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

Fidelity Funds – Global Multi Asset Income Fund

31 May 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 May 2024?

- The Fund returned 1.1%[1] (for the A-ACC-USD share class in USD terms) and 0.9%[1] (for the A-MINCOME(G)-SGD (SGD/USD hedged)* share class in SGD terms).

Reasons for performance

- Global markets recovered in May but it was a story of two halves with risk assets being supported by a less hawkish US Federal Reserve (Fed) and slowing inflation numbers in the first half of the month but correcting in the last two weeks amid concerns about the impact of higher-for-longer interest rates and stronger inflation data from the US and Europe.
- The Fund delivered positive returns in May with most assets contributing positively. For our core yield assets in fixed income, both defensive and higher risk credit posted positive performance.
- For the Fund's growing yield assets, our core equity exposure in Global Dividends added value.
- Among our flexible assets tactical equity exposure, our positions in financials, US, Europe and healthcare posted good performance, while energy and Korea equities detracted. Our duration hedge also detracted from performance.

Outlook / Expectations

- We view global growth and inflation regime to be muted with a reflation bias. Growth surprises have improved in Europe while the profit cycle remains strong in the US. Financial conditions have mostly eased and corporate default remains manageable. Against this backdrop, we continue to prefer a risk-on stance in the medium term while staying nimble in the short term given macro data volatility.
- We prefer equity as a liquid and high-quality way to add beta rather than high yield bonds.
- Our largest equity exposure remains in defensive quality income, with a preference for Europe. In terms of our tactical equity exposure, we seek to balance our exposure between those that work in various scenarios such as value, cyclical and defensive assets.

- We keep our duration exposure low and prefer short-dated credit to reduce volatility and default risk. For currencies, we continue to favour US dollar as a key diversifier at a time when equities and bonds continue to be positively correlated.
- In terms of key positioning changes in May, we added to our positions in European equities as we see the region emerging out of recession and the European Central Bank being more dovish and starting its path of rate reductions, while valuations are attractive. We also added to Korea equities as a way to gain exposure to global trade where valuations are relatively cheap.
- We sold some of our positions in investment trusts – in real estate and infrastructure. We also trimmed positions in South Africa government bonds due to uncertainty ahead of elections, and sold some European investment grade bonds.
- We added a small tactical to US equity hedge ahead of CPI data release as a way to dynamically add protection on the downside.

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 May 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 1.6% and -0.2% respectively.

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Singapore

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