

Fidelity Australian Equities Fund

Monthly report

As at 31/07/2021

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\$5,839.97M

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 (%)

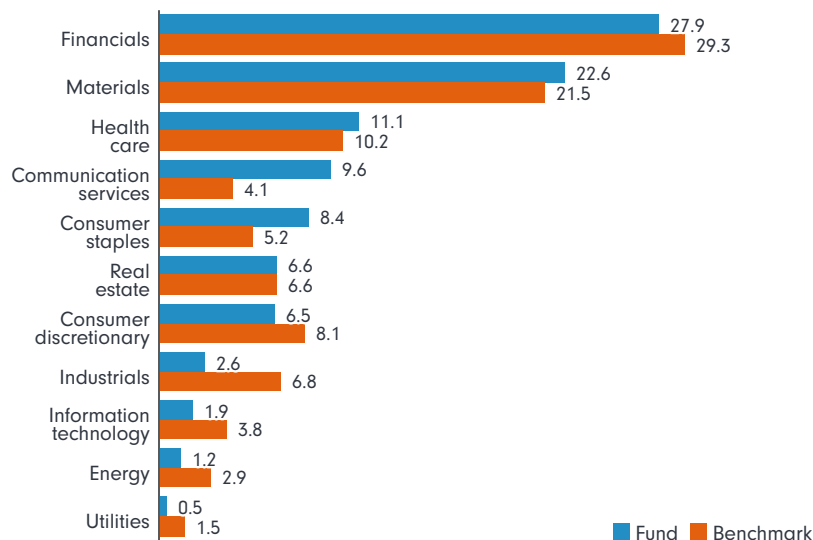
	Fund	B'mark
Commonwealth Bank Australia	11.1	8.5
BHP Group Ltd	10.0	7.6
CSL Ltd	7.7	6.3
Goodman Group	4.6	1.8
Dominos Pizza Enterprises Ltd	4.6	0.4
Macquarie Group Ltd	4.4	2.6
Suncorp Group Ltd	4.3	0.7
Mineral Res Ltd	4.0	0.5
Australia & NZ Banking Group Ltd	3.9	3.8
Telstra Corp Ltd	3.9	2.2

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	1.68	6.52	16.34	32.42	10.92	10.17	9.22	11.12	8.92	12.06
S&P/ASX 200 Accumulation Index	1.10	5.80	13.78	28.56	9.48	10.05	8.29	9.83	7.12	9.60
Excess return	0.58	0.72	2.56	3.86	1.44	0.12	0.93	1.29	1.80	2.46
Growth	-1.81	2.86	12.19	26.7	5.54	5.73	5.12	7.04	5.3	7.71
Income	3.49	3.66	4.15	5.72	5.38	4.44	4.1	4.08	3.62	4.35

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 July, marking its tenth straight monthly advance, and outperformed regional equities. However, gains were capped on concerns over the resurgence of the virus, a consequent lock down and worries over a slowdown in economic recovery. The Reserve Bank of Australia (RBA) left its policy rate unchanged, but with officials now more confident about the outlook, the central bank said it will scale back purchases of government bonds from A\$5 billion per week to A\$4 billion per week from next month. At a sector level, materials, notably miners, advanced, supported by gains in base metal prices. Information technology (IT) stocks tracked their global peers lower. China's regulatory clampdown caused a market-wide sell-off in the region, with the ripple effect felt in Australia as well. Energy stocks also slid given takeover talks in the sector and flat oil prices. An increase in COVID-19 cases, the likelihood of a slowdown in economic recovery and consequent demand for oil, further dampened investor sentiment. On the economic front, retail sales in Australia fell more sharply than expected in June, due to restrictions in its two

most populous states – New South Wales and Victoria. National Australia Bank's index of business conditions fell from record highs in June as COVID-19 lockdowns curbed sales and undermined confidence, though activity was still strong in historical terms. Meanwhile, the Westpac-Melbourne Institute index of consumer sentiment held up well overall. The Australian unemployment rate dropped unexpectedly, suggesting that a more robust recovery was under way. The labour market showed a further improvement in June, although the data does not capture the imposition of tight public health restrictions late in the month in response to an outbreak of COVID-19 cases. Employment growth slowed, but remained positive, while the unemployment rate fell for the eighth consecutive month, falling back to its lowest level since 2010. Australia witnessed a record trade surplus in June, supported by a significant increase in exports of metals.

Fund performance

The fund delivered positive absolute returns and outperformed the index over the month. Security selection in the materials sector added notable value. The position in

diversified mining company Mineral Resources contributed to returns, driven by record iron ore shipments and robust iron ore production in the June quarter. It also reported higher than anticipated lithium production, a metal used in the clean energy space. High commodity prices supported the position in IGO. Its shares gained on news that it has entered into a deal to acquire a stake in Silver Knight, which will give IGO access to its nickel-copper-cobalt sulphide deposits. The holding in miner BHP Group gained in anticipation of encouraging dividends. Its share price was further supported by a weak Australian dollar, which is favourable for export-oriented BHP Group. In the real estate sector, shares in industrial property manager Goodman Group rallied following a recent upgrade by a leading broker. Investors are optimistic on its growth prospects as the shift to online shopping has been a significant tailwind for the company. Conversely, profit taking in selected holdings that had been trading at high valuation premiums held back gains. These include positions in job listing company SEEK and pizza chain operator Domino's Pizza Enterprises.

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