

KNOW YOUR RISKS



Market secrets,
regional opportunities
& portfolio espionage.

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Important information



- Investors should note that the views expressed may no longer be current and may have already been acted upon. Past performance is not a reliable indicator of future returns.
- The value of investments (and the income from them) can go down as well as up and investors may not get back the amount invested.
- Changes in currency exchange rates may affect the value of investments in overseas markets.
- Investments in emerging markets can be more volatile than in other more developed markets.
- The value of bonds is influenced by movements in interest rates and bond yields. If interest rates and so bond yields rise, bond prices tend to fall, and vice versa. The price of bonds with a longer lifetime until maturity is generally more sensitive to interest rate movements than those with a shorter lifetime to maturity. The risk of default is based on the issuers ability to make interest payments and to repay the loan at maturity. Default risk may therefore vary between government issuers as well as between different corporate issuers. Due to the greater possibility of default, an investment in a corporate bond is generally less secure than an investment in government bonds. Sub-investment grade bonds are considered riskier bonds. They have an increased risk of default which could affect both income and the capital value of an investment.
- Reference to specific securities should not be interpreted as a recommendation to buy or sell these securities and is only included for illustration purposes.
- Some of the funds mentioned use financial derivative instruments for investment purposes, which may expose the fund to a higher degree of risk and can cause investments to experience larger than average price fluctuations.
- The investment policy of some of the funds mentioned means they invest mainly in units in collective investment schemes
- Some of the funds mentioned invest more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies.
- Funds may make increased and more complicated use of derivatives and this may result in leverage. In such situations performance may rise or fall more than it would have done otherwise. Funds may be exposed to the risk of financial loss if a counterparty used for derivative instruments subsequently defaults.

Learning objectives

- Describe the current risks and challenges to the global economy, consider the long and short term implications.
- Recognise global investment opportunities, with a focus on the UK and Emerging Markets.
- Understand how themes and portfolios of the future may affect your investment making decisions.

WARNING

**SHOOTING
GALLERY**

EVENTS IN 2024

What date did presidential candidate Joe Biden drop out of the race?

21ST
JULY



How many seats did the Conservative party lose in the 2024 election?

244

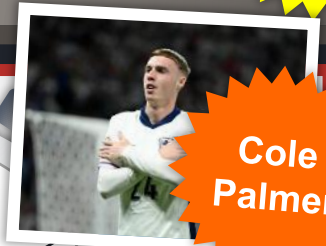


Who took a dip in the river Seine to prove the waters were clean ahead of the Olympics?



Anne Hidalgo,
Mayor
of Paris

Who scored England's only goal in the Euros 2024 final?



Cole
Palmer

What company's glitch caused widespread tech issues?

CROWDSTRIKE



ASSESSMENT RESULTS



Conduct surveillance



Gather intelligence



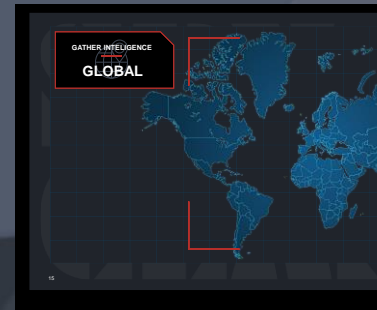
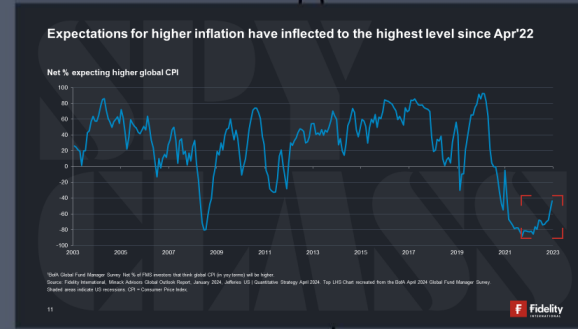
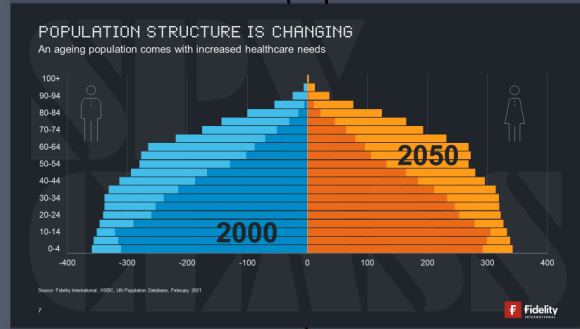
Training & Simulation

PASSED



The Control Room

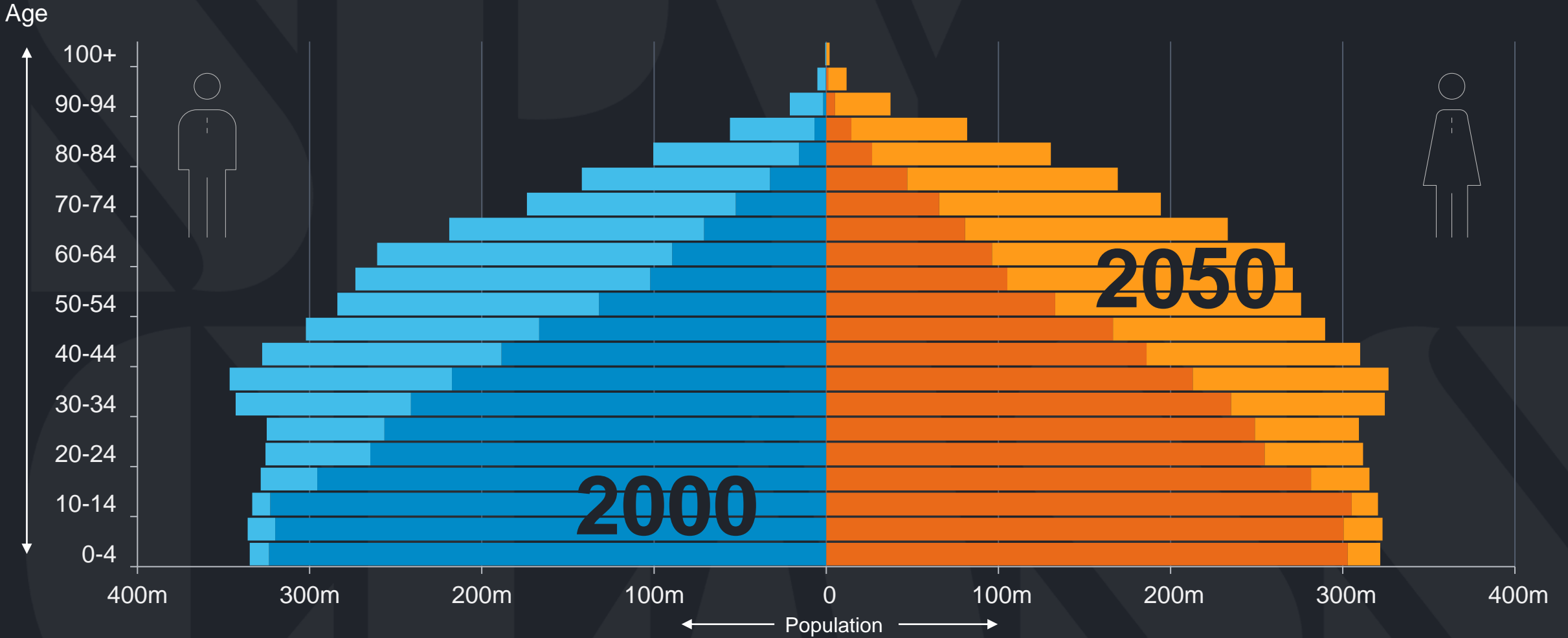
CONDUCT
SURVEILLANCE



GATH
INTEL

Population structure is changing

An ageing population comes with increased healthcare needs



Note: 2050 figures are UN's medium variant.

