



Understanding multi asset investing

< YOUR QUESTIONS ANSWERED >



Fidelity[™]
INTERNATIONAL

Important information

The value of investments and the income from them can fall as well as rise, so you may get back less than you invest. Some of these funds take their annual management charge and expenses from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge. The capital may reduce over time if the fund's growth does not compensate for it. These funds use financial derivative instruments for investment purposes, which may expose the funds to a higher degree of risk and can cause investments to experience larger than average price fluctuations. The funds invest in overseas markets and so the value of investments can be affected by changes in currency exchange rates. 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.

This guide includes...

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About this guide

With so many investment products in the marketplace, we know how confusing it can be understanding what the differences are. This short guide tells you all about multi asset investing. It explains what it is, how it works, and how multi asset solutions could help you on your journey towards your investment goals.

To find out more information on Fidelity's range of multi asset solutions please speak to your adviser.

What is a multi asset fund?

Different assets can perform well or underperform at various points in the market cycle. By combining them in one fund, you can spread your risk and smooth your return over time compared to investing in one type of asset. That way, you won't be holding too many assets that aren't doing well at one time. However, a disadvantage of combining assets in this way is that your return may not be as high overall when compared to investing in a single asset class which is performing well.

The role of investment professionals such as the Fidelity multi asset team is to select different combinations of these assets at the right time, depending on market conditions and the investment objectives of the fund. It means you don't have to worry about choosing where to place your investment and can have greater confidence that a team of experts will help you achieve your investment goals, whether you're looking for income, growth or a blend of both.

There are lots of multi asset funds to choose from and your financial adviser can help recommend one that's suitable for you depending on the level of risk you wish to take.



Grow capital



Help protect capital



Regular income



Minimise fluctuations



What are the different assets? used



COMPANY SHARES

Company shares are also referred to as equities. When you invest in this asset type you are buying a small stake in a company with the aim of delivering growth on your investment, a regular income or a blend of the two. When you buy a share in a company, you're actually buying a piece of that company.

- ✓ Historically outperform cash and bonds
- ✓ Benefits from growth
- ✗ Carry a greater risk in the pursuit of reward
- ✗ Can see periods of negative returns



CASH

- ✓ Lower level of investment risk
- ✓ Quick and easy to access your money
- ✗ Typically a lower return
- ✗ Value is eroded by inflation



BONDS

Bonds are issued by companies and governments whereby you are playing the part of the lender, in exchange for interest payments over a set period. Through issuing a bond, a company or government can borrow money in exchange for paying a fixed interest over a set time period, along with paying the initial amount back at the end.

- ✓ Less volatile than equities
- ✓ Stable income - fixed and paid regularly
- ✗ Historically, returns lag equities
- ✗ Returns driven by interest rates



PROPERTY

Property funds often invest in commercial property rather than the residential market. It is rare that a multi asset fund will invest directly in property, rather, they prefer to invest in products that provide exposure to commercial property like shopping centres and retail parks. Property, or real estate, is often used in multi asset funds as an alternative source of growth.

- ✓ Low levels of correlation with other asset classes
- ✓ Likely to keep pace with inflation
- ✓ Easier to buy and sell a fund than a property
- ✗ Property prices may fall



COMMODITIES

Commodities, such as steel or oil, are often used in the production of other goods or services. Their value fluctuates according to current market supply and demand, as well as views on their future prospects.

- ✓ Low correlation with equities
- ✓ Can benefit from rising inflation
- ✗ No natural income
- ✗ Can be highly volatile



ALTERNATIVES

Alternatives cover investments such as infrastructure and renewable energy. They are becoming ever more popular with multi asset investors as they typically offer stable income streams with lower correlation to company shares and bonds and are also less sensitive to market movements.

- ✓ Low correlation with other assets
- ✓ A variety of drivers and return characteristics
- ✗ Can be difficult to buy and sell
- ✗ Can be complex

How does multi asset investing work?

