TRANSCRIPT

Searching for your next stock idea on Fidelity.com

Presenters: Nicholas Delisse and Matt Davison

Nicholas Delisse: My name is Nicholas Delisse, of course I'm joined by Matt Davison. Both of us are with Fidelity's Trading Strategy Desk.

Now today, really what we're going to be jumping into, what we're going to be diving into, is we're going to be talking about some great ways to find ideas. How to find different securities that you might be interested in trading, because there's so many out there, there are literally thousands of different stocks out there that you can trade. And that's without getting out of the Russell 2000, or the Russell 3000 indexes before you really get to some smaller cap securities. So we're going to walk through a lot of the tools that we have to help you find securities, to help you narrow that down, help you analyze those particular companies. And then of course, you know, once you've placed trades and such, you know, different ways you can, of course, monitor your particular positions.

So with that though, there are some big, big, big questions that traders will ask. You know, where can I find individual recommendations on Fidelity? Or how really do I use Fidelity's screener? That's exactly what we're going to be touching on today. To really start this conversation, we're going to be talking about different ways, of course, to use our stock screener, but more specifically, we're going to be addressing some of the differences between the top down approach to investing, and the bottom up approach to investing.

Now I just want to set the stage on this, and then we'll kind of jump into our markets and sectors page. You know, but specifically the bottom up approach is what many of you might be familiar with in the audience on, you know, taking a look at the fundamentals of a particular company. You know, what their earnings are, that PE ratios, that PEG ratio, and many of you might be looking at dividends, do they have earnings, can they actually pay dividends? You know, what's their payout ratio? All of this is that bottom up approach, looking at the fundamental building blocks of a company coming up from there.

Now the top down approach is, as opposed to looking at those individual building blocks with the different companies, is taking a look at the broader market. What is the broader market doing? You know, what is the Fed's current monetary policy? You know, what's fiscal policy look like? And how does that then, from that top down, how does that impact things? And one of the really big ways that traders will start with that top down approach at

Fidelity is taking a look at things like the business cycle. You know, or building those particular monetary and fiscal policy examples into the business cycle.

Now with that, let's go ahead and shift over to the screenshare portion that we have, and most of the rest of our presentation today is of course going to be comprised of screenshare. And where I want to start us off with, of course, is simply that markets and sectors research page. And if you're starting on your account, you can simply go up to news and research, markets and sectors, and that's where this particular page is at. So, so, so, so, so much information here from that top down aspect, we'll of course, after this, we'll then address more of that bottom up from our stock research center, as opposed to the markets and sectors performance page.

So with that though, kind of addressing this, Matt, why don't you walk us through some of your favorite aspects about this particular page, and why don't we maybe start to take a look at the sectors and industries overview?

Matt Davison: Yeah, absolutely. And that's an excellent place to start. And before I do jump into that, and I'll go ahead and click the button so we're on that page, one thing I did want to address is a common question that we often get, which is, is top down better, or is bottom up better?

Nicholas Delisse: Yeah.

Matt Davison: And it's a very common thing, Nick, I know, you know, people ask you about it all the time, and the fact is, is there's no one that's better, right? They're different, they're different approaches, and they both have their place and use when we're going through and doing our research, and helping us make our investment decisions. It's just a different perspective, a different school of thought to go through and make investment decisions. So often get that question, did want to take a moment to address it here.

When we go to the sectors and industries overview, this is where we can start to get some of this information. So we're going to start off by taking a look at the top down approach, and we're really going to focus a lot on the business cycle, but before we get there, let me just go over some of the information that we're seeing on the page here that initially comes up. So as we go through, click on sectors and industries overview, we're going to get a list of all the different sectors that exist. So we're going to have the 11 different sectors, and then also the S&P 500 index right here at the bottom. As we look in this green column here, well mostly green, we can see that industrials is a little bit lagging today, and this is going to give us the last percentage change as of

12:07, when I downloaded the page. It is also gives us the market cap for the various sectors, as well as the one-year percentage change. So going back from 9/20/2021 all the way back to last year, and looking at what these have done.

Now, we can also see not just specifically what sectors have been doing, but industries within the sectors. So if we click on this one, this one's relatively new in terms of how they change, that there were changes to this made back in 2018 when they added things like Facebook into the communication services, that had previously been in IT. So some of this is relatively new, but we can go through and click on various things here, and we can see the specific industries, and how they've fared, not just today, but also over the one-year change. So this is something that is a useful tool to help us not only see what the sectors are doing, but the more specific subgroups within each sector.

Now once I look at that, we can also go over and look at the performance tab. So what the performance tab is going to do, it's going to give us this table view of the different sectors. So we had the last percent change, we also had the one-year, but this is going to give us some more information, such as maybe we're interested in year to date. So from the beginning of this year, up until this moment in time, how have the sectors done? Well, when we left click on that, it's going to sort our sectors in order from top percentage gainer down to the bottom. We can see that everything's positive year to date in the different sectors, and then it's going to compare this to the S&P 500, and it's putting real estate right there at the top.

What I also find useful about this page is that we can go over to the chart performance. And what I like about the chart performance is when we go in there, we're going to see various different lines here. So this is a little bit busy when we're looking at the chart initially. It's giving us the 11 different sectors and their graphs over time. So when I go in here, you know, maybe I'm not interested in all this. Maybe this is a little bit too noisy, but I want to see year to date how just two sectors have done, in comparison to one another. Well I can come in there, and I can delete off whatever I don't want to see. Maybe I just want to see the first two. Real estate, energy, and compare those two, and when I do that, I can get all the way to this page right here, where basically we're just seeing the two different charts year to date.

