



## Monthly Report - November 2018

### Fund Description

The Fund invests in a diversified group of specialist Australian smaller company fund managers. Investments are in smaller companies listed on the Australian Stock Exchange, which are generally defined to be companies other than those in the top 100 companies by market capitalisation. Smaller companies can more readily offer diversification across a number of industries than larger companies. They also tend to perform differently at different stages of the business cycle than larger companies. Smaller companies are often more flexible with less bureaucratic management. This may allow them to respond to market opportunities more quickly and to deliver higher growth than larger company shares over the longer term. However, smaller company shares tend to be more volatile in their performance and may also be difficult to buy and sell from time to time.

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

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

### Manager Commentary

The Small Ordinaries Index fell 0.4% in November, out-performing the broader market, which fell around 2.2%. Over the rolling year to end-November, the Small Ordinaries Index fell by 1.6%, marginally under-performing the broader market, which fell around 1.0%. Within the small-cap sector, the Industrials sector bore the brunt of the fall (-10.6%) for the month, under-performing the Resources sector, which fell 6.1%. The micro-cap sector also under-performed, falling by around 10.9%.

The Fund under-performed the benchmark by 0.4% in November with a fall of 0.4%. Only 1 out of the 6 managers out-performed the index during the month. Ausbil, one of the Fund's micro-cap managers, performed best with a gain of 0.2%, followed by Novaport (-0.6%). Over the rolling year, however, the Fund out-performed the index, flat against an index loss of 1.6%. Over the year, the best performing managers were Phoenix (+5.0%) followed by one of the Fund's other micro-cap managers, Ausbil (+2.6%), which beat the index return of -1.6%.

### Fund Performance and Risk Analytics Summary

#### Investment Growth

Time Period: 1/12/2008 to 30/11/2018



#### Risk-Reward

Time Period: 1/12/2008 to 30/11/2018

Calculation Benchmark: S&P/ASX Small Ordinaries TR AUD



—Fiducian Australian Smaller Co Shares      —S&P/ASX Small Ordinaries TR AUD      •Fiducian Australian Smaller Co Shares      •S&P/ASX Small Ordinaries TR AUD

#### Current Period Return (net of fees as at 30 November 2018)

|        | 1 Mth | 3 Mth  | 6 Mth | 1 Yr  | 3 Yrs | 5 Yrs | 7yrs  | 10 Yrs |
|--------|-------|--------|-------|-------|-------|-------|-------|--------|
| Fund   | -0.8% | -10.4% | -6.5% | 0.0%  | 6.6%  | 8.9%  | 12.1% | 14.3%  |
| Index  | -0.4% | -10.3% | -8.0% | -1.6% | 10.4% | 7.1%  | 4.8%  | 7.8%   |
| Excess | -0.5% | -0.2%  | 1.5%  | 1.7%  | -3.8% | 1.9%  | 7.3%  | 6.5%   |

#### Risk Exposure

|                             | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs |
|-----------------------------|------|-------|-------|--------|
| Fund Volatility (Std Dev %) | 5.6% | 9.8%  | 10.6% | 16.4%  |
| Benchmark (Std Dev %)       | 6.0% | 9.5%  | 10.5% | 15.6%  |
| Beta                        | 0.96 | 0.91  | 0.88  | 0.92   |
| Tracking Error (% pa)       | 4.3% | 5.5%  | 5.8%  | 5.8%   |

#### Calendar Year Return (net of fees)

|        | 2010  | 2011   | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  |
|--------|-------|--------|-------|-------|-------|-------|-------|-------|
| Fund   | 10.4% | -14.1% | 24.1% | 21.9% | 6.8%  | 23.1% | 7.1%  | 13.2% |
| Index  | 13.1% | -21.4% | 6.6%  | -0.8% | -3.8% | 10.2% | 13.2% | 20.0% |
| Excess | -2.6% | 7.3%   | 17.5% | 22.7% | 10.7% | 12.9% | -6.1% | -6.8% |

Note: Figures are annualised over 1 year.

