

US small caps:
overlooked and now over here

Fidelity Funds 2 – US Smaller Companies Fund

Forrest St. Clair
Portfolio Manager

Important Information

- The value of investments and the income from them can go down as well as up and the client may get back less than they invest.
- Funds are subject to charges and expenses. Charges and expenses reduce the potential growth of your investment. This means you could get back less than you paid in. The costs may increase or decrease as a result of currency and exchange rate fluctuations. Please note that not all costs are presented, further information on costs can be found in the Prospectus.
- This fund has, or is likely to have, high volatility owing to its portfolio composition or the portfolio management techniques.
- This fund invests in overseas markets and the value of investments can be affected by changes in currency exchange rates.
- This fund invests more heavily than others in small and mid-capitalisation companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies and the securities are often less liquid.
- This fund uses financial derivative instruments for investment purposes, which may expose the fund to a higher degree of risk and can cause investments to experience larger than average price fluctuations.
- This fund does not offer any guarantee or protection with respect to return, capital preservation, stable net asset value or volatility.
- Investors should note that the views expressed may no longer be current and may have already been acted upon.
- Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only.
- Past performance is not a reliable indicator of future returns.

Please refer to the Prospectus and KID of the fund before making any final investment decisions. The investment which is promoted concerns the acquisition of units or shares in a fund and not in a given underlying asset owned by the fund. Complete information on risks can be found in the Prospectus.

Fidelity Funds 2 – US Smaller Companies Fund

Investment objective and policy

- **Objective:** The fund aims to achieve capital growth over the long term.
- **Investment Policy:** The fund invests at least 70% of its assets in equities of small companies that are listed, headquartered, or do most of their business in the United States. The fund may invest in the following assets according to the percentages indicated:
 - Money market instruments: up to 10%
 - REITs: up to 15%
- **Investment Process:** In actively managing the fund, the Investment Manager considers growth and valuation metrics, company financials, return on capital, cash flows and other measures, as well as company management, industry economic conditions, and other factors and does not integrate Sustainability Risks in its investment process.
- **Derivatives and Techniques:** The fund may use derivatives for efficient portfolio management. In addition to core derivatives (see “How the Funds Use Instruments and Techniques” in the Prospectus), the fund intends to use TRS¹.
 - TRS (including CFD²) usage: Expected 0%; maximum 40%
 - Securities lending: Expected 15%; maximum 30%
 - Repos/reverse repos: Expected 0%; maximum 30%
- **Benchmark:** Russell 2000 Index. Used for: performance comparison only. The fund is not benchmark-constrained and its performance over any period may or may not deviate significantly from that of the benchmark.
- **Fund Domicile & Legal Vehicle:** Luxembourg SICAV (UCITS).

Source: Fidelity International, 1 July 2025. Fidelity Investments is a sub-advisor of investment capabilities to Fidelity International. ¹Total Return Swaps. ²Contracts for Difference.

Fund Sustainability Information

SFDR Article 6

- The fund is classified as Article 6 under SFDR. For more details on our SFDR disclosures, please refer to <https://www.fidelity.lu/sfdr>.
- The fund does not integrate sustainability risks into investment analysis and decision-making.

Source: Fidelity International, 2025.

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Market environment & the small cap investment case

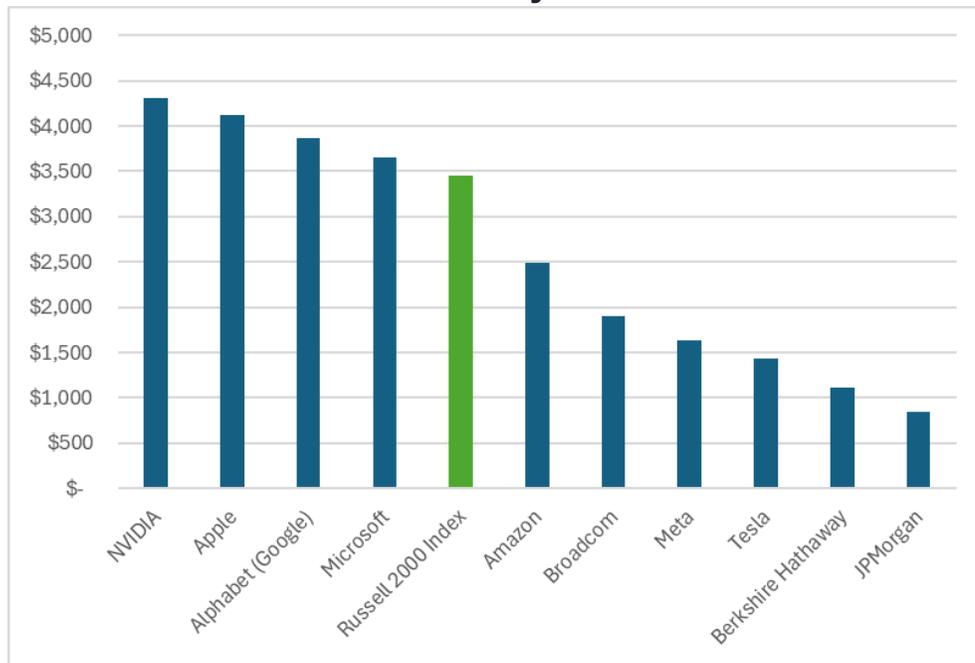
How big is too big?

Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only. Past performance does not predict future returns.

- The size of the largest companies in the United States has grown substantially, Now 4 of the top 10 largest companies are each larger than the entire US Small Cap Universe
- This is even more extreme than in 1999 when we last saw similar outperformance of Large Cap vs Small Cap in the United States

