

FIL Investment Management (Luxembourg) S.A. (as Management Company)

January 2024

*This statement provides you with key information about this product.
 This statement is part of the Hong Kong offering documents.
 You should not invest in this product based on this statement alone.*

Quick facts

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| Management Company: | FIL Investment Management (Luxembourg) S.A. |
| Investment Manager: | FIL Fund Management Limited (Bermuda, internal delegation) |
| Investment Sub-manager(s): | Internal and/or external sub-delegation to one or more Investment sub-managers as described in “The Investment sub-managers” section under “Management and Governance” of the Prospectus (~Note) ~ Note: The list of all Investment sub-managers having managed all or part of the assets of each fund over the last six or twelve months will be published in the annual and semi-annual financial reports. |

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| Depository: | Brown Brothers Harriman (Luxembourg) S.C.A. | | | |
| Ongoing charges over a year^: | Class A-USD: | 1.04% | Class A-MDIST-USD: | 1.04% |
| | Class A-ACC-USD: | 1.04% | Class A-ACC-RMB (hedged): | 1.04% [#] |
| | Class A-MCDIST(G)-AUD (hedged): | 1.04% [#] | Class A-MCDIST(G)-Euro (hedged): | 1.04% [#] |
| | Class A-MCDIST(G)-GBP (hedged): | 1.04% [#] | Class A-MCDIST(G)-HKD: | 1.02% |
| | Class A-MCDIST(G)-JPY (hedged): | 1.04% [#] | Class A-MCDIST(G)-RMB (hedged): | 1.04% [#] |
| | Class A-MCDIST(G)-USD: | 1.04% | Class Y-ACC-USD: | 0.64% |

[^] Unless otherwise stated, the ongoing charges figure represents the ongoing expenses based on the annual financial report for the year ended 30 April 2023. This figure may vary from year to year.

[#] This share class was recently launched and therefore the ongoing charges figure is an estimate of the ongoing expenses over 12 months which is based on information available in respect of the relevant share classes with a similar fee structure. The actual figure may be different from this estimated figure and may vary from year to year.

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| Dealing frequency: | Daily |
| Base currency: | USD |

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| Dividend policy*: | <p><u>Class A</u> Subject to the Board's discretion, dividends are declared semi-annually, normally on the first business day of February and August. The Board expects to recommend distribution of substantially all of the net income of the share class.</p> <p><u>Class A-ACC, Class A-ACC (hedged) & Class Y-ACC</u> No dividends will be paid for accumulating shares. The shares accumulate all interest and other income earned.</p> <p><u>Class A-MDIST</u> Subject to the Board's discretion, dividends are declared monthly normally on the first business day of each month. The Board expects to recommend distribution of substantially all of the net income of the share class.</p> <p><u>Class A-MCDIST(G) & Class A-MCDIST(G) (hedged)[#]</u> Subject to the Board's discretion, dividends are declared monthly normally on the first business day of each month. The Board expects to recommend distribution of substantially all of the gross income, and to some extent, capital, of the share class with the expectation of achieving a higher distribution rate than an INCOME class.</p> <p>[#] Investors should note that as fees and expenses may be charged to capital of the fund, this will result in an increase in distributable income for the payment of dividends. The fund may therefore pay dividend directly out of capital and/or effectively out of capital. Such payment of dividends out of capital represents a return or withdrawal of part of the amount originally invested or from any capital gains attributable to the original investment. Such distributions may result in an immediate decrease in the net asset value per Share of the fund.</p> |
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* Unless otherwise stated, dividends will not be paid out of capital and/or effectively out of capital.

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| Financial year end of this fund: | 30 April | | |
| Minimum investment: | | <u>Initial Investment</u> | <u>Subsequent Investment</u> |
| | Class A | USD 2,500 | USD 1,000 |
| | Class Y | USD 2,500 | USD 1,000 |

What is this product?

