TRANSCRIPT

Become a more conscientious investor with ESG

NICOLE CONNOLY: Hi, everyone, it's great to be here. I'm Nicole Connolly, I'm head of ESG investing and a fund manager on our Women's Leadership Fund, and then we also have Sarah Pulsifer here, who is the Vice President of our Investment Products Group. So, we have a great presentation lined up for you guys today. But I wanted to start with, you know, how I got here. How I got into investing and how I got into ESG and this women's fund, and it really starts with running. You know, there's me running in the lower left-hand picture there, for Boston College, many years ago on a very snowy day. And what I love about running, what I love about, you know, that sport is that you have this number, this number, this time, that tells you how you performed after every event, and I really liked the measurability of that. And so when I thought about a career, I want to keep investing in that way. Keep, you know, competing in that way. And investing, like running, it doesn't matter what you look like, where you came from, all that matters is putting up good stock picking results and putting up fast times on the track. And so, for that reason, I pursued a career in investment management, and for my first 18 years at Fidelity, I was researching companies, and I did that in our high-yield division, so looking at companies with a lot of debt. I did that in our equity division, focused on companies in the healthcare space, industrials, energy, and then I

became a director of research, where I managed a group of analysts on different sectors and coached and mentored those analysts and saw them work it from a more, you know, broad perspective. And then I had four kids in three years, you can see them in that bottom right picture. And I came back from that last maternity leave after having twins, and something for me had shifted. Something felt different, and I really wanted the work I was doing to have more of an impact, and to have the investing I was doing to have more of an impact, and there was a series of events that happened, but that's how I got to this role, and how I got on my path to purpose. And so, I wanted to start with how we think about sustainable investing. And to me, sustainable investing is really a powerful combination of aligning your capital with your values, and in its focus on ESG factors, environmental, social, and governance factors, we are able to sometimes identify risks and opportunities that are not observable through traditional financial analysis. And we believe that companies that approach ESG with a really robust process, they may be more innovative, they may do a better job attracting and retaining talent. They may manage their resources more efficiently. They may do a better job navigating risks in their business or in the environment, and so, again, we think it's a powerful combination of investing your capital along with your values, while also potentially getting, you know, risk management downside protection. And so, unpacking that a little bit more, you know, we're looking to invest in

companies that are trying to limit their impact on the environment, investing in companies that are trying to do right by their employees, their customers, the suppliers they work with, the communities, that's the essence of the S, or the social. And then companies that have good governance practices. That means diverse and independent boards of directors, management teams that have compensation incentives that are aligned with the shareholder. And hopefully when you hear all those things, you think, you know, "Gee, those are just good business practices." And so often, I think when people hear the letters ESG, they think, "Oh, that's something about not investing in tobacco companies or fossil fuel companies," which could certainly be one way you could express your ESG views, but what I'm personally more excited about is finding these companies that have embraced these principals of the E, the S, and the G, so that they can be built to last and built to outperform over time. And so to try to bring that alive for everybody here a little bit more, you know, we want to talk about a few companies that are putting ESG into action. And you know, this isn't saying that all of these companies are perfect on every ESG dimension, but we thought it'd be helpful to see companies like Adidas. You know, when Adidas came in to see us more than nine months ago, the CEO Kasper Rørsted told us that sustainability was the biggest trend he was seeing in the business. And so, they have developed sneakers using plastic that they found from the ocean, and are now selling those sustainable

sneakers. And so, that is one way that a more mature consumer company is trying to capitalize on this trend of sustainability.

From a social perspective, what we often see in the tech sector is that there are not enough women. There's not enough women in tech roles, there's not enough women in leadership roles, and part of that is because we don't see enough young women pursuing STEM degrees, you know, science, technology, engineering, and math degrees. And so what Mastercard has done is created a program where they go into middle schools and high schools to tell those young women about careers in STEM, to show, to be a role model for those young women, and they have actually reached almost a million young girls to tell them about careers in technology. So, that not only helps Mastercard build their own pipeline of diverse candidates, but it is a way that they're kind of giving back to the communities that they operate in to get more young women excited about careers in STEM.

