Time to tighten monetary policy?

The September Federal Reserve meeting was mildly dovish but unclear communication increased uncertainty and led risk assets to sell off. This has kept our measure of equity investor sentiment oversold and the Multi Asset Allocator funds continue to hold an elevated equity weight on the expectation that sentiment normalises with a move higher in risk assets. The Investment Clock remains in the ‘Overheat’ phase of the economic cycle and supports our overweight to risk assets. The inflation component of the Clock has stayed elevated although headline CPI levels are close to zero. The overweight in stocks is funded with underweight positions in bonds and cash. Over the month we deepened the underweight in Emerging Markets (EM) that has been held since 2013.

Economic picture: unchanged
The Investment Clock model was largely unchanged over the month and remains in the ‘Overheat’ phase of the cycle. The growth reading picked up at the margin largely on base effects. The leading components in the US and Europe deteriorated but were offset by improvements in the UK and Japan. Our trend growth indicator remained at its maximum positive level. The inflation reading slipped over the month as falls in the leading indicator outweighed improvements in the trend. The Investment Clock continues to pick up the improvement in inflation momentum but actual levels remain extremely low.

Positioning: overweight stocks, underweight Emerging Markets
The economic backdrop continues to support an overweight position in stocks relative to bonds. Our measure of equity investor sentiment remains oversold and we have maintained additional equity exposure to benefit from a normalisation in sentiment. At the regional level, we deepened our underweight to EM and added to Europe and the US. In sectors, we are overweight Healthcare and Consumer Discretionary with underweight positions in Staples and Utilities. In currencies we are overweight the US dollar and underweight the euro, Japanese yen and Australian dollar.

Macro Round-Up: Fed holds off on tightening due to low inflation and risks around China
Fidelity Solutions’ Global Economist, Anna Stupnytska, discusses the recent Fed decision not to raise rates and some of the reasons behind this. While the US growth story remains unchanged, low inflation and risks around China persuaded the Fed not to hike this time. More broadly, Anna discusses the slowdown in China, along with the wider slowdown in the EM universe and the impact this might have.

Time Out: Three key considerations for UK equity investors
Nick Peters, Portfolio Manager & Team Leader – Equity Research at Fidelity Solutions, explores the opportunities offered by UK equity markets, highlighting three key considerations for investors. He assesses the potential impact of continued low commodity prices, central bank policy and political uncertainty, outlining the importance of active management in this context.

Focus Chart: Inflation breakevens and equities

*As at 31 Aug 2015.

Source: Datastream, September 2015.
ClockWise: Current Positioning

Overweight equities, underweight EM

<table>
<thead>
<tr>
<th></th>
<th>++</th>
<th>+</th>
<th>=</th>
<th>-</th>
<th>--</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi Asset</td>
<td></td>
<td></td>
<td>Equities</td>
<td>Commodity</td>
<td>Property</td>
</tr>
<tr>
<td>Equity Regions</td>
<td>Japan</td>
<td>Europe ex UK</td>
<td>US</td>
<td>Asia Pacific</td>
<td>Emerging Markets</td>
</tr>
<tr>
<td>Equity Sectors</td>
<td>Discretionary Technology Healthcare</td>
<td>Financials, Industrials, Materials, Energy</td>
<td>Utilities Staples</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currencies</td>
<td>US Dollar</td>
<td>Sterling</td>
<td>Swiss Franc, Canadian Dollar</td>
<td>Japanese Yen, Euro, Australian Dollar</td>
<td></td>
</tr>
</tbody>
</table>

Source: Fidelity Solutions. This represents the opinion of Fidelity Solutions’ Tactical Asset Allocation team, as at September 2015. Individual fund positions may vary.

Multi Asset: Overweight Equities
- The economic backdrop remains supportive of stocks and we are overweight. With equity investor sentiment still oversold we have maintained the additional exposure built up in recent weeks.
- We are overweight bonds. The Fed has signalled that they remain on track to raise rates this year.
- We have a neutral position on commodities. While the supply/demand balance is improving, the renewed weakness in China is a negative.
- Property is likely to struggle as monetary policy starts to normalise and we have used the recent rally in yield sensitive assets to establish a small underweight.

