

Multi Asset Defensive Fund

DEFINED CONTRIBUTIONS

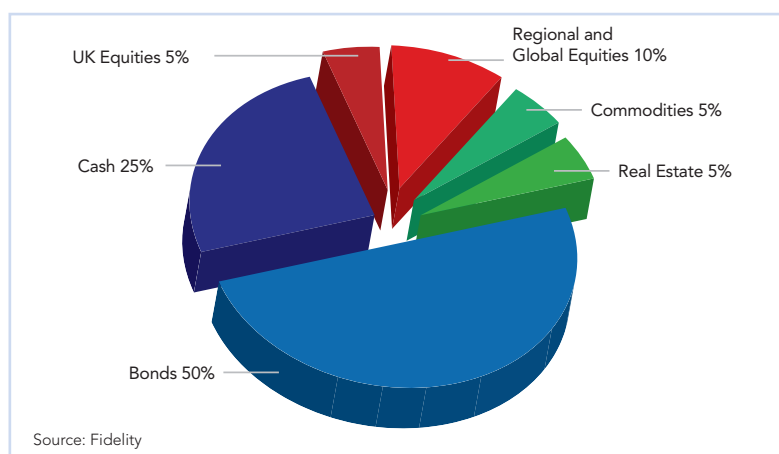
FUND PROFILE

FUND OBJECTIVE

The fund aims to achieve long-term growth by investing in one or more funds that provide exposure, whether by direct investment or through other funds, to global assets classes that include bonds, money market instruments, cash and deposits. The underlying funds may also provide some exposure to global equities, property and commodities and may also use derivatives and forward transactions for investment purposes.

ASSET ALLOCATION

The fund will be composed of investments in typically 15 - 20 different funds across the asset classes shown below. The chart shows the neutral benchmark weightings for the fund. The actual weights will reflect the manager's view based on the Investment Clock.



FUND CHARACTERISTICS

- The manager uses a diversified approach to investing, which aims to achieve real growth over the long term with reduced volatility versus that which an investor in an all-equity fund might experience.
- The Fund invests primarily through flagship funds managed by Fidelity, and other specialist vehicles. This multi-manager approach diversifies the risks associated with single-manager strategies.
- The Fund harnesses Fidelity's acclaimed Investment Clock approach to asset-allocation, which links the performance of asset classes and equity sectors to the evolution of the global economic cycle.
- Recognising the Fund's long-term aims, there is a structural bias toward store of value assets, such as bonds and cash, with generally lower allocations to growth assets, such as equities, commodities and real estate, as the chart above shows.
- Using Tactical Asset Allocation the proportion held in growth assets can vary typically from 0% to 35% of the Fund, with the balance held in store of value assets.

FOR PROFESSIONAL INVESTORS ONLY

FUND FACTS

Fund Launch Date:	March 2010
Performance Objective:	The Fund aims to outperform its composite market index weighted benchmark by 1-2% per annum over rolling three year periods, on a gross basis. The market index weighted benchmark for the Fund is:
	5% FTSE All Share Index
	10% MSCI AC World Index
	5% FTSE EPRA/NAREIT Global Real Estate Index
	5% DJ - UBS Commodity Index
	50% ML Sterling Large Cap Index
	25% Sterling 7Day LIBID
Base Currency:	GBP Sterling
Fund Structure:	Life fund
Annual management charge:	For a range of fund classes: 0.45% - 0.75%
Other charges:	For a range of fund classes: 0.10% - 0.1335%

RISK RATING (Equity funds)



This rating gives an indication of the risk level of Cash (A1-A2), Bond (B1-B3), Equity (E1-E5) and Property (P1-P2) funds only in relation to Fidelity's range of funds within each asset class. A higher number signifies a higher risk fund. They are intended only as a guide and are based on our quarterly rating review process which uses information about a fund manager's investment approach, as well as quantitative measures based on the fund's historic performance and its current holdings.

PORTFOLIO MANAGER

Name:	Trevor Greetham
Location:	London
Joined Fidelity:	2006

Trevor Greetham is the Director of Asset Allocation for Fidelity's Investment Solutions Group. He manages a number of Fidelity's fettered multi-asset funds. Trevor joined Fidelity in January 2006 after 10 years as Director of Asset Allocation at Merrill Lynch. Before then he worked at Provident Mutual as an Assistant Fund Manager in asset allocation and UK equities and as a Trainee Actuary. Trevor holds an MA in Mathematics from Cambridge and is a Fellow of the Institute of Actuaries.

