INVESTMENT OUTLOOK

Fidelity Personal Investing's market and investment view

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January 2024

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Fidelity INTERNATIONAL

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Outlook **at a glance**

Current view: ●oooo – Very negative o●ooo – Negative oo●oo – Neutral ooo●o – Positive oooo● – Very positive

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

Asset classes	Current view	3 month change	At a glance
Shares	oo●oo	▶	The remarkable rally in the final two months of 2023 has already captured some of the gains that falling interest rates should deliver this year.
US	oo●oo	▶	The US market rally is broadening out, which is a positive, but valuations are still the highest in the world.
UK	oo●oo	▼	The UK is a defensive market, and its sector bias has not helped recently. But valuations and income make the case for some UK exposure.
Europe	oo●oo	▶	European shares are among the cheapest in the world despite a strong rebound at the end of 2023. A lack of growth is a worry.
Asia and emerging markets	ooo●o	▲	China looks to be an interesting contrarian play, although a catalyst for recovery in this out-of-favour market remains elusive.
Japan	o●ooo	▼	Japan was a strong performer last year and is no longer obviously cheap. Many of the tailwinds in 2023 could become headwinds this year.
Bonds	ooo●o	▶	Although yields have fallen fast from their October peak, investors can still lock in a good income and look forward to a gain as rates fall.
Alternatives	ooo●o	NA	Both gold and property look attractive as diversifiers, especially if shares and bonds continue to move together as interest rates retreat.
Cash	ooo●o	▶	The time to lock in a risk-free yield from cash may not last long as interest rates start to fall. Secure the income while it is still available.

Navigating the interest rate pivot

Tom Stevenson
Investment Director

Waiting till the new year to publish this 2024 Outlook may have paid off this year. That's because the remarkable rally in global stock and bond markets during the final two months of 2023 has already made many of the early predictions for the next 12 months look out of date. One of the key questions now is just how much of 2024's market performance was brought forward into the 2023 Santa Rally.

Last year saw investors move through several distinct phases. We opened the year expecting recession and an easing in monetary policy. That gave way to a more optimistic economic picture, but one that, unfortunately for investors, argued for higher-for-longer interest rates. Then an apparent U-turn by central banks rekindled hopes for a 'soft landing' – lower inflation, lower interest rates and no recession. The global shares index rose 16% in November and December and was 22% up for the year as a whole.

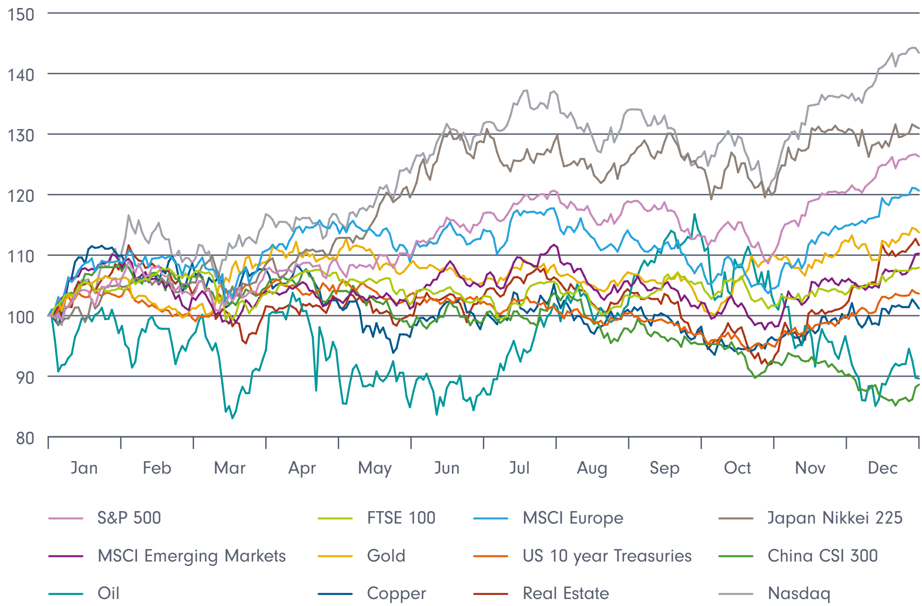
Equities have now regained almost all the ground they gave up in 2022 and bonds belatedly swung back into positive territory. It has been a remarkable two-year round trip. Checking the value of our portfolios may provide a warmer glow now than a year ago, but it does complicate matters when deciding how to allocate our investments for the year ahead.

