

# Fund Snapshot

May 2009

## Fidelity Funds – EMEA (Emerging Europe, Middle East and Africa) A Acc USD\*

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\* Generali International, through their Vision and Choice products, do not currently offer this fund for sale in Hong Kong.

*For Introducer and Financial Adviser use only*



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The EMEA region contains over 80% of the world's proven oil reserves, half of the world's 20 fastest growing cities and with strong economic growth and increased consumerism\* Generali International choose to offer these opportunities on it's fund range.

\* Information Source: BP Statistical review of world energy June 2007, data as at the end of June 2006.



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### Why choose this fund?

- The Fund offers investors a **compelling opportunity** to gain access to one of the most exciting and, as yet, untapped long-term investment stories in today's market.
- The Fund aims to invest primarily in equities of companies who are predominantly active in Emerging Europe (including Russia), the Middle East and Africa; however, Portfolio Manager Nick Price is able to invest in stocks listed in countries outside of these regions but which derive a large part of their revenue or have significant exposure to the region.
- Since launch the Fund has **outperformed its benchmark** index by a compelling **19.49%** (as at 28.2.09)<sup>1</sup>.
- Typically conducting 10-15 company meetings each week throughout the region, Mr. Price is supported in his activities by **five analysts** dedicated solely to researching companies in the EMEA region and leverages Fidelity's extensive network of **500 research professionals** worldwide.

<sup>1</sup> Source: Fidelity/Morningstar from 11.06.07 to 28.2.09. Nav-Nav, Gross income re-invested, based in US Dollars.

Information source: Fidelity

Past performance is not indicative of future performance. Investors and/or their investment advisers are responsible for their investment decisions and any choice of investments is entirely at their own risk. Please note that investment performance may go down as well as up.

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### Why choose this fund?

Performance Overview (%)

	Quarter	YTD	1 yr	3 yr	5 yr
Fund	1.0	1.0	-46.2	-	-
Index*	-4.4	-4.4	-49.8	-	-
Quartile	2	2	1	-	-

\*MSCI Emerging EMEA Index (Capped 5%)

Source: Fidelity, Performance Highlights, 1st Quarter 2009, data to 31.03.09.

Information source: Fidelity

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### Why choose this sector?

- The EMEA region contains more than **80 countries** – covering Russia in the East, through to the Middle East and the entire African continent.<sup>2</sup>
- Returns from the EMEA market are lowly correlated to the US, UK and European markets, but also show low inter-market correlation. The region tends to be also typically under-represented in most investors' portfolios.
- EMEA benefits from a number of compelling, long-term trends:
  - The EMEA region is **rich in resources** – it contains 97% of the world's platinum reserves and over 80% of the world's oil reserves.<sup>3</sup>
  - Economic growth and consumerism – the region has a **GDP greater than China and India** combined.
  - Rapid urbanisation and infrastructure – it contains half of the top 20 **fastest growing cities** in the world.<sup>4</sup>
  - Demographics – it has a young and rapidly growing population of more than **1.5 billion people**.<sup>5</sup>

Information source: Fidelity

<sup>2</sup> Source: Datamonitor/Fidelity

<sup>3</sup> Source: US Geographical Survey, Mineral Commodity Summaries, January 2007 and BP Statistical Review of World Energy, June 2006. Platinum includes all platinum group metals – platinum, palladium, ruthenium, iridium, osmium.

<sup>4</sup> Source: Citymayors.com/statistics/urban\_growth.

<sup>5</sup> Source: Datamonitor/Fidelity as at 2007.

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### What type of investor would be interested in this fund?

- The Fund may suit investors seeking a **specialist holding**, which has the potential for attractive **long-term growth** from a largely untapped region, to complement core investments.
- It may also suit investors wishing to **diversify** their international equity exposure.
- The Fund may offer the potential for significantly higher long-term returns than cash or fixed income.

Information source: Fidelity

### Generali International Risk Rating

 High

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### Market Environment

- The Emerging Europe Middle East and Africa (EMEA) region has not been immune to the pullback witnessed in developed countries earlier this quarter. As optimism about the success of major economic stimulus packages in the US and Europe was countered by a stream of disappointing economic news, stock markets remained volatile in the region.
- The impact of the recession in the US and Western Europe was increasingly felt through shrinking demand for exports from developing countries. This prompted governments and central banks in emerging markets to continue lowering interest rates and initiate measures to cushion their economies. A moderation in economic activity in key emerging markets, such as China and India, hurt sentiment, as did the depreciation of the Russian

rouble. Fear of a collapse in the financial system in Eastern Europe accompanied by sovereign debt rating downgrades and currency weakness also contributed to the decline in investor confidence.

- In contrast, Israel and South Africa proved more resilient, reflecting a better growth outlook and well-regulated financial system. Africa, for instance, has been largely insulated from the problems that have affected most developed markets because it is primarily a cash economy where people are not highly indebted and, therefore, demand especially from the low end consumer remained solid. On a positive note, EMEA markets recovered and closed in positive territory after having tested previous lows in early March, as risk appetite returned and investors hunted for undervalued stocks.

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### Fund Performance

- The fund substantially outperformed its benchmark over the quarter. Eastern European currencies continued to deteriorate, amid weakening economic activity and heightening investor concerns over the increasing cost of foreign currency debts. As a result, zero exposure to Poland and Hungary proved rewarding. A cautious stance and favourable stock selection among banks added value. In particular, avoiding PKO Bank Polski, Bank Polska Kasa Apiece and Hungary's OTP Bank, some of the worst performing banks in the region, was beneficial.
- The overweight exposure to Aspen Pharmacies, the leading drug distributor in the Southern hemisphere, enhanced returns after announcing better-than-expected earnings growth helped by its international expansion. Elsewhere, exposure to precious metal names AngloGold Ashanti and Aquarius Platinum supported returns as investors sought relative safe havens.
- Conversely, a lack of exposure to Rostelecom, Russia's largest long distance fixed-line telephone operator, eroded performance as industry consolidation news flow boosted shares.

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Generali International has developed a “Funds Platform” which provides online access to comprehensive funds information – information that is independent and impartial and allows for the fund range to be easily compared on a like for like basis. The platform allows you to view fund information in an interactive manner and download intuitive reports, which include the fund performance, pricing and other important information.

To access the “Funds Platform” and gain more information on this fund and the rest of our fund range, please click below.



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For further details on our full fund range, please refer to our International Fund Selection (IFS) Brochure.

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