

# Fiducian Balanced Fund

Monthly Report - June 2023



## Fund description

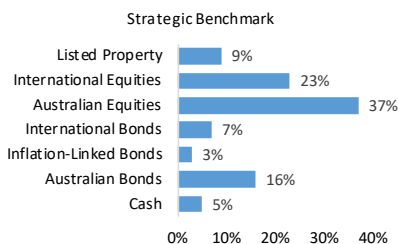
The Fiducian Balanced Fund includes holdings in shares, property, bonds and liquid assets diversified between managers and countries, utilising the Fiducian “Manager the Manager” system that aims to achieve superior returns with reduced risk.

Over the long term, the Fund is expected to generate higher returns than funds with a lower allocation to growth assets, but will also be exposed to capital losses when markets turn down.

The Fund is suitable for investors seeking good long term capital growth with possible short term volatility. The recommended holding period is at least 6 years.

## Fund facts

**Portfolio manager:** Conrad Burge  
**ARSN:** 093 541 612  
**APIR code:** FPS0003AU  
**Benchmark:** Morningstar Multisector Growth Median  
**Current fund size:** \$692 million (June 2023)  
**Management cost:** 0.93%  
**Total management costs:** 1.01%  
**Application/Exit fee:** Nil  
**Inception Date:** March 1997



## Performance and Risk

### After fee returns as at 30 June 2023

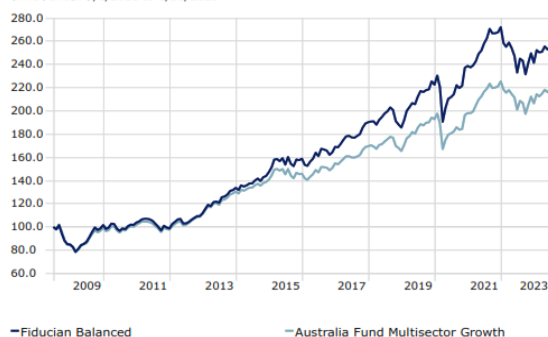
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	0.8%	1.6%	5.7%	9.6%	6.4%	5.2%	6.8%	7.7%
Index	1.4%	2.0%	6.1%	9.4%	6.8%	4.8%	6.0%	6.4%
Excess	-0.5%	-0.5%	-0.4%	0.2%	-0.4%	0.4%	0.8%	1.3%
Ranking				69/172	94/168	49/158	22/150	6/142

### Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	10.9%	9.8%	11.4%	9.3%
Benchmark (Std Dev %)	9.5%	8.2%	9.6%	7.8%
Beta	1.05	1.06	1.07	1.06
Tracking Error (% pa)	2.1%	2.5%	2.6%	2.1%

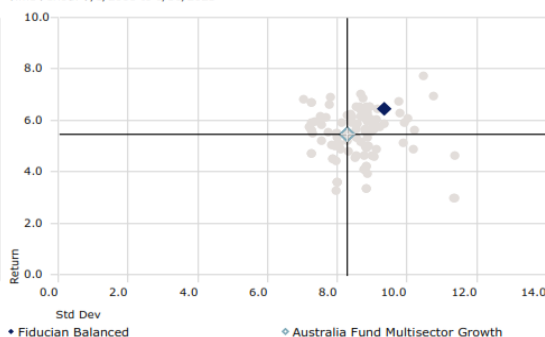
### Investment Growth

Time Period: 7/1/2008 to 6/30/2023

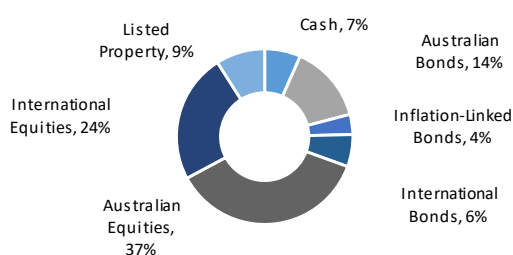
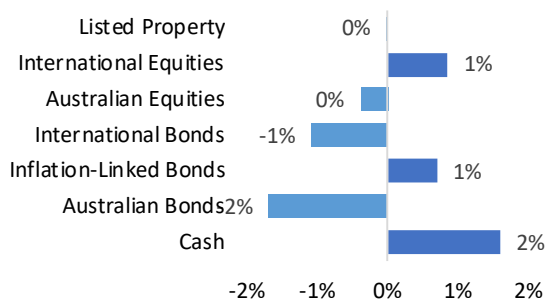