What next?

The next 12 months promise to be busy on many fronts. Sports lovers can look forward to both the Euro 2024 football tournament and then, weeks later, the Paris Olympics. It's a packed agenda for politicos, too. Around 40% of the world will have the chance to vote in a (more or less) democratic election this year. The leaderships of Taiwan, Russia, India, the UK and, finally, the United States are all up for grabs in 2024. At least one of those votes is entirely predictable, others less so.

From an investment perspective, however, the main event (as it has been for the past two years) will be interest rates. The key question this year is less whether interest rates will start to fall, but by how much and when. Investors, especially in the bond market, have arguably got a bit 'over their skis' in anticipating a rapid fall in the cost of borrowing, but the direction of travel looks reasonably clear.

Last year saw a wide dispersion of returns. The big US growth stocks that dominate the benchmark indices flattered the headline performance numbers. Whether investors were looking for beneficiaries of lower interest rates or defensive safe havens, the Magnificent Seven (Microsoft, Amazon,



Source: Refinitiv, total returns in local currency, 1.1.23 to 31.12.23

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

Alphabet, Tesla, Meta, Nvidia and Apple) seemed to fit the bill. The Nasdaq index was up by more than 40%. At the other end of the scale, Chinese shares ended the year 10% lower than they started as Covid re-opening disappointed and the property sector remained in the doldrums.

In between these two extremes, only oil failed to deliver a positive return. Stock markets had a good year, but the performance was not as broad-based as the headlines might suggest. Returns were driven by a handful of shares. The equity market as a whole is less fully valued than it looks, especially outside the US. And that suggests that active investors may still be able to look forward to a rewarding 2024. With such divergent valuations, stock picking will matter this year.

The biggest question mark is the extent to which the last two years of interest rate hikes start to bite, and when that might happen. We think the traditional impact of higher rates on the real economy has been delayed rather than abolished. So, a mild recession remains the most likely outcome this year. Our strategists assign a 60% probability to this, higher than the 20% they have put against the soft-landing scenario and the 10% odds on either a deeper recession or continued strong growth in the economy.

2024 fund picks

This is the backdrop to my fund picks for 2024. I have tried to cover all the bases with my four selections and will invest in all of them myself in my SIPP and ISA, as I always do. This year's picks are cautious and defensive but mildly optimistic, attempting to capture higher yields while they remain available while also positioning for a period of slowing growth and falling inflation.

The first pick is the **Fidelity Cash Fund**. This is a cautiously managed money market fund, currently with a good yield. Careful maturity management should extend the fund's income attraction even as interest rates begin to fall and there is very little risk to an investor's capital. Cash is not a good long-term holding in a portfolio, underperforming shares and bonds in the long run and not growing much in real, inflation-adjusted terms. But there are times when the balance of risk and reward is favourable and cash can provide more than liquidity and dry powder in a portfolio. Now is one of those moments.

Moving up the risk spectrum, the second pick this year is the **M&G Global Macro Bond Fund**. While the best time to invest in bonds may have passed when the yield on 10-year Treasuries briefly exceeded 5% in October, government bonds tend to perform well around the peak in the interest rate cycle. If interest rates fall as much as expected this year, then bonds could potentially provide a good total return, combining income and capital gain. The fund, which is flexible, able to invest in both government and corporate bonds, also offers some insurance against a deeper recession than the market is currently expecting. Jim Leaviss, its manager, has the long experience necessary to run this kind of go-anywhere fund.

Picks three and four are both global equity funds. This reflects the fact that the majority of shares that are not part of the high-performing Magnificent Seven group of tech stocks has broadly moved sideways over the past couple of years (albeit with big swings along the way). While shares are not cheap, they are not expensive. Some of this year's returns were certainly brought forward into the rally of the last two months of 2023, but the long bull market that began in 2009 still looks to be intact.

The **Fidelity Global Dividend Fund** offers defensive, high-quality exposure to income-paying shares around the world. Dividend payers will look increasingly attractive as interest rates fall. Dan Roberts, the manager, is cautious and rigorous. He does well in more difficult market conditions and this fund, which I have held for many years, is a good fit for the overall market narrative I have described here. Usefully, the fund is currently not heavily exposed to the magnificent seven market leaders so will benefit if there is a rotation of leadership. It also has a smaller exposure to the US than the global benchmark.