Fidelity Funds is an open-ended investment company established in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

Objectives and investment policy

- The fund is a Bond fund and aims to achieve capital growth over time and provide income.
- The fund invests at least 70% (and normally 75%) of its assets, in US dollar denominated debt securities.
- The fund is not subject to any limitation on the portion of its Net Asset Value that may be invested in the USA.
- The fund invests at least 50% of its assets in securities of companies with favourable environmental, social and governance (ESG) characteristics (established by reference to ESG ratings provided by external agencies or Fidelity ESG Rating(s)).
- The fund may invest in instruments with loss-absorption features which may include instruments classified as Additional Tier 1/Tier 2 capital instruments, Contingent Convertible Securities (CoCos), non-preferred senior bonds which may also be known as Tier 3 bonds and other instruments eligible to count as loss-absorbing capacity under the resolution regime for financial institution, in compliance with its investment policy and limits. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). In compliance with the requirements and guidance issued by the SFC, such investment will at all time remain below 50% of the fund's net asset value. For the avoidance of doubt, less than 30% of the fund's net asset value may be invested in each individual type of instruments with loss-absorption features as described above.
- In actively managing the fund, the Investment Manager uses in-house research and investment capabilities to identify suitable opportunities across bond issuers, sectors, geographies, and security types. This may include an assessment of bond issuers' creditworthiness, macroeconomic factors, and valuations. The Investment Manager also considers ESG characteristics when assessing investment risks and opportunities. In determining favourable ESG characteristics, the Investment Manager takes into account ESG ratings provided by Fidelity or external agencies. Through the investment management process the Investment Manager aims to ensure that investee issuers follow good governance practices.
- The Investment Manager will use ICE BofA Q4AR Custom Index (a custom USD Aggregate Bond index which excludes the Federal Reserve SOMA holdings) (the "Benchmark"), an index that does not take into account ESG characteristics, for the purposes of risk monitoring, investment selection and performance comparison. The fund invests in securities of the Benchmark, however, the management of the fund is discretionary, therefore the fund may invest in securities not included in the Benchmark, and its performance over an period may or may not deviate significantly from that of the Benchmark.
- The fund may use derivatives for hedging, efficient portfolio management and investment purposes.
- The fund will not invest more than 10% of their net asset value in securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade.
- The fund will not engage extensively in securities lending, repurchase and reverse repurchase transactions.

Use of derivatives/investment in derivatives

The fund's net derivative exposure may be up to 50% of its net asset value.

What are the key risks?

Investment involves risks. Please refer to the Hong Kong offering documents for details including the risk factors.

Risk to Capital and Income (Investment Risk)

- The assets of the fund are subject to fluctuations in value. There is no guarantee of repayment of principal and you may not get back the original amount invested. Past performance is no guarantee of future performance.

Risks associated with debt securities

- *Credit / Counterparty Risk:* The fund is exposed to the credit/default risk of issuers of the debt securities that the fund may invest in.
- *Interest Rate Risk:* Investment in the fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- *Downgrading Risk:* The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of

such downgrading, the value of the fund may be adversely affected. The investment manager may or may not be able to dispose of the debt instruments that are being downgraded.

- **Valuation Risk:** Valuation of the fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the fund.
- **Credit Rating Risk:** Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

Sovereign Debt Risk

- The fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the fund to participate in restructuring such debts. The fund may suffer significant losses when there is a default of sovereign debt issuers.

Income-producing securities

- Although the fund will generally invest in income-producing securities, it is not guaranteed that all underlying investments will generate income. To the extent that underlying investments of the fund are income producing, higher yields generally mean that there will be increased potential for capital appreciation and/or depreciation for fixed income securities.

Risks associated with distribution out of/effectively out of the fund's capital

- Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction of the NAV per share/unit.
- The distribution amount and net asset value of the hedged share class may be adversely affected by differences in the interest rates of the reference currency of the hedged share class and the fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged share classes.

