

Fidelity Australian Equities Fund

Monthly report

As at 31/10/2021

Subscribe now

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\$6,005.74M

Number of stocks: 30 to 50

Management cost: 0.85% p.a.

Buy/sell spread: 0.15%/0.15%

Portfolio guidelines

Stocks: +/-5% from benchmark

Sector: +/-7% from benchmark

Cash: Target range between 0% and 10%

Top 10 holdings (%)

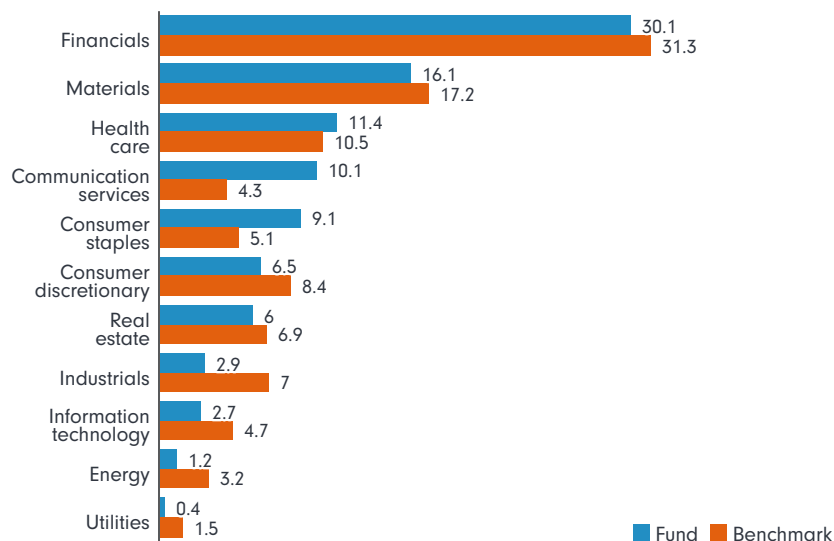
	Fund	B'mark
Commonwealth Bank Australia	11.3	8.6
CSL Ltd	7.8	6.6
BHP Group Ltd	6.7	5.2
Macquarie Group Ltd	5.3	3.3
Seek Ltd	4.2	0.6
Suncorp Group Ltd	4.2	0.7
Goodman Group	4.0	1.8
Dominos Pizza Enterprises Ltd	4.0	0.4
Australia & NZ Banking Group Ltd	3.8	3.9
Westpac Banking Corp	3.8	4.6

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	-0.78	2.65	9.34	34.61	14.32	11.73	9.58	11.50	8.55	12.04
S&P/ASX 200 Accumulation Index	-0.10	0.51	6.34	27.96	11.92	10.88	8.46	10.02	6.51	9.50
Excess return	-0.68	2.14	3.00	6.65	2.40	0.85	1.12	1.48	2.04	2.54
Growth	-0.84	2.59	5.53	28.73	8.94	7.33	5.52	7.45	4.96	7.75
Income	0.06	0.06	3.81	5.88	5.38	4.4	4.06	4.05	3.59	4.29

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 were largely unchanged over the month. COVID-19 related restrictions eased amid receding virus cases and as respective states reached vaccination targets, which supported investor sentiment. However, equities were sold-off on the last trading day of the month due to renewed inflation concerns after Australia's core inflation rose to a six-year high in the third quarter. The Reserve Bank of Australia (RBA) kept its policy rates unchanged and retained its plan to trim the purchase of government bonds to A\$4 billion a week until at least mid-February 2022. At a sector level, information technology (IT) advanced the most, supported by lower bond yields. Reopening hopes lifted consumer discretionary stocks, while banks led financials higher. Health care advanced on strength in biotechnology and hospital shares. Gains in gold miners was offset by iron-ore miners, which tracked metal prices lower. On the economic front, retail sales were up 1.3% in September following a 1.7% decline in August. Individually, sales were up for household goods, clothing, cafes and other retailers, while sales at food and department stores declined. Consumer sentiment was relatively upbeat despite lockdowns in key cities. The Westpac-Melbourne Institute Index

