

Fiducian Diversified Social Aspirations Fund



Monthly Report - September 2023

Fund description

The Fund invests in a diversified group of Australian and global socially responsible shares listed on the ASX and other major global stock exchanges. The Fund utilises the Fiducian “Manage the Manager” process, carefully selecting managers to provide diversification with the aim of achieving superior returns with reduced risk.

Managers in the Fund may exclude companies from investment that are seen to have a negative social impact. This could lead to periods where returns could deviate from the indices the Fund uses to compare its returns.

Share investment can be volatile over the short term, and the recommended holding period for the fund is at least 8 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 607 881 050

APIR code: AAA003AU

Benchmark: 60/40 ASX 300 Accumulation & MSCI World ex-Australia Index

Current fund size: \$12 million (September 2023)

Management cost: 1.35%

Total management costs: 1.72%

Application/Exit fee: Nil

Inception Date: November 2015

Manager
Perpetual
Candriam



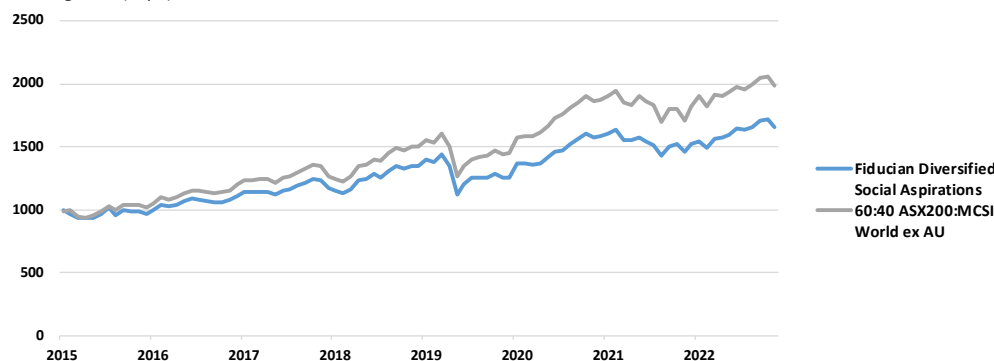
Performance and Risk

After fee returns as at 30 September 2023

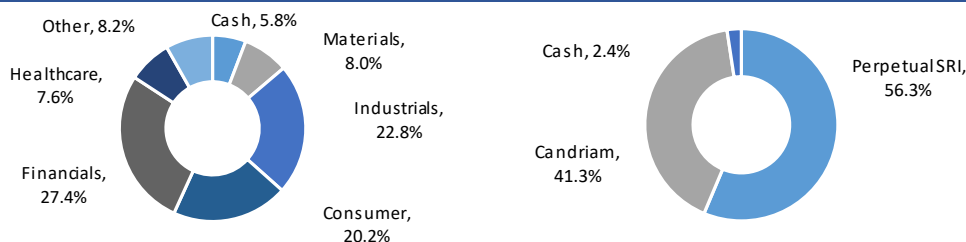
| | 1 Mth | 3 Mth | 6 Mth | 1 Yr | 3 Yrs | 5 Yrs | 7yrs |
|--------|-------|-------|-------|-------|-------|-------|-------|
| Fund | -3.8% | -0.3% | 3.8% | 14.5% | 9.8% | 6.0% | 7.7% |
| Index | -3.3% | -0.7% | 2.9% | 16.4% | 11.2% | 7.9% | 9.6% |
| Excess | -0.4% | 0.4% | 0.8% | -2.0% | -1.4% | -1.9% | -1.9% |

Risk Exposure

| | 1 Yr | 3 Yrs | 5 Yrs |
|-----------------------------|-------|-------|-------|
| Fund Volatility (Std Dev %) | 8.9% | 10.3% | 13.5% |
| Benchmark (Std Dev %) | 12.3% | 13.6% | 16.5% |
| Beta | 0.53 | 0.65 | 0.76 |
| Tracking Error (% pa) | 4.5% | 3.5% | 2.9% |



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 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 Fiducian Diversified Social Aspirations Fund declined by 3.8% in September, which was below the -3.3% return of the composite index. Over the last 12 months the Fund has returned 14.5% compared to the index return of 16.4%.

The broad Australian share market (ASX200 index) declined by 2.8% in September. This decline was in line with world-wide stock market declines due to falling investor confidence and rising bond yields.

The Energy sector (+1.6%) recorded gains for the month as prices for oil, gas and coal increased. All other major ASX sectors were lower, with Real Estate (-8.6%), Information Technology (-7.9%) and Healthcare (-6.2%) the worst performers.

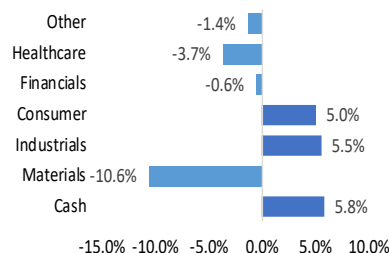
The top contributors for Perpetual were overweight positions in Deterra Royalties and National Australia Bank. The main detractors were overweight positions in Healius and EVT Limited.

Within the Candriam portfolio, the top contributors were pharmaceutical companies Novo Nordisk and software company Splunk. The main detractors were healthcare stocks Insulet and Vir Biotechnology.

Top stock holdings and sector tilts

| Perpetual Top Holdings | Weight |
|-------------------------|--------|
| National Australia Bank | 6.6% |
| IAG | 6.5% |
| Healius | 4.8% |
| Bapcorp | 4.6% |
| Deterra Royalties | 3.9% |
| Medibank | 3.8% |
| Reliance Worldwide | 3.6% |
| EVT | 3.5% |
| GWA Group | 3.5% |
| ANZ | 3.4% |

| Candriam Top Holdings | Weight |
|-----------------------|--------|
| Apple Inc | 6.3% |
| Microsoft Corp | 4.9% |
| Alphabet Inc | 4.0% |
| Nvidia Corporation | 2.0% |
| Visa Incorporated | 1.6% |
| New Linde Plc | 1.4% |
| Procter & Gamble | 1.4% |
| United Health Group | 1.4% |
| Mastercard Inc | 1.4% |
| Novo Nordisk A/S | 1.3% |



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