

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name:
Fidelity Funds - European High Yield Fund

Legal entity identifier:
QRZDLZXRZFWQ9BAHI598

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective ?	
<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> Yes	<input type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: __% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective: __%	<input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 10.86% of sustainable investments <ul style="list-style-type: none"> <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective <input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The fund met the environmental and social characteristics it promoted as defined in the SFDR precontractual disclosure for the period. The fund promoted environmental and social characteristics by investing in securities of issuers with favourable ESG characteristics. Favourable ESG characteristics were determined by reference to ESG ratings. ESG ratings considered environmental characteristics including carbon intensity, carbon emissions, energy efficiency, water and waste management and biodiversity, as well as social characteristics including product safety, supply chain, health and safety and human rights.

No reference benchmark was designated for the purpose of attaining the environmental and social characteristics promoted.

Where the fund invested in sustainable investments with environmental objectives, this contributed towards the climate change mitigation environmental EU Taxonomy objective.

Where the fund invested in sustainable investments with social objectives, this contributed towards the socially focused SDG objectives as explained in the answer on the objectives of the sustainable investments below.

The sustainable investments figures in this periodic disclosure are an average of data as of 31 December 2022 and 31 March 2023.

Sustainability Indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How did the sustainability indicators perform?

The performance of the sustainability indicators the fund used to measure the attainment of the environmental or social characteristics that it promoted was:

- i) 65.21% of the fund was invested in securities of issuers with favourable ESG characteristics in accordance with Fidelity's Sustainable Investing Framework;
- ii) in respect of its direct investments, 0% of the fund was invested in securities of issuers with exposure to the Exclusions;
- iii) 10.86% of the fund was invested in sustainable investments; and
- iv) 3.83% of the fund invested in sustainable investments with a social objective.

... and compared to previous periods?

Not applicable as this is the first reporting period.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

While it did not have as its objective a sustainable investment, it had a proportion of 10.86% of sustainable investments. The sustainable investments had an environmental and social objective. The fund determined a sustainable investment as follows:

- a) issuers that undertake economic activities that contribute to one or more of the environmental objectives set out in the EU Taxonomy and qualify as environmentally sustainable in accordance with EU Taxonomy. This contributed towards the climate change mitigation environmental EU Taxonomy objective; or
 - (b) issuers whereby the majority of their business activities (more than 50% of revenue) contributed to environmental or social objectives aligned with one or more of the United Nations Sustainable Development Goals ("SDGs"); or
 - (c) issuers which set a decarbonisation target consistent with a 1.5 degree warming scenario or lower (verified by the Science Based Target Initiative or a Fidelity Proprietary Climate Rating) which was considered to contribute to environmental objectives;
- provided they do no significant harm, meet minimum safeguards and good governance criteria.

The SDGs are a series of goals published by the United Nations which recognise that ending poverty and other deprivations must go hand-in-hand with improvements in health and education, economic growth, and a reduction in inequalities, all while tackling climate change and working to preserve the planet's oceans and forests. For further details see the UN [website](#). Environmental focused SDGs include clean water and sanitation; affordable and clean energy; responsible consumption and production; and climate action. Social focused SDGs include no poverty; zero hunger; economic growth and productive employment; industry, innovation and infrastructure; safe and sustainable cities and communities.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Sustainable investments were screened for involvement in activities that cause significant harm and controversies, assessed through a check that the issuer met minimum safeguards and standard that relate to principal adverse impacts (PAIs) as well as performance on PAI metrics. This Included: Norms-based screens - the screening out of securities identified under Fidelity's existing norms-based screens (as set out below); Activity-based screens - the screening out of issuers based on their participation in activities with significant negative impacts on society or the environment, including issuers that were considered to have a 'Very Severe' controversy using controversy screens, covering 1) environmental issues, 2) human rights and communities, 3) labour rights and supply chain, 4) customers, 5) governance; and PAI indicators - quantitative data (where available) on PAI indicators were used to evaluate whether an issuer was involved in activities that cause significant harm to any environmental or social objective.

