



Fidelity Funds Global Real Asset Securities Fund

Amit Lodha – Portfolio Manager

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Global Real Asset Securities – An Investment Opportunity

- 1 The Investment Opportunity – concept & product design
- 2 Benefits of value chain analysis & leveraging Fidelity's research capability
- 3 Performance
- 4 Positioning

Global Real Asset Securities – Investment concept



➤ Invest in equities backed by real, physical assets



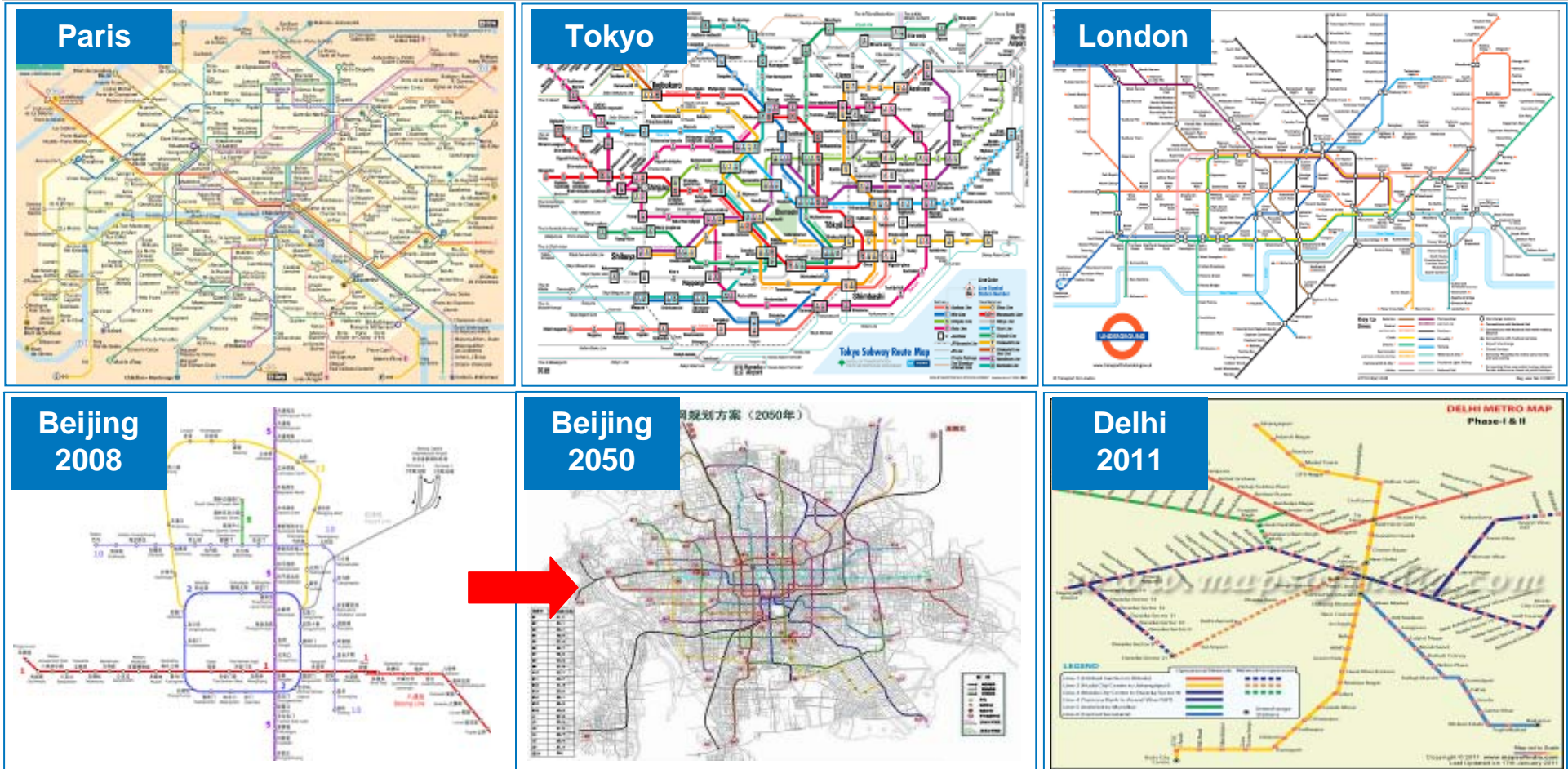
➤ Benefit from powerful growth drivers of industrialisation & urbanisation in developing economies



➤ Identify companies with pricing power

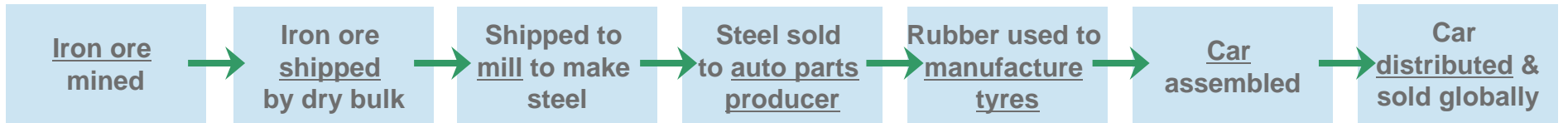
The Investment Opportunity - Growth in Emerging Markets

TUBE NETWORKS IN FRANCE, JAPAN, UK, CHINA & INDIA



Source: FIL Limited & BHP Billiton, February 2011

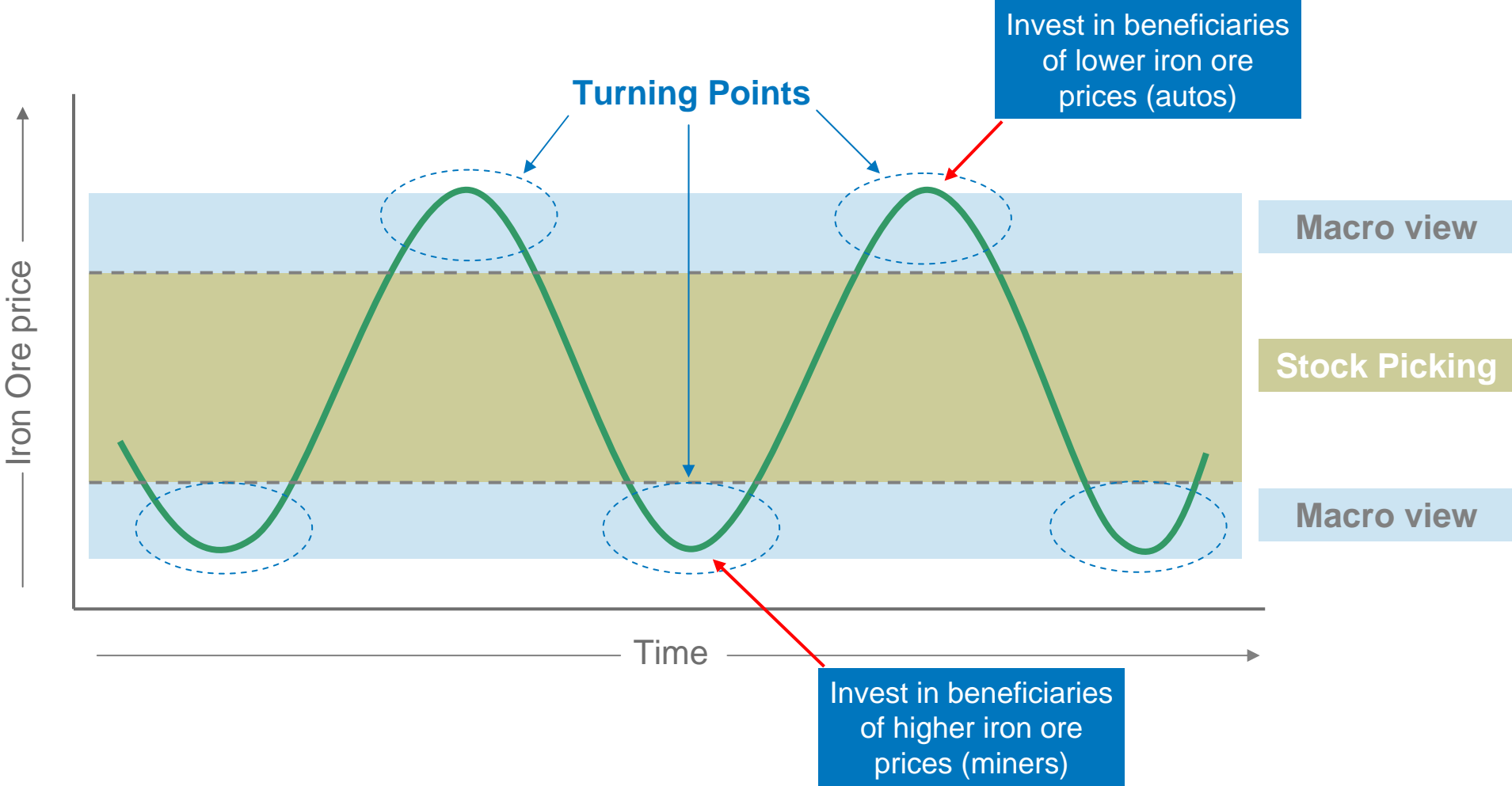
Looking for pricing power at different points in the cycle



