

Fiducian Global Smaller Companies and Emerging Markets Equities Fund



Monthly Report - September 2021

Fund description

The Fund provides investors with the opportunity to combine investments in developed market small cap equities with investments in emerging market equities. Smaller companies in developed markets have shown superior long-term growth when compared with their larger peers. Emerging markets funds invest in developing countries and offer investors the opportunity to benefit from the significant growth potential inherent in many of these economies.

It is expected that by diversifying between these two segments of the international share market, investors could be somewhat cushioned against unexpected volatility and loss of capital that any one country's market, industry sector or individual share could generate. However, while this Fund could deliver high returns over the long term, it could also show periods of significant volatility.

The Fund utilises the Fiducian "Manage the Manager" process, selecting funds that provide diversification among different management styles, geographies and sectors.

It is recommended that investment in this Fund be undertaken for at least five to seven years. International share investment can be volatile over the short-term.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 093 543 849

APIR code: FPS0009AU

Benchmark: 50/50 MSCI EM/MSCI Small Cap

Current fund size \$153 million (September 2021)

Management cost: 1.28%

Total management costs: 1.33%

Application/Exit fee: Nil

Inception Date: January 1999

Manager	Style			Sector	
	Value	Core	Growth	EM	Small
Fidelity	●			●	
Vanguard Emerging		●		●	
Fiducian India			●	●	
Dimensional		●			●
Vanguard Global Small Cap		●			●
Royce Global Small Cap		●			●

Performance and Risk

After fee returns as at 30 September 2021

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-3.5%	0.9%	7.2%	31.7%	9.5%	10.9%	10.2%	11.6%
Index	-2.4%	-1.1%	5.3%	28.0%	9.9%	12.3%	11.1%	12.9%
Excess	-1.1%	2.0%	1.9%	3.8%	-0.4%	-1.4%	-0.9%	-1.4%

Risk Exposure

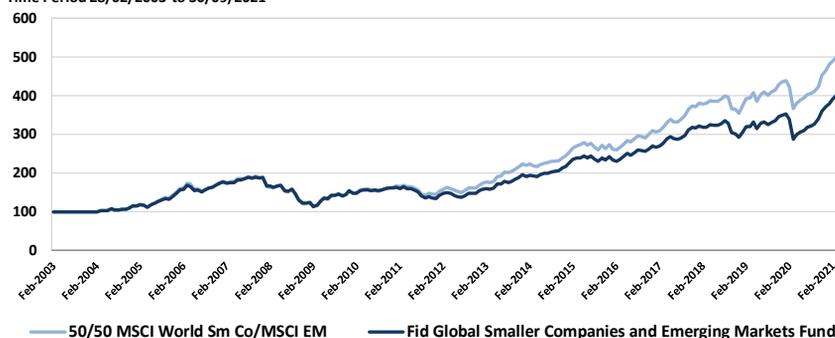
	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	8.2%	14.9%	12.3%	11.2%

Overall Morningstar Rating™

★★

As at 30 September 2021

Investment Growth
Time Period 28/02/2003 to 30/09/2021

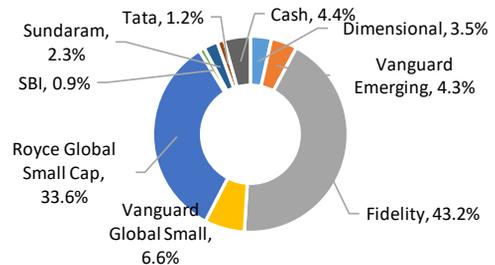
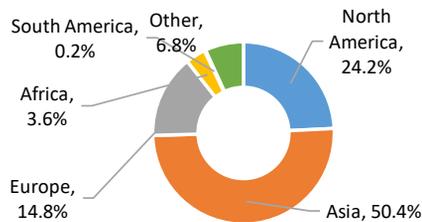


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Geographic exposures and current manager weights



Market Commentary and Outlook

Global economic indicators, including employment growth, industrial production and consumer spending, generally remained positive in September, albeit with a deceleration in growth rates as some stimulus measures began to be reduced.

Most asset classes experienced negative returns for the month. This was attributed to a number of factors, including expectations for higher interest rates, escalating energy prices and some political gridlock in the United States. Equity markets were weaker across the globe, with the MSCI World index falling by 4.3%, the US market (S&P 500) dropping by 4.8% and the Australian market (ASX 200) finishing 1.9% lower.

Bond prices also fell for the month. The US central bank (the Federal Reserve) gave further guidance about the likely conclusion of its bond purchasing programme next year as the US economy continues to recover, although any increase in interest rates is not expected until at least the latter half of 2022. In Australia, the Reserve Bank has maintained its forecast of no interest rate rises until 2024.

Looking ahead, leading indicators remain supportive of a continued economic recovery into next year, with the IMF forecasting global GDP growth of around 6.0% in 2021. The risk of further disruption caused by lockdowns to counter the pandemic remains, but is lessening as vaccine rollouts continue to progress across the globe.

Fund Commentary

The Fund fell by 3.5% in September, behind the benchmark return of -2.4%. For the 12 months to the end of September, the Fund generated a return of 31.7%, 3.8% ahead of the benchmark.

Both the MSCI Global Small Cap Index (-2.0%) and MSCI Emerging Market index (-2.8%) were weaker in September, as most global equity markets finished the month with negative returns.

Within the emerging markets index, India and China performed relatively strongly and had positive returns, while Taiwan and South Korea were weaker. Small caps performed better than large caps in the key US market, but still recorded a negative return for the month.

The Fiducian India Fund was the top performer for the month, gaining 2.1%. Both Royce (-4.0%) and Fidelity (-4.2%) underperformed their respective benchmarks during the month.

Currently, the Fund has a modest overweight position in emerging markets (52%) versus global small caps (44%). Both sectors should perform strongly as the global economy continues to recover over the coming year. Regionally, the largest exposures are Asia (largely emerging markets) followed by North America (predominantly global small caps).

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