

Fidelity Global Future Leaders Fund

Product series



The global small and mid-cap universe is a wide and diversified opportunity set which is often under-researched and offers attractive long-term growth prospects. Research plays a vital role in finding companies in their earlier stages of growth, which is why it's important to choose a fund manager, like Fidelity, with the global reach to find market inefficiencies and help inform investment decisions.

Why invest?

- 1 Seeks to invest in global large caps of tomorrow, today.
- 2 An actively managed portfolio of 40 to 70 small to mid-cap global shares.
- 3 Offers investors a unique approach to portfolio construction which aims to deliver consistent returns through different market cycles.

What are the risks?

All investments involve risk; however, Fidelity actively manages risk within its investment portfolios and employs a range of monitoring procedures with the aim of reducing overall portfolio risk. The main risks of investing in this Fund are increased volatility, when compared to investing in larger, more established companies, movements in exchange rates, market risk, specific security risk and derivative risk. For further details on the specific risks of investing in this Fund, please refer to the Product Disclosure Statement.

“ There’s so much more to global investing than the mega household names such as Apple and Amazon that everyone is familiar with. There’s a whole world out there and so many diverse opportunities. ”

James Abela and
Maroun Younes
Portfolio Managers

Targeted exposure to global small to mid-cap opportunities

The Fidelity Global Future Leaders Fund relies on a structured, repeatable and consistent investment philosophy based on research-driven, bottom-up stock selection that focuses on finding attractively valued companies with strong competitive positioning and sound company management.

This actively managed product helps investors gain access to a diversified portfolio of 40 to 70 stocks from listed global small to mid-cap companies.

James Abela and Maroun Younes, the managers of the Fund, employ a rigorous bottom-up stock selection process that focuses on finding attractively valued companies with strong competitive positioning and sound company management.

They aim to construct a diversified and balanced portfolio that delivers more consistent returns through different market cycles.

Small cap Is generally regarded as a company with a market capitalisation of between US\$300 million and US\$3 billion.

Mid cap Is generally regarded as a company with a market capitalisation of between US\$3 billion and US\$40 billion.

Sustainable characteristics

- 1** Incorporation of the firm-wide forward-looking sustainable research on all stocks under coverage. This includes the benefits of company engagement and proxy voting.
- 2** Although engagement is preferred over exclusions, the Fund benefits from not being exposed to companies Fidelity sees as being in violation of the United Nations Global Compact framework, firm-wide exclusions and tobacco products.
- 3** A minimum of 50% of the Fund's assets are invested in securities deemed to maintain sustainable characteristics.¹

See the PDS for more detail.

Our process

A unique and disciplined investment approach

Screening the universe through intensive research

The portfolio managers use company visits and the investment insights of our global analysts when screening the universe of around 1,000 global small to mid-cap stocks.

Rigorous assessment and scoring for key characteristics

A more detailed analysis is conducted on around 150 investable stocks. James and Maroun focus on identifying stocks that have:

- 1 Variability of returns:** pricing power, strong opportunities and rising return on equity.
- 2 Sustainability of returns:** a strong industry position and the ability to generate cash flow to fund growth and withstand competitive pressures.
- 3 Credibility:** strong conviction in the quality of the business and management.

A score out of 10 for each of these characteristics is then assigned. The final portfolio is typically overweight companies that demonstrate stronger-than-average variability of returns, sustainability and credibility.

Stock selection

Final stock selection decisions are made by the managers, 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. See Diagram 1 overleaf for ranges for these segments.

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

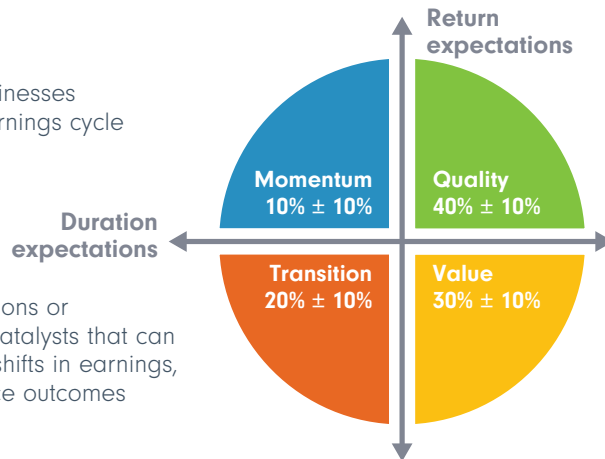
Monitoring

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

Diagram 1. Portfolio risk management through QVTM (Quality, Value, Transition, Momentum) lens

Momentum: Cyclical businesses in an upward industry earnings cycle

Transition: Special situations or turnarounds with visible catalysts that can lead to notable upward shifts in earnings, valuations and share price outcomes



Quality: Structural growth businesses with solid management teams, offering one or more of persistent earning streams, favourable market structures, industry leaders and long term compounders

Value: Strong business models that are currently out of favour but generate high free cash flow yields, potential to unlock undervalued assets through industry changes or shifts in market perception

This leads to a 40-70 stock portfolio with a strong fundamental sustainability profile and the potential for a strong relative performance over market cycles.

