

Beyond global mega caps

The mid cap opportunity

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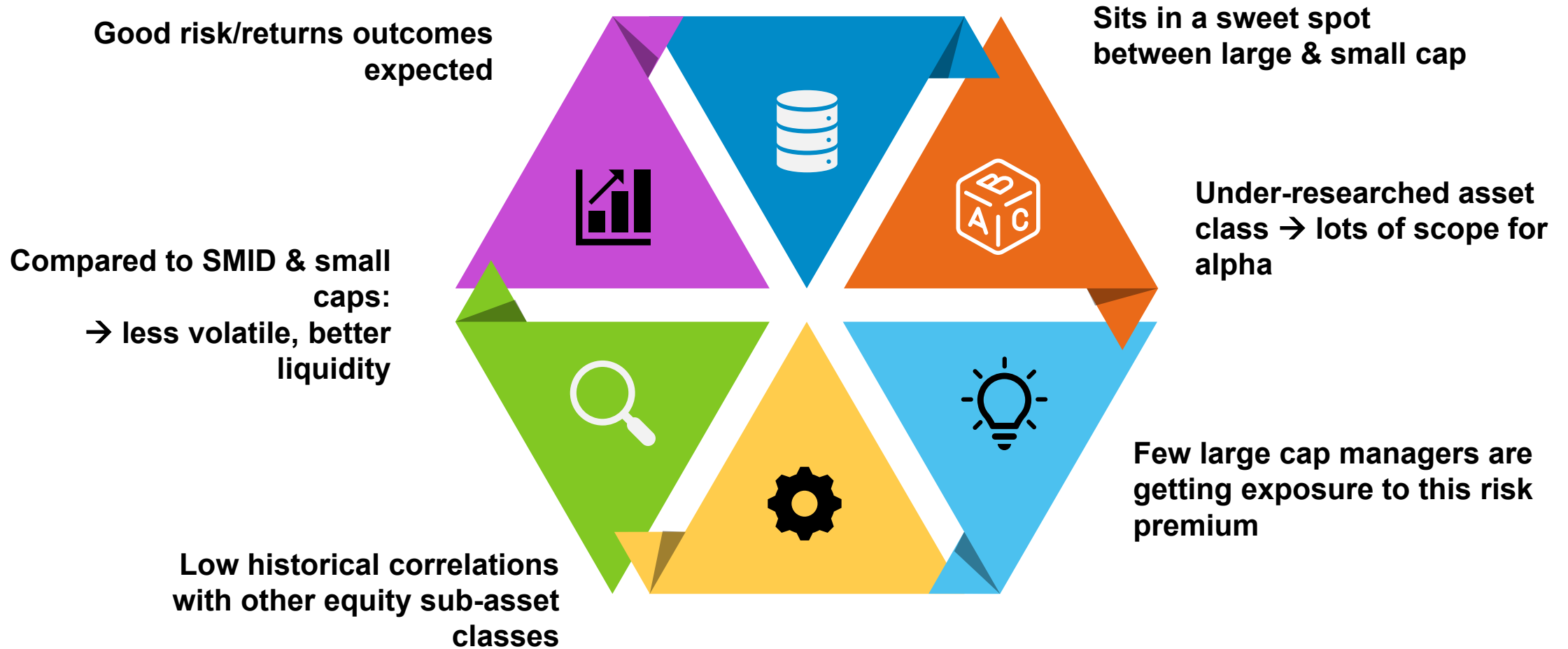


May 24

Why Invest in Global Mid-Small Caps

Why global mid and small caps?

