	33.3	33.0	29.4	24.0	18.8
Dividends (in cents)	23.0	22.3	20.0	16.0	12.5
Share Price - 30 June closing (in \$)	5.00	5.16	4.66	4.09	2.31



16%
Annualised UNPAT
Growth



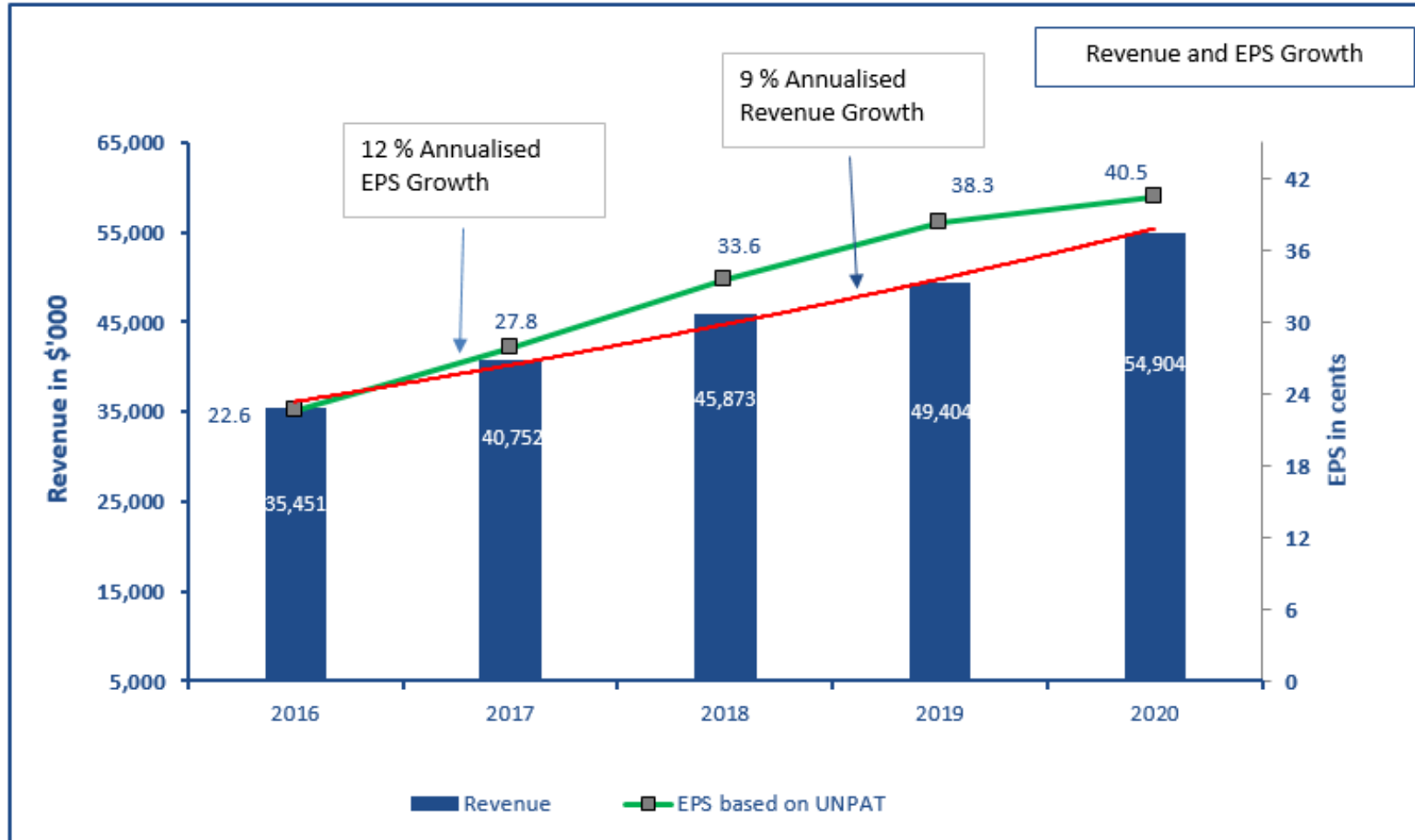
16%
Annualised
EPS Growth



8%
Cost to Income %
Reduction

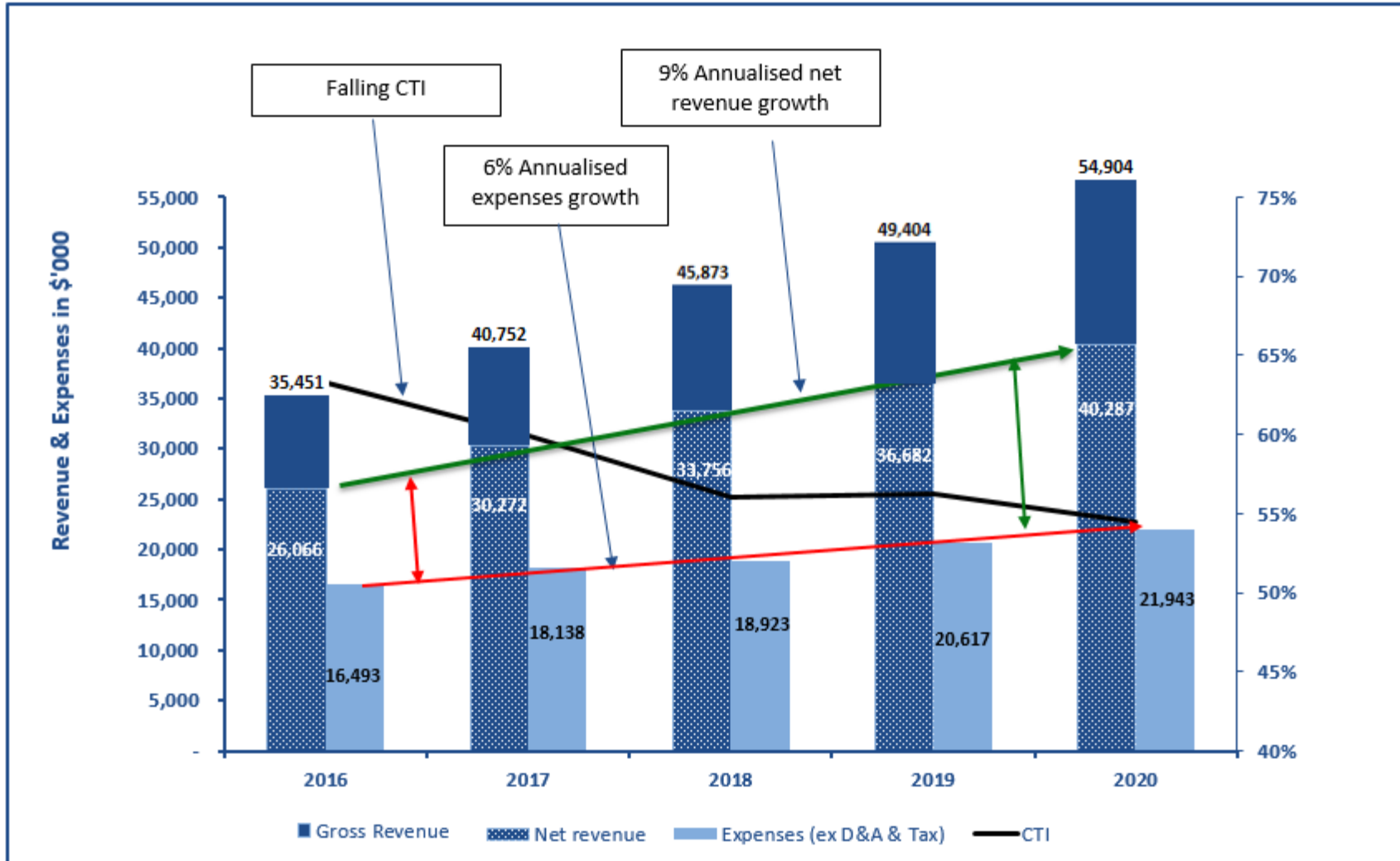
✓ Sustainable Growth history consistently over the long term