And then lastly, on governance, you know, Bed, Bath & Beyond is a company where their stock was at $80 about four, five years ago, and it's now at $12. And, you know, part of their problem was obviously the onset of Amazon. Part of it was the mismanagement of the company. And activists came in and one of the things they said is there's no diversity. You know, there's no diversity on

the board, there's not much diversity on the management team, and when you're serving a customer base that's primarily female, and you don't have that representation in your company, that gap is a problem. So, one of the things that happened was the activists kind of came in, they replaced most of the board, and now that board is 50% female. We saw a new CEO come in who was the former Chief Merchandising Officer from Target, and he has brought in several new influential women to the leadership team, and they now have a plan to increase their digital presence. They have a plan to improve inventory management, to cut costs, and it's early days in that turnaround, but that's just an example of a company that at the very least has leadership that better represents the customers that they serve.

So, we're happy to see that there were some questions coming in even before we started about the pandemic. So, there's a lot that we have learned about ESG from the pandemic, and the pandemic, and also racial tensions across the country, has really moved the S, or the social, front and center. So, it's really caused us to think about, you know, how are companies prioritizing the wellbeing of their employees, their customers, from a racial perspective, how are companies advancing equality in their own organizations, across their own communities? And so you can see here that companies that we're talking to, I mean, it's really changed the complexity of some of the conversations we're

having to be more about diversity, to be more about how are you investing in talent? How are you managing your headcount? Are you in a situation where you have to, you know, lay people off? And so, we're learning a lot about how companies are navigating this pandemic and the conversations that we have with companies, and you know, part of the beauty of being at Fidelity is we get to have conversations with hundreds and hundreds of companies, and I was particularly struck by a conversation we had with Aritzia, which is a company I own in the Women's Fund, it's a Canadian-based retailer of apparel, and they've had great success in Canada, and they're now rolling out stores in the US, and we talked to the company in the middle of the pandemic, and you know, were excited to hear that they had committed to paying employees through store closures during the pandemic, you know, while many retailers were engaging in furloughs or layoffs, and they also send 80,000 care packages to frontline healthcare workers, and these care packages were Aritzia, you know, leggings, and cotton T-shirts, and by doing that and kind of writing about it on social media, they saw social media engagement spike, and then they went on to record record online sales. Online sales were up about 150% for the company. And so, just kind of proving this idea that by doing good, you can do well, as well. So, that's a company that is kind of putting their money where their mouth is in terms of their commitment to

sustainability, and we're seeing a lot of companies do very -- have very similar commitments.

I think all of this focus on, you know, the S, the pandemic, racial tensions across the country, it's really having investors ask, you know, what am I invested in? How are those companies that I'm invested in responding to these pressures? How are they treating their employees and their customers? And I think in some cases, that's even bringing new investors into this ESG landscape. And so, what I'm showing you here is flows into ESG products over the past several years. We're seeing, I think it's about 300 billion globally of flows into ESG funds since early 2019. And that's against a backdrop, an active equity backdrop, that is seeing outflows. So, this is a rapidly-growing part of the investment landscape.

The other interesting thing about ESG during this pandemic is, you know, ESG has never really been tested in a market downturn, and many people have thought that it is kind of a bull market phenomenon. But we've done research looking at how ESG funds have performed versus non-ESG funds, and not only did they outperform those non-ESG funds from the peak of the market in mid-February to the trough in late March, but they've outperformed on a year-to-date basis as well. And so, I think that says at the very least, you don't have to

sacrifice performance to invest with impact. And so I think those are some of the reasons why ESG is gaining momentum, and you know, what you can see in the blue bar is the flows into passive ESG product, and the green is active, and as an active manager, we're really excited about the opportunity that ESG presents for us, and we haven't really seen a large, active player bring all of the resources that an active player has to this ESG market. And so, we're excited with 300 investment professionals across the globe to really integrate ESG across our investment process. You can see, our ESG team here is about six people, which is small, but we are providing thematic ESG research and company-specific ESG research to all of the investment team, and the investment team is also doing ESG research on their companies. So, it's very much a partnership between the ESG team and the investment professionals. We also bring a cross asset class perspective to this ESG effort, when we're sitting in the room with a company to talk about their ESG issues, we have the bond analyst, the bond PM, equity analysts, equity fund managers, and we all bring different perspectives to the table, and you know, just in the last week, we have talked to a large-cap tech company about data privacy, we have talked to a healthcare company about some product safety issues they were having with some of their medical equipment. We have talked to a large-cap software company about how they're approaching gender pay gap. A financial services company about the initiatives they were taking on diversity

and inclusion, and when we have those meetings, we have everybody across different asset classes in those meetings, we have fund managers, and we're able to really kind of voice how we feel about some of these issues. So, I think active management is really an important aspect of ESG done well, because we've got fundamental analysts who in many cases are already experts on these ESG issues, and then we're able to engage with the companies on these issues.