BHP	COSCO	US STEEL	HYUNDAI MOBIS	MICHELIN	DAIMLER	INCHCAPE
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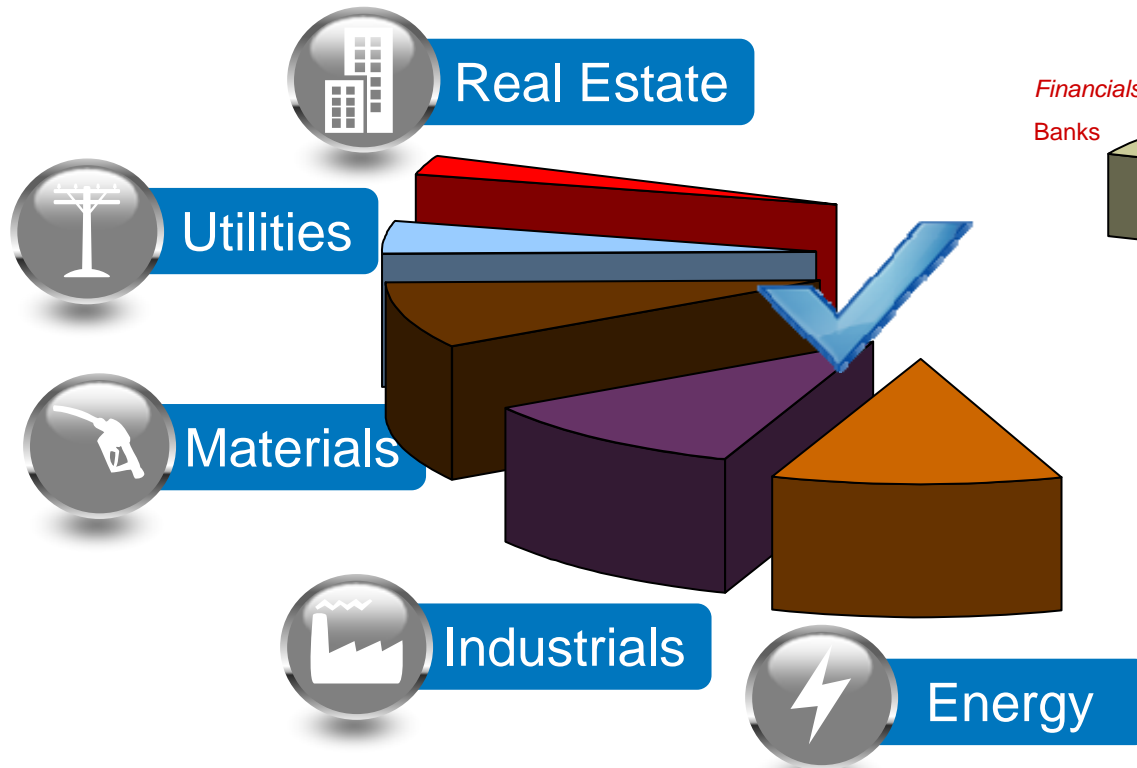


Managing global commodity inflection points

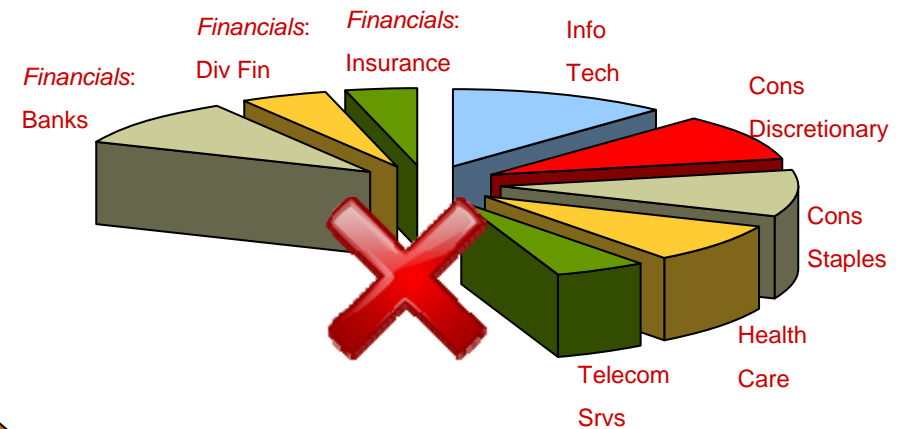


Investment universe is REAL ASSETS

Invests in:-



Does NOT invest in:-



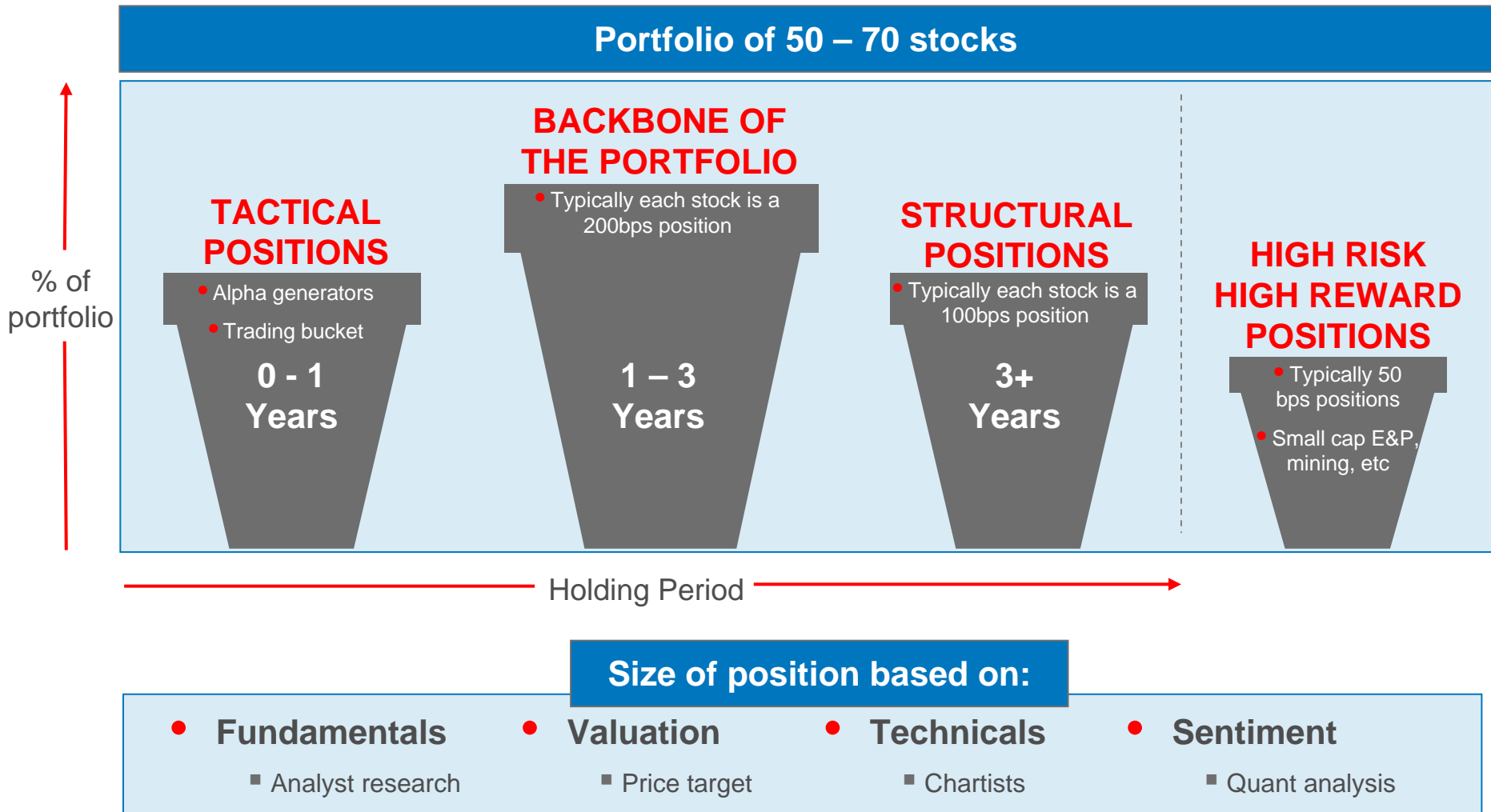
Invests in equities backed by real, physical assets

Source: FIL Limited, pie chart based on MSCI AC World Index, 31.10.2010

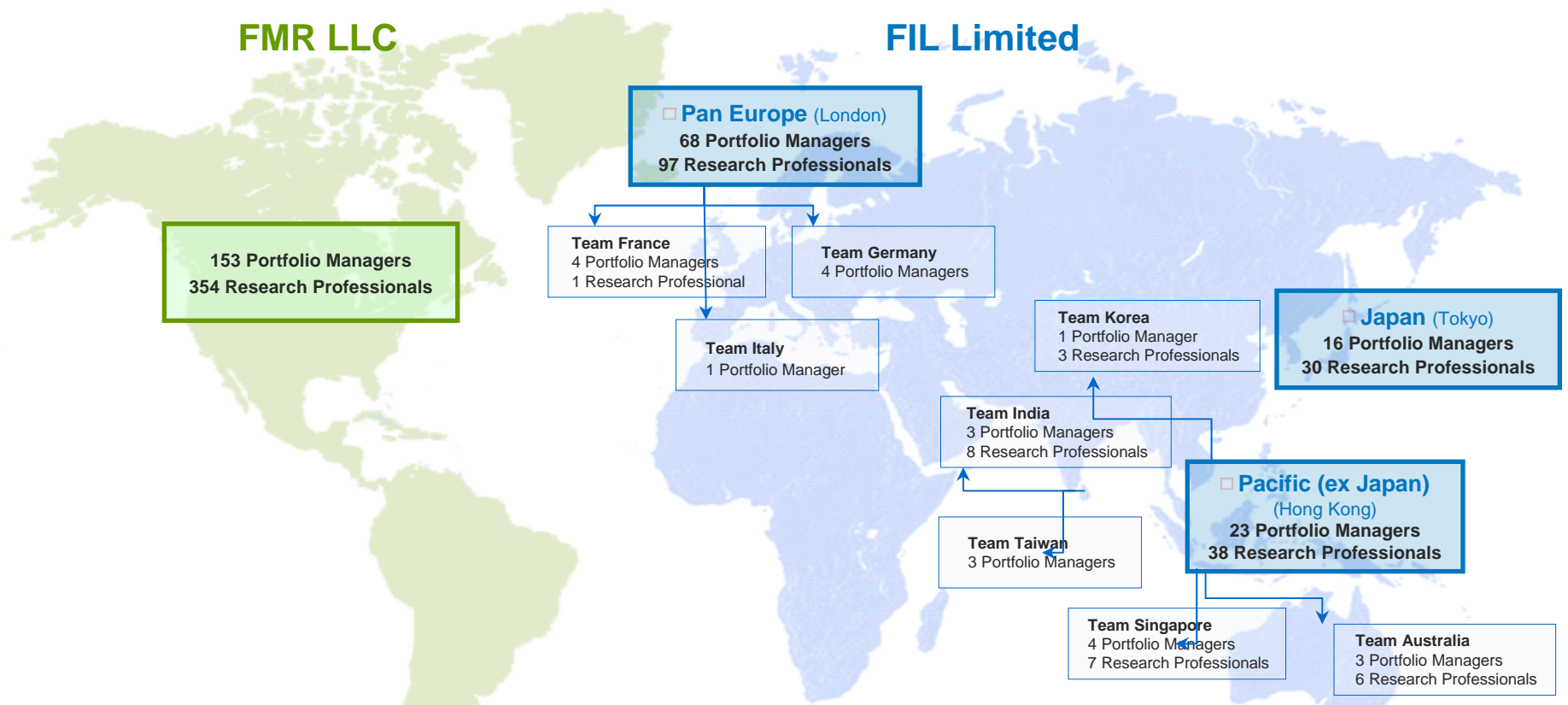
Portfolio Construction: The Global Real Asset Securities Discipline

