

Fidelity Global Equities Fund

Quarterly report

As at 30/06/2022

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Fund description

Designed to be a core international holding, this diversified portfolio of 80-120 of some of the best ideas globally drawn from Fidelity's 400 global experts. Stock selection favours mis-valued businesses and structural growth stories.

Fund facts

Portfolio manager: Ashish Kochar / Oliver Trimmingham

Benchmark: MSCI All Country World Index NR

Inception date: 15/04/1998

Fund size: AU\$425.33M

Number of stocks: 80 to 120

Management cost: 0.99% p.a.

Buy/sell spread: 0.20%/0.20%

Portfolio guidelines

Stocks: +/-5% from benchmark

Sector: +/- 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 (%)

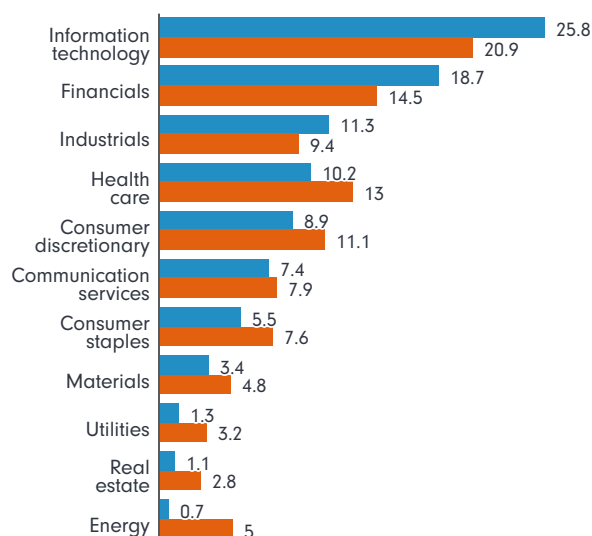
	Fund	B'mark
Microsoft Corp	5.9	3.3
Alphabet Inc	4.5	2.3
Amazon.com Inc	3.7	1.7
Unitedhealth Group Inc	3.5	0.9
Berkshire Hathaway Inc Del	3.4	0.6
Canadian Pacific Railway Ltd	2.7	0.1
Gallagher (Arthur J.) & Co	2.6	0.1
Nestle S.A.	2.2	0.6
Vinci Sa	2.1	0.1
S&p Global Inc	2.0	0.2

Performance %

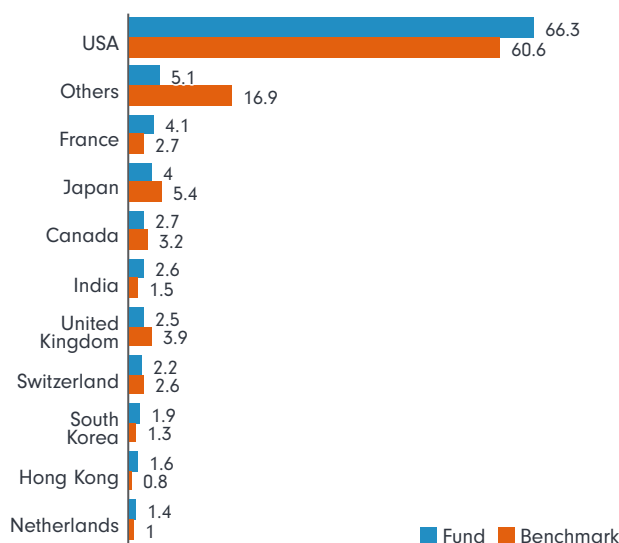
	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	10 yrs p.a.	15 yrs p.a.	20 yrs p.a.	Since Inception p.a (15/04/1998)
Fidelity Global Equities Fund	-4.68	-9.31	-18.04	-13.97	6.89	9.96	9.12	13.84	7.57	6.86	6.27
MSCI All Country World Index NR	-4.47	-7.90	-15.61	-8.02	6.93	9.37	8.70	13.19	6.11	5.77	4.77
Excess return	-0.21	-1.41	-2.43	-5.95	-0.04	0.59	0.42	0.65	1.46	1.09	1.50

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 %



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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.