So we can go there and see, you know, energy was doing really, really well at the beginning of the year, it's fallen off somewhat since then, entering into the mid part of July, and right now we're actually pretty close between the two different sectors, and we can go in there and do that for, you know, any of the sectors that we want to look at, if we simply want to re-add everything, hit reset chart at the top of the screen here.

Now once we do that, you know, that's just to give us a basic idea of what the sectors are doing, where they're at. But really, before we dig in and start to look further into the sectors and maybe even the specific investments, we like to come over here to this business cycle, right? So what the business cycle is, basically this is giving us where we are economically speaking. So it's going through looking at, usually it's going to be the U.S. economy, even though we do have the business cycle for some other economies as well. We're going to go in there and break it down into the four phases. So there's the early phase, the mid phase, the late phase, and then recessionary phase. And this is going to give us an idea of where we're at.

So we actually provide some of this research here on Fidelity.com, and the way that we get there, we go to review the most recent business cycle analysis. When we click this, this is actually going to take us over to our Fidelity Institutional page. And as we can see here, that we're looking at this from the third quarter perspective of 2021, we're going in and we can see that we not just have the U.S. economy and where we currently find that to be, but also

China, Canada, eurozone, UK, some various other larger economies. So we can go in there and see where we're at, and the phase. We can also go and look at where we come from, so if we actually left-click on the U.S. here, we can see that Q3, we're suggesting that we're, you know, pretty squarely in the mid phase at this moment in time. Whereas we looked at the dots, Q1, Q2, we're kind of on the cusp, in between the early and the mid phase.

The other thing that we can do with this tool, if we're not really sure what's characterizing each of the phases, well we can go in there and we can simply hover over, or click, the different phase that we're in, and it's going to give us some ideas about what's going on. So in mid phase, growth is peaking, credit growth is still strong, but maybe profits are beginning to peak or slow down a little bit. Policy neutral. So this is talking about the monetary supply, this is something that's very important, we're seeing this being discussed right now. We're going to have the minutes of the Federal Reserve FOMC meeting being released tomorrow, there's been a lot of eyes on that. Are we going to taper? When are we going to taper? How much are we going to taper? These are all questions that investors will be looking at tomorrow to get some answers on. This is what we mean by being policy neutral, is the idea of the Fed being less accommodative with their money supply.

Moving down here, we can go and we can also see a couple of other things, now some of these are a little bit dated, because they came out, you know, in the earlier part of July. Usually we release these quarterly in sector updates, market updates on a quarterly basis, it's usually a couple weeks into the new quarter, so we should have one coming out in the early part of October. But we could go through and we can actually get some information, and some research that's talking about some of the headwinds and tailwinds that are driving things on the global economy spectrum, you know, what are some of those macroeconomic influences that are driving things, such as the business cycle? And then specifically, how that starts to filter down into the quarterly sector update, and how the sectors are interplaying with some of those influence that they're facing on the macroeconomic level.

Now with that being said, now that we've kind of got an idea of where we can get some of this information in terms of, you know, the broader market updates and sector updates. Nick, I know you wanted to take us through here and look at the business cycle approach to investing.

Nicholas Delisse: Absolutely, and one thing to keep in mind, of course, with these different cycles is they're not quick. You know, they're not something that happens over a one-month or three-month, or even, you know, one-year timeframe. The boom and bust typical cycle lasts, you know, almost five and a half years. And the business cycle lasts, on average, according to the CMT Association, about 7.9 years. So this takes quite a bit of time. And you might look at this particular tool that Fidelity has to see where we are on the different quarters, and we might actually move backwards on this, because different new information has come out. And to shift it back over, of course, to the business cycle page, that business cycle approach to investing that Matt was talking about is if you come down here, click on this link, the business cycle approach to investing, it's going to pull up this particular PDF. And then it has that same information Matt was talking about, where we had to click on it to show this, where you know, mid cycle growth is peaking. Profits growth peaks as well, policy is neutral. And that policy being monetary policy, fiscal policy. Things like interest rates, things like are we tapering, are we not? Bond buying programs and such. You can see, of course, the difference between early policy being stimulative, and mid cycle policy being neutral is kind of what shifts this over. You know, maybe the Federal Reserve decides to start tapering, but then stops, and that could kind of shift us forward, and then back, depending on, you know, what's going on in the market.

Now, different parts of the business cycle perform differently during different aspects for, you know, many different reasons. And you know, one thing I like to bring up, I like to bring up this particular chart as well that shows, of course, during early cycle, what tends to perform better during early cycle? What tends to perform better during mid, late, and recessionary? And better doesn't mean that it goes up when the market goes down. Better could simply mean that it's that relative performance. The market went down 20 percent, but this only went down 10 percent. It's that relative performance. And just because you might see something that tends to do better doesn't mean it always will do better, either. You might have something that even though it tends to outperform, it could go down more than the market. That might actually happen.

Now if you feel that we're early cycle to mid cycle, well you can look at this particular chart and see well, technology tends to do better early cycle and mid cycle. It tends to outperform the market a little bit. Of course, if we're late cycle or recession, it tends to lag the market, it tends to underperform. And you can see other sectors that do better during early or mid, some even do well in early, but very poorly in the mid cycle. Or some just don't have any kind of correlation, and then do tend to outperform during mid cycle.