Fund Description	Direct equities	Long only / thematic
Tracking Error Range	8 – 12 % p.a.	
Benchmark	MSCI All Countries World Real Asset Composite Index	Includes Emerging Markets Composite Index - Industrials 20%, Real Estate 20%, Utilities 10%, Materials 20%, Energy 30%
Number of Stocks	50 – 70	Best ideas portfolio
Stock positions	+ / - 10%	Best ideas portfolio
Regional & Sector Weights	Unconstrained	Truly global investing
Strategy Launched	September 2009	

Portfolio construction process & managing the portfolio



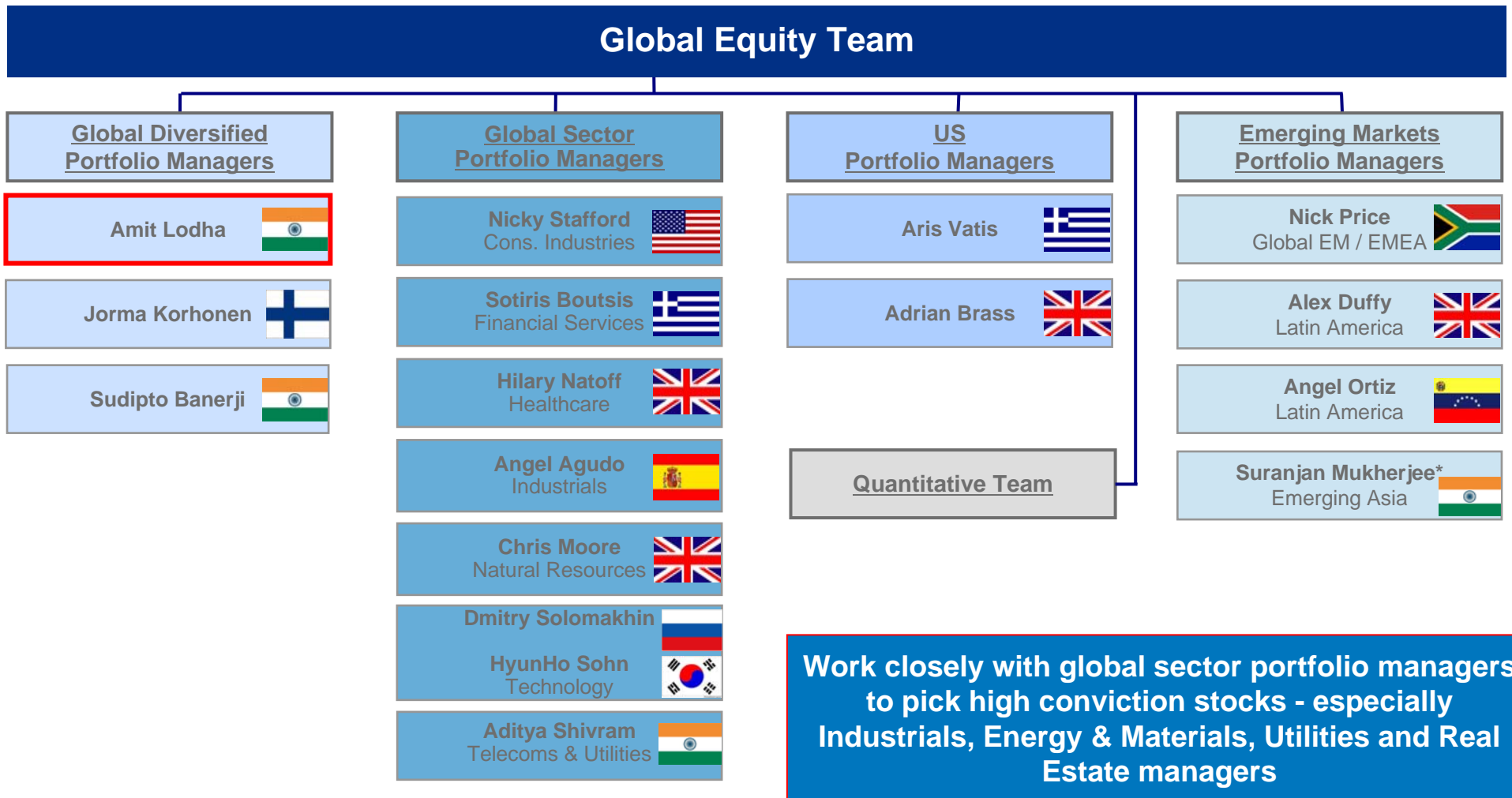
Leveraging Fidelity's Equity Research - A Global Team



To know the markets – you need to be in the markets

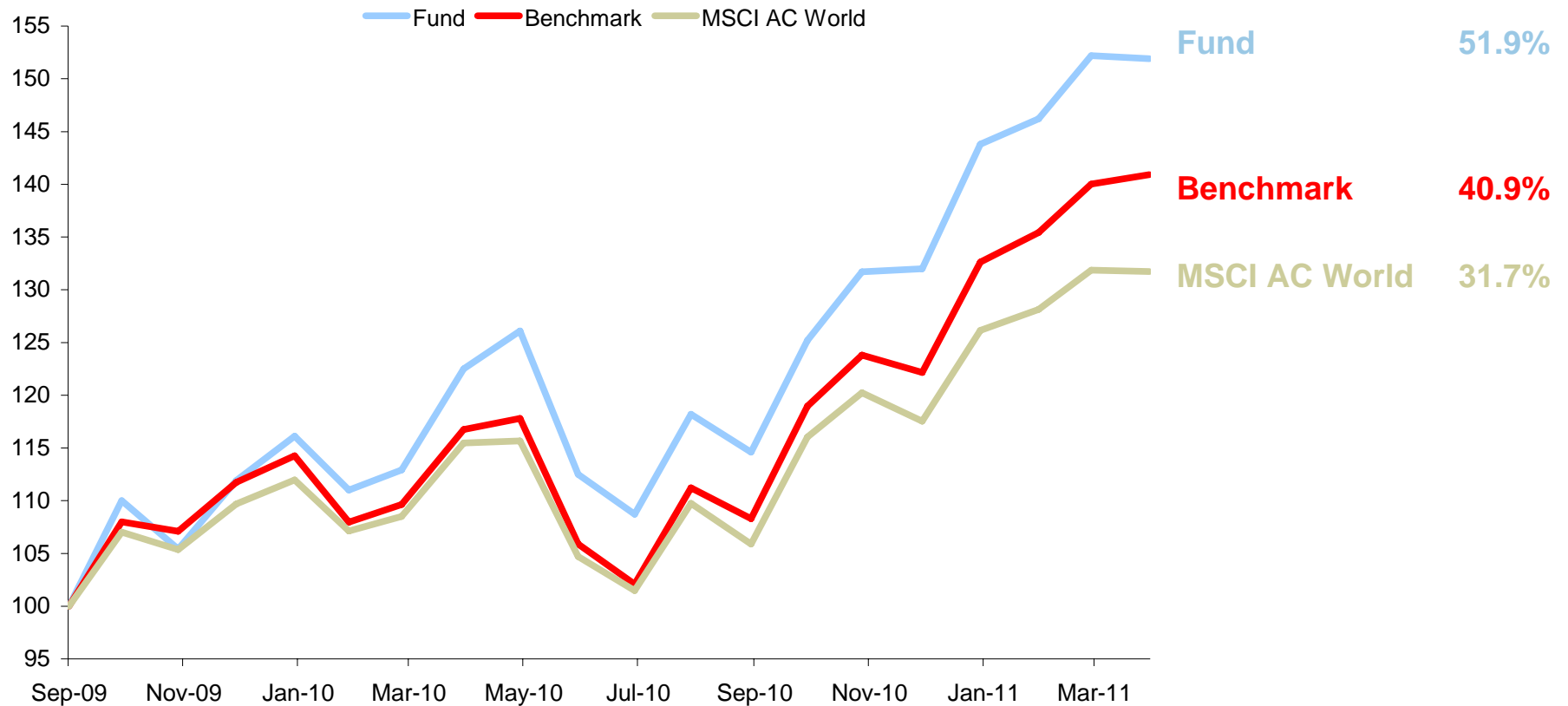
NB: Teams France, Germany and Italy are constituents of the Pan European total. Teams Korea, India, Taiwan, Singapore & Australia are constituents of the Pacific (ex Japan) total. These figures reflect the resources of FIL Limited, a non US company and affiliate, and its subsidiaries, and FMR LLC, a US company and affiliate, and its subsidiaries. Portfolio Managers include equity, fixed income, as well as the Real Estate and MultiManager teams. Research Professionals include both analysts and associates, country and sector fund managers who retain research responsibility, and technical and quantitative analysts who are part of the Equity Research groups, as well as the Real Estate and MultiManager teams. Source: FIL Limited and FMR LLC, 31.03.11. Data is unaudited.

