

Fidelity Australian Equities Fund

Product Disclosure Statement

**Issued
24 January
2017**

Important information

This Product Disclosure Statement (PDS) is a summary of significant information relating to the Fidelity Australian Equities Fund (ARSN 103 420 088) (Fund). It also includes references to important information (marked with a **i** symbol), each of which forms part of this PDS. This is important information you should read together with this document before making a decision to invest in the Fund. You can access the 'Additional Information' document on our website, www.fidelity.com.au/funds/fidelity-australian-equities-fund or request a copy free of charge by calling our Client Services team on 1800 044 922.

The information provided in this PDS 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.

Contents

About FIL Responsible Entity (Australia) Limited	2
How the Fidelity Australian Equities Fund works	2
Benefits of investing in the Fidelity Australian Equities Fund	3
Risks of managed investment schemes	4
How we invest your money	5
Fees and other costs	6
How managed investment schemes are taxed	7
How to apply	7
Other information	8

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Website: www.fidelity.com.au

Information in this PDS 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 Investor Directed Portfolio Service (IDPS) operator. Alternatively, you can contact your financial adviser, go to our website or call our Client Services team on 1800 044 922.

This PDS has been prepared in accordance with ASIC Class Order [CO 14/1252].

The offer made in this PDS is available only to persons receiving this 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 tax authorities on their worldwide income will not be accepted.

Fidelity, Fidelity International and the Fidelity International logo and F symbol are trademarks of FIL Limited.



1. About FIL Responsible Entity (Australia) Limited

FIL Responsible Entity (Australia) Limited (ABN 33 148 059 009 AFSL No. 409340) (FREAL, we, us, our) is the responsible entity for the Fund. We are responsible for the day-to-day operation of the Fund and for ensuring it complies with the Constitution and relevant laws. This responsibility includes establishing, implementing and monitoring the Fund's investment objective and strategy. We are the issuer of units in the Fund and have prepared this PDS.

FREAL is a member of the group of companies known as Fidelity International (Fidelity). FREAL has appointed FIL Limited, a member of Fidelity, as the investment manager of the Fund under an investment management agreement. FIL Limited has the power under the terms of its appointment with us to sub-authorise other members of the Fidelity group to manage some or all of the Fund's assets and/or to perform certain tasks and services in relation to the Fund.

Fidelity is one of the world's leading asset managers with a global network researching investment opportunities in the US, Europe, the Middle East, Africa and Asia Pacific. Fidelity manages over A\$377.9 billion¹ on behalf of both private and institutional investors.

Fidelity is an active asset manager with a fundamental research philosophy. Fidelity builds investment funds stock by stock through on-the-ground analysis of companies, their customers, suppliers and competitors. This intensive research process sets Fidelity apart from other fund managers and we believe gives Fidelity a significant competitive advantage when choosing companies for our equity portfolios.

For Australian investors, we offer investors a range of investment choices including Australian equities funds, global equities funds and a range of Asian-based equities funds.

2. How the Fidelity Australian Equities Fund works

How the Fund operates

When you invest your money in the Fund, your money is pooled together with other investors' money. We then invest the money in the Fund on your behalf. By investing this way, you gain access to investment buying power while giving us day-to-day control over the operation of the Fund. This buying power means you can take advantage of opportunities that may otherwise not be available to you.

What is a unit and a unit price?

When you acquire an interest in the Fund, we will issue you 'units' in the Fund representing your investment but you do not have an interest in any particular asset of the Fund. Your return will reflect the performance of the investments made by the Fund, after expenses.

Application prices are generally higher than withdrawal prices due to the application of a 'buy-sell spread'. For additional information, refer to Section 6, 'Fees and other costs'. The unit prices will generally change daily as the market value of the assets in the Fund rises or falls. Application and withdrawal prices for each business day are available on our website on the following business day.

Details relating to the Fund net asset value (NAV) is also available on our website.

How do you invest?

You can invest in the Fund directly, through the Managed Fund Settlement Service operated by the ASX (mFund) or indirectly through an Investor Directed Portfolio Service (IDPS) service.

Generally, if we receive your correctly completed application and application money before 1pm (Sydney time) on a business day, it will be processed using the unit price calculated for that day. Where we receive correct documentation after 1pm, we are taken to have received it the next day and it will be processed using the unit price determined for the following business day.

If your application is not correct, we will not process your application until the correct information is received.

