

# WILSONS RAPID INSIGHT

## INVESTOR PRESENTATION

Robby Southall – Executive Chairman, Fiducian Financial Services

Rahul Guha – Executive Chairman, Fiducian Services

Sydney, 26 May 2022

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# Agenda

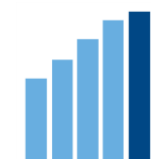
- Business Overview
- Financials
- Growth Opportunities
- Key Dates and Contacts



# Platform Administration Business

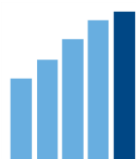


- **\$3.0 Billion in Funds under Administration (FUAdmin) as at 30 April 2022**
- Market competitive platform offering for Investments, Superannuation and SMA administration with own licences
- Investment menu includes 15 Fiducian multi-manager funds, 57 external managed funds, SMAs and Term Deposits tailored to financial adviser and client demands
- Advanced leading edge technology solutions help financial advisers
  - Electronic signatures, Digital applications with Online ID verification
  - True Straight Thru Processing (STP)
  - Multi Factor Authentication (MFA) increasing security of sensitive data and protection against frauds
  - Online Opt-in, Annual Service Agreements and Fee renewals
- Reduced fee scale from 1 June 2022 to assist in attracting new flows
- **IFA focussed product, 'Auxilium' launched.** Potential for additional netflows from distribution to IFAs and white labels / badge opportunities
- IT system “FasTrack” provides cost effective automation of client administration. 20 year track record



