

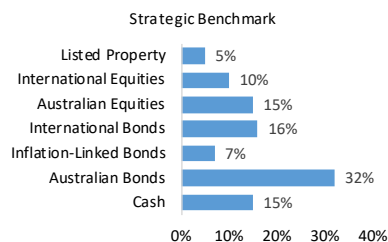
Fund description

The Fiducian Capital Stable Fund has a large allocation to fixed income assets and cash, and also includes some exposure to equities for longer term performance. The fund is diversified between multiple asset classes and countries, utilising the Fiducian “Manage the Manager” system that aims to achieve superior returns with reduced risk.

The Fund is suitable for investors who are relatively conservative but are prepared to take some level of market risk to achieve modest capital growth in addition to a relatively high level of income. The recommended holding period is at least 4 years.

Fund facts

Portfolio manager: Conrad Burge
ARSN: 093 542 879
APIR code: FPS0002AU
Benchmark: Morningstar Multisector Moderate Median
Current fund size: \$472 million (September 2023)
Management cost: 0.76%
Total management costs: 0.82%
Application/Exit fee: Nil
Inception Date: March 1997



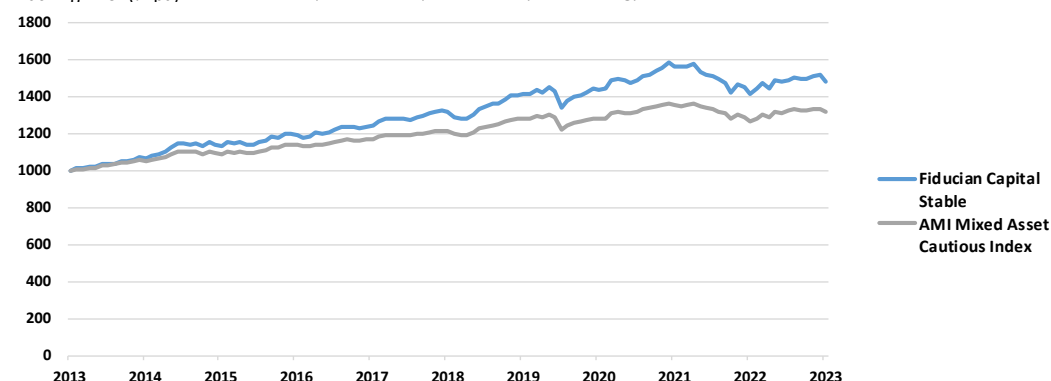
Performance and Risk

After fee returns as at 30 September 2023

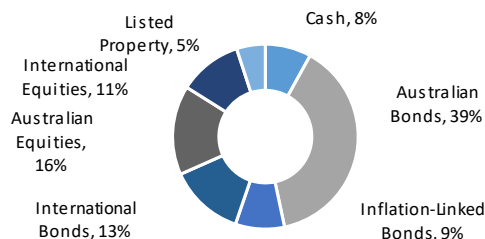
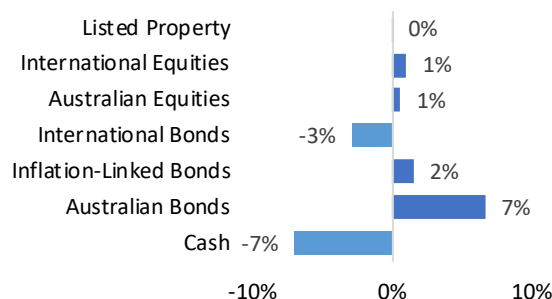
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-2.3%	-0.7%	-0.7%	4.9%	1.0%	2.4%	3.1%	4.0%
Index	-1.2%	-0.4%	-0.4%	4.0%	1.0%	1.7%	2.1%	2.8%
Excess	-1.1%	-0.3%	-0.4%	0.8%	0.0%	0.7%	1.0%	1.2%
Ranking				11/42	17/37	10/34	6/33	3/29

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	5.3%	5.6%	6.0%	4.8%
Benchmark (Std Dev %)	3.5%	3.6%	4.1%	3.2%
Beta	1.33	1.46	1.43	1.44
Tracking Error (% pa)	2.1%	2.2%	2.1%	1.8%



Tactical tilts and current asset weights



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 during September could see interest rates rise further and stay higher for longer.

