

ASIA FUND W - ACC SHARES

31 DECEMBER 2019

Portfolio manager: Teera Chanpongsang

Performance over quarter in GBP (%)

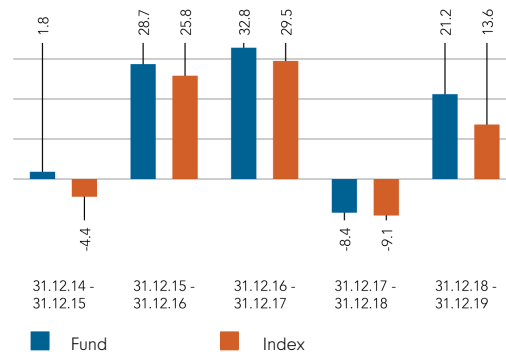
Fund	4.9
Market index	4.0

MSCI AC Asia ex Japan (N)

Market index is for comparative purposes only.

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

Performance for 12 month periods in GBP (%)



Market Environment

Equities in Asia advanced over the quarter amid monetary policy easing by central banks globally and easing tensions between the US and China. In key developments, a partial trade truce was reached between both the countries, with the "phase one" trade deal likely to be signed in January. Against this backdrop, Chinese equities rose over the quarter. In addition, stimulus measures announced by the Chinese government boosted investor confidence. Taiwanese and Korean equities buoyed returns amid advances in the information technology (IT) sector. The Taiwanese technology rally was fuelled by an incrementally positive outlook for major technology companies that are exposed to fifth generation (5G) applications, while the Korean technology sector was boosted by improved sentiment towards the memory chip market. Conversely, Indian markets slid due to concerns over weak macroeconomic data. In addition, global credit rating agency Moody's downgraded the country's outlook from stable to negative, which further weighed on the market. Hong Kong equities declined amid ongoing social unrest in the region. Singapore and ASEAN markets were also subdued during the quarter. At the sector level, IT and consumer discretionary stocks were the best performers. Conversely, the utilities and consumer staples sectors ended lower.

Fund Performance

The fund outperformed the index over the quarter, led by rewarding security selection in China and Taiwan. At a sector level, industrials, IT and consumer discretionary stocks buoyed performance, while financials were mixed.

Chinese positions among key contributors

The exposure to Alibaba proved rewarding. Its robust corporate earnings were driven by strong revenue and user growth in its retail and cloud business. Investors also welcomed its Hong Kong listing and significantly higher online sales at the 'The Double 11' Shopping festival. Wuxi Biologics benefited from an encouraging demand outlook, backed by the rising penetration of contract manufacturing organisations and the growing biologics business in China. Truck engine maker Weichai Power witnessed resilient demand for heavy duty trucks from the logistics sector.

Taiwanese IT names posted strong gains

The conviction holding in leading semiconductor foundry Taiwan Semiconductor Manufacturing Company (TSMC) added value in light of upbeat demand prospects for 5G smartphones and its unique competitive position.

Selected Indian financials were caught in short term concerns

HDFC Bank underperformed the broader market. Its significant retail lending portfolio prompted concerns in light of a slowdown in consumption in India.

Fund Positioning

I focus on identifying high-quality, undervalued stocks with robust business models and strong management teams that can add considerable value for shareholders over time. These factors support companies' earnings and drive stock market performance in the long term. In addition, there is a clear focus on domestic exposure to benefit from strong local demand. I look to target long-term winners at attractive valuations. I also prefer companies that benefit from the secular growth of e-consumption, a rising middle class and premiumisation.

Conviction in high-quality financials

Insurer AIA Group has encouraging growth prospects in Asia's underpenetrated insurance markets. A strong franchise, good management team and solid asset quality support the position in HDFC Bank. I prefer Indonesia's Bank Central Asia for its strong deposit franchise and entrenched cash management business.

