



What is the view of Anthony Srom, the Portfolio Manager of Fidelity Funds - Thailand Fund?

"The political situation in Thailand worsened amid strong anti-government protests and intervention of the army. Protests have now spread to other parts of Thailand. Unfortunately, this turmoil is happening at a time when the country's economy is showing signs of a broad-based recovery. At the end of April, the finance ministry had upgraded the country's GDP growth forecasts to 4.3-5.8%, as exports rose 41.0% year on year in March compared with 23.5% rise in February. Manufacturing production increased by a year on year 32.6% in March after February's 30.5% growth while private investment accelerated by 18.2% compared to 12.1% in the previous month. Political unrest threatens to weigh down on private consumption and investment in the coming months. The tourism and hotel industry would also be affected.

I am closely watching the developments but, being a long term investor, I remain positive about the country's structural growth drivers. Thailand has an attractive demographic profile – a large, young population will add to the country's workforce and consumers in coming years. Thailand is also a large exporter of food commodities, which are less vulnerable to a global economic slowdown. While the short term looks uncertain, in the medium term, whichever party comes to power will pursue 'populist' measures and re-introduce some stability in Thailand. In terms of portfolio strategy, I am concentrating on stocks with a strong market position, high management quality and healthy cash flows. The fund is currently overweight sectors benefiting from the positive domestic economic environment and long term structural growth trends such as consumer discretionary, staples and financials. I also like select stocks in the energy sector which is driven more by regional factors. The fund's biggest overweight position is Banpu, which generates 85% of its profit is generated overseas."

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