Fidelity INTERNATIONAL

In Hong Kong, this material is intended for Professional Investors only

Fidelity Funds – Global Multi Asset Income Fund

31 August 2024

For existing investors in the Fidelity Funds – Global Multi Asset Income Fund ('the Fund') only.
Thank you for investing in the Fund. We would like to use this opportunity to give you an update on the Fund's performance. Please note that this is not a product advertisement or solicitation for investment in the Fund.

How has the Fund performed in August 2024?

- The Fund returned 1.1%[1] (for the A-ACC-USD share class in USD terms) and 1.0%[1] (for the A-MINCOME(G)-SGD (SGD/USD hedged)* share class in SGD terms).

Reasons for performance

- Global markets had a volatile month in August with weak US economic data sparking fears of a hard landing as risky assets repriced on the consensus view shifting towards a higher probability of a US recession. An interest rate hike by the Bank of Japan in late July and a massive unwinding of the Yen carry trade also fed market worries. However, prospects of lower US interest rates helped markets to rebound over the month with improved breadth.
- US Treasury (UST) yields fell across the curve, particularly at the shorter end owing to the risk-off sentiment. Sovereign bonds performed well in the month as did precious metals with gold and silver among the top-performing asset classes year-to-date.
- The Fund continued to deliver on its income target and continued to post positive returns in August.
- Our core yield fixed income assets added value with investment grade (IG) and 5-year government bonds, high yield (HY) bonds, particularly European HY contributing. Hybrids, emerging market debt (EMD) local currency (LC) and structured credit also added value.
- Our core equity exposure saw positive contributions across the board with particularly strong performance from our Global Dividend strategy, which outperformed the broad market. European dividend and healthcare also saw aided performance.
- Within alternative yield assets, we saw positive contribution from infrastructure holdings.
- Our tactical equity exposures, particularly in Japanese banks, energy and Korea negatively impacted returns, but the Fund's hedges helped to provide some protection in the equity market sell-off.

Outlook / Expectations

- We continue to prefer a risk-on stance in the medium term, though we have a cautious bias in the near term given that US growth appears to be slowing and seasonality and technicals are less supportive. We expect the US Fed to go ahead with rate cuts given cooling inflation and labour market data. While recent market volatility has led to some tightening of financial conditions, credit markets so far are not reaching stressed levels and bank lending continues to get less tight.
- Macro data will likely stay volatile and the unwinding of crowded positions in carry trade have implications on various asset classes during the low liquidity summer period. We continue to take risks on a selective and gradual basis as opportunities appear.
- Our largest equity exposure remains in defensive quality income. We have used the US equity market sell-off to gradually add positions, while maintaining protection via put options.
- We continue to balance our tactical equity exposure among those that work in different scenarios such as across value, cyclical, defensive and inflation beneficiaries. We stand ready to deploy into credit assets should we see more meaningful spread correction.
- Given the slowing of US data and expectations of a Fed cut, we see the US dollar as stable to weak, and hence we have increased our EMD LC positions.
- In terms of portfolio changes we trimmed some equity risk over the month, selling our Korea exposure, reducing Japan banks and adding to hedges. We added to equity protection early in the month with holdings in US and Europe hedges.
- We took profits from our long UST 5-year position and added to UST 10-year short position following the rally in duration. We added to our EMD LC exposure by adding to South Africa bond exposure and continue to hold Brazil bonds. We closed the EM foreign currency hedge as we expect a stable to weak US dollar.

We remain confident that the Fund could, over the medium and long term, continue to meet its objectives of providing a **consistent yield over a market cycle and a lower drawdown compared to equity during difficult market conditions**.

Source: Fidelity International, as at 31 August 2024.

[1.] The stated returns are computed on a NAV-NAV basis, with dividends reinvested in their respective currencies. They do not take into account the amount of initial sales charge, which may be levied by your distributor. The stated returns will be reduced when the applicable sales charge is being taken into account. Please note that past performance is not indicative of future returns. The 1-year return, net of sales charge of 5% for the Fidelity Funds – Global Multi Asset Income Fund A-ACC-USD and A- MINCOME(G)-SGD (SGD/USD hedged) *share classes are 3.91% and 2.07% respectively.

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Singapore

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