

Fund description

The Fund invests in a diversified group of fixed interest assets. The Fund utilises the Fiducian “Manage the Manager” process, carefully selecting best of breed managers with different styles, sector and geographical exposures with the aim of achieving superior returns with reduced risk.

This Fund gives investors exposure to a range on fixed interest instruments, including Australian Bonds, International Bonds, Inflation Linked Bonds and Cash.

The Fund is intended to provide a secure return with a lower risk of capital loss relative to other investment categories. The return may be above cash when interest rates are falling, and below cash when interest rates are rising. The recommended holding period is at least 3 years.

Fund facts

Portfolio manager: Conrad Burge
ARSN: 106 681 707
APIR code: FDN5053AU
Benchmark: Fiducian Fixed Interest Composite
Current fund size: \$614 million (June 2024)
Management cost: 0.20%
Total management costs: 0.22%
Application/Exit fee: Nil
Inception Date: February 1997

Manager	Style		Sector	
	Active	Passive	Cash	FI
Challenger Inflation Linked	●			●
Challenger Aus Bond	●			●
iShares Aus Bond		●		●
iShares Global Bond		●		●
Perpetual Aus Bond	●			●
Cash		●	●	

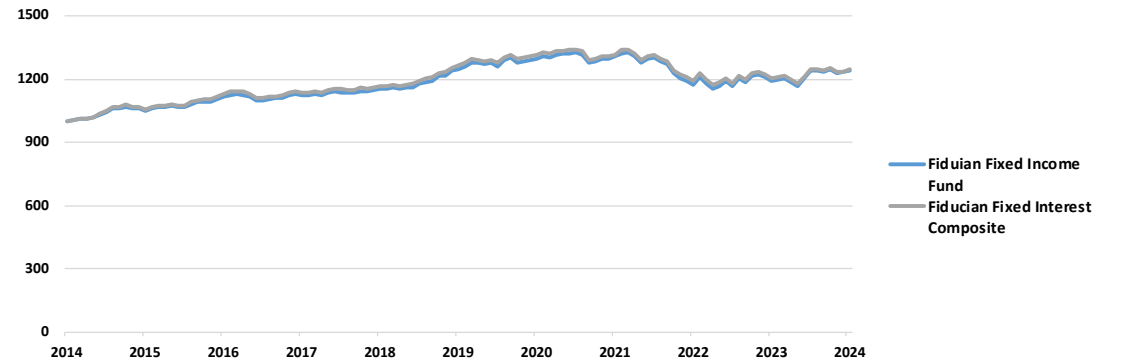
Performance and Risk

After fee returns as at 30 June 2024

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	0.7%	-0.5%	0.0%	4.0%	-1.7%	-0.1%	1.4%	2.2%
Index	0.7%	-0.6%	-0.1%	3.4%	-1.9%	-0.3%	1.3%	2.2%
Excess	0.0%	0.1%	0.1%	0.6%	0.1%	0.2%	0.1%	0.0%

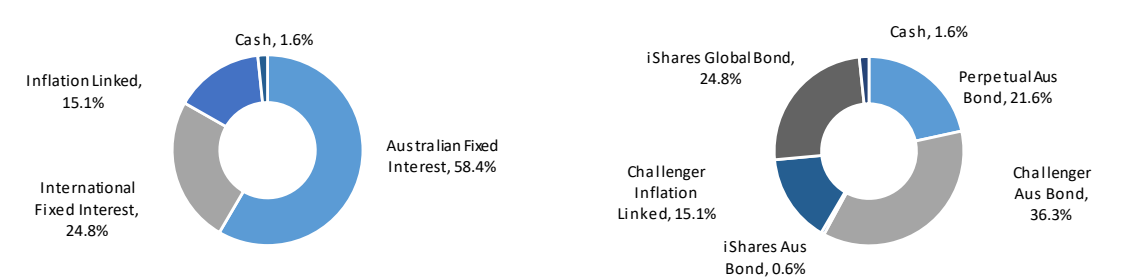
Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	5.2%	6.2%	5.4%	4.2%
Benchmark (Std Dev %)	5.0%	5.9%	5.1%	4.1%
Beta	0.95	1.01	1.03	1.01
Tracking Error (% pa)	0.3%	0.7%	0.6%	0.5%



Benchmark: Fiducian Fixed Interest Composite (60% Australian Fixed Interest, 28% International Fixed Interest, 12% Inflation-Linked Fixed Interest)

Sector exposures and current manager weights



Market Commentary and Outlook

The global economy has continued to expand at a moderate pace, although growth in some of the advanced economies remains weak. Inflation data continues to point to a moderation in pricing pressures, although at a slightly slower rate than had been expected. This has delayed the implementation of interest rate cuts by most central banks.

Overall, the combination of slower growth and moderating inflation has increased market expectations that major economies can achieve a 'soft landing' and avoid a recession. Over the months, the broad vs market (S&P 500 index) gained 4.8%, and the Australian market (ASX 200 index) rose by 0.9%. Political uncertainty due to elections in France and the UK, resulted in weakness in most European stock markets. Bond returns were slightly positive, while some key commodity prices declined.

Looking ahead, monetary policy could begin to become less restrictive towards the end of this year if inflation rates continue to decline, which could help to sustain markets. However, geopolitical risks represent potential headwinds. Despite this, the IMF is now forecasting global growth to be 3.2% in 2024 and in 2025, which is close to its long-term trend rate. In broad terms, share markets continue to appear more attractive than most other investment opportunities.

Fund Commentary

The Fund gained by 0.7% in June, which was in line with the index return of 0.7% for the Fiducian Fixed Interest Composite Index. For the 12 months to the end of June, the Fund rose by 4.0%, compared to the 3.4% rise in the index.

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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.