

Fiducian India Fund

Indian Equities Large, Mid and Small-Caps



FIDUCIAN
INTEGRITY • TRUST • EXPERTISE

Monthly Report - February 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-February 2021)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	7.3%	9.5%	28.5%	4.9%	2.4%	11.3%	14.9%	12.1%
Index	4.5%	8.3%	22.4%	9.2%	6.4%	12.0%	12.0%	7.5%
Excess	2.8%	1.2%	6.1%	-4.3%	-4.0%	-0.7%	2.9%	4.6%

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 was up 7.3% in February, outperforming a 4.5% rise in the index (in A\$ terms). During the month, all three of the Fund's managers outperformed the benchmark. SBI was the best performer with a return of 8.4%, followed by Sundaram (7.9%) and Tata (6.3%).

During the month, small caps were the best segment of the market, rising 12.0%, versus a 10.5% gain for mid-caps, and a 6.7% gain for large-caps (all in local currency). Over the year to the end of February, the small-cap sector (+47.0%) outperformed both the mid-cap sector (+36.8%) and the large-cap sector (+30.4%). The Fund's small-cap manager, Sundaram, performed best over the year with a return of +10.4%, followed by SBI with an increase of 6.0% and Tata with an increase of 3.7%. The currency was a major headwind during the year, with the Australian dollar appreciating by 21.2% versus the Rupee. The Fund underperformed the index by 4.0% with a return of 4.9% in \$A terms over the year to the end of February.

Over the month, there were some large price moves within the portfolio, with over 40% of stocks up more than 10%. Some of the biggest winners included metals conglomerate Hindalco Industries that rose 50.6%, electronics manufacturer Dixon Technologies which was 40.7% higher and State Bank of India that was up 38.8%. There were few significant detractors in what was a strong month overall for the market, with fertilizer company Coromandel down 9.2% and pharmaceutical manufacturer Natco Pharma 8.7% weaker.

The top performing sectors for the month were Metals (+24%), PSUs (+22%) and Power (+21%).

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: \$79.2 million as at 28 February 2021
Application/Exit Fee: Nil
Management Fee: 1.74%

Investment Growth

Investment Growth

Time Period: 1/03/2012 to 28/02/2021

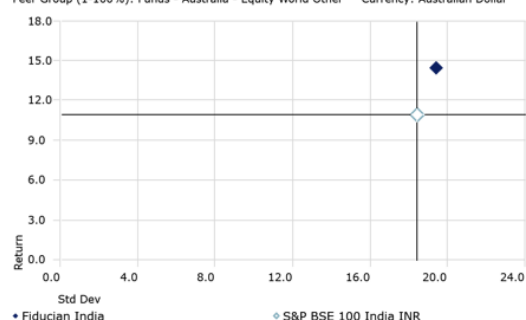


Risk-Reward Chart

Risk-Reward

Time Period: 1/03/2012 to 28/02/2021

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



Managers Diversification

Manager	Style	Sector	No. of Stocks	Weights
SBI	Growth	Large Cap	50	22.2%
Sundaram	GARP	Mid & Small	23	49.0%
Tata	Growth	Multi Cap	32	27.6%
Cash				1.2%

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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

The BSE-30 and Nifty-50 indices gained 6.1% and 6.6% respectively during the month. The BSE Mid-cap and BSE Small-cap indices gained 10.5% and 12% during the month. Among sector indices, the BSE metal index gained 24%, followed by power (+21%) and realty (+15%).

The month started on a positive note with the announcement of the Union Budget. Key benchmark indices gained 5% on February 1 as there was no change in tax rates, focus was on growth and an increase in spending. Better-than-expected 3rd quarter 2021 financial year results also boosted investor sentiment. However, the market remained concerned about a sharp rise in bond yields and a sudden increase in Covid-19 cases in a few Indian states.

