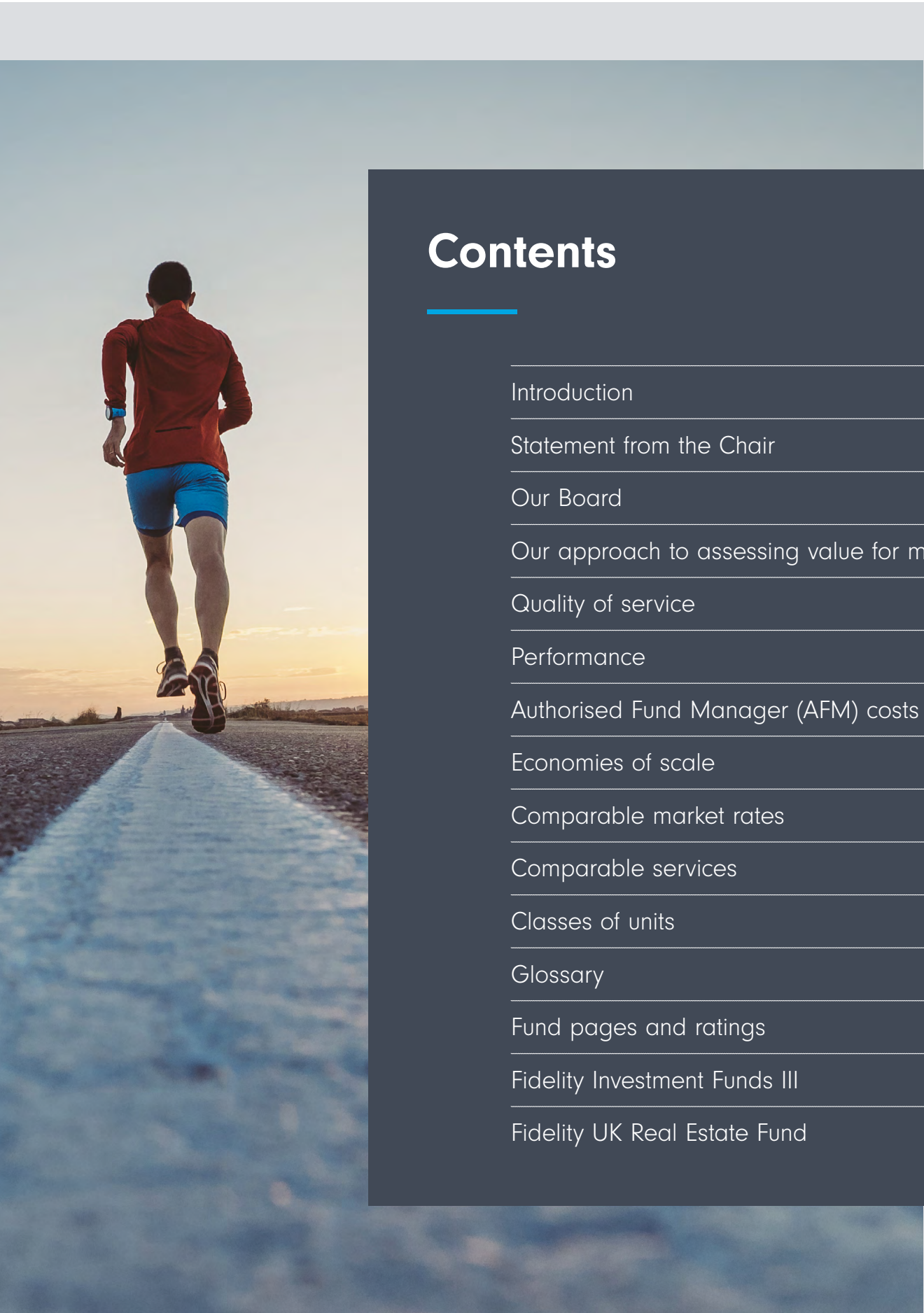


Value Assessment Report

**Prepared by FIL Investment Services (UK) Limited
covering the following fund ranges:**

Fidelity Investment Funds III

Fidelity UK Real Estate Fund



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Introduction

Each year, Fund Managers in the UK must assess if their funds represent 'value for money' and report results to their investors in a value assessment report. These requirements were set by the Financial Conduct Authority (FCA).

This is our Value Assessment report for investors and their advisers. Reading it should help you to understand how we carried out the Assessment, so we have included details of our approach and the information we used. The reference date of the Assessment was 30 June 2024 and the conclusions we have reached for each fund are shown on the [fund pages](#).

The Report also includes a message from the Chair of the Board of FIL Investment Services (UK) Limited explaining how the Board has overseen the Value Assessment.

