

## Fund description

The Fiducian Technology Fund allows investors to participate directly in a blend of some of the leading technology funds available worldwide. Utilising the Fiducian “Manage the Manager” process, fund managers have been chosen to balance exposure in terms of region and sector.

Managers are able to invest in technology companies anywhere in the world that can benefit from leading-edge technology and can demonstrate significant earnings growth prospects.

Investors must bear in mind that investing in a fund of this nature can involve periods of very high volatility, although superior long-run returns can likely be achieved if investors are prepared to hold investments for periods of at least 5-7 years.

## Fund facts

**Portfolio manager:** Conrad Burge

**ARSN:** 093 544 337

**APIR code:** FPS0010AU

**Benchmark:** 50/50 MSCI World IT/  
Nasdaq Biotech Index (in AUD)

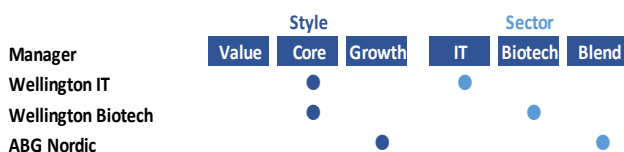
**Current fund size:** \$178 million (May 2023)

**Management cost:** 1.36%

**Total management costs:** 1.43%

**Application/Exit fee:** Nil

**Inception Date:** June 2000



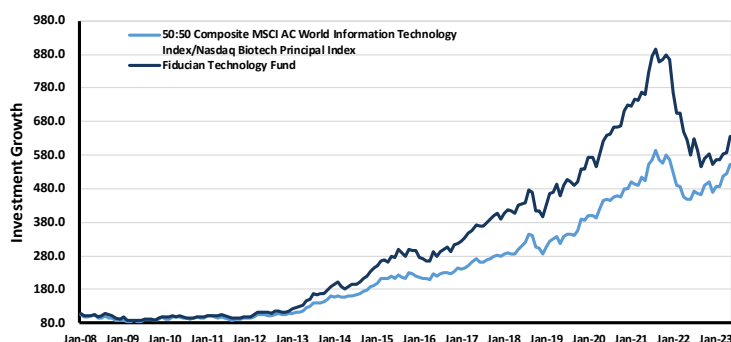
## Performance and Risk

After fee returns as at 31 May 2023

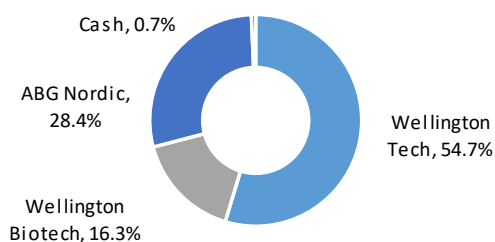
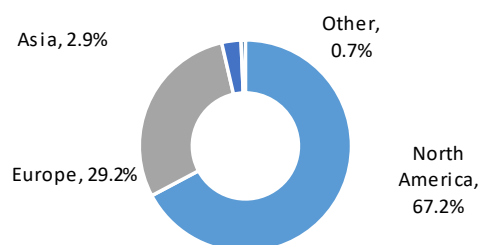
|        | 1 Mth | 3 Mth | 6 Mth | 1 Yr   | 3 Yrs | 5 Yrs | 7yrs  | 10 Yrs |
|--------|-------|-------|-------|--------|-------|-------|-------|--------|
| Fund   | 8.2%  | 12.2% | 8.5%  | -1.4%  | 0.2%  | 7.7%  | 11.4% | 15.7%  |
| Index  | 4.8%  | 13.6% | 10.2% | 23.4%  | 6.7%  | 12.4% | 13.1% | 15.5%  |
| Excess | 3.5%  | -1.4% | -1.7% | -24.8% | -6.6% | -4.7% | -1.7% | 0.2%   |

Risk Exposure

|                             | 1 Yr  | 3 Yrs | 5 Yrs | 10 Yrs |
|-----------------------------|-------|-------|-------|--------|
| Fund Volatility (Std Dev %) | 19.2% | 17.1% | 17.7% | 15.8%  |



## Geographic exposures and current manager weights



### 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 Technology Fund rose by 8.2% in May, which was above the 4.8% rise in the composite index. Over the 12 months to the end of May, the Fund returned -1.4%. The sector has had a strong rebound in the first half of 2023, although small and mid cap stocks have not performed as strongly as large cap technology stocks.

Technology stocks had a positive month in May. The NASDAQ composite index (in US dollars) rose by 5.8%, while the NASDAQ biotechnology index (in US dollars) declined by 2.8%. Large cap technology stocks have outperformed mid and small cap stocks in recent months, with positive returns in May driven by a particularly strong performance from microchip and semiconductor manufacturers.

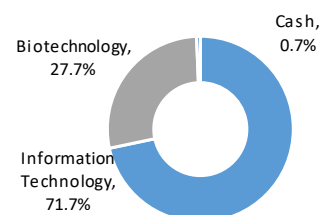
Recent commentary from a number of large tech companies, including Google, Apple and Amazon, has highlighted that earnings and revenue growth has moderated in recent times. However, efficiency gains are also being made, including through reduced employee numbers. Strong balance sheets have also allowed continued investment in growth opportunities, and in some cases, share buybacks.

The long term outlook for the technology sector remains positive, as the need to invest in innovation to drive productivity and improvements in the quality of life provides ongoing support for technology companies.

The Fund remains well diversified between geographies and sectors, and companies held are a blend of established sector leaders plus emerging technology businesses. An overweight position in the Information Technology sector relative to Biotechnology reflects the better growth opportunities currently available in that part of the market. The largest geographical exposure is to North America which makes up 65% of the fund, followed by Europe at 32%. This represents a material difference to the MSCI World Information Technology Index, where North America has a weighting of around 90% and Europe has a weighting of around 5%.

### Top stock holdings and sector weights

| Stock              | Industry               | Weight |
|--------------------|------------------------|--------|
| Microsoft Corp     | Systems Software       | 6.6%   |
| Alphabet Inc       | Interactive Media      | 5.7%   |
| Amazon Dotcom Inc  | Internet Retail        | 5.3%   |
| Nvidia Corporation | Semiconductors         | 4.0%   |
| Meta Platforms Inc | Interactive Media      | 3.7%   |
| Apple Inc          | Technology Hardware    | 3.0%   |
| AMD                | Semiconductors         | 3.0%   |
| Chemometec As      | Life Sciences Tools    | 2.9%   |
| Sdiptech Ab B      | Environmental Services | 2.8%   |
| TSMC               | Semiconductors         | 2.2%   |



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