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INVESTING IN MEGATRENDS

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Portfolio Manager

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Portfolio Manager



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Key Takeaways

Thematic Investing at Fidelity

What is thematic investing?

Thematic investing at Fidelity allows you to invest directly in long-term trends and themes that best align with your interests or objectives, while accessing Fidelity's differentiated investment research and portfolio management expertise.



Disruption

Emerging industries and technologies that are changing the status quo



Megatrends

Secular trends affecting our world



Outcome oriented

Outcomes based on specific objectives



Environmental, social, and corporate governance (ESG)

Return with a purpose



Differentiated insights

Unique insights and industry-leading investment experience

Get exposure to long-term trends and themes with our innovative and differentiated investment strategies

Gain access to Fidelity's research and portfolio management expertise

Put our thought leadership insights to work for you

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Thematic Fund Lineup

Comprehensive suite of thematic funds comprised of distinct sub-categories

Disruption

- Fidelity Disruptive Automation Fund (FBOTX) NEW
- Fidelity Disruptive Communications Fund (FNETX) NEW
- Fidelity Disruptive Finance Fund (FNTEX) NEW
- Fidelity Disruptive Medicine Fund (FMEDX) NEW
- Fidelity Disruptive Technology Fund (FTEKX) NEW
- Fidelity Disruptors Fund (FGDFX) NEW

Megatrends

- Fidelity Agricultural Productivity Fund (FARMX) NEW
- Fidelity Water Sustainability Fund (FLOWX) NEW

Outcome oriented

- Fidelity Dividend ETF for Rising Rates (FDRR)
- Fidelity Global Commodity Stock Fund (FFGCX)
- Fidelity Infrastructure Fund (FNSTX) NEW
- Fidelity Low Volatility Factor ETF (FDLO)
- Fidelity Select Natural Resources Portfolio (FNARX)
- Fidelity Strategic Real Return Fund (FSRRX)
- Fidelity Stocks for Inflation ETF (FCPI) NEW
- Fidelity U.S. Low Volatility Equity Fund (FULVX) NEW

ESG

- Fidelity International Sustainability Index Fund (FNIDX)
- Fidelity Select Environment & Alternative Energy Fund (FSLEX)
- Fidelity Sustainability Bond Index Fund (FNDSX)
- Fidelity U.S. Sustainability Index Fund (FITLX)
- Fidelity Women's Leadership Fund (FWOMX)

Differentiated insights

- Fidelity Enduring Opportunities Fund (FEOPX) NEW
- Fidelity Founders Fund (FIFNX)
- Fidelity Leveraged Company Stock Fund (FLVCX)

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Fidelity Water Sustainability Fund (FLOWX)

Janet Glazer, Portfolio Manager

Portfolio Manager Profile: Janet Glazer

Current Responsibilities

Portfolio Manager
Fidelity Water Sustainability
2020–Present

Portfolio Manager
Fidelity Industrials (Select, FA, VIP)
2018–Present

Sector Leader
Cyclicals Team
2018–Present

Previous Responsibilities

Equity Research Analyst
2011–2018

Research Analyst Intern
2010–2010

Tenure

Fidelity Investments
Since 2010

Industry
Since 2006

Education

Massachusetts Institute of Technology
MBA, 2011

Massachusetts Institute of Technology
BS, 2006

OVER 10 YEARS of asset management experience

Source: Fidelity Investments.

Increased Need for Water Sustainability

Driven by demographic trends and resource scarcity

Water Scarcity Is a Global Crisis and Is the New Normal	Growth Opportunity for Companies Enabling Water Sustainability	Long Term Innovative Global Growth Levered to the Higher End of the Technology Curve
The global water supply is finite, but demand is exploding with population growth. Climate issues are exacerbating the dire risk. Investors will have exposure to some of the largest growth opportunities through innovative and disruptive companies that specialize in new water technologies, data, infrastructure, and strong stewards of sustainability.	The global water industry is estimated at $483B and growing 4-6% percentage points per year. This is a strong foundation for companies to grow based upon innovation to help supply, efficiency, and quality. Performance of the S&P Global Water Index has outpaced the S&P 500 and MSCI AC World since 2001.	The asset class may lend itself to active management due to the diversified opportunity set across regions and types of businesses. The theme is poised to benefit from megatrends such as water quality, scarcity and security. High quality companies levered to the higher end of the water technology curve may garner higher growth, margins and valuations.

