

Fidelity Australian Equities Fund

Monthly report

As at 31/08/2022

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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\$5,396.01M

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 (%)

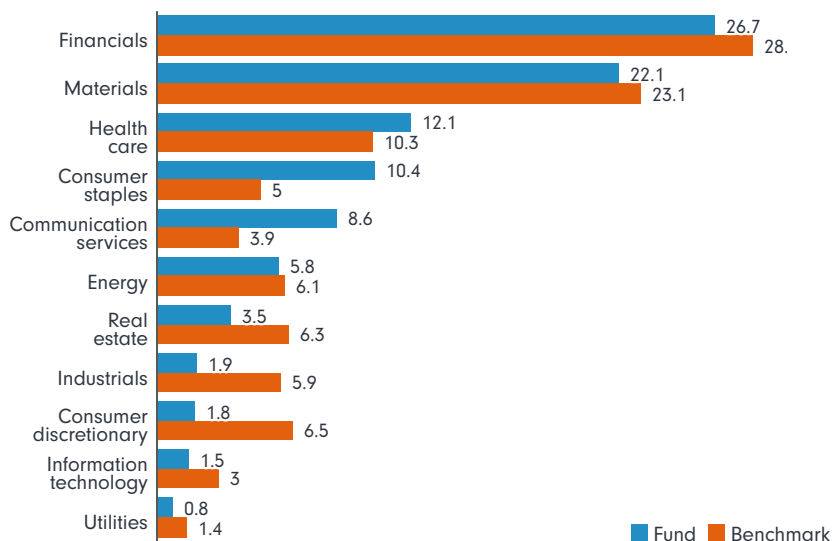
	Fund	B'mark
Commonwealth Bank Australia	10.4	8.1
BHP Group Ltd	9.7	10.0
CSL Ltd	8.0	6.9
Igo Ltd	5.2	0.4
Macquarie Group Ltd	5.2	3.1
Telstra Corp Ltd	4.9	2.2
Coles Group Ltd	4.4	1.1
Suncorp Group Ltd	4.0	0.7
Ramsay Health Care Ltd	3.8	0.6
Santos Ltd	3.2	1.2

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	1.47	-4.00	-0.32	-6.99	6.86	8.94	8.84	10.18	6.78	11.21
S&P/ASX 200 Accumulation Index	1.18	-2.39	0.75	-3.43	5.51	8.13	8.53	9.34	5.12	8.98
Excess return	0.29	-1.61	-1.07	-3.56	1.35	0.81	0.31	0.84	1.66	2.23
Growth	1.47	-13.07	-10.78	-17.88	-1.26	2.55	3.35	5.25	2.49	6.44
Income	-	9.07	10.46	10.89	8.12	6.39	5.49	4.93	4.29	4.77

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 August, outperforming most of its global market peers. The resources sector primarily led to market advancement, with energy being the best performer. Despite a decline in oil prices amid recession fears, the increase in the energy sector was led by strong gains in sector giant **Woodside Energy**, as it declared a bumper interim dividend. Conversely, the interest rate-sensitive real estate sector lagged the market and was weighed down by weaker earnings guidance by its constituents. The Reserve Bank of Australia (RBA) raised interest rates by 0.50 percentage points during the month and warranted further rate hikes amid inflationary pressures. The Westpac-Melbourne Institute's Index of Consumer Sentiment declined to 81.2 in August from 83.8 in July amid rising interest rates and higher cost of living. The S&P Global Australia manufacturing Purchasing Managers' Index (PMI) remained in expansionary territory in August, but the rate of growth slowed as inflationary pressures and higher rates started to weigh on demand. Conversely, Australia's retail sales increased strongly in July and exceeded market expectations. The resilience

in consumer demand reflected a strong job market and high household savings rate. The data presented robust spending on department stores, clothing, restaurants and retailing. Australia's business confidence index, as measured by the National Australia Bank (NAB), rose back to above average levels to +7 points in July. Businesses reported new record levels of capacity utilisation, cost growth and price rises, and NAB noted that demand remained robust despite global and domestic economic headwinds. The unemployment rate declined to 3.4% in July, the lowest level in almost 50 years, and the participation rate decreased to a record high of 66.4%.

Fund performance

The strategy outperformed the index over the month, primarily due to security selection in the information technology (IT) sector. Cloud-based end-to-end logistics software provider **WiseTech Global** advanced as it delivered promising results and robust guidance. It is a capital light business that enjoys self-funding given its strong cash flows and is underpinned by economies of scale and its strong balance sheet position. Oil and gas producer **Santos** advanced in line with the broader energy sector. It also delivered financial results that met market expectations. Mining companies

IGO and **Iluka Resources** extended their run after reporting encouraging results. IGO's earnings were supported by stronger production, lower costs and dividend from its lithium joint venture (JV) in the first year of its ownership. Iluka's operating income for the first half of the year beat market expectations.

Conversely, the position in diversified miner **BHP Group** declined. Concerns over iron ore demand from China, its top consumer from a country perspective, weighed on its share price. Nevertheless, it released robust full-year financial results and investors cheered its higher than consensus dividend declaration. Shares in **Seek**, the leading provider of online employment classifieds in Australia, New Zealand, China and Southeast Asia, declined. Investors remained concerned over its sluggish near-term margins, despite management repeatedly stating that it prefers to invest to create superior value over the longer term rather than to pursue short-term performance. Leading food and staples retailer **Coles Group** slid as its management's outlook remained subdued amid expectations of rising costs and high capital expenditure. However, it delivered solid results for its financial year 2022 ahead of market consensus, driven by market share gains.

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