

# Fiducian Ultra Growth Fund

Monthly Report - June 2023



## Fund description

The Fiducian Ultra Growth Fund has over 95% exposure to growth assets. It is diversified between multiple managers and geographies, utilising the Fiducian “Manager the Manager” system that aims to achieve superior returns with reduced risk. The main assets held are Australian and international small cap shares, emerging market shares and listed property securities. The fund should be capable of generating high returns over the longer term, but will also experience significant volatility and capital losses when markets turn down.

The Fund is suitable for investors seeking good long term capital growth with possible significant short term volatility. The recommended holding period is at least 8 years.

## Fund facts

**Portfolio manager:** Conrad Burge

**ARSN:** 133 391 634

**APIR code:** FPS0014AU

**Benchmark:** Morningstar Multisector Aggressive Median

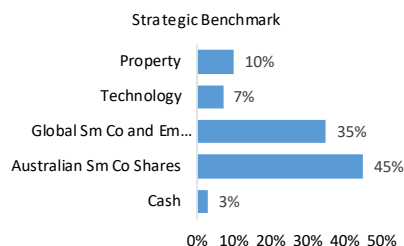
**Current fund size:** \$275 million (June 2023)

**Management cost:** 1.45%

**Total management costs:** 1.81%

**Application/Exit fee:** Nil

**Inception Date:** September 2008



## Performance and Risk

### After fee returns as at 30 June 2023

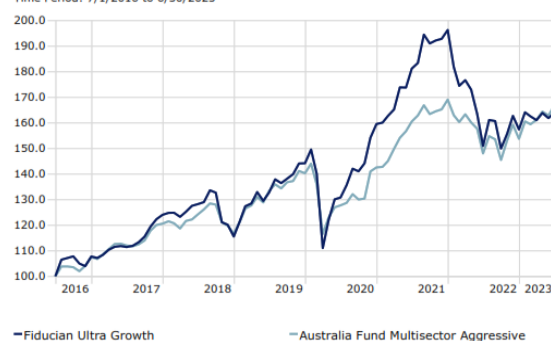
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5yrs	7 Yrs	10 Yrs
Fund	1.4%	1.5%	4.1%	8.7%	7.7%	5.0%	7.2%	9.4%
Index	2.3%	3.1%	7.9%	12.1%	9.2%	6.2%	7.8%	8.3%
Excess	-0.9%	-1.6%	-3.8%	-3.4%	-1.5%	-1.3%	-0.6%	1.2%
Ranking				123/124	109/120	101/113	73/106	8/94

### Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	13.0%	13.2%	16.5%	12.9%
Benchmark (Std Dev %)	11.6%	10.2%	12.0%	9.8%
Beta	1.06	1.08	1.17	1.14
Tracking Error (% pa)	3.9%	6.0%	6.5%	5.2%

### Investment Growth

Time Period: 7/1/2016 to 6/30/2023

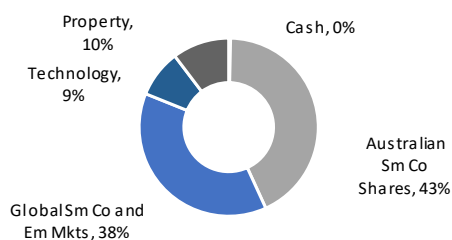
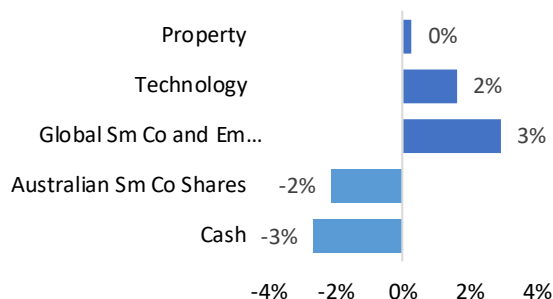


### Risk-Reward

Time Period: 7/1/2016 to 6/30/2023



## Tactical tilts and current asset weights



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### Market Commentary and Outlook

Global economic growth slowed during the first half of 2023, as monetary tightening policies enacted by central banks to reduce high rates of inflation began to take effect. Manufacturing output has been contracting in most advanced economies, while retail sales have been weak, as have consumer and business confidence levels. On the other hand, employment data has been too strong.

The Reserve Bank of Australia increased interest rates by a further 0.25% in June, bringing the 'cash rate' to 4.1% and the cumulative increase this year to 1.0%, in line with actions taken by the US Federal Reserve. In Australia, the rate of inflation has moderated from a peak of 8.4% in December 2022 to the most recent measure of 5.6% in May.

