

Fund description

The Fiducian Technology Fund allows investors to participate directly in a blend of some of the leading technology funds available worldwide. Utilising the Fiducian “Manage the Manager” process, fund managers have been chosen to balance exposure in terms of region and sector.

Managers are able to invest in technology companies anywhere in the world that can benefit from leading-edge technology and can demonstrate significant earnings growth prospects.

Investors must bear in mind that investing in a fund of this nature can involve periods of very high volatility, although superior long-run returns can likely be achieved if investors are prepared to hold investments for periods of at least 9 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 093 544 337

APIR code: FPS0010AU

Benchmark: 50/50 MSCI World IT/
Nasdaq Biotech Index (in AUD)

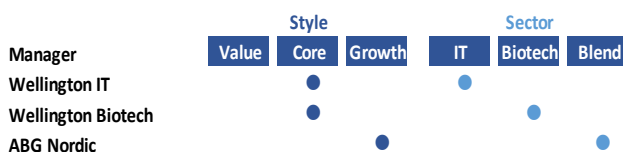
Current fund size: \$171 million (September 2023)

Management cost: 1.36%

Total management costs: 1.43%

Application/Exit fee: Nil

Inception Date: June 2000



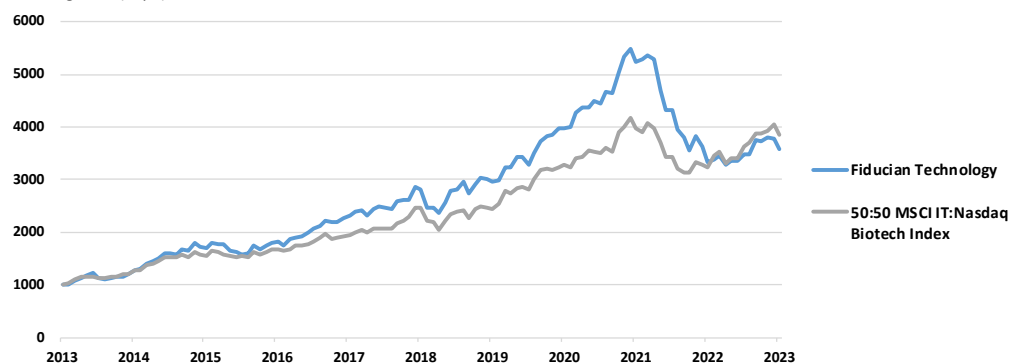
Performance and Risk

After fee returns as at 30 September 2023

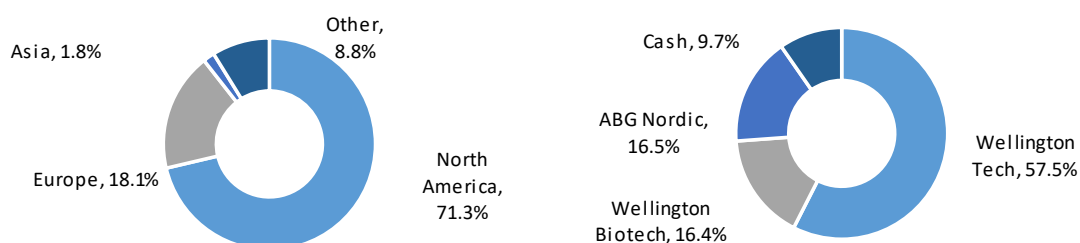
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-5.4%	-3.9%	3.3%	7.7%	-3.4%	4.9%	10.0%	13.6%
Index	-4.6%	-0.6%	6.1%	18.9%	5.6%	9.4%	12.8%	14.4%
Excess	-0.8%	-3.4%	-2.8%	-11.2%	-9.0%	-4.4%	-2.8%	-0.8%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	12.2%	17.0%	17.3%	15.6%
Benchmark (Std Dev %)	13.0%	14.2%	15.0%	13.0%
Beta	0.71	0.95	0.99	1.01
Tracking Error (% pa)	7.5%	9.6%	8.5%	8.2%



Geographic exposures and current manager weights



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.

Fund Commentary

The Fiducian Technology Fund declined by 5.4% in September, which was below the 4.6% decline in the composite index. Over the 12 months to the end of September, the Fund returned +7.7%. The sector has had a strong rebound for the year to date in 2023, although small and mid cap stocks have not performed as strongly as large cap technology stocks.

Within the Fund, the top performers included Swedish medical device company Integrum (+45%) and US biotechnology stock Crinetics, which rose 70% after announcing positive research trial results. The main detractors included Nvidia (-12%) and Amazon (-8%), with both stocks pulling back following strong performance in recent months.

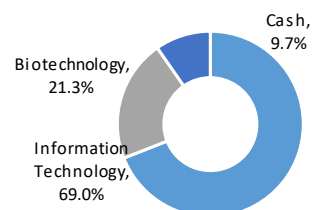
Recent commentary from a number of large tech companies, including Google, Apple and Amazon, has highlighted that earnings and revenue growth have moderated in recent months. However, efficiency gains are also being made through cost-cutting, including through reduced employee numbers. Strong balance sheets have also allowed continued investment in growth opportunities, and in some cases, share buybacks.

The long term outlook for the technology sector remains positive, as the need to invest in innovation to drive productivity and improvements in the quality of life provides ongoing support for technology companies.

The Fund remains well diversified between geographies and sectors, and companies held are a blend of established sector leaders plus emerging technology businesses. An overweight position in the Information Technology sector relative to Biotechnology reflects the better growth opportunities currently available in that part of the market. The largest geographical exposure is to North America which makes up 71% of the fund, followed by Europe at 17%.

Top stock holdings and sector weights

Stock	Industry	Weight
Microsoft Corp	Systems Software	8.5%
Alphabet Inc	Interactive Media	6.8%
Amazon	Internet Marketing	5.8%
Nvidia Corporation	Semiconductors	4.8%
Meta Platforms Inc	Interactive Media	3.2%
Micron Technology	Semiconductors	2.9%
On Semiconductor	Semiconductors	2.6%
Uber Technologies	Trucking	2.3%
Flex Ltd	Electronic Manufacturing Se	2.2%
AMD	Semiconductors	2.1%



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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. Potential investors should also obtain and consider the relevant Target Market Determination (TMD) and Product Disclosure Statement (PDS) (available from your financial adviser and via fiducian.com.au) before making a decision about whether to acquire or continue to hold any financial product.