

Portfolio manager: Alberto Chiandetti

## Approach and Style

## Performance over month in EUR (%)

Fund	2.0
Market index	1.4

MSCI Italy 10/40 (N)

Alberto Chiandetti is a bottom-up investor who believes share prices are correlated to earnings and that strong earners will therefore outperform. He looks to invest in companies where the market underestimates earnings because their sustainability is not fully appreciated. He also looks for situations where the impact company changes will have on earnings has not been recognised by the market. Alberto aims to achieve a balance of different types of companies so he can deliver performance without adding undue risk.

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 gross income reinvested, in EUR, net of fees. Other share classes may be available. Please refer to the prospectus for more details.

## Market Environment

European equities advanced on expectations that European Central Bank (ECB) President Mario Draghi will announce more stimulus measures to revive inflation and boost growth in the region. However, uncertainty prevailed due to rising geopolitical tensions as Turkey shot down a Russian fighter jet near the Syrian border. The increased likelihood of a first interest rate hike in nearly a decade by the US Federal Reserve also dampened overall market sentiment. Nonetheless, all sectors ended in positive territory, with industrials and technology gaining the most. Large-cap companies lagged their small and mid-cap peers, whereas growth stocks outperformed value companies. Macroeconomic data releases were positive during the month. The eurozone Markit Composite Purchasing Managers' Index (PMI) rose to 54.2 in November. The expansion in economic activity during the month was evenly distributed across the manufacturing and service sectors. The pace of manufacturing output growth also increased, with a substantial improvement in order books. New business in the service sector rose at the fastest pace in four-and-a-half years, while new manufacturing orders registered the fastest increase since April 2014. Meanwhile, the eurozone Economic Sentiment Indicator (ESI) remained broadly stable, with increased confidence among consumers and in the services and construction sectors. Eurozone inflation remained at 0.1% in November, which further raised the prospects of fresh stimulus from the ECB.

## Fund Performance

The fund outperformed the index in November, primarily driven by contribution from the financials sector. Not holding Banca Monte Dei Paschi and UBI contributed to relative returns. Their shares slid following disappointing earnings results and as investors became concerned about their capital position and the potential impact of low interest rates on their margins. The overweight position in Poste Italiane boosted performance as the stock surged following its successful initial public offering. Banca Popolare Di Milano, a key bank holding in the portfolio, gained on back of strong third-quarter results. Elsewhere, the position in utility firm A2A advanced as it reported better than expected third-quarter results and announced a dividend hike. The company is also expected to benefit from potential consolidation in the Italian power generation sector through strong pricing power and synergies arising from any acquisitions it may undertake. Holdings in branded beverage business Davide Campari-Milano soared as it reported strong margins and better geographical sales mix for the third quarter. Conversely, the underweight stance in vehicle manufacturer and agri-equipment maker CNH Industrial and defence company Finmeccanica detracted from relative performance as the industrial sector picked up following year-to-date weakness. Additionally, avoiding insurance stocks such as Unipolsai and Generali hampered relative returns on the back of positive sentiment around European insurance companies.

## Fund Positioning

The fund has an overweight exposure to the health care, consumer discretionary and materials sectors. Within consumer discretionary, travel food and beverage supplier Autogrill is a key overweight holding. It operates major assets in the US and Italy and has good growth potential with high operational gearing (higher proportion of fixed cost). The manager is also positive on selected financials stocks. For instance, the position in diversified financial services company Poste Italiane is now the largest active holding in the fund. Significant restructuring potential in its core postal business, ongoing growth of its insurance segment and the stabilisation of earnings at its banking entity are expected to deliver value. The company also offers an attractive dividend yield. Asset manager Anima also remains a key position in the portfolio as it offers leveraged exposure to an economic recovery in Italy. Its assets under management are growing, supported by good cost controls and strong cash flow generation. Within health care, Bayer is among the top active holdings in the portfolio. The company has visible growth prospects in its pharmaceuticals and crop businesses based on new product launches. During the month, the allocation to motorway concessionaire firm Atlantia was increased as it stands to benefit from an improvement in Italian road traffic. The manager also raised the exposure to utility business Enel following share price weakness. The company is restructuring its business model, allowing more visibility on cash flow and increasing focus on simplification. Cost cutting measures and plant closures are likely to yield positive results. The exposure to gas-transmission business Snam was enhanced as the company offers attractive dividend yields at current prices.