Equity Regions: Underweight EM
- We brought US equities to neutral this month. The US economy is expanding at a steady pace but company earnings are under downward pressure due to the stronger dollar and lower oil price.
- Japan is our largest overweight. The BoJ’s stimulus measures are a boost to Japanese equities and Japan benefits from the strong US dollar backdrop.
- We have an overweight to European equities and added to the position over the month. The economy is steadily improving and is supported by ECB policy, but earnings have been hurt by the bounce back in the euro.
- We are overweight the UK with a preference for the domestically exposed mid cap companies. The market’s commodity sensitivity is more of a headwind to the globally exposed large cap stocks.
- Our largest underweight position is in the Emerging Markets. US dollar strength and China’s slowdown continue to weigh on the market.

Equity Sectors: Overweight Healthcare, Underweight Interest Rate Sensitive Sectors
- Our largest overweight is in the Healthcare sector. The sector has a domestic focus and a strong product pipeline.
- We remain overweight Consumer Discretionary which benefits from the move lower in oil prices and interest rates.
- We trimmed our position in the Technology sector which is hurt by the depreciation of Asian currencies.
- Within the commodity sensitive sectors we prefer Energy over Materials. The fundamental supply/demand outlook for oil prices has improved while weakness in China is a bigger headwind for Materials.
- We remain underweight interest rate sensitive Staples and Utilities, in keeping with our negative view on bonds.

Currencies: Overweight US dollar
- We are overweight the US dollar as the Fed remains on course to be the first major central bank to tighten monetary policy.
- We are underweight the Japanese yen, which should stay weak given the BoJ’s ongoing commitment to monetary stimulus. Recent economic softness increases the chance of further policy action.
- We are underweight the euro. Downward pressure remains with the ECB’s commitment to expand its balance sheet.
- We are neutral sterling and the Swiss franc. UK data is better but inflation is low and fiscal policy will have some drag on growth leaving the BoE on hold until the Fed hikes.
- We are neutral the Canadian dollar and hold a small underweight to the Australian dollar. Both currencies are exposed to commodity prices.
Investment Clock in Overheat

Our global growth scorecard increased over the month. Leading economic growth indicators deteriorated slightly but this was more than offset by an improvement in the momentum of expansion. The trend of growth remains strong with unemployment falling across the major developed regions. US business confidence has softened although the weakness is focused on the manufacturing sector of the economy. The non manufacturing data in the US has held up remarkably well and the housing market recovery remains intact. Elsewhere, Japanese data has deteriorated slightly while data in Europe continues to improve slowly. The fundamental picture in Developed Markets (DM) is reasonable but global growth is being weighed upon by the Emerging Markets.

Our inflation reading remains positive. Last month the leading component turned negative for the first time in three months as prices paid surveys in the US and UK deteriorated further. Meanwhile the trend of CPI increased in the US and UK. Headline inflation should get some boost from base effects alone over the next three months, although commodity price weakness is still a headwind.

The Investment Clock model which helps inform our Tactical Asset Allocation decisions remains in the ‘Overheat’ phase of the economic cycle. This phase typically sees central banks hiking rates to cool an overly-rapid economic expansion. However, renewed commodity price weakness and extremely low inflation levels means there is no urgency for central banks to tighten monetary policy. The Fed continues to signal that it will tighten this year although further financial market volatility could push this into next year. The risk to growth from here is that further easing may be necessary to stem a growth shock in China and policy makers there could prove reluctant to act.

Source: Fidelity Solutions, September 2015. This represents the opinion of Fidelity Solutions’ Tactical Asset Allocation team. For illustrative purposes only.
Weakness centred on EM

Economic weakness remains focused on EM, with the flash PMI in China falling to another post crisis low. The problems are even more acute in related economies that are also struggling with low commodity prices. Unemployment in Brazil has risen to the highest level since early 2010 while the Brazilian real has weakened to the lowest level since its launch in 1994 after Standard and Poor downgraded the country’s debt to junk. DM PMIs have held up relatively well so far.

