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BELL FINANCIAL GROUP

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2019 AGM – MANAGING DIRECTOR’S PRESENTATION

Attached is a copy of the presentation to be given by the Managing Director at Bell Financial Group Limited’s Annual General Meeting today.

Cindy-Jane Lee
General Counsel & Company Secretary

ANNUAL GENERAL MEETING

11.00AM ON THURSDAY 9 MAY 2019

MANAGING DIRECTOR'S PRESENTATION



Good morning ladies and gentlemen and welcome to Bell Financial Group's 2019 Annual General Meeting.

I am Alastair Provan, Managing Director and Acting Chairman of Bell Financial Group. I will be chairing the meeting today. As the time is now 11.00am and a quorum is present I am pleased to formally declare the meeting open.

I will now introduce your directors. To my left is Executive Director, Colin Bell. Next to Colin is Non-Executive Director, Graham Cubbin, who is standing for re-election today. Next to Graham are Non-Executive Directors Craig Coleman and Brian Wilson AO.

In addition, we have seated in the front row:

- Cindy-Jane Lee, our General Counsel & Company Secretary,
- Dean Davenport, our Chief Financial Officer,
- Rowan Fell, Head of Bell Potter Capital,
- Arnie Selvarajah, CEO of Third Party Platform, and
- Andrew Bell, Director of Bell Potter Securities.

Our auditors from KPMG are also in attendance today and are available to take questions.

The last meeting of members was at our AGM on 30 May 2018. The minutes of that meeting have been signed as a correct record and the Company Secretary will make them available to any member who wishes to inspect them.

A Notice of Meeting has been distributed to shareholders setting out the items of business to be considered at today's meeting. I will take that Notice as read.



I will start off today’s meeting by presenting an overview of Bell Financial Group’s performance for 2018.

We will then move on to the formal business of the meeting.

The first item of formal business is the tabling of the Financial Report, Directors’ Report and the Auditor’s Report for the year ended 31 December 2018.

The second item of business is the resolution to re-elect Graham Cubbin to the Board.

The third item of business is the resolution to adopt the Remuneration Report.

I would like to remind you that recording devices, cameras and mobile phones cannot be used during the meeting.



2019 AGM 2018 FINANCIAL SUMMARY

BELL FINANCIAL GROUP

Highlights

REVENUE	NPAT	FY DIVIDEND	FUA
\$220 million	\$24.7 million	7.0 cents per share	\$46.8 billion
Increased by 7%	Increased by 20%	11.8% Gross dividend yield	Decreased by 1%

	2018	2017	% change
Revenue	\$220m	\$205.8m	7% ↑
Profit after tax	\$24.7m	\$20.6m	20% ↑
Earnings per share	8.5cps	7.8cps	9% ↑
Dividend per share (fully franked)	7.0 cps	7.5cps	7% ↑
Share Price (31 Dec.)	85.0c	75.0c	13% ↑
PE Multiple (i)	11 times	9.7 times	13% ↑
Dividend Yield (fully franked) (i)	8.2%	10%	18% ↓
Dividend Yield (Gross) (i)	11.8%	14.3%	17% ↓

(i) Based on 31 December share price

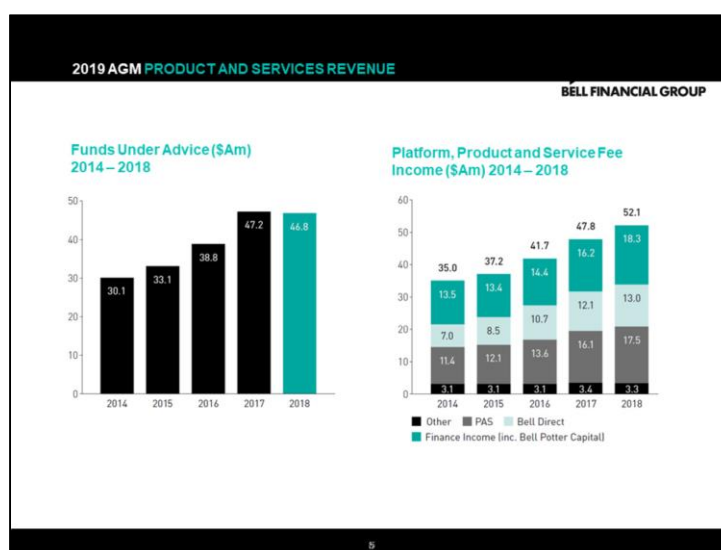
2018 was another significant year for Bell Financial Group. In addition to a strong operating performance we moved to 100% ownership of Third Party Platform, opened an office in New York and launched a new investment service, “The Bell Potter Guided Portfolio Service”.

