

# Fiducian India Fund

## Indian Equities Large, Mid and Small-Caps



**FIDUCIAN**  
INTEGRITY • TRUST • EXPERTISE

Monthly Report - September 2020

### 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- September 2020 )

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs	7yrs	10 Yrs
Fund	4.8%	10.9%	12.2%	-10.6%	-2.0%	2.6%	14.9%	7.3%
Index	1.9%	8.3%	15.9%	-10.2%	2.6%	3.9%	11.4%	3.5%
Excess	2.9%	2.6%	-3.6%	-0.4%	-4.6%	-1.3%	3.6%	3.8%

#### Calendar Year Return (net of fees)

	2012	2013	2014	2015	2016	2017	2018	2019
Fund	30.8%	15.4%	74.8%	6.1%	5.0%	36.8%	-11.0%	1.1%
Index	21.9%	7.6%	41.2%	1.0%	2.0%	28.4%	2.1%	6.6%
Excess	8.9%	8.3%	33.5%	5.0%	3.0%	8.3%	-13.1%	-5.5%

Note: Figures are annualised over 1 year.

### Manager Commentary

The Fiducian India Fund rose 4.8% in September, out-performing the 1.9% rise by the benchmark (in A\$ terms). During the month, two of the Fund's three managers out-performed the benchmark. Sundaram was the best performer with a return of 7.3%, while Tata returned +4.3% and SBI returned +0.3%.

During the month, in local currency terms, the broader market (S&P BSE Sensex) declined 1.5% and under-performed both the mid-cap sector (+3.7%) and the small-cap sector (+0.3%). Over the year to end-September, the small-cap sector (+12.9%) out-performed both the mid-cap sector (+4.3%) and the broader market (-1.6%). The Fund's small-cap manager, Sundaram, performed best over the year with a return of +1.4%, followed by Tata, which declined by 8.0% and SBI, which declined 16.8%. The Fund under-performed the index by 0.4% with a return of -10.6% in \$A terms over the year to end-September.

During September, securities changes were made to both the Sundaram and Tata portfolios. For the Sundaram portfolio, exposures to Mindtree Technologies and Bajaj Finserv were increased while exposure to Dixon Technologies was reduced. A new position in Shree Cement was also established. For the Tata portfolio, a new position in ACC Ltd was established. A position in Larsen & Toubro was reduced. Exposure to Tata was somewhat reduced during the month.

Stocks that contributed to portfolio performance in September included Shree Cements (+50.0%), Persistent Systems (+36.2%), Vinati Organics (+32.4%) and AstraZeneca Pharma India (+22.9%). Shares that detracted from portfolio performance were Bharti Airtel (-18.1%), Axis Bank (-13.8%) and Bharat Petroleum Corp. (-13.1%).

### Fund Facts

<b>Portfolio Manager:</b>	Conrad Burge
<b>Asset Sector:</b>	International Equity (Indian Equities)
<b>Asset Code:</b>	IE23
<b>ARSN:</b>	125 089 456
<b>APIR Code:</b>	FPS0013AU
<b>Benchmark:</b>	BSE 100 Index (in \$A terms)
<b>Inception Date:</b>	September 2007
<b>Fund Size:</b>	\$63.0 million as at 30 September 2020
<b>Application/Exit Fee:</b>	Nil
<b>Management Fee:</b>	1.74%

### Investment Growth

#### Investment Growth

Time Period: 1/10/2011 to 30/09/2020



—Fiducian India

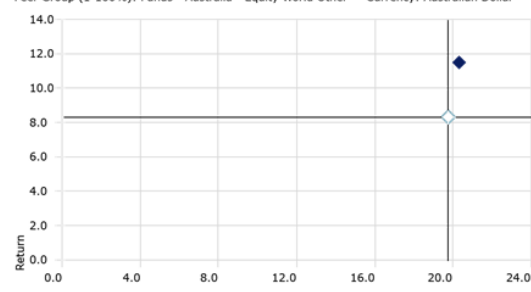
—S&P BSE 100 India INR

### Risk-Reward Chart

#### Risk-Reward

Time Period: 1/10/2011 to 30/09/2020

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	21.4%
Sundaram	GARP	Mid & Small	25	50.2%
Tata	Growth	Multi Cap	43	27.6%
Cash				0.8%

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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

The BSE-30 and Nifty-50 indices gained 2.7% and 2.8% respectively in August, mainly driven by a weaker currency, successful progress in vaccine trials and a gradual reopening and normalisation in local economic activity. While the growth rate in new Covid-19 cases has slowed somewhat, the continued rise in the number of new coronavirus cases and a warning by the Reserve Bank of India (RBI) about a potential surge in bad loans has kept market momentum in check.

