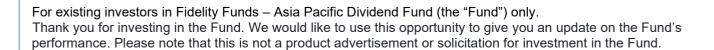


In Hong Kong, this material is intended for Professional Investors only

# Fidelity Funds — Asia Pacific Dividend Fund

30 June 2024





# How has the Fund performed in June 2024?

The Fund returned 1.4%¹ (for the A-USD share class in USD terms) and the index² returned 3.9%.



## Reasons for performance

- Asia Pacific equities remained on an upward trend in June, culminating in a strong second quarter performance as signs of a recovery in China and strength in Taiwan and India propelled the region.
- Taiwan market's rally was driven by domestic artificial intelligence (AI) related companies, while India's domestic stocks were supported by strong economic growth, consumer spending and political stability. China and Hong Kong equities were boosted by real estate policy support, corporate reforms rewarding shareholders and strong economic data. Conversely, Australia underperformed its peers amid increased prospects of delayed interest rate cuts as inflation continued to be higher than market expectations. South Korea and the majority of ASEAN markets lagged performance.
- Sector-wise, information technology (IT) led gains followed closely by utilities and communication services, Conversely, real estate and materials lagged the broader market in the second quarter.
- The Fund delivered positive returns for the month but underperformed its index². Our overweight stance in consumer staples and underweight in communication services weighed on relative performance, while selected real estate holdings contributed to performance.
- Short-term weakness in some of the Fund's holdings detracted from performance. Dairy products manufacturer China Mengniu continued to be weighed down by challenges of significant oversupply in China's raw milk industry. Equipment leasing financial company Chailease Holding remained pressured amid a slowdown in its Chinese operations and increasing competition. Indonesia's Bank Mandiri was also impacted by competitive headwinds at its wholesale business. Not holding Tencent, a non-dividend yielding social network company, also weighed on relative returns as it advanced on strong results.

Conversely, the Fund's holdings in structural growth winners such as power generation company China Yangtze Power advanced amid market preference for Chinese defensive stocks. China Overseas Land and Investment was supported by a stabilisation in the China real estate sector following policy support. Samsung Fire & Marine Insurance was buoyed by Korea's Corporate Value-up Program (CVP).



# **Outlook / Expectations**

- The Fund looks 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 is 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 manage downside risk.
- The Fund favours high quality stocks with sustainable dividend stream. Taiwan Semiconductor Manufacturing Company remains a key holding as it remains a front-runner with cutting edge technology. Swire Pacific is preferred for its diversified business with a strong balance sheet and encouraging dividend policy.
- In terms of positioning changes, we initiated a position in Korea telecom company KT Corp which has potential to increase shareholder returns amid Korea's CVP. We also bought Taiwanese fabless semiconductor company MediaTek and added positions in Samsung Electronics. Positions in Chinese automobile players Fuyao Glass Industry and China Yongda were closed.

Source: Fidelity International, as at 30 June 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 1.46%.

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

References to specific securities should not be construed as a recommendation to buy or sell these securities but is included for the purposes of illustration only. Performance of the security is not a representation of the Fund's performance.





### Important Information

### **Singapore**

This document is for information and general circulation to existing investors of the above-mentioned fund only. It does not have regard to the specific investment objectives, financial situation and particular needs of any specific person who may receive it. You should seek advice from a financial adviser before investing in the fund(s). If you choose not to seek advice from a financial adviser, you should consider whether the fund(s) in question is suitable for you. Views expressed are subject to change, and this document cannot be construed as an advice or recommendation. This document is intended as an update on the performance of the above- mentioned fund. This is not solicitation for investment or a product advertisement, and it has not been reviewed by the Monetary Authority of Singapore.

FIL Investment Management (Singapore) Limited ["FIMSL"] (Co. Reg. No.: 199006300E) is the representative for the fund(s) offered in Singapore. Potential investors should read the prospectus, available from FIMSL or its distributors, before investing in the fund(s). The value of the shares of the fund(s) and the income accruing to them, if any, may fall or rise. The fund(s) may use financial derivatives, which entail specific risks as described in the prospectus. Past performance of the manager and the fund(s), and any forecasts on the economy, stock or bond market, or economic trends that are targeted by the fund(s), are not indicative of the future performance.

Fidelity, Fidelity International, and the Fidelity International Logo and F Symbol are trademarks of FIL Limited

CA-2024-1988150-(G)

### **Hong Kong**

This material has been requested by you as Professional Investor and prepared by Fidelity for you for informational purposes and may not be reproduced or circulated without written consent from Fidelity.

This material does not constitute an offer or solicitation to any person in any jurisdiction in which to make such an offer or solicitation may be unlawful. This material is for Professional Investors only and is intended only for the person or entity to which it is provided. Neither Fidelity nor the Company nor any of their respective directors, officers, employees, advisers nor any other person shall have any liability whatsoever for any errors or omissions or any loss howsoever arising, directly or indirectly, from any use of this presentation or its contents or otherwise arising in connection therewith.

The information contained in this material is only accurate on the date such information is published on this material. Opinions or forecasts contained herein are subject to change without prior notice. This material may contain materials from third parties which are supplied by companies that are not affiliated with any Fidelity entity ("Third Party Content"). Fidelity has not been involved in the preparation, adoption or editing of such third party materials and does not explicitly or implicitly endorse or approve such content. Any opinions or recommendations expressed on third party materials are solely those of the independent providers, not of Fidelity. Third Party Content is provided for informational purposes only. The third party mark appearing in this material is the property of the respective owner and not by Fidelity.

Reference to specific securities mentioned within this material (if any) is for illustrative purpose only and should not be construed as a recommendation to the investor to buy or sell the same. Performance of the security is not a representation of the Fund's performance. The Fund's past holdings are not indicative of existing and future holdings.

FIL Limited and its subsidiaries are commonly referred to as Fidelity or Fidelity International. Fidelity, Fidelity International, the Fidelity International logo and F symbol are trademarks of FIL Limited. Any person considering an investment should seek independent advice.

Investment involves risks. Past performance is not indicative of future performance. Please refer to the relevant offering documents for further information including the risk factors. If Investment returns are not denominated in HKD/ USD, US/HK dollar-based investors are exposed to exchange rate fluctuations. Some funds are not authorized in Hong Kong and not available to Hong Kong public.

The material is issued by FIL Investment Management (Hong Kong) Limited and it has not been reviewed by the Securities and Futures Commission ("SFC").