This Value Assessment Report is an important addition to other fund documents that are available to investors, including the Key Investor Information Document (KIID) and fund factsheet. A full list of funds covered in the Assessment is included in the [fund pages](#) section of this report. Other funds provided by the Management Company are featured in separate value assessment reports dedicated to those fund ranges.



Statement from the Chair

As Chair of the Board responsible for overseeing Fidelity's UK-domiciled fund range, one of my main responsibilities is to ensure that our funds meet their investment objectives and provide good value for money for you, our investors. We are wholeheartedly dedicated to helping you meet your financial goals and continually strive to innovate, improve and adapt as we draw on Fidelity's deep resources and expertise to help you to that end.

In line with this commitment, we constantly review and challenge the levels of service provided to ensure it meets the highest standards. We are therefore very pleased to bring you this report to show how we remain aligned with our core purpose of providing world class investment solutions, while maintaining competitive fees. We hope it enhances your understanding of Fidelity's products, offering a clear breakdown of the value each fund delivers.

Addressing uncertain times

This Value Assessment has been undertaken at a time when the global investment backdrop remains very unsettled. The end of the era of low inflation and lower interest rates, coinciding with soaring energy costs, led to highly volatile markets in 2023 and 2024. Meanwhile, the cost-of-living crisis has profoundly impacted the living standards of many in the UK.

Financial uncertainty can be overwhelming and in challenging times like these, we are committed to providing every possible resource and support to ensure you have all the necessary information about your investments.

In addressing these uncertainties, our goal is to build and reinforce trust. That is why we have continued to develop and refine our approach to assessing value in line with the seven criteria set out by the UK's financial regulator, the Financial Conduct Authority (FCA). With the introduction of the new Consumer Duty regulations by the FCA this year, we have also taken further steps to ensure this report remains more client focussed. This renewed focus on client interests and outcomes has meant enhanced transparency across the value chain to ensure that you feel more empowered to make informed choices on the best investment for you and your financial needs. Our final assessment for each fund is thus based on extensive quantitative and qualitative analysis.

A number of significant improvements have also been made to this report to ensure that you are more informed than ever about whether charges are justified in the context of the overall service delivered.

Our commitment to you

As investors into Fidelity's funds, either directly or through an intermediary, you benefit from a world-class global infrastructure that includes well-resourced investment teams and well-tested risk management and governance processes. It is vital to us that you can trust Fidelity to be safe custodians of your investments.

Statement from the Chair continued

Our thanks

We hope you find this report useful and that it helps inform the important decisions you make about where and how you invest your money. We are grateful for the trust you place with us to deliver against your financial goals and look forward to serving you to the best of our ability for many years to come.



Dr. Teresa Robson-Capps

Chair and Independent Non-Executive Director
FIL Investment Services (UK) Limited

Our Board

The FIL Investment Services (UK) Limited (FISL) board, comprising executive and independent non-executive directors, have been closely involved in the process of creating this 2024 Value Assessment. Their role has been to ensure that Fidelity acts in the best interests of its investors, by contributing to and challenging the methodology and reviewing the information used to carry out the fund assessments. As well as carrying out the yearly value assessment itself, the Board monitors fund performance, costs, pricing and service levels on an ongoing basis.



Dr Teresa Robson-Capps

Independent Non-Executive Director since March 2019 and Chair since February 2023. Teresa has held senior roles at HSBC and Accenture, with a diverse career across banking, insurance, and professional services. She holds a doctorate in Management Control and Accounting.



Tony Lanser

Head of Asset Management Delivery at Fidelity International and Chief Executive Officer of the Management Company since July 2024. Tony joined Fidelity in 2015 after 25 years at Barclays Bank where he was Head of Transformation for the Personal Bank, and led teams within its Wealth and Investment Management, Corporate Banking and Retail Banking divisions. He holds an honours Degree in Economics and various professional qualifications in Banking and Marketing.



Dennis Pellerito

Head of UK Wholesale at Fidelity International and Executive Director since June 2023. Dennis has over 20 years of experience in the UK fund management industry, with past roles at Neptune Investment Management and Argonaut Capital Partners. He holds a BA (Hons) in European Studies.



Patrick Olson

Independent Non-Executive Director since February 2023. Patrick has over 30 years of experience in financial services, with senior roles at BlackRock and Merrill Lynch. He is currently the CEO of ACA Group, which is the largest governance, risk and compliance company globally, and holds degrees in Management, Law, and Finance.



Sera Sadrettin

Head of Private Asset Operations at Fidelity International, and Executive Director since March 2024. Sera has over 20 years' asset management experience, with previous roles at M&G and Aviva Investors. She graduated with honours in Applied Accounting from the Oxford Brooke's University and is a fellow member of the Association of Chartered Certified Accountants.



