



CHAIRMAN'S ADDRESS
20th Annual General Meeting of Fiducian
20th October 2016

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

BUSINESS ACTIVITY

- The new compliant structure of the individual corporate entities undertaking core activities has enhanced the expansion of, and concentration on, the activities in each of the business entities;
- The Superannuation Trustee Board, with a majority of independent directors, is now fully operational;
- Financial planning businesses have been acquired with client bases of about \$243 million which with prior acquisitions have and should continue to assist revenue and earnings growth;
- The appointment of 12 new financial planners and 11 support staff have been needed to handle the expansion of the financial planning network;
- The appointment of 2 new franchisees, to bring the total to 33 franchised financial planners, and 2 new accounting practices have joined Fiducian;
- Enhanced software systems have delivered straight through processing providing greater efficiency and flexibility for administration and advisers, affording also greater opportunities for more distribution channels;
- The Planners Council, IT User Group and Platform User Group have all contributed significantly to the advancement of Fiducian; and
- Fiducian has continued to raise funds for charity and strongly support Vision Beyond AUS to assist 8 hospitals located in India, Myanmar, Nepal and Cambodia to restore eyesight to 18,000 persons who live in abject poverty.

2016 FINANCIAL PERFORMANCE

- Consolidated underlying net after tax profit increased to \$7.04 million, up 22%, and, after Amortization (and one-off Restructure Expenses in 2015 only), Reportable after tax net profit increased to \$5.84 million, up 26% on the previous year;
- Consolidated revenues from ordinary activities increased by 35% as a result of 16% business growth and 19% grossing up of underlying fund manager fee and expense recoveries (which were previously written off) compared to an increase of 15% last year;



- Consolidated net cash operating expenses were controlled, but increased by 25.3%, due mainly to increased staffing referred to previously, and compares to an increase of 16.7% last year;
- Combined Funds under Management, Administration and Advice (FUMAA) increased to \$4.7 billion, showing a growth of 52% over the past 3 years;
 - Fully franked dividends declared for the 2016 year have increased by 25% to 12.5 cents per share, up from 10 cents in the previous year; and
 - Fiducian Funds performed well against comparative funds in the industry with the flagship diversified funds, Fiducian Balanced, Growth, and Ultra Growth Funds, all ranking in the top 5 in industry surveys over the year and mostly in the top quartile over longer term investment periods.

CURRENT YEAR EXPECTATIONS

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 to meet further growth;
- Both Consolidated Underlying and Reportable Net profits after tax are expected to be higher than in 2016, based on current performance and the Board's strategy to grow at double digit earnings annually;
- Fully franked dividends should increase in line with profits;
- On-market buy-back of Fiducian shares should continue and manageable acquisitions made in response to available opportunities and funding;
- The company should remain debt free with positive working capital and operating cash flows; and
- Management profit reports for the first quarter are ahead of budget expectations as Funds under Administration have grown since June as a result of good net inflows and funds performance. If this situation continues, then this should add to profits growth expectations.



FIDUCIAN

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The Board, Indy Singh, Management Team and staff are all working to achieve these expectations and my thanks go to each individual for their contribution to the growth and success of Fiducian.

Robert Bucknell, Chairman

Fiducian Group Limited