

# Fidelity Funds – Asia Pacific Dividend Fund

30 April 2024

For existing investors in Fidelity Funds – Asia Pacific Dividend Fund (the “Fund”) only. Thank you for investing in the Fund. We would like to use this opportunity to give you an update on the Fund’s performance. Please note that this is not a product advertisement or solicitation for investment in the Fund.



## How has the Fund performed in April 2024?

- The Fund returned 1.6%<sup>1</sup> (for the A-USD share class in USD terms) and the index<sup>2</sup> returned 0.4%.



## Reasons for performance

- Asia Pacific equities advanced in April, led by Chinese and Hong Kong equities, on strengthened investor confidence in China’s economic recovery. The technology-focused South Korea and Taiwan markets fell, reversing the recent AI-driven rally.
- The Fund delivered positive returns for the month, outperforming its index<sup>2</sup>, driven by robust security selection within China.
- On a sector level, selected real estate and consumer discretionary holdings contributed to performance, while the Fund’s underweight stance in communication services held back relative returns.
- On a stock level, the exposure to property developer China Overseas Land & Investment (COLI) proved rewarding due to new policy support measures. Shares in Haier Smart Home also advanced after delivering upbeat results.
- The conviction holding in AIA Group advanced in line with the broader market, while in Australia, the strength in gold prices supported the position in gold miner Evolution Mining.
- Conversely, shares in Samsung Electronics detracted due to market-wide sell-off in technology names. Not holding Tencent also held back relative gains. Indonesia’s Bank Mandiri gave up some of its previous gains following lacklustre quarterly earnings.



## Outlook / Expectations

- We look for companies with strong business moats and credible capital allocation policies, which should benefit shareholders via a combination of compounding returns and dividend payments.
- We prefer companies with a sustainable dividend stream that are supported by strong balance sheets and predictable cash flows.
- We are conscious of valuation risk and look to buy companies that are trading below their intrinsic value to reduce downside risk and increase returns.
- The Fund retains an overweight stance in consumer staples and real estate sectors and has an underweight position in information technology, communication services and healthcare. The Fund has key holdings in semiconductor names from Korea and Taiwan and utility names from China.

Source: Fidelity International, as at 30 April 2024.

<sup>1</sup>The stated return is computed on a NAV-NAV basis, with dividends reinvested in USD. It does not take into account the amount of initial sales charge, which may be levied by your distributor. The stated returns will be reduced when the applicable sales charge is being taken into account. Please note that past performance is not indicative of future returns. The 1-year return, net of sales charge of 5% for the Fidelity Funds – Asia Pacific Dividend Fund A-USD share class is -1.71%.

<sup>2</sup>The reference benchmark is the MSCI AC Asia Pacific ex Japan Index (Gross).

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