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 31 March 2018 in $A terms)

	1 mth	3 mth	6 mth	1 year	2 years	3 years	5 years	7 years	10 years
Fund	**-2.5%**	**-8.9%**	**4.9%**	**9.8%**	**21.1%**	**8.6%**	**23.9%**	**14.9%**	**10.3%**
Index	-2.1%	-5.1%	5.5%	9.0%	16.0%	4.2%	14.8%	6.4%	4.3%
Excess	-0.4%	-3.8%	-0.6%	0.8%	5.1%	4.4%	**9.1%**	**8.5%**	**6.0%**

Note: Returns over a year were annualised.

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 under-performed the benchmark, falling 2.5% in March compared with a return of -2.1% by the index. Among the Fund's managers, Sundaram was the best performer with a return of -0.8%, followed by SBI which fell 1.7%. HDFC was the worst performing manager with a return of -6.1%, which appeared to be due to its exposure to the heavily sold-off financials sector. The market appeared concerned about the health of the financial sector, following revelation of a banking fraud at Punjab National Bank. During the month, exposures to the other managers remained unchanged.

During the month, the small-cap sector (-6.2%) under-performed both the mid-cap sector (-3.6%) and the broader market, the S&P BSE Sensex (-3.5%) in Rupee terms. Over the rolling year, however, the small-cap sector (+17.7%) was still ahead of both the mid-cap sector (+13.2%) and the broader market (+10.6%). The Fund's small to medium-cap manager, Sundaram, performed the best over the rolling year with a return of 15.8%. Both HDFC (+1.0%) and SBI (+5.9%) under-performed the index return of 9.0%.

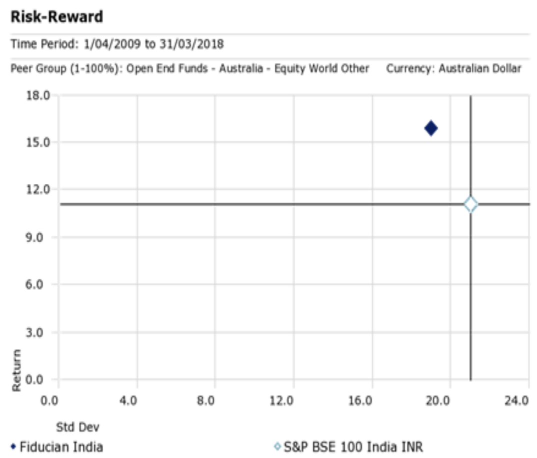
During March, no changes were made to either the Sundaram or Tata portfolios. In the case of the HDFC portfolio, a new position in Voltas Limited was established, while the position in Infosys Limited was reduced. Voltas Limited is a residential and commercial air conditioner manufacturer which could benefit from rising income and the low penetration rate of air conditioning in India. A position in NTPC Limited was decreased while a new position in Godrej Properties was established for the SBI portfolio during March. 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: $81.0 million as at 31 March 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	47	14.5%
Sundaram	GARP	Mid & Small	25	44.3%
HDFC	GARP	Multi Cap	34	20.7%
TATA	Growth	Multi Cap	41	18.9%
Cash				1.6%

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Market & Economic Outlook

The Sensex and the Nifty Index declined by 3.6% each in the month of March in local Rupee terms. Rising bond yields, political uncertainties and global trade frictions dragged the market down in the month. In addition, the discovery of a large banking fraud at Punjab National Bank continued to haunt the market, particularly the financial sector. The Consumer Durables, Fast Moving Consumer Goods (FMCG), Capital Goods, Information Technology and Auto Indices were the major outperformers whilst Realty, Healthcare and Oil & Gas sectors were the major underperformers. The Indian Rupee appreciated by around 1.2% against the Australian Dollar during the month, resulting in a benchmark loss of around 2.1% in AUD terms.

Foreign funds (Fiis) bought US$1.9 billion worth of equities while domestic institutional investors (DIIs) bought US$0.7 billion during the month.

India's Wholesale Price Index (WPI) eased to a 7 month low of 2.5% in February compared to 2.8% (year-on-year) in January, driven by a broad based decline across most major groups. CPI inflation eased to 4.4% in February after a 5.1% rise in January. A sharp contraction in food inflation and beverages (-3.4%) contributed most to the fall.

