

# Fidelity Australian Equities

## 12292

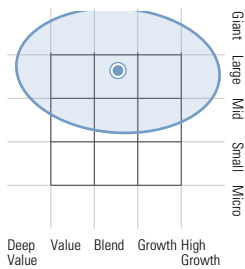
Morningstar Analyst Rating



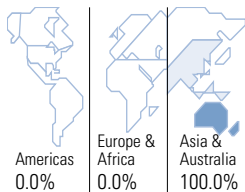
23 Aug 2021  
16:08, UTC-0500

|                                                             |                                             |                                         |                                   |                        |                        |                                    |
|-------------------------------------------------------------|---------------------------------------------|-----------------------------------------|-----------------------------------|------------------------|------------------------|------------------------------------|
| <b>Morningstar Category</b><br>Equity Australia Large Blend | <b>Category Index</b><br>S&P/ASX 200 TR AUD | <b>Total Assets</b><br>4,293<br>Mil AUD | <b>Inception Date</b><br>30/06/03 | <b>Domicile</b><br>AUS | <b>Currency</b><br>AUD | <b>Morningstar Rating</b><br>★★★★★ |
|-------------------------------------------------------------|---------------------------------------------|-----------------------------------------|-----------------------------------|------------------------|------------------------|------------------------------------|

### Equity Style Map



### Equity Region Exposure



### People

|                      |       |
|----------------------|-------|
| Paul Taylor          | 06/03 |
| Total Named Managers | 1     |

|                                      | 2011  | 2012  | 2013  | 2014 | 2015 | 2016  | 2017  | 2018  | 2019  | 2020 | 2021    |
|--------------------------------------|-------|-------|-------|------|------|-------|-------|-------|-------|------|---------|
| <b>Performance</b> 31/07/21          |       |       |       |      |      |       |       |       |       |      |         |
| Growth of 10,000 Annualized AUD      | 4     | 8     | 17    | 10   | 15   | 54    | 53    | 35    | 44    | 18   | 16      |
| Value AUD                            | -7.46 | 22.03 | 23.85 | 7.96 | 5.96 | 8.47  | 11.32 | -3.86 | 23.19 | 5.11 | 15.96 % |
| Ret %                                | 3.60  | 3.84  | 2.97  | 3.68 | 2.53 | -0.38 | -0.56 | 1.68  | 0.52  | 3.10 | 2.19    |
| Fund                                 | 3.08  | 1.78  | 3.65  | 2.35 | 3.40 | -3.33 | -0.48 | -1.02 | -0.20 | 3.71 | 1.82    |
| Category                             |       |       |       |      |      |       |       |       |       |      |         |
| Index                                |       |       |       |      |      |       |       |       |       |      |         |
| Quartile Rank in Category            |       |       |       |      |      |       |       |       |       |      |         |
| Percentile Rank in Category          |       |       |       |      |      |       |       |       |       |      |         |
| Total Return AUD                     |       |       |       |      |      |       |       |       |       |      |         |
| +/- Category                         |       |       |       |      |      |       |       |       |       |      |         |
| +/- Index                            |       |       |       |      |      |       |       |       |       |      |         |
| <b>Process</b>                       |       |       |       |      |      |       |       |       |       |      |         |
| Equity Style Box                     |       |       |       |      |      |       |       |       |       |      |         |
| Asset Allocation (Long Positions)    |       |       |       |      |      |       |       |       |       |      |         |
| Equity                               |       |       |       |      |      |       |       |       |       |      |         |
| Fixed Interest                       |       |       |       |      |      |       |       |       |       |      |         |
| Cash                                 |       |       |       |      |      |       |       |       |       |      |         |
| Other                                |       |       |       |      |      |       |       |       |       |      |         |
| Equity Supersectors                  |       |       |       |      |      |       |       |       |       |      |         |
| Defensive                            |       |       |       |      |      |       |       |       |       |      |         |
| Sensitive                            |       |       |       |      |      |       |       |       |       |      |         |
| Cyclical                             |       |       |       |      |      |       |       |       |       |      |         |
| <b>Price</b> Expense Ratio (ICR/MER) | 0.85  | 0.85  | 0.85  | 0.85 | 0.85 | 0.85  | 0.85  | 0.85  | 0.85  | 0.85 | — %     |

## Outstanding portfolio manager with truly long-term approach.

### Analyst View

**Ross MacMillan**, Senior Analyst

Morningstar Analyst Rating

### Morningstar Pillars

|                    |               |
|--------------------|---------------|
| Process Page 2-3   | High          |
| Performance Page 4 |               |
| People Page 5      | High          |
| Parent Page 6      | Above Average |
| Price Page 7       |               |

**Role in Portfolio:** Core

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum



Aug 23, 2021 | Fidelity Australian Equities receives our highest rating, with its key strengths being an outstanding portfolio manager, thoughtful investment process, and well-structured portfolio methodology.

Paul Taylor has been with Fidelity since 1997 and portfolio manager of this strategy since 2003. His impact on the philosophy, process, and portfolio construction have been overwhelmingly positive during the past 18 years. Undoubtedly, the strategy's success has been primarily due to Taylor's decisions, abilities, and skill, which is judicious, given the reasonably high turnover of analysts in Fidelity's nine-person Sydney-based research analyst team over the past five years. Ultimately, it is Taylor's talent as a portfolio manager that has set the strategy ahead of competitors.

Fidelity has no distinct house investment style, apart from focusing on bottom-up fundamental stock research, but Taylor has established a well-structured, long-term, and highly competent investment process for this strategy. Import-

antly, Taylor's signature long-term "through-the-cycle" investing style has a strong preference for stocks with solid businesses, competitive advantages, and promising industry dynamics. The investment process also favours companies that have a reasonable probability of surprising positively on both earnings and operating cash flow growth. In a market that is often too focused on short-term issues, Taylor's emphasis on the long term and structural winners sets him apart from many peers. An example is Domino's Pizza Enterprises, which entered the portfolio in 2007 as a small position; by mid-2021, as the share price hit all-time highs, it was the largest overweight position in the portfolio.

