

Fidelity Global Demographics Fund

(Managed Fund) ASX: FDEM

Quarterly report

As at 30/09/2023

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

ASX Code: FDEM

Portfolio manager: Aneta Wymimko / Alex Gold / Oliver Hextall

Benchmark: MSCI All Country World Index NR

Inception date: 30/11/2012

Fund size: AU\$97.98M

Number of stocks: 50 to 70

Management cost: 0.89% p.a.

Buy/sell spread: 0.20%/0.20%

iNAV tickers: RIC FDEMAUiv.P

Bloomberg Code: FDEMIVAU Index

Portfolio guidelines

Stocks: Typically between 1% to 3% Absolute

Sector: Unconstrained

Region: Unconstrained

Country: Unconstrained

Cash: Target range between 0-10

Top 10 holdings (%)

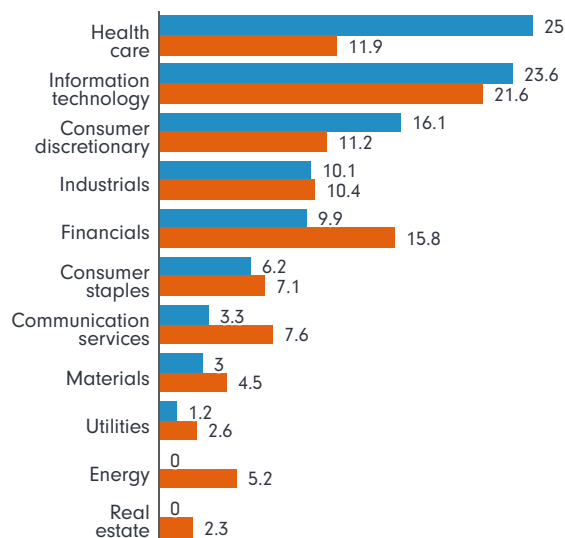
| | Fund | B'mark |
|---------------------------------|------|--------|
| Microsoft Corp | 7.8 | 3.7 |
| Amazon.com Inc | 4.9 | 1.9 |
| Lvmh Moet Hennessy Se | 3.8 | 0.3 |
| L'oreal Sa | 3.8 | 0.2 |
| Essilorluxottica | 3.4 | 0.1 |
| Taiwan Semiconductor MFG Co Ltd | 3.3 | 0.7 |
| Alphabet Inc | 3.3 | 2.4 |
| HDFC Bank Ltd | 2.9 | 0.1 |
| Icon Plc | 2.9 | 0.0 |
| Unitedhealth Group Inc | 2.8 | 0.8 |

Performance %

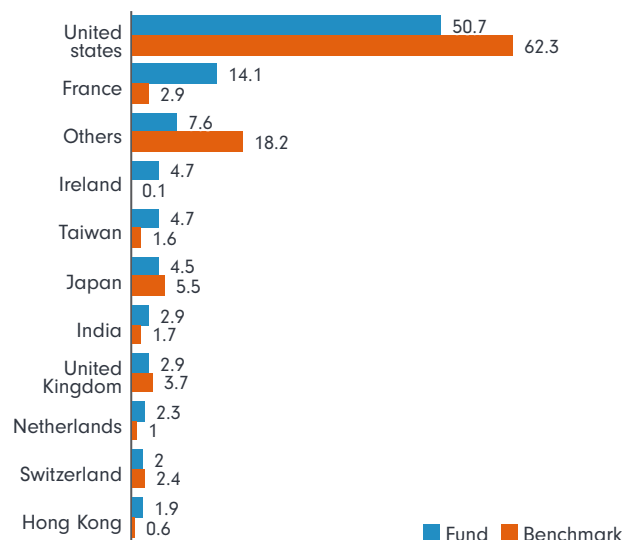
| | 1 mth | 3 mth | 6 mth | 1 yr | 3 yrs p.a. | 5 yrs p.a. | 7 yrs p.a. | 10 yrs p.a. | Since Inception p.a (30/11/2012) |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|----------------------------------|
| Fidelity Global Demographics Fund (Managed Fund) ASX: FDEM | -5.78 | -5.61 | 0.16 | 17.54 | 6.51 | 8.48 | 10.87 | 12.79 | 14.26 |
| MSCI All Country World Index NR | -3.80 | -0.37 | 6.43 | 20.34 | 10.70 | 8.92 | 11.27 | 11.62 | 13.44 |
| Excess return | -1.98 | -5.24 | -6.27 | -2.80 | -4.19 | -0.44 | -0.40 | 1.17 | 0.82 |