And the reason why much of this works is, think about your own personal situation. You know, think about if things are really rough in the market, where your employer is slowing down, they're not producing as much, you might be worried about your job, where maybe you might have to find a new job, because layoffs might be coming up momentarily. Well if that's the case, what might you do? Well, you might then go to the grocery store, and you might eat at home, you might push off those big purchases, the washing machine, or the vehicle, or something like that, until later on. Well, what tends to do better during that type of business cycle? This is getting into consumer staples, that late cycle recessionary tends to do better, things like grocery stores.

Now, when things start to rebound, what starts to do better? Well now as we leave that recessionary, as we get into the early consumer discretionaries, people start to become more confident of their job, more confident of their situation, they're getting those raises, more orders are starting to come into the company. Well now you might actually, those purchases you're putting off, the washing machine, the new vehicle and such, you might actually, you know, go ahead and go forward with them. So those tend to then shift. And this is just from a personal family economic standpoint, versus that macroeconomics of corporations and different companies and countries, that will impact all these other different sectors.

So with that, coming back to the business cycle approach to investing, you know, traders, they might also take a look at the different weighting recommendations that we have. And this is something that Fidelity works with CFRA and Argus Research, two different third-party analysts, to actually provide different weighting recommendations. So on this, we have market weight. And this is if you were simply invested in an ETF that tracks the S&P 500, your portfolio is one big slice of the S&P 500. Well this is what you'd have. Close to 28 percent of your portfolio would be information technology, you know, as it goes down even 8 percent of your portfolio would be industrials, on $100,000, only $8,000 would be industrials.

Now, both CFRA and Argus Research are in agreeance right now of overweighting industrials. But you can see, well what does overweight mean? It means put your finger on the scale, add a little extra percent. It doesn't mean put 25 percent of your portfolio into industrials, it simply means that well, if 8 percent of your portfolio is in industrials, make it 9. You know, add just a little bit more. So be very mindful about, you know, looking at this and going well, you know, according to the business cycle, I should have everything in technology, or everything in communication services, because well, what if this was a little bit off? And we're actually more early? Or we're more late? Or things can shift very, very, very quickly as we, of course, noticed

18 months ago with the COVID crisis, and how the market shifted dramatically with that. So keep that in mind, this just means put your fingers on the scale just a little bit.

Now, if you then looked at this, you then decided that well, I want to add a little bit of exposure to one particular sector or another, or even I want to take off exposure, because you can even look for stocks and ETFs to go short to remove some of that exposure. But if you decide you want to add a little bit of exposure, one of the best places to start is our stock research center. And you can access that by simply coming up to news and research, and then down to stocks. And that pulls up the stock research center.

Now one thing to keep in mind is a lot of the information on this page, you do need to be logged in for it, it's behind that password firewall, so to speak. And so everything we have here on the equity summary score, this information is of course beyond that password firewall, so you will need to log into, to see a lot of this particular information. But with this, this can help you make the decision on then, we've decided which particular sector you want to invest in, well how do I find individual securities in that sector that make sense? That I might want to invest in? This is where you can, of course, start from this particular aspect.

Now before we jump into and we take a look at the equity summary score, Matt, were there some other things that you wanted to add when it came to, you know, markets and sectors, and doing sector research?

Matt Davison: Yeah, I think it's pretty important to remember, right, that no business cycle was the same. And if we go back, and a lot of that research, if you read through the actual full approach, they go back and they're doing a lot of this research going back to, I think 1962 is when they go back until. And what they're going to make very clear is that no business cycle is going to act exactly the same. There's not a single one that in every single phase of the business cycle, it's going to perform this way. There's not a single sector that does that. So you have to be really careful about, as Nick was saying, going in and just completely overweighting yourself into one or two of these sectors, and losing all your diversification. So be mindful of that.

I think the other thing that, you know, it's important to talk about as well when we're going through, you know, the sectors, is to make sure that, you know, when we're looking at the outperformance, right, that's our human nature to draw, well what's going to make me the most money? Yes, that's very important, right? That's what everybody wants, they want to make as much money as possible. But I think another important thing that we can note from that is to go in there and look at things that have historically underperformed. And it can be just as important to avoid the areas of underperformance as it can be to be in the areas of overperformance.

And that's kind of the, some of the usefulness behind the chart that Nick was showing here. You know, we're in the mid-phase right now, well while it's, you know, tempting to look at those green bars for technology and communication services, there's also a couple sectors here that have not done historically well in the mid phase. But notice, you know, real estate, and this is a perfect example, this one has a negative connotation based on the history and the probabilities of what it's done in past mid phases of the cycle. But we saw it earlier, it's doing quite well right now. And there's, you know, multiple reasons for that, and that's why, in a top down approach, it doesn't stop here just because we looked at the business cycle and what it's historically done. We need to continue to go through and look at what conditions might be good or bad, based on this current go around.

For example, what's happening in the real estate market right now? Well interest rates are still very, very low due to the Fed accommodating easy money, coupled with the fact that there's supply chain issues, there's a housing shortage, you know, there's a bunch of houses that people need, but they can't be built right now. So some of those things are coming in and creating some tailwinds for this sector, even though historically it hasn't necessarily always done that well in the mid phase. And this is a perfect example of how you still need to be cautious with some of the information that you're going through and exploring.

Now, that being said, I know we wanted to talk about well what did we do, we went through the top down, we looked at the macroeconomic influences, you know, going through maybe some of those reports that we have on our research page, we went in, we looked at the business cycle approach, did our due diligence there.

