

Fiducian Australian Smaller Company Shares Fund



Monthly Report - May 2023

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 5 to 7 years.

Fund facts

Portfolio manager: Conrad Burge

ARSN: 093 542 020

APIR code: FPS0008AU

Benchmark: ASX Small Ordinaries Acc Index

Current fund size: \$253 million (May 2023)

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	●			●	
Novoport	●			●	●
Phoenix		●			●
Perpetual	●			●	

Performance and Risk

After fee returns as at 31 May 2023

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-3.8%	-3.5%	-5.3%	-5.2%	8.7%	5.6%	7.0%	9.6%
Index	-3.3%	-1.3%	-2.5%	-5.8%	4.5%	2.5%	5.6%	6.0%
Excess	-0.5%	-2.2%	-2.8%	0.6%	4.2%	3.2%	1.4%	3.6%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	20.1%	17.6%	21.1%	16.8%
Benchmark (Std Dev %)	25.2%	18.4%	20.9%	17.3%
Beta	0.84	0.94	0.98	0.95
Tracking Error (% pa)	6.9%	6.6%	5.6%	5.8%

Investment Growth

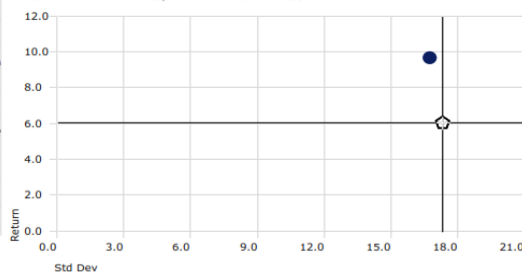
Time Period: 6/1/2013 to 5/31/2023



Risk-Reward

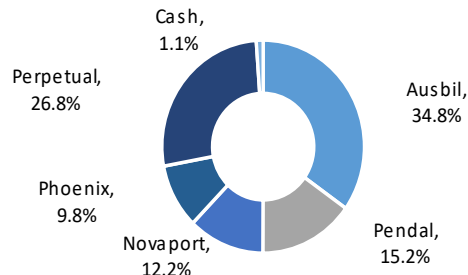
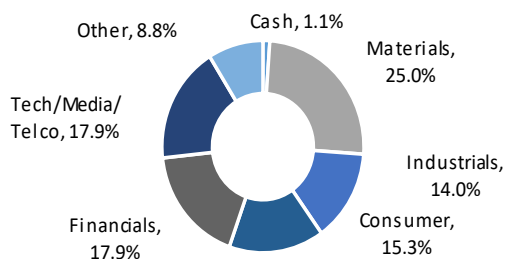
Time Period: 6/1/2013 to 5/31/2023

Calculation Benchmark: S&P/ASX Small Ordinaries TR AUD



—Fiducian Australian Smaller Co Shares —S&P/ASX Small Ordinaries TR AUD ●Fiducian Australian Smaller Co Shares ○S&P/ASX Small Ordinaries TR AUD

Sector exposures and current manager weights



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Market Commentary and Outlook

Economic data released during May continued to point to a slowing outlook for the global economy. Whilst measures of activity in service industries continued to improve, manufacturing across most of the world continued to contract. More positive is that headline rates of inflation have continued to decline, partly driven by falling energy and commodity prices. However, the core levels of inflation monitored by central banks have remained elevated. During the month, the Reserve Bank of Australia, along with the US Federal Reserve and European Central bank again increased interest rates.

Equity market performance was mixed in May. The US market (S&P 500 index) gained 0.2%, despite some uncertainty regarding US debt ceiling negotiations. The Australian market (ASX 200 index) declined by 2.5%, and most European stock markets had negative returns. Bonds and listed property were also weaker during the month, and some key commodity prices also recorded declines due to a moderating economic outlook.

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

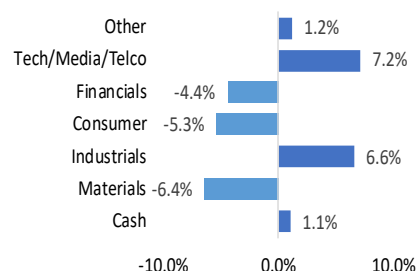
The Fiducian Australian Smaller Company Shares Fund declined by 3.8% in May, which was below the -3.3% return of the benchmark. Phoenix was the top performing manager for the month on a relative basis with a return of -2.6%. Over the last 12 months Perpetual was the top manager (+0.5%) followed by Pental (+0.2%). For the 12 months to the end of May the Fund has declined by 5.2%, compared to the index return of -5.8%.

The Small Ordinaries index declined by 3.3% in May, and the emerging companies index was 6.3% lower. This was below the large cap ASX 200 index performance of -2.5%. During the month, the Small Industrial component of the index declined by 1.7%, and the Small Resources sector was hit hard, declining by 7.1%.

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 main underweight positions are in Financials (predominantly Property Trusts), the Consumer sector and the Materials sector.

Top stock holdings and sector tilts

Stock	Industry	Weight
Johns Lyng Group Ltd	Construction & Engineering	2.1%
Imdex Limited	Diversified Metals & Mining	2.1%
Gold Road Resources Limited	Gold	2.0%
Eqt Holdings Limited	Asset Management	2.0%
Psc Insurance Group Ltd	Insurance Brokers	1.8%
Mma Offshore Limited	Oil & Gas Equipment	1.8%
Macquarie Technology Group Ltd	Integrated Telso	1.8%
Data No 3 Limited	IT Consulting	1.8%
Kelsian Group Ltd	Trucking	1.7%
Domain Holdings	Interactive Media	1.5%



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