

FIL Investment Management (Hong Kong) Limited (as Investment Manager)

April 2022

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

Quick facts

Investment Manager:	FIL Investment Management (Hong Kong) Limited	
Trustee and Custodian:	HSBC Institutional Trust Services (Asia) Limited	
Dealing frequency:	Daily	
Base currency:	HKD	
Ongoing charges over a year[^]:	Ordinary Units:	0.60%
	Administration Units:	1.05%
	Savings Units:	1.10%

[^] The ongoing charge figure for each class of units is based on ongoing expenses chargeable to the relevant class for the year ended 31 December 2021 expressed as a percentage of the average net asset value of the relevant class for the same period. This figure may vary from year to year.

Dividend policy: No dividends will be paid. All interest and other income earned on the investment will be retained in the fund.

Financial year end of this fund: 31 December

Minimum investment:	<u>Initial Investment</u>	<u>Subsequent Investment</u>
Ordinary Units	USD 500,000	Nil
Administration Units	USD 500,000	Nil
Savings Units	Nil	HKD 8,000
The Manager has discretion to accept subscriptions for lower amounts than specified above.		

What is this product?

Fidelity Advantage Portfolio Fund is a unit trust constituted by the Trust Deed and governed by Hong Kong law. The fund is a feeder fund that invests in the Tracker Fund of Hong Kong.

Objectives and Investment Policy

- The fund aims to achieve long-term capital growth in HK dollar terms for investors including savings plans and retirement benefits schemes.
- The fund is a feeder fund that invests solely into the Tracker Fund of Hong Kong (“**TraHK**”, or the “**Underlying Fund**”).
- TraHK’s investment objective is to provide investment results that closely correspond to the performance of the Hang Seng Index (the “**Underlying Index**”). The manager of TraHK seeks to achieve the investment objective of TraHK by investing all, or substantially all, of TraHK’s assets in shares in the constituent companies of the Hang Seng Index in substantially the same weightings as they appear in the Hang Seng Index. The manager of TraHK may also invest in certain other permitted investments in seeking to meet the investment objective of TraHK. The manager of TraHK will rebalance TraHK’s portfolio of investments from time to time to reflect any changes to the composition of, or the weighting of shares in, the Hang Seng Index.

Use of derivatives

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

What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors. Where applicable, reference to the fund in this section includes reference to the Underlying Fund.

Risk to Capital and Income (Investment Risk)

- The assets of the fund are subject to fluctuations (increase or decrease) 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 of investing in other collective investment schemes/funds

The fund by investing solely in the Underlying Fund is subject to the following risks associated with the Underlying Fund:

- The fund does not have control of the investments of the Underlying Fund and there is no assurance that the investment objective and strategy of the Underlying Fund will be successfully achieved. This may have a negative impact to the net asset value of the fund.
- There may be additional costs involved when investing into the Underlying Fund. There is also no guarantee that the Underlying Fund will always have sufficient liquidity to meet the fund's redemption requests as and when made.

Equities

- The fund's investment in equities securities may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions or other events including changes in investment sentiment, political and economic conditions and issuer-specific factors.

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.

Investment Concentration

- At times, the fund will invest in a relatively small number of investments or issuers and may experience a more volatile net asset value as a result of this concentration of holdings relative to a fund that diversifies across a larger number of investments or issuers.

Geographical Concentration

- The fund's investments are concentrated in a single or small number of countries/localities and may have greater exposures to the market, political, policy, foreign exchange, liquidity, tax, legal, regulatory, economic and social risks of those countries/localities, and the value of the fund may be more volatile than a fund which diversifies across a larger number of countries/localities.

Emerging Markets Risks

- The fund invests in emerging market securities which may involve increased risks and special considerations not typically associated with the investment in securities in more developed markets. The price of these securities may be more volatile and/or less liquid than those of securities in more developed markets.
- This volatility or lack of liquidity may stem from political, economic, legal, taxation, settlement, transfer of securities, custody and currency/currency control factors.
- Although care is taken to understand and manage these risks, the fund and accordingly the unitholders in the fund will ultimately bear the risks associated with investing in these markets.

Financial Derivative Instruments

- Although the fund will not use derivatives for investment purposes, 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. Exposure to financial derivative instruments may lead to a high risk of significant loss by the fund.

Risk of Investing in Index-Tracking Fund

The fund, by investing in the Underlying Fund, which is an index-tracking fund, can be subject to the following risks:

Passive investment risk

- The fund is subject to the fluctuations and adverse conditions in the market which the Underlying Index seeks to track. Both the Investment Manager and the manager of the Underlying Fund do not have discretion to take defensive positions where the market represented by the Underlying Index decline due to the nature of index-tracking fund. Hence, any fall in the Underlying Index may result in corresponding fall in the value of the Underlying Fund and hence the fund.
- The index composition may change from time to time and both the Investment Manager and the manager of the Underlying Fund have no control over the selection of the constituent stocks comprising of the Underlying Index.

