

# Fiducian Balanced Fund

Monthly Report - July 2023



## Fund description

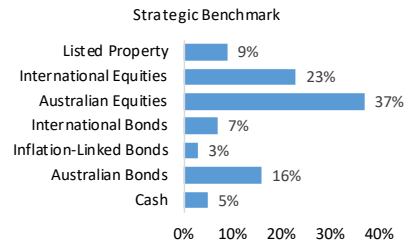
The Fiducian Balanced Fund includes holdings in shares, property, bonds and liquid assets diversified between managers and countries, utilising the Fiducian “Manage the Manager” system that aims to achieve superior returns with reduced risk.

Over the long term, the Fund is expected to generate higher returns than funds with a lower allocation to growth assets, but will also be exposed to capital losses when markets turn down.

The Fund is suitable for investors seeking good long term capital growth with possible short term volatility. The recommended holding period is at least 6 years.

## Fund facts

**Portfolio manager:** Conrad Burge  
**ARSN:** 093 541 612  
**APIR code:** FPS0003AU  
**Benchmark:** Morningstar Multisector Growth Median  
**Current fund size:** \$713 million (July 2023)  
**Management cost:** 0.93%  
**Total management costs:** 1.01%  
**Application/Exit fee:** Nil  
**Inception Date:** March 1997



## Performance and Risk

After fee returns as at 31 July 2023

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	2.2%	2.1%	3.3%	6.5%	6.7%	5.5%	6.5%	7.6%
Index	2.0%	2.5%	4.1%	7.0%	7.1%	5.0%	5.8%	6.3%
Excess	0.2%	-0.4%	-0.8%	-0.5%	-0.3%	0.5%	0.8%	1.3%
Ranking				104/173	92/169	42/157	23/151	6/142

### Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	10.0%	9.8%	11.4%	9.2%
Benchmark (Std Dev %)	9.1%	8.2%	9.6%	7.8%
Beta	1.03	1.07	1.07	1.06
Tracking Error (% pa)	1.6%	2.5%	2.6%	2.1%

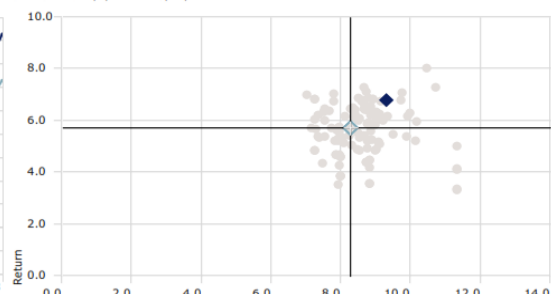
### Investment Growth

Time Period: 8/1/2008 to 7/31/2023

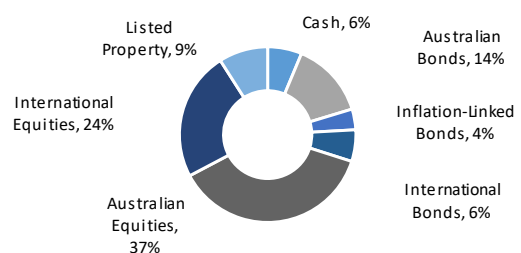
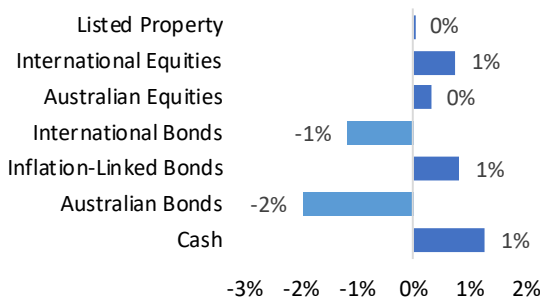


### Risk-Reward

Time Period: 8/1/2008 to 7/31/2023



## Tactical tilts and current asset weights



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## Market Commentary and Outlook

Economic data was largely positive in July, as inflation measures in both the US and Australia showed larger than expected declines, although current inflation rates remain above central bank targets. Additionally, US economic growth over the June quarter was better than market expectations, raising hopes of a so-called 'soft landing' for the US economy.

However, the global economy continues to face challenges. Manufacturing activity is still contracting in most advanced economies, consumer confidence remains low and employment data has been too strong (adding upwards pressure on inflation).