Source: World Economic Forum; Morningstar Direct. 11/16/2001 – 3/31/2020. S&P Global Water Index inception date is 11/16/2001.

Diversification does not ensure a profit or guarantee against a loss.

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Water Scarcity: Clean Water Is a Finite Resource

Problem:

- More than 1 billion people in the world do not have access to clean water
- Two-thirds of the world's global population face severe water scarcity and currently live without sufficient access to fresh water for at least 1 month per year

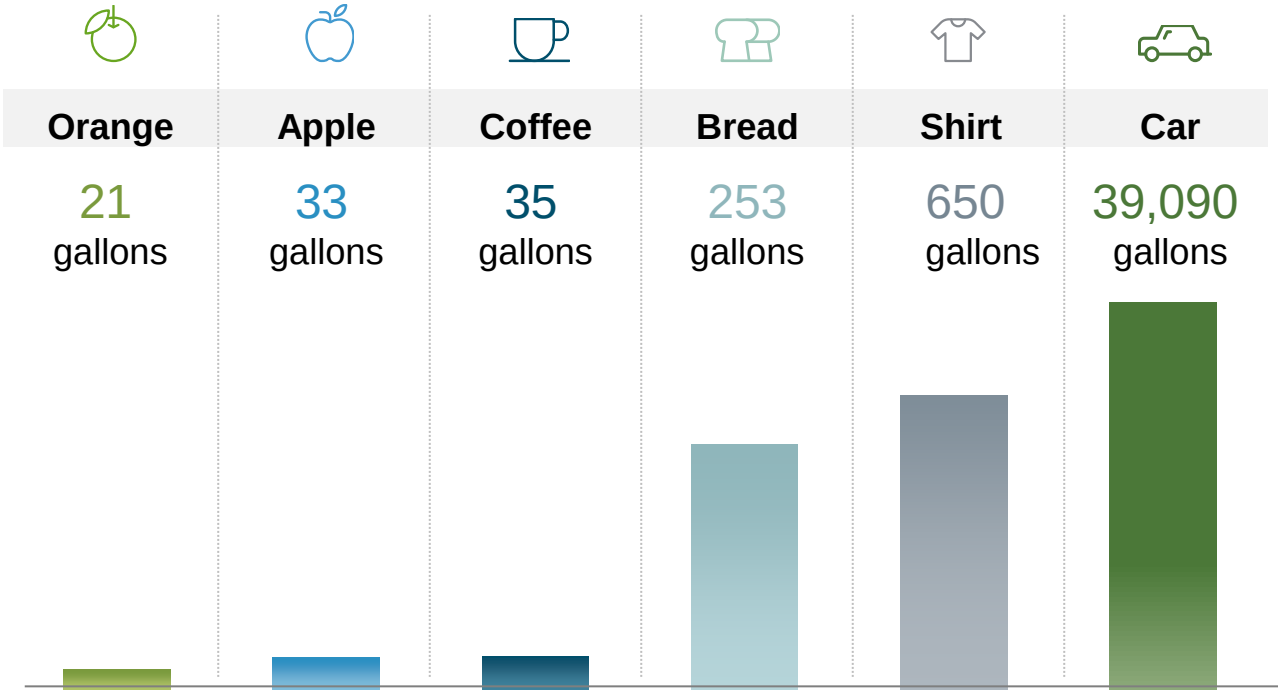
Why?

Insufficient Infrastructure	Population and Economic Growth	Climate Change
• Due to leaks, every year in the U.S. we lose enough water to supply our 10 largest cities • The cost of improving existing global public water infrastructure between 2005 and 2030 is $20T	**By 2030** • We'll need 40% more water, 35% more food and 25% more energy **By 2050:** • The global population is expected to reach 9.7 billion people, a 25% increase from today • Demand for water is also expected to increase by 25% from today's levels • 4 billion people could be living in "severe" water stress conditions	• The cumulative effects of changing rain seasons, natural water storage, severe droughts, and flooding will only intensify problems areas that are experiencing water stress

https://nca2018.globalchange.gov/

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How Much Water Does It Take To Produce?