A strong rationale for allocation to the asset class

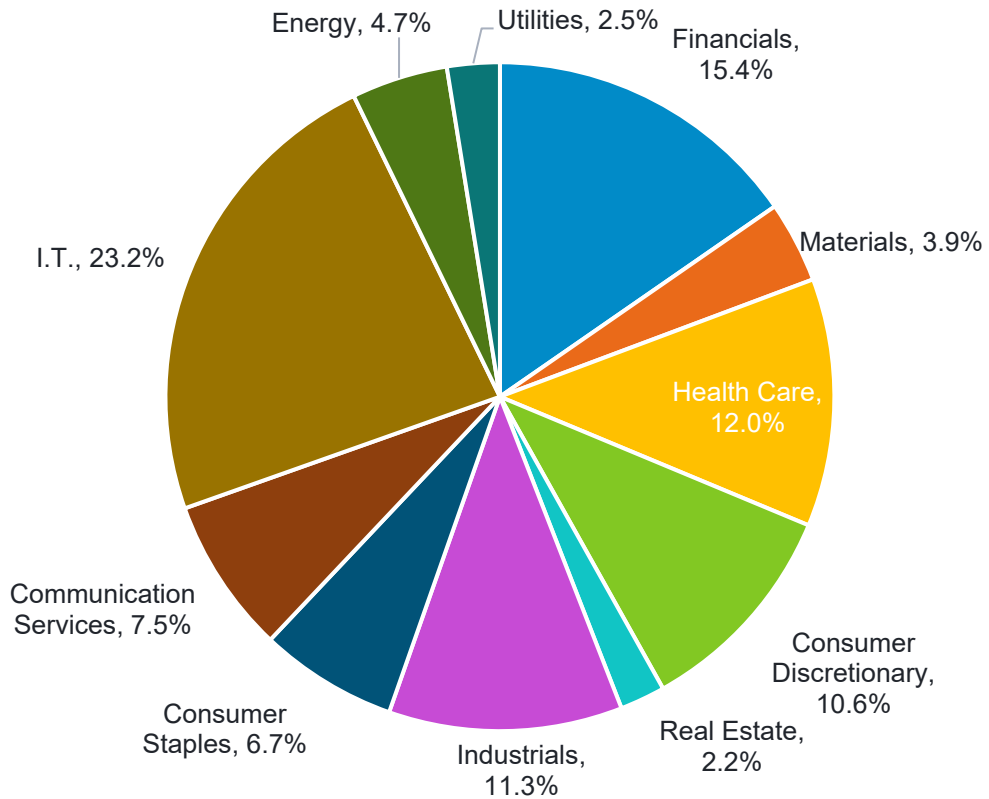


Source: Foresight Research, 2021 and Fidelity International, 2023

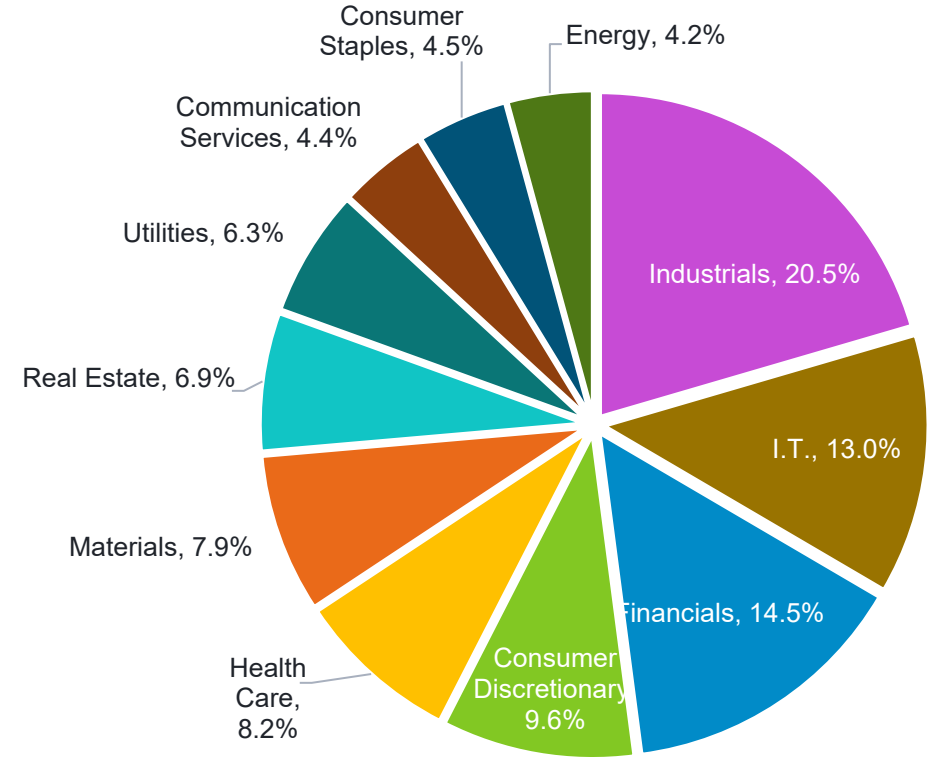
A differentiated opportunity set

Differences in sector level diversification is noteworthy

MSCI World



MSCI World Mid Cap Index



Source: Fidelity International, 30 April 2024. GICS classification.

A differentiated opportunity set

Abundant room for fundamentals-led stock picking vs. tracking error and performance variables imposed by concentration in the large cap universe

Reference to specific securities should not be construed as a recommendation to buy or sell these securities but is included for the purposes of illustration only.

MSCI World

Stock	Sector	% of index
Microsoft	I.T.	4.4
Apple	I.T.	4.0
NVIDIA	I.T.	3.4
Alphabet	Communication Services	2.9
Amazon.com	Consumer Discretionary	2.6
Meta Platforms	Communication Services	1.5
Eli Lilly & Co	Health Care	1.0
Broadcom	I.T.	0.9
JPMorgan Chase	Financials	0.9
Tesla	Consumer Discretionary	0.8
Top 10		22.5

MSCI World Mid Cap Index

Stock	Sector	% of index
Constellation Energy	Utilities	0.6
Copart	Industrials	0.5
Oneok	Energy	0.5
United Rentals	Industrials	0.5
Super Micro Computer	I.T.	0.5
Ferguson	Industrials	0.5
W. W. Grainger	Industrials	0.4
Palantir Technologies	I.T.	0.4
Ametek	Industrials	0.4
Fastenal	Industrials	0.4
Top 10		4.8

Source: Fidelity International, 30 April 2024. GICS classification.

