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Fidelity Funds – Global Multi Asset Income Fund

31 July 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 July 2024?

- The Fund returned 2.2%[1] (for the A-ACC-USD share class in USD terms) and 2.1%[1] (for the A-MINCOME(G)-SGD (SGD/USD hedged)* share class in SGD terms).

Reasons for performance

- Global markets continued to deliver positive returns in July with fixed income markets primarily driven by the rates rally as US Federal Reserve (Fed) chairman Powell reinforced expectations for a start to rate cuts in September. US 10-year treasury yield fell below 4.0% for the first time since February 2024.
- Global equities continued to strengthen in July but volatility picked up significantly as the market saw a sharp rotation out of mega cap technology stocks, which sold off following the release of softer US inflation data. A hawkish Bank of Japan saw crowded trade positions continue to unwind.
- The Fund continued to deliver on its income target and posted positive returns in July.
- Our core yield fixed income assets added value with gains across the board. Within our growing yield core equity exposure, which aided performance, our global dividend strategy outperformed the broad market given its defensive style bias. Our European dividend, healthcare and Japan equity all added value.
- Within alternative yield assets, both infrastructure and structured credit contributed to returns.
- In terms of our flexible assets, our tactical allocation to energy equity and Japanese banks contributed while Korea equities declined modestly and detracted from performance.

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.
- Despite a significant rise in market concerns for a hard landing, we think the data so far indicates growth moderation rather than an immediate recession. We expect the Fed to go ahead with rate cuts given cooling inflation and labour market data, joining the European Central Bank and Bank of England. 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 will impact 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 took profit on our long position in the belly of the US Treasury curve as the market rushed to price in rate cuts.
- In terms of positioning changes, we added exposure to US steepener given expectations for an imminent Fed rate cut. We also added to structured credit and global convertibles.
- We added to South Africa government bond futures, which offer attractive real yields without taking foreign currency exposure. We also added to equity futures amid the market sell-off.

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 July 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 0.96% and -0.93% respectively.

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Learn more at
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Singapore

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