

Fidelity Hedged Global Equities Fund

Quarterly report

As at 31/12/2020

Fund description

A hedged equivalent of the Fidelity Global Equities Fund, currency exposure is substantially hedged back to Australian dollars.

Fund facts

Portfolio manager: Amit Lodha
Benchmark: MSCI All Country World Index NR AUD Hedged
Inception date: 29/09/2005
Fund size: AU\$17.70M
Number of stocks: 80 to 120
Management cost: 1.04% p.a.
Buy/sell spread: 0.30%/0.30%

Portfolio guidelines

Stocks: +/-3% from benchmark
Industry: +/-10% from benchmark
Region: +/-20% from benchmark
Country: No constraints
Emerging markets: maximum 20% of the portfolio (typically less than 10%)
Cash: Target range between 0% and 10%

Top 10 holdings (%)

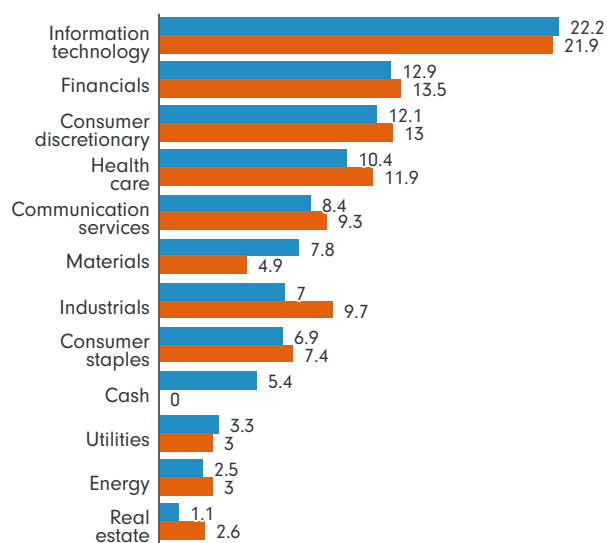
	Fund	B'mark
Microsoft Corp	2.2	2.7
Amazon.com Inc	1.8	2.3
Unitedhealth Group Inc	1.8	0.6
Apple Inc	1.7	3.8
Alphabet Inc	1.7	1.8
Rwe Ag	1.6	0.0
Samsung Electronics Co Ltd	1.5	0.7
Nestle S.A.	1.4	0.6
Netflix Inc	1.3	0.4
Ericsson	1.3	0.1

Performance %

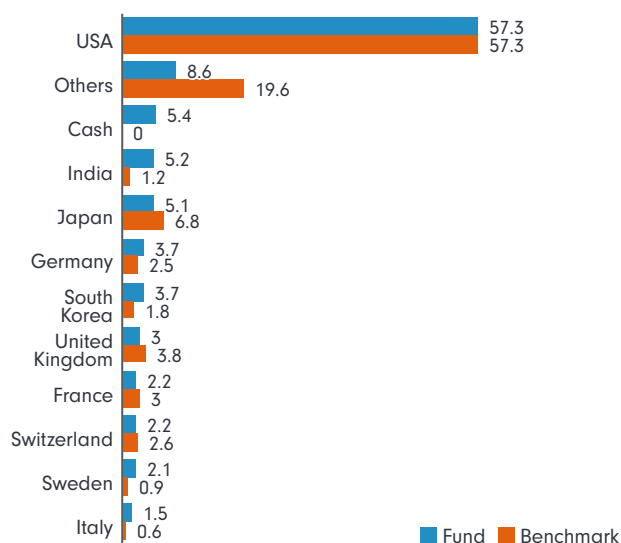
	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	10 yrs p.a.	15 yrs p.a.	Since Inception p.a (29/09/2005)
Fidelity Hedged Global Equities Fund	4.51	14.25	23.13	18.39	11.69	12.91	11.46	11.87	8.82	9.03
MSCI All Country World Index NR AUD Hedged	3.72	12.24	19.50	11.01	8.65	11.26	10.01	11.15	7.91	8.12
Excess return	0.79	2.01	3.63	7.38	3.04	1.65	1.45	0.72	0.91	0.91

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. **The benchmark is the MSCI All Country World Index NR 100% Hedged to AUD (effective 1 November 2011). The benchmark before 1 November 2011 was the MSCI World Index Hedged in AUD. The major difference between the two indices is the inclusion of 21 emerging market country indices in the MSCI All Country World Index NR 100% Hedged to AUD. In December 2006, the benchmark for the Fund changed from the MSCI World Index ex Australia Hedged in AUD to the MSCI World Index Hedged in AUD.