Long-term outperformance is extremely difficult to achieve through the cycle, but the strategy has outpaced the index and most peers over five and 10 years to 31 July 2021, on a trailing returns basis. Fidelity Australian Equities is built on the solid foundations of long-term investing, consistency, and reliability and receives our highest conviction.

# Fidelity Australian Equities

## 12292

**Morningstar Analyst Rating**  
 Gold  
 23 Aug 2021  
 16:08, UTC-0500

### Process: Approach

**Morningstar Category**  
Equity Australia Large Blend

**Category Index**  
S&P/ASX 200 TR AUD

**Index Proxy**  
SPDR® S&P/ASX 200 ETF

### Patient approach backing long-term structural winners.

**Process Pillar** ● High

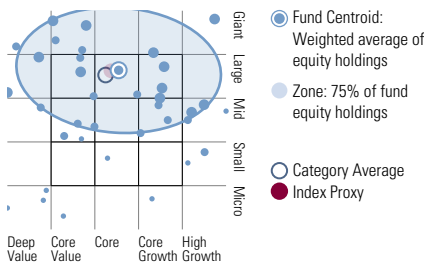
Aug 23, 2021 | Comprehensive bottom-up fundamental company research is Fidelity's hallmark, and this Australian equity strategy is no different. The investment analyst team use a variety of proprietary models and valuation methodologies to assess earnings, cash flows, and value. Site visits and extensive company management meet-

ings play a critical role in the investment process, as Fidelity believes these provide valuable insights into a company's future prospects. Analysts update coverage of their stocks every three months to ensure all relevant investment details remain up to date. Each investment analyst covers around 25 companies, grouped along sector lines, but sectors are often rotated every three to four years. Companies favoured by the investment process typically display quality management, enjoy pricing power that delivers earnings/cash flow growth, and are positioned in

industries with favourable growth prospects. The resulting investment style can be best characterised as having a slight growth tilt. Portfolio manager Paul Taylor has ultimate responsibility for investment decisions but builds a diversified portfolio using analyst recommendations in conjunction with his clearly defined buy/sell signals. Fidelity's portfolio managers are also given discretion to include stocks where they complete the majority of the research work but only to a maximum of 10% of the portfolio (normally less than 10%).

### Equity Style 30/06/20

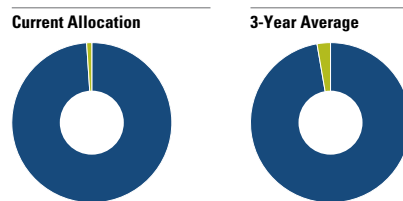
#### Holdings-Based Style Map



#### Equity Style Box Factors

|                          | Fund | 3-Yr Avg | Category | Proxy |
|--------------------------|------|----------|----------|-------|
| <b>Market Cap</b>        |      |          |          |       |
| Giant/Large              | 80.3 | 74.5     | 73.9     | 77.9  |
| Mid                      | 15.6 | 21.3     | 22.4     | 20.1  |
| Small/Micro              | 4.1  | 4.2      | 3.7      | 1.9   |
| Avg Market Cap Bil AUD   | 31.8 | 24.7     | 28.1     | 32.8  |
| <b>Value Measures</b>    |      |          |          |       |
| Price/Prospect. Earnings | 17.7 | 18.3     | 17.1     | 17.3  |
| Price/Book               | 2.5  | 2.2      | 2.2      | 2.3   |
| Price/Sales              | 2.8  | 2.4      | 2.7      | 2.9   |
| Price/Cash Flow          | 11.2 | 7.2      | 10.4     | 10.4  |
| Dividend Yield           | 1.9  | 3.6      | 2.2      | 2.2   |
| <b>Growth Measures</b>   |      |          |          |       |
| Long-Term Earnings %     | 10.8 | 7.6      | 11.3     | 11.0  |
| Historical Earnings %    | -4.7 | 0.6      | -13.6    | -11.9 |
| Sales %                  | 0.9  | 3.5      | -2.3     | -2.5  |
| Cash Flow %              | 1.2  | 5.7      | 1.9      | 1.9   |
| Book-Value %             | -0.8 | 2.0      | -1.5     | -1.1  |

### Asset Allocation (Net Positions) 31/07/21



| Assets %               | Fund | 3-Yr Avg | Category | Proxy |
|------------------------|------|----------|----------|-------|
| ● Australian Equity    | 99.0 | 97.3     | 0.0      | 0.0   |
| ● International Equity | 0.0  | 0.0      | 0.0      | 0.0   |
| ● Aus. Fixed Interest  | 0.0  | 0.0      | 0.0      | 0.0   |
| ● Int'l Fixed Interest | 0.0  | 0.0      | 0.0      | 0.0   |
| ● Cash                 | 1.0  | 2.7      | 0.0      | 0.0   |
| ● Other                | 0.0  | 0.0      | 0.0      | 0.0   |

### Region Exposure 31/07/21

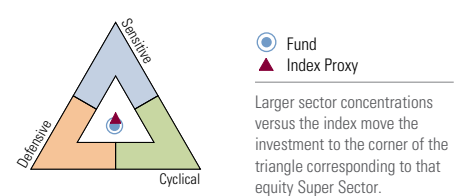
| Market Type Equity %            | Fund | 3-Yr Avg | Category | Proxy |
|---------------------------------|------|----------|----------|-------|
| Developed                       | 98.8 | 96.9     | 99.5     | 99.7  |
| Emerging                        | 1.2  | 3.1      | 0.5      | 0.3   |
| <b>Top 5 Countries Equity %</b> |      |          |          |       |
| Australia                       | 98.1 | 93.9     | 92.9     | 94.9  |
| Papua New Guinea                | 1.2  | 2.5      | 0.5      | 0.3   |
| New Zealand                     | 0.6  | 0.5      | 2.5      | 1.7   |