Group Revenue increased by 7% to \$220 million producing a net profit after tax of \$24.7 million, a 20% increase on the previous year (2017: \$20.6 million).

Full year’s earnings per share were up 9% to 8.5 cents. Based on our 31 December share price, we were trading on a 11 times price earnings multiple. At today’s share price, the multiple is closer to 10 times.

The Board declared a final fully franked dividend of 4.25 cents per share, taking the full year dividend to 7.0 cents per share, fully franked.

Based on our year end closing price of 85 cents per share this represents a grossed up dividend yield of 11.8%.



The Group provides a range of products and services to customers across our network.

These products and services produce a diversified revenue stream giving us leverage to the market, growth opportunities, scalability and most importantly reinforce the value and sustainability of our business model.

The Portfolio Administration Service produced its fifth consecutive year of revenue growth increasing 9% in 2018.

This service now has 2,350 clients with \$3.5 billion in assets under administration across our Portfolio Administration, Super Solutions and Super Command products.

Bell Potter Capital, our Margin Lending and Cash business, saw revenues grow by 9% in 2018, and profit before tax grew by 22% to \$3.2 million.

While average loan and cash balances were generally higher during the year, the volatile market conditions experienced in the 4th quarter resulted in only modest loan book growth of 4% to \$296 million. The cash book was actually down by 13% to \$276 million reflecting repayment of margin loans.

Funds under Advice at the end of 2018 also reflected the sharp sell off in the 4th quarter and at \$46.8 billion were slightly lower than the \$47.2 billion at the end of 2017.

As at 31 March 2019, Funds under Advice have grown to \$50.8 billion. \$5.4 billion of which is held across several platforms in various fee for service products.

2019 AGM EQUITY CAPITAL MARKETS

BELL FINANCIAL GROUP

- We have a dedicated team of 24 across our ECM desks in Sydney and Melbourne
- In 2018 we successfully completed more than 120 ECM transactions, raising over \$1.7 billion in new equity capital on behalf of clients.

Australian ECM League Table in 2018*

Bookrunner	2018 Rank	2017 Rank	Proceeds
UBS	1	1	9,801.6
Macquarie Group	2	2	5,226.2
Morgan Stanley	3	3	3,754.4
Citi	4	14	2,061.3
JP Morgan	5	4	1,857.4
Goldman Sachs & Co	6	7	1,656.5
Deutsche Bank	7	45	1,611.0
Bell Financial Group Ltd	8	5	1,273.4
Morgans Financial Ltd	9	9	973.0
Bank of America Merrill Lynch	10	32	883.3

Equity Capital Markets Revenue (\$Am) 2014 – 2018

Year	Revenue (\$Am)
2014	31.1
2015	44.3
2016	41.9
2017	54.7
2018	66.6

*Thomson Reuters – Global Equity Capital Markets Review (Managing Underwriters) – Full Year 2018
Table excludes a number of smaller transactions completed during the period

Equity Capital Markets (ECM)

