

**SHINING A LIGHT ON THE.....
Fidelity Emerging Market Equities Fund**

AT A GLANCE

Investment Objective	
Invests principally in areas experiencing rapid economic growth including countries in Latin America, South East Asia, Africa, Eastern Europe (including Russia) and the Middle East. The fund may invest its net assets directly in China A and B Shares.	

Inception Date	26/06/2006
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOGBR06TQP

Management	
Manager Name	Start Date
Nick Price	1 July 2009

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	59.47%
Large	28.46%
Medium	11.56%
Small	0.48%
Micro	0.02%

Top 10 Holdings		
Total number of holdings	88	
Assets in Top 10 Holdings	40.69%	
Name	Sector	% of Assets
Taiwan Semiconductor Manufacturing Co	Technology	6.25%
Naspers Ltd Class N	Technology	6.17%
AIA Group Ltd	Financial Services	5.47%
HDFC Bank Ltd	Financial Services	5.30%
Fidelity ILF - USD A Acc	-	3.61%
Samsonite International SA	Consumer Cyclical	3.06%
Steinhoff International Holdings NV	Consumer Cyclical	3.05%
Housing Development Finance Corp Ltd	Financial Services	2.68%
Grupo Mexico SAB de CV	Basic Materials	2.60%
SK Hynix Inc	Technology	2.51%

Volatility Measurements	
3-Yr Std Dev (volatility)	14.02%
3-Yr Mean Return (average)	14.49%

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FUND PERFORMANCE

Performance from 1 January 2012 to 31 August 2017:

	2012	2013	2014	2015	2016	2017
Fidelity Emerging Markets Fund	11.18%	9.21%	5.31%	-1.65%	17.68%	25.87%
iShares MSCI EM ETF	11.86%	-5.82%	2.62%	-11.15%	33.56%	22.03%

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

	1 year	3 years	5 years	Since manager inception
Fidelity Emerging Markets Fund	25.75%	45.90%	76.40%	159.30%
iShares MSCI EM ETF	26.59%	36.00%	52.10%	-

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....

This was our first introduction to the fund. Nick started by explaining that part of the key to the fund's success is meeting companies and travelling. Through this they can really see what is happening on the ground. As an example, Brazil is starting to turn and offer real opportunities. It is not just about countries, but fundamentally they are stock pickers and they are looking for quality companies with strong market positions.

In terms of the market they feel there are real opportunities. For a number of years emerging markets had lagged behind developed economies but this started to turn in 2016. 2017 saw strong inflows which has helped push up the markets but even with this uptick in performance valuations are still cheaper historically and when compared to the developed world.

One key marker for them is "Dr Copper" which they see as an indicator for the global market. If demand for copper is strong then this is a positive sign. EM countries are also benefiting from strong currencies, which is positive for the economies reducing inflation and interest rates.

In terms of businesses Nick explained that they have started to invest in A Shares in China because there are some great companies. An example would be Gree Electric Appliances where sales and profits are up over 40%. Another company they like is Southern Copper which has good margins and a healthy balance sheet (this is accessed via Grupo Mexico).

Technology is another area of interest with companies like Tencent; who own WeChat and QQ, the equivalent of Snap Chat and WhatsApp. But it is not just about the big names; India is growing rapidly and Flipkart is an example of an innovative company which operates as a local business with the characteristics of Amazon. From a fund perspective, they would prefer to own the likes of Flipkart than Tencent.

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In terms of following a benchmark they say they are agnostic. The biggest weightings are South Africa, Taiwan, Russia, India and China / Hong Kong.

In summary, over long periods the fund has outperformed the index. In the short term, the fund has matched and this might reflect a poor 2016. I guess with any fund you are looking for something that makes this stand out and there simply isn't that "wow factor". It doesn't mean it is a good or bad fund, but it is just a fund to consider amongst all the other emerging market funds where perhaps performance will play a part in the final decision.

The source of information in this note has been provided by Fidelity and is correct as at September 2017. 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.