Five Year Summary: Revenue and EPS Growth



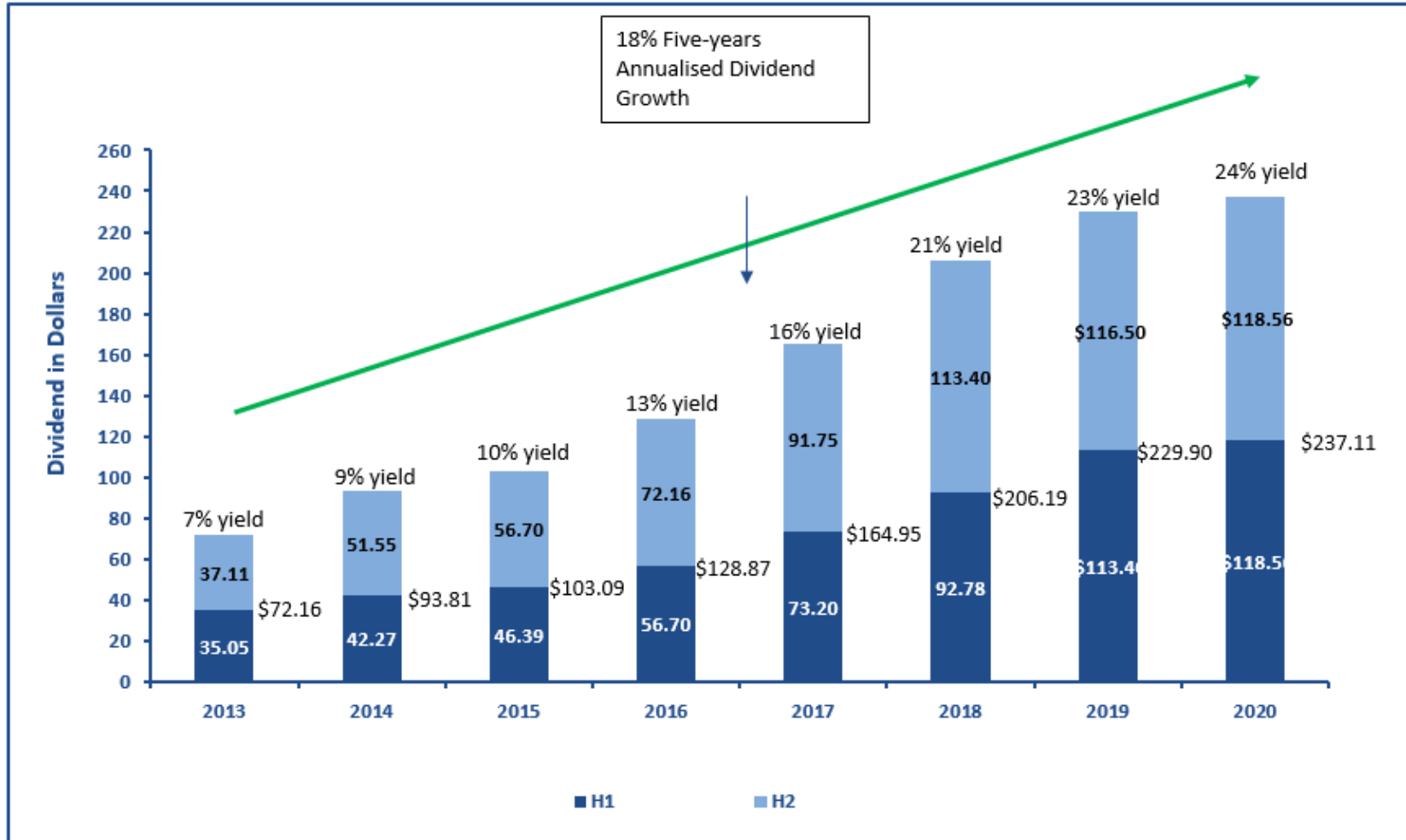
- ✓ Top-line Revenue Growth: 9% annualised
- ✓ EPS Growth: 12% annualised
- ✓ Sustainability: Double-digit Growth in 15 out of 20 years since listing

Five Year Summary: Expense Management



- ✓ Expanding Jaws: Revenue growth faster than Expense growth
- ✓ Improving Cost To Income (CTI) Ratio: From 63% in 2016 to 55% in 2020
- ✓ Carefully managed expenses to support growth in infrastructure and revenue generating functions

Dividends Growth



- \$1,000 invested in July 2012:
- ✓ 24% current year yield
- ✓ 18% Annualised Dividend growth

