

**SHINING A LIGHT ON THE.....  
Fidelity Global Special Situations Fund**

**AT A GLANCE**

<b>Investment Objective</b>	
<p>The Fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of companies around the world. The Fund will have a blend of investments in larger, medium and smaller sized companies. The ACD is not restricted in its choice of companies either by size or industry, or in terms of the geographical split of the portfolio, and will choose stocks largely determined by the availability of attractive investment opportunities. The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.</p>	

<b>Inception Date</b>	15 <sup>th</sup> September 2006
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOEUR05JEY">http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOEUR05JEY</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Jeremy Podger	1 <sup>st</sup> March 2012

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	42.95%
Large	42.47%
Medium	13.78%
Small	0.00%
Micro	0.00%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	129	
<b>Assets in Top 10 Holdings</b>	22.66%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
Fidelity ILF - USD A Acc	-	3.51%
Royal Dutch Shell PLC B	Energy	3.14%
Alphabet Inc A	Technology	2.86%
Citigroup Inc	Financial Services	2.27%
Exelon Corp	Utilities	2.23%
JPMorgan Chase & Co	Financial Services	1.93%
Microsoft CorpCFD	-	1.75%
Vinci SA	Industrials	1.71%
Airbus SE	Industrials	1.67%
Lowe's Companies Inc	Consumer Cyclical	1.59%

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Volatility Measurements	
3-Yr Std Dev (volatility)	11.59%
3-Yr Mean Return (average)	17.79%

## FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2013 to 31<sup>st</sup> January 2018:

	2013	2014	2015	2016	2017	2018
<b>Fidelity Global Special Situations Fund</b>	27.89%	13.85%	10.04%	26.85%	16.05%	0.54%
<b>iShares MSCI World</b>	30.32%	10.75%	1.17%	8.13%	17.26%	3.33%

Performance over 12 months, 3 years, 5 years and since manager tenure:

	1 year	3 years	5 years	Since manager tenure
<b>Fidelity Global Special Situations Fund</b>	14.60%	60.33%	115.99%	138.56%
<b>iShares MSCI World</b>	20.70%	34.26%	77.75%	98.40%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

## UPDATE....

On paper this fund has delivered strong returns for investors, but it is worth noting that in 2012, 2013, 2017 and 2018 the fund underperformed the index. In 2014 it slightly outperformed and only in 2015 and 2016 did it significantly outperform. Having two strong years has helped the 3-year figures and longer-term performance. Meeting the manager for the first time gives us a chance to see whether the longer-term figures are justifiable or whether it is perhaps better to consider other funds.

Jeremy has been managing the fund for six years and he started by explaining his approach to identifying holdings within the fund. He splits investments into three groups:

1. Corporate change (mergers, spin-offs and new issues) where he is aiming for 15% return over an 18-month time frame.
2. Exceptional value is where the shares are cheap and there is the opportunity for re-rating. The aim is to achieve a return of over 50% over a 3-year time frame.
3. Unique businesses where there is a dominant industry position and he is looking for a 15% return over a 3-year time frame.

The current blend is around 35% in corporates, 41% in value and 21% in unique businesses. He can short stocks and around 2.5% is being used in this way.

One of the “concerns” we have with the fund is the number of holdings which sits at over 120. It seems there is no conviction, and this is more of a scatter gun approach to investing. With investing in small-cap businesses the argument for larger portfolios is easier to make as managers may want to protect

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on the downside but this is mainly a large cap fund so harder to argue. When discussing stock picking Jeremy relies on the information supplied to him by the analysts and he explained he doesn't often meet the management. This is a slight concern as it feels there is no conviction in picking stocks and the returns are more about luck than skill.

In terms of markets and how he feels they will fair, he explained that we haven't really seen a normal market cycle for 15 years or so. He feels it is therefore important that we get some volatility back. He believes the market uncertainty in January and February is short-term and the fundamentals mean that the bull run should remain in place for a couple of years.

Looking at holdings under corporate change, the type of holdings includes SoftBank, Adient and 21<sup>st</sup> Century Fox. Under exceptional value it includes Pandora, Ciena and Tower and unique businesses include Naspers, SberBank and Yahoo Japan.

In summary, we didn't feel there was anything unique about this fund. It also doesn't appear to have a conviction led approach with the manager making decisions on information received from the analysts rather than getting out and meeting the management teams and suppliers. The size of the fund especially in the large cap space again would point to a lack of conviction. In terms of the performance the fund has outperformed over the long term, but this is based on two good years rather than consistent outperformance. Investors may feel that this is a good long term buy and hold strategy where two or three good years provide the outperformance for five or ten years. This may be the right approach, but it should be compared to other funds within the sector.

*The source of information in this note has been provided by Fidelity and is correct as at February 2018. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*