You know, one of the big initiatives we're working on right now is a proprietary ESG ratings framework, and that is going to help us improve ESG fund report cards that are already available to our fund managers. So, every fund manager gets an ESG report card, and it tells that fund manager how many boards are you invested in where there's no women on the boards? What's your fossil fuel exposure? What kind of ESG controversies are in your funds? Are there any ESG opportunities? Are any of your companies transitioning to renewable energy, which we think is a big market opportunity? So, those are some of the things that this ESG fund report card tells our fund managers, and then our ESG team, we produce, again, a lot of thought leadership. We did a piece on racial inequality, and what are some of the reasons that we see driving racial inequality, talking about the fact that there's only six black CEOs in the S&P, over 80% of the boards in the Russell 3000 are made up of Caucasians, and

just kind of highlighting some of these issues, from a racial equality perspective for the investment team. We also did a piece on good corporate citizenship, looking at top-rated companies from a culture and value perspective, from good work-life balance, from CEO sentiment, and found that those top-rated companies outperformed during the downturn. So, you know, short period of time, but this is some of the work that we're doing, and just wanted to highlight that for folks.

So, Sarah's just going to talk about the ESG funds that are available today on the Fidelity platform.

SARAH PULSIFER: Great, thanks, Nicole, and thanks again for having us. We love this topic, and excited to share what we know, and how we can help with you all. So, when we think about our ESG products, we're focused on customer choice. We're showing six funds here, across the top, three index funds, you know, building blocks, if you will, through which you could build a diversified portfolio. We have the US Sustainability Index Fund, so US stocks. In the middle is Sustainable Bond Index, US bonds, and then over to the right, international stocks. So, Nicole was mentioning earlier on that sometimes there's a misperception that ESG investing is about excluding companies. But these funds take more of the approach around what are the best companies in

different sectors and industries? And they provide broad exposure, they're striving to provide really similar exposure to their respective parent indices. So, really good building block tools for those looking to construct a portfolio.

Down at the bottom are several active thematics. So, when we think about active thematics, these are designed to provide exposures to long-term investing themes, in this case things that are associated with sustainability. Select environmental focuses on companies in the alt energy, renewables, pollution control space, so that's just a -- there are a number of different types of companies that populate that portfolio. In the women's portfolio, Women's Leadership Fund, and you'll hear a lot more from Nicole about that fund in the following slide, but it focused on companies that prioritize women's leadership, and they can do that in a lot of different ways, and I think it'll be interesting to hear kind of how she's thinking about the pillars of that fund and the companies she's seeing in that space.

Over to the right is a newer entrant to our product suite, the Water Sustainability Fund. So, water is a scarce resource, and that really puts immense pressure on a poor, and particularly marginalized communities. And so, many companies working on coming to solutions there. And we'll talk a little bit more about that fund and its genesis shortly.

Nicole, I'm going to hand it back to you to talk about Women's Leadership.

NICOLE CONNOLLY: Great, so for people that are newer to this fund, we launched this Women's Leadership Fund as part of our larger ESG product roadmap that aims to deliver return with a purpose. And the purpose in the case of this fund is to really pave the way for future female leaders, while also helping women across all industries, all levels, you know, thrive in their career. I mean, those are the types of companies that we're looking for, that are helping women thrive in their organization and that are committed to gender diversity. And, so, we launched the fund in May of 2019, and since inception, we are beating, what we believe, is every other women's leadership or gender diverse fund out there. We're beating the MSCI Women's Leadership Index, and we're performing in line with the Russell 3000. And some of the things that we just wanted to highlight, I mean, one of the things that's been the most rewarding about running this fund is, you know, initially, we put it in the market because we had heard from our female investors that this was something that they were interested in. But if you look at the left-hand chart, certainly we're seeing that female investors are interested in this fund in terms of the percentage of female-led households that make up the fund, but we also see that 40% of the households in the fund are male, which, you know, is I think, you know, fathers