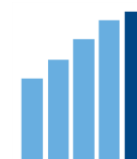
\$9.3m

Revenue



\$6.2m

Total PBT

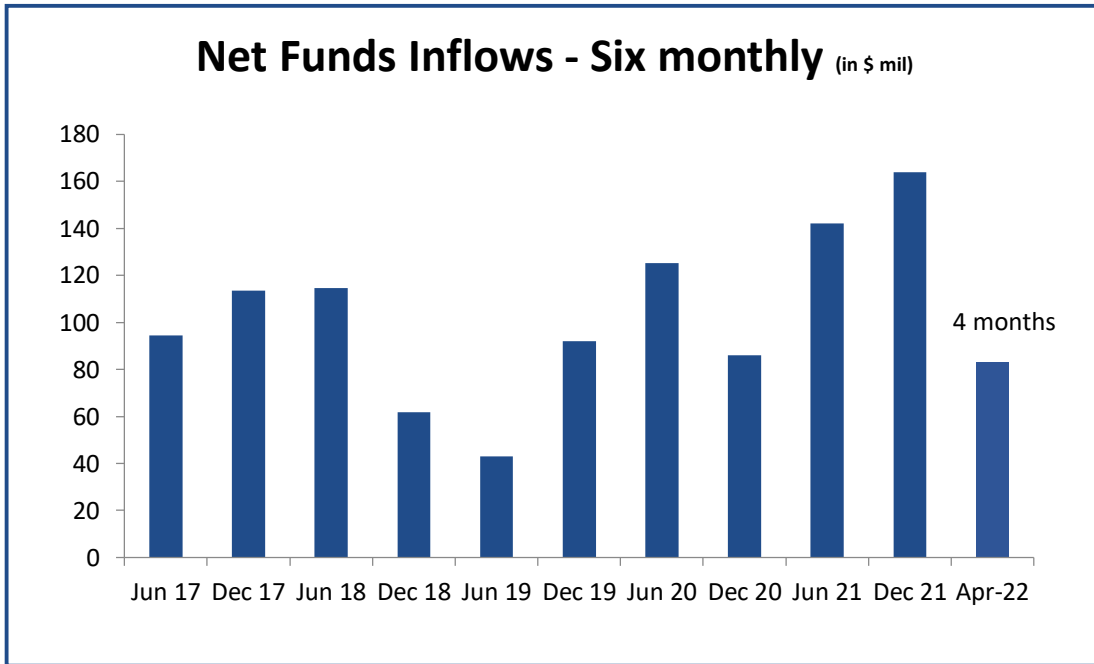


\$164m

Net flows

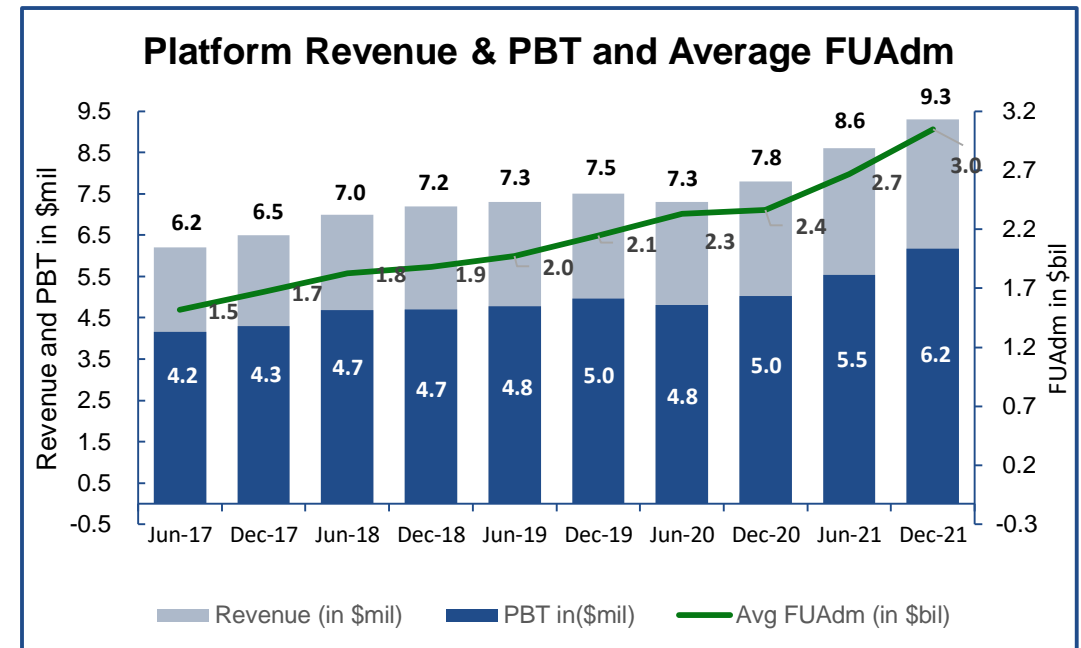
H1 2022 Results

# Fiducian Overview – Platform Administration



- **Net In-flows of \$83 million** during Jan 22 to Apr 22 and **\$246 million** during Jul 21 to Apr 22
- Both Salaried and Franchised networks contributing to the Inflows
- Combination of organic flows from active referrals and inorganic flows from strategic acquisitions
- Marketing to external dealer groups and IFAs begun

- Competitive Fees in the bottom half of the industry average
- Highly scalable model generates stable margins even as FUAdm
- **PBT Margins 60% of Revenue from external customers**



# Funds Management Business



# Fiducian Overview – Funds Management

- **\$4.1 Billion in Funds under Management as at 30 April 2022**
- Fiducian provides highly effective Manage the Manager System (Multi-Manager) with greater diversification and below average risks to generate consistent above average returns
- The investment team selects expert managers with proven performance, differing investment processes and complementary styles
- Assets are primarily held directly through mandates. Managers can be replaced without liquidating holdings
- The in-house team decides on manager allocations and tactical allocation
- Over 20 years, the four Fiducian diversified funds ranked in the top decile to quartile in 64 out of 64 readings against up to 177 fund managers on Morningstar survey

## Fiducian Manage the Manager Investment Philosophy

10 Sector Funds • 4 Diversified Funds • 42 Underlying Investment Manager Teams



## H1 2022 Results

# Fiducian Overview – Funds Management



- **Consistently superior results** against the world's best fund managers in the Australian market

Fiducian Funds	1-year return (ranking) p.a.		3-years return (ranking) p.a.		5-years return (ranking) p.a.		7-years return (ranking) p.a.		10-years return (ranking) p.a.	
Capital Stable	-1.3%	<b>67/122</b>	3.2%	<b>16/115</b>	3.9%	<b>12/112</b>	3.9%	<b>8/105</b>	5.2%	<b>11/98</b>
Balanced	2.0%	<b>105/203</b>	7.1%	<b>15/193</b>	7.4%	<b>10/185</b>	7.1%	<b>4/178</b>	9.0%	<b>8/164</b>
Growth	3.3%	<b>60/203</b>	8.2%	<b>4/193</b>	8.3%	<b>2/185</b>	8.0%	<b>2/178</b>	10.1%	<b>2/164</b>
Ultra Growth	-0.3%	<b>141/142</b>	9.1%	<b>10/134</b>	9.1%	<b>10/129</b>	8.9%	<b>3/118</b>	11.4%	<b>6/110</b>
<b>Other specialist MTM funds</b>										
Technology	-15.4%		10.1%		13.1%		14.1%		19.4%	
India	23.3%		11.7%		7.4%		9.7%		16.1%	

\*Source: Morningstar Direct April 2022

Past performance is not a reliable indicator of future performance and Fiducian does not guarantee the performance of the Funds or any specific rate of return.

