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Performance for 12 month periods in EUR (%)

Performance over quarter in EUR (%)

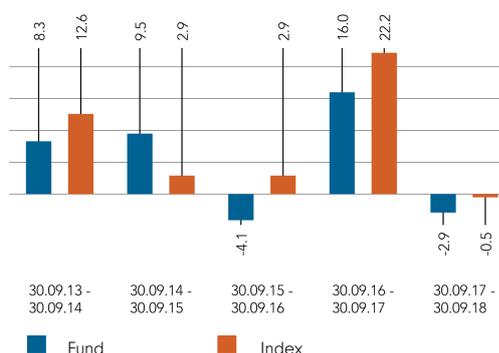
Fund 1.3

Market index 0.4

MSCI EMU (N)

Market index is for comparative purposes only.

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



Market Environment

European equities ended a volatile quarter in positive territory. Markets were aided by easing trade tensions between the US and Europe, and strong corporate earnings. The European Central Bank's (ECB) continued accommodative monetary policy stance also supported equities. It left key interest rates unchanged and announced that it expects to completely phase-out its quantitative easing programme by the end of 2018. There were intermittent periods of volatility, primarily due to continued concerns over a trade war between the US and China, as well as the banking crisis in Turkey. Additionally, hopes of a softer Brexit suffered a setback, which added to volatility. Italy's higher than expected budget deficit target also hampered sentiment as investors feared that the anti-establishment government lacks the commitment to address the country's high debt load. At a sector level, energy and industrials were among the key performers, while real estate and communication services declined the most. Data released in August showed that the eurozone's GDP grew 0.4% in the second quarter of 2018 (latest figures available as GDP is a lagging economic indicator). The economy grew despite negative net trade as business and other investments rose sharply. The eurozone's final composite Purchasing Managers' Index (PMI) declined in the third quarter compared to the previous quarter, as manufacturing sector activity slowed down due to rising trade protectionism and Brexit-related concerns. Higher oil prices lifted the headline inflation above 2.0% in September, but core inflation declined to 0.9%, well below the ECB's 2% target.

Fund Performance

The fund outperformed the index over the quarter, driven by both stock selection and sector allocation. Stock selection was particularly strong in the financials and consumer discretionary sectors. The overweight exposure to industrials and stock selection in health care also added notable value. This was partially offset by selected holdings in communication services and utilities.

Financials and consumer discretionary boosted performance

Within financials, holdings in reinsurance company Hannover Re and asset management company Amundi performed well following strong half yearly results. Sportswear manufacturer Adidas rallied after it reported better-than-expected second quarter results and reiterated its full-year guidance.

Industrials and health care added relative value

Valmet was the largest contributor to returns, driven by robust half yearly results and an upgrade to its full-year guidance. Its earnings were driven by better than expected sales and margin expansion in the second quarter. In health care, not holding Bayer, which continues to be impacted by litigation over alleged cancer risks of glyphosate-based weed killers, added relative value.

Communication services and utility stocks were weak

Advertising company Publicis reported uninspiring second quarter results. Investors focused on its organic sales growth in the US and Europe, which was much worse than expected due to one-off factors. However, earnings beat expectations given its strong margins, and it maintained its 2018 organic growth guidance. Elsewhere, the newly purchased position in French utility company Rubis detracted from performance as it reported disappointing half yearly results.

Fund Positioning

The fund consists of an equally weighted portfolio of the top 30 analyst ideas in the eurozone. The portfolio construction process utilises an optimiser to size positions in order to maximise expected returns from the top 30 names, while limiting factor exposures to target specific risk as the primary contributor to tracking error. The fund's portfolio advisors additionally apply limits on capital allocation to individual stocks (3.5% for Top 30 names) to prudently manage for stock specific events and avoid over-reliance on risk model assumptions. In terms of sector positioning, industrials is the largest overweight. Within the sector, transport infrastructure company Ferrovia and Valmet, a developer and supplier of technologies to paper, pulp and energy industries, are among the key holdings. Consumer staples is the largest underweight; brewing company Heineken is the sole position in the sector.

Trades during the quarter

We moved to an overweight positioning in utilities and reduced selected holdings in energy, industrials and consumer staples. At a stock level, we purchased new positions in BNP Paribas, Italian tyre manufacturer Pirelli and French pharmaceuticals company Sanofi. Profits were taken in strong performers, including a natural gas distribution company and Italian financial services company UniCredit. Some profits were also taken in Deutsche Post.