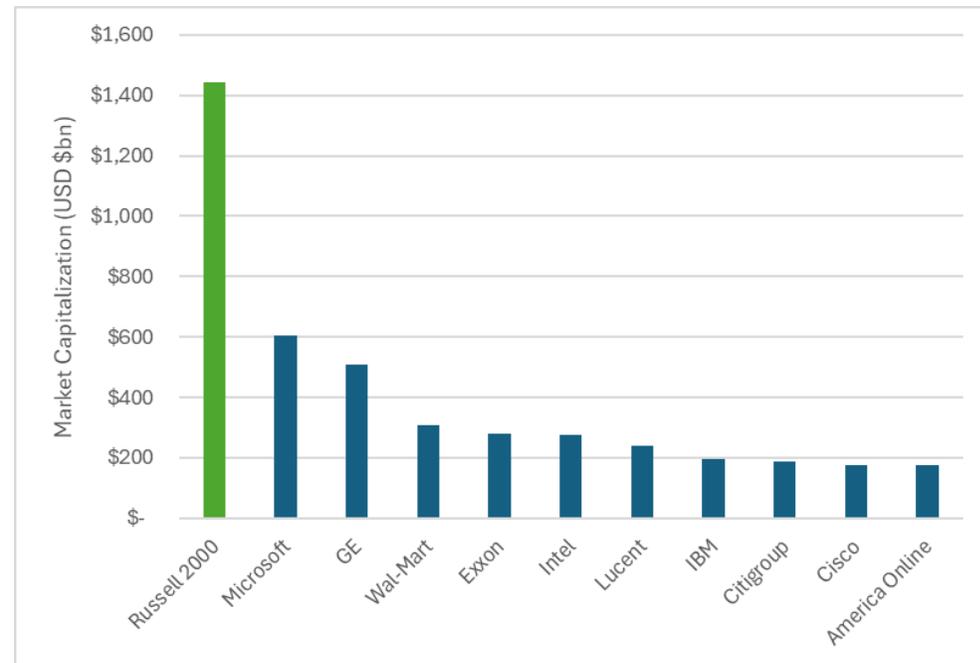
10 Largest US Companies vs US Small Cap Universe

Today



Source: Fidelity Investments, as of 30 November 2025

1999



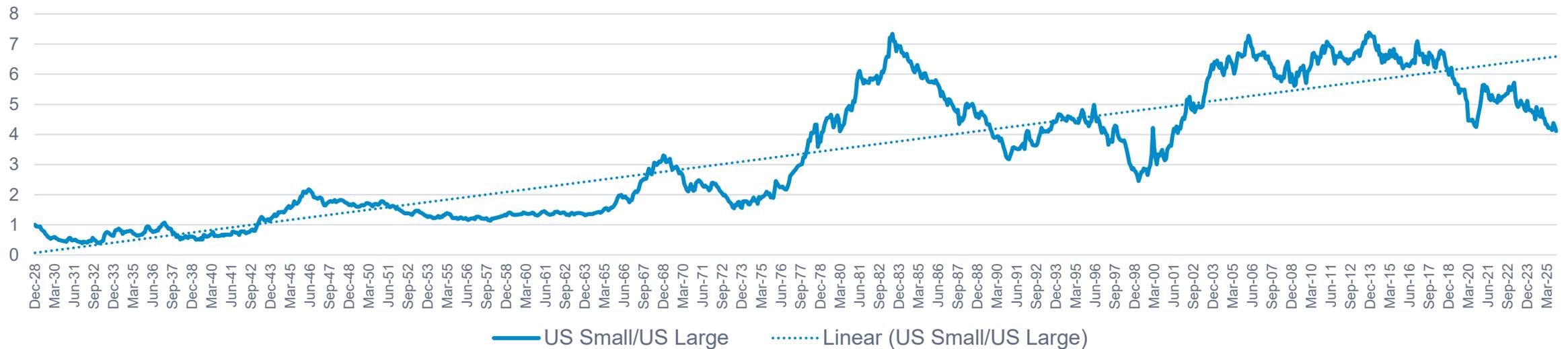
Long term performance of small cap stocks has been solid

Past performance does not predict future returns.

- US Small Cap Stocks have delivered compelling long-term returns versus US Large Cap Stocks.
- US Small Cap performance versus large cap has gone through cycles over the last nearly ~100 years.

Long term asset returns: US small/US large (cumulative)

(January 1929 – October 2025)



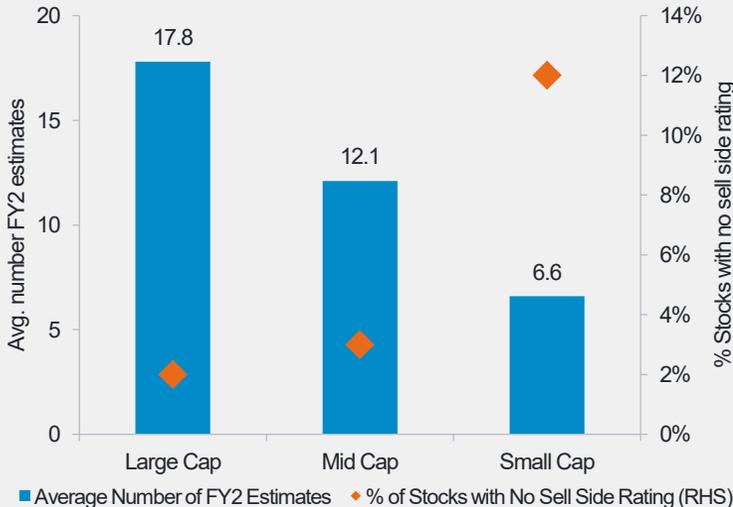
Source: Fidelity Investments, MPI Stylus, as of 31 October 2025. US Small Cap Stocks represented by Ibbotson Associates SBBI US Small Cap Total Return Index, US Large Cap Stocks represented by Ibbotson Associates SBBI US Small Cap Stock Index.

An inefficient asset class where research can add value

- Small cap stocks are covered less by sell side research, making it easier to find investment ideas through proprietary research.
- Less coverage leads to more variation in earnings estimates. Sound fundamental research fosters thinking beyond short-term variations to identify companies that can generate excess returns.
- Fidelity Investment's exceptional in-depth research uncovers market inefficiencies and identifies ample opportunities for their active small cap strategies.