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

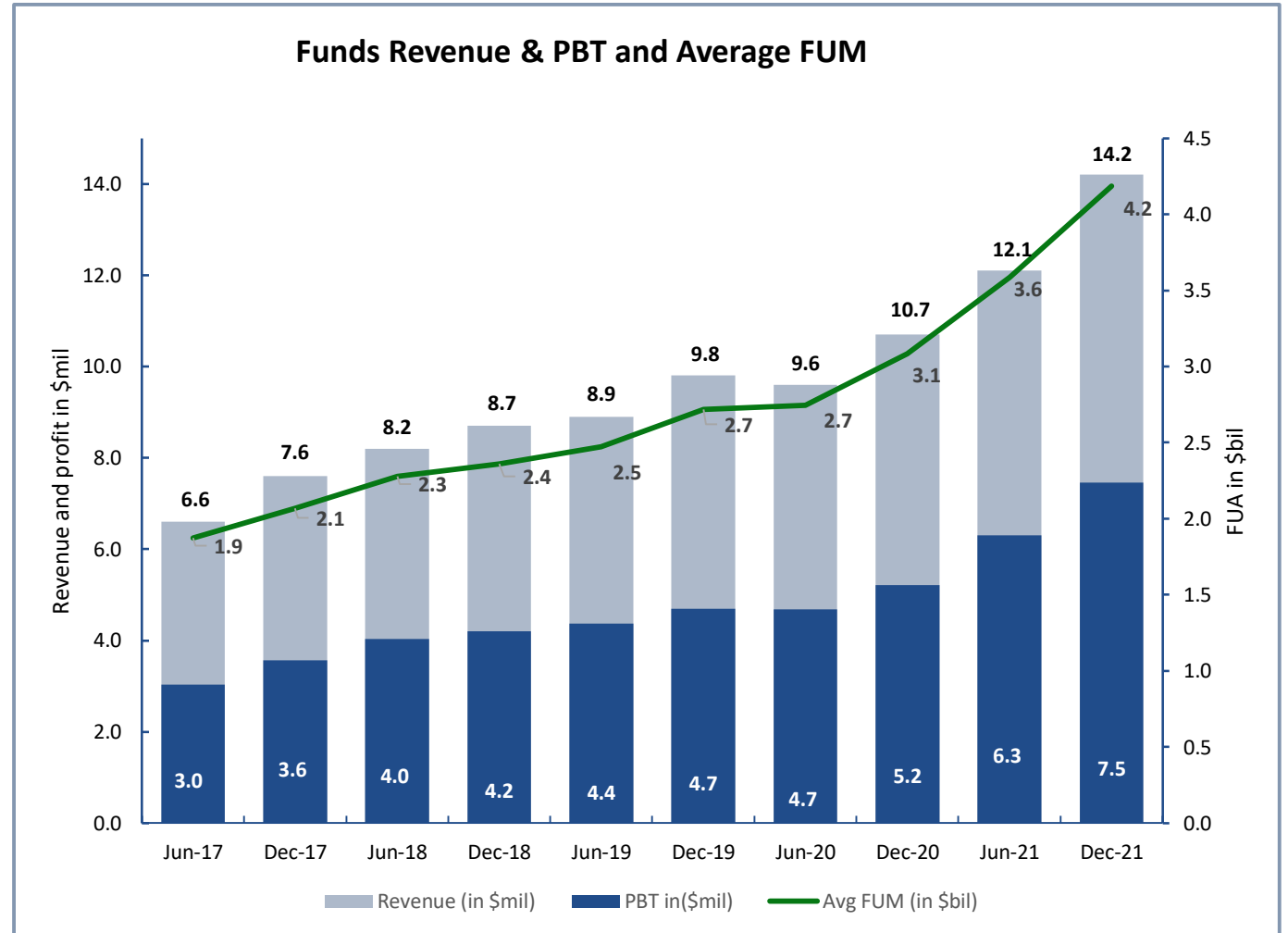




# Fiducian Overview – Funds Management



- PDS Fund Fees are in line with industry peer groups. Added benefits for clients are access to multiple managers whose fees are paid by Fiducian through the relevant Fiducian Fund
- Fiducian margins correspond to fund size. As Fiducian increases manager allocation, fees charged by managers' scales down
- **PBT margins 53% of Revenue from external customers**



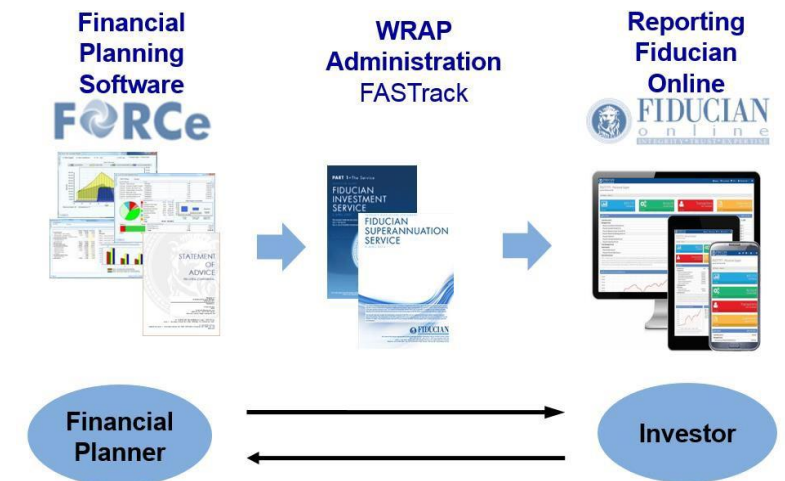
# Fintech Capabilities



# Fiducian Overview – FinTech Capabilities



- Proven and time tested Fintech capabilities underpin Fiducian’s successful business model
- Recent programming team expansion and new system development provides opportunities for commercialisation
- Market leading **Platform Administration System, ‘Fastrack’** provides an automated solution for advisers for investment execution and client registry.
  - Developed in-house since 2012 with own Intellectual Property with no legacy system issues
  - Feature-rich functionalities, full scalabilities: True-STP, E-Signatures, Online Application, Online Opt-in, MFA
  - Promotion to external dealer groups and Software as a Service (SaaS) external offering now begun
- Adviser driven **Financial Planning Software, ‘FORCe’** enables efficiency
  - Modelling, CRM, Advice document generation
  - Automated Compliance monitoring
  - Fully integrated with Fastrack and data-feed from external platforms
  - Workflow systems to monitor adviser performance and compliance
- Holistic **‘Fiducian Online’ Client reporting**
  - Client account and transaction reporting including external holdings
  - Fully functional client reporting website
  - Front-end for advisers available across all devices