This realisation that inflation has not yet been tamed saw bond yields jump up during the month, with both US and Australian 10-year government bond yields increasing by approximately 0.5%. This had negative flow-on effects on most asset classes. The broad US market (S&P 500 index) declined by 4.9%, and the Australian stock market (ASX 200 index) declined by 2.8%. Interest rate sensitive sectors had the largest falls. Commodity prices, including oil, coal and iron ore 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 Fund underperformed the benchmark in September, with a return of -2.3%, compared to the benchmark return of -1.2%. Over the 12 months to the end of September, the Fund returned 4.9%.

Cash was the only asset class to finish the month higher, with falls seen in equities, property, and also in bonds.

The Fund currently has a small overweight to Australian and International equities, as relatively attractive valuations are offset by rising interest rates and a slowing economy. The weighting towards bonds has increased in recent months, with a preference for shorter-term Australian bonds over international bonds.

In the Zenith AMI Mixed Asset-Cautious Category, the Fiducian Capital Stable Fund returns were ranked 11 out of 42 funds over one year, 10 out of 34 funds over five years, and 3 out of 29 funds over the ten year period to 30 September 2023.

Managers and weights

Asset Class	Fund Manager	Weight
Australian Equities 15.5%	Solaris	2.7%
	Fidelity	2.5%
	Bennelong	2.5%
	L1 Capital	2.3%
	Ausbil Dexia	3.1%
International Equities 10.9%	Pendal	2.5%
	Franklin Templeton	2.8%
	Challenger	3.4%
	Wellington GRE	1.4%
	Wellington Value	2.1%
	State Bank of India	0.1%
	Sundaram	0.2%
	Tata	0.1%
	EquiPoise	0.1%
	Vanguard	0.2%
	Wellington Technology	0.4%
	Wellington Biotechnology	0.1%
Listed Property 5.0%	Nordic Technology	0.1%
	BlackRock	0.5%
	Phoenix	2.3%
Australian Bonds 38.7%	Principal	2.2%
	Perpetual Fixed Interest	11.2%
	BlackRock	0.3%
Inflation Linked Bonds 8.6%	Challenger	27.2%
	Challenger	8.6%
International Bonds 13.1%	BlackRock	13.1%
	BlackRock	0.2%
Cash 8.3%	BlackRock	0.2%
	Cash	8.1%

Top stock holdings

Top Australian Stocks	Industry	Weight
BHP Group	Diversified Metals & Mining	9.0%
CSL Limited	Biotechnology	7.2%
Commonwealth Bank	Diversified Banks	5.2%
Santos Limited	Oil & Gas	4.4%
National Australia Bank	Diversified Banks	3.7%
Qbe Insurance Group	Insurance	3.2%
Goodman Group	Industrial REITs	3.0%
Macquarie Group Ltd	Diversified Capital Markets	2.9%
Qantas Airways Ltd	Passenger Airlines	2.4%
Aristocrat Leisure Ltd	Casinos & Gaming	2.3%

Top International Stocks	Industry	Weight
Alphabet Inc	Interactive Media	2.0%
Humana Incorporated	Managed Health Care	1.9%
Zscaler Inc	Systems Software	1.8%
Danaher Corp	Life Sciences Tools	1.7%
Mercadolibre Inc	Internet & Direct Marketing	1.7%
Broadridge Finance	Data Processing	1.7%
Synopsys Inc	Application Software	1.7%
Charles River	Life Sciences Tools	1.6%
Tyler Technologies Inc	Application Software	1.6%
Inari Medical Inc	Health Care Equipment	1.6%

Fiducian Investment Management Services Limited

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