with daughters are male allies, and I just got a great email from a Fidelity colleague who has a daughter and his wife is in the fund, too, and he's super excited about the fund. So, that's been one of the more rewarding aspects of running this fund is the stories you hear from the husbands and the dads and the male allies. In the middle there, I mean, one of the reasons that we're so excited about the impact this fund can have is because of, you know, this idea that if the S&P looked more like this Women's Leadership Fund, we'd have 140 more female CEOs, we'd have about 100 more female CFOs, we'd have twice the number of boards with 33% female representation, and that's the kind of impact we think we can have, and also more companies that have good parental leave policies, that are measuring the gender pay gap, that have (inaudible) bias programs. And so, we think the world would look better if the S&P more closely resembled some of the characteristics of this fund. I'll let Sarah talk about the newly launched water fund.

SARAH PULSIFER: Great, thanks Nicole. So, maybe I'll just start with when we're developing ESG thematic product, or sustainable thematic product, kind of one of our guiding principles, and they're threefold. So, we're focused very much on what our customers care about, what matters to them, and Nicole was talking about that with kind of the work that went into launching the Women's Leadership Fund. We're thinking about where do we have an

investment edge, or unique insights on companies. And then lastly, there's something called the United Nations SDGs, or Sustainable Development Goals, and we think they provide a really important blueprint for how we think about our sustainable thematic investment strategies. So, let me just define what that is. So, in 2015, UN member states adopted 17 goals addressing peace and prosperity for the world, and when we think about the Water Sustainability Fund, water is a critical area, and this is goal six in the 17 I mentioned around clean water and sanitation. It's a critical issue for the globe, and there are innovative companies working every day to address this. So, we have an extremely talented and passionate portfolio manager, Janet Glazer, who has focused in this space for a long time, and is managing this fund. And so we would encourage you to take a further look at it, launched in April, and we think is a very exciting part of our sustainable thematic suite.

So, next, I just wanted to address, if you're interested, where to go on fidelity.com in particular to learn more about ESG investing, if you search up ESG on fid.com, it'll take you to our thematic investing site. There's a particular page focused on ESG investing, talks about some of the definitions that Nicole addressed at the beginning of her presentation, and also who gave you a lot more information on the six funds that I mentioned on the product page. So, it's a great resource and a great starting point. I think one of the

things I saw coming through in some of the questions was also how do you find out more about company-level ESG data, and that is also available on fid.com. So, those stock pages have not only ESG score for the company, but breaks that down amongst the E, S, and G, and how that particular company compares to its industry peers. So, I think there's a lot of good resources as a starting point on fid.com.

So, I think, Nicole, do we want to transition now to some Q&A?

NICOLE CONNOLLY: Yeah and let me end this slideshow.

SARAH PULSIFER: Terrific.

NICOLE CONNOLLY: Okay, great.

SARAH PULSIFER: All right, good. So I think we've got a number of questions coming through. We're looking at what's interesting to you all, so we're going to get going here, though, around ESG companies, and the universe of ESG companies. Are you seeing it growing, and then are there parts of the market that just simply can't be ESG? And so, how do you think about that?

NICOLE CONNOLLY: Yeah, so I think every company is at some point in its ESG journey. I mean, there is so much pressure on companies to have good ESG practices, whether that be from their customer base or their employee base, shareholders, governments, depending on what area of the world you're operating, so I think there's a lot of pressure on companies, and I think there is a acknowledgement that these ESG issues are critical to long-term performance, and so I think more and more companies are kind of embracing these ESG principals. In terms of can every company shift, I mean, there's a pretty kind of well-known story in ESG circles of a company, Ørsted, which is the world's largest offshore wind developer, they're based in Denmark, and they started out as Danish oil and gas company, and they were responsible for I think about a third of Denmark's carbon emissions. And so, they were coal company through and through, and their management team, I think it was in '09, you know, recognized the need to transition, and they thought it would take them 20, 30 years, but now, fast forward 10 years and largest offshore wind developer, and they've really transitioned completely away from coal. So, it can be done, and we're seeing more and more energy companies change their business model and try to get more engaged in renewable energy efforts. So, I don't think there is a reason why companies can't pivot.