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.

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 tables are before the impact of charges. If charges are applied, their effect is captured in the "Other" category in the tables and will also be reflected in the fund return.

All investments, including derivatives, linked to a particular issuing company have been combined to form a total percentage for each issuing company.

The sector/industry and country contribution tables (where relevant) display a maximum of eleven individual sectors/industries or countries. For funds investing in more than eleven sectors/industries or countries, only top five and bottom five are listed, with the contribution from other sectors/industries or countries shown in the "Other Sectors" or "Other Countries" category.

Currency of attribution	Euro (EUR)
Three month relative return (%)	1.38

Position Contribution (%)

3 months

	Average Relative Weight	Relative Performance Contribution		Average Relative Weight	Relative Performance Contribution
TOP CONTRIBUTORS			TOP DETRACTORS		
VALMET CORP	2.9	0.43	PUBLICIS GROUPE SA	2.9	-0.41
BAYER AG	-1.9	0.42	OSRAM LICHT AG	1.1	-0.26
HANNOVER REINS CORP	2.6	0.33	KONINKLIJKE BAM GROEP NV	2.6	-0.26
ADIDAS AG	2.8	0.33	TOTAL SA	-3.2	-0.23
DEUTSCHE POST AG	1.4	0.25	RUBIS & CIE SA	2.1	-0.21
ANHEUSER BUSCH INBEV SA NV	-1.6	0.22	INTESA SANPAOLO SPA	1.6	-0.20
AMUNDI SA	2.5	0.21	HEINEKEN NV	2.9	-0.17
AXA SA	2.0	0.19	ALLIANZ SE	-2.0	-0.16
NXP SEMICONDUCTORS BELGIUM NV	-0.7	0.17	WIRECARD AG	-0.5	-0.14
AIRBUS SE	2.0	0.15	AMADEUS IT GROUP SA	-0.8	-0.13

Positions in other funds - including ETFs (Exchange Traded Funds) - can appear in this table, but index derivatives form part of an "Index / Unclassified" category which will appear in the table(s) below when relevant.

Sector/Industry Contribution (%)

3 months

Country Contribution (%)

3 months

CONTRIBUTIONS TO RELATIVE RETURN

GICS Sector	Average Relative Weight	Security Selection	Sector/ Industry Selection	Total Relative Contribution
Financials	3.6	0.43	0.14	0.56
Consumer Discretionary	-4.6	0.58	-0.08	0.50
Industrials	7.5	-0.13	0.56	0.43
Health Care	-1.0	0.54	-0.27	0.27
Real Estate	1.7	0.05	0.10	0.15
Materials	-3.8	-0.06	0.15	0.09
Information Technology	-2.0	0.22	-0.13	0.09
Consumer Staples	-6.2	0.07	-0.02	0.05
Energy	-0.4	-0.13	-0.01	-0.14
Communication Services	3.9	-0.09	-0.14	-0.24
Utilities	-0.7	-0.42	0.04	-0.38
Index / Unclassified	1.6	-0.02	0.00	-0.02
Total Primary Assets	-0.3	1.04	0.33	1.37
Other*	0.3			0.01
TOTAL	0.0			1.38

CONTRIBUTIONS TO RELATIVE RETURN

	Average Relative Weight	Security Selection	Country Selection	Total Relative Contribution
Germany	0.3	1.25	0.00	1.24
Finland	-0.3	0.33	0.00	0.33
Italy	2.4	0.35	-0.08	0.27
Spain	-0.9	0.17	0.02	0.19
Belgium	-3.3	0.00	0.17	0.17
Ireland	-0.5	0.06	0.02	0.07
Austria	1.9	-0.02	0.01	-0.01
United States	-0.2	0.00	-0.02	-0.02
Netherlands	5.4	-0.42	-0.07	-0.48
France	-8.3	-0.31	-0.21	-0.52
Other Countries	1.5	0.07	0.08	0.15
Index / Unclassified	1.6	-0.02	0.00	-0.02
Total Primary Assets	-0.3	1.47	-0.09	1.37
Other*	0.3			0.01
TOTAL	0.0			1.38

*Other includes portfolio components not already listed such as cash, expenses and other miscellaneous items.

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