Among sectors, the IT, Energy and Health Care sectors performed the best, while the Communication Services, Financials and Utilities sectors underperformed, reversing some of the strong gains in the previous month.

Foreign Institutional Investors (FIIs) were net buyers in August to the tune of US\$6.0 billion, supported by a number of major capital raisings in the financials sector. Domestic Institutions (DII) were net sellers to the tune of US\$1.5 billion in the month, reducing their year-to-date inflows to US\$9.0 billion.

Recent data indicates that the number of cases of the Covid-19 coronavirus in India has soared to over 7.2 million and at current rates, could overtake the US as the highest globally in a matter of weeks. On the positive side, however, the number of daily cases of Covid-19 appears to be on the wane from close to 100,000 per day reached in mid-September to around 63,000 per day in recent days. The damage to the economy after more than five months of nation-wide lockdown has been significant, as demonstrated by a 23.9% fall in GDP over the first quarter of the 2021 financial year. The most severely affected segments of the economy were the construction industry, where activities declined by over 50%, followed by the hospitality industry, which fell by a massive 47%. Recent weekly employment data, while better than the trough over the March to April period, is beginning to show signs of weakening again. This has most likely driven by a continued surge in the number of Covid-19 coronavirus cases, leading to a return of severe lockdown and movement restrictions in a number of states and major cities around the country.

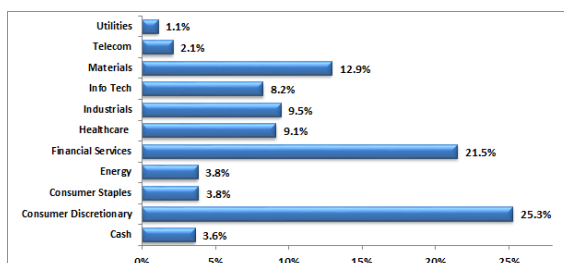
Having endured over five months of lockdown and movement restrictions, the Covid-19 pandemic continues to surge and spread in India. It now appears that the development of a vaccine might be the only way to stop the spread of the disease. For one thing, India is well placed to contribute at least in the manufacture of any vaccine that might be developed over coming months. An Indian state-of-the-art manufacturer, Serum Institute of India, can produce about 1.5 billion doses a year of any vaccine. The company already has a deal to produce a billion doses of ChAdOx1 nCoV-19, the vaccine being developed by the University of Oxford and AstraZeneca Plc, which could win approval from U.S. and European regulators in coming months.

While pent up demand could be expected to lead to a rebound in economic activity in time, for now it is uncertain if recovery can be sustained while the coronavirus continues to surge. For one thing, 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 time to come. 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	4.7%
BERGER PAINTS INDIA LTD	3.9%
RELIANCE INDUSTRIES LTD	3.6%
INFOSYS LTD	3.6%
DR LAL PATHLABS LTD	3.6%
ICICI BANK LTD	3.5%
AU SMALL FINANCE BANK LTD	3.4%
DIXON TECHNOLOGIES INDIA LTD	3.3%
TRENT LTD	3.0%
MINDTREE LTD	2.7%
BAJAJ FINSERV LTD	2.7%
SHREE CEMENT LIMITED	2.5%
PI INDUSTRIES LTD	2.5%
TATA GLOBAL BEVERAGES LTD	2.5%
ASTRAZENECA PHARMA INDIA LTD	2.3%
NATCO PHARMA LTD	2.2%
BHARTI AIRTEL LIMITED	2.1%
ORIENT ELECTRIC LTD	2.1%
KANSAI NEROLAC PAINTS LTD	2.1%
HDFC BANK LIMITED	2.0%
BIRLA CORP LTD	1.8%
LARSEN & TOUBRO LTD	1.7%
STATE BANK OF INDIA	1.6%
PVR LTD	1.5%
ITC LIMITED	1.4%
<b>Total</b>	<b>66.4%</b>

### Sector Diversification



### Chart of the Month

Improvement in economic activity has led to upward revision in earnings projections for BSE 100 companies



Chart: India's BSE 100 companies earnings revision index (source: SBI)