

### Fund description

The Fiducian Capital Stable Fund has a large allocation to fixed income assets and cash, and also includes some exposure to equities for longer term performance. The fund is diversified between multiple asset classes and countries, utilising the Fiducian “Manage the Manager” system that aims to achieve superior returns with reduced risk.

The Fund is suitable for investors who are relatively conservative but are prepared to take some level of market risk to achieve modest capital growth in addition to a relatively high level of income. The recommended holding period is at least 4 years.

### Fund facts

**Portfolio manager:** Conrad Burge

**ARSN:** 093 542 879

**APIR code:** FPS0002AU

**Benchmark:** Zenith AMI Mixed Asset Cautious Index

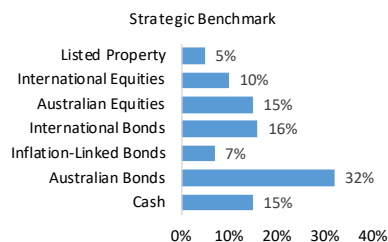
**Current fund size:** \$487 million (December 2023)

**Management cost:** 0.76%

**Total management costs:** 0.82%

**Application/Exit fee:** Nil

**Inception Date:** March 1997



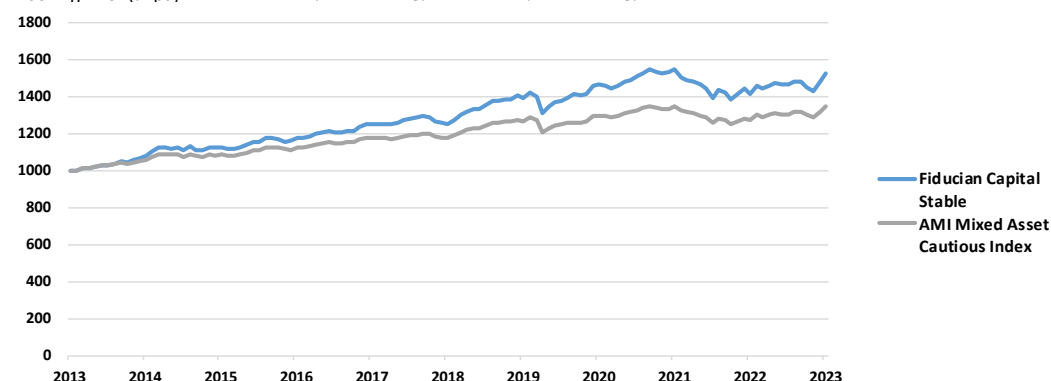
### Performance and Risk

After fee returns as at 31 December 2023

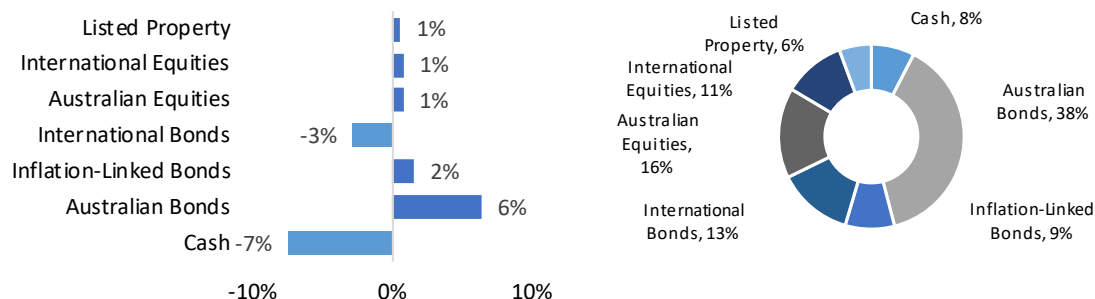
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	3.6%	5.1%	4.4%	7.7%	1.4%	4.0%	3.8%	4.3%
Index	2.4%	3.8%	3.4%	6.0%	1.3%	2.8%	2.6%	3.0%
Excess	1.2%	1.3%	1.0%	1.7%	0.1%	1.2%	1.2%	1.3%
Ranking				5/42	16/37	7/35	6/34	3/29

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	6.2%	6.0%	6.3%	5.0%
Benchmark (Std Dev %)	4.2%	3.9%	4.3%	3.4%
Beta	1.32	1.46	1.42	1.44
Tracking Error (% pa)	2.1%	2.3%	2.2%	1.8%



### Tactical tilts and current asset weights



### Market Commentary and Outlook

Global monetary policy tightening, which commenced in early 2022, slowed the levels of economic growth across most of the world in 2023. In recent months too, it appears that this policy has been proving effective in achieving its aim of lowering inflation, with rates of inflation returning towards the target levels of most central banks. This has increased the likelihood that interest rates will remain on hold in the near term, and may be cut in the later part of 2024 if current trends persist.