Work Closely With Specialist Global Equity Team



Source: FIL Ltd (as at May 2011). Data is unaudited. *Based in Singapore

How has FF Global Real Asset Securities Fund done so far?



Please note that past performance is not a guide to future returns

Source: FIL Limited/Morningstar, Nav to Nav, gross income reinvested, based in US dollar, date 02.09.2009 (launch) to 31.03.11. Benchmark: MSCI AC Global Real Asset Composite Index (MSCI ACWI Industrials (20%), Materials (20%), Real Estate (20%), Utilities (10%), Energy (30%))

Comparative performance against global indices

As at 31 Mar 2011	6 months (%)	1 year (%)	Since fund launch (%)
FF Global Real Asset Securities Fund	21.3	24.0	51.9
MSCI AC World	13.8	14.6	32.7
MSCI EM	9.6	18.8	45.9
MSCI China	3.6	9.6	24.8
MSCI India	-3.0	9.5	39.2
MSCI World Energy	33.3	29.5	46.0
MSCI World Material	20.6	21.5	48.1

Source: Fund data - FIL Limited/Morningstar, Nav to Nav, gross income reinvested, rounded off to one decimal place, all based in USD, as at 31.03.2011. Index data - Datastream, total return, all in USD, as at 31.03.2011. Fund launch – 02.02.2009.

FF Global Real Asset Secs outperformed – shaded green, Global Real Asset Secs underperformed – shaded red.

Performance - Global Real Asset Securities Fund

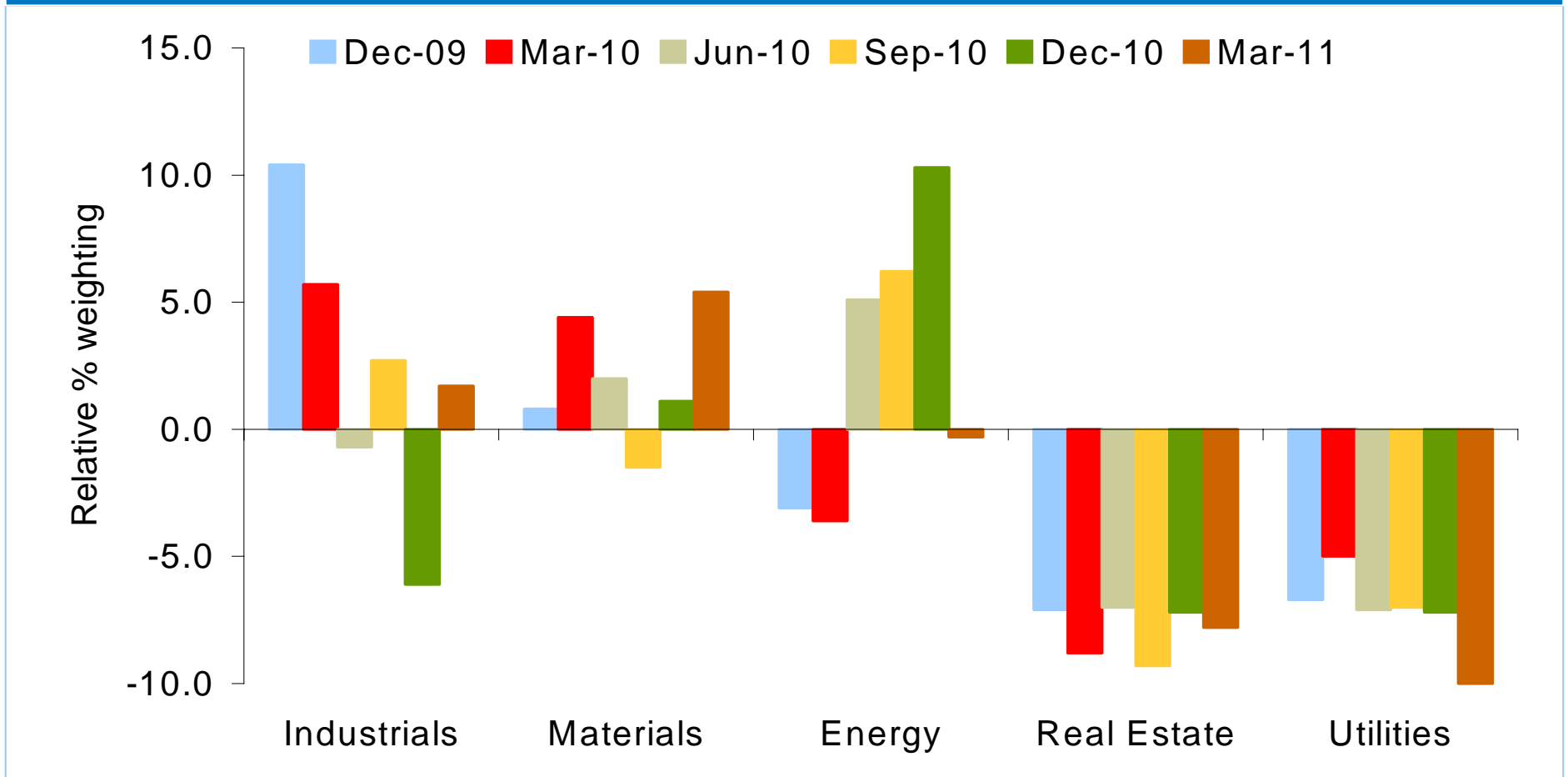
As at 31 Mar 2011	Fund (%)	Benchmark (%)	Excess (%)	Quartile Rank
3 Months	5.6%	6.3%	-0.6%	1 st
6 Months	21.3%	18.5%	+2.9%	1 st
2010	23.9%	16.1%	+7.8%	1 st
1 Year	24.0%	20.7%	+3.3%	1 st
Since SICAV launch*	51.9%	40.9%	+11.0%	1 st
Pilot [^]	62.0%	17.5%	+44.5%	-
FF Global Industrials Fund**	22.4%	12.2%	+10.2%	1 st

Please note that past performance is not a guide to future returns

Source: FIL Limited/Morningstar, Nav to Nav, gross income reinvested, rounded off to one decimal place. Based in US dollar, as at 31.03.11. *Sicav launch 02.09.09. Benchmark: Global Real Asset Composite Index (MSCI ACWI Industrials (20%), Materials (20%), Real Estate (20%), Utilities (10%), Energy (30%), Peer Group = Morningstar GIF Global Large Cap Blend Equity. Pilot[^] launch 01.01.09 to 01.09.09. These figures reflect the performance of an internal Fidelity fund, which was not available for purchase by clients. ** Track record for FF Global Industrials Fund – 08.04.2008 to 16.01.2011. Benchmark - MSCI ACWI Industrials + Materials + Energy. Peer group - Morningstar GIF Offshore Sector Equity Industrial Materials.

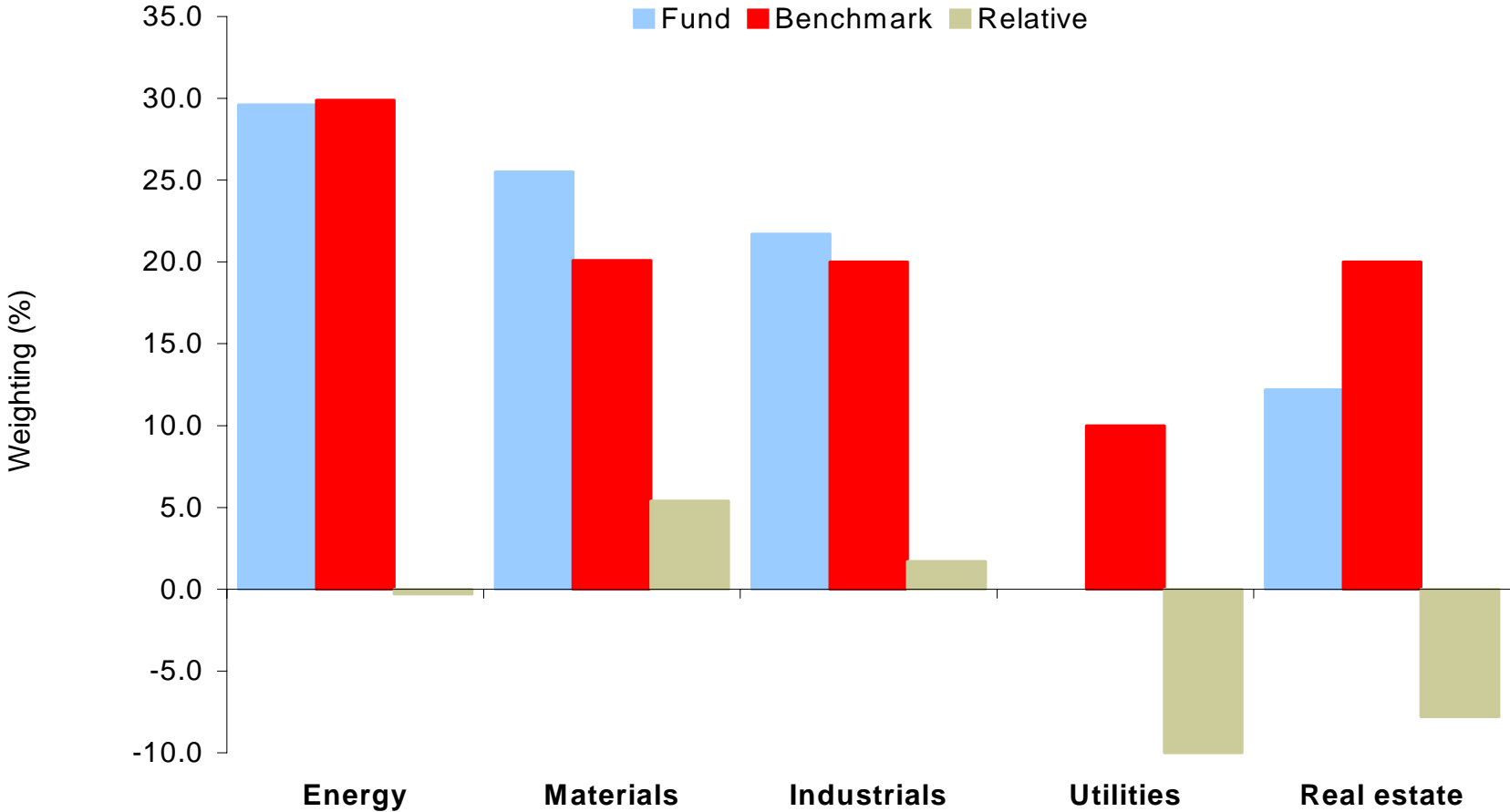
Relative Sector Positioning

Active management at the sector level



Source: FIL Limited, 31.03.2011, relative to the MSCI AC World Real Asset Composite Index