### Key Ratios 31/07/21

|                      | Fund | 3-Yr Avg | Category | Proxy |
|----------------------|------|----------|----------|-------|
| Net Margin %         | 18.6 | 21.1     | 16.4     | 16.5  |
| ROA %                | 5.2  | 5.3      | 4.5      | 4.5   |
| Debt/Total Capital % | 45.1 | 41.7     | 42.5     | 43.3  |
| ROE %                | 14.2 | 16.1     | 11.3     | 11.3  |

### Sectors 31/07/21

#### Sector Delta



| Equity Sectors      | Fund | 3-Yr Avg | Category | Proxy |
|---------------------|------|----------|----------|-------|
| <b>Defensive</b>    | 20.0 | 17.6     | 16.3     | 17.5  |
| Consumer Defensive  | 8.6  | 6.1      | 5.7      | 5.7   |
| Healthcare          | 11.4 | 11.5     | 9.7      | 10.6  |
| Utilities           | 0.0  | 0.0      | 0.9      | 1.2   |
| <b>Sensitive</b>    | 16.0 | 20.9     | 20.2     | 19.8  |
| Communication Serv. | 5.8  | 3.6      | 6.1      | 5.3   |
| Energy              | 1.8  | 4.5      | 3.1      | 3.0   |
| Industrials         | 6.5  | 7.6      | 7.8      | 7.2   |
| Technology          | 2.0  | 5.2      | 3.2      | 4.3   |
| <b>Cyclical</b>     | 64.0 | 61.5     | 63.5     | 62.7  |
| Basic Materials     | 22.8 | 18.5     | 18.1     | 18.2  |
| Consumer Cyclical   | 6.3  | 7.0      | 7.6      | 7.6   |
| Financial Services  | 28.2 | 29.2     | 26.9     | 30.2  |
| Real Estate         | 6.7  | 6.7      | 11.0     | 6.7   |

### Economic Moat 31/07/21

|                | Fund | 3-Yr Avg | Category | Proxy |
|----------------|------|----------|----------|-------|
| Wide Moat      | 20.7 | 21.0     | 25.8     | 31.1  |
| Narrow Moat    | 41.6 | 41.7     | 35.8     | 33.6  |
| No Moat        | 37.8 | 37.3     | 38.4     | 35.2  |
| Coverage Ratio | 94.3 | 92.8     | 92.2     | 93.4  |

# Fidelity Australian Equities

## 12292

**Morningstar Analyst Rating**  
 **Gold**  
 23 Aug 2021  
 16:08, UTC-0500

### Process: Portfolio

**Morningstar Category**  
Equity Australia Large Blend

**Category Index**  
S&P/ASX 200 TR AUD

**Index Proxy**  
SPDR® S&P/ASX 200 ETF

#### A diversified portfolio with a growth bias and no major sector tilts.

**Process Pillar**  High

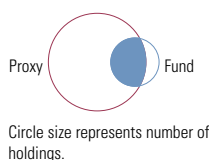
Aug 23, 2021 | Fidelity Australian Equities offers a well-balanced and diversified portfolio with a bias towards growth-oriented companies. These are selected by Paul Taylor, based on a bottom-up fundamental research conducted by himself and the analyst team. The fund typically holds 30-50 stocks, though it is reasonably concentrated, with

the top 10 holdings constituting about 55%-60% of the portfolio. Sector weightings may vary from the S&P/ASX 200 Index by 7%, but in practice, differences to the index historically range from 2% to 5%. That's one reason active share has been moderate relative to peers, at about 40%-55%. The portfolio is still differentiated from the index, though. The manager has been willing to take large active positions at the stock level, in names such as SEEK and Domino's; Fidelity is a substantial shareholder in these two stocks. Positioning is aligned with a long-term view of com-

panies; as a result, the historical average annual turnover has been moderate at about 20%-30%, making the strategy reasonably tax-efficient. This fund can make up a significant part of a well-diversified portfolio and is a suitable core holding within an investor's allocation to Australian equities. We believe that it offers solid diversification, is free from a strong bias to any particular sector, and is without excessive exposure to individual companies.

#### Similarity to Index Proxy 30/06/21

##### Index Proxy Overlap



| Number of Equity Holdings     |       |
|-------------------------------|-------|
| Fund                          | 49    |
| Index Proxy                   | 200   |
| Fund Overlap With Index Proxy |       |
| Holdings Overlap              | 36    |
| Asset Overlap                 | 48.0% |

##### Top Five Index Holdings

|                                | Fund % | Proxy % |
|--------------------------------|--------|---------|
| Commonwealth Bank of Australia | 10.94  | 8.53    |
| BHP Group Ltd                  | 8.97   | 6.90    |
| CSL Ltd                        | 7.48   | 6.26    |
| Westpac Banking Corp           | 4.36   | 4.56    |
| National Australia Bank Ltd    | —      | 4.16    |

##### Top Five Index Sectors

|                    | Fund % | Proxy % |
|--------------------|--------|---------|
| Financial Services | 28.17  | 30.19   |
| Basic Materials    | 22.83  | 18.24   |
| Healthcare         | 11.36  | 10.57   |
| Consumer Cyclical  | 6.30   | 7.61    |
| Industrials        | 6.54   | 7.23    |

