

# Fiducian Ultra Growth Fund

Monthly Report - September 2023



## Fund description

The Fiducian Ultra Growth Fund has over 95% exposure to growth assets. It is diversified between multiple managers and geographies, utilising the Fiducian “Manage the Manager” system that aims to achieve superior returns with reduced risk. The main assets held are Australian and international small cap shares, emerging market shares and listed property securities. The fund should be capable of generating high returns over the longer term, but will also experience significant volatility and capital losses when markets turn down.

The Fund is suitable for investors seeking good long term capital growth with possible significant short term volatility. The recommended holding period is at least 8 years.

## Fund facts

**Portfolio manager:** Conrad Burge

**ARSN:** 133 391 634

**APIR code:** FPS0014AU

**Benchmark:** Morningstar Multisector Aggressive Median

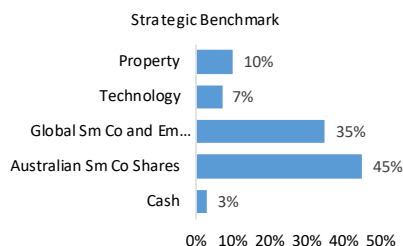
**Current fund size:** \$271 million (September 2023)

**Management cost:** 1.45%

**Total management costs:** 1.81%

**Application/Exit fee:** Nil

**Inception Date:** September 2008



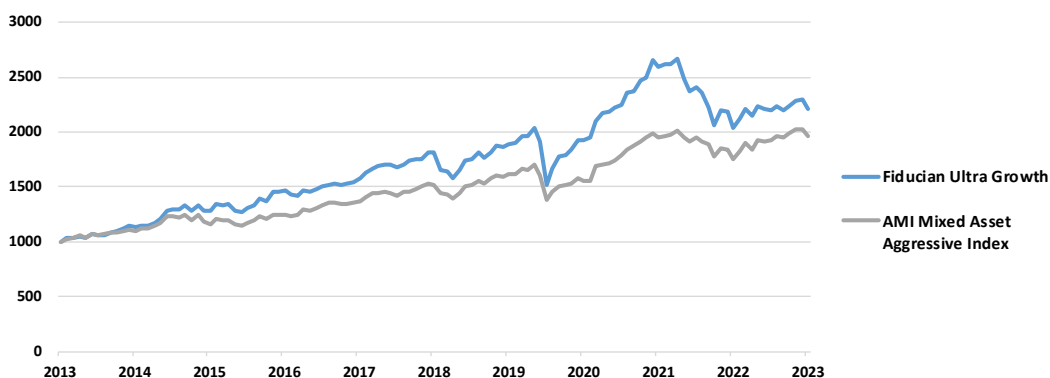
## Performance and Risk

After fee returns as at 30 September 2023

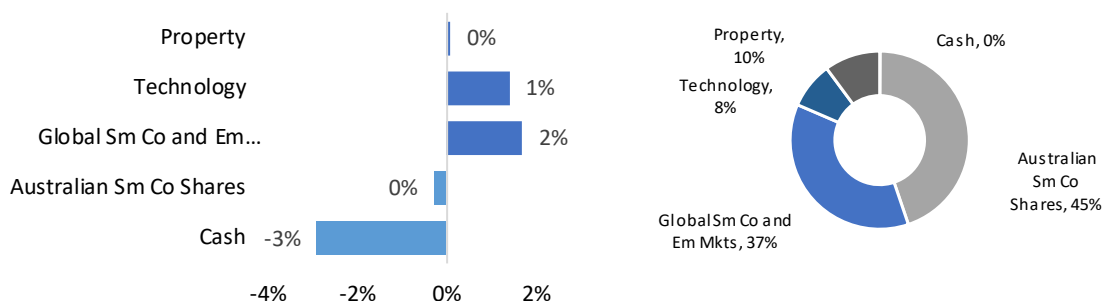
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5yrs	7 Yrs	10 Yrs
Fund	-3.8%	-1.1%	0.4%	8.1%	4.7%	4.0%	5.9%	8.2%
Index	-2.8%	-0.9%	1.9%	12.4%	8.2%	5.3%	6.7%	7.0%
Excess	-1.0%	-0.1%	-1.5%	-4.3%	-3.5%	-1.2%	-0.8%	1.3%
Ranking				86/90	79/83	66/78	57/74	2/67

