

Fidelity Australian Equities Fund

Monthly report

As at 31/05/2021

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\$5,805.67M

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 (%)

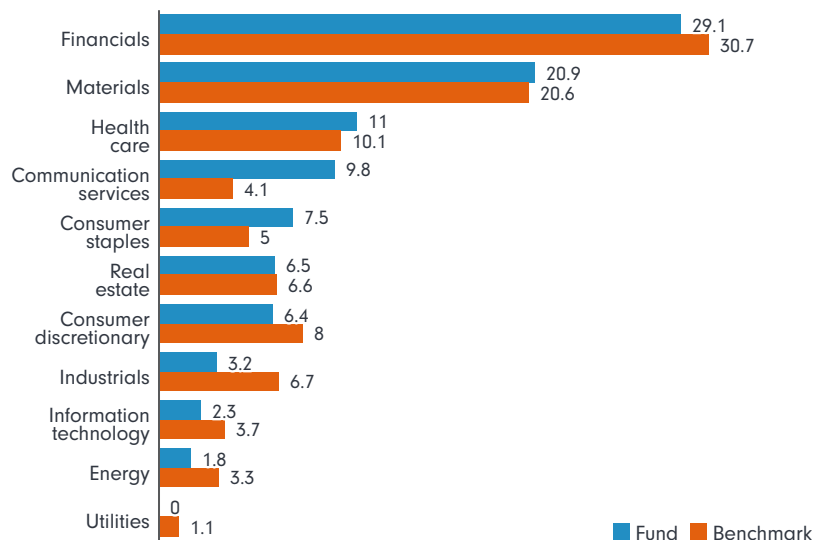
	Fund	B'mark
Commonwealth Bank Australia	11.1	8.8
BHP Group Ltd	9.6	7.0
CSL Ltd	7.6	6.6
Westpac Banking Corp	4.5	4.8
Suncorp Group Ltd	4.5	0.7
Dominos Pizza Enterprises Ltd	4.5	0.3
Macquarie Group Ltd	4.3	2.6
Seek Ltd	4.2	0.5
Goodman Group	4.2	1.6
Australia & NZ Banking Group Ltd	4.0	4.1

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	2.36	10.07	14.89	31.90	10.93	10.12	8.88	10.16	8.76	11.93
S&P/ASX 200 Accumulation Index	2.34	8.48	11.74	28.23	9.95	10.11	8.21	8.82	6.91	9.49
Excess return	0.02	1.59	3.15	3.67	0.98	0.01	0.67	1.34	1.85	2.44
Growth	2.36	9.91	14.73	24.28	6.44	6.17	5.15	6.37	4.95	7.76
Income	-	0.16	0.16	7.62	4.49	3.95	3.73	3.79	3.81	4.17

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 continued to rally in May. Investor sentiment was supported by encouraging earnings and a relatively resilient domestic economy through the pandemic. At the sector level, financials led gains, buoyed by robust earnings updates from banks. Materials also ended the month higher, driven by gold miners. Prices of gold, a relative safe haven asset, rallied over the month. Meanwhile, the information technology sector lagged as the market factored in concerns over a rise in inflation, which weighed on growth-led technology stocks. Utilities also ended lower. Towards the end of the month, markets retreated on worries over rising COVID-19 cases in Victoria. The Reserve Bank of Australia (RBA) upgraded its economic outlook and said that it will review its bond buying programme in July. However, it said that interest rates are likely to remain low until at least 2024. In economic news, Australian retailers boasted of yet another month of solid sales in March, while a measure of business conditions surged to all-time highs in April, indicating that the economy was coping well

with the end of a government support programme for jobs. Encouragingly, Australia's unemployment rate has fallen to 5.5%. This is the sixth consecutive fall after it peaked in July 2020 at 7.4%. Meanwhile, the Westpac-Melbourne Institute Index of Consumer Sentiment fell in May to break a three-month winning streak, representing some disappointment to the government's annual budget. The budget included tax breaks for business and workers, along with more spending on everything from age care to infrastructure.

Fund performance

The Fund delivered positive absolute returns and outperformed the index over the month. Markets rotated out of growth stocks amid concerns over inflationary pressures and the consequent rising of interest rates. Hence, growth-led technology stocks witnessed a sell-off over the month. Against this backdrop, a conservative exposure to the information technology (IT) sector contributed to returns. Not holding Afterpay, a buy-now pay-later model, supported performance as its shares

slid, tracking the sell-off in the IT sector. Security selection in the financials sector added value. The exposure to Commonwealth Bank of Australia was supported by encouraging quarterly results and news that the bank is aspiring to build the best digital banking experience for its customers. Shares in Suncorp Group, one of Australia's largest financial services brands, advanced amid encouraging growth prospects for its key business segments - General Insurance and Banking. An upgrade by a leading broker further buoyed investor sentiment. In materials, strengthening gold prices supported the position in gold producer Evolution Mining. Conversely, investors took profits in Mineral Resources, following a rally in its share price in recent months. Elsewhere, the holding in hospital operator Ramsey Health Care held back gains. The hospital operator's quarterly earnings continue to be impacted by the pandemic to varying degrees across regions. Furthermore, news of its acquisition of a hospital in the UK was not received well by investors.

[fidelity.com.au](https://www.fidelity.com.au)



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