## 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 ten individual sectors/industries or countries. For funds investing in more than ten 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	Euro (EUR)
One month relative return (%)	0.71

## Position Contribution (%)

1 month

	Average Relative Weight	Relative Performance Contribution		Average Relative Weight	Relative Performance Contribution
<b>TOP CONTRIBUTORS</b>			<b>TOP DETRACTORS</b>		
BANCA MONTE DEI PASCHI SPA	-2.7	0.37	SANOFI	1.9	-0.20
UNIONE DI BANCHE ITALIANE SCA	-4.1	0.29	CNH INDUSTRIAL NV	-1.5	-0.17
POSTE ITALIANE SPA	3.9	0.26	UNIPOLSAI SPA	-1.8	-0.17
EXOR SPA	-2.9	0.23	ASSICURAZIONI GENERALI SPA	-4.6	-0.13
LUXOTTICA GROUP SPA	-4.4	0.10	BANCA CARIGE SPA	0.9	-0.09
BANCA POPOLARE DI MILANO	1.6	0.09	ANIMA HOLDING SPA	1.9	-0.08
A2A SPA	1.7	0.09	TOD'S SPA	1.6	-0.06
TENARIS SA	0.9	0.08	TELECOM ITALIA SPA NEW	-0.8	-0.06
DAVIDE CAMPARI-MILANO SPA	1.4	0.07	ENI SPA	-2.5	-0.06
ITALMOBILIARE SPA	1.0	0.07	AUTOGRILL SPA	2.2	-0.05

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

GICS Sector	Average Relative Weight	Security Selection	Sector/ Industry Selection	Total Relative Contribution
Financials	-11.6	0.57	0.31	0.88
Materials	3.9	0.08	0.00	0.08
Consumer Discretionary	5.2	0.07	0.01	0.08
Consumer Staples	2.3	0.08	0.00	0.08
Energy	-0.2	0.02	0.00	0.02
Utilities	-4.6	0.01	-0.04	-0.03
Telecommunication Services	-0.8	-0.11	0.05	-0.06
Health Care	4.9	-0.13	0.00	-0.13
Industrials	-2.3	0.01	-0.25	-0.24
Index / Unclassified	0.6	-0.01	0.00	-0.01
<b>Total Primary Assets</b>	<b>-2.6</b>	<b>0.60</b>	<b>0.08</b>	<b>0.68</b>
Other*	2.6			0.02
<b>TOTAL</b>	<b>0.0</b>			<b>0.71</b>

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

## Important Information

Before investing you should read the Key Investor Information Document (KIID). Details of where the KIID is available are on the last page of this factsheet. 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. Where an investor's own currency is different to the currency of the fund's investments, the fund's returns can be affected by fluctuations in currency exchange rates. The use of financial derivative instruments may result in increased gains or losses within the fund. This fund invests in smaller markets which can make it more volatile than funds investing in larger markets.

Fidelity International refers to the group of companies which form the global investment management organisation that provides information on products and services in designated jurisdictions outside of North America.

Fidelity only offers information on its own products and services and does not provide investment advice based on individual circumstances, other than when specifically stipulated by an appropriately authorised firm, in a formal communication with the client.

This communication is not directed at, and must not be acted upon by persons inside the United States and is otherwise only directed at persons residing in jurisdictions where the relevant funds are authorised for distribution or where no such authorisation is required.

Unless otherwise stated, all views are those of Fidelity.

Reference in this document to specific securities or funds should not be construed as a recommendation to buy or sell them, but is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity. The research and analysis used in this documentation is gathered by Fidelity for its use as an investment manager and may have already been acted upon for its own purposes.

Past performance is not a reliable indicator of future results. The value of investments can go down as well as up and you may get back less than you invested.

Fidelity, Fidelity International, the Fidelity International logo and F symbol are trademarks of FIL Limited.

This fund is managed by FIL Investment Management (Luxembourg) S.A.

This document describes a sub-fund and share class of the UCITS. The Prospectus and Reports and Accounts are prepared for the entire UCITS.

Morningstar annualised growth rates, total return, sector median performance and ranks - Data Source - © 2015 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Before investing you should read the Key Investor Information Document (KIID), which is available in your local language through the website [www.fidelityinternational.com](http://www.fidelityinternational.com) or from your distributor.

**Austria:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from FIL Investment Services GmbH, Kastanienhöhe 1, D-61476 Kronberg im Taunus, Germany as well as with the Austrian paying agent UniCredit Bank Austria AG, Vordere Zollamtstrasse 13, A-1030 Wien, FIL (Luxembourg) S.A. - Zweigniederlassung Wien, Mariahilfer Strasse 36, 1070 Wien or [www.fidelity.at](http://www.fidelity.at). Issued by FIL (Luxembourg) S.A.