### Risk Exposure

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund Volatility (Std Dev %)	8.9%	13.0%	16.3%	12.7%
Benchmark (Std Dev %)	8.6%	9.8%	11.6%	9.4%
Beta	0.91	1.17	1.31	1.24
Tracking Error (% pa)	2.3%	5.6%	6.4%	5.1%



## Tactical tilts and current asset weights



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## Market Commentary and Outlook

The global economy remains sluggish due to severe measures taken by monetary authorities to reduce inflation. While inflation is slowing, manufacturing and service industry activity levels and retail sales point to a general slowdown in activity. However, employment levels remain high and need to come down further and this, along with an uptick in inflation during September could see interest rates rise further and stay higher for longer.

This realisation that inflation has not yet been tamed saw bond yields jump up during the month, with both US and Australian 10-year government bond yields increasing by approximately 0.5%. This had negative flow-on effects on most asset classes. The broad US market (S&P 500 index) declined by 4.9%, and the Australian stock market (ASX 200 index) declined by 2.8%. Interest rate sensitive sectors had the largest falls. Commodity prices, including oil, coal and iron ore rose during the month.

Looking ahead, geopolitical risks, alongside elevated interest rates and slower economic growth this year, represent potential headwinds for markets. The International Monetary Fund (IMF) is forecasting global growth to be 3.0% in 2023 and 2.9% 2024, which is below the long-term trend rate of growth. However, in broad terms, share markets continue to appear more attractive than most other investment opportunities.

## Managers and weights

Asset Class	Fund Manager	Weight
Australian Equities (Small Cap) 44.5%	Ausbil Dexia	15.8%
	Pendal	6.9%
	Novaport	6.3%
	Phoenix	4.4%
	QVG	0.0%
International Equities (Small Cap, Emerging Markets) 35.6%	Perpetual	11.2%
	Royce	13.8%
	Fidelity	14.4%
	Vanguard Global Small Cap	5.1%
	State Bank of India	0.4%
	Sundaram	0.6%
	Tata	0.4%
Technology 7.6%	EquiPoise	0.2%
	Vanguard Emerging Market:	0.6%
	Wellington Technology	4.8%
Listed Property 10.0%	Wellington Biotechnology	1.4%
	Nordic Technology	1.4%
	BlackRock	0.9%
Cash 2.2%	Phoenix	4.7%
	Principal	4.4%
	CMT	2.2%

## Fund Commentary

The Fund underperformed its benchmark during the month, returning -3.8% compared to the -2.8% return by the median manager. Over the 12 months to the end of September, the Fund has returned 8.1%.

Cash was the only asset class to finish the month higher, with falls seen in equities, property, and also in bonds. On a relative basis, Australian Small Company shares performed better (-2.3%), whilst Property (-8.2%) trailed.

A small overweight exposure to technology and global small cap and emerging markets remains, as valuations appear attractive relative to other asset classes. There is currently an underweight position in Australian small companies and cash.

In the Zenith AMI Mixed Asset-Aggressive Category, the Fiducian Ultra Growth Fund returns were ranked 86 out of 90 funds over one year, 66 out of 78 funds over five years, and 2 out of 67 funds over the ten year period to 30 September 2023.

## Top stock holdings

Top Australian Stocks	Industry	Weight
Mma Offshore Limited	Oil & Gas Services	2.2%
Eqt Holdings Limited	Asset Management	2.1%
Macquarie Technology Gr	Integrated Telco	2.0%
Domain Holdings	Interactive Media	2.0%
Psc Insurance Group	Insurance Brokers	1.9%
Gold Road Resources	Gold	1.9%
Johns Lyng Group	Construction & Engineering	1.6%
Pacific Current Group	Asset Management	1.6%
Genesis Minerals	Gold	1.5%
Hansen Technology	Application Software	1.5%

Top Technology Stocks	Industry	Weight
Microsoft Corp	Systems Software	8.5%
Alphabet Inc	Interactive Media	6.8%
Amazon	Internet Marketing	5.8%
Nvidia Corporation	Semiconductors	4.8%
Meta Platforms Inc	Interactive Media	3.2%
Micron Technology	Semiconductors	2.9%
On Semiconductor	Semiconductors	2.6%
Uber Technologies	Trucking	2.3%
Flex Ltd	Electronic Manufacturing Ser	2.2%
AMD	Semiconductors	2.1%

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