

Fiducian Balanced Fund

Monthly Report - November 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: Zenith AMI Mixed Asset Balanced Index

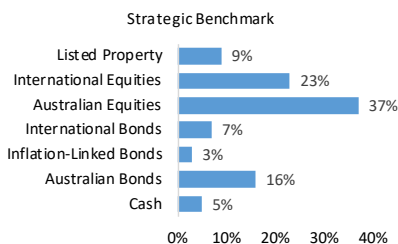
Current fund size: \$718 million (November 2023)

Management cost: 0.93%

Total management costs: 1.01%

Application/Exit fee: Nil

Inception Date: March 1997



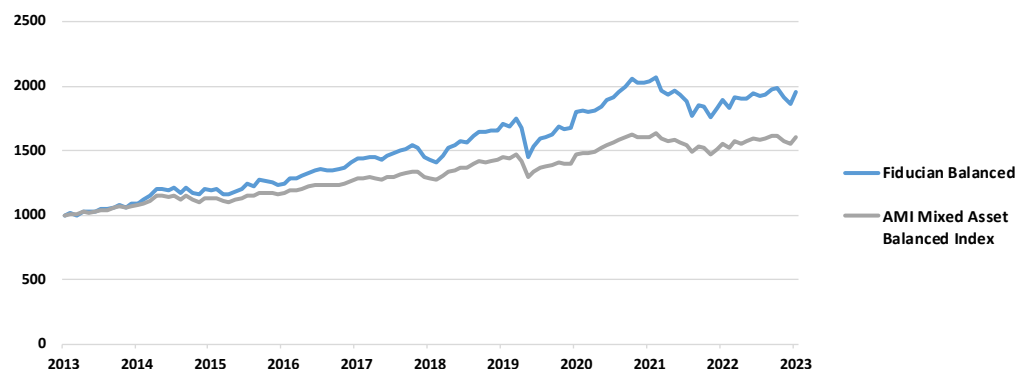
Performance and Risk

After fee returns as at 30 November 2023

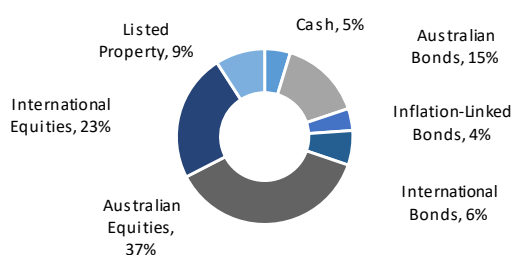
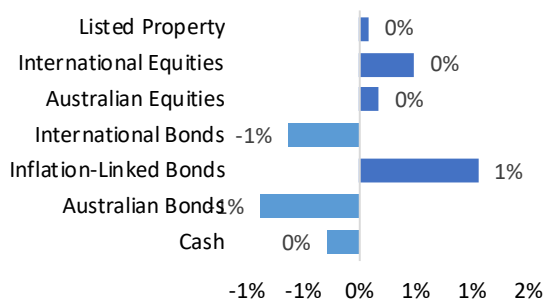
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	4.6%	-1.9%	1.4%	2.8%	2.7%	6.4%	6.5%	6.9%
Index	3.4%	-0.6%	1.5%	3.2%	2.9%	4.5%	4.6%	4.8%
Excess	1.2%	-1.3%	-0.1%	-0.4%	-0.3%	1.8%	1.9%	2.0%
Ranking				68/116	63/111	3/102	3/94	1/81

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	8.9%	9.3%	11.4%	9.4%
Benchmark (Std Dev %)	6.2%	6.4%	7.6%	6.3%
Beta	1.28	1.39	1.44	1.46
Tracking Error (% pa)	3.0%	3.4%	4.1%	3.4%



Tactical tilts and current asset weights



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Market Commentary and Outlook

There have been continued signs of economic activity moderating across most of the world, due to actions taken by global central banks to reduce inflation. In many regions, inflation rates are moving back towards target levels, and in some instances, have turned negative over the short term. This has caused the market to reassess the future path of interest rates, with expectations that rates may be on hold in the near term, and possibly reduced later in 2024.

The prospect of lower interest rates was positive for global markets, as the key US 10-year government bond yield fell from recent highs of 5.0% to finish the month at 4.4%. The broad US market (S&P 500 index) gained 8.9%, and the Australian stock market (ASX 200 index) gained 5.0%. Interest rate sensitive sectors were the best performers, and the Australian dollar rose by 4.4% against the US dollar.

Looking ahead, geopolitical risks, alongside elevated interest rates and slower economic growth this year, represent potential headwinds for markets. The International Monetary Fund (IMF) is forecasting global growth to be 3.0% in 2023 and 2.9% in 2024, which is below the long-term trend rate of growth. However, in broad terms, share markets continue to appear more attractive than most other investment opportunities.

Managers and weights

Asset Class	Fund Manager	Weight
Australian Equities 36.9%	Solaris	6.5%
	Fidelity	5.8%
	Bennelong	5.9%
	L1 Capital	5.2%
	Ausbil Dexia	7.3%
	Pendal	6.1%
International Equities 23.3%	Franklin Templeton	5.9%
	Challenger	7.3%
	Wellington	2.9%
	Wellington Value	4.5%
	State Bank of India	0.3%
	Sundaram	0.4%
	Tata	0.3%
	EquiPoise	0.1%
	Vanguard	0.4%
	Wellington Technology	0.8%
	Wellington Biotechnology	0.2%
	Nordic Technology	0.2%
Listed Property 9.0%	BlackRock	0.9%
	Phoenix	4.1%
	Principal	4.0%
Australian Bonds 15.1%	Perpetual Fixed Interest	5.5%
	BlackRock	0.1%
	Challenger	9.5%
Inflation Linked Bonds 4.1%	Challenger	4.1%
International Bonds 6.4%	BlackRock	6.4%
	BlackRock	4.6%
Cash 5.3%	Cash	0.7%

Fund Commentary

The Fund outperformed its benchmark in November, with a return of 4.6%, compared to the benchmark return of 3.4%. Over the 12 months to the end of November, the Fund returned 2.8%.

All major asset classes finished the month higher, with Listed Property (+10.4%) and International Equities (+5.0%) the best performers.

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, the underweight position in bonds relative to cash has now been closed.

In the Zenith AMI Mixed Asset-Balanced Category, the Fiducian Balanced Fund returns were ranked 68 out of 116 funds over one year, 3 out of 102 funds over five years, and 1 out of 81 funds over the ten year period to 30 November 2023.

Top stock holdings

Top Australian Stocks	Industry	Weight
BHP Group	Mining	9.7%
CSL Limited	Biotechnology	7.6%
Commonwealth Bank	Banks	5.6%
Santos Limited	Oil & Gas	3.9%
Goodman Group	REITS	3.7%
National Australia Bank	Banks	3.4%
Qbe Insurance Group	Insurance	3.1%
Macquarie Group Ltd	Banks	2.9%
James Hardie Industries	Building Materials	2.5%
Aristocrat Leisure	Entertainment	2.5%

Top International Stocks	Industry	Weight
Synopsys	Software	2.0%
Humana Inc	Healthcare-Services	1.8%
Broadridge Financial	Software	1.8%
Mercadolibre	Internet	1.7%
Zscaler Inc	Computers	1.7%
Shopify Inc	Internet	1.7%
Equinix Inc	REITS	1.7%
Tyler Technologies	Software	1.6%
Alphabet	Internet	1.6%
Charles River Lab	Healthcare-Services	1.6%

Fiducian Investment Management Services Limited

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