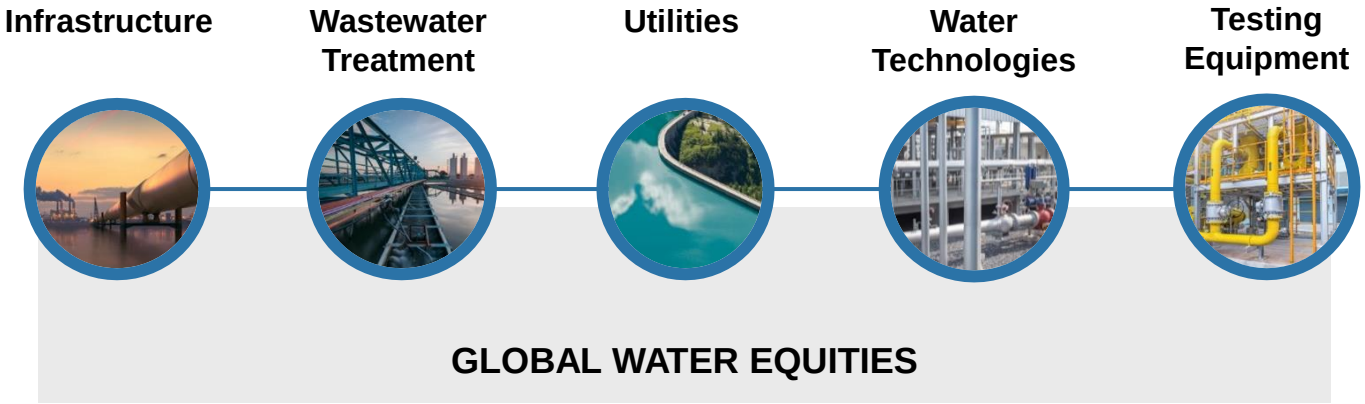


http://www.waterfootprint.org/

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Investment Opportunities to Combat Global Water Crisis

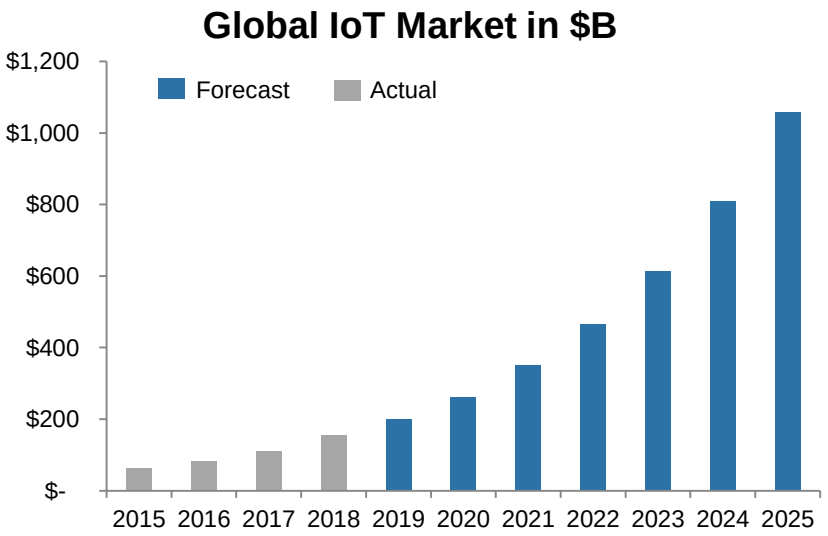
Action is needed today, and many companies are at the forefront of developing new technologies to tackle these challenges



Thematic Opportunities in Water

Smart Water is the Next Disruption Enabled by the Internet of Things

- Utilities and industries are facing massive challenges due to non-revenue water (water lost on clean water networks), declining water sources and supply, old infrastructure, infliction of increasing natural disasters and contaminated resources. This means higher operating costs and greater inefficiencies.
- Smart water networks combine the power of advanced sensors, smart meters, software analytics and intelligent communication networks to allow utilities and industries to measure, monitor, adapt and innovate continuously through the water cycle.
- This drives greater efficiencies, ability to manage systems in a quick and intelligent manner and in term lower operating costs. This is one enabler of smart cities as data is collected and analyzed in real time through a communication network.