Sustainable Investing

- To the extent the fund weighs ESG or sustainability criteria in choosing investments, it may underperform the market or other funds that invest in similar assets but do not apply sustainability criteria. Sustainable characteristics used in the fund's investment policy may result in the fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so and/or selling securities due to their sustainable characteristics when it might be disadvantaged to do so. As such, the application of ESG criteria may restrict the ability of the fund to acquire or dispose of its investments at a price and time that it wishes to do so, and may therefore result in a loss to the fund.
- The ESG characteristics of securities may change over time, which may in some cases require the Investment Manager disposing of such securities when it might be disadvantageous to do so from a financial perspective only. This may lead to a fall in the value of the fund.
- The use of ESG criteria may also result in the fund being concentrated in companies with ESG focus and its value may be volatile when compared to other funds having a more diversified portfolio of investments.
- There is a lack of standardised taxonomy of ESG evaluation methodology and the way in which different ESG funds will apply ESG criteria may vary, as there are not yet commonly agreed principles and metrics for assessing the sustainable characteristics of investments of ESG funds.
- While the fund, in selecting investments, may use a proprietary ESG scoring process that is based partially on third party data, such data may be incomplete, inaccurate or unavailable. As a result, there is a risk that the Investment Manager may incorrectly assess a security or issuer.
- Evaluation of sustainable characteristics of the securities and selection of securities may involve the Investment Manager's subjective judgment. As a result, there is a risk that the relevant sustainable characteristics may not be applied correctly or that the fund could have indirect exposure to issuers who do not meet the relevant sustainable characteristics, and sustainable characteristics of a security can change over time.
- In making its proxy voting decisions consistent with ESG criteria, exclusionary criteria, the fund may not always be consistent with maximising an issuer's short-term performance.

Risk of investing in CoCos and other instruments with loss-absorption features

- The fund may invest in instruments with loss-absorption features. Those features have been designed to meet specific regulatory requirements imposed on financial institutions and typically include terms and conditions specifying the instrument is subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of the following: (a) when a financial institution is near or at the point of non-viability; or (b) when the capital ratio of a financial institution falls to a specified level.
- Debt instruments with loss-absorption features are subject to greater capital risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger events (such as those disclosed above). Such trigger events are likely to be outside of the issuer's control and are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.
- In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

- The fund may invest in CoCos, which are highly complex and are of high risk. CoCos are a form of hybrid debt security with loss-absorption features that are intended to either convert into equity shares of the issuer (potentially at a discounted price) or have their principal written down (including permanently written down to zero) upon the occurrence of certain 'triggers'. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.
- The fund may also invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss principal invested.

Concentration Risk

- The fund's investments are concentrated in (i) a relatively small number of investments or issuers and/or (ii) a single or small number of countries. The value of the fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- In respect of (ii), the value of the fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the market of such country(ies).

Foreign Currency Risk

- The fund's assets may be denominated in currencies other than the base currency of the fund. Also, a class of shares may be designated in a currency other than the base currency of the fund. Fluctuations in the exchange rates between these currencies and the base currency as well as changes in exchange rate controls may adversely affect the fund's net asset value.

Chinese Renminbi (RMB) Currency and Conversion Risk

- The fund offers RMB denominated share class(es).
- RMB is currently traded in two markets: one in Mainland China (onshore RMB, or CNY) and one outside Mainland China (primarily in Hong Kong) (offshore RMB, or CNH). Although CNH and CNY are the same currency, they trade at different rates, and any divergence between CNH and CNY may adversely impact investors, in particular since the CNH rate will be used when determining the value of the shares of the fund. CNY is not freely convertible and is subject to exchange controls and certain requirements by the government of Mainland China, whereas CNH is freely tradable. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (e.g. USD, HKD, or AUD) will not depreciate. Any depreciation of RMB and/ or RMB currency conversion costs incurred could adversely affect the value of investor's investment in the fund. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

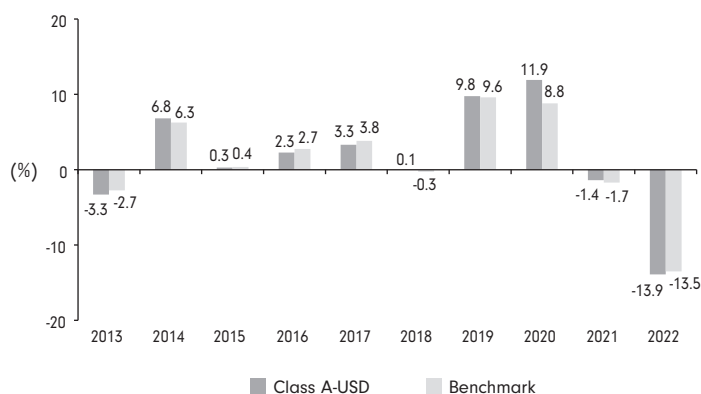
RMB Hedged Share Classes

- The fund may use hedging with respect to RMB hedged share classes, to hedge the currency exposure of the class. Any attempts to reduce or eliminate certain risks may not work as intended, and to the extent that they do work, they will generally eliminate potentials for gain along with risks of loss. Hedging involves costs, which reduce investment performance. Therefore, with any share class that involves hedging both at the fund level and the share class level, there can be two levels of hedging, some of which may yield no benefit (for example, at the fund level, a fund may hedge RMB-denominated assets to the fund's base currency, while an RMB-hedged share class of this fund would then reverse that hedge).