Well now we've come to the time to actually look and try to find investments in a particular sector. Well one way that we can do that, we can see on the page that we have up here, is by going to the stock research center and it's going to default to trending stocks in the top rated by sector. So this is going to give us the top rated ESS, or equity summary score, for each of these sectors. But we can also see out to the right that they have the number very bullish in the sector, and if you click on that, it'll give you this list.

So, let's talk about what that is, right? The ESS. I think it's very important to go through and actually discuss what it is. Because there's sometimes misconceptions about what people are seeking to do with that information. You know, is it from Fidelity? Is it a buy recommendation? Is it a sell recommendation? And the answer to those questions are no, right? But, so what is it then? So let's go and talk about that.

So, the equity summary score here, and I have the methodology pulled up on the screen, so what it's seeking to do is seeking to give us a consolidated view of the ratings of a number of independent research providers, so that's IRPs, on Fidelity.com. Usually we're going to have anywhere between 8 to 12, 10 to 12 different firms that are going to rate the stock, but in order to get a equity summary score, you have to have at least four ratings. You have to have four or more firms giving you an actual firm rating. Once we do this, and I want to be clear about, when I'm saying we, I should be saying Starmine from Refinitiv, once they're doing this, they're going through, and they're going to be looking at a number of different things, right? So they're going to try to normalize the buy and sell ratings from the research providers. So they're going to give more weight, so if we go here, they're overweighting scarce ratings. And they're underweighting ones that are plentiful, right? And by normalizing this, they're looking to recognize some of the scarcity value. So that's the first thing.

We're also going to be given a weight for the firms. So Starmine is going in there, they're trying to weight the firms, and they're doing this by looking at the 24-month relative firm sector ratings accuracy, and they're trying to do this, see which firms will get the most weight in the aggregated equity summary score.

So once it does that, and you know, they've provided this information for over five years on Fidelity.com, they're going to go in there, and then they're going to give a statistical aggregate rating from 1 to 100 for the firms. So this is how we can know which firms are doing better or worse in a particular sector, and I'll show you what that looks like in just a moment here. I'm just trying to get a baseline for what this is before we jump over and look at it in an example. And then once they do that, they're going to go in there and actually calculate all the normalized analyst recommendations and the accuracy weightings, and their goal is to create a single score. So this is that 9.4 that we were seeing on the last page for the first one on the page there, IPG.

One other thing, so just to go down, we're going to scroll down and I just want to reiterate these points, right? So the things that the equity summary score are not. It's not a Fidelity rating. It's not simply an average analyst rating. Right? So this is coming from a model, these inputs are giving a value. Right? It's not just an average, it's not a buy or a sell rating from Fidelity. It's trying to give the overall sentiment of the IRPs that are providing a rating on the stock. Right?

So those are the places I wanted to start there. And then, we were going to look at this example, so we had IPG, and the way that we got here, you simply just went there, if you look at the communication services, it was the very first thing on the list, this was the only one that they had to offer for communication services that had the very bullish rating. So this isn't one that we're recommending in any way, it was just the first one on the list of securities.

So going down here, we can go right here to the equity summary score, and once we do that, we can go right here and we can click on more. And once we get here, this is going to give us a rating, right, of the different firms. So we can go and see the IPG equity summary score firms, so Refinitiv Starmine relative accuracy. So this is giving us the higher the number, the better, this is saying Jefferson Research, again, all independent firms, we could see that with the "I." They're going out and for this particular sector, they're getting the best rating from Refinitiv Starmine. And then it goes down from there, and you can see their standardized opinions. So they're giving buy, neutral, sell. We can come down here as well, and we can also look at the firms over time. So this is going to list out all the firms, we can come right here to this page, the one-year history, and we can see what they've done over time. So let's say we wanted to see what Ford Equity Research has done, well we can simply click on that, and we can see how it's changed over time from buy, outperform, neutral, underperform, sell, and so on and so forth.

Nick, before I jump into this next thing on the reports here, anything that you wanted to add in regards to the equity summary score, or you know, the firm opinions?

Nicholas Delisse: Sure, two quick things I wanted to kind of elaborate on which we're talking about. One is that standardized opinion. And so first and foremost, if you look kind of on the right-hand side, you see current firm opinion. And you have the date of that opinion. And you see over on the right, the opinion is -- you see some there say hold, some will say two, some will say neutral, some will say equal weight. You know, we have many different ways to say the same thing. And so, that's what the equity summary score is standardizing. So if you have a one to five, it's a three. That's neutral. If it's a hold, that's neutral, if it's an equal weight, that's neutral. So you don't have to wonder well, is this buy or sell, or what is this? This standardizes everything to then have the exact same language, then compare it to.

Now the other thing on that scarcity that Matt was talking about, on how overweight, underweight, based on scarcity, is some firms, what they'll do is if they have 100 different companies, 20 of them have a five, 20 of them have a four, 20 of them have a three, 20 of them have a two, 20 of them have a one. Just equal numbers in each basket. And if one goes up, well one has to come down. Well you have 20 percent of your recommendations are, you know, a five star, that's not very scarce, so to speak. Other firms, what they might do, is they might then have 50, half simply be in that middle. Fifty will be in that hold. And then 20 might be buy, and only 5 might be that upper one. So you have 20 might be overweight, and then 5 might be that buy, and so it then gives that a lot more credence when you have only a small number of companies do you actually give a buy or a sell recommendation to, because then looks at it from the perspective, well you must feel really strongly for it to be one of those few. And so the score will weight it a little bit more accordingly to that. So I just wanted to elaborate on those two things real quick before we then jump into the reports.