Source: Thomson Reuters Datastream, September 2015.

While DM manufacturing is holding up better than EM data, there is a clear slowdown in global manufacturing. Services, which tend to be a larger part of DM GDP, are more domestically focused and have held up much better. This is confirmed by the employment data which continues to show unemployment rates falling across all of the major DM economies.

Source: Thomson Reuters Datastream, September 2015.

The combination of low commodity prices and the weak global trade backdrop is resulting in the liquidation of EM reserves. This is now significant enough to tighten global liquidity conditions even though both the ECB and the BoJ are still expanding their balance sheets aggressively. A slowing in the pace of US dollar appreciation or a bounce in commodities would ease the pressure on EM but additional DM policy action is likely to be required in order to maintain global liquidity at current levels.

DM policy response

The tightening in global liquidity and concerns over EM have impacted DM equities and our measure of equity investor sentiment has reached the most oversold levels since 2011. Oversold sentiment tends to resolve with a move higher in risk assets after policy makers react. The PBoC has cut rates and the ECB has hinted at further action but additional stimulus in DM is probably required.

**Chart 8: Sentiment remains oversold**

With headline inflation in developed markets close to zero there is no pressure to tighten monetary policy. That said, as last year’s sharp falls in energy prices wash out, base effects mean headline inflation is likely to pick up significantly in the months ahead, before peaking with the January data. This leaves policy makers who are inclined to ease further (the ECB and potentially the BoJ) a relatively small window in which to do so.

**Chart 9: Base effects will see headline inflation rise**

Additional easing from the ECB and BoJ would help to offset the tightening from EM, but does risk strengthening the dollar further. This is a marginal headwind for US GDP but is likely to matter more for corporate earnings which have already turned negative in recent quarters. Unless the Fed pushes out tightening again this will be a less supportive backdrop for equities as we move into 2016.

**Chart 10: Corporate earnings and US dollar (inverted)**
A busy month for Fed, China and EM watchers

Global growth momentum slowed over the past month, led mainly by deterioration in global trade and manufacturing indicators. At the same time, consumer confidence continued to hold up well, rebounding in a number of places after easing earlier in the summer (Chart 1). DM recovery remained intact, while EM economies continued weakening. Fed policy, China’s slowdown and the effect of these on EM continued to dominate investors’ minds.

Chart 1: DM consumer confidence holding up

In this environment, it came as no big surprise that the Fed decided to remain in the ‘wait and see’ mode for now. I believe a December hike is still likely at this point, provided data holds up, inflation and inflation expectations show some tentative signs of a reversal, and financial conditions ease somewhat. But risks are skewed towards the hiking timeline shifting into 2016 altogether.

Chart 2: No sign of inflationary pressures in the US (and elsewhere)

The US fundamental growth story over the next few months remains unchanged as the economy continues rebounding from the weak first quarter. The labour market progress (although at a slower rate), a consumption rebound helped by lower energy prices, the strength of the services sector and improving activity in housing and construction should support growth for the remainder of the year. Meaningful wage pressures are still unlikely to resurface in the near future as broader measures of unemployment point to some slack remaining in the economy. A combination of weak wage pressures, lower commodity prices and US dollar strength will keep inflation in check for now.

The lack of inflationary pressures (Chart 2) and some uncertainty around the future inflation trajectory were part of the reason behind the Fed’s decision not to hike rates at its September meeting, which was in line with my expectations. While the FOMC signalled continued confidence in the state of the US economy, it was made clear that, together with the low level of inflation, external risks and financial market developments became decisive factors against the hike this time. The recent tightening in US financial conditions, driven by the strong US dollar and the August sell-off, if sustained, could indeed ultimately result in slower US growth. The state of the Chinese economy and vulnerabilities of other EMs have added to the overall uncertainty.