The **L&G Global Equity Index Fund** is a simple tracker that will capture the returns of the world's equity markets at low cost. It may appeal to investors with no strong conviction about which investment styles or geographies will do well. It is a good core holding around which to build a portfolio.

(as at 31 December)	2018-19	2019-20	2020-21	2021-22	2022-23
S&P 500	31.5	18.4	28.7	-18.1	26.3
Nasdaq	36.7	44.9	22.2	-32.5	44.6
FTSE 100	17.3	-11.6	18.4	4.7	7.9
MSCI Europe	24.6	5.9	17.0	-14.5	20.7
Nikkei 225	20.7	18.3	6.7	-7.3	31.0
MSCI Emerging Markets	18.9	18.7	-2.2	-19.7	10.3
Gold	18.0	21.0	-4.3	-0.7	12.8
Oil (WTI Crude)	24.8	-21.8	51.1	8.3	-8.5
US 10yr Treasuries	9.5	12.6	-2.4	-17.0	3.6
China CSI 300	39.2	29.9	-3.5	-19.8	-9.1
Copper	3.4	26.0	25.7	-14.1	1.2
Real Estate (S&P Global REIT)	24.5	-8.1	32.5	-23.6	11.5

Source: Refinitiv, total returns in local currency as at 31.12.23

Important information – past performance is not a reliable indicator of future returns. All funds invest in overseas markets so the value of investments could be affected by changes in currency exchange rates. The M&G Global Macro Bond, L&G Global Equity Index and Fidelity Global Dividend 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 M&G Global Macro Bond Fund and Fidelity Global Dividend Fund invest in emerging markets which can be more volatile than other more developed markets. The Fidelity Global Dividend Fund invests in a relatively small number of companies so may carry more risk than funds that are more diversified. The M&G Global Macro Bond Fund invests in bonds where 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. Due to the greater possibility of default an investment in a corporate bond is generally less secure than an investment in government bonds. The fund also invests in sub-investment grade bonds which are considered riskier bonds. They have an increased risk of default which could affect both income and the capital value of the Fund investing in them. There is no guarantee that the investment objective of any Index Tracking Sub-Fund will be achieved. The performance of the L&G Global Equity Index sub-fund may not match the performance of the index it tracks due to factors including, but not limited to, the investment strategy used, fees and expenses and taxes. The L&G Global Equity Index Fund has, or is likely to have, high volatility owing to its portfolio composition or the portfolio management techniques. The value of shares in the Fidelity Cash Fund and the L&G Global Equity Index Fund may be adversely affected by insolvency or other financial difficulties affecting any institution in which the fund's cash has been deposited. An investment in a money market fund is different from an investment in deposits, as the principal invested in a money market fund is capable of fluctuation. The Key Information Document (KID) for Fidelity and non-Fidelity funds is available in English and can be obtained from our website at fidelity.co.uk.

Shares

Current view Neutral | 3 month change unchanged

The set-up for equity markets is almost the polar opposite of a year ago. At the start of 2023, investors expected rising inflation and higher interest rates to push the economy into recession. Today, they are instead looking at rapidly moderating inflation, falling interest rates and the realistic prospect of a soft landing for the economy. That may prove too optimistic but if there is a recession it should be mild.

The timing and extent of interest rate cuts is an open question as we head into 2024. The range of expectations is wide, with the Federal Reserve indicating that three rate cuts are likely this year while the market is pricing in twice as many. In Europe, the central bank remains focused on fighting inflation, but weak growth data suggest it will end up cutting even more aggressively than the Fed. Here in the UK, Goldman Sachs expects interest rates to fall from 5.25% to just 3% by the middle of next year.

Why are rates falling?

The key question for stock markets is what is driving the interest rate cuts. Are they a response to falling inflation or to stalling growth? The returns from shares tend to be positive following a peak in inflation as long as recession can be avoided. In fact, one of the best backdrops for equities is when high inflation is falling back again. Shares do well in the year following the first Federal Reserve rate cut on average, but they tend to decline if rates are falling in response to a recession.