Our approach to assessing value for money

We assessed value across seven key areas highlighted below, utilising a broad range of data sources. Each fund in our range was measured against these criteria to ensure it delivers value for money.

The review process included:



Comparing fund performance and fees with similar offerings, using independent data.



Evaluating service levels, client feedback, and risk reports, all guided by predefined, objective criteria.



Engaging third-party consultants to challenge our assessment.



Incorporating feedback from investors and financial intermediaries.



This report primarily focuses on share classes which are broadly available to a range of both personal and professional investors. However, in conducting our assessment, we considered all available share classes, with the evaluation based on a comprehensive analysis presented to the Board. For more details on our methodology, please visit our [website](#) or contact your usual Fidelity representative.

The data for this report was collected as at 30 June 2024.



Quality of service

Do clients receive a high quality service for the charges they pay?

To address this question, we conducted a thorough review of 33 distinct activities across the value chain, covering:

Investment Management Services

These include carrying out investment research, managing portfolios, sustainable investing, trade execution, risk management and compliance.

Operational Services

These support the administration of the funds, including fund accounting, custody, transfer agency, technology, third-party oversight and governance.

Distribution Services

These support our clients and distributors, including issuing fund documents and digital information marketing services.

As part of the new Consumer Duty regulations, all responses gave consideration to the service not only from the perspective of the service being achieved as part of the responsibilities and service to the funds, but to also ensure that all services were reviewed from a client perspective, where appropriate.

How did we do?



Of the 33 areas of service assessed, we were found to be “Highly Effective” for 28 of these services, benefiting all funds and investors. This outcome is underpinned by our strong client service focus, deep research capabilities and the expertise of our portfolio management teams.

Quality of service continued

Investment Management

Our investors benefit from Fidelity's global scale and breadth of investment management expertise. With one of the largest research teams in the industry, the portfolio managers of our funds are able to leverage both our global reach, as well as our local market knowledge. We have skilled trading experts who provide valuable market insights, and we ensure we are always operating within established risk management and governance practices.

We believe that investing in companies with high standards of corporate responsibility can help protect and improve investment returns for our investors. As part of our ongoing commitment to integrating environmental, social, and governance (ESG) principles into our investment processes, we offer innovative solutions to meet a range of sustainability preferences. We do this through our proprietary ESG scoring system, which is based on our robust research and methodical approach to corporate engagement.

Our strong investment credentials are underscored by recent industry awards, with Fidelity once again listed as a finalist at the prestigious Investment Week Fund Manager of the Year Award – Global Group of the Year 2024. Specific award wins include the Fidelity UK Smaller Companies Fund picking up the best UK Smaller Companies Fund. Our funds were shortlisted in a total seven categories, with the Fidelity European Fund also highly commended in the Europe ex UK category.

Operational Services

Investors benefit from a streamlined experience, as our transfer agency and fund accounting functions provide us with greater oversight. We also maintain dedicated teams and stringent policies to oversee the performance of thirdparty providers, including custodians, data providers, and technology partners, ensuring that they deliver a high standard of service at competitive costs.

Distribution Services

We prioritise transparency and accessibility of fund information, ensuring that clients have a clear understanding of the products they invest in and the services provided for the fees paid. We also offer a comprehensive suite of educational and informational services to our distributors, which enables us to deliver superior service to investors. Our distribution capabilities, including website services, corporate actions, investment sales support and client engagement, consistently rank highly among our competitors, reflecting our commitment to excellence. In the UKAS 360 survey of Discretionary Fund Managers and Investment Advisers carried out in Q1 2023, we were ranked fourth overall for communicating well in person, online and through webinars, with relationship satisfaction overall having improved moving back to first percentile in third place.

Where we will do more

We are committed to enhancing our services in response to evolving market conditions and client expectations. We will continue to assess the quality and scope of our services and will actively seek feedback from our network of distributors on potential areas for improvement.



Performance

Are funds meeting their performance objectives?

The Assessment evaluated whether our funds are achieving their goals. We analysed each fund’s returns after fees to determine if they align with its stated objectives, strategy, and, where applicable, its benchmark or performance target. Typically, this analysis spans one, three, and five years. We also compared the performance against similar funds within their Investment Association (IA) sectors.

For funds with less than five years of track record, we have provided an indicative rating over a three year period in this iteration of the report. This helps us support distributors with new FCA Consumer Duty requirements to provide clarity to investors and ensures that Board members stay informed about any underperforming funds, in advance of any five year implications.

How did we do?

61% of our active funds have surpassed their benchmarks over the recommended holding periods.