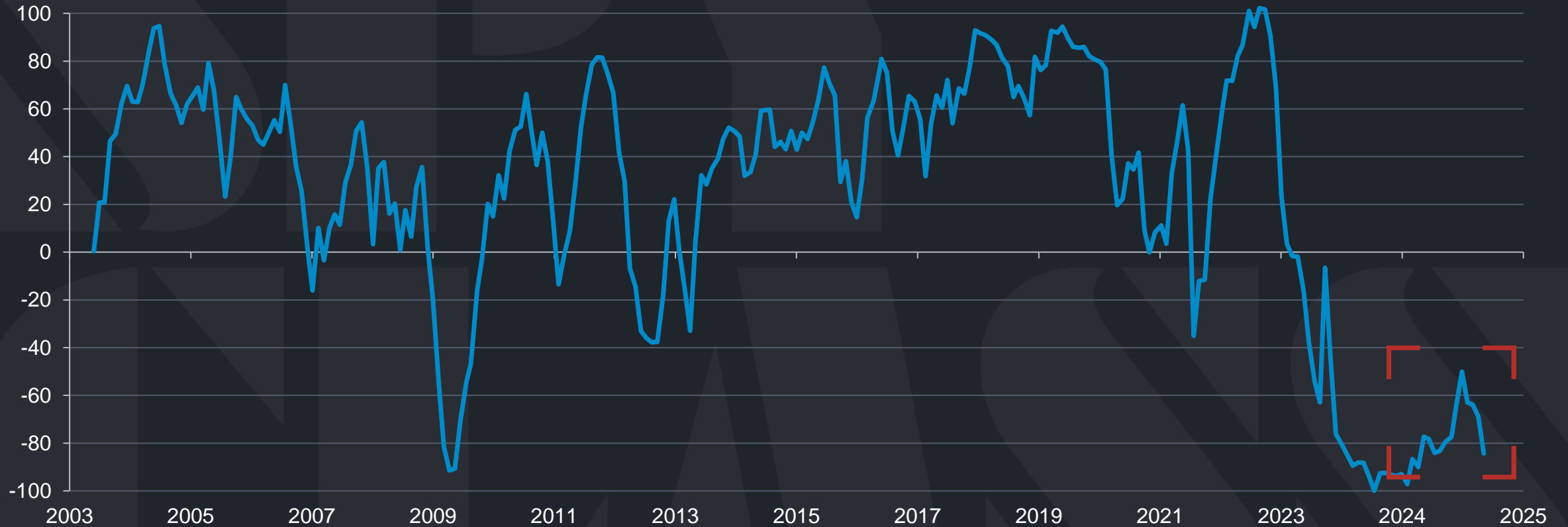
Source: Fidelity International, UN Population Database - [World Population Prospects - Population Division - United Nations](#), July 2024.

Geopolitics



Expectations for inflation have fallen but are beginning to rise again...

Net % expecting higher global CPI

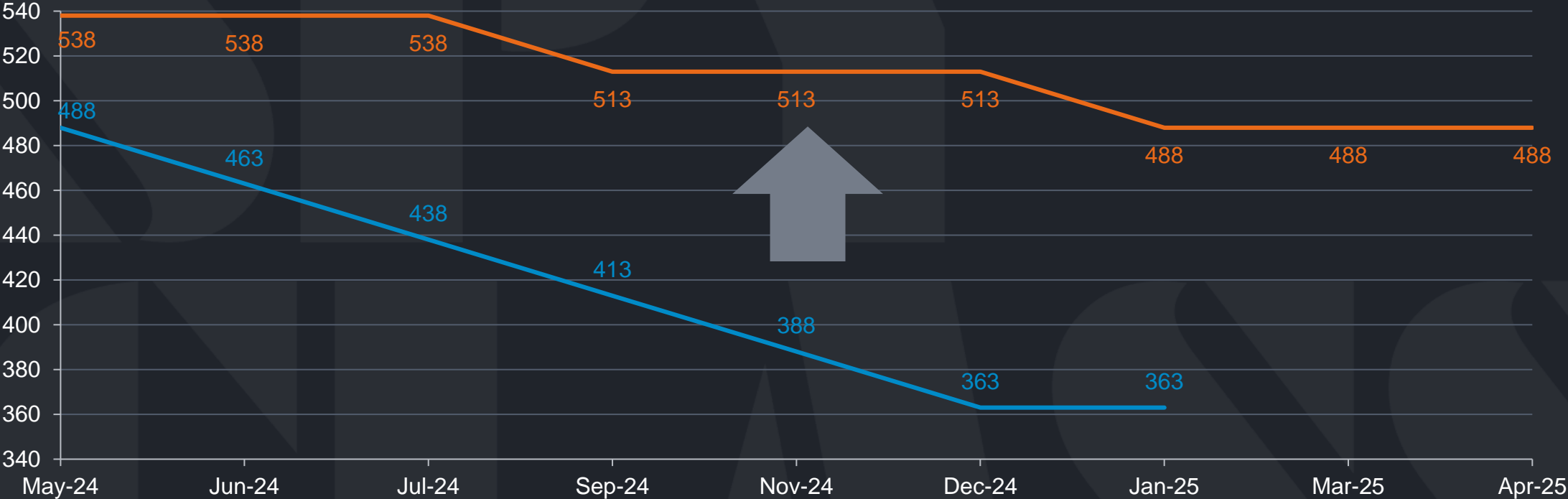


¹BofA Global Fund Manager Survey Net % of FMS investors that think global CPI (in yoy terms) will be higher.

Source: Fidelity International, chart recreated from the BofA August 2024 Global Fund Manager Survey.