Tracking error risk

- While the Underlying Fund in which the fund invests will seek to track the performance of the Underlying Index, changes in the net asset value of the Underlying Fund (and potentially that of the fund) may not replicate exactly changes in the Underlying Index. This is due to, among other factors, the fees and expenses payable by the fund and transaction fees and stamp duty incurred in adjusting the composition of the investment portfolio according to changes in the Underlying Index, dividends received but not distributed, and the use of representative sampling strategy (if applicable) which involves exclusion of certain index constituents by the Underlying Fund. There can be no assurance that the performance of the Underlying Fund will be identical to the performance of the Underlying Index.
- Market disruptions and regulatory restrictions could adversely impact the Underlying Fund's ability to adjust its exposure to the required levels in order to track the Underlying Index.

Other risks

- The market price of the units in the Underlying Fund may sometimes trade above or below its net asset value. There is a risk, therefore, that the fund may not be able to buy or sell at a price close to the net asset value of the Underlying Fund.
- Any license granted to the Underlying Fund or its investment manager for the use of, and reference to, the Underlying Index, may be terminated, or the Underlying Index may cease to be operated or available. As a result, the Underlying Fund may be terminated. In such circumstances, the Investment Manager may seek a replacement of the Underlying Fund, or where applicable the fund may be terminated if no suitable replacement underlying fund is found. Such replacement may have adverse impact on the performance of the fund.
- In addition, as the fund may hold cash to meet redemption/switching requests and/or to pay for expenses and the calculation of the performance of the fund is on an after-fee basis, tracking error resulted from such cash holding and fee deduction from the fund would be unavoidable.

Risks relating to the Underlying Fund

The fund by investing solely in the Underlying Fund is subject to the following risks relating to the Underlying Fund:

- None of the manager or the trustee of the Underlying Fund, or the Hong Kong Government are related to the Fidelity Advantage Portfolio Fund or the fund and none of these entities will have any liability in connection with the Fidelity Advantage Portfolio Fund or the fund.
- The performance of the Underlying Fund and the performance by the manager and the trustee of the Underlying Fund of their respective obligations are not guaranteed. There is no guarantee or assurance that the investment objective of the Underlying Fund will be met.
- The fund does not have control of the investments of the Underlying Fund and there is no assurance that the investment objective and strategy of the Underlying Fund will be successfully achieved. This may have a negative impact to the net asset value of the fund.
- There may be additional costs involved when investing into the Underlying Fund. There is also no guarantee that the Underlying Fund will always have sufficient liquidity to meet the fund's redemption requests as and when made.
- The Underlying Fund may be subject to early liquidation in circumstances set out in its offering documents. In such event, the Underlying Fund would have to distribute to unitholders their pro rata interest in the assets of the Underlying Fund, and the investments held by the fund in the Underlying Fund may be worth less than the initial cost of such investments, resulting in a loss to the fund. In addition, the fund may also be terminated if no suitable replacement underlying fund is found.
- The investments of the Underlying Fund may be periodically rebalanced and therefore the Underlying Fund may incur greater transaction costs than a fund with static allocation strategy.

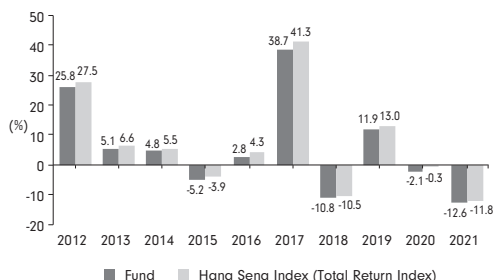
Risks relating to the Underlying Index

By providing investment results that closely track the performance of the Underlying Index, the fund, by investing in the Underlying Fund, is subject to following risks relating to the Underlying Index:

- The Underlying Index may experience volatility or decline, and the price of the units in the Underlying Fund will vary or decline accordingly which in turn may have adverse impact on the performance of the fund.
- No warranty, representation or guarantee is given as to the accuracy or completeness of the Underlying Index and its computation or any information related thereto. The process and the basis of computing and compiling the Underlying Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the index provider without notice.
- Errors in index data may occur from time to time and may not be identified and corrected for a period of time, and may have an adverse impact on the Underlying Fund and its investors (including the fund).

Fidelity Advantage Portfolio Fund – Tracker Fund Portfolio

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 Ordinary Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding any subscription fees and realisation fees you might have to pay.
- The fund is a feeder fund that invests in the Tracker Fund of Hong Kong, which seeks to provide investment results that closely correspond to the performance of the Hang Seng Index. The performance of the Hang Seng Index (Total Return Index) is provided for reference as the semi-annual distribution (if any) paid by the Tracker Fund of Hong Kong to the fund will be reinvested in the Tracker Fund of Hong Kong.
- Fund launch date: 2006
- Ordinary Units launch date: 2006
- The Investment Manager views Ordinary Units, having the longest track record and denominated in the fund's base currency, as the most appropriate representative unit class.

