

Fiducian Geared Australian Shares Fund



Monthly Report - January 2022

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 5 to 7 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 105 996 192

APIR code: FPS0011AU

Benchmark: ASX 200 Accumulation Index

Current fund size: \$13 million (January 2022)

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 January 2022

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-13.2%	-11.3%	-7.4%	15.4%	10.4%	8.6%	8.2%	11.5%
Index	-6.4%	-4.3%	-3.8%	9.4%	9.8%	8.5%	7.5%	9.5%
Excess	-6.9%	-7.0%	-3.6%	6.0%	0.6%	0.1%	0.7%	2.0%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	20.0%	34.7%	28.3%	23.6%
Benchmark (Std Dev %)	9.5%	17.5%	14.6%	13.2%
Beta	1.57	1.62	1.59	1.43
Tracking Error (% pa)	11.8%	18.4%	14.7%	11.5%

Overall Morningstar Rating™

★★★

As at 31 January 2022

Investment Growth

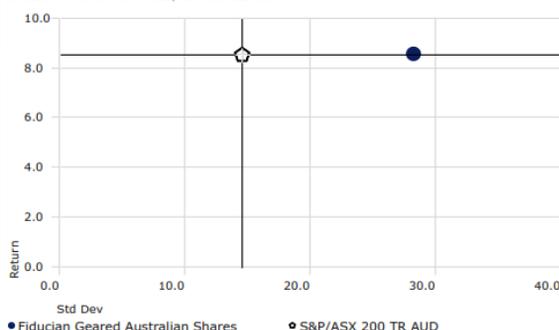
Time Period: 1/02/2017 to 31/01/2022



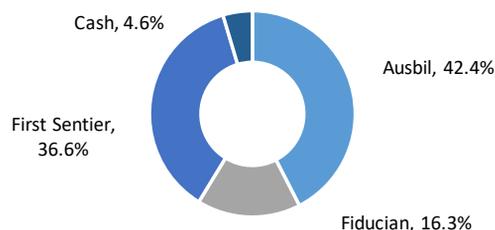
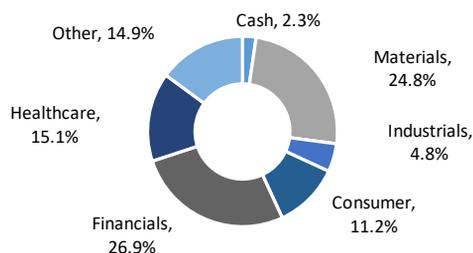
Risk-Reward

Time Period: 1/02/2017 to 31/01/2022

Calculation Benchmark: S&P/ASX 200 TR AUD



Sector exposures and current manager weights



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Market Commentary and Outlook

January was a mixed month for the global economy. The ongoing spread of the Omicron variant of the COVID-19 coronavirus caused some weakness in consumer confidence and retail spending, which is expected to be temporary. Other economic indicators were positive, including manufacturing activity. Most notably, unemployment rates across most of the world continued to decline and there are emerging signs of wages growth. Overall, the outlook remains broadly positive.

These strong underlying conditions, combined with a continuation of higher inflation, resulted in the market bringing forward the expected timing for tighter monetary conditions, including higher interest rates. This led to negative returns for most asset classes. US, European and Australian stock markets all finished January around 4-6% lower. Sectors that are exposed to high growth rates (such as Technology) or are sensitive to interest rates were most affected. Bond prices also finished the month lower. Commodities were the exception, performing strongly during the month as energy and metal prices moved higher due to sustained demand growth.

Looking ahead, leading indicators remain supportive of a continued economic recovery this year, with the IMF forecasting global GDP growth of around 5% in 2022. The risk of further disruption caused by lockdowns to counter the pandemic remains, but is lessening as vaccine rollouts continue and restrictions become more targeted.

Fund Commentary

The Fiducian Geared Australian Shares Fund declined by 13.2% in January, compared to the index return of -6.4%, with the leverage of the fund magnifying the negative market returns for the month. Good performance by the underlying fund managers, combined with the leverage in the Fund, have resulted in a 12 month return of +15.4%, well ahead of the benchmark return of 9.4%.

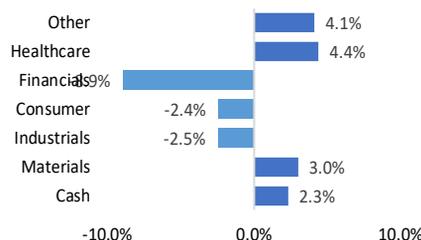
The Australian equity market was down 6.4% in January, affected by the prospect of higher interest rates later this year and by investor nervousness due to global geo-strategic tensions. The market decline was broadly in line with a number of other developed country stock markets.

High growth sectors including Information Technology (-18.4%) and Healthcare (-12.1%) as well as interest rate sensitive sectors including Property (-9.5%) were the worst performers. On the other hand, a continued rise in the price of oil and coal helped the Energy sector to a strong month (+7.8%) and increasing prices of iron ore and industrial metals helped the Materials sector (+0.8%) record a gain for the month.

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 small overweight positions spread relatively broadly across the remaining sectors. As at the end of January, the average gearing level in the Fund was 42.1%.

Top stock holdings and sector tilts

First Sentier Top Holdings	Weight	Ausbill Top Holdings	Weight
CSL	8.6%	BHP Group	10.4%
BHP Group	8.0%	CSL	8.5%
Commonwealth Bank	7.8%	Commonwealth Bank	8.1%
National Australia Bank	5.8%	National Australia Bank	6.7%
Woolworths	4.8%	Macquarie Group	5.3%
James Hardie	4.5%	ANZ Bank	3.9%
Goodman Group	3.9%	Aristocrat Leisure	3.9%
Afterpay Touch	3.4%	Santos	3.8%
Macquarie Group	3.3%	QBE Insurance	3.8%
Aristocrat Leisure	3.2%	IGO Limited	3.5%



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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.