

Fidelity Global Demographics Fund

(Managed Fund) ASX: FDEM

Quarterly report

As at 31/12/2023

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\$102.25M

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 (%)

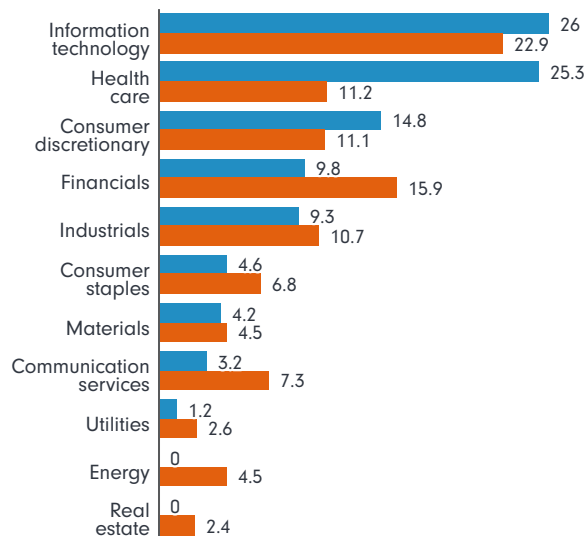
	Fund	B'mark
Microsoft Corp	8.4	3.9
Amazon.com Inc	4.8	2.1
L'oreal Sa	4.0	0.2
Lvmh Moet Hennessy Se	3.7	0.3
Taiwan Semiconductor MFG Co Ltd	3.6	0.7
Essilorluxottica	3.5	0.1
Alphabet Inc	3.2	2.3
HDFC Bank Ltd	3.1	0.1
Salesforce Inc	3.1	0.4
Thermo Fisher Scientific Inc	3.1	0.3

Performance %

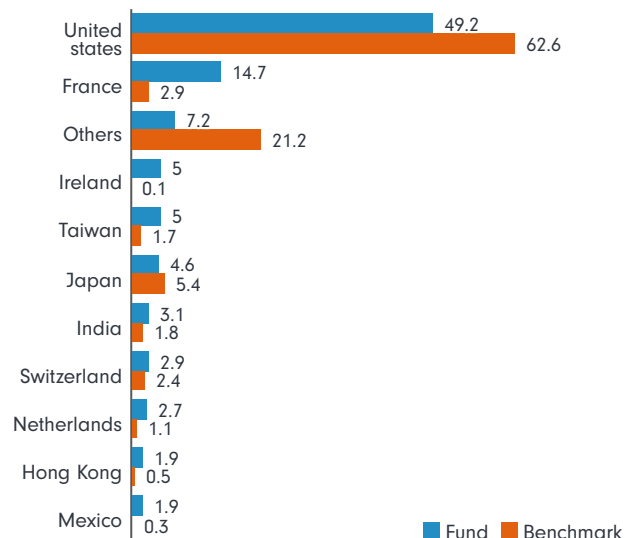
	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	10 yrs p.a.	Since Inception p.a (30/11/2012)
Fidelity Global Demographics Fund (Managed Fund) ASX: FDEM	1.71	7.12	1.11	21.98	6.64	12.04	12.45	12.16	14.63
MSCI All Country World Index NR	1.84	5.02	4.63	21.45	10.17	12.42	10.98	10.89	13.62
Excess return	-0.13	2.10	-3.52	0.53	-3.53	-0.38	1.47	1.27	1.01

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

Equities started the quarter on a weak note as subdued corporate earnings, elevated bond yields and prevailing geopolitical concerns weighed on sentiment. However, markets rebounded sharply after data releases indicated moderating inflation, which reinforced the view that central banks have reached the peak of their tightening cycles. Unchanged policy rates in major developed markets and dovish remarks by the US Federal Reserve raised hopes for a soft landing, which further boosted the rally. Against this backdrop, equities in Europe ex-UK and the US gained strongly. Emerging markets also ended higher but underperformed developed markets. At a sector level, optimism around artificial intelligence buoyed information technology stocks. Energy stocks fell given weakness in crude oil prices.

Fund performance

The outperformance was largely driven by stock picking in healthcare and the lack of exposure to energy sector. Both positioning and stock selection in financials sector held back gains. The healthcare service provider Sonova gained despite missing consensus estimates after the company announced better than expected revenue for the first half of the year. It expects a significant acceleration in the second half of the year driven by strong execution in the audiological care business and further strengthening of the hearing care market. The position in Salesforce proved rewarding as it delivered another quarter of better-than-expected growth and margins. The leading indicators

are now more supportive of the company being able to sustain double digit revenue growth. L'Oreal rallied after demonstrating improving innovation and a better ability to identify new online platforms. Conversely, the shares of Estee Lauder declined on the back of a weakened outlook due to a higher cost of doing business in China and supply chain inefficiencies. Shares in Humana slid on indications that it was exploring a merger with Cigna, a large US health insurer, due to uncertainty over the potential timeline for regulatory approvals. Towards the end of the period, shares further declined after reports that the merger plan had been abandoned. The shares in drinks giant Diageo declined after it warned slower growth for the first half of fiscal 2024 given weakness in Latin America and the Caribbean.

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: longer lives (higher life expectancy); better lives (expanding middle-class wealth, particularly in emerging markets); and more lives (population growth). Ageing populations with increased health care needs are the key demographic drivers in health care. In consumer discretionary, a rise in the spending capacity of the emerging middle class in developing countries provides exciting opportunities. Through automation and productivity solutions, information technology (IT) provides the infrastructure necessary to support a growing population and resource demands. Examples of key positions include luxury conglomerate LVMH, contract research

organisation (CRO) ICON and software major Microsoft. A new position was purchased in Mettler Toledo, a leading life sciences tools and services company which provides tools such as scales and pipettes and is a dominant player in its respective niche. Another new holding Norsk Hydro was bought in an aluminium and renewable energy company. It is better insulated from the macroeconomic environment than many of its peers, while still retaining exposure to potential upside from a recovery in China. Danaher was exited on the back of lower conviction and the position in Diageo was closed amid a challenging sales outlook.

Major contributors (%)

As at 31/12/2023	Active pos.	Contribution
Sonova Holding Ag	2.1	0.5
Ryanair Holdings Plc	1.8	0.4
Salesforce Inc	2.4	0.4
Asml Holding Nv	2.1	0.3
L'oreal Sa	3.8	0.3

Major detractors (%)

As at 31/12/2023	Active pos.	Contribution
Humana Inc	1.3	-0.2
Aptiv Plc	0.9	-0.2
Diageo Plc	1.1	-0.2
Renaissancere Holdings Ltd	1.3	-0.2
Estee Lauder Companies	0.2	-0.2

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