

# Fiducian Australian Smaller Company Shares Fund



Monthly Report - January 2024

## 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:** \$280 million (January 2024)

**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	●			●	

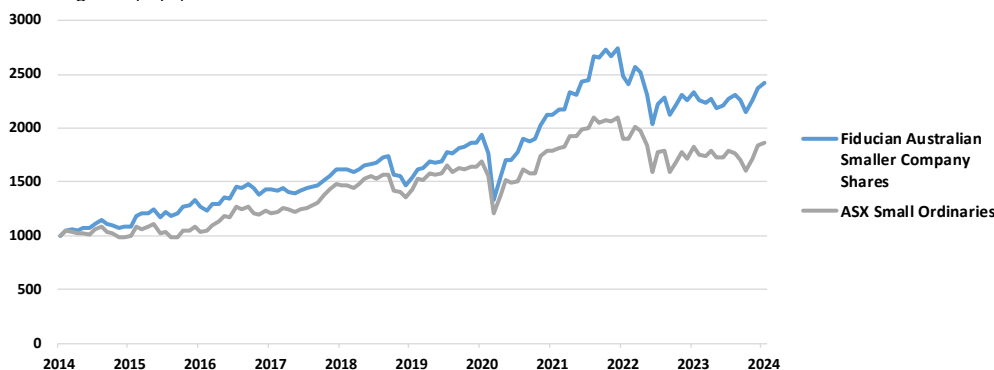
## Performance and Risk

After fee returns as at 31 January 2024

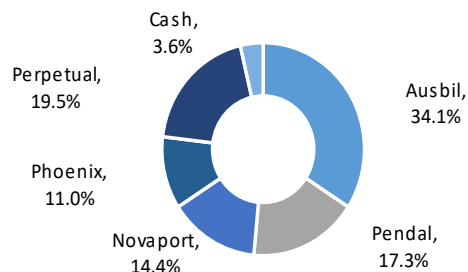
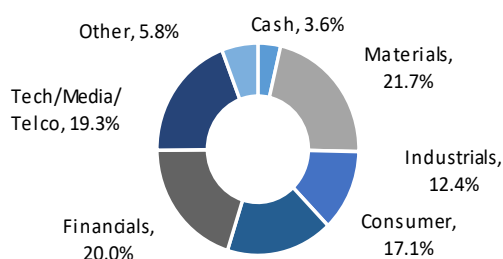
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	1.8%	12.4%	6.1%	3.6%	4.4%	9.4%	7.8%	9.2%
Index	0.9%	15.8%	3.7%	2.1%	1.3%	5.4%	6.4%	6.4%
Excess	0.9%	-3.4%	2.4%	1.5%	3.1%	3.9%	1.4%	2.8%

### Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	11.0%	17.0%	20.4%	16.5%
Benchmark (Std Dev %)	14.0%	18.0%	20.7%	17.1%
Beta	0.69	0.86	0.93	0.91
Tracking Error (% pa)	4.8%	6.4%	5.9%	5.5%



## Sector exposures and current manager weights



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## Market Commentary and Outlook

The elevated rates of inflation observed across most of the world in the past two years have shown continued signs of moderating, as restrictive monetary policy has been proving effective in returning inflation rates back towards the target levels of most central banks. However, better than expected economic growth data in many parts of the world has made the timing of potential interest rate cuts less certain.

Global equity market performance was mixed in January. In the US, the broad market (S&P 500 index) gained 1.6%, and the Australian stock market (ASX 200 index) gained 1.2%. Emerging markets were broadly lower, led by declines in China (-6.3%). Fixed income returns were flat, and the Australian dollar declined by 3.3% against the US dollar.

Looking ahead, monetary policy could become less restrictive this year, which could be positive for markets. However, geopolitical risks, alongside slower economic growth in the coming year represent potential headwinds. The International Monetary Fund (IMF) recently updated its economic outlook, and is now forecasting global growth to be 3.1% in 2024. This is above previous estimates, but still below the long-term trend rate of growth. In broad terms, share markets continue to appear more attractive than most other investment opportunities.

## Fund Commentary

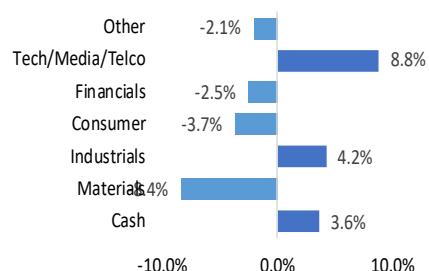
The Fiducian Australian Smaller Company Shares Fund rose by 1.8% in January, which was above the 0.9% return of the benchmark. Ausbil (+3.5%) was the top performer for the month. Over the last 12 months, Pental was the top manager (+13.3%) followed by Novaport (+9.1%). For the 12 months to the end of January, the Fund has returned 3.6%, compared to the index return of 2.1%.

The Small Ordinaries gained 0.9% during the month and the mid-cap index was 2.2% lower. The small industrials component of the index rose by 1.9% and small resources declined by 2.0%. Microcap stocks continued to trail, falling by 5.2% in January.

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 the Consumer sector and the Materials sector.

## Top stock holdings and sector tilts

Stock	Industry	Weight
Mma Offshore Ltd	Commercial Services	2.8%
Eqt Holdings Ltd	Diversified Financial Services	2.2%
Macquarie Technology Group Ltd	Telecommunications	2.0%
Tuas Ltd	Leisure Time	1.8%
Johns Lyng Group Ltd	Engineering & Construction	1.7%
Psc Insurance Group Ltd	Insurance	1.7%
Gold Road Resources	Mining	1.7%
Light & Wonder Inc	Entertainment	1.6%
Lovisa Holdings Ltd	Retail	1.5%
Life360 Inc	Software	1.5%



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