

Fidelity Global Equities Fund

Quarterly report

As at 31/12/2020

Fund description

Designed to be a core international holding of 80-120 of Fidelity's best global ideas, researched by our 400 experienced investment professionals located around the world. A truly active manager, we take a 360 view of every company we invest in, refreshing our views every 120 days to ensure we take advantage of the best opportunities globally and have a portfolio built with conviction. Stock selection favours mis-valued businesses and structural growth stories.

Fund facts

Portfolio manager: Amit Lodha
Benchmark: MSCI All Country World Index NR
Inception date: 15/04/1998
Fund size: AU\$431.50M
Number of stocks: 80 to 120
Management cost: 0.99% p.a.
Buy/sell spread: 0.30%/0.30%

Portfolio guidelines

Stocks: +/-5% from benchmark
Industry: +/- 10% from benchmark
Region: +/- 20% from benchmark
Country: Unconstrained
Emerging markets: maximum 20% of the portfolio (typically less than 10%)
Cash: Target range between 0% and 10%

Top 10 holdings (%)

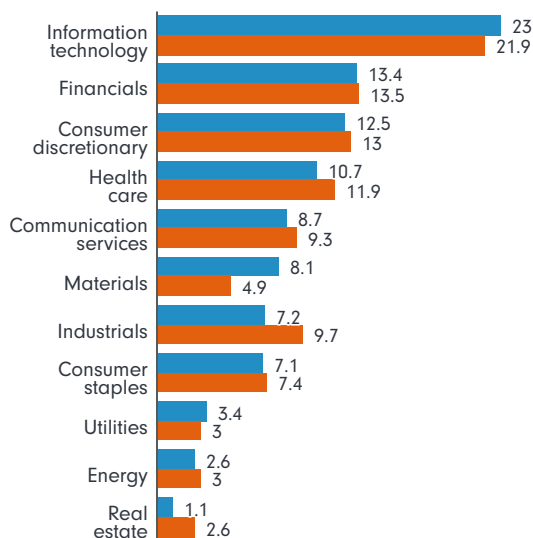
	Fund	B'mark
Microsoft Corp	2.2	2.7
Amazon.com Inc	1.9	2.3
Unitedhealth Group Inc	1.9	0.6
Apple Inc	1.8	3.8
Alphabet Inc	1.8	1.8
Rwe Ag	1.7	0.0
Samsung Electronics Co Ltd	1.5	0.7
Nestle S.A.	1.4	0.6
Netflix Inc	1.3	0.4
Ericsson	1.3	0.1

Performance %

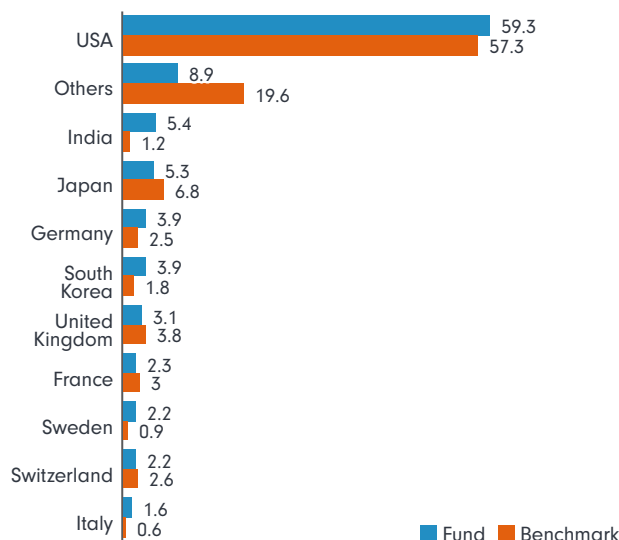
	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	10 yrs p.a.	15 yrs p.a.	20 yrs p.a.	Since Inception p.a (15/04/1998)
Fidelity Global Equities Fund	0.85	8.61	14.40	13.72	13.80	12.86	13.17	13.73	8.44	4.93	6.75
MSCI All Country World Index NR	-0.08	6.52	10.65	5.90	10.56	10.95	11.20	12.41	6.56	3.95	4.82
Excess return	0.93	2.09	3.75	7.82	3.24	1.91	1.97	1.32	1.88	0.98	1.93

Total net returns represent past performance only. **Past performance is not a reliable indicator of future performance.** Total returns (net) have been calculated using exit prices and take into account the applicable buy/sell spread and are net of Fidelity's management costs, transactional and operational costs and assumes reinvestment of distributions. No allowance has been made for taxation or for any fees charged by operators of master trusts or wrap accounts through which the products are offered. Returns of more than one year are annualised. Returns of the Fund can be volatile and in some periods may be negative. The return of capital is not guaranteed. **The benchmark is the MSCI All Country World Index NR (effective 1 November 2011). The benchmark before 1 November 2011 was the MSCI World Index. The major difference between the two indices is the inclusion of 21 emerging market country indices in the MSCI ACWI Index. Prior to December 2006, the benchmark was MSCI World Index ex Australia.

