

Portfolio manager: Aditya Khowala

Approach and Style

Performance over quarter in USD (%)

Fund	4.9
Market index	4.3

S&P 500 Index (Net)

Aditya Khowala believes that markets are driven by long-term growth cycles/themes and looks for reasonably priced companies that will benefit from these trends. Winners are defined by their pricing power, the duration of growth drivers and their ability to grow cash flow. The portfolio is managed using an "active strategy". This allows Aditya to use short positions and also to increase the amount invested in the long portfolio when he finds attractive investment opportunities. He can also use options to enhance return and manage risk. When shorting stocks, Aditya looks for negative factors such as stretched valuations for growth companies or structural weaknesses in companies' balance sheets or business models. The typical range for net market exposure will be around 90-110% of fund TNA under normal market conditions.

Market index is for comparative purposes only.

These figures relate to the fund's past performance, which is not a reliable indicator of future results. 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. Source of fund performance is Fidelity. Basis: nav-nav with income reinvested, in USD, net of fees. Other share classes may be available. Please refer to the prospectus for more details.

Market Environment

US equities continued to perform strongly, supported by a robust economic outlook. Investor sentiment remained strong on the back of largely positive domestic data and President Donald Trump's tax reform proposals. During the quarter, the Federal Open Market Committee (FOMC) kept the interest rate range unchanged at 1.00-1.25%. The Federal Reserve (Fed) indicated that there would be one more interest rate increase during the year, followed by three raises in 2018, contingent on upcoming economic data. The Fed also announced that it will start winding down its balance sheet from October 2017, but said that the normalisation process would be gradual and predictable. Meanwhile, the Republican party proposed to lower the US corporate tax rate to 20% from 35% currently. Renewed hopes of deregulation resulting in shareholder returns also supported markets. As has been the dominant theme so far this year, growth stocks continued to strongly outperform value stocks during the quarter. At a sector level, mega-cap technology companies were the leading gainers. Energy stocks also witnessed robust performance, particularly in September, following a rise in oil prices led by a revival in demand from US refiners post hurricane Harvey.

Fund Review

During the quarter, the A-ACC-USD class of the fund returned 4.9% in net USD terms, outperforming the S&P500 (Net Total Return) index, which rose 4.3%. In September, the same class returned 1.3%, whereas the index return was 2.0%.

Over the quarter, aggregate long positions enhanced relative returns, whereas short positions detracted from performance. From a sector perspective, stock selection in the information technology (IT) and materials sectors added value. However, financials holdings partially weighed on performance.

IT stocks witnessed a positive earnings season. The position in Dell Technologies advanced as its cloud computing subsidiary, VMware, reported strong quarterly earnings and raised annual guidance. Mastercard released better-than-expected quarterly earnings supported by higher payment volumes. Revenues from its Domestic Assessments, Transaction Processing and Services businesses were also encouraging. Investment company Altaba gained after it announced a new stock buyback programme. This reflects management's confidence in the company's business model and future earnings growth.

IT services company Virtusa released better-than-expected quarterly revenues and raised its annual guidance. A short position in a data storage company buoyed relative performance. Its share price fell after the company reported lower-than-expected quarterly earnings and reduced its full year guidance.

Within materials, the exposure to Westlake Chemical added value as it announced strong quarterly earnings due to contributions from its recent acquisition of Axiall, a lower tax rate, and higher sales prices of its major products. CF Industries Holdings released better-than-expected revenues and continues to focus on reducing its costs. In the industrials sector, shares in aerospace & defence contractor Northrop Grumman Corp rose after it announced plans to acquire Orbital ATK, which will enable Northrop to expand its space and missile business. This is likely to be boost future earnings given President Donald Trump's plans to increase defence spending.

Meanwhile, the allocation to pet health care company PetIQ advanced after its listing on the NASDAQ stock exchange. The company distributes branded and generic pet medication through retailers such as Wal-Mart, and through ecommerce platforms such as Amazon. It enables pet owners to save medicine costs by buying directly at retail stores rather than through their veterinarians.

