

**SHINING A LIGHT ON THE.....  
Fidelity Special Situations 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 70% in equities (and their related securities) of UK companies (those domiciled, incorporated or having significant business in UK and those which are listed in the UK). The Investment Manager will focus on companies it believes to be undervalued and whose recovery potential is not recognised by the market. It is not restricted in terms of size or industry.

<b>Inception Date</b>	17 <sup>th</sup> December 1979
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04S23">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04S23</a>

Management	
Manager Name	Start Date
Alexander Wright	1 <sup>st</sup> January 2014
Jonathan Winton	3 <sup>rd</sup> February 2020

**FUND PERFORMANCE**

Performance from 1<sup>st</sup> January 2015 to 28<sup>th</sup> February 2021:

	2015	2016	2017	2018	2019	2020	2021
<b>Fidelity Special Situations Fund</b>	11.62%	13.53%	14.50%	-14.12%	20.77%	-12.64%	1.26%
<b>FTSE All Share</b>	0.98%	16.75%	13.10%	-9.47%	19.17%	-9.82%	1.16%

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

	1 year	3 years	5 years	Since fund manager inception
<b>Fidelity Special Situations Fund</b>	3.12%	-4.66%	26.43%	31.13%
<b>FTSE All Share</b>	3.50%	3.76%	33.02%	32.78%

*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
7.92	-	113.24	126.56	47.22	1.33	-2.25	Mid/Value

# LWM Consultants Ltd

Volatility Measurements	
3-Yr Std Dev (volatility)	22.50%
3-Yr Mean Return (average)	-1.58%

Investment Style Details	
Giant	7.17%
Large	22.91%
Medium	27.92%
Small	39.06%
Micro	8.42%

Top 5 Holdings – 97 Equity Holdings		
Legal & General Group PLC	Financial Services	5.58%
Aviva PLC	Financial Services	4.76%
Imperial Brands PLC	Consumer Defensive	3.70%
Pearson PLC	-	3.16%
Phoenix Group Holdings PLC	Financial Services	3.09%

Top 5 Sectors	
Industrials	23.55%
Financial Services	20.39%
Consumer Cyclical	14.90%
Basic Materials	7.83%
Energy	7.68%

## UPDATE....

This is one of Fidelity's flagship funds and has been managed by Alex Wright since January 2014, with Jonathan Winton joining as co-manager in 2020. They offer a contrarian value style and believe that value outperforms over the long term, although they accept that value has underperformed since 2008. They believe good fund managers can outperform through stock picking, although this fund has not really done that.

For any potential investor this is about whether they believe this type of investment is where they need to be. The team believe that there is real potential for things to be different over the next decade and this will be a tail wind for performance moving forward. The UK has underperformed global markets for the last 5 years and the part of the market they invest in is only about 12% of the overall UK market, so they think this is big opportunity set.

Nearly 30% of the UK economy has been affected by the lockdown and spending has been deferred but not destroyed. Therefore, they see the potential for a big consumer boom as we come out of lockdown. Even a modest bounce would see a significant uplift for the UK which is trading at 30% discount compared to growth names, 20% valuation discount to Europe and 40% discount with the US.

The fund can use borrowing and currently has 5% gearing to take advantage of the opportunities out there. Some of example holdings include Vistry (housebuilder who saw share prices fall 60% despite positive data), Dixons Carphone (despite an increase in sales the share price was down) and Inchcape (where they see a bounce back in the demand for cars)

## LWM Consultants Ltd

---

They also see value in the life insurance space and some retail. Although this is a value strategy, they stress that they don't compromise on quality, with the fund valuation at a discount to the market, lower debt levels and higher levels of return.

In summary, this fund has underperformed the wider market. The team indicate that a good manager should be able to outperform whatever the market, which is a strange thing to say when they have not! They have brought in an additional fund manager and this may be to turn things around. If they are correct in their thoughts then this fund should naturally do well; whether that is due to skill or being in the right place will be harder to judge.

*The source of information in this note has been provided by Fidelity and is correct as at March 2021. 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.*