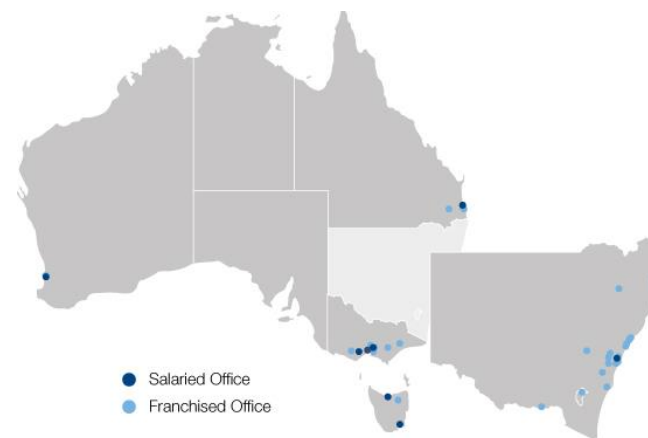
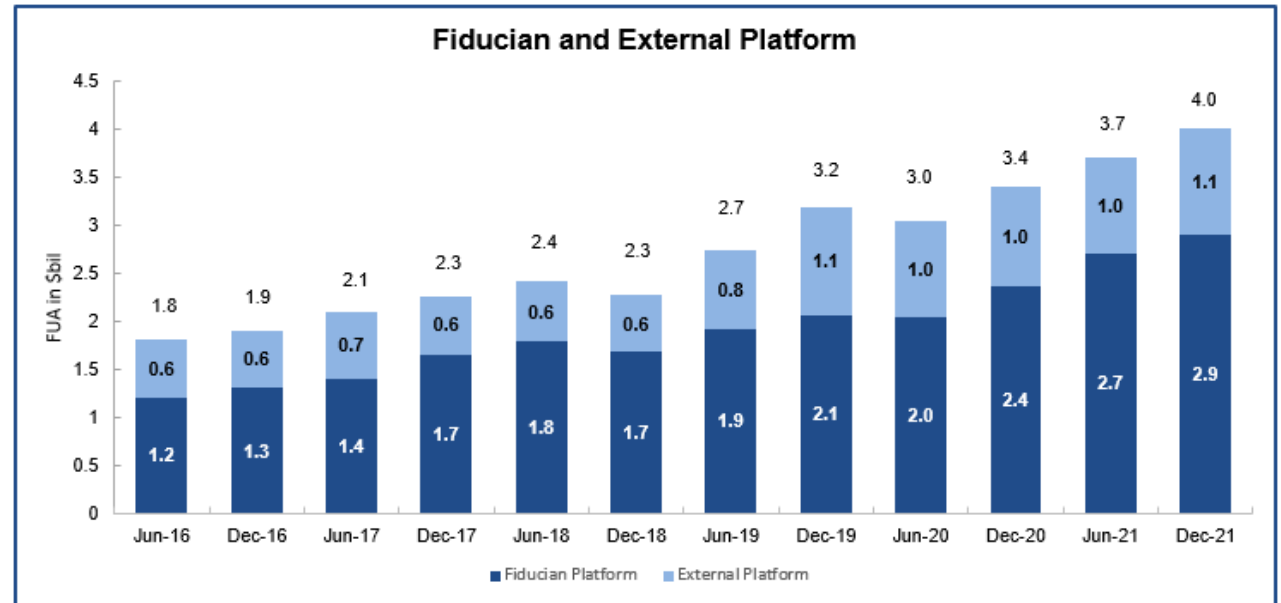
# Financial Planning Business



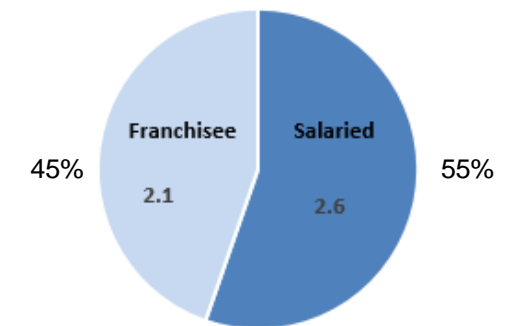
# Fiducian Overview – Financial Planning