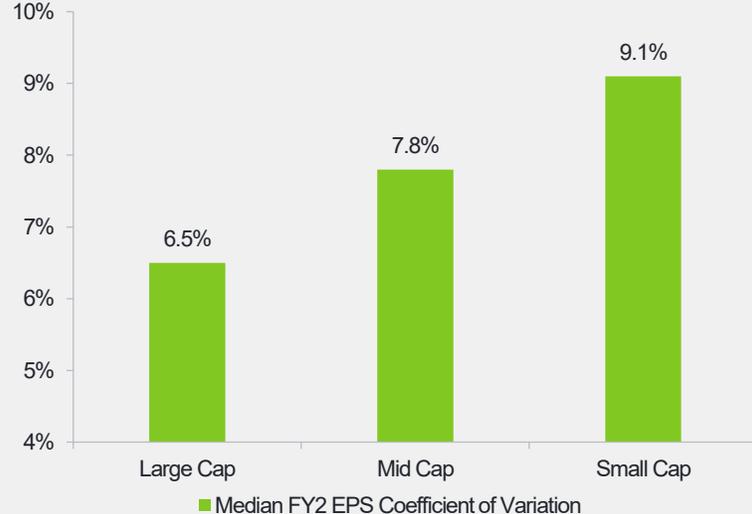
Large opportunity-set

- Minimal sell-side coverage
- Overlooked by other buy-side firms



Long-term investment horizon

- Short-term noise creates long-term opportunity
- Focus on long-term normalized earnings power



Fidelity Small Cap Research

127 Analysts Rated	978 Small Cap Companies
2,810 Small Cap Company Meetings	5,092 Analyst Notes Published

Left and Middle Chart Sources: Fidelity Investments, FactSet, as of 31 December 2024; Large Cap represented by MSCI ACWI World Index; Mid Cap represented by MSCI ACWI Mid Cap Index and Small Cap represented by MSCI ACWI World Small Cap Index. Right column: Fidelity Investments, Annual data for 2024; Global small cap defined as companies <\$5B in market cap.

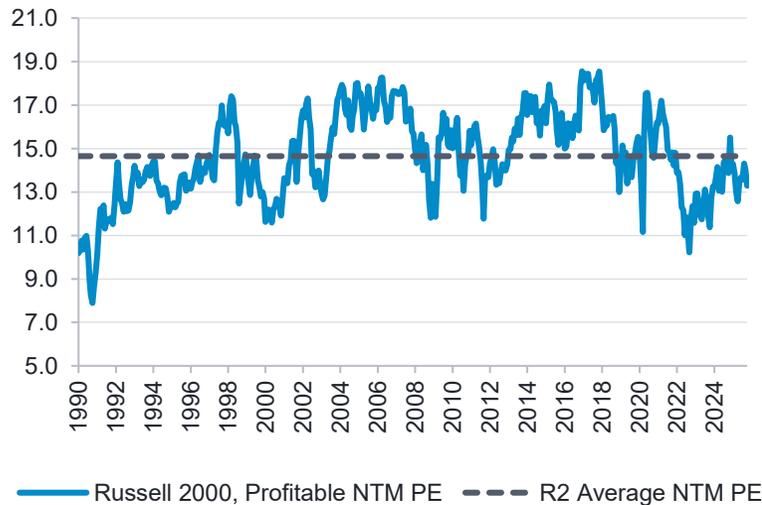
Valuations are compelling across various metrics

Arguing for healthier return potential in the future

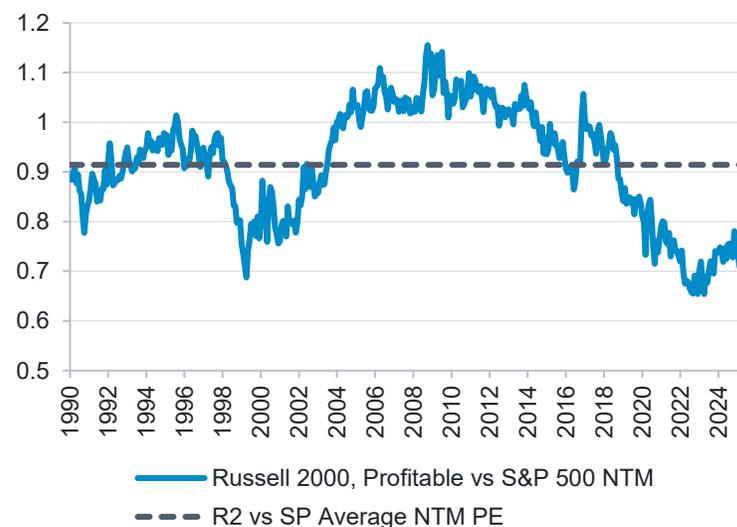
Past performance does not predict future returns.

- US Small Cap stocks have become cheap across a multiple of metrics relative history and relative to Large Cap stocks. Valuation of Small Cap vs Large Cap is in the cheapest quintile versus history.
- When valuation levels have reached this level of cheapness, the forward returns for Small Cap stocks have been solid and have outperformed Large Cap stocks the next 3, 5 and 10 years periods on average.

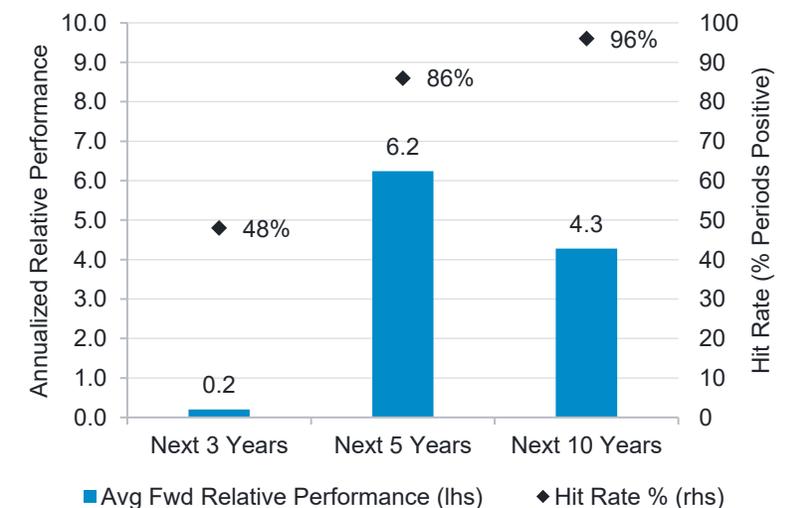
Absolute valuation of profitable small caps
(Median NTM P/E small)



Relative valuations of small cap vs large cap
(Median NTM PE small/median NTM PE large)



Avg fwd annualised relative performance Russell 2000 versus S&P 500 and hit rate when relative valuation is in the 5th (cheapest) quintile (1999-October 2025)