Matt Davison: Yeah, absolutely. Thanks for that insight there, Nick, because it definitely, I mean there's a lot more that we could go through here, you know, I brought up the methodology just to kind of go through the highlights of it, but really it's worth reading if this is something that you're going to be using on a regular basis, take a little bit of time to actually go through the whole methodology, just so you fully understand what information

Nicholas Delisse: It's great information

Matt Davison: That they're doing. It is, and it's really insightful to, to understand truly what the number is that you're looking at.

That being said, you know, the other thing that we provide on this page here, and that's going to be the, the actual research reports. So let's say we're, we're coming down here and, you know, maybe we are interested in Jefferson, they have the highest relative accuracy score. So we want to go through and, you know, read the report, they have one right here if we come over to the date, this is as of 9/17/2021. And we can click on the latest report right there, and in doing so, it's going to bring up a page that looks just like this. And once we get to this page here, it's going to give us some information, right? It's going to go through, and this is Jefferson Research's report on IPG, and basically it's an explanation for why they have the rating that they do.

Now what's helpful about this, I know when I, you know, first started in the industry, you know, going and trying to figure out how to do research, and you know, what's important, what do people care about? It's a little daunting, right? It's not something that I was 100 percent clear on, it's not something that I'd ever really been fully exposed to. And one thing, one of the things I found valuable in helping me learn, well how did the professionals do it? Well I came to reports like this, you know? I went through and not just Jefferson's, but you know, the different ones that exist on our website, reading through them, and figuring out well what are they looking at? You know, what are they going through and trying to find? Well we can see a number of things here, we're going to see the earnings quality, cashflow quality, operating efficiency, balance sheet valuation, and we can see how these things have changed over time.

And then if we go down further on the page here, it's going to give us some of the fundamentals, and you know, valuation ratios, and criteria. You know, we can definitely look at that. But it's going to go on to explain, you know, what it is about the earning quality that makes them give this report. So they're going to, you know, give a little qualitative writeup here, they come down here and, you know, start giving us some graphs and you know, this is where we really get into the nuts and bolts of what is going on with this company, and why is this a good investment versus something else? And this is how we go about trying to find out some of that information. Right? And not to say that this is the perfect or best way to do it, all the firms are going to have a little different style in how they approach doing the analysis.

So if we come over here, this is Argus, this was the first one on the list, it's for the same company. And we can see it's going to be a little bit different, right? So they go through and they give us this idea of the investment thesis, which is, you know, why qualitatively they're going in there and making the decision that they're coming up with.

The other thing that can be helpful here, which this particular report doesn't have it, but sometimes, these things have price targets. You can see that this one doesn't actually have one, but we oftentimes get asked, you know, does Fidelity have any price targets for anything? Well Fidelity doesn't give out price targets, right? We don't ourselves. That being said, we do make some of this research provided to our clients that sometimes, they will go out there and give a target price. So this is one place that we can get it, even though this particular one doesn't have it. And not every single provider does that, sometimes it's just, you know, buy, hold, sell, you know, weighting and rating. So don't think that every single report will have to have it, but we can go through and start to see some of this information and how it can be useful for us, and they give us a write-up, and they basically explain their criteria, their methodology, for how they got to the conclusion that they're getting to.

So with that being said, you know, let's go ahead and look at one other thing here, which I know Nick, you know, we were going to go through and we were looking at the top rated by firm, right?

Nicholas Delisse: Absolutely.

Matt Davison: So this is one thing that we can do. But what if we want to go in there and we want to see more than just the top rated? Maybe that's not enough for us. What can we do with that? So --

Nicholas Delisse: There's a lot, of course, that we can do with that. And one thing I, kind of as a little bit of a segue, that I wanted to elaborate on what Matt was showing us with the equity summary score, is that that's really one of my favorite ways to dig through and feel out the different analysts. You know, what's their methodology? And just like what Matt was saying on it can be a great way to, you know, brush up on your skills to see well what is it that, you know, these professionals are looking at? It can also be a great way to see that well, maybe you're more technically minded from a chartist standpoint, and some analysts are, they're chartists in what they'll look at. And maybe you want to lean into their opinion more, because that's how you do your research. Or maybe you're more fundamentally driven. And you can of course do that, and look at how the analysts operate by digging into their reports, you can see well, which ones, if any, you know, do offer price targets, exactly as Matt was talking about.

So, what I've done though is I've pulled up the stock research center again. And this is where, you know, we're looking at communication services, you know, that top symbol there was IPG, and where Matt then just, in essence, he clicked on IPG here to pull up the stock research center specifically for IPG. And you can see this particular list is giving the number of very bullish in each sector. And if you remember to be very bullish on the equity summary score, it's anything from a 9.1 to a 10. So it's that top bit is what's very bullish. And there's only one that's very bullish in the communication services sector, and we can see well, consumer discretionary, there's 29, financials there's 51. It's very bullish. And so it will depend on, each sector will depend on different phases of the business cycle, depend on how the market's doing, on how many are in the very bullish.

Now occasionally, there aren't any. You'll actually see some where there's zero securities. In which case, it's just simply going to show the highest rated one, and you know, I've frequently seen something that's an 8.7. You know, it's not quite that 9.1 and up, so it's not considered to be very bullish, but it'll still list that top rated within each particular sector.