The market is now pricing in only one rate cut by the end of 2024

Expected Fed Funds rate (mid-point, bps)



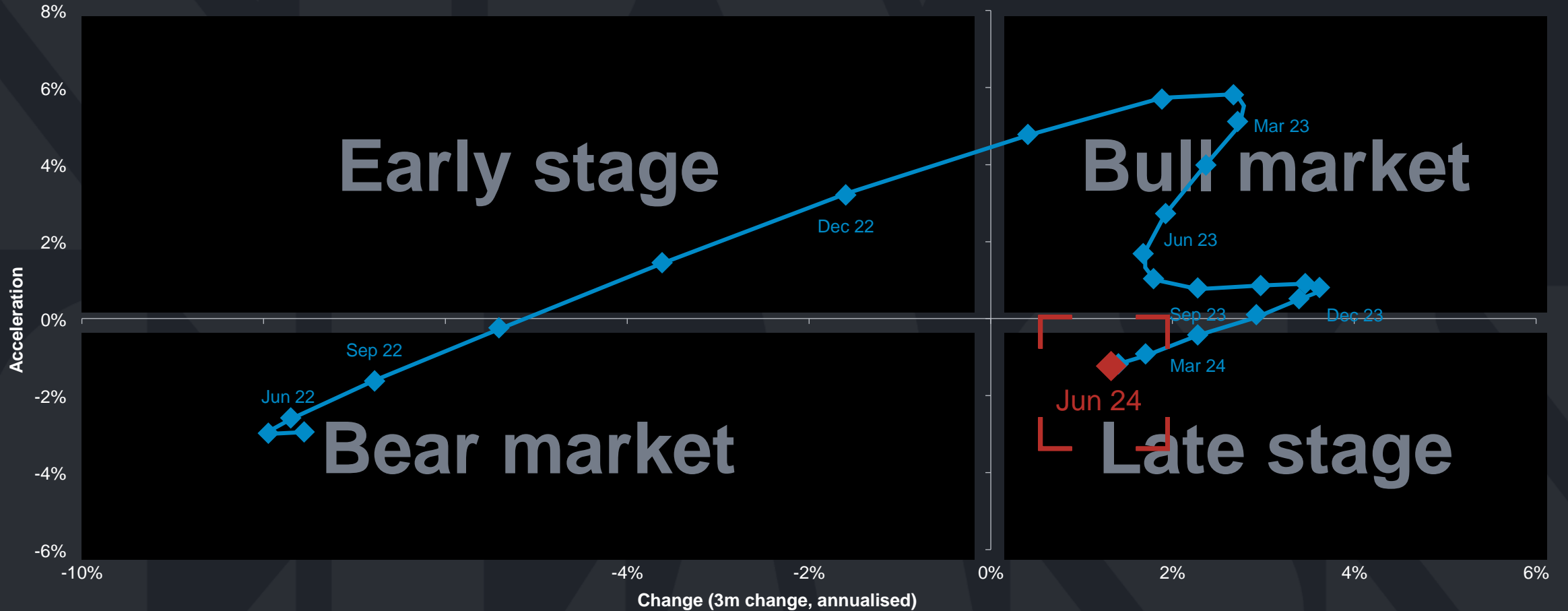
⁴Jefferies, CME Group FedWatch Tool.

As of Dec'23 Current

Source: Jefferies US | Quantitative Strategy April 2024.

Global leading indicators

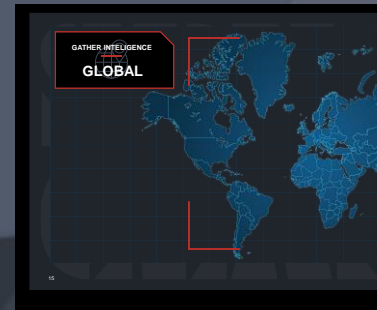
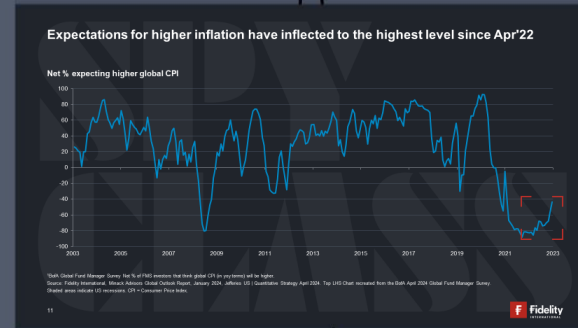
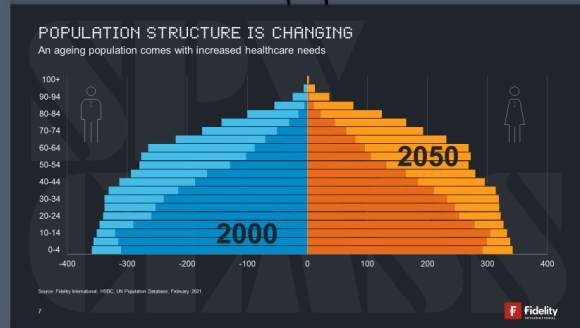
Fidelity's leading indicator shifts further to the 'bottom-right' quadrant, with signs of weakness emerging under the hood



Y-axis: acceleration (annualised 3m vs. 12m change); X-axis: growth (3m change, annualised)
Source: Fidelity International, FIL Global Macro Team calculations, Haver Analytics, August 2024.

