Fiducian India Fund
Indian Equities Large, Mid and Small-Caps

FIDUCIAN INTEGRITY • TRUST • EXPERTISE

Monthly Report – January 2018

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

Current Period Return (net of fees as at 31 January 2018 in $A terms)

	1 Mth	3 Mth	6 Mth	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
Fund	**-3.3%**	**1.4%**	**10.4%**	**30.3%**	**21.5%**	**10.0%**	**27.4%**	**23.6%**
Index)	0.7%	2.6%	9.4%	28.4%	17.7%	5.7%	18.1%	14.2%
Excess	-4.0%	-1.2%	0.9%	1.9%	3.7%	4.3%	9.3%	9.5%

Calendar Year return (net of fees in $A terms)

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fund	**47.2%**	**2.0%**	**-33.7%**	**30.8%**	**15.4%**	**74.8%**	**6.1%**	**5.0%**	**36.8%**
Index	50.1%	6.4%	-38.2%	21.9%	7.6%	41.2%	1.0%	2.0%	28.4%
Excess	-2.9%	-4.4%	+4.5%	+8.9%	+8.3%	+33.5%	+5.0%	+3.0%	+8.3%

Manager Commentary

The Fiducian India Fund under-performed the benchmark, falling 3.3% in January compared with a return of 0.7% by the index. Among the Fund's managers, HDFC was the best performer with a return of -0.6%, followed by SBI which fell 1.8%. Sundaram was the worst performing manager with a return of -5.2%. During the month, some inflows were directed to the Tata portfolio while exposures to the other managers remained unchanged.

During the month, both the small-cap sector (-2.7%) and the mid-cap sector (-2.6%) under-performed the broader market, the S&P BSE Sensex (+5.6%) in Rupee terms. Over the rolling year, however, the small-cap sector (+44.7%) was still significantly ahead of both the mid-cap sector (+35.1%) and the broader market (+30.0%). The Fund's small to medium-cap manager, Sundaram, performed the best over the rolling year with a return of 35.1%. Both HDFC (+27.9%) and SBI (+21.8%) under-performed against an index return of 28.4%.

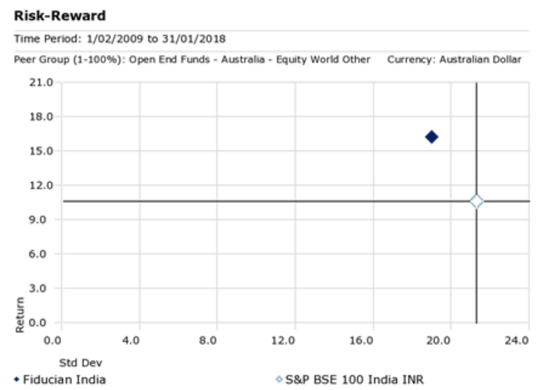
During January, a number of stock changes were made, particularly for the SBI and HDFC portfolios. New positions in Multi Commodity Exchange of India was established for the SBI portfolio, while positions in Hindustan Unilever, HDFC Ltd were reduced. New positions in Oriental Bank of Commerce, Apollo Tyres Ltd and Union Bank of India were established for the HDFC portfolio while positions in Hindustan Construction, Prism Cement, Greenply Industries, Axis Bank and Infosys were reduced. Positions in Mayur Uniquoters Ltd were exited for the HDFC portfolio. Positions in Dish TV India, ITC, Power Finance Corporation Ltd and Power Grid Corporation of India Ltd were increased for the HDFC portfolio. For the Sundaram portfolio, no changes were made during January. The Fund's largest exposure continued to be Sundaram at around 44%, which in relative terms has been the best performer over the longer term. The mid-cap and small-cap sectors continued to be where more attractive opportunities could be found.

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: $84.4 million as at 31 January 2018
Application/Exit Fee: Nil
Management Fee: 1.74%

Investment Growth

Risk-Reward Chart



Managers Diversification

Manager	Style	Sector	No. of Stocks	Weights
SBI	Growth	Large Cap	44	14.5%
Sundaram	GARP	Mid & Small	26	43.7%
HDFC	GARP	Multi Cap	31	22.6%
TATA	Growth	Multi Cap	41	18.0%
Cash				1.2%

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Market & Economic Outlook

The Sensex and Nifty Indices began the 2018 year strongly with a gain of 5.6% and 4.7% respectively. Information Technology (IT), Banking and Capital Goods were the major outperformers whilst Auto, Power, Healthcare, and Consumer Durables were the major underperformers. Better-than-expected corporate results, projection of strong economic growth by the IMF and lower requirement for additional borrowing by the Government of India boosted investor sentiment. The Indian Rupee depreciated by around 2.8% against the Australian Dollar during the month, resulting in a benchmark gain of around 0.7% in AUD terms.

