

Portfolio manager: Jeremy Podger

Performance for 12 month periods in EUR (%)

## Performance over quarter in EUR (%)

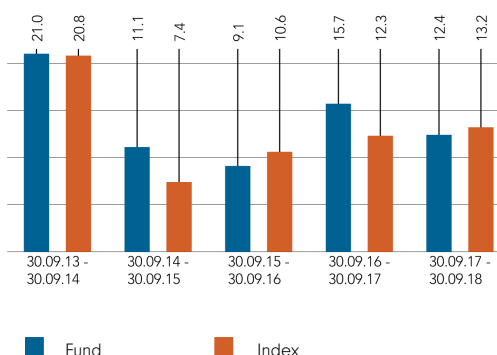
Fund 5.9

Market index 5.5

MSCI WORLD (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

Developed world equity markets generated positive returns over the quarter. Encouraging corporate earnings and easing trade tensions between the US and Europe supported sentiment. However, continued US-China trade tensions and concerns around emerging markets led to elevated volatility. At a regional level, US equities rallied on strong economic growth and robust earnings data. On the monetary policy front, the US Federal Reserve (Fed) raised interest rates for the third time this year in September. Moreover, the central bank removed the term "accommodative" from its policy statement, which marked a rhetorical shift in its monetary policy outlook. Eurozone equities delivered modest gains. 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. However, banking stocks were weighed down by concerns over exposure to emerging markets, as well as worries over the Italian budget. UK equities declined, as investor sentiment was weighed down by uncertainty related to Brexit negotiations. Hopes for a softer Brexit suffered a setback as there was no breakthrough in Brexit talks between the UK and European Union (EU) at their summit meeting in Austria. The Japanese equity market gained amid a weaker yen against the US dollar and improving corporate profits. Prime Minister Shinzo Abe won a third term as President of the Liberal Democratic Party and later agreed to enter into bilateral trade talks with the US. This precluded the imposition of additional tariffs on automobile imports from Japan. At a sector level, health care, information technology (IT) and industrials were the key gainers.

## Fund Performance

The fund outperformed the index over the quarter.

## Health care holdings performed well

US hospital operator HCA Healthcare and health insurer Cigna reported robust quarterly results. Cigna's shareholders also voted in favour of the proposed acquisition of pharmacy benefits manager Express Scripts, which is likely to result in significant cost savings. US health care company Merck & Co, which has a strong competitive position in first-line lung cancer, continues to witness solid business momentum.

## Robust business fundamentals boosted key positions

Payment processing company Worldpay reported strong second quarter results, which were ahead of expectations. It also raised its full-year earnings guidance, driven by higher cost savings, increased opportunities in e-commerce and continued strength in the merchant solutions business in the UK. Home improvement retailer Lowe's Companies is benefiting from increasing demand for its outdoor/seasonal products. Investors also remained positive about the new CEO's plans to improve Lowe's' operating performance through productivity and efficiency gains.

## Key detractors in IT and energy

Semiconductor stocks AMS and Sumco were caught in the sell-off in some cyclical as investors turned defensive. Within energy, Royal Dutch Shell's second quarter profit fell short of expectations, which overshadowed the launch of its long-anticipated US\$25 billion share buyback programme. The company continues to execute well on its asset disposal programme and remains a key holding in the portfolio.

## Fund Positioning

The fund invests in three specific types of opportunities – change, firms that offer the potential for a fundamental shift in value, with catalysts linked to near term restructuring, merger & acquisition (M&A), or spin-off activity; value, companies with the ability to deliver earnings growth in excess of market expectations, potentially also leading to a re-rating; and franchise, firms with a dominant industry position, strong growth, cash flow and pricing power.

## Overweight in health care, energy

In the health care sector, the fund continues to focus on attractively valued services and equipment companies that are supported by innovation. I also added some drug companies with strong products and pipelines. In the energy sector, the focus remains on oil exploration & production companies, which continue to benefit from favourable demand/supply dynamics. I purchased a holding in Concho Resources, which has oil and natural gas properties in the Permian Basin area of Southeast New Mexico and West Texas. Concho has a unique business model and strong asset base that is poised to deliver robust cash flow growth.

