INVESTMENT OUTLOOK

Fidelity Personal Investing's market and investment view

In this issue:

- Investors see the glass as half full
- The rally is broadening
- 2024 fund picks perform as expected

April 2024

ISAs | Pensions | Funds | Shares | Advice

Fidelity INTERNATIONAL

Contents

Important information – the value of investments and the income from them can go down as well as up, so you may not get back what you invest. Overseas investments will be affected by movements in currency exchange rates. Investments in emerging markets can be more volatile than other more developed markets. There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall. Funds in the property sector invest in property and land. These can be difficult to sell so you may not be able to cash in this investment when you want to. There may be a delay in acting on your instructions to sell your investment. The value of property is generally a matter of a valuer's opinion rather than fact. Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity. This information is not a personal recommendation for any particular investment. If you are unsure about the suitability of an investment you should speak to one of Fidelity's advisers or an authorised financial adviser of your choice.

Outlook **at a glance**

Current view: ●○○○○ – Very negative ○●○○○ – Negative ○○●○○ – Neutral
○○○●○ – Positive ○○○○● – Very positive

3 month change (since the previous Investment Outlook): ▲ Upgrade ▶ Unchanged ▼ Downgrade

Asset classes	Current view	3 month change	At a glance
Shares	Positive	Upgrade	The rally continues and is broadening out. Earnings are coming through and valuations are only stretched in places. Value remains elsewhere.
US	Neutral	Unchanged	US leadership, in the face of the world's highest valuations, requires inflation and interest rates to fall and earnings to be delivered.
UK	Positive	Upgrade	The time to buy a market is when it is unloved but investors are starting to notice its attractions. That's a great description of the UK market today.
Europe	Positive	Upgrade	Europe has had a tough time economically. Now the tide has turned, and its undemanding valuation makes it attractive.
Japan	Positive	Upgrade	Corporate reform, a still supportive central bank, rising real incomes and cheap valuations make the case for Japan to stay out in front.
Asia and emerging markets	Positive	Unchanged	China has been the unexpected winner recently. It remains the world's most interesting contrarian recovery play.
Bonds	Positive	Unchanged	Fixed income investors are being rewarded with a high income while they wait for the interest rate cycle to turn in their favour again.
Alternatives	Positive	Unchanged	The two principal alternatives – real estate and gold – are at different stages of the cycle and are attractive for different reasons.
Cash	Positive	Unchanged	Cash continues to deliver a good income as interest rate cuts are delayed. That's in addition to its role as dry powder in an active portfolio.

The glass half full

Tom Stevenson
Investment Director

We started 2024 expecting that a modest slowdown in economic activity would encourage central banks to start cutting interest rates as soon as the spring. Once again, the downswing in the interest rate cycle has been pushed further into the future as the US economy, in particular, has proved more resilient than most observers had forecast. That's both good and bad news for investors.

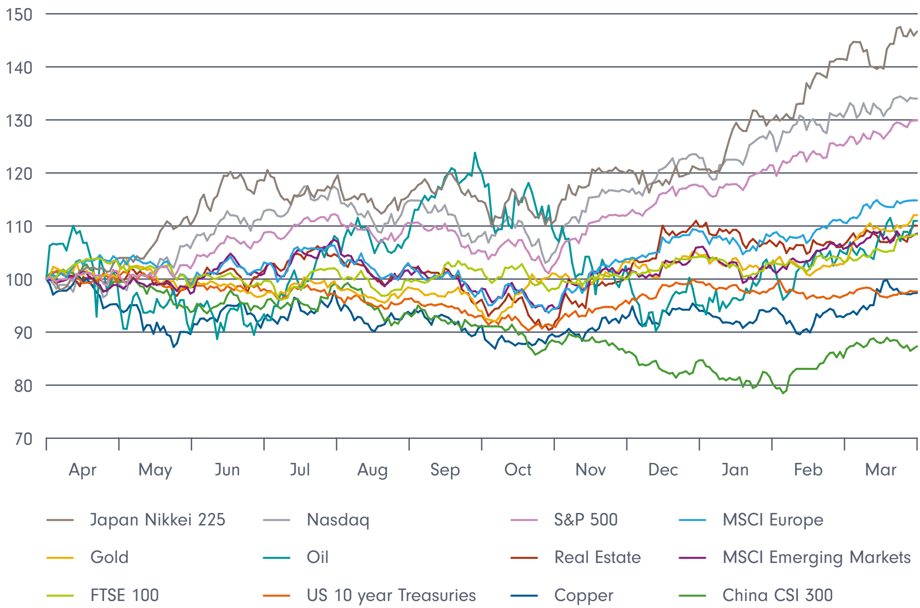
It's good news because a stronger economy, falling inflation, lower unemployment, more jobs, and a stable housing market are a positive for consumer and business sentiment. It is bad news because it makes it less likely that interest rates will fall as quickly or as far as hoped, pushing back the arrival of cheaper financing and household borrowing. That raises the risk that the so-far-elusive recession is simply deferred to next year.