Although this figure is lower than we would like, it represents an improvement from last year (56%), reflecting evolving market conditions. We are generally delivering competitive returns across a broad spectrum of investment solutions, ensuring that your funds are managed with the objective of achieving the outcomes you expect.

Across our range, 48% of actively managed funds outperformed the median performance of similar funds in their IA sectors over the recommended holding period of five years.

For funds that underperformed their benchmarks, we have conducted thorough reviews and remain confident in our investment team’s strategies and processes. Active management often faces periods of short-term underperformance, but this does not negate its potential

for long-term gains. This is because the focus is to identify multiple sources of value which can lag the market in near term.

Where necessary, we have taken action as outlined in the [fund pages](#) of this report. Furthermore, in cases where a fund significantly outperformed its benchmark, we investigated to ensure that the performance was not due to excessive risk-taking.

We maintain a robust governance framework to oversee fund performance and manage investment risks. The Board regularly reviews fund performance, with additional oversight by the Investment Management Team, led by our Chief Investment Officers (CIOs).

Where we will do more

Where sustained underperformance has been identified, the Board, along with senior investment heads and portfolio managers, has taken decisive action where appropriate.

We keep our obsession for investment excellence through disciplined process that monitors and oversees underperforming strategies on a consistent basis.

A new monitoring and oversight committee will also recommend ways to improve investment performance and take action with investment management teams when needed.



Authorised Fund Manager (AFM) costs

How are costs controlled to improve value for investors?

When considering this area, we scrutinised costs related to both the services we provide directly and those offered by third-party providers, such as our depositary and external auditors.

Services for which costs were reviewed include the following:

Investment management, including managing portfolios, investment research and sustainable investing, trade execution, risk management, compliance and distribution	Fund administration (including pricing the funds correctly)	Client service, such as maintaining your accounts, record keeping, answering your enquiries, providing you with factsheets
	Asset safekeeping	
	Oversight and audit services	

How did we do?

In summary, costs are tightly controlled and reviewed on a regular basis, enabling us to offer competitively priced funds without sacrificing the high standards of service you expect from us.

We maintain stringent controls on costs through a robust budgeting process that closely monitors all our expenses. Regular reviews and increasing automation help us streamline processes, enhancing efficiency. We also focus on creating a work environment that attracts and retains top talent, with a constant eye on ensuring our employment costs remain competitive.

We follow a global procurement and supplier management policy which is designed to engage effectively with service providers. This ensures high-quality service, while maintaining cost discipline. We also

benchmark our service costs and capabilities against industry peers to ensure we are delivering optimal value.

The Board has conducted a thorough review of the costs associated with managing the funds and is satisfied that our approach delivers value for investors.

Where we will do more

Cost management is a top priority, and we will continue our efforts to ensure our services remain competitively priced while maintaining the quality you trust.



Economies of scale

Do the funds provide economies of scale?

We reviewed the range of services and considered how costs change with the size of the fund. We also examined the growth of assets managed by the Management Company over time and identified where investors benefit from our 'buying power' as a large-scale firm. Finally, we considered how the Management Company is able to provide a better service as a result of being part of Fidelity International, a global investment group.

How did we do?

Our global scale and breadth mean that you benefit from economies of scale we are able to achieve as an organisation. As we have done in the past, we continue to pass this on in a discretionary manner in the form of fee waivers and ongoing fee reductions.

We have also built a sophisticated profitability tool to help us identify economies and pass savings on in a more formulaic and evaluated way.

At a fund level, most funds have achieved some economies of scale leading to lower fees and improved services.

Over the past five years, as most funds have grown, we have managed to reduce fees on the majority of our funds. Our global scale helps us keep pricing competitive, and our funds are generally priced lower than others in the same sector, as evidenced by regular fee comparison with competitors.

Being part of a large global group means our funds benefit from the favourable rates we negotiate with service providers, and our portfolio managers are supported by robust global infrastructure and strong research capabilities. The Investment Management Charge, often the largest part of the Ongoing Charges Figure (OCF), is usually a fixed percentage of the assets in the share class. While you do gain from economies of scale with

other charges in the OCF, like audit and custody fees, these savings can be relatively small, although they do increase as the fund grows. Moreover, there have been demonstrable instances where Investment Management fees have also been reduced on a case-by-case basis.

In 2023, we began a major project to develop a more detailed cost allocation system to develop a deeper understanding of fund-level profitability and a clearer appreciation of how funds achieved economies of scale. The aim of this project is to provide us with more precise cost analysis at the share class level, and while it is expected to take several years to complete, we will be able to provide additional transparency as it progresses. We are also undertaking a comprehensive fee review to ensure we meet FCA best practises.

