

Fiducian Global Smaller Companies and Emerging Markets Equities Fund



Monthly Report - April 2024

Fund description

The Fund provides investors with the opportunity to combine investments in developed market small cap equities with investments in emerging market equities. Smaller companies in developed markets have shown superior long-term growth when compared with their larger peers. Emerging markets funds invest in developing countries and offer investors the opportunity to benefit from the significant growth potential inherent in many of these economies.

It is expected that by diversifying between these two segments of the international share market, investors could be somewhat cushioned against unexpected volatility and loss of capital that any one country's market, industry sector or individual share could generate. However, while this Fund could deliver high returns over the long term, it could also show periods of significant volatility.

The Fund utilises the Fiducian "Manage the Manager" process, selecting funds that provide diversification among different management styles, geographies and sectors.

It is recommended that investment in this Fund be undertaken for at least nine years. International share investment can be volatile over the short-term.

Fund facts

Portfolio manager: Conrad Burge
ARSN: 093 543 849
APIR code: FPS0009AU
Benchmark: 50/50 MSCI EM/MSCI Small Cap
Current fund size: \$146 million (April 2024)
Management cost: 1.28%
Total management costs: 1.33%
Application/Exit fee: Nil
Inception Date: February 1999

Manager	Style			Sector	
	Value	Core	Growth	EM	Small
Fidelity	●			●	
Vanguard Emerging		●		●	
Fiducian India			●	●	
Vanguard Global Small Cap		●			●
Royce Global Small Cap		●			●

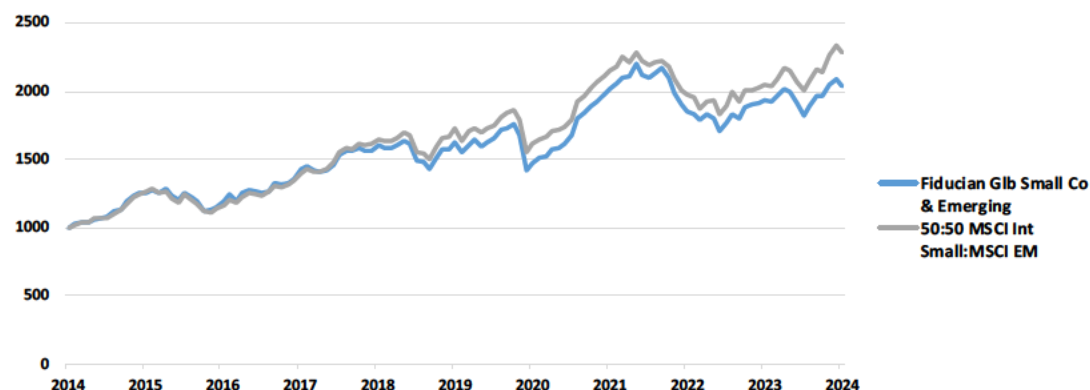
Performance and Risk

After fee returns as at 30 April 2024

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-2.5%	4.4%	11.8%	5.3%	0.3%	4.5%	5.2%	7.3%
Index	-1.9%	6.7%	14.1%	12.0%	2.1%	5.8%	7.3%	8.6%
Excess	-0.6%	-2.3%	-2.3%	-6.7%	-1.9%	-1.4%	-2.0%	-1.3%

Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	10.4%	10.2%	12.2%	11.0%
Benchmark (Std Dev %)	10.4%	10.4%	11.8%	10.5%
Beta	0.87	0.89	0.98	1.00
Tracking Error (% pa)	3.3%	3.9%	3.5%	3.2%

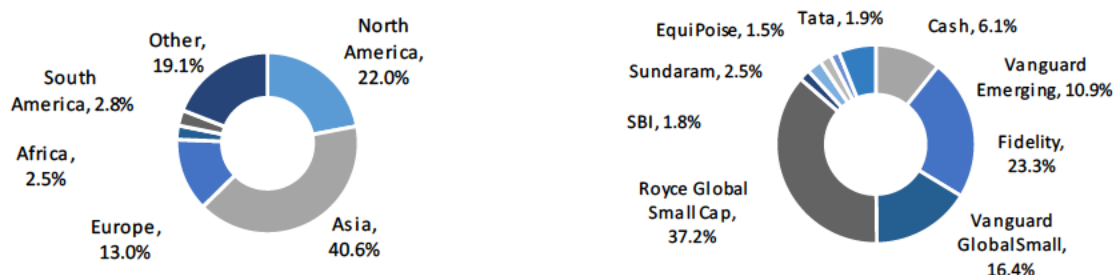


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Geographic exposures and current manager weights



Market Commentary and Outlook

The global economy has continued to expand at a moderate pace, although growth in some of the advanced economies, particularly in Europe and Japan, remains weak. Inflation data continues to point to a moderation in pricing pressures, although recent consumer price data in countries including Australia and the United States has been higher than expected. This means that interest rates are likely to stay 'higher for longer' than previously anticipated.

This news that inflation had not been falling as rapidly as expected was negative for global equity markets. In the US, the broad market (S&P 500 index) declined by 4.2%, and the Australian market (ASX 200 index) was 2.9% lower over the month. Commodities had a positive month, with gains in copper, iron ore and coal prices. Rising long-term interest rates resulted in negative returns for fixed income assets.

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, which is close to the long-term trend rate for growth. In broad terms, share markets continue to appear more attractive than most other investment opportunities.

Fund Commentary

The Fund declined by 2.5% in April, which was below the composite benchmark return of -1.9%. For the 12 months to the end of April, the Fund rose by 5.3%, which compared to the 12.0% return of the benchmark.

The MSCI Global Small Cap index declined by 4.8% in April (in Australian dollars), which was below the performance of the global large cap index, which declined by 3.3% (in Australian dollars).

The MSCI Emerging Markets Index gained 0.9% in April, with the Chinese stock market up 3.1%, and the Indian and Taiwanese markets also up.

Despite a rebound in recent months, global small cap indices have seen broad market valuations (notably 1-year forward price to earnings ratios) decline to levels that are now low in historical terms and appear attractive relative to other investment opportunities.

Currently, the Fund has an overweight position in global small caps (53.6%) relative to emerging markets (41.9%). Global small caps have underperformed large caps over the previous year, and emerging markets have underperformed developed markets. Regionally, the largest exposures are Asia (largely emerging markets) followed by North America and Europe (predominantly global small caps).

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The information has been compiled from sources considered reliable, but is not guaranteed. Past performance is not indicative of future performance and we do not guarantee the performance of the Fund or any specific rate of return. Potential investors should also obtain and consider the relevant Target Market Determination (TMD) and Product Disclosure Statement (PDS) (available from your financial adviser and via fiducian.com.au) before making a decision about whether to acquire or continue to hold any financial product.