

Centuria LifeGoals

Fidelity Future Leaders Fund

The Fund seeks to achieve returns in excess of the S&P/ASX Mid Small Index over the suggested minimum investment time period of five to seven years.

Investment Manager

FIL Investment Management (Australia) Limited

Investment Strategy

The Fund provides investors with the potential for long-term capital growth by investing in a portfolio of listed mid- and small-cap Australian shares. It delivers significant diversification benefits by investing in 40 to 70 Australian companies. Through in house, bottom up company research, Fidelity aims to uncover the opportunities that it believes offer the greatest scope for outperformance.

Target Allocation

Australian Equities	90-100%
Cash	0-10%

Performance Returns

Returns to 30/6/2021	1 mth	3 mth	6 mth	1 yr	2 yr
Net Return (%)	3.54	7.94	4.69	14.16	9.59

Past performance is not a reliable indicator of future performance.

Performance Graph



A \$10,000 investment in Centuria Fidelity Future Leaders Fund made at inception is worth \$13,115 as of 30 June 2021 after all fees and taxes paid within the Investment Option.

Key Features

APIR Code	OVS5444AU
Minimum Initial Investment	\$500
Minimum Additional Investment Plan	\$100
Minimum Switching Amount	\$500
Minimum Balance	\$500
Contribution Fee	Nil
Annual Management Fee*	1.14%
Suggested Timeframe	Minimum 5-7 years

* Refer to PDS for fee breakdown.

For more information contact Centuria on **1300 50 50 50** or visit lifegoals.centuria.com.au to download the PDS. **Simple Flexible Versatile.**

Fund Commentary

Australian equities delivered a robust performance over the quarter, outperforming its global and regional peers. Investor sentiment was supported by encouraging earnings and a relatively resilient domestic economy through the pandemic. Optimism around vaccine roll out, the opening up of the economy and the assurance of central bank support also boosted stock markets. The majority of sectors ended the quarter higher with the information technology (IT) sector leading gains. IT stocks tracked their global peers on receding concerns about the US monetary stimulus tapering in near term. The materials sector also benefited from high iron ore prices, while health care stocks outperformed given the strength in the biotechnology space. However, market gains were intermittently held back by surging COVID-19 cases in various countries including Australia. At the policy meeting, the Reserve Bank of Australia (RBA) left its key interest rate at a record low and the government bond yield target unchanged. In economic data, Australia's gross domestic product (GDP) increased 1.8% on the quarter in the three months to March 2021, down from an increase of 3.1% in the three months to December 2020 but above the consensus forecast for an increase of 1.5%. GDP returned to pre-pandemic levels. Australia's economy continues to recover from the impact of the pandemic with unemployment rate falling for the seventh consecutive month to 5.1% in May, its lowest since February 2020. National Australia Bank's index of business conditions climbed to all-time highs in May, with strength reported across all industries. Meanwhile, resurgence of COVID-19 cases led to lockdown in selected parts of Australia. Consequently, the Westpac-Melbourne Institute Index of consumer sentiment index slid, with the largest dips recorded in the second most populous state of Victoria and Western Australia. Australian retail sales rose less than expected in May, with the lockdown hurting demand.

The portfolio outperformed the index over the quarter, benefiting from the market rotation towards longer-term structural growth winners within financials, health care and software. The position in ResMed gained as a voluntary product recall by its key competitor Phillips drew attention to the respiratory equipment manufacturer's strong product range. Investors were attracted to ResMed's long-term growth potential amid increasing awareness for better health care infrastructure due to the pandemic. Health care technology company Pro Medicus benefited from optimism around ongoing contract wins in the US and an expanding market share, while it remains well-positioned to deliver strong earnings growth consistently over the long term. Among financials, the preferred holding in asset manager Pinnacle continued to gain momentum amid strong net asset flows for its funds as it adds affiliates and increases offshore distribution. The holding in technology-driven fund administrator Netwealth Group advanced after the US Federal Reserve (Fed) indicated that it may raise interest rates earlier than expected, in 2023. Its shares rallied as any increase in interest rates is favourable for the spreads it earns and would potentially lift its profitability. Elsewhere, the position in lithium miner Galaxy Resources advanced after it agreed to merge with its larger domestic peer Orocobre. The merged entity will have an industry-leading growth profile and a robust financial position to benefit from a surging demand for lithium, which is a key raw material used for electric vehicle batteries. Similarly, an elevated level of lithium demand and a subsequent strong pricing environment has continued to be favourable for the holding in lithium miner Pilbara Minerals.