In addition to the Fed, China’s slowdown also remained in sharp focus. Despite weakness in some key manufacturing indicators and negative headlines, broader measures of activity that do not exclusively focus on industrial activity suggest no hard landing for Q3 2015. While weakness in industrial activity and slowing trade continue to weigh on growth, the services and property sectors remain in expansionary territory. This is good news for rebalancing and, given China’s overcapacity issues, a sign of things to come.

As China’s broader financial conditions remain relatively tight, a growth rebound is unlikely without further policy action. The PBOC’s move to cut interest rates and RRR in August is certainly a step in the right direction but given the lower effectiveness of the policy transmission mechanism, it is not enough to reverse the ongoing slowdown. While there is no appetite (or need, given the government’s reform agenda) for a big stimulus package, further limited monetary and fiscal support is likely, particularly if the recent deterioration in labour market indicators continues (Chart 3). Conditional on further policy action, some stabilisation and moderate pick-up in activity over the next few months is probably the best case scenario. A sharp rebound is unlikely and downside risks remain.
The EM universe continued struggling, as the headwinds from lower commodity prices, slowing Chinese demand and tighter financial conditions (with the Fed’s hike looming on the horizon) intensified. While some of these factors have been playing out for some time now, it is hard to see a quick reversal in EM’s fortunes in the near future. The lack of structural reform in many places, particularly in Brazil, Russia and South Africa, exacerbates vulnerabilities, making a strong rebound unlikely for now.

Much has been made of EM indebtedness and in particular a large increase in EM corporate debt since the global financial crisis. As EM currencies have weakened over the past few years, the hard currency debt burden has increased further as a share of GDP, particularly in commodity exporters and/or countries with large external imbalances, such as Russia, Chile, South Africa, Brazil, Mexico and Turkey. As global rates rise, highly indebted EM corporates could face a wave of defaults, putting economies under further stress. This type of shock could become a powerful transmission mechanism as EM vulnerabilities spill over to DM via financial links. And while the overall resilience seems to be higher than in the 1990s, there are fragile pockets across EM that are worth watching closely.

This article was written by Anna Stupnytska, Global Economist at Fidelity Solutions. For her latest economic analysis and commentary, follow Anna on Twitter: @AnnaStupnytska
Three key considerations for investors in UK equities

As concerns over China’s economic slowdown and its impact on Emerging Markets continue, there are signs that Developed Market equities should outperform over the next few months. In this context, the UK offers some compelling opportunities, as domestic demand is supported by rising wages and low inflation. Such an environment is supportive for equities, and recent volatility has provided a relatively attractive entry point for investors looking to add exposure to the UK.

Of course, it’s also important for investors to understand the broad exposure that UK equities can provide. For example, many of the UK’s largest companies derive a large part – or even the majority – of their earnings overseas. These are key constituents in the FTSE 100, so this part of the market is therefore less affected by the UK economy and more affected by factors such as the slowdown in Emerging Markets or the slump in commodity prices. In this sense, many investors will look to take calls from a market cap perspective, and I think active managers are particularly well positioned to select those companies which are most likely to outperform.

Overall, I continue to be relatively positive on UK equities, although there remain a number of risks to the region. At the moment, I think there are three key things for investors to consider when thinking about UK equities. First, ongoing commodity price weakness and its implications for resource-exposed UK large cap companies. Second, central bank policy, where the Bank of England’s upcoming decision on the timing of interest rates will have an important impact on equity markets overall. Third, the UK remains exposed to significant political risk, not least in the build-up to the referendum on EU membership.

Two ways to play commodity prices

Weakness in commodity prices is a double-edged sword for UK equities. On one hand, low energy prices and cheap raw materials are helping to keep inflation low and stimulate consumer demand. Companies linked to the UK’s domestic consumption, such as those in Consumer Discretionary sectors, should continue to benefit from these tailwinds. While some of these companies will be listed on the FTSE 100, companies on the FTSE 250 tend to be a purer play for UK exposure.

