

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

August 2022

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

Quick facts

Management Company:	FIL Investment Management (Luxembourg) S.A.			
Investment Manager:	FIL Fund Management Limited (Bermuda, internal delegation)			
Investment Advisor:	Internal and/or external sub-delegation to one or more Investment Advisors as described in “The Investment Manager” section under Part IV of the Hong Kong Prospectus (~Note) ~ Note: The list of all Investment Advisors 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.			
Depository:	Brown Brothers Harriman (Luxembourg) S.C.A.			
Ongoing charges over a year[^]:	Class A-Euro:	1.39%	Class A-MINCOME(G)-Euro:	1.39%
	Class A-ACC-Euro:	1.39%	Class A-MINCOME(G)-HKD (hedged):	1.39%
	Class A-ACC-USD (hedged):	1.39%	Class A-HMDIST(G)-AUD (hedged):	1.39%
	Class A-MDIST-Euro:	1.39%	Class Y-ACC-Euro:	0.89%
	Class A-MDIST-USD (hedged):	1.39%	Class Y-ACC-USD (hedged):	0.89%
	Class A-MINCOME-Euro:	1.39%		
	[^] Unless otherwise stated, the ongoing charges figure represents the ongoing expenses based on the annual financial report for the year ended 30 April 2022. This figure may vary from year to year.			
Dealing frequency:	Daily			
Base currency:	Euro			
Dividend policy*:	<p><u>Class A</u> Subject to the Board's discretion, dividends will be declared annually normally on the first business day of August and will be paid accordingly.</p> <p><u>Class A-ACC, Class A-ACC (hedged), Class Y-ACC & Class Y-ACC (hedged)</u> No dividends will be paid for accumulating shares. All interest and other income earned on the investment will be retained in the fund.</p> <p><u>Class A-MDIST, Class A-MDIST (hedged)</u> Subject to the Board's discretion, dividends will be declared monthly normally on the first business day of each month and will be paid accordingly.</p> <p><u>Class A-MINCOME</u> Subject to the Board's discretion, dividends will be declared monthly normally on the first business day of each month and will be paid accordingly. The Board expects to recommend distribution of substantially the whole net investment income amount for most of the time, and distributions may be paid out of capital.</p> <p>Investors should note that 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> <p><u>Class A-MINCOME(G) & Class A-MINCOME(G) (hedged)[#]</u> Subject to the Board's discretion, dividends will be declared monthly normally on the first business day of each month and will be paid accordingly. The Board expects to recommend distribution of substantially the whole gross investment income amount for most of the time, and distributions may be paid out of capital.</p>			

Class A-HMDIST(G) (hedged)#

Subject to the Board's discretion, dividends will be declared monthly normally on the first business day of each month and will be paid accordingly. Such distributions may include a premium when the interest rate of the hedged currency is higher than the fund's reference currency interest rate and may be discounted when the interest rate of the hedged currency is lower than the fund's reference currency interest rate. The Board expects to recommend distribution of substantially the whole gross Investment income, and may determine the extent dividends may be paid out of realised and unrealised capital gains as well as capital.

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.

* Unless otherwise stated, dividends will not be paid out of capital and/or effectively out of capital.

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 provide a high level of current income and capital appreciation by investing primarily (i.e. at least 70% of the fund's assets) in high-yielding, sub investment grade securities of issuers that have their head office or main activities in Western, Central and Eastern Europe (including Russia). This region includes certain countries considered to be emerging markets.
- The fund invests in Western, Central and Eastern Europe (including Russia) and may invest in different countries in this region. It is unconstrained in the amount that it may invest in any country in this region.
- For the remaining assets, the Investment Manager has the freedom to invest outside the fund's principal geographies, market sectors, credit quality, currency or asset classes.
- A minimum of 50% of the fund's net assets will be invested in securities deemed to maintain sustainable characteristics (defined by reference to a combination of different measurements such as ESG* ratings provided by external agencies or Fidelity Sustainability Ratings). The fund will consider a wide range of environmental and social characteristics on an ongoing basis. Environmental characteristics include carbon intensity, carbon emissions, energy efficiency, water and waste management, biodiversity, while social characteristics include product safety, supply chain, health and safety and human rights. Environmental and social characteristics are analysed by Fidelity's fundamental analysts and rated through Fidelity Sustainability Ratings. Fidelity Sustainability Ratings is a proprietary rating system developed by Fidelity's research analysts to assess individual issuers.
- The fund is actively managed. The Investment Manager will, when selecting investments for the fund and for the purposes of monitoring risk, reference ICE BofA Global High Yield European Issuers Constrained (Level 4 20% Cap) Index (the "Index") as the Index constituents best represent the characteristics the fund is seeking to gain exposure to. The fund's performance can be assessed against its Index. The Investment Manager has a wide range of discretion relative to the Index. While the fund will hold assets that are components of the Index, it may also invest in issuers, sectors, countries and security types that are not included in, and that have different weightings from, the Index in order to take advantage of investment opportunities. It is expected that over long time periods, the fund's performance will differ from the Index. However, over short time periods, the fund's performance may be close to the Index, depending on market conditions.

