

Fiducian Balanced Fund

Monthly Report - October 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: Zenith AMI Mixed Asset Balanced Index

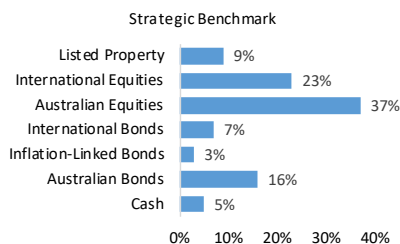
Current fund size: \$682 million (October 2023)

Management cost: 0.93%

Total management costs: 1.01%

Application/Exit fee: Nil

Inception Date: March 1997



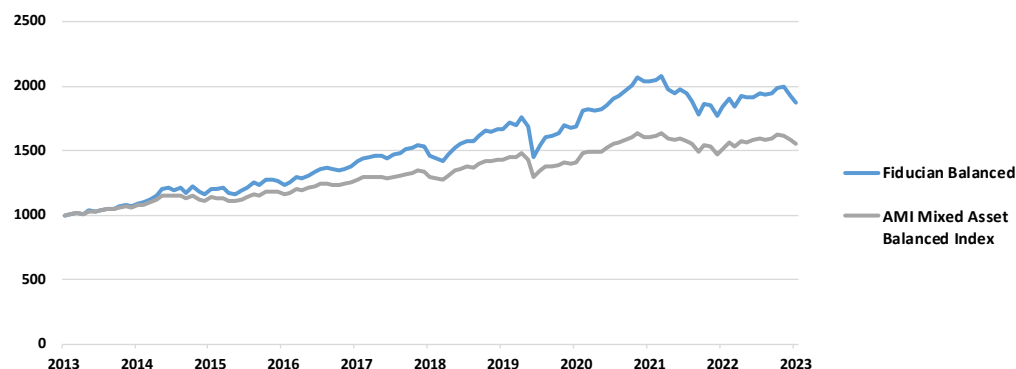
Performance and Risk

After fee returns as at 31 October 2023

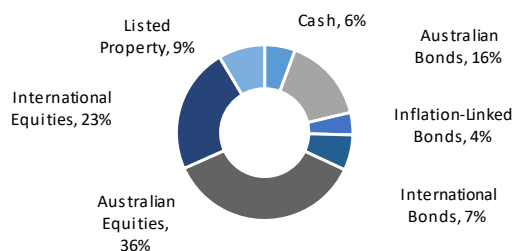
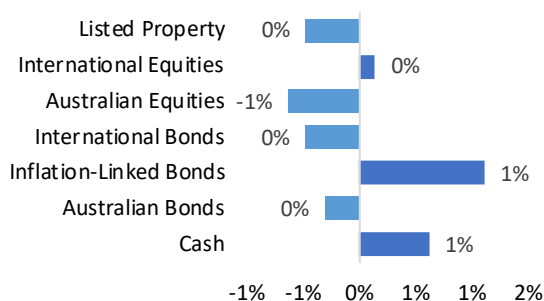
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-2.8%	-5.9%	-4.0%	1.6%	3.5%	5.1%	6.1%	6.5%
Index	-1.6%	-3.9%	-2.6%	2.6%	3.5%	3.7%	4.2%	4.5%
Excess	-1.2%	-2.0%	-1.4%	-1.1%	0.0%	1.4%	1.8%	1.9%
Ranking				96/116	55/111	6/102	3/94	1/81

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	8.2%	9.8%	11.2%	9.3%
Benchmark (Std Dev %)	6.0%	6.7%	7.5%	6.2%
Beta	1.23	1.39	1.44	1.46
Tracking Error (% pa)	2.7%	3.5%	4.1%	3.4%



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 rates could see interest rates stay high for an extended period. At the beginning of November, the Reserve Bank of Australia increased its cash rate by 0.25% to 4.35%, after being on pause since July.

In a repeat of last month, concerns that inflation rates remain too high saw an increase in bond yields. This had negative flow-on effects for most asset classes. The broad US market (S&P 500 index) declined by 2.2%, and the Australian stock market (ASX 200 index) declined by 3.8%. Interest rate sensitive sectors experienced falls, but some commodity prices, including iron ore and gold, 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 36.2%	Solaris	6.3%
	Fidelity	5.8%
	Bennelong	5.7%
	L1 Capital	5.2%
	Ausbil Dexia	7.3%
	Pendal	5.8%
International Equities 22.9%	Franklin Templeton	5.7%
	Challenger	7.1%
	Wellington	2.9%
	Wellington Value	4.6%
	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 8.5%	BlackRock
Phoenix		3.9%
Principal		3.8%
Australian Bonds 15.7%	Perpetual Fixed Interest	5.5%
	BlackRock	0.2%
	Challenger	10.1%
Inflation Linked Bonds 4.1%	Challenger	4.1%
International Bonds 6.5%	BlackRock	6.5%
	BlackRock	4.8%
Cash 6.1%	BlackRock	4.8%
	Cash	1.3%

Fund Commentary

The Fund underperformed its benchmark in October, with a return of -2.8%, compared to the benchmark return of -1.6%. Over the 12 months to the end of October, the Fund returned 1.6%.

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 96 out of 116 funds over one year, 6 out of 102 funds over five years, and 1 out of 81 funds over the ten year period to 31 October 2023.

Top stock holdings

Top Australian Stocks	Industry	Weight
BHP Group	Mining	9.5%
CSL Limited	Biotechnology	7.0%
Commonwealth Bank	Banks	5.3%
Santos Limited	Oil & Gas	4.4%
National Australia Bank	Banks	3.6%
Qbe Insurance Group	Insurance	3.3%
Goodman Group	REITS	3.2%
Macquarie Group Ltd	Banks	2.9%
Aristocrat Leisure	Entertainment	2.5%
Qantas Airways Ltd	Telecommunications	2.4%

Top International Stocks	Industry	Weight
Humana Inc	Healthcare-Services	2.1%
Synopsys Inc	Software	1.9%
Zscaler Inc	Computers	1.8%
Alphabet Inc	Internet	1.8%
Mercadolibre Inc	Internet	1.7%
Broadridge Financial	Software	1.7%
Tyler Technologies Inc	Software	1.6%
Equinix Inc	REITS	1.6%
Intercontinental Exchange	Diversified Financial	1.6%
Inari Medical Inc	Healthcare-Products	1.6%

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