

Fidelity Global Concentrated Equity Fund

Quarterly Investment Review

September 30, 2023

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Overview

INCEPTION DATE: January 30, 2002
BENCHMARK: MSCI All Country World Index
FUND MANAGER: Patrice Quirion

OBJECTIVE

The Fund aims to achieve long term capital growth by investing primarily in equity securities of companies around the world

APPROACH

- Offers a concentrated portfolio of the manager's best investment ideas.
- Focused on quality companies that the portfolio manager believes are reasonably priced and that have the potential to exhibit predictable and durable earnings growth.
- Diversified across multiple sectors of the global market.

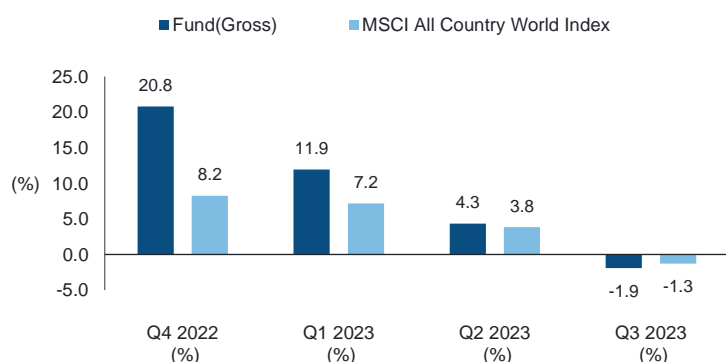
PERFORMANCE RETURNS (%)

	Cumulative					Annualized				
	Q4 2022	Q1 2023	Q2 2023	Q3 2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Fidelity Global Concentrated Equity Fund - Series O	20.78	11.94	4.32	(1.93)	14.52	38.31	13.46	9.40	12.32	6.39
MSCI All Country World Index	8.24	7.18	3.82	(1.30)	9.82	18.86	7.33	7.42	10.55	6.24
Relative Return	12.54	4.76	0.50	(0.63)	4.70	19.45	6.13	1.98	1.77	0.15

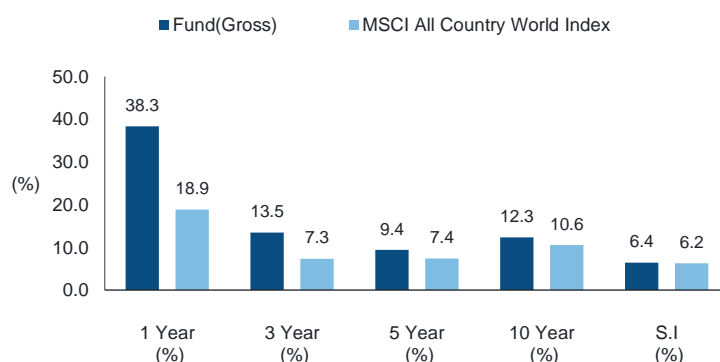
Performance returns are unaudited and time-weighted.

Note: Differences may be due to rounding.

Cumulative Quarterly Performance



Annualized as of September 30, 2023



Overview

PERFORMANCE RETURNS (%): CALENDAR YEAR RETURNS

	Calendar Year Returns									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fidelity Global Concentrated Equity Fund - Series O	(8.82)	14.36	13.95	27.86	(8.41)	20.21	9.67	19.74	13.31	31.89
MSCI All Country World Index	(12.43)	17.53	14.22	20.20	(1.26)	15.83	4.13	17.10	13.55	31.04
Relative Return	3.61	(3.17)	(0.27)	7.66	(7.15)	4.38	5.54	2.64	(0.24)	0.85

Performance returns are unaudited and time-weighted.

Note: Differences may be due to rounding.

Quarterly Fund Commentary

- From a sector perspective, the Fund's investments in, and overweight exposure to, the industrials sector detracted from relative returns, as did investments in health care.
- In industrials, investments in Clarivate and Sensata Technologies Holding detracted. In health care, investments in Baxter International and Bayer detracted.
- The Fund's investments in, and overweight exposure to, the financials sector contributed to relative returns, as did its investments in consumer staples.
- In financials, investments in AIB Group and Banco Bilbao Vizcaya Argentaria (BBVA) contributed. In consumer staples, an investment in Associated British Foods contributed. In other sectors, notable contributors included an allocation to Pandora.