INVESTMENT APPROACH

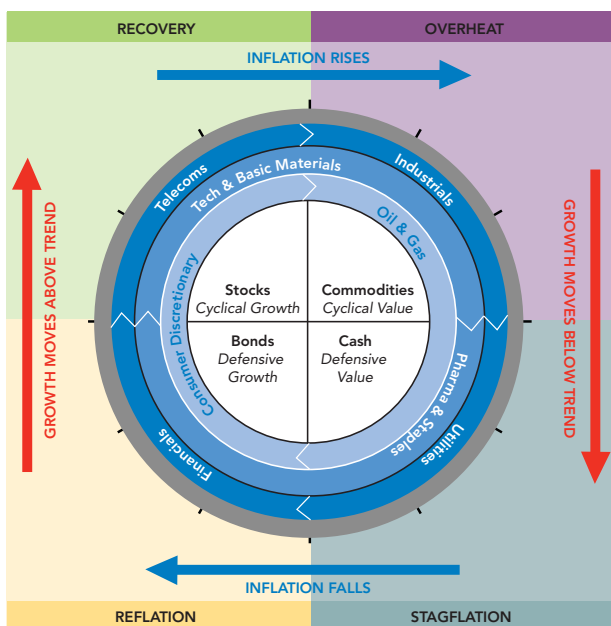
Harnessing a tried and tested approach

The Fidelity Multi Asset Defensive Pensions Fund uses the same proven investment approach as the highly regarded Multi Asset Strategic Fund. The investment process is made up of three steps: Strategic Asset Allocation (benchmark design at launch, taking into consideration the characteristics of each asset class - set out on the previous page), Tactical Asset Allocation (deviation from benchmark based on the Investment Clock approach - see below) and Manager Selection. The benchmark will provide the bulk of long term returns for the fund, while the Tactical Asset Allocation and security selection by the underlying managers aim to create value over the benchmark.

Harnessing the power of markets throughout the economic cycle: Tactical Asset Allocation with the Investment Clock approach

Time lags in the release of economic data mean it reflects what has already happened in the economy. However, to profit we need to recognise in real time when the world economy moves from one Investment Clock phase to another. Therefore, we need a now-cast of each possible economic growth and inflation outcome, growth and inflation being the two key measures of economic activity. To build this now-cast, we consider an array of trend indicators, leading indicators and price signals from the markets themselves. This now-cast drives fund positioning on a real-time basis. The Investment Clock below shows the four key stages of an economic cycle:

- **Stagflation** – (like we saw in mid-2008). A difficult time for most markets where growth has moved below trend but inflation concerns are high. As the Clock shows, we believe this is a period where cash can outperform most other investments.
- **Reflation** – (July 2008-March 2009). Often characterised by a period of interest rate cuts, we believe this is often a period of the cycle when bonds can perform well.
- **Recovery** – (such as that which has been experienced through the summer of 2009). Often follows a period of deflation and can represent the best conditions for stocks to perform well; improving growth with falling inflation.
- **Overheat** – (where we believe we may be headed in Q4 2009). Typically when commodities tend to shine as the prospect of inflation rises are coupled with growth above trend.



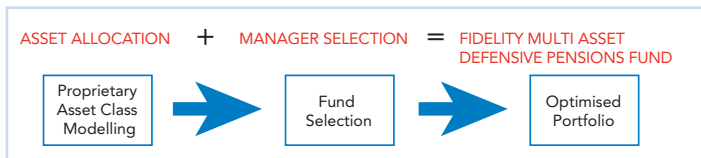
WHY FIDELITY MULTI ASSET STRATEGIC FUND FOR DC??

The Fidelity Multi Asset Defensive Pensions Fund appeals to a wide cross section of members, bringing the following features and benefits.

- The manager uses a diversified approach to investing, which aims to achieve real growth over the long term
- Trevor Greetham's use of the Investment Clock aims to provide members with exposure to asset classes that will fare well in different phases of the economic cycle
- As a result, over the long term the Fund should demonstrate lower levels of volatility – less severe ups and downs – than we might expect from an equity-only fund.
- We've added professionally managed exposure to commodities and property to complement the more traditional asset classes such as equities, bonds and cash. These further diversify the fund and provide a useful additional source of return.
- A diversified fund that captures the benefits of tactical asset allocation and the best of Fidelity's investment funds.

Adding value – Selecting and blending managers to generate alpha

Having established the optimal asset allocation for the fund, Trevor scours Fidelity's huge universe of specialist funds to select the best that meet his investment criteria for this fund. Over 100 funds specializing in equities, bonds, cash and property, as well as specialist global sector funds, are all available to Trevor, who can also consider investments from outside Fidelity (such as exchange traded funds) for exposure to commodities. The aim: selecting and blending the best of these funds to achieve the objectives of the Multi Asset Defensive Fund.



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