SHINING A LIGHT ON THE……
Fidelity Global Focus Fund

AT A GLANCE

Investment Objective
The Fund aims to increase the value of your investment over a period of 5 years or more. The Fund will invest at least 80% in equities (and equity related securities) of companies globally which could include countries considered to be emerging markets as determined by the Investment Manager at its sole discretion. The Investment Manager aims to hold a concentrated portfolio of 40-60 stocks.

Inception Date	28th October 1982
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000OPXE

Management	
Manager Name	**Start Date**
Amit Lodha	1st October 2010

FUND PERFORMANCE

Performance from 1st January 2016 to 31st March 2021:

	2016	2017	2018	2019	2020	2021
Fidelity Global Focus Fund	24.74%	14.74%	-5.01%	27.54%	29.00%	1.45%
FTSE World ex UK	30.42%	13.45%	-2.68%	23.10%	14.15%	4.09%

Performance over 12 months, 3 years, 5 years and since fund manger inception:

	1 year	3 years	5 years	Since fund manager inception
Fidelity Global Focus Fund	52.73%	63.63%	126.62%	269.80%
FTSE World ex UK	39.93%	46.12%	99.16%	236.83%

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.

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
7.36	99.36	102.24	72.13	55.56	0.96	5.09	Growth/Mid

Volatility Measurements	
3-Yr Std Dev (volatility)	15.73%
3-Yr Mean Return (average)	17.84%

Investment Style Details	
Giant	3.65%
Large	27.84%
Medium	46.06%
Small	18.33%
Micro	3.03%

Top 5 Holdings – 57 Equity Holdings		
Fidelity ILF – USD A Acc	-	4.02%
Hess Corp	Energy	2.59%
First Republic Bank	Financial Services	2.55%
Flex Ltd	Technology	2.41%
SBI Cards and Payment Services L...	Financial Services	2.31%

Top 5 Sectors	
Financial Services	20.36%
Technology	19.17%
Healthcare	11.98%
Industrials	10.76%
Consumer Cyclical	9.65%

Top 5 Regions	
United States	57.33%
United Kingdom	11.72%
India	8.93%
Japan	6.79%
Canada	3.82%

UPDATE….

This was our first one-to-one update with the manager so was a chance to ask some more detailed questions around the strategy.

We talked about what makes this different to other strategies. Amit explained that it has a 99% active share class which means that the holdings are very different to the index. He sees it as a basket of unique ideas which will do well whatever the macro situation. He also spends a lot of his time searching out names in the small and mid-cap space, which he feels are under researched, and offers greater opportunities than those in the large cap space. As he says, if an investor recognises more than 50% of his top then he isn't doing his job well!

In terms of the rotation to value, Amit explained that the strategy tends to do well across most market cycles although it will lag when there is a "dash-for-trash". Fundamentally he is looking for quality businesses and they can be value in shape and form.

To understand a company you need to be able to unpack it. A good example would be energy companies, which they have invested in because they see opportunities over a 3-to-5-year period. In March 2020 oil was seen as negative and then overlaying ESG issues and the dash to renewables and no-one would invest. But at $15 a barrel there are opportunities to invest in good companies and that is where “value” can be applied to a “growth” company.

The turnover on the fund appears high but this was in part driven by the opportunities that arose in March 2020. Over this period cheap stocks came up and it was right to respond to those opportunities, as it gave them a chance to invest in some great companies with a 3-to-5-year time horizon.

He is not a fan of high turnover strategies, but you must be active and adaptable to respond to different scenarios. We talked about what he sold and effectively everything is rated across management, valuation, and industry / ecosystem, and effectively he sold where he saw potential value elsewhere. The turnover now is around 30 /40%.

Taking this a step further we then turned to themes. Amit explained that most of his job is about listening and learning and then he connects the dots on a global basis. Examples would be getting a sense of the importance of semi-conductors to the auto industry, or the importance of personalization and therefore early investments into Facebook and Apple.

The age of science is about accepting the world has a lot of issues to solve. A lot of the problems can only be solved by using science in the right way; the speed of discovering a vaccine shows this is in a striking way. But equally you do not need to be early adopters; blockchain is something that offers a lot of potential and we should not ignore the underlying technology, but equally Amit is happy to wait until the right opportunities become clearer. He went on to say that an incumbent can be cheap and challenger expensive, but rather than trying to choose you can do nothing and observe and sometimes that is a better outcome.

Finally, looking at the fund he explained that he never tries to better than the macro because to call the outcome is almost impossible. But sometimes you need to be flexible and therefore the strategy is split into three areas now – virus phase, recession phase and recovery phase. He is not looking to bet on one outcome as we can oscillate between different phases and life is not that simple. People can be critical of this approach, but you need to be adaptable and focus on what is in front of you.

In summary, we think this is an interesting strategy and something different. This does contain very different holdings and balances across styles, although the fund will be behind the curve when there is a dash for trash. The performance is strong and consistent and we would have this on our watch list of funds.