

Fiducian Geared Australian Shares Fund



Monthly Report - April 2023

Fund description

The Fund invests in a diversified group of specialist Australian Share managers. The Fund utilises the Fiducian “Manage the Manager” process, carefully selecting best of breed managers with different styles with the aim of achieving superior returns with reduced risk.

In this Fund, the underlying managers can borrow against the investor’s assets in the fund to purchase additional shares and provide a leveraged exposure. This can amplify returns in rising markets, and magnify losses when markets decline.

Share investment can be volatile over the short term, especially when geared, and the recommended holding period is at least 5 to 7 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 105 996 192

APIR code: FPS0011AU

Benchmark: ASX 200 Accumulation Index

Current fund size: \$15 million (April 2023)

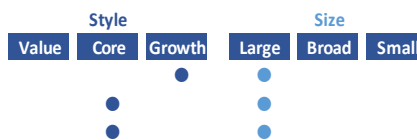
Management cost: 1.12%

Total management costs: 1.45%

Application/Exit fee: Nil

Inception Date: September 2003

Manager
First Sentier
Ausbil
Fiducian



Performance and Risk

After fee returns as at 30 April 2023

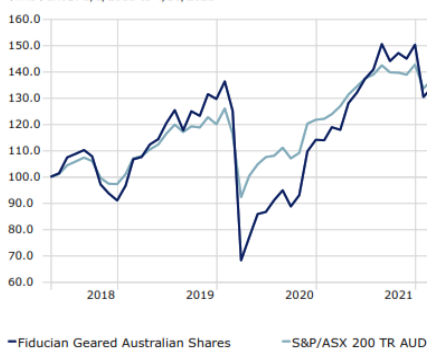
| | 1 Mth | 3 Mth | 6 Mth | 1 Yr | 3 Yrs | 5 Yrs | 7yrs | 10 Yrs |
|--------|-------|-------|-------|-------|-------|-------|------|--------|
| Fund | 2.5% | -3.5% | 9.9% | -1.8% | 21.9% | 7.5% | 9.9% | 8.8% |
| Index | 1.8% | -0.8% | 8.7% | 2.8% | 14.0% | 8.3% | 9.2% | 7.9% |
| Excess | 0.7% | -2.7% | 1.2% | -4.6% | 7.9% | -0.8% | 0.7% | 0.9% |

Risk Exposure

| | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs |
|-----------------------------|-------|-------|-------|--------|
| Fund Volatility (Std Dev %) | 34.7% | 38.3% | 31.6% | 25.3% |
| Benchmark (Std Dev %) | 19.1% | 19.2% | 16.5% | 14.0% |
| Beta | 1.48 | 1.60 | 1.57 | 1.46 |
| Tracking Error (% pa) | 16.0% | 19.9% | 16.1% | 12.3% |

Investment Growth

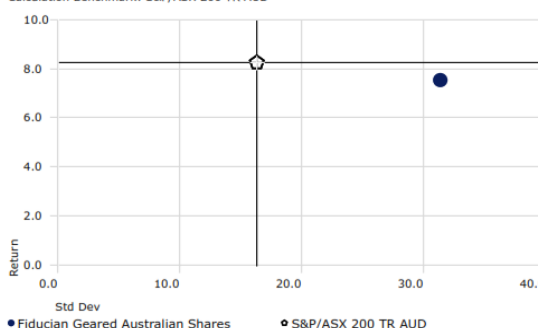
Time Period: 5/1/2018 to 4/30/2023



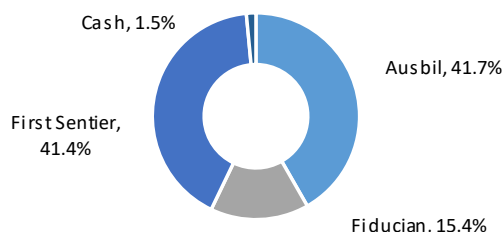
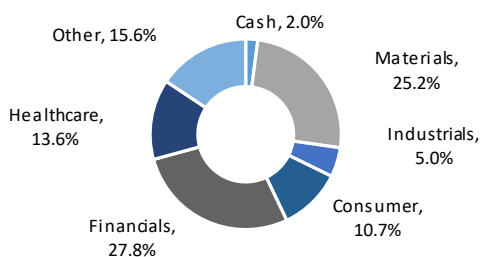
Risk-Reward

