

# Fiducian Australian Smaller Company Shares Fund



Monthly Report - April 2023

## Fund description

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

Smaller companies typically offer better growth opportunities and perform differently at different stages of the business cycle compared to larger companies.

Smaller company shares tend to be more volatile over the short term, and the recommended holding period is at least 5 to 7 years.

## Fund facts

**Portfolio manager:** Conrad Burge

**ARSN:** 093 542 020

**APIR code:** FPS0008AU

**Benchmark:** ASX Small Ordinaries Acc Index

**Current fund size:** \$263 million (April 2023)

**Management cost:** 1.19%

**Total management costs:** 1.83%

**Application/Exit fee:** Nil

**Inception Date:** March 1997

Manager	Style			Size	
	Value	Core	Growth	Small	Micro
Ausbil		●			●
Pendal	●			●	
Novoport	●			●	●
Phoenix		●			●
Perpetual	●			●	

## 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	1.7%	-2.6%	2.5%	-9.7%	13.8%	7.1%	8.2%	9.8%
Index	2.8%	-1.7%	5.8%	-9.4%	9.2%	3.9%	6.7%	6.0%
Excess	-1.0%	-0.9%	-3.3%	-0.3%	4.6%	3.2%	1.5%	3.8%

### Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	22.6%	24.9%	21.1%	16.7%
Benchmark (Std Dev %)	26.4%	24.7%	20.9%	17.4%
Beta	0.87	0.98	0.98	0.95
Tracking Error (% pa)	7.1%	6.7%	5.7%	5.8%

### Investment Growth

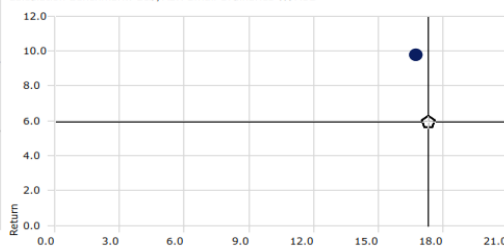
Time Period: 5/1/2013 to 4/30/2023



### Risk-Reward

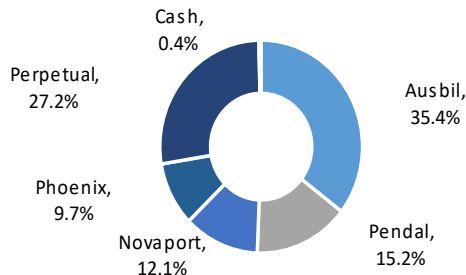
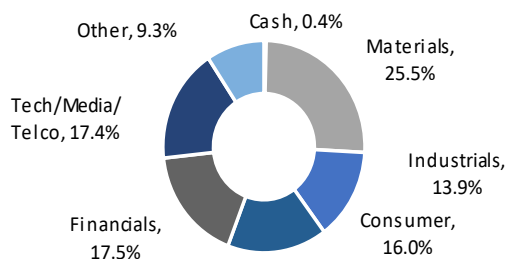
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Calculation Benchmark: S&P/ASX Small Ordinaries TR AUD



— Fiducian Australian Smaller Co Shares — S&P/ASX Small Ordinaries TR AUD ● Fiducian Australian Smaller Co Shares ◆ S&P/ASX Small Ordinaries 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

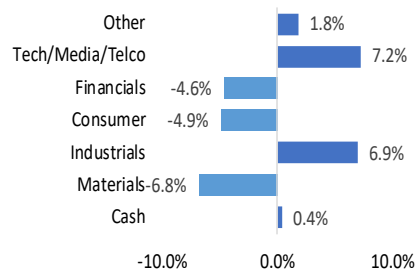
The Fiducian Australian Smaller Company Shares Fund gained 1.7% in April, which was below the 2.8% return of the benchmark. Pandal was the top performing manager for the month with a return of 2.6%. Over the last 12 months Novaport was the top manager on a relative basis (-4.1%) followed by Pandal (-4.9%). For the 12 months to the end of April the Fund has declined by 9.7%, compared to the index return of -9.4%.

The Small Ordinaries index gained 2.8% for the month, and the emerging companies index was 1.5% higher. This compared to the large cap ASX 200 index performance of +1.8%. The performance of the index was primarily driven by a strong performance within small industrials (+3.0%), with small resources (+0.7%) recording smaller gains.

At an aggregate level, the largest sectoral tilts in the Fund are an underweight to financials and an overweight to the industrials sectors, and the Information Technology and Telco sector. There is also an underweight position in lower growth property stocks and more volatile small cap miners. Cash levels are currently higher than usual at the underlying manager level, reflective of the elevated levels of volatility currently being observed in this segment of the market.

## Top stock holdings and sector tilts

Stock	Industry	Weight
Imdex Limited	Diversified Metals & Mining	2.3%
Data No 3 Limited	IT Consulting	2.1%
Gold Road Resources Limited	Gold	2.0%
Eqf Holdings Limited	Asset Management	1.9%
Mma Offshore Limited	Oil & Gas Equipment	1.9%
Johns Lyng Group Ltd	Construction & Engineering	1.8%
Kelsian Group Ltd	Trucking	1.7%
Psc Insurance Group Ltd	Insurance Brokers	1.7%
Aub Group Limited	Insurance Brokers	1.6%
Macquarie Telecom	Integrated Telco	1.5%



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