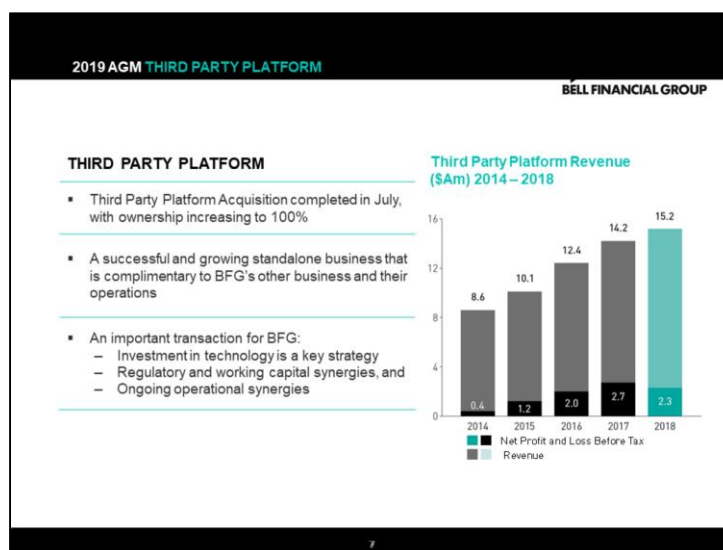
The Equity Capital Markets division had another standout year in 2018.

Our primary focus is deal origination, due diligence and distribution through our domestic and offshore institutional and retail desks.

The division successfully completed 120 transactions raising \$1.7 billion in new equity capital and generating nearly \$67 million in fee income.

In recent years we have firmly established ourselves as a top 10 Equity Capital Markets team which underpins our belief that we are the ECM leader in the Australian equities small and mid-cap sector.

We grew our ECM headcount over the year and team numbers now stand at 24.



Third Party Platform revenue grew by 7% to \$15.2 million.

There were additional development costs incurred over the course of the year with the rollout of new products such as GPS and IQ plus one-off set up costs relating to new Desktop Broker clients involving Chi-X, Bloomberg and Omgeo connectivity resulting in a small net profit decline for the year.

In July we acquired the 43.37% of TPP that we did not already own, taking ownership to 100%.

The acquisition received very strong support with 99.7% of eligible shareholders voting in favour of the acquisition.

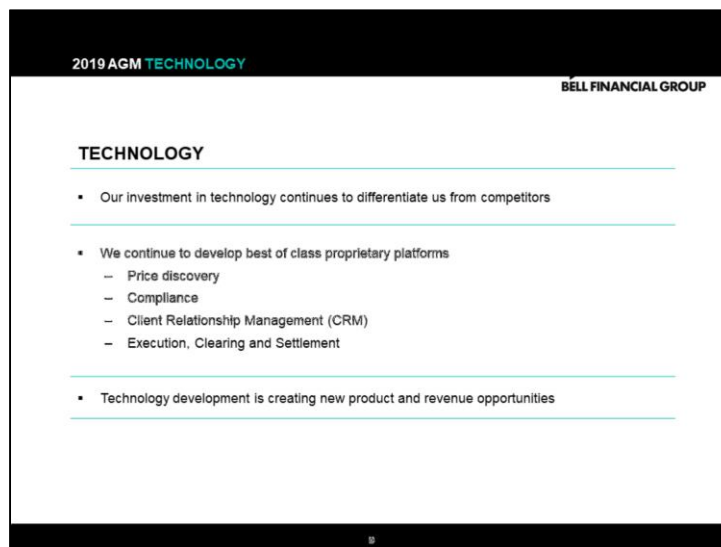
This was an important transaction for BFG for a number of reasons:

- Investment in Technology and Platform is a key strategy. The TPP Platform is the only fully integrated open architecture online broking platform in Australia
- We anticipate the release of up to \$8 million in regulatory and working capital in the second half of 2019
- We expect to realise \$3 million - \$4 million per annum in ongoing operational synergies through integration of TPP’s technologies across the Group. Synergies include lower cost:
 - Order management
 - Market pricing and execution
 - Contract note generation
- It facilitates a possible move by Bell to provide 3rd party clearing services.

We have a dedicated team working on the integration of TPP and BPS Systems and Platforms and anticipate operational synergies will be released progressively over the next 24 months.

In the 3rd quarter of 2018 we launched a new managed accounts service, The Bell Potter Guided Portfolio Service (GPS). This service was built leveraging the TPP technology platform and will be offered to third party Independent Financial Advisers via our Desktop Broker, Bell Potter Online and Bell Potter Securities brands.

