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

Monthly Report – December 2017

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 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: $86.4 million as at 31 December 2017
Application/Exit Fee: Nil
Management Fee: 1.74%

Fund Performance Summary

Current Period Return (net of fees as at 31 December 2017 in $A terms)

	1 Mth	3 Mth	6 Mth	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
Fund	**1.8%**	**15.2%**	**15.1%**	**36.8%**	**19.8%**	**15.1%**	**27.7%**	**25.2%**
Index)	0.9%	11.1%	11.5%	28.4%	14.4%	9.8%	16.9%	15.0%
Excess	0.9%	4.1%	3.6%	8.3%	5.4%	5.3%	10.8%	10.2%

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%

Investment Growth

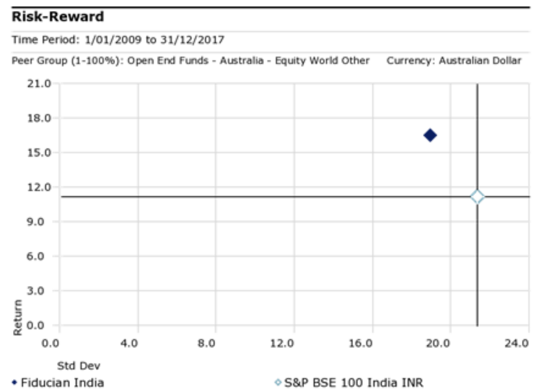
Manager Commentary

The Fiducian India Fund out-performed the benchmark, rising 1.8% in December compared with a return of 0.9% by the index. Among the Fund's managers, Tata was the best performer with a return of 4.0%, followed by HDFC which gained 3.2%. 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 (+5.5%) out-paced both the mid-cap sector (+5.3%) and the broader market, the S&P BSE Sensex (+2.7%) in Rupee terms. Over the 2017 calendar year, the small-cap sector (+59.6%) was still significantly ahead of both the mid-cap sector (+48.1%) and the broader market (+27.9%). The Fund's small to medium-cap manager, Sundaram, performed the best over the 2017 calendar year with a return of 46.5% followed by HDFC (+30.6%) against an index return of 28.4%. SBI was the only under-performer, rising 23.9%.

During December, a number of stock changes were made, particularly for the SBI and HDFC portfolios. New positions in Bank of Baroda and Shree Cement Ltd were established for the SBI portfolio, while positions in Atul Ltd and Ramco Cements Ltd were exited. Positions in ITC Ltd, LIC Housing Finance Ltd, Lupin Ltd, KSK Energy Ventures Ltd, Power Grid Corporation of India Ltd and Power Finance Corporation Ltd were increased for the HDFC portfolio. For the Sundaram portfolio, a new position was established in TI Financials Holdings Ltd. The Fund's largest exposure continued to be Sundaram at around 45%, 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.

Risk-Reward Chart



Managers Diversification

Manager	Style	Sector	No. of Stocks	Weights
SBI	Growth	Large Cap	44	14.4%
Sundaram	GARP	Mid & Small	26	45.0%
HDFC	GARP	Multi Cap	31	22.2%
TATA	Growth	Multi Cap	41	17.4%
Cash				0.9%

Market & Economic Outlook

In the month of December 2017, the Sensex and Nifty Indices gained 2.7% and 3% respectively. Investors remained cautious on weak macroeconomic data points, surging crude prices and geopolitical risks, but were cushioned by the ruling BJP party winning state elections in Gujarat and Himachal Pradesh. The Indian Rupee depreciated by around 2.1% against the Australian Dollar during the month, resulting in a benchmark gain of around 0.9% in AUD terms.

Foreign funds (Fiis) sold US$1 billion worth of equities while domestic institutional investors (DIIs) bought US$1.2 billion 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) hit an eight-month high in November at 3.9% (year-on-year), compared to 3.6% in October, driven by an increase in food and fuel prices, in line with a similar spike in retail inflation. While the fuel price index rose by 8.8%, the food prices index rose 6.1%. The Index of Industrial Production (IIP) index grew at a slower pace of 2.2% in October, 2017 compared to 4.1% y-o-y growth in the previous month. This was mainly due to a slowdown in mining and manufacturing activity, coupled with a decline in the output of consumer durables.