**Chile:** Neither the issuer nor the securities have been registered with the Superintendencia de Valores y Seguros pursuant to law no. 18,045, the Ley de Mercado de Valores, and regulations thereunder. This document does not constitute an offer of, or an invitation to subscribe for or purchase, the securities in the republic of Chile, other than to individually identified buyers pursuant to a private offering within the meaning of article 4 of the Ley de Mercado de Valores (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

**Denmark:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available in your local language along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank or from [www.fidelity.dk](http://www.fidelity.dk). Issued by FIL (Luxembourg) S.A.

**Finland:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank and from [www.fidelity.fi](http://www.fidelity.fi). Issued by FIL (Luxembourg) S.A.

**France:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank or visit the Fidelity website. Issued by FIL (Luxembourg) S.A.

**Germany:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from FIL Investment Services GmbH, Postfach 200237, 60606 Frankfurt/Main or [www.fidelity.de](http://www.fidelity.de). Issued by FIL Investment Services GmbH.

**Iceland:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank. Issued by FIL (Luxembourg) S.A.

**Italy:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank. Issued by FIL Investments International.

**Luxembourg:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from our distributors or [www.fidelity.lu](http://www.fidelity.lu). Issued by FIL (Luxembourg) S.A.

**Malta:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from Growth Investments Limited (which is licensed by the MFSA). Fidelity Funds are promoted in Malta by Growth Investments Ltd in terms of the EU UCITS Directive and Legal Notices 207 and 309 of 2004. The Funds are regulated in Luxembourg by the Commission de Surveillance du Secteur Financier. Issued by FIL (Luxembourg) S.A.

**Netherlands:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from FIL (Luxembourg) S.A., Netherlands Branch (registered with the AFM), World Trade Centre, Tower H, 6th Floor, Zuidplein 52, 1077 XV Amsterdam (tel. 0031 20 79 77 100) or from [www.fidelity.nl](http://www.fidelity.nl). Fidelity Funds is authorised to offer participation rights in The Netherlands pursuant to article 2:66 (3) in conjunction with article 2:71 and 2:72 Financial Supervision Act. Issued by FIL (Luxembourg) S.A.

**Norway:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank or from [www.fidelity.no](http://www.fidelity.no). Issued by FIL (Luxembourg) S.A.

**Peru:** Fidelity Funds SICAV has not been registered before the Superintendencia del Mercado de Valores (SMV) and are being placed by means of a private offer. SMV has not reviewed the information provided to the investor. This document is only for the exclusive use of institutional investors in Peru and is not for public distribution.

**Portugal:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge. Fidelity Funds is registered with the CMVM and the legal documents can be obtained from locally authorised distributors. Issued by FIL (Luxembourg) S.A.

**Spain:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge. For the purposes of distribution in Spain, Fidelity Funds is registered with the CNMV Register of Foreign Collective Investment Schemes under registration number 124, where complete information is available from Fidelity Funds authorised distributors. The purchase of or subscription for shares in Fidelity Funds shall be made on the basis of the KIID that investors shall receive in advance. The KIID is available for inspection at the offices of locally authorised distributors as well as at the CNMV. Issued by FIL (Luxembourg) S.A.

**Sweden:** Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank, from our European Service Centre in Luxembourg, FIL (Luxembourg) S.A. 2a, rue Albert Borschette BP 2174 L-1021 Luxembourg or from [www.fidelity.se](http://www.fidelity.se). Issued by FIL (Luxembourg) S.A.

**Switzerland:** Investments should be made on the basis of the current prospectus and KIID (key investor information document), which are available along with the current annual and semi-annual reports free of charge from our distributors, from FIL Luxembourg S.A. and from our legal representative and paying agent in Switzerland: BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich. Issued by FIL Investment Switzerland AG authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority FINMA.

**United Kingdom:** Investments should be made on the basis of the KIID (key investor information document) which is available at [www.fidelity.co.uk/importantinformation](http://www.fidelity.co.uk/importantinformation). The full prospectus may also be obtained from Fidelity. Please note that not all funds in the SICAV fund range are suitable for UK investors and tax advice should be sought before investing. Fidelity Funds is recognised under section 264 of the Financial Services and Markets Act 2000. Investors should note that loss caused by such recognised funds will not be covered by the provisions of the Financial Services Compensation Scheme (or by any similar scheme in Luxembourg) if the fund is unable to meet its obligations, however claims for loss in regards to such recognised funds against a Financial Conduct Authority authorised firm such as Fidelity will be. The UK distributor of Fidelity Funds is Fidelity International. Issued by FIL Investments International, a firm authorised and regulated in the UK by the Financial Conduct Authority. FIL Investments International is registered in England and Wales under the company number 1448245. The registered office of the company is Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ, United Kingdom.

CI3631 CL1305203/1013 English

T1a



This information is for Investment Professionals only and should not be relied upon by private investors.