

Fiducian Balanced Fund

Monthly Report - September 2023



Fund description

The Fiducian Balanced Fund includes holdings in shares, property, bonds and liquid assets diversified between managers and countries, utilising the Fiducian “Manage the Manager” system that aims to achieve superior returns with reduced risk.

Over the long term, the Fund is expected to generate higher returns than funds with a lower allocation to growth assets, but will also be exposed to capital losses when markets turn down.

The Fund is suitable for investors seeking good long term capital growth with possible short term volatility. The recommended holding period is at least 6 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 093 541 612

APIR code: FPS0003AU

Benchmark: Morningstar Multisector Growth Median

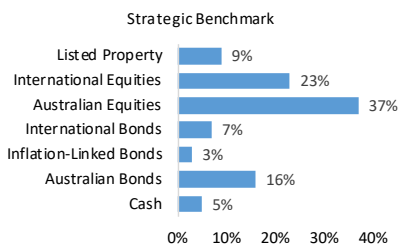
Current fund size: \$703 million (September 2023)

Management cost: 0.93%

Total management costs: 1.01%

Application/Exit fee: Nil

Inception Date: March 1997



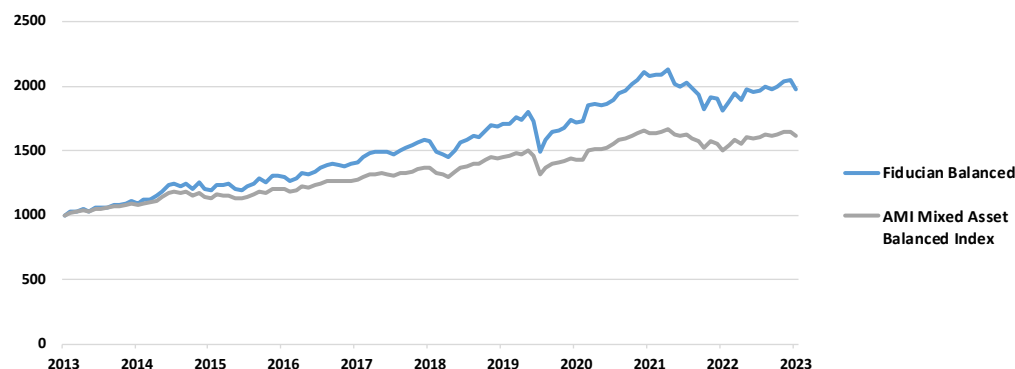
Performance and Risk

After fee returns as at 30 September 2023

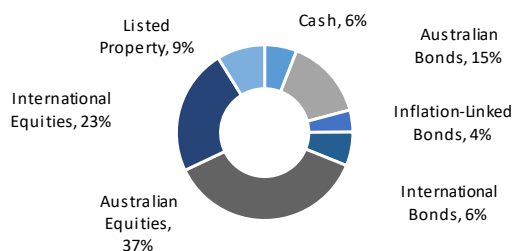
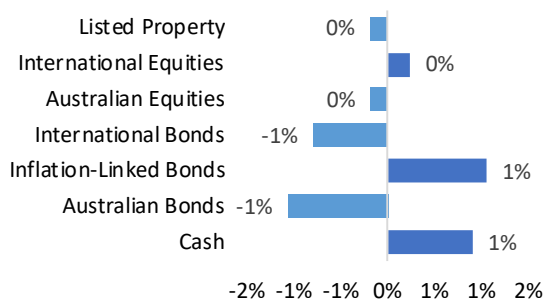
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-3.5%	-1.1%	0.5%	9.1%	4.7%	4.7%	6.2%	7.0%
Index	-2.3%	-1.0%	0.2%	7.3%	4.2%	3.4%	4.3%	4.9%
Excess	-1.2%	0.0%	0.3%	1.8%	0.6%	1.3%	1.9%	2.1%
Ranking				18/117	27/113	9/103	3/95	1/82

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	8.4%	9.7%	11.4%	9.3%
Benchmark (Std Dev %)	6.1%	6.6%	7.6%	6.2%
Beta	1.24	1.39	1.45	1.46
Tracking Error (% pa)	2.8%	3.5%	4.1%	3.3%



Tactical tilts and current asset weights



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Market Commentary and Outlook

The global economy remains sluggish due to severe measures taken by monetary authorities to reduce inflation. While inflation is slowing, manufacturing and service industry activity levels and retail sales point to a general slowdown in activity. However, employment levels remain high and need to come down further and this, along with an uptick in inflation during September could see interest rates rise further and stay higher for longer.

