

Fiducian India Fund

Indian Equities Large, Mid and Small-Caps



FIDUCIAN
INTEGRITY • TRUST • EXPERTISE

Monthly Report - January 2021

Fund Objective

The Fiducian India Fund aims to provide investors with the opportunity to invest in a well-diversified range of companies listed on Indian stock exchanges. It is managed by carefully selected Indian fund managers who are based in India and have satisfied Fiducian's selection criteria. This Fund gives investors the opportunity to invest in an economy that has been one of the fastest growing in the world in recent years.

The objective of the fund is to outperform its benchmark, the Bombay Stock Exchange 100 Index (BSE 100), after fees, over rolling five-year periods.

Fund Classification Core/Diversified Sector **Specialist/Satellite**

Fund Performance Summary

Fiducian India Fund

Current Period Return (net of fees as at end- January 2021)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	-1.3%	9.5%	22.1%	-4.9%	-1.2%	7.3%	14.3%	10.8%
Index	-1.1%	11.1%	19.1%	-0.5%	3.5%	9.0%	11.6%	6.6%
Excess	-0.2%	-1.6%	3.0%	-4.5%	-4.7%	-1.6%	2.7%	4.2%

Calendar Year Return (net of fees)

	2013	2014	2015	2016	2017	2018	2019	2020
Fund	15.4%	74.8%	6.1%	5.0%	36.8%	-11.0%	1.1%	5.2%
Index	7.6%	41.2%	1.0%	2.0%	28.4%	2.1%	6.6%	3.8%
Excess	8.3%	33.5%	5.0%	3.0%	8.3%	-13.1%	-5.5%	1.4%

Note: Figures are annualised over 1 year.

Manager Commentary

The Fiducian India Fund declined 1.3% in January, marginally lagging the 1.1% fall by the benchmark (in A\$ terms). During the month, two of the Fund's three managers under-performed the benchmark. SBI was the best performer with a return of 0.4%, followed by Tata (-0.6%) while Sundaram returned -2.5%.

During the month, in local currency terms, the broader market (S&P BSE Sensex) declined 3.1% and under-performed both the mid-cap sector (+0.8%) and the small-cap sector (-0.6%). Over the year to end-January, the small-cap sector (+22.6%) out-performed both the mid-cap sector (+16.9%) and the broader market (+13.6%). The Fund's small-cap manager, Sundaram, performed best over the year with a return of +0.1%, followed by Tata, which declined 4.4% and SBI, which declined 5.8%. The Fund under-performed the index by 4.5% with a return of -4.9% in \$A terms over the year ended-January.

During January, minor securities changes were made to both the SBI and Sundaram portfolios. For the SBI portfolio, a new position in ICICI Prudential Life Insurance was established while a position in Bharti Airtel was reduced. For the Sundaram portfolio, a position in Kansai Nerolac Paints was exited while a new position in Tata Elxsi was established. Stocks that contributed to portfolio performance in January included Ashok Leyland Ltd (+15.2%), Cummins India Ltd (+14.8%) and TVS Motor Co Limited (+14.8%). Shares that detracted from portfolio performance were AstraZeneca Pharma India Ltd (-21.5%), Kotak Mahindra Bank Ltd (-14.3%), ICICI Lombard General Insurance Ltd (-13.1%) and Dr Reddys Laboratories Ltd (-11.9%)

Fund Facts

Portfolio Manager: Conrad Burge
Asset Sector: International Equity (Indian Equities)
Asset Code: IE23
ARSN: 125 089 456
APIR Code: FPS0013AU
Benchmark: BSE 100 Index (in \$A terms)
Inception Date: September 2007
Fund Size: \$73.3 million as at 31 January 2021
Application/Exit Fee: Nil
Management Fee: 1.74%

Investment Growth

Investment Growth

Time Period: 1/02/2012 to 31/01/2021



—Fiducian India

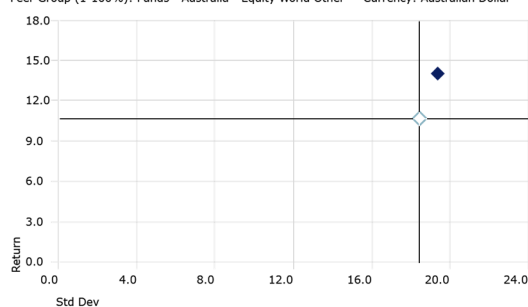
—S&P BSE 100 India INR

Risk-Reward Chart

Risk-Reward

Time Period: 1/02/2012 to 31/01/2021

Peer Group (1-100%): Funds - Australia - Equity World Other Currency: Australian Dollar



◆ Fiducian India

◆ S&P BSE 100 India INR

Managers Diversification

Manager	Style	Sector	No. of Stocks	Weights
SBI	Growth	Large Cap	49	21.8%
Sundaram	GARP	Mid & Small	25	48.7%
Tata	Growth	Multi Cap	43	27.6%
Cash				1.8%

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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.