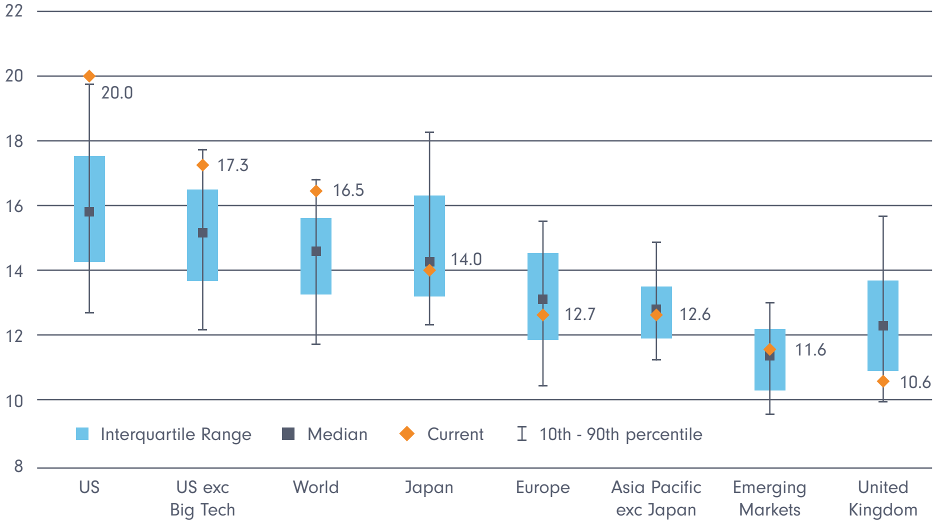
The other key determinants of where stock markets go from here are earnings growth and valuations. Earnings forecasts remain strong for both this year and next. Achieving the expected double-digit growth in profits is unlikely in a recession. Even if growth remains positive, a lower inflation backdrop will make it harder for companies to retain pricing power and maintain margins.

As for valuations, it's a mixed bag. In the US, shares are priced at around 20 times expected earnings this year, which is close to the top of the historic range and well above the average of the past 20 years. This valuation multiple is clearly skewed by a handful of highly rated tech stocks, but even stripping these out leaves US shares more expensive than in the rest of the world.

Elsewhere, valuations are much less stretched. Even after last year's strong performance, Japan is only on 14 times earnings. Europe and Asia ex-Japan are valued at 13 times forecast profits and in the UK the multiple is just 11.

So, while the rally in shares in the final two months of 2023 has reduced the likely returns for 2024, investors can still enter the new year with some confidence. Goldman Sachs recently adjusted its forecast for the S&P 500 from 4,700 (below the current level) to 5,100. JP Morgan describes shares heading into 2024 as neither cheap nor expensive. Citi says it is too early to start reducing risk.

Global valuations: some markets cheaper than others



Source: FactSet, Goldman Sachs Global Investment Research, December 2023. 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.

One reason to be positive about the outlook for shares is the wall of money that remains on the sidelines and which has missed out on the recent rally. Globally, money market funds hold more than $8trn, having grown by over $1trn over the past year. A better growth and inflation outlook, together with falling cash interest rates, is likely to encourage some of that cash pile to seek better returns in riskier assets like shares.

Making money from shares could be easier this year, too, if the market continues to broaden out. Matching the performance of the main indices was difficult in 2023 because market leadership was so narrow.

If you were not heavily invested in the big tech stocks you would most likely have underperformed. For most actively managed funds, that would have been the case.

However, the year-end rally was broad-based. Sectors that were most vulnerable to higher interest rates enjoyed a strong surge as the narrative shifted away from 'higher for longer'. For most companies, the final quarter more than made up for an otherwise difficult year. If that continues, it will be easier for stock pickers to benefit.

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

Including dividends, the S&P 500 returned around 26% last year. That was more than twice the average annual return since the mid-1980s. Shares outperformed government bonds by more than 20 percentage points. It would be unwise to expect more of the same this year.

There are plenty of potential headwinds for US shares this year. First and foremost, valuations are more stretched on Wall Street than in other markets. The average share is now priced at 20 times expected earnings, which leaves little room for disappointment. Earnings need not necessarily fall in a mild recession, but they will struggle to grow by the forecast 11%, so the valuation multiple is likely to remain high this year.

A second headwind is political risk. We still do not know who will be contesting the election in November, but it looks likely to be a re-run of four years ago, Trump vs Biden. The fiscal promises of the successful candidate tend to be key to how the market reacts. The Trump tax cuts in 2017, for example, drove a strong market rally as earnings forecasts were ramped up. This time around there might be less fiscal headroom. Whoever wins may struggle to deliver tax cuts or higher spending. There is anyway little correlation between the party in the White House and market performance.

