

# Fiducian Geared Australian Shares Fund



Monthly Report - May 2023

## Fund description

The Fund invests in a diversified group of specialist Australian Share managers. The Fund utilises the Fiducian “Manage the Manager” process, carefully selecting best of breed managers with different styles with the aim of achieving superior returns with reduced risk.

In this Fund, the underlying managers can borrow against the investor’s assets in the fund to purchase additional shares and provide a leveraged exposure. This can amplify returns in rising markets, and magnify losses when markets decline.

Share investment can be volatile over the short term, especially when geared, and the recommended holding period is at least 5 to 7 years.

## Fund facts

**Portfolio manager:** Conrad Burge

**ARSN:** 105 996 192

**APIR code:** FPS0011AU

**Benchmark:** ASX 200 Accumulation Index

**Current fund size:** \$14 million (May 2023)

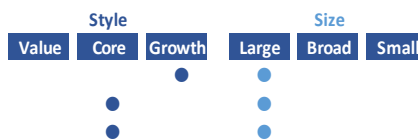
**Management cost:** 1.12%

**Total management costs:** 1.45%

**Application/Exit fee:** Nil

**Inception Date:** September 2003

**Manager**  
First Sentier  
Ausbil  
Fiducian



## Performance and Risk

After fee returns as at 31 May 2023

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Fund	-3.6%	-2.6%	-2.9%	-0.5%	18.1%	6.4%	8.5%	9.1%
Index	-2.5%	-0.9%	-0.6%	2.9%	11.4%	7.5%	8.3%	8.1%
Excess	-1.1%	-1.7%	-2.3%	-3.4%	6.7%	-1.1%	0.2%	1.0%

### Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	31.8%	25.3%	31.4%	25.2%
Benchmark (Std Dev %)	17.9%	13.7%	16.4%	13.9%
Beta	1.45	1.46	1.56	1.47
Tracking Error (% pa)	14.5%	12.6%	16.0%	12.3%

### Investment Growth

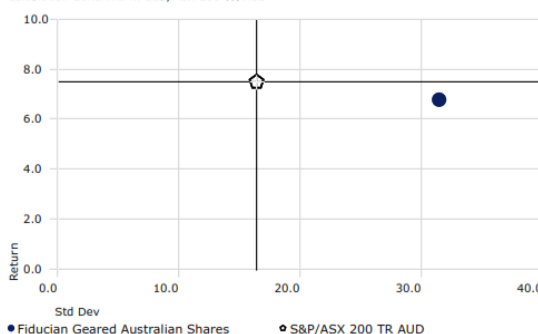
Time Period: 6/1/2018 to 5/31/2023



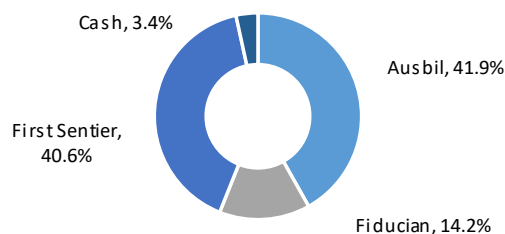
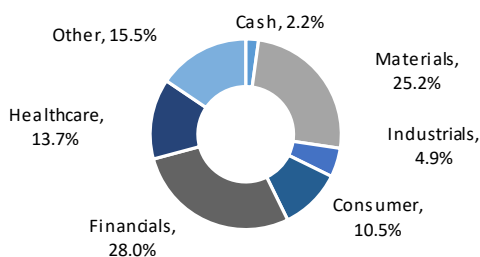
### Risk-Reward

Time Period: 6/1/2018 to 5/31/2023

Calculation Benchmark: S&P/ASX 200 TR AUD



## Sector exposures and current manager weights



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## Market Commentary and Outlook

Economic data released during May continued to point to a slowing outlook for the global economy. Whilst measures of activity in service industries continued to improve, manufacturing across most of the world continued to contract. More positive is that headline rates of inflation have continued to decline, partly driven by falling energy and commodity prices. However, the core levels of inflation monitored by central banks have remained elevated. During the month, the Reserve Bank of Australia, along with the US Federal Reserve and European Central bank again increased interest rates.

Equity market performance was mixed in May. The US market (S&P 500 index) gained 0.2%, despite some uncertainty regarding US debt ceiling negotiations. The Australian market (ASX 200 index) declined by 2.5%, and most European stock markets had negative returns. Bonds and listed property were also weaker during the month, and some key commodity prices also recorded declines due to a moderating economic outlook.

Looking ahead, elevated geopolitical risks, alongside higher interest rates and slower economic growth this year, represent potential headwinds for markets. The International Monetary Fund (IMF) recently made a small downgrade to its economic forecasts, with global growth now expected to be 2.8% in 2023. The IMF expects growth rates to remain slightly below long-term trend levels for some time. However, in broad terms, share markets continue to appear more attractive than most other investment opportunities.

## Fund Commentary

The Fiducian Geared Australian Shares Fund declined by 3.6% in May, which was below the index return of -2.5%. Over the last 12 months, the fund has returned 2.9% compared to the index return of 2.8%. Over this period, both Ausbil and First Sentier have underperformed the index.

The broad Australian share market (ASX200 index) declined by 2.5% during the month. There was limited news to drive the market performance, however general uncertainty about the global economic growth outlook, alongside some weakness in commodity prices, weighed on near term investor sentiment.

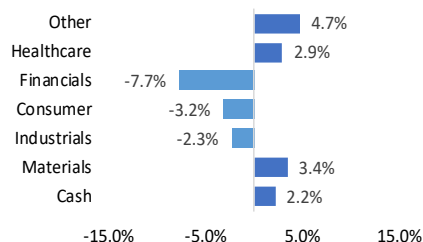
The Information Technology sector (+11.6%) was the only segment of the market to show strong gains, as global technology stocks experienced a positive month. The Utilities sector (+1.2%) along with the Energy sector (+0.2%) recorded small gains. The Consumer Discretionary sector (-6.1%) was the main detractor, as a number of company updates pointed to a weakening demand outlook for retail stocks. Consumer Staples (-4.6%) were lower for similar reasons, and the Materials sector (-4.4%) also declined during the month.

At an aggregate level, the largest sectoral tilts in the Fund are an underweight to financials, primarily lower returning and less volatile property trusts, with this funding overweight positions in the materials and healthcare sectors. As at the end of April, the average gearing level in the Fund was 42.3%.

## Top stock holdings and sector tilts

First Sentier Top Holdings	Weight
BHP Group	12.6%
Commonwealth Bank	8.9%
CSL	8.9%
National Australia Bank	5.6%
QBE Insurance	4.1%
Woolworths	4.1%
Westpac Bank	3.7%
Santos	3.6%
Goodman Group	3.6%
Aristocrat Leisure	3.3%

Ausbil Top Holdings	Weight
BHP	10.2%
CSL	9.9%
Commonwealth Bank	7.4%
National Australia Bank	5.2%
Macquarie Group	4.1%
Santos	3.5%
Telstra	3.1%
QBE Insurance	3.0%
Goodman Group	3.0%
Aristocrat Leisure	3.0%



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