Industry breakdown %



Geographic breakdown %



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This Fund 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 advanced during the quarter (in AUD terms) and continued to rally amid hopes of a swift economic recovery amid COVID-19 vaccine rollouts. Markets were buoyed by positive global developments including the signing of a post-Brexit trade deal and a fresh US fiscal stimulus package. Subsequent rollout of vaccination programmes in different countries fuelled optimism towards global growth and helped investors look through the concerns over a more infectious COVID-19 strain which kept markets volatile. US equities outperformed on the back of the bipartisan passing of a fiscal stimulus bill in Congress. The US Federal Reserve maintained its stance of support by announcing that it will continue with the current levels of quantitative easing. Europe ex UK equities rose over the period bolstered by the start of a European wide vaccination programme. The European Central Bank also boosted its asset purchases as European Union leaders approved the landmark €1.8 trillion budget package including the €750 billion recovery fund. UK equities advanced after the authorities approved the use of the Pfizer/BioNtech and Oxford/AstraZeneca vaccines. Investor sentiment was also lifted as the UK and the European Union finally agreed on a post-Brexit deal. Japanese equities rallied during the quarter amid vaccine breakthroughs supported by developments suggesting progress in the global fight against the COVID-19 virus. Elsewhere, emerging markets registered their strongest returns as the US dollar weakened and rising commodity prices benefited net exporters. Against this backdrop, energy and financials were the best performing sectors, while defensive sectors such as health care and consumer staples lagged markets.

Fund performance

ArcelorMittal rose on upbeat market sentiment

Steel and mining company **ArcelorMittal** rallied after a stock upgrade boosted investor sentiment. It maintains attractive valuations with reduced balance sheet risk, increasing its potential to rebound strongly once the macroeconomic environment improves.

IT holdings added value

Electronics manufacturer **Flex** reported solid quarterly results due to continued strength in its health care and solar segment. Videogame developer **Unity Software** delivered robust revenues driven by superior technological innovation and increasing end user engagement.

Key detractors

Biotechnology major **Regeneron Pharmaceuticals** lagged in line with defensive sectors. Yet, it issued an upbeat guidance driven by its solid track record in innovation. US biopharmaceutical company **Amgen** declined after disappointing results in a key final-phase clinical trial for heart ailments. It offers investors a differentiated investment opportunity adding further potential for inorganic growth. Polish video game developer **CD Projekt Red** slid after numerous glitches were reported by players ahead of its launch.

Outlook

The global economic backdrop remains uncertain with a new and more contagious strain of the COVID-19 virus upon us and the global economy will be held back by further lockdowns in the near term. While the unprecedented financial and monetary

stimulus packages announced by governments worldwide have so far provided support, there are number of unknown variables which continue to weigh on market sentiment. With the COVID-19 vaccine being rolled out, markets are enthusiastic about a quick recovery. The economic recovery is also highly dependent on Congress and the expectations of higher fiscal spending with increase in payments to households and higher infrastructure spending by incoming Joe Biden administration which should be positive for the markets. Going forward, we continue to maintain a flexible mindset to identify long term winners with sustainable pricing power to successfully navigate these changing times.

Major contributors (%)

As at 31/12/2020	Active pos.	Contribution
Arcelormittal Sa Luxembourg	1.1	0.5
Flex Ltd	1.1	0.4
Unity Software Inc	0.7	0.3
Rolls-royce Holdings Plc	0.4	0.3
Nanostring Technologies Inc	0.6	0.3

Major detractors (%)

As at 31/12/2020	Active pos.	Contribution
Tesla Inc	- 0.7	- 0.3
Sap Se	0.1	- 0.2
Regeneron Pharmaceuticals Inc	0.7	- 0.2
Amgen Inc	0.8	- 0.2
Cd Projekt Red Sa	0.4	- 0.2

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