

### Fund description

Invests in a portfolio of 30 to 50 emerging markets securities that we believe are positioned to generate returns through market cycles and have demonstrated a track record of strong corporate governance.

### Fund facts

**Portfolio manager:** Alex Duffy  
**Benchmark:** MSCI Emerging Markets Index NR  
**Inception date:** 16 December 2013  
**Fund size:** AU\$19.30M  
**Number of stocks:** 30 to 50  
**Management cost:** 1.00% p.a.  
**Buy/sell spread:** 0.40%/0.40%

### Portfolio guidelines

**Stocks:** Max 5% at initiation of position  
**Industry:** Unconstrained  
**Region:** Unconstrained  
**Country:** Unconstrained  
**Frontier Markets:** Up to 20% maximum  
**Cash:** Target range between 0-10%

### Top 10 holdings %

	Fund	B'mk
AIA GROUP LTD	5.6	0.0
TAIWAN SEMICONDUCTR MFG CO LTD	5.3	4.1
HDFC BANK LTD	4.6	0.0
BANK CENTRAL ASIA TBK PT	3.7	0.3
HOUSING DEV FINANCE CORP LTD	3.5	0.7
SAMSUNG ELECTRONICS CO LTD	3.1	4.5
TECHTRONIC INDUSTRIES CO LTD	3.1	0.0
COGNIZANT TECH SOLUTIONS CORP	3.0	0.0
TATA CONSULTANCY SERVICES LTD	2.9	0.5
BAIDU INC	2.7	1.2

### Past performance %

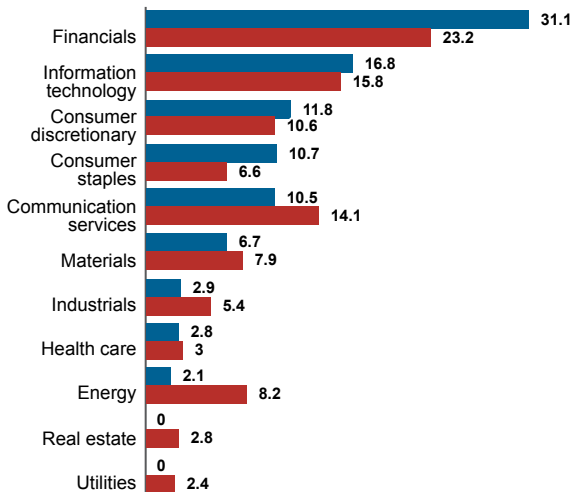
	1 mth	3 mth	6 mth	1 yr	Since Inception p.a (16.12.2013)
Fidelity Global Emerging Markets Fund	-0.29	1.02	-1.02	9.78	9.59
MSCI Emerging Markets Index NR	-0.58	1.00	-3.49	7.56	8.39
Excess return	0.29	0.02	2.47	2.22	1.20

### Growth and income %

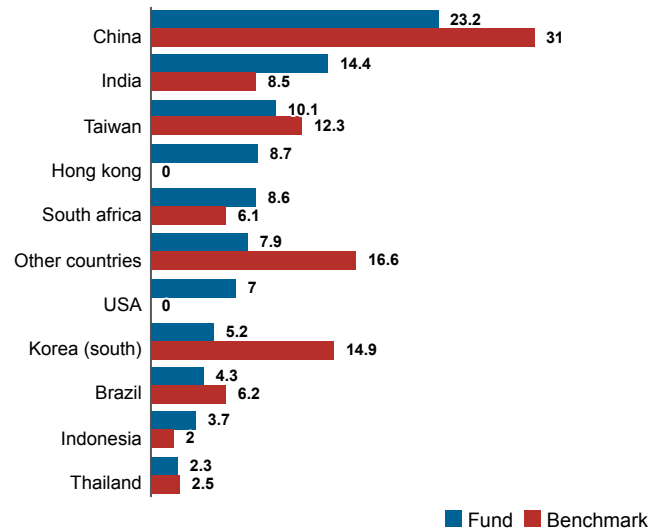
	1 yr	3 yrs p.a.	5 yrs p.a.	Since Inception p.a (16.12.2013)
Total return	9.78	11.83	-	9.59
Growth	9.46	10.75	-	8.7
Income	0.32	1.08	-	0.89

**Past performance is not a reliable indicator of future performance.** Total returns (net) have been calculated using mid prices and are net of Fidelity's management costs, transactional and operational costs and assumes reinvestment of distributions. No allowance has been made for tax or the buy/sell spread. Returns of more than one year are annualised. The return of capital is not guaranteed.

