

Fidelity Australian Equities Fund

Monthly report

As at 30/11/2020

Fund description

Invests in a diversified selection of around 30 to 50 Australian companies. Using a bottom-up stock-selection approach that focuses on undiscovered earnings potential, value and growth and is designed to be a core holding.

Fund facts

Portfolio manager: Paul Taylor

Benchmark: S&P/ASX 200

Accumulation Index

Inception date: 30/06/2003

Fund size: AU\$5,066.16M

Number of stocks: 30 to 50

Management cost: 0.85% p.a.

Buy/sell spread: 0.20%/0.20%

Portfolio guidelines

Stocks: +/-5% from benchmark

Industry: +/-7% from benchmark

Cash: Target range between 0% and 10%

Top 10 holdings (%)

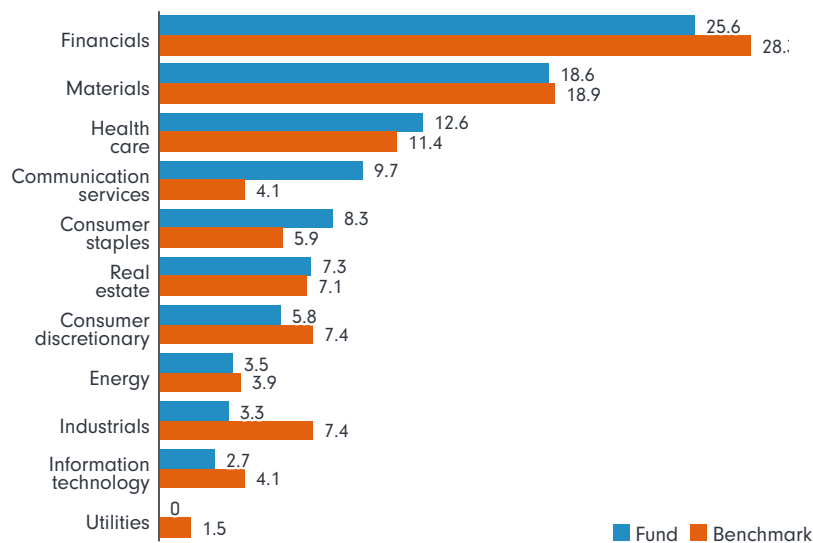
	Fund	B'mark
Commonwealth Bank Australia	9.8	7.7
CSL Ltd	8.9	7.5
BHP Group Ltd	8.8	6.2
Coles Group Ltd	5.8	1.3
Suncorp Group Ltd	4.7	0.7
Goodman Group	4.6	1.7
Seek Ltd	4.4	0.5
Macquarie Group Ltd	4.0	2.6
Ramsay Health Care Ltd	3.7	0.6
Dominos Pizza Enterprises Ltd	3.4	0.3

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 (30/06/2003)
Fidelity Australian Equities Fund	9.69	6.76	14.81	0.05	7.32	8.45	7.79	9.19	8.82	11.40
S&P/ASX 200 Accumulation Index	10.21	8.22	14.76	-1.98	6.94	9.05	7.31	8.10	6.79	9.08
Excess return	-0.52	-1.46	0.05	2.03	0.38	-0.60	0.48	1.09	2.03	2.32
Growth	8.83	5.93	8.32	-7.09	2.57	4.27	3.89	5.3	4.96	7.14
Income	0.86	0.83	6.49	7.14	4.75	4.18	3.9	3.89	3.86	4.26

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. Growth return is the unit price movement on exit to exit basis. Income is expressed as Total Return less growth component.

Industry breakdown %



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This Fund is subject to risk of stock market fluctuations. Management costs and the buy/sell spread are current as at the date of shown above, but may be subject to change in the future. Management costs include GST and exclude abnormal expenses, 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.

Monthly report

Market performance

Australian equities rose sharply in November. Positive news around the development of COVID-19 vaccines boosted investor sentiment. Joe Biden's victory in the US elections and expectations of a swifter economic recovery further supported stock markets. The Reserve Bank of Australia (RBA) set a positive tone early in the month by lowering interest rates and committing to maintaining a supportive monetary policy. Various economic indicators released over the month showed signs of improvement, bolstering investors' confidence. However, a cloud of concern emerged after China imposed tariffs on wine imports from Australia, sparking fears over the possibility of a wider trade dispute with its key trading partner. At a sector level, energy and financials gained the most as there was a rotation towards value-led stocks amid prospects of an upturn in the business cycle in anticipation of a vaccine-led recovery in demand. On the economic front, the National Australia Bank's business confidence index jumped into positive territory, marking the highest reading since May 2019. The Westpac-Melbourne Institute consumer sentiment index continued to climb for the third straight month in November to a seven-

year high, as consumers became more optimistic about the country's economic recovery. Retail sales growth for October surprised on the upside as the second-most populous state of Victoria emerged from COVID-19-induced lockdowns. Elsewhere, the unemployment rate rose marginally in October as more people went out looking for work.

Fund performance

The Fund delivered strong positive returns but lagged the index over the month. Positive news flows around the development of a COVID-19 vaccine dominated investor sentiment and prompted a rotation into value stocks. Investors were concerned about the growth of businesses that have benefited from pandemic-led demand in a post-vaccine world once conditions normalise. As a result, positions in selected high-conviction holdings in the consumers sectors weighed on returns. These include pizza delivery business Domino's Pizza Enterprises and supermarket operator Coles Group. Vaccine related news also weighed on gold prices, a relatively safe-haven asset during volatile markets. Consequently, the position in gold producer Evolution Mining detracted from returns. This

was partly offset by the lack of exposure to Newcrest Mining. In the real estate sector, Goodman Group held back gains. Investors took profits following its recent strong performance, even as the industrial property manager reported an encouraging operational update for the first quarter of FY21. On a positive note, shares in Suncorp Group, one of Australia's largest financial services brands, advanced after it reported that the pandemic had a broadly neutral impact on its general insurance portfolio in the first half of FY21. Its management notes that potential business interruption claims and premium waivers have been largely offset by reductions in motor claims. The holding in Mineral Resources gained amid its management's plans to scale up iron ore exports. The position in job listings company SEEK advanced amid expectations of a swifter than expected global economic recovery once a vaccine is available. An improving economic environment will be supportive of job openings and, ultimately, job listing volumes on SEEK's platform. Elsewhere, oil and gas exploration and production company Oil Search and power and gas retailer Origin Energy tracked oil prices higher, driven by expectations of a pick-up in demand.

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