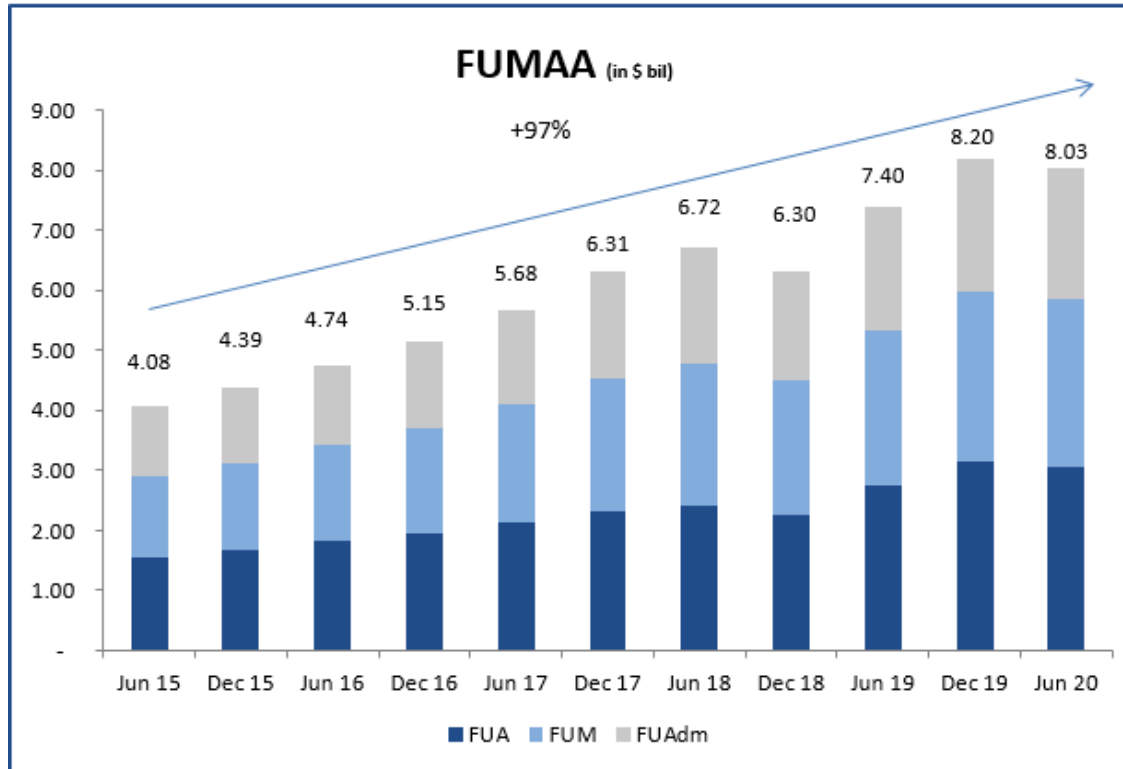
Five Year Summary – Balance Sheet

(\$'000)

Description	2016	2017	2018	2019	2020
Cash	9,691	9,548	13,885	11,792	13,961
Client Acquisition (including Goodwill)	16,271	15,814	15,776	20,081	20,987
Other assets (Net of Liabilities)	- 1,835	2,258	1,470	2,953	3,175
Net Assets	24,127	27,620	31,131	34,826	38,123

- Stable Cash position in excess of regulatory requirement of \$8.5 mil to support growth initiatives
- Significant reinvestments into business: \$1 mil spent on client acquisitions in FY20
- Net Assets Growth 9.6% annualised

Funds Under Management, Administration and Advice (FUMAA) Growth



FUMAA Closing Balance (in \$ bil)

