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

Monthly Report – May 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 May 2018 in $A terms)

	1 mth	3 mth	6 mth	1 year	2 years	3 years	5 years	7 years	10 years
Fund	**-4.9%**	**-1.6%**	**-6.4%**	**3.5%**	**15.2%**	**9.9%**	**21.5%**	**15.7%**	**10.7%**
Index	-3.0%	0.9%	-1.3%	4.1%	12.2%	6.7%	13.4%	8.0%	5.1%
Excess	-1.9%	-2.5%	-5.1%	-0.6%	3.0%	3.1%	**8.1%**	**7.7%**	**5.6%**

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 under-performed the benchmark, falling 4.9% in May compared with a decline of 3.0% by the index. Among the Fund's managers, SBI was the best performer with a return of -2.6%, followed by Tata which fell 3.2%. HDFC was the worst performing manager with a return of -8.0%, which appeared to be due to its exposure to the pharmaceuticals and utilities sectors as well as, to a lesser extent, the financials sector. The market still appeared to be concerned about the health of the financial sector, following previous 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 (-6.3%) under-performed both the mid-cap sector (-5.9%) and the broader market, the S&P BSE Sensex (+0.5%) in Rupee terms. Over the rolling year, the small-cap sector (+14.4%) was ahead of both the mid-cap sector (+9.5%) and the broader market (+11.2%). The Fund's small to medium-cap manager, Sundaram, performed the best over the rolling year with a return of 11.8%. Both HDFC (-11.4%) and SBI (+1.5%) under-performed the index return of 4.1%.

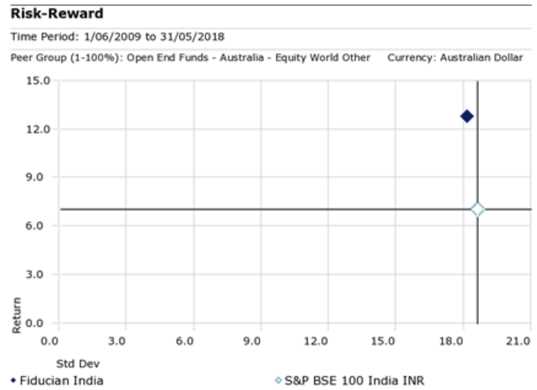
During May, no changes were made to either the Sundaram or HDFC portfolios. In the case of the Tata portfolio, a position in JK Cement was exited. For the SBI portfolio, only two changes were made, including the removal of VA Tech Wabag Ltd and the establishment of a new position in The Indian Hotels Co Ltd. The Fund's largest exposure continued to be Sundaram at around 47%, 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: $84.3 million as at 31 May 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	14.2%
Sundaram	GARP	Mid & Small	25	46.6%
HDFC	GARP	Multi Cap	34	18.9%
TATA	Growth	Multi Cap	41	19.6%
Cash				0.78%

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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.

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Market & Economic Outlook

The Sensex and Nifty Index ended flat in May in local Rupee terms,amid rising crude prices, weak fourth quarter corporate earnings and some political uncertainty. The Bank sector was the only relative out-performer whilst Realty, Healthcare and Consumer Durables were the major underperformers. The Indian Rupee was weaker against the Australian Dollar by around 2.0% during the month, resulting in a benchmark loss of around 3.0% in AUD terms.

Foreign funds (Fiis) sold around US$1.4 billion worth of equities, while domestic institutional investors (DIIs), encouragingly bought US$2.2 billion during the month.

India's Wholesale Price Index (WPI) rose sharply to 3.2% in April after sitting at an 8 month low of 2.5% (year-on-year) in March mainly on account of higher primary food and energy inflation. Primary food inflation rose 0.9% (year on year) after rising 0.3% in March. Energy inflation was up 7.9% after rising 4.7% in March. Core manufacturing inflation rose further to 3.7% led largely by chemicals and chemical products.

