

Fidelity Sustainable Water & Waste Fund

Product series



The Fidelity Sustainable Water & Waste Fund aims to deliver strong risk-adjusted returns across the cycle by investing globally in companies involved in the design, manufacture or sale of products or services in connection with the water and waste management sectors. The theme is global but impacts everyone at a local level.

Why invest?

- 1 Access to a unique fund that invests globally into companies across the water and waste chains, supported by global mega-trends.
- 2 Potential for long-term capital growth and enhanced performance from active management.
- 3 Access our Portfolio and Co-Portfolio Managers' experience in identifying opportunities in these under-researched sectors leveraging Fidelity's global network of investment professionals.

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 non-thematic funds, 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.

“ Today, humanity uses the equivalent of 1.75 Earths to provide the resources we use and to absorb our waste. This means it now takes the Earth one year and eight months to regenerate what we use in a year. ”

Source: Global Footprint Network, <https://www.footprintnetwork.org/our-work/ecological-footprint/>



CERTIFIED BY RIAA

The Fund is Certified by the Responsible Investment Association Australasia (RIAA) as a Responsible Investment.

The Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies that the Fund adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product.¹

Global mega-trends driving demand for water and waste management

Urbanisation Increased need for clean water and better ability to manage the waste created	Infrastructure pressure Improvements to ageing western world infrastructure and new projects for emerging markets (EM)	Resource and scarcity Fresh water is becoming scarce and waste becomes a resource when treated	Higher wealth and consumption in EM Growing demand for water-intensive goods and increase in the amount of waste generated	Regulation and health Higher health standards regulation creates value for new services and technologies	Industry and agriculture Growing global population means more demand related to farming, mining, oil, power etc.
------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------

There is no economy without water, and no sustainable economy without waste management.

Our investment philosophy is based on our belief that there will be increasing investment opportunities in the water and waste sectors, which should help generate strong long-term returns for investors in the Fund. Population growth, regulation and health needs, urbanisation and increasing wealth in emerging markets are all helping to drive demand for clean water and sanitation.

A high-conviction, global, sustainable fund investing across water and waste

The Fidelity Sustainable Water & Waste Fund actively monitors around 300 global companies across the water and waste value chains, including companies developing new technologies to meet ever-growing demand.

We use a distinctive bottom-up investment process with a focus on quality and growth to select the best 35 to 55 companies to include in the Fund.

It is a research-driven approach involving screening of the universe through fundamental factors, leveraging Fidelity's proprietary research and additional market data.

Sustainable characteristics

The Fund is part of Fidelity's Sustainable Fund Family, which adheres to a transparent sustainability framework that leverages Fidelity's proprietary ESG research.

The Fund integrates environmental, social, and governance (ESG) issues in its investment and risk monitoring process, which leads to superior sustainable characteristics of the overall portfolio. We will not invest in companies that can cause harm or undermine a more sustainable economy. We use an exclusion policy when making investment decisions, which incorporates norms-based screening and negative screening of certain sectors, companies or practices.

Our process

Investible universe

Companies must exhibit:

- **Exposure to water and waste themes:** All companies involved in the water or waste value chains and related services or industries.
- **Sustainable characteristics:** We invest at least 70% of the fund in companies exhibiting sustainable characteristics² and 30% into companies that are showing improving, or potential for improving, characteristics.³ We engage with all companies, and we set milestones, timelines, and influence change via a proactive engagement plan, particularly for lower-rated holdings.

Portfolio construction

We select these companies using the following framework:

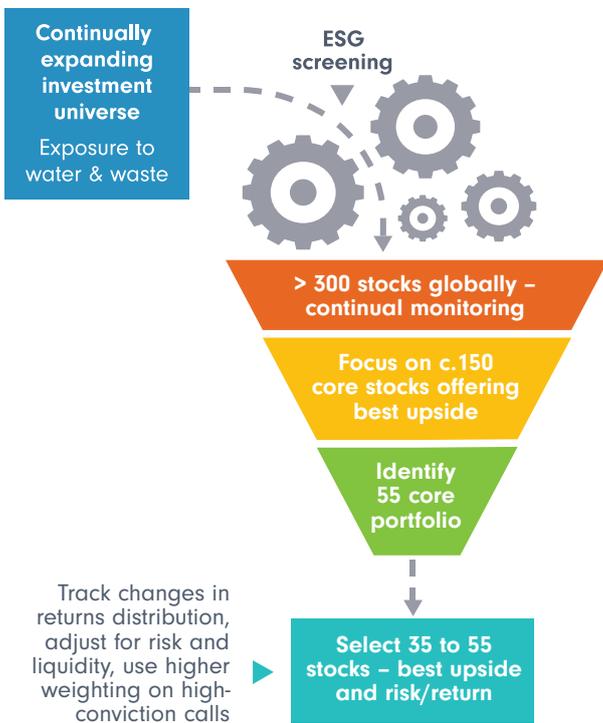
- 1 Rank all stocks with quality score:** Using bottom-up analysis, we score and rank all stocks on quality. We measure best-in-class quality based on growth, profitability, cash generation and financial strength.
- 2 Determine and rank absolute upside potential:** We use five fundamental valuation techniques to assess upside potential.
- 3 Adjust for liquidity and other risks:** Our final selection of 35 to 55 companies takes into account liquidity and risk parameters to construct a well-diversified portfolio of stocks that offer the best opportunity for strong, risk-adjusted returns.