As we entered 2024, we thought there was a roughly even chance of a mild recession or a 'soft landing'. This second scenario describes the quite unusual situation in which inflation is overcome with little or no serious damage to the economy. Now the odds have shifted to an equal balance between that soft landing scenario and the even rarer 'no landing' in which the economy keeps powering ahead despite higher interest rates. While that sounds good, investors should be careful what they wish for. If higher for longer interest rates keep the pressure up on indebted companies and households, it can lead to a harder landing down the track.

For now, the markets are seeing the glass as half full. As the chart on the next page shows, the last six months have been rewarding for investors. The rally since last October's low point has pushed shares 30% higher in America. Since the more serious market trough in October 2022, the gain is now above 50%. It's starting to feel like a proper bull market.

An early indication that investor sentiment may be getting ahead of itself is the widespread nature of the upswing. Not only are several regional markets hitting new highs but so too are gold and bitcoin. It is unusual for these two assets to go up together – one is a risk asset, the other a safe haven. The fact that both are rising alongside higher share prices suggests that some investors are simply chasing momentum, buying what's going up.

With the equal-weighted version of the S&P 500 (in which Apple has the same weighting as, for example, the much smaller Fox Corporation) now up 8% year to date, and around 36% since the low point in 2022, it is clear that the rally is broadening out. Nearly nine in ten of the US's leading shares are now above their 200-day moving average. This is no longer just about a small handful of big growth stocks. Shares generally have shrugged off the prospect of persistently tighter monetary policy as rising earnings pick up the baton from increasing valuation multiples.



Source: Refinitiv, total returns in local currency, 1.4.23 to 31.3.24

Past performance is not a reliable indicator of future returns. For full 5 year figures, see page 7.

Looking back over the past 12 months, there continues to be a big dispersion between the winners and losers, but the range is skewed heavily to the upside. A well-diversified portfolio will have served you well and should continue to do so. Only the Chinese market has disappointed, and even here there are recent signs of improvement.

At the other end of the scale, Japanese and US shares have delivered fantastic returns over one year. Europe, emerging markets and the UK are relative laggards but, in any other year, we'd surely settle for what they have delivered.

What might derail this bullish narrative? We're watching a few things. First, we are keeping an eye on the inflation rate. If the last mile in the journey back to central banks' inflation targets proves as difficult as some fear, central banks will not feel compelled to cut rates. They might even consider further hikes. That's not currently priced in.

Meanwhile the threat of recession has not gone away completely. High mortgage rates and company borrowing costs could have a delayed impact later this year or next. As we move towards the US election, the spending taps may need to be reined in to prove candidates' fiscal credibility.

Looking at the bigger picture, the rally since October 2022 is now about half-way to the average, both in terms of duration and percentage gain. Longer term, too, the secular bull market that began in 2009 is still shorter than the great bull run of the 1980s and 1990s and, before that, the long rising market of the post-war recovery years. But we are closer to the end than the beginning.

2024 fund picks

Four months ago, we lifted the lid on our fund picks for 2024. Needless to say, this is a short period of time over which to judge their performance, but for the sake of transparency here are some initial thoughts.

The continuation into the New Year of last year's autumn rally means that the best performers have been the two global equity funds. Shares have pushed ahead, with many markets hitting new highs. An overweight position in equities has paid dividends this year.

Unsurprisingly, the better performing of the two global funds has been the **Legal & General Global Equity Index Fund**. When we included both this and the **Fidelity Global Dividend Fund** in this year's picks it was expressly to cover all bases. The holdings of the two funds could not be more different, and we knew that they would perform differently depending on the market backdrop.

The passive L&G fund is heavily skewed towards the Magnificent Seven shares, which have continued to drive global market performance. And it has delivered an excellent, and perhaps unsustainable, performance in the first three months of the year.

The Fidelity equity income fund is more defensive and will always perform less well in a strong bull market. Its biggest holdings are in large, income-paying European stocks that have lagged the US growth stock winners. But the two funds have performed exactly as expected.

The **Fidelity Cash Fund** was designed to deliver a steady performance in an environment of still relatively high interest rates and to lock in a safe income while this remained available. Its income yield is currently slightly below 5%, so it is still making a useful contribution in a balanced portfolio. Even though the market has been strong so far this year, the cash fund continues to play the part it was designed to.

The one fund that is modestly underwater after four months is the **M&G Global Macro Bond Fund**. Again, this is unsurprising in the context of a powerful equity market rally which has come despite persistently high interest rates. The point of holding bonds in a diversified portfolio is to provide ballast in case the economy disappoints and share prices fall. The fact that the M&G fund has fallen only marginally in the period is testament to the defensiveness of its global approach and go-anywhere remit.

Obviously, with the benefit of hindsight, an investor would have started the year fully invested in equities and with a continuing bias towards the big growth shares that have led the market higher since October 2022. But, of course, hindsight is something we don't have as investors. The four picks for 2024 still make sense in our opinion.