Where we will do more

We will continue to review fees, services and costs as our funds grow to ensure you benefit from greater savings and resources generated by our scale. Additional work is required on costs to determine the asset growth needed before scale benefits can be realised and passed onto customers. Our multi-year project, which is currently underway to improve the cost allocation model, will likely support this analysis.



Comparable market rates

How do our fees compare with competitors?

To evaluate how our fees compare to our competition, we scrutinised the Ongoing Charges Figure (OCF) – a standardised metric mandated by the regulator and used in our factsheets and Key Investor Information Documents (KIIDs).

The OCF encompasses several cost components:

Investment Management Charge

This covers the costs associated with managing portfolios, including research, trade execution, and related operational and risk services.

Registrar Fee

This pertains to maintaining the shareholder register and acting as the transfer agent. It is charged as a fixed percentage of assets within a share class.

Service Fee

Covering administrative services, such as fund accounting and auditing.

We compared the OCFs of all our actively managed funds with those of other funds in the same Investment Association (IA) sector. Where a fund was not represented in an IA sector, we used the Morningstar equivalent peer group, where applicable. We used the equivalent approach for index (also known as passive) funds. Both actively managed and index funds were evaluated on a like-for-like basis with competitors.

We recognise that costs should be considered alongside the level of services provided and the performance objectives of each fund, which are evaluated after fees have been deducted.

How did we do?

67% of funds are cheaper than similar funds within their relevant sector (IA or Morningstar), across our range of OEICs. Each fund's charges are reviewed in the respective fund pages later in this Report.

Where we will do more

We remain vigilant in regularly reviewing our pricing against that of our peers, with a focus on the services provided. For funds priced above the median in their sectors, we undertake a rigorous examination of the cost of running the funds, the range and quality of service and investment objectives and performance.

As highlighted earlier, we are currently undertaking a detailed pricing review and we will be able to provide additional transparency on cost analysis at the share class level as this project progresses.



Comparable services

How do charges compare with similar Fidelity funds or mandates?

It is crucial that we act in the best interest of all investors, ensuring that no single investor type is unduly favoured at the expense of another. In our review, we compared the pricing of our UK-domiciled funds against similar non-UK funds that we manage. Additionally, we assessed funds against comparable investment mandates we manage for institutional clients, known as segregated mandates.

How did we do?

Our funds are priced to be both competitive and fair, supported by robust governance to ensure consistency in fees for similar services across all client segments.

Our fee-setting process adheres to a global pricing policy and governance framework, designed to ensure consistency and fairness across different investment vehicles. This approach ensures clients are treated fairly and fees for similar solutions and services are consistent.

The assessment has confirmed that our pricing strategy is both fair and competitive, with fees that offer fair value for money across similar services in the large majority of cases. A small number of isolated exceptions have been identified and highlighted, although it is important to note the number of exceptions has reduced significantly since 2020.

Where we will do more

Our Global Pricing Policy ensures consistent pricing of funds compared with other similar funds and mandates offered by Fidelity. Should any inconsistencies in fee structures arise, we will undertake a comprehensive pricing review for the affected funds.



Classes of units

Are there cheaper share classes available than the one you are in?

To address this question, we conducted a comprehensive review of the share classes available within our funds. Each share class we offer is designed with specific eligibility criteria and minimum investment thresholds, ensuring that the benefits offered are aligned directly with our investors’ needs

How did we do?

We have consistently demonstrated our commitment to placing you in the right share class for the services you receive.

Where we will do more

We remain committed to making sure you are paying the most appropriate rates for your investments. Regular updates will be provided on how to achieve this. We encourage you to contact usual Fidelity contact if you believe there may be a more suitable share class available for you.



Glossary

Absolute return

Absolute return is the return that a fund or asset achieves over a specified period. Absolute return differs from relative return (the return compared to the benchmark) because it is concerned with the return of a particular asset and does not compare it with the return against the benchmark.

Active fund

See 'Active management'.

Active management

Active management is when a manager uses analytical research, forecasts and their own judgement and experience to make investment decisions to achieve a specific result.

Annualised return

Unless we tell you otherwise, annualised returns in this Report are calculated "arithmetically" and do not consider the effect of compounding returns. In certain cases, where stated, a "geometrically" calculated annualised return may be shown, which takes compounding into account.

Asset class

An asset class is a group of investments with similar characteristics (such as equities), which are governed by similar or the same laws and regulations.

Assets under management (AUM)

The total value of investments held within a portfolio.

Authorised Fund Manager (AFM)

The Authorised Fund Manager is responsible for the overall management of the fund. The AFM must act in the best interests of the client and make sure the Scheme is run well.