The Managers

The Fund is co-managed by James Abela and Maroun Younes.



James Abela
Portfolio Manager

James started at Fidelity in 2003 and has over 25 years' investment experience. He's been portfolio manager of the Future Leaders Fund since 2013. James' talent managing small to mid caps domestically is well recognised, with consecutive-year wins in 2018, 2019 and 2020 in the Morningstar Fund Manager of the Year awards, in the Domestic Equities Small Cap Category.² James was also awarded Money Management Fund Manager of the Year – Australian Small/Mid Cap Equities – Highly Commended – 2020³ and was Category winner: Australian equities – Small cap in the 2019 Zenith Fund awards.⁴



Maroun Younes
Portfolio Manager

Maroun joined Fidelity in 2012 as an investment analyst and has over 16 years' investment experience in sectors covering telecommunications, media and technology.

Together, James and Maroun bring a wealth of knowledge of both the Australian and global markets and over a range of sectors. They are supported by Fidelity's global research team of over 170 research professionals and more than 400 investment professionals worldwide.

The Fidelity difference

Fidelity specialises in active fund management that focuses on bottom-up global research. With one of the largest buy-side research teams in the world, we have the ability to identify investment themes and ideas across different market cycles.



Foresight

We have a team of more than 400 investment professionals connecting ideas across asset classes, sectors and regions to see things others may miss.



Further

We attend more than 20,000 company meetings a year. We believe that by going further we gain better insights and knowledge, to make better investment decisions.



Future

Our purpose is to build better futures. We believe that by investing in companies which operate with high standards of sustainability we can protect and enhance returns for our clients, and build a better future for society as a whole.

Fund facts

Objective	To achieve returns in excess of the benchmark over the medium to long term.
Benchmark	MSCI World Mid Cap Index NR [†]
Inception	28 September 2020
Number of stocks	40 to 70
Buy/sell spread	±0.20%
Management fee	1.10% p.a.

[†] 'NR' at the end of the benchmark name indicates the return is calculated including reinvesting net dividends. The dividend is reinvested after deduction of withholding tax, applying the withholding tax rate to non-resident individuals who do not benefit from double taxation treaties.

How to invest

Whether you're a first-time investor or an investment professional, you can access Fidelity's investment expertise in the way that best suits your individual needs:

Direct investment

You can invest directly with Fidelity as an investor or adviser. Fidelity accepts direct investments with a minimum of \$25,000. You can apply online or use our paper application.

Invest via mFund

Most of our managed funds are available on mFund Settlement Service. This service allows you to buy, hold and sell units in Fidelity managed funds through a process similar to buying and selling shares.

You can easily buy (apply for) and sell (redeem) units via a broker and the transactions are settled using CHESS, the ASX electronic settlement system.

Invest via a platform

You can invest with Fidelity via a platform, which is generally offered through a financial planner.

A platform bundles a range of managed funds and investments as one single product to provide consolidated administration, tax, and distribution reporting.

2020 Morningstar Australia Fund Manager of the Year
[fidelity.com.au](https://www.fidelity.com.au)



1. Sustainable characteristics are defined by reference to a combination of different measurements such as ESG ratings provided by external agencies or Fidelity Sustainability Ratings. Further details on the methodology applied are set out at www.fidelity.com.au and may be updated from time to time. 2. Morningstar Awards 2020 © Morningstar, Inc. All Rights Reserved. Awarded to James Abela, Portfolio Manager, Fidelity Future Leaders Fund, Fund Manager of the Year, Domestic Equities Small Caps category, Australia. 3. The awards use a combination of FE fundinfo's quantitative fund data with the expertise of Money Management's recognised research partners, Lonsec, Mercer, SQM Research and industry partner, IOOF to select winners. 4. The Zenith Fund Awards were issued 11 October 2019 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. The Fund Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. To the extent that the Fund Awards constitutes advice, it is General Advice for Wholesale clients only without taking into consideration the objectives, financial situation or needs of any specific person. Investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of any advice. Investors should obtain a copy of and consider any relevant PDS or offer document before making any investment decisions. Past performance is not an indication of future performance. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.

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