### Industry breakdown %



### Geographic breakdown %



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current as at the date shown above but may be subject to change in the future. Management costs include GST but exclude abnormal expenses and transactional and operational costs. Investors accessing the fund through a master trust or wrap account will also bear any fees charged by the operator of such master trust or wrap account. Any apparent discrepancies in the numbers are due to rounding.

## Quarterly Report

### Market performance

Emerging market equities ended a volatile quarter in negative territory in US dollar and euro terms. A strong US dollar; contagion risks from Argentina and Turkey; and geopolitical tensions between the US and Russia weighed on sentiment. The trade rift between the US and China escalated as both countries imposed tariffs and counter-tariffs on exports, resulting in a sell-off across riskier assets. Subsequently, Chinese stocks fell. However, the downside was limited as China said that it would pursue a more 'pro-active' fiscal policy in the form of tax cuts and increased infrastructure spending to boost domestic demand. In Latin America, Brazilian markets endured a volatile period as investors increasingly focused on the Presidential election in October. Meanwhile, the US imposed further sanctions against Russia, with Russian banks bearing the brunt of continued geopolitical tensions.

### Fund performance

The fund performed in line with the index. Stock picking in the information technology (IT) sector and the positioning in communication services buoyed relative returns. However, health care holdings and the residual underweight in energy sector weighed on relative returns. From a country perspective, stocks in Hong-Kong aided returns, whereas Indian names detracted from performance.

#### Overweight in consumer discretionary added value

The position in Techtronic Industries rose as it reported strong half-yearly revenues, driven by the performance of its power tools and floor care businesses. The lack of exposure to Alibaba Group boosted performance as the Chinese market and tech stocks headed lower. Shares in electrical appliance manufacturer Midea Group slid as Chinese retail investors worried thus slowing sales growth. The US China trade war continued. While sales growth has passed its 2017 peak, the long-term case for rising demand for white goods remains intact.

#### Indian financials declined

Financials stocks suffered as investors worried about inflationary pressures and bad loans in the non-banking financial sector in the country. Subsequently, the holdings in Housing Development Finance Corp and its banking business HDFC Bank fell. The latter was also affected by the surprise resignation of its long serving Deputy Managing Director. The bank's leadership team clarified that they have robust succession planning in place and will soon find a replacement. Elsewhere, the exposure to Bank Central Asia rose.

#### Limited allocation to communication services

Underweight in Chinese internet company Tencent Holdings supported relative performance. Its share price fell as it reported lower-than expected quarterly revenues due to a slowdown in its mobile gaming business.

### Major contributors to quarterly performance %

As at 30/09/2018

	Active positions	Contribution
TENCENT HLDGS LTD	-3.44	0.62
TECHTRONIC INDUSTRIES CO LTD	2.85	0.48
ALIBABA GROUP HOLDING LTD	-3.96	0.42
BANK CENTRAL ASIA TBK PT	3.67	0.31
TAIWAN SEMICONDUCT MFG CO LTD	1.62	0.30

### Major detractors to quarterly performance %

As at 30/09/2018

	Active positions	Contribution
CSPC PHARMACEUTICAL GROUP LTD	1.97	-0.68
MIDEA GROUP CO LTD	2.12	-0.59
HDFC BANK LTD	5.26	-0.54
HOUSING DEV FINANCE CORP LTD	2.84	-0.40
COPA HOLDINGS SA	1.89	-0.30

### Market Outlook

Emerging markets may be negatively impacted by the strong US dollar, trade war concerns, continued US monetary policy tightening and geopolitics. A supportive environment for commodities should benefit export oriented developing countries. However, economic growth in China will be crucial for a sustainable increase in commodity prices. Capacity cuts imposed on steel and coal production in China may be eased as policymakers are dealing with a slowdown in the country's growth. Nonetheless, from a long-term perspective, emerging markets continue to offer many opportunities, supported by structural growth drivers such as urbanisation and lifestyle changes. This will drive demand for different goods and services in underpenetrated markets.

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Total net returns represent past performance only. Past performance is not a reliable indicator of future performance. Returns of the Fund can be volatile and in some periods may be negative. The return of capital is not guaranteed. The returns shown have been calculated using the net asset value of the Fund from one period to the next. The returns include any re-invested distributions and are after fees and expenses. No allowance has been made for taxation or for any fees charged by operators of master trusts or wrap accounts through which the products are offered. For periods greater than one year returns have been annualised.

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