12 Month Fund Commentary

- The Fund's investments in, and overweight exposure to, the industrials sector contributed to relative returns, as did its investments in the consumer discretionary sector.
- In industrials, investments in Finning International and General Electric contributed to relative returns. In consumer discretionary, investments in Pandora and Miniso Group Holding contributed. In other sectors, notable contributors included an investment in BBVA.
- Underweight exposure to, and investments in, information technology detracted from relative returns.
- In information technology, lack of exposure to an American multinational technology company and out-of-benchmark exposure to Kin and Carta detracted. In other sectors, notable detractors included an investment in Sensata Technologies Holding.

Positioning and Outlook

- As markets drew back over the quarter, portfolio manager Patrice Quirion explored contrarian opportunities in depressed areas of the market. As the market's interest rate narrative has shifted recently to higher-for-longer, he has noted that highly leveraged companies have been devalued despite strong fundamentals. The manager views this as a disconnect and a potential opportunity to capitalize on mispricing.
- Although Patrice believes that rates will stay higher over the short term, he notes that market participants may be overestimating long-term rates; this is more salient when considering firms' cost of capital. In his view, market expectations regarding interest rates may change over the coming year.
- In the manager's view, developed economies have shown stronger-than-expected resilience over the past two years. In recent months, however, he has seen weakness beginning to become more visible as consumer demand draws back and market sentiment shifts. The manager notes that markets have not yet troughed and expects that consumer overspending will have to decrease and the lagged effects of higher rates will have to materialize before we see a fully realized economic slowdown.
- Patrice has been exploring opportunities in more defensive areas of the market, such as consumer staples. The manager stressed the importance of using a bottom-up approach when investing in defensive stocks and not adding defensive exposure solely on the basis of a sector's attributes in a top-down sense. He instead looks for mispriced defensive sectors, namely consumer staples, with strong fundamentals and where the market is underestimating margin potential and future growth.
- The manager notes that European Central Bank (ECB) rates are near neutral, whereas U.S. rates are above neutral, indicating the potential for more rate cuts in the coming years by the U.S. Federal Reserve, relative to the ECB.
- European equities may benefit because this interest rate differential may support the euro. Patrice believes rate cuts by the ECB are less likely, leaving European banks in a good position as rates remain elevated. The manager continues to believe European banks are diversified, have less commercial real estate exposure than banks in North America, have sticky household deposits and benefit from low deposit betas.
- The manager notes that negative market sentiment toward Chinese equities has presented investable opportunities: valuations are depressed. Accordingly, Patrice is optimistic about the risk/reward attributes presented in the region. Valuations could rebound as China's property sector begins to stabilize and as global export demand reverts to mean levels. He also notes that additional stimulus, lower interest rates and improvements in market sentiment will further support Chinese equity valuations in the future.

Performance Attribution

SECTOR ATTRIBUTION SUMMARY - 3 MONTHS

Sector	Average Fund Weight (%)	Average Benchmark Weight (%)	Relative Weight (%)	Fund Return (%)	Benchmark Return (%)	Relative Return (%)	Security Selection (bps)	Sector Selection (bps)	Total Relative Contribution (bps)
FINANCIALS	20.35	15.58	4.76	4.39	1.80	2.59	51	12	64
CONSUMER STAPLES	5.58	7.19	(1.61)	0.10	(3.73)	3.82	22	5	27
INFORMATION TECHNOLOGY	10.74	21.76	(11.02)	(4.61)	(3.72)	(0.89)	(7)	30	24
UTILITIES	0.00	2.71	(2.71)	-	(6.09)	-	0	14	14
REAL ESTATE	0.00	2.33	(2.33)	-	(4.07)	-	0	7	7
MATERIALS	2.54	4.52	(1.98)	0.48	(1.33)	1.81	5	1	6
COMMUNICATION SERVICES	2.08	7.43	(5.36)	13.02	3.07	9.95	19	(21)	(2)
CONSUMER DISCRETIONARY	17.88	11.33	6.55	(3.63)	(2.38)	(1.26)	(23)	(8)	(32)
ENERGY	0.00	4.87	(4.87)	-	13.73	-	0	(66)	(66)
HEALTH CARE	10.15	11.79	(1.64)	(7.74)	(0.14)	(7.61)	(77)	(2)	(80)
INDUSTRIALS	26.04	10.48	15.56	(5.13)	(2.61)	(2.52)	(65)	(26)	(91)
SUBTOTAL	95.36	100.00	(4.64)	(2.23)	(1.30)	(0.93)	(75)	(53)	(128)
CASH AND OTHER	4.64	-	-	-	-	-	-	-	65
TOTAL	100.00	100.00	0.00	(1.93)	(1.30)	(0.63)	-	-	(63)

Note: Differences may be due to rounding.

