

Fiducian India Fund

Indian Equities Large, Mid and Small-Caps



FIDUCIAN
INTEGRITY • TRUST • EXPERTISE

Monthly Report - July 2020

Fund Objective

The Fiducian India Fund aims to provide investors with the opportunity to invest in a well-diversified range of companies listed on Indian stock exchanges. It is managed by carefully selected Indian fund managers who are based in India and have satisfied Fiducian's selection criteria. This Fund gives investors the opportunity to invest in an economy that has been one of the fastest growing in the world in recent years.

The objective of the fund is to outperform its benchmark, the Bombay Stock Exchange 100 Index (BSE 100), after fees, over rolling five-year periods.

Fund Classification Core/Diversified **Sector** Specialist/Satellite

Fund Performance Summary

Fiducian India Fund

Current Period Return (net of fees as at end- July 2020)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	3.8%	2.7%	-22.2%	-12.7%	-4.4%	0.7%	12.6%	7.1%
Index	4.5%	3.0%	-16.4%	-11.7%	0.6%	2.1%	9.5%	3.9%
Excess	-0.7%	-0.3%	-5.7%	-1.0%	-5.1%	-1.4%	3.1%	3.3%

Calendar Year Return (net of fees)

	2012	2013	2014	2015	2016	2017	2018	2019
Fund	30.8%	15.4%	74.8%	6.1%	5.0%	36.8%	-11.0%	1.1%
Index	21.9%	7.6%	41.2%	1.0%	2.0%	28.4%	2.1%	6.6%
Excess	8.9%	8.3%	33.5%	5.0%	3.0%	8.3%	-13.1%	-5.5%

Note: Figures are annualised over 1 year.

Manager Commentary

The Fiducian India Fund rose 3.8% in July, under-performing the 4.5% rise by the benchmark (in A\$ terms). During the month, only one of the Fund's three managers out-performed the benchmark. Sundaram was the best performer with a return of 5.4%, while SBI returned +3.8% and Tata returned +2.0%.

During the month, the broader market sector rose a solid 7.7% and out-performed both the mid-cap sector (5.4%) and the small-cap sector (+5.2% in Rupee terms). Over the year to end-July, the small-cap sector (+2.6%) out-performed both the mid-cap sector (+0.8%) and the broader market (+0.8%). The Fund's small-cap manager, Sundaram, performed best over the year with a return of -4.1%, followed by Tata, which declined by 11.0% and SBI, which declined 13.8%. The Fund under-performed the index by 1.0% with a return of -12.7% in \$A terms over the year to end-July.

During July, changes were only made to the Sundaram portfolio. Exposures to Tata Consumer and Birla Corporation were increased while exposure to Dixon Technologies was reduced. A new position in Mindtree Technologies was established, while a position in Tata Chemicals was exited. Exposure to Tata was somewhat reduced during the month of July.

Stocks that contributed to portfolio performance in July included Au Small Finance Bank (+36.4%), Dixon Technologies India (+32.9%) and Infosys (+31.9%). Shares that detracted from portfolio performance were Mahindra & Mahindra Financial Securities (-22.1%), Orient Electric (-12.7%) and Avenue Supermarts (-11.0%).

Fund Facts

Portfolio Manager: Conrad Burge
Asset Sector: International Equity (Indian Equities)
Asset Code: IE23
ARSN: 125 089 456
APIR Code: FPS0013AU
Benchmark: BSE 100 Index (in \$A terms)
Inception Date: September 2007
Fund Size: \$60.0 million as at 31 July 2020
Application/Exit Fee: Nil
Management Fee: 1.74%

Investment Growth

Investment Growth

Time Period: 1/08/2011 to 31/07/2020



—Fiducian India

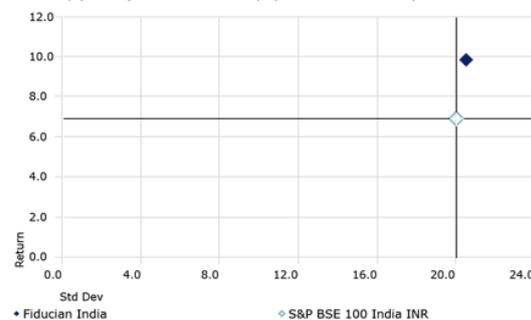
—S&P BSE 100 India INR

Risk-Reward Chart

Risk-Reward

Time Period: 1/08/2011 to 31/07/2020

Peer Group (1-100%): Funds - Australia - Equity World Other Currency: Australian Dollar



• Fiducian India

• S&P BSE 100 India INR

Managers Diversification

Manager	Style	Sector	No. of Stocks	Weights
SBI	Growth	Large Cap	49	21.1%
Sundaram	GARP	Mid & Small	25	47.6%
Tata	Growth	Multi Cap	43	29.2%
Cash				2.07%

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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.



