

Fidelity Global Demographics Fund

Quarterly report

As at 31/12/2019

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\$70.22M

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 (%)

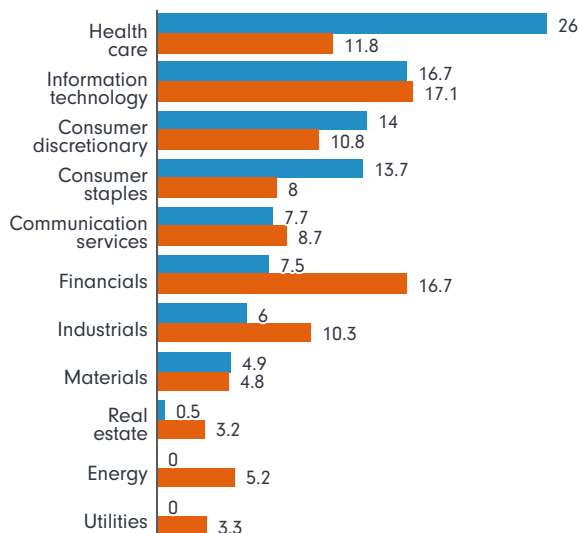
	Fund	B'mark
Microsoft Corp	3.7	2.2
Lvmh Moet Hennessy Se	3.6	0.3
Apple Inc	3.5	2.6
Alphabet Inc	3.4	1.6
CSL Ltd	3.1	0.2
Amazon.com Inc	3.0	1.5
L'oreal Sa	3.0	0.1
Unitedhealth Group Inc	2.9	0.5
Alibaba Group Holding Ltd	2.8	0.7
Icon Plc	2.8	0.0

Performance %

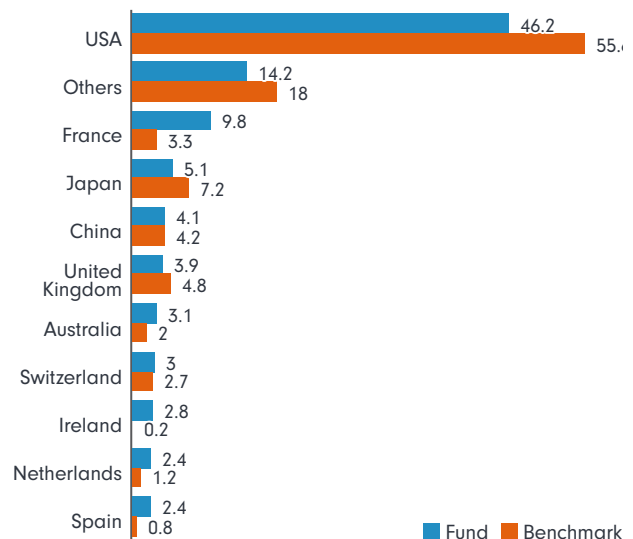
	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	Since Inception p.a (30/11/2012)
Fidelity Global Demographics Fund	0.06	4.93	7.00	27.79	18.05	13.36	18.28	18.29
MSCI All Country World Index NR	-0.39	4.53	8.74	26.79	13.56	11.75	16.01	16.26
Excess return	0.45	0.40	-1.74	1.00	4.49	1.61	2.27	2.03

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.

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 strongly in the fourth quarter. The US and China announced an agreement on a 'phase one' trade deal, easing tensions over the 18-month trade dispute that unnerved financial markets and hurt global economic sentiment. US equities also gained due to an accommodative monetary policy stance by the US Federal Reserve. The central bank cut interest rates for the third time in 2019 and signalled no change in 2020. European stocks delivered positive returns on a better than expected third quarter results season against lowered consensus expectations. Reduced political uncertainty following the Conservative Party's convincing majority in the UK elections added to the strength in UK and European stocks. Equities in export-oriented Japan registered an increase due to the yen's weakness against the US dollar and Prime Minister Shinzo Abe's announcement of a \$120 billion (¥13 trillion) fiscal stimulus package. The move should help the world's third-largest economy to overcome the aftermath of the recent natural disasters, alleviate the impact of the recent tax hike and survive a potential economic slowdown after an expected uplift during the summer Olympics. Emerging market equities also rallied. Chinese equities advanced amid policy support measures implemented by the government and an indefinite delay of new tariffs by the US that were set to take effect during the quarter. At a sector level, cyclicals such as financials and information technology (IT) were favoured by investors, while defensives such as consumer staples and utilities lagged the broader market.

Fund performance

The Fund recorded positive returns but underperformed the index over the quarter. Strong security selection in the consumer discretionary and technology sectors added

value, but stock selection in the materials sector was less beneficial.

Consumer discretionary stocks rose

The Chinese e-commerce major Alibaba continued its robust performance as it reported a strong increase in its second-quarter revenues. Following its highly anticipated stock market flotation in Hong Kong, the holding in Alibaba has continued to appreciate after another successful Singles' Day event. The holding in LVMH Moët Hennessy – Louis Vuitton, a French multinational luxury goods conglomerate, added value as it reported strong third-quarter revenue growth, despite unfavourable conditions for luxury makers. Moreover, the company reached an agreement to buy jewellery maker Tiffany, another notable contributor, making LVMH significantly competitive in the luxury jewellery market.

Mixed returns from the health care sector

The position in biotechnology company CSL was supported by positive sentiment towards the growing plasma market. Encouraging results at Haemonetics, CSL's supplier in the plasma market, indicated solid demand for plasma in the near term. Managed care operator UnitedHealth Group also advanced after its third quarter earnings beat expectations. On the downside, the holding in medical device maker Stryker fell after a period of strong performance. In early November, the company announced that it would buy smaller rival Wright Medical Group for about \$4 billion in cash, expanding into the fast-growing business of implants for shoulders and wrists. In addition to this, shares in hearing aid specialist Sonova also held back gains after it reported mixed results for the first half of fiscal year 2020, as profitability was impacted by restructuring charges. However, encouragingly, the outlook for full year profit was revised upwards.

The holdings in Colgate Palmolive fell after its Indian subsidiary reported weak performance numbers. The company reported top-line growth, but the numbers missed analysts' expectations. The consumer goods major cut its full year earnings estimates on weak revenue growth and higher advertising and promotion costs. Another notable detractor from performance was Unilever. The consumer goods major cut its full-year sales guidance citing an economic slowdown in South Asia and tough trading conditions in West Africa and North America. The company also highlighted the possibility of further weakness in 2020.

Major contributors (%)

As at 31/12/2019	Active pos.	Contribution
CSL Ltd	2.9	0.3
Alibaba Group Holding Ltd	2.0	0.3
Tiffany & Company	0.3	0.3
Lvmh Moët Hennessy Se	3.3	0.3
Icon Plc	2.3	0.2

Major detractors (%)

As at 31/12/2019	Active pos.	Contribution
Stryker Corp	2.4	- 0.3
Dupont De Nemours Inc	1.3	- 0.3
Colgate-palmolive Co	1.4	- 0.2
Sonova Holding Ag	2.2	- 0.2
Unilever Plc	1.8	- 0.2

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