

## Fidelity International

### Hyomi Jie – Fidelity China Consumer Fund

- Our investments are made according to our understanding of what China consumers buy and the way they buy. It is a growth and quality orientated fund
- There is a clear bias towards certain sectors, such as consumer discretionary, but this is not a generic China fund that is a proxy to the index
- The investment process has three key blocks: fundamentals, incremental change and valuations. Behind this is a macro-overlay, which looks at where we are in the cycle
- We are also looking at what kind of disruption a business can bring
- My idea generation is both financial and structured – based on our analyst feedback – but also comes from real world observations: how consumers actually allocate their budget, where they go for holidays and where they take their kids
- For the financial and structural side, the Fidelity platform is very important
- We care about buying great businesses and spend a lot of time understanding them
- Changes can be over or under-estimated – we look at where these changes are happening and their significance
- The consumption upgrade is driven by a rising middle class and increasing urbanisation rate
- Technology is an enabler and helps create new business models
- The 'A'-shares market is the next frontier for global investors
- Companies geared to what the Chinese buy might include Inner Mongolia Yili, Kweichow Moutai and Foshan Haitian Flavouring & Food. Those looking at how they buy would include Alibaba and TenCent, plus Shanghai International Airport
- Long-term drivers supporting the 'new' China story remain strong, while cyclical considerations can create attractive entry points

**Written by Cherry Reynard on behalf of MiP. Please note these are for reference only and should not be distributed or relied upon in any way. These are intended as a refresher of the boardroom sessions and a useful reminder for delegates. Please note that this content has not been approved by compliance teams.**