SARAH PULSIFER: That's great. Well, let's continue on the environmental theme, and one thing I wanted to mention is we survey our customers often for ideas in the areas of their interest, and when we did that a little earlier this year, it was fascinating to see how highly environment certain (inaudible).

NICOLE CONNOLLY: Right.

SARAH PULSIFER: In fact, with the Water Fund, one of the things I should have mentioned is clean water was actually the top theme across the board, and that was consistent amongst different age groups. It was an area of real interest for our investment population. And so, what are you seeing on the environmental front that might be unique or new or different for investors?

NICOLE CONNOLLY: Yeah, so one of the great things about wearing this "Head of ESG Investing" hat is I get to see themes through the ESG lens and try to figure out how I can apply them in the Women's Leadership Fund, and the environment is certainly one of those themes. And so, I've been looking for ways to play this transition to a low-carbon economy, and doing that through renewable energy companies. So, I mentioned Ørsted, Ørsted's actually a company that I own. Vestas is also onshore wind. And Sunrun is a US leading residential solar play, NextEra, large scale utilities, solar and wind, and all of

those companies are either led by a woman or they have female CFOs, and so you know, some of the -- like, one of the interesting things about the pandemic is that emissions have actually declined substantially, right? Nobody was driving, nobody was flying, and so the International Energy Agency, as a result of this global economic shutdown predicts that emissions will be down about 6% this year, versus last year they were up about 1%. And the interesting thing about that 6% decline is that's the amount that the UN thinks we need every year to hit Paris Agreement type goals. So it's like pretty staggering that it took an economic shutdown to get to the emission decline that we need every year to meet Paris goals. So, I think that spurred even more momentum around the environment, the transition to renewable energy. We've also seen the cost curve for these technologies come down very dramatically, I mean, it wasn't long ago that we needed subsidies for these renewable energies to be competitive with traditional fossil fuel. In many cases, that's no longer the situation. And then we're seeing a lot of momentum with certain governments. I mean, the EU just announced that investing in renewable energy, and investing in the transition to low-carbon economy is going to be a huge part of their recovery plan. I think it's about 30% of their two trillion Euro recovery plan is going to be dedicated to renewable energy. So, you're just seeing a lot of momentum globally, whether it's from governments, companies, more and more companies are

announcing, you know, carbon-neutral or even carbon-negative goals, so I'm pretty excited about this environmental theme and these renewable energy companies that are in the fund.

SARAH PULSIFER: Great, thank you for that, and so let's continue on around the data.

NICOLE CONNOLLY: Yeah.

SARAH PULSIFER: So, one of the things that maybe when you answer this, just some questions that I saw coming through was clarification, for example, on ESG scores. What do we mean by that? So, we want to be careful, you know, we work in this space very closely, but I think data differences, it's a really -- it's kind of a problematic area, and one that Fidelity is working hard on. So, can you talk about how we address differences amongst companies and also geographies as it relates to data, but when you do that, talk about ESG data overall in the score. And then drilling in further, I think there are differences, particularly in non-US markets, where companies may be less transparent, and so how do we address kind of ESG in those markets?

NICOLE CONNOLLY: Okay, so, I'm going to start with how we assess ESG at the company level, and I'm going to talk about some work that we're actually doing right now. We are creating a proprietary ESG ratings framework at Fidelity and I don't want to give kind of too much away, because we're going to be kind of launching this more officially, you know, next year, but I'll talk about the first phase of this rating process, which is really to utilize something called SASB, which is the Sustainability Accounting Standards Board, and they've spent the last seven years figuring out what are material ESG factors by sector, right, so like energy, you're going to have carbon emissions, you're going to have, you know, health and safety, you're going to have governance for tech companies, you're going to have data privacy, content regulation, human capital management, which is how you're managing your talent, governance, I mean, governance kind of falls in all of these sectors, healthcare, you're going to have patient safety, access to healthcare in less-advantaged communities, business ethics. So, these are some of the factors you'll see that will vary by sector. And so, the ESG team did all this work to figure out what are the material ESG factors, leveraging SASB, and then we went to the fundamental analysts and said, "These are the factors we think are material. Do you agree? And how would we weight them in terms of their importance?" And once we had the factors, and once we had the weights, we then had to score these factors.

