

## GLOBAL SPECIAL SITUATIONS FUND W - ACC SHARES

31 DECEMBER 2019

Portfolio manager: Jeremy Podger, Jamie Harvey

## Performance over quarter in GBP (%)

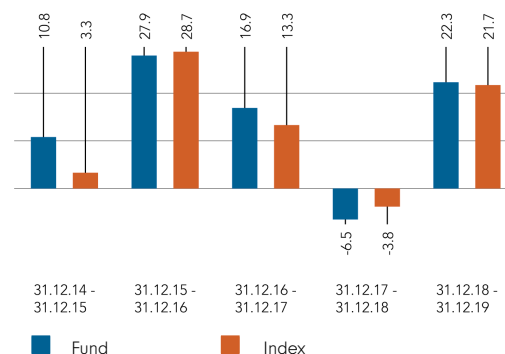
Fund	2.3
Market index	1.3

MSCI AC WORLD (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

Global equities advanced in the fourth quarter as the US and China announced an agreement on a 'phase one' trade deal, easing tensions over the 18-month trade dispute that unnerved financial markets and hurt global economic sentiment. US equities also gained due to an accommodative monetary policy stance by the US Federal Reserve. The central bank cut interest rates for the third time in 2019 and signalled no change in 2020. European stocks delivered positive returns on a better than expected third quarter results season against lowered consensus expectations. Reduced political uncertainty following the Conservative Party's convincing majority in the UK elections added to the strength in UK and European stocks. Equities in export-oriented Japan registered an increase due to the yen's weakness against the US dollar and Prime Minister Shinzo Abe's announcement of a \$120 billion (¥13 trillion) fiscal stimulus package. The move should help the world's third-largest economy to overcome the aftermath of the recent natural disasters, alleviate the impact of the recent tax hike and survive a potential economic slowdown after an expected uplift during the summer Olympics. Emerging market equities also rallied. Chinese equities advanced amid policy support measures implemented by the government and an indefinite delay of new tariffs by the US that were set to take effect during the quarter. At a sector level, cyclical such information technology (IT) were favoured by investors, while defensives such as consumer staples and utilities lagged the broader market.

## Fund Performance

The fund outperformed the index.

## Revival in key US health care holdings

In addition to the abatement of some political concerns related to health care pricing/coverage, increased investor interest in health care stocks was aided by strong earnings. Health insurer and pharmacy benefits manager (PBM) Cigna and the largest publicly traded hospital in the US HCA Healthcare were key beneficiaries.

## Stock selection in IT and financials sectors boosted returns

Robust results and outlook boosted holdings in these sectors. TDK is a play on fifth-generation (5G) technology. Growing power density in smartphones is expected to benefit its battery business, while increasing applications in automobile and information and communications technology are expected to drive its electronic component business. Shares in Societe Generale re-rated. The company has an appealing business mix with exposure to countries with low margin pressure.

## Certain consumer discretionary names detracted from performance

The US-based dollar store major Dollar Tree declined on weaker than expected quarterly results as pressure on margins overshadowed consistent revenues. Improved execution, specifically the further optimisation of costs and asset base, and continued transformation of its Family Dollar chain should enhance shareholder value. Online marketplace eBay weighed on returns as investors overlooked growth in its advertising and payments franchises, and focused on the weak outlook for its marketplace business for 2020 instead. Improved execution and restructuring due to increased activist investor interest are expected to support investor returns.

## Fund Positioning

The fund invests in three specific types of opportunities – corporate change, firms that offer the potential for a fundamental shift in value; exceptional value, companies with the ability to deliver earnings growth in excess of market expectations; and unique businesses, firms with a dominant industry position, strong growth, cash flow and pricing power.

## Overweight stance in quality franchises in IT

The fund has been adding to the overweight position in Japan over the past few months, as it stands out on valuation grounds. We have found some stocks that have suffered due to the slowdown in global manufacturing, but that have the potential for a strong inflection and improvement in margins. This includes stocks such as TDK. We also leveraged some corporate change situations in the US, particularly in the payments space. The consolidation process in this segment offered attractive opportunities such as Fidelity National Information Services (FIS), which recently acquired WorldPay.