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 units of the fund.

Classes of Units	Subscription Fee	Switching Fee	Realisation Fee
Ordinary	Currently waived	5.0% of issue price of Unit in New Sub-Fund	N/A
Administration	Currently waived	5.0% of issue price of Unit in New Sub-Fund	N/A
Savings	Currently waived	Nil	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.

	The fund	The Underlying Fund	Aggregate fees
Investment Management Fee	N/A	<p>The annual investment management fee of the Underlying Fund is calculated as the sum of:</p> <p>(a) 0.050% per annum on the first HK\$15 billion of the net asset value;</p> <p>(b) 0.045% per annum on the next HK\$15 billion of the net asset value;</p> <p>(c) 0.030% per annum on the next HK\$15 billion of the net asset value; and</p> <p>(d) 0.025% per annum on the remaining balance of the net asset value.</p>	<p><u>The Underlying Fund's level -</u></p> <p>The annual investment management fee of the Underlying Fund is calculated as the sum of:</p> <p>(a) 0.050% per annum on the first HK\$15 billion of the net asset value;</p> <p>(b) 0.045% per annum on the next HK\$15 billion of the net asset value;</p> <p>(c) 0.030% per annum on the next HK\$15 billion of the net asset value; and</p> <p>(d) 0.025% per annum on the remaining balance of the net asset value.</p>

Fidelity Advantage Portfolio Fund – Tracker Fund Portfolio

	The fund	The Underlying Fund	Aggregate fees
Servicing Fee	<u>All Classes</u> : 0.35% p.a. of net asset value	N/A	<u>All Classes</u> : 0.35% p.a. of net asset value
Trustee Fee	<u>All Classes</u> : 0.07% p.a. of net asset value	The annual trustee fee of the Underlying Fund is calculated as the sum of: (a) 0.050% per annum on the first HK\$15 billion of the net asset value; (b) 0.045% per annum on the next HK\$15 billion of the net asset value; (c) 0.030% per annum on the next HK\$15 billion of the net asset value; and (d) 0.025% per annum on the remaining balance of the net asset value.	<u>The fund's level</u> : 0.07% p.a. of net asset value <u>The Underlying Fund's level</u> - The annual trustee fee of the Underlying Fund is calculated as the sum of: (a) 0.050% per annum on the first HK\$15 billion of the net asset value; (b) 0.045% per annum on the next HK\$15 billion of the net asset value; (c) 0.030% per annum on the next HK\$15 billion of the net asset value; and (d) 0.025% per annum on the remaining balance of the net asset value.
Performance Fee (Incentive Fee)	Nil	N/A	Nil
Administration Fee	<u>Ordinary Units</u> : N/A <u>Administration Units</u> : 0.45% p.a. of net asset value attributable to Administration Units <u>Savings Units</u> : 0.50% p.a. of net asset value attributable to Savings Units	N/A	<u>Ordinary Units</u> : N/A <u>Administration Units</u> : 0.45% p.a. of net asset value attributable to Administration Units <u>Savings Units</u> : 0.50% p.a. of net asset value attributable to Savings Units
Registrar Fee	N/A	The monthly fee charged by the registrar of the Underlying Fund is as follows: (a) HK\$12,000 for the first 2,000 unitholders; (b) HK\$2,650 for every additional 1,000 unitholders up to 100,000 unitholders; and (c) HK\$2,250 for every additional 1,000 unitholders above 100,000 unitholders, subject to a maximum aggregate fee of HK\$1,000,000.	<u>The Underlying Fund's level</u> - The monthly fee charged by the registrar of the Underlying Fund is as follows: (a) HK\$12,000 for the first 2,000 unitholders; (b) HK\$2,650 for every additional 1,000 unitholders up to 100,000 unitholders; and (c) HK\$2,250 for every additional 1,000 unitholders above 100,000 unitholders, subject to a maximum aggregate fee of HK\$1,000,000.

Other Fees

You may have to pay other fees when dealing in units of the fund. Any other fees and charges are described in the Explanatory Memorandum. You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice. For details, please refer to the Explanatory Memorandum.

Additional Information

- You generally buy, redeem or switch units at the fund's next-determined net asset value after your request is received in good order at or before 12.00 noon (Hong Kong time) on a dealing day, being the fund's dealing cut-off time.
- The net asset value of this fund is calculated and the price of units is published each business day. Unit prices of the fund will be published on www.fidelity.com.hk.¹
- For further information on the past performance of other unit classes offered to Hong Kong investors, please refer to www.fidelity.com.hk.¹
- Investors may obtain information from Fidelity Investor Hotline at (852) 2629 2629.

¹ Please note that the website has not been reviewed by the SFC.

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.