#### Portfolio Holdings 30/06/21

| Previous Portfolio Date | Equity Holdings | Bond Holdings | Other Holdings | Assets in Top 10 Holdings | Turnover Ratio (Reported) |
|-------------------------|-----------------|---------------|----------------|---------------------------|---------------------------|
| 31/05/21                | 49              | 0             | 1              | 58%                       | 30%                       |

| Top 10 Holdings                           | Country | Assets % 30/06/21 | Assets % 31/05/21 | Index % 30/06/21 | Days Trading | Morningstar Rating for Stocks | Economic Moat | Sector             | 1-Yr Total Ret % (AUD) |
|-------------------------------------------|---------|-------------------|-------------------|------------------|--------------|-------------------------------|---------------|--------------------|------------------------|
| Commonwealth Bank of Australia            | AUS     | 10.94             | 11.14             | 8.53             | 3            | ★★                            | Wide          | Financial Services | 43.44                  |
| ⊖ BHP Group Ltd                           | AUS     | 8.97              | 9.61              | 6.90             | 1            | ★★★★                          | None          | Basic Materials    | 51.17                  |
| ⊕ CSL Ltd                                 | AUS     | 7.48              | 7.57              | 6.26             | 3            | ★★★★                          | Narrow        | Healthcare         | 8.01                   |
| Domino's Pizza Enterprises Ltd            | AUS     | 4.79              | 4.47              | 0.38             | 13           | ★                             | Narrow        | Consumer Cyclical  | 59.71                  |
| Seek Ltd                                  | AUS     | 4.48              | 4.21              | 0.57             | 9            | ★                             | Narrow        | Industrials        | 35.99                  |
| Goodman Group                             | AUS     | 4.45              | 4.18              | 1.70             | 3            | ★★                            | Narrow        | Real Estate        | 35.50                  |
| Suncorp Group Ltd                         | AUS     | 4.42              | 4.51              | 0.69             | 8            | ★★★★                          | None          | Financial Services | 39.18                  |
| Westpac Banking Corp                      | AUS     | 4.36              | 4.55              | 4.56             | 2            | ★★★★                          | Wide          | Financial Services | 48.68                  |
| Macquarie Group Ltd                       | AUS     | 4.30              | 4.26              | 2.55             | 3            | ★★                            | Narrow        | Financial Services | 30.86                  |
| Australia and New Zealand Banking Group L | AUS     | 3.88              | 4.04              | 3.86             | 2            | ★★★★                          | Wide          | Financial Services | 61.53                  |

Change since previous portfolio: ⊕ Increase ⊖ Decrease ✨ New

# Fidelity Australian Equities

## 12292

**Morningstar Analyst Rating**  
 Gold  
 23 Aug 2021  
 16:08, UTC-0500

### Performance

**Morningstar Category**  
Equity Australia Large Blend

**Category Index**  
S&P/ASX 200 TR AUD

#### Stellar through-the-cycle returns.

#### Performance Pillar

Aug 23, 2021 | Paul Taylor's record is outstanding over the medium to long term, having achieved first-quartile performance over the five- and 10-year trailing periods to 31 July 2021. The strategy has historically outperformed during both rising and falling markets, capturing just over 91% of the market's losses. Conditions in 2016-17 were

more challenging, causing underperformance relative to the benchmark and the category average. The manager's preference for long-duration, high-quality, cash-generative franchises saw it heavily invested in a number of interest-rate-sensitive and premium-multiple stocks (including Sydney Airport and Domino's Pizza), which underperformed during the post-2016 U.S. election "reflation rally." At the same time, the strategy's process has led it away from more-cyclical and traditional value names, which generally outperformed over this period. Performance in 2018

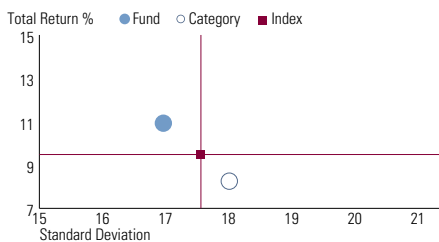
lagged the index, but the strategy outperformed the average peer. An overweighting in WiseTech Global was the largest contributor, while the position in Domino's detracted. In 2019, the strategy just trailed the index in a strongly rising market. The portfolio defended well in the 2020 pandemic sell-off, with holdings in Dominos Pizza and Coles contributing strongly. Performance in the first seven months of 2021 has been solid, with the strategy outperforming the index and most peers and with Mineral Resources and Dominos as the best performers.

#### Morningstar Rating and Risk 31/07/21

| Period                     | Total Ret % | Morningstar Ret vs Cat | Morningstar Risk vs Cat | Morningstar Rating |
|----------------------------|-------------|------------------------|-------------------------|--------------------|
| 3 Years                    | 10.93       | Above Avg              | Below Avg               | ★★★★★              |
| 5 Years                    | 10.17       | Above Avg              | Below Avg               | ★★★★★              |
| 10 Years                   | 11.13       | High                   | Below Avg               | ★★★★★              |
| Overall Morningstar Rating |             |                        |                         | ★★★★★              |

#### Risk Analysis 31/07/21

##### 3-Year Return and Risk Analysis



##### 3-Year Risk Measures

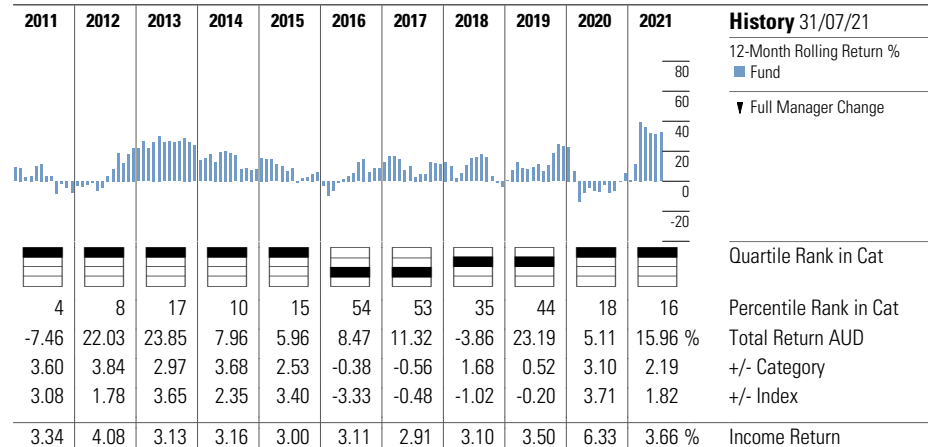
|                    | Fund  | Category | Index |
|--------------------|-------|----------|-------|
| Standard Deviation | 16.97 | 18.01    | 17.56 |
| Sharpe Ratio       | 0.65  | 0.50     | 0.56  |
| R-Squared          | 97.59 | 93.50    | —     |
| Beta               | 0.95  | 0.99     | —     |
| Alpha              | 1.64  | -0.96    | —     |