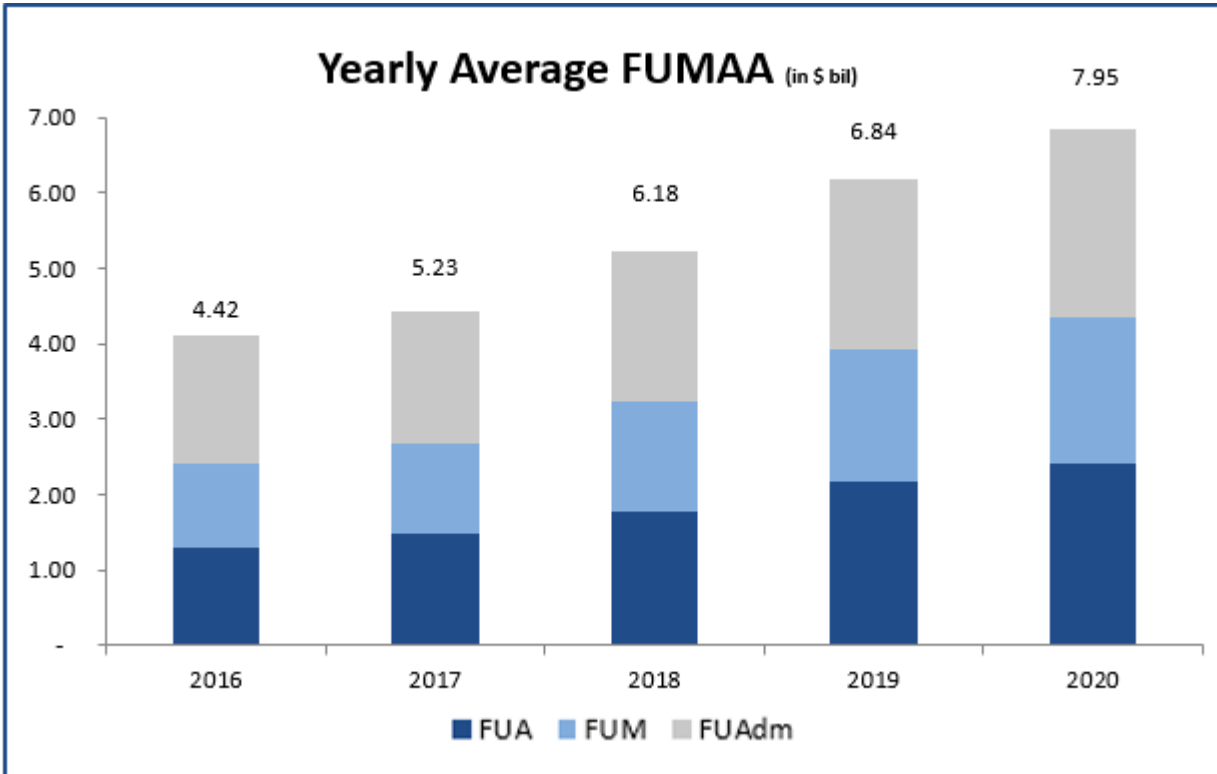
Years	FUA	FUM	FUAdm	Total
Jun 15	1.54	1.37	1.17	4.08
Dec 15	1.66	1.47	1.25	4.39
Jun 16	1.82	1.59	1.32	4.74
Dec 16	1.94	1.76	1.45	5.15
Jun 17	2.14	1.96	1.58	5.68
Dec 17	2.31	2.21	1.79	6.31
Jun 18	2.41	2.37	1.94	6.72
Dec 18	2.27	2.22	1.82	6.30
Jun 19	2.74	2.60	2.06	7.40
Dec 19	3.14	2.83	2.23	8.20
Jun 20	3.05	2.79	2.19	8.03

- ✓ Consistent FUMAA growth from strong organic and inorganic inflows and market improvements
- ✓ \$412 mil acquisition announced by Fiducian for Franchisees and Salaried offices in FY20
- ✓ Increase in FUA as proportion of FUMAA reflects recent acquisition

Explanatory Notes:

- FUM includes cross holdings from diversified funds into sector/specialised funds. Excluding cross holdings, FUM is \$1.88 billion
- FUA includes assets held in Fiducian and External platforms
- FUAdm includes Aligned Advisers and IFAs

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



FUMAA Average Balance (in \$ bil)

Years	FUM	FUAdm	FUA	Total
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
2020	2.73	2.24	2.98	7.95

NSW

Albury	Gosford	Nowra	Tuggerah
Bathurst	Hunter	Orange	Windsor
Bondi Junction	Macarthur	Randwick	Wynyard
Caves Beach	Maitland	Southern Highlands	
Coffs Coast	Newcastle	Sydney CBD	
Eastgardens	Neutral Bay	Tamworth	

Queensland

Bayside	Sunshine Coast
Caboolture	Toowoomba

Tasmania

Devonport
Hobart
Launceston

ACT

Canberra

Victoria

Colac	Mt Waverley
Geelong	Ringwood
Ivanhoe	Sale
Mentone	St Kilda

Western Australia

Osborne Park
South Perth

Disclaimer



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Information provided are as at 30 June 2020 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 17 August 2020.