So from here, if you want to do some more digging into particular sectors, well you could do it several different ways. You know, many traders have come over here to the find stocks, on the right-hand side, where it does it list it by equity summary score, and you can see across all sectors, based on equity summary score. You can of course dig into different sectors, and this is just going to pull it up by sectors, not to limit it by equity summary score, market capitalization, dividend yield, even other research options. There's a lot, of course, you can dig into, you can even, of course, come over here, the stock screeners page, to pull up the stock screener, that way you'll see a blank screener.

Now the way I want to kick this off is, I'm actually going to start with this communication services, IBG, where it says number of very bullish in sector, I'm just going to click on this one stock right here. And what this is going to do, this is going to load up the stock screener page. This way, you know, it's pulling up IBG, but specifically, it's starting with all common stocks up here. This 6,624 is what it's starting with, and it is narrowing it down, we see the very bullish 9.1 to 10, you know, we now have 283 out of the 6,000 are very bullish. And then it's reducing it down to communication services.

And so with this, we see there are actually three of them in communication services, not just one. But what else does this do? Security price is eliminating any penny stocks, and then market capitalization, this is now eliminating any security that's trading less than $1 billion. And keep in mind from a market capitalization standpoint, this is showing small cap to be two billion to seven and a quarter. Medium cap to be seven and a quarter to almost $40 billion. And of course, large cap up to 200 billion, and then mega cap, anything over the 200 billion range. And you might look at this go, you know, small cap is in the 500 million to 1 billion range. You might disagree with this. And you can actually adjust these numbers here. Of course this is saying one with a B, if you want it to be 500 million, you could do 500M, and that would then adjust that to be 500 million. And we see this did add one company here, that is in that 500 million to 1 billion category.

But maybe we didn't want to do that. And so we'll just do 1B to take this back up to a billion, and you know, maybe we wanted to stick with at least a certain size. Because we're worried about liquidity issues if the company is too small. Well, you might come back up here to where it has the equity summary score, and you maybe want to relax this a little bit. You know, as I mentioned, bullish is 7.1 to 10. Bearish is in essence that 2.9 to 0.1. You know, it's below that. And really anything that's between 3 and 7, that's neutral. So maybe you don't want all bullish stocks, you just kind of want the top half of the bullish, and the very bullish. So we can actually come here and we can edit this, make this 8.1 to 10. And we see all the sudden, we went from one security to five. This added a lot of different additional securities to it. So now we have choices, you know, instead of IPG, we have BCE, Sciplay, Scripps, Verizon. We have more choices here on this. Or we can even check these boxes and say bullish and very bullish. And now we went from, of course, 1, to 5, to 16. We have a lot more different securities on here.

Now with this, there's a lot of customization you can do. And so far, what I've kind of talked about is taking this prebuilt screener and then just modifying what it already has, we haven't really addressed adding more restrictions to it, or taking some things away. If you wanted to simply remove something, you didn't want to have, you know, this shows the equity summary score change. We could simply click this X button, but notice over here, while this doesn't have anything selected, this is on this right-hand side. Because as we scroll over, we see this equity summary score change. And if we remove this, it's then gone. It's no longer over there. So you might actually want to have that ESS, we'll do equity summary score, search for it, add it, add it back in, we haven't provided any kind of point on this, because we just want it to be displayed on this particular chart over here.

Now maybe you want to see some additional information about these particular companies, what were the basic facts? Show performance and volatility. This has that same performance type page that Matt was looking at with the different sectors, where it has, you know, one year, we'll have five year, we can add additional information to this if we want, the score then shows, you know, the beta, how does this security behave relative to the broader market, does it move more, does it move less? Does it move in the opposite direction? And then also from a risk standpoint, the different standard deviation of returns that it has, how volatile is the particular security? You can even dig into other analyst opinions. You know, such as, we have

MSCI on here. And we can even come back to regular search criteria, and as we scroll down, you know, maybe you dug through the Jefferson report, and you like what Jefferson Research does. You can come here and you can add Jefferson Research, and you can just look for companies that Jefferson Research has a buy rating on. Or see if different companies that Jefferson Research has a sell rating on, kind of remove those, you can add these different features right here.

In addition to that, just looking at the most popular criteria, traders might add dividend yield. They might add volume information. Again, as I said, price performance over recent timeframe, that can be added as well. If you're a chartist, you can even add different technical patterns to the chart.

Now if you're not a chartist and you want to learn more about these particular aspects, I strongly encourage you to take a look at the classrooms and other group coaching sessions that the Trading Strategy Desk offers. Of course, the technical classroom, Fidelity.com/classroom, to take a look at those. And to really increase the different ways that you have to look at particular securities.

Now from here, if you've built your list down, and let me reduce this back down, of course, you know, instead of having these 16, let me take it back to the 8 that we had here. Show the five when we were doing 8.1 and above. Let's say you wanted to do some more digging on these particular companies. You can actually just check these particular boxes right here, and then from here, you can take action, you can add them all to a watchlist, that way you can watch them, and you can, you know, maintain that, and even if the securities no longer would fit on this particular screener, they'll stay on your watchlist.

You can, of course, save this screener in the "My Screens." You know, maybe you've done all the work to set something up, and you want to save it. Now if you've saved what it screens, it's not saving the stocks, it's saving the criteria. And maybe one of these securities' equity summary score falls to a seven, it's going to fall off the screener. You've added it to the watchlist, it stays on your watchlist. So a little bit of a difference with that there.

Now this is kind of talking about really customizing your watchlist, adding what you want to see, taking away things you don't want to see, and you know, adding and subtracting that criteria. But we have some great prebuilt screeners, if you don't really know what to start with, you have some great prebuilt screeners. On those, you know, Matt, why don't you take us through a couple of those prebuilt screeners?