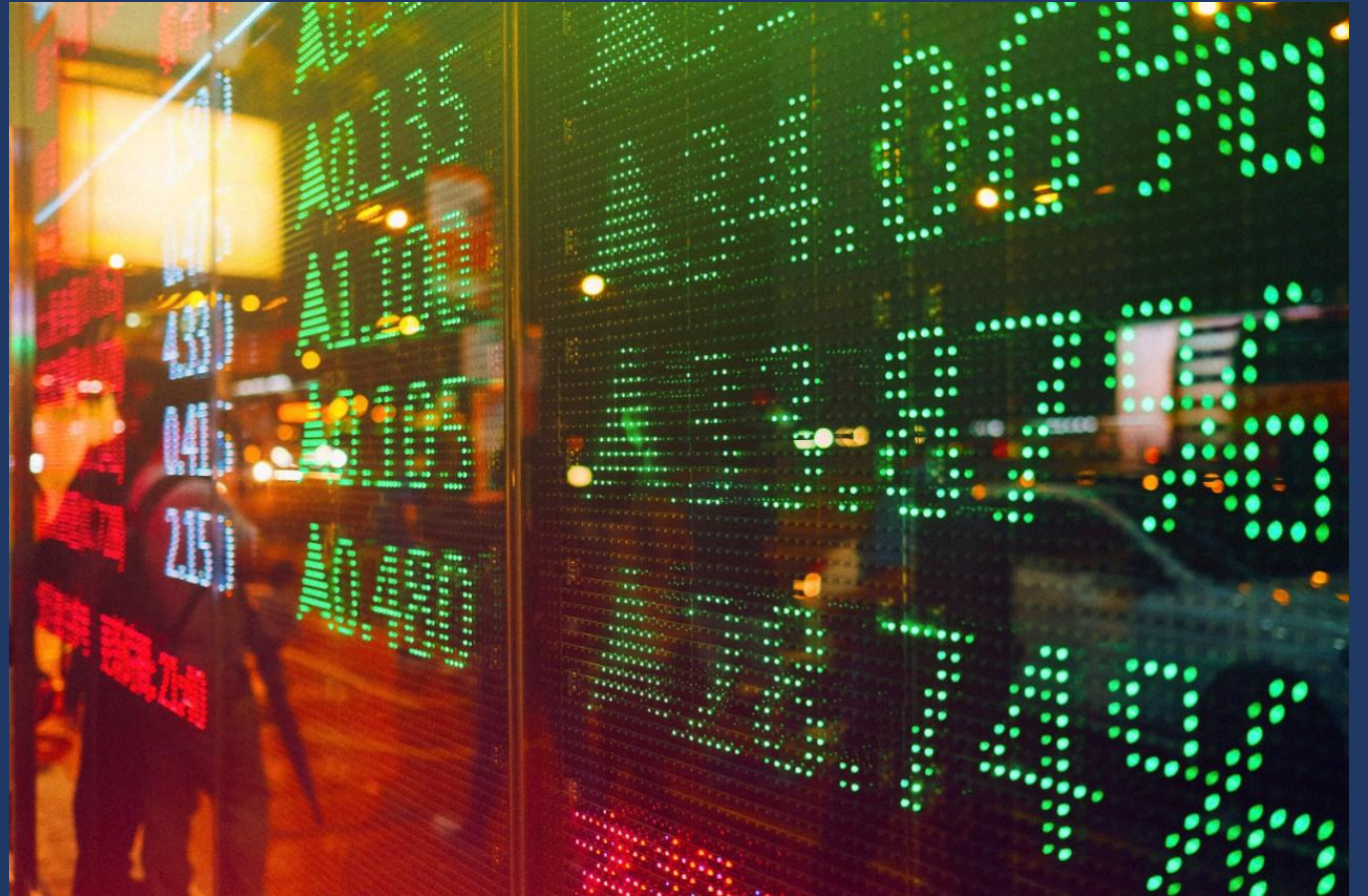
- **Enabler of steady flows** to Fiducian Funds and Platform
- 82 planners (including 38 Salaried) across 43 offices across Australia
- Selective recruitment of Salaried and Franchised planners aligned to Fiducian culture driven by Quality and Expertise
- Planners focused on delivering outcomes aligned to Clients' Best Interest obligations
- Growth through acquisitions of client books, organic referrals and recruitment of new franchisees to the network
- Acquisition driven net-flows into platform over 1 to 3 years if right for client



FUA Distribution - Apr 2022 (in \$bil)



# Financials



# FY 2022 H1 Financial Highlights

Financial highlights			
Half-year ending 31 December	2021	2020	% Change
	\$'000	\$'000	
<b>Operating Revenue</b>	<b>33,991</b>	<b>28,346</b>	<b>20% ↑</b>
Fees and Charges paid	(9,635)	(7,638)	
<b>Net Revenue</b>	<b>24,626</b>	<b>20,708</b>	<b>19% ↑</b>
Gross Margin	72%	73%	
<b>Underlying EBITDA (Including lease rents paid)</b>	<b>10,767</b>	<b>8,958</b>	<b>20% ↑</b>
Underlying EBITDA Margin	32%	32%	
Depreciation	(140)	(124)	
Tax on underlying earnings	(2,919)	(2,173)	
<b>Underlying NPAT (UNPAT)</b>	<b>7,708</b>	<b>6,661</b>	<b>16% ↑</b>
Amortisation	(911)	(856)	
AASB 16 <i>Leases</i> adjustment impacts - Office Lease	(87)	(80)	
<b>Statutory NPAT</b>	<b>6,710</b>	<b>5,725</b>	<b>17% ↑</b>
<b>Basic EPS based on UNPAT (in cents)</b>	<b>24.5</b>	<b>21.2</b>	<b>16% ↑</b>
Basic EPS based on NPAT (in cents)	21.3	18.2	
<b>Funds Under Management, Advice and Administration FUMAA (\$ in millions)</b>	<b>11,510</b>	<b>9,327</b>	<b>23% ↑</b>