(as at 31 March)	2019-20	2020-21	2021-22	2022-23	2023-24
S&P 500	-7.0	56.4	15.7	-7.7	29.9
Nasdaq	0.7	73.4	8.1	-13.3	35.1
FTSE 100	-18.4	21.9	16.1	5.4	8.4
MSCI Europe	-15.0	45.7	4.1	2.0	14.8
Nikkei 225	-8.8	56.7	-2.8	3.1	46.7
MSCI Emerging Markets	-17.4	58.9	-11.1	-10.3	8.6
Gold	22.2	4.4	13.1	0.7	12.1
Oil (WTI Crude)	-65.4	80.3	84.3	-14.0	19.5
US 10yr Treasuries	21.5	-8.1	-2.8	-6.9	-2.3
China CSI 300	-2.7	39.9	-14.9	-1.8	-10.5
Copper	-23.9	77.9	18.0	-13.2	-2.6
Real Estate (S&P Global REIT)	-22.5	37.4	20.0	-19.4	8.7

Source: Refinitiv, total returns in local currency as at 31.3.24.

Shares

Current view ◦◦◦●◦ Positive | 3 month change ▲ Upgrade

For the first year or so after the cyclical low in October 2022, stock market leadership was worryingly narrow. While the Magnificent Seven took the US back towards a new high, the 'S&P 493' stubbornly refused to join in. Something similar happened in other markets, where if anything the concentration is even more pronounced than in America.

More recently, we have seen evidence that the rally is broadening out. The equal weighted S&P 500 has still not caught up with the capitalisation-weighted index but, having risen by 36% in the past 18 months, it is not that far behind the 51% gain for the main index. Since the retest of the market lows in October 2023, the two have been neck and neck. This makes the bull market feel more stable and sustainable.

And the broadening is not restricted to the US. Other markets, notably Japan, but even including our own out-of-favour domestic market, are now joining in. Even in the face of a delayed monetary policy pivot, shares are pushing ahead into virgin territory. It does look as if central banks may have navigated that hardest of all tricks, getting on top of inflation without triggering either an economic recession or a bear market.

We are now into the bottom end of the typical range for a cyclical bull market. Since the 1960s, these have ranged from a 50% gain to as much as 200%. The average has been about 90%, lasting for two and a half years. On both measures, the current rally still has some legs.

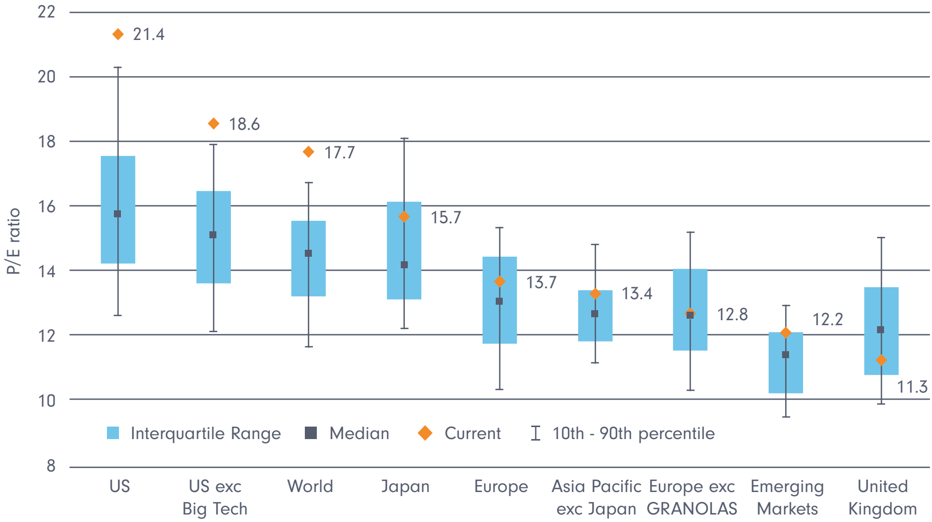
How long this can continue will depend on the interplay between earnings, valuations and interest rates. With the US market currently trading on a multiple of 21 times expected earnings, up around 6 points from the October 2022 low, earnings need to keep growing to bring the market back to a less stretched level. They will be helped in this regard if central banks decide that falling inflation now allows monetary policy to be slightly less restrictive.

The good news is that profit margins, which contracted somewhat during the modest earnings decline last year, are widening again. The fourth quarter earnings season turned out quite a bit better than expected and estimates are for a progressive improvement in earnings growth through the four quarters of this year. The first instalment of that – first quarter 2024 earnings – is about to unfold.

Forecast earnings growth for this three-month period is 4%, rising to 9% in the second and third quarters and then 13% year on year by the final quarter of the year.

As for valuations, a plausible argument can be made for higher overall multiples on the back of AI-related productivity improvements, and also the fact that inflation appears to be back in the equity market sweet-spot of between zero and 4%. Either side of this, inflation/deflation leads to lower stock market valuations but, within it, valuations can be sustained at today's level.