Matt Davison: Yeah, absolutely. So basically we have two different types of screeners that we've come up with here. And we've asked a lot of these independent research providers to come in and help create these screens. So we have the strategies one, and then we have the theme. So the strategies is going to be organized by style. Again, this is a commonly referred to question of, you know, how do I know what growth is, how do I know what value is? You know, what type of companies are considered growth versus value? Well some of these screens that we went through and created had that very question in mind. So if we come down here, we see the different ones, let's say we wanted to go through and we were interested in looking at the different screeners that we have for value-based companies. Well we can click on that, once we do, we're going to get a list of all these screeners, as we can see here, they're provided by firms like Zacks, ISS-EVA, and they're going to be built out with certain criteria in mind.

So let's just, you know, go through an example here, I'm going to click on this large cap value screener. When we get there, we'll see a couple of different things. So first of all, on the left-hand side here, we're going to see market capitalization, EPS growth for this quarter over the same quarter last year, this year versus last year, PE, PEG ratios, so we can see the types of things that Zacks is using to whittle down what's out there in the market. So it's going to go, and it's going to explain that to you, so it's going to tell you what the objective is. So they're trying to find large cap stocks that are outperforming the market, and also have attractive valuations. So that's the objective of the screener.

Then they go in there, and they say well what's the strategy? So they're trying to find low PE ratios and PEG ratios, stocks that have market beating growth rates. Well we can see very clearly that lines up with the criteria that's selected on the left-hand side. But let's go down and look at this list here, we can see there's 32 results, even though this is a prebuilt screener, we can still go in there and add things ourselves, and customize it. So let's say we only wanted something, for example, that was in the technology sector. Well we could do that, we could come over here, we could find information technology, and we could get it down to this list, and you know, then we could come over, we can go in and you know, we can sort by volume, potentially, just to make sure that there's liquidity on these, when we do that, I mean we see this list here, we see HP, Western Digital, DXE, Jabil, Aero Electronics.

Nicholas Delisse: All known names.

Matt Davison: Yeah, all pretty large names, I mean we can see, you know, medium cap companies, most of these, in the list. Now that we've found something like this, well maybe, you know, we have to start somewhere, so we're just going to go to the first one on the list here, and what if we were to look at HPQ? So that's HP Inc., what would we do with the information that we found from this list? Well when we click on HPQ, this is going to take us to the main stock research page, where we can get a lot of different information about the stock, and Nick, being our resident CFA here on our team, I know he wanted to go through some of this information and take us through what we have available.

Nicholas Delisse: There's so much here, and of course if you notice, this is done in a little bit of a card format. And Fidelity redesigned our stock research center, you know, almost a couple years ago now, so that whether you're pulling it up on a mobile device, you know, utilizing your browser on the mobile device, utilizing a smaller screen, a laptop, big monitor, that it's going to resize these particular cards. If you notice, as I zoom out, these cards will then group up, so that we redisplay that particular information. I think that's a really nifty feature on this, but as we go through, if you notice, most of these menus can be extended even more to see additional details. From quote at the top, we can expand this to see, you know, what that exact last trade was, market cap, shares outstanding, primary exchange information, and over and above simply, you know, the previous close, and the bid and ask along with sizing information, we see additional information down here. As we look down, you know, we'll be able to do that same thing.

If we're chartists, and we're not using something like Active Trader Pro, well we can click on advanced chart. And it's going to pull up an advanced chart that we can start to do more technical analysis on that we might not be able to do on this little card. We can start to add different indicators, and manipulate this chart to see different details that we'd like to visualize on here.

Of course, we have news. We have the equity summary score. And this is what Matt clicked on to get that deeper dive into the equity summary score. From a dividend perspective, a lot of traders, they're very interested in the different dividends that are paying out. We can see this provides that nice 30,000 foot view of the dividends. You know, what is the payout ratio that HPQ has? You know, what's their dividend yield? And a lot of this becomes really, really important information, because if a company is paying out 110 percent of what they bring in, well how long can that continue, where the company is paying more than they make? Not very long, unless they have a lot of cash on the books, or something like that, or if, you know, they took a big loss that was a one-time loss that's bringing own the earnings. You know, they're paying out a $1.10 dividend, and they're only making a dollar, well if they had a $3 per share write off, and next year they're going to go right back to $4, get that 25 percent, well that then makes it more sustainable. We can of course see that prior 12 months dividend payout ratio is at 35 percent. You know, it's now looking at 27 percent. It's a little bit higher.

And this can shift, of course, as the company makes more money, payout ratios can be lower, and having a lower payout ratio is better for that sustainability. We can then also see growth of dividends. And some of this, of course, can be, you know, just thinking about, you know, price compared to dividend, that yield, if the dividend amount stays the same, the price keeps going up, well that of course is going to drop the yield, unless the dividend is consistently increased as they make more money. And that's kind of where this payout ratio comes into play.

There's been some great information on earnings. And we can click on this "More" tab to see that, and dive more into the last eight quarters, you know, what the estimates were versus the actual. And we can even see over the next two quarters what those particular estimates are. We can even click on this other tab, see the earnings detail, and this becomes important from the aspect of seeing the adjusted actuals versus GAAP, the generally accepted accounting practices. And the reason for this is, if you notice, the GAAP reported earnings was 98 cents, where the adjusted, 93. There's some differences here, where maybe there's large one-time losses that won't be recorded in GAAP, but are shown in adjusted.

