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

FIDUCIAN
INTEGRITY • TRUST • EXPERTISE

Monthly Report – March 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 28 February 2018 in $A terms)

	1 Mth	3 Mth	6 Mth	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
Fund	**-3.4%**	**-4.9%**	**6.3%**	**20.8%**	**26.2%**	**8.9%**	**25.3%**	**23.9%**
Index)	-3.8%	-2.2%	5.5%	18.5%	21.0%	4.0%	16.4%	14.7%
Excess	0.4%	-2.7%	0.8%	2.4%	5.2%	5.0%	8.9%	9.2%

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 marginally out-performed the benchmark, falling 3.4% in February compared with a return of -3.8% by the index. Among the Fund's managers, Sundaram was the best performer with a return of -2.1%, followed by SBI which fell 2.8%. HDFC was the worst performing manager with a return of -6.4%, which appeared to be due to its exposures to the heavily sold-off financials sector. During the month, some inflows were directed to the Tata portfolio while exposures to the other managers remained unchanged.

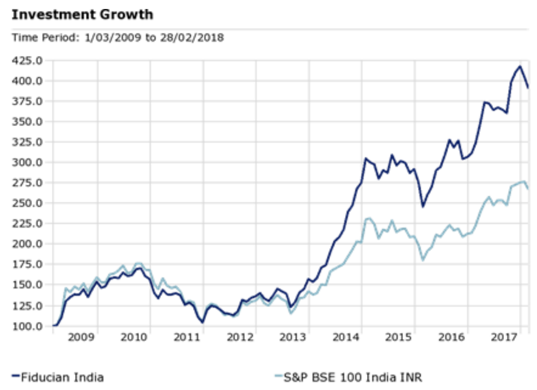
During the month, the small-cap sector (-3.1%) out-performed both the mid-cap sector (-4.6%) and the broader market, the S&P BSE Sensex (-4.9%) in Rupee terms. Over the rolling year, however, the small-cap sector (+32.4%) was still significantly ahead of both the mid-cap sector (+22.2%) and the broader market (+18.2%). The Fund's small to medium-cap manager, Sundaram, performed the best over the rolling year with a return of 26.1%. Both HDFC (+15.2%) and SBI (+14.5%) under-performed the index return of 18.5%.

During February, no changes were made to the SBI, Sundaram or Tata portfolios. In the case of the HDFC portfolio, new positions in Aurobindo Pharma and Hindustan Petroleum Corporation were established, while positions in ICICI Bank and Larsen & Toubro Ltd were reduced. Positions in Power Finance, LIC Housing, Oreintal Bank of Commerce, Bank of India, Union Bank of India, Texmaco Rail & Engineering and Hindustan Construction were increased for the HDFC portfolio. 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.

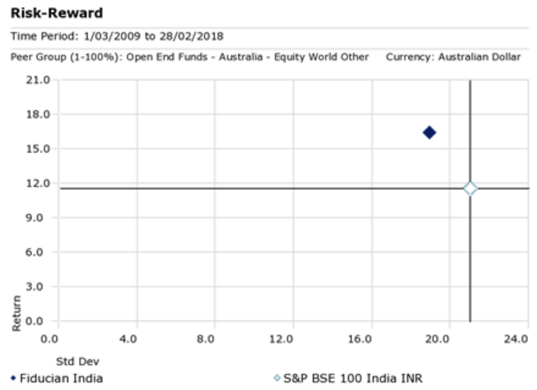
Fund Facts

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:	$82.4 million as at 28 February 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	43.9%
HDFC	GARP	Multi Cap	31	21.7%
TATA	Growth	Multi Cap	41	19.1%
Cash				0.8%

Market & Economic Outlook

The Sensex and the Nifty Index declined by 5.0% and 4.9% respectively in the month of February. Rising bond yields, a widening trade deficit, the introduction of long-term capital gains tax on equities and the discovery of a large banking fraud at Punjab National Bank helped to drag the market down. The Information Technology, Consumer Goods, Healthcare, Power and Auto sectors were the major outperformers whilst the Banking, Capital Goods, Consumer Durables, Realty and Oil & Gas sectors were the major underperformers. The Indian Rupee appreciated by around 1.1% against the Australian Dollar during the month, resulting in a benchmark loss of around 3.8% in AUD terms.

Foreign funds (Fiis) sold US$1.5 billion worth of equities while domestic institutional investors (DIIs) bought US$2.5 billion million during the month.