The Control Room

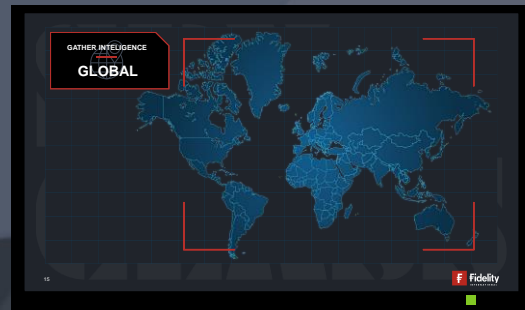
CONDUCT
SURVEILLANCE



GATH
INTEL

The Control Room

GATHER
INTELLIGENCE



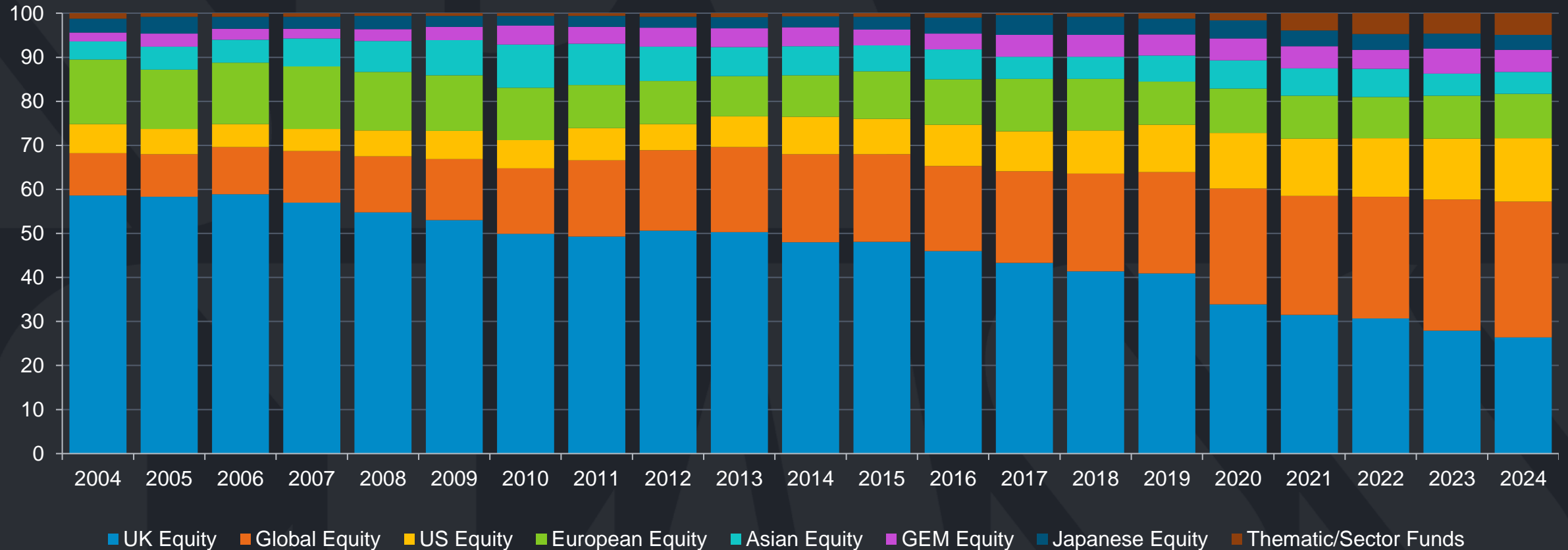
GATHER INTELIIGENCE

GLOBAL



How have investors been positioned over last twenty years?

AUM By Equity allocations



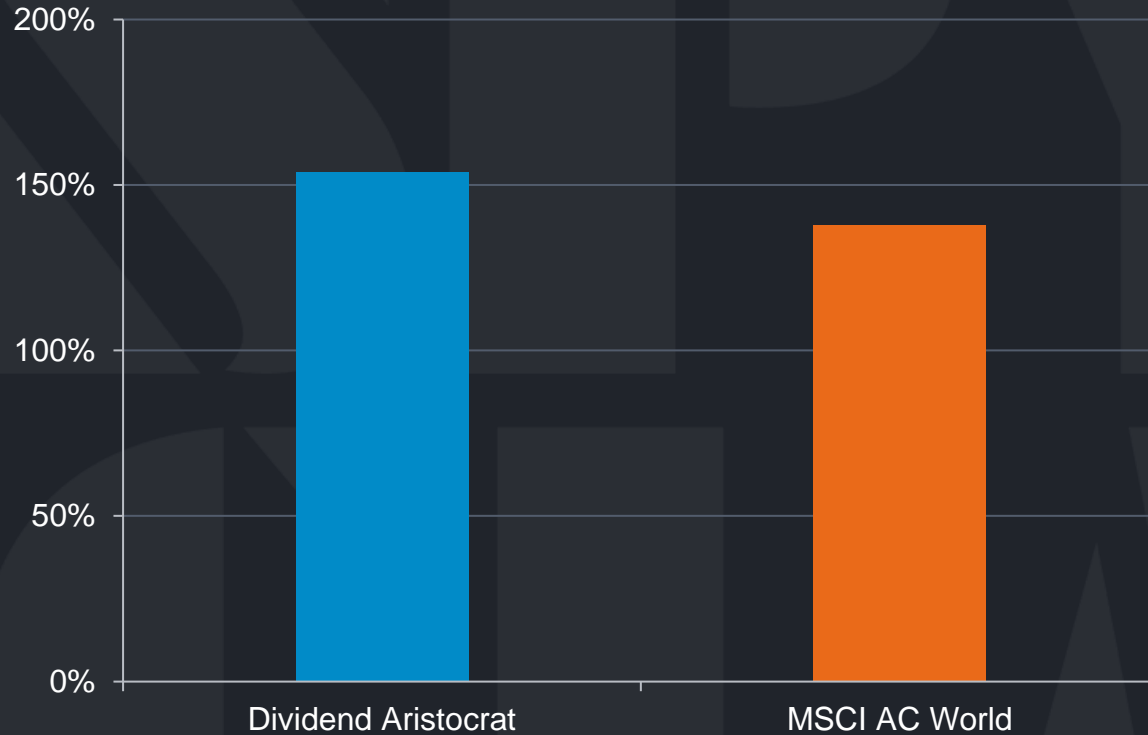
Source: UK Investment Association as at 31 May 2024.



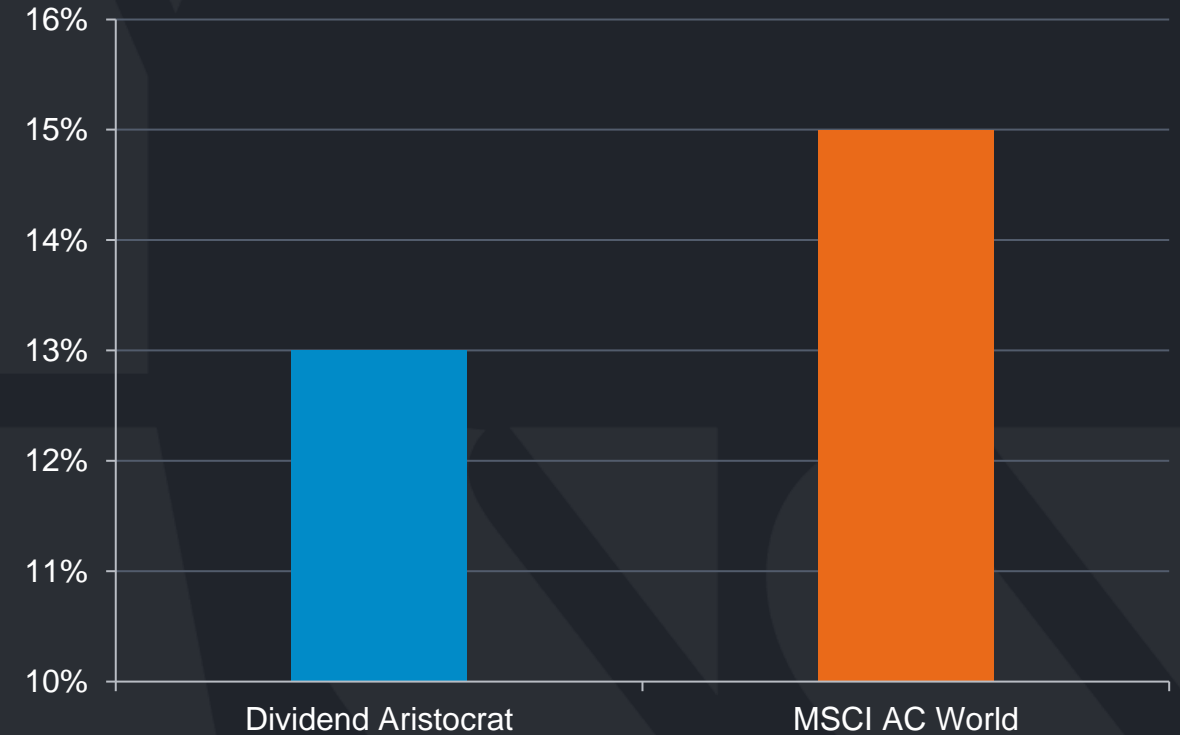
Why focus on quality income?