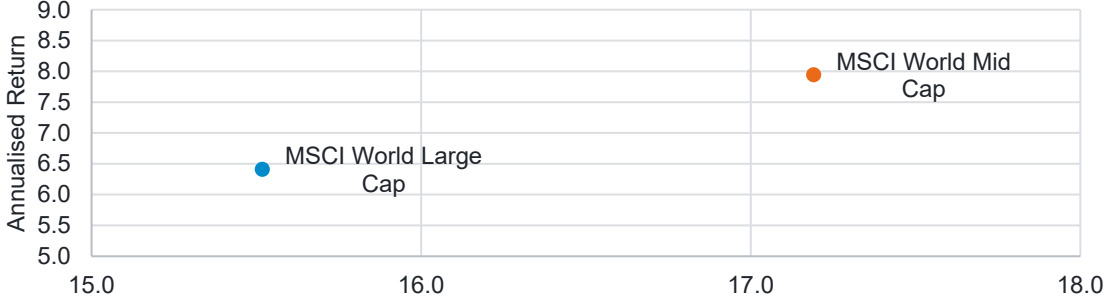
A substantial long term opportunity in mid caps

The fund may invest in securities not included in its benchmark, the MSCI Global Mid-Cap (N) Index, and its performance over any period may deviate significantly from that of the benchmark.

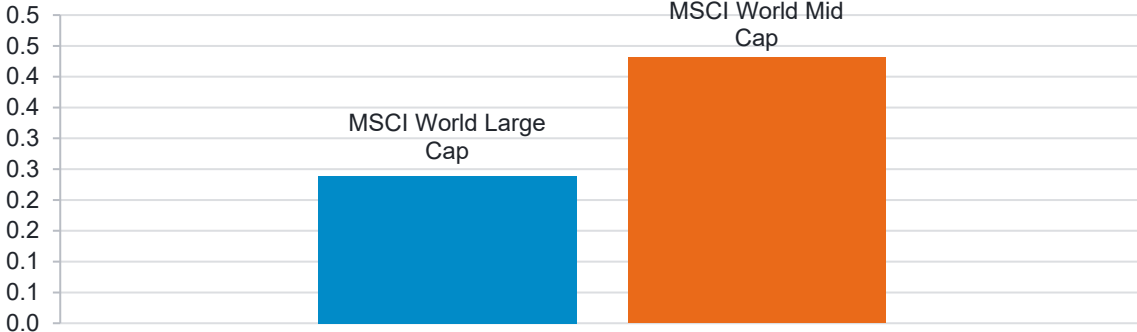
Long term total returns profile over 25 years



Risk reward over 25 years



Sharpe Ratio over 25 years

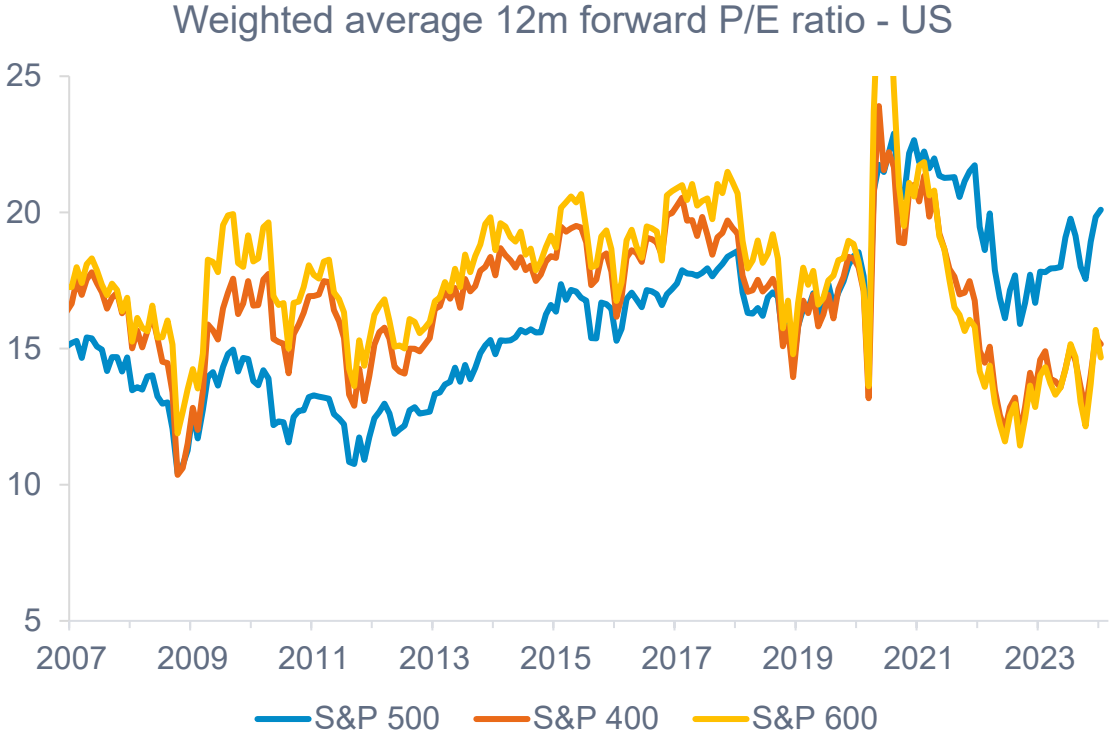


Source: LSEG DataStream, 30 April 2024. Indices referenced in left hand chart: MSCI World & MSCI World SMID Cap Index (MSCI WORLD :SM), in USD terms. Indices referenced in right hand charts: MSCI World Large Cap & MSCI World Mid Cap, in USD terms. The performance of the index is not a representation of the Fund's performance. Past performance is not a reliable indicator of future performance.