Industry breakdown %



Geographic breakdown %



Fidelity funds are available on platforms and mastertrusts via financial advisers. Investors who wish to place at least \$25,000 in a single fund can invest with us directly. For further information, please visit www.fidelity.com.au or call Client Services on 1800 044 922.

This Fund is unhedged and is subject to the risk of fluctuations in international stock markets and currencies. Management costs and the buy/sell spread are current as at the date shown above but may be subject to change in the future. Management costs include GST but exclude abnormal expenses and transactional and operational costs. Investors accessing the Fund through a master trust or wrap account will also bear any fees charged by the operator of such master trust or wrap account. Any apparent discrepancies in the numbers are due to rounding.

Quarterly report

Market performance

Global equities advanced during the quarter (in AUD terms) and continued to rally amid hopes of a swift economic recovery amid COVID-19 vaccine rollouts. Markets were buoyed by positive global developments including the signing of a post-Brexit trade deal and a fresh US fiscal stimulus package. Subsequent rollout of vaccination programs in different countries fuelled optimism towards global growth and helped investors look through the concerns over a more infectious COVID-19 strain which kept markets volatile. US equities outperformed on the back of the bipartisan passing of a fiscal stimulus bill in Congress. The US Federal Reserve maintained its stance of support by announcing that it will continue with the current levels of quantitative easing. Europe ex UK equities rose over the period bolstered by the start of a European wide vaccination program. The European Central Bank also boosted its asset purchases as European Union leaders approved the landmark €1.8 trillion budget package including the €750 billion recovery fund. UK equities advanced after the authorities approved the use of the Pfizer/BioNtech and Oxford/AstraZeneca vaccines. Investor sentiment was also lifted as the UK and the European Union finally agreed on a post-Brexit deal. Japanese equities rallied during the quarter amid vaccine breakthroughs supported by developments suggesting progress in the global fight against the COVID-19 virus. Elsewhere, emerging markets registered their strongest returns as the US dollar weakened and rising commodity prices benefited net exporters. Against this backdrop, energy and financials were the best performing sectors, while defensive sectors such as health care and consumer staples lagged markets.

Fund performance

ArcelorMittal rose on upbeat market sentiment

Steel and mining company **ArcelorMittal** rallied after a stock upgrade boosted investor sentiment. It maintains attractive valuations with reduced balance sheet risk, increasing its potential to rebound strongly once the macroeconomic environment improves.

IT holdings added value

Electronics manufacturer **Flex** reported solid quarterly results due to continued strength in its health care and solar segment. Videogame developer **Unity Software** delivered robust revenues driven by superior technological innovation and increasing end user engagement.

Key detractors

Biotechnology major **Regeneron Pharmaceuticals** lagged in line with defensive sectors. Yet, it issued an upbeat guidance driven by its solid track record in innovation. US biopharmaceutical company **Amgen** declined after disappointing results in a key final-phase clinical trial for heart ailments. It offers investors a differentiated investment opportunity adding further potential for inorganic growth. Polish video game developer **CD Projekt Red** slid after numerous glitches were reported by players ahead of its launch.

Outlook

The global economic backdrop remains uncertain with a new and more contagious strain of the COVID-19 virus upon us and the global economy will be held back by further lockdowns in the near term. While the unprecedented financial and monetary stimulus packages announced by governments worldwide have so far provided support, there

are number of unknown variables which continue to weigh on market sentiment. With the COVID-19 vaccine being rolled out, markets are enthusiastic about a quick recovery. The economic recovery is also highly dependent on Congress and the expectations of higher fiscal spending with increase in payments to households and higher infrastructure spending by incoming Joe Biden administration which should be positive for the markets. Going forward, we continue to maintain a flexible mindset to identify long term winners with sustainable pricing power to successfully navigate these changing times.

Major contributors (%)

As at 31/12/2020	Active pos.	Contribution
Arcelormittal Sa Luxembourg	1.1	0.5
Flex Ltd	1.1	0.4
Unity Software Inc	0.7	0.3
Rolls-royce Holdings Plc	0.4	0.3
Nanostring Technologies Inc	0.6	0.3

Major detractors (%)

As at 31/12/2020	Active pos.	Contribution
Tesla Inc	- 0.7	- 0.3
Regeneron Pharmaceuticals Inc	0.7	- 0.2
Sap Se	0.1	- 0.2
Amgen Inc	0.8	- 0.2
Cd Projekt Red Sa	0.4	- 0.2

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