However, the exposure to advertising conglomerate Interpublic Group of Cos hampered performance as it reported weak quarterly earnings. The manager closed this position on account of concerns over the company's organic growth. A short position in a car rental company also weighed on returns. The manager maintains his negative outlook for the stock as this surge seems to be a result of short covering by traders rather than any fundamental change in the business model of the company.

The fund's net equity exposure was 96.3% at the end of the quarter, with the long book of 98 positions representing 125.4% and the short book of 51 positions representing -29.1% of the fund's TNA.



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 (%) 0.77

Position Contribution (%)**3 months**

	Average Relative Weight	Relative Performance Contribution		Average Relative Weight	Relative Performance Contribution
TOP CONTRIBUTORS			TOP DETRACTORS		
DELL TECHNOLOGIES INC	1.9	0.38	BROOKDALE SENIOR LIVING INC	1.0	-0.39
WESTLAKE CHEMICAL CORP	2.0	0.38	Short Position - name withheld	-0.5	-0.39
CF INDS HLDGS INC	1.5	0.32	INTERPUBLIC GROUP OF COS INC	0.9	-0.33
ALTABA INC	1.8	0.29	Short Position - name withheld	-1.9	-0.23
MASTERCARD INC	2.5	0.28	DXP ENTERPRISES INC	0.8	-0.22
AMERICAN OUTDOOR BRANDS CORP	-0.6	0.28	MOLSON COORS BREWING CO	2.4	-0.20
Short Position - name withheld	-1.0	0.27	Short Position - name withheld	-0.6	-0.20
VIRTUSA CORP	1.2	0.24	Short Position - name withheld	-0.8	-0.17
PETIQ INC	0.2	0.24	COMCAST CORP NEW	2.3	-0.17
HUNTINGTON INGALLS INDUSTR INC	1.3	0.18	PIONEER NATURAL RESOURCES CO	1.3	-0.17

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. Names of any positions being shorted at the reporting date have been withheld in line with Fidelity's disclosure policy.

Sector/Industry Contribution (%)**3 months****Country Contribution (%)****3 months**

CONTRIBUTIONS TO RELATIVE RETURN

GICS Sector	Average Relative Weight	Security Selection	Sector/ Industry Selection	Total Relative Contribution
Information Technology	7.4	1.29	0.02	1.31
Materials	6.4	0.92	-0.15	0.76
Health Care	-7.1	0.02	0.37	0.39
Consumer Staples	-0.6	0.36	-0.09	0.27
Utilities	-1.0	-0.21	0.40	0.19
Real Estate	-1.3	0.09	0.06	0.15
Telecommunication Services	-0.3	-0.04	-0.04	-0.08
Industrials	9.8	-0.27	-0.04	-0.31
Consumer Discretionary	-7.0	-0.04	-0.33	-0.37
Energy	2.5	-0.48	0.09	-0.40
Financials	-12.5	-0.37	-0.20	-0.57
Index / Unclassified	0.0	0.00	0.00	0.00
Total Primary Assets	-3.7	1.24	0.08	1.33
Other*	3.7			-0.55
TOTAL	0.0			0.77

CONTRIBUTIONS TO RELATIVE RETURN

	Average Relative Weight	Security Selection	Country Selection	Total Relative Contribution
United States	-10.0	1.19	0.00	1.19
Sweden	0.8	0.12	0.00	0.12
Belgium	2.0	0.06	0.00	0.06
Canada	2.6	0.03	0.00	0.03
Israel	0.7	0.00	0.00	0.00
Germany	-0.1	-0.03	0.00	-0.03
France	0.2	-0.04	0.00	-0.04
Index / Unclassified	0.0	0.00	0.00	0.00
Total Primary Assets	-3.7	1.33	0.00	1.33
Other*	3.7			-0.55
TOTAL	0.0			0.77

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

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