What if you are invested through an IDPS?

Indirect investors may be subject to different conditions from those referred to in this PDS, particularly with regard to cut-off times for transacting, processing and withdrawals. As well as reading this PDS, indirect investors should read their IDPS operator's offer document. (For additional information, refer to the section below titled 'Indirect Investors'.)

What if you are invested through mFund?

If you invest through mFund, you can invest in the Fund using certain ASX brokers, without completing our application form. Generally, to be processed using the unit price calculated for that day, the request must be received within the timeframes specified in the ASX Settlement Operating Rules which will ensure that application monies are received by us on that same day and on a Settlement Day.

What is the minimum initial investment?

The minimum initial investment in the Fund is \$25,000. We may reduce this minimum initial investment at our discretion. Indirect investors should read their IDPS operator's offer document for minimum initial investment amounts.

What will we invest your money in?

The Fund may invest in a variety of shares, derivatives and cash. The Fund's investments will comprise between 90% to 100% of listed Australian shares, with the remaining amount invested in cash. Decisions to invest cash will be dependent upon the availability of other favourable investment opportunities.

We may make use of derivatives, such as futures contracts and swaps. A derivative is a security whose price or value is dependent upon or derived from an underlying instrument (such as shares, indices, interest rates, fixed income securities, commodities, currencies, etc). A derivative contract is a contract between two or more parties and its value is determined by fluctuations in the underlying asset. Generally, derivatives will be used for cash flow management purposes within the Fund. Any derivative exposure must be fully covered by cash or assets sufficient to meet any obligation that could arise. If derivatives are used, they will comprise a small portion of the Fund's assets.

¹ As at 30 September 2016.

Additional investments

You can add to your investment at any time via BPAY®, or by completing the Additional Application Form or by placing an order through your IDPS operator (if you invest through an IDPS) or with your broker (where you invest through mFund). Please refer to Section 8 on 'How to apply'.

For applications made by BPAY, we will not issue units until we receive the money from your nominated financial institution. This generally means there will be a delay between the day you initiate a BPAY transaction and the day the units are issued.

How to withdraw

Generally, if we receive your correctly completed withdrawal application before 1pm (Sydney time) on a business day, it will be processed using the unit price calculated for that day. Where we receive correct documentation after 1pm, we are taken to have received it the next day and it will be processed using the unit price determined for the following business day.

You can withdraw all or part of your investment in the Fund at any time by completing a withdrawal form available on our website, or by requesting a form from our Client Services team on 1800 044 922. Generally, partial withdrawals are subject to maintaining a minimum account balance of \$25,000 in the Fund.

Those unitholders invested through mFund will be able to make a withdrawal from the Fund through mFund by placing a sell order with certain ASX brokers. Generally, to be processed using the unit price calculated for that day, the request must be received within the timeframes specified in the ASX Settlement Operating Rules. Withdrawal requests received after this time will be processed using the unit price determined for the following business day.

Generally, the proceeds of a withdrawal request will be paid within five business days of our acceptance of a withdrawal request but may take longer in some circumstances.

Restrictions on withdrawals

There may be instances where your ability to withdraw from the Fund is restricted and you may be subject to a waiting period before your investment can be redeemed. For example, we may delay or suspend a withdrawal request where assets of the Fund are unable to be sufficiently realised due to circumstances beyond our control. In these instances, a unit price cannot be fairly determined (such as where there is restricted or suspended trading in the market), or where the Fund becomes illiquid. (Under the Corporations Act, in general terms a fund is illiquid if it has less than 80% liquid assets; that is, cash and marketable securities.)

Distributions

The Fund may pay distributions quarterly. In some situations distributions may be paid at other times. Distributions are usually paid within 14 days after quarter end.

Your distribution is calculated by dividing the distributable income of the Fund by the number of units on issue at the end of the distribution period. This gives a distributable income amount per unit. Your distribution entitlement is then determined by multiplying the number of units you hold by the distributable income amount per unit.

The distributions you receive are generally assessable income. If you invest during a distribution period, you may get back some of your capital as income. In some circumstances, we may hold back some income until the final distribution at the end of June to allow for market volatility.

The Fund's use of derivatives may affect the realised gains and losses of the Fund. This may affect the Fund's ability to distribute income.

Unless you instruct otherwise, your distribution entitlement will be reinvested. Distributions are reinvested on the distribution date at an application price calculated by dividing the net asset value of the Fund (which excludes the distribution amount) by the number of units on issue. No buy spread will apply in this circumstance.

