

## Introducing S&P Capital IQ Fundamental Analysis

Key fundamental data, developed by S&P Capital IQ for Fidelity, combine a number of fundamental data elements to present an overall assessment of a company's **valuation, quality, growth stability and financial health** in relation to other firms in the same sector. These key metrics focus on particular components to help customers understand a company's strengths and weaknesses in specific areas compared to its peers.

One of the strengths of this model is the way it changes its use of underlying fundamental data based upon the sector/sub-sector that is being assessed.

It is well known that analyzing banks requires different fundamentals than those used for other sectors within the classification system. Similarly, the non-bank financial sector has analytical differences from both banks and other sectors (e.g. loan loss reserves is an important data point for banks, but not for non-banks). For this reason, the model uses different fundamental data sets to analyze banks and non-bank financial companies. The nine sectors, outside of the finance sector, can be assessed using the same fundamental information. Despite these differences, the result is four key metrics – valuation, overall quality, growth stability and financial health that apply to each stock across Fidelity.com.

The four components are measured using a range between 1 and 100, with 1 being low, overvalued or less healthy and 100 being high, undervalued or healthy, as applicable.

The four components include:

- **Valuation** - The valuation metric combines fundamental data to determine if a company is overvalued or undervalued in relation to its peers.
- **Quality** – The quality metric uses fundamental data to assess a company's overall earnings quality in relation to its peers. This metric uses information across all financial statements of the firm.
- **Growth Stability** – Growth Stability is an assessment of how stable the growth of earnings and cash flow has been over time. Companies with greater growth stability in comparison to their peers are more highly rated by this measure.
- **Financial Health** – Financial Health uses fundamental data to view the company's debt and interest obligations (among other factors) to its financial health in comparison to its peers.

Fundamental analysis is only one approach to analyzing stocks. When considering which stocks to buy or sell, you should use the approach that you're most comfortable with. As with all your investments, you must make your own determination as to whether an investment in any particular security or securities is right for you based on your investment objectives, risk tolerance, and financial situation. Past performance is no guarantee of future results. S&P Capital IQ and Fidelity are independent companies and are not affiliated.

