

Fidelity Australian Equities Fund

Monthly report

As at 31/01/2023

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\$5,756.05M

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 (%)

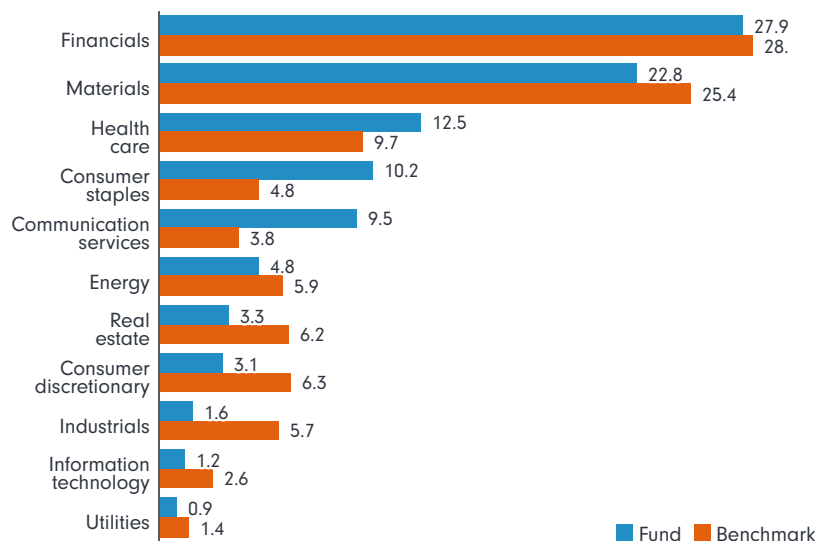
	Fund	B'mark
Commonwealth Bank Australia	11.0	8.4
BHP Group Ltd	10.8	11.3
CSL Ltd	7.6	6.5
Suncorp Group Ltd	5.2	0.7
Telstra Group Ltd	5.2	2.1
Macquarie Group Ltd	5.1	3.1
Coles Group Ltd	4.7	1.1
Ramsay Health Care Ltd	4.7	0.6
Igo Ltd	4.5	0.4
Seek Ltd	3.5	0.4

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	6.84	10.21	10.92	8.27	7.88	9.11	10.15	9.68	7.88	11.46
S&P/ASX 200 Accumulation Index	6.23	9.59	10.32	12.21	5.96	8.51	10.25	8.79	6.35	9.26
Excess return	0.61	0.62	0.60	-3.94	1.92	0.60	-0.10	0.89	1.53	2.20
Growth	5.2	8.52	8.93	-4.83	-0.47	2.62	4.53	4.76	3.47	6.69
Income	1.64	1.69	1.99	13.1	8.35	6.49	5.62	4.92	4.41	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 rallied and advanced in line with their global peers. Investor sentiment was buoyed by expectations of a soft landing and an increased appetite for risk assets. Nearly all sectors advanced, with the consumer discretionary sector remaining the best performer, supported by strong gains in cyclical retailers. The real estate and materials sectors also posted notable gains, while utilities lagged the broader market. Small-cap companies outperformed their large-cap and mid-cap peers. On the economic front, investors digested a batch of downbeat domestic data releases. Australia's annual Consumer Price Index (CPI) for the December quarter surprised to the upside and jumped by 7.8%, the highest level in 33 years. Cost pressures were broadly driven by increased electricity prices and holiday travel costs. Moreover, retail sales fell more than expected in December 2022, while private sector credit rose at the weakest pace in 20 months. Elevated inflationary pressures and rising interest rates dampened consumer spending and borrowing demand. Meanwhile, the Westpac-Melbourne Institute's Index of Consumer Sentiment increased to 84.3 in

January from 80.3 in December. The temporary lift in sentiment was led by a pause in the Reserve Bank of Australia's (RBA) tightening cycle as there was no board meeting scheduled for January. The business confidence index, as measured by the National Australia Bank (NAB), improved slightly in December but remained in negative territory. Business conditions also softened due to slowing momentum across indicators as increased rates flow through the economy. The Judo Bank Australia manufacturing Purchasing Managers' Index (PMI) eased further in January. Activity contracted during the month as both output and new orders fell. The unemployment rate remained at 3.5% in December, while the participation rate decreased to 66.6%.

Fund performance

The Fund delivered strong positive returns and outperformed the index over the month, primarily due to stock selection in the real estate sector. Indications that the rising interest rate cycle led by the US Federal Reserve may have peaked led to a share price rally in property manager Goodman Group. Its quality assets and strong balance sheet position, coupled with ongoing structural growth opportunities cheered investors. The position in financial conglomerate Macquarie

Group added value. Investors were expecting strong income from its commodities and global markets (CGM) division as energy price volatility remained at elevated levels since November. Pizza chain operator Domino's Pizza Enterprises extended its run and rose in line with the consumer discretionary sector. It has an established track record of leadership in digital innovation and delivery, which is expected to drive future growth. Investors accumulated shares in job listing portal SEEK given its attractive valuations. Market expectations that inflation may have peaked and could now be reducing boosted sentiment. Conversely, the position in leading telecommunication services provider Telstra and private hospital operator Ramsay Healthcare detracted from performance. However, Telstra continues to enjoy a dominant position with leading market share across all the segments in which it operates. Ramsay's fundamentals remain intact as it is expected to benefit from a steady recovery in activity levels over the next few years. Suncorp Group declined and gave back some gains from previous months as investors took profits in the leading insurance company. Suncorp's new initiatives are likely to drive improvements in its core insurance business and accelerate its digital and data driven transformation.

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