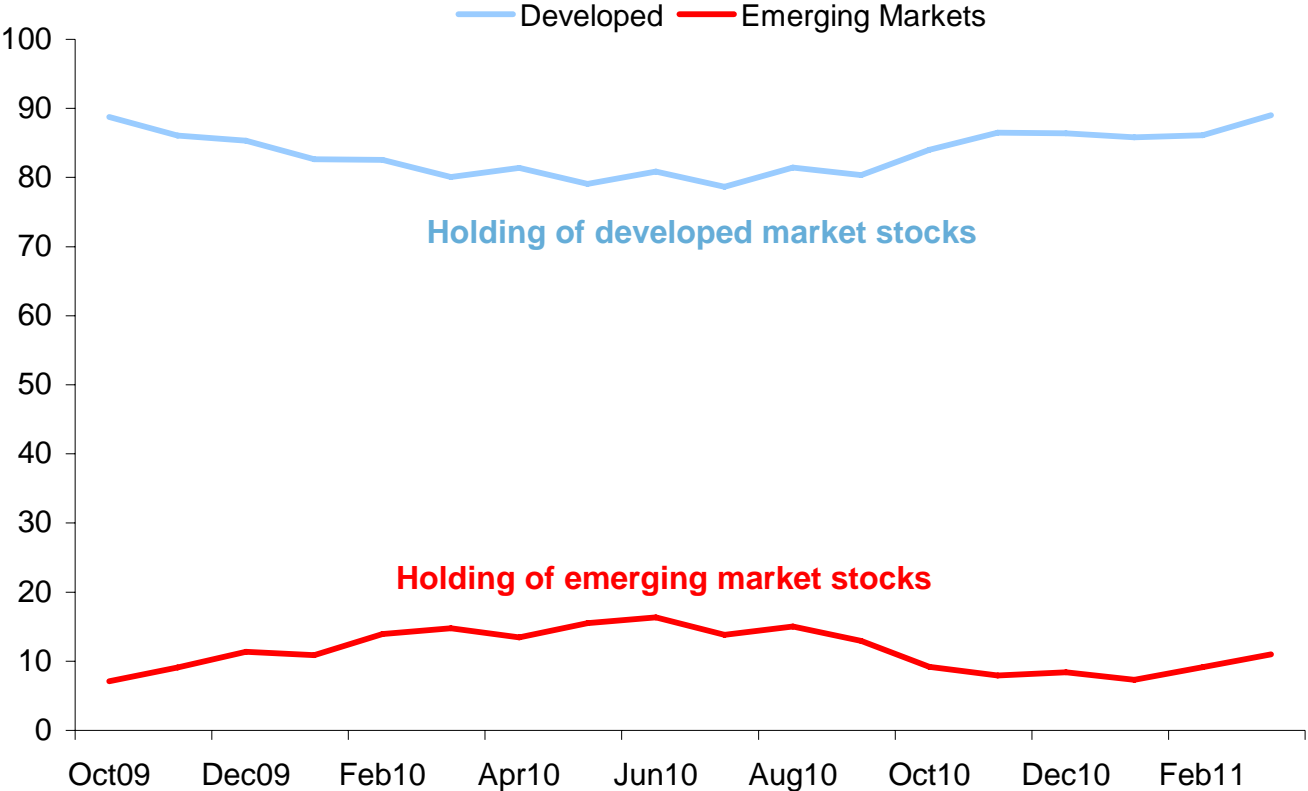
Sector Positioning



Source: FIL limited as at 31.03.2011. Cash position of 4.5%. Others 6.6%. Benchmark: MSCI AC Global Real Asset Composite Index (MSCI ACWI Industrials (20%), Real Estate (20%), Utilities (10%), Materials (20%), Energy (30%).

Looking for best opportunities globally whether emerging or developed

Developed vs. Emerging Market - Portfolio Exposure (%)



Source: FIL Limited, 31.03.2011



Top Active Positions – 31.03.2011

	Fund %	Relative %	Investment Thesis
Bayer	3.4	3.4	Chemicals conglomerate + agriculture / food inflation
Emerson Electric	3.0	2.7	High quality industrial company, high em exposure
Petroleo Brasileiro	2.8	1.7	Best production growth among emerging markets oil firms
Safran	1.7	1.7	Healthy recovery in aerospace and defence markets, opportunities for M&A
Keyence	1.7	1.7	Benefiting from secular theme of factory automation
Posco	1.8	1.6	World's third largest steel firm, cheap valuation, likelihood of steel price increases
Gazprom	2.3	1.6	Positive view on gas prices, largest global gas supplier by volume attractive valuations
Talisman Energy	1.8	1.6	Energy position with significant potential in Colombia, strong management
Prysmian	1.5	1.5	Strong demand from China for cable manufacturing
American Tower	1.5	1.5	High quality company, owner of towers in the US, will be listed as a REIT providing tax advantages

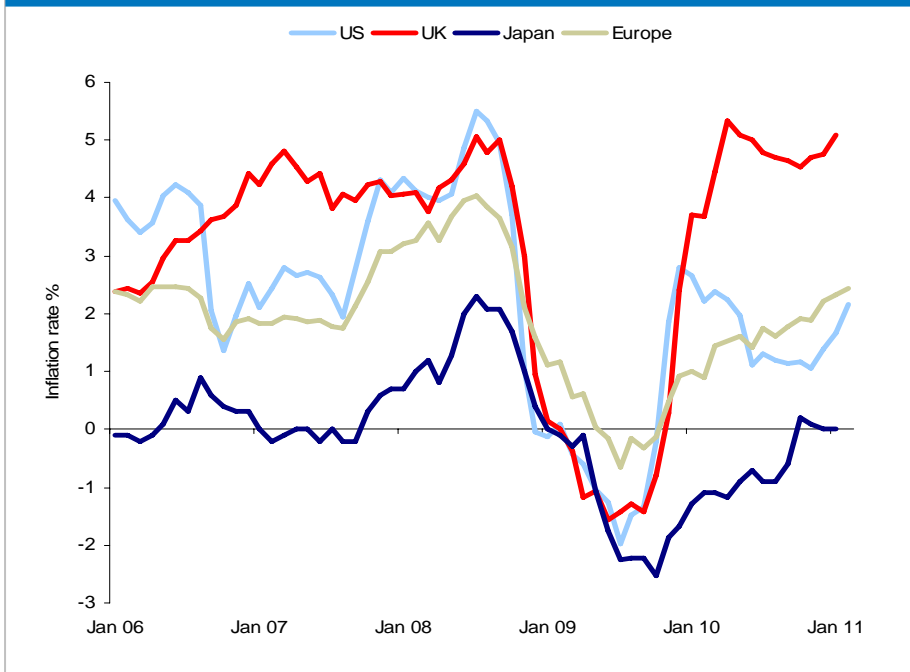
Source: FIL Limited, 31.03.2011, relative to the MSCI AC World Real Asset Composite Index

Additional Consideration - Inflation Proofing Your Portfolio

Global Real Asset Securities Fund can be a good hedge in an Inflationary Environment

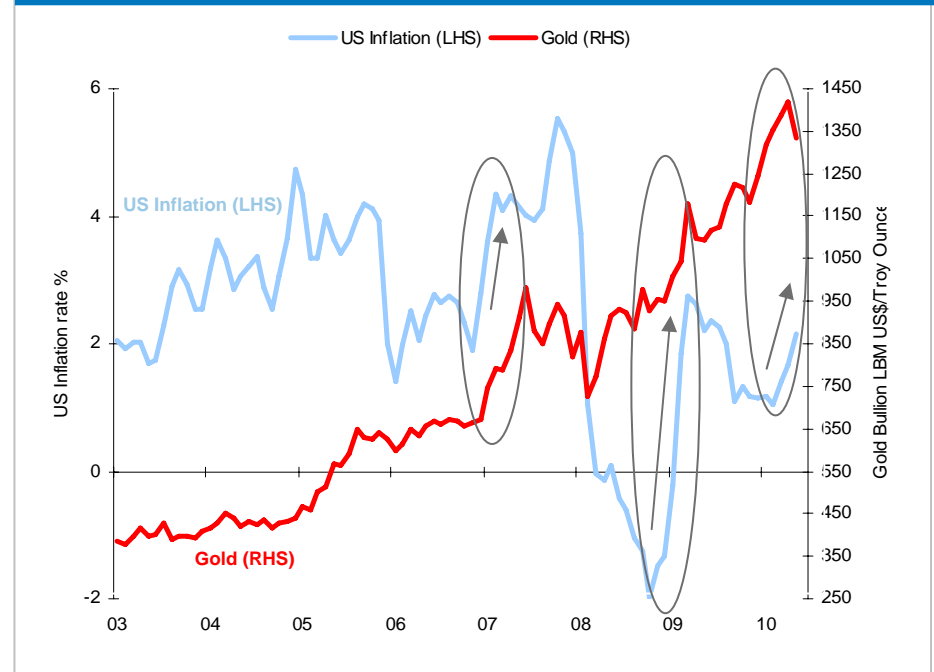
- Invest in companies based on strength of their pricing power
- Exposure to commodities that benefit from inflation
- Exposure to real estate which rises in higher inflation environment