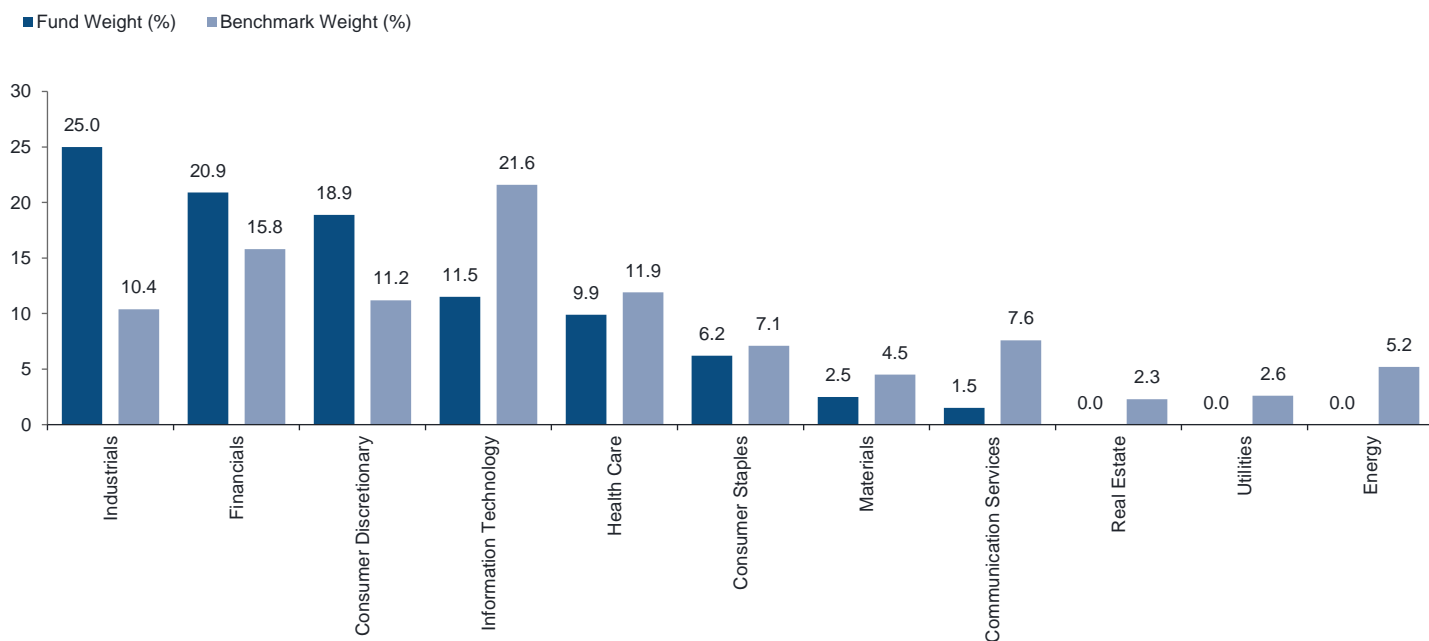
SECTOR ATTRIBUTION SUMMARY - 1 YEAR

Sector	Average Fund Weight (%)	Average Benchmark Weight (%)	Relative Weight (%)	Fund Return (%)	Benchmark Return (%)	Relative Return (%)	Security Selection (bps)	Sector Selection (bps)	Total Relative Contribution (bps)
INDUSTRIALS	31.00	10.42	20.57	41.50	23.89	17.61	595	147	742
CONSUMER DISCRETIONARY	19.56	10.87	8.68	41.80	15.85	25.95	551	(12)	538
FINANCIALS	18.18	16.14	2.04	44.54	16.58	27.96	457	(12)	445
HEALTH CARE	9.25	12.45	(3.20)	30.46	9.30	21.15	175	41	216
CONSUMER STAPLES	5.22	7.62	(2.40)	24.41	6.19	18.22	124	35	159
UTILITIES	0.00	2.91	(2.91)	-	(0.78)	-	0	68	68
REAL ESTATE	0.00	2.50	(2.50)	-	(1.17)	-	0	60	60
MATERIALS	2.43	4.75	(2.32)	35.93	15.29	20.64	52	6	59
COMMUNICATION SERVICES	1.71	7.21	(5.50)	44.58	27.40	17.18	31	(21)	10
ENERGY	0.00	5.14	(5.14)	-	26.35	-	0	(35)	(35)
INFORMATION TECHNOLOGY	9.41	19.99	(10.58)	18.22	36.84	(18.62)	(179)	(195)	(375)
SUBTOTAL	96.75	100.00	(3.25)	38.49	18.86	19.63	1,806	82	1,887
CASH AND OTHER	3.25	-	-	-	-	-	-	-	58
TOTAL	100.00	100.00	0.00	38.31	18.86	19.45	-	-	1,945

Note: Differences may be due to rounding.

Fund Positioning

SECTOR ALLOCATION



Sector breakdowns are only applied to equities and convertibles and the allocation percentages may not add to 100%.

Fund and benchmark weights are based on end weights as at each quarter end.

TOP 10 HOLDINGS

Holding	Sector
CLARIVATE PLC	INDUSTRIALS
MICROSOFT CORP	INFORMATION TECHNOLOGY
FINNING LTD	INDUSTRIALS
BANCO BILBAO VIZ ARGENTARIA SA	FINANCIALS
AIB GROUP PLC	FINANCIALS
PROSUS NV	CONSUMER DISCRETIONARY
PANDORA A/S	CONSUMER DISCRETIONARY
AIRBUS SE	INDUSTRIALS
BARCLAYS PLC ORD	FINANCIALS
ALIBABA GROUP HOLDING LTD	CONSUMER DISCRETIONARY

Investment Process

Philosophy/Approach

- Portfolio manager Patrice Quirion follows a “quality at a reasonable price” investment style.
- The investment philosophy is based on the premise that companies with sustainable quality, predictable growth, and attractive valuations can outperform the market over time. The portfolio manager believes that owning such companies creates a portfolio that delivers consistent returns while mitigating the likelihood of permanent capital loss.
- The portfolio manager follows a fundamental, bottom-up process while applying a top-down approach to understand macroeconomic risks. The investment process is designed to identify companies with sustainable quality, predictable growth and attractive valuations.
