

Fidelity Global Demographics Fund

(Managed Fund) ASX: FDEM

Quarterly report

As at 31/03/2024

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

ASX Code: FDEM

Portfolio manager: Aneta Wynimko / Alex Gold / Oliver Hextall

Benchmark: MSCI All Country World Index NR

Inception date: 30/11/2012

Fund size: AU\$111.68M

Number of stocks: 50 to 70

Management cost: 0.89% p.a.

Buy/sell spread: 0.20%/0.20%

iNAV tickers: RIC FDEMAUiv.P

Bloomberg Code: FDEMIVAU Index

Portfolio guidelines

Stocks: Typically between 1% to 3% Absolute

Sector: Unconstrained

Region: Unconstrained

Country: Unconstrained

Cash: Target range between 0-10

Top 10 holdings (%)

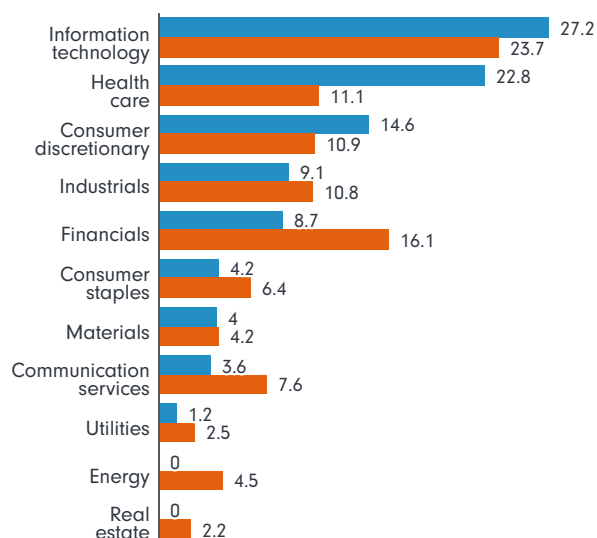
	Fund	B'mark
Microsoft Corp	8.3	4.1
Amazon.com Inc	5.6	2.3
Lvmh Moet Hennessy Se	3.9	0.3
L'oreal Sa	3.7	0.2
Essilorluxottica	3.4	0.1
Icon Plc	3.4	0.0
Salesforce Inc	3.4	0.4
Taiwan Semiconductor MFG Co Ltd	3.3	0.8
Asml Holding Nv	3.3	0.5
Alphabet Inc	3.1	2.3

Performance %

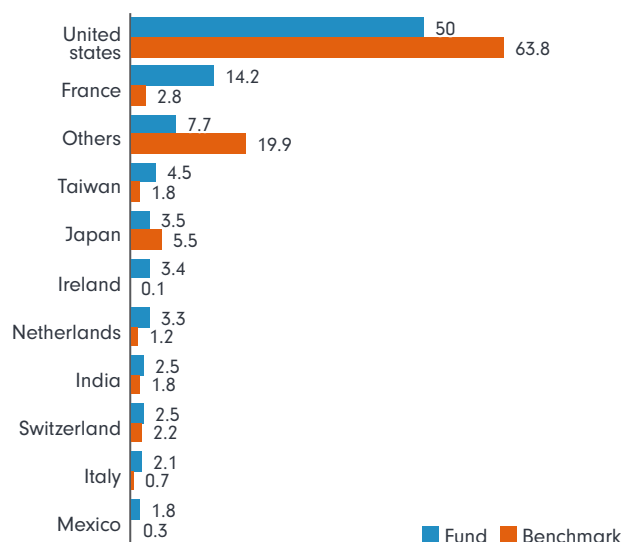
	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	10 yrs p.a.	Since Inception p.a (30/11/2012)
Fidelity Global Demographics Fund (Managed Fund) ASX: FDEM	2.54	11.76	19.71	19.90	9.83	12.07	13.45	13.50	15.41
MSCI All Country World Index NR	2.94	13.16	18.85	26.49	12.62	12.82	12.73	12.54	14.54
Excess return	-0.40	-1.40	0.86	-6.59	-2.79	-0.75	0.72	0.96	0.87