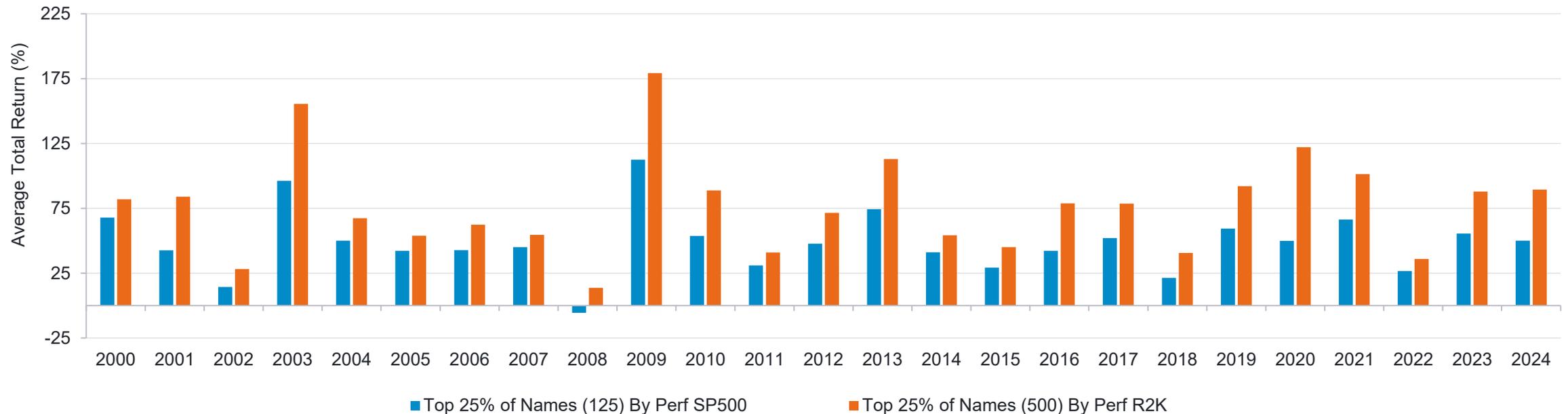
Source: Fidelity Investments, FactSet, as of 31 October 2025.

Small cap stocks offer opportunities for active managers

Past performance does not predict future returns.

- The dynamic nature of the US Small Cap universe offers active investors consistent opportunities to find great companies regardless of economic environment, style performance, or if Small Cap Is outperforming Large Caps.
- Over the last 25 calendar years, the top (25% by count) performing stocks in small cap index have outperformed top performing stocks in large cap indexes in every year.

Average performance of top quartile (by count) for small and large cap stocks



Source: Fidelity Investments, FactSet, as of 30 April 2025. SP500 = S&P 500 Index; R2K = Russell 2000 Index.

US Smaller Companies Strategy

Fidelity Investments' Small Cap Team

Experienced collaborative team of small cap investors dedicated to work with research resources across the organisation, to bring vetted investment opportunities to our small cap portfolios



Forrest St. Clair
Portfolio Manager

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Highly experienced portfolio managers

- History of success across various styles and objectives
- Offer critical insights from differentiated perspectives and experience
- Play a key role in mentoring analysts

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Small-Cap focused fundamental analysts

- Tenured analysts
- Organized by sector, with a large scope of coverage
- Employ an opportunistic research model
- Follow companies in the portfolios and tasked with “flipping over rocks”

Quantitative & Technical Research

Small-cap specific quantitative models for idea generation and risk management

Core Research

Comprehensive fundamental coverage of stocks across investable universe

High Income Research

U.S. High Yield credit research provides differentiated view of company fundamentals

Asset Allocation Research

Macroeconomic and asset- class research and insights

Source: Fidelity Investments, as of 30 June 2025.

Investment philosophy

Focused on seeking small cap stocks with superior growth and financial characteristics selling at modest prices

Buy as much growth as possible without paying more than a broad market multiple



Small cap stocks offer opportunities to identify growth stories where valuation is not fully recognized



Breadth and depth of Fidelity Investment's fundamental research team provide an ample set of opportunities and ideas that encompass our core philosophy



Take advantage of business cycle characteristics to position portfolio in areas where the macro backdrop is favourable and avoid areas where odds of success are against you



Portfolio should participate when small caps are doing well, using valuation discipline to seek to lessen downside when small caps are doing poorly

Source: Fidelity International, 2025.