Principal adverse impacts are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How were the indicators for adverse impacts on sustainability factors taken into account?

For sustainable investments, as set out above, Fidelity undertook a quantitative evaluation to identify issuers with challenging performance on PAI indicators, all mandatory and any relevant indicators for adverse impacts on sustainability factors as set out in Annex 1 of the EU SFDR Regulatory Technical Standards were taken into account (where data was available).

Issuers with a low overall score were ineligible to be ‘sustainable investments’ unless Fidelity’s fundamental research determined that the issuer was not breaching “do no significant harm” requirements or was on the path to mitigate the adverse impacts through effective management or transition.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Norms-based screens were applied: Issuers identified as failing to behave in a way which meets their fundamental responsibilities in the areas of human rights, labour, environmental and anti-corruption as aligned with international norms including those set out by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, UN Global Compact (UNGC), ILO Standards International Labour Organisation (ILO) Conventions, were not considered sustainable investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts on sustainability factors were considered through and incorporated into investment decisions through a variety of tools, including:

- (i) Due Diligence - analysis of whether principal adverse impacts were material and negative.
- (ii) ESG rating - Fidelity references ESG ratings which incorporate material principal adverse impacts such as carbon emissions, employee safety and bribery and corruption, water management. For sovereign issued securities, principal adverse impacts were considered through and incorporated into investment decisions using ratings which incorporate material principal adverse impacts such as carbon emissions, social violations and freedom of expression.
- (iii) Exclusions - We adopted a principles-based approach to ESG matters and as part of this we place companies which we regard as unsuitable investments on an Exclusion List, including but not limited to the following; a firm-wide exclusions list, that includes biological weapons, chemical weapons, the use of stock piling, production and transfer of anti-personnel mines, the treaty of non-proliferation of nuclear weapons and guidance from the UN, World Bank and other global authorities upholding ESG principles.
- (iv) Engagement - Fidelity used engagement as a tool to better understand principal adverse impacts on sustainability factors and, in some circumstances, advocate for enhancing principal adverse impacts and sustainability metrics. Fidelity participated in relevant individual and collaborative engagements that target a number of principal adverse impacts (i.e. Climate Action 100+, Investors Against Slavery and Trafficking APAC).
- (v) Voting - Fidelity's voting policy included explicit minimum standards for board gender diversity and engagement with climate change. Fidelity may also vote to enhance issuer performance on other indicators.
- (vi) Quarterly reviews - monitoring of principal adverse impacts through the fund's quarterly review process.

Fidelity takes into account specific indicators for each sustainability factor when considering whether investments have a principal adverse impact. These indicators are subject to data availability and may evolve with improving data quality and availability.

The above exclusions and screens (the "Exclusions") may be updated from time to time. Please refer to this website for further information: ["Sustainable investing framework"](#).



What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 2022-05-01 / 2023-04-30

Largest investments	Sector	% Assets	Country
Fidelity ILF - The Euro Fund - A-ACC-EUR	Open Ended Fund	8.17%	Ireland
Faurecia 2.75% 15/02/2027	Consumer Discretionary	1.50%	France
Altice (France) Holding 8.00% 15/05/2027 Reg S	Consumer Discretionary	1.50%	Luxembourg
EDF 3.375% VRN (Perpetual)	Utilities	1.49%	France
Organon Finance 2.875% 30/04/2028 Reg S	Healthcare	1.34%	USA
Orano 3.375% 23/04/2026 EMTN	Information Technology	1.31%	France
LHMC Finco 7.25% 02/10/2025 Reg S	Consumer Discretionary	1.31%	Luxembourg
Virgin Med Securities 4.125% 15/08/2030 Reg S	Consumer Discretionary	1.19%	UK
Bellis Acquisition 3.25% 16/02/2026 Reg S	Consumer Staples	1.15%	UK
UniCredit 8.00% VRN (Perpetual)	Financials	1.09%	Italy
GEMS Education Delaware 7.125% 31/07/2026 Reg S	Consumer Discretionary	1.08%	Supranational
Lincoln Financing 3.625% 01/04/2024 REGS	Financials	1.07%	Luxembourg
Punch Finance 6.125% 30/06/2026 Reg S	Consumer Discretionary	1.05%	UK
AA Bond 6.50% 31/01/2026 Reg S	Industrials	1.04%	UK
Vodafone Group 6.25% VRN 03/10/2078	Communication Services	1.03%	UK

The following data has been compiled based on the last day of close of business quarterly data and averaged for the reference period. Classification of securities including Sector and Country are determined as at the last day of the reference period. This data includes all securities, excluding derivatives.