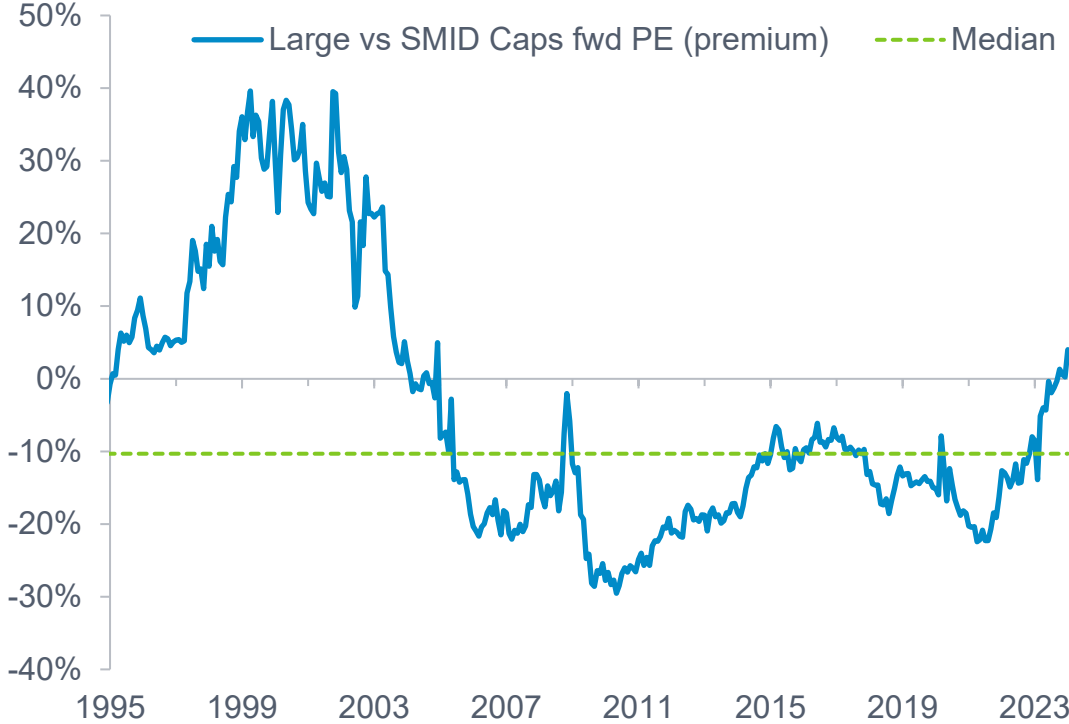


Valuations look attractive outside of US mega caps

Ex-Mag-7, market is more investible



In Europe, small and mid-cap valuations at historically attractive levels

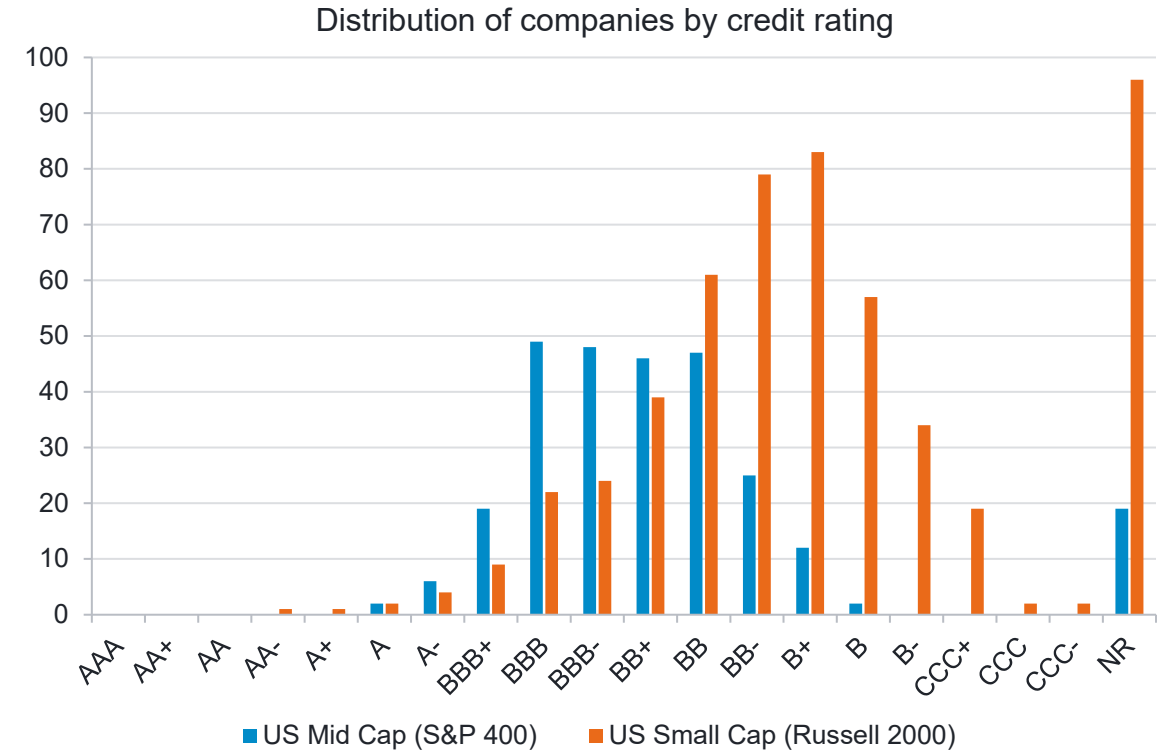


Source: Fidelity International, Bloomberg as at February 2024

Global mid-caps trading at significant discount

- **US mid-caps:** This area of the market offers access to the US, one of the main drivers of global growth at present, at a reasonable price and should have the resilience to withstand higher rates better than some areas of the market, which might be important if US inflation proves hard to get down further.