On the other hand, ongoing commodity price weakness has negative implications for some of the country’s largest companies. Around 20% of the FTSE 100’s capitalisation is accounted for by the commodity sector, where low oil prices and weakness across commodities have clearly held back the index this year. However, there are those who believe that we have now seen the worst of the price falls, and that value is beginning to emerge after the broad sell-off the commodity sector experienced. Within this context, well-run companies with strong balance sheets are beginning to look attractive from a valuation perspective, and could benefit from a stabilisation in prices, as well as any ongoing weakness from their competitors. I think active management is important in playing this trend, however, with skilled stock pickers being able to selectively choose those companies best positioned to deal with ongoing commodity price weakness and their potential recovery.

Central bank policy is key

In addition to the boost to consumer demand, the falls in commodity prices have helped to keep inflation low, and thus allowed the Bank of England (BoE) the leeway to keep interest rates low. While the BoE is unlikely to start raising rates before the Federal Reserve in the US, there is a chance that we will see a rise in the first half of the 2016. This is all the more likely if we see the Fed raise rates, as the BoE has been reluctant to be the first major central bank to raise rates.

Chart 1: GBP strength could weigh on exports

If the Bank of England does decide to raise rates next year, such a move could be construed as good for financials, which tend to perform better in a rate rising environment, with the UK’s banking sector having already benefited from the degree of certainty following a Conservative election victory this May. Of course, a rate rise could also bring more negative side effects, and investors will be focused on the potential impact of a stronger sterling on the UK export sector. Exports are already facing challenges, and Chart 1 shows how they have remained in contraction for much of 2015. More broadly, this ties into concerns about the UK current account deficit, which represents a significant drag on the economy.

Political risk back on the agenda

While the election of a Conservative majority government in May was seen as broadly positive by many UK equity investors, concerns are arising once again around political risk in the UK and in particular, the forthcoming referendum on Britain’s EU membership. As yet, however, there is no fixed date for this and while some believe this could happen as early as next year, 2017 is also a strong possibility. While the date is yet to be announced, the timing is likely to be favourable to the ‘Yes’ camp, given that the Prime Minister will be campaigning heavily to stay in a reformed European Union, rather than to leave it...
altogether. Although recent polling has indicated slim majorities in favour of leaving the EU, polls have not always proved reliable in the past, with the UK’s May 2015 General Election being only the most recent example. Overall, I do not think the UK’s EU referendum represents a significant risk at the moment – with the UK electorate still to be presented with the EU’s proposals for reform. However, it is certainly something which has the potential to trigger substantial uncertainty, and therefore volatility in equity markets over time. Again, a good active UK equity manager should be able to identify opportunities in this context.

**Chart 2: Polls are underway ahead of the UK’s referendum on Europe, but the electorate has yet to see the EU’s proposals for reform**


On top of the risk posed by the EU referendum, the UK faces a degree of political uncertainty at home. Some commentators are focusing on the risks arising from the election of Jeremy Corbyn as leader of the Labour Party (the UK’s main Opposition) and the shift towards left that he represents. I don’t think these risks are pronounced at the moment. In the seemingly improbable event of a Corbyn-led Labour Party winning the General Election in 2020, the implementation of any of his economic policies is five years away. Any impact from his election as party leader is therefore more likely to be focused on the economic debate within the UK, though even here Labour’s move to the left should allow the Conservatives to occupy a stronger pro-business stance, rather than lead to the debate around the UK economy becoming more left leaning.

**What does this all mean for investors?**

Ultimately, investors in the UK face a range of opportunities, but must also bear in mind a number of key questions when investing in UK equities. Of most immediate importance is the question of what adding UK exposure really delivers: UK equities offer access to global markets as well as British ones, and to commodities as well as stocks. The impact of central bank policy will also be a central focus for investors interested in the UK, and questions of political uncertainty will remain (although less than before the General Election a few months ago) for the foreseeable future.

