

With a universe of 250 listed companies in the small- to mid-cap sector, this relatively untapped market gives investors access to the stars of tomorrow. Research plays a vital role in finding those inefficiently priced or undiscovered companies in their earlier stages of growth or maturity. At Fidelity, more research means we're better informed to make investment decisions to potentially benefit you.

A unique and disciplined investment approach



Screening the universe through intensive research

The portfolio manager uses company visits and the investment insights of our Australian and global analysts when screening the universe of around 250 Australian mid- and small-cap stocks.



Rigorous assessment and scoring for key characteristics

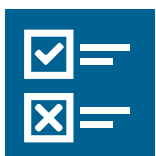
A more detailed analysis is conducted on around 100 investable stocks. James will focus on identifying stocks that have:

Viability – pricing power, strong opportunities and rising return on equity

Sustainability – a strong industry position and the ability to generate cash flow to fund growth and withstand competitive pressures

Credibility – strong conviction in the quality of the business and management

James assigns stocks a score out of 10 for each of these characteristics. The final portfolio is typically overweight companies that demonstrate stronger-than-average viability, sustainability and credibility.



Stock selection

Final stock selection decisions are made by James, where 40 to 70 stocks are picked for the portfolio. Valuation metrics are a key driver in this stage, with stocks assigned to one of four segments: quality, momentum, transition and value.

James believes a portfolio containing a balance of stocks across these four segments will deliver more consistent returns through different market cycles.



Monitoring

Every 120 days we review the companies that have stock in the Fund. If things change, we can react quickly.

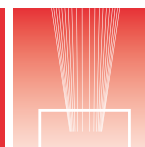
Why invest?

1 Access to Australian large-caps of tomorrow, today

2 An actively managed portfolio of 40 to 70 small- to mid-cap Australian shares

3 Offers investors a unique approach to portfolio construction which aims to deliver consistent returns through different market cycles

Winner of the Morningstar 2018 Fund Manager of the Year, Domestic Equities Small Cap Category, Australia



Awards
2018™

Morningstar Awards 2018®. Morningstar, Inc. All Rights Reserved. Awarded to James Abela, Portfolio Manager, Future Leaders Fund, Fund Manager of the Year, Domestic Equities Small Caps, Australia

The portfolio is a blend of quality, momentum, transition and value companies

Characteristics of companies in this segment of the market		The portfolio's segment mix ($\pm 10\%$)
Quality	Companies possessing a strong franchise with compounding earnings growth and high return on equity	40%
Momentum	Companies in a cyclical upswing with rising return in equity, near term strength and scarce attributes	30%
Transition	Companies facing fundamental changes that could be an opportunity or a threat, making their return on capital uncertain	20%
Value	Out-of-favour companies	10%

The team

The Fund is managed by James Abela, who has 21 years' investment experience. James started at Fidelity in 2003 as an investment analyst and has been the portfolio manager of the Future Leaders Fund since 2013.

James is supported by nine analysts in Sydney and by our global research team of 140 equity analysts and 400 investment professionals worldwide.

The Fidelity difference

Established in 1969, Fidelity International offers world-class investment solutions and retirement expertise. As a privately owned, independent company, investment is our only business and we're driven by the needs of our clients, not by shareholders. Our vision is to deliver innovative client solutions for a better future.

We're an active manager focused on global research, and have one of the largest buy side research teams in the world. It's our obsession with research, with insights globally and locally, which enable us to evaluate complex businesses and make better investment decisions for our clients.

Fund facts

Objective	To outperform the S&P/ASX Mid Small Index over a period of five to seven years
Benchmark	S&P/ASX Mid Small Index
Inception	22 July 2013
Number of stocks	40 - 70
Buy/sell spread	$\pm 0.25\%$
Management costs	1.20% pa

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