Investment process



Primary criteria

We start our process looking for companies with favourable attributes

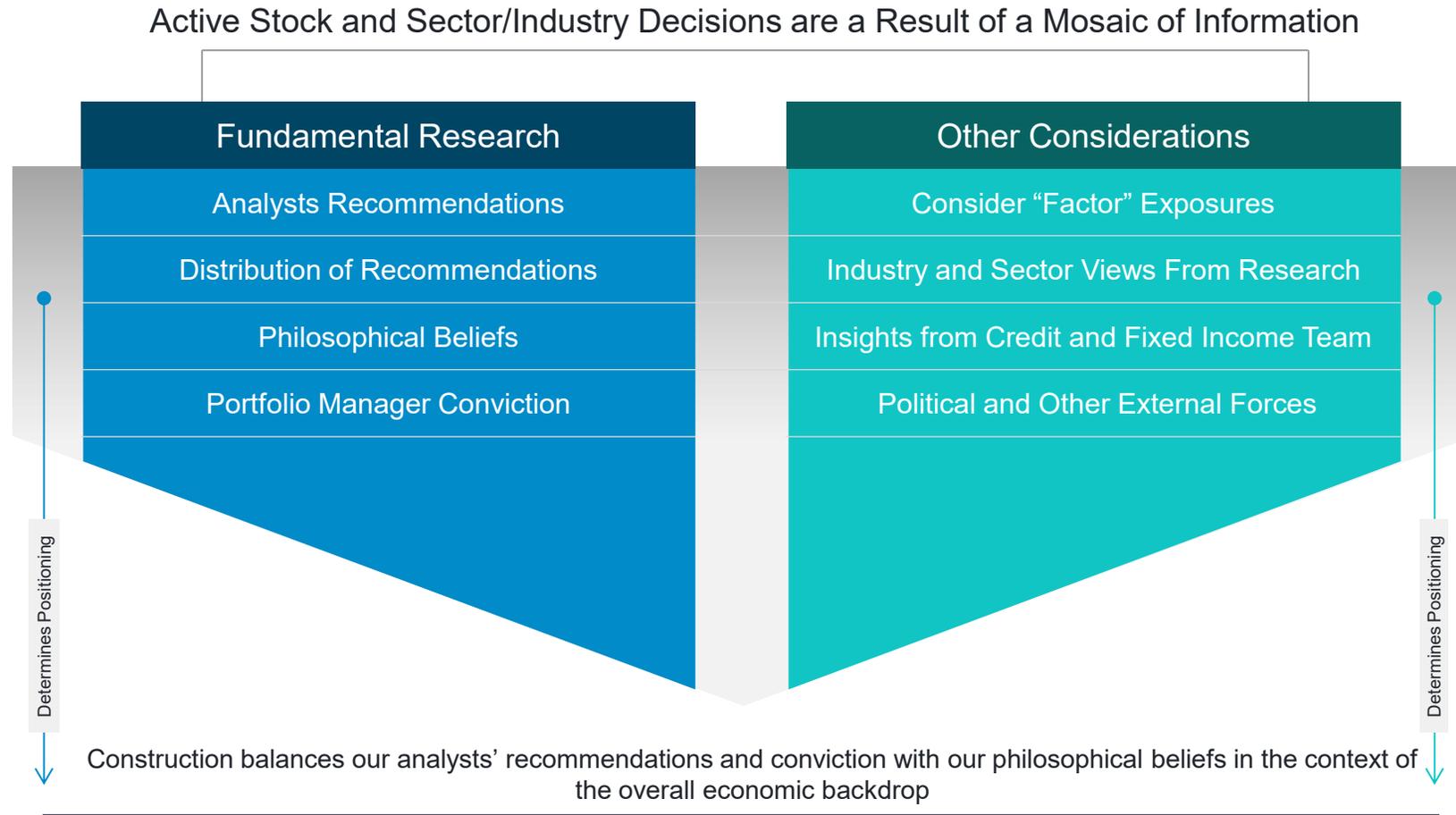
Secondary criteria

Thoroughly review the analysts' ideas and integrate them with portfolio manager's ideas, challenging analysts to dig deeper into high conviction stories

Source: Fidelity International, 2025. For illustrative purposes only.

Portfolio Construction

Incorporating information from multiple sources drives portfolio positioning



Source: Fidelity International, 2025. For illustrative purposes only.

Risk management

Dedicated risk management team and rigorous process create purposeful risk budgeting and ongoing oversight

US Smaller Companies is a **risk-managed** strategy that seeks to participate when small caps are doing well and uses **valuation discipline** to seek to lessen downside when small caps are doing poorly

1

Diversification (Typically 150–250 stocks)

2

Position size (Benchmark +/- 3.5%)

3

Quality of businesses

- Return on Equity
- Free cash flow
- Management tenure and ownership



Real-time awareness of portfolio risks allows for tactical communication and course-correction between portfolio management and risk management teams

Chaired by CIO and Head of Risk Management, formal quarterly review meetings utilize in-depth risk analysis of portfolios in a thorough review of exposures across multiple factors, guidelines, and portfolio objectives

Robust and flexible risk reporting capabilities allow for thorough client awareness of plan level effects from Fidelity Investments' portfolio exposures

Source: Fidelity International, as of 30 June 2025. In addition to the Fidelity Investments risk management process as sub-investment manager (through FIAM LLC), FIL (through FIL Fund Management Limited and FIL Investment Management (Luxembourg) S.à r.l.) conducts oversight of Fidelity Investments and risk oversight of this portfolio.

Parameters and characteristics

Parameters	
Benchmark	Russell 2000 Index
Holdings	150 – 250
Active Security Weights	+/- 3.5%
Active Industry & Sector Weights	N/A
Market Capitalisation	Higher than the benchmark (on a weighted average basis)
International Exposure	<25%
Equity Exposure	Cash <5% of Assets

Typical Characteristics	
Portfolio Turnover	40% – 80%
Annualised Tracking Error	4% – 8%
Beta	0.9 – 1.1
Active Share	>90%

Source: Fidelity International, 2025. See the Glossary at the end of this presentation for more information on any terms.

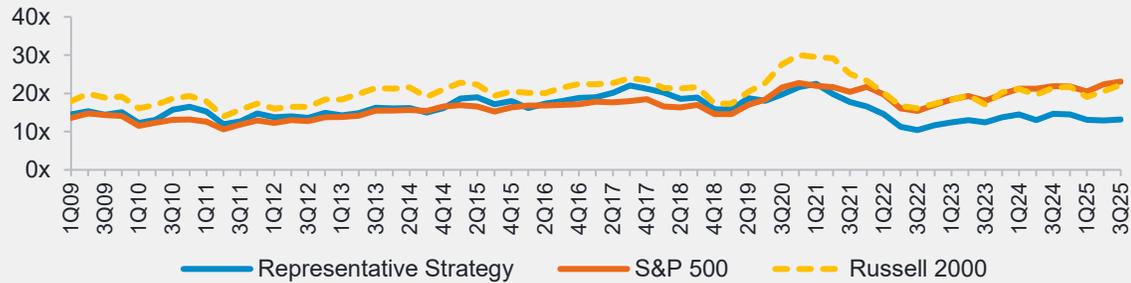
Consistent results

Representative strategy*

Performance is shown for illustrative purposes to demonstrate the Portfolio Manager's past track record. Past performance does not predict future returns.

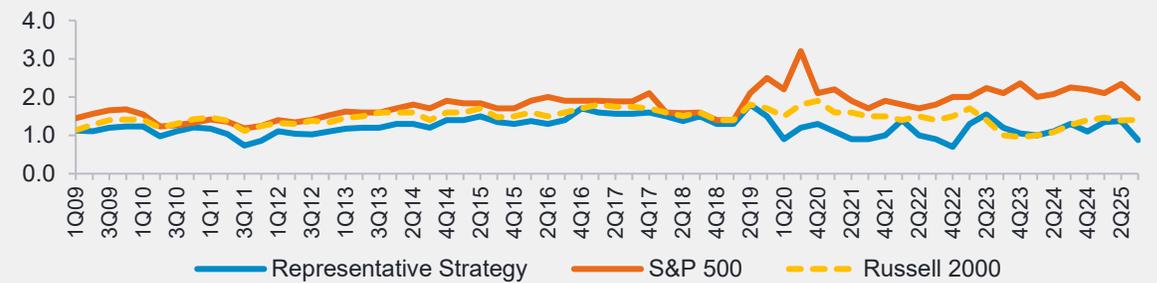
P/E Ratio

Strict valuation process: Above-average earnings growth at below market prices



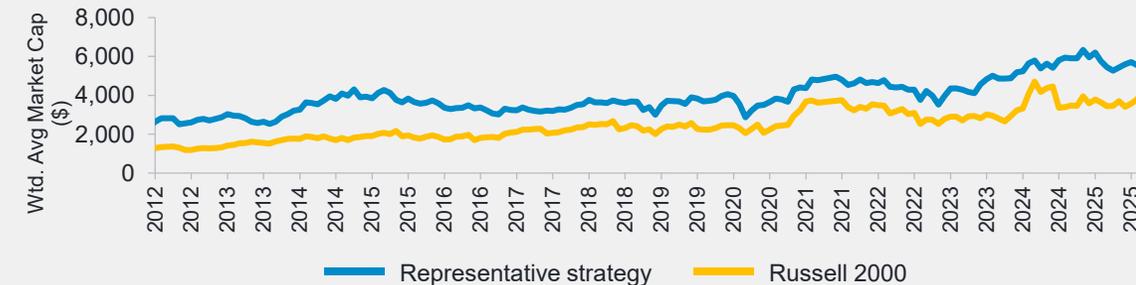
P/E-To-Growth Ratio

Portfolio is undervalued relative to expected growth rate



Market Capitalization

(Weighted averages)