##### Max Drawdown 01/08/11 to 31/07/21

|                       | Fund   | Category | Index  |
|-----------------------|--------|----------|--------|
| Max Drawdown (%)      | -24.98 | -26.63   | -26.75 |
| Peak Date             | 02/20  | 02/20    | 02/20  |
| Valley Date           | 03/20  | 03/20    | 03/20  |
| Max Drawdown (Months) | 2      | 2        | 2      |

##### Upside/Downside 01/07/03 to 31/07/21

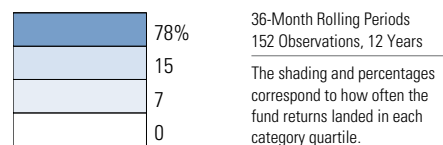
|                        | Fund   | Category | Index  |
|------------------------|--------|----------|--------|
| Upside Capture Ratio   | 105.16 | 95.15    | 100.00 |
| Downside Capture Ratio | 72.54  | 82.29    | 81.40  |



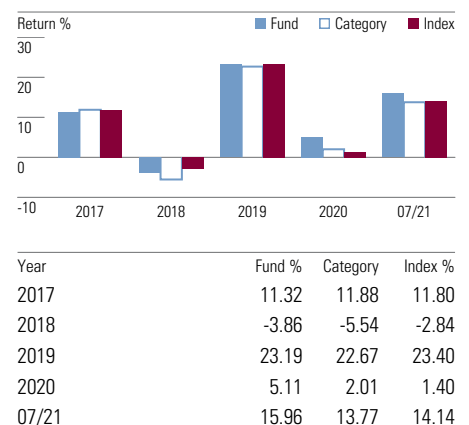
#### Returns 31/07/21

|                 | Total Ret % | Investor Ret % | % Rank in Cat | Cat Ret % | Index Ret % |
|-----------------|-------------|----------------|---------------|-----------|-------------|
| 1 Year          | 32.43       | 32.25          | 19            | 28.61     | 28.56       |
| 3 Years         | 10.93       | 9.99           | 11            | 8.25      | 9.48        |
| 5 Years         | 10.17       | 9.55           | 27            | 9.24      | 10.05       |
| 10 Years        | 11.13       | 10.56          | 8             | 9.23      | 9.83        |
| Tenure 06/03    | 12.07       | —              | —             | 8.67      | 9.56        |
| Inception 06/03 | 12.07       | —              | —             | 8.67      | 9.56        |

#### Rolling Return Summary



#### Calendar Year Returns



# Fidelity Australian Equities

## 12292

**Morningstar Analyst Rating**  
 **Gold**  
 23 Aug 2021  
 16:08, UTC-0500

## People

**Morningstar Category**  
Equity Australia Large Blend

**Category Index**  
S&P/ASX 200 TR AUD

### Distinguished portfolio manager with plenty of experience.

#### People Pillar High

Aug 23, 2021 | Portfolio manager Paul Taylor has run the Fidelity Australian Equities strategy since its 2003 inception. Taylor joined Fidelity in London in 1997, subsequently holding roles that included portfolio manager of Fidelity Global Financial Services. He comes with a huge breadth of investment experience in addition to a long ten-

ure with Fidelity. Given Taylor's bottom-up investment philosophy, he typically spends a large portion of his time meeting with companies. The Sydney-based investment research team supporting Taylor has undergone significant turnover in the past five years. The team comprises director of equities Viral Patel, who joined from T. Rowe Price in June 2018, and nine analysts with varying degrees of experience and knowledge. Stability within the analyst team has declined in recent years, with periods of heightened turnover in 2013 and again in 2017, although the Fidelity

model has generally coped with this well. Each analyst has coverage responsibilities for a specific sector and typically rotate every three to four years to ensure the analysts continue to produce well-rounded insights. Analysts are directly accountable for their calls, which, in conjunction with appraisals by Taylor and other portfolio managers, constitute the major part of their incentive plans. For portfolio managers, the greater part of their remuneration is linked to strategy performance, weighted towards three- and five-year out-performance.

#### Management Team

| Number of Managers | Longest Tenure |
|--------------------|----------------|
| 1                  | 18.17 Years    |

**Advisor**  
FIL Limited

**Subadvisor** (0 of 0)


#### Paul Taylor 06/03 to Present

| Years of Experience | Current Funds Managed | Fund AUM      |
|---------------------|-----------------------|---------------|
| 24                  | 2                     | 6,463 Mil AUD |

| Largest Funds Managed                    | Tenure Dates            | Role        | Net Assets Mil AUD | Portfolio Turnover % | Tenure Ret % | Index Ret % |
|------------------------------------------|-------------------------|-------------|--------------------|----------------------|--------------|-------------|
| <b>Fidelity Australian Equities Fund</b> | <b>06/03-to Present</b> | <b>Lead</b> | <b>5,840</b>       | <b>36</b>            | <b>12.07</b> | <b>9.56</b> |
| Fidelity Australia Fund                  | 08/19-to Present        | Lead        | 623                | —                    | 11.08        | 10.08       |

# Fidelity Australian Equities

## 12292

**Morningstar Analyst Rating**  
 **Gold**  
 23 Aug 2021  
 16:08, UTC-0500

### Parent

**Morningstar Category**  
Equity Australia Large Blend

**Category Index**  
S&P/ASX 200 TR AUD

### Changes to senior management need monitoring, but we consider Fidelity International an above-average parent.

**Parent Pillar**  Above Average

Apr 22, 2021 | Fidelity International Limited is mainly owned by management and members of the Johnson family, who founded US-based Fidelity Investments. The entities have been separate since 1980, and though there are some similarities, in practice there is only limited alignment between the two. There were a number of per-

sonnel changes in 2018-19, including a change in CEO and the CIOs of equities, fixed-income, and multi-asset, but the composition of senior management has been relatively stable since. More important, these changes do not seem to have negatively affected day-to-day investment activities, and on the whole, the initiatives undertaken by new management seem sensible.