Indirect investors

We authorise the use of this PDS as disclosure to people who wish to access the Fund indirectly through an IDPS, an IDPS-like scheme or a nominee or custody service (collectively known as master trusts or wrap accounts). In this circumstance, the IDPS operator becomes an investor in the Fund and acquires the rights of an investor and can exercise, or decline to exercise, these rights on your behalf.

As well as reading this PDS, indirect investors should read the IDPS operator's offer document, which explains the service and the fees payable by the indirect investor to the IDPS operator. Indirect investors should follow the instructions of the IDPS operator to apply to buy or sell units in the Fund.

If you invest in the Fund indirectly, you may be subject to different conditions from those referred to in this PDS, particularly with regard to cut-off times for transacting, the timing of distributions, processing and withdrawals as well as Fund reporting and other investor communication.

3. Benefits of investing in the Fidelity Australian Equities Fund

The Fidelity Australian Equities Fund is an actively managed portfolio of Australian shares. Some of the features of the Fund include:

- Access to an actively managed portfolio of listed Australian shares.
- An investment approach driven by fundamental research that favours companies with superior management, a competitive edge, sound balance sheet, strong free cash flow and low gearing.
- The ability for the portfolio manager to call on the research of a dedicated team of Australian analysts based in Sydney and regional analysts based around the world from where Australian companies operating in global industries are analysed.

Significant benefits

Some of the benefits that may arise from an investment in the Fund include:

- Potential to earn higher returns than the Fund's benchmark, the S&P/ASX 200 Accumulation Index, over the suggested timeframe.
- Access to a bottom-up, professionally managed core portfolio of Australian shares.
- Access to the investment knowledge and expertise of Fidelity's global network of investment professionals who can assess Australian companies in a global context.
- Access to a portfolio of shares that may provide regular income distributions.
- Regular investment statements and an annual tax statement to keep you up to date on your investment.

4. Risks of managed investment schemes

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. The likely investment return and the risk of losing money are different for every investment. Assets with the highest long-term returns may also carry the highest level of short-term risk.

The significant risks associated with this Fund are:

- **Specific security risk:** investments in shares in a company can fall in value for many reasons such as changes in internal operations or management of the company or changes in the business environment in which the company operates.
- **Market risk:** economic, technological, political, legal or environmental conditions, and even market sentiment, can alter the value of investment markets and the Fund's investments.
- **Fund risk:** risks particular to the Fund include that it could be wound up, the fees and expenses could change, the responsible entity or FIL Limited could be replaced or the investment professionals could change. There is a risk that investing in the Fund may give different results from investing individually because of income or capital gains accrued in the Fund and due to investments and withdrawals by other investors.
- **Liquidity and redemption risk:** this is the risk that an investment security may not be able to be bought or sold quickly enough to prevent or minimise a loss. A lack of liquidity may affect the amount of time it takes to satisfy withdrawal requests.
- **Derivative risk:** the value of a derivative is derived from the value of an underlying asset, resulting in the risk that the value of the derivative may fail to move in line with the underlying asset class. Other risks associated with using derivatives may include volatility in prices, illiquidity, the Fund failing to meet payment obligations as they arise, or the counterparty to the derivative contract failing to meet its obligations under the contract.

- **Legal and regulatory risk:** the Fund may be adversely affected by future changes in applicable laws, including tax laws and regulations.
- **Counterparty risk:** the ASX may suspend or revoke the admission of the Fund on mFund. Risks may also arise in relation to transactions processed via mFund if ASX settlement procedures have not been accurately relayed or processed.

Fidelity actively manages risk within its investment portfolios. We believe Fidelity's intensive research approach that focuses on regular company contact and internal and external research of companies and the industries in which they operate helps Fidelity to be better informed of investment risks and make better investment decisions for the medium to long term.

We also employ a range of monitoring procedures with the aim of reducing overall portfolio risk and ensuring we always act in the best interests of our investors.

Risk can be managed, but cannot be entirely eliminated. It is important to understand the following:

- The value of your investment will vary.
- Past performance is not an indicator of future performance.
- The level of returns on your investment will vary and future returns may differ from past returns.
- Returns are not guaranteed and you may lose money on any investment you make.
- Laws affecting your investment in a registered managed investment scheme may change in the future.