Current Portfolio Characteristics

(Weighted averages)



Source: Fidelity Investments, as of 30 September 2025. *Data for Representative Small Company Strategy. The strategy data is presented to illustrate the characteristics of the strategy from when PM Forrest St. Clair was appointed; From 31 December 2008 to 30 September 2025. The characteristics of the fund may vary. The primary benchmark for this strategy is the Russell 2000. The S&P 500 is shown for comparative purposes only.

Top 10 absolute positions

As of 30 September 2025

Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only.

Security Name	Sector	Fund (%)	Index (%)	Relative (%)
Genpact	Industrials	4.1%	0.0%	4.1%
Laureate Education	Cons. Disc.	3.9%	0.1%	3.8%
IES Holdings	Industrials	3.3%	0.1%	3.2%
Brink's	Industrials	2.5%	0.2%	2.3%
Old National Bank	Financials	2.5%	0.3%	2.2%
Brady	Industrials	2.3%	0.0%	2.3%
Fabrinet	I.T.	2.1%	0.5%	1.6%
FirstCash	Financials	2.0%	0.2%	1.8%
Maximus	Industrials	2.0%	0.2%	1.8%
DXP Enterprises	Industrials	2.0%	0.1%	1.9%

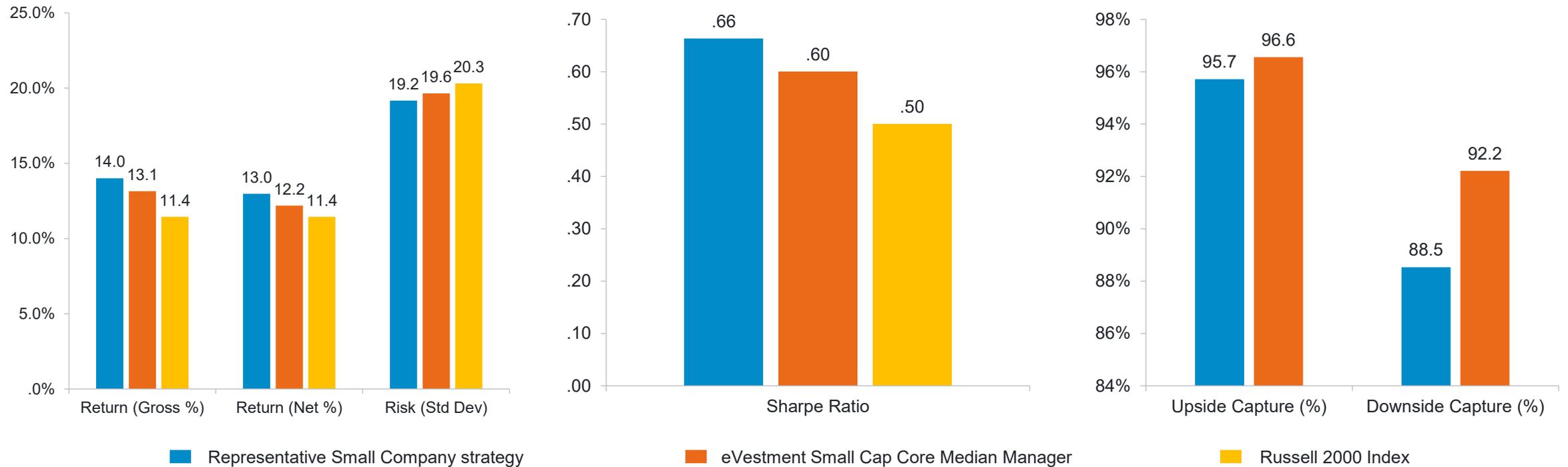
Source: Fidelity International, 30 September 2025. Fund: FF2 US Smaller Companies Fund. Comparative Index: Russell 2000 (N). For illustrative purposes only. Performance of a security is not indicative portfolio returns. Past performance is not indicative of future results. Investors should also note that the views expressed may no longer be current and may have already been acted upon

Consistent philosophy has driven results

31 December 2008 to 30 September 2025

Performance is shown for illustrative purposes to demonstrate the Portfolio Manager's past track record.
Past performance does not predict future returns.

Representative Small Company Strategy performance (Gross) and risk vs. peers and index



Source: eVestment, as of 30 September 2025. Benchmark: Russell 2000. Composite account information is shown for Return, Risk, Sharpe Ratio and Upside and Downside Capture. Ranking source eVestment Alliance Q2 2025. Rankings data for all the time periods shown were retrieved on 04 August 2025 with at least 80% of managers in US Small Cap Core universe reporting and based on 107 investment products respectively. The universe that the products are shown against is defined by eVestment Alliance. Rankings shown are based on net return, standard deviation, Sharpe ratio, and upside/downside capture ratios. eVestment Alliance, LLC and its affiliated entities (collectively, "eVestment") collect information directly from investment management firms and other sources believed to be reliable, however, eVestment does not guarantee or warrant the accuracy, timeliness, or completeness of the information provided and is not responsible for any errors or omissions. For illustrative purposes only.

Fidelity Funds 2 – US Smaller Companies Fund

Return & diversification potential

- The US small-cap universe is under-researched and offers opportunities to identify growth stories which are overlooked or underappreciated by other investors.
- They provide exposure to the domestic economy while diversifying away from concentrated parts of the market, such as large-cap tech, with their more locally focused business models benefitting in a backdrop of heightened trade tensions.

Deep experience

- PM Forrest St. Clair has over 25 years of investment experience and has managed the strategy since 2009.
- Supported by a highly experienced team of dedicated small-cap analysts, leveraging Fidelity Investments' global platform across asset classes to form robust views for all investment decisions.

