

Fiducian Australian Smaller Company Shares Fund



Monthly Report - November 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 9 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 093 542 020

APIR code: FPS0008AU

Benchmark: ASX Small Ordinaries Acc Index

Current fund size: \$261 million (November 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	●			●	

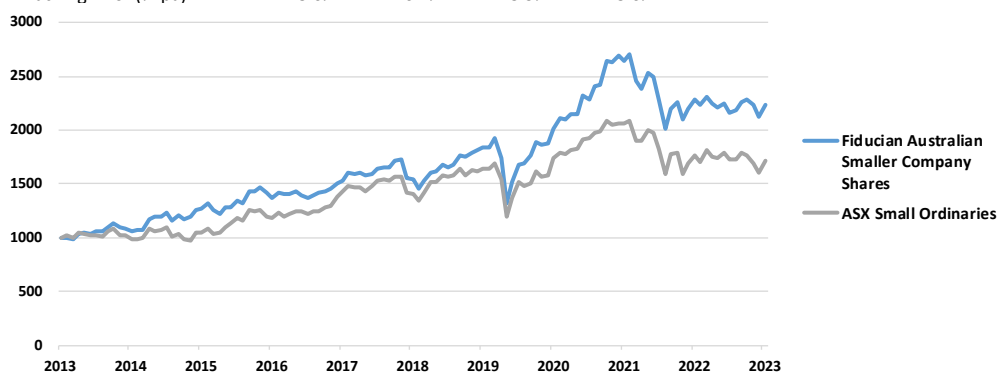
Performance and Risk

After fee returns as at 30 November 2023

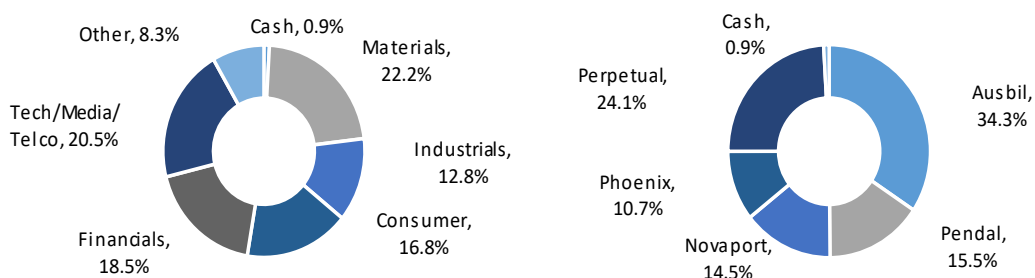
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	5.0%	-2.2%	3.2%	-2.2%	3.6%	7.8%	7.2%	8.3%
Index	7.0%	-2.9%	-0.7%	-3.2%	-0.5%	4.0%	5.4%	5.5%
Excess	-2.0%	0.7%	4.0%	1.0%	4.1%	3.7%	1.8%	2.8%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	10.4%	17.0%	20.6%	16.5%
Benchmark (Std Dev %)	14.1%	17.6%	20.7%	17.0%
Beta	0.63	0.87	0.94	0.91
Tracking Error (% pa)	5.6%	6.4%	5.9%	5.6%



Sector exposures and current manager 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.

Fund Commentary

The Fiducian Australian Smaller Company Shares Fund rose by 5.0% in November, which was below the 7.0% return of the benchmark. Pental (+7.6%) was the top performer for the month. Over the last 12 months, Pental was the top manager (+8.6%) followed by Novaport (+4.1%). For the 12 months to the end of November, the Fund has returned -2.2%, compared to the index return of -3.2%.

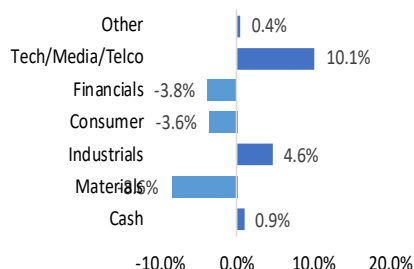
The Small Ordinaries gained 7.0% in November, which was ahead of the broader market (ASX 200 index) which gained 5.0%. The small industrials component of the index was 8.6% higher, and small resources rose by 3.1%.

Higher growth sectors, including Information Technology, were the best performers during the month.

At an aggregate level, the largest sectoral tilts in the Fund are overweight positions in the Information Technology and Telco sector and the Industrials sector. The main underweight positions are in the Consumer sector and the Materials sector.

Top stock holdings and sector tilts

Stock	Industry	Weight
Mma Offshore Ltd	Commercial Services	2.6%
Eqt Holdings Ltd	Diversified Financial Services	2.3%
Macquarie Technology Group Ltd	Telecommunications	2.2%
Light & Wonder Inc	Entertainment	1.9%
Gold Road Resources	Mining	1.9%
Psc Insurance Group Ltd	Insurance	1.7%
Life360 Inc	Software	1.7%
Hansen Technologies	Software	1.5%
Johns Lyng Group Ltd	Engineering & Construction	1.4%
Pacific Current Group Ltd	Diversified Financial Services	1.4%



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