The level of risk for each person will vary depending on a range of factors, including your age, investment timeframe, where other parts of your wealth are invested, and your risk tolerance.

5. How we invest your money

Before choosing to invest in the Fund, you should consider the likely investment return, the risk and your investment timeframe.

Fidelity Australian Equities Fund

Fund description	<p>The Fund invests in a diversified selection of around 30 to 50 Australian companies.</p> <p>Fidelity believes that markets are semi-efficient and share prices don't always reflect inherent value. Through in-house, bottom-up company research, Fidelity aims to uncover the opportunities that it believes offer the greatest scope for outperformance.</p> <p>Based on this research approach, Fidelity seeks out stocks that it believes are undervalued and likely to generate growth.</p> <p>The companies selected for the portfolio must demonstrate good management, strong competitive advantages and enjoy favourable industry dynamics.</p>
Investment return objective	To achieve returns in excess of the S&P/ASX 200 Accumulation Index over the suggested minimum investment time period of five to seven years.
The Fund is suitable for	Investors looking for a core Australian equities investment who have a tolerance for a high amount of risk.
Minimum suggested timeframe for holding the investment	Five to seven years plus.
Asset classes and ranges	Australian shares: 90% to 100% Cash: 0% to 10%
Benchmark	S&P/ASX 200 Accumulation Index
Risk level	High. The potential for loss and unit price variability over the short term is high. Refer to Section 4 'Risks of managed investment schemes'.
Fund performance	<p>For up-to-date information on the performance of the Fund, visit www.fidelity.com.au and click on Fidelity Australian Equities Fund under the 'Funds' menu.</p> <p>Past performance is not a reliable indicator of future performance.</p>
Labour standards, environmental, social and ethical considerations	Our investment process takes into account environmental and social considerations, but not labour standards or ethical considerations, in the selection, retention and realisation of investments when, in Fidelity's view, these issues have a material impact on either investment risk or return.
Changes to Fund details	We may change or update the Fund's investment return objective, asset classes and ranges or strategy at any time. We will inform investors of any material changes to the Fund's details in the next regular communication or as required by law.

To find out more

You should read the important information about 'How we invest your money' and 'Labour standards, environmental, social and ethical considerations' before making a decision. Go to Section 1 of the 'Additional Information' document at www.fidelity.com.au/funds/fidelity-australian-equities-fund/. This material relating to the investment of your money may change between the time you read this PDS and the day when you acquire the product.

6. Fees and other costs

This section provides a summary of the fees and costs you may be charged. These fees and costs may be deducted from your investment, from the returns on your investment or from the Fund assets as a whole.

You should read all the information about fees and other costs because they affect your investment. You can also use this information to compare costs with those of other investment funds.

Fees when money moves in or out of the Fund

Type of fee or cost	Amount
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
Management costs	
The fees and costs for managing your investment	0.85% p.a. ² of the net asset value of the Fund (including GST net of Reduced Input Tax Credit).

² What it costs you will depend on the fees you negotiate with us, your financial adviser or your IDPS operator.

Example of annual fees and costs for the Fund

This table gives an example of how the fees and costs for the Fund can affect your investment over a one-year period. You can use this table to compare this product with other managed investment products.

Example – balance of \$50,000 with a contribution of \$5,000 during the year

Contribution fees	Nil	For every additional \$5,000 you invest, you will not be charged a fee.
Plus management costs	0.85% p.a.	For every \$50,000 you have in the Fund, you will be charged \$425 each year.
Equals cost of fund	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year, you would be charged fees of between \$425 and \$468. ³ What it costs you will depend on the investment option you choose and the fees you negotiate with your fund, your financial adviser or your IDPS operator.	

³ The additional management costs will be on a pro-rata basis and will vary depending on whether you are invested for the whole year or part of the year. Please note that this is just an example and that the actual investment balance of your holding will vary on a daily basis.

Important – Fees may be payable to your broker for accessing the Fund through mFund and, if applicable, to your broker or adviser (refer to the Financial Services Guide provided by your broker or adviser). These fees are in addition to those above.

Additional explanation of fees and costs

Management costs

The management costs include the management fee payable to FREAL for managing the Fund and the expenses of the Fund. The management costs of 0.85% per annum are expressed as a percentage of the net asset value of the Fund (excluding deductions for accrued management fees and expense recoveries) and are based on the amount of management costs which were deducted from or reduced the value of the Fund assets in the last financial year. The management costs include, but are not limited to, costs associated with investment management, custody and investment administration, fees for legal and tax services, the Fund's proportion of similar costs incurred in interposed vehicles, and the embedded costs within derivatives we may use to gain exposure to Fund investments. However, management costs do not include transactional costs which are explained below.