Global valuations: some markets cheaper than others



Source: FactSet, Goldman Sachs Global Investment Research, April 2024. 12 month forward price/earnings multiple data for the last 20 years. The interquartile range shows the middle 50% of values over the last 20 years. GRANOLAS refers to the following stocks: GlaxoSmithKline, Roche, ASML, Nestle, Novartis, Novo Nordisk, L'Oreal, LVMH, AstraZeneca, SAP, Sanofi.

The other point to make about valuations is that most markets around the world are not rated anything like as richly as the US. Here in the UK, for example, both the FTSE 100 and FTSE 250 are priced at just about 12 times earnings. Even after their strong rallies, Japanese and European shares are no higher than a mid-teens ratio of price to earnings. China is valued on a single-digit multiple of earnings.

In every market, as the following individual regional sections show, there are positive reasons to think that the gap with the US valuation could narrow somewhat in the months ahead. In Japan, there is a strong corporate governance reform story. The UK looks increasingly stable politically and economically. In Europe, the end of the energy-related cost of living crisis, together with lower interest rates, paints a brighter picture. There are green shoots in China.

For a brief video update on shares, scan the QR code or visit **fidelity.co.uk/investmentoutlook**

United States

Current view Neutral | 3 month change Unchanged

It has always been risky to bet against Uncle Sam. In recent years, in particular, investors needed to do nothing else than have an overweight exposure to the US stock market. It has comfortably outperformed its peers for years and that continues to this day. The S&P 500 and Nasdaq index have both delivered total returns of over 30% in the past year.

The current bull market is not yet an outlier in terms of either its size or duration. There have been plenty of bigger and longer rallies in recent decades. By itself, this is not a concern. What makes the current surge more worrying is the high valuation that shares have been driven to. Priced at more than 20 times expected earnings, the US market needs company earnings to grow fast for a few years to justify the current rating.

There is evidence that this is happening. We are about to embark on the first quarter earnings season, with forecasts of 4% growth this quarter, just the start of an upswing that could deliver double digit profits growth by the end of the year. If that happens, and if inflation continues to moderate, and if interest rates start to retreat, then the market could have further to go. It's a lot of ifs but not impossible. We stick with Uncle Sam, but at the margin prefer other markets today.

United Kingdom

Current view Positive | 3 month change Upgrade

The time to buy a market is when it is unloved but investors are starting to notice its attractions. This is a perfect description of the UK stock market today: it has been off the radar for the past eight years of political uncertainty but is beginning to attract interest. The recent announcement of a potential new UK ISA may be a gimmicky idea in some ways, but it could turn out to be the catalyst for a re-rating.

One group of investors which has noticed that UK businesses are undervalued is other companies. The number of takeovers happening at substantial premiums to the pre-bid price is testament to the value on offer. Companies' own managements are also keen to buy. Share buybacks are on the up, with Barclays, for example, proposing a £10bn capital return by 2026.

Another attraction of the UK market is its dividend income. This is the case for both the FTSE 100 and FTSE 250, and mid and small caps are where many investors are finding the most value. Reinvesting income has helped deliver much better total returns over the years than the headline growth in the UK benchmarks might suggest. The smaller end of the market could be the biggest beneficiary of falling interest rates and Labour's pro-growth agenda if, as seems likely, it wins the forthcoming election.

Europe

Current view Positive | 3 month change Upgrade

Stock markets in Europe have performed reasonably over the past year but lagged well behind the US and Japan. That reflects pessimism about the economic outlook, which to be fair has been tough since the invasion of Ukraine two years ago. Spiralling energy costs hit the region hardest and rising interest rates had a bigger impact here than over the pond thanks to a greater dependence on bank lending than capital markets for business financing. Another drag for Europe has been the slowdown in global manufacturing. Consumers turned their attention to services after the pandemic, which did not favour big exporters like Germany.

However, many of the headwinds for Europe are now turning into tailwinds. Inflation has tumbled as the region has found alternatives to Russian gas. The jobs market is strong, so households are seeing real terms increases in spending power. The ECB is likely to move first on interest rates, pulling in the same direction as fiscal policy, where much of the European recovery fund is yet to be deployed. A nascent recovery in Chinese demand will help manufacturing bounce back.

Against this improving backdrop, European shares are not highly valued. Any shift away from the expensive US market could benefit the region.

Japan

Current view Positive | 3 month change Upgrade

Japan passed an important milestone during the first quarter of 2024, finally exceeding the Nikkei 225's all-time high set in 1989. The 34-year wait is one of the longest drawdowns in stock market history. But now Tokyo is very much back on investors' radars.

There are good reasons to be positive on Japan. Although interest rates were raised recently for the first time since 2007, it was viewed by investors as a 'dovish hike'. The Bank of Japan flagged the end of its negative interest rate policy in advance, and it made it clear that policy remains accommodative.