Other key developments in the month included the decision by the Monetary Policy Committee (MPC) to keep the repo rate unchanged and retained its accommodative stance. The Government shortlisted four mid-sized state-run banks for privatisation and allowed private banks to participate in government-related banking transactions, while the Government approved the PLI Scheme for IT Hardware, pharmaceuticals and telecom sectors.

Nifty earnings were up 17% year-on-year (10% ahead) in Q3FY21 as all sectors beat expectations, led by Consumer Discretionary, Industrials and Healthcare. Nifty FY21/22E consensus EPS have risen by between 10% to 15% since October 2020 making it the strongest earnings upgrade momentum in over 10 years.

Continued strength in FII (Foreign Institutional Investor) inflows and a growth-oriented budget have boosted sentiment but rising input costs and plateauing recovery trends present risks to high valuations, which sit about two standard deviations above the long term average. While absolute valuations are high at greater than 21 times for the 2022 financial year, relative valuations are more reasonable as India's premium to the overall emerging markets index is near the long term average and the bond yield gap is less than one standard deviation above the mean.

Looking ahead, there seem to be multiple drivers of corporate profit growth emerging. What started off as cost cut driven growth in large companies is now increasingly supported by revenue growth and that could now spread to the broader market. Hence, there is a likelihood of one of the best earnings growth performance over the 2022 fiscal year.

Portfolio Top Holdings

DIXON TECHNOLOGIES INDIA LTD	4.5%
AU SMALL FINANCE BANK LTD	4.4%
TITAN CO LTD	4.1%
ICICI BANK LTD	3.7%
INFOSYS LTD	3.4%
BAJAJ FINSERV LTD	3.4%
PI INDUSTRIES LTD	2.5%
SHREE CEMENT LIMITED	2.5%
MINDTREE LTD	2.4%
TRENT LTD	2.4%
ORIENT ELECTRIC LTD	2.3%
TATA GLOBAL BEVERAGES LTD	2.2%
HDFC BANK LIMITED	2.2%
KSB LIMITED	2.1%
DR LAL PATHLABS LTD	2.0%
BHARTI AIRTEL LIMITED	2.0%
TATA ELXSI LTD	2.0%
RELIANCE INDUSTRIES LTD	1.9%
LARSEN & TOUBRO LTD	1.9%
BERGER PAINTS INDIA LTD	1.8%
BIRLA CORP LTD	1.8%
STATE BANK OF INDIA	1.7%
KOTAK MAHINDRA BANK LTD	1.7%
CITY UNION BANK LTD	1.6%
JOHNSON CONTROLS HITACHI AIR	1.5%
Total	61.9%

Sector Diversification

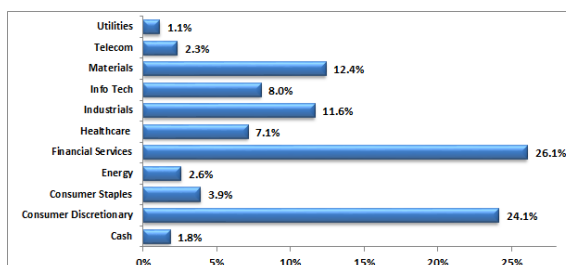


Chart of the Month

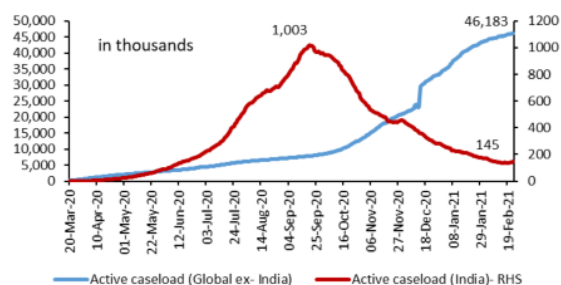


Chart: Active COVID-19 caseload in India vs RoW..India avoided the second wave the hit the rest of the World, caseloads are now stable (source: CEIC and DBIMF research)