Any recoverable goods and services tax (GST) borne by the Fund will be part of the management costs.

Transactional costs

Transactional and operational costs are a broad category of costs incurred by the Fund that relate to managing the assets of the Fund including buying and selling Fund investments. Some of these costs are explicit amounts charged by third parties such as brokerage, settlement costs, custody settlement charges, clearing costs. Others are implicit costs, for instance buy-sell spreads incurred by the fund to convert one currency to another.

Derivatives

The Fund may invest in derivative financial products not traded on a financial market. These types of derivatives are known as OTC, or over-the-counter derivatives, and are private contracts that are traded directly between two parties. Examples include currency forward contracts used to hedge currency and interest

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

To find out more

You should read the important information about 'Fees and costs' before making a decision. Go to Section 2 of the 'Additional Information' document at www.fidelity.com.au/funds/fidelity-australian-equities-fund/.

This material relating to fees and costs may change between the time you read this PDS and the day when you acquire the product.

rate swaps used to hedge interest rate exposures. The notional fees and costs of OTC derivatives are treated as transactional costs for the purposes of this PDS.

Bid-ask spreads

A spread is the difference between the price a buyer is willing to pay (known as the bid price) and the price a seller is willing to accept (the ask price) for a particular investment.

The Fund may incur bid-ask spreads in relation to:

- Foreign currency conversions,
- OTC derivatives transactions.

The total transactional costs incurred by the Fund in the last financial year (ending 30 June 2016), expressed as a percentage of the Fund's average net asset value for that year, was 0.04%.

Buy-sell spread

Sometimes, transactional costs are incurred by the Fund because investors buy or sell units in the Fund and so the Fund may buy and sell investments to meet those investor transactions. We increase the cost at which we sell units in the Fund and decrease the amount which we pay on a withdrawal to recover these costs from investors. The amount of the increase or decrease of the cost of units is called a 'buy-sell spread'.

The purpose of applying a buy-sell spread is to ensure that the existing investors in the Fund are not affected by the transactional costs associated with other investors buying or selling units in the Fund.

The buy-sell spread is an additional cost to you when you buy or sell units in the Fund. The amount of the buy-sell spread is based on our estimates of the average transactional costs incurred by the Fund. However, the buy-sell spread is not a fee paid to us and it is retained in the Fund to cover the actual transactional costs as they are incurred.

As at the date of this PDS, the buy spread and the sell spread for applications and withdrawals are 0.20% of the value of the application or withdrawal amount. These spreads may change from time to time without notice, depending on the nature of the costs and the volume and types of assets being purchased or sold.

Of the total transactional costs incurred by the Fund in the last financial year of 0.04%, expressed as a percentage of the net asset value of the Fund assets, 0.09% was recouped through the application of a buy-sell spread to investors who were buying and selling units in the Fund and 0.00% reduced the returns to the Fund.

Example – combined impact of management costs and transactional costs

The total of the amounts for management costs and transactional costs incurred by the Fund in the last financial year, expressed as a percentage of average net asset value of the Fund assets for that year, was 0.89%.

As an example, if you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year, the total management costs and transactional costs which would be borne by you are between \$445 and \$490.

The information included here on transactional costs is based on information available and (if applicable) estimates as at the date of issue of the PDS. Investors should refer to www.fidelity.com.au for any updates which are not materially adverse from time to time.

Additional information on fees and costs

Additional fees and costs such as contribution and withdrawal fees may be payable.

We may change the amount of fees and costs without your consent. Should there be a decision to increase fees and costs, you will be given 30 days' prior notice.

Indirect investors accessing the Fund through an IDPS may incur additional fees and costs. As well as reading this PDS, indirect investors should read their IDPS operator's offer document, which explains the fees payable by the indirect investor to the IDPS operator.

If you consult a financial adviser, additional fees may be payable. You should refer to the Statement of Advice in which details of these fees (if any) are set out.

7. How managed investment schemes are taxed

Investing in a managed investment scheme is likely to have tax consequences. You are strongly advised to seek professional tax advice.