This is an important initiative targeting the rapidly changing landscape of the wealth management and financial planning industry. GPS is a valuable addition to our suite of fee for service products.



Our investment in technology continues to differentiate us from our competitors.

We expect our proprietary platforms will not only enable the release of material cost benefits but will continue to create meaningful revenue generating opportunities.

Proprietary platforms, which we are continuously developing include:

- IQ – a price discovery and trade execution platform. This platform is currently being rolled out across the network
- FUSION – a unique adviser Customer Relationship Management (CRM) and compliance desktop application
- TPP Platform – a fully integrated, open architecture execution and clearing platform.

We now have a dedicated technology team of 72 across the Group comprising IT infrastructure and support along with developers and programmers who consistently maintain and provide updates and enhancements to our proprietary platforms.

Technology is the future of this industry and the future of this Group.

MARKET UPDATE

- Unaudited revenue for the four months to 30th April was \$63.9 million, (2018: \$63.8 million)
- Unaudited profit before tax for the four months to 30th April was \$6.8 million, (2018: \$7.8 million)
- ECM revenue for the four months to 30th April was \$11.8 million (2018: \$12.5 million), and we have a strong forward looking pipeline
- We have \$3.5 billion on our Portfolio Administration Service and Superannuation platforms and Funds Under Advice have grown to \$50.8 billion
- Third Party integration work is well underway and we expect the release of meaningful regulatory and working capital synergies in the 2nd half of 2019
- All business divisions are profitable

While January 2018 was an unusually strong month, January 2019 reverted to more normal ‘beginning of year’ business levels. Since January however, confidence has returned and markets have rebounded strongly resulting in a pickup in activity across all our business divisions.

Our unaudited revenue for the four months to 30th April was \$63.9 million, in line with the same period in 2018 (\$63.8 million).

Our unaudited profit before tax was \$6.8 million, down 13% on 2018.

The difference from the previous year can be attributed to an increase in overheads resulting from our ongoing investment in the business. We have added a New York office and new staff in all key areas. We have increased our compliance capability and continue to expand our proprietary systems and platform development. All of which is fundamental to our growth strategy.

Equity Capital Markets (ECM) revenues are currently on par with 2018. We have a strong pipeline with a number of deals expected to complete between now and 30 June.

Our New York office has added a new dimension to our offering and already we have had some good early success.

I believe having Hong Kong, London and New York is another differentiating factor for us in the market sector in which we operate.

Our institutional and retail desks are performing well and secondary market transaction volumes are ahead of last year.

We have \$3.5 billion on our Portfolio Administration Service and Superannuation platforms. \$1.4 billion in client Cash and Fixed Income and \$385 million in Margin Lending and Managed Funds.

As at 31 March 2019, Funds under Advice have grown to \$50.8 billion. \$5.4 billion of which is held across several platforms in various fee for service products, approximately \$300 million more than at the end of December 2018.

Third Party Platform integration work continues, and as I have already mentioned, we expect to free up significant regulatory and working capital in the second half of this year, in addition to ongoing operational synergies which will be released over the next 24 months.

Our Futures & Options and Foreign Exchange desks are performing well in an extremely tough and competitive environment.

The RBA once again left domestic rates on hold on Tuesday. The official cash rate now sits at 1.5% for the 33rd consecutive month which clearly has had a marked impact on market volatility and volumes over an extended period.

At the end of last year we acquired Macquarie Bank’s retail futures business and added four experienced advisers to our Sydney desk.

We have an extremely professional Futures & Options and Foreign Exchange team running a 24 hour a day business from our Sydney and Adelaide offices. A business that we remain committed to.

Our Bell Potter Capital team are currently working on a number of new business initiatives which, if successful, could take an already established and profitable business to the next level. We hope this can be achieved in the course of this financial year, i.e. by 31 December.

All our business divisions are currently profitable, we are extremely busy and we remain confident about the outlook for the rest of the year.

I will now move on to the formal proceedings of the meeting.