Consistent outcomes

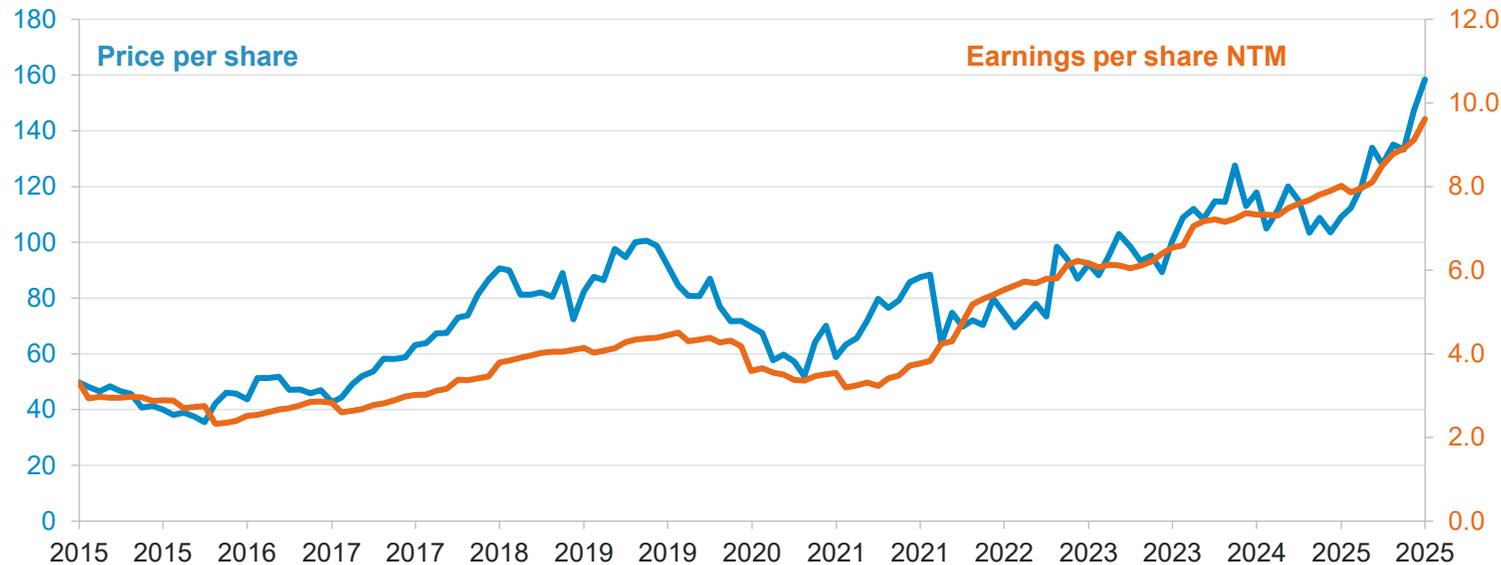
- Time tested approach, with proven track record of alpha generation and outperformance of Russell 2000 over PM career.
- Consistent investment philosophy has historically resulted in lower volatility than the market and better downside protection.

Source: Fidelity International, 30 September 2025.

Appendix

Stock Example: FirstCash Holdings

Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only. Past performance does not predict future returns.



Rolling 5-year table shows percentage growth rate for the period indicated, in USD terms

	30.09.2020 - 30.09.2021	30.09.2021 - 30.09.2022	30.09.2022 - 29.09.2023	29.09.2023 - 30.09.2024	30.09.2024 - 30.09.2025
FirstCash Holdings	55.5%	-14.8%	38.8%	15.8%	39.8%
Russell 2000 Index (N)	47.2%	-23.8%	8.4%	26.2%	10.3%
Excess return	8.2%	9.0%	30.4%	-10.5%	29.4%

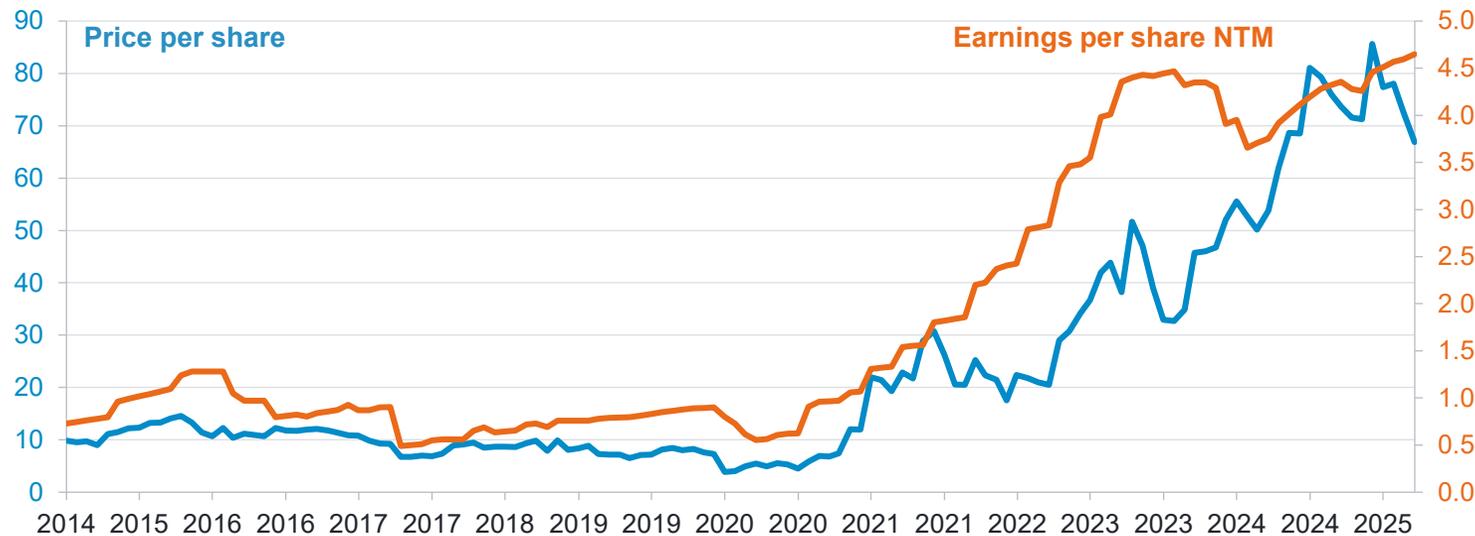
Stock thesis

- i. Largest operator of pawn stores in the US and Latin America
- ii. Portfolio manager has known the company and management team for over 20 years, covered it as a small cap analyst. Initiated position in 2013 at \$1.5bn market cap.
- iii. Counter-cyclical business
- iv. Strong relationship with management team dating back to early 2000s
- v. Long-tenured CEO with a track record of delivering positive organic growth, capital allocation, and M&A.
- vi. Strong balance sheet with high returns on equity and free cash flow generation
- vii. Above average growth trading at below market multiple

Source: Fidelity International, LSEG DataStream as of 30 September 2025. All figures in USD. NTM stands for Next Twelve Months. Table: LSEG DataStream, as of 30 September 2025. All stocks/indices are total return in US dollars.