The corporate governance reforms that rekindled interest in the Japanese markets remain a key factor. Companies are using their capital more efficiently and buybacks have accelerated. Inflation is also a positive in Japan. The recent spring pay negotiations were the strongest in 30 years, particularly among the smaller companies that account for 70% of employment in Japan. Real wages are rising.

Finally, Japanese shares remain sensibly valued as earnings have been helped by the weaker yen, keeping earnings multiples in the mid-teens.

Asia and emerging markets

Current view Positive | 3 month change Unchanged

It is never right to generalise about the Asia Pacific region outside Japan. Today less so than ever because from an investment perspective there are many different stories going on at the same time. China, in particular, is fascinating right now. The past three months have seen a massive swing in sentiment from despair to optimism.

Early in the year, investors seemed to abandon all hope as an expected interest rate cut failed to materialise. But, as is often the case, the capitulation that policy decision triggered was the start of a powerful contrarian rebound rally. Since 22 January, when the market turned around, the MSCI China index has outperformed even the S&P 500, up 14% compared with 7% for the US index over the same period.

The question is whether this is the start of a sustainable return to favour or another false dawn. There are positive signs. On the economic front, exports, industrial production and retail sales are growing faster than expected. Corporate earnings are improving, particularly on the consumer side of the economy where bloated inventories have been worked through and prices are starting to edge higher. There are a lot of positive dividend surprises.

And the Chinese market is very cheap. Trading at around eight times expected earnings and with many companies priced at less than the book value of their assets, it only requires things to be less bad than investors think for the rally to continue.

Interest in China could receive another boost if investors start to see relative value compared with the more popular investment destinations in Asia, two of which are showing signs of frothiness. The first of these is India, where investors, attracted to the country's long-term growth story, have pushed valuations higher even than in the US. On a 20-year view that might make sense, but in the short run it makes the market look vulnerable to any disappointment. Perhaps the likely re-election of Prime Minister Modi this spring could be a 'buy the rumour, sell the fact' moment.

The other area which has attracted investor support in the region is technology, which favours markets in Taiwan and Korea in particular. As in the US, there has been a big AI-related re-rating of tech stocks. It would only take a modest redirection of investment flows from these two markets and from India towards China to narrow the valuation gap.

Bonds

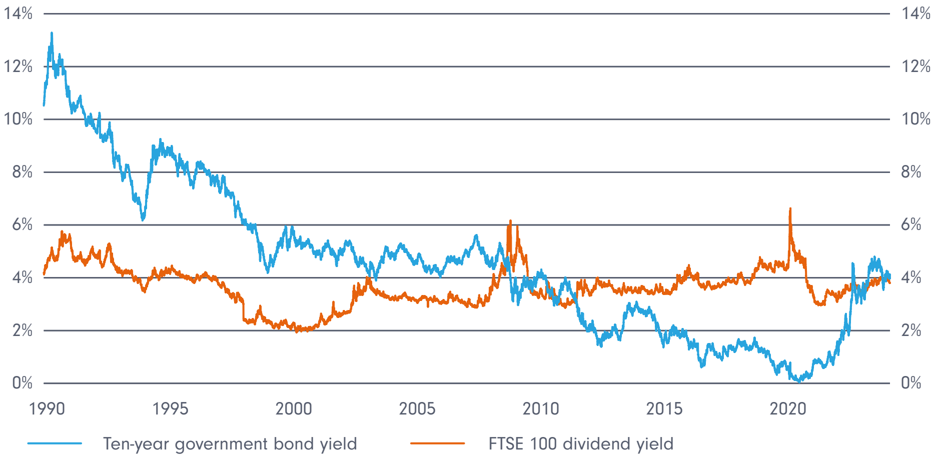
Current view | 3 month change Unchanged

US government bond yields have edged higher since the start of the year as the expected cut in interest rates has been pushed further out. We started the year thinking that the first cut would be in the spring, but it now looks like we will have to wait at least until the summer. The rise in the yield on the 10-year US Treasury from 3.9% at Christmas to 4.4% today is a negative for fixed income investors as bond yields move in the opposite direction to bond prices.

It's a similar story in the UK gilt market, where the yield on the 10-year bond has risen from 3.5% to 4.1% over the same period. Although interest rates here stand at a similar level to those in the US, it is now thought likely that the Bank of England could move earlier than the Fed, with the UK only just emerging from a shallow technical recession. In Europe, too, the ECB looks ready to move soon, with Eurozone inflation closer to the 2% target than in either the UK or US.

The good news about the recent rise in yields is that investors still have the ability to lock in an attractive income. As the chart on this page shows, UK gilts now offer a similar level of yield to the dividend income from UK shares. The bad news is that a capital gain from bonds as interest rates come down could be further away than hoped and hard won if monetary policy remains tighter for longer.

UK 10yr government bond and FTSE 100 yields



Source: Refinitiv, 1.1.90 to 2.4.24.

Past performance is not a reliable indicator of future returns.