Higher total returns over the long term but with lower volatility

Total Return over 10 years



Volatility over 10 years



MSCI ACWI	07/08/2019 - 07/08/2020	07/08/2020 - 07/08/2021	07/08/2021 - 07/08/2022	07/08/2022 - 07/08/2023	07/08/2023 - 07/08/2024
Total return	11.50%	29.80%	-12.50%	8.30%	11.30%

Source: Citi Research, as at 30 June 2024 in USD, The universe is divided into Dividend Aristocrats which are companies that have been able to grow their dividends each year over 10-years and the total and price cumulative returns and volatility of returns of that basket of companies. This is compared to the broader MSCI AC World universe where the same figures are calculated. Fidelity International, Refinitiv Eikon Datastream, MSCI All Country World Index, August 2024. Based on total return in USD terms.

GATHER INTELLIGENCE

GLOBAL



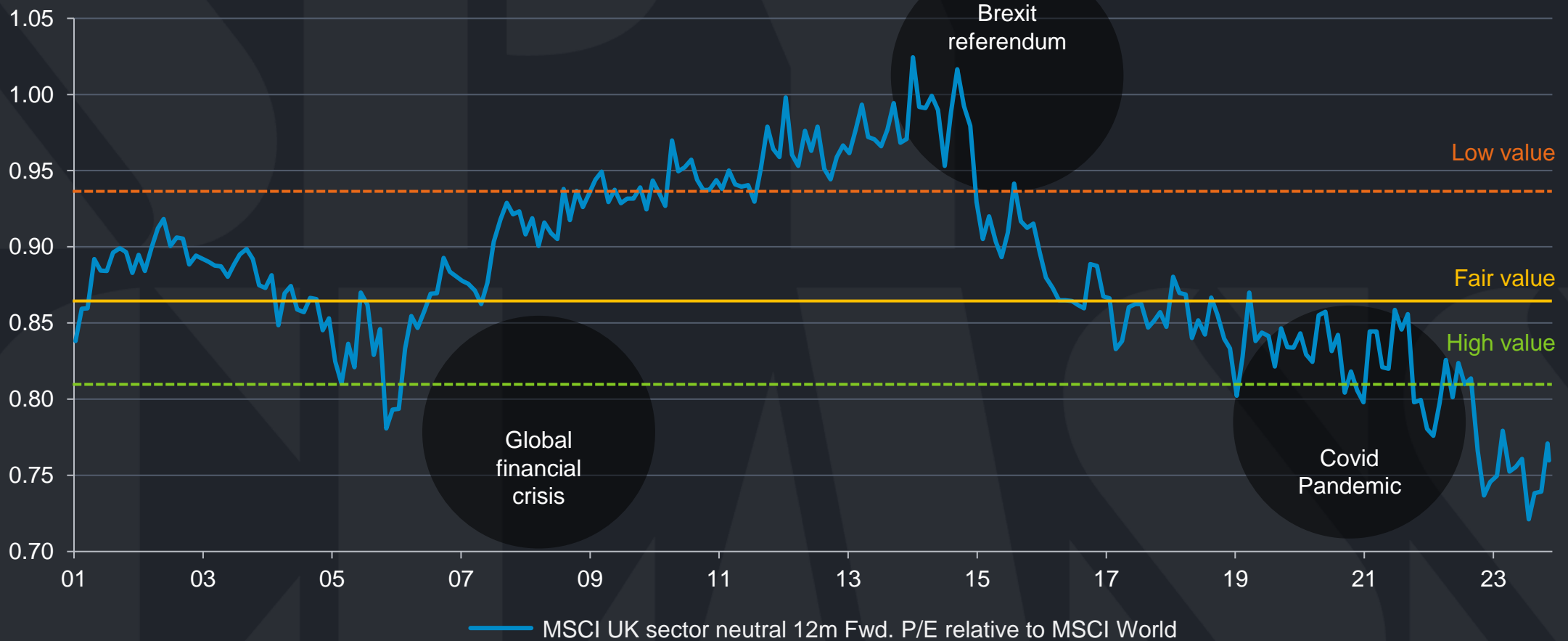
GATHER INTELLIGENCE

UK



UK equities very attractively valued in a global context

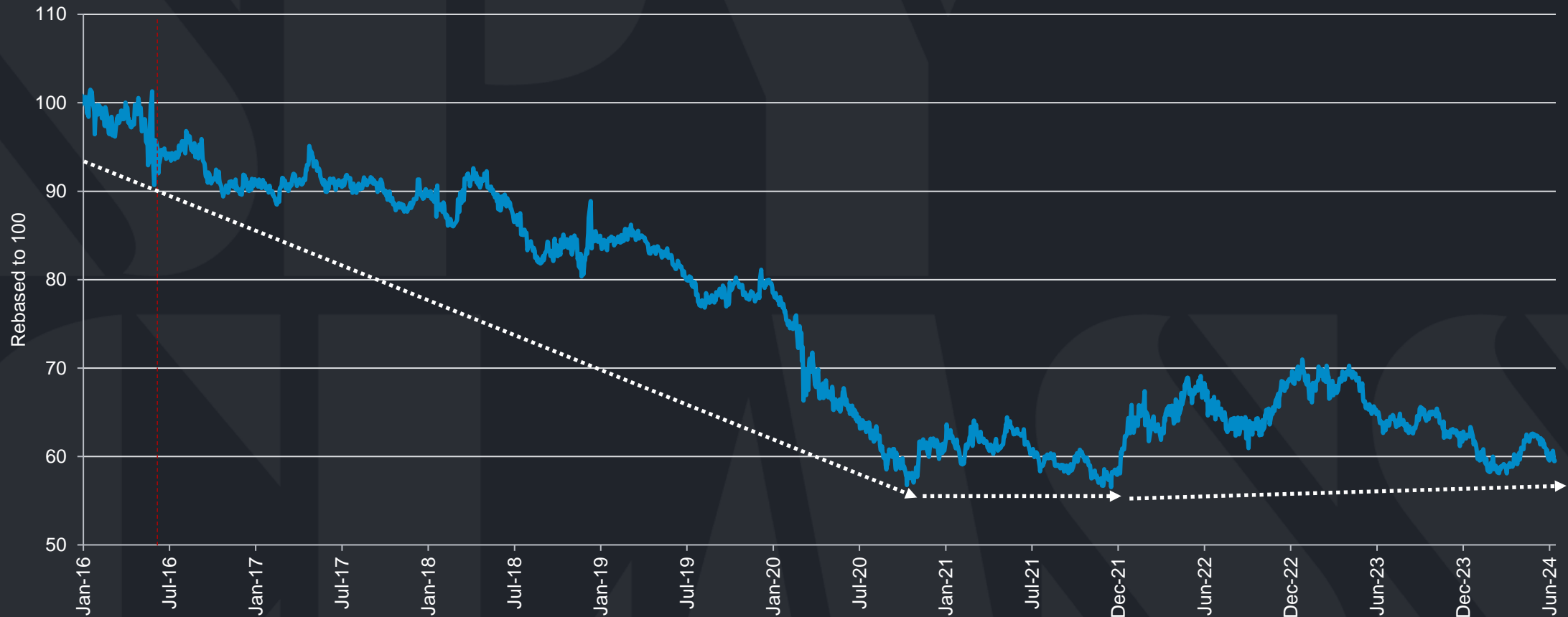
Trading at extremely cheap levels vs US (irrespective of sector differences)



