

Fiducian Australian Smaller Company Shares Fund



Monthly Report - April 2024

Fund description

The Fiducian Australian Smaller Company Shares Fund invests in a diversified group of specialist Australian smaller company share managers. The Fund utilises the Fiducian “Manage the Manager” process, selecting best of breed managers with different styles with the aim of achieving superior returns with reduced risk.

Smaller companies typically offer better growth opportunities and perform differently at different stages of the business cycle compared to larger companies.

Smaller company shares tend to be more volatile over the short term, and the recommended holding period is at least 9 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 093 542 020

APIR code: FPS0008AU

Benchmark: ASX Small Ordinaries Acc Index

Current fund size: \$299 million (April 2024)

Management cost: 1.19%

Total management costs: 1.83%

Application/Exit fee: Nil

Inception Date: March 1997

| Manager | Style | | | Size | |
|-----------|-------|------|--------|-------|-------|
| | Value | Core | Growth | Small | Micro |
| Ausbil | | ● | | | ● |
| Pendal | ● | | | ● | |
| Novaport | ● | | | ● | ● |
| Phoenix | | ● | | | ● |
| Perpetual | ● | | | ● | |

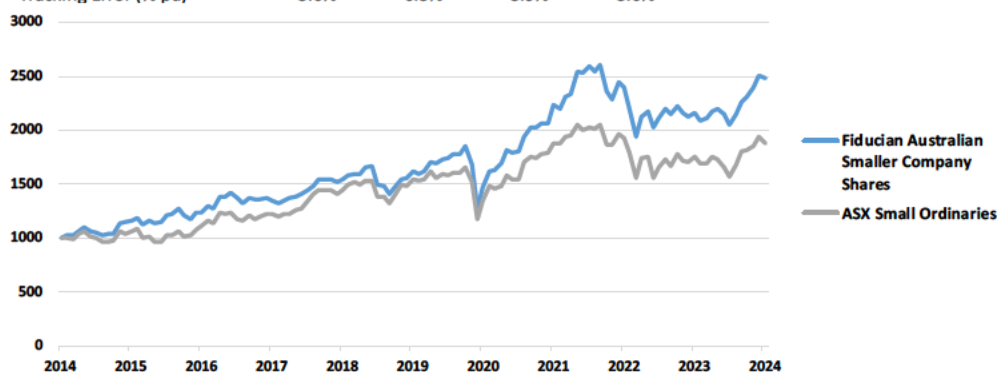
Performance and Risk

After fee returns as at 30 April 2024

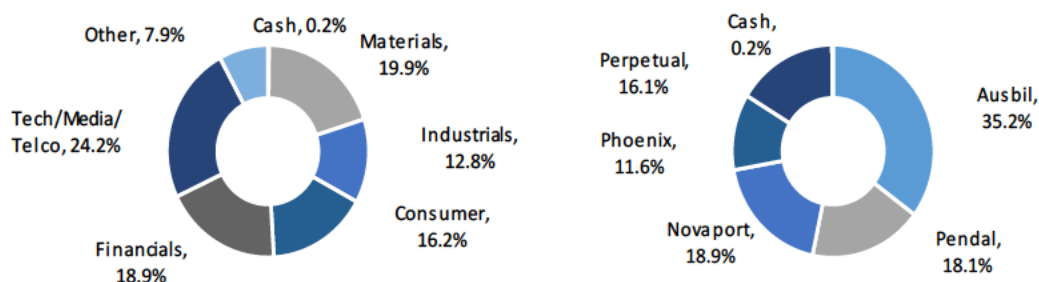
| | 1 Mth | 3 Mth | 6 Mth | 1 Yr | 3 Yrs | 5 Yrs | 7yrs | 10 Yrs |
|--------|-------|-------|-------|-------|-------|-------|------|--------|
| Fund | -1.3% | 7.5% | 20.9% | 14.4% | 3.5% | 8.9% | 9.1% | 9.5% |
| Index | -3.1% | 3.3% | 19.7% | 7.4% | 0.0% | 3.9% | 6.4% | 6.5% |
| Excess | 1.8% | 4.2% | 1.2% | 7.0% | 3.5% | 5.0% | 2.8% | 3.0% |

Risk Exposure

| | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs |
|-----------------------------|-------|-------|-------|--------|
| Fund Volatility (Std Dev %) | 11.6% | 16.8% | 20.5% | 16.6% |
| Benchmark (Std Dev %) | 14.3% | 18.1% | 20.6% | 17.1% |
| Beta | 0.70 | 0.84 | 0.94 | 0.91 |
| Tracking Error (% pa) | 5.0% | 6.3% | 5.9% | 5.6% |



Sector exposures and current manager weights



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Market Commentary and Outlook

The global economy has continued to expand at a moderate pace, although growth in some of the advanced economies, particularly in Europe and Japan, remains weak. Inflation data continues to point to a moderation in pricing pressures, although recent consumer price data in countries including Australia and the United States has been higher than expected. This means that interest rates are likely to stay 'higher for longer' than previously anticipated.

This news that inflation had not been falling as rapidly as expected was negative for global equity markets. In the US, the broad market (S&P 500 index) declined by 4.2%, and the Australian market (ASX 200 index) was 2.9% lower over the month. Commodities had a positive month, with gains in copper, iron ore and coal prices. Rising long-term interest rates resulted in negative returns for fixed income assets.

Looking ahead, monetary policy could begin to become less restrictive towards the end of this year if inflation rates continue to decline, which could help to sustain markets. However, geopolitical risks represent potential headwinds. Despite this, the IMF is now forecasting global growth to be 3.2% in 2024, which is close to the long-term trend rate for growth. In broad terms, share markets continue to appear more attractive than most other investment opportunities.

Fund Commentary

The Fiducian Australian Smaller Company Shares Fund declined by 1.3% in April, which was above -3.1% return of the benchmark. Phoenix (+3.3%) was the top performer for the month. Over the last 12 months, Ausbil was the top manager (+25.0%) followed by Pental (+17.1%). For the 12 months to the end of April, the Fund has returned 14.4%, compared to the index return of 7.4%.

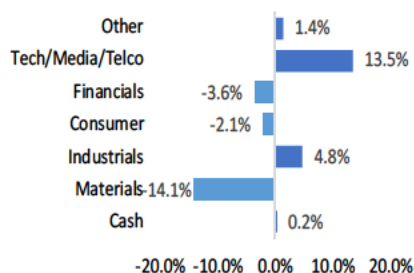
The Small Ordinaries index declined by 3.1% in April, which was in line with the performance of the broader market (ASX 200 index).

The small industrials index (-5.0%) was weaker during the month, whilst small resources (+2.0%) gained on the back of higher commodity prices. Microcap stocks also had a positive month, rising by 2.8%.

At an aggregate level, the largest sectoral tilts in the Fund are overweight positions in the Information Technology and Telco sector and the Industrials sector. The biggest underweight position is in the Materials sector.

Top stock holdings and sector tilts

| Stock | Industry | Weight |
|----------------------------|--------------------------------|--------|
| MMA Offshore | Commercial Services | 2.4% |
| EQT Holdings | Diversified Financial Services | 2.3% |
| Premier Investments | Retail | 2.3% |
| Life360 | Software | 2.2% |
| Codan | Telecommunications | 2.2% |
| Aussie Broadband | Telecommunications | 2.2% |
| Light & Wonder | Entertainment | 2.2% |
| Macquarie Technology Group | Telecommunications | 2.0% |
| Sandfire Resources | Mining | 1.9% |
| Tuas | Leisure Time | 1.8% |



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