Bond yields are influenced by movements in interest rates, but they also reflect supply and demand in the market. If investors fear that governments will issue lots of bonds in future to fund their spending plans, they will demand a higher yield. With the federal deficit increasing last year to $1.3trn the fiscal taps are open wide, and this has the potential to keep bond yields high. It remains to be seen how the election will impact spending plans – both candidates are populists at heart but government debt in the US already stands at $34trn with annual debt costs of $870bn. No one knows at what point the bond vigilantes might say 'enough is enough'.

Corporate bonds – priced for perfection?

The strength of the US economy has surprised everyone, and it is being reflected in investors demanding a very low extra yield to compensate them for the risks of holding corporate as opposed to government bonds. The spread between corporate bond yields and those on government bonds is as low as 1 percentage point for the highest quality companies and only a little over 3 percentage points for riskier corporates.

This is a concern for investors because it means that any further rise in government bond yields is likely to be passed straight through to corporate bond yields as well. In addition, any concern about the health of the economy could result in a widening of spreads. In both cases, this would be bad news for anyone holding corporate bonds in their portfolio.

For now, investors are less focused on spreads than on the all-in yield, which is still attractive compared to the income available on alternative investments like cash, shares or property. It is estimated that the yield on high yield US bonds could rise from the current 7.6% to about 10% before investors lose money, so there is quite a cushion, the largest in fact for over a decade.

Bonds usually offer investors helpful diversification in a balanced portfolio. If things turn out worse for the economy than equity investors are expecting, then interest rates would most likely fall and a rise in the value of bonds would offset any drop in the stock market. That does not always work out – 2022 was a painful reminder that bonds and shares can sometimes move in the same direction – but most years holding both bonds and shares will give investors a smoother ride.

While we wait for a fall in interest rates to deliver a capital gain on our bonds, we are being rewarded with a good yield. So, we remain positive on fixed income overall, with a preference for government bonds rather than corporates.

For a brief video update on bonds scan the QR code or visit **fidelity.co.uk/investmentoutlook**

Alternatives

Current view ••• Positive | 3 month change Unchanged

The real estate market has corrected significantly from its peak in the second quarter of 2022. Prices have fallen by between 10% (residential) and more than 20% (office and industrial). Many parts of the market are now showing signs of stabilisation. We think that the next year or so could be a good time to capture a solid income and benefit from capital growth as the recovery gets underway.

Demand is reasonably strong on both sides of the Atlantic. The difference lies in the supply side of the equation, where the US still suffers from a 20% vacancy rate while Europe is in better balance and is therefore starting to enjoy rental growth again.

Just as picking the right geography matters, so too does choosing the right sector. Logistics, residential and life sciences assets look set to benefit from secular themes of demographic change, technology and sustainability. In particular, there are opportunities in 'green' buildings where demand far outstrips supply.

The risks to the markets lie, as ever, with interest rates. A slower fall in rates could push valuers to increase yields further by cutting price estimates. It could also increase tenant defaults. How banks manage refinancing, particularly in the US, could also influence the market negatively.

But overall, this feels like a good point in the cycle to gain some property exposure, especially as many real estate investment trusts (REITs) currently trade at a discount to asset value.

Shining again

Property may be out of favour, but gold is flavour of the month. The precious metal recently hit a new all-time high, above $2,250 an ounce. Back in November 2022 at the most recent low point, the same ounce of gold would have cost you just over $1,600.

The rally in the gold price is puzzling. Inflation is falling so gold's reputation as a hedge against rising prices doesn't look like the answer. It is also seen as a 'risk-off' asset so it's odd that it should be soaring alongside other risky assets like shares and bitcoin. It usually benefits from falling interest rates so the recent higher for longer narrative should really have been a headwind.

So, gold seems to have been swept up in the 'everything rally'. But that does not mean it might not go further. If interest rates do start to fall in the summer, then the opportunity cost of holding the precious metal, which pays no income, will reduce. Gold should only ever be a small proportion of a balanced portfolio, but it has earned its place recently.

For a brief video update on alternatives, scan the QR code or visit **fidelity.co.uk/investmentoutlook**

