

Fiducian Balanced Fund

Monthly Report - December 2023



Fund description

The Fiducian Balanced Fund includes holdings in shares, property, bonds and liquid assets diversified between managers and countries, utilising the Fiducian “Manage 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: Zenith AMI Mixed Asset Balanced Index

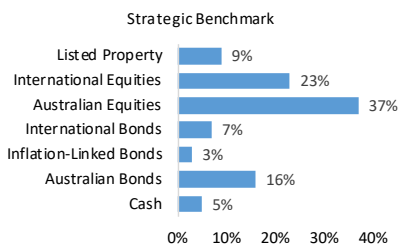
Current fund size: \$755 million (December 2023)

Management cost: 0.93%

Total management costs: 1.01%

Application/Exit fee: Nil

Inception Date: March 1997



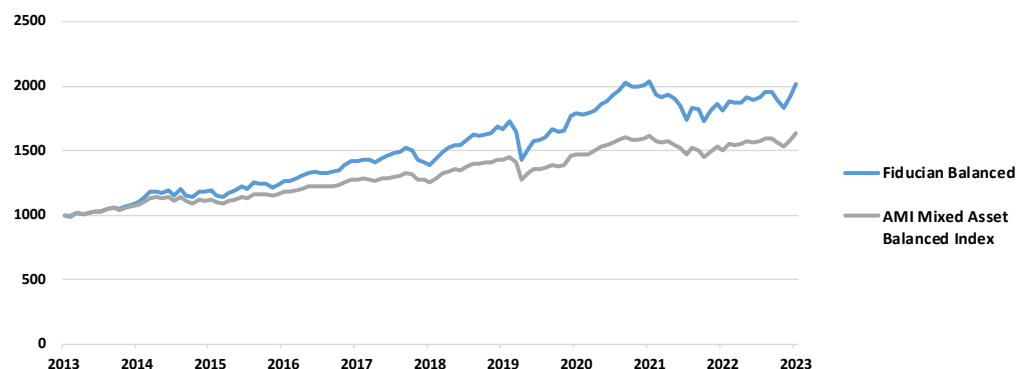
Performance and Risk

After fee returns as at 31 December 2023

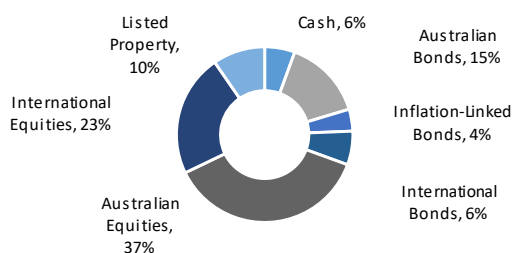
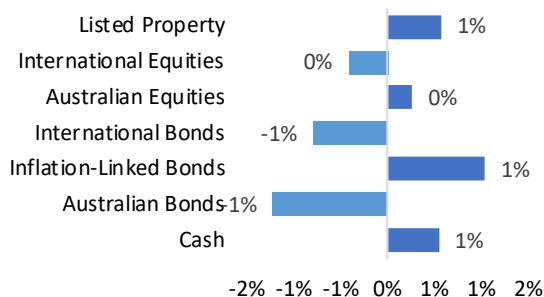
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	4.9%	6.7%	5.5%	11.6%	4.1%	7.7%	6.9%	7.2%
Index	3.3%	5.1%	4.0%	8.8%	3.8%	5.4%	4.8%	5.1%
Excess	1.7%	1.6%	1.6%	2.7%	0.3%	2.2%	2.1%	2.2%
Ranking				10/116	43/111	3/102	3/94	2/82

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	9.2%	9.7%	11.5%	9.5%
Benchmark (Std Dev %)	6.3%	6.6%	7.7%	6.4%
Beta	1.30	1.40	1.44	1.46
Tracking Error (% pa)	3.1%	3.5%	4.1%	3.4%



Tactical tilts and current asset weights



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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 its benchmark in December, with a return of 4.9%, compared to the benchmark return of 3.3%. Over the 12 months to the end of December, the Fund returned 11.6%.

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

The Fund has a neutral exposure to equities and property, as relatively attractive valuations are offset by higher interest rates and a slowing economy. Additionally, the underweight position in bonds relative to cash has now been closed.

In the Zenith AMI Mixed Asset-Balanced Category, the Fiducian Balanced Fund returns were ranked 10 out of 116 funds over one year, 3 out of 102 funds over five years, and 2 out of 82 funds over the ten year period to 31 December 2023.

Managers and weights

Asset Class	Fund Manager	Weight
Australian Equities 37.1%	Solaris	6.5%
	Fidelity	5.8%
	Bennelong	6.0%
	L1 Capital	5.2%
	Ausbil Dexia	7.3%
	Pendal	6.3%
International Equities 22.4%	Franklin Templeton	5.7%
	Challenger	6.9%
	Wellington	2.8%
	Wellington Value	4.3%
	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%
	Loftus Peak Technology	0.1%
	Nordic Technology	0.3%
Listed Property 9.5%	BlackRock	0.9%
	Phoenix	4.4%
	Principal	4.2%
Australian Bonds 14.8%	Perpetual Fixed Interest	5.3%
	BlackRock	0.1%
	Challenger	9.3%
Inflation Linked Bonds 4.0%	Challenger	4.0%
International Bonds 6.2%	BlackRock	6.2%
Cash 5.9%	BlackRock	3.5%
	Cash	2.4%

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%
Synopsys 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%

Fiducian Investment Management Services Limited

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