

# Fidelity Global Low Volatility Equity Fund

## Quarterly report

As at 30/06/2021

### 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 (N)

**Inception date:** 15/12/2017

**Fund size:** AU\$78.31M

**Management cost:** 0.65% p.a.

**Buy/sell spread:** 0.25%/0.25%

### Portfolio guidelines

**Cash:** Maximum 5% cash allocation

### Top 10 holdings (%)

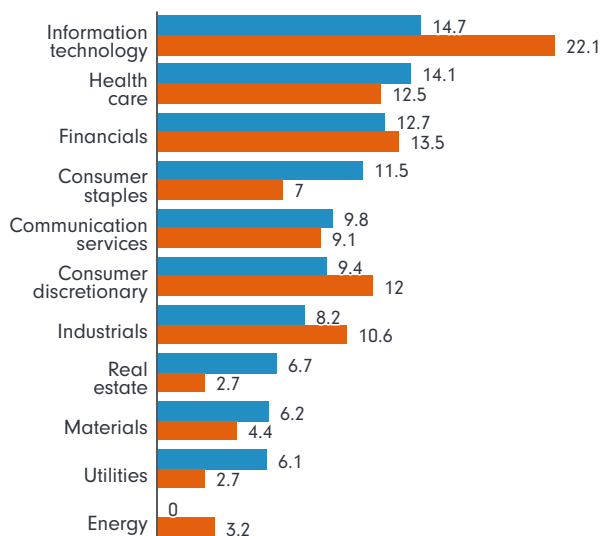
	Fund	B'mark
Lilly (Eli) & Co	1.1	0.3
Danaher Corp	1.1	0.3
Target Corp	1.1	0.2
Sg Holdings Co Ltd	1.1	0.0
T-mobile US Inc	1.1	0.2
Lennar Corp	1.0	0.0
Alphabet Inc	1.0	2.5
Dr Horton Inc	0.9	0.1
Cboe Global Markets Inc	0.9	0.0
Rio Tinto Plc	0.9	0.2

### Performance %

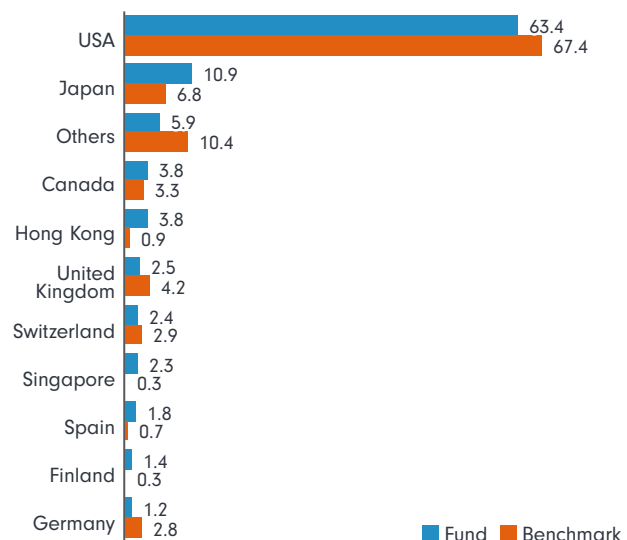
	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	Since Inception p.a (15/12/2017)
Fidelity Global Low Volatility Equity Fund	3.61	7.25	8.88	10.79	9.61	-	9.07
MSCI World Index (N)	4.64	9.31	16.19	27.52	14.38	-	13.59
<b>Excess return</b>	<b>-1.03</b>	<b>-2.06</b>	<b>-7.31</b>	<b>-16.73</b>	<b>-4.77</b>	<b>-</b>	<b>-4.52</b>

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](http://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 economy prospered during the second quarter of 2021 thanks to the continued vaccination and reopening efforts, accommodative monetary and fiscal policy from world markets, and decreasing market volatility. In the US, first quarter GDP rose by 6.4%. The U.S. Federal Reserve (The Fed) kept the Fed Funds rate at the 0-0.25% range for the duration of the quarter, and as of June does not anticipate changing the rate until 2023, a more hawkish stance than they took in the March meeting. Fiscal and Monetary stimulus in the US and around the world helped to lift equities during the quarter, but the "support" is expected to have peaked and will slowly be rolled back as world economies continue to recover. Both Eurozone and UK equities rallied during the period, supported by strong earnings, the vaccine rollout, and the high concentration of cyclical securities. China slightly lagged other names during the period due to regulatory concerns and pricing pressure, especially for raw material inputs. Commodity based equities, primarily in Emerging Markets, performed well during the period, bolstered by a rebound in energy prices and the vaccine rollout allowing more and more economic activity to resume.