Basis points (BPS)

Basis points are a way of expressing the fractions of a percentage as a whole number. For example, 0.25% is 25 basis points (25bps) and 1.0% is 100 basis points (100 bps).

Benchmark

A suitable reference, such as a market index, that can be used to measure the performance of a fund or the risks relating to it.

Board

The Board of FIL Investment Services (UK) Limited.

Chief Investment Officer (CIO)

Chief Investment Officer is the most senior person on Fidelity's equity and fixed income investment teams and is responsible for overseeing how we manage portfolios. The CIO is involved in regular reviews of investment strategies, including performance and risk. For the Solutions and Multi Asset funds, given the team's broader investment universe and remit, this function is carried out by the Global Head of Solutions and Multi Asset, supported by Heads of Multi Asset Investment Management in Europe and Asia respectively. To keep things simple, in this document, we refer to, the head of the CIO function for an asset class is the CIO for the asset class.

Credit

The credit market refers to the market through which companies and governments issue debt securities to investors, such as investment-grade bonds and corporate bonds. Issuing debt securities is how governments and companies raise capital. A bond is a debt instrument where a company borrows money now while paying the lender (investor) interest (coupon) until they pay back the debt principal (the amount borrowed) at maturity.

Domicile

The domicile is the country in which a fund is legally based. A fund's domicile also determines the fund's primary primary regulator. For UK-domiciled funds, this is the Financial Conduct Authority (FCA).

Glossary continued

Drawdowns

This is the measure of the decline in performance of the fund from the historical peak of performance.

Financial Conduct Authority (FCA)

The Financial Conduct Authority is the UK's Financial Regulator.

Funds

For the purpose of this document, the funds are those listed in the [fund pages](#) of this report, managed by FIL Investment Services (UK) Ltd.

Independent non-executive directors (INEDs)

An independent non-executive director is an external director who is part of the Board but is not a member of the Management Company's executive management team. INEDs are not employees of the Management Company or connected to it in any other way.

Investment Association

The Investment Association is the trade body and industry voice for UK investment managers.

Investment Association Sector (IA Sector)

Funds are often categorised according to their Investment Association sector. This is a useful way to find and compare funds, for instance when comparing performance and fund charges of similar funds. Which sector a fund is placed in, mostly depends on the fund's assets, such as equities and fixed income, but may also depend on the country it invests in.

Key Investor Information Document (KIID)

The Key Investor Information Document provides investors with important information about a fund, including details about the fund's different share classes and the risks of investing in it.

Management Company

The Management Company is FIL Investment Services (UK) Limited, who is also the AFM of the funds.

Ongoing Charges Figure (OCF)

The OCF represents the charges taken from a fund over a year. It is calculated at the end of the fund's financial year and may vary from year to year. For classes of funds with fixed ongoing charges, this may not vary from year to year. For new classes of funds or classes which are undergoing corporate actions (for example, changes to the annual

management charge), the OCF is estimated until the criteria are met for an actual OCF to be published.

The types of charges included in the OCF are management fees, administration fees, custodian and depositary fees and transaction charges, shareholder reporting costs, regulatory registration fees, Directors fees (where these apply) and bank charges.

The OCF does not include: portfolio transaction costs, except in the case of an entry or exit charge paid by the fund when buying or selling units in another collective investment scheme.

The OCFs given in the [fund pages](#) of this Report relate to the lowest cost retail share class (where available) or otherwise to the share class that is available to the largest group of investors.

For more information about charges (including details of the fund's financial year end), please see the charges section in the most recent prospectus.

Open-Ended Investment Company (OEIC)

Open-Ended Investment Companies are professionally managed collective investment schemes that pool your money with other investors' money.

Overweight Positions

An overweight portfolio holds a larger amount of a particular security (or holds a larger amount of a particular sector) when compared with the weight of that security (sector) held in the benchmark portfolio.

Passive fund

A passive fund (also known as an index fund) is one that tries to copy the performance of an index.

Peer Group Quartile Ranking

The peer group quartile ranking categorises similar funds into four equal bands based on their performance in specified criteria. The first quartile contains the top 25% of funds and the fourth quartile contains the bottom 25% of funds.

Glossary continued

Percentile

A percentile refers to each of the 100 equal groups into which a population can be divided. This report includes details on what percentile a fund's OCF is compared with those of similar funds in its sector. For example, a percentile of 80 shows that a fund's OCF is lower than 80 percent of those similar funds in the sector.

Portfolio Manager

A portfolio manager is a person (or team) who is responsible for investing a fund's assets in-line with the investment strategy.

Segregated mandate

A segregated mandate is an investment portfolio that is managed on behalf of an institutional investor.