## Earnings resilience via key communication services positions

We remain optimistic about unique businesses in media and services that have the potential to grow earnings faster than their peers. These include companies such as Charter Communications and Alphabet. We also remain positive on key telecommunication themes, including the 5G cycle and opportunities to improve revenue monetisation via higher data traffic, as well as potential market consolidation. Key active positions offer earnings resilience in an environment of heightened volatility via exposure to such themes.

## 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 more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies.

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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 (%) 0.94

## Position Contribution (%)

3 months

	Average Relative Weight	Relative Performance Contribution		Average Relative Weight	Relative Performance Contribution
<b>TOP CONTRIBUTORS</b>			<b>TOP DETRACTORS</b>		
CIGNA CORP	1.1	0.23	DOLLAR TREE INC	1.2	-0.35
Z HOLDINGS COR	0.7	0.22	EXELON CORP	1.4	-0.21
TDK CORP	1.5	0.21	EBAY INC	1.2	-0.19
HCA HEALTHCARE INC	1.5	0.20	MARATHON PETROLEUM CORP	1.4	-0.17
SOCIETE GENERALE FRANCE	1.3	0.19	T-MOBILE US INC	1.4	-0.12
MICROSOFT CORP	0.7	0.19	ROYAL DUTCH SHELL PLC	1.8	-0.12
CHARTER COMMUNICATIONS INC	2.1	0.18	DEUTSCHE BOERSE AG	1.4	-0.11
CENTENE CORP	0.4	0.17	INTERCONTINENTAL EXCHANGE INC	1.3	-0.11
MORGAN STANLEY	0.9	0.16	UNITEDHEALTH GROUP INC	-0.5	-0.11
Short Position - name withheld	-0.7	0.15	SOMPO HOLDINGS INC	0.7	-0.11

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

## Geographic Contribution (%)

3 months

## CONTRIBUTIONS TO RELATIVE RETURN

	Average Relative Weight	Security Selection	Sector/ Industry Selection	Total Relative Contribution
<b>GICS Sector</b>				
Information Technology	6.3	0.88	-0.14	0.74
Consumer Staples	-7.6	-0.04	0.46	0.42
Financials	2.8	0.40	0.01	0.41
Health Care	0.1	0.26	0.12	0.38
Communication Services	2.4	0.28	-0.04	0.24
Industrials	-3.2	0.33	-0.14	0.18
Real Estate	-0.4	-0.02	0.17	0.15
Materials	-2.1	0.02	-0.06	-0.04
Utilities	1.5	0.00	-0.11	-0.11
Energy	-0.1	-0.27	0.02	-0.25
Consumer Discretionary	-0.8	-0.52	-0.05	-0.56
Index / Unclassified	0.0	0.00	0.00	0.00
<b>Total Primary Assets</b>	<b>-1.1</b>	<b>1.31</b>	<b>0.24</b>	<b>1.56</b>
Other*	1.1			-0.62
<b>TOTAL</b>	<b>0.0</b>			<b>0.94</b>

## CONTRIBUTIONS TO RELATIVE RETURN

	Average Relative Weight	Security Selection	Geographic Selection	Total Relative Contribution
United States	-2.5	1.00	0.00	1.00
Japan	0.8	0.32	-0.04	0.28
France	2.4	0.21	-0.01	0.20
Korea (South)	0.8	0.12	0.04	0.16
Canada	-3.0	0.00	0.12	0.12
Israel	0.7	-0.03	-0.01	-0.04
United Kingdom	1.3	-0.05	0.01	-0.04
Thailand	0.2	-0.04	-0.02	-0.05
Germany	1.8	-0.26	0.03	-0.24
China	-3.2	-0.08	-0.17	-0.25
Others	-0.3	0.01	0.41	0.42
<b>Total Primary Assets</b>	<b>-1.1</b>	<b>1.19</b>	<b>0.37</b>	<b>1.56</b>
Other*	1.1			-0.62
<b>TOTAL</b>	<b>0.0</b>			<b>0.94</b>

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

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