Market & Economic Outlook

Both the BSE-30 and Nifty-50 indices touched all-time-high during January but ended the month -3.1% and -2.5% respectively. This was driven by heavy selling by foreign institutional investors over the last week of the month on concerns about the pace of economic recovery as well as the outcome of the Indian government's Union Budget. There were also concerns about the continued rise in the number of Covid-19 cases and the appearance of new variants of the virus. While the number of Covid-19 cases in India has surged to close to 11 million, the growth rate in new cases has significantly slowed from over 70,000 cases per day at the beginning of October down to around 11,000 cases per day in recent weeks.

Among sectors, the Industrials and Consumer Discretionary sectors performed the best, while the Healthcare and Energy sectors underperformed during January.

Foreign Institutional Investors (FIIs) turned net sellers in the last week of January after being consistent buyers for the first three weeks of the month. Domestic Institutions (DII) were net sellers of equities to the tune of US\$2.0 billion, adding to a total outflow of US\$3.8 billion for the 2020 calendar year.

On the macroeconomic front, India's December Consumer Price Index moderated to 4.6% (latest data) from 6.9% in November, mainly driven by a greater-than-anticipated seasonal reversal in vegetable prices. India's wholesale price index turned negative (-1.2%) compared with 1.6% in November, mainly driven by lower food inflation. Pleasingly, the Index of Industrial Production rose a strong 3.6% as against a rise of 0.5% in the previous month.

The Union Budget for the 2022 financial year recently delivered by the government focused on productive capex spending, although with higher than expected fiscal deficit targets. The budget also included significant privatisation measures and infrastructure spending. The unambiguous focus on growth through judicious fiscal expansion while also incentivising the private sector and foreign investment at the same time, appears to have pleased domestic equity markets. However, equities continue to be expensive on conventional valuation metrics, such as price to earnings ratios and appear to be supported by equity risk premium based measures that compare low earnings yield with even lower bond yields, similar to the global narrative.

Looking ahead, there seem to be multiple drivers of corporate profit growth emerging. What started off as a cost cutting exercise to drive growth by large companies is now increasingly supported by revenue growth, which could now spread to the broader market.

While pent up demand could be expected to lead to a rebound in economic activity in time, there appear to be many challenges ahead. For one thing, it is uncertain if recovery can be sustained while the coronavirus continues to surge. For another, labour availability could be a significant challenge due to significant physical and psychological damage wreaked on the workforce. This could keep overall growth prospects weak for some months at least. On the positive side, significant monetary policy support, as well as government fiscal stimulus measures, remain in place and continue to support economic activity across the country.

Portfolio Top Holdings

TITAN CO LTD	4.6%
ICICI BANK LTD	4.1%
AU SMALL FINANCE BANK LTD	3.7%
BERGER PAINTS INDIA LTD	3.5%
DIXON TECHNOLOGIES INDIA LTD	3.5%
INFOSYS LTD	3.4%
BAJAJ FINSERV LTD	3.3%
MINDTREE LTD	2.7%
RELIANCE INDUSTRIES LTD	2.5%
ORIENT ELECTRIC LTD	2.4%
BHARTI AIRTEL LIMITED	2.3%
SHREE CEMENT LIMITED	2.3%
TATA GLOBAL BEVERAGES LTD	2.2%
TATA ELXSI LTD	2.2%
DR LAL PATHLABS LTD	2.2%
HDFC BANK LIMITED	2.1%
PI INDUSTRIES LTD	2.1%
LARSEN & TOUBRO LTD	2.1%
KSB LIMITED	2.0%
TRENT LTD	2.0%
CITY UNION BANK LTD	1.8%
STATE BANK OF INDIA	1.7%
NATCO PHARMA LTD	1.7%
BIRLA CORP LTD	1.6%
KOTAK MAHINDRA BANK LTD	1.6%
Total	63.6%

Sector Diversification

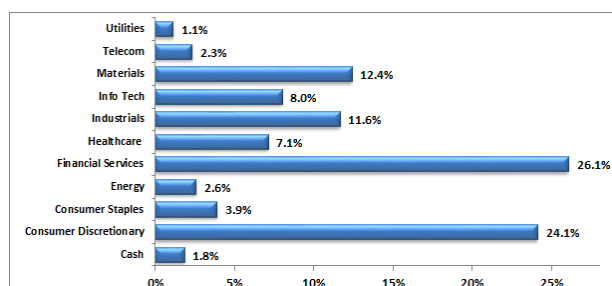


Chart of the Month

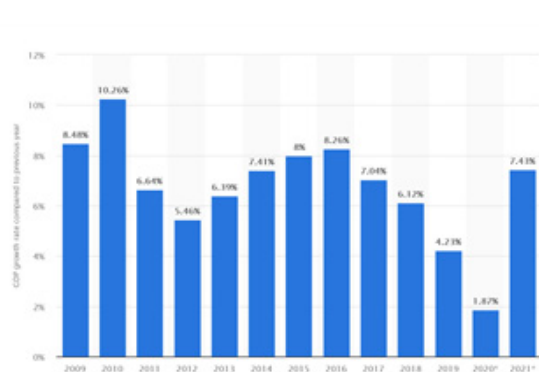


Chart: India's Real gross domestic product (GDP) growth rate from 2009 to 2021 (compared to the previous year) (source: IMF and Statista)