

# Fiducian Australian Smaller Company Shares Fund



Monthly Report - August 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 9 years.

## Fund facts

**Portfolio manager:** Conrad Burge

**ARSN:** 093 542 020

**APIR code:** FPS0008AU

**Benchmark:** ASX Small Ordinaries Acc Index

**Current fund size:** \$267 million (August 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	●			●	
Novaport	●			●	●
Phoenix		●			●
Perpetual	●			●	

## Performance and Risk

After fee returns as at 31 August 2023

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	1.3%	5.5%	1.9%	1.0%	6.6%	5.9%	6.8%	9.3%
Index	-1.3%	2.2%	0.9%	-1.1%	3.0%	2.4%	5.2%	5.7%
Excess	2.6%	3.3%	1.0%	2.1%	3.6%	3.5%	1.7%	3.6%

### Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	11.9%	16.9%	20.9%	16.4%
Benchmark (Std Dev %)	17.2%	17.7%	20.7%	16.9%
Beta	0.61	0.86	0.95	0.91
Tracking Error (% pa)	6.8%	6.6%	5.8%	5.7%

### Investment Growth

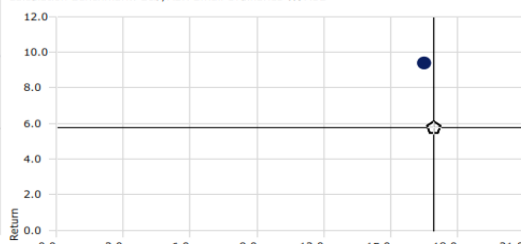
Time Period: 9/1/2013 to 8/31/2023



### Risk-Reward

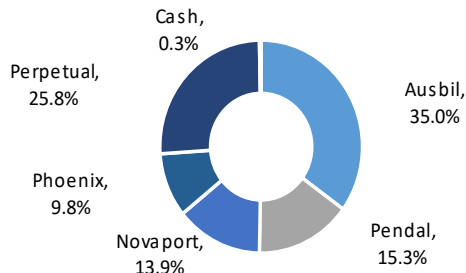
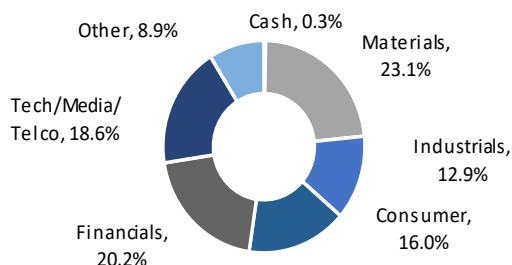
Time Period: 9/1/2013 to 8/31/2023

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 across most developed countries continues to highlight sluggish growth at best in response to tight monetary policy being implemented in most jurisdictions. However, higher interest rates have been steadily pushing inflation lower, while unemployment rates have begun to rise modestly.

Overall, this combination of news was modestly negative for most asset class returns in August. The broad US market (S&P 500 index) declined by 1.7%, and the Australian stock market (ASX 200 index) declined by 0.7%. Australian listed property sector recorded gains during the month (+2.3%), and bulk commodity prices, including coal and iron ore, were also higher. The Australian dollar was weaker during the month, declining by 3.6% against the US dollar.

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 both 2023 and 2024. 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 rose by 1.3% in August, which was above the -1.3% return of the benchmark. Ausbil (+3.1%) was the best performer for the month followed by Novaport (+2.4%). Over the last 12 months, Pental was the top manager (+8.2%) followed by Novaport (+5.6%). For the 12 months to the end of August, the Fund has returned 1.0%, compared to the index return of -1.1%.

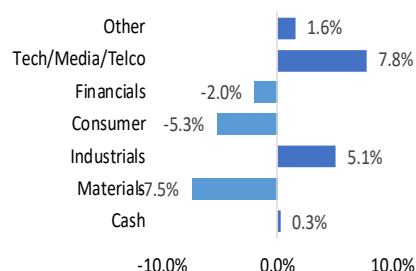
The Small Ordinaries index declined by 1.3% in August, which was below the large cap ASX 200 index performance of -0.7%. The small industrials component of the index was 1.5% lower, and small resources declined by 0.9%.

During the month, the majority of companies listed on the Australian Stock Exchange reported full-year financial results. 40% of companies announced an increase in profits compared to last year, and almost half of companies increased dividends. Despite positive results in the most recent year, a number of companies provided a cautious outlook due to rising interest rates and weakening consumer spending.

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
Macquarie Technology Group	Integrated Teleco	2.1%
Mma Offshore Limited	Oil & Gas Services	2.0%
Eqt Holdings Limited	Asset Management & Custody	2.0%
Psc Insurance Group Ltd	Insurance Brokers	1.9%
Gold Road Resources	Gold	1.9%
Genesis Minerals Ltd	Gold	1.9%
Domain Holdings	Interactive Media	1.9%
Johns Lyng Group Ltd	Construction & Engineering	1.7%
Pacific Current Group Ltd	Asset Management	1.7%
Life360 Inc	Application Software	1.7%



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