

Fiducian Geared Australian Shares Fund



Monthly Report - October 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 9 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 105 996 192

APIR code: FPS0011AU

Benchmark: ASX 200 Accumulation Index

Current fund size: \$13 million (October 2023)

Management cost: 1.12%

Total management costs: 1.45%

Application/Exit fee: Nil

Inception Date: September 2003

Manager	Style			Size		
	Value	Core	Growth	Large	Broad	Small
First Sentier			●	●		
Ausbil	●			●		
Fiducian	●			●		

Performance and Risk

After fee returns as at 31 October 2023

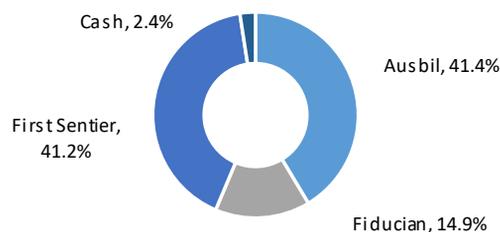
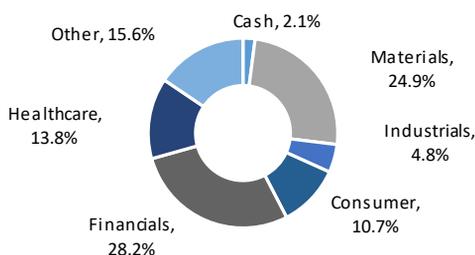
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-7.8%	-15.3%	-11.7%	-2.9%	11.2%	5.5%	7.4%	6.5%
Index	-3.8%	-7.2%	-5.3%	3.0%	8.9%	7.2%	7.8%	6.6%
Excess	-4.1%	-8.1%	-6.4%	-5.9%	2.3%	-1.7%	-0.4%	-0.1%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	21.5%	25.6%	31.0%	25.1%
Benchmark (Std Dev %)	11.9%	13.8%	16.3%	13.9%
Beta	1.63	1.76	1.83	1.75
Tracking Error (% pa)	9.8%	12.4%	15.3%	11.9%



Sector exposures and current manager weights



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Market Commentary and Outlook

The global economy remains sluggish due to severe measures taken by monetary authorities to reduce inflation. While inflation is slowing, manufacturing and service industry activity levels and retail sales point to a general slowdown in activity. However, employment levels remain high and need to come down further and this, along with an uptick in inflation rates could see interest rates stay high for an extended period. At the beginning of November, the Reserve Bank of Australia increased its cash rate by 0.25% to 4.35%, after being on pause since July.

In a repeat of last month, concerns that inflation rates remain too high saw an increase in bond yields. This had negative flow-on effects for most asset classes. The broad US market (S&P 500 index) declined by 2.2%, and the Australian stock market (ASX 200 index) declined by 3.8%. Interest rate sensitive sectors experienced falls, but some commodity prices, including iron ore and gold, rose during the month.

Looking ahead, geopolitical risks, alongside elevated interest rates and slower economic growth this year, represent potential headwinds for markets. The International Monetary Fund (IMF) is forecasting global growth to be 3.0% in 2023 and 2.9% 2024, which is below the long-term trend rate of growth. However, in broad terms, share markets continue to appear more attractive than most other investment opportunities.

Fund Commentary

The Fiducian Geared Australian Shares Fund declined by 7.8% in October, which was below the index return of -3.8%. Over the last 12 months, the fund has returned -2.9% compared to the index return of 3.0%.

The broad Australian share market (ASX200 index) declined by 3.8% in October. This decline was in line with world-wide stock market declines due to falling investor confidence and rising bond yields.

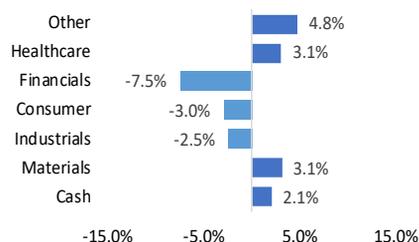
All of the major ASX sectors finished the month lower with the exception of Utilities (+1.7%). The Information Technology (-7.6%), Healthcare (-7.2%) and Industrial (-6.4%) sectors recorded the largest declines.

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 October, the average gearing level in the Fund was 42.7%.

Top stock holdings and sector tilts

First Sentier Top Holdings	Weight
BHP Group	13.5%
Commonwealth Bank	9.2%
CSL	8.1%
National Australia Bank	5.9%
QBE Insurance	4.1%
Woolworths	4.0%
Santos	3.9%
Aristocrat Leisure	3.7%
Goodman Group	3.6%
Westpac Bank	3.2%

Ausbil Top Holdings	Weight
BHP	11.9%
CSL	8.1%
Commonwealth Bank	8.0%
National Australia Bank	6.8%
Macquarie Group	4.2%
Goodman Group	4.0%
ANZ Bank	3.9%
Santos	3.7%
Aristocrat Leisure	3.2%
QBE Insurance	3.2%



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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.