So, the scoring system is based on a carbon emissions model that we've come up with. It's based on a diversity inclusion model that we've come up with, which was primarily meant for the women's fund but we broadened it so that we can really assess diversity and inclusion across many dimensions, not just gender. We have our own governance models, so thinking about the structure of the board, thinking about compensation incentives for management, thinking about shareholder rights. So, we created all of these, you know, mini models to help us score these companies and these factors. So, as you can tell from that description, I mean, it's very data driven. And having this ratings framework helps us think about what are the material issues, and it helps us get on the phone with a company and say, "This is what we think is material. How are you navigating this issue?" And so that's how the company-specific piece works, and somebody had asked, initially Sarah you said that somebody was asking like where do you get this data. There are corporate sustainability reports that pretty much, you know, every company, at least in the S&P will issue. So, there's these corporate sustainability reports, they come out every year and it outlines, again, these material issues about the environment, about carbon emissions, how are they managing that. Many companies are starting to give goals around that, talking about their diversity initiatives, disclosing

workforce demographics. So, there's really some great data that can be found in those corporate sustainability reports.

And then in terms of your question about, you know, US versus other parts of the world, I mean, Europe is way ahead of the US, and the US is way ahead of emerging markets, so right now, we're looking at how companies compare to other companies in their region, as a starting point. Japan, for an example, Japan does not have great board diversity, and that has not really been a culture until recently, and Prime Minister Abe really made kind of womenomics a priority for Japan. But it was not a culture that really prioritized women in the workforce. And so, I own Shiseido, which is a Japanese cosmetics company, in the fund. They have 38% female representation on the board, which is like unheard of in Japan. And so, that's a company that I think stands out in Japan for diversity, but I'm cognizant that, you know, in Europe, that board diversity might not be as much of a standout. So, we first look within region to understand who's doing the best job on ESG within the region, and then we are cognizant of how that region compares to other geographies. So, hopefully that makes sense to everybody.

SARAH PULSIFER: That's great, and I think you had mentioned emerging markets, and I think we have some capabilities there as it relates to governance that may be of interest to the group. Do you want to talk about that?

NICOLE CONNOLLY: Yeah, that's a good point. So, we have a corporate governance team in India. This is a team of skilled forensic accountants that can identify accounting irregularities, can really dig into how the board is structured, management compensation, and they've actually saved us a fair amount of money on some companies in emerging markets, and we're now expanding their role to look at companies not just in EM, but everywhere. So, it's a great resource for us.

SARAH PULSIFER: Great. You know, you had talked about the pandemic and it's put a lot of focus on the S. Any other ways in which the pandemic has changed the way you're thinking about investing?

NICOLE CONNOLLY: Yeah, so, there's a number of themes. I'm sure people on the call have heard about as a result of the pandemic. I mean, one that I think is interesting is housing, and also the nesting theme. So housing, I mean, prior to the pandemic, you had a setup where millennials are in kind of prime homeownership, home buying age. You had a situation where people wanted

to age more in their homes, and you had a situation where housing supply, or housing inventory, was very low compared to historical averages. And then you fast forward to the pandemic, and we're seeing many people leave cities and try to come to the suburbs and buy single family homes. So, I think housing's a really interesting area. I own a small cap home builder, Taylor Morrison, it's lead by Sheryl Palmer, she has recently won Glassdoor's Best CEO, she's very passionate about the culture of the company, and they have a lot of exposure to first-time buyers, and then the first-time move up buyers. So, I think they're in a great spot, and they're also trading at a discount to other builders.

In terms of the nesting theme, people -- it used to be about experiences, right? It used to be about concerts and cruises and trips. And the pandemic has obviously changed that, and people are spending more time in their home, and that means, I think it means more nesting, and I own Williams Sonoma, which is a furniture and appliance retailer. It's female-led, they also have a female CFO. They're very committed to sustainability. Again, they're one of the only retailers that didn't lay off any of their employees, and they have a great online presence. And the furniture market, it's a really fragmented market with a lot of different players, a lot of small players who don't have an online presence, who had to shut their doors during the pandemic, and so

Williams Sonoma has gained share and I think is going to emerge stronger as a result of the pandemic. So, those are some themes that I'm playing as a result of the pandemic.