What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

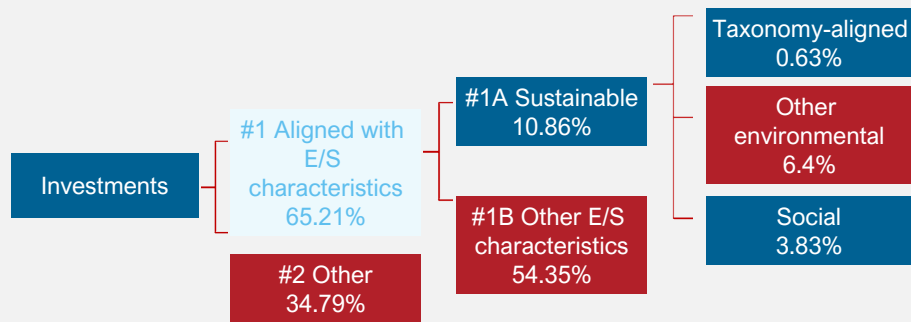
The fund invested 10.86% in sustainable investments.

What was the asset allocation?

(#1 aligned with E/S characteristics) The fund invested in:

- 65.21% of its assets in securities of issuers with favourable ESG characteristics;
- 10.86% in sustainable investments (#1A sustainable)* of which 0.63% have an environmental objective (which is aligned with the EU Taxonomy), 6.4% have an environmental objective (which is not aligned with the EU Taxonomy), 3.83% have a social objective.

(#1B Other E/S characteristics) Includes securities of issuers with favourable ESG characteristics but are not sustainable investments.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

Sector	Sub Sector	% of NAV
Communication Services	Diversified Telecommunication Services	8.32%
	Wireless Telecommunication Services	2.19%
	Media	0.44%
Consumer Discretionary	Media	6.08%
	Hotels Restaurants & Leisure	4.03%
	Auto Components	3.90%
	Diversified Consumer Services	3.18%
	Speciality Retail	1.82%
	Automobiles	1.04%
	Internet & Catalogue Retail	0.43%
	Textiles & Apparel	0.24%
Household Durables	0.00%	
Consumer Staples	Food & Staples Retailing	1.91%
Energy	Oil, Gas & Consumable Fuels	4.26%
	Energy Equipment & Services	2.55%
Financials	Consumer Finance	4.57%
	Diversified Financial Services	3.14%
	Commercial Banks	13.02%
	Capital Markets	0.66%
	Thriffs & Mortgage Finance	0.49%

Financials	Insurance	0.23%
Government	Government	0.14%
Healthcare	Pharmaceuticals	2.40%
	Health Care Providers & Services	1.23%
	Biotechnology	0.03%
Industrials	Commercial Services & Supplies	3.28%
	Transportation Infrastructure	2.37%
	Airlines	0.99%
	Construction & Engineering	0.37%
	Machinery	0.20%
	Road & Rail	0.15%
	Industrial Conglomerates	0.08%
	Aerospace & Defence	0.06%
	Trading Companies & Distributors	0.03%
Information Technology	Electronic Equipment Instruments & Components	2.09%
	Communications Equipment	0.56%
	Semiconductor Equipment & Products	0.40%
	IT Services	0.18%
Materials	Containers & Packaging	1.61%
	Chemicals	0.61%
	Metals & Mining	0.42%
	Construction Materials	0.03%
Open Ended Fund	Closed Ended Cash Fund	8.17%
Real Estate	Real Estate	1.20%
	Fixed Income - Corp Bds - Real Est Mgt & Dev - Real Estate	0.38%
	Equity - Convt Stock - Real Est Mgt & Dev - Real Estate	0.11%
	Equity - Common Stock - Real Est Mgt & Dev - Real Estate	0.00%
Utilities	Electric Utilities	5.44%
	Independent Power Producers & Energy Traders	1.97%
	Multi-Utilities	0.00%