Share class

Share classes are different categories of shares in the same fund. They share the same investment objective and policies, but the fees and investment minimums may be different, and they may be restricted to particular types of investor, such as institutions.

Short Dated Sterling Credit

Bonds with a short period left to repayment. Generally five years or less.

Underweight Portfolio

An underweight portfolio holds a smaller value of a particular security (or holds a smaller value of a particular sector) when compared with the weight of that security (sector) held in the benchmark portfolio.

Value Investing

Value investing is an investment strategy that involves picking stocks that appear to be trading for less than their true or reasonable value. Value investors actively research stocks they think the stock market is underestimating in terms of their future potential and so should have a price that is higher than the price they are currently trading at.

Yield

The income from an investment, usually stated as a percentage of the value of the investment.

Fund pages and ratings

Ratings dashboard

We have used a simple rating system to summarise the results for each fund in the seven areas covered by the Value Assessment. These results are explained in more detail in the respective fund pages, as are any actions being taken to improve value.

- Green Demonstrating good value.
- Amber Demonstrating satisfactory value. We are making improvements where we can.
- Red Value has not been consistently demonstrated.

Fund	Page no.	Quality of Service	Performance	AFM Costs	Economies of Scale	Comparable Market Rates	Comparable Services	Classes of Units	Overall Rating
Fidelity Investment Funds III									
Fidelity Diversified Markets Fund	21	●	●	●	●	N/A	N/A	●	Good value
Fidelity Institutional Diversified Income Fund	22	●	●	●	●	●	●	●	Good value
Fidelity UK Real Estate Fund									
Fidelity UK Real Estate Fund	24	●	●	●	●	N/A	N/A	●	Good value, however areas of improvement have been identified

Improving value for money

Where we have identified areas where value for money can be improved, the actions we are taking are detailed in the respective fund pages of the Report.

Where can I find out more?

If you would like to find out more about this Report or anything we cover in it, please contact your financial intermediary or your usual Fidelity contact.



Fidelity Investment Funds III

Fidelity Diversified Markets Fund

Our Assessment: The fund represents good value for investors.

● Quality of Services

Across all stages of the customer journey, Fidelity provides the quality and range of services you expect from a highly regarded global provider of investment solutions.

● Performance

Investment Objective: The fund aims to increase the value of your investment over a period of five years or longer and to maintain volatility within the range of 6-8%pa.

	1 Year	3 Years	5 Years	3 Year Volatility	3 Year Maximum Drawdown
Fidelity Diversified Markets Fund	14.08	3.07	2.40	6.60	-11.42
Benchmark	8.19	5.86	4.82		

Benchmark: SONIA (Sterling Overnight Index Average) Index ('the SONIA Index') +3%

Commentary: Whilst the fund has underperformed the reference rate over three and five years, the one year performance has significantly outperformed whilst remaining within the volatility range of 6-8% per annum. For further information on the performance of the fund, please visit our [website](#).

● AFM Costs

The costs of administering the fund are appropriately monitored and controlled to help keep charges down, while maintaining a high level of service.

● Economies of Scale

The fund has provided partial economies of scale which have been passed back to the investor. How Fidelity achieves these is explained in the earlier section on Economies of Scale.

● N/A Comparable Market Rates

This fund is not categorised within an IA Sector or a Morningstar peer group, so we are unable to make a fee comparison.

● N/A Comparable Services

At the time of the assessment there were no comparable Fidelity funds or segregated mandates for individual clients.

● Classes of Units

Fund	Eligibility	Minimum Investment	Management Fee	Registrar Fee	Service Fee	Rating
F Class	Fidelity Companies Only	£100,000	0.25%	0.00%	All in Fee	Provides Value
Investment Pathway 1-Acc	Available only through distributors pre-approved by Fidelity	£1,000	0.25%	0.00%	All in Fee	Provides Value

There are no cheaper share classes, with similar rights and services, to the one you are in.

Fidelity Institutional Diversified Income Fund

Our Assessment: The fund represents good value for investors.

● Quality of Services

Across all stages of the customer journey, Fidelity provides the quality and range of services you expect from a highly regarded global provider of investment solutions.

● Performance

Investment Objective: The fund aims to achieve an income yield that is above 4% per annum over a typical market cycle (five – seven years). Any Income you may receive will vary depending on the share class of the fund into which you are invested and is not guaranteed.

	1 Year	3 Years	5 Years	12 Month Yield	3 Year Maximum Drawdown
Fidelity Institutional Diversified Income Fund	7.37	-2.52	0.10	5.77	-16.42

Benchmark: This fund has no benchmark for performance comparison

Commentary: The fund's yield target (and primary investment objective) has been exceeded over the past 12 months. For further information on the performance of the fund, please visit our [website](#).