The consensus estimate for the S&P 500 is around 5,100 by the end of the year. Even if we end up there, however, the path is unlikely to be smooth. Investors will have to navigate changing growth, inflation and interest rate expectations along the way. We should expect more volatility this year from US shares and almost certainly lower returns than in 2023.

United Kingdom

Current view Neutral | 3 month change Downgrade

The UK stock market was a disappointment last year, although its 3% capital gain understates the total return that our high-dividend-paying market delivered. It's worth noting that after a resilient 2022 there was less catch-up potential than with other markets.

The UK is a very defensive market, so it struggled in a year that favoured cyclical sectors like consumer discretionary, financials and industrials. The defensive sectors like consumer staples, healthcare and telecoms which are a big feature of the FTSE 100 have underperformed. And commodities-related stocks lagged as the oil price fell and China failed to bounce back from Covid.

The case for investing in the UK rests on the outlook for interest rates, which could fall back quickly on the back of much lower inflation, and on valuations. The UK trades on the lowest price-earnings ratio of the main global markets, at just 11 times forecast profits. And with a 4% dividend and perhaps a further 2% from share buybacks, shares are likely to look competitive against cash again.

Europe

Current view Neutral | 3 month change Unchanged

European shares enjoyed a very strong year-end rally as investors started to price in significant interest rate cuts this year. The cloud around that silver lining, however, is the reason rates are expected to fall so sharply. The region's economy is looking at four quarters of negative growth as the lagged impact of much tighter policy starts to bite.

Higher interest rates have combined with tighter fiscal policy too, particularly in Germany, the engine room of European growth. Manufacturing has turned down, partly on the back of slower growth in China, and a US recession this year would add to the region's woes. A services-led recession at home would likely feed into the manufacturing sector as well.

The question, then, is how much of this is priced in. European valuations look compelling relative to the US, with shares trading on around 13 times expected earnings. It is arguable that that is unfair, given that only around 40% of European stock market revenues are generated locally.

Asia and emerging markets

Current view Positive | 3 month change Upgrade

The stand-out underperformer in 2023 from an equity market perspective was China. It was the only market to end the year lower than it started, falling by around 10%, as the authorities resisted the temptation to stimulate the country's flagging economy. That looks to be changing now as government spending has been increased, taking the budget deficit well beyond a self-imposed 3% limit.

What is concerning for investors is that the markets seem to be ignoring the measures, most of which are aimed at infrastructure and real estate, and which don't seem to be succeeding in rekindling sentiment. Even in the property sector, shares strengthened only briefly.

The Chinese market is undoubtedly cheap, with valuations standing at a multi-decade low relative to the US market. With big outflows from mainland Chinese markets in 2023, foreign ownership is also very low. That combination could prime the market for recovery, but a catalyst is still absent. It is hard to see the overall Chinese market recovering meaningfully without an uptick in the property sector.

Meanwhile, the rise and rise of the Indian stock market continues. The Sensex rose 14% in the last two months of 2023 to another all-time high. Arguably, this is justified by India's growth prospects, which are the best in the Asian region. Goldman Sachs forecasts 6.3% gross domestic product (GDP) growth in 2024, feeding into profits growth of 15% both this year and next. Indian shares are always expensive, but at 20 times earnings they are actually cheaper than they were a year ago.

Japan

Current view Negative | 3 month change Downgrade

Japanese shares were among the best performers last year. The country emerged late from Covid and enjoyed re-opening benefits in 2023. Secondly, the return of moderate inflation was seen as a positive in a country which has suffered from deflation for many years. The Bank of Japan was able to remain supportive even as the world's other central banks tightened policy and that kept the yen weak, helping exporters and overseas earners. Finally, improved corporate governance and increased share buybacks and dividends boosted the market.

Some of those tailwinds could go into reverse this year. The Bank of Japan has become more hawkish in recent months and if that trend continues the yen is likely to appreciate in 2024. Japan's growth advantage versus the rest of the world is likely to narrow as the country moves beyond Covid re-opening. The corporate governance story is now well understood. And last year's rally has made Japanese shares less obviously cheap than they were.

Bonds

Current view ○○○●○ | 3 month change ▶ Unchanged

Between the middle of October and Christmas week the yield on the 10-year US Treasury bond fell from 5% to 3.8%. Bond yields move in the opposite direction to bond prices so that represented a big windfall for any investors who saw the highest yields since before the financial crisis as a buying opportunity.