Global markets enjoyed a strong finish for the year. The broad US market (S&P 500 index) gained 4.4% in December, and the Australian stock market (ASX 200 index) gained 7.3%. Listed property had another strong month, and falling yields produced positive returns for bonds. For calendar year 2023, all major global equity markets, with the exception of China, generated positive returns.

Looking ahead, less restrictive monetary policy could be positive for markets. However, geopolitical risks, alongside slower economic growth in the coming year represent potential headwinds. The International Monetary Fund (IMF) is forecasting global growth to be 2.9% in 2024, which is below the long-term trend rate of growth. In broad terms, share markets continue to appear more attractive than most other investment opportunities.

### Fund Commentary

The Fund outperformed the benchmark in December, with a return of 3.6%, compared to the benchmark return of 2.4%. Over the 12 months to the end of December, the Fund returned 7.7%.

All major asset classes finished the month higher, with Listed Property (+10.9%) and Australian Equities (+6.7%) the best performers.

The Fund currently has a small overweight to Australian and International equities, as relatively attractive valuations are offset by higher interest rates and a slowing economy. The weighting towards bonds has increased in recent months, with a preference for shorter-term Australian bonds over international bonds.

In the Zenith AMI Mixed Asset-Cautious Category, the Fiducian Capital Stable Fund returns were ranked 5 out of 42 funds over one year, 7 out of 35 funds over five years, and 3 out of 29 funds over the ten year period to 31 December 2023.

### Managers and weights

Asset Class	Fund Manager	Weight
Australian Equities 15.8%	Solaris	2.7%
	Fidelity	2.5%
	Benelong	2.6%
	L1 Capital	2.2%
	Ausbil Dexia	3.1%
	Pendal	2.7%
International Equities 10.7%	Franklin Templeton	2.7%
	Challenger	3.3%
	Wellington GRE	1.3%
	Wellington Value	2.0%
	State Bank of India	0.1%
	Sundaram	0.2%
	Tata	0.1%
	EquiPoise	0.1%
	Vanguard	0.2%
	Wellington Technology	0.4%
	Wellington Biotechnology	0.1%
	Loftus Peak Technology	0.0%
Nordic Technology	0.1%	
Listed Property 5.6%	BlackRock	0.5%
	Phoenix	2.6%
	Principal	2.5%
Australian Bonds 38.4%	Perpetual Fixed Interest	11.3%
	BlackRock	0.3%
	Challenger	26.7%
Inflation Linked Bonds 8.6%	Challenger	8.6%
International Bonds 13.2%	BlackRock	13.2%
	Cash	0.2%
Cash 7.8%	BlackRock	0.2%
	Cash	7.6%

### Top stock holdings

Top Australian Stocks	Industry	Weight
BHP Group	Mining	9.8%
CSL Limited	Biotechnology	7.7%
Commonwealth Bank	Banks	5.5%
Santos Limited	Oil & Gas	4.0%
Goodman Group	REITS	3.7%
National Australia Bank	Banks	3.5%
Macquarie Group	Banks	3.0%
James Hardie Industries	Building Materials	2.8%
Qbe Insurance Group	Insurance	2.7%
Aristocrat Leisure	Entertainment	2.5%

Top International Stocks	Industry	Weight
Zscaler Inc	Computers	1.8%
Charles River Labs	Healthcare-Services	1.8%
Broadridge Financial	Software	1.8%
Synopsis Inc	Software	1.7%
Equinix Inc	REITS	1.7%
Humana Inc	Healthcare-Services	1.6%
Alphabet Inc	Internet	1.6%
Intercontinental Exch	Diversified Financial Services	1.6%
Mercadolibre Inc	Internet	1.6%
Tyler Technologies Inc	Software	1.6%

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