JP Morgan Equity Strategy, Datastream, 01 July 2024.

After 5 painful years, UK equities have been holding their own

MSCI UK performance relative to MSCI World ex UK (GBP)



Source: Fidelity International, LSEG Datastream, 30 June 2024. For illustrative purposes only.

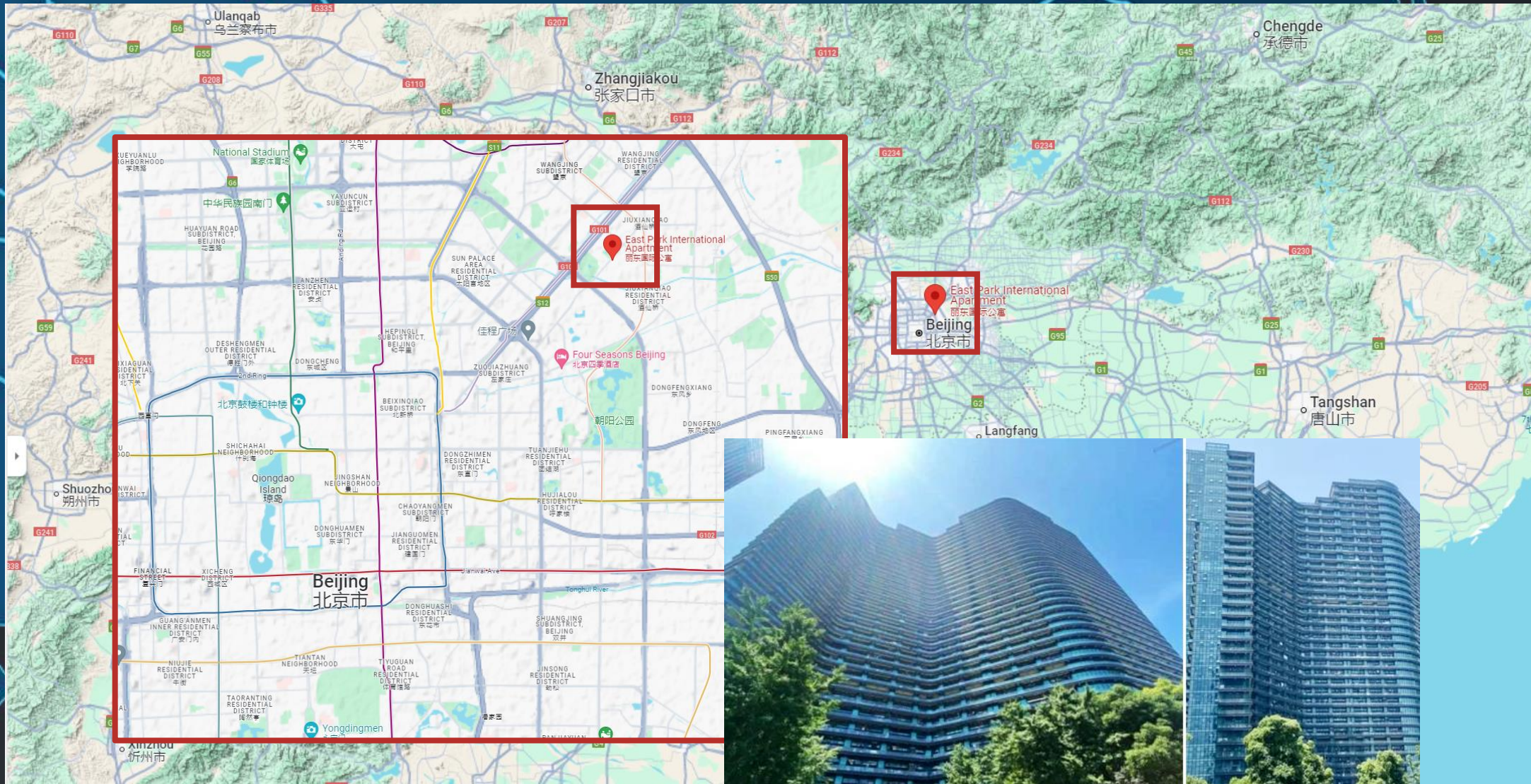
GATHER INTELLIGENCE

UK

GATHER INTELLIGENCE

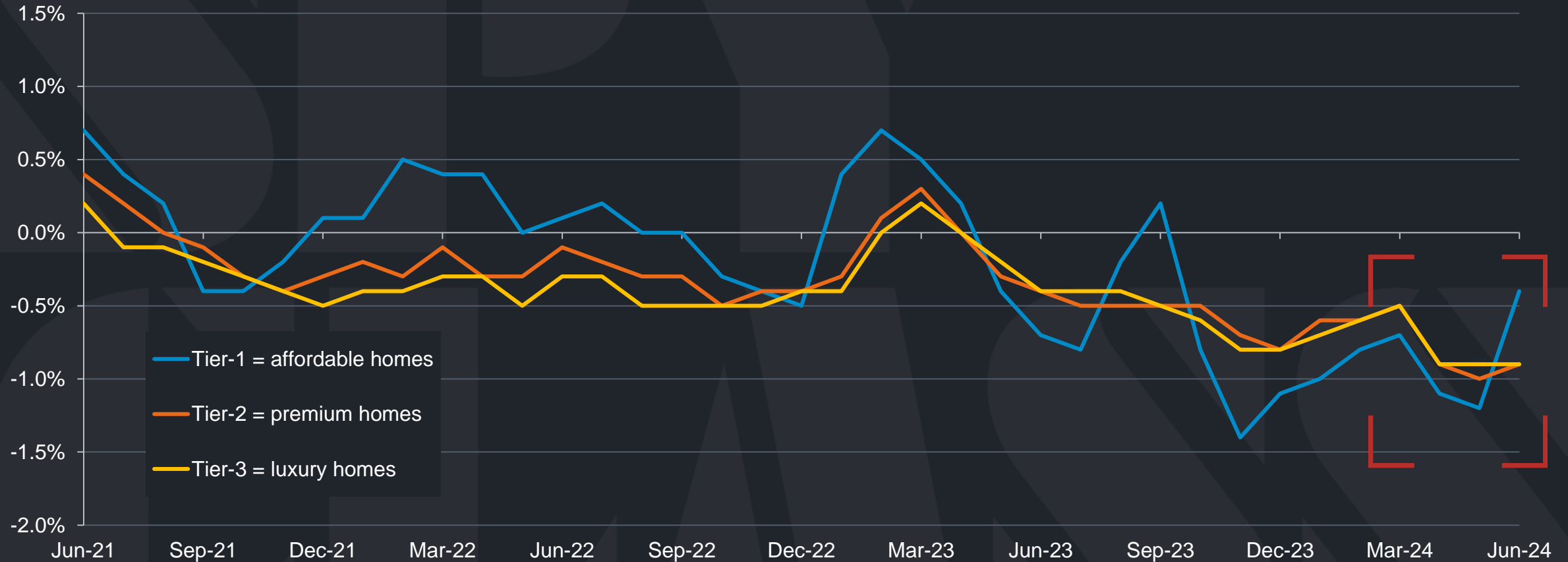
China and EM