Lock in the income while you can

If you missed that brief spike, you may well be wondering if you have missed the boat. Quite possibly not. The lurch downwards reflects investor acceptance that interest rates have peaked. Inflation is falling across developed markets and may well undershoot central banks' 2% target just as it overshot after the pandemic. The key to understanding where government bonds go next is to ask why inflation is falling. If it is because central banks were too slow to spot the turn and tightened too far for too long, they may have to ease policy rapidly this year to avoid a deeper than necessary recession.

Before assuming that yields will fall further, however, it's worth asking why they spiked higher in the first place. One reason is that there is an imbalance between governments' need to issue bonds to pay for their spending habits and investors' desire to fund that largesse. This could become an issue in an election year when politicians are certain to

Bond yields still on historically high levels

Source: Refinitiv, US 10yr Treasury bond yields from 31.12.18 to 31.12.23

make big and possibly unrealistic promises. With central banks no longer willing to soak up excess bonds, the market can once again send a message to profligate governments. Yields could easily rise again.

More likely, we think, is that the economy starts to feel the strain as the lagged impact of higher rates starts to bite. If that happens, then investors can start to think about locking in an income that is still high by recent historical standards while at the same time enjoying a capital gain as yields fall further. Reading the tea leaves on which government's bonds are likely to move most, and, for any given country, which maturities are most sensitive to the changing environment, is a specialist job. That is why I have chosen a go-anywhere bond fund as one of my picks this year. It is worth outsourcing this kind of analysis to an expert.

All credit...

Government bonds are actually the simplest type of bond. With no real default risk, they are just a play on inflation and interest rates. More complex are the bonds issued by companies – corporate bonds, sometimes known as credit – which are influenced by both interest rates and the likelihood that the issuer will or won't meet its obligations to lenders.

Because economies have been unexpectedly resilient, the extra income demanded by investors to lend to companies has remained relatively low. The spread between corporate bond yields and those on government bonds has been narrow. And this poses a risk to investors. If the economy does head into recession, more companies will fail, and investors will start to demand a higher yield as compensation for the greater risk they are taking.

This is likely to be more problematic for the bonds issued by lower quality, and so riskier, companies. The yield an investor is able to get on a high yield bond is superficially more attractive. But it is possible that risk-adjusted returns might be better on higher-quality, so-called investment grade bonds. More high yield bond issuers need to refinance their loans in the coming years too. This maturity 'wall' could start to be an issue for fixed income investors this year.

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

Alternatives

Current view ∘∘∘●∘ | 3 month change N/A

Alternative investments such as gold and real estate could have an important role to play in investors' portfolios this year if the main asset classes – shares and bonds – continue to move in lock step in an interest-rate driven market.

Our base case assumption of a mild recession during 2024 is actually a positive for commercial property investors. Modest inflation is not a problem for real estate which is a hybrid asset class with both income and growth characteristics. Moreover, with prices having already adjusted lower during the period of rising interest rates, the risk of further falls is diminished as rates start to ease back again.

Our second most likely scenario, a soft landing, would also be reasonably positive for real estate. A return to growth combined with falling interest rates would help to stabilise the market. Neither a deep recession nor continued high inflation would be good for property but as we only assign a one in five chance of one of these occurring the odds are improving. A final positive is the fact that many closed-ended property trusts still trade at a significant discount to their quoted asset value.

All that glisters...

Gold has had a strong run up since October and is currently close to its all time high at just over $2,000 an ounce. Despite the rise, there is still a good argument for holding some gold in a diversified portfolio.

The gold price

Source: Refinitiv, London gold bullion market price ($ per oz) from 31.1.68 to 31.12.23

The main driver of gold is the real, inflation-adjusted interest rate. Because gold pays no income it struggles to compete with other yielding assets when rates are high. But as the market becomes more convinced that central banks have finished tightening, real rates are falling back. This also tends to lead to a weaker dollar, which can be a positive for gold because it makes the metal cheaper for buyers using other currencies.

Gold might also be worth holding if the economic outlook turns out worse than expected this year. If the market starts to price in additional rate cuts, the opportunity cost of holding gold will reduce yet further.

