

# Fiducian Australian Smaller Company Shares Fund



Monthly Report - July 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:** \$309 million (July 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	●			●	

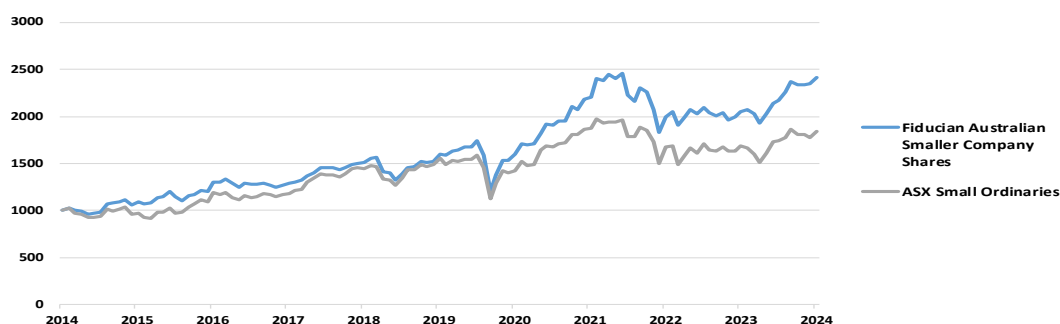
## Performance and Risk

After fee returns as at 31 July 2024

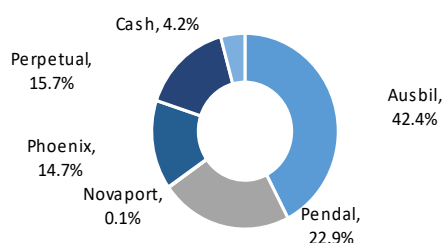
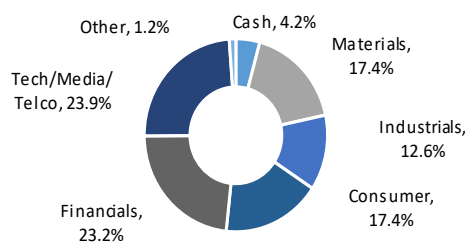
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	3.1%	3.5%	11.3%	18.1%	3.2%	8.6%	9.3%	9.2%
Index	3.5%	2.0%	5.4%	9.3%	-0.6%	3.5%	6.6%	6.3%
Excess	-0.4%	1.5%	5.9%	8.8%	3.8%	5.1%	2.7%	2.9%

### Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	10.6%	16.6%	20.4%	16.6%
Benchmark (Std Dev %)	13.8%	18.1%	20.6%	17.1%
Beta	0.66	0.83	0.93	0.91
Tracking Error (% pa)	5.1%	6.3%	6.0%	5.5%



## Sector exposures and current manager weights



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## Market Commentary and Outlook

Measures taken by central banks over the last two years to reduce rates of inflation by implementing restrictive monetary policies have continued to take effect. Globally, unemployment rates remain low, but have risen from the historically low levels observed during 2023. Consumer spending growth has also moderated, but still remains positive. Inflation rates are now gradually moving back towards the target ranges of most central banks, and some (including Europe and Canada) have recently cut interest rates.

Over the month, the Australian market (ASX 200 index) gained 4.2% and the broad US stock market (S&P 500 index) increased by 1.1%. European markets also had a positive month as the European Central Bank recently moved to a less restrictive monetary policy setting. Australian and international bonds recorded positive returns during the month, and the Australian dollar fell by 2% against the US dollar.

Looking ahead, monetary policy could continue to become less restrictive over coming months if inflation rates continue to decline. While this could help to sustain markets, ongoing wars and other geopolitical issues could continue to act as potential headwinds. With the IMF forecasting global growth to be positive (3.2% in 2024 and 3.3% in 2025) and a likely 'soft landing' for the global economy, share markets continue to appear more attractive than most other investment opportunities.

## Fund Commentary

The Fiducian Australian Smaller Company Shares Fund gained 3.1% in July, which was below the benchmark return of 3.5%. Pental (+5.0%) was the top performer for the month. Over the last 12 months, Ausbil was the top manager (+33.5%) followed by Pental (+19.2%). For the 12 months to the end of July, the Fund has returned 18.1%, compared to the index return of 9.3%.

The Small Ordinaries index gained 3.5% in July, which underperformed the broader market (ASX 200 Accumulation index) return of 4.2%.

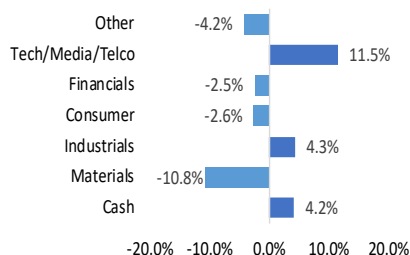
The Small Industrials index (+5.1%) had another positive month while Small Resources (-0.9%) were lower due to some volatility in commodity prices. Microcap stocks (+0.2%) rose slightly.

In July, Novaport was removed as a manager in the Fund. The weighting in Novaport was redistributed across the existing managers.

At an aggregate level, the largest sectoral tilts in the Fund are overweight positions in the Information Technology and Telecommunication sector and the Industrials sector. The biggest underweight position is in the Materials sector.

## Top stock holdings and sector tilts

Stock	Industry	Weight
Life360	Software	2.7%
Aussie Broadband	Telecommunications	2.6%
Light & Wonder	Entertainment	2.6%
Eqt Holdings Ltd	Diversified Financial Services	2.5%
Macquarie Technology Group Ltd	Telecommunications	2.4%
Codan Ltd	Telecommunications	2.4%
Pinnacle Investment	Diversified Financial Services	2.2%
HUB24 Ltd	Software	2.2%
Tuas Ltd	Leisure Time	2.0%
Sandfire Resources Ltd	Mining	1.9%



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