Annual inflation rates have begun to pick up



Source: DataStream, monthly CPI data points, January 2006 to January 2011

Example: Gold price benefits from inflation

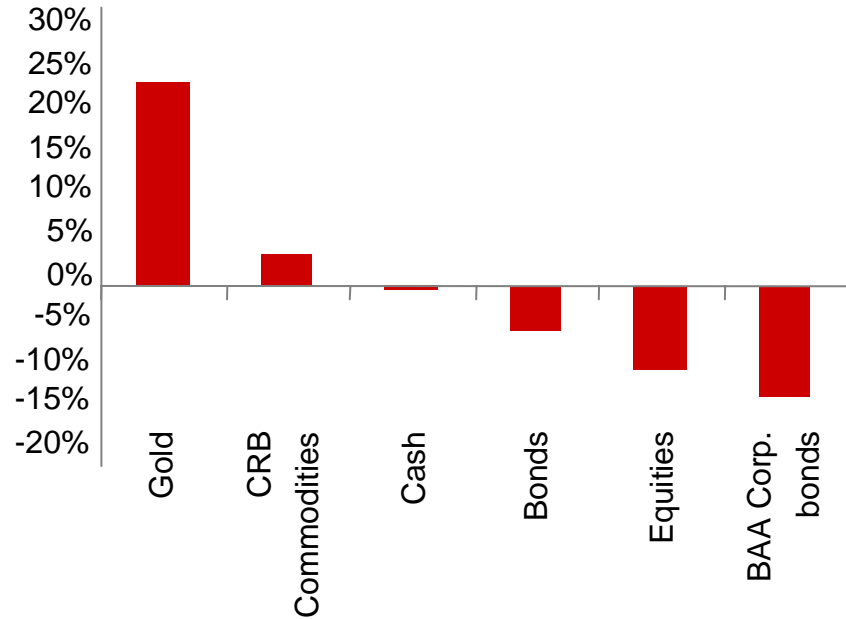


Source: DataStream, monthly data points, January 2004 to March 2011

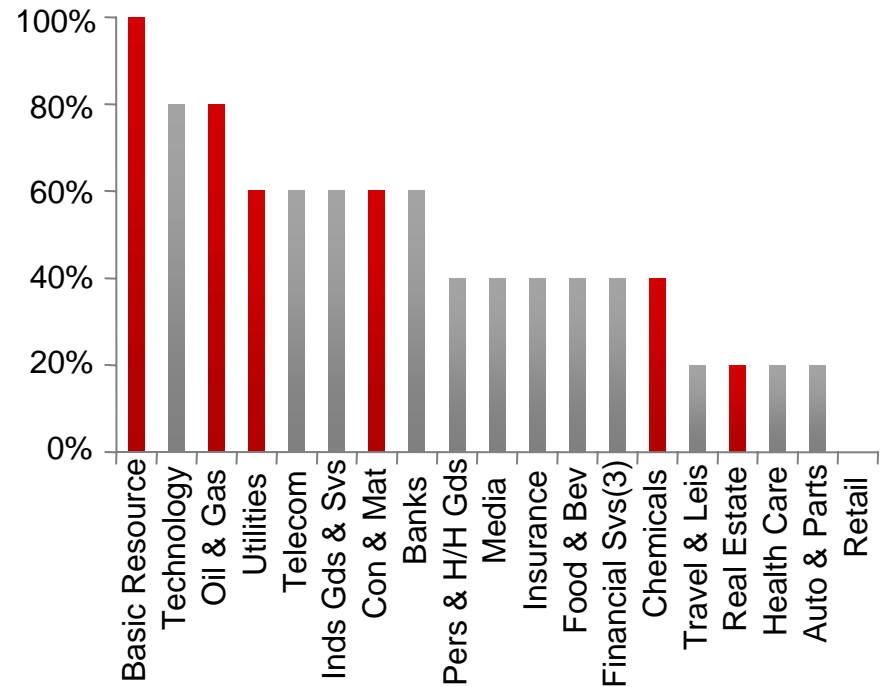
'Real assets' outperform when inflation rises

Returns of different asset classes

Total annualised real return in inflationary periods from 1950s to 80s (US)



% times Pan European sector outperformed during rising inflation



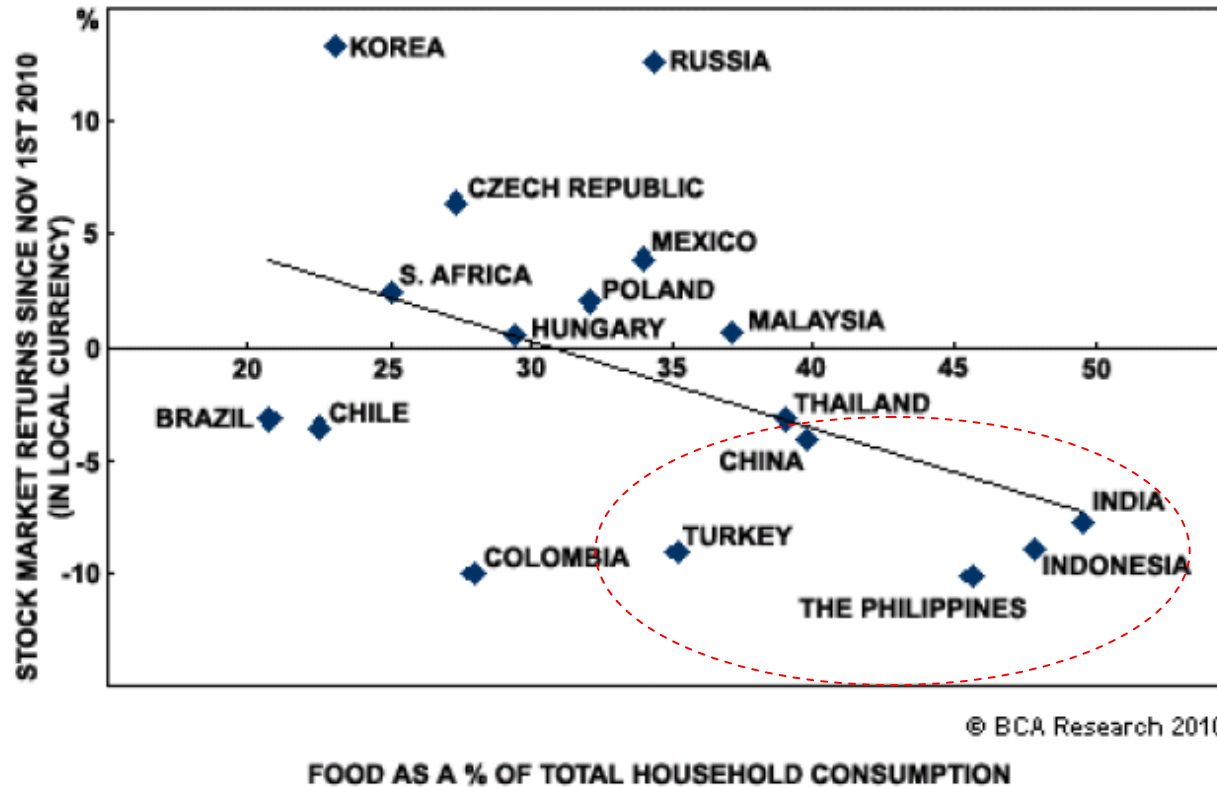
Source: FIL limited, June 2009.

The Inflation versus Deflation debate

Probability	Outcome/Result	Asset Allocation
45%	Currency devaluation induced inflation	Real Assets (Precious Metals, Energy, TIPS)
35%	Growth led by innovation	Alternative Energy, Private Equity, Small Cap Equities, Tech Stocks
25%	Austerity fuelled deflation/policy error	Gold, Long Dated US Treasuries, Cash
5%	The unknown (War)	Barbell - US Treasuries, Gold + War Effort Stocks (Industrials, Defence)