Market defined as total spend of end-users on IoT solutions. Forecasted growth rates are based on predicted macroeconomic and IoT market conditions.
Source: IoT Analytics Research, as of Aug 8th, 2018.

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Fidelity Agricultural Productivity Fund (FARMX)

Steve Calhoun, Portfolio Manager

Portfolio Manager Profile: Steve Calhoun

Current Responsibilities

Co-Portfolio Manager
Fidelity Agricultural Productivity
2020–Present

Portfolio Manager
Fidelity Gold Funds (Select & FA)
2018–Present

Research Analyst
Gold
2018–Present

Research Analyst
Agriculture
2012–Present

Previous Responsibilities

Portfolio Manager
Fidelity Growth Strategies (Select & FA)
2005–2012

Portfolio Manager
Fidelity Mid Cap Growth
2009– 2012

Equity Research Analyst
Cyclicals, Consumer, Health Care
1994– 2005

Tenure

Fidelity Investments
Since 1994

Industry
Since 1994

Education

Dartmouth College
BA, 1994

OVER 25 YEARS of asset management experience

Source: Fidelity Investments.

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Impact of Demographic Trends and Resource Scarcity

Increases the need for agricultural productivity

Growing Populations Will Increase the Demand for Food	The supply of arable land is finite, but the global population is expected to grow to almost 10 billion by 2050 from more than 7 billion today, with the majority of that growth occurring in developing countries. Food production will need to increase substantially to feed a larger and more affluent population.
Farms and Agricultural Operations Are Changing	Driven by advancements in technology, food producers will become more efficient and more environmentally friendly. Technology will allow for higher crop productivity and decreased use of inputs such as water and fertilizer.
Diverse Opportunities	The asset class may lend itself to active management due to the diversified opportunity set across regions and types of businesses.

Source: Food and Agriculture Organization of the United Nations, United States Department of Agriculture.

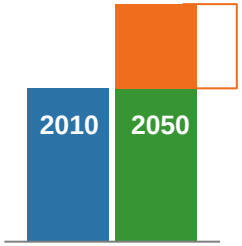
Diversification does not ensure a profit or guarantee against a loss.

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Food Output Needs to Double by 2050 to Meet Population Growth

Population is expected to hit almost 10B by 2050

How do we feed 10 billion people …



We will need
56% more food

To feed nearly
10B people in 2050

… without using more land …

We need to prevent agriculture from expanding



We currently use **~50%** of the world's vegetated land for agriculture

Important to save an area of forests nearly **2X** the size of India

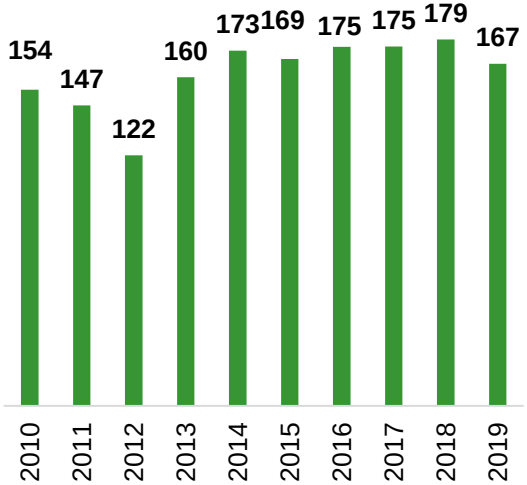
Source: World Resources Institute

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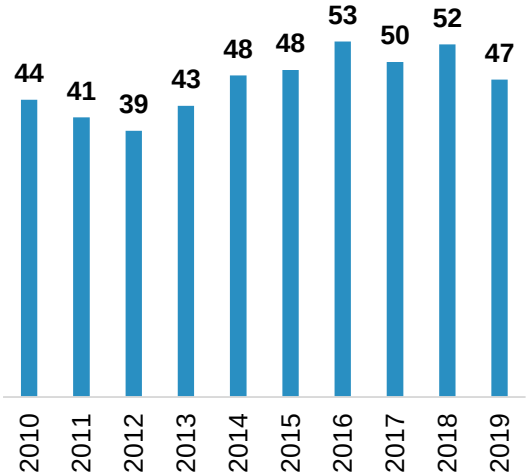
Improving Crop Outputs

