

Source: Square Mile and Refinitiv, Data as at: 31st July 2024.

Overview

The fund invests in a portfolio of Asian companies, excluding Japan. Investments will typically be in medium and larger sized companies. We believe the fund's manager is capable of achieving attractive capital returns for investors over the long run. However, this is an equity fund investing in developing markets that can exhibit significant volatility and, over shorter time periods, the fund may well experience highly variable performance both in an absolute sense and relative to its benchmark index.

Square Mile's Expected Outcome

We believe the fund should be able to outperform MSCI AC Asia ex Japan index +2% p.a. over the longer term, which we would consider to be rolling five-year periods.

Square Mile's Opinion

We believe this fund's manager should be capable of meeting his longer-term objectives, but there will be times that he may fall short of these. The manager's willingness to stay true to his philosophy and maintain positions can lead to short-term setbacks, for instance, when markets are chasing certain themes or are influenced by external events rather than company fundamentals. However, the manager's experience of investing through different economic conditions gives him the edge one needs to run this type of strategy and we believe this fund may be an attractive choice for investors with a long-term horizon. The fund offers investors access to a very experienced manager, who is supported by a well-resourced team of analysts based in the region. The mandate affords the manager the flexibility to invest where he sees fit, but he is always looking at potential problems that can arise with his companies, and this balances well with his stock-picking, in our opinion. He has an excellent understanding of the region, the ecosystem within which companies operate, as well as the businesses themselves. He exhibits a good grasp of risk both at the individual stock level and overall portfolio level. The manager has access to and makes use of a large pool of analysts and portfolio managers, who he is very familiar with, having been with Fidelity for well over 20 years.

Fund Manager's Formal Objective

The fund aims to increase the value of your investment over a period of five years or more.

| | |
|---|---|
| Outcome: Capital Accumulation | Domicile: UK |
| Active/Passive: Active | Benchmark: MSCI AC Asia Ex Japan |
| Asset Class: Equity | IA Sector: IA Asia Pacific Excluding Japan |
| Yield: 0.94% | Fund size: £2,591 M |
| Fund Manager: Teera Chanpongsang | Distribution Pay Date: April |
| Fund Price: 15.7 Pounds | Dividend Frequency: Annual |
| Currency of Share Class: GBP | Share Class Launch Date: 15/10/2012 |

Source: Square Mile and Refinitiv, Data as at: 31st July 2024

Asset Manager Overview

Fidelity International, was established in 1969 as the international investment arm of Fidelity Investments, founded by Edward C Johnson 2nd in 1946 in Boston. It is a privately own company and invests for the long term. The business operates globally (ex US) and provides investment solutions for institutional and individual clients across the equity, fixed income, multi-asset and real estate markets.

Fund Manager/Team Overview

Teera Chanpongsang has been managing this fund since January 2014, but first started running money in July 1998 when he took charge of Fidelity's Thailand fund. He has been managing Asian equity portfolios ever since and is supported by an impressive team of regionally located portfolio managers and analysts.

Investment Philosophy & Process Overview

The manager tends to have a long-term time frame when investing in a company. He believes the region offers structural growth opportunities and as a bottom-up investor, he is essentially looking for growing companies that trade below their intrinsic value. He has a preference for companies with skilled management teams, strong franchises and resilient business models; these are ones with long-term runway of growth and a capability of delivering sustainable and improving free cash flow generation. However, he has a flexible approach and will consider all industries and investable markets within the region. His mosaic approach means the fund will comprise of both global leaders in Asia as well as those that he believes have unrealised growth potential, improving operating fundamentals or that are well positioned to benefit from cyclical rotations in their industry. Since the manager took charge of the fund, the fund has tended to outperform the index on a consistent basis through the investment cycle.

In his search for new ideas, he typically likes to engage in a significant round of company meetings, combining his research with stock ideas generated by Fidelity's in-house analysts. He likes scrutinising a company's accounting policy while site visits help him to further assess the profitability and attractiveness of the business, its track record, the quality of the management team, the valuations and the level of returns potentially available to shareholders.

Country and sector allocations are usually driven by the manager's stock choices and whilst he has relative freedom to invest the portfolio as he sees fit, there are some loose guidelines he prefers to follow at the stock and sector level. He finds the majority of ideas within the mid and large cap space and looks to build a portfolio of circa 70 to 90 stocks, although he may also incubate some positions, which could increase the number of holdings to well over 100 holdings.

ESG Integration

Fund ESG Integration

The fund does not have a specific environmental, social and governance (ESG) mandate however the manager does take these factors into account as part of his company evaluation process. These factors are particularly pertinent when investing in Asian and many developing markets.

At Fidelity, they believe that high standards of corporate responsibility generally make good business sense and have the potential to protect as well as enhance returns. Consequently, their investment process takes ESG issues into account when, in their view, issues have a material impact on either investment risk or return. The investment process is therefore structured around building an understanding of these issues before they escalate into events that may potentially threaten the value of investments.