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 %



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 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

After recording strong gains in the first half of 2023, global equities retreated in the third quarter. At the start of the quarter, investors were optimistic on the prospects of a soft landing for the economy and signs that major developed markets are nearing the end of their tightening monetary policy cycle. However, the market saw some major rotation over August and September, as prospects of a sustained period of higher interest rates sank in. At a regional level, US equities declined as the US Federal Reserve (Fed) signalled that it may keep interest rates near current levels through 2024, until inflation comes down firmly towards its 2.0% target. Shares in the eurozone fell amid worries over the negative effects of interest rate rises on economic growth. The European Central Bank (ECB) raised interest rates by 0.25 percentage points each at its July and September meetings. Emerging market equities ended in negative territory, as renewed concerns over the real estate sector in China weighed on investor sentiment, despite new stimulus measures aimed at stabilising housing activity. At a sector level, energy was the sole gainer as oil prices rallied due to persistent supply concerns following the announcements of extended production cuts from Saudi Arabia and Russia until the end of the year. Conversely, utilities and real estate were the notable laggards. From a style perspective, value stocks proved relatively resilient compared to their more expensive growth counterparts.

Fund performance

Fund underperformance was largely driven by weak stock picking across information technology (IT), industrials and financials. Performance in healthcare was mixed; gains from stock picking were offset by the overweight allocation to the sector. Luxury

conglomerate LVMH declined as its sales growth failed to impress investors and raised questions about the outlook for consumer demand. Slowing economic growth in China added to concerns over the resilience of demand. However, shares rebounded later in the period, buoyed by policy support from China. Automation sensors business Keyence tracked semiconductor peers lower amid concerns about weak customer demand. Indian lender HDFC Bank declined despite reporting a broadly in-line set of second-quarter results. The bank has seen a decline in corporate loans quarter-on-quarter, while net interest income (NII) was marginally lower than expectations. Hong Kong-based insurer AIA Group suffered as investors looked to reduce exposure to China. Automotive safety supplier Autoliv posted solid results for the second quarter, driven by a stronger-than-expected increase in adjusted profits as product launches and higher prices boosted sales. Managed care company UnitedHealth advanced after it released upbeat second-quarter results with beats on operating revenue and adjusted earnings per share (EPS). The underweight stance in iPhone maker Apple added value, as the stock fell amid new product launches.

Fund positioning

The Fund invests in companies where predictable and long-term structural drivers related to demographics drive earnings and growth, with a pronounced focus on strong sustainability characteristics. Sector allocation aligns with the three thematic drivers: longer lives (higher life expectancy); better lives (expanding middle-class wealth, particularly in emerging markets); and more lives (population growth). Ageing populations with increased healthcare needs are the key demographic drivers in health care. In consumer discretionary, a rise in the spending capacity of the emerging middle class in developing countries provides exciting

opportunities. Through automation and productivity solutions, IT provides the infrastructure necessary to support a growing population and resource demands. Examples of key positions include luxury conglomerate LVMH, contract research organisation (CRO) ICON and software major Microsoft. While no new positions were added over the quarter, we increased the position in Dutch chipmaker, ASML, which should benefit from the rising demand for AI-related chips as well as NextEra Energy, which is a long-term play on renewables. In addition, we added to CRO ICON and managed care company, UnitedHealth. However, holdings in Mexican airport operator, Grupo Aeroportuario, and sportswear manufacturer, Nike, were sold as their risk-reward potential is no longer attractive.

Major contributors (%)

| As at 30/09/2023 | Active pos. | Contribution |
|-----------------------------|-------------|--------------|
| Apple Inc | -2.1 | 0.2 |
| Unitedhealth Group Inc | 1.9 | 0.2 |
| Autoliv Inc | 1.2 | 0.2 |
| Bank Mandiri Persero Tbk Pt | 1.1 | 0.2 |
| Danaher Corp | 2.1 | 0.2 |

Major detractors (%)

| As at 30/09/2023 | Active pos. | Contribution |
|-----------------------|-------------|--------------|
| Lvmh Moet Hennessy Se | 3.8 | -0.7 |
| HDFC Bank Ltd | 2.9 | -0.4 |
| Keyence Corp | 2.0 | -0.4 |
| AIA Group Ltd | 1.9 | -0.3 |
| Johnson Ctls Intl Plc | 1.5 | -0.3 |

Signatory of:



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