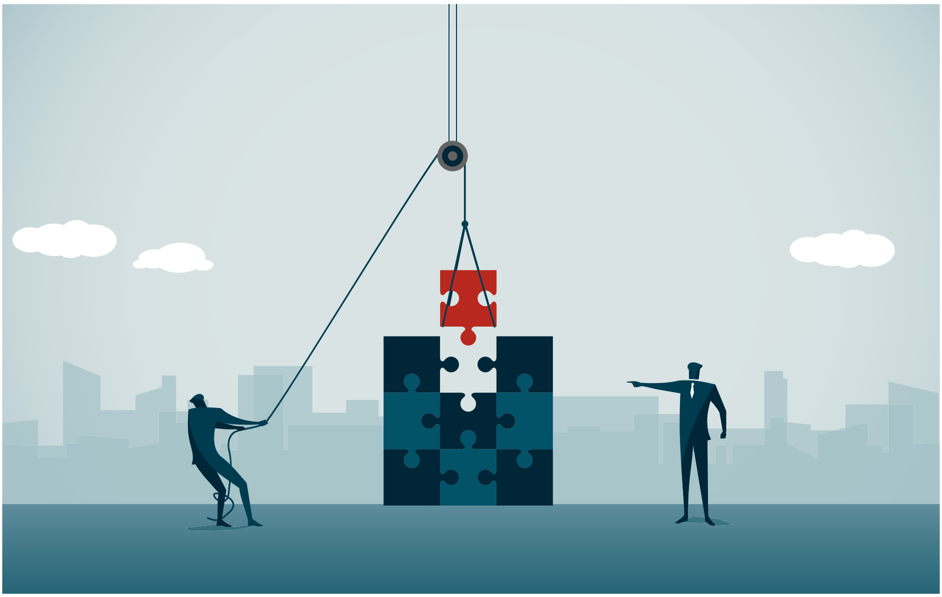
In summary

The past three months have underlined the importance of some key investing principles. The rally that began in October 2022, paused for breath last summer, and then restarted in the autumn has carried on through the first quarter of 2024. Trying to time those various turning points would have been almost impossible and a much better approach would have been to stick with it, investing through the cycle and benefiting from the periodic pullbacks.

Geographic diversification has also been important. The US has continued to make a strong contribution even though it has started to look like an outlier in valuation terms. Japan, which we felt had enjoyed the best of its post-Covid rally, has remained in the vanguard. China, which looked down and out, has bounced back. None of these were predictable three months ago.

Holding a wide range of assets has made sense, too. Gold has risen against the odds. Bonds have lagged but will come into their own if this year's expected recession turns out to have been merely delayed. Property is looking interesting again.

There's lots of uncertainty ahead, with elections all over the world this year – most importantly for us, on both sides of the Atlantic. We look forward to helping you navigate what is bound to be another interesting year for investors.



The Select 50:

Our favourite funds – selected by experts

With thousands of funds to choose from, building your portfolio can be a real challenge, but Select 50 can help you choose from the range of funds available on our website. For more information on how these funds are selected visit fidelity.co.uk/select. The Select 50 is not a personal recommendation to buy funds. Equally, if a fund you own is not on the Select 50 we're not recommending you sell it. You must ensure that any fund you choose to invest in is suitable for your own personal circumstances.

Please be aware that past performance is not a reliable indicator of what might happen in the future. The value of investments and the income from them can go down as well as up, so you may not get back what you invest. For funds that invest in overseas markets, the returns may increase or decrease as a result of currency fluctuations. Investments in small and emerging markets can be more volatile than other more developed markets. For funds launched less than five years ago full five-year performance figures are not available. Shares in investment trusts are listed on the London Stock Exchange and their price is affected by supply and demand. Investment trusts can gain additional exposure to the market by borrowing, known as gearing, potentially increasing volatility.

Standardised performance data for the Select 50 (%) over the past five years

% (as at 31 March)	2019-20	2020-21	2021-22	2022-23	2023-24	Morningstar Fund Rating
Global						
BNY Mellon Long Term Global Equity Fund	-0.6	28.2	13.0	2.1	17.3	✪✪✪✪
Dodge & Cox Worldwide – Global Stock Fund	-18.6	53.8	15.5	2.8	17.7	✪✪✪✪
Edinburgh Worldwide Investment Trust	-1.1	82.0	-32.0	-30.4	-4.0	✪
Fidelity Global Dividend Fund	1.5	21.4	8.1	4.8	12.3	✪✪✪✪
Legal & General Global Equity Index Fund	-6.6	39.1	15.6	-3.0	23.0	✪✪✪✪
Rathbone Global Opportunities Fund	3.6	39.5	9.0	-6.6	25.2	✪✪✪✪
Schroder Global Recovery Fund	-25.0	54.3	9.7	8.5	11.1	✪✪
Vanguard FTSE All-World ETF	-18.6	62.8	3.5	-3.5	13.2	✪✪✪✪