of Consumer Sentiment decreased by 1.5% to 104.6 in October from 106.2 in September. The National Australia Bank's business confidence index jumped sharply in September as firms looked ahead to the emergence of key states from lengthy lockdowns. However, business conditions fell in September, continuing the rapid decline from record highs registered pre-lockdown. Nevertheless, confidence in the wholesale sector, recreation and personal services, and construction industry improved strongly, according to the survey. The unemployment rate increased for the first time in almost a year to 4.6% amid lockdowns across the country.

Fund performance

The Fund lagged the index over the month. Security selection in the consumer discretionary sector held back gains. Investors took profits in pizza chain operator Domino's Pizza Enterprises following a rally in its share price in recent months. The position in Australia's casino operator Star Entertainment Group slid due to concerns around some irregularities in its business operations. The exposure to diversified mining company Mineral Resources undermined gains. Investors rotated away from the stock amid a sharp decline in the price of iron ore and as the company reported a disappointing first quarter update. At its Mt Marion site, Mineral Resources produced and shipped less lithium than the previous quarter

due to rainfall and shipment delays. The company was also negatively impacted by COVID-19 travel restrictions over the three-months ended 30 September. Selected financials also weighed on performance. Financial services company Suncorp Group declined as investors focussed on its natural hazard claims. The recent turmoil in weather, mostly across the east coast of Australia, raised concerns around an increase in insurance claims. The lack of exposure to National Australia Bank held back gains. Its shares advanced on the back of a positive report by a leading broker. Encouragingly, globally diversified financial services provider Macquarie Group added value. It advanced on reports of strong earnings for the first half of FY22; its profit more than doubled compared to the corresponding period last year. The position in Commonwealth Bank of Australia advanced after completing an off-market share buyback. Selected high-conviction holdings also contributed to returns. The position in job listing company SEEK gained on encouraging results for FY21. Shares in diversified miner IGO advanced on the back of an exploration update, where the drilling programme at one of its projects has identified new sources of nickel and copper. These metals are critical in the clean energy space and are used to manufacture energy storage devices. Shares in biotechnology company CSL gained on supportive reports from a leading broker.

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

Signatory of:



This document is intended for the general information of financial advisers and wholesale clients only. This document is issued by FIL Responsible Entity (Australia) Limited ABN 33 148 059 009, AFSL No. 409340 ("Fidelity Australia"). Fidelity Australia is a member of the FIL Limited group of companies commonly known as Fidelity International. **Prior to making an investment decision, retail clients should seek advice from their financial advisers.** This document has been prepared without taking into account your objectives, financial situation or needs. You should consider these matters before acting on the information. You should also consider the relevant Product Disclosure Statements ("PDS") for any Fidelity Australia product mentioned in this document before making any decision about whether to acquire the product. The PDS can be obtained by contacting Fidelity Australia on 1800 044 922 or by downloading it from our website at www.fidelity.com.au. The relevant Target Market Determination (TMD) is available via www.fidelity.com.au. This document may include general commentary on market activity, sector trends or other broad-based economic or political conditions that should not be taken as investment advice. Information stated herein about specific securities is subject to change. Any reference to specific securities should not be taken as a recommendation to buy, sell or hold these securities. While the information contained in this document has been prepared with reasonable care, no responsibility or liability is accepted for any errors or omissions or misstatements however caused. This document is intended as general information only. The document may not be reproduced or transmitted without prior written permission of Fidelity Australia. The issuer of Fidelity's managed investment schemes is FIL Responsible Entity (Australia) Limited ABN 33 148 059 009. Reference to (\$) are in Australian dollars unless stated otherwise. © 2021 FIL Responsible Entity (Australia) Limited. Fidelity, Fidelity International and the Fidelity International logo and F symbol are trademarks of FIL Limited.