

# Fidelity Global Equities Fund

## Quarterly report

As at 30/09/2022

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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\$412.82M

**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 (%)

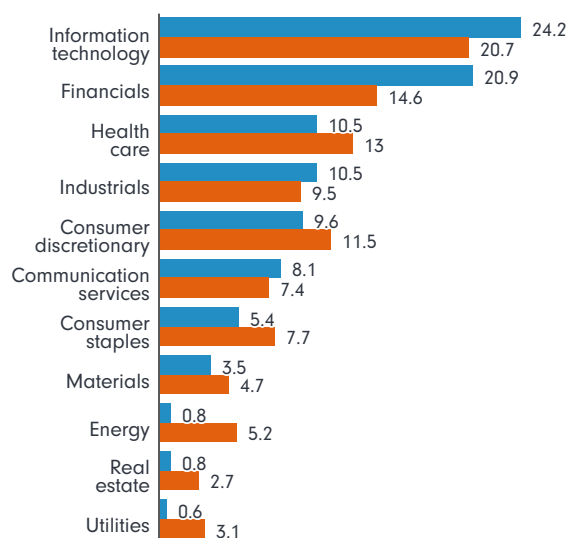
	Fund	B'mark
Microsoft Corp	5.9	3.2
Alphabet Inc	5.8	2.2
Berkshire Hathaway Inc Del	4.2	0.7
Unitedhealth Group Inc	3.8	0.9
Amazon.com Inc	3.8	2.0
Gallagher (Arthur J.) & Co	3.0	0.1
Canadian Pacific Railway Ltd	2.9	0.1
Nestle S.A.	2.2	0.6
Danaher Corp	2.2	0.3
S&p Global Inc	2.2	0.2

### Performance %

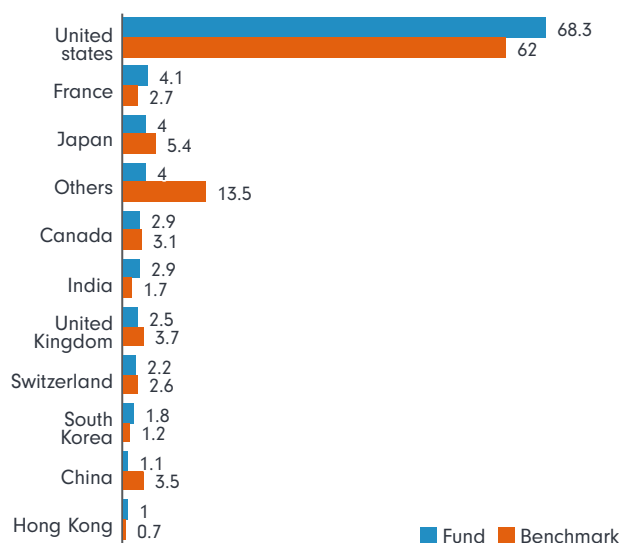
	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	10 yrs p.a.	15 yrs p.a.	20 yrs p.a.	Since Inception p.a (15/04/1998)
Fidelity Global Equities Fund	-3.70	1.11	-8.30	-13.75	6.23	9.59	9.27	13.32	7.61	7.91	6.26
MSCI All Country World Index NR	-3.58	-0.34	-8.21	-10.86	5.41	8.69	8.79	12.57	6.22	6.67	4.71
<b>Excess return</b>	<b>-0.12</b>	<b>1.45</b>	<b>-0.09</b>	<b>-2.89</b>	<b>0.82</b>	<b>0.90</b>	<b>0.48</b>	<b>0.75</b>	<b>1.39</b>	<b>1.24</b>	<b>1.55</b>

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.

# Quarterly report

## Market performance

Global equities declined during the quarter (in AUD terms). Ongoing geopolitical uncertainty, tightening liquidity conditions via aggressive interest rate hikes by global central banks and growth fears weighed on investor sentiment. At a regional level, US equities fell as the US Federal Reserve (Fed) delivered a 75-basis-point rate hike, pushing borrowing costs to the highest since 2008. Eurozone equities experienced further sharp falls, amid the ongoing energy crisis, rising inflation, and consequent fears about the outlook for economic growth. Meanwhile, the European Central Bank also raised its key interest rate by 75 basis points. UK equities experienced a sharp sell-off, as the mini-fiscal stimulus in the form of broad-based tax cuts worked as a negative catalyst for the GBP and broader risk backdrop as it raised concerns about persistent inflation pressures remaining in place. Japanese equities declined as the yen weakened almost continuously against the US dollar, breaking the 140 level for the first time since 1998. Elsewhere, emerging markets underperformed their developed counterparts. Against this backdrop, consumer discretionary and energy sectors were the leading gainers, while communication services witnessed significant volatility and ended the quarter lower.

## Fund performance

### Financials positions buoyed by upbeat quarterly results

Insurance company Arthur J Gallagher delivered robust revenues on the back of strong organic growth in its brokerage business. Diversified conglomerate holding company Berkshire Hathaway outperformed

following strong quarterly results owing to higher favourable development within the Reinsurance segment. The holding in Charles Schwab rose, driven by the company's inorganic growth efforts and initiatives to augment trading revenues.

### Healthcare names added value

UnitedHealth Group continues to benefit from stable healthcare utilization, favourable pricing environment and potential Medicaid expansion in the long term. Healthcare-focused conglomerate Danaher and US hospital operator HCA Healthcare delivered upbeat quarterly earnings, beating market expectations.

### Key detractors

Not owning shares in electric vehicle manufacturer Tesla weighed on returns as the stock outperformed following strong quarterly results. Chinese technology major Alibaba Group Holding came under pressure over a cyber security breach related to AliCloud. Elsewhere, the underweight stance in technology conglomerate Apple detracted from relative performance as the stock rallied following upbeat quarterly revenues. Google's parent Alphabet pared gains, despite reporting better-than-expected quarterly earnings. It maintains strong competitive advantages and an excellent track record of innovation

### Outlook

Equities are expected to remain muted heading into the fourth quarter of 2022. The upcoming mid-term elections in the US Congress could provide a temporary relief rally, as it has done in the past. However, no broad-based spending programmes have been announced by either party, and markets are likely to focus on the direction of interest rates and the overall strength of the US

economy. Investor sentiment is expected to be guided by corporate earnings. Short-term confidence is fragile given elevated levels of inflation, heightened geopolitical risks amid the ongoing conflict in Ukraine and the subsequent gas supply shock. It has become increasingly likely that Europe will fall into recession this year, with weaker consumer confidence now passing through more broadly to indicators of corporate activity. Many indicators point to a slowdown in the UK, particularly for the consumer as inflation takes its toll. As ever, the PM team continues to focus on fundamentals and investing in long-term growth compounders where estimates on a 2-5-year view are too low and valuations are reasonable.

## Major contributors (%)

As at 30/09/2022	Active pos.	Contribution
Gallagher (Arthur J.) & Co	2.7	0.4
Amazon.com Inc	1.8	0.3
Autodesk Inc	1.3	0.3
Unitedhealth Group Inc	2.6	0.2
Berkshire Hathaway Inc Del	3.0	0.2

## Major detractors (%)

As at 30/09/2022	Active pos.	Contribution
Tesla Inc	-1.3	-0.3
AIA Group Ltd	1.2	-0.2
Alibaba Group Holding Ltd	0.7	-0.2
Adobe Inc	1.1	-0.2
Apple Inc	-2.7	-0.2

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