FIDELITY FUND MANAGER HIGHLIGHTS BEST SECTORS FOR INFLATIONARY ENVIRONMENT AS GOVERNMENT STIMULUS GATHERS PACE

- **The first of a series on investing during inflationary periods, from Fidelity International**
- **Research shows that basic resources and oil & gas are the sectors to beat when inflation is rising**

LONDON, 2 March 2010 – In the first of a series of stories, discussing investing in inflationary environments, **Amit Lodha, Manager of the Fidelity Global Real Assets Fund,** considers the sectors likely to perform best as Government stimulus gathers pace.

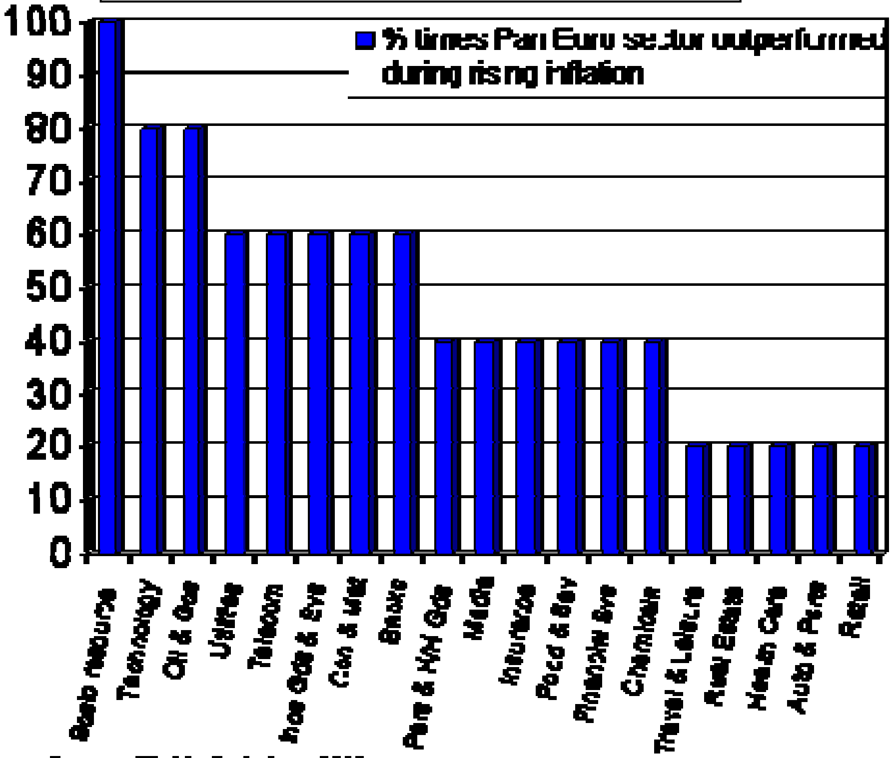
Lodha says: “There are only four ways governments can manage these high debt burdens - through higher taxes, lower fiscal spends, better growth or higher inflation.

“While the solution will be a combination, I do expect higher inflation to be a preferred solution for the debt issues in the West. Further, if governments live up to their promises on fiscal spending - in terms of actually spending the fiscal stimulus which they have earmarked - then a lot of money is going to hit the real economy in the next two to three years which is again going to be inflationary.

“I do not have a strong view on whether we will see inflation this year or next year, but on a three to five year view I believe we will have an inflation problem.”

In order to identify the sectors that perform best in this environment, Lodha looked at the returns of different pan-European sectors during inflationary periods in Europe since the 1970s (see chart below).

Returns of different sectors



Source: FIL Limited, June 2008

The research shows that when inflation is rising, basic resources beat the market 100% of the time, while oil & gas also performs well, beating the market 80% of the time.

Also working in investors favour is that these sectors are underpinned by the theme of long term growth in emerging markets such as the growth of the car market in China. While China remains one of the smallest car markets in the world*, based on month on month sales, it is now buying more cars than the US**.

Lodha says: “In terms of impact on the world, as far as the car market at least is concerned, China is now more important than the world’s largest car market. Growth, development and the increase in both infrastructure and consumption spends in emerging markets is an investment theme that will stay with us for the next 20 to 30 years. The question for investors is, how do they make money from this theme?

"What I do in my fund is play the pricing power across the value chain. I am playing the long-term theme of increased car penetration by thinking about what goes into making cars, such as copper, aluminium and steel. So I buy copper related equities if I think copper is in short supply. Or I buy aluminium related equities I think aluminium is in short supply."

- ENDS -

* Source: PFC Energy – China's passenger car fleet, August 2009. ** Source: BCA Global Investment Strategy, July 3, 2009.

Notes to Editors

FIL Limited and its subsidiary companies serve the major markets of the world by providing investment products and services to individuals and institutional investors outside the US. Reference to specific sectors should not be construed as a recommendation to buy or sell these sectors, but is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity.

Any opinions expressed are made at the time of writing and can be subject to change without notification.

For further information, please contact:

Keren Holland	Sam Slator
Fidelity International	Fidelity International
020 7074 5262	01737 837 847
07852 330570	07841 783882
keren.holland@fil.com	sam.slator@fil.com

Press Office Address: Fidelity International, Kingswood Place, Millfield Lane, Lower Kingswood, Tadworth, Surrey, KT20 6RP