Sustainable Europe Equity Fund A-Euro

29.02.2024 Monthly Performance Review

Portfolio manager: Terry Raven, Alexander Grant

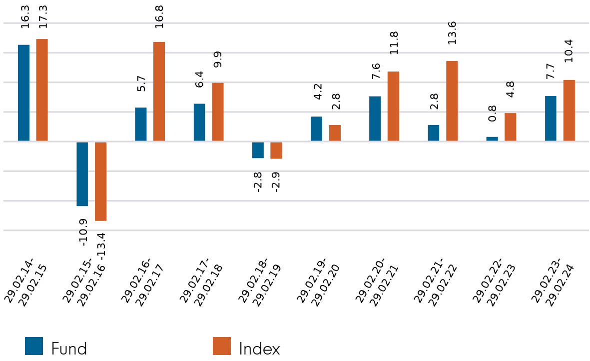
Performance over month in EUR (%)

Fund	0.2
Market index	1.9

MSCI Europe Index (Net)
Market index is for comparative purposes only.

Source of fund performance is Fidelity. Basis: nav-nav with income reinvested, in EUR, net of fees. Other share classes may be available. Please refer to the prospectus for more details.

Performance for 12 month periods in EUR (%)



Market Environment

European equities rose in February but lagged broader equity indices. Markets were supported by resilient corporate results despite disappointing economic data and a pushing back of expectations on the timing of interest rate cuts. Although inflation remains on track to reach the ECB's 2% target level, minutes from its latest meeting suggested that policymakers feel it is premature to discuss rate cuts due to rapid wage growth and underlying price pressures. ECB President Christine Lagarde reiterated that the central bank's decisions will be data-dependent to determine the appropriate level and duration of monetary restrictions. The eurozone economy avoided a recession in Q4'2023, but economic growth remained sluggish even though employment growth outpaced forecasts. Persistent inflation, high borrowing costs, and weak external demand continued to weigh on economic sentiment for the euro area. Against this backdrop, growth stocks outperformed value names, while large-caps outperformed their mid and small-cap peers.

Fund Performance

The fund returned 0.2% (A-Euro, net of fees) in February and underperformed the MSCI Europe (N) index, which returned 1.9%. The underperformance was mainly driven by stock picking within financials and energy. The lack of exposure to aerospace & defence and positioning in the consumer staples (overweight) and consumer discretionary (underweight) sectors hampered relative returns. In health care, returns were mixed as losses from stock picking were partially offset by the overweight exposure to the sector. At a stock level, BNP Paribas, the leading French lender, declined after reporting a surprise drop in fourth-quarter income and reducing its 2025 profitability target. Finland based oil refiner Neste declined after it reported fourth-quarter results below expectations, including a significant miss for renewable product earnings. Food & beverage businesses Danone and Nestlé stand among top five detractors. Danone declined despite reporting strong fourth-quarter results and giving comfort on the progress of the transformation program. Nestlé shares weakened as the food and beverages company reported FY 2023 results below expectations and warned of slower sales growth for FY 2024. In the healthcare sector, exposure to pharmaceutical business Roche disappointed after underwhelming FY 2023 results and more modest FY 2024 outlook on FX movements. However, some of these losses were limited by the fund's holding in clinical research and outsourcing business ICON. Shares benefited from in line sales and better-than-expected fourth quarter earnings. Management reiterated FY24 guidance as the outlook for biotech improves following the post-pandemic destocking impact. Other stock specific contributors were France-based construction materials group, Saint-Gobain, and information analytics and exhibition business, RELX. While Saint-Gobain continued to rise on a positive broker update from last month, RELX benefitted from a strong set of FY2023 results as demand for the firm's artificial intelligence tools and data analysis surges. RELX also announced a share buyback programme of GBP1bn and raised its dividend by 8%.