Favour holdings in strong franchises

I maintain a high conviction position in TSMC. It is a global semiconductor foundry leader and a front-runner with cutting edge technology. It is best-positioned to benefit from the proliferation of augmented reality and virtual reality, the internet of things and artificial intelligence. Kweichow Moutai is China's premium liquor producer with a strong brand name that stands to benefit from a consumption upgrade. The company has a dominant position in the country's high-end liquor market, strong market share gains and robust demand for its products. I continue to favour Wuxi Biologics for its strong business model with high barriers to entry, a solid development platform and robust pipeline of client projects.

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. This fund invests in emerging markets which can be more volatile than other more developed markets. Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be difficult to sell.

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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	UK Sterling (GBP)
Three month relative return (%)	0.86

Position Contribution (%)

3 months

	Average Relative Weight	Relative Performance Contribution		Average Relative Weight	Relative Performance Contribution
TOP CONTRIBUTORS			TOP DETRACTORS		
ALIBABA GROUP HOLDING LTD	1.1	0.29	HDFC BANK LTD	3.8	-0.32
TAIWAN SEMICONDUCTR MFG CO LTD	2.3	0.27	KWEICHOW MOUTAI CO LTD	2.4	-0.14
WUXI BIOLOGICS (CAYMAN) INC	1.5	0.17	HYUNDAI MOTOR CO	0.6	-0.12
INFOSYS LTD	-0.7	0.17	POWER GRID CORP OF INDIA LTD	0.6	-0.11
WEICHAI POWER CO LTD	0.5	0.15	AIRPORTS OF THAILAND PCL	1.3	-0.11
PING AN INS GROUP CO CHINA LTD	-1.5	0.13	HON HAI PRECISION IND CO LTD	-0.7	-0.10
HOUSING DEV FINANCE CORP LTD	1.2	0.10	BUDWEISER BREWING CO APAC LTD	0.6	-0.09
CHINA OVERSEAS LAND & INV LTD	0.8	0.08	PTT PUBLIC CO LTD	0.7	-0.08
SUNNY OPTICAL TEC(GROUP)CO LTD	1.2	0.07	ULTRATECH CEMCO LTD	0.4	-0.08
LINK REAL ESTATE INVEST TR	-0.5	0.07	TAL ED GROUP	-0.3	-0.08

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				
	Average Relative Weight	Security Selection	Sector/ Industry Selection	Total Relative Contribution
GICS Sector				
Communication Services	-3.5	0.08	0.26	0.34
Industrials	-4.1	0.14	0.19	0.33
Information Technology	2.5	-0.01	0.24	0.23
Consumer Discretionary	4.2	-0.04	0.24	0.20
Utilities	-2.5	-0.06	0.23	0.17
Health Care	-0.1	-0.03	0.14	0.11
Real Estate	-2.9	0.13	-0.09	0.04
Materials	-3.4	-0.12	0.10	-0.02
Financials	7.3	0.06	-0.09	-0.03
Consumer Staples	2.2	0.13	-0.17	-0.05
Energy	-0.7	-0.12	0.04	-0.08
Total Primary Assets	-1.1	0.15	1.09	1.25
Other*	1.1			-0.39
TOTAL	0.0			0.86

Geographic Contribution (%)

3 months

CONTRIBUTIONS TO RELATIVE RETURN				
	Average Relative Weight	Security Selection	Geographic Selection	Total Relative Contribution
China	0.4	0.38	0.00	0.39
Hong Kong	0.4	0.35	-0.03	0.32
Taiwan	-3.2	0.41	-0.19	0.22
Malaysia	-2.3	0.00	0.19	0.19
Indonesia	1.2	0.16	-0.06	0.10
Pakistan	0.0	0.00	0.00	0.00
United States	0.1	-0.01	0.00	-0.01
Vietnam	0.1	-0.01	0.00	-0.01
Singapore	-0.5	-0.06	0.03	-0.03
Thailand	0.8	0.04	-0.10	-0.06
Others	1.8	0.26	-0.11	0.14
Total Primary Assets	-1.1	1.52	-0.27	1.25
Other*	1.1			-0.39
TOTAL	0.0			0.86

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

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