India's Industrial Production moderated to a five-month low of 4.4% as against 7.1% in February. This was largely led by a slowdown in the manufacturing sector, which slowed to 4.4% compared to 8.5% in February. Within manufacturing, eleven out of the twenty-three industry groups registered positive growth compared to 15 during the month of February.

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

The Indian Government's renewed commitment to spur the infrastructure investment cycle has already resulted in improved execution on the ground. A focus on rural incomes and spending also appears to be helping in promoting broad-based economic growth throughout India and could serve as a long-term driver of consumption. Stress in the banking system has also seen some significant Government focus, as expected, with a recognition of the need for higher provisions for bad loans and of the need for bank recapitalisation. In many positive respects, the government has been laying the foundation for better sustainable growth over the long-term through broader reforms as well as more efficient administration.

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. India has the world's largest movie industry, (Bollywood), based in Bombay (formally known as Mumbai). The B in "Bollywood" comes from Bombay.

2. Hindi and English are the official languages of India. The government also recognizes 17 other languages including Punjabi, Sanskrit, Sindhi, Tamil, Telugu, and Urdu.

3. India experiences six seasons: summer, autumn, winter, spring, summer monsoon, and winter monsoon.

4. India is the world's largest tea producer, and tea (chai) is its most popular beverage.

Portfolio Top Holdings

Stocks	Weight
GRUH FINANCE LTD	4.0%
ICICI BANK LTD	3.7%
SUNDRAM FASTENERS LIMITED	3.6%
V-GUARD INDUSTRIES LTD	3.1%
YES BANK LTD	3.0%
STATE BANK OF INDIA	2.7%
BALKRISHNA INDUSTRIES LTD	2.6%
TITAN CO LTD	2.3%
TI FINANCIAL HOLDINGS LTD	2.3%
LARSEN & TOUBRO LTD	1.9%
NATCO PHARMA LTD	1.9%
INDRAPRASTHA GAS LTD	1.8%
TATA CHEMICALS LIMITED	1.8%
THERMAX LTD	1.8%
VST TILLERS TRACTORS LIMITED	1.7%
HERITAGE FOODS LTD	1.6%
HOUSING DEVELOPMENT FINANCE	1.6%
RELIANCE INDUSTRIES LTD	1.6%
BERGER PAINTS INDIA LTD	1.6%
FEDERAL BANK LTD	1.5%
EICHER MOTORS LTD	1.5%
HDFC BANK LTD	1.4%
DR LAL PATHLABS LTD	1.4%
INSECTICIDES INDIA LTD	1.4%
MAHINDRA HOLIDAYS AND RESORTS	1.3%
Total	52.9%

Sector Diversification

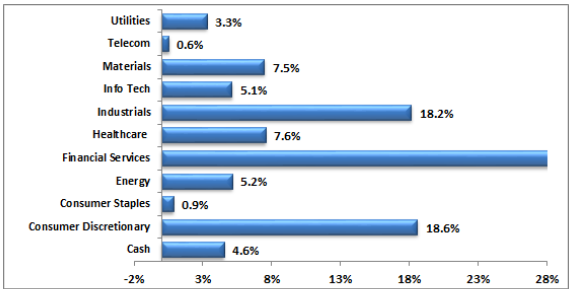

Chart of the Month

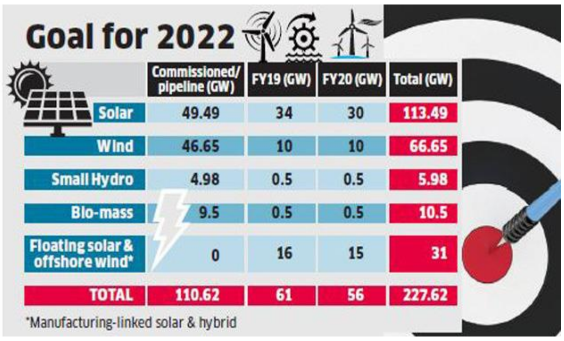

Chart: India Renewable Energy Target (source: Tata Asset Management)

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