

Fiducian Geared Australian Shares Fund



Monthly Report - November 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 (November 2021)

Management cost: 1.12%

Total management costs: 1.45%

Application/Exit fee: Nil

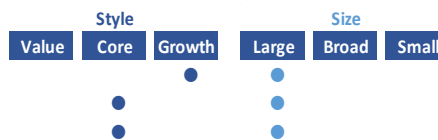
Inception Date: September 2003

Manager

First Sentier

Ausbil

Fiducian



Performance and Risk

After fee returns as at 30 November 2021

| | 1 Mth | 3 Mth | 6 Mth | 1 Yr | 3 Yrs | 5 Yrs | 7yrs | 10 Yrs |
|--------|-------|-------|-------|-------|-------|-------|-------|--------|
| Fund | -1.5% | -4.3% | 9.8% | 33.1% | 16.2% | 12.2% | 11.0% | 13.2% |
| Index | -0.5% | -2.5% | 3.3% | 15.5% | 12.6% | 10.1% | 8.9% | 10.4% |
| Excess | -0.9% | -1.9% | 6.5% | 17.6% | 3.6% | 2.1% | 2.1% | 2.9% |

Risk Exposure

| | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs |
|-----------------------------|-------|-------|-------|--------|
| Fund Volatility (Std Dev %) | 12.5% | 33.8% | 27.6% | 23.3% |
| Benchmark (Std Dev %) | 5.3% | 17.1% | 14.3% | 13.1% |
| Beta | 1.47 | 1.62 | 1.59 | 1.42 |
| Tracking Error (% pa) | 8.9% | 18.0% | 14.4% | 11.3% |

Overall Morningstar Rating™

★★★

As at 30 November 2021

Investment Growth

Time Period: 1/12/2016 to 30/11/2021



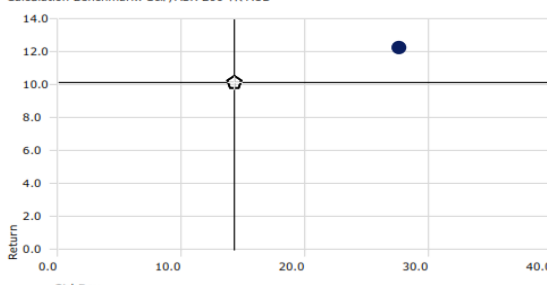
—Fiducian Geared Australian Shares

—S&P/ASX 200 TR AUD

Risk-Reward

Time Period: 1/12/2016 to 30/11/2021

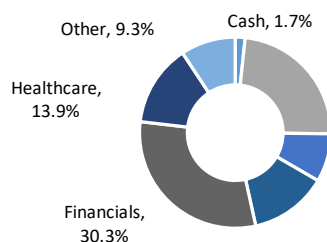
Calculation Benchmark: S&P/ASX 200 TR AUD



•Fiducian Geared Australian Shares

•S&P/ASX 200 TR AUD

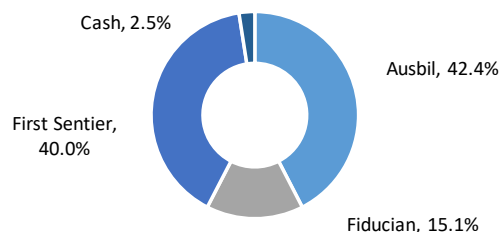
Sector exposures and current manager weights



Materials, 23.5%

Industrials, 8.2%

Consumer, 13.2%



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Market Commentary and Outlook

Economic momentum remained positive across most of the world during November, with continued growth reported in manufacturing, employment and retail spending measures. A large rise in COVID-19 infections in Europe, along with the emergence of the new “Omicron” variant put a dampener on sentiment as some lockdown measures were reinstated.

Global equity markets generally had a negative month. The broad US market index (S&P 500) was 0.7% lower, the UK market (FTSE) fell by 2.5% and the Australian market (ASX 200) was down by 0.5%. The Australian dollar dropped by 5% against the US dollar, reversing the 4% rise in October. Government bond yields mostly moved lower during the month, including the Australian 10-year Treasury Bond Yield, which fell from 2.1% back to 1.7%. Inflation rates remain elevated through much of the world due to supply chain disruptions, with the US recording a 6.8% increase in the Consumer Price Index (CPI), the highest in 39 years. The US central bank (Federal Reserve) still expects the factors that are driving this to be temporary, but also believes they may persist for longer than previously anticipated.

Looking ahead, leading indicators remain supportive of a continued economic recovery into next year, with the IMF forecasting global GDP growth of around 6% this year and 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 fell by 1.5% in November, compares to the index return of -0.5%. All three managers in the fund performed below the benchmark 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 +33.1%, well ahead of the benchmark return of 15.5%.

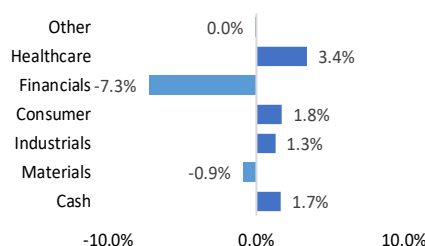
The Australian equity market fell by 0.5% in November, but was up 14.1% from the start of the year. The best performing sectors for the month were Materials (+6.2%), Communications (5.2%) and Real Estate (+4.5%). Energy (-8.4%) and Financials (-8.0%) were the weakest.

Many companies have recently provided performance updates as a part of their Annual General Meetings (AGMs). Broadly speaking, these have been positive, with most noting a difficult start to the financial year when a large part of the country was in lockdown, but greatly improved conditions as the economy moved towards a full reopening by the end of the year.

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 November, the average gearing level in the Fund was 41.9%.

Top stock holdings and sector tilts

| First Sentier Top Holdings | Weight | Ausbil Top Holdings | Weight |
|----------------------------|--------|-------------------------|--------|
| CSL | 8.6% | BHP | 8.0% |
| BHP Group | 8.0% | CSL Limited | 7.8% |
| Commonwealth Bank | 7.8% | Commonwealth Bank | 7.1% |
| National Australia Bank | 5.8% | National Australia Bank | 6.3% |
| Woolworths | 4.8% | Macquarie Group | 5.3% |
| James Hardie | 4.5% | Aristocrat Leisure | 4.0% |
| Goodman Group | 3.9% | ANZ Bank | 3.8% |
| Afterpay Touch | 3.4% | QBE Insurance | 3.6% |
| Macquarie Group | 3.3% | Lynas Corporation | 3.6% |
| Aristocrat Leisure | 3.2% | Westpac Bank | 3.3% |



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