

# Fidelity Multi Asset Income Range

## Introduction

The Fidelity Multi Asset Income funds are a range of three income-focused funds offering investors a choice of longer-term income targets and risk profiles. They are managed by an experienced team within Fidelity's large multi-asset business, benefiting from its resources and research capability. The funds have flexible investment mandates but with a focus on investing in internal Fidelity funds where they have the necessary capability, thereby controlling overall costs.



[Click here to read the Fidelity approach to ESG investing.](#)

## Fund Range

Fund	Sector	Launch Date	Long-Term Income Target
<b>Fidelity Multi-Asset Income</b>	IA Mixed Investment 0-35%	April 2007	4-6% per annum
<b>Fidelity Multi-Asset Balanced Income</b>	IA Mixed Investment 20-60%	September 2013	3-5% per annum
<b>Fidelity Multi-Asset Income &amp; Growth</b>	IA Mixed Investment 40-85%	September 2013	4-6% per annum

## Investment Process

The Multi Asset Income fund and the Multi Asset Income & Growth fund both have a long-term income target of 4%-6% per annum over a market cycle, generated from the natural income of the underlying investments. The Multi Asset Balanced Income fund, which is the lower cost option of the three funds, has a long-term income target of 3%-5% per annum.

The funds combine flexible asset allocation with investment selection, splitting the potential investments into 3 underlying categories: Defensive assets (government bonds, investment grade bonds, cash), Yield assets (high yield bonds, EM debt, loans, alternative income strategies) and Growth assets (equities, infrastructure, REITS) with the allocations varying depending on the fund's risk profile and the team's views on those asset classes. The funds will contain a combination of each with growth assets aiming to deliver capital growth and income, yield assets tending to have an attractive yield and potential for capital growth, and defensive assets aiming to deliver steady income and capital preservation qualities.

As these are outcome-focused funds, they do not have a formal benchmark or strategic asset allocation. Fidelity provides long-term neutral allocations for indicative purposes, which are as follows:

	Growth Assets	Defensive Assets	Yield Assets
<b>Multi-Asset Income</b>	30%	60%	10%
<b>Multi-Asset Balanced Income</b>	30%	40%	30%
<b>Multi-Asset Income &amp; Growth</b>	45%	20%	35%

The funds have wide flexibility for asset allocation decisions, and these are highlighted in the table below:

Fund	Growth Assets	Defensive Assets	Yield Assets
<b>Multi-Asset Income</b>	5 - 40%	20 - 80%	0 - 55%
<b>Multi-Asset Balanced Income</b>	20 - 40%	20 - 60%	10 - 60%
<b>Multi-Asset Income &amp; Growth</b>	25 - 80%	0 - 50%	15 - 60%

The funds invest mainly in Fidelity's actively managed, income-orientated funds but can also invest in actively managed external funds and passive strategies. There are no formal limits in terms of the use of internal funds versus external funds, but exposure is typically around 75%:25% in favour of internal funds. Internal funds are typically selected where Fidelity has strong capabilities, which, for the purposes of these funds, includes mainly UK and global equity income, and fixed income strategies. External funds are generally used for alternative/more specialist asset class exposure, where Fidelity does not have the internal expertise, or to complement Fidelity's own investment strategies. The overall aim is to be relatively style neutral over the longer-term, so that manager selection is the main performance driver.

All non-sterling fixed income exposure is hedged back to sterling, as this helps to reduce the associated volatility, but non-sterling equity exposure is left unhedged. The exception within fixed income is where currencies have a positive carry versus sterling and exposure is left unhedged, or where the currency exposure is part of the investment thesis. Access to alternative assets is typically through listed investment trusts.

Most research is generated internally with the Manager Research Team a key element, as they cover active and passive strategies and internal and external fund research. The team uses a combination of quantitative and qualitative research and benefits from the specific Risk and Analytics Team. They are looking to identify managers with investment skill, supported by evidence of that skill and verification of the stated investment style and process.

## Our Opinion

There is a high degree of commonality across the three funds. The Multi-Asset Balanced Income and Multi-Asset Income & Growth funds were launched at the same time to complement the existing Multi-Asset Income fund.

The funds are managed by the same team, using the same overall investment process, same asset allocation process and decisions, same underlying investment selection, risk management process etc. The core of each portfolio is invested in funds, but they also have a wide number of stocks in their equity and bond components making them hybrid portfolios rather than purely fund of funds. The funds have demonstrated an ability to produce consistent levels of income with a consistent volatility profile through most market conditions. The fund range provides high quality managed solutions for income investors across different risk profiles.



### Important Notice

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