The U.S. is increasing output for many staple crops but there is room to improve efficiency by leveraging next generation crop protectants and technology

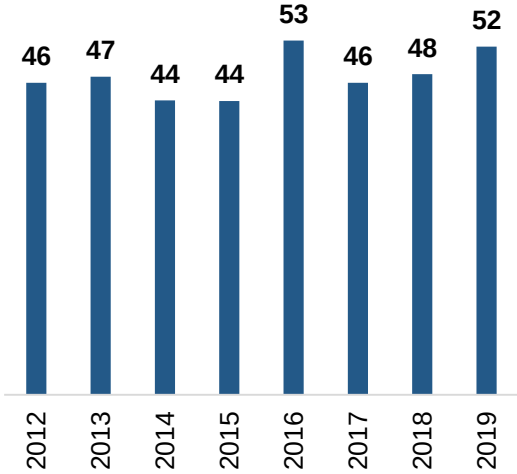
U.S. CORN YIELD
(Bushels per acre)



U.S. SOYBEAN PRODUCTION
(in billion bushels)



U.S. WHEAT YIELDS
(Bushels per acre)



Source: United States Department of Agriculture. Note: Wheat yield data available from 2012 onward.

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Diversified Opportunity Set Provides Opportunity for Active Management

The variables and factors driving performance of a salmon fishery in Norway are likely very different than what influences the returns of a Japanese tractor manufacturer



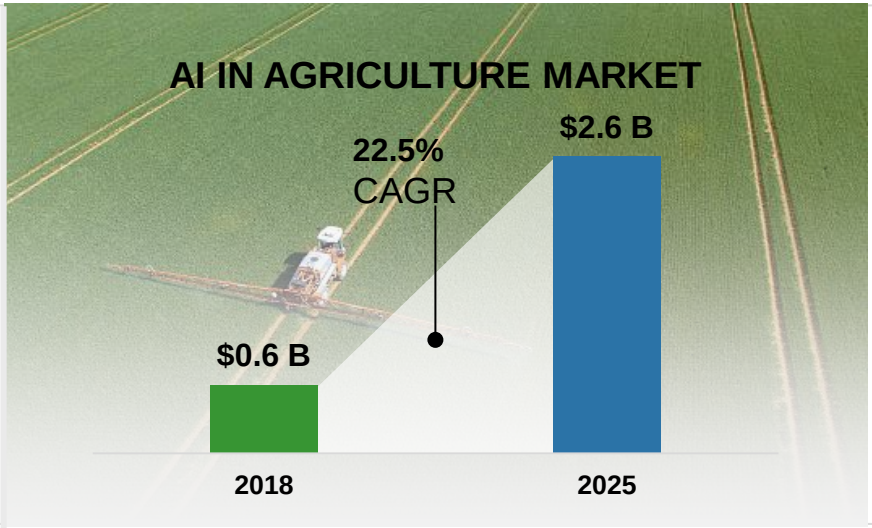
Diversification does not ensure a profit or guarantee against a loss.

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Thematic Opportunities in Agriculture

AI Enabled Technologies

- Drones: in next 10 years, drones in agriculture industry may generate 100k jobs in U.S. and $82B in economic activity
- AI tech in agriculture industry expected to grow at compounded annual growth rate of 22.5% between now and 2025 (from $600M to $2.6B)
- Examples of recent acquisitions: John Deere bought Blue River (precision ag spray startup), Corteva bought Granular (farm management software startup)
- Use cases: analyzing satellite images, in-field monitoring, assessing crop/soil health, predictive analytics, agricultural robots, weather analysis etc.



Past performance is no guarantee of future results. The stocks mentioned are for illustrative purposes only and not necessarily current holdings invested in by FMR LLC. References to specific company stocks should not be construed as recommendations or investment advice. The statements and opinions are subject to change at any time, based on market and other conditions.

Source: Fidelity Investments, MarketsandMarkets.

