

Fiducian Geared Australian Shares Fund

Monthly Report - May 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: \$14 million (May 2022)

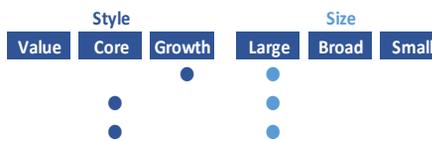
Management cost: 1.12%

Total management costs: 1.45%

Application/Exit fee: Nil

Inception Date: September 2003

Manager
First Sentier
Ausbil
Fiducian



Performance and Risk

After fee returns as at 31 May 2022

| | 1 Mth | 3 Mth | 6 Mth | 1 Yr | 3 Yrs | 5 Yrs | 7yrs | 10 Yrs |
|--------|-------|-------|-------|------|-------|-------|------|--------|
| Fund | -4.9% | 4.6% | -3.7% | 5.8% | 6.9% | 9.2% | 7.7% | 12.9% |
| Index | -2.6% | 3.2% | 1.4% | 4.8% | 7.8% | 8.8% | 7.5% | 10.4% |
| Excess | -2.3% | 1.4% | -5.1% | 0.9% | -1.0% | 0.4% | 0.2% | 2.5% |

Risk Exposure

| | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs |
|-----------------------------|-------|-------|-------|--------|
| Fund Volatility (Std Dev %) | 23.0% | 35.2% | 28.7% | 23.7% |
| Benchmark (Std Dev %) | 11.5% | 17.8% | 14.8% | 13.2% |
| Beta | 1.50 | 1.61 | 1.58 | 1.44 |
| Tracking Error (% pa) | 12.0% | 18.6% | 15.0% | 11.7% |

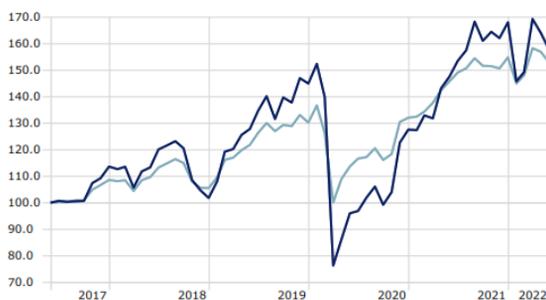
Overall Morningstar Rating™

★★★

As at 31 May 2022

Investment Growth

Time Period: 1/06/2017 to 31/05/2022

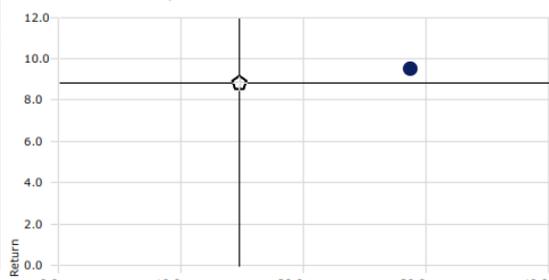


—Fiducian Geared Australian Shares —S&P/ASX 200 TR AUD

Risk-Reward

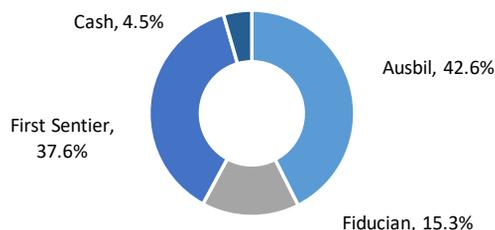
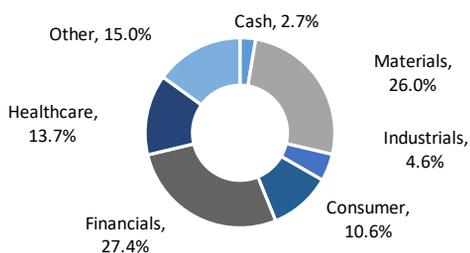
Time Period: 1/06/2017 to 31/05/2022

Calculation Benchmark: S&P/ASX 200 TR AUD



• Fiducian Geared Australian Shares • S&P/ASX 200 TR AUD

Sector exposures and current manager weights



Fiducian Geared Australian Shares Fund



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Market Commentary and Outlook

The global economy has slowed this year but is still forecast to grow at a solid pace over the rest of the year. This is despite headwinds arising from the Russian invasion of Ukraine and lockdowns imposed in many Chinese cities to counter the spread of the Covid-19 coronavirus pandemic. These developments have led to significant price rises for energy, metals and grains, which have fed into higher inflationary pressures more generally. While unemployment has been trending lower and wages growth has been trending higher, consumer and business confidence has been dented.

Global equity markets were mixed for the month, as investors processed the impact of higher interest rates. The US market (S&P 500) finished the month flat, with the Australian equity market (ASX 200) declining by 2.6% and European markets generally recording small gains. Central banks around the world, including Australia, the UK, the US and Canada continued to raise interest rates from historically low levels to counter rising inflation. Australian listed property finished the month 8.7% lower, and energy prices continued to rise with the oil price moving 10% higher and coal prices gaining 31%.

Looking ahead, elevated geopolitical risks, alongside the likelihood of higher interest rates this year represent potential headwinds to markets. However, in broad terms, share markets continue to appear more attractive than most other investment opportunities, including bonds and cash.

Fund Commentary

The Fiducian Geared Australian Shares Fund declined by 4.9% in May, which was below the index return of -2.6%. Ausbil has been the top performing manager over the last 12 months, and the Fund has returned 5.8% compared to a benchmark return of 4.8% over this period.

The Australian equity market (ASX200 accumulation index) declined by 2.6% in May, and was down by 1.3% year-to-date. Materials (+0.14%) was the only sector to record a gain, with property (-8.7%), IT (-8.7%) and consumer staples (-6.6%) finishing the month lower. Resources stocks outperformed on the back of economic stimulus announcements in China and continued high prices. Sectors that were exposed to rising interest rates, or to consumer spending, fared the worst.

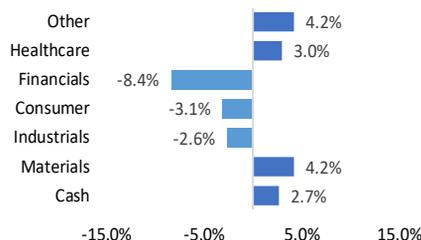
The Federal election was held in May, marking the transition to a Labor government following nine years of a Coalition government. The long-term market impact, if any, of this change is yet to play out.

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 May, the average gearing level in the Fund was 42.8%.

Top stock holdings and sector tilts

| First Sentier Top Holdings | Weight |
|----------------------------|--------|
| BHP Group | 10.7% |
| Commonwealth Bank | 9.5% |
| National Australia Bank | 7.1% |
| CSL | 5.8% |
| Woolworths | 5.3% |
| Goodman Group | 4.3% |
| James Hardie | 4.3% |
| WiseTech Global | 3.8% |
| Xero | 3.2% |
| South32 | 3.2% |

| Ausbil Top Holdings | Weight |
|-------------------------|--------|
| BHP Group | 11.0% |
| CSL | 9.3% |
| Commonwealth Bank | 9.1% |
| National Australia Bank | 7.4% |
| Macquarie Group | 5.3% |
| Santos | 4.3% |
| QBE Insurance | 3.8% |
| ANZ Bank | 3.7% |
| IGO Limited | 3.7% |
| Allkem | 3.4% |



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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.