### Fund Facts

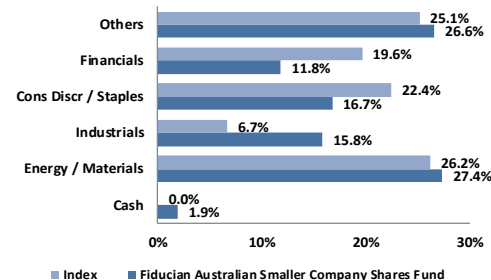
|                               |                                    |
|-------------------------------|------------------------------------|
| <b>Portfolio Manager:</b>     | Conrad Burge                       |
| <b>Asset Sector:</b>          | Australian Small Cap Equity        |
| <b>Asset Code:</b>            | SC3                                |
| <b>ARSN:</b>                  | 093 542 020                        |
| <b>APIR Code:</b>             | FPS0008AU                          |
| <b>Benchmark:</b>             | S&P/ASX Small Ordinaries           |
| <b>Inception Date:</b>        | March 1997                         |
| <b>Fund Size:</b>             | \$183.0 mil as at 30 November 2018 |
| <b>Application/Exit Fee:</b>  | Nil                                |
| <b>Management Cost:</b>       | 1.19%                              |
| <b>Total Management Cost:</b> | 2.01%                              |

(Management Costs includes the base fee charged by the RE for managing your fund. Total Management Costs includes management costs, performance fees payable to underlying managers only for outperformance, margins on cash account monies and out of pocket costs.)

### Style Tilts

| Managers   | Style     | No. of Stocks | Weight |
|------------|-----------|---------------|--------|
| Adam Smith | Value     | 43            | 8%     |
| Ausbil     | Micro-Cap | 36            | 20%    |
| Pendal     | Value     | 64            | 17%    |
| Novaport   | Value     | 41            | 21%    |
| Phoenix    | Micro-Cap | 44            | 7%     |
| QVG        | Micro-Cap | 40            | 25%    |
| Cash       |           |               | 2%     |

### Sector Weights



### Top Holdings

| Stocks                             | Weight       |
|------------------------------------|--------------|
| AURELIA METALS LTD                 | 3.0%         |
| SMARTGROUP CORP LTD                | 2.8%         |
| GTN LTD                            | 2.5%         |
| SEVEN GROUP HOLDINGS LTD           | 2.0%         |
| SERVICE STREAM LIMITED             | 2.0%         |
| COOPER ENERGY LIMITED              | 2.0%         |
| ADAIRS LTD                         | 1.8%         |
| MINERAL RESOURCES LIMITED          | 1.7%         |
| COSTA GROUP HOLDINGS LTD           | 1.7%         |
| NEARMAP LTD                        | 1.6%         |
| AUB GROUP LIMITED                  | 1.6%         |
| CITY CHIC COLLECTIVE LTD           | 1.6%         |
| IMDEX LIMITED                      | 1.5%         |
| ALLIANCE AVIATION SERVICES LIMITED | 1.4%         |
| CORPORATE TRAVEL MANAGEMENT        | 1.4%         |
| CREDIT CORP GROUP LIMITED          | 1.4%         |
| INDEPENDENCE GROUP NL              | 1.4%         |
| JUMBO INTERACTIVE LTD              | 1.4%         |
| EMECO HOLDINGS LIMITED             | 1.3%         |
| HELLOWORLD TRAVEL LIMITED          | 1.3%         |
| <b>TOTAL</b>                       | <b>35.3%</b> |

### Fiducian Investment Management Services Limited

Issued by Fiducian Investment Management Services Limited ABN 28 602 441 814 AFS Licence number 231101. This document provides general information only. It does not have regard to your objectives, financial situation or needs. We recommend that you seek financial planning advice, and consider whether this investment is appropriate to your objectives, financial situation and needs before making any investment decision.

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.