In this context, active management can help investors navigate these dynamics. Skilled stock pickers can demonstrate long-term outperformance over market cycles, with in-depth research and analysis helping to identify those quality companies which should perform well over time. In the context of potentially more volatile markets, they can also take advantage of this volatility, tactically adding to companies which they believe to be oversold and avoiding those companies which demonstrate the least resilience. Within the funds that I manage, I have been adding on down days to those managers who have been moving up the market cap spectrum.

*This article was written by Nick Peters, Portfolio Manager and Team Leader – Equity Research, Fidelity Solutions*
Crouching tiger, slowing dragon
Ayesha Akbar 28 September 2015

While China has traditionally outshone its neighbour economically, India managed to exceed Chinese growth rates in the first quarter of 2015, before matching them in the second quarter. Although there have been concerns over the pace of China’s slowdown in recent months, the long term potential for India is encouraging and, in some ways, less complicated than that for China.

Asset allocation update – September 2015
Anna Stupnytska, Kevin O’Nolan, Nick Peters 25 September 2015

Fidelity Solutions’ Anna Stupnytska, Kevin O’Nolan and Nick Peters discuss what it might take for the US Federal Reserve to finally increase rates. Looking at the likelihood of policy action (or continued inaction), what changes have they made to the positioning of our range of multi asset income and growth funds?

China weakness reaffirmed
Charlotte Harington 24 September 2015

The China manufacturing flash Purchasing Managers Index (PMI) came out on Wednesday morning at 47, which was lower than markets had been expecting and the lowest reading since March 2009. A closer look at the PMI components does not offer much comfort either.

Greece remains on track
George Efstathopoulos 21 September 2015

Fidelity Solutions’ measure of equity investor sentiment is at oversold levels, a signal that tends to coincide with policy action and short-term bounces in markets?

4 Fed markers for markets
Anna Stupnytska 18 September 2015

While the global recovery continues, Fidelity Multi Asset Income Fund Manager, Eugene Philalithis, expects more volatility over the summer as rate hikes loom. Find out how he is positioned in this environment to deliver a low risk and sustainable income stream.

Multi Asset Income Outlook
Eugene Philalithis 16 September 2015

As events in Greece continue to dominate headlines, relatively little attention has been paid to recent developments in China, where stock markets have corrected by 30% in three weeks. Is the focus on Greece right, or do the risks from China have the potential to be of greater significance?

UK rate hikes still a 2016 story
Anna Stupnytska 15 September 2015

UK headline inflation fell back to zero and core inflation ticked down to 1.0% year–on-year in August, in line with consensus. Near-term risks to inflation are skewed on the downside, partly due to lower commodity prices and the strong pound. For an inflation-targeting central bank, this is not a rate hiking environment.
ClockWise: Market Returns

Bonds & commodities outperform stocks

Global equities continued to sell-off during September underperforming both government bonds and commodities. Equity markets were spooked by uncertainty around the timing of the first Fed rate hike and few signs of stabilisation in Emerging Market growth data. Global government bonds were broadly unchanged over the month providing a poor hedge to the stock market falls. The equity market sell-off was broad based across the regions although Europe underperformed and the Emerging Markets outperformed at the margin. Consumer Staples and Utilities were the best performing global sectors over the month and Healthcare was the worst. The Energy and Industrial Metals sub-sectors led commodities lower.