* ESG means collectively environment (E), social (S) and governance (G)

- Shareholders' attention is drawn to the fact that the Index is not an index which integrates environmental and social considerations.
- 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 times remain below 50% of the fund's net asset value. Less than 30% of the fund's total net assets will be invested in hybrid securities (which are subordinated instruments that have more equity-like features) and CoCos, with less than 20% of the total net assets to be invested in CoCos. 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.
- The fund may invest in assets directly or achieve exposure indirectly through other eligible means including financial derivative instruments ("derivatives"). Such derivatives may include over-the-counter and/or exchange traded instruments such as interest rate or bond futures, options, swaptions and interest rate, total return or inflation swaps, credit default and total return swaps, forwards including non-deliverable forwards and currency swaps. The fund may use derivatives with the aim of risk or cost reduction or to generate additional capital or income (including for investment purposes), in line with the risk profile of the fund.
- 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 Prospectus 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.

Bonds and other Debt Instruments

- The value of bonds or other debt instruments will fluctuate depending on e.g. market interest rates, the credit quality of the issuer, the currency of the investment (when it is different from the base currency of the fund) and liquidity considerations. In general, the prices of debt instruments 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.

Credit/Default Risk

- Investments may be adversely affected if any of the institutions with which money is deposited suffers insolvency or are otherwise unable to pay interest or principal (default). Credit risk also arises from the uncertainty about the ultimate repayment of principal and interest from bond or other debt instrument investments. In both cases the entire deposit or purchase price of the debt instrument is at risk of loss if there is no recovery after default.

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.

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.

Risk associated with Debt Securities Rated Below Investment Grade/Unrated Securities and High Yielding Debt Instruments

- The fund may invest in debt securities rated below investment grade or unrated securities. Such securities are generally subject to lower liquidity, higher volatility, heightened risk of default and loss of principal and interest than higher-rated/lower yielding debt securities.

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.

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.

Eurozone Risk

- In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the fund.

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.

Sustainable Investing

- The use of ESG criteria may affect the fund's investment performance and may result in a return that at times compares unfavourably to similar products without such focus. 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 disadvantageous 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.
- The information and data sources provided by internal research teams and complemented by external ESG rating providers for evaluating sustainable characteristics of the securities 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.

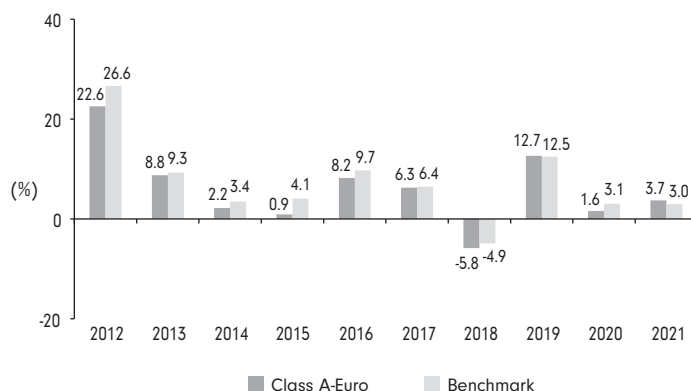
Risks associated with distribution out of/effectively out of the fund's capital

- 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.

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-Euro increased or decreased in value during the calendar year being shown. Performance data has been calculated in Euro including ongoing charges and excluding any subscription fees and redemption fees you might have to pay.
- Fund launch date: 2000
- Class A-Euro launch date: 2000
- Class A-Euro 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.
- The benchmark is the ICE BofA Global High Yield European Issuers Constrained (Level 4 20% Cap) Index.

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:

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:

Management Fee*	Class A – Up to 1.00% p.a. of NAV Class Y – Up to 0.65% p.a. of NAV
Depository 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 Prospectus. 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 Prospectus.

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 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.