The incumbent government party's victory in the recent state elections of Gujarat and Himachal Pradesh could remove politics from the equation for most of 2018 and potentially shift the focus of the market to earnings and the bigger macroeconomic picture. It is unlikely there would be any major shift in the government's economic policies as it will likely continue with broader ongoing reforms in areas of fiscal (GST) and investment (ease of doing business). The government could also increase its focus on specific programs to revive investment and the rural economy (such as increased spending on rural electricity, roads and water).

The government appears to have succeeded in restoring macroeconomic stability by pushing through much needed economic and institutional reforms and preparing the country for the next phase of growth recovery. Even though a fully-fledged pick-up in the capex cycle appeared to be some time away, the general expectation is of a recovery in the latter part of next financial year, largely led by private investment. However, any lag in a capex cycle revival could pose downside risks to next year's forecast of 7.4% growth. Also, if the current rise in the oil price (currently > US$60 per barrel) persists versus base-case market expectation of around US$55 per barrel for the 2019 financial year, it could affect growth, inflation, the current account deficit and the fiscal balance sheet.

SNIPPETS

1. Indian Mutual Fund industry AUM now stands at INR 22.7 trillion. Debt AUM stands at INR 13.0 trillion.

2. The International rating agency Moody's Investors Service upgraded India's sovereign bond rating for the first time in nearly 14 years to Baa2 from Baa3.

3. India's ranking jumped up 30 notches into the top 100 rankings on the World Bank's 'ease of doing business' index, due to major improvements in indicators such as resolving insolvency, paying taxes, protecting minority investors and accessing credit.

Portfolio Top Holdings

Stocks	Weight
ICICI BANK LTD	4.1%
V-GUARD INDUSTRIES LTD	3.4%
SUNDRAM FASTENERS LIMITED	3.3%
GRUH FINANCE LTD	2.8%
STATE BANK OF INDIA	2.8%
YES BANK LTD	2.6%
TI FINANCIAL HOLDINGS LTD	2.3%
INDRAPRASTHA GAS LTD	2.3%
LARSEN & TOUBRO LTD	2.3%
INFOSYS LTD	2.2%
TITAN CO LTD	2.2%
NATCO PHARMA LTD	2.0%
HERITAGE FOODS LTD	1.9%
FEDERAL BANK LTD	1.9%
THERMAX LTD	1.9%
TATA CHEMICALS LIMITED	1.8%
HDFC BANK LTD	1.7%
HOUSING DEVELOPMENT FINANCE	1.6%
VST TILLERS TRACTORS LIMITED	1.6%
MAX FINANCIAL SERVICES LTD	1.5%
INSECTICIDES INDIA LTD	1.5%
BERGER PAINTS INDIA LTD	1.5%
EICHER MOTORS LTD	1.4%
DR LAL PATHLABS LTD	1.4%
BALKRISHNA INDUSTRIES LTD	1.4%
Total	53.5%

Sector Diversification

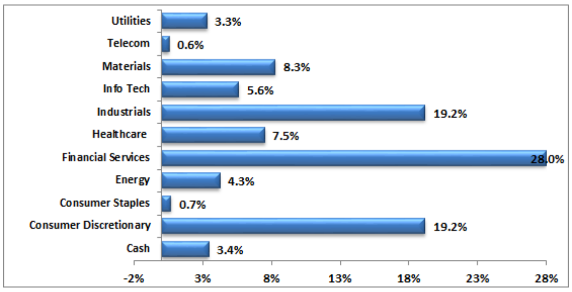


Chart of the Month

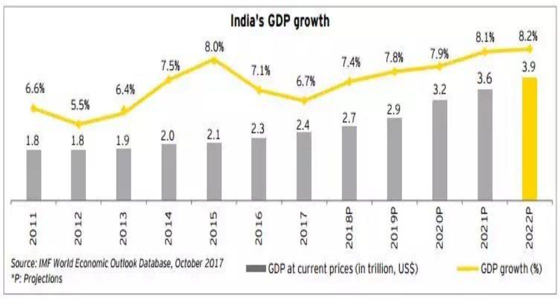


Chart: India Economic Growth Projections (source: IMF)