

# Fidelity Global Demographics Fund

## Quarterly report

As at 31/12/2020

### 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

**Portfolio manager:** Aneta Wymimko, Alex Gold and Oliver Hextall

**Benchmark:** MSCI All Country World Index NR

**Inception date:** 30/11/2012

**Fund size:** AU\$88.03M

**Number of stocks:** 50 to 70

**Management cost:** 1.15% p.a.

**Buy/sell spread:** 0.30%/0.30%

### Portfolio guidelines

**Stocks:** Typically between 1% to 3% Absolute

**Industry:** Unconstrained

**Region:** Unconstrained

**Country:** Unconstrained

**Cash:** Target range between 0-10

### Top 10 holdings (%)

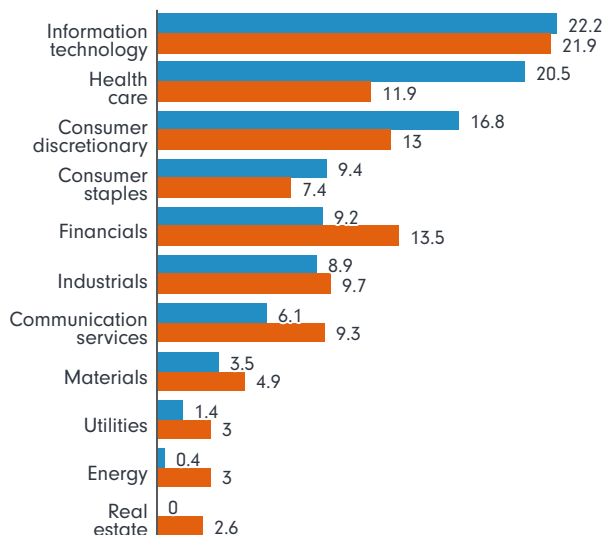
	Fund	B'mark
Microsoft Corp	3.8	2.7
Amazon.com Inc	3.4	2.3
Apple Inc	3.3	3.8
Lvmh Moet Hennessy Se	3.3	0.3
Taiwan Semiconductor MFG Co Ltd	3.2	0.8
Alphabet Inc	3.2	1.8
Thermo Fisher Scientific Inc	3.1	0.3
L'oreal Sa	2.9	0.2
Keyence Corp	2.8	0.2
Alibaba Group Holding Ltd	2.5	0.7

### Performance %

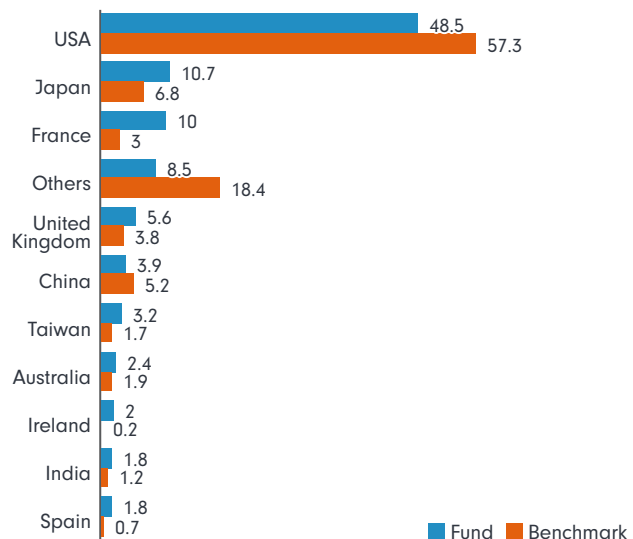
	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	Since Inception p.a (30/11/2012)
Fidelity Global Demographics Fund	-0.03	6.73	13.92	13.93	15.01	12.51	14.61	17.74
MSCI All Country World Index NR	-0.08	6.52	10.65	5.90	10.56	10.95	11.20	14.92
<b>Excess return</b>	<b>0.05</b>	<b>0.21</b>	<b>3.27</b>	<b>8.03</b>	<b>4.45</b>	<b>1.56</b>	<b>3.41</b>	<b>2.82</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.