SARAH PULSIFER: That's great. One other question that came through, and you touched on this in your comments about research and about the thought leadership and the ESG reports that we have on all of our funds. Could you talk a little bit about how you work across the different investment teams, and how that interplay between ESG and funds that aren't ESG funds or sustainable funds, but kind of how that works with respect to the research?

NICOLE CONNOLLY: Yeah, so, I think one thing that really has changed in our ESG process is that we now have fundamental analysts and ESG analysts sitting side-by-side in these meetings, talking to companies about their ESG issues. We're writing notes together, we're just learning from each other, and we're also finding that fund managers are very interested in how their funds look from a ESG or a sustainability perspective. So, there's just more and more partnership collaboration happening. You know, when we get shareholder proposals during proxy season, we are evaluating those proposals with a fundamental analyst. So, these are major changes that have happened at

Fidelity over the past, I'd say five years. So, that's a little bit of a flavor of how we all work together.

SARAH PULSIFER: That's great, thank you. So, in terms of the Women's Leadership Fund, how do you think about success in that fund? It's a little bit different than how we might think about success for other funds.

NICOLE CONNOLLY: Yeah. So, you know, at Fidelity, we talk a lot about the dream of getting a letter from a shareholder ten years from now, like Will Danoff, who runs Contrafund, talks about this a lot, about getting letters from his shareholders, because he's delivered such phenomenal performance. And so my hope is to get one of those letters and to also have that letter say, you know, "Because of your fund, my daughter pursued a career in technology, or politics, or she started her own company, or whatever her goal was, because she saw these female role models in this fund, she was inspired to pursue her dreams. And that would be a really powerful letter to get, and that would be success for me, personally.

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offering circular, or, if available, a summary prospectus containing this information. Read it carefully.

Past performance is no guarantee of future results.

Fidelity Women's Leadership Fund Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. The Adviser's applications of the fund's strategy criteria may not achieve its intended results and the fund could underperform the market as a whole.

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Performance Versus Key Competitors and Indices as of 9/30/20

Total Returns (%)	Inception Date	YTD	1-Year	3-Year (Ann)	5-Year (Ann)	10- Year (Ann)	LoF (Ann)	Net Expense Ratio	Gross Expense Ratio
Fidelity Women's Leadership	5/1/2019	8.58	16.57	-	-	-	12.97	1.00	2.19
Russell 3000 TR USD	*12/31/1978*	*5.41*	*15.00*	*11.65*	*13.69*	*13.48*			
MSCI USA Womens Leadership	*7/12/2016*	*0.10*	*7.83*	*8.34*	-	-			
Barclays Women in Leadership ETN	7/9/2014	-3.82	0.99	3.83	7.80	-	5.88	0.45	0.45
Barclays Women in Leadership Total Return USD Index	*6/3/2008*	*-3.50*	*2.74*	*4.31*	*8.34*	*10.50*			
SPDR® SSGA Gender Diversity ETF (NAV)	3/7/2016	0.26	6.13	8.22	-	-	10.62	0.20	0.20
SPDR® SSGA Gender Diversity ETF (Market Value)	3/7/2016	0.22	6.03	8.20	-	-	10.61		
SSGA Gender Diversity GR USD	*2/11/2016*	*0.35*	*6.28*	*8.34*	-	-			
Glenmede Women in Leadership US Eq	12/22/2015	-7.28	1.32	4.86	-	-	8.97	0.85	0.85
Russell 1000 TR USD	*12/31/1978*	*6.40*	*16.01*	*12.38*	*14.09*	*13.76*			
Pax Ellevate Glbl Women's Ldrsp Indv Inv	10/1/1993	0.82	7.36	7.63	10.27	8.64	6.83	0.80	0.80
Impax Global Women's Leadership (Net) Index	*7/7/2014*	*0.57*	*7.65*	*7.90*	*10.76*	-			

Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than that quoted. To learn more or to obtain the most recent month-end or other share-class performance, visit fidelity.com.

Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Life of fund figures are reported as of the commencement date to the period indicated. All market indices are unmanaged. Please see the Important Information page at the end of this presentation for more information and definitions.

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16 Source: Morningstar Direct, Impax, Barclays, and Fidelity Investments as of 9/30/2020.