● AFM Costs

The costs of administering the fund are appropriately monitored and controlled to help keep charges down, while maintaining a high level of service.

● Economies of Scale

The fund has provided partial economies of scale which have been passed back to the investor. How Fidelity achieves these is explained in the earlier section on Economies of Scale.

● Comparable Market Rates

We compared fees against those on similar funds offered by competitors and confirmed the fund is priced lower than the sector average.

Fund	Sector	Peer Group Percentile	OCF		Difference
			Fund	Sector Median	
Fidelity Institutional Diversified Income Fund	GBP Moderate Allocation	77	0.64%	0.89%	-0.25%

● Comparable Services

Where Fidelity provides similar investment strategies for other UK domiciled and non-UK domiciled funds, or segregated mandates for individual clients, the services are comparably priced.

● Classes of Units

Fund	Eligibility	Minimum Investment	Management Fee	Registrar Fee	Service Fee
I Class	Institutional Shares Only	£10,000,000	0.50%	0.00%	0.05%

There are no cheaper share classes, with similar rights and services, to the one you are in.



Fidelity UK Real Estate Fund

Fidelity UK Real Estate Fund

Our Assessment: The fund has demonstrated value for investors although we will continue to monitor the performance of the fund.

● Quality of Services

Across all stages of the customer journey, Fidelity provides the quality and range of services you expect from a highly regarded global provider of investment solutions.

● Performance

Investment Objective: It is intended that the Company will be a PAIF at all times and, as such, its investment objective is to carry on Property Investment Business and to manage cash raised for investment in Property Investment Business to generate an attractive and stable income return along with capital appreciation. The Company aims to outperform the Index by 0.5% per annum on a three year rolling basis.

Annualised Total Return (%)	1 Year	3 Years	5 Years
Fidelity UK Real Estate Fund	-2.9	-1.4	1
MSCI UK Property Fund Index – All Balanced Fund Index*	0.1	0.6	1.5
Out/(under) performance of the Fund to Index	-3	-2.1	-0.6

Benchmark: MSCI UK Property Fund Index – All Balanced Fund Index

*Annualised performance has been calculated on an arithmetic and not a geometric basis (see glossary).

Commentary: The fund has underperformed its investment objective over the holding period as market conditions have been challenging for this investment strategy. However, we understand the reasons for this underperformance and remain confident in the investment strategy and the Portfolio Manager's investment convictions. For further information on the performance of the fund, please visit our [website](#).

● AFM Costs

The costs of administering the fund are appropriately monitored and controlled to help keep charges down, while maintaining a high level of service.

● Economies of Scale

We have not been able to realise economies of scale over this period. However, the fund's fees are already competitive compared to those of its peers.

● N/A Comparable Market Rates

This fund is not categorised within an IA Sector or a Morningstar peer group, so we are unable to make a fee comparison.

● N/A Comparable Services

At the time of the assessment there were no comparable Fidelity funds or segregated mandates for individual clients.

● Classes of Units

There are no cheaper share classes, with similar rights and services, to the one you are in.

Important Legal Information

This document is for information purposes only and is not intended to promote, offer, or solicit the purchase of any fund referenced. It is not intended as and should not be considered, or relied upon, as investment advice. This material must not be reproduced or circulated without prior permission. Past performance is not a reliable indicator of future results. Prices of shares can go down as well as up and investors may not get back the amount originally invested. Source of fund performance and volatility and risk measures is Morningstar. Performance Basis: bid-bid with income reinvested, in GBP, net of fees. Peer Group data is sourced from Morningstar. Source of fund performance and volatility and risk measures is Morningstar. Performance Basis: bid-bid with income reinvested, in GBP, net of fees. For our index range, to be able to provide an accurate tracking error, we have used the Performance NAV (PNAV), which enables calculation of how a fund would have hypothetically performed if its valuation point had been aligned with the index.

Fidelity International refers to the group of companies which form the global investment management organisation that provides information on products and services in designated jurisdictions outside of North America. Unless otherwise stated all views expressed are those of Fidelity International. FIL Limited assets and resources as at 30/06/2024 – data is unaudited. Research professionals include both analysts and associates.

The latest fund factsheets and key investor documents are available in English and can be obtained from our website at www.investment.fidelity.co.uk. The relevant Prospectuses may also be obtained from Fidelity. Please note the assets of Fidelity International Real Estate Fund – UK Real Estate Fund were transferred into the Fidelity UK Real Estate Fund with effect from the 1st of October 2016. Any performance track record quoted may therefore reflect both funds.

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