Fidelity INTERNATIONAL

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

Fidelity Funds – Global Dividend Fund

31 October 2024

For existing investors in Fidelity Funds – Global Dividend 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 October 2024?

- The Fund returned -3.2%[1] (for the A-ACC-USD share class in USD terms) and -1.3%[1] (for the A-MINCOME (G)-SGD (Hedged)* share class in SGD terms).

Reasons for performance

- Global equities declined in October after a strong rally in the first nine months of the year. Investors were primarily concerned about economic risks, although there were signs of resilience, especially in the US economy. The US election and the potential effects of policy shifts on inflation and interest rates also added to the uncertainty.
- There was significant repricing of US Treasury (UST) yields in the month with yields rising across the curve owing to the stronger-than-expected US economic data, which calmed fears about labour market weakness and the market has now repriced the expected magnitude of rate cuts to 25 basis points each in November and December.
- In terms of sector performance, materials, healthcare and consumer staples declined the most, while communication services outperformed.
- The Fund delivered negative returns and underperformed its benchmark[2]. Certain holdings in the insurance and utilities sectors came under pressure. The overweight in consumer staples also weighed on relative returns. From a regional perspective, our overweight in Europe hampered performance.
- At a stock level, electricity and gas utility company National Grid gave up some gains and declined despite the company issuing a brief trading update ahead of its earnings release that overall performance in the first half was in line with expectations.
- German reinsurance company Munich Re pre-released lower than expected third quarter results, driven by higher-than-expected catastrophe losses particularly in its property and casualty segment. Nevertheless, management reiterated its full-year 2024 profit target, which is likely to be driven by strong results from its life and health business segments.
- While the lack of exposure to Nvidia and Alphabet weighed on relative performance, the Fund benefited from not holding Microsoft.

Outlook / Expectations

- We remain focused on investing in attractively valued stable businesses with strong balance sheets, resilient earnings and higher margins, which should drive strong risk-adjusted returns alongside an attractive yield and growing dividends.
- The Fund has key holdings in the consumer staples, non-life insurance, financial exchanges, pharmaceuticals and high-quality industrials businesses.
- The companies we hold have strong economic moats with low balance sheet risks. These should benefit during periods of increased market volatility.
- We maintain our valuation discipline and avoid highly-priced mega-cap tech stocks such as Microsoft, Nvidia and Alphabet. We continue to favour quality businesses in the capital goods space which have global revenue streams.
- We continue to monitor markets closely and will adjust portfolio positions accordingly with an emphasis on companies' fundamentals and valuation support.

We remain confident that the Fund could continue to meet its objectives of achieving capital growth over the long term and providing income.

Source: Fidelity International, as at 31 October 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 Dividend Fund A-ACC-USD and A-MINCOME(G)-SGD (hedged)* share classes are 21.64% and 18.59% respectively.

[2]The reference benchmark is the MSCI ACWI Index (Net).

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Singapore

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