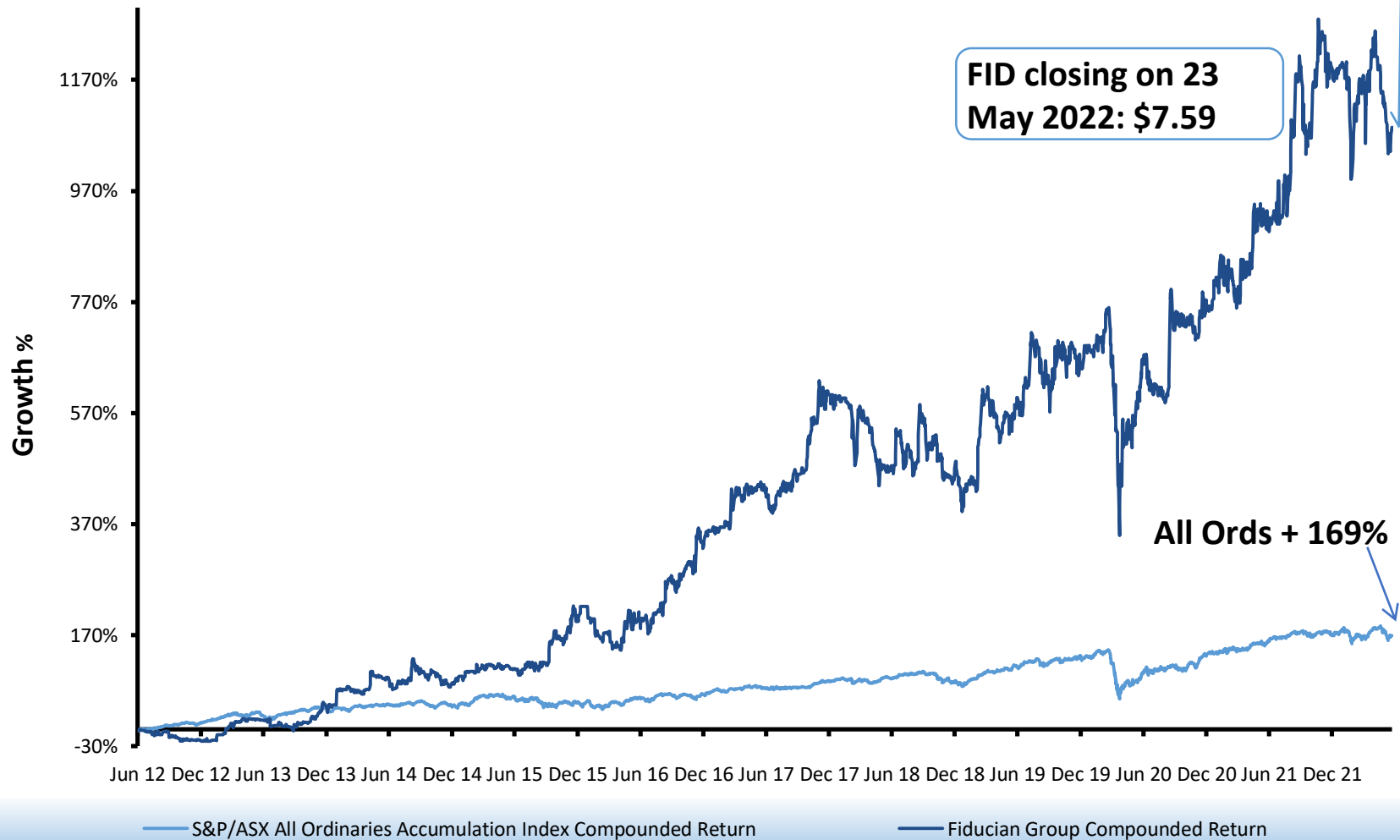
# Segment Reporting

	Funds Management	Financial Planning	Platform Administration	Corporate Services	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Half-year 2021</b>					
Revenue from external customers	14,169	9,753	9,335	-	33,257
Inter-segment sales <sup>1</sup>	(2,892)	(350)	(2,200)	5,442	-
Other revenue	9	716	-	9	734
<b>Total segment revenue</b>	<b>11,286</b>	<b>10,119</b>	<b>7,135</b>	<b>5,451</b>	<b>33,991</b>
<b>Profit from ordinary activities before income tax, depreciation and amortisation</b>	<b>7,455</b>	<b>1,336</b>	<b>6,194</b>	<b>(3,614)</b>	<b>11,371</b>
Depreciation and amortisation					(1,768)
Profit from ordinary activities before income tax expense					9,603
Income tax expense					(2,892)
<b>Profit from ordinary activities after income tax expense</b>					<b>6,711</b>
Segment assets	12,681	33,535	3,121	14,652	60,869
Segment liabilities	6,057	6,423	-	3,253	15,733