### Risk-Reward

Time Period: 7/1/2008 to 6/30/2023



## Tactical tilts and current asset weights



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## 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 Fund underperformed its benchmark in June, with a return of 0.8%, compared to the benchmark return of 1.4%. Over the year to the end of June, the Fund returned 9.6%.

Over the course of the month, International and Australian shares recorded gains, listed property was flat, and bonds generated a negative return.

The Fund has a neutral exposure to equities and property, as relatively attractive valuations are offset by rising interest rates and a slowing economy. Additionally, an overweight position is still held in cash relative to bonds, although this position has been reduced in recent months.

In the Morningstar Multisector Growth Category, the Fiducian Balanced Fund returns were ranked 69th out of 172 funds over one year, 49th out of 158 funds over five years, and 6th out of 142 funds over the ten year period to 30 June 2023.

## Managers and weights

Asset Class	Fund Manager	Weight
Australian Equities 35.9%	Solaris	6.2%
	Fidelity	5.7%
	Bennelong	5.4%
	L1 Capital	7.2%
	Ausbil Dexia	7.1%
	Pendal	4.3%
International Equities 23.6%	Franklin Templeton	5.8%
	Challenger	7.2%
	Wellington	2.5%
	Wellington Value	5.3%
	State Bank of India	0.2%
	Sundaram	0.4%
	Tata	0.3%
	EquiPoise	0.1%
	Vanguard	0.4%
	Wellington Technology	0.8%
	Wellington Biotechnology	0.2%
	Nordic Technology	0.4%
	Listed Property 8.9%	BlackRock
Phoenix		4.3%
Principal		3.8%
Australian Bonds 14.3%	Perpetual Fixed Interest	4.7%
	BlackRock	0.2%
	Challenger	9.4%
Inflation Linked Bonds 3.7%	Challenger	3.7%
International Bonds 5.9%	BlackRock	5.9%
	Cash 7.6%	BlackRock
	Cash	2.2%

## Top stock holdings

Top Australian Stocks	Industry	Weight
BHP Group	Diversified Metals & Mining	9.3%
CSL Limited	Biotechnology	8.1%
Commonwealth Bank	Diversified Banks	4.8%
National Australia Bank	Diversified Banks	3.6%
Telstra Group Limited	Telecommunication Services	3.5%
James Hardie Industries	Construction Materials	3.3%
Santos Limited	Oil & Gas	3.2%
Macquarie Group Ltd	Diversified Capital Markets	3.0%
Qbe Insurance	Insurance	2.7%
Rio Tinto Ltd	Diversified Metals & Mining	2.6%

Top International Stocks	Industry	Weight
Alphabet Inc	Interactive Media	2.1%
Humana Incorporated	Managed Health Care	1.7%
Visa Incorporated	Data Processing Services	1.6%
Broadridge Finance	Data Processing Services	1.6%
Charles River	Life Sciences Tools	1.6%
Equinix Inc	Specialized REITs	1.5%
Danaher Corp	Life Sciences Tools	1.5%
Zscaler Inc	Systems Software	1.5%
Amadeus IT Group	Hotels Resorts	1.5%
Zebra Technologies	Electronic Equipment	1.5%

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The Morningstar Category rankings have the Morningstar Australia Multisector Aggressive Category for Ultra Growth Fund, Multisector Moderate Category for Capital Stable Fund, and Multisector Growth Category for the Balanced and Growth Fund. Source: Morningstar Direct, Performance Report as of 10.7.2023 ©2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. This report or data has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at [www.morningstar.com.au/sfsg.pdf](http://www.morningstar.com.au/sfsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Morningstar's publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a financial adviser.