And the reason why this can be important is, many traders, they might look at Fidelity and see a, you know, a 9.66 PE ratio, based on GAAP. But elsewhere, they might see a different PE ratio, because it's based on this adjusted actual EPS, which might have a different number. And if there's some losses that are built in there, well EPS is going to be -- earnings is going to be smaller, and you divide this by a smaller number, you're going to get a higher PE ratio. Or the flipside, where there could be a little bit higher numbers here, as we see this is a little bit higher on this, showing a dollar versus these other estimates, or this 93 cents versus the 98, the 92 versus 83, maybe earnings a little bit higher, and so the adjusted might be showing a higher ratio versus the other, lower ratio. You could even click "View More" and see not just the last two years worth of -- the last four quarters of information, but you know, significantly farther back if you like.

Now, all these tabs that take you to this new tab have this returned overview. You just click on that, it'll bring us back to the stock research page, where you can click on see all the same additional information. You even have some information on ESG, the environmental, social, and governance, which can come into play when you're looking at thematic investing. You can see some top competitors, even fundamental evaluations provided by S&P Global Markets, and even see some technical analysis information, powered by Recognia. You can always come down here to see more research, to see the SEC filings, the form 4's, the 10Ks, the 10Qs, the 8Ks and such, that are then provided on SEC.gov in the EDGAR system, you can actually pull up those particular reports to look at them. You can even then view key statistics on here to see how the company's different valuation metrics compare, you know, with the industry, and what percentile it might be. Does even have balance sheet information, that as we scroll down, we take a look at the financial statements, it's going to of course show balance sheet information, including income statements and cashflow.

You know, one of the last very interesting things on this page that I like to look at is actually dealing with exchange traded product exposure. Come down here to ETFs, well maybe we don't want to invest directly in HPQ, we can take a look to see well what exchange traded funds have a high exposure to HPQ? We might be looking at those instead.

With that, Matthew, why don't you show us thematic investing? And that might be a good place to wrap.

Matt Davison: Sure, yeah absolutely. I want to show one final thing here, and that's going to be the thematic investing. So we get this from the stock screener, this is the page that we had been on, right next to strategies we have the themes. And what these are, these are again screeners that have been developed by some of these independent companies, not necessarily Fidelity, but independent companies. But what they're trying to do is, they're trying to identify areas of interest that a lot of customers just have mentioned over the years that they're excited about, or they want to, you know, see more research opportunity in these particular themes.

So as we go through these, you know, a lot of these obviously are going to be 3D printing, artificial intelligence, a lot of them are going to be technology-driven, not necessarily all of them, because we have pharmaceuticals, healthcare, but it's going to be something that follows a very, very specific theme, where sectors tend to be a little bit more broad, they're more general in the way that they follow, you know, certain business activities or products, these are going to be very specific. I mean, for example 3D printing is a very specific idea, and they're trying to find companies that range all the way from the research and development stage to the end of the product that's actually out there and generating revenue.

So we can use some of these themes to go out and again, this is about generating ideas. It makes it very clear up here when we go through and look at these, that there are, you know, certain risk, and it may not be appropriate for all investors. Further, it's one of these areas that these are selected based on interests that people have in them, rather than just strictly their investment potential. So we have to be mindful of that. But you know, obviously ESG-related stuff is something that is going to be weighing more and more on investors' minds. I think when I first started at Fidelity, that didn't really exist on our stock research page, and now it's there, and it's pretty prominent, and I don't see that going away any time soon, I think that's going to be more of a driver going forward.

So just to kind of show everybody, you know, what we have here, you know, I'm picking the last one on the list here, wind energy. And it goes through, and it's just going to give you an explanation for, you know, why this theme is considered important. Now, you know, it should be very clear that nobody's going through and saying anything on this list is a guaranteed success in investment, right? That's not the point of the thematic investing. The idea behind it is that they're trying to give you ideas of companies that exist in the theme, and then you're supposed to go out there and do further research. This is really the idea of the bottom up approach, right? Going out there, looking at this company versus that company, and trying to decide which one's better positioned for longer term, and even shorter, medium term investment potential.

With that being said, I know we wanted to end up on that, just to show it.

END OF AUDIO FILE

The Equity Summary Score is provided for informational purposes only, does not constitute advice or guidance, and is not an endorsement or recommendation for any particular security or trading strategy. The Equity Summary Score is provided by StarMine from Refinitiv, an independent company not affiliated with Fidelity Investments. For more information and details, go to Fidelity.com.

The Fidelity stock screener is a research tool provided to help self-directed investors evaluate these types of securities. The criteria and inputs entered are at the sole discretion of the user, and all screens or strategies with preselected criteria (including expert ones) are solely for the convenience of the user. Expert Screeners are provided by independent companies not affiliated with Fidelity. Information supplied or obtained from these Screeners is for informational purposes only and should not be considered investment advice or guidance, an offer of or a solicitation of an offer to buy or sell securities, or a recommendation or endorsement by Fidelity of any security or investment strategy. Fidelity does not endorse or adopt any particular investment strategy or approach to screening or evaluating stocks, preferred securities, exchange-traded products, or closed-end funds. Fidelity makes no guarantees that information supplied is accurate, complete, or timely, and does not provide any warranties regarding results obtained from its use. Determine which securities are right for you based on your investment objectives, risk tolerance, financial situation, and other individual factors, and reevaluate them on a periodic basis.

997092.1.0