US mid-caps generally have higher credit ratings and should be more resilient to higher rates

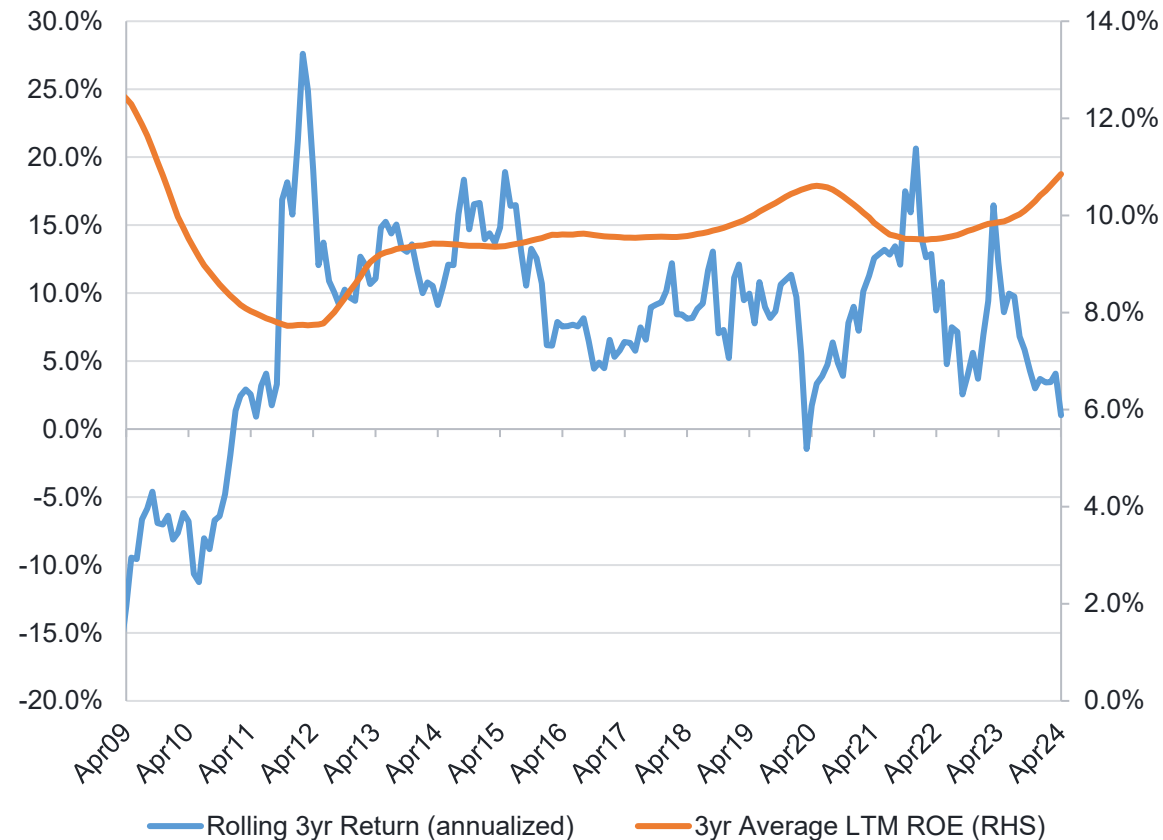


Source: Fidelity International, Bloomberg as at January 2024

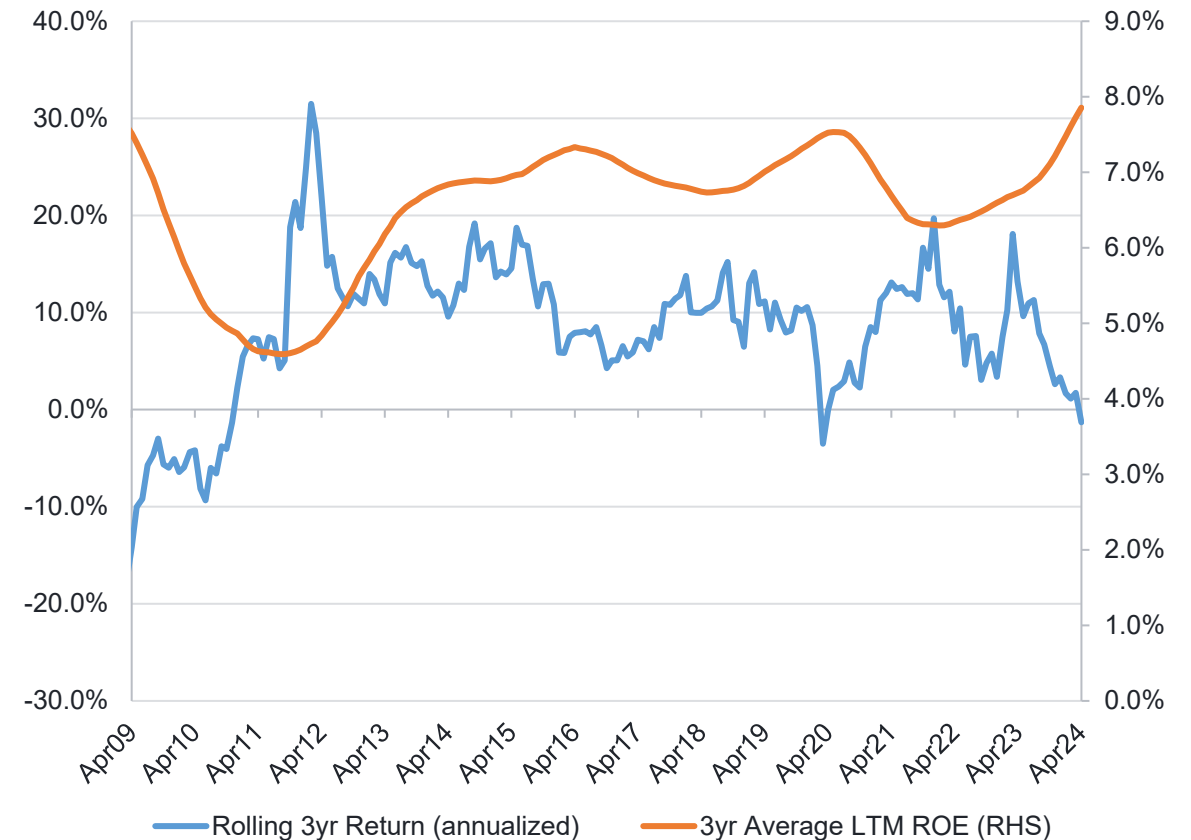
Index total returns and Return on Equity (ROE) - 15 years

Return correlations to ROE – Returns have lagged in 2023 while ROE remains on trend

MSCI World Mid Cap Index : Rolling 3yr Total Return vs ROE



MSCI World Small Cap Index : Rolling 3yr Total Return vs ROE



Source: LSEG Datastream, 30 April 2024. The performance of the index is not a representation of the performance of the Fund. Index referenced: MSCI World, MSCI World Small Cap and MSCI World Mid Cap Index.

Could tomorrow's Google & Apple be hidden in mid-small caps ?

<u>Sector</u>	<u>Themes and Mega Trends</u>		<u>Looking Beyond</u> <u>Current Buzzwords</u>
Technology	Software as a service (SAAS) Data centres and Cloud Subscription-led content models	Connectivity enablers and 5G Artificial intelligence	AI SAAS Cloud
Energy, resources & utilities	Solar Wind & hydro Other renewables	Electric vehicles Green steel	Transition energy Critical minerals Future resources
Consumer	Online retailers Environmentally conscious Plant based foods	Social gaming Mass market luxury	Mass luxury Social platforms Iconic brands & Fast fashion
Financials	Fintech services Virtual banking Global exchanges	Trust and advisory Customised insurance	Insurance hardening cycle Fintech Boutique advisory leadership
Healthcare	Medical technology Contract development outsourcing	Managed care Pharmaceuticals	Ageing demographics GLP1