In keeping with its focus on proprietary fundamental research, the group has one of the largest research capabilities, its key strength, with over 400 investment professionals and a

global research support network. In recent years, there has been an increase in resources dedicated to environmental, social, and governance issues, including a proprietary ESG ratings system and a larger sustainability team. There remain some discrepancies in remuneration between asset classes, but there has been an increasing alignment, and we deem each respective setup logical and broadly aligned with investors. We continue to believe the group exhibits above-average qualities.

### Fund Family Details

| Largest Funds                        | Category Name                    | Net Assets Mil AUD | Morningstar Rating Overall | Return % 3-Year | Rank in Cat % 3-Year | Return % 5-Year | Rank in Cat % 5-Year | Fee Level |
|--------------------------------------|----------------------------------|--------------------|----------------------------|-----------------|----------------------|-----------------|----------------------|-----------|
| Fidelity Australian Equities         | Equity Australia Large Blend     | 5,840.0            | ★★★★★                      | 10.93           | 11                   | 10.17           | 27                   | Low       |
| Fidelity Future Leaders              | Equity Australia Mid/Small Blend | 1,191.6            | ★★★★                       | 12.98           | 44                   | 12.82           | 24                   | Below Avg |
| Fidelity Asia                        | Equity Asia Pacific w/o Japan    | 1,042.3            | ★★★★★                      | 15.66           | 19                   | 16.24           | 1                    | Low       |
| Fidelity WS Plus Australian Equities | Equity Australia Large Blend     | 666.6              | ★★★★                       | 11.15           | 9                    | 10.39           | 21                   | Low       |
| Fidelity Global Emerging Markets     | Equity Emerging Markets          | 635.2              | ★★★★★                      | 17.12           | 1                    | 16.18           | 1                    | Below Avg |

| Best Performing Funds                   | Category Name                | Net Assets Mil AUD | Morningstar Rating Overall | Return % 3-Year | Rank in Cat % 3-Year | Return % 5-Year | Rank in Cat % 5-Year | Fee Level |
|-----------------------------------------|------------------------------|--------------------|----------------------------|-----------------|----------------------|-----------------|----------------------|-----------|
| Fidelity Global Emerging Markets        | Equity Emerging Markets      | 635.2              | ★★★★★                      | 17.12           | 1                    | 16.18           | 1                    | Below Avg |
| Fidelity WS Plus Australian Equities    | Equity Australia Large Blend | 666.6              | ★★★★                       | 11.15           | 9                    | 10.39           | 21                   | Low       |
| OA Frontier TTR-Fidelity Australian Eq  | —                            | 4.6                | ★★★★★                      | 10.76           | 7                    | —               | —                    | —         |
| ANZ Smart Choice Super-Fidelity Aust Eq | —                            | 3.2                | ★★★★                       | 10.71           | 8                    | 10.08           | 24                   | —         |
| Fidelity Australian Equities            | Equity Australia Large Blend | 5,840.0            | ★★★★★                      | 10.93           | 11                   | 10.17           | 27                   | Low       |


| Worst Performing Funds                  | Category Name                | Net Assets Mil AUD | Morningstar Rating Overall | Return % 3-Year | Rank in Cat % 3-Year | Return % 5-Year | Rank in Cat % 5-Year | Fee Level |
|-----------------------------------------|------------------------------|--------------------|----------------------------|-----------------|----------------------|-----------------|----------------------|-----------|
| Fidelity China                          | Equity Greater China         | 50.4               | ★★★                        | 0.73            | 75                   | 8.83            | 50                   | —         |
| AMP FLI-Fidelity Global Equities        | Equity World Large Growth    | 4.3                | ★★★                        | 14.79           | 80                   | 14.87           | 62                   | High      |
| Fidelity Global Equities                | Equity World Large Growth    | 542.8              | ★★★                        | 16.39           | 67                   | 16.49           | 45                   | Below Avg |
| Fidelity WS Plus Global Equities        | Equity World Large Growth    | 24.5               | ★★★                        | 16.72           | 54                   | 16.78           | 40                   | Low       |
| ANZ OA IP-Fidelity Australian Equity EF | Equity Australia Large Blend | 5.0                | ★★                         | 8.31            | 53                   | 8.09            | 77                   | High      |

| Top Analyst Rated Funds           | Category Name                    | Net Assets Mil AUD | Morningstar Analyst Rating | Return % 3-Year | Rank in Cat % 3-Year | Return % 5-Year | Rank in Cat % 5-Year | Fee Level |
|-----------------------------------|----------------------------------|--------------------|----------------------------|-----------------|----------------------|-----------------|----------------------|-----------|
| Fidelity Australian Equities      | Equity Australia Large Blend     | 5,840.0            | Gold                       | 10.93           | 11                   | 10.17           | 27                   | Low       |
| Fidelity Future Leaders           | Equity Australia Mid/Small Blend | 1,191.6            | Silver                     | 12.98           | 44                   | 12.82           | 24                   | Below Avg |
| Fidelity Asia                     | Equity Asia Pacific w/o Japan    | 1,042.3            | Bronze                     | 15.66           | 19                   | 16.24           | 1                    | Low       |
| Fidelity Australian Opportunities | Equity Australia Large Blend     | 528.4              | Bronze                     | 9.14            | 42                   | 10.06           | 31                   | Low       |
| Fidelity Global Emerging Markets  | Equity Emerging Markets          | 635.2              | Neutral                    | 17.12           | 1                    | 16.18           | 1                    | Below Avg |

