

Fidelity Australian Equities Fund

Monthly report

As at 28/02/2021

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\$5,313.30M

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

Sector: +/-7% from benchmark

Cash: Target range between 0% and 10%

Top 10 holdings (%)

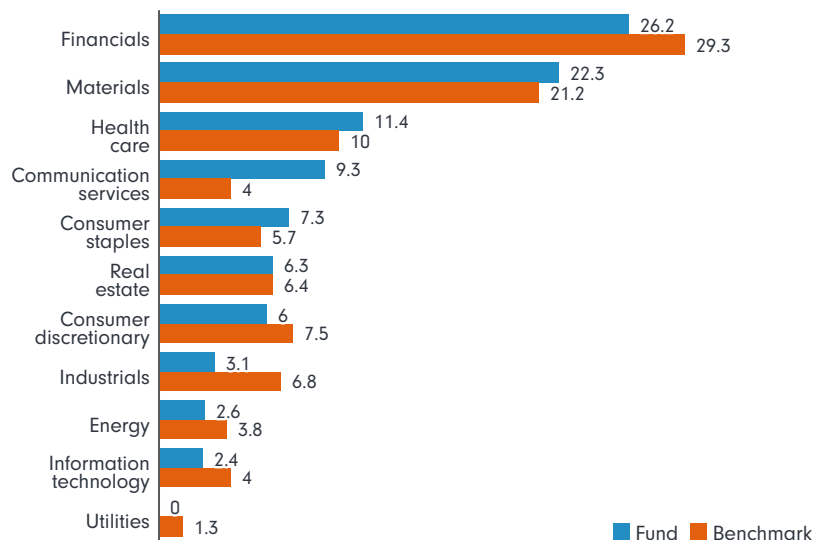
	Fund	B'mark
BHP Group Ltd	10.8	7.8
Commonwealth Bank Australia	10.0	7.8
CSL Ltd	7.5	6.4
Coles Group Ltd	4.5	1.1
Suncorp Group Ltd	4.4	0.7
Seek Ltd	4.1	0.5
Dominos Pizza Enterprises Ltd	4.0	0.3
Goodman Group	3.9	1.5
Macquarie Group Ltd	3.9	2.6
Australia & NZ Banking Group Ltd	3.7	4.0

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	1.57	4.38	11.44	11.18	8.41	10.28	7.85	9.01	8.37	11.50
S&P/ASX 200 Accumulation Index	1.45	3.00	11.47	6.48	7.39	10.74	7.37	7.76	6.50	9.13
Excess return	0.12	1.38	-0.03	4.70	1.02	-0.46	0.48	1.25	1.87	2.37
Growth	1.57	4.38	10.57	4.42	3.89	6.23	4.09	5.23	4.58	7.29
Income	-	-	0.87	6.76	4.52	4.05	3.76	3.78	3.79	4.21

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 %



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 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 advanced in February amid optimism around a rapid vaccination rollout. Strong corporate results also supported investor sentiment. However, in the last week, the market was caught in a global sell-off in risky assets amid an upward shift in US bond yields. The rotation in favour of value continued as a result of the expected post-pandemic normalisation and rising bond yields. Although, the Reserve Bank of Australia (RBA) left interest rates unchanged at record low levels, the rising bond yields prompted the RBA to launch an unscheduled offer to buy three-year government bonds. At a sector level, materials advanced the most supported by rising commodity prices. Meanwhile, gold producers underperformed other mining stocks, as these were negatively impacted by rising bond yields. Elsewhere, energy stocks tracked oil prices higher, while the financials sectors, notably banks, were driven by optimism around a pick-up in economic activity. Conversely, the information technology (IT) sector slid mirroring a decline in its global peers. On the economic front, the business confidence index produced by National

Australia Bank (NAB) picked up to well above its long-run average. However, business conditions eased back from historic highs as COVID-19 breakouts curbed activity temporarily in a few cities. The Australian household spending rose at a slower-than-expected pace as the lockdown in the state of Queensland dragged on stronger performances in other parts of the country. On a positive note, the Westpac-Melbourne Institute's survey of consumer confidence rose in February. The survey showed that job security fears receded, indicating optimism ahead of the expiry of the government's JobKeeper program in March. The seasonally adjusted unemployment rate fell in January to the lowest reading since March 2020 as economic recovery picks up steam.

Fund performance

The Fund delivered absolute positive returns and outperformed the index in February. Security selection in the materials sector contributed to performance largely driven by encouraging earnings. Preferred positions in iron ore producers Mineral Resources and BHP Group also tracked iron-ore prices higher. The

holding in diversified miner IGO gained in light of a notable increase in its cash flows. Furthermore, investors favoured IGO's long runway for growth given its recent purchase of a substantial stake in the world's biggest low-cost lithium mine in Australia. Among consumer holdings, a conservative stance in retail conglomerate Wesfarmers proved rewarding as investors took profits following a sharp rise in its share price recently. Conversely, the holding in supermarket operator Coles slid amid concerns about a tough near-term outlook even as the company reported healthy results for the first half of FY21. The exposure to job listings company SEEK detracted from returns. SEEK's strong results were overshadowed by sale of a part of its stake in the Chinese career platform Zhaopin at a deal price that was viewed as unattractive by the broader market. Elsewhere, in the real estate sector, investors rotated out of industrial property manager Goodman Group and property fund manager Charter Hall Group following their strong recent performance. Both companies reported robust results and upgraded their guidance.

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