Source: Fidelity International, April 2024. Reference to individual companies is for illustration purposes only, does not constitute a recommendation to buy or sell these securities, and may not represent actual portfolio holdings at the time of viewing. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity International.

Multi-baggers demonstrate the power of compounding

Top 10 holdings in the Fidelity Global Future Leaders Fund

Company	Fund (%)	Index(%)	Sector	Market	Total returns over a decade [^]
CDW	3.9	0.4	Information Technology	US	854%
Quanta Services	3.7	0.4	Industrials	US	646%
Ares Management	3.6	0.2	Financials	US	1011%
AMETEK	3.5	0.4	Industrials	US	255%
Western Digital	3.4	0.2	Information Technology	US	-3%
NVR	3.2	0.3	Consumer Discretionary	US	591%
James Hardie Industries	3.0	0.2	Materials	Australia	402%
Brown & Brown	2.9	0.2	Financials	US	507%
Moncler	2.9	0.2	Consumer Discretionary	Italy	454%
W. W. Grainger	2.8	0.3	Industrials	US	332%

Reference to specific securities is for illustration only and should not be construed as a recommendation to buy, sell or hold these securities.

Source: Fidelity International, LSEG Datastream as at 30 April 2024. [^]Calculated on a daily basis from 30 April 2014 – 30 April 2024 in local currency terms. Reference to specific securities should not be taken as recommendations to the investor to buy, sell or hold the same and may not represent actual holdings in the portfolio at the time of viewing. Performance of the security is not a representation of the Fund's performance.

