

GLOBAL MULTI ASSET TACTICAL MODERATE FUND A-USD

31 DECEMBER 2017

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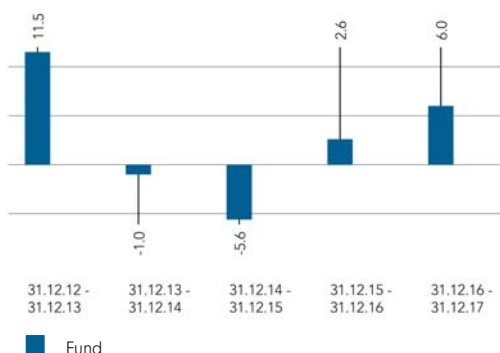
Performance for 12 month periods in USD (%)

Performance over quarter in USD (%)

Fund	1.1
Market index	-

Market index is for comparative purposes only.

Source of fund performance is Fidelity. Basis: nav-nav with income reinvested, in USD, net of fees. Other share classes may be available. Please refer to the prospectus for more details.



Market Environment

Global equities generated positive returns, supported by strengthening economic and corporate data across markets. Although uncertainty about the UK's ongoing negotiations with the European Union (EU) over the terms of its exit continued, the completion of the first phase of negotiations in December supported investor sentiment. Meanwhile, the performance of European equities was largely muted, given the impact of a strong euro and the political situation in Catalonia. The US Federal Reserve (Fed) raised interest rates and its forecast for US economic growth in 2018 at its December meeting, while the European Central Bank retained its accommodative monetary policy. Against this backdrop, Japan and emerging market equities outperformed other regions, supported by the pickup in global capital expenditure and the weakening US dollar. Europe ex UK was the weakest performer. At the sector level, information technology and materials were the strongest performers, while defensive sectors such as utilities and health care lagged. Equities generated the largest positive returns, followed by commodities, property shares and bonds. Within fixed income markets, corporate bonds outperformed core government bonds, with spreads tightening in the investment grade segment. Returns in US dollar terms were supported by its depreciation against the euro, sterling and the yen.

Fund Performance

The fund delivered positive returns, supported largely by the allocation to equities and bonds.

Equity holdings supported performance

All the equity regions added value. The allocation to Japan, the best performing region over the quarter, boosted returns. Within Japan, an underlying manager's strong stock selection and the overweight position in the industrials and health care sectors supported performance. Elsewhere, within the US, stock picking by an underlying internal manager in the health care and materials sectors aided returns.

Allocation to fixed income strategies added value

The exposure to global hybrid bonds contributed to performance. Elsewhere, the allocation to commodities, particularly gold, supported returns.

Fund Positioning

The fund is managed using a team approach and aims to produce returns with a focus on preserving capital. It is not managed to any comparative index. Instead, it aims to add value via tactical asset allocation (asset class selection) and strategy selection (allocation selection). The fund utilises a broader range of capabilities, including total return strategies, which aim to enhance returns via thematic positions (long or short in equity regions, sectors and currencies), and exposure to alternatives and cash.

Asset class positioning

Over the course of the year, we have gradually been moving capital from market exposure into total return strategies. That trend continued in the current quarter. Elsewhere, we reduced the allocation to equities.

Underlying strategy changes

We topped up positions which have underperformed during the rally in risk assets, including our long Australia/short Hong Kong trade. We also added to an internal manager's China focus strategy. The strategy's defensive positioning means it should do well in down markets. Moreover, we added to our long India/short Asian emerging markets position over the quarter. India announced a \$32 billion recapitalisation plan for its state-owned banks in October, which should help to improve the supply of credit to the economy by reducing the burden of non-performing loans. Furthermore, we added to our short position in the automobile sector. Fundamentals for auto manufacturers remain weak, with weak sales globally and high consumer indebtedness indicating lacklustre sales for a significant period. On a longer-term basis, auto manufacturers continue to face higher R&D spending requirements to develop electric vehicles.

Important Information

Past performance is not a reliable indicator of future results. The fund's returns can be affected by fluctuations in currency exchange rates.

The value of investments and any income from them may go down as well as up and an investor may not get back the amount invested. The use of financial derivative instruments may result in increased gains or losses within the fund. There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.



Attribution

Performance attribution is produced in the currency shown below. For funds with multiple share classes, the attribution return reflects the aggregate performance across all the share classes. It may therefore deviate from the published return for a particular share class. When using the analysis for hedged share classes, please consider that the attribution is shown before the impact of hedging.

The contributions shown in the table are before the impact of charges. If charges are applied, their effect is captured in the “Other” category in the table and will also be reflected in the fund return.

Currency of attribution	US Dollar (USD)
Three month return (%)	1.50

Contribution Summary (%)

3 months

RANKED BY ABSOLUTE PERFORMANCE CONTRIBUTION

Sub-Asset Class	Performance Contribution
Japan Equities	0.70
Emerging Markets Equities	0.39
Pan Europe	0.37
Pacific ex Japan Equities	0.35
North America Equities	0.29
Global Fixed Income	0.23
Alternatives	0.16
Commodities	0.14
Global Equities	0.11
Cash & Other Assets	0.00
Property	-0.01
Portable Alpha	-0.98
Uninvested Cash and Other	-0.25
Total	1.50

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