Property price stabilisation is key for consumer confidence to return

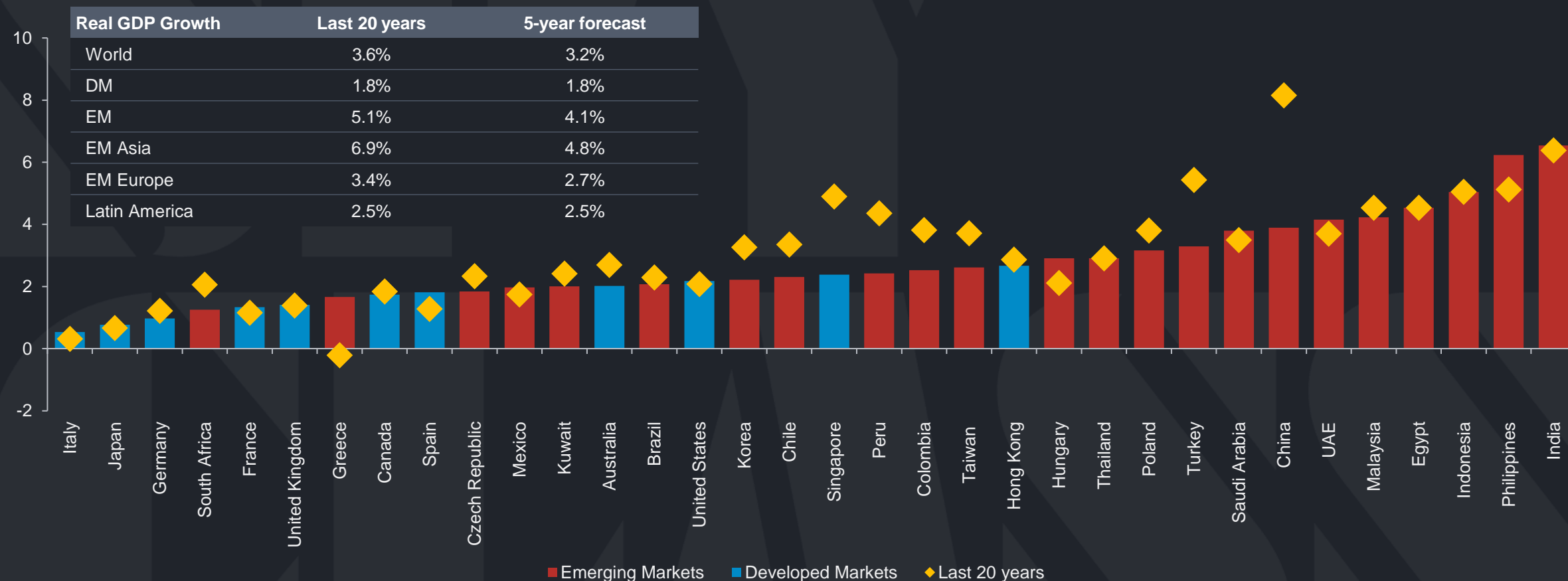
NBS 70-cities Home Price Month on Month



Source: NBS, Wind, Fidelity International, 30 June 2024

While growth is slowing globally, EM are set to lead

Real GDP 5-year growth forecast vs 20-year historical average



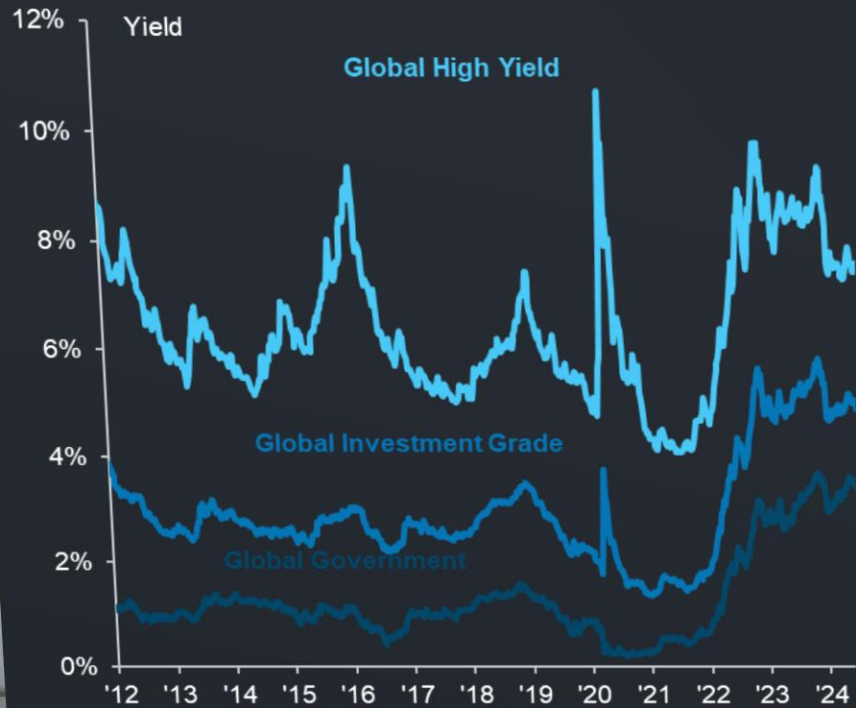
Source: Fidelity International, World Economic Outlook Database, April 2024.