Financial Derivative Instruments

- The fund's net derivative exposure may be up to 50% of its net asset value. The use of derivatives may give rise to liquidity risk, counterparty credit risk, volatility risk, valuations risks and over-the-counter transaction risk at times. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the financial derivative instrument by the fund. Exposure to financial derivative instruments may lead to a high risk of significant loss by the fund.

How has the fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.
- These figures show by how much the Class A-USD increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding any subscription fees and redemption fees you might have to pay.
- Fund launch date: 1990
- Class A-USD launch date: 1990
- Class A-USD is selected as the most appropriate representative share class as it has the longest track record and is denominated in the fund's reference currency.
- Prior to 1 December 2020, the benchmark was the ICE BofAML US Large Cap Corporate & Government Index. With effect from 1 December 2020, the benchmark has been changed to the ICE BofA Q4AR Custom Index (a custom USD Aggregate Bond index) as the current Benchmark is a more accurate reflection of the investment universe the fund invests in and is therefore a more accurate measure for performance comparison purposes.

Is there any guarantee?

This fund does not have any guarantees. You may not get back the full amount of money you invested.

What are the fees and charges?

Charges which may be payable by you

You have to pay the following fees when dealing in shares of the fund:

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| Subscription Fee | Class A – Up to 3.5% of NAV Class Y – 0% |
| Switching Fee | Generally up to 1% of NAV, except if you are switching from one class with no subscription fee into a class with subscription fee, you will have to pay for a switching fee of up to the full subscription fee of the class to be switched into |
| Redemption Fee | N/A |

Ongoing fees payable by the fund

The following expenses will have to be paid out of the fund. They affect you because they reduce the return you get on your investments:

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|---------------------------|--|
| Management Fee* | Class A – Up to 0.75% p.a. of NAV Class Y – Up to 0.40% p.a. of NAV |
| Depositary Fee | Varies from 0.003% to 0.35% of NAV |
| Performance Fee | N/A |
| Administration Fee | Up to 0.35% of NAV |

* The management fee can be increased to a maximum annual rate of 2% of the net asset value of the fund. In the event of such increase, not less than 3 months' notice will be given to you.

Other Fees

You may have to pay other fees when dealing in shares of the fund. Any other fees and charges are described in the Hong Kong offering documents. You should note that some fees may be increased, up to a specified permitted maximum, by giving shareholders at least one month's prior notice. For details, please refer to the Hong Kong offering documents.

Additional Information

- You generally buy, redeem or switch shares at the fund's next-determined net asset value after we receive your request, directly or via a distributor, in good order at or before 5.00 p.m. Hong Kong time on a dealing day, being the fund's dealing cut-off time. Before placing your orders, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the fund's dealing cut-off time).
- The net asset value of this fund is calculated and the price of shares is published each business day. Net asset value of the fund (other than Class A) will be published in the South China Morning Post and the Hong Kong Economic Times. Net asset value of Class A will be published on www.fidelity.com.hk *.
- Investors may also obtain the past performance information of the fund's representative share class and (if applicable) other share classes offered to Hong Kong investors from www.fidelity.com.hk *.
- The composition of dividend paid out of net distributable income and capital for the last 12 months (if any) are available from the Hong Kong Representative on request and also on the fund's website:
https://www.fidelityinternational.com/legal/documents/FF/HK-zh_en/fdpc.ff.HK-zh_en.HK.pdf *.
- Investors may obtain information on the intermediaries from the Fidelity Investor Hotline: +852 2629 2629.

Important

If you are in doubt, you should seek professional advice. The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

* The website has not been reviewed by the SFC.