

# Fidelity Australian Low Volatility Equity Fund

Product series

Low volatility strategies are designed to help 'smooth the ride', giving equity investors the opportunity to earn meaningful investment returns while aiming to reduce the downside risk of their investment. This simply means that investments in this strategy should be less volatile than the broad Australian market. The Fidelity Australia Low Volatility Equity Fund benefits from Fidelity's extensive research capabilities, and combines a fundamental stock selection process with a quantitative portfolio construction approach.

## Why invest?

- 1** Access an actively managed portfolio of Australian shares that seeks to maintain a risk profile, as measured by price volatility, lower than its benchmark.
- 2** Leverages the unique insights from Fidelity's extensive global research platform with more than 170 research professionals across different regions, asset classes and sectors.
- 3** Benefits from Fidelity's extensive ESG resources and dedicated sustainable investing analysts. Sustainability is considered within its investment process.

## What are the risks?

All investments involve risk; however, Fidelity actively manages risk within its investment portfolios and employs a range of monitoring procedures with the aim of reducing overall portfolio risk. The main risks of investing in this Fund are market risk, specific security risk and derivative risk. For further details on the specific risks of investing in this Fund, please refer to the Product Disclosure Statement.

Low volatility equity investing can be a compelling alternative. By focusing on risk, it aims to reduce the effect of negative markets, leading to more consistent returns through different market cycles.

# A smoother ride for Australian equity investors

The Fidelity Australian Low Volatility Equity Fund is designed for investors who want a less volatile experience investing in Australian shares with the potential for better risk-adjusted returns. The Fund aims to reduce the effect of negative markets, leading to improved compounded returns over time, however, may not benefit from the full upside of a rising market.

Fidelity selects highly rated securities from its proprietary research platform and builds a portfolio of securities designed to reduce the overall level of risk in the portfolio. By focusing on risk, the portfolio should exhibit lower absolute volatility than the benchmark over a full market cycle. The typical volatility, as measured by standard deviation of returns, is expected to be at least 20% lower than the S&P/ASX 300 Accumulation Index.

## A unique investment process using forward-looking insights

While many low volatility equity strategies are based purely on quantitative historical data, the Fidelity Australia Low Volatility Equity Fund differs by using fundamental analysis and insights from our large global team of research analysts.

This means the Fund is constructed with the future in mind, using forward-looking insights, not purely backward-looking data that typifies a quantitative-only approach.

## Sustainable characteristics

- 1 Incorporation of the firm-wide forward-looking sustainable research on all stocks under coverage. This includes the benefits of company engagement and proxy voting.
- 2 Although engagement is preferred over exclusions, the Fund benefits from not being exposed to companies Fidelity sees as being in violation of the United Nations Global Compact framework, firm-wide exclusions and tobacco.
- 3 A minimum of 50% of the Fund's net assets are invested in securities deemed to maintain sustainable characteristics.<sup>1</sup>

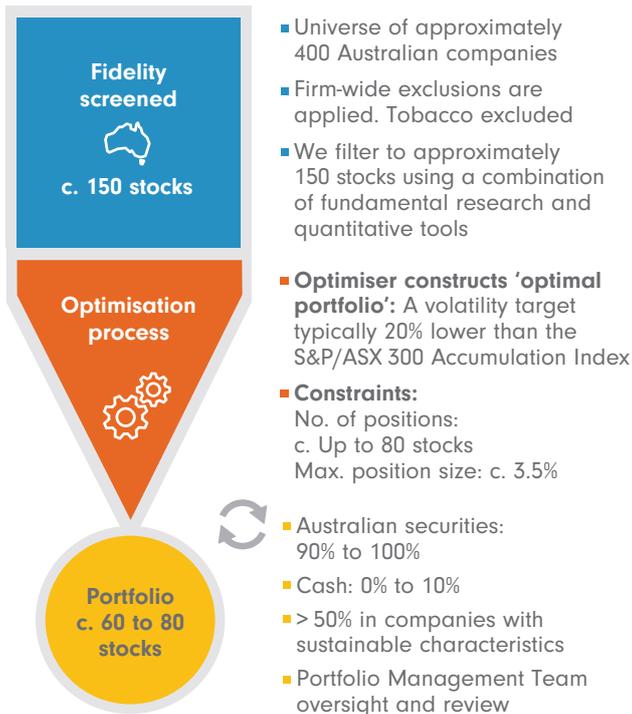
See the PDS for more detail.