| Most Recent Fund Launches               | Category Name | Net Assets Mil AUD | Inception Date | Total Return % Since Inception | ICR  | Fee Level |
|-----------------------------------------|---------------|--------------------|----------------|--------------------------------|------|-----------|
| OA Frontier TTR-Fidelity Australian Eq  | —             | 4.6                | 2018-05-26     | 11.55                          | 1.09 | —         |
| OnePath OA TTR-Fidelity Aust Eqs NEF    | —             | 0.4                | 2018-05-26     | 10.01                          | 2.84 | —         |
| OnePath OA TTR-Fidelity Aust Eqs EF/Sel | —             | 0.0                | 2018-05-26     | 10.71                          | 2.09 | —         |
| ANZ OA TTR-Fidelity Australian Eqs DEF  | —             | 0.0                | 2018-05-26     | 9.90                           | 2.84 | —         |
| ANZ OA TTR-Fidelity Australian Eqs EF   | —             | 0.0                | 2018-05-26     | 11.04                          | 2.09 | —         |

# Fidelity Australian Equities

## 12292

**Morningstar Analyst Rating**  
 **Gold**  
 23 Aug 2021  
 16:08, UTC-0500

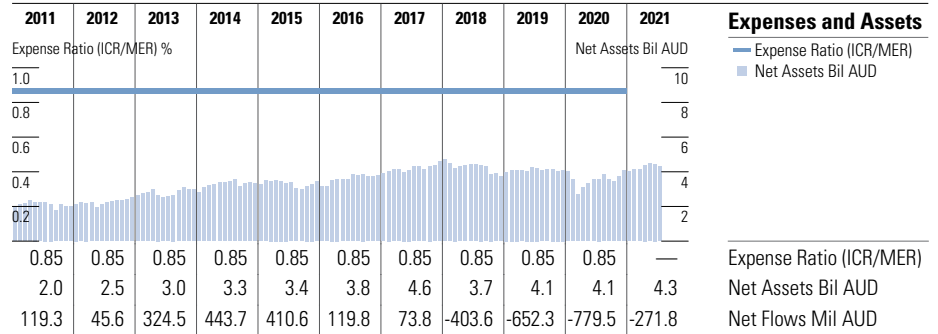
### Price

**Morningstar Category**  
Equity Australia Large Blend

**Category Index**  
S&P/ASX 200 TR AUD

#### Price Pillar

Aug 23, 2021 | It's critical to evaluate expenses, as they come directly out of returns. The share class on this report levies a fee that ranks in its Morningstar category's second-cheapest quintile. Based on our assessment of the fund's People, Process and Parent pillars in the context of these fees, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Gold.



#### Expense Breakdown

| Indirect Cost Ratio (ICR) |      |
|---------------------------|------|
| Annual Report 30/06/20    | 0.85 |

| Performance Fee        |       |
|------------------------|-------|
| Actual Performance Fee | N. Ap |
| Hurdle                 | N. Ap |
| High Watermark         | N. Ap |

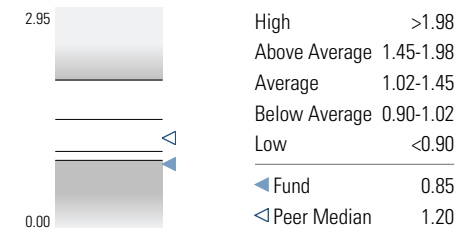
#### Selected Components

|                         |      |
|-------------------------|------|
| Management              | 0.85 |
| Tax Cost Ratio (3-Year) | —    |

#### Fee Level

**Fee Level**  
Low

#### Fee Level Breakpoints



**Peer Group**  
Australian Equities - Large-caps Min Initial Below 50,000

#### Share Class Information Largest 1 of 1

| Share Class                         | APIR             | Category Name                       | Fee Level  | ICR         | Fees (Max) — Mgmt Admin | Minimum Initial Inv | Assets Mil AUD  | 1-Yr Flow Mil AUD |
|-------------------------------------|------------------|-------------------------------------|------------|-------------|-------------------------|---------------------|-----------------|-------------------|
| <b>Fidelity Australian Equities</b> | <b>FID0008AU</b> | <b>Equity Australia Large Blend</b> | <b>Low</b> | <b>0.85</b> | <b>0.85</b> —           | <b>25,000</b>       | <b>5,839.97</b> | <b>-680.67</b>    |

# Research Report Disclosure Document (Australia and New Zealand)

## Currency

This Research Report is current as at the date on the report until it is replaced, updated or withdrawn. Our financial product research may be withdrawn or changed at any time as other information becomes available to us. A report will be updated if events affecting the report materially change.

## Research Criteria

For further information as to:

- the scope of our research,
- the process by which products are selected for coverage,
- the filters and research methodology applied, and
- Morningstar's ratings and recommendation scales across credit, equity, ETF, fund, and LIC research, please refer to the Research Overview documents at [www.global.morningstar.com/au/researchdocuments](http://www.global.morningstar.com/au/researchdocuments)

## Material Interests and Conflicts of Interest and How We Manage Them

### (1) Holding Securities in Product Issuers

No material interests are held by us, our employees, or a related company in the financial products that are the subject of the report or the product issuer. Generally, analysts are not permitted to hold securities in entities that they rate.

### (2) Fees From Publishing This Report

The Morningstar Group and its employees and associates will not receive any direct benefit from the publication of this report. Morningstar does not receive commissions for providing research and does not charge companies to be rated. Where Morningstar provides research it is remunerated by subscribers paying a subscription fee. This fee is variable depending on the client's specific requirements.

### (3) Who Do We Rate?

Morningstar has an associated business, Morningstar Investment Management Australia, which provides investment management services.