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

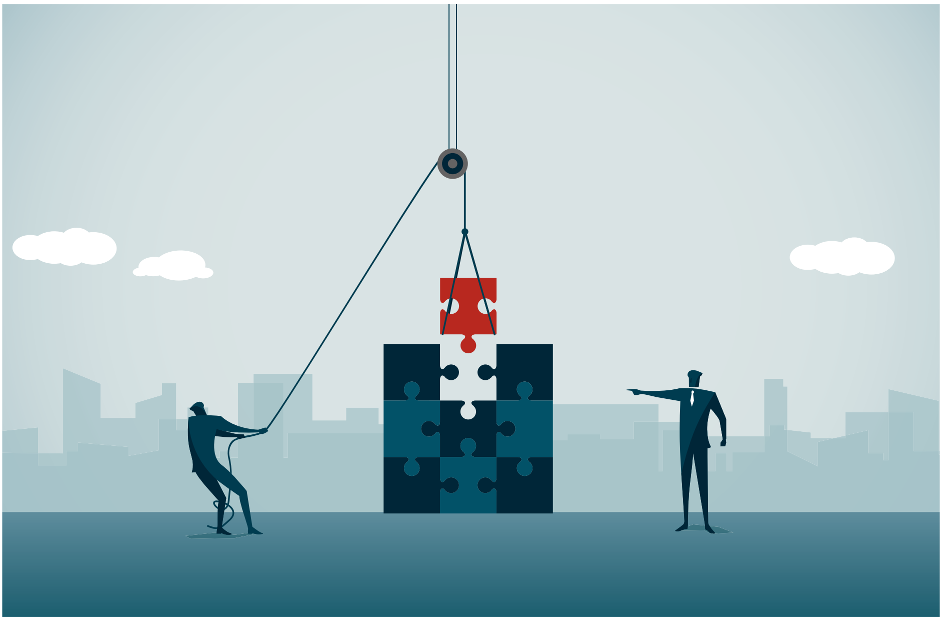
In summary

The performance of financial markets in 2023 showed just how difficult it is for investors to see what's coming next. As they say, 'predictions are hard, especially about the future.' Most of what was widely expected 12 months ago failed to materialise.

That is why we prefer to set out possible scenarios and to assign probabilities to these unfolding. We think a mild recession, accompanied by falling interest rates is the most likely outcome this year but we need to position our portfolios with a humble acceptance that we may be wrong.

Our fund picks for 2024 reflect our cautious optimism. We think the long post-financial-crisis bull market remains intact and two of our four picks are global equity funds. But we are hedging that view with a bond fund that offers a smoother ride if things turn out worse than we expect. Investing some of our portfolio in cash is a reflection of the fact that for the first time in many years we have some real choice in how we balance risk and reward, income and growth.

We look forward to helping you navigate what promises to be another fascinating year in the markets.



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, known as gearing, potentially increasing volatility.

Standardised performance data (%) over the past five years

% (as at 31 December)	2018-19	2019-20	2020-21	2021-22	2022-23	Morningstar Fund Rating
Global						
BNY Mellon Long Term Global Equity Fund	24.8	14.5	19.7	-9.3	14.8	✪✪✪✪
Dodge & Cox Worldwide – Global Stock Fund	18.8	2.2	21.4	4.9	14.2	✪✪✪✪
Edinburgh Worldwide Investment Trust	33.5	87.7	-21.0	-39.8	-10.9	✪
Fidelity Global Dividend Fund	20.5	6.0	12.8	0.2	9.5	✪✪✪✪
Fidelity Global Special Situations Fund	22.3	17.8	16.6	-10.4	13.7	✪✪✪✪
Legal & General Global Equity Index Fund	22.8	12.0	22.1	-7.8	16.9	✪✪✪✪
Rathbone Global Opportunities Fund	26.3	31.6	20.5	-20.4	18.3	✪✪✪✪
Schroder Global Recovery Fund	17.9	-7.3	23.9	1.6	13.8	✪✪✪
Vanguard Global Small-Cap Index Fund	21.0	12.2	16.7	-8.6	9.3	✪✪✪✪