Theme: Emerging middle class underpins growth in premiumization and aspirational luxury consumption

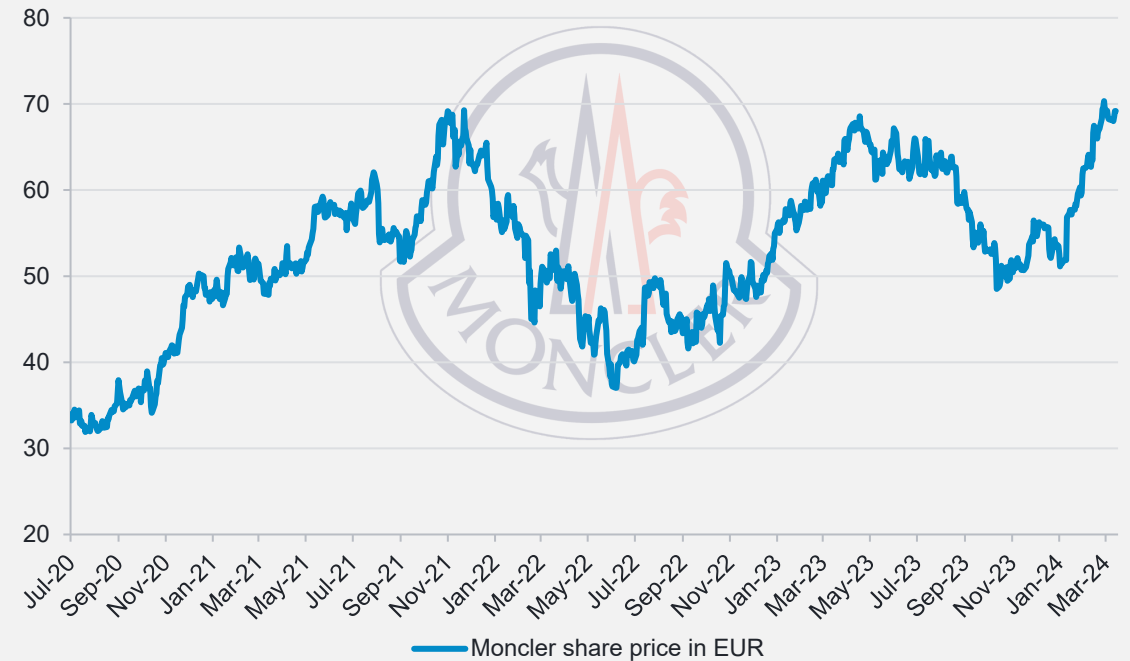
Global luxury brand penetrating new middle-class led markets

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Moncler

➤ Investment Thesis:

- ✓ Owns luxury outwear brands Moncler and Stone Island
 - ✓ Luxury demand is less impacted by inflation
 - ✓ Important to understand seasonality
 - ✓ Outwear market is fragmented
 - ✓ Opportunity in ecommerce
 - ✓ Assessing financials and valuation
- ### ➤ ESG review
- ✓ Current FIL ESG ratings: A
 - ✓ Robust environmental and social scores vs peers
 - ✓ Governance score vastly superior to peers and particularly strong for a luxury company with a dominant shareholder



Looking for structural growth while searching for true global future leaders

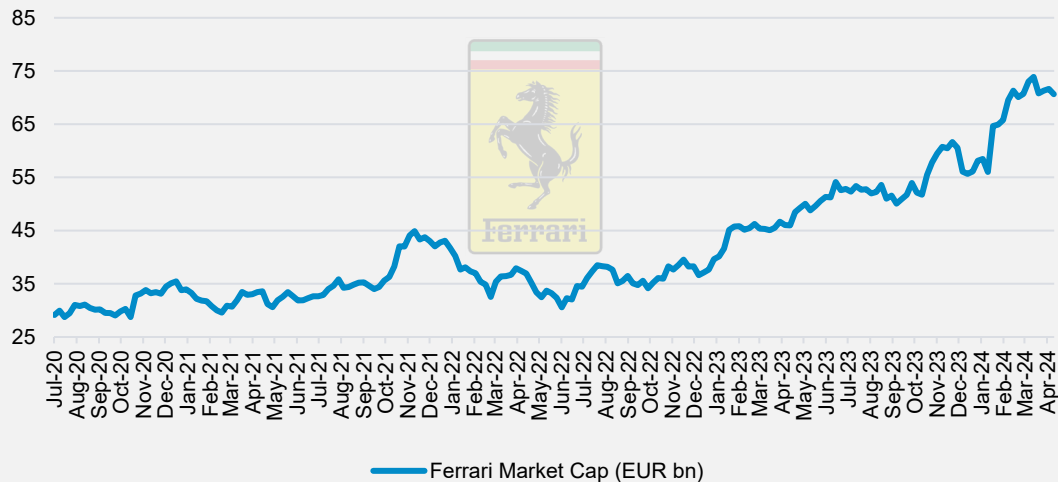
Source: Fidelity International, LSEG DataStream, 30 April 2024. Information is provided for illustrative purposes and does not constitute a recommendation to buy, sell or hold assets/ securities and may not represent actual portfolio holdings at the time of viewing. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity International. The third-party mark appearing in this material is the property of the respective owner and not Fidelity. Performance of the security is not a representation of the Fund's performance. Past performance is not a reliable indicator of future performance.

