Fidelity INTERNATIONAL

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

Fidelity Funds – Global Multi Asset Income Fund

30 September 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 September 2024?

- The Fund returned 1.2%[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 equities continued to advance in September, buoyed by China's policy stimulus and the US Federal Reserve's larger-than-expected 50 basis-point rate cut after more than two years of high interest rates. However, gains were limited owing to the largest monthly decline in US consumer confidence in more than three years.
- US Treasury (UST) yields fell with the UST curve bull-steepening and the 2-10 year portion no longer inverted. Global credit markets also posted positive returns with US and global spreads tightening as the narrative on the US economy shifted more towards a soft-landing scenario.
- The Fund continued to deliver on its income target and continued to post positive returns in September.
- Our core yield fixed income assets contributed to performance with investment grade (IG) exposure adding value and our preference for short-dated IG helped year-to-date performance. High yield (HY) bonds were positive, while hybrids and emerging market debt (EMD) local currency (LC) – particularly Brazil and South Africa government bonds – also did well.
- Our growing yield core equity assets also contributed with our exposure to global dividend assets, which outperformed the broad market, aiding performance. European dividend equities also did well.
- Within alternative assets, structured credit added value while infrastructure alternatives pulled in mixed performance.
- Among our flexible assets, our tactical exposure in equity futures helped performance in September, while energy lagged.

Outlook / Expectations

- We continue to prefer a risk-on stance in the medium term and look for opportunities and attractive entry points. Despite a significant rise in hard-landing concerns from the investor community, we think the data so far indicates growth moderation rather than an immediate recession. The Fed has joined the European Central Bank and Bank of England in commencing rate cuts, providing a policy put. China is also likely to start more meaningful policy easing to stabilise growth. Financial conditions continue to loosen, and the credit market is well behaved.
- We expect macro data to stay volatile. Renewed geopolitical tension and US elections are likely to introduce periods of volatility and potential entry points. We look to take risks on a selective and gradual basis as opportunities appear.
- Our preferred quality dividend exposure has been serving us well and we continue to favour it. We started to gradually add back US exposure and maintain protection via put options. We continue to balance our tactical equity exposure among those that work in different scenarios, both on a sectoral and geographical basis.
- We continue to short US long-end rates at a smaller size to capitalise on the curve-steepener trade. We are ready to deploy into credit assets should we see more meaningful spread correction.
- In terms of portfolio changes, we added to EMD LC and some credit and duration exposure particularly in European corporate bonds as duration is better supported with growth and inflation being weak in Europe.
- We sold some 10-year UST and initiated a new position in US quality income, adding US and growth exposure with an income tilt. We also added global and US real estate investment trusts (REITs) which we expect to do well in a rate cut cycle.
- We added a new position in EM equities on China's stimulus measures where we valuations are still attractive. We topped up on US HY on renewed confidence for a soft landing and bought Bunds.

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 30 September 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 6.78% and 4.79% respectively.

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Singapore

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