

# Fidelity Global Demographics Fund

## (Managed Fund) ASX: FDEM

### Quarterly report

As at 30/06/2023

#### 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 Wymiko / Alex Gold / Oliver Hextall

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

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

**Fund size:** AU\$107.89M

**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 (%)

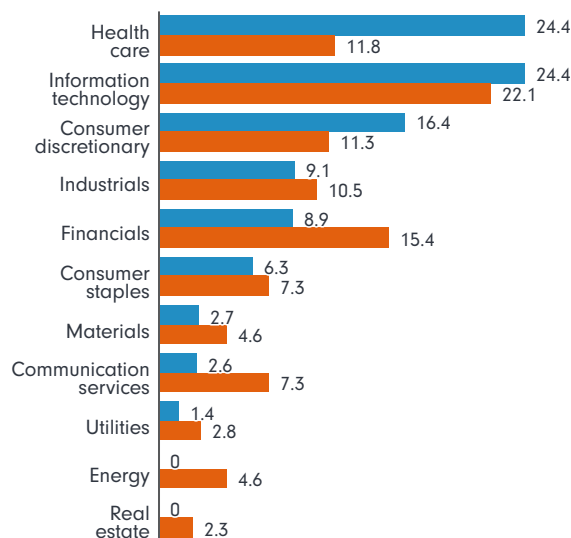
	Fund	B'mark
Microsoft Corp	7.9	3.8
Lvmh Moet Hennessy Se	4.5	0.4
Amazon.com Inc	4.4	1.9
Icon Plc	3.9	0.0
L'oreal Sa	3.8	0.2
Taiwan Semiconductor MFG Co Ltd	3.3	0.7
Essilorluxottica	3.2	0.1
HDFC Bank Ltd	3.1	0.0
Thermo Fisher Scientific Inc	2.7	0.3
Alphabet Inc	2.6	2.1

#### Performance %

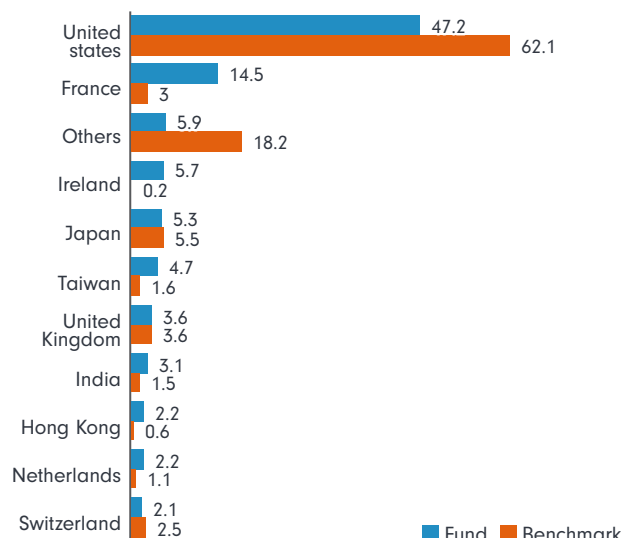
	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	10 yrs p.a.	Since Inception p.a (30/11/2012)
Fidelity Global Demographics Fund (Managed Fund) ASX: FDEM	2.45	6.11	20.64	25.52	10.96	10.86	12.00	13.75	15.25
MSCI All Country World Index NR	2.87	6.83	16.07	20.38	12.24	10.38	11.72	12.28	13.82
<b>Excess return</b>	<b>-0.42</b>	<b>-0.72</b>	<b>4.57</b>	<b>5.14</b>	<b>-1.28</b>	<b>0.48</b>	<b>0.28</b>	<b>1.47</b>	<b>1.43</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 second quarter, supported by strong economic data, a rally in technology stocks and optimism surrounding Artificial Intelligence (AI). Major central banks raised interest rates over the period, although the US Federal Reserve adopted a hawkish pause in June. At a regional level, developed markets outperformed emerging markets. US equities ended the quarter higher amid moderating inflation and signs that the US economy remains resilient despite higher interest rates. European equities advanced, supported by lower inflation data in the eurozone. Expectations that Chinese authorities will introduce stimulus measures also boosted investor sentiment. UK equities fell over the quarter amid broad-based weakness in commodity prices and inflationary pressures. Asia ex-Japan equities were weighed down by concerns about China's economic recovery and weak export demand following interest rate rises in the US and Europe. At a sector level, cyclicals outperformed their defensive counterparts, with information technology (IT) leading the rally, as optimism around AI and the potential for a boom in related technology drove chipmakers higher.

## Fund performance

Gains from stock picking within consumer discretionary and healthcare were offset by the overweight exposure to these sectors. Stock selection in IT also proved unrewarding. SolarEdge was a key detractor. The photovoltaic products maker slumped in line with the solar equipment industry as falling prices compressed margins and factory expansions raised fears of overcapacity. Contract research organisations (CRO) ICON and IQVIA advanced as earnings beat

consensus estimates in the first quarter, and as management reiterated its full-year guidance. Investors favoured the robust fundamentals of these companies in an uncertain economic environment, with the stocks rebounding as biotech funding improved slightly from previous lows. ICON also announced the latest release of its Digital Platform, which further boosted sentiment. Shares in laboratory products supplier, Thermo Fisher, weakened after peer Agilent's guidance fell short of consensus estimates and it trimmed its profit outlook for the year. Hearing aid manufacturer, Sonova, declined on underwhelming full-year results and disappointing earnings guidance for next year. Positions in software giant Microsoft and cloud computing major Amazon added notable value. Investors have shifted to 'safer' growth amid an uncertain economic outlook, as illustrated by an extremely narrow market leadership driven by a handful of US-listed mega caps. Robust quarterly earnings also supported these stocks.

## 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 the 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 healthcare 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, 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. While no new positions were added over the quarter, we increased the position in Dutch chipmaker, ASML, which should benefit from the rising demand for AI-related chips as well as NextEra Energy, which is a long-term play on renewables. In addition, we added to CRO ICON and managed care company, UnitedHealth. However, holdings in Mexican airport operator, Grupo Aeroportuario, and sportswear manufacturer, Nike, were sold as their risk-reward potential is no longer attractive.

## Major contributors (%)

As at 30/06/2023	Active pos.	Contribution
Icon Plc	2.9	0.6
Microsoft Corp	3.9	0.5
Amazon.com Inc	2.2	0.4
Ryanair Holdings Plc	1.7	0.2
Armac Locacao Logistica E Servicos Sa	0.6	0.1

## Major detractors (%)

As at 30/06/2023	Active pos.	Contribution
Thermo Fisher Scientific Inc	2.7	-0.4
Solaredge Technologies Inc	1.3	-0.3
Sonova Holding Ag	2.8	-0.3
Chailease Holding Co Ltd	1.5	-0.3
Danaher Corp	2.3	-0.3

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