Time Period: 5/1/2018 to 4/30/2023

Calculation Benchmark: S&P/ASX 200 TR AUD



Sector exposures and current manager weights



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Market Commentary and Outlook

The global economy has continued to slow, with manufacturing output contracting in most major economies in recent months. However, measures of activity in April for service industries continue to expand. Headline inflation numbers were lower during the month due to a decline in energy prices, but core measures of inflation generally remain well above central bank target ranges.

The Reserve Bank of Australia (RBA) elected to hold interest rates steady in April following ten consecutive increases. However, this pause was short-lived, with the RBA, along with the US Federal Reserve and European Central Bank increasing rates in early May.

Global equity markets recorded gains for the month. In the absence of any material surprises in economic data, the focus was on quarterly profit results from large US companies, which were generally above expectations. The US market (S&P 500 index) gained 1.5% for the month, and the Australian market (ASX 200 index) was 1.8% higher. Listed property stocks rebounded (+5.3%), but some key commodity prices declined over the month.

Looking ahead, elevated geopolitical risks, alongside higher interest rates and slower economic growth this year, represent potential headwinds for markets. The International Monetary Fund (IMF) recently made a small downgrade to its economic forecasts, with global growth now expected to be 2.8% in 2023. The IMF expects growth rates to remain slightly below long-term trend levels for some time. In broad terms, share markets continue to appear more attractive than most other investment opportunities.

Fund Commentary

The Fiducian Geared Australian Shares gained 2.5% in April, which was above the index return of 1.8%. Over the last 12 months, the fund has returned -1.8% compared to the index return of 2.8%. Over this period, both Ausbil and First Sentier have underperformed the index.

The broad Australian share market (ASX200 index) gained 1.8% for the month, as a pause in interest rate rises by the RBA in April aided investor sentiment. A positive earnings result season in the United States also provided support for global stock markets.

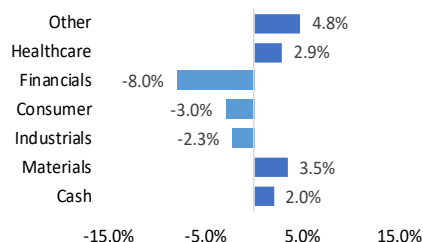
The top performing sectors were Property (+5.3%), Information Technology (+4.8%) and Industrials (+4.5%). The Materials sector (-2.6%) was the only segment of the market to record declines for the month, as some key commodity prices, including iron ore and copper, declined.

At an aggregate level, the largest sectoral tilts in the Fund are an underweight to financials, primarily lower returning and less volatile property trusts, with this funding overweight positions in the materials and healthcare sectors. As at the end of April, the average gearing level in the Fund was 42.7%.

Top stock holdings and sector tilts

| First Sentier Top Holdings | Weight |
|----------------------------|--------|
| BHP Group | 13.3% |
| Commonwealth Bank | 8.9% |
| CSL | 8.6% |
| National Australia Bank | 5.4% |
| Woolworths | 4.0% |
| QBE Insurance | 3.9% |
| Santos | 3.6% |
| Westpac Bank | 3.6% |
| Goodman Group | 3.6% |
| Aristocrat Leisure | 3.6% |

| Ausbil Top Holdings | Weight |
|-------------------------|--------|
| BHP | 10.6% |
| CSL | 9.4% |
| Commonwealth Bank | 7.5% |
| National Australia Bank | 5.7% |
| Macquarie Group | 4.3% |
| Santos | 3.3% |
| QBE Insurance | 3.3% |
| ANZ Bank | 3.0% |
| Goodman Group | 2.9% |
| Telstra | 2.8% |



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