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 equity markets posted strong gains in the first quarter of 2024, owing to resilient economic data, lower inflationary pressures, robust corporate earnings especially from mega cap players and ongoing enthusiasm surrounding artificial intelligence (AI). At a regional level, Japan and US were the leading performers. Japanese equities were supported by continued interest from overseas investors and the Bank of Japan's (BoJ) decision to end its negative interest rate policy and eliminate yield curve control. US equities outperformed driven by a rally in technology stocks fuelled by continued excitement around AI and the US Federal Reserve's (Fed) dovish stance. European and UK stocks advanced but lagged the broader market. Markets were supported by expectations of interest rate cuts by major central banks this year. Meanwhile, UK recorded a 0.3% contraction in its GDP (quarter-on-quarter) in the fourth quarter of 2023, leading the economy into a technical recession. Emerging market equities gained over the period but underperformed developed markets. At a sector level, information technology (IT) led the rally, underpinned by strong performance in the semiconductor industry, followed by communication services. Meanwhile, energy stocks gained on a rise in crude oil prices following an unexpected decline in US crude inventories, indicating strong demand. In contrast, real estate and utilities were the notable laggards. From a style perspective, growth stocks outperformed their value counterparts, while large cap stocks fared better than small and mid-cap.

Fund performance

Negative security selection in the financials sector held back gains, while exposure to the information technology sector buoyed returns. HDFC Bank remained under pressure on expectations for a slow recovery in margins

following its recent merger with its parent company. However, it is a beneficiary of consistent quality of growth in the liability & asset book, prudent underwriting and a strong capital standing. Insurance company AIA Group detracted from returns, despite reporting upbeat quarterly results and strong new business growth. Elsewhere, cosmetics major L'Oréal declined, as earnings missed market expectations owing to weaker performance in Europe and Travel Retail in North Asia. The underweight stance in semiconductor major Nvidia weighed on relative returns as the stock continued to rally after it unveiled its latest generation of artificial intelligence chips. Semiconductor majors Taiwan Semiconductor and ASML Holding rallied along with the broader semiconductor industry on the back of increased optimism surrounding AI. These long-term winners maintain solid pricing power, a strong moat, and high cash flows which bodes well for long-term revenue growth. Elsewhere, e-commerce conglomerate Amazon.com continued to add value after it announced its recent investment in artificial intelligence startup Anthropic. An underappreciated retail growth runway and margin potential also bode well in the long term.

Fund positioning

The Fund invests in companies where predictable and long-term structural drivers related to demographics drive earnings and growth, with a pronounced focus on strong sustainability characteristics. Sector allocation aligns with three thematic drivers: resource efficiency, ageing populations and evolving consumption. Rising dependency ratios and a peaking global population create the need for enhanced resource efficiency and automation to drive productivity gains. The global population is ageing, creating growing demand for products and services within the healthcare space and the silver economy. Consumption trends are evolving as an emerging middle class drives demand for

consumer goods and financial services, while e-commerce penetration continues to rise and benefits digital players. Examples of key positions include software major Microsoft, luxury conglomerate LVMH and contract research organisation (CRO) ICON. During the quarter, a new position was purchased in wealth management player UBS group, which benefits from a strong competitive position and solid management team. Its recent takeover of Credit Suisse strengthens the franchise and creates opportunities for significant synergies and shareholder value creation over the coming years. A new position was also purchased in leading media and entertainment conglomerate Disney. The company is a long-term winner while its diversified portfolio, pricing power, higher reach and a loyal customer base bode well for revenue growth prospects. Meanwhile, the positions in insurance company Prudential, Medicare focused company Humana, and ceramic capacitor supplier Murata were closed.

Major contributors (%)

As at 31/03/2024	Active pos.	Contribution
Taiwan Semiconductor MFG Co Ltd	3.1	0.7
Asml Holding Nv	2.6	0.5
Tesla Inc	-0.8	0.4
Apple Inc	-1.6	0.4
Icon Plc	3.1	0.4

Major detractors (%)

As at 31/03/2024	Active pos.	Contribution
HDFC Bank Ltd	2.6	-0.8
AIA Group Ltd	1.6	-0.6
L'oreal Sa	3.7	-0.5
Nvidia Corp	-0.7	-0.4
Sonova Holding Ag	2.0	-0.4

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