Graduates - Alpha Generated as Global Future Leaders Graduate to Large Caps

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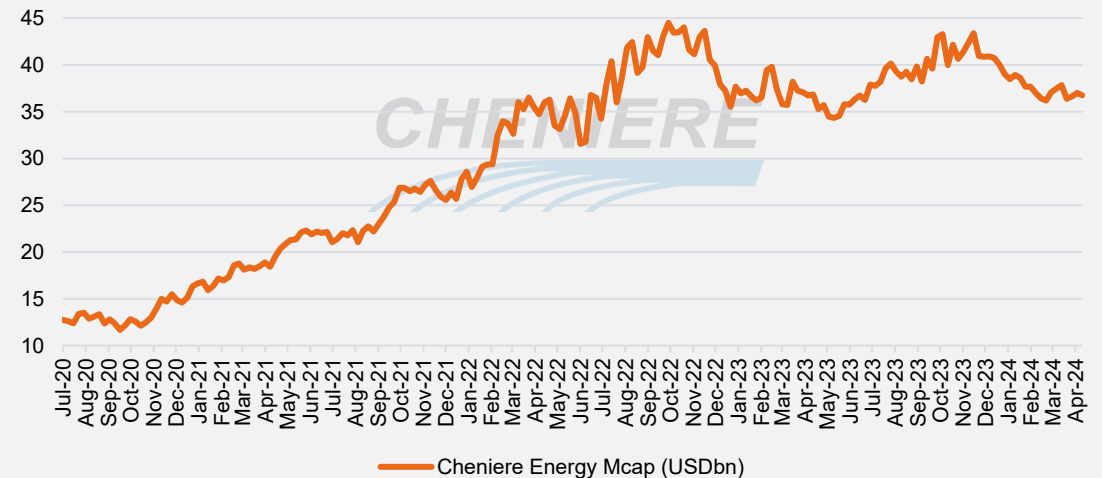
Ferrari

- Aspirational consumer brand
- High ROE profile
- Early-stage graduate



Cheniere Energy

- Dominant market share in liquified natural gas (LNG) exports
- Strong long-term demand given energy transition
- Strong downstream integration with ownership of LNG trains



Investment discipline maintained to capture alpha from holdings upon graduation to higher market cap bands

Source: Fidelity International, LSEG DataStream, 30 April 2024. Reference to individual companies is for illustration purposes only, does not constitute a recommendation to buy sell or hold these securities, and may not represent actual portfolio holdings at the time of viewing. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity International. The third-party marks appearing in this material are the property of the respective owner and not Fidelity. The performance of a security is not a representation of the Fund's performance. Past performance is not a reliable indicator of future performance.

Accessing the global mid cap opportunity

Why Fidelity Global Future Leaders

Co-PMs with substantial Fidelity experience as analysts harnessing Fidelity global insight

The fund does not offer any guarantee or protection with respect to return, capital preservation, stable net asset value or volatility.



Source: Fidelity International

Strategy Snapshot

Global mid-small cap fund based on Fidelity's fundamental research and bottom-up stock picking

Portfolio Overview

Stock range	40 - 70
Benchmark	MSCI World Mid Cap Net Index
Typical Market cap band*	US\$ 1 billion – 40 billion
Fund inception date	18 September 2023

Broad Portfolio Guidelines[^]

Stocks	Typically + / -5%
Industries	Typically + / -10%
Countries	Typically + / -15%
Cash	Typical range: 0 - 20% (typically < 10%)
Exclusions	Thermal Coal, Tobacco, Cluster Munitions, Anti-Personnel Mines**
'Sunset clause'	12 months to sell when a stock leaves Index or, if ex-Index, when stock hits US\$40bn market capitalisation

The strategy aims to achieve returns in excess of the benchmark over the suggested minimum investment time period of 7 or more years

Source: Fidelity International, September 2023, *Any ex-benchmark holding with a market cap of under US\$1bn or over US\$40bn should be sold within 12 months. [^] Guidelines do not constitute hard limits. ** refer to the PDS and the information booklet for more detailed information in the Fund's portfolio and any exclusions.

Strategy vs. Benchmark

Consistent investment discipline driving robust risk adjusted returns

Fidelity Global Future Leaders Strategy (Australia Domiciled Vehicle) – for illustration purpose only



Past performance is not a reliable indicator of future performance.

Source: Fidelity International, as at 30 April 2024. Results displayed in AUD. Difference in decimals are due to rounding off. Information shown is related to the Fidelity Global Future Leaders Strategy (Australia Domiciled Vehicle) which is shown for the purpose of illustration only and is not available for client investment outside of Australia. Total returns (net) shown are as at 30 April 2024 and are calculated using exit prices with distributions reinvested and are net of transactional and operational costs, and the applicable buy/sell spread. Returns of more than one year are annualised. Australian Domiciled Vehicle Inception date: 28 September 2020.

Key takeaways

- **High dispersion of returns and share price performance** provides active management opportunities, with diversification and valuation appeal among global mid and small-caps
- **Mid and small-caps look attractive** in aggregate at index level on free cash flow, sharp ratio and long-term returns
- **Structural winners and beautiful compounders** offers multi-year outsized returns = own quality companies
- **Economic cyclical recovery in global industries** is visible with many industries improving return profiles and in upgrade mode

Important information

All information is current as at 01 May 2024 unless otherwise stated.

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