## A unique process that benefits from Fidelity's global network of research analysts

	Typical approach	Fidelity's approach
Stock selection	<ul style="list-style-type: none"> <li>Low volatility stocks only (concentrated risk)</li> <li>Style-based broad universe selection</li> <li>Single, overarching model</li> <li>Basic volatility screening</li> <li>Factor models</li> </ul>	<ul style="list-style-type: none"> <li>Combination of low and medium volatility stocks</li> <li>Buy rated stocks expected to outperform the market going forward</li> <li>Collaboration across regions and sectors allows for multi-dimensional view of company fundamentals</li> <li>Fundamental factors assessed, e.g. competitive positioning, macro sensitivities, management quality and capital allocation, etc.</li> <li>Detailed financial modelling, balance sheet and valuation analysis</li> <li>Sustainability is incorporated</li> <li>The Fund benefits from firm-wide engagement (c. 900 companies globally) and proxy voting policies</li> </ul>
Portfolio construction and risk management	<ul style="list-style-type: none"> <li>Focused on standard deviation</li> <li>Possible model errors in rare yet impactful events that elude historical testing</li> </ul>	<ul style="list-style-type: none"> <li>The typical volatility, as measured by the standard deviation of returns, is expected to be at least 20% lower than the benchmark.</li> <li>Adaptive responses to rare yet impactful events with custom analysis</li> <li>Active PM oversight</li> </ul>

Source: Fidelity International.

## Investment process



## Portfolio managers

The Fund is managed by two experienced managers. This is a well-established, highly experienced global cross-asset team of portfolio managers, portfolio research engineers and quantitative analysts who run approximately US\$7 billion<sup>†</sup> of funds under management in a highly robust, repeatable and risk-controlled manner.

The co-portfolio manager structure ensures that the Fund adheres to our strict risk controls, and one of the portfolio managers is based locally in Sydney.

<sup>†</sup> As at 30 September 2021.



**Daniel Swift**  
**Co-Portfolio Manager**  
**London**

Daniel has been working in the investment management industry since 2013, specialising in fundamentally driven quantitative research and quantitative portfolio construction techniques. He works extensively on strategy development in low volatility and co-manages funds in Europe. Daniel has a Masters in Aeronautical Engineering from the University of Bristol. He holds the IMC (Investment Management Certificate) and is a CFA Charter holder.



**Matt Jones**  
**Co-Portfolio Manager**  
**Sydney**

Matt has been working in investment management since 1997, specialising in quantitative analysis and portfolio management. Matt joined Fidelity in 2005 as a quantitative analyst and senior research analyst. Matt has a Masters in Applied Finance, a Bachelor of Commerce in Economics and Business Law, and a Postgraduate Diploma in Accounting.

## The Fidelity difference

Fidelity specialises in active fund management, and with one of the largest buy-side research teams in the world, we have the unique ability to identify investment themes and ideas across different market cycles.



**Foresight**

We have a team of more than 400 investment professionals connecting ideas across asset classes, sectors and regions to see things others may miss.



**Further**

We believe that by going further, we gain better insights and knowledge, to make better investment decisions.



**Future**

Our purpose is to build better futures. We believe that by investing in companies which operate with high standards of sustainability we can protect and enhance returns for our clients, and build a better future for society as a whole.

## Fund facts

<b>Objective</b>	To achieve returns in line with the benchmark, but with absolute volatility that is typically at least 20% lower than the benchmark, over the medium to long term. Volatility is measured by standard deviation of returns.
<b>Benchmark</b>	S&P/ASX 300 Accumulation Index
<b>Inception</b>	15 October 2021
<b>Number of stocks</b>	Up to c. 80
<b>By/sell spread</b>	±0.20%
<b>Management costs</b>	0.50% p.a.

## How to invest

Whether you're a first-time investor or an investment professional, you can access Fidelity's investment expertise in the way that best suits your individual needs:

### Direct investment

You can invest directly with Fidelity as an investor or adviser. Fidelity accepts direct investments with a minimum of \$25,000. You can apply online or using our paper application.

### Invest via mFund

Most of our managed funds are available on mFund Settlement Service. This service allows you to buy, hold and sell units in Fidelity managed funds through a process similar to buying and selling shares. You can easily buy (apply for) and sell (redeem) units via a broker and the transactions are settled using CHESS, the ASX electronic settlement system.

2020 Morningstar Australia Fund Manager of the Year  
[fidelity.com.au](https://www.fidelity.com.au)



**1.** Sustainable characteristics are defined by reference to a combination of different measurements such as ESG ratings provided by external agencies or Fidelity Sustainability Ratings. Further details on the methodology applied are set out at [www.fidelity.com.au](https://www.fidelity.com.au) and may be updated from time to time.

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