

ASIA PACIFIC PROPERTY FUND A-USD

31 MARCH 2018

Portfolio manager: Akihiko Murai

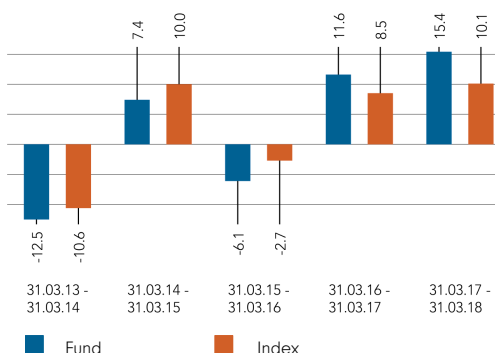
Performance for 12 month periods in USD (%)

Performance over quarter in USD (%)

Fund	2.5
Market index	0.1
GPR General Asia Net Index 10% capped	

Market index is for comparative purposes only.

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

The Asia Pacific property market started the period on a positive note as healthy global economic data supported sentiment. However, risks of faster interest rate hikes in the US led to volatility in government bond yields, which weighed on interest rate sensitive property companies. Fears of a potential trade war between the US and China towards the latter half of the period and its impact on the global economy further worried investors. Against this backdrop, realty stocks in China, Hong Kong, Malaysia and Australia ended in negative territory. The Hong Kong monetary authority raised its benchmark interest rates following a rate hike by the US Federal Reserve in March, as the Hong Kong currency is pegged to the US dollar. The Malaysian central bank also increased its key interest rate in January for the first time since July 2014. Meanwhile, average home prices in eight major Australian cities rebounded sequentially over the October-December period, after declining in the previous quarter. In Singapore, the recovery in private home prices strengthened over the January-March period. Meanwhile, the Japanese property sector ended in positive territory. Housing starts continued to decline over the January-February period from a year earlier.

Fund Performance

The fund outperformed the index over the quarter, largely due to rewarding security selection in Japan.

Japanese holdings proved rewarding

The conviction position in Tateru (formerly known as Investors Cloud) boosted performance. Sentiment towards the online apartment investment platform provider received a boost as its operating results were ahead of expectations. Another key holding in AEON Mall enhanced gains. The shopping mall operator's results showed encouraging sales growth at its domestic and overseas operations, and suggested that it is on track achieve its profit guidance. An encouraging earnings update also supported shares in developer Tokyo Tatemono.

Key positions contributed

Hysan Development added value as sentiment towards the high-end retail segment in Hong Kong improved. Australia's Cromwell Property Group advanced as its healthy business update attracted investor interest.

Exposure to the Philippines detracted

The position in SM Prime Holdings came under pressure as uncertainty around monetary policy against the backdrop of rising inflation hurt sentiment towards the Philippines market. In Australia, the holding in shopping centre real estate investment trust (REIT) Westfield pared some of its strong earlier gains amid volatility in government bond yields.

Fund Positioning

A broadly positive macroeconomic and accommodative policy environment is likely to support the Asia-Pacific property market and continue to provide an attractive backdrop for stock selection.

Opportunities in Japan

Tateru has an asset light scalable business model and trades at reasonable valuations compared to its strong potential for growth and increasing market share. The fund holds AEON Mall as most of its tenants cater to the non-discretionary segment, which should be resilient in the event of market downturns. Furthermore, growth plans in Asia, through its asset light strategy, are expected to be positive for its earnings profile.

Favour high-quality companies in Hong Kong

Hysan Development is held for its high-quality portfolio of retail and office assets at attractive locations, strong balance sheet and stable dividend policy. Wharf Real Estate Investment owns and operates prime shopping malls, and its cashflows and dividend payout are expected to benefit from an improvement in Hong Kong's retail sector. Retail malls and car parking owner Link REIT has strong corporate governance and stable defensive earnings profile due to its primary focus on non-discretionary retail spending. Its focus on asset enhancement and low occupancy costs lead to better rental visibility compared to peers. Hongkong Land has a strong management team and its office assets in Hong Kong's central office market have robust fundamentals, supported by low vacancy rates, improving rentals and rising demand.

Important Information

Past performance is not a reliable indicator of future results. The fund's returns can be affected by fluctuations in currency exchange rates.

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. The use of financial derivative instruments may result in increased gains or losses within the fund. Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be difficult to sell.



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 (%) 2.85

Position Contribution (%)

3 months

	Average Relative Weight	Relative Performance Contribution		Average Relative Weight	Relative Performance Contribution
TOP CONTRIBUTORS			TOP DETRACTORS		
TATERU INC	6.2	2.88	SM PRIME HOLDINGS INC	2.8	-0.42
TOKYO TATEMONO CO LTD	3.9	0.41	MITSUI FUDOSAN CO LTD	-3.9	-0.32
AEON MALL CO LTD	5.3	0.41	WESTFIELD CORP	3.0	-0.31
NOMURA REAL ESTA MSTR FD INC	3.3	0.41	HANG LUNG DEV LTD	2.0	-0.24
GLOBAL ONE REAL EST INV CO LTD	1.4	0.14	CHARTER HALL RETAIL REIT	1.6	-0.18
HUI XIAN REAL ESTAT INVT TRUST	1.9	0.13	AXIS REAL ESTATE INVESTMENT TR	1.5	-0.15
MIRVAC GROUP	-1.0	0.12	LINK REAL ESTATE INVEST TR	1.4	-0.13
JAPAN REAL ESTATE INVEST CORP	1.1	0.12	CAPITALAND MALAYSIA MALL TRUST REIT	0.2	-0.11
HYSAN DEVELOPMENT LTD	5.1	0.11	SUMITOMO REALTY DEV CO LTD	-0.9	-0.10
CROMWELL PROPERTY GROUP	1.9	0.10	CHARTER HALL GROUP	1.2	-0.09

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.

Sector/Industry Contribution (%)

3 months

CONTRIBUTIONS TO RELATIVE RETURN				
GICS Sector	Average Relative Weight	Security Selection	Sector/ Industry Selection	Total Relative Contribution
Real Estate	-1.1	2.79	0.01	2.81
Financials	0.0	0.00	0.00	0.00
Consumer Discretionary	-0.2	0.00	0.00	0.00
Total Primary Assets	-1.3	2.79	0.02	2.81
Other*	1.3			0.05
TOTAL	0.0			2.85

Country Contribution (%)

3 months

CONTRIBUTIONS TO RELATIVE RETURN				
	Average Relative Weight	Security Selection	Country Selection	Total Relative Contribution
Japan	-1.0	3.54	-0.13	3.40
China	1.2	0.17	-0.01	0.16
New Zealand	-0.3	0.05	0.01	0.06
Indonesia	-0.4	0.00	0.04	0.04
Australia	1.0	0.12	-0.09	0.03
Thailand	-0.4	0.00	-0.02	-0.02
Singapore	-3.1	-0.06	-0.01	-0.07
Malaysia	0.1	-0.09	-0.02	-0.11
Hong Kong	-1.5	-0.24	0.03	-0.22
Philippines	3.5	-0.48	0.00	-0.48
Other Countries	-0.3	0.00	0.01	0.01
Total Primary Assets	-1.3	3.00	-0.19	2.81
Other*	1.3			0.05
TOTAL	0.0			2.85

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

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