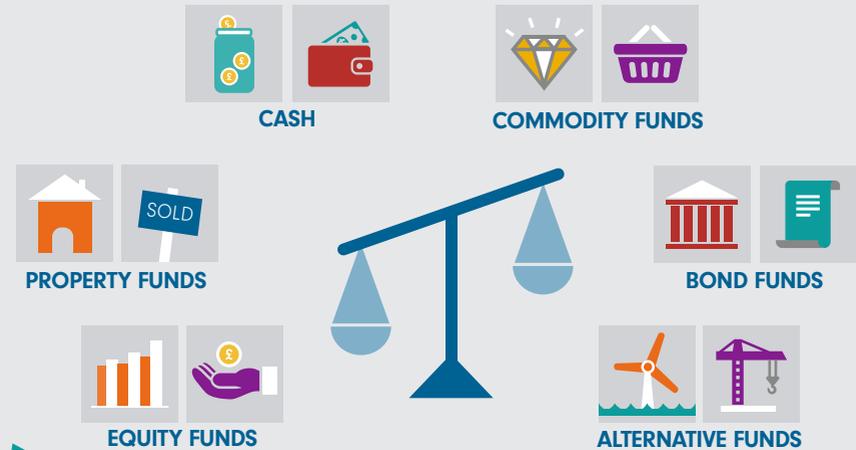
Investing in a multi asset fund is an efficient way to access a number of different asset types from across the world and can help mitigate some of the risks of investing all your money in a single fund or asset type.



Your investment



Multi asset fund
run by a portfolio manager



A multi asset fund will invest across different assets...

The portfolio manager will increase or decrease their exposure to these different asset types depending on the investment objective of the fund and where they are seeing opportunities as market conditions change.

Helping to meet your investment goals

There are lots of multi asset funds to choose from. Selecting one that's suitable for your needs will depend on your investment goals and the level of risk you are willing to accept. Whatever your financial goals, all of these factors will be discussed with your financial adviser when they are making a recommendation for you.



Grow capital



Help protect capital



Regular income



Minimise fluctuations

...from across the world

With a multi asset fund, your money may also be invested across different parts of the world. This gives you the opportunity to spread your investment risk geographically and harness an array of investment trends from developed and emerging economies.



The Fidelity multi asset team

Fidelity's multi asset team is made up of over 90 investment professionals located across London, Paris, Hong Kong and Tokyo, with assets under management of approximately £32 billion.

What differentiates Fidelity is the quality and depth of the research team that help to support the portfolio managers. Fidelity has a large and experienced team with diverse skills and backgrounds and these teams are dedicated to delivering insight and help the portfolio managers make the best decisions for clients.



Source: Fidelity International, March 2019

About Fidelity's range of products:



FOR A REGULAR, SUSTAINABLE INCOME

Fidelity Multi Asset Income range:

Fidelity's Multi Asset Income funds are aimed at clients looking for a sustainable and regular income of 4-6%* (payable monthly) with a focus on preservation of capital. Portfolio Manager, Eugene Philalithis, will flexibly allocate between different asset classes with the aim of finding quality and diversified sources of income and capital growth appropriate.

Eugene Philalithis – Portfolio Manager



FOR CAPITAL GROWTH

Fidelity Multi Asset Open range:

The Fidelity Multi Asset Open range consists of five funds actively managed by Portfolio Manager, Bill McQuaker, drawing upon the best fund management talent in the industry to target specific levels of return on your investment (between 4-7%*) appropriate for five different levels of risk.

Bill McQuaker – Portfolio Manager



FOR LOWER COST MARKET EXPOSURE

Fidelity Multi Asset Allocator range:

Fidelity's Multi Asset Allocator funds are suitable for investors who want low-cost, diversified exposure to global markets. The range is managed by Portfolio Manager Chris Forgan, and consists of five funds all of which invest into passive investments (which track different markets and are typically cheaper).

Chris Forgan – Portfolio Manager

*Please note that the yield and target return are objectives and not guaranteed.

Helping to meet your **goals**

There is a wide selection of multi asset funds to choose from; some are focused on generating a regular, sustainable income, some are designed to deliver growth and others offer you the opportunity to simply invest in global markets at low-cost. So it's really important to discuss with your financial adviser what your financial goals are and the outcome you are trying to achieve. Your adviser will also help you assess your risk appetite and capacity for loss based on your investment goals and time-horizon.

Investments should be made on the basis of the current prospectus, which is available along with the Key Investor Information Document, current annual and semi-annual reports free of charge on request by calling 0800 368 1732. Issued by Financial Administration Services Limited, authorised and regulated by the Financial Conduct Authority. Fidelity, Fidelity International, the Fidelity International logo and F symbols are trademarks of FIL Limited.
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