

Fidelity Australian Equities Fund

Monthly report

As at 30/11/2022

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\$5,666.22M

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 (%)

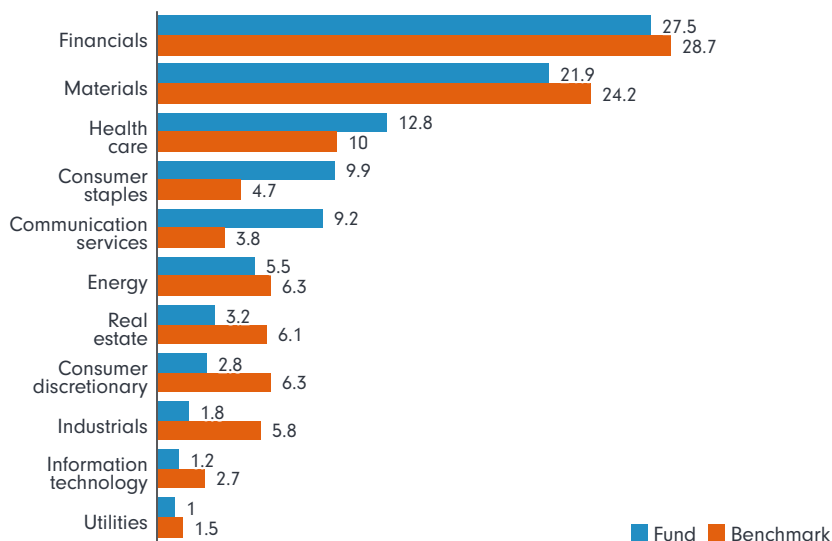
	Fund	B'mark
Commonwealth Bank Australia	11.0	8.5
BHP Group Ltd	10.1	10.7
CSL Ltd	7.8	6.7
Telstra Group Ltd	5.1	2.1
Suncorp Group Ltd	5.1	0.7
Macquarie Group Ltd	5.0	3.0
Igo Ltd	4.8	0.5
Ramsay Health Care Ltd	4.7	0.6
Coles Group Ltd	4.6	1.0
Seek Ltd	3.2	0.4

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	6.66	5.79	1.56	1.06	7.38	8.87	9.24	10.18	6.61	11.38
S&P/ASX 200 Accumulation Index	6.58	6.04	3.51	5.00	5.93	8.20	9.35	9.37	5.15	9.19
Excess return	0.08	-0.25	-1.95	-3.94	1.45	0.67	-0.11	0.81	1.46	2.19
Growth	6.66	5.51	-8.28	-10.97	-0.8	2.54	3.76	5.27	2.31	6.65
Income	-	0.28	9.84	12.03	8.18	6.33	5.48	4.91	4.3	4.73

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 for the second consecutive month in November along with global equities. The materials sector remained one of the best performers as hopes of China reopening underpinned a favourable demand outlook. Elsewhere, the strength in utilities was driven by a takeover bid for sector constituent Origin Energy. All other sectors, including communication services, financials and information technology lagged the market. Large-cap equities outperformed their mid-cap and small-cap peers. The Reserve Bank of Australia (RBA) raised interest rates by 0.25 percentage points during the month and highlighted that the board intends to increase rates further, while monitoring the global economy, household spending and wage and price setting behaviour. Australia's monthly consumer price inflation slowed to 6.9% over the year to October, amid a weaker rise in food prices, which strengthened the case for moderate interest rate hikes ahead. The Westpac-Melbourne Institute's Index of Consumer Sentiment tumbled to 78.0 in November from 83.7 in October. Increasing cost of living and rising interest rates continued to weigh on sentiment. The business confidence index, as measured by the National Australia Bank (NAB), eased below its long run average to zero index points in

October amid concerns over a weak global economic outlook. The S&P Global Australia manufacturing Purchasing Managers' Index (PMI) remained in expansionary territory in November, but the rate of expansion moderated during the month. Both sales and output increased at a slower pace, and employment growth weakened. Australia's domestic retail sales unexpectedly fell for the first time this year in October amid high inflation and rising interest rates. The unemployment rate decreased to 3.4% in October from 3.5% in September.

Fund performance

The Fund outperformed the index over the month, primarily due to stock selection in health care and financials.

Hospital operator **Ramsay Healthcare's** positive quarterly trading update buoyed investors. It noted that activity levels are improving across regions as COVID-19 related costs are reducing. Management expects a gradual recovery through 2023 and 2024, with more normalised operational conditions. Within financials, not holding **National Australia Bank** added relative value. Its shares tumbled amid concerns over its significant exposure to business loans, which leaves it relatively more vulnerable than competitors in a deteriorating macroeconomic environment. Meanwhile, investors accumulated shares in gold miner **Evolution Mining** amid an improving outlook for gold

prices and slowing rate of interest rate increases as indicated by the US Federal Reserve. It is well positioned to benefit in such an environment, given its robust balance sheet and quality gold exposure. Shares in Rio Tinto, a diversified miner with a portfolio weighted towards iron ore, advanced in line with rising iron ore prices.

Conversely, pure-play electric vehicle (EV) battery stock **IGO** slid on retreating lithium prices. Investor sentiment towards the stock was subdued on concerns over the potential overproduction of EV batteries in 2022, exceeding manufacturers' near-term demand. The underweight allocation to low-grade iron ore miner **Fortescue Metals Group (FMG)** held back relative gains. Its shares advanced in-line with rising iron ore prices. However, FMG faces cyclical and structural headwinds as decarbonisation trends favour high-grade iron ore over low-grade iron. Shares in oil and gas producer Santos declined after the Federal Court dismissed its appeal concerning the revocation of the drilling permit for its gas project in Barossa. **Santos** now needs to conduct a wider consultation process before submitting a revised Drilling Environmental Plan to the regulator. Elsewhere, the position in leading telecommunication services provider **Telstra** slid amid concerns over a regulatory tussle with the Australian Competition and Consumer Commission (ACCC).

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