

Fiducian Australian Smaller Company Shares Fund



Monthly Report - June 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: \$300 million (June 2024)

Management cost: 1.19%

Total management costs: 1.83%

Application/Exit fee: Nil

Inception Date: March 1997

Manager

Ausbil

Pendal

Novaport

Phoenix

Perpetual

Value	Style			Size	
	Core	Growth	Small	Micro	
	●			●	
	●		●		
	●		●	●	
		●		●	
	●		●		

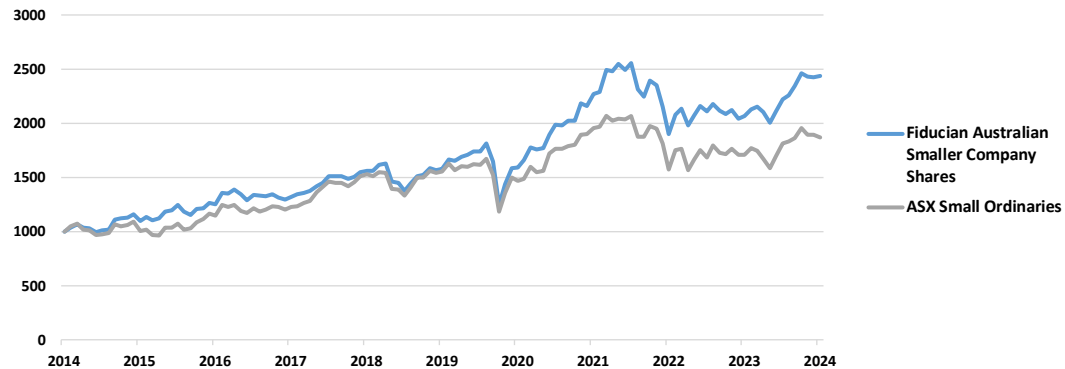
Performance and Risk

After fee returns as at 30 June 2024

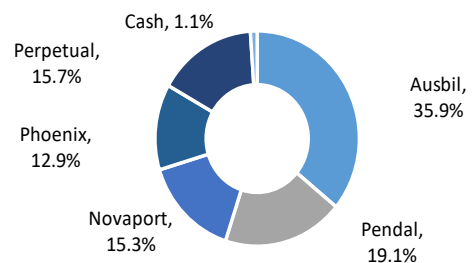
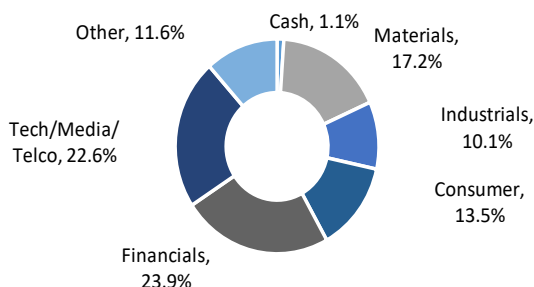
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	0.5%	-1.0%	9.8%	17.8%	2.4%	9.0%	9.1%	9.3%
Index	-1.4%	-4.5%	2.8%	9.3%	-1.5%	3.7%	6.2%	6.4%
Excess	1.9%	3.5%	7.1%	8.5%	3.9%	5.3%	3.0%	2.8%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	10.5%	16.5%	20.5%	16.6%
Benchmark (Std Dev %)	13.9%	18.0%	20.6%	17.1%
Beta	0.66	0.84	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

The global economy has continued to expand at a moderate pace, although growth in some of the advanced economies remains weak. Inflation data continues to point to a moderation in pricing pressures, although at a slightly slower rate than had been expected. This has delayed the implementation of interest rate cuts by most central banks.

Overall, the combination of slower growth and moderating inflation has increased market expectations that major economies can achieve a 'soft landing' and avoid a recession. Over the months, the broad US market (S&P 500 index) gained 4.8%, and the Australian market (ASX 200 index) rose by 0.9%. Political uncertainty due to elections in France and the UK resulted in weakness in most European stock markets. Bond returns were slightly positive, while some key commodity prices declined.

Looking ahead, monetary policy could begin to become less restrictive towards the end of this year if inflation rates continue to decline, which could help to sustain markets. However, geopolitical risks represent potential headwinds. Despite this, the IMF is now forecasting global growth to be 3.2% in 2024 and in 2025, which is close to its long-term trend rate. In broad terms, share markets continue to appear more attractive than most other investment opportunities.

Fund Commentary

The Fiducian Australian Smaller Company Shares Fund gained 0.5% in June, which was above the benchmark return of -1.4%. Ausbil (+1.9%) was the top performer for the month. Over the last 12 months, Ausbil was the top manager (+33.1%) followed by Pendal (+17.7%). For the 12 months to the end of June, the Fund has returned 17.8%, compared to the index return of 9.3%.

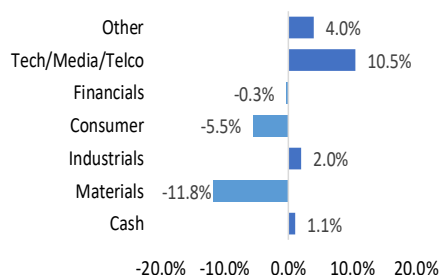
The Small Ordinaries index declined by 1.4% in June, which underperformed the broader market (ASX 200 index) return of 1.0%. For the financial year ending June 2024, the Small Ordinaries index returned 9.3%, which was below the 12.1% return of the broader market.

The Small Industrials index (+1.4%) had a positive month, whilst Small Resources (-8.0%) detracted due to declines in some commodity prices. Microcap stocks declined by 3.7%.

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
Aussie Broadband	Telecommunications	2.4%
Light & Wonder	Entertainment	2.3%
Life360	Software	2.2%
EQT Holdings	Diversified Financial Services	2.1%
Codan Ltd	Telecommunications	1.9%
Macquarie Technology	Telecommunications	1.9%
Sandfire Resources	Mining	1.9%
Tuas	Leisure Time	1.8%
Pinnacle Investment	Diversified Financial Services	1.6%
Genesis Minerals	Mining	1.3%



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