### Industry breakdown %



### Geographic breakdown %



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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

Global equities advanced during the quarter and continued to rally amid hopes of a swift economic recovery on COVID-19 vaccine rollouts. Markets were buoyed by positive global developments, including the signing of a post-Brexit trade deal and a US\$900 billion stimulus package in the US. The subsequent rollout of vaccination programs in different countries fuelled optimism towards global growth and helped investors to look through 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 supportive stance by announcing that it will continue with current levels of quantitative easing. Europe ex UK equities rose over the period, bolstered by the start of a Europe-wide vaccination program. The European Central Bank also boosted its asset purchases as European Union (EU) leaders approved the landmark €1.8 trillion budget package, including a €750 billion recovery fund. UK equities advanced after authorities approved the use of the Pfizer/BioNtech and Oxford/AstraZeneca vaccines. Investor sentiment was also lifted as the UK and EU finally agreed on a post-Brexit deal. Japanese equities rallied during the quarter amid vaccine breakthroughs, 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. All sectors ended in positive territory. Sectors that have suffered most severely from the pandemic, such as energy and financials, were the top gainers over the quarter, while more defensive sectors lagged.

## Fund performance

### Key contributors

At a stock level, the position in luxury goods company **LVMH Moët Hennessy** advanced following its agreement with Tiffany to reduce its acquisition offer price. Tiffany is an

attractive brand that gives LVMH a stronger position in a growing category (branded jewellery), and offers upside potential due to Tiffany's recent underperformance. The position in aerospace and defence company **Airbus** advanced. Investors expect a turnaround in 2021 once COVID-19 vaccinations are rolled out and economies open up. This should lead to an eventual recovery in the aviation cycle, which makes its current valuations attractive. The position in Japanese electronic component maker **Murata Manufacturing** gained on the back of strong quarterly results and guidance, driven by automobiles, smartphone and PC demand. The company is expected to benefit materially from the fifth-generation (5G) roll out.

### Health care names among key detractors

Positions in healthcare equipment & supplies companies such as **Thermo Fisher Scientific, Boston Scientific Corp, Baxter International** and **Danaher** hampered performance. These COVID-19 pandemic winners were sold-off sharply following positive vaccine news. Shares in medical device manufacturer **Boston Scientific** were further weighed down after the company announced that it is voluntarily recalling and discontinuing the LOTUS Edge TAVR valve (a device used in cardiac procedures), presenting some short-term revenue impacts. However, the valve was a low margin product and the company's organic growth outlook remains attractive due to its strong product pipeline. The position in **Baxter International** fell as the medical supplies company continues to face headwinds related to COVID-19. However, it remains a durable, defensive holding with a strong balance sheet and attractive valuations.

### The holding in Alibaba fell

Shares in the e-commerce major detracted from returns. Chinese internet companies were sold-off after national regulators released a consultation paper aiming to curb anti-

competitive behaviour and prevent monopolistic practices by online platforms. Additionally, sentiment towards the stock weakened following the suspension of the dual public listing of its fintech affiliate Ant Group due to regulatory issues. The position in **SAP** also hampered performance. The software provider released disappointing results for the third quarter, which included downward revisions to its FY20 guidance and profit growth outlook for 2021-22, provoking a sharp decline in its share price. While the reduction in its near-term growth outlook is clearly disappointing, its strategic decision to accelerate the shift from an on-premise software provider to a cloud operator should prove supportive over the longer term.

## Major contributors (%)

As at 31/12/2020	Active pos.	Contribution
Lvmh Moët Hennessy Se	2.9	0.5
Airbus Se	1.4	0.5
Murata MFG Co Ltd	1.7	0.3
HDFC Bank Ltd	1.3	0.3
Trimble Inc	1.5	0.3

## Major detractors (%)

As at 31/12/2020	Active pos.	Contribution
Alibaba Group Holding Ltd	2.4	- 0.8
Sap Se	0.6	- 0.6
Boston Scientific Corp	1.4	- 0.4
Icon Plc	2.3	- 0.3
Thermo Fisher Scientific Inc	3.1	- 0.3

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