

Fiducian Geared Australian Shares Fund



Monthly Report - March 2023

Fund description

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

In this Fund, the underlying managers can borrow against the investor’s assets in the fund to purchase additional shares and provide a leveraged exposure. This can amplify returns in rising markets, and magnify losses when markets decline.

Share investment can be volatile over the short term, especially when geared, and the recommended holding period is at least 5 to 7 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 105 996 192

APIR code: FPS0011AU

Benchmark: ASX 200 Accumulation Index

Current fund size: \$14 million (March 2023)

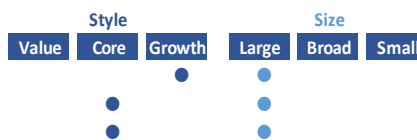
Management cost: 1.12%

Total management costs: 1.45%

Application/Exit fee: Nil

Inception Date: September 2003

Manager
First Sentier
Ausbil
Fiducian



Performance and Risk

After fee returns as at 31 March 2023

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Fund	-1.4%	5.9%	18.7%	-7.2%	26.2%	8.3%	10.0%	9.2%
Index	-0.2%	3.5%	13.2%	0.1%	16.5%	8.7%	9.4%	8.2%
Excess	-1.2%	2.4%	5.6%	-7.3%	9.7%	-0.4%	0.6%	1.0%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	34.7%	38.3%	31.6%	25.3%
Benchmark (Std Dev %)	19.1%	19.2%	16.5%	14.0%
Beta	1.48	1.60	1.57	1.46
Tracking Error (% pa)	16.0%	19.9%	16.1%	12.3%

Investment Growth

Time Period: 4/1/2018 to 3/31/2023

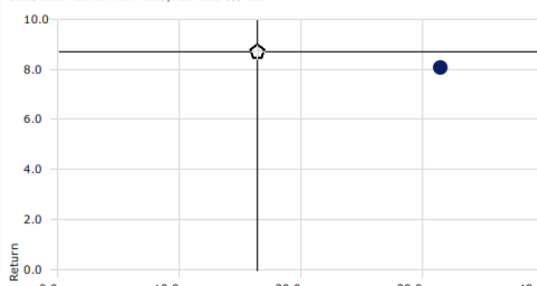


—Fiducian Geared Australian Shares —S&P/ASX 200 TR AUD

Risk-Reward

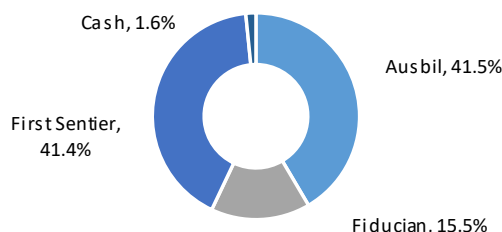
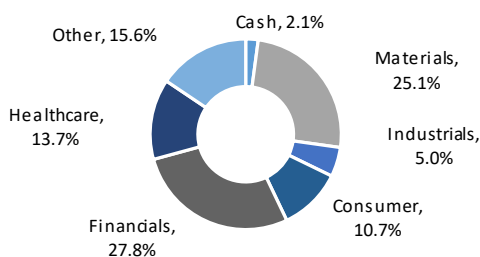
Time Period: 4/1/2018 to 3/31/2023

Calculation Benchmark: S&P/ASX 200 TR AUD



● Fiducian Geared Australian Shares ● S&P/ASX 200 TR AUD

Sector exposures and current manager weights



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Market Commentary and Outlook

The trend of slowing global growth has continued in recent months due to a tightening of monetary policy by key central banks in response to an acceleration last year in the rate of inflation. In some regions, inflation now appears to be moderating. However, the persistent strength in employment conditions and to a lesser extent retail sales has created uncertainty regarding the amount of monetary tightening that will be necessary to bring inflation back towards target ranges.

Global financial markets experienced a turbulent month in March. The failure of some regional US banks, as well as the Swiss Government mandated takeover of Credit Suisse by larger rival UBS initially sent markets lower. However, over the rest of the month, due to a lack of further bank failures, most markets enjoyed a broad recovery. The US market (S&P 500 index) gained 3.5% for the month, while the Australian market (ASX 200 index) was down by 0.2%. A shift towards assets that are perceived as being safer resulted in gains for bonds, gold, and large cap equities.

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 Geared Australian Shares declined by 1.4% in March, which was below the index return of -0.2%. Over the last 12 months, the fund has returned -7.2% compared to the index return of 0.1%. Over this period, both Ausbil and First Sentier have underperformed the index.

The Australian share market declined by 0.2% in March, but finished the first quarter of the year 3.5% higher. The materials sector (+5.9%) was the top performer for the month due to elevated commodity prices, notably iron ore and coal. Instability in the global banking sector resulted in Financials (-4.9%) finishing the month lower along with Real Estate (-6.8%).

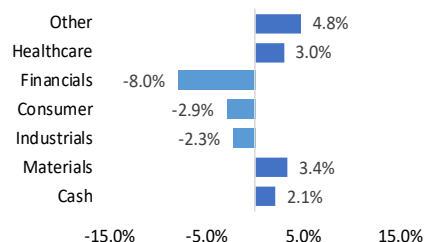
The Reserve Bank of Australia (RBA) raised interest rates by 0.25% at the start of March, before pausing in April following ten consecutive increases which started in May 2022. The RBA commented that it believes that inflation in Australia may have peaked, and that it wishes to take some time to assess the impact of increases made to date.

At an aggregate level, the largest sectoral tilts in the Fund are an underweight to financials, primarily lower returning and less volatile property trusts, with this funding overweight positions in the materials and healthcare sectors. As at the end of March, the average gearing level in the Fund was 42.2%.

Top stock holdings and sector tilts

First Sentier Top Holdings	Weight
BHP	13.5%
Commonwealth Bank	9.5%
CSL	8.6%
National Australia Bank	6.8%
Westpac Bank	3.9%
Woolworths	3.7%
QBE Insurance	3.7%
Goodman Group	3.6%
Santos	3.6%
Aristocrat Leisure	3.2%

Ausbil Top Holdings	Weight
BHP	10.8%
CSL	9.3%
Commonwealth Bank	7.8%
National Australia Bank	6.2%
Macquarie Group	4.6%
Santos	3.4%
QBE Insurance	3.3%
ANZ Bank	3.1%
Goodman Group	2.9%
Telstra	2.8%



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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.