<table>
<thead>
<tr>
<th>28 Sep 2015</th>
<th>Mkt Cap</th>
<th>Equity Returns USD %</th>
<th>Gov Bond Returns USD %</th>
<th>FX Rates (x/$)</th>
<th>Bond yields End yield bps</th>
<th>Interest Rates End rate bps</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>34,038</td>
<td>100.0%</td>
<td></td>
<td></td>
<td>1.52</td>
<td>0.28</td>
</tr>
<tr>
<td>North America</td>
<td>18,456</td>
<td>54.2%</td>
<td></td>
<td></td>
<td>-1.5</td>
<td>-0.13</td>
</tr>
<tr>
<td>US</td>
<td>17,533</td>
<td>51.5%</td>
<td></td>
<td></td>
<td>2.09</td>
<td>0.25</td>
</tr>
<tr>
<td>Canada</td>
<td>923</td>
<td>2.7%</td>
<td>-2.1</td>
<td>-2.1</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Europe</td>
<td>7,728</td>
<td>22.1%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Eurozone</td>
<td>3,526</td>
<td>10.4%</td>
<td>-1.6</td>
<td>-1.6</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Germany</td>
<td>1,029</td>
<td>3.0%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>France</td>
<td>1,106</td>
<td>3.3%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Netherlands</td>
<td>344</td>
<td>1.0%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Italy</td>
<td>365</td>
<td>0.9%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Spain</td>
<td>393</td>
<td>1.2%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Greece</td>
<td>5</td>
<td>0.0%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>UK</td>
<td>2,446</td>
<td>7.2%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1,119</td>
<td>3.3%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Sweden</td>
<td>339</td>
<td>1.0%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Asia</td>
<td>4,880</td>
<td>14.3%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Japan</td>
<td>2,945</td>
<td>8.7%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Australia</td>
<td>804</td>
<td>2.4%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>447</td>
<td>1.3%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Singapore</td>
<td>154</td>
<td>0.5%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>2,881</td>
<td>8.5%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Latin America</td>
<td>122</td>
<td>1.3%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Mexico</td>
<td>159</td>
<td>0.5%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Brazil</td>
<td>201</td>
<td>0.6%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>China</td>
<td>39</td>
<td>0.1%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Eme. Europe / M.E.</td>
<td>243</td>
<td>0.7%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Israel</td>
<td>93</td>
<td>0.3%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Turkey</td>
<td>46</td>
<td>0.1%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Russia</td>
<td>130</td>
<td>0.4%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Poland</td>
<td>52</td>
<td>0.2%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Hungary</td>
<td>8</td>
<td>0.0%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Emerging Asia</td>
<td>1,905</td>
<td>5.6%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Canada</td>
<td>507</td>
<td>1.5%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Taiwan</td>
<td>413</td>
<td>1.2%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>India</td>
<td>378</td>
<td>1.1%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>Malaysia</td>
<td>117</td>
<td>0.3%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>China</td>
<td>800</td>
<td>2.3%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
<tr>
<td>South Africa</td>
<td>267</td>
<td>0.8%</td>
<td>-1.7</td>
<td>-1.7</td>
<td>1.44</td>
<td>-0.75</td>
</tr>
</tbody>
</table>

This information is for Investment Professionals only and should not be relied upon by private investors. It must not be reproduced or circulated without prior permission. This communication is not directed at, and must not be acted upon by persons inside the United States and is otherwise only directed at persons residing in jurisdictions where the relevant funds are authorised for distribution or where no such authorisation is required. Fidelity Worldwide Investment refers to the group of companies which form the global investment management organisation that provides information on products and services in designated jurisdictions outside of North America. Fidelity Worldwide Investment does not offer investment advice based on individual circumstances. Any service, security, investment, fund or product mentioned or outlined in this document may not be suitable for you and may not be available in your jurisdiction. It is your responsibility to ensure that any service, security, investment, fund or product outlined is available in your jurisdiction before any approach is made to Fidelity Worldwide Investment. This document may not be reproduced or circulated without prior permission. Past performance is not a reliable indicator of future results. Unless otherwise stated all profits and returns are expressed in those of Fidelity Worldwide Investment. Fidelity Worldwide Investment, the Fidelity Worldwide Investment logo and F logo are trademarks of FIL Limited. Fidelity offers information on products and services and does not provide investment advice based on an individual's circumstances. Issued by FIL Investments International (FCA registered number 122170) a firm authorised and regulated by the Financial Conduct Authority. FIL Investments International is a member of the Fidelity Worldwide Investment group of companies and is registered in England and Wales under the company number 1448345. The registered office of the company is Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ, United Kingdom. Fidelity Worldwide Investment’s VAT identification number is 395 3090 35. IS0806