Market & Economic Outlook

The BSE-30 and Nifty-50 indices gained 7.7% and 7.5% respectively in July, mainly driven by better-than-expected corporate earnings results, successful progress in vaccine trials and earlier-than-expected normalisation in local economic activity. A continued rapid rise in the number of new coronavirus cases and a warning by the Research Bank of India (RBI) about a potential surge in bad loans has kept market momentum in check.

Among sectors, the IT sector had a solid month, with the index gaining over 20% on the back of strong earnings by the bellwethers of the sector; while the Financials sector underperformed despite reporting a decline in debt moratoriums and an improvement in debt collection efficiency.

Foreign Institutional Investors (FIIs) were net buyers in July to the tune of US\$1.2 billion, reducing their year-to-date outflows to US\$0.9 billion. Domestic Institutions (DII) were net sellers to the tune of US\$1.3 billion in the month, reducing their year-to-date inflows to US\$10.5 billion.

Recent data indicates that the number of cases of the Covid-19 coronavirus in India has soared to over 2.5 million (a rise of over 1.5 million cases in a month) and the third highest globally, with over 50,000 fatalities. It is likely that it could take some time before new case numbers begin to decline due to the country's large and dense population. The damage to the economy after more than four months of nation-wide lockdown has been significant. While recent weekly unemployment data indicates that the employment situation and economic activities in India have improved significantly from the trough over the March to April period, it is now showing signs of moderating. This was most likely driven by a continued surge in the number of Covid-19 coronavirus cases, leading to a return of severe lockdown and movement restrictions in a number of states and major cities around the country.

Having endured over four months of lockdown and movement restrictions, the Covid-19 pandemic continues to surge and spread in India. It now appears that the development of a vaccine might be the only way to stop the spread of the disease. For one thing, India is well placed to contribute at least in the manufacture of any vaccine that might be developed over the course of the next 6 to 12 months. An Indian state-of-the-art manufacturer, Serum Institute of India, can produce about 1.5 billion doses a year of any inoculation. The company already has a deal to produce a billion doses of ChAdOx1 nCoV-19, the vaccine being developed by the University of Oxford and AstraZeneca Plc, which could win approval from U.S. and European regulators as soon as this northern hemisphere autumn.

While pent up demand could be expected to lead to a rebound in economic activity in time, for now it is uncertain if recovery can be sustained while the coronavirus continues to surge. For one thing, labour availability could be a significant challenge due to significant physical and psychological damage wreaked on the workforce, as well as limited demand support from government. This could keep overall growth prospects weak for some time. On the positive side, significant monetary policy support as well as government fiscal stimulus measures remain in place and continue to support economic activity across the country.

Portfolio Top Holdings

DIXON TECHNOLOGIES INDIA LTD	4.5%
TITAN CO LTD	4.4%
AU SMALL FINANCE BANK LTD	4.0%
INFOSYS LTD	3.9%
ICICI BANK LTD	3.8%
RELIANCE INDUSTRIES LTD	3.8%
DR LAL PATHLABS LTD	3.8%
BERGER PAINTS INDIA LTD	3.7%
TRENT LTD	2.6%
BHARTI AIRTEL LIMITED	2.5%
PI INDUSTRIES LTD	2.3%
BAJAJ FINSERV LTD	2.3%
TATA GLOBAL BEVERAGES LTD	2.2%
HDFC BANK LIMITED	2.2%
ORIENT ELECTRIC LTD	2.2%
LARSEN & TOUBRO LTD	2.0%
NATCO PHARMA LTD	1.9%
KANSAI NEROLAC PAINTS LTD	1.9%
ASTRAZENECA PHARMA INDIA LTD	1.9%
HOUSING DEVELOPMENT FINANCE	1.8%
BIRLA CORP LTD	1.7%
STATE BANK OF INDIA	1.7%
MINDTREE LTD	1.5%
PVR LTD	1.4%
JOHNSON CONTROLS HITACHI AIR	1.3%
Total	65.5%

Sector Diversification

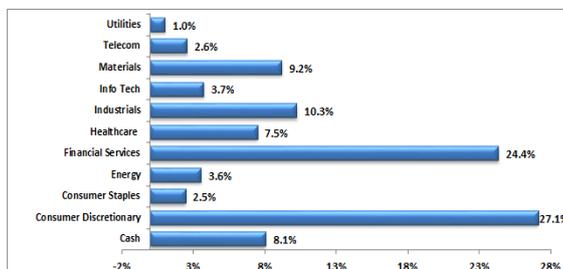


Chart of the Month

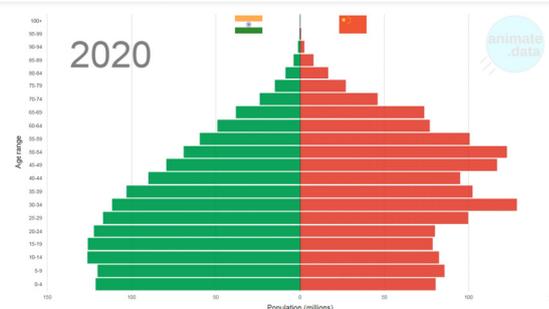


Chart: Comparing the demographics of India and China (source: visualcapitalist.com)

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