



Fidelity International Momentum 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 Momentum Focus Index

The objective is to create a well-diversified portfolio that invests in companies based on price and earnings momentum metrics.

Index Methodology Summary

Parameter	Fidelity International Momentum Focus Index
Universe	Largest 1000 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 momentum factor score• Long only with constraints on active security weights set at a max upper bound of +2%; minimum lower bound active security weight set at -2%
Rebalancing	Monthly 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 Momentum 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 Momentum Focus Index

Calculating Composite Factor Score

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

Characteristics of Fidelity International Momentum Focus Index

Target companies that have high price and earnings momentum:

Factor	Definition
Volatility-adjusted 12month USD return	Cumulative twelve-month return measured in US Dollars divided by volatility excluding the last month's return
Volatility-adjusted 6 month USD return	Cumulative six month return in US Dollars divided by volatility excluding the last month's return
Estimate Revision	Changes in analyst estimates of earnings
Estimate Diffusion	Diffusion score based on estimates of earnings

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 month 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) Max/Min stock level active weight of up to +/- 2% of the universe weight
- d) Monthly turnover constraint of 5% per rebalance

Section 4: Maintaining the Fidelity International Momentum Focus Index

Frequency of Rebalance

The index is rebalanced monthly.

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
Unrelated Business Taxable Income (UBTI)	Stocks that are subject to UBTI will be removed from the index on a quarterly basis	Yes

Section 5: Index Data Calculation and Distribution

Data Calculation

Following data calculations will be generated (in USD)

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

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

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

Index Holiday Schedule

Index schedule will follow the NYSE holiday schedule

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