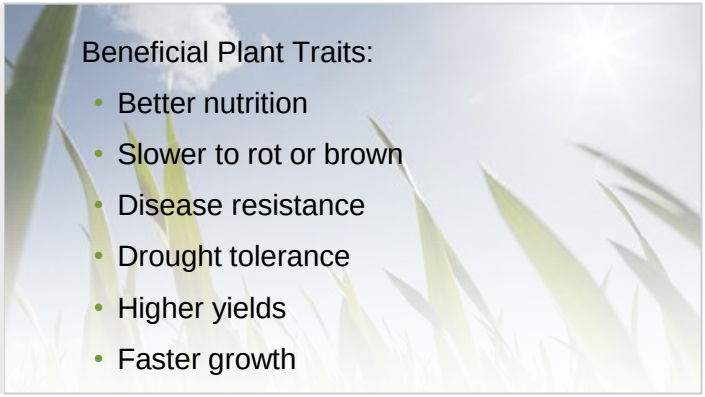
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Thematic Opportunities in Agriculture

Next generation science, such as CRISPR

Next generation science
can be applied to agriculture

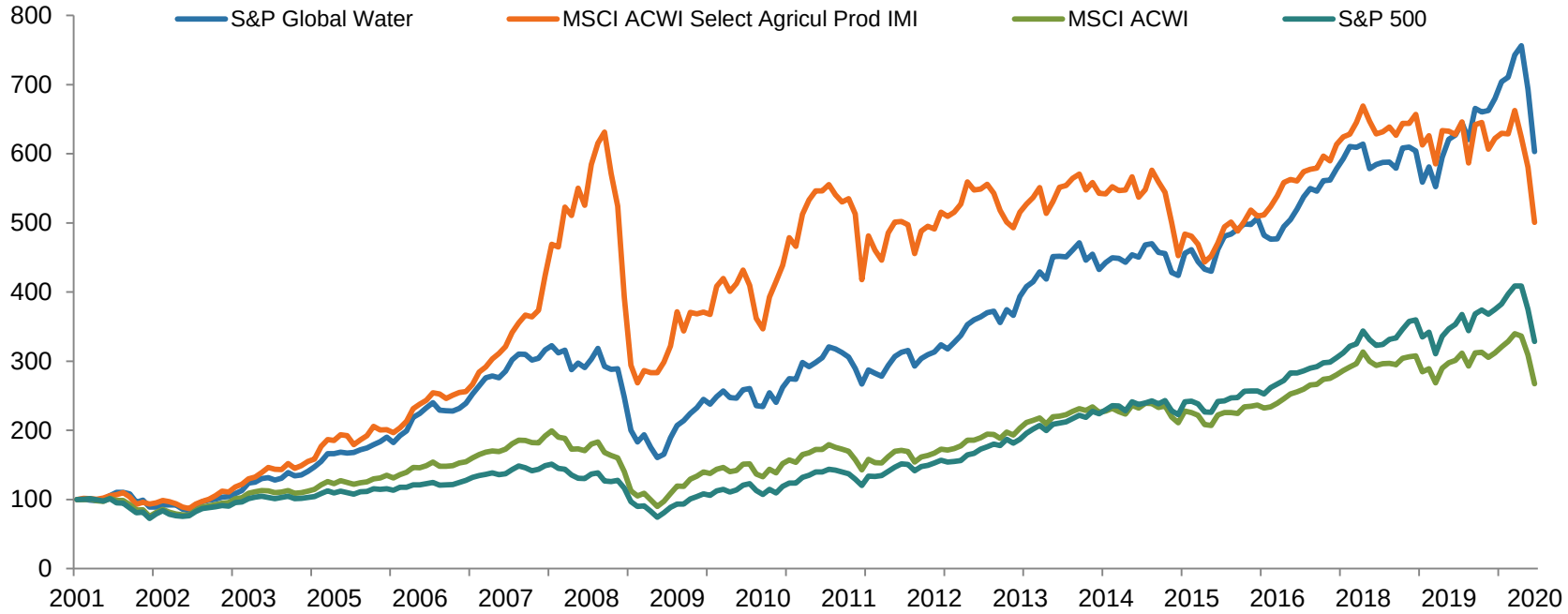
CRISPR technology is a gene editing process that is getting hype for potential in curing many human diseases



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Water & Agriculture Key Takeaways