On the downside, contribution from the broader cyclical areas of the market such as energy and industrials was less favourable. Shares in Seven Group slid following a capital raise, which is aimed at helping the group reduce its debt and pursue further opportunities. Among materials, the allocation to copper

miner OZ Minerals and gold producer Evolution Mining held back gains. A risk-on sentiment following the US Fed's more aggressive tone in June led to an easing of commodity prices, particularly gold and copper. Meanwhile, Beach Energy, the oil & gas producer, declined after announcing lower-than-expected oil reserves and downgrading its guidance. Finally, energy exploration & production company Oil Search fell after it announced a decline in production in the first quarter of 2021.

Outlook

The Australian economy has been recovering well, particularly as a lock down in international borders has diverted personal consumption to both domestic businesses and the Australian housing sector. With Federal support drawing to a close, mini-lockdowns are likely to be the response mechanism for local COVID-19 breakouts, and we are less likely to witness a large-scale stalling of economic activity. Over the quarter, the vaccination drive picked up pace and remains a key factor for optimism over an ongoing economic recovery. Meanwhile, inflationary pressures are gaining ground in the US and the Royal Bank of Australia may be compelled to respond if the US Federal Reserve raises rates sooner than expected. Liquidity surpluses and macroeconomic data releases continue to drive Australian equity markets. Thus, in a rather unusual market and economic environment, investment portfolios will likely need to stay balanced between long term growth winners and exposure to the strong economic recovery through energy, resources industrials, consumer, financials and technology. Some of the crucial considerations over the next 12 months include pricing power (given rising input costs, inflation, increasingly tight labour markets); sustainability (as credit costs rise and competitive pressures intensify); valuation discipline (given there are either high or record asset prices in many sectors) and duration (what is really driving company growth - is this cyclical or structural). Bottom-up stock picking will likely become more critical and valuation discipline will return across the market. The earnings upgrades and higher confidence of business to invest will likely drive the market higher during financial year 2021/22 despite concerns of inflation and higher interest rates.

Disclaimer: this commentary has been directly sourced from the Fidelity Future Leaders Fund factsheet available on their website.

Contact our Distribution team

Ashton Maggs

Relationship Manager, NSW & QLD

Phone: +61 431 433 511

Email: ashton.maggs@centuriaadviser.com

Thomas Nielsen

Relationship Manager, ACT, SA & WA

Phone: +61 401 727 830

Email: thomas.nielsen@centuriaadviser.com

Sean Cole

Relationship Manager, VIC & TAS

Phone: +61 428 893 007

Email: sean.cole@centuriaadviser.com

Jack Coleman

Relationship Manager, NSW

Phone: +61 407 256 305

Email: jack.coleman@centuriaadviser.com

Centuria Investor Services | 1300 50 50 50 | enquiries@centuria.com.au | centuria.com.au

This fact sheet provides general information only, and does not take account of any person's individual objectives, financial situation or needs. You should consider the product disclosure statement before any investment decision is made. We recommend that you speak with a licensed financial adviser. Issued by Centuria Life Limited (CLL) AFSL 230867 ABN 79 087 649 054. CLL believes that the information contained in this fact sheet is accurate, but makes no representation as to its accuracy or completeness. To the maximum extent permitted by law CLL excludes liability for any loss or damage arising from use of the information contained in this fact sheet.