The following data has been compiled based on the last day of close of business quarterly data and averaged for the reference period. Classification of securities including Sector and Sub Sector are determined as at the last day of the reference period. This data includes all securities, excluding derivatives. Due to data limitations, we are not able to disclose information on the proportion of investments on sectors and sub-sectors of the economy that derive revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund invested 0.63% in sustainable investments with an environmental objective aligned with the EU Taxonomy. This contributed towards the climate change mitigation (0.63%) environmental EU Taxonomy objective.

The compliance of the investments of the fund with the EU Taxonomy was not subject to an assurance by auditors or a review by third parties.

The taxonomy alignment of the underlying investments of the fund is measured by turnover.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

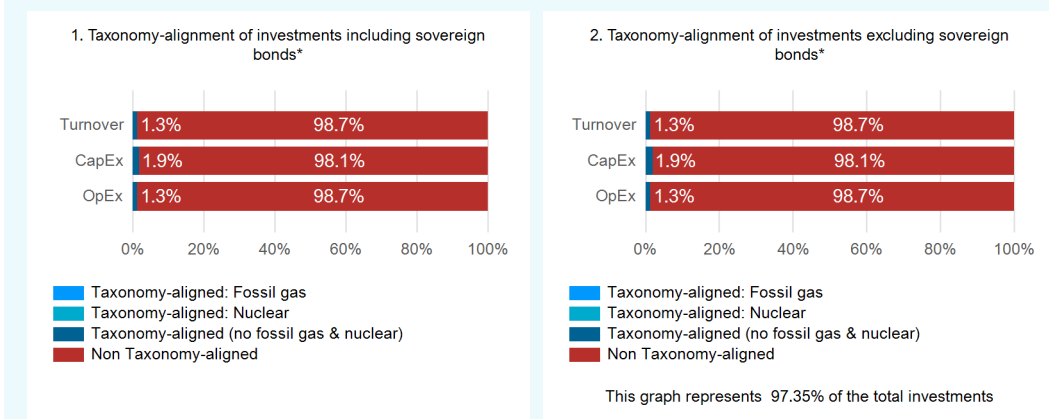
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?

- Yes
- In fossil gas In nuclear energy
- No

The two graphs below show in dark blue the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

The following data has been compiled based on the last day of close of calendar quarterly data and averaged for the reference period. The EU taxonomy figures disclosed may differ due to differences in the calculation methodology applied


What was the share of investments made in transitional and enabling activities?

The share of the fund made in Enabling Activity: 0.79%; Transitional Activity: 0.02%, measured by Turnover.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable as this is the first reporting period.

¹Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

The fund invested 6.4% in sustainable investments with an environmental objective that were not aligned with the EU Taxonomy, as permitted and consistent with the investment policy and minimum percentages in its pre-contractual disclosures.



What was the share of socially sustainable investments?

The fund invested 3.83% in sustainable investments with a social objective.



What investments were included under “#2 Other”, what was their purpose and were there any minimum environmental or social safeguards?

The remaining investments of the fund were invested in assets aligned with the financial objective of the fund, cash and cash equivalents for liquidity purposes and derivatives used for investment and efficient portfolio management.

As a minimum environmental and social safeguard, the fund adhered to the Exclusions.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The fund took the following actions to meet the environmental or social characteristics:

1. The fund invested in securities of issuers with favourable ESG characteristics.
2. The fund made sustainable investments.
3. Quarterly Sustainability Review to discuss and review the fund's qualitative and quantitative environmental and social characteristics.
4. The fund has applied the Exclusions.



How did this financial product perform compared to the reference benchmark?

An Index has not been designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

Reference benchmarks are indexes to measure whether financial products attain the environmental or social characteristics that they promote.