

# Fiducian Australian Smaller Company Shares Fund



Monthly Report - September 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:** \$321 million (September 2024)

**Management cost:** 1.19%

**Total management costs:** 1.83%

**Application/Exit fee:** Nil

**Inception Date:** March 1997

Manager	Style		Size	
	Value	Core	Small	Micro
Ausbil		●		●
Pendal	●		●	
Phoenix		●		●
Perpetual	●		●	

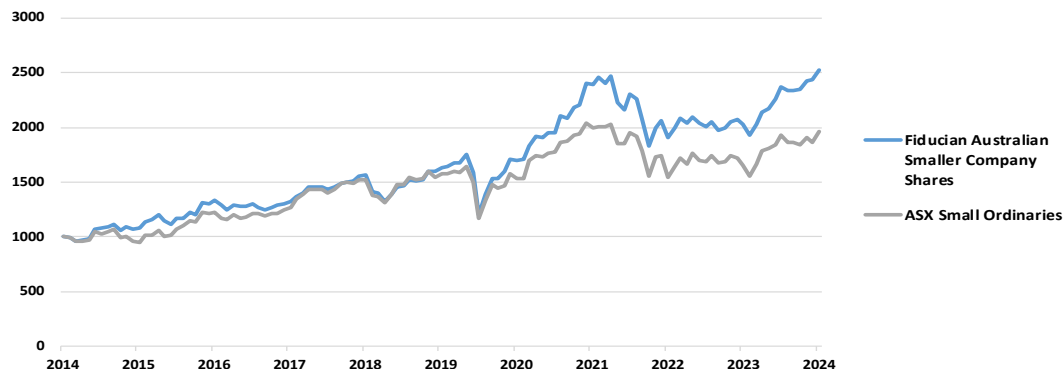
## Performance and Risk

After fee returns as at 30 September 2024

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	3.7%	7.5%	6.5%	24.4%	1.8%	9.1%	9.6%	9.7%
Index	5.1%	6.5%	1.8%	18.8%	-0.6%	4.4%	6.5%	7.0%
Excess	-1.3%	1.0%	4.7%	5.6%	2.4%	4.7%	3.2%	2.7%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	10.1%	15.9%	20.4%	16.5%
Benchmark (Std Dev %)	13.5%	18.1%	20.6%	17.1%
Beta	0.64	0.81	0.93	0.91
Tracking Error (% pa)	5.2%	6.0%	6.0%	5.6%



## Sector exposures and current manager weights



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## Market Commentary and Outlook

In the year to date, the global economy has continued to expand despite monetary policy conditions remaining restrictive as central banks seek to lower inflation to target. However, as inflation has moved closer to target, several central banks, including in Europe and then the US, have begun rate cutting cycles. In China, the central bank has cut interest rates and policy makers have announced stimulus measures to revive the country's ailing economy.

The broad US stock market (S&P 500 Index) gained 2.1% in September. The Australian market (ASX 200 Accumulation index) increased by 3.0%. Chinese stock market also experienced strong growth in September, gaining 17.4%. The Australian and global bonds recorded positive returns during the month. The Australian dollar rose by 1.5% relative to the US dollar.

For some time now, key global share markets have been 'pricing-in' a shift in monetary policy from tightening to loosening and have been trading upwards. However, geopolitical risks remain heightened and continue to represent potential headwinds. Despite this, the IMF is forecasting global growth to be 3.2% in 2024 and 3.3% 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 3.7% in September, which was below the benchmark return of 5.1%. Phoenix (+5.1%) was the top performer for the month. Over the last 12 months, Ausbil was the top manager (+39.0%) followed by Pental (+26.6%). For the 12 months to the end of September, the Fund has returned 24.4% compared to the index return of 18.8%.

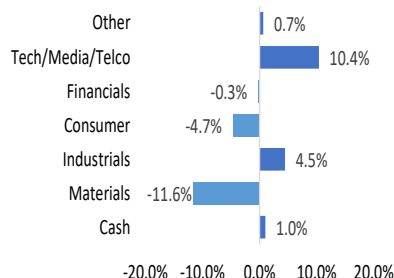
The Small Ordinaries index gained 5.1% in September, outperforming the broader market (ASX 200 Accumulation index) return of 3.0%.

The Small Industrials index (+4.3) had another positive month. Small Resources experienced strong gains (+11.5%) as the central bank of China announced interest rate cuts to help stimulate the Chinese economy. Microcap stocks (+7.2%) rose strongly.

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

## Top stock holdings and sector tilts

Stock	Industry	Weight
Aussie Broadband	Telecommunications	3.2%
Zip Co Ltd	Commercial Services	2.6%
Codan Ltd	Telecommunications	2.4%
Life360	Software	2.3%
Tuas Ltd	Leisure Time	2.3%
Hub24 Ltd	Software	2.2%
EQT Holdings Ltd	Diversified Financial Services	2.2%
Sandfire Resources Ltd	Mining	2.2%
Generation Development Group	Investment Companies	1.8%
Maas Group Holdings Ltd	Engineering & Construction	1.7%



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