Markets where food has a higher share of CPI have underperformed

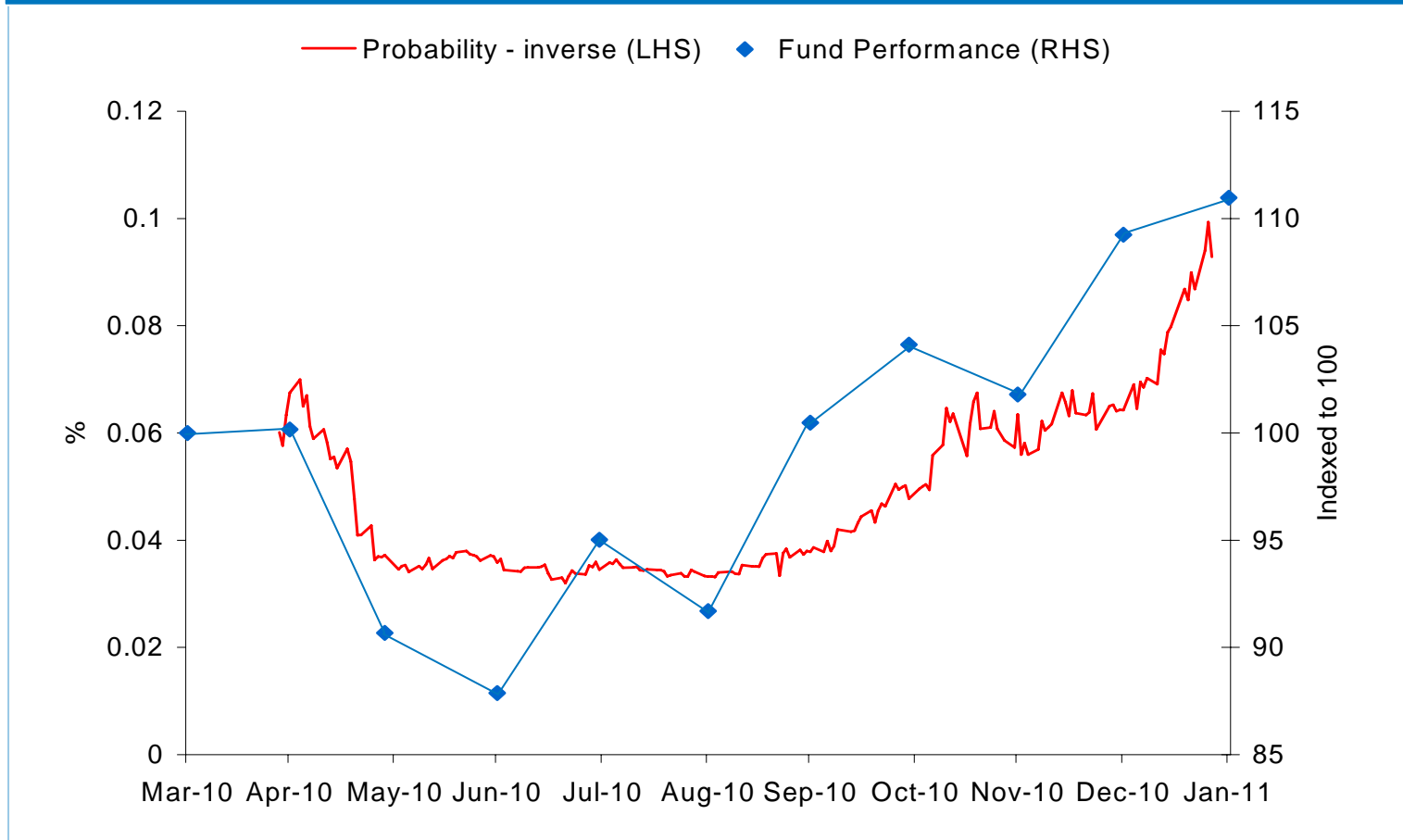
Stock Market Returns vs Food as a % of Total Household Consumption



Source: BCA Research 2010

Longer-term deflation probabilities trending down in 2011

Probability of a net decline in the consumer price index over a 5-year period starting in early 2010 inverted vs FF Global Real Asset Securities Fund performance



Source: FIL Ltd and Verizon. Fund performance - FIL Limited/Morningstar, Nav to Nav, gross income reinvested, based in US dollar, date 31.03.2010 to 31.01.11.

Current views

OUTLOOK	RISKS
<ul style="list-style-type: none">• Economic slowdown, not double dip• Emerging Market growth drivers still intact• Inflation is a risk for the future – position portfolio keeping that in mind• Outlook for the west not attractive – slow & anaemic growth likely	<ul style="list-style-type: none">• Inflation vs. deflation• Fiscal deficits & funding sovereign debts• Commercial real estate and housing remain at risk• Chinese over-capacity and commodity bubble• New technologies

Appendix

Amit C Lodha, Portfolio Manager



Amit C Lodha
Portfolio Manager

Based in:
London

Asia experience:
Based in India
from
2003 – 2007

Fidelity career history

Portfolio Manager, Global Focus discipline	Oct 2010 – present
Portfolio Manager, FF Global Real Asset Securities	Sept 2009 – present
Portfolio Manager, FF Global Industrials Fund	April 2008 – Jan 2011
Research Analyst (Basic Materials)	Jan 2007 – April 2008
Sector Leader Financials (Asia ex Japan)	Mar 2006 – Dec 2006
Research Analyst (Indian Financials, Telecom, Technology)	Dec 2003 – Dec 2006

Prior experience

Research Analyst, Citigroup (Telecom, Media)	August 2000 – Dec 2003
Senior Accountant, KPMG	May 1997 – July 2000

Education

Bachelors and Masters in Commerce and Economics, University of Mumbai, India	1992 – 1997
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Other

CFA, CFA Institute, USA	2003
ACA, Institute of Chartered Accountants, India	2000

A Unique Opportunity

Global Themes & Value Chains



- Invest in themes rather than in cyclical sectors individually:-
 - ➔ Rising oil prices, rising commodity prices, clean energy, industrialisation in emerging markets
- Analysis of the entire value chain
- Looks for pricing power

View on direction of Commodity Prices



- Take a view on the direction of commodity prices
- Value added comes from stock picking focused on positive dynamics of a company, rather than a call on the oil price

Offers Daily Liquidity in equities backed by real assets



- Vast sums of money required to invest directly in a gold mine or oil field
- Lack of liquidity by direct investment
- Therefore gain exposure to these assets by investing in equities of companies that have these assets

Idea Validation: Selecting the best ideas for GRAS

Global Real Asset Securities in action

Buy discipline

- Stock trading at attractive absolute & relative valuation levels
- Ability to derive an edge
- Positive changes in industry fundamentals driving increased pricing power / margin expansion
- Allocation of cash generates return above cost of capital
- Positive earnings momentum
- Sentiment

Sell discipline

- Stock achieves its target price and is considered fully valued
- Consensus expectations no longer different from the manager's view
- Revenue or margin deteriorating
- Better opportunities elsewhere
- Sentiment

Assess the risk-adjusted upside potential

Idea Generation for Global Real Asset Securities



Fundamental Analysis



Financial Modeling/Valuation Analysis



Quant Screens



Technical Analysis



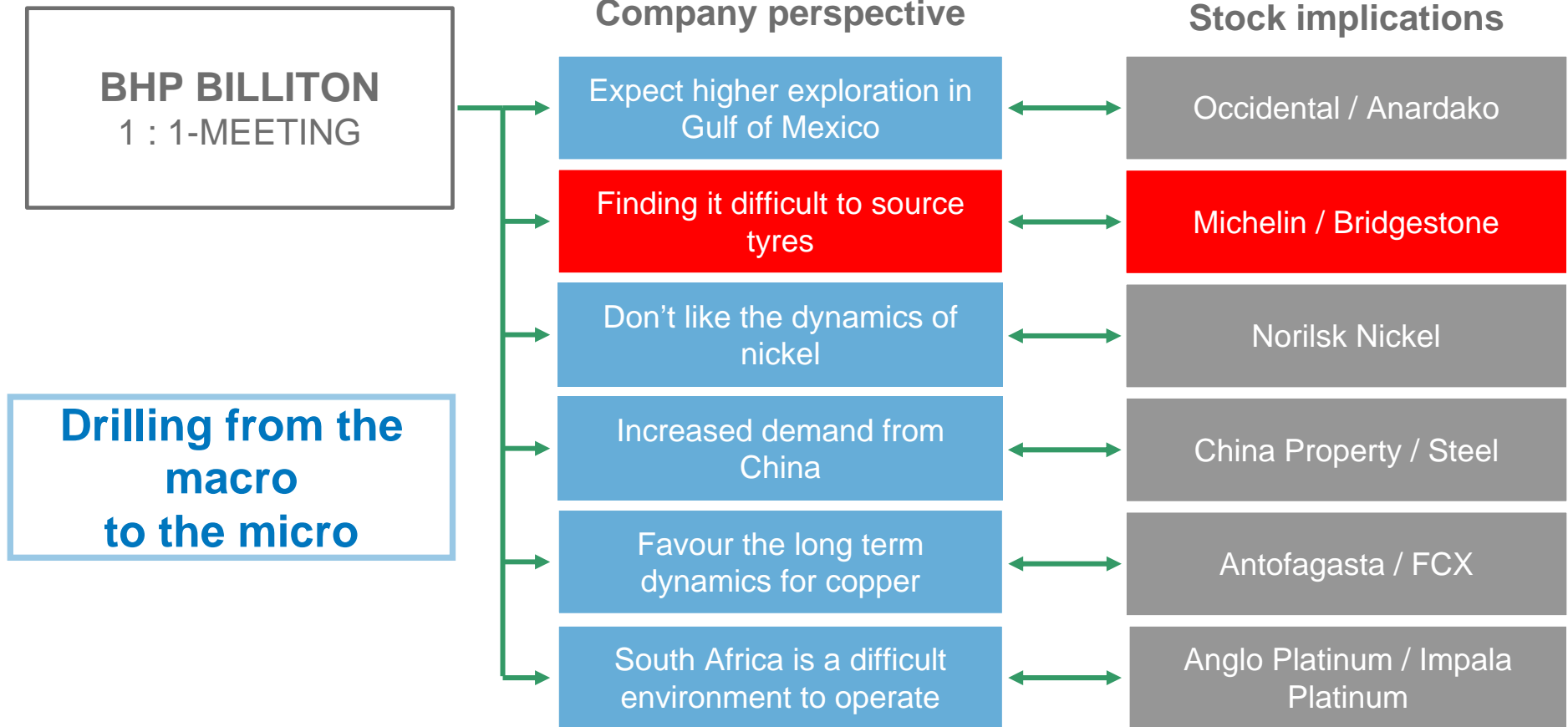
Broker Research & Other Sources

What attracts me to a stock

- We have an edge in terms of :-
 - Earnings growth
 - Positive change in industry structure
 - Direction of commodity prices
- Sustainable pricing power
 - Driven by industry structure
 - Driven by ownership of assets
- Attractive valuation
 - Across a range of metrics
- Mis-valued growth/assets
- M&A potential

