Fidelity INTERNATIONAL

Fidelity Global Low Volatility Equity Fund

Quarterly report

As at 31/12/2022

Fund description

A diversified core portfolio of 100-250 global equities the fund aims to achieve long-term capital growth with lower risk than the market. The Fund invests in a portfolio of 100-250 global stocks which we believe will exhibit lower volatility, selected through a unique combination of Fidelity's research from our 400 investment experts and quantitative tools. By reducing the effect of down markets, the fund aims to outperform the index with improved compound returns over time.

Fund facts

Portfolio manager: Zach Dewhirst
Benchmark: MSCI World Index NR
Inception date: 15/12/2017
Fund size: AU$36.74M
Management cost: 0.65% p.a.
Buy/sell spread: 0.20%/0.20%

Portfolio guidelines

Cash: Maximum 5% cash allocation

Top 10 holdings (%)

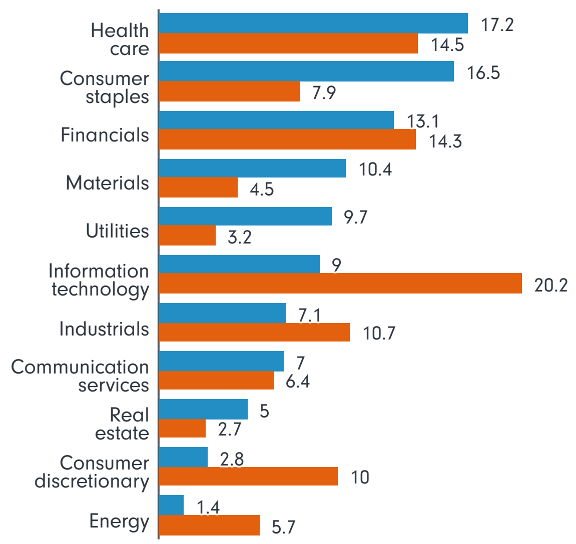
	Fund	B'mark
Merck & Co Inc	1.1	0.6
T-mobile US Inc	1.1	0.2
Agnico Eagle Mines Ltd	1.0	0.0
Unitedhealth Group Inc	1.0	1.0
Marsh & Mclennan Cos Inc	1.0	0.2
Cboe Global Markets Inc	1.0	0.0
Astrazeneca Plc	1.0	0.4
Berkshire Hathaway Inc Del	1.0	0.8
AIA Group Ltd	1.0	0.3
Sumitomo Mitsui Finl Grp Inc	1.0	0.1

Performance %

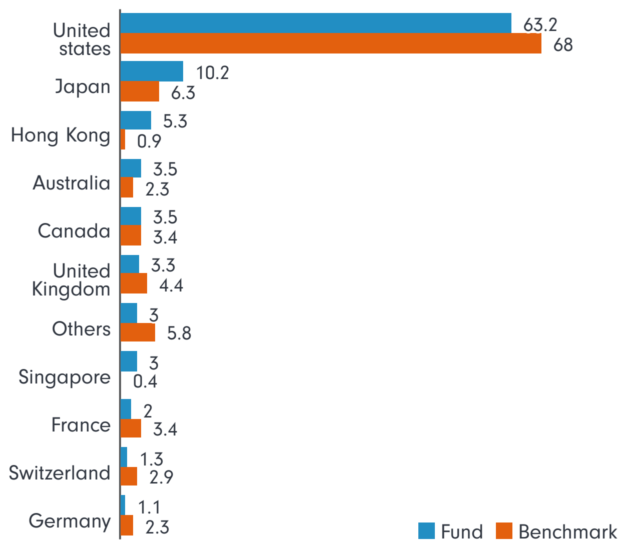
	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	Since Inception p.a (15/12/2017)
Fidelity Global Low Volatility Equity Fund	-2.95	5.23	4.42	-4.75	3.17	7.13	6.81
MSCI World Index NR	-5.44	4.07	4.42	-12.24	6.21	9.21	8.84
Excess return	**2.49**	**1.16**	**0.00**	**7.49**	**-3.04**	**-2.08**	**-2.03**

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.