Fund Positioning

The fund leverages Fidelity's differentiated research capabilities and analyst top ideas to deliver a concentrated portfolio that promotes sustainable characteristics, with high stock-specific risk. The analysis integrates a wide range of environmental and social characteristics. The fund's largest overweight positions are currently in the IT and consumer staples sectors, while the largest underweights are in consumer discretionary and financials. In consumer discretionary, the fund has a position in luxury conglomerate, LVMH. LVMH boasts extensive disclosure, especially on emissions, and sets clear targets. With significant control over its supply chain, it has robust ESG implementation capabilities compared to less integrated peers, mitigating concerns about disclosure gaps in certain areas. The company also has a Fidelity Sustainability rating of A. ASML is a core position in IT. ASML is a beneficiary of growth in technology investment, which remains robust. As digital penetration continues to drive demand for leading edge chips, it provides a long runway for revenue and capital expenditure growth. ASML scores very well on all major ESG factors and has a Fidelity Sustainability rating of A. The managers bought a position in a Dutch insurance group <a href="#_msocom_1">as they believe the company has a strong management team aiming to operate the company as a low-cost provider in a consolidated market. The company also offers an attractive total shareholder return through a combination of dividend yield and growth. While we topped up the position in BNP Paribas following weak share price reaction to recent results, media group Schibsted was exited due to limited upside potential.

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 geographic contribution tables (where relevant) display a maximum of eleven individual entries. Where applicable, only top five and bottom five are listed, with the remaining contribution shown in the "Other Sectors" or "Others" category.

Currency of attribution	Euro (EUR)
One month relative return (%)	-1.60

Position Contribution (%) — 1 month

Top Contributors	Average Relative Weight	Relative Performance Contribution	Top Detractors	Average Relative Weight	Relative Performance Contribution
ICON PLC	1.6	0.30	BNP PARIBAS	2.5	-0.35
COMPAGNIE DE ST GOBAIN	2.8	0.17	ROCHE HOLDING AG	2.5	-0.28
RELX PLC	3.5	0.13	NESTE OYJ	1.0	-0.27
AIR LIQUIDE SA	1.9	0.12	DANONE SA	4.1	-0.26
ASML HOLDING NV	1.6	0.11	NESTLE SA	2.1	-0.21
INTERCONTINENT HTL GRP PLC NEW	1.1	0.10	UPM KYMMENE CORP	1.6	-0.18
SANOFI	-1.0	0.08	ENEL SPA	1.8	-0.17
SAP SE	1.7	0.08	CELLNEX TELECOM SAU	1.7	-0.16
EPIROC AB	2.4	0.08	ING GROEP NV	2.4	-0.14
NOVARTIS AG	-2.0	0.08	NOVO-NORDISK AS	-3.7	-0.13

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 (%) — 1 month

Contributions To Relative Return

Sector GICS	Average Relative Weight	Security Selection	Sector/ Industry Selection	Total Relative Contribution
Information Technology	3.5	0.09	-0.01	0.08
Materials	-0.2	-0.01	0.06	0.05
Utilities	0.3	0.03	-0.06	-0.02
Real Estate	0.0	-0.02	-0.02	-0.03
Communication Services	-1.0	-0.08	0.02	-0.06
Health Care	1.7	-0.30	0.19	-0.11
Consumer Discretionary	-4.1	0.10	-0.27	-0.16
Energy	-1.0	-0.28	0.02	-0.26
Consumer Staples	2.4	0.06	-0.34	-0.28
Industrials	0.1	-0.01	-0.29	-0.30
Financials	-1.9	-0.51	0.00	-0.50
Total Primary Assets	**-0.2**	**-0.92**	**-0.68**	**-1.59**
Other*	0.2			0.00
Total	**0.0**			**-1.60**

Geographic Contribution (%) — 1 month

Contributions To Relative Return

	Average Relative Weight	Security Selection	Geographic Selection	Total Relative Contribution
Ireland	3.5	0.29	0.08	0.37
United Kingdom	-2.1	0.33	0.03	0.36
Norway	-0.7	0.02	0.03	0.05
Portugal	-0.3	0.00	0.03	0.03
Belgium	-1.4	0.00	0.02	0.02
Germany	-1.5	-0.24	-0.04	-0.28
Switzerland	-3.8	-0.49	0.13	-0.36
Italy	-1.8	-0.32	-0.08	-0.39
France	7.6	-0.52	0.08	-0.44
Finland	3.4	-0.30	-0.18	-0.48
Others	-3.0	-0.31	-0.17	-0.48
Total Primary Assets	**-0.2**	**-1.53**	**-0.07**	**-1.59**
Other*	0.2			0.00
Total	**0.0**			**-1.60**

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

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