% (as at 31 March)	2019-20	2020-21	2021-22	2022-23	2023-24	Morningstar Fund Rating
North America						
Brown Advisory US Sustainable Growth Fund	-	42.6	18.0	-4.0	31.5	★★★
Dodge & Cox Worldwide – US Stock Fund	-16.8	56.9	19.8	-2.0	21.3	★★★★
T.Rowe US Smaller Companies Equity Fund	-2.7	56.5	5.9	-6.0	22.6	★★★★★
Vanguard S&P 500 ETF	-0.6	38.0	22.3	-4.3	27.5	★★★★★
UK						
Fidelity Special Situations Fund	-27.8	46.7	8.7	3.0	11.5	★★★★
FTF Martin Currie UK Equity Income Fund	-18.1	26.3	14.6	3.7	4.0	★★★★★
iShares Core FTSE 100 ETF	-18.5	21.9	16.0	5.3	8.2	★★★★
Liontrust UK Growth Fund	-14.0	22.6	13.2	3.2	7.3	★★★★★
Vanguard FTSE 250 ETF	-18.8	44.9	0.4	-7.9	8.5	★★★★
Europe						
Comgest Growth Europe ex UK Fund	5.3	28.7	11.1	6.7	17.6	★★★★★
Schroder European Recovery Fund	-26.2	54.2	7.7	15.7	5.0	★
Vanguard FTSE Developed Europe ex UK ETF	-8.1	34.5	6.1	8.2	13.2	★★★
Asia and emerging markets						
Comgest Growth Emerging Markets Fund	-15.1	33.9	-22.2	-1.8	-0.8	★★
Fidelity Funds – Asian Smaller Companies	-27.4	58.2	5.6	8.9	7.5	★★★★
iShares Core MSCI Emerging Markets ETF	-14.7	44.8	-5.5	-4.6	7.1	★★★★
Lazard Emerging Markets Fund	-18.9	35.7	1.7	0.5	13.8	★★★★
Schroder Oriental Income Fund	-18.1	50.0	0.8	-0.3	4.9	★★★★
Stewart Investors Asia Pacific Sustainability Fund	-9.3	40.7	4.0	-1.7	4.6	★★★★★
Japan						
Baillie Gifford Japanese Fund	-8.7	43.5	-8.5	-5.4	8.4	★★
iShares Core MSCI Japan ETF	-3.5	26.4	-3.7	2.2	19.9	★★★★
Schroder Japan Trust	-14.1	40.7	0.5	2.4	28.3	★★★★

The Select 50 is liable to be changed between publication dates for the Investment Outlook. For the most up-to-date list please visit fidelity.co.uk/select

% (as at 31 March)	2019-20	2020-21	2021-22	2022-23	2023-24	Morningstar Fund Rating
Bonds						
AXA Sterling Credit Short Duration Bond Fund	-1.1	5.6	-1.6	-1.1	6.6	★★★
Colchester Global Bond Fund	-	-2.6	-2.9	-1.9	-4.2	★★★
iShares ESG Overseas Corporate Bond Index Fund	6.0	1.1	-1.2	-1.1	1.1	★★★
iShares Overseas Government Bond ETF	13.7	-10.1	-2.6	-2.8	-3.8	★★★
JPM Global High Yield Bond Fund	-8.2	22.3	0.1	-5.6	9.4	-
Legal & General Emerging Markets Government Bond Index Fund	-2.0	0.7	-3.6	5.4	2.7	★★
M&G Corporate Bond Fund	-0.5	10.9	-4.6	-7.8	7.5	★★★★
M&G Emerging Markets Bond Fund	-4.7	10.0	-3.2	5.1	10.1	★★★★★
M&G Global Macro Bond Fund	11.4	-3.5	-1.0	-1.4	-3.5	★★★
Royal London Short Duration Global Index Linked Fund	1.9	5.4	4.7	-3.0	2.6	★★★★
Vanguard Global Short-Term Bond Index Fund	2.0	1.9	-3.4	-1.5	3.8	★★★★
Alternatives						
Balanced Commercial Property Trust	-48.7	24.6	71.4	-30.0	10.1	-
First Sentier Global Listed Infrastructure Fund	-10.8	19.8	13.7	-5.5	-0.3	-
International Public Partnerships Limited	6.6	12.9	7.5	-12.4	-9.3	-
iShares Environment and Low Carbon Tilt Real Estate Index Fund	-19.2	22.2	20.4	-18.9	6.3	★★★
iShares Physical Gold ETC	29.9	-4.7	19.4	8.0	9.7	-
Legal & General Cash Trust	0.7	0.0	0.0	2.2	5.1	-
Ninety One Diversified Income Fund	-5.4	14.3	-1.2	-1.2	4.3	★★★★
Ninety One Global Gold Fund	13.6	18.4	29.0	-7.2	-6.1	★★★★
Pyrford Global Total Return Fund	-2.5	8.5	4.0	1.2	4.4	★★★★★

Before you invest, please ensure you have read Doing Business with Fidelity and the Key Investor Information Document (KIID) or Fund Specific Information Document (FSI) relevant to your chosen fund(s). These documents give you all the information you need to know about Fidelity and the funds we offer, including details of the objective, investment policy, risks, charges and past performance associated with the fund(s). Instructions on how to access these documents can be found at fidelity.co.uk/importantinformation. If you do not have a computer or access to the internet please call Fidelity on **0800 41 41 61** to request a printed copy of the documents. The Full Prospectus is also available on request from Fidelity.

Source: Morningstar from 31.03.19 to 31.03.24. Basis: bid to bid with income reinvested in GBP. Excludes initial charge. The fund's primary share class according to the Investment Association is shown. For the latest yields please call 0800 41 41 61 or visit fidelity.co.uk

Trust us to go further:

- Over 450 investment professionals around the world
- Fidelity International looks after 1.5m UK investors
- Detailed investment approach including direct company interviews

Source: Fidelity as at 31.12.23

For more information

please call
0800 41 41 61
or visit **fidelity.co.uk**

PI-GEN-76