This realisation that inflation has not yet been tamed saw bond yields jump up during the month, with both US and Australian 10-year government bond yields increasing by approximately 0.5%. This had negative flow-on effects on most asset classes. The broad US market (S&P 500 index) declined by 4.9%, and the Australian stock market (ASX 200 index) declined by 2.8%. Interest rate sensitive sectors had the largest falls. Commodity prices, including oil, coal and iron ore rose during the month.

Looking ahead, geopolitical risks, alongside elevated interest rates and slower economic growth this year, represent potential headwinds for markets. The International Monetary Fund (IMF) is forecasting global growth to be 3.0% in 2023 and 2.9% 2024, which is below the long-term trend rate of growth. However, in broad terms, share markets continue to appear more attractive than most other investment opportunities.

Managers and weights

Asset Class	Fund Manager	Weight
Australian Equities 36.5%	Solaris	6.3%
	Fidelity	5.9%
	Bennelong	5.8%
	L1 Capital	5.4%
	Ausbil Dexia	7.3%
	Pendal	5.8%
International Equities 23.0%	Franklin Templeton	5.8%
	Challenger	7.1%
	Wellington	2.9%
	Wellington Value	4.5%
	State Bank of India	0.3%
	Sundaram	0.4%
	Tata	0.3%
	EquiPoise	0.1%
	Vanguard	0.4%
	Wellington Technology	0.8%
	Wellington Biotechnology	0.2%
	Nordic Technology	0.2%
Listed Property 8.8%	BlackRock	0.8%
	Phoenix	4.1%
	Principal	3.9%
Australian Bonds 14.9%	Perpetual Fixed Interest	5.3%
	BlackRock	0.1%
	Challenger	9.5%
Inflation Linked Bonds 4.1%	Challenger	4.1%
International Bonds 6.2%	BlackRock	6.2%
	BlackRock	4.6%
Cash 6.5%	BlackRock	4.6%
	Cash	1.9%

Fund Commentary

The Fund underperformed its benchmark in September, with a return of -3.5%, compared to the benchmark return of -2.3%. Over the 12 months to the end of September, the Fund returned 9.1%.

Cash was the only asset class to finish the month higher, with falls seen in equities, property, and also in bonds.

The Fund has a neutral exposure to equities and property, as relatively attractive valuations are offset by rising interest rates and a slowing economy. Additionally, the underweight position in bonds relative to cash has now been closed.

In the Zenith AMI Mixed Asset-Balanced Category, the Fiducian Balanced Fund returns were ranked 18 out of 117 funds over one year, 9 out of 103 funds over five years, and 1 out of 82 funds over the ten year period to 30 September 2023.

Top stock holdings

Top Australian Stocks	Industry	Weight
BHP Group	Diversified Metals & Mining	9.0%
CSL Limited	Biotechnology	7.2%
Commonwealth Bank	Diversified Banks	5.2%
Santos Limited	Oil & Gas	4.4%
National Australia Bank	Diversified Banks	3.7%
Qbe Insurance Group	Insurance	3.2%
Goodman Group	Industrial REITs	3.0%
Macquarie Group Ltd	Diversified Capital Markets	2.9%
Qantas Airways Ltd	Passenger Airlines	2.4%
Aristocrat Leisure Ltd	Casinos & Gaming	2.3%

Top International Stocks	Industry	Weight
Alphabet Inc	Interactive Media	2.0%
Humana Incorporated	Managed Health Care	1.9%
Zscaler Inc	Systems Software	1.8%
Danaher Corp	Life Sciences Tools	1.7%
Mercadolibre Inc	Internet & Direct Marketing	1.7%
Broadridge Finance	Data Processing	1.7%
Synopsys Inc	Application Software	1.7%
Charles River	Life Sciences Tools	1.6%
Tyler Technologies Inc	Application Software	1.6%
Inari Medical Inc	Health Care Equipment	1.6%

Fiducian Investment Management Services Limited

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