

Fiducian Geared Australian Shares Fund



Monthly Report - October 2021

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: \$15 million (October 2021)

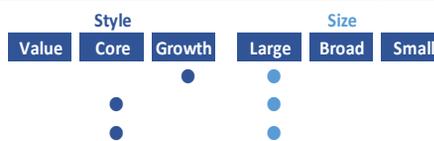
Management cost: 1.12%

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 October 2021

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	0.6%	4.4%	15.8%	58.9%	14.7%	13.7%	10.3%	12.6%
Index	-0.1%	0.5%	6.3%	28.0%	11.9%	10.9%	8.5%	10.0%
Excess	0.7%	3.9%	9.5%	30.9%	2.8%	2.8%	1.8%	2.6%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	19.1%	33.9%	27.7%	23.4%
Benchmark (Std Dev %)	10.1%	17.1%	14.3%	13.2%
Beta	1.52	1.63	1.60	1.43
Tracking Error (% pa)	10.8%	18.0%	14.4%	11.5%

Overall Morningstar Rating™

★★★

As at 31 October 2021

Investment Growth

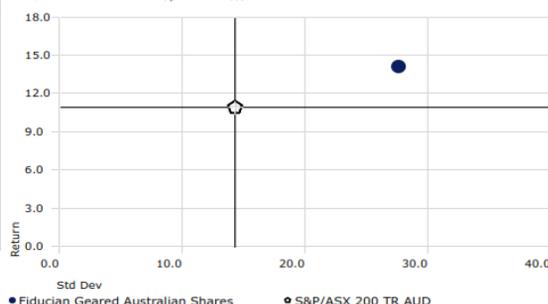
Time Period: 1/11/2016 to 31/10/2021



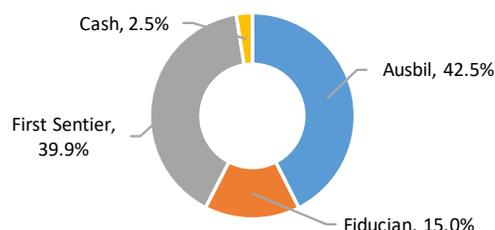
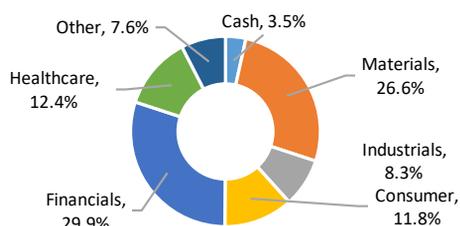
Risk-Reward

Time Period: 1/11/2016 to 31/10/2021

Calculation Benchmark: S&P/ASX 200 TR AUD



Sector exposures and current manager weights



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Market Commentary and Outlook

A broadly positive economic trend continued through October, with solid growth in consumer spending, employment and industrial output across the developed world. Growth rates for most regions are forecast to remain relatively high over the coming year as the global economy continues to recover from what has been a severe pandemic-induced slowdown.

Global equity markets had a strong month. In the US, the S&P 500 index rose by 6.9%, major European markets rose by between 2% and 5%, and the MSCI Emerging Market Index finished 1.8% higher. The Australian stock market was flat for the month. There was a material appreciation in the Australian dollar (up by 4% against the US dollar).

Long term interest rates moved higher. The Australian 10-year Government Bond yield increased from 1.2% at the end of August to 2.1% by the end of October- the highest level since March 2019. Inflation levels continue to remain elevated globally, driven in part by ongoing disruptions to supply chains that have affected a broad range of commodities, manufacturing components and consumer goods. Central banks are still expecting these factors to be transitory.

Looking ahead, leading indicators remain supportive of a continued economic recovery into next year, with the IMF forecasting global GDP growth of 5.9% this year and 5% in 2022. The risk of further disruption caused by lockdowns to counter the pandemic is lessening as vaccine rollouts continue.

Fund Commentary

The Fiducian Geared Australian Shares Fund rose by 0.7% in October, ahead of the index return of -0.1%. The Fiducian Australian Share Fund and the First Sentier Geared Fund performed a little ahead of benchmark, whilst the Ausbil Geared Shares Fund was comfortably ahead 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 +58.9%, well ahead of the benchmark return of 30.9%.

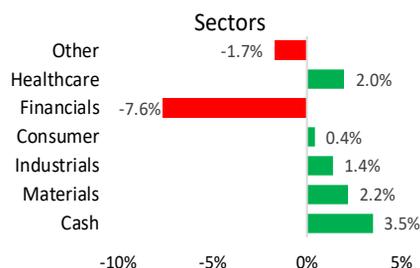
The Australian equity market was flat in October, with the ASX 200 index recording a minor drop of 0.1% for the month. The best performing sectors were Information Technology (+2.1%), Healthcare (+1.0%) and Financials (+0.8%). The Industrials (-3.3%), Energy (-2.7%) and Consumer Staples (-2.3%) sectors were the weakest.

A large number of companies held their Annual General Meetings (AGMs) during the month, and provided updates on performance. The general tone of the commentary was that the previous quarter had been difficult, as much of the country was in lockdown, but conditions were improving with the economy moving towards an imminent full reopening.

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 October, the average gearing level in the Fund was 41.4%.

Top stock holdings and sector tilts

First Sentier Top Holdings	Weight	Ausbil Top Holdings	Weight
Commonwealth Bank	8.8%	CSL	7.8%
CSL	8.4%	Commonwealth Bank	7.6%
BHP Group	6.9%	BHP	7.6%
National Australia Bank	6.4%	National Australia Bank	6.6%
Westpac Bank	5.5%	Westpac Bank	5.1%
Woolworths	4.5%	Macquarie Group	4.9%
James Hardie	4.3%	Aristocrat Leisure	4.3%
Afterpay Touch	3.9%	ANZ Bank	4.1%
Goodman Group	3.5%	Santos	3.6%
Aristocrat Leisure	3.3%	QBE Insurance	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.