India's Industrial Production recorded robust growth of 7.5% (year-on-year) in January compared to a rise of 7.1% in December. The manufacturing sector, which accounts for more than three quarters of the index soared 8.7% in January as compared with 8.5% in December, driven by an improvement in the production of consumer durables and consumer non-durables as well as capital goods. Consumer durables output rose a solid 8.0% in January as compared with a meagre 0.9% rise in December, while consumer non-durables grew 10.5% in January from the 16.5% jump recorded a month ago.

Going forward, the market seems to be focusing on the looming state and federal elections due later this year and in 2019. The market broadly appeared to be pricing in the incumbent government but with fewer seats for the BJP party but improved performances by some of its coalition partners.

The economy has started to recover from the cyclical and structural bottlenecks witnessed over the past two years as reflected in the activity indicators, high frequency data and robust corporate earnings. We expect the economy to recover gradually as GST-related disruptions dissipate and as consumption improves amid stable wages and expected payouts from states' implementation of the 7th Central Pay Commission (CPC). The CPC will raise the income for about 10 million public employees and pensioners by an average of 23.5%. It will put more cash- digital or physical- into the hands of salaried people, which could likely lead to higher consumption.

A strong macro environment, continued structural economic reforms and long-term structural drivers including demographic advantage, low household debt, and limited penetration across different consumer categories, increased potential for financial savings and urbanisation make India a compelling equity story from a medium to long term perspective.

SNIPPETS

1. The Indian economy only began to move away from a state-directed socialist model in the early 1990s, when a balance-of-payments crisis triggered the first round of economic reforms and market liberalisation.

2. Sanskrit, one of the many languages spoken in India, is one of the oldest languages in the world.

3. More than a million Indians are millionaires, yet most Indians survive on less than two dollars a day.

Portfolio Top Holdings

Stocks	Weight
ICICI BANK LTD	3.5%
GRUH FINANCE LTD	3.4%
SUNDRAM FASTENERS LIMITED	3.4%
V-GUARD INDUSTRIES LTD	3.4%
YES BANK LTD	2.8%
BALKRISHNA INDUSTRIES LTD	2.6%
STATE BANK OF INDIA	2.6%
TITAN CO LTD	2.5%
TI FINANCIAL HOLDINGS LTD	2.4%
INDRAPRASTHA GAS LTD	2.1%
LARSEN & TOUBRO LTD	1.9%
THERMAX LTD	1.8%
NATCO PHARMA LTD	1.8%
TATA CHEMICALS LIMITED	1.8%
HOUSING DEVELOPMENT FINANCE	1.7%
HERITAGE FOODS LTD	1.7%
VST TILLERS TRACTORS LIMITED	1.7%
FEDERAL BANK LTD	1.7%
RELIANCE INDUSTRIES LTD	1.7%
DR LAL PATHLABS LTD	1.5%
EICHER MOTORS LTD	1.4%
BERGER PAINTS INDIA LTD	1.4%
INSECTICIDES INDIA LTD	1.4%
BAYER CROPSCIENCE LTD	1.3%
MAX FINANCIAL SERVICES LTD	1.2%
Total	52.6%

Sector Diversification

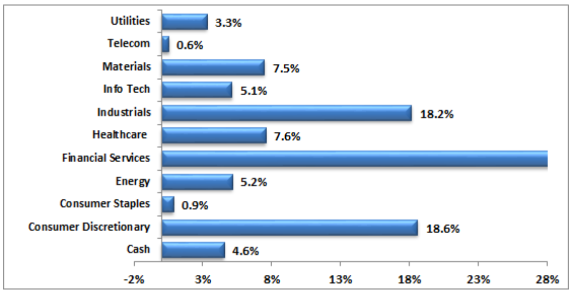

Chart of the Month

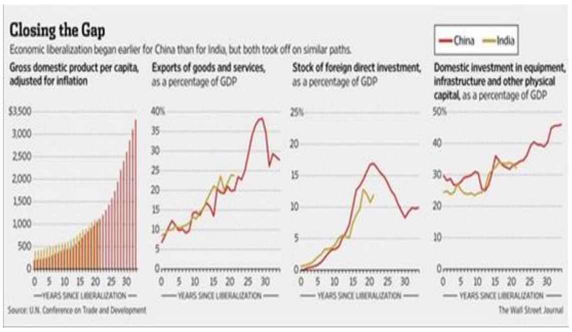

Chart: India compared to China economic liberalisation path (source: The Wall Street Journal)