

# Fidelity Global Equities

Quarterly Investment Option Update

31 December 2020

## Aim and Strategy

To achieve returns in excess of the MSCI All Country World (ex-Australia) (ex-Tobacco) Index over the suggested minimum investment time period of five to seven years. The strategy takes a go-anywhere approach – it is managed with broad geographic and sector parameters to allow the portfolio manager to build a portfolio of the best opportunities uncovered by the investment manager's global research in core international investment. Fidelity believes that markets are semi-efficient and share prices don't always reflect inherent value. Through in-house, bottom-up company research, Fidelity aims to uncover the opportunities that it believes offer the greatest scope for outperformance. Based on this research approach, Fidelity seeks out shares that it believes are undervalued and likely to generate growth. The companies selected for the portfolio must demonstrate good management, strong competitive advantages and enjoy favourable industry dynamics. The option's exposure to international assets will not be hedged back to Australian dollars.

## Investment Option Performance

To view the latest investment performances for each product please visit [amp.com.au/performance](http://amp.com.au/performance)

## Investment Option Overview

<b>Investment Category</b>	Global Shares
<b>Suggested Investment timeframe</b>	5 to 7 years
<b>Relative risk rating</b>	6 / High
<b>Investment style</b>	Core
<b>Manager style</b>	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100	99.04
Cash	0	0.96

Sector Allocation	%
Information Technology	23.34
Financials	13.65
Consumer Discretionary	12.74
Health Care	10.97
Communication Services	8.87
Materials	7.77
Industrials	7.26
Consumer Staples	7.22
Utilities	3.49
Energy	2.60
Real Estate	1.13
Cash & Ona	0.96

Regional Allocation	%
North America	60.43
Europe Ex UK	16.16
Emerging Markets	12.94
Japan	5.37
UK	3.07
Pacific Ex Japan	1.08
Middle East	0.00

Top Holdings	%
Microsoft Corp	2.29
Unitedhealth Group Inc	1.98
Amazon.Com Inc	1.92
Alphabet Inc	1.84
Apple Inc	1.83
Rwe Ag	1.69
Samsung Electronics Co Ltd	1.57
Nestle Sa	1.46
Netflix Inc	1.36

## Investment Option Commentary

The investment option generated positive returns and outperformed the index. Strong security selection in the I.T. and industrials sectors added value, while certain communication services holdings detracted from returns. Steel and mining company ArcelorMittal rallied after a stock upgrade boosted investor sentiment. It maintains attractive valuations with reduced balance sheet risk, increasing its potential to rebound strongly once the macroeconomic environment improves. Biotechnology major Nanostring Technologies outperformed amid accelerating revenue growth in its spatial platform GeoMx, coupled with upcoming new launches in the pipeline. Investors are optimistic about steady growth in its core business, as it benefits from high demand and market status for its differentiated spatial profiling instrument. Electronics manufacturer Flex reported solid quarterly results due to continued strength in its health care and solar segment. As a leader in the transformation of electronics manufacturing industry, the company has significant potential for margin expansion as well as strong cash flow generation. Videogame developer Unity Software delivered robust revenues driven by superior technological innovation and increasing end user engagement. The company holds a strong leadership position in interactive and real time content creation, while it continues to benefit from robust growth in the gaming industry.

Gold mining company Agnico Eagle Mines came under pressure as declining gold prices weighed on returns. However, it is well positioned in the gold mining sector, with a diversified asset profile and a strong pipeline of opportunities that offers significant cash flows. Biotechnology major Regeneron Pharmaceuticals lagged in line with defensive sectors. Yet, it issued an upbeat guidance driven by its solid track record in innovation. Polish video game developer CD Projekt Red slid after numerous glitches were reported by players ahead of its launch.

## Market Commentary

Global equities advanced during the quarter and continued to rally amid hopes of a swift economic recovery amid COVID-19 vaccine rollouts. Markets were buoyed by positive global developments including the signing of a post-Brexit trade deal and a fresh US fiscal stimulus package. Subsequent rollout of vaccination programmes in different countries fuelled optimism towards global growth and helped investors look through the concerns over a more infectious COVID-19 strain which kept markets volatile. US equities outperformed on the back of the bipartisan passing of a fiscal stimulus bill in Congress. The US Federal Reserve maintained its stance of support by announcing that it will continue with the current levels of quantitative easing.

Europe ex UK equities rose over the period bolstered by the start of a European wide vaccination programme. The European Central Bank also boosted its asset purchases as European Union leaders approved the landmark €1.8 trillion budget package including the €750 billion recovery fund. UK equities advanced after the Authorities approved the use of the Pfizer/BioNtech and Oxford/AstraZeneca vaccines. Investor sentiment was also lifted as the UK and the European Union finally agreed on a post-Brexit deal. Japanese equities rallied during the quarter amid vaccine breakthroughs supported by developments suggesting progress in the global fight against the COVID-19 virus. Elsewhere, emerging markets registered their strongest returns as the US dollar weakened and rising commodity prices benefited net exporters. Against this backdrop, energy and financials were the best performing sectors, while defensive sectors such as health care and consumer staples lagged markets.

## Outlook

The global economic backdrop remains uncertain with a new and more contagious strain of the COVID-19 virus upon us and the global economy will be held back by further lockdowns in the near term. While the unprecedented financial and monetary stimulus packages announced by governments worldwide have so far provided support, there are number of unknown variables which continue to weigh on market sentiment. With the COVID-19 vaccine being rolled out, markets are enthusiastic about a quick recovery.

The economic recovery is also highly dependent on Congress and the expectations of higher fiscal spending with increase in payments to households and higher infrastructure spending by incoming Joe Biden administration which should be positive for the markets. Going forward, I continue to maintain a flexible mindset to identify long term winners with sustainable pricing power to successfully navigate these changing times.

## Availability

Product Name	APIR Code
AMP Flexible Super - Super	AMP1471AU
AMP Flexible Super - Retirement	AMP1342AU
CustomSuper	AMP1291AU
Flexible Lifetime - Super	AMP1291AU
Flexible Lifetime - Allocated Pension	AMP1298AU
Flexible Lifetime - Term Pension	AMP1638AU
Flexible Lifetime - Investments (Series 1)	AMP0846AU**
Flexible Lifetime - Investments (Series 2)	AMP1432AU**
SignatureSuper	AMP1305AU
SignatureSuper - Allocated Pension	AMP1312AU

\*\*Closed to new and existing investors

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