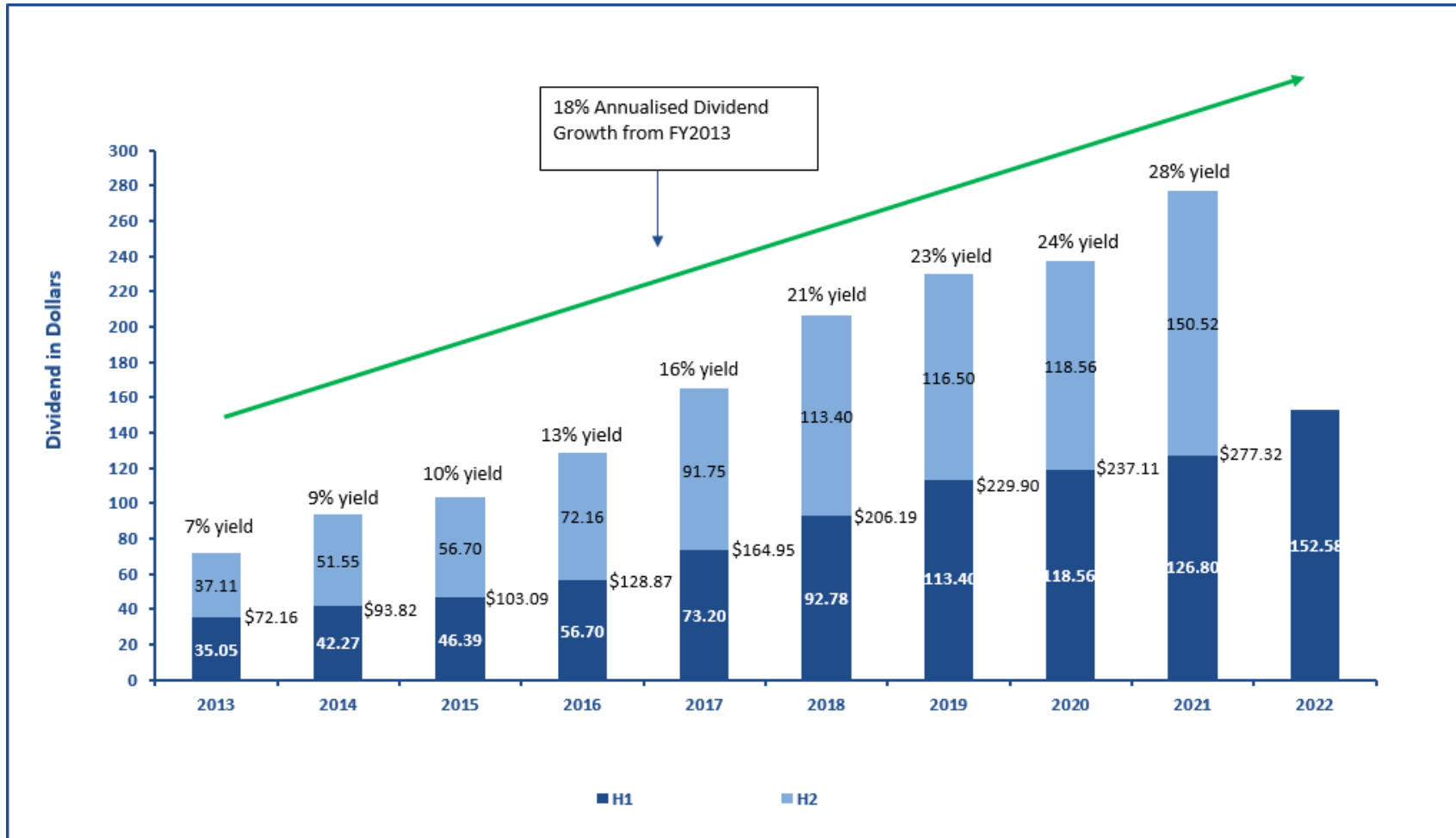
# FID outperformance against All Ords Accum Index

FID vs All Ords Growth  
(incl Dividends)



- Since Jun 12, FID has **outperformed All Ords by 916%** (including dividend)
- Dividend pay-out policy is 60-70% of Net Profit After Tax
- H1 2022 dividend is **14.80 cents**, a growth of **20%** over the comparative period