% (as at 31 December)	2018-19	2019-20	2020-21	2021-22	2022-23	Morningstar Fund Rating
North America						
Brown Advisory US Sustainable Growth Fund	-	-	31.0	-22.8	31.2	★★★
Dodge & Cox Worldwide – US Stock Fund	19.5	2.3	32.6	2.8	10.7	★★★★
T.Rowe US Smaller Companies Equity Fund	32.8	25.7	16.8	-10.2	16.2	★★★★
Vanguard S&P 500 ETF	26.5	13.7	31.0	-9.0	19.8	★★★★★
UK						
Fidelity Special Situations Fund	21.7	-12.0	23.7	-0.5	6.3	★★★★
FTF Martin Currie UK Equity Income Fund	23.7	-11.4	17.9	2.3	6.4	★★★★★
iShares Core FTSE 100 ETF	17.2	-11.5	18.3	4.7	7.8	★★★★
Liontrust UK Growth Fund	19.9	-8.3	21.0	-1.1	4.7	★★★★★
Vanguard FTSE 250 ETF	28.6	-4.7	16.7	-17.5	7.9	★★★★
Europe						
Comgest Growth Europe ex UK Fund	28.3	18.6	26.1	-17.2	21.8	★★★★
Schroder European Recovery Fund	15.5	-6.9	17.3	6.6	13.7	★★
Vanguard FTSE Developed Europe ex UK ETF	20.5	8.6	16.1	-7.0	15.2	★★★★
Asia and emerging markets						
Comgest Growth Emerging Markets Fund	12.0	12.6	-19.6	-11.6	1.7	★★
Fidelity Funds – Asian Smaller Companies	0.8	11.5	16.3	5.2	7.3	★★★★★
iShares Core MSCI Emerging Markets ETF	12.7	14.9	0.7	-10.2	4.9	★★★★
Lazard Emerging Markets Fund	13.9	-2.4	6.7	-5.1	15.4	★★★★
Schroder Oriental Income Fund	15.6	5.9	6.7	0.3	3.1	★★★★
Stewart Investors Asia Pacific Sustainability Fund	3.8	24.2	12.9	-9.0	2.9	★★★★★
Japan						
Baillie Gifford Japanese Fund	18.5	18.6	1.1	-13.8	1.5	★★
iShares Core MSCI Japan ETF	14.7	11.0	1.6	-6.2	12.8	★★★★
Schroder Japan Trust	9.2	3.8	9.6	-2.1	16.4	★★★★

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 December)	2018-19	2019-20	2020-21	2021-22	2022-23	Morningstar Fund Rating
Bonds						
AXA Sterling Credit Short Duration Bond Fund	3.2	2.3	-0.1	-4.2	7.8	★★★
Colchester Global Bond Fund	-	7.5	-7.3	-4.2	-0.8	★★★
iShares ESG Overseas Corporate Bond Index Fund	7.8	6.0	-2.3	-5.3	3.1	★★★
iShares Overseas Government Bond ETF	2.1	5.5	-5.9	-5.8	-2.3	★★★
JPM Global High Yield Bond Fund	12.8	4.3	5.7	-10.7	10.2	-
Legal & General Emerging Markets Government Bond Index Fund	9.0	-0.9	-8.3	-0.3	6.4	★★★
M&G Corporate Bond Fund	11.3	6.0	-1.8	-15.3	10.6	★★★★
M&G Emerging Markets Bond Fund	12.0	2.3	-1.4	-2.2	7.8	★★★★★
M&G Global Macro Bond Fund	4.4	8.8	-4.0	-3.2	-0.9	★★★
Royal London Short Duration Global Index Linked Fund	4.2	4.9	4.6	-5.4	5.5	★★★★
Vanguard Global Short-Term Bond Index Fund	2.7	2.8	-0.9	-5.8	5.2	★★★★
Alternatives						
Balanced Commercial Property Trust	-2.4	-28.3	37.8	-11.8	-12.5	-
First Sentier Global Listed Infrastructure Fund	23.9	-7.6	15.1	-2.0	0.1	-
International Public Partnerships Limited	13.8	6.9	4.4	-6.7	-4.0	-
iShares Environment and Low Carbon Tilt Real Estate Index Fund	17.7	-11.8	28.3	-15.4	4.1	★★★
iShares Physical Gold ETC	14.6	19.9	-2.8	11.8	7.2	-
Legal & General Cash Trust	-	0.3	-0.1	1.3	4.7	-
Ninety One Diversified Income Fund	5.5	4.7	1.5	-5.4	6.1	★★★★
Ninety One Global Gold Fund	37.1	24.2	-11.7	1.0	3.8	★★★★
Pyrford Global Total Return Fund	5.1	2.3	3.3	1.4	5.4	★★★★★

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, 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 31.12.18 to 31.12.23. Basis: bid to bid with income reinvested in GBP. Excludes initial charge. The fund's primary share class according to the IA is shown. For the latest yields please call 0800 41 41 61 or visit fidelity.co.uk

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Source: Fidelity as at 30.9.23

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