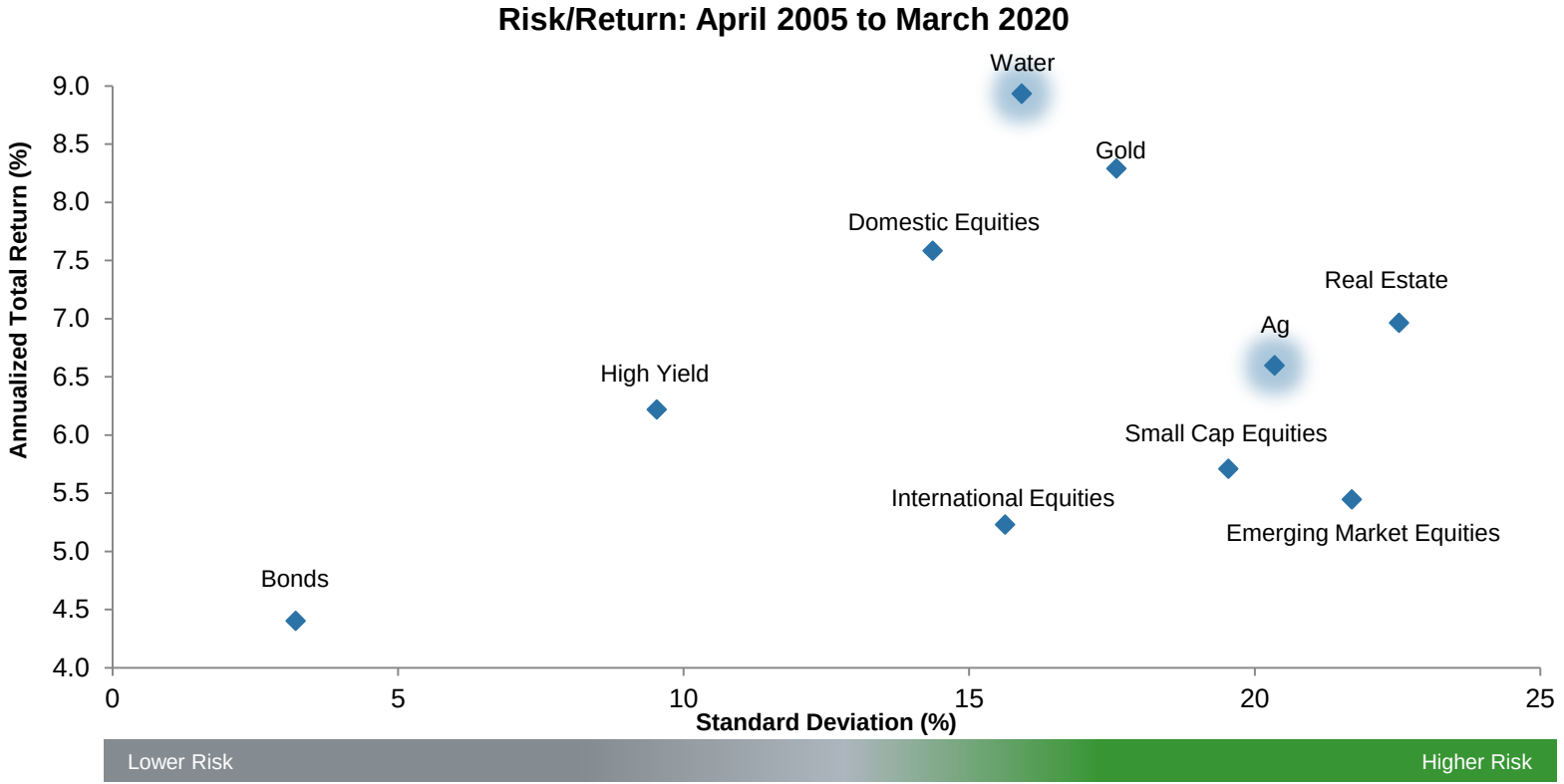
Water and Agricultural Indices Have Outpaced Broader Equity Markets over the Long Term



Source: Morningstar Direct as of 3/31/20.
S&P Global Water Index inception November 19, 2001, MSCI ACWI Select Agriculture Producers IMI inception August 31, 2001.
All indexes are unmanaged, and performance of the indexes includes reinvestment of dividends and interest income, unless otherwise noted. Indexes are not illustrative of any particular investment, and it is not possible to invest directly in an index.