Overall, this backdrop was positive for markets. The broad US market (S&P 500 index) gained 3.1% and the Australian market (ASX 200 index) rose 2.9% for the month. The listed property sector gained 3.8%, and bonds also recorded a small positive return. Most commodity prices increased during the month, with the oil price rising by 16%.

Looking ahead, geopolitical risks, alongside elevated interest rates and slower economic growth this year, represent potential headwinds for markets. The International Monetary Fund (IMF) recently made a minor upgrade to its economic forecasts, with global growth now expected to be 3.0% in both 2023 and 2024. The IMF expects growth rates to remain slightly below long-term trend levels for some time. However, in broad terms, share markets continue to appear more attractive than most other investment opportunities.

## Fund Commentary

The Fund outperformed its benchmark in July, with a return of 2.2%, compared to the benchmark return of 2.0%. Over the 12 months to the end of July, the Fund returned 6.5%.

Most asset classes finished the month higher, with gains seen in listed property, Australian shares and International shares. Bonds and cash generated small positive returns.

The Fund has a neutral exposure to equities and property, as relatively attractive valuations are offset by rising interest rates and a slowing economy. Additionally, an overweight position is still held in cash relative to bonds, although this position has been reduced in recent months.

In the Morningstar Multisector Growth Category, the Fiducian Balanced Fund returns were ranked 104th out of 173 funds over one year, 42nd out of 157 funds over five years, and 6th out of 142 funds over the ten year period to 31 July 2023.

## Managers and weights

Asset Class	Fund Manager	Weight
Australian Equities 36.9%	Solaris	6.4%
	Fidelity	5.7%
	Bennelong	5.9%
	L1 Capital	6.2%
	Ausbil Dexia	7.5%
	Pendal	5.2%
International Equities 23.3%	Franklin Templeton	5.8%
	Challenger	7.2%
	Wellington	2.7%
	Wellington Value	4.8%
	State Bank of India	0.2%
	Sundaram	0.4%
	Tata	0.3%
	EquiPoise	0.1%
	Vanguard	0.4%
	Wellington Technology	0.8%
	Wellington Biotechnology	0.2%
	Nordic Technology	0.4%
	Listed Property 8.9%	BlackRock
Phoenix		4.3%
Principal		3.8%
Australian Bonds 14.0%	Perpetual Fixed Interest	4.6%
	BlackRock	0.1%
	Challenger	9.3%
Inflation Linked Bonds 3.8%	Challenger	3.8%
International Bonds 5.8%	BlackRock	5.8%
	Cash 7.3%	BlackRock
	Cash	2.0%

## Top stock holdings

Top Australian Stocks	Industry	Weight
BHP Group	Diversified Metals & Mining	8.9%
CSL Limited	Biotechnology	6.9%
Commonwealth Bank	Diversified Banks	5.1%
Santos Limited	Oil & Gas	4.3%
James Hardie Industries	Construction Materials	3.9%
National Australia Bank	Diversified Banks	3.3%
Qbe Insurance	Insurance	3.3%
Qantas Airways Ltd	Passenger Airlines	3.0%
Macquarie Group Ltd	Diversified Capital Markets	2.9%
Bluescope Steel Limited	Steel	2.8%

Top International Stocks	Industry	Weight
Alphabet Inc	Interactive Media	2.1%
Humana Incorporated	Managed Health Care	1.7%
Visa Incorporated	Data Processing Services	1.6%
Broadridge Finance	Data Processing Services	1.6%
Charles River	Life Sciences Tools	1.6%
Equinix Inc	Specialized REITs	1.5%
Danaher Corp	Life Sciences Tools	1.5%
Zscaler Inc	Systems Software	1.5%
Amadeus IT Group	Hotels Resorts	1.5%
Zebra Technologies	Electronic Equipment	1.5%

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The Morningstar Category rankings have the Morningstar Australia Multisector Aggressive Category for Ultra Growth Fund, Multisector Moderate Category for Capital Stable Fund, and Multisector Growth Category for the Balanced and Growth Fund. Source: Morningstar Direct, Performance Report as of 10.8.2023 ©2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. This report or data has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at [www.morningstar.com.au/sfsg.pdf](http://www.morningstar.com.au/sfsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Morningstar's publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a financial adviser.