The Fund will not invest in companies involved with:

- Tobacco
- Nuclear generation and nuclear-related activities
- Controversial and conventional weapons
- Semi-automatic weapons
- Conventional/non-conventional oil and gas/ arctic oil and gas and oil sands
- Evidence of coal reserves
- Thermal coal
- Genetic engineering
- Violation of UN Global Compact

See the Additional Information Booklet which accompanies the Funds' PDS for full details on the exclusions that apply to the Fund.

The investment process



The Managers

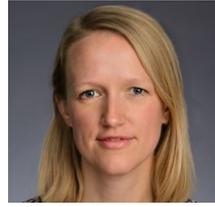
Velislava Dimitrova and Cornelia Furse are Lead and Co-Portfolio Manager respectively. They have deep knowledge of the Water & Waste universe.



Velislava Dimitrova
Portfolio Manager

Velislava Dimitrova has over 12 years of investment experience, initially working as an analyst until 2014, covering a number of sectors including European media, European utilities and materials. In 2018, she built on her vision of running a sustainable

thematic strategy when she conceptualised and started managing Fidelity Sustainable Climate Solutions, where she is currently Lead Portfolio Manager with Cornelia. She has an MBA from MIT Sloan.



Cornelia Furse
Co-Portfolio Manager

Cornelia Furse has over 10 years of investment experience, joining Fidelity in 2010 and working as an analyst until 2021, covering a number of sectors including European mid-cap utilities, US health care, US consumer discretionary and US capital goods. She has an MA in classics from Oxford University.

The Fidelity difference

Fidelity specialises in active fund management and, with one of the largest buy-side research teams in the world, we have the unique 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 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 All Country World Index NR [†]
Inception	1 June 2020
Number of stocks	Typically 35 to 55
Buy/sell spread	±0.20%
Management costs	1.05% 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 using 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 CHESSE, 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)



* Morningstar Awards 2020 ©. Morningstar, Inc. All Rights Reserved. Awarded to Fidelity International for Morningstar 2020 Australia Fund Manager of the Year.

1. The Certification Symbol is a Registered Trademark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and the Fund's methodology, performance and stock holdings can be found at www.responsiblereturns.com.au, together with details about other responsible investment products certified by RIAA. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence. **2.** Based primarily on MSCI Sustainability ratings: >BBB for developed markets, >BB for other markets. **3.** Determined by Fidelity research. Further details on our methodologies is provided at [fidelity.com.au/sustainable-investing/our-framework](https://www.fidelity.com.au/sustainable-investing/our-framework).

All information is as at 31 December 2021 unless otherwise stated. This document is issued by FIL Responsible Entity (Australia) Limited ABN 33 148 059 009, AFSL No. 409340 ('Fidelity Australia'). Fidelity Australia is a member of the FIL Limited group of companies commonly known as Fidelity International. **Prior to making an investment decision, retail investors should seek advice from their financial adviser.** This document has been prepared without taking into account your objectives, financial situation or needs. You should consider these matters before acting on the information. You should also consider the relevant Product Disclosure Statements ('PDS') for any Fidelity Australia product mentioned in this document before making any decision about whether to acquire the product. The PDS can be obtained by contacting Fidelity Australia on 1800 119 270 or by downloading it from our website at www.fidelity.com.au. The relevant Target Market Determination ('TMD') is available at www.fidelity.com.au. This document may include general commentary on market activity, sector trends or other broad-based economic or political conditions that should not be taken as investment advice. This document is intended as general information only. The document may not be reproduced or transmitted without prior written permission of Fidelity Australia. The issuer of Fidelity's managed investment schemes is Fidelity Australia. Details about FIL Responsible Entity (Australia) Limited's (ABN 33 148 059 009, AFSL No. 409340) financial services to retail clients are set out in our Financial Services Guide, a copy of which can be downloaded from our website at www.fidelity.com.au. © 2022 FIL Responsible Entity (Australia) Limited. Fidelity, Fidelity International, the Fidelity International logo and F symbol are trademarks of FIL Limited.