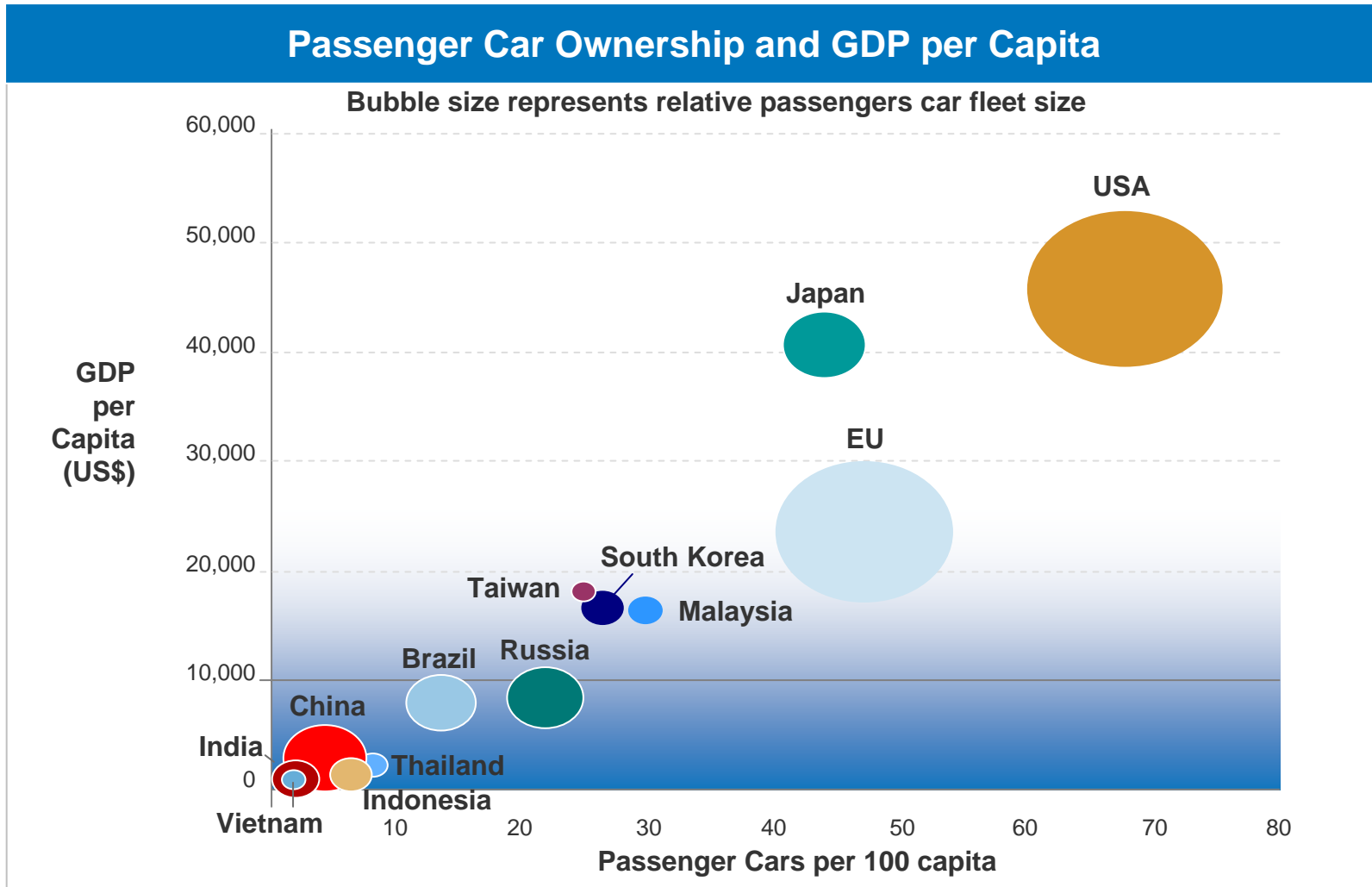
Unconstrained approach leads me to best valuation ideas with strongest pricing power

Leveraging Fidelity research across value chain



Source: FIL Limited, 31/07/2009. Reference to individual companies is for illustration purposes only and does not constitute a recommendation. 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. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity.

Industry example: Significant scope for increase in car ownership...



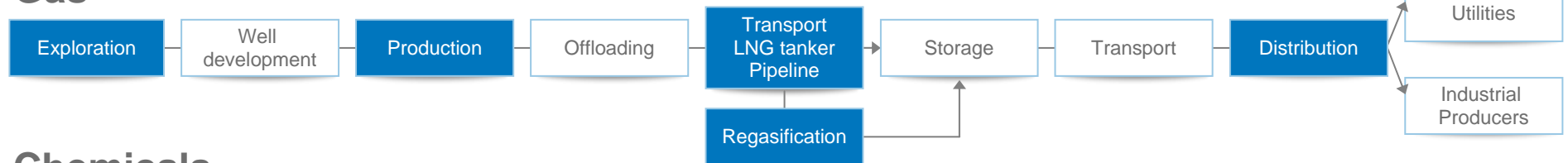
Source: PFC Energy – China's passenger car fleet, August 2009

The Natural Resources Supply Chain

Oil



Gas



Chemicals



Agriculture

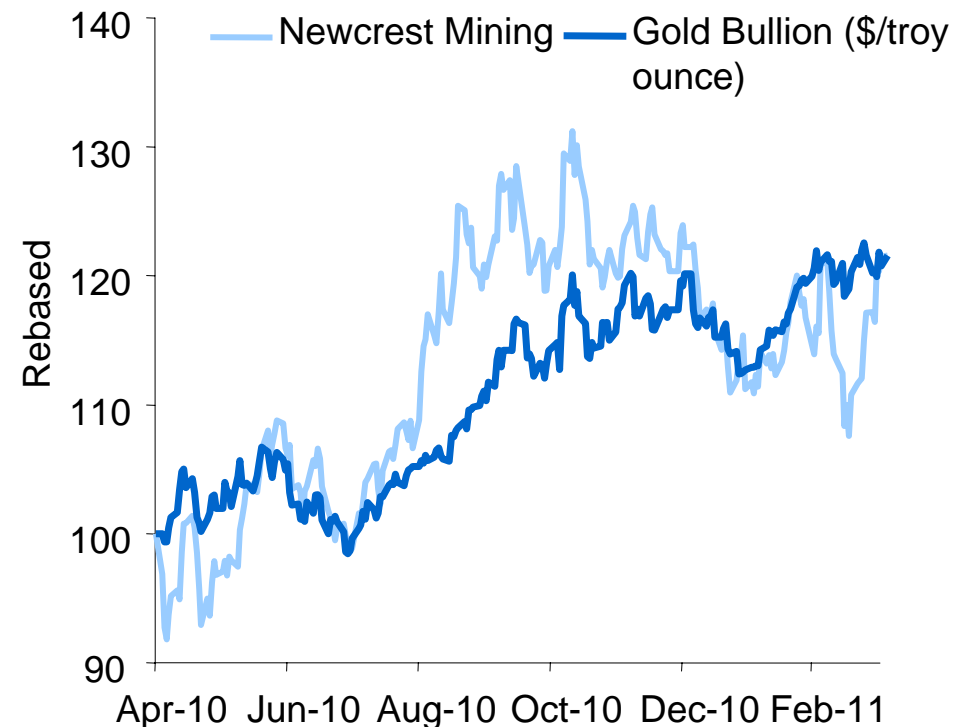


Source: Dahlman Rose

Newcrest Mining – Strongest production growth in the industry

- A low-cost gold producer with multi-national operations and development projects throughout low risk geographies
- High quality assets and a strong project pipeline that can drive long-term, sustainable growth
- Strongest production growth expected among large-cap gold producers; ramping up production significantly
- Strong management team with the right incentives

Newcrest Mining vs. Bullion prices

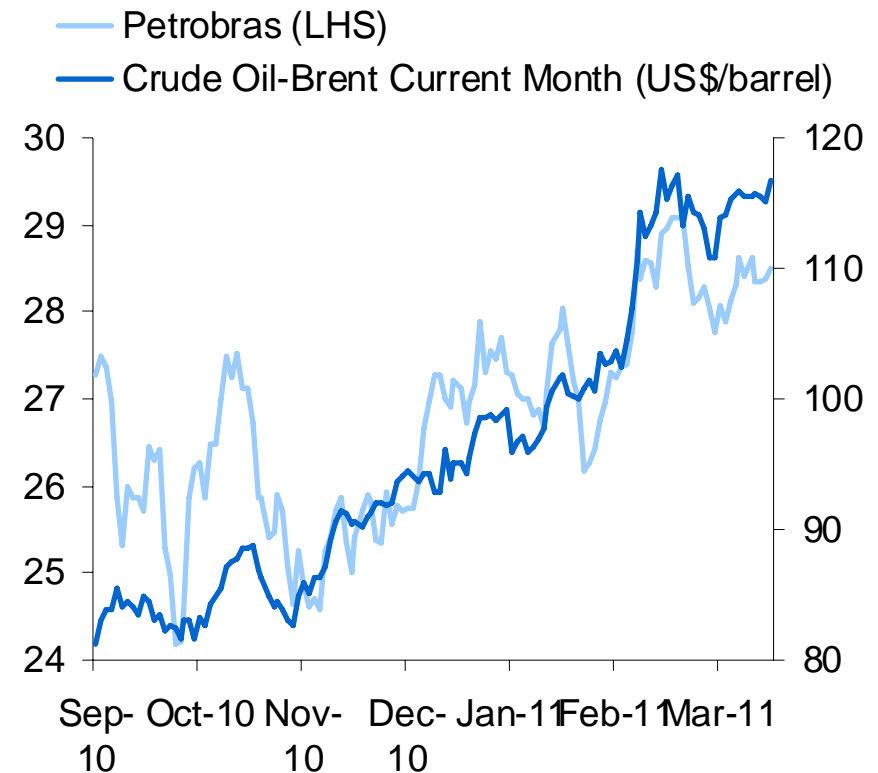


Source: DataStream, Price rebased to 100, 30.04.2010 -30.04.2011, US\$

Petroleo Brasileiro – Exceptional resource base

- Prominent Brazilian integrated energy company; third-largest energy firm in the world
- Expected to deliver remarkable production growth among emerging markets oil companies
- Reserves and resources base sets it apart from several peers
- Lower political risk and a more attractive growth profile, particularly when compared to Russian peers (which also operate in a resource-rich geography)

Petrobras vs. Crude oil (Brent)



Source: DataStream, Actual values, local currency terms, 30.09.2010 -31.03.2011

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