Fidelity's ESG integrated approach is relevant across all the asset classes, sectors and markets in which they invest. ESG integration is carried out at research analyst level as well as portfolio management level. Their approach to integrating ESG factors into investment analysis includes fundamental research, which is the cornerstone of the investment approach, company engagement, active ownership and collaboration within the investment industry. Research analysts have overall responsibility for analysing the ESG performance of the companies in which funds invest, but the business also has dedicated global ESG specialists who are responsible for consolidating the firms approach to ESG integration, engagement and voting. The group is a signatory to the United Nations PRI (Principles for Responsible Investment).

Risk Summary

This fund's asset class risk score is high, but the fund is exposed to Asian markets, which can be very volatile. A long-term investment horizon is helpful to weather the ups and downs in this asset class whilst large inflows and hot money into the region can also lead to general exuberance and over-optimism at times and equity valuations stretching beyond their fundamental boundaries. The fund's risk is marginally higher than its peer group, but the manager's investment process, which leads to company selection driving the fund's positioning, means that at times the strategy can look very different to peers and the regional market index. Relatively large active positions can be taken at the geographical, sector, market capitalisation and stock level.

Additional Information

| | |
|------------------------|---------|
| Annualised Return: | -3.24% |
| Annualised Volatility: | 15.63% |
| Max Drawdown: | -27.83% |
| Max Gain: | 14.17% |
| Max Loss: | -12.87% |
| Sharpe Ratio: | - |
| Sortino Ratio: | -0.30 |

(3 years data to last month end unless otherwise stated)

Qualitative Risk Assessment

| | Significant | Potentially Significant | Not Significant |
|-----------------------|--|---|---|
| Equity Risk |  | | |
| Interest Rate Risk | |  | |
| Credit Risk | | |  |
| Exchange Rate Risk |  | | |
| Liquidity Risk | | |  |
| Emerging Markets Risk |  | | |
| Derivative Risk | | |  |
| Manager Risk |  | | |

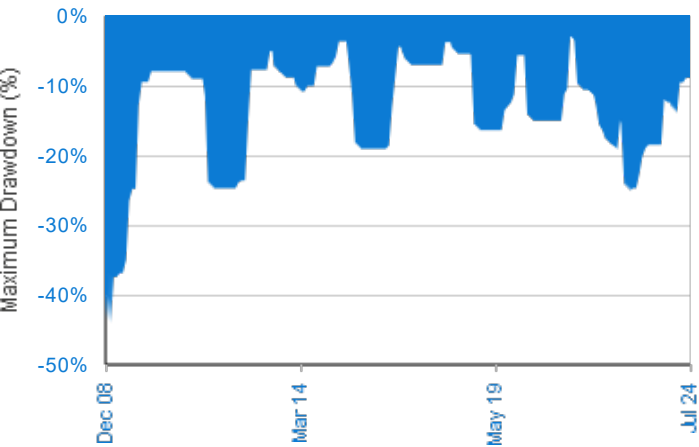
For the full summary of the risks, [click here](#)

3 Year Rolling Sector Outperformance



Source: Square Mile and Refinitiv, Data as at: 6th September 2024. Share price total return.

Maximum Drawdown (Rolling 12 Months)



Source: Square Mile and Refinitiv, Data as at: 6th September 2024

Calendar Year Performance To Quarter End

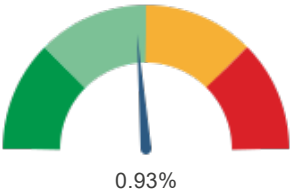
| Period | Fund (%) | Sector (%) |
|--------|----------|------------|
| 2023 | -3.6 | -0.1 |
| 2022 | -11.7 | -6.4 |
| 2021 | -6.2 | 1.9 |
| 2020 | 24.2 | 19.4 |
| 2019 | 21.2 | 15.7 |

Source: Square Mile and Refinitiv, Data as at: 14th September 2024

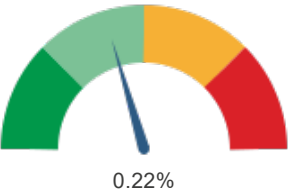
Value for Money

The fund has an attractive total cost of investment (TCI). This is a space that does include many funds with varied objectives and mandates, but we believe that this particular fund represents good value for money as investors have access to an experienced Asian manager as well as Fidelity's impressive research resources in the region. Such characteristics are not easy to find or replicate.

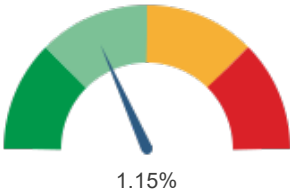
OCF v Peer Group



Transaction Costs v Peer Group



TCI v Peer Group



Source: Square Mile and Refinitiv, Data as at: 31st July 2024.

The Square Mile ratings are reviewed every 6 months. For full details on the methodologies, [click here](#).

For a full list of all Square Mile rated funds, [click here](#).

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