

Additional information

Issued
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Important information

The information in this document forms part of each Product Disclosure Statement (PDS) for the funds listed below and issued by FIL Responsible Entity (Australia) Limited (ABN 33 148 059 009 AFSL No. 409340). You can access the PDS documents on our website, www.fidelity.com.au/funds/pds/ or request a copy free of charge by calling our Client Services team on 1800 044 922.

Contact details

FIL Responsible Entity
(Australia) Limited
Level 11, 167 Macquarie Street
Sydney NSW 2000

Client Services team

Investor: 1800 044 922
Adviser: 1800 119 270
auclientservices@fil.com

Mailing address

FIL Responsible Entity
(Australia) Limited
PO Box N850
Royal Exchange,
Sydney NSW 1225

www.fidelity.com.au

The information provided in this Additional Information document is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Information in this Additional Information document is subject to change from time to time. Information that is not materially adverse can be updated by us by placing such information on our website. A paper copy of this information is also available free of charge on request by calling our Client Services team on 1800 044 922. For indirect investors, updated information can also be obtained by contacting your IDPS operator. Alternatively, you can contact your financial adviser, go to our website or call our Client Services team on 1800 044 922.

The offer made in the relevant PDS is available only to persons receiving that PDS (electronically or otherwise) within Australia. Applications from outside Australia will not be accepted. Applications from US citizens or US residents who have an obligation to pay tax to the US authorities on their worldwide income will not be accepted.

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In this document, each of the funds listed below is referred to as a 'Fund'.

Fidelity Asia Fund
ARSN: 116 072 498
APIR: FID0010AU
mFund: FIL10

Fidelity Australian Equities Fund
ARSN: 103 420 088
APIR: FID0008AU
mFund: FIL08

Fidelity Australian Opportunities Fund
ARSN: 159 055 722
APIR: FID0021AU
mFund: FIL21

Fidelity China Fund
ARSN: 116 072 649
APIR: FID0011AU
mFund: FIL11

Fidelity Future Leaders Fund
ARSN: 164 470 606
APIR: FID0026AU
mFund: FIL26

Fidelity Global Demographics Fund
ARSN: 160 557 353
APIR: FID0023AU
mFund: FIL23

Fidelity FIRST Global Fund
ARSN: 617 169 365
APIR: FID4852AU
mFund: FIL52

Fidelity Global Dividend Growth Fund
ARSN: 605 622 277
APIR: FID0033AU
mFund: FIL33

Fidelity Global Equities Fund
ARSN: 093 163 672
APIR: FID0007AU
mFund: FIL07

Fidelity Hedged Global Dividend Growth Fund
ARSN: 605 622 151
APIR: FID0035AU
mFund: FIL35

Fidelity Hedged Global Equities Fund
ARSN: 093 163 869
APIR: FID0014AU
mFund: FIL14

Fidelity India Fund
ARSN: 093 164 679
APIR: FID0015AU
mFund: FIL15

Fidelity Global Emerging Markets Fund
ARSN: 165 837 150
APIR: FID0031AU
mFund: FIL31

1. How we invest your money

Valuation of Fund assets

Each Fund's assets are generally valued according to their market value. For example, listed shares are valued according to their closing market price. Other valuation methods may be applied in some circumstances, particularly where the method is required to reflect a fairer value of the relevant investment.

Under:

- ASIC Corporations (Managed investment product consideration) Instrument 2015/847; and
- ASIC Class Order [CO 13/655] and associated ASIC Class Order [CO 13/657],

we are required to prepare certain documents, including those that describe how any discretions are exercised when calculating unit prices. These documents are available on request free of charge by contacting our Client Services team. (See 'Contact Details'.)

Borrowing by a Fund

Although each Fund's constitution allows us to borrow or raise money, it is not our intention for any Fund to enter into any long-term borrowings. Short-term borrowings may occur in the ongoing management of a Fund, including to meet day-to-day liquidity requirements.

Labour standards, environmental, social and ethical considerations

Our investment process takes environmental, social and governance issues into account, as well as other key financial criteria, when selecting, retaining, or realising investments in the Fund when, in Fidelity's view, these issues have a material impact on either investment risk or return. Our investment process does not take into account labour standards or ethical considerations.

Fidelity believes that high standards of corporate responsibility will generally make good business sense and have the potential to protect and enhance investment returns. Consequently, Fidelity's investment process takes environmental, social and governance (ESG) issues into account when, in Fidelity's view, these have a material impact on either investment risk or return.

Fidelity does not screen out companies from its investment universe purely on the grounds of poor ESG performance but rather adopts a positive engagement approach whereby it discusses these issues with the management of the companies in which it invests or considers investing on behalf of its clients. Fidelity uses the information gathered during these meetings both to inform its investment decisions and also to encourage company management to improve procedures and policies.