Investors in the Fund will be assessed on distribution income generated by the Fund. The distribution may include franked dividends, capital gains and interest income. A taxable capital gain or loss may be realised when withdrawing units in the Fund. Registered managed investment schemes do not pay tax on behalf of Australian resident investors.

If you invest directly in the Fund, or through mFund, we will provide you with a Tax Statement following the end of each financial year to enable you to complete your tax return.

If you invest through an IDPS, the IDPS operator will provide you with the relevant tax information.

To find out more

You should read the important information about 'How managed investment schemes are taxed' before making a decision. Go to Section 3 of the 'Additional Information' document at www.fidelity.com.au/funds/fidelity-australian-equities-fund/.

This material relating to the taxation of managed investment schemes may change between the time you read this PDS and the day when you acquire the product.

8. How to apply

You should follow these steps to invest in the Fund:

1. Before completing the Application Form, you should read the entire PDS to ensure the Fund meets your needs.
2. To invest, complete the Application Form online or download from the Fidelity website at www.fidelity.com.au.
3. You can invest with a cheque made payable to 'Fidelity Application Account' or via electronic funds transfer with your investor name in the payment reference or via BPAY if applying via the online application form. Payment details are outlined in the Application Form.
4. You should mail your completed forms to:
Fidelity Unit Registry
PO Box 3721
Rhodes NSW 2138
5. Your Application Form and application money must be received by 1pm (Sydney time) in order to receive the unit price for that business day. Indirect investors may be subject to different cut-off times and should refer to their IDPS operator's offer document.
6. We will notify you when your application has been processed.
7. If the application cannot be processed because it is incomplete or invalid, the relevant application money will be placed into a trust account. Any interest earned in the trust account will be paid into the Fund.

mFund

If the Fund has been admitted to mFund, the Managed Fund Settlement Service operated by the ASX, you can invest in the Fund using certain brokers. Your broker will process a buy order for units through CHESS. Your broker will confirm the order once received and accepted by us. Applications for units received and accepted by us will be forwarded to your broker for your payment. You will need to provide your application money to your broker.

We will price and allot new units in the Fund to your CHESS Holder Identification Number (HIN). We will also notify your broker of the unit price and units allotted.

Additional investments

Make an additional investment by using BPAY or alternatively complete the Additional Application form.

Cooling-off period

If you are a 'retail client' (as defined under the Corporations Act) investing directly in the Fund, you have a 14-day cooling-off period to ensure the investment meets your needs. The cooling-off period starts from the earlier of:

- The day we give you a transaction confirmation; or five business days after you acquire the product.

If you exercise your cooling-off rights, we will return your money to you; however, the amount we return may be different from your original investment. The amount may be higher or lower to reflect market movements and this may have tax implications for you. The amount returned will also be affected by the deduction of reasonable administration costs incurred by us or any other amount that may be deducted by us under the Corporations Act. Your cooling-off rights terminate immediately if:

- You exercise any of your rights or powers as an investor in the Fund; or
- An event occurs and your rights or powers as an investor cease to exist.

For any subsequent investments made under a distribution reinvestment plan, this cooling-off right does not apply.

Investors investing through an IDPS will have no cooling-off rights in respect of an investment in the Fund. Indirect investors should contact their IDPS operator and read their IDPS operator's offer document information, which will detail if any cooling-off rights apply.

Making a complaint

We have established procedures for dealing with complaints.

If you have any concerns or complaints, please contact our Client Services team on 1800 044 922. We will endeavour to respond and resolve the complaint within 45 days. If you are not satisfied with the outcome, you can contact the Financial Ombudsman Service (FOS) by calling 1800 367 287. FOS operations are governed by published Terms of Reference, which are available at www.fos.org.au.

Custodian, administrator and registrar

JPMorgan Chase Bank, N.A. (Sydney Branch) ABN 43 074 112 011, AFSL 238367 (JPMorgan) has been appointed by the responsible entity as custodian and administrator for the Fund. Link Market Services Limited ABN 54 083 214 537 (Link) has been appointed registrar of the Fund.

Neither JPMorgan nor Link have been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. Neither JPMorgan nor Link have independently verified the information contained in this PDS and, accordingly, accept no responsibility for the accuracy or completeness of the information. Neither JPMorgan nor Link guarantee the success or the performance of the Fund nor the repayment of capital or any particular rate of capital or income return. JP Morgan as custodian does not supervise the acts of the responsible entity. FD16898

9. Other information

Keeