

Fund description

The Fiducian Technology Fund allows investors to participate directly in a blend of some of the leading technology funds available worldwide. Utilising the Fiducian “Manage the Manager” process, fund managers have been chosen to balance exposure in terms of region and sector.

Managers are able to invest in technology companies anywhere in the world that can benefit from leading-edge technology and can demonstrate significant earnings growth prospects.

Investors must bear in mind that investing in a fund of this nature can involve periods of very high volatility, although superior long-run returns can likely be achieved if investors are prepared to hold investments for periods of at least 9 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 093 544 337

APIR code: FPS0010AU

Benchmark: 50/50 MSCI World IT/
Nasdaq Biotech Index (in AUD)

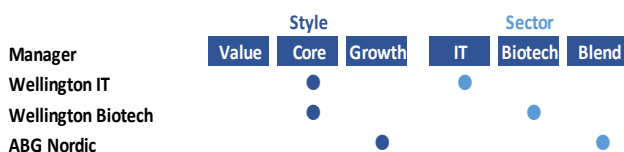
Current fund size: \$177 million (June 2023)

Management cost: 1.36%

Total management costs: 1.43%

Application/Exit fee: Nil

Inception Date: June 2000



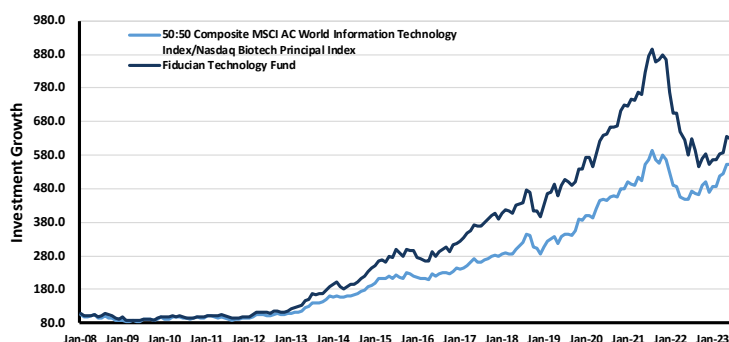
Performance and Risk

After fee returns as at 30 June 2023

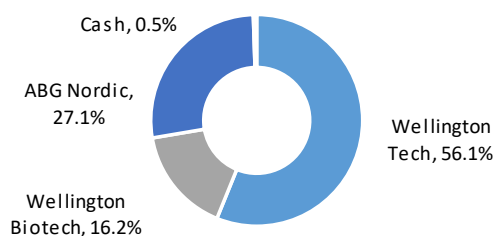
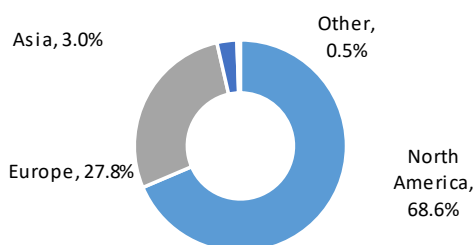
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-0.8%	7.5%	13.7%	5.3%	-0.9%	7.4%	12.2%	15.2%
Index	-0.1%	6.7%	17.6%	23.3%	6.4%	11.8%	13.7%	15.2%
Excess	-0.7%	0.8%	-3.9%	-18.0%	-7.3%	-4.4%	-1.4%	0.0%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	17.6%	17.0%	17.7%	15.8%



Geographic exposures and current manager weights



Market Commentary and Outlook

Global economic growth slowed during the first half of 2023, as monetary tightening policies enacted by central banks to reduce high rates of inflation began to take effect. Manufacturing output has been contracting in most advanced economies, while retail sales have been weak, as have consumer and business confidence levels. On the other hand, employment data has been too strong.

The Reserve Bank of Australia increased interest rates by a further 0.25% in June, bringing the 'cash rate' to 4.1% and the cumulative increase this year to 1.0%, in line with actions taken by the US Federal Reserve. In Australia, the rate of inflation has moderated from a peak of 8.4% in December 2022 to the most recent measure of 5.6% in May.

Global equity markets had a strong month in June. The broad US market (S&P 500 index) gained 6.5% amid optimism that interest rates may be approaching a peak. Economic data, whilst indicating a slowing economy, has also been slightly better than forecast. The Australian market (ASX 200 index) rose 1.8% for the month. Year to date, developed market equities have performed well, with a 15.9% gain for the US market, a 4.5% rise for the Australian market and strong gains across most of Europe as well as Japan. Property stocks rose by 3.9% for the first half of the year, and bonds have been relatively flat.

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. However, in broad terms, share markets continue to appear more attractive than most other investment opportunities.

Fund Commentary

The Fiducian Technology Fund decline by 0.8% in June, which was below the 0.1% decline in the composite index. Over the 12 months to the end of June, the Fund returned 5.3%. The sector has had a strong rebound in the first half of 2023, although small and mid cap stocks have not performed as strongly as large cap technology stocks.

The sector was relatively flat in June. The NASDAQ composite index performed in line with the broader US stock market, while the NASDAQ biotechnology index was slightly lower in Australian dollar terms. Large cap technology stocks have outperformed mid and small cap stocks in recent months, with positive returns in June again driven by a particularly strong performance from microchip and semiconductor manufacturers, and also consumer stocks including Amazon and Tesla.

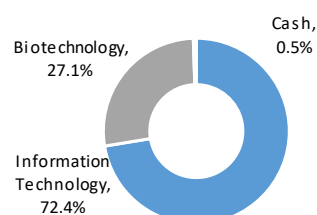
Recent commentary from a number of large tech companies, including Google, Apple and Amazon, has highlighted that earnings and revenue growth has moderated in recent times. However, efficiency gains are also being made, including through reduced employee numbers. Strong balance sheets have also allowed continued investment in growth opportunities, and in some cases, share buybacks.

The long term outlook for the technology sector remains positive, as the need to invest in innovation to drive productivity and improvements in the quality of life provides ongoing support for technology companies.

The Fund remains well diversified between geographies and sectors, and companies held are a blend of established sector leaders plus emerging technology businesses. An overweight position in the Information Technology sector relative to Biotechnology reflects the better growth opportunities currently available in that part of the market. The largest geographical exposure is to North America which makes up 68% of the fund, followed by Europe at 27%. This represents a material difference to the MSCI World Information Technology Index, where North America has a weighting of around 90% and Europe has a weighting of around 5%.

Top stock holdings and sector weights

Stock	Industry	Weight
Microsoft Corp	Systems Software	6.7%
Alphabet Inc	Interactive Media	5.5%
Meta Platforms Inc	Interactive Media	4.5%
Nvidia Corporation	Semiconductors	4.3%
Amazon Dotcom Inc	Internet Retail	3.4%
Apple Inc	Technology Hardware	3.2%
Chemometec As	Life Sciences Tools	2.7%
Sdiptech Ab B	Environmental Services	2.6%
TSMC	Semiconductors	2.2%
Cbrain As	Application Software	2.1%



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The information has been compiled from sources considered reliable, but is not guaranteed. Past performance is not indicative of future performance and we do not guarantee the performance of the Fund or any specific rate of return. Potential investors should also obtain and consider the relevant Target Market Determination (TMD) and Product Disclosure Statement (PDS) (available from your financial adviser and via fiducian.com.au) before making a decision about whether to acquire or continue to hold any financial product.