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Performance over quarter in CHF (%)

Fund 2.5

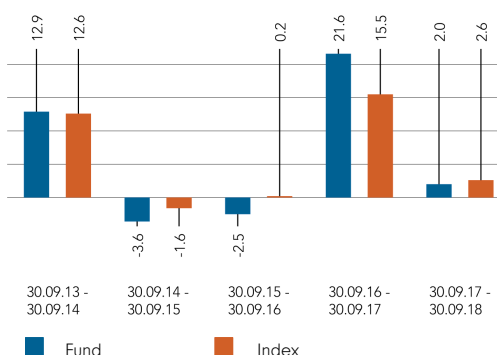
Market index 5.5

MSCI Switzerland (N)

Market index is for comparative purposes only.

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

Performance for 12 month periods in CHF (%)



Market Environment

Swiss equities rose and outperformed the broader European equities over the quarter. Markets were aided by strong corporate earnings and easing trade tensions between the US and Europe. 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. At a sector level, health care and consumer staples were among the key performers, while real estate and consumer discretionary declined the most. Data released in September showed that Swiss GDP grew at an encouraging pace of 0.7% in the second quarter of 2018 (latest figures available as GDP is a lagging economic indicator), largely supported by manufacturing activity. GDP growth in Switzerland exceeded that of the Eurozone, which grew 0.4% in the second quarter. On the policy front, the Swiss National Bank left its key interest rates unchanged at -0.75%.

Fund Performance

The fund underperformed the index over the quarter. The weak performance of industrials and information technology (IT) holdings weighed on returns. This was partially offset by the strong sector positioning. Lack of exposure to certain consumer discretionary stocks and no exposure to real estate and communication services sectors also added relative value, as these sectors lagged the broader market.

Industrials holdings detracted

Shares in machinery company Georg Fischer fell as investors were worried that the uncertain macroeconomic backdrop might impact their sales in Emerging Markets and in the automotive market. However, management keeps a positive outlook on their piping division as they believe their exposure to this market is well diversified and foresee a long term positive trend in water treatment. Security access solutions and systems provider Dormakaba Holding fell after it delayed its targets by two years due to issues related to the integration of businesses in Germany and the US.

IT holdings fell

Semiconductor and semiconductor equipment manufacturer U-blox was hurt by weaker first-half numbers. Shares in AMS also fell on the back of worries that demand for memory chip makers will weaken.

Selected holdings added value

The position in life sciences company Lonza Group advanced after reporting a surge in half-year profits on the back of strong sales. Holdings in Cosmo Pharmaceuticals and chemicals firm Givaudan also performed well. Elsewhere, not holding shares in Swatch Group and Adecco Group also added relative value.

Fund Positioning

The fund retains a sizable allocation to the health care, industrials, financials and materials sectors. While it is underweight health care and financials, it has an overweight exposure to the materials and industrials sectors.

Changes in the financials holdings

I took the opportunity to add a new position in Julius Baer following a share price fall. Baer's growth prospects look promising as the company forecasts high single digit growth in assets under management and is now rebuilding capital, making value-enhancing M&A more likely. Another position was purchased in insurer Swiss Re, while positions in Balise Holdings and GAM Holding were closed.

Overweight in industrials

Inspection and testing services provider SGS and pipe manufacturing company Georg Fischer are among the fund's top active holdings. Both remain well placed for longer term growth despite short term volatility in the share prices. Within industrials, the position in Dormakaba Holding was closed.

Bias towards materials and select health care

Chemicals company Sika is the largest active holding. Among healthcare stocks, we prefer Lonza Group and laboratory instruments and solution provider Tecan Group for their attractive growth prospects. Profits from strong performers, including Givaudan and Sonava Holding, were locked in.

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	Swiss Franc (CHF)
Three month relative return (%)	-2.50

Position Contribution (%)

3 months

	Average Relative Weight	Relative Performance Contribution		Average Relative Weight	Relative Performance Contribution
TOP CONTRIBUTORS			TOP DETRACTORS		
LONZA GRP AG	2.5	0.47	FISCHER (GEORG) AG	3.0	-0.58
SWATCH GROUP AG	-1.5	0.36	U-BLOX HOLDING AG	1.4	-0.57
JULIUS BAER GROUP LTD	-0.6	0.20	AMS AG	1.3	-0.56
ADECCO GROUP AG	-0.8	0.15	NOVARTIS AG	-8.1	-0.50
COSMO PHARMACEUTICALS NV	1.6	0.13	DORMAKABA HOLDINGS AG	0.3	-0.28
GIVAUDAN SA	1.6	0.13	SGS SA	2.9	-0.23
UBS GROUP AG	-2.9	0.13	TECAN GROUP AG	2.3	-0.22
SWISS PRIME SITE AG	-0.6	0.08	VZ HOLDING AG	1.8	-0.22
CREDIT SUISSE GRP AG	-1.3	0.07	GAM HLDG LTD	0.2	-0.20
DUFRY GROUP	-0.3	0.07	DKSH HOLDING AG	1.8	-0.19

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

CONTRIBUTIONS TO RELATIVE RETURN

	Average Relative Weight	Security Selection	Sector/ Industry Selection	Total Relative Contribution
GICS Sector				
Consumer Discretionary	1.6	0.23	0.11	0.34
Real Estate	-0.6	0.00	0.08	0.08
Communication Services	-1.0	0.00	0.05	0.05
Materials	6.4	0.14	-0.10	0.04
Financials	-3.0	-0.14	0.16	0.02
Consumer Staples	-14.3	0.00	-0.13	-0.13
Health Care	-4.2	-0.66	0.36	-0.29
Information Technology	2.5	-1.14	0.00	-1.14
Industrials	12.0	-1.69	0.22	-1.48
Total Primary Assets	-0.7	-3.27	0.74	-2.53
Other*	0.7			0.02
TOTAL	0.0			-2.50

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

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