

Fidelity Global Demographics Fund

Quarterly report

As at 31/03/2021

Fund description

Designed to benefit from demographic trends by investing in 50 to 70 companies where demographic factors are likely to be the single most important driver of company earnings growth over the medium- to long-term.

Fund facts

Portfolio manager: Aneta Wymnko, Alex Gold and Oliver Hextall

Benchmark: MSCI All Country World Index NR

Inception date: 30/11/2012

Fund size: AU\$94.59M

Number of stocks: 50 to 70

Management cost: 1.15% p.a.

Buy/sell spread: 0.30%/0.30%

Portfolio guidelines

Stocks: Typically between 1% to 3% Absolute

Sector: Unconstrained

Region: Unconstrained

Country: Unconstrained

Cash: Target range between 0-10

Top 10 holdings (%)

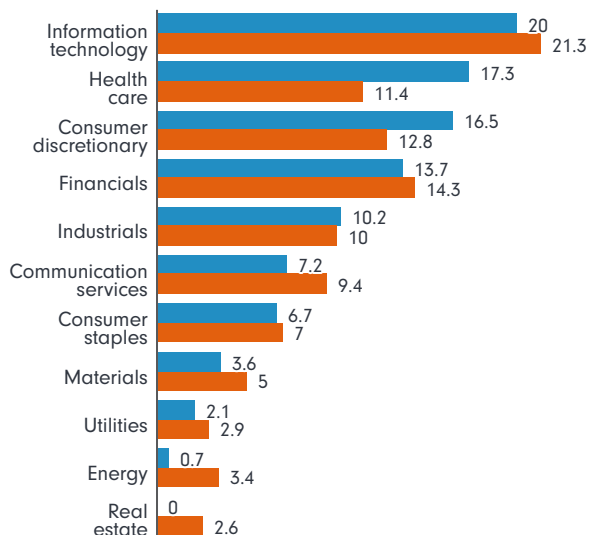
	Fund	B'mark
Microsoft Corp	3.8	2.7
Alphabet Inc	3.4	2.0
Taiwan Semiconductor MFG Co Ltd	3.2	0.8
Lvmh Moet Hennessy Se	3.2	0.3
Thermo Fisher Scientific Inc	2.9	0.3
Amazon.com Inc	2.8	2.1
Apple Inc	2.8	3.4
L'oreal Sa	2.6	0.2
AIA Group Ltd	2.2	0.2
Fanuc Corporation	2.2	0.1

Performance %

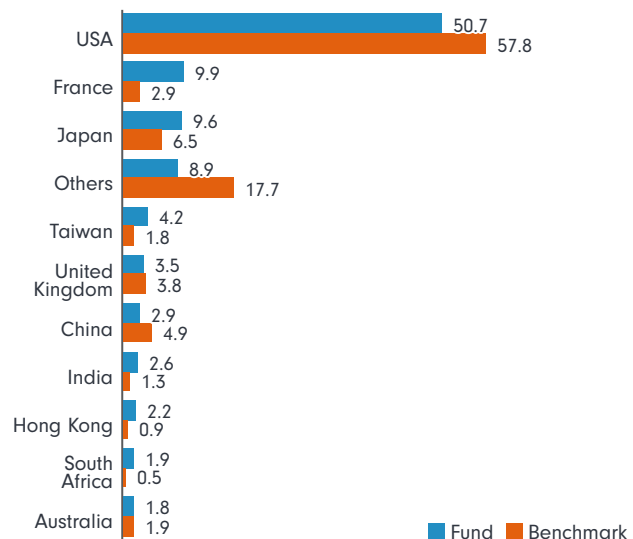
	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	Since Inception p.a (30/11/2012)
Fidelity Global Demographics Fund	2.67	2.30	9.18	23.89	14.13	14.54	15.11	17.49
MSCI All Country World Index NR	4.36	5.94	12.86	24.23	12.34	13.44	12.51	15.24
Excess return	-1.69	-3.64	-3.68	-0.34	1.79	1.10	2.60	2.25

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.

Industry breakdown %



Geographic breakdown %



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This Fund is unhedged and is subject to the risk of fluctuations in international stock markets and currencies. Management costs and the buy/sell spread are current as at the date shown above but may be subject to change in the future. Management costs include GST but exclude abnormal expenses and 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.

Quarterly report

Market performance

Global equities rose in the first quarter, buoyed by progress in vaccination in the US and UK; expectations of further US fiscal stimulus measures and strong corporate earnings. On the flip side, fiscal expansion has led to higher interest rates and a steepening yield curve in the US, amid concerns over higher inflation expectations. Against this backdrop, markets continued their rotation into cyclical areas and value stocks, with the energy and financials sectors significantly outperforming the rest of the market. However, the focus partially shifted from over-valued riskier cyclicals to beaten down defensive names in the latter part of the quarter. Consequently, utilities and consumer staples were among the best performers, while sectors that benefited from the pandemic, such as information technology (IT) and communication services were among the laggards in March. Meanwhile, small-cap stocks outperformed large and mid-cap names.

Fund performance

Strong security selection in the communication services and consumer discretionary sectors contributed to returns. However, selected holdings in the industrials sector and the overweight stance in consumer discretionary held back gains.

Key detractors

Shares in **Brookfield Renewables** declined. The company has faced a particularly hostile environment due to rising oil prices and snowstorms, which paralyzed renewables-based electric grids in some US states. On a positive note, the company has a strong financial position and agreements to expand wind generation. In Japan, holdings in

electronic component maker **Murata Manufacturing** and **Keyence**, a leading factory automation group, held back gains due to rising tensions between the US and China. However, Murata stands to benefit from radio frequency connectivity growth in the fifth-generation (5G) era as well as structural growth in ceramic condensers. Direct sales consulting and fabless production (integrated circuit design and software done in-house) puts Keyence in a strong position to gain new customers and maintain high margins. Holdings in **Midea** and **Daikin** also detracted from returns.

Key contributors

The overweight stance in **Alphabet** added notable value. Google's parent company has performed well during the pandemic, primarily due to an increase in advertising revenue. The search engine's cloud segment also grew by 46%. The position in software company **Trimble** advanced. Its shares gained momentum post its fourth quarter results. Top-line growth was driven by strength in its overall demand environment. Further, the company is successfully transitioning towards higher margin products with a shift towards a hardware connected, software-centric and recurring revenue business model. There is room for Trimble's stock to keep rising if it can continue to capitalise on opportunities in automation. The holding in educational publisher **Pearson** rose after its FY20 results came in line with expectations. Despite COVID-19 restrictions resulting in the temporary closure of schools and examination centres, the adoption of digital education and distance learning has supported investor sentiment, while management provided relatively positive guidance for 2021. The overweight holding in

semiconductor business **Taiwan Semiconductor Manufacturing Company** contributed to performance. The company posted its highest quarterly profit on record and beat consensus estimates on robust mobile, automobile and consumer electronics demand. Management provided a very strong guidance as it forecasts multiple years of growth opportunities.

Major contributors (%)

As at 31/03/2021	Active pos.	Contribution
Alphabet Inc	1.5	0.2
Pearson Plc	1.3	0.2
Trimble Inc	1.6	0.2
Taiwan Semiconductor MFG Co Ltd	2.6	0.2
Naspers Ltd	1.7	0.2

Major detractors (%)

As at 31/03/2021	Active pos.	Contribution
Keyence Corp	2.3	-0.6
Brookfield Renewable Corp	1.3	-0.4
Murata MFG Co Ltd	1.8	-0.3
Midea Group Co Ltd	1.1	-0.2
Daikin Industries Ltd	1.7	-0.2

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