

Fund description

The Fiducian Technology Fund allows investors to participate directly in a blend of some of the leading technology funds available worldwide. Utilising the Fiducian “Manage the Manager” process, fund managers have been chosen to balance exposure in terms of region and sector.

Managers are able to invest in technology companies anywhere in the world that can benefit from leading-edge technology and can demonstrate significant earnings growth prospects.

Investors must bear in mind that investing in a fund of this nature can involve periods of very high volatility, although superior long-run returns can likely be achieved if investors are prepared to hold investments for periods of at least 5-7 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 093 544 337

APIR code: FPS0010AU

Benchmark: 50/50 MSCI World IT/
Nasdaq Biotech Index (in AUD)

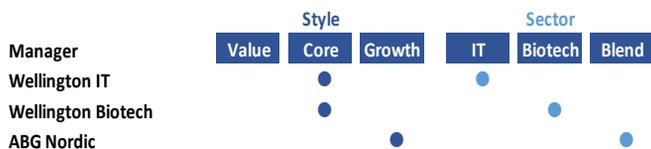
Current fund size: \$176 million (May 2022)

Management cost: 1.36%

Total management costs: 1.43%

Application/Exit fee: Nil

Inception Date: June 2000



Performance and Risk

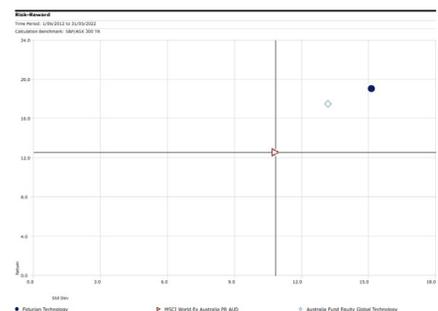
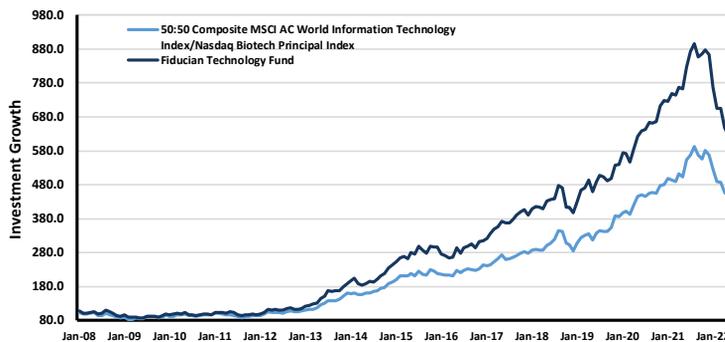
After fee returns as at 31 May 2022

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-3.6%	-11.6%	-28.9%	-18.1%	11.4%	11.3%	12.5%	18.9%
Index	-2.2%	-8.6%	-23.0%	-11.1%	11.3%	9.8%	10.4%	15.5%
Excess	-1.4%	-3.0%	-5.9%	-6.9%	0.0%	1.5%	2.1%	3.5%

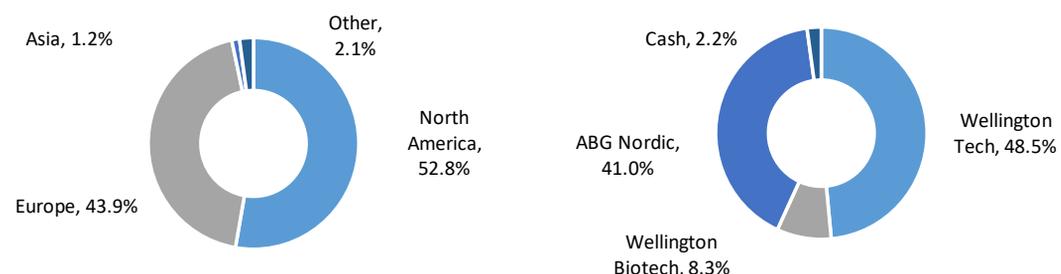
Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	20.4%	16.0%	16.1%	15.1%

Overall Morningstar Rating™
★★



Geographic exposures and current manager weights



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 Technology Fund declined by 3.6% in May, compared to the -2.2% return of the composite index. Over the 12 months to the end of April, the Fund returned -18.1%, which was 6.9% below the index. In this time, Wellington Technology has returned -10.1%, Nordic Technology has declined 24.2% and Wellington Biotechnology has declined by 26.3%, reflecting a difficult period for high growth stocks.

Technology stocks were lower in May, as rising long-term interest rates continued to weigh on the sector. The increasing evidence of a slowdown in global growth has detracted from investor confidence, although for the most part, the earnings outlook for large technology companies has changed little over the last six months and remains very positive.

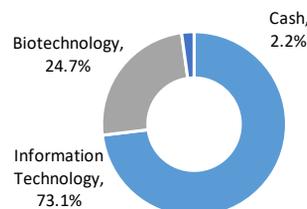
The key Nasdaq technology index was 2.5% lower, with the Nasdaq Biotechnology index faring slightly better with a decline of 1.3%.

The top stock contributors to performance of the Fund were Swedish biotechnology services provider Bico, sustainable logistics provider Urb-it and US chipmaker AMD. The main detractors were security technology company Irisity, Airbnb and Arista networks.

The Fund remains well diversified between geographies and sectors, and companies held are a blend of established sector leaders plus emerging technology businesses. An overweight position in the Information Technology sector relative to Biotechnology reflects the better growth opportunities currently available in that part of the market. The largest geographical exposure is to North America which makes up 53% of the fund, followed by Europe at 44%. This represents a material difference to the MSCI World Information Technology Index, where North America has a weighting of around 88% and Europe has a weighting of around 6%.

Top stock holdings and sector weights

Stock	Industry	Weight
Chemometec As	Life Sciences Tools	4.5%
Amazon	Internet Retail	4.1%
Sdiptech Ab	Environmental Services	3.0%
Urb-It Ab	Internet & Direct Marketing	2.9%
Apple Inc	Technology Hardware	2.8%
Fortnox Ab	Application Software	2.8%
Plejd Ab	Electrical Equipment	2.7%
Cbrain As	Application Software	2.6%
Microsoft Corp	Systems Software	2.4%
Alphabet Inc	Interactive Media	2.3%



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