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

The global equity market bounced back in the quarter in the hopes we have hit a peak in the monetary tightening cycle, with the majority of global central banks slowing the rate at which they increased interest rates. In the US, third quarter GDP increased by 3.2% based on the final estimate. High levels of consumer spending and an increase in exports cutting into the trade deficit were the primary drivers of the positive reading. The US labour market continues to be strong with unemployment around 3.7%, which has helped consumer spending remain healthy. Stocks performed well in the US in the final quarter of the year. The hope that the rate of financial tightening would slow down was the main contributor to risk appetite during the period. The US Federal Reserve (Fed) rose the Fed Funds rate from the 3.00-3.25% range in the beginning of the quarter to the 4.25-4.50% range to close the period, and only raised the rate by 50 basis points most recently instead of the 75 basis point increases they implemented the four meetings prior. Although equities reacted positively to the decrease in the rate at which the Fed Funds rate was rising, the Fed later reiterated that it would continue to take necessary measures to combat persistently high inflation levels, which clawed back slightly to 7.1% to end the period. Cracks among leading indicators for demand along with a persistently inverted yield curve continue to cause investors to worry about the upcoming year and the ability to execute a "soft landing" while also dealing with inflation. Non-US markets were generally better off during the period due to a weakening dollar. Global central banks followed the playbook of the Fed and slightly decreased the pace of their tightening, which was a primary positive driver for equities across markets. Eurozone equities outperformed other regions during the fourth quarter, with the beat being largely driven by economically sensitive sectors like energy, financials, and consumer discretionary. Energy prices receded during the period, which especially bolstered Eurozone countries which were more heavily economically exposed to the Russia-Ukraine conflict. In the UK, equities rose but slightly lagged Eurozone counterparts due to budget proposals being overhauled by the government. The Bank of Japan took steps toward policy normalisation after showing signs of consistent inflation and growth after years of deflation. China posted a strong quarter, with the biggest market event coming late in the period when it unexpectantly rolled back its strict Covid lockdown policies. China's bounce back during the period was the primary driver for emerging market stocks performance during the period, along with a weakening dollar and a bounce back in certain commodity sectors.

Fund performance

In the consumer discretionary sector, shares of Tesla declined after Elon Musk sold almost US$4 billion worth of the stock as a result of liquidity needs for his purchase of Twitter. Shares also declined as technology stocks declined on concerns of slowing global growth and recessionary fears and after Tesla had to close its Shanghai plant temporarily due to an increase in Covid infections. Shares of Amazon.com declined after the company reported third-quarter sales that missed consensus estimates and forecast a slowdown in sales growth during the holiday season due to consumers and businesses spending less due to inflation. Additionally, shares declined amid overall market weakness and concerns over a tight labour market. In the communication services sector, Meta Platforms shares declined after the company reported quarterly earnings that missed consensus estimates due to a slowdown in online ad spending, challenges from Apple's iOS privacy update and increased competition from TikTok. Additionally, the company issued a weak forecast for the fourth quarter. Alphabet shares declined after the company released quarterly earnings that missed Wall Street estimates as advertising sales growth slowed. Shares also fell amid a broader selloff within technology stocks as these companies faced cost pressures, layoffs and a slowdown in demand due to rising inflation and interest rates and declining consumer spending. Among individual holdings, shares of Apple, along with other technology stocks, declined on concerns of slowing global growth and recessionary fears after the Fed raised interest rates and the US Commerce Department released retail sales for the month of November that declined more than anticipated. Additionally, shares declined on concerns that strict Covid restrictions in China affected iPhone manufacturing. In the industrials sector, shares of CH Robinson declined after the company was downgraded by several Wall Street Analysts as freight demand and shipping prices eased. Additionally, shares declined after the company released quarterly results that missed consensus estimates due to a decrease in freight demand and price declines. In the energy sector, not owning Exxon Mobil detracted from performance. Its shares rose after the company issued preliminary third quarter results that topped consensus estimates driven by rising natural gas prices. Among individual holdings, Assurant shares declined after the firm reported preliminary earnings that missed consensus estimates due to a challenging macro environment, FX headwinds, elevated catastrophe losses and lower program volumes and higher claim costs. Additionally, the company lowered its earnings outlook. Shares of both CF Industries and Mosaic declined on concerns of increased costs due to a short supply of raw materials and rising energy prices that could weigh on margins. Dominion Energy shares declined after several Wall Street analysts downgraded the stock after the company reported it would conduct a review of its business strategy during its quarterly earnings report. In the consumer staples sector, we initiated a position in US food producer Tyson Foods. In the healthcare sector, we initiated a position in US biopharmaceutical company Gilead Sciences and closed our position in US biopharmaceutical company Amgen. In the information technology sector, we closed our position in Japanese camera manufacturer Canon.

Major contributors (%)

As at 31/12/2022	Active pos.	Contribution
Tesla Inc	-1.0	0.9
Amazon.com Inc	-1.8	0.8
Apple Inc	-3.9	0.6
Alphabet Inc	-2.2	0.4
Sumitomo Mitsui Finl Grp Inc	0.7	0.2

Major detractors (%)

As at 31/12/2022	Active pos.	Contribution
Assurant Inc	0.7	-0.2
Cf Inds Holdings Inc	0.8	-0.2
Mosaic Co New	0.7	-0.1
Dominion Energy Inc	0.5	-0.1
Exxon Mobil Corp	-0.9	-0.1

Signatory of:

PRI Principles for Responsible Investment

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