Foreign funds (Fiis) bought US$2 billion worth of equities while domestic institutional investors (DIIs) sold US$140 million during the month. For the 2017 year, FIIs invested US$7.7 billion in Indian markets whereas DIIs bought US$13.9 billion worth of equities.

India’s Wholesale Price Index (WPI) slowed marginally to 3.6% in December after hitting an eight-month high in November at 3.9% (year-on-year), largely driven by an increase in food and energy prices. While the fuel price index rose by 9.2%, the food prices index rise moderated from 6.1% to 4.7%. The Index of Industrial Production (IIP) index soared 8.8% after rising moderately by 2.2% in in the previous month. This was mainly driven by a solid rise in manufacturing activities which rose 10.2%. Electricity generation also increased strongly at 3.9%.

The Indian Finance Ministry recently released the public sector banks recapitalisation details with an initial capital infusion of around 880 billion Rupees in the form of recap bonds. A significant portion of this is to provide regulatory capital earmarked for capital deficient banks. In return, the Government expects these banks to undertake several operational reforms including higher financial inclusion.

The Finance Minister, Arun Jaitley, recently presented the last full budget of the incumbent Narendra Modi government before the next general elections to be held sometime in 2019. The Budget reflected the Government's firm commitment to substantially boost investment in the agriculture, social sector, technology, infrastructure sectors to boost employment on the one hand and simultaneously stick to a path of fiscal rectitude by aiming for a reduction in the fiscal deficit by 0.2% of GDP. The budget appeared to be pro rural growth but the success of the budget relies on higher GST revenue collection, benign oil prices and strong recovery in the rural economy. On an aggregate basis, this could be considered to be a well balanced budget. On the revenue side, the projection of 16.6% growth also appeared to be reasonable considering the current successes it had achieved with the reforms implemented so far.

SNIPPETS

1. India recently celebrated its 69th Republic Day with leaders of the ASEAN countries. This was particularly significant as the Southeast Asian bloc completed its 50 years of formation and India completed its 25 years of partnership.

2. There will be around 730 million Internet users in India by 2020.

3. India is expected to become the third-largest consumer economy by 2025.

Portfolio Top Holdings

Stocks	Weight
ICICI BANK LTD	4.5%
V-GUARD INDUSTRIES LTD	3.3%
GRUH FINANCE LTD	3.3%
SUNDRAM FASTENERS LIMITED	3.0%
YES BANK LTD	3.0%
STATE BANK OF INDIA	2.8%
BALKRISHNA INDUSTRIES LTD	2.6%
LARSEN & TOUBRO LTD	2.3%
TI FINANCIAL HOLDINGS LTD	2.3%
TITAN CO LTD	2.2%
INDRAPRASTHA GAS LTD	2.1%
NATCO PHARMA LTD	2.0%
HDFC BANK LTD	1.9%
THERMAX LTD	1.9%
FEDERAL BANK LTD	1.7%
TATA CHEMICALS LIMITED	1.7%
HOUSING DEVELOPMENT FINANCE	1.7%
HERITAGE FOODS LTD	1.7%
RELIANCE INDUSTRIES LTD	1.7%
INSECTICIDES INDIA LTD	1.5%
INFOSYS LTD	1.5%
VST TILLERS TRACTORS LIMITED	1.5%
DR LAL PATHLABS LTD	1.5%
CUMMINS INDIA LTD	1.4%
MAX FINANCIAL SERVICES LTD	1.3%
Total	54.4%

Sector Diversification

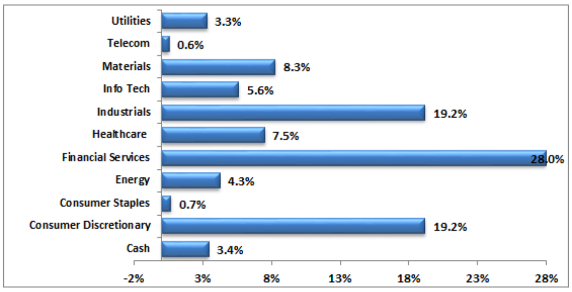

Chart of the Month

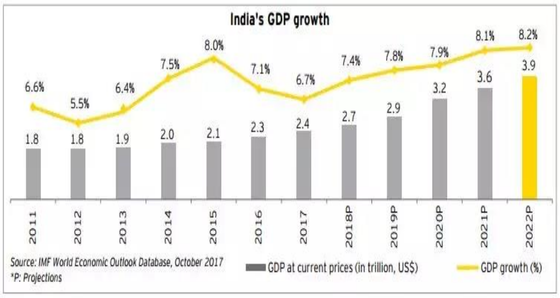

Chart: India Economic Growth Projections (source: IMF)