

Fidelity Global Equities

Quarterly Investment Option Update

31 December 2018

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

Investment Option Overview

Investment category	Global Shares
Suggested investment timeframe	5 to 7 years
Relative risk rating	6 / High
Investment style	Core

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	90-100	96.32
Cash & ONA	0-10	3.68

Regional Allocation	%
NORTH AMERICA	51.58
EUROPE EX UK	20.72
EMERGING MARKETS	9.25
JAPAN	7.10
UK	6.66
PACIFIC EX JAPAN	1.02
MIDDLE EAST	0.00
CASH & ONA	3.68

Sector Allocation	%
FINANCIALS	19.07
INFORMATION TECHNOLOGY	14.80
HEALTH CARE	12.81
COMMUNICATION SERVICES	10.15
ENERGY	8.55
INDUSTRIALS	7.55
CONSUMER DISCRETIONARY	7.37
CONSUMER STAPLES	6.06
MATERIALS	5.11
REAL ESTATE	3.65
UTILITIES	1.20
CASH & ONA	3.68

Top Holdings	%
MICROSOFT CORP	2.41
MERCK & CO INC NEW	2.24
ALPHABET INC	2.07
ROCHE HOLDING LTD	1.80
ROYAL DUTCH SHELL PLC	1.70
VISA INC	1.60
JPMORGAN CHASE & CO	1.59
ORACLE CORP	1.58
COCA COLA CO	1.57
WELLS FARGO & CO NEW	1.51

Investment Option Commentary

Conviction health care positions added value

Merck & Co is witnessing solid business momentum on the back of a strong competitive position in first-line lung cancer treatment and a robust pipeline. Roche Holdings rose as it received early approval for its influenza medicine Xofluza. The company has a positive late stage pipeline. Conversely, Sysmex declined due to weak quarterly results and a downward revision to its full-year guidance.

Financials rose on favourable regulatory landscape

Regulatory approvals for the acquisition of NEX Group and robust earnings boosted shares in CME Group. Kotak Mahindra Bank and ICICI Lombard General Insurance gained following the relaxation of liquidity norms by the Indian central bank and hopes of a more favourable regulatory environment from the new central bank governor.

Market Commentary

Concerns about a possible global economic slowdown, subdued earnings releases from US information technology majors and the US Federal Reserve's interest rate hikes weighed on sentiment. Continued Brexit-related uncertainties and ongoing US-China trade frictions further worried investors. While key holdings in financials and health care sectors added value, certain communication services and energy positions hurt returns.

Outlook

Going into 2019, Fidelity remains cautious on the outlook for global equities in view of risks in the current late-cycle environment. Global economic slowdown concerns, tightening US monetary conditions, global trade frictions, Brexit-related uncertainty and softening corporate earnings present headwinds to the global economy. However, a late cycle is still positive for risk assets, and high market volatility can create interesting dislocations and throw up interesting buying opportunities to add value.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1291AU
AMP Flexible Super - Retirement account	AMP1342AU
AMP Flexible Super - Super account	AMP1471AU
CustomSuper	AMP1291AU
Flexible Lifetime - Allocated Pension	AMP1298AU
Flexible Lifetime - Term Pension	AMP1638AU
Flexible Lifetime Investment	AMP0846AU
Flexible Lifetime Investment (Series 2)	AMP1432AU
SignatureSuper	AMP1305AU
SignatureSuper Allocated Pension	AMP1312AU

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