

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:	0.58%
Administration Units:	1.03%
Savings Units:	1.08%

[^] 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 net of rebates or waivers, and is expressed as a percentage of the average net asset value of the relevant class for the same period. The applicable level of rebate or waiver made to the fund will be reviewed by the Investment Manager from time to time and in any case by the end of each financial year. 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 BlackRock Premier Funds - iShares World Government Bond Index Fund.

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 BlackRock Premier Funds - iShares World Government Bond Index Fund (the “**Underlying Fund**”), which is an SFC-authorised fund¹.
- The investment objective of the Underlying Fund is to provide investment results that, before fees and expenses, closely track the performance of the FTSE MPF World Government Bond Index (HKD hedged total return) (the “**Underlying Index**”). The Underlying Index consists of global sovereign bonds that are issued in local currency with fixed rate of coupon and investment grade credit rating, and has exposure limit to individual markets that complies with the Mandatory Provident Fund Schemes (General) Regulation and the Mandatory Provident Fund Schemes Authority’s Guidelines on Debt Securities. Please refer to the offering documents of the Underlying Fund for further information of the Underlying Index.
- The manager of the Underlying Fund intends to invest primarily in securities included in the Underlying Index using a representative sampling strategy by investing in a portfolio featuring high correlation with the Underlying Index. In normal circumstances, the number of issuers that the Underlying Fund is exposed to is not expected to be less than 50% of the number of issuers in the Underlying Index. The Underlying Fund may hold up to 20% of its net asset value in securities that are not included in the Underlying Index. In selecting the non-index constituent securities, the manager of the Underlying Fund will evaluate whether such securities could closely match with the different characteristics of the Underlying Index such as credit, duration, yield, currency, etc. Examples of such securities include (i) quasi-sovereign bonds the credit risk of which is highly correlated with the credit rating (i.e. investment grade) of the relevant constituent security; and (ii) bonds issued by third party with credit guarantee from the government of the respective constituent country.
- The Underlying Fund may use derivatives to hedge market and currency risk. For the avoidance of doubt, derivatives may be used for investment purposes for up to 10% of its net asset value.
- The Underlying Fund currently does not intend to enter into any securities financing transactions.

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- * The SFC authorisation is not a recommendation or endorsement of the Underlying Fund nor does it guarantee the commercial merits of the Underlying Fund or its performance. It does not mean the Underlying Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

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.

Foreign Currency Risk

- The fund's assets may be denominated in currencies 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.

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 of the Underlying Fund 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 by the issuers of such securities. 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.

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.

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.

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.

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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 solely 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 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 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.

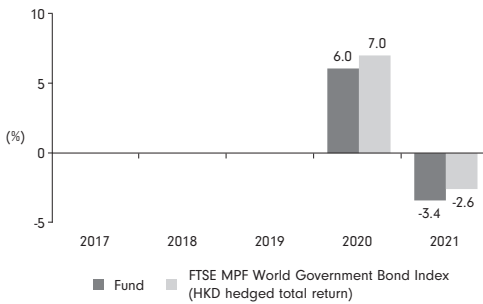
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Risks relating to the Underlying Index

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).

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 BlackRock Premier Funds - iShares World Government Bond Index Fund, the investment objective of which is to provide investment results that, before fees and expenses, closely track the performance of the FTSE MPF World Government Bond Index (HKD hedged total return). The performance of the FTSE MPF World Government Bond Index (HKD hedged total return) is provided for reference.
- Fund launch date: 2019
- Ordinary Units launch date: 2019
- 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

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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	<u>All Classes</u> : 0.10% p.a. of net asset value of the fund (covering a separate investment management fee payable by the Investment Manager to the manager of the Underlying Fund in respect of the fund's investment in the Underlying Fund)	Covered in the investment management fee of the fund	<u>All Classes</u> : 0.10% p.a. of net asset value of the fund
Servicing Fee	<u>All Classes</u> : 0.35% p.a. of net asset value of the fund	N/A	<u>All Classes</u> : 0.35% p.a. of net asset value of the fund
Trustee Fee	<u>All Classes</u> : 0.07% p.a. of net asset value of the fund	Included in the Administration Fee of the Underlying Fund	<u>All Classes</u> : 0.07% p.a. of net asset value of the fund
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 of the fund <u>Savings Units</u> : 0.50% p.a. of net asset value attributable to Savings Units of the fund	Up to 0.10% p.a. of net asset value of the Underlying Fund	<u>Ordinary Units</u> : Up to 0.10% p.a. of net asset value attributable to Ordinary Units of the fund <u>Administration Units</u> : Up to 0.55% p.a. of net asset value attributable to Administration Units of the fund <u>Savings Units</u> : Up to 0.60% p.a. of net asset value attributable to Savings Units of the fund

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.