Training & Simulation

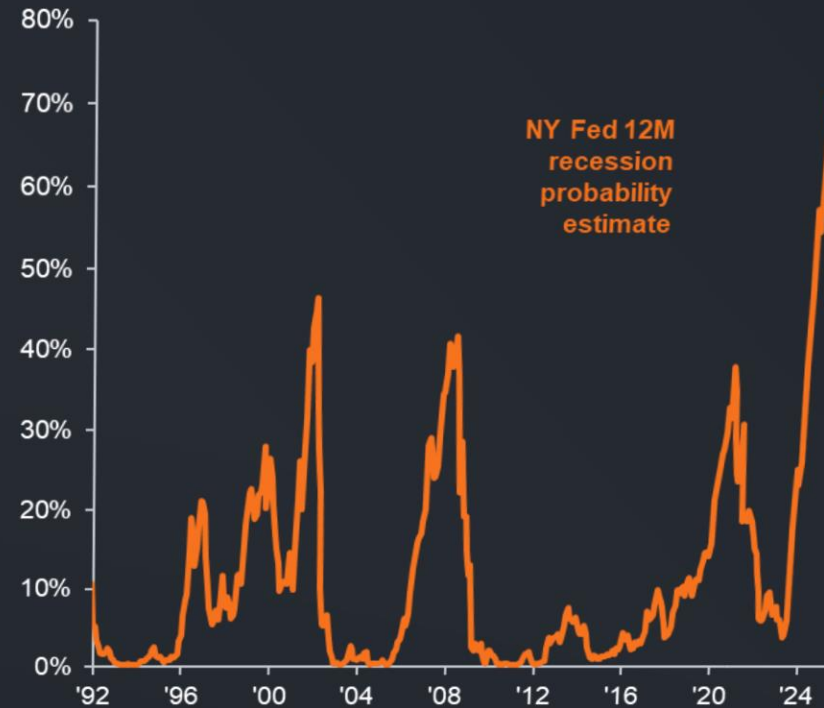


The name is Bonds...

Attractive yield proposition



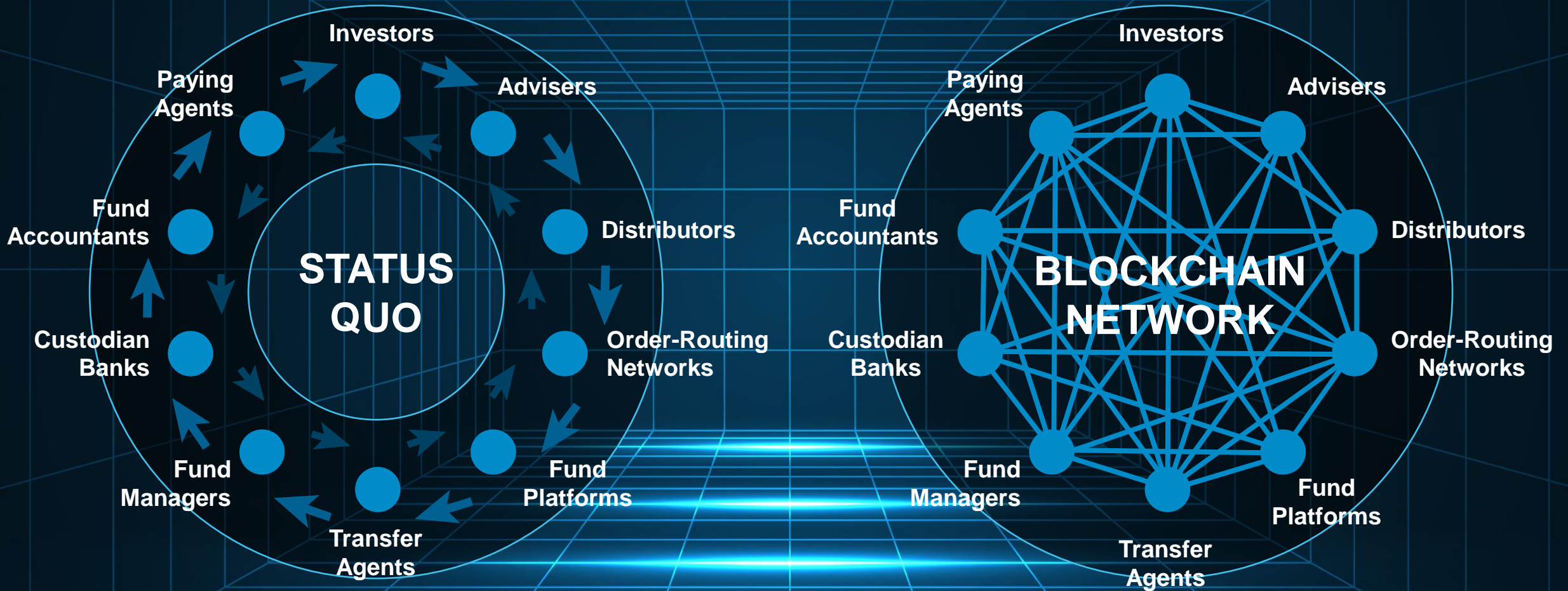
Looming recession?



Source: Fidelity International, ICE BofA indices (left-hand chart), Bloomberg (middle chart), J.P. Morgan (right-hand chart), 6 August 2024.

Why Fund tokenisation matters?

Simplify the chain of intermediaries with huge potential



Key takeaways



Inflation is proving sticky, investors should focus less on rates and more on the money flows.



Volatility may remain elevated for the rest of 2024 – consider blending active and passive solutions to add value and diversification to your clients' portfolios.



Previously unloved areas are receiving more attention from investors. Investors may consider an allocation to the UK and/or China.



Remember the three key pillars when it comes to fixed income and the potential opportunity for investors.



Tokenisation and distributed ledger technology may improve the overall function of the financial system.

LEARNING OUTCOMES



Describe the current risks and challenges to the global economy, consider the long and short term implications.



Recognise global investment opportunities, with a focus on the UK and Emerging Markets.



Understand how themes and portfolios of the future may affect your investment making decisions.

Fidelity funds and solutions

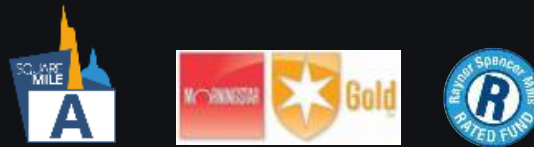
Fidelity Short Dated Corporate Bond Fund

- A highly active, simple and disciplined investment approach aiming to deliver an excess yield over index by locking in attractive yields and holding through to maturity.
- Experienced PM team with deep understanding of the Sterling IG market. Combined investment experience of 75+ years.



Fidelity Special Situations Fund

- The fund invests at least 70% of its assets in equities of companies that are listed, headquartered, or do most of their business in the UK.
- Consistent application of contrarian style by three portfolio managers since launch in 1979.



Fidelity Multi Asset Allocator Range

- The range consists of five portfolios, each aiming to deliver specific risk and return characteristics over the long term.
- Access to global markets with further diversification at provider level.



Source: Fidelity International August 2024



September 24

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