Fidelity is a signatory to the United Nations Principles for Responsible Investment, a voluntary framework for incorporating ESG issues into investment decision-making and ownership practices. The Principles for Responsible Investment are consistent with Fidelity's approach to corporate social responsibility.

2. Fees and costs

Management costs

Each Fund's constitution states that FREAL is entitled to receive a management fee of up to a percentage per annum (excluding GST) of the net asset value of that Fund.

FREAL may change the amount of the management fee without the consent of investors, although FREAL cannot charge more than the constitution of a Fund permits.

Under the constitution of each Fund, the maximum management fee (excluding GST) that FREAL may charge is 3% per annum of the net asset value of the Fund (with the exception of the Fidelity Australian Equities Fund and the Fidelity Global Equities Fund, for each of which the maximum management fee (excluding GST) is 1.5% per annum of the net asset value of the Fund).

FREAL will provide investors with 30 days written notice in advance of any increase in the amount of the management fee that is charged in respect of a Fund.

FREAL is entitled to be indemnified out of the assets of the relevant Fund for any liability incurred by it in properly performing any of its powers and duties in relation to that Fund. This indemnity is in addition to the management costs payable to FREAL. These liabilities may include the cost of holding a unit holder meeting, costs associated with legal proceedings or borrowing costs.

Transactional and operational costs

With the exception of the Fidelity Global Equities Fund, which cannot charge a contribution fee, each Fund constitution allows FREAL to charge a maximum contribution fee of 5% of the application amount (excluding GST) and a maximum withdrawal fee of 5% of the withdrawal amount (excluding GST). There is currently no intention for these fees to be charged.

Goods and Services Tax (GST)

Unless otherwise noted, all fees and management costs specified in the PDS are inclusive of GST, net of any input tax credits (including reduced input tax credits) available to the relevant Fund. However, if expenses are recovered from a Fund and FREAL is required to pay GST in respect of the expense, FREAL may recover an amount equal to the GST from the assets of that Fund.

Differential fees

FREAL may, from time to time, agree to rebate a portion of the management costs paid by certain investors who are wholesale clients on a case-by-case basis. Please contact our Client Services team (see 'Contact Details') if you require further information.

Related parties and service providers

We may from time to time use the services of related parties and pay commercial rates for these services. We may also enter into financial or other transactions with related parties in relation to the assets of a Fund (including, but not limited to, broking, investment management and administration) and such arrangements will be based on arm's length commercial terms.

In the course of managing a Fund we may come across conflicts in relation to our duties to the Fund, related funds and our own interests. We have internal policies and procedures in place to manage all conflicts of interest appropriately. In addition to complying with these policies and procedures, all conflicts will be resolved in a fair and reasonable manner, in accordance with the relevant law and ASIC requirements.

Product access payments and fund manager payments

We may make payments to certain persons approved by us (for example, adviser dealer groups and IDPS operators) in certain limited circumstances as permitted under relevant legislation. If such payments are made, they are payable out of the fees and costs we receive and are not an additional cost to you.

Certain commissions and other similar payments in the Australian financial services industry are prohibited by relevant legislation. For example, payments that could influence financial product advice are generally prohibited. However, certain payments are permitted in limited circumstances by the relevant legislation. These include payments to or from AFSL holders under ongoing arrangements that were entered in to before the Future of Financial Advice reforms.

We will not pay commissions to financial advisers and other persons, where this is not permitted under any relevant legislation.

3. How managed investment schemes are taxed

This tax information is intended to be a brief guide only and should not be relied upon as a complete statement of the Australian income tax laws.

Discussion of Australian tax law is current as at the date of preparation of the relevant PDS. As Australian tax law is complex and may change and, as the tax treatment applicable to particular investors may differ, all potential investors should satisfy themselves of possible consequences by consulting their own tax advisers. This tax information does not cover tax laws in other countries.

Australian investors

Distributions

The Fund's assessable income may include distributions from securities, capital gains and interest income. This assessable income will be reduced by any available deductions.

Under existing tax law, provided FREAL distributes all net taxable income of the Fund to investors, FREAL should generally not be liable to pay tax in respect of the Fund. Each Australian resident investor will be required to include in their assessable income the proportionate share of the distribution income which can be made up of:

- assessable income, such as dividends, foreign income and interest;
- net capital gains, including discount and concessional components;
- tax credits, such as franking credits attached to dividend income (subject to certain eligibility criteria) and credits for tax paid on foreign income; and
- non-assessable distributions, which may not need to be included in your tax return but will generally reduce the cost base of your investments for capital gains tax (CGT) purposes.

