

Fidelity Global Equities

Quarterly Investment Option Update

31 March 2019

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	97.28
Cash & ONA	0-10	2.72

Regional Allocation	%
NORTH AMERICA	52.56
EUROPE EX UK	19.67
EMERGING MARKETS	9.24
UK	7.95
JAPAN	6.79
PACIFIC EX JAPAN	1.08
MIDDLE EAST	0.00
CASH & ONA	2.72

Sector Allocation	%
FINANCIALS	18.45
INFORMATION TECHNOLOGY	15.70
HEALTH CARE	12.49
COMMUNICATION SERVICES	10.17
ENERGY	9.03
INDUSTRIALS	8.26
CONSUMER DISCRETIONARY	8.04
CONSUMER STAPLES	5.22
MATERIALS	4.66
REAL ESTATE	4.00
UTILITIES	1.24
CASH & ONA	2.72

Top Holdings	%
MICROSOFT CORP	2.52
ALPHABET INC	2.38
MERCK & CO INC NEW	1.85
VISA INC	1.76
ROCHE HOLDING LTD	1.64
ROYAL DUTCH SHELL PLC	1.64
AMERICAN TOWER CORP	1.51
JPMORGAN CHASE & CO	1.48
ORACLE CORP	1.47
WELLS FARGO & CO NEW	1.42

Portfolio Summary

The portfolio outperformed the index over the quarter.

High conviction consumer holdings among top contributors

Ocado Group was the top contributor to returns due to positive news flow through the quarter. This included a deal with Marks and Spencer to deliver its food and beverages, and the announcement of two new Kroger warehouses using the company's proprietary technology. eBay also added value on reports of restructuring amid activist investor interest. The company's core marketplace, online ticketing and classifieds franchises offer scope for sustained growth.

Energy stocks added value, aided by uptick in oil prices

Hess and Texas Pacific Land Trust were among the top contributors to returns due to an increase in oil prices. Investors remain positive on these stocks given the strong production outlook for their assets (in Guyana for Hess and in the Permian Basin for Texas Pacific).

Certain financials detracted from returns

CME Group, the largest US futures exchange, declined amid a weak start to 2019 volumes due to decreased volatility levels. Japanese financial services group Orix declined on weak quarterly results.

Market Commentary

Market sentiment improved after the US Federal Reserve signaled a more cautious stance on interest rate increases and indicated that it would adopt a flexible approach to balance sheet reduction. Signs of potential progress on trade negotiations between the US and China also eased investor concerns. While key positions in the consumer discretionary and energy sectors added value, certain financials holdings weighed on returns.

Outlook

Fidelity remains cautious on the outlook for global equities in view of risks in the current late-cycle environment. Fears of an economic slowdown and uncertain trade outlook present headwinds to the global economy. At a regional level, weak corporate earnings in the US and Brexit-related uncertainty in Europe are areas for concern. Nevertheless, I still believe the late cycle is positive for risk assets. A volatile environment can create interesting dislocations and throw up attractive buying opportunities that can 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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