



Fidelity International Low Volatility Focus Index

Index Methodology Document

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Section 1: Introduction

Fidelity Factor Indices are designed to provide investors exposure to targeted strategic factors

Fidelity International Low Volatility Focus Index

The Fidelity International Low Volatility Focus Index is designed to reflect the performance of large- and mid-cap stocks with lower volatility than the broader market.

Index Methodology Summary

Parameter	Fidelity International Low Volatility Focus Index
Universe	Largest 1,000 developed international stocks based on float-adjusted market cap, after the application of liquidity and investability constraints
Portfolio Construction	<ul style="list-style-type: none">• Calculate composite score based on targeted factors• Using an optimizer, maximize exposure to the composite low volatility factor score• Long only with constraints on maximum security weights set at the lower of +1.5% active weight, or 2% absolute weight; minimum lower bound active security weight set at higher of 1.5% active weight or zero
Rebalancing	Quarterly with a 5% constraint per rebalance

Section 2: Defining Investment Universe

Defining Eligibility Criteria

Constructing the international universe begins with selecting the largest 1,000 developed international stocks based on market cap and certain liquidity and investability requirements. These 1,000 securities are the eligible investment universe for Fidelity International Low Volatility Focus Index. These securities are used to determine the weights of the broader Developed International Equity market (Developed International Equity market).

Top 1000 Selection: Sort the remaining stocks by free-float market cap. The market cap of all share classes is combined into a single value for the stock. The largest 1000 stocks comprise the eligible starting universe. Weights for constituents and sectors in the Developed International Equity market are also determined using combined free-float market cap.

Section 3: Constructing the Fidelity International Low Volatility Focus Index

Calculating Composite Factor Score

To determine the level of exposure each stock has to the targeted low volatility factor, a composite score is calculated.

Characteristics of Fidelity International Low Volatility Focus Index

Target companies that have low long term price volatility and beta:

Factor	Definition
5-yr Standard Deviation of Price Returns	Accounts explicitly for the trailing long-term price volatility of each stock, putting more weight on companies with more stable returns
5-yr Beta	Measures a stock's sensitivity to market movements, placing more emphasis on stocks that perform better when the market declines and less weight on stocks that are highly sensitive to market ups and downs

Computing the Composite Factor Score

Composite scores are calculated for each security in the Investment Universe.

Constructing the Index

Index construction is designed as an optimized process to create a portfolio, which maximizes the composite factor scores each quarter subject to the constraints listed below:

- a) Long only (no short positions)
- b) Active sector and region exposure constrained relative to the Investment Universe
- c) Individual stocks have a maximum weight of the lower of +1.5% active weight, or 2% absolute weight. The minimum weight is the higher of 1.5% active weight or zero.
- d) Quarterly turnover constraint of 5% per rebalance

Section 4: Maintaining the Fidelity International Low Volatility Focus Index

Frequency of Rebalance

The index is rebalanced quarterly.

Ongoing Maintenance

The index is also reviewed on an ongoing basis to account for corporate events such as mergers, takeovers, delistings, group changes, suspensions, spin-offs/demergers or bankruptcies. Changes to index composition and related weight adjustments are made as soon as they are effective. Corporate actions will be treated as follows:

STOCK EVENT TYPE	SPDJI CORPORATE ACTION TREATMENT	DIVISOR CHANGE
Stock Forward/Reverse Split	Market cap neutral event. Shares change offset by price adjustment in the morning.	No
IWF Change	IWF increase/decrease has no impact on index shares as the AWF will adjust to offset the IWF change.	No
Share Issuance	Shares outstanding increase/decrease has no impact on index shares as the AWF will adjust to offset the shares outstanding change.	No
Standard rights treatment (mcap neutral) - default	If the rights are in the money, the spot price of the underlying security will be adjusted after market close of the day prior to the exDate and the index shares of the underlying security will adjust to offset the price adjustment thus making the event a market cap neutral event.	No
Special cash dividend (standard treatment)	The spot price of the underlying security will be adjusted after market close of the day prior to the exDate.	Yes
Delisting (due to bankruptcy or cancellation of listing)	The delisted security will be deleted from the company (at either the last traded price of a zero price).	Yes
Spin-off (Price Adjustment), add spinoff	In the event that SPDJI applies the event as a non-ZPSO event, the spun-off company is added to the index with respect to spinoff ratio. The spot price of the underlying security is adjusted after market close of the day prior to the exDate by the closing spot price of the spinoff company multiply by the spinoff ratio, thus making it a mcap neutral event. The divisor will not be adjusted.	No
M&A (Cash acquisition)	The acquired company is deleted from the index.	Yes
M&A (Stock acquisition, cash and/or stock acquisition)	The acquired company is deleted from the index. The index shares of the acquirer will not be adjusted.	Yes

Section 5: Index Data Calculation and Distribution

Data Calculation

Following data calculations will be generated

- a. Price Return
 - i. Index Name = **Fidelity International Low Volatility Focus Index PR**
 - ii. Calculated Real Time = NYSE Trading hours (i.e. 9:30-4 EST)
 - iii. Ticker = FIDINLFP

- b. Total Return
 - i. Index Name = **Fidelity International Low Volatility Focus Index TR**
 - ii. Calculated as of EOD
 - iii. Ticker = FIDINLFT

- c. Net Total Return
 - i. Index Name = **Fidelity International Low Volatility Focus Index NR**
 - ii. Calculated as of EOD
 - iii. Ticker = FIDINLFN

Index Holiday Schedule

Index schedule will follow the NYSE holiday schedule

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