- To determine sustainable quality, that is, the ability to generate consistent strong returns on equity through the business cycle, the portfolio manager looks at profitability margins, returns on capital, financial leverage and earnings volatility, among other metrics.
- When reviewing a company’s growth prospects, the portfolio manager looks at revenue and profitability margin trends to determine the predictability of future growth. The portfolio manager favours companies that exhibit a clear long-term growth algorithm, based on market share gains, increasing product adoption, or other factors.
- Valuation is also an important input, because the manager tries to avoid taking any long-term valuation compression risk when purchasing quality companies. The portfolio manager compares the current stock valuation with its long-term historical average and intrinsic value, which is derived through long-term cash flow modelling.
- In addition to quantitative measures, the portfolio manager also reviews qualitative characteristics such as corporate governance, management team integrity, market leadership, industry structure, brand recognition, pricing power and earnings visibility

Portfolio construction and risk management

- The portfolio construction process aims to create a concentrated global equity portfolio based on the manager’s highest-conviction investment ideas. Investment ideas are generated and refined through company meetings, investor conferences, internal research notes, and analyst interactions.
- The portfolio manager leverages Fidelity’s research resources to fundamentally analyze potential opportunities, including the use of proprietary models to examine long-term expected returns. The portfolio manager takes a long-term view on investments by requiring companies to have durable business fundamentals over the foreseeable future (typically a five- to ten-year time horizon).
- The best ideas are aggregated to form a concentrated portfolio. Stocks may be sold when a security reaches its target price, even if long-term fundamentals remain supportive. Stocks may also be sold if the manager sees a risk of deterioration in long-term fundamentals, if the manager believes that short-term fundamentals are likely to erode significantly, or if there are opportunities with greater upside potential elsewhere.