

Fidelity Australian Equities Fund

Monthly report

As at 30/04/2023

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\$5,540.35M

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 (%)

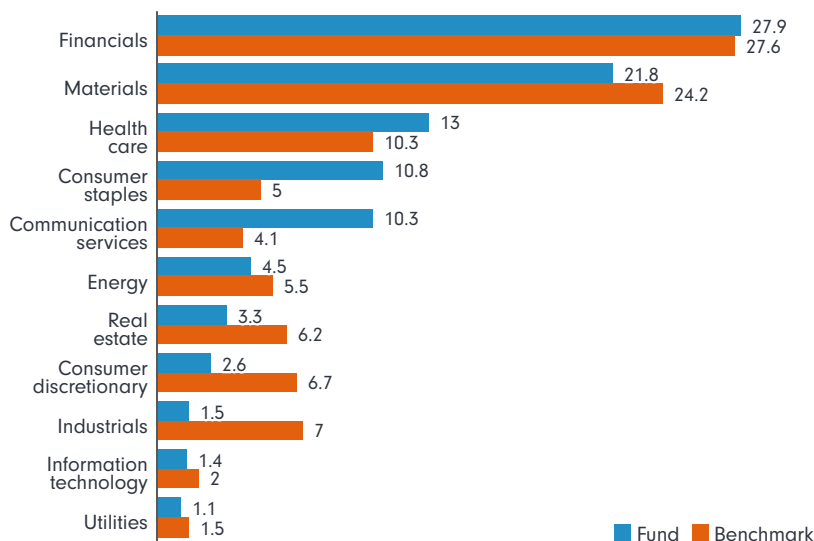
	Fund	B'mark
Commonwealth Bank Australia	10.4	7.8
BHP Group Ltd	9.8	10.4
CSL Ltd	8.0	6.7
Macquarie Group Ltd	5.8	3.1
Telstra Group Ltd	5.7	2.3
Suncorp Group Ltd	5.4	0.7
Coles Group Ltd	5.0	1.1
Ramsay Health Care Ltd	4.8	0.6
Igo Ltd	4.4	0.4
Seek Ltd	3.7	0.4

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	1.69	-2.13	7.87	-0.17	14.79	8.73	9.01	8.53	7.66	11.19
S&P/ASX 200 Accumulation Index	1.85	-0.80	8.71	2.83	13.99	8.26	9.16	7.90	6.27	9.10
Excess return	-0.16	-1.33	-0.84	-3.00	0.80	0.47	-0.15	0.63	1.39	2.09
Growth	1.63	-2.18	6.16	-11.27	6.04	2.36	3.54	3.71	3.28	6.48
Income	0.06	0.05	1.71	11.1	8.75	6.37	5.47	4.82	4.38	4.71

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 over the month, supported by positive economic momentum globally. Nearly all sectors rose. Real estate registered strong gains after the previous month's sell-off, while the materials sector remained an outlier and declined amid demand concerns from China. However, gold continued its upward swing. Mid-cap and small-cap equities outperformed their large-cap peers. The Reserve Bank of Australia (RBA) kept the interest rate unchanged at 3.60% at its April policy meeting. The board highlighted that it is taking the time to assess the full impact of the increase in interest rates to date. It expects further tightening, with the time and pace of rate hikes dependent on global economic developments, household spending, and the outlook for inflation and the labour market. On the economic front, Australia's quarterly inflation eased from 33-year highs, indicating that inflation has peaked and supporting the RBA's decision to pause rate hikes in April. A decline in prices for clothing and household goods contributed to easing inflationary pressures, while services inflation remained high. The Westpac-Melbourne Institute's Index of Consumer Sentiment remained weak, but rose by 9.4% to 85.8 in April, as RBA's decision to pause its rate hike cycle supported sentiment. The business confidence index, as measured by the

National Australia Bank (NAB), remained stable but in negative territory and below long-run averages. Confidence was predominantly weak in the retail and wholesale sectors amid concerns over the resilience in consumer spending. The Judo Bank Australia manufacturing Purchasing Managers' Index (PMI) remained in contractionary territory and eased further in April as new orders and output fell. The unemployment rate remained steady at 3.5% in March, while the participation rate increased to 66.7%.

Fund performance

The Fund slightly underperformed the index over the month, primarily due to stock selection in financials, healthcare and communication services. Investors took profits in Domain Holdings on worries that vendors may lower their marketing spending on the real estate classifieds portal amid a downturn in the domestic housing market. The position in Ramsay Health Care declined amid concerns over the profitability of hospital operators in France after the Emmanuel Macron government contemplated a healthcare funding reform in the country. However, Ramsay Health Care has market leading positions in Australia and France, providing leverage during negotiations with private health insurers and solutions for governments trying to reduce public waitlists, along with significant procurement benefits. The lack of exposure to National Australia Bank pared relative gains as its shares rebounded along with the rest of the financial

sector. Meanwhile, the holding in mining major Rio Tinto detracted from performance as its shares slid in line with declining iron ore prices. On a positive note, the underweight allocation to low-grade iron ore miner Fortescue Metals Group added relative value as its shares tracked iron ore prices lower. Fortescue faces cyclical and structural headwinds, as decarbonisation trends favour high-grade iron ore over low-grade iron. Clean energy miner IGO's shares advanced after it secured land from the government of Western Australia to build its proposed integrated battery material facility. Management also revealed that Wyloo Metals and IGO are in advanced discussions with a global battery chemical manufacturer that is interested in partnering on the project. Strong gold prices supported the position in gold miner Evolution Mining. It has a strong track record of generating value through the cycle by turning around undercapitalised assets that have been divested by major players in the sector to achieve returns that are above the industry average. Elsewhere, shares in leading vitamins and dietary supplements (VDS) company Blackmores rallied after it received an attractive takeover offer from Japanese company Kirin. The bid clearly reveals the strategic value in Blackmores' assets perceived by offshore buyers who have an appetite for growth. The attractiveness of its premium brand, product attributes and distribution systems could lead to more bids as the company makes inroads into the China and Southeast Asia markets.

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