# Dividends – \$1,000 invested on 1 July 2012

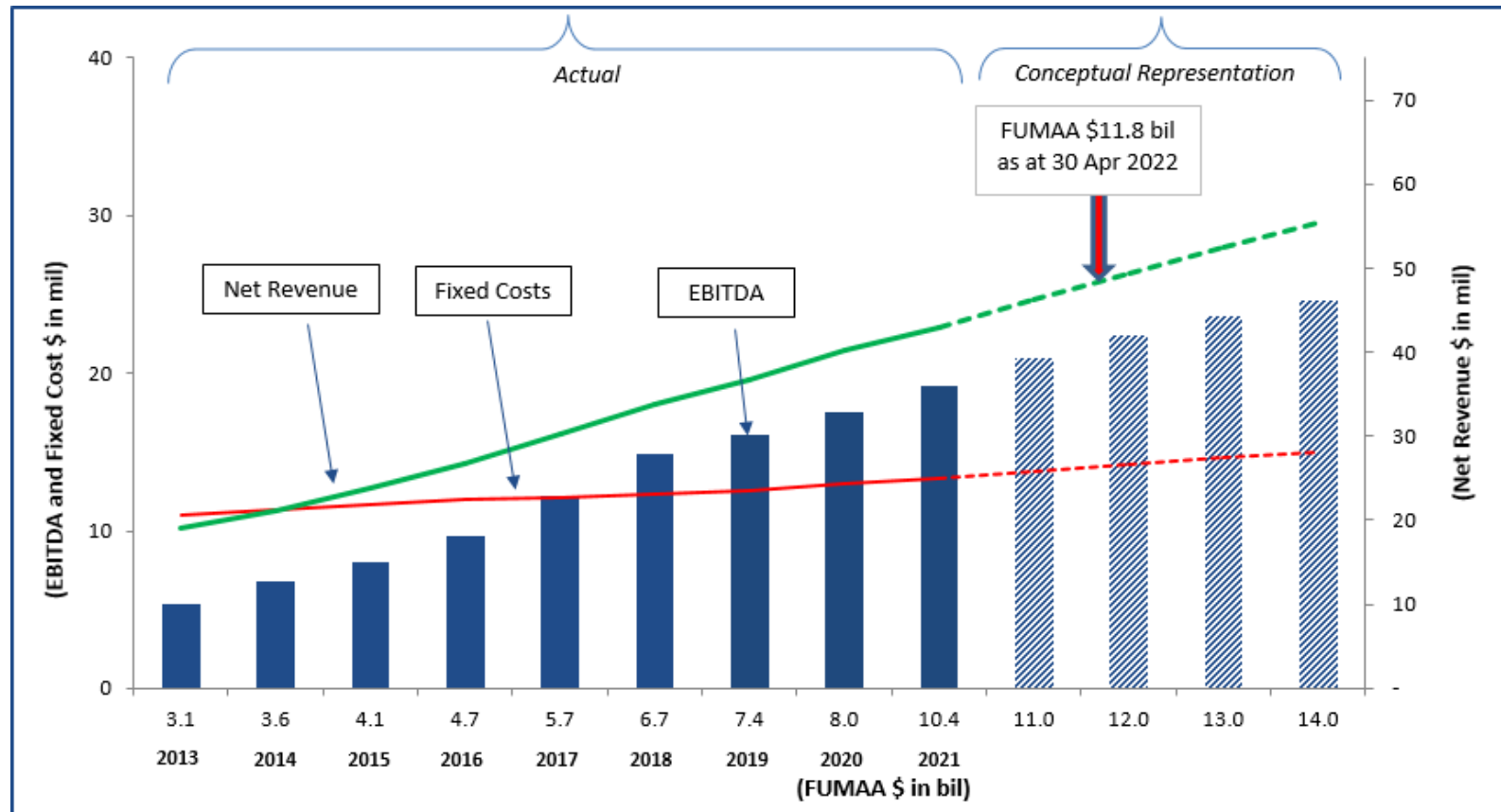


- The graph shows that **\$1,000 invested** in FID on 1 July 2012 delivered a fully franked dividend of **\$152.58 in H1**
- **Double digit EPS growth (based on UNPAT)** in 17 out of 22 years since listing

# Projecting the Potential: Conceptual Representation

The following is a conceptual 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 conceptual extrapolation may or may not be correct or accurate.

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

# Growth Opportunities



## Acquisition of Financial Planning Business of People's Choice Credit Union

- **40 staff including 16 planners** joined Fiducian group on 1 February 2022
- The acquisition has added **\$1.1 billion in Funds under Advice** from approximately **5,000 clients** currently contributing over **\$8 million in recurring revenue**
- Acquisition consideration is \$12.6 million with 70% already paid as up-front and rest after 12 months.
- Significant presence added in South Australia and Fiducian's first office in Darwin, Northern Territory
- All clients have been communicated with and are in the process of accepting opt-in for annual service agreement as high level of personalised service continues
- Transitioning Staff have gone through detailed induction and orientation process to assimilate smoothly in Fiducian's process and culture. Initial response has been positive
- Fiducian has the expertise and experience to ensure the acquisition will be a success for everyone involved including the clients
- The management in Fiducian continues to pursue a number of acquisition opportunities and will complete any potential transactions only if it is beneficial for Fiducian Group and the clients

# Market Opportunities for Growth of the Business



- Capture market share from disintegration of large wealth businesses
- Attract IFAs and breakaway firms from larger dealer-groups
- Offer IFA targeted products, white-labels and badges
- Expand SMA offerings and SaaS

- Distribution of MTM process to Universities, Charities and Family Offices
- Expand distribution of Fiducian Funds in New Zealand through established platforms
- Leverage of Funds Passport regime for distribution in Japan, South Korea and Thailand
- Distribution to wholesale non-advised clients

## Financial Planning Division - \$4.7 bil\*

- Continue with Acquisition of client books with potential high synergy benefits
- Drive recruitment of new planners to the dealer-group with cultural alignment and mutual growth opportunities

## Key Dates

- Full year results announcement date: Monday 15 August 2022
- Annual general meeting date: Thursday 20 October 2022

## Contacts

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The information was prepared on 25 May 2022.



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