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Water and Agriculture Risk/Return Vs. Other Asset Classes



Source: Morningstar Direct as of 3/31/20.
Bonds: Bloomberg Barclays Aggregate; High Yield" ICE BoA Us HY; Domestic Equtiies: S&P 500; Intl Equities: MSCI ACWI; Small Cap: Russell 2000; Emerging Markets: MSCI EM; Real Estate: FTSE NAREIT All Equity REITs; Gold: S&P GSCI Gold; Water: S&P Global Water; Ag: MSCI ACWI Select Agriculture Producers IMI

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Outlook and Opportunities



Outlook

- Secular trends, namely powerful demographic trends, may increase a heightened awareness of global water scarcity problems as well as the global agricultural dilemma and the need to address these issues
- Other trends, such as technological innovations, are likely to create winners and losers within both the water and agriculture industries, which could provide opportunity for an active approach



Opportunities

- Fidelity Water Sustainability Fund invests in high quality companies around the world that are focused on improving the availability and abundance of safe, reliable and affordable water
- Fidelity Agricultural Productivity Fund invests in high quality companies around the world that are focused on improving the efficiency and productivity of agriculture

Source: Fidelity Investments.

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Q&A

Appendix

Index definitions

TERM	DEFINITION
Bloomberg Barclays U.S. Aggregate	Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based, market-value-weighted benchmark that measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. Sectors in the index include Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS.
FTSE NAREIT All Equity REITs Index	A market capitalization-weighted index that is designed to measure the performance of tax-qualified Real Estate Investment Trusts (REITs) that are listed on the New York Stock Exchange, the NYSE MKT LLC, or the NASDAQ National Market List with more than 50% of total assets in qualifying real estate assets secured by real property. Mortgage REITs are excluded.
ICE BofAML U.S. High Yield Constrained Index	The ICE BofAML U.S. High Yield Constrained Index tracks the performance of below-investment-grade, but not in default, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P.
MSCI ACWI Index	The MSCI ACWI captures large and mid cap representation across 23 Developed Markets and 26 Emerging Markets countries. With 3,047 constituents, the index covers approximately 85% of the global investable equity opportunity set
MSCI ACWI Select Agriculture Producers IMI Index	The MSCI ACWI Select Agriculture Producers Investable Market Index (IMI) aims to focus on companies in the agriculture industries that are highly sensitive to underlying prices of agricultural commodities. The index includes companies that are primarily engaged in the production of fertilizers & agricultural chemicals or agricultural products, or in the construction of farm machinery, or in packaged food & meats--as classified by the Global Industry Classification Standard GICS®. The index excludes companies that derive a majority of their revenues from the lower spectrum of the value chain (e.g., confectionaries and snacks). The index is derived from the ACWI IMI equity universe which includes large, mid and small cap securities across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries.
MSCI EM Index	The MSCI ACWI captures large and mid cap representation across 26 Emerging Markets countries. With 1,404 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
Russell 2000® Index	The index is a market capitalization-weighted index designed to measure the performance of the small cap segment of the U.S. equity market. It includes approximately 2,000 of the smallest securities in the Russell 3000 Index.
S&P 500® Index	The Standard & Poor's 500 Index is a market capitalization-weighted index of 500 widely held U.S. stocks and includes reinvestment of dividends.
S&P Global Water Index	The S&P Global Water index provides liquid and tradable exposure to 50 companies from around the world that are involved in water related businesses. To create diversified exposure across the global water market, the 50 constituents are distributed equally between two distinct clusters of water related businesses: Water Utilities & Infrastructure and Water Equipment & Materials.
S&P GSCI Gold Index	The S&P GSCI Gold Index is a sub-index of the S&P GSCI which tracks the COMEX gold future.

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Important Information

Because of their narrow focus, sector funds tend to be more volatile than funds that diversify across many sectors and companies. Non-diversified sector funds may have additional volatility because they can invest a significant portion of assets in securities of a small number of individual issuers.

Diversification does not ensure a profit or guarantee against loss.

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.

Before investing in any mutual fund or exchange-traded fund, you should consider its investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus, offering circular, or, if available, a summary prospectus containing this information. Read it carefully.

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