

Fidelity Australian Equities Fund

Monthly report

As at 30/04/2021

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\$5,691.75M

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 (%)

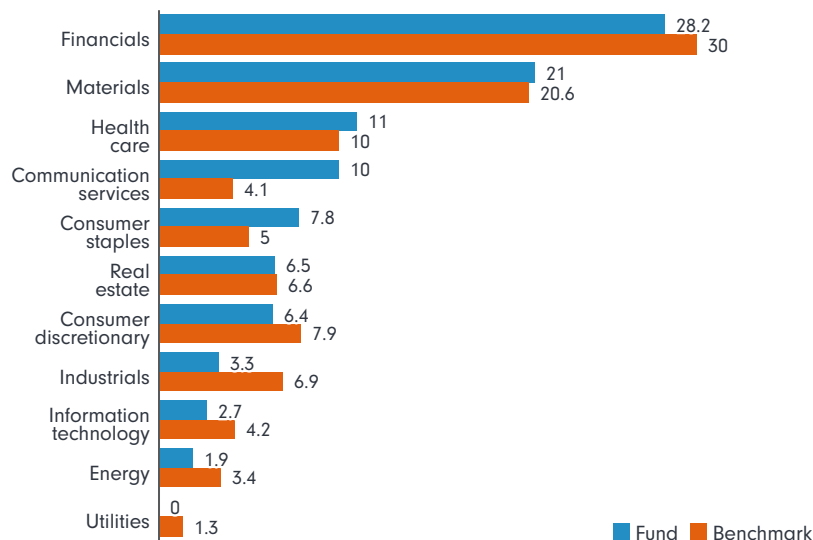
| | Fund | B'mark |
|----------------------------------|------|--------|
| Commonwealth Bank Australia | 10.2 | 8.0 |
| BHP Group Ltd | 9.7 | 7.1 |
| CSL Ltd | 7.3 | 6.3 |
| Macquarie Group Ltd | 4.6 | 2.8 |
| Dominos Pizza Enterprises Ltd | 4.4 | 0.3 |
| Westpac Banking Corp | 4.4 | 4.7 |
| Suncorp Group Ltd | 4.4 | 0.7 |
| Seek Ltd | 4.4 | 0.6 |
| Goodman Group | 4.2 | 1.6 |
| Australia & NZ Banking Group Ltd | 4.1 | 4.2 |

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 (30/06/2003) |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------------------------|
| Fidelity Australian Equities Fund | 5.29 | 9.22 | 23.11 | 35.65 | 10.88 | 10.41 | 8.77 | 9.75 | 8.31 | 11.84 |
| S&P/ASX 200 Accumulation Index | 3.47 | 7.54 | 20.33 | 30.76 | 9.50 | 10.27 | 7.95 | 8.35 | 6.40 | 9.40 |
| Excess return | 1.82 | 1.68 | 2.78 | 4.89 | 1.38 | 0.14 | 0.82 | 1.40 | 1.91 | 2.44 |
| Growth | 5.14 | 9.07 | 21.98 | 27.81 | 6.39 | 6.46 | 5.05 | 5.97 | 4.51 | 7.65 |
| Income | 0.15 | 0.15 | 1.13 | 7.84 | 4.49 | 3.95 | 3.72 | 3.78 | 3.8 | 4.19 |

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 strongly in April, rising for a seventh consecutive month and reaching a post COVID-19 high. Australia has been relatively resilient through the pandemic and its earnings revisions remain encouraging. Upbeat local economic data and supportive plans to bolster infrastructure in the US were encouraging. Strong consumer sentiment in Australia also boosted recovery hopes. Meanwhile, growth stocks outperformed value shares given a fall in bond yields. In terms of sectors, information technology shares rebounded in light of the positive impact from the decline in Australian bond yields. Health care stocks outperformed given the strength in the biotechnology space. The materials sector also benefited from high iron ore prices and a slightly weaker US dollar, while energy stocks fell, tracking lower oil prices. Consumer staples stocks reversed last month's gains. Meanwhile, market gains were intermittently held back by surging COVID-19 cases in various countries and a possible capital gains tax hike in the US. Australian Prime Minister Scott Morrison said it was now unclear whether all Australians would be vaccinated for COVID-19 by year end due to health concerns over the AstraZeneca vaccine and a delay in the rollout due to European export restrictions. In economic news, Australia's recovery remains ahead of expectations, with the unemployment rate falling to a one-year low of 5.6%, alongside strong business confidence and consumer sentiment readings. The Westpac-Melbourne Institute Index of Consumer Sentiment surged 6.2% month-on-month to 118.8 in April 2021,

the highest reading since August 2010, buoyed by positive news around the labour market and a further easing in COVID-19 restrictions. Housing indicators have also surged ahead, sparking some concerns around a potential overheating of the sector. Australia's central bank left interest rates at an all-time low in a widely expected decision, but cautioned it would "carefully" monitor trends in property debt as the housing market boomed. The Reserve Bank of Australia (RBA) also reiterated its commitment to keep its monetary policy accommodative for as long as is needed to pull down unemployment and push inflation higher. This was followed by the release of lower-than-expected Australian inflation figures, which eased concerns about near-term tightening from the RBA.

Fund performance

The strategy delivered positive absolute returns and outperformed the index over the month. Security selection as well as an overweight stance in materials boosted returns as the sector benefited from strong iron ore prices. As a result, holdings in Mineral Resources and IGO helped performance, but avoiding Fortescue Metals Group held back relative returns. In the consumer discretionary sector, leading pizza chain operator Domino's Pizza Enterprises added notable value given its strong sales momentum and growth in digital platform-led sales revenues. In the consumer services sector, the holding in job listing company SEEK added value. The company witnessed strong job advertisements, with March registering the highest number of posts

in its 23-year history.

Meanwhile, shares in Oil Search detracted from returns. Its share price slid along with the broader energy sector due to a fall in oil prices. The energy exploration & production company announced a decline in production during the quarter ended March, but its revenue rose 16% as a global recovery bolstered oil prices earlier this year. In the consumer staples sector, holdings in Blackmores and supermarket operator Coles Group were caught in the market rotation away from consumer staples. Blackmores provided an update indicating continued headwinds on the resumption of top-line growth in the home market in the near term. The health supplements company remains attractive as management is putting the right building blocks in place to help it grow over the medium to long term, while realigning the cost structure to help it invest more aggressively in marketing and new channel opportunities. Coles Group also reported lower-than-expected results with a decline in quarterly sales, though it is observing early signs of normalising consumer behaviour with improved transaction growth and a recovery in categories that were impacted by COVID-19. This supermarket operator is likely to be a beneficiary of food inflation and a rational competitive environment. It maintains a cost-reduction strategy through supply chain optimisation, digitisation and improved product offerings, and has a healthy balance sheet and solid online retail strategy.

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