Fidelity India Fund

Quarterly report

As at 30/09/2023

Fund description

Invests in a diversified selection of 30 to 60 Indian companies and draws on the research capabilities of Fidelity's analysts based on the ground in India. Valuation plays a key role in stock selection. Portfolio holdings are continually assessed against new investment ideas.

Fund facts

Portfolio manager: Amit Goel
Benchmark: MSCI India Index NR
Inception date: 29/09/2005
Fund size: AU$228.87M
Number of stocks: 30 to 60
Management cost: 1.20% p.a.
Buy/sell spread: 0.30%/0.30%

Portfolio guidelines

Stocks: +/-8% from benchmark
Sector: +/-10% from benchmark
Cash: Target range between 0% and 10%

Top 10 holdings (%)

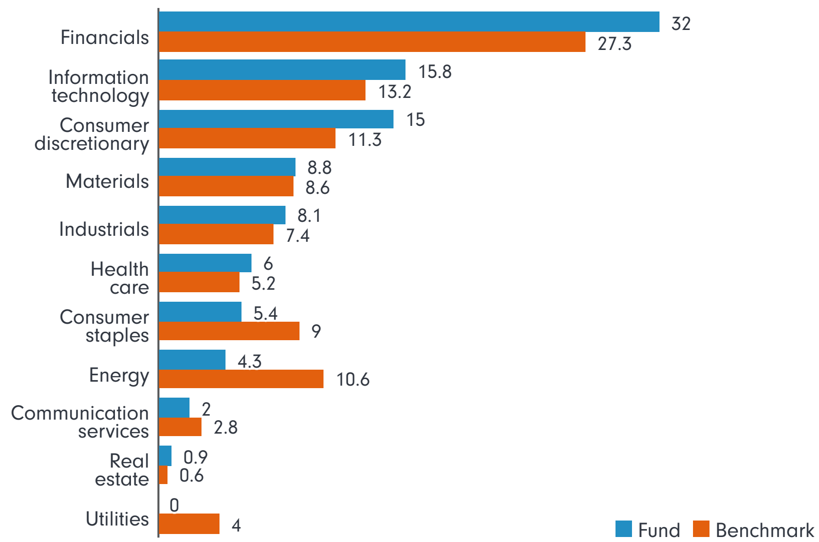
	Fund	B'mark
Infosys Ltd	8.5	5.6
HDFC Bank Ltd	8.2	5.0
ICICI Bank Ltd	8.0	5.8
Axis Bank Ltd	6.3	2.8
Hcl Technologies Ltd	4.9	1.4
Reliance Industries Ltd	3.6	8.4
Ultratech Cement Ltd	2.7	1.1
Marico Ltd	2.6	0.3
Apollo Hospitals Enterprise Ltd	2.6	0.6
Tata Motors Ltd	2.4	1.2

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.	Since Inception p.a (29/09/2005)
Fidelity India Fund	0.52	5.75	17.87	11.30	17.44	11.96	11.70	15.73	10.75	10.32
MSCI India Index NR	2.03	5.94	19.63	9.69	19.03	12.38	11.84	13.90	9.07	9.39
Excess return	**-1.51**	**-0.19**	**-1.76**	**1.61**	**-1.59**	**-0.42**	**-0.14**	**1.83**	**1.68**	**0.93**

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.

Industry breakdown %



Major contributors (%)

As at 30/09/2023	Active pos.	Contribution
Makemytrip Limited	1.1	0.4
Mphasis Ltd	2.0	0.4
Kotak Mahindra Bank Ltd	-2.4	0.3
Kec International Ltd	1.6	0.3
Apl Apollo Tubes Ltd	1.1	0.2

Major detractors (%)

As at 30/09/2023	Active pos.	Contribution
HDFC Bank Ltd	3.7	-0.9
Larsen & Toubro Ltd	-2.2	-0.4
Ntpc Ltd	-1.1	-0.3
Eicher Motors Ltd	1.6	-0.2
Anupam Rasayan India Ltd	0.7	-0.1

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 and 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

Indian equities ended the month in positive territory and outperformed regional peers. Domestic institutional investors remained net buyers, while foreign institutional investors turned net sellers of Indian equities. On the economic front, inflation eased in August after spiking in July. The latest reading was below market forecasts as the cost of vegetables, cereals, pulses and milk increased at a slower pace. Despite the slowdown in August, inflation remained above the upper limit of central bank's 2–6% tolerance band for a second month. The S&P Global India services Purchasing Managers' Index (PMI) eased in August, aligning closely with market expectations. However, both new orders and output remained at an elevated level, while new exports continued to rise. Employment increased slightly as the rate of job creation reached its highest point since last year. GDP for the June quarter came in at 7.8%, in-line with market expectations, supported by strong growth in the manufacturing and services sectors. India's economy has been growing at a steady pace and is likely to improve further during the upcoming festive season. The Reserve Bank of India (RBI) kept the repo rate (the rate at which the RBI lends to banks) unchanged at 6.5%. The RBI's monetary policy committee (MPC) maintained an accommodative stance, targeting growth through policy support by expanding money supply. It also declared its intention to move towards a neutral policy stance later in the year. All sectors except energy ended the month in positive territory, with utilities, communication services and industrials advancing the most.

Fund performance

An overweight stance in financials also detracted from performance, while stock picking in industrials added relative value. The position in India's leading online travel agency MakeMyTrip, which is 53% owned by Ctrip, advanced. It stands to benefit from an increase in penetration of airlines and hotels services, improving air connectivity and rising income levels, which provides a long runway for growth. The exposure to Mphasis added value as it focuses on new vertical expansion beyond the banking and financial services segment. Furthermore, it is seeing large deal wins as global companies continue to outsource non-core activities. KEC International's business outlook remains positive, on the back of better domestic transmission and civil business. It has seen a 30% higher order intake in the current financial year. HDFC Bank was the biggest detractor from returns during the quarter as it faces increased liquidity costs related to its merger with Housing Development Finance Corporation. Moreover, the Reserve Bank of India imposed an incremental cash reserve ratio (CRR) requirement that is likely to weigh on its net interest margin. Nevertheless, the long-term investment rationale for the bank remains intact, with strong asset-quality and a well-capitalised balance sheet. The position in Eicher Motors slid as its year-on-year growth looks muted and its export volumes are weaker than its peers due to a subdued riding season in developed countries and foreign exchange related issues in emerging countries.

Fund positioning

We construct the Fund with a fundamental-driven bottom-up stock selection approach. The focus is on investing in high-quality companies with strong management teams operating in sectors with structural growth opportunities, such as consumer, financials, industrials and healthcare. Within consumer discretionary, a new holding was purchased in an Indian automobile manufacturer in light of its reasonable valuations, good competitive position and better product mix. A new position was purchased in a garments exporter as it is a high-quality business with long-term duration growth in the garments supply chain and has higher productivity than its peers. Within financials, the allocation to private sector bank Axis Bank was increased. Its strong retail franchise, business productivity and asset quality stand out, thus making it an attractive proposition. The bank's management team has been able to consistently improve its asset quality and enhance its underwriting culture. Within IT, the exposure to Infosys was raised as we believe it is now trading at a much more reasonable valuation. Meanwhile, positions in Bajaj Finance, Eicher Motors and Shriram Finance were decreased.

Signatory of:

PRI Principles for Responsible Investment

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