India's Wholesale Price Index (WPI) declined to 2.8% in January compared to 3.6% (year-on-year) in December driven by a broad based decline across all major groups. CPI inflation eased to 5.1% in January after a 5.2% rise in December. A sharp contraction in food inflation (-1.2%) negated the sequential increase in housing and transport and communication prices. Food inflation eased to 4.7% from 5.0% in December 2017. Core inflation was stable at 5.0%

Real GDP accelerated to 7.2% in the third quarter compared to 6.3% in the second quarter. Nominal GDP growth pleasingly improved by 11.9% from 10.0% in the second quarter. This was largely led by a pickup in industrial growth (6.8%). Within the industry sector, manufacturing (+8.1%) and construction (6.8%) were the key contributors. Meanwhile, the agricultural sector rebounded to 4.1% (from 2.7%) and the service sector also firmed up with growth of 7.7% (from 7.1%).

In the Union Budget 2018-19, the Government stuck to its roadmap on fiscal consolidation. Fiscal slippage in 2017-18 was limited to 30bps and the revised deficit estimate is pegged at 3.5% of GDP. The shortfall in indirect tax collection, profits transfer from RBI and telecom related receipts were only partly offset by higher direct taxes and disinvestment receipts.

The economy has started to recover from cyclical and structural bottlenecks witnessed over the past two years. It is expected that the economy will continue to recover gradually as disruptions caused by the implementation of GST continues to fade. It is also expected that domestic consumption will improve amid stable wages and expected payouts from states' implementation of the 7th Central Pay Commission (CPC). The CPC would bring an average 23.5% raise in income for about 10 million Central Government employees and pensioners potentially leading to higher consumption.

Improving global growth prospects are also expected to remain supportive of growth in India. At the same time, the ongoing gradual improvement in private investment continues to provide hope of a revival in the capex cycle. The Indian economy appears to have transitioned from restoring macro stability to undertaking economic and institutional reforms and is well placed for the next phase of growth recovery.

SNIPPETS

1. Indian companies with over 100 employees are required by law to consult the government before they fire an employee.

2. 844 dialects and 17 major languages are spoken in India.

3. India has one of the lowest divorce rates globally even though arranged marriages are the most common form of marriage.

Portfolio Top Holdings

Stocks	Weight
ICICI BANK LTD	3.8%
V-GUARD INDUSTRIES LTD	3.6%
SUNDRAM FASTENERS LIMITED	3.3%
GRUH FINANCE LTD	3.1%
YES BANK LTD	2.8%
BALKRISHNA INDUSTRIES LTD	2.6%
STATE BANK OF INDIA	2.5%
TI FINANCIAL HOLDINGS LTD	2.4%
INDRAPRASTHA GAS LTD	2.2%
TITAN CO LTD	2.1%
LARSEN & TOUBRO LTD	1.8%
THERMAX LTD	1.8%
NATCO PHARMA LTD	1.8%
TATA CHEMICALS LIMITED	1.7%
RELIANCE INDUSTRIES LTD	1.7%
FEDERAL BANK LTD	1.7%
VST TILLERS TRACTORS LIMITED	1.7%
HOUSING DEVELOPMENT FINANCE	1.7%
HERITAGE FOODS LTD	1.6%
INFOSYS LTD	1.6%
DR LAL PATHLABS LTD	1.5%
INSECTICIDES INDIA LTD	1.4%
BERGER PAINTS INDIA LTD	1.3%
EICHER MOTORS LTD	1.3%
MAX FINANCIAL SERVICES LTD	1.3%
Total	52.4%

Sector Diversification

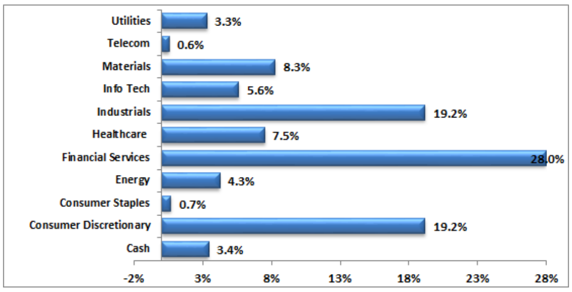


Chart of the Month

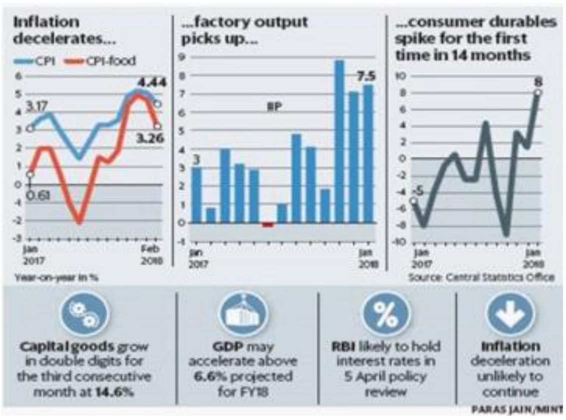


Chart: India Economy back on track (source: Tata Asset Management Research)