## Changes in IT composition

I have been reducing the exposure to the semiconductor space and using the proceeds to increase the allocation to attractive services businesses supported by innovation, which can deliver robust growth and strong free cash flows. I prefer second tier holdings that benefit from developments in artificial intelligence, cloud computing, digital payments and selective supply chains for new smartphone components.

## 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 US Dollar (USD)

Three month relative return (%) 0.96

## Position Contribution (%)

3 months

	Average Relative Weight	Relative Performance Contribution		Average Relative Weight	Relative Performance Contribution
<b>TOP CONTRIBUTORS</b>			<b>TOP DETRACTORS</b>		
HCA HEALTHCARE INC	1.7	0.44	AMAZON.COM INC	-1.9	-0.23
WORLDPAY INC	1.5	0.27	AMS AG	0.6	-0.20
LOWES COS INC	1.7	0.25	MOLSON COORS BREWING CO	0.9	-0.14
FACEBOOK INC	-1.1	0.24	ROYAL DUTCH SHELL PLC	2.3	-0.14
CIGNA CORP	1.2	0.19	EBAY INC	0.8	-0.12
ANDEAVOR	1.1	0.19	HALLIBURTON CO	0.6	-0.12
SOFTBANK GROUP CORP	0.6	0.18	SUMCO CORP	0.3	-0.11
CHECK POINT SOFTWARE TECHS LTD	1.1	0.16	ON SEMICONDUCTOR CORP	0.4	-0.10
MERCK & CO INC NEW	1.3	0.14	CRH PLC	0.8	-0.09
COOPER COMPANIES INC	1.2	0.14	PFIZER INC	-0.6	-0.09

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

	Average Relative Weight	Security Selection	Sector/ Industry Selection	Total Relative Contribution
<b>GICS Sector</b>				
Communication Services	0.8	0.60	0.08	0.67
Health Care	3.4	0.32	0.12	0.44
Energy	2.2	0.37	-0.15	0.22
Utilities	0.4	0.11	0.00	0.12
Financials	-1.3	0.08	0.03	0.10
Materials	-1.1	0.05	0.02	0.07
Industrials	-3.7	0.02	0.01	0.03
Consumer Staples	-6.2	-0.20	0.16	-0.04
Real Estate	0.7	0.02	-0.15	-0.12
Consumer Discretionary	-2.5	-0.13	-0.03	-0.16
Information Technology	3.4	-0.32	0.05	-0.26
Index / Unclassified				
<b>Total Primary Assets</b>	<b>-4.0</b>	<b>0.93</b>	<b>0.15</b>	<b>1.08</b>
Other*	4.0			-0.12
<b>TOTAL</b>	<b>0.0</b>			<b>0.96</b>

## CONTRIBUTIONS TO RELATIVE RETURN

	Average Relative Weight	Security Selection	Country Selection	Total Relative Contribution
United States	-4.7	1.10	-0.13	0.97
United Kingdom	-0.6	0.14	0.04	0.18
Australia	-2.4	0.00	0.15	0.15
Israel	1.3	0.13	0.01	0.14
Italy	-0.8	0.00	0.08	0.08
Japan	1.6	-0.02	-0.04	-0.06
Ireland	0.7	-0.01	-0.07	-0.08
Hong Kong	1.5	-0.02	-0.10	-0.12
Switzerland	-1.9	-0.09	-0.04	-0.13
Austria	0.5	-0.17	-0.03	-0.19
Other Countries	1.0	0.25	-0.11	0.14
<b>Total Primary Assets</b>	<b>-4.0</b>	<b>1.31</b>	<b>-0.23</b>	<b>1.08</b>
Other*	4.0			-0.12
<b>TOTAL</b>	<b>0.0</b>			<b>0.96</b>

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

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