Global equity markets had a strong month in June. The broad US market (S&P 500 index) gained 6.5% amid optimism that interest rates may be approaching a peak. Economic data, whilst indicating a slowing economy, has also been slightly better than forecast. The Australian market (ASX 200 index) rose 1.8% for the month. Year to date, developed market equities have performed well, with a 15.9% gain for the US market, a 4.5% rise for the Australian market and strong gains across most of Europe as well as Japan. Property stocks rose by 3.9% for the first half of the year, and bonds have been relatively flat.

Looking ahead, elevated geopolitical risks, alongside higher interest rates and slower economic growth this year, represent potential headwinds for markets. The International Monetary Fund (IMF) recently made a small downgrade to its economic forecasts, with global growth now expected to be 2.8% in 2023. The IMF expects growth rates to remain slightly below long-term trend levels for some time. However, in broad terms, share markets continue to appear more attractive than most other investment opportunities.

### Fund Commentary

The Fund underperformed its benchmark during the month, returning 1.4% compared to the 2.3% return by the median manager. Over the year to the end of June, the Fund has returned 8.7%.

During the month, Australian Small companies as well as Global Small Companies and Emerging Markets recorded gains, whereas listed property and technology were relatively flat.

A small overweight exposure to technology and global small cap and emerging markets remains, as valuations appear attractive relative to other asset classes, particularly after recent price moves. There is a neutral positioning in the other sectors.

In the Morningstar Multisector Aggressive Category, the Fiducian Ultra Growth Fund returns were ranked 123rd out of 124 funds over one year, 101st out of 113 funds over five years, and 8th out of 94 funds over the ten year period to 30 June 2023.

### Managers and weights

Asset Class	Fund Manager	Weight
<b>Australian Equities (Small Cap) 42.6%</b>	Ausbil Dexia	14.9%
	Pendal	6.5%
	Novaport	5.4%
	Phoenix	4.2%
	QVG	0.0%
	Perpetual	11.5%
<b>International Equities (Small Cap, Emerging Markets) 36.2%</b>	Royce	14.1%
	Fidelity	14.2%
	Vanguard Global Small Cap	5.1%
	State Bank of India	0.4%
	Sundaram	0.6%
	Tata	0.4%
	EquiPoise	0.2%
	Vanguard Emerging Market:	1.1%
<b>Technology 8.6%</b>	Wellington Technology	4.8%
	Wellington Biotechnology	1.4%
	Nordic Technology	2.3%
<b>Listed Property 10.2%</b>	BlackRock	1.0%
	Phoenix	4.9%
	Principal	4.3%
<b>Cash 2.5%</b>	CMT	2.5%

### Top stock holdings

Top Australian Stocks	Industry	Weight
Macquarie Technology Gr	Integrated Telso	2.2%
Imdex Limited	Diversified Metals & Mining	2.1%
Eqt Holdings Limited	Asset Management	1.9%
Mma Offshore Limited	Oil & Gas Equipment	1.8%
Domain Holdings Australi	Interactive Media	1.8%
Psc Insurance Group Ltd	Insurance Brokers	1.8%
Data No 3 Limited	IT Consulting	1.8%
Johns Lyng Group Ltd	Construction & Engineering	1.7%
Genesis Minerals Ltd	Gold	1.7%
Aub Group Limited	Insurance Brokers	1.7%

Top Technology Stocks	Industry	Weight
Microsoft Corp	Systems Software	6.7%
Alphabet Inc	Interactive Media	5.5%
Meta Platforms Inc	Interactive Media	4.5%
Nvidia Corporation	Semiconductors	4.3%
Amazon Dotcom Inc	Internet Retail	3.4%
Apple Inc	Technology Hardware	3.2%
Chemometec As	Life Sciences Tools	2.7%
Sdiptech Ab B	Environmental Services	2.6%
TSMC	Semiconductors	2.2%
Cbrain As	Application Software	2.1%

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The Morningstar Category rankings have the Morningstar Australia Multisector Aggressive Category for Ultra Growth Fund, Multisector Moderate Category for Capital Stable Fund, and Multisector Growth Category for the Balanced and Growth Fund. Source: Morningstar Direct, Performance Report as of 10.7.2023 ©2023 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. This report or data has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at [www.morningstar.com.au/sfsg.pdf](http://www.morningstar.com.au/sfsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Morningstar's publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a financial adviser.