Morningstar avoids any potential conflict of interest by not undertaking or publishing qualitative analyst research on Morningstar Investment Management's investment products.

Morningstar avoids potential conflicts of interest by not publishing qualitative analyst research or qualitative ratings on investment products that track a Morningstar Index.

### (4) Providing Other Services

Morningstar may provide a rated product issuer or its related entities with the following services or products for a fee and on an arms length basis:

- Software products and licences
- Research or advisory services
- Equity, credit and fund data services

- Licences to republish our ratings and research in their promotional material. (Any licensing agreement takes place after the ratings and research have been completed and published to our clients and the wider marketplace, and the product provider therefore cannot influence the outcomes of our assessments. Licensing negotiations are undertaken by sales employees segregated from research employees.)

- Licences to use our Morningstar Indexes

- Event and website sponsorship

- Website advertising

### (5) Our Employees:

Our employees may from time to time receive nominal gifts/hospitality from clients and/or product providers. We have strict guidelines in place as to the circumstances and extent to which our employees may accept any such gifts/hospitality.

Morningstar regularly reviews all gifts, benefits and entertainment received to ensure adherence with internal policy requirements. Our employees are guided by our Code of Ethics and our related conflicts of interest policies.

Some of our Manager Research employees participate from time to time in overseas industry forums. The costs are paid by the event organiser which in turn charges fees to product issuers on which Morningstar may produce qualitative research reports and ratings. That is, the benefits are indirectly provided by the product issuers.

Morningstar research employees are remunerated by salary and do not receive any commissions or fees. They may be eligible for an annual bonus which is discretionary and relevant to their role as offered by Morningstar from time to time. Certain employees may also receive Restricted Stock Unit Grants in Morningstar, Inc. that are vested over a defined period.

### Reasons For Our Opinion and Ratings

The opinions and ratings in the research report are based on a reasonable assessment by the research employee who wrote the report and of information provided by the product issuer and generally available in the market. Our research employees:

- are well-qualified,
- exercise due care and skill in assessing the information available to them, and
- give their opinions and ratings on reasonable grounds and in accordance with Morningstar's research methodologies.

### Information regarding Flagship Fund Analyst Rating

The Morningstar Flagship Fund Analyst Rating has been allocated to platform versions of the relevant strategy. A Morningstar Analyst Rating is assigned to the flagship fund which is the primary share class that the Australian manager research team considers to best represent the underlying strategy, using criteria such as fund size and its age. Platform vehicles are typically distributed through channels that are separate to the manager of the flagship fund. Platform versions of Australia and New Zealand funds carrying the Flagship Fund Analyst Rating have not been separately rated under the Morningstar Analyst Rating methodology. This approach recognises that platform versions can have negotiable fees and reliable representative cost data may not be readily available. As a result, platform versions of the strategy retain the linkage and the rating of the Flagship share class.

When a fund is assigned a Flagship Fund Analyst Rating, all text commentary refers to the relevant Flagship fund. Consequently, the price text commentary may not align with the fee charged by the share class shown in this report. All other data shown remains relevant to this report. Please refer to the fund's product disclosure statement for further information on fees.

## Copyright, Disclaimer & Other Information

### Financial Services Guide/Financial Advice Provider Disclosure Statement

Please refer to our Financial Services Guide (FSG) for more information. This is available at: <http://www.morningstar.com.au/s/fsg.pdf> and <http://www.morningstar.com.au/s/fapds.pdf>

### The Provider

Morningstar Australasia Pty Ltd ('Morningstar') ABN: 95 090 665 544, AFSL: 240892 and/or Morningstar Research Limited (subsidiaries of Morningstar, Inc.) of Level 3, International Tower 1, 100 Barangaroo Avenue, Barangaroo NSW 2000 is the provider of the general advice or 'regulated financial advice' under New Zealand law.

### Copyright

© The material contained in this document is copyright of Morningstar, Inc., its licensors and any related bodies corporate that are involved in the document's creation. All rights reserved. Except as permitted by the Copyright Act 1968 or Copyright Act 1994 (New Zealand), you may not reproduce, transmit, disseminate, sell or publish this information without the written consent of Morningstar, Inc. and may only use the information for your internal purposes.

### Trademarks

'Morningstar' and the Morningstar logo are registered trademarks of Morningstar, Inc.

### Disclaimer

All care has been taken in preparing each research report but please note that we base our financial product research on current information furnished to us by third parties (including the financial product issuers) which we cannot necessarily verify. While we will use all reasonable efforts to obtain information from reliable sources, we do not guarantee the data or content contained to be accurate, complete or timely. To the extent that our research is based on information received from other parties, no liability is accepted by Morningstar, its affiliates nor their content providers for errors contained in the report or omissions from the report. Morningstar determines ratings on the basis of information disclosed to Morningstar by investment product providers and on past performance of products. Past performance does not necessarily indicate a financial product's likely future performance.

Any general advice or 'regulated financial advice' under New Zealand law has been prepared or distributed by Morningstar Australasia Pty Ltd ABN: 95 090 665 544, AFSL: 240892 and/or Morningstar Research Limited, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. You should consider the advice in light of these matters and, if applicable, the relevant product disclosure statement and the information provided by Morningstar as to the scope of the research, the process by which products are selected for coverage, the filters and research methodology applied, and the spread of ratings as well as any additional warnings, disclaimers or qualifications before making any decision to invest. Our publications, ratings, and products should be viewed as an additional investment resource, not as your sole source of information.

### Further Information

If you wish to obtain further information regarding previous research reports and ratings and our services, please contact us on:

[Morningstar.com.au](http://Morningstar.com.au) subscribers

Tel: 1800 03 44 55

Email: [help.au@morningstar.com](mailto:help.au@morningstar.com)

Advisers/Institutions/Others

Tel: +61 2 9276 4446

Email: [helpdesk.au@morningstar.com](mailto:helpdesk.au@morningstar.com)