Stock Example: Tecnoglass

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Rolling 5-year table shows percentage growth rate for the period indicated, in USD terms

	30.09.2020 - 30.09.2021	30.09.2021 - 30.09.2022	30.09.2022 - 29.09.2023	29.09.2023 - 30.09.2024	30.09.2024 - 30.09.2025
Tecnoglass	314.6%	-2.4%	58.5%	110.1%	-1.8%
Russell 2000 Index (N)	47.2%	-23.8%	8.4%	26.2%	10.3%
Excess return	267.4%	21.4%	50.1%	83.9%	-12.1%

Stock thesis

- i. Manufacturer of architectural glass for commercial and residential use.
- ii. Idea initially generated via quantitative screening process. Conviction built through further bottom-up fundamental analysis by small cap team. Position initiated in 2023 at \$1.5bn market cap.
- iii. Competitive cost advantages in hurricane-proof products, has expanded growth potential by increased presence in other residential glass categories
- iv. Strong balance sheet, high returns on equity, with consistent free cash flow generation
- v. Attractive valuation with a runway for continued growth

Source: Fidelity International, LSEG DataStream as of 30 September 2025. All figures in USD. NTM stands for Next Twelve Months. Table: LSEG DataStream, as of 30 September 2025. All stocks/indices are total return in US dollars.

Glossary

Term	Definition
Active Money	Sum of the fund's overweight positions (including effective cash) when compared to the market index.
Annualised Tracking Error	A measure showing how closely a fund follows the index to which it is being compared. It is the standard deviation of the fund's excess returns. The higher the fund's tracking error, the higher the variability of fund returns around the market index.
Beta	A measure of a portfolio's sensitivity to market movements (as represented by a benchmark index). The benchmark index has a beta of 1.0. A beta of more (less) than 1.0 indicates that a fund's historical returns have fluctuated more (less) than the benchmark index. Beta is a more reliable measure of volatility when used in combination with a high R ² , which indicates a high correlation between the movements in a fund's returns and movements in a benchmark index.
Cash and Other	Can include fund receivables, fund payables, and offsets to other derivative positions, as well as certain assets that do not fall into any of the portfolio composition categories. Depending on the extent to which the fund invests in derivatives and the number of positions that are held for future settlement, Cash and Other can be a negative number.
Earnings Per Share (EPS) Growth (Trailing)	Measures the growth in reported earnings per share over the specified past time period.
Earnings Per Share (EPS) Growth 1-Year (IBES Forecast)	Measures the consensus of Wall Street analysts' estimates for earnings per share growth over the next year.
Earnings Yield	Represents a stock's earnings per share for the most recent 12 months divided by current price per share.
Free Cash Flow (FCF)	A measure of a company's financial performance, calculated as operating cash flow minus capital expenditures. FCF represents the cash that a company is able to generate after spending the money required to maintain or expand its asset base. FCF is important because it allows a company to pursue opportunities that enhance shareholder value.
Market Capitalization	The total dollar market value of all of a company's outstanding shares.
Median Market Cap	Identifies the median market capitalization of the portfolio or benchmark as determined by the underlying security market caps.
Price/Cash Flow	The ratio of a company's current share price to its trailing 12-month cash flow per share.
Price-to-Book (P/B) Ratio	The ratio of a company's current share price to reported accumulated profits and capital.

Glossary

Term	Definition
Price-to-Earnings (P/E) Ratio (IBES 1-Year Forecast)	The ratio of a company's current share price to Wall Street analysts' estimates of earnings.
Return on Equity (ROE) 5-Year Trailing	The ratio of a company's last five years' historical profitability to its shareholders' equity. Preferred stock is included as part of each company's net worth.
Return on Invested Capital (ROIC)	A measure of how effectively a company uses the money (borrowed or owned) invested in its operations, typically expressed as net income minus dividends divided by total capital (debt plus equity).
Sales Growth/Share 1-Year (Trailing)	Measures the growth in reported sales over the specified past time period.
Sharpe Ratio	Measures a fund's risk-adjusted performance, taking into account the return on a risk-free investment. The ratio allows an investor to assess whether the fund is generating adequate returns for the level of risk it is taking. The higher the ratio, the better the risk-adjusted performance has been. If the ratio is negative, the fund has returned less than the risk-free rate. The ratio is calculated by subtracting the risk-free return (such as cash) in the relevant currency from the fund's return, then dividing the result by the fund's volatility. It is calculated using annualised numbers.
Total Return Swaps (TRS)	Transaction in which one counterparty makes payments based on a fixed or variable rate to the other counterparty, who transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation, such as an equity, bond or index; TRS can be funded or unfunded (with or without a required up-front payment).
Tracking Error	A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, creating an unexpected profit or loss.
Turnover Rate	The lesser of amounts of purchases or sales of long-term portfolio securities divided by the monthly average value of long-term securities owned by the fund.
Up/Down Capture Ratio	A statistical measure of an investment manager's overall performance in up and down markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The ratio is calculated by dividing the manager's returns by the returns of the index during the up market, and multiplying that factor by 100. The down-market capture ratio is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. The ratio is calculated by dividing the manager's returns by the returns of the index during the down market and multiplying that factor by 100.
Weighted Average Cost of Capital (WACC)	The weighted average cost of capital (WACC) is a calculation of a firm's cost of capital in which each category of capital is proportionately weighted. All sources of capital, including common stock, preferred stock, bonds, and any other long-term debt, are included in a WACC calculation.
Weighted Average Market Cap	Identifies the market capitalization of the average equity holding as determined by the dollars invested in the portfolio or benchmark.
Weighted Median Market Cap	Identifies the market capitalization of the median equity holding as determined by the dollars invested in the portfolio or benchmark.

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