FREAL has made the managed investment trust (MIT) CGT election, and subject to continuing to satisfy the eligibility requirements to be a MIT for an income year, the Fund will hold its eligible assets (excluding bonds and similar instruments)) on capital account. Whilst the Fund continues to satisfy the MIT eligibility requirements, certain investors may obtain the benefit of the CGT discount and other tax concessions (where applicable) on distributions of capital gains they may receive.

Attribution Managed Investment Trust (AMIT) regime

A new regime for taxing certain eligible MITs that qualify as an Attribution Managed Investment Trust (known as AMIT) applies from income years starting on or after 1 July 2016. FREAL may elect into the AMIT regime by irrevocable choice subject to the Fund satisfying the relevant eligibility requirements.

The AMIT regime includes the following measures:

- an attribution method for allocating taxable and non-taxable income to investors, which is independent of the amount of income distributed to them;
- clarification that income distributed to investors retains the tax character it had in the hands of the Fund;
- an ability for under-estimations and over-estimations of amounts at the trust level to be carried forward and dealt with in the year in which they are discovered;
- if the Fund attributes taxable non cash amounts to investors, the investor may increase the cost base of their investment in the Fund to reflect this attribution. Alternatively, if a Fund makes a non-taxable cash distribution, the investor may reduce their cost base;
- clarification of the treatment of tax deferred distributions; and
- deemed fixed trust treatment.

As at the date of this Additional Information document, FREAL has made no election for the AMIT regime to apply. If in the future FREAL makes a choice for the AMIT regime to apply, investors will be advised.

The tax position of the Fund and investors will change if the AMIT regime begins to apply to the Fund. Investors should seek their own tax advice on the potential impact of FREAL choosing for the AMIT regime to apply to the Fund.

Disposal of units

A taxable capital gain or loss may be realised in the event that units in the Fund are withdrawn or otherwise disposed of. Resident individuals, trusts or complying superannuation entities, who have held units for at least 12 months prior to disposal or redemption, may be entitled to discount capital gains treatment. The CGT discount is 50% for an investor that is a resident individual or trust, and 33⅓% for an investor that is a complying superannuation fund.

Capital losses may only be offset against capital gains that the investor makes in the same income year the loss is made or subsequent income years, subject to certain loss integrity rules.

Foreign income

The Fund may derive income from sources in foreign countries. An investor's share of the gross foreign income (including foreign income taxes) will be treated as foreign income in the investor's hands. The investor may be entitled to a foreign income tax offset for foreign tax paid by the Fund in respect of the foreign income received by the Fund.

Taxation of Financial Arrangements (TOFA) regime

The TOFA rules may apply to certain 'financial arrangements' held by the Fund. In broad terms, in calculating the net (taxable) income of the Fund, returns on certain financial arrangements may be recognised on an accruals basis rather than a realisation basis, and on revenue account.

As part of the 2016–17 Budget, the Australian Government announced that it will reform the TOFA rules to reduce their scope, decrease compliance costs and increase certainty, including by introducing new simplified accruals and realisation rules. The new simplified rules are proposed to apply to income years on or after 1 January 2018.

Investors should seek their own advice on the potential impact of the above announcement and should monitor the progress of all relevant legislation introduced as a result of the announcement.

Foreign Account Tax Compliance Act (FATCA)

FREAL may be required under Australian tax legislation to request investors to provide additional information in order to comply with US FATCA compliance obligations.

FATCA is a US tax law that requires Foreign Financial Institutions (FFIs) to comply with a number of additional compliance obligations in order to ensure that 30% FATCA withholding tax is not deducted from certain US sourced income, gross proceeds from the sale of securities giving rise to such income and 'pass thru' payments.

FREAL and the Fund are FFIs for FATCA purposes.

Providing a Tax File Number (TFN) or Australian Business Number (ABN)

Investors may choose to quote their TFN or ABN (if applicable) or claim an exemption in relation to their investment in the Fund. The law strictly regulates how FREAL may use TFNs and ABNs.

If the investor chooses not to quote a TFN or ABN or claim an exemption, FREAL must deduct tax at the highest personal tax rate (plus Medicare Levy and Temporary Budget Repair Levy) before passing on each distribution to the investor. The investor may be able to claim a credit in the investor's tax return for any TFN/ABN tax withheld.

Non-resident investors

In the event that a non-resident investor becomes entitled to a share of the net income of the Fund, tax will be withheld from certain Australian sourced income or capital gains. The amounts withheld will depend on the type of income and the country of residence of the particular investor.

We recommend that non-resident and temporary resident investors consult their tax adviser.