## Fund Performance

The information technology (IT), consumer staples, and utilities sectors were among the primary sectors that detracted from relative performance. In the IT sector, not owning U.S. graphics chips manufacturer Nvidia, iPad and iPhone manufacturer Apple, and the underweight to software firm Microsoft, and the investment in U.S. digital workplace solutions company Citrix Systems detracted to performance. Nvidia shares rose after the company announced a four-for-one stock split in July. Shares also rose after the company forecast second-quarter revenue above analysts' estimates and after Wall Street analysts raised their price targets. Additionally, Nvidia shares rose after competitor Broadcom announced its support of the company's acquisition of U.K. chip designer Arm. Also, the announcement of a new partnership with Google to create an artificial intelligence (AI) and 5G innovation hub boosted shares. Shares of both Apple and Microsoft rose after the Labor Department announced a 5% increase in the U.S. consumer price index in May, with higher inflation viewed by the Fed as transitory as the economy reopens to full capacity following.

the pandemic. Additionally, the Fed signaled that rate hikes will most likely happen in 2023. Citrix Systems shares declined after the company reported first-quarter results that missed consensus estimates and revised downward its full-year profit guidance. In the Consumer Staples sector, the investment in Japanese drugstore operator Tsuruha detracted from performance. Tsuruha shares declined after the company released quarterly operating profit and guidance that missed consensus estimates as costs grew more than anticipated due to increased store openings. In the utilities sector, the overweight to the sector and the investment in Danish offshore wind farm developer Orsted detracted from performance. Orsted shares declined after the company announced first-quarter earnings that missed consensus estimates due to lower wind speeds and cable problems at its offshore wind farms in Europe.

Among individual holdings, not owning Google parent Alphabet detracted from performance. Shares gained on strong first quarter earnings as all segments beat estimates. Analysts were bullish and raised forward estimates for fiscal 2021. Moreover, the company was positioned to benefit from recovering travel due to their higher exposure to the space compared to their peers

The industrials, real estate, and materials sectors contributed to performance. In the industrials sector, the investment in U.S. logistics firm Expeditors International of Washington contributed to performance. Expeditors International of Washington shares rose after the company announced quarterly earnings that exceeded consensus estimates as industry supply conditions remained tight for global airfreight and ocean freight. In the real estate sector, the overweight to the sector contributed to performance as the sector outperformed the market. In the Materials sector, the investments in gold related securities like Canadian precious metals royalty and investment company Franco-Nevada, Canadian precious metals streaming company Wheaton Precious Metals and Canadian gold mining and exploration company Kirkland Lake Gold contributed to performance. Shares of all three companies rose on concerns over inflationary pressure and rising COVID-19 cases in some Asian countries.

Among individual holdings, the investments in U.S. cyber security software provider NortonLifeLock, U.S. pizza chain Domino's Pizza, U.S. exchange operator CBOE Global

Markets, and U.S. biopharmaceutical company Eli Lilly contributed to performance. NortonLifeLock shares rose after the company released fourth-quarter revenue and earnings that surpassed analysts' estimates, provided upbeat financial guidance and increased its stock repurchase program. Domino's Pizza shares rose after the company announced quarterly profit and U.S. sales that topped consensus estimates. Shares also rose after the company announced plans to hire 5,000 pizza chefs and delivery drivers in the United Kingdom to support its 1,100 stores due to increased demand. CBOE Global Markets shares increased after the company released quarterly profits that topped Wall Street estimates, boosted by robust trading volumes and increased demand for its proprietary products. Eli Lilly shares rose on positive investor sentiment for its trial drug, donanemab, which treats Alzheimer's, after the FDA approved Biogen's Alzheimer's treatment drug, aducanumab. Additionally, shares rose again after Eli Lilly announced it received a "breakthrough therapy" designation from the FDA for donanemab.

## Outlook

At the portfolio level, we continue to maintain a high exposure to fundamentally buy-rated stocks while seeking to minimize absolute risk with an expectation of achieving 60%-80% of the volatility of the MSCI World Index over the long run.

## Major contributors (%)

As at 30/06/2021	Active pos.	Contribution
Nortonlifelock Inc	0.8	0.1
Dominos Pizza Inc	0.7	0.1
Cboe Global Markets Inc	0.8	0.1
Lilly (Eli) & Co	0.7	0.1
Target Corp	0.8	0.1

## Major detractors (%)

As at 30/06/2021	Active pos.	Contribution
Nvidia Corp	-0.7	-0.3
Citrix Systems Inc	0.7	-0.2
Alphabet Inc	-1.6	-0.2
Oracle Corporation Japan	0.6	-0.2
Microsoft Corp	-2.5	-0.2

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