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Market performance

Global equities declined during the quarter as a series of interest rate rises, high inflationary pressures and an increased risk of recession weighed on investor sentiment. Risk appetite took a hit as investors focused on bearish fundamentals indicating that global growth will be hampered. These include worries over China's anti-Covid restrictions and uncertainty linked to the ongoing Russia-Ukraine war. The US Federal Reserve (Fed) raised its funds rate by 0.75 percentage points, the biggest rate increase since 1994, after recent data showed that inflation remained elevated at a record high. Central banks across Europe followed suit and raised interest rates, which in turn focused investors' attention on the prospects of a global recession. Against this backdrop, all key regional indices ended in negative territory, led by weakness in the US and Europe. US equities fell as signs of an economic slowdown and looming global recession persisted. Eurozone markets slid as the war in Ukraine continued and concerns mounted over potential gas shortages. UK stocks fell amid fears around the impact of high inflation and cost of living crisis on future earnings. Japanese equities ended lower as the yen weakened sharply against the US dollar, breaching the 130 level for the first time in 20 years. Emerging markets declined in line with a strengthening US dollar, but still outperformed developed market equities. At a sector level, consumer discretionary and information technology were the key decliners, while energy sector held relatively strong.

Fund performance

The Fund returned -9.3%, while the index returned -7.9% during the quarter. At a sector level, while industrials and consumer discretionary holdings hurt returns, selected

health care names proved rewarding. Amazon.com came under pressure over weaker than expected sales forecast for the upcoming quarter. Cognex underperformed following disappointing earnings guidance, citing a slowdown in automation projects. The company's industry leading vision and technologies give it a differentiating edge compared to its peers. Elsewhere, Intercontinental Exchange fell, notwithstanding upbeat quarterly performance. Certain growth stocks continued to remain under pressure as valuation compression dragged prices lower. Consequently, the holding in Uber Technologies fell in this regard. General Electric declined as a series of macro headwinds weighed on stock performance. UnitedHealth Group added value, as managed care companies continued to benefit from a rising interest rate and stagflationary environment. Bristol Myers Squibb delivered strong quarterly earnings driven by robust in-line product growth, increased adoption of new product portfolio and strong commercial execution. Quality insurance franchises such as AIA Group and Arthur J Gallagher continued their upward growth trajectory, benefiting from strong pricing, prudent underwriting, and an improving rate environment. Elsewhere, Dutch internet conglomerate Prosus added value buoyed by strategic reinvestments and the recent sale of its stake in Tencent to fund share buybacks.

Outlook

We remain cautious in our outlook, as we believe that equity markets are likely to remain fragile as elevated inflation, weaker economic growth and supply chain disruptions remain. Major corporations are likely to issue forecast warnings and lower earnings expectations in the coming quarters. Although Europe and US PMIs are still above 50, they both softened in June and deceleration often matters more

to markets than absolute levels. If US GDP is negative in Q2, as high-frequency indicators suggest it will be, then the US will officially be in a technical recession. Whether the probable technical recession turns into a 'real' recession - one that inflicts significant pain on consumers and companies - remains to be seen. Nonetheless, China's economy is mending as it emerges from Covid lockdowns. However, we are cautious about the speed and strength of China's recovery - at this stage it looks unlikely that it will be strong enough to support the global economy from a slowdown and probable recession in the US and Europe. Furthermore, concerns over gas supply disruptions will be elevated over the next few weeks, as the shutdown of the Nord Stream pipeline for planned maintenance has begun with uncertainty on whether or when it gets turned back on again.

Major contributors (%)

As at 30/06/2022	Active pos.	Contribution
Tesla Inc	-1.2	0.3
Nvidia Corp	-0.8	0.3
Unitedhealth Group Inc	2.3	0.3
AIA Group Ltd	1.1	0.2
Prosus Nv	0.6	0.2

Major detractors (%)

As at 30/06/2022	Active pos.	Contribution
Amazon.com Inc	2.3	-0.6
Berkshire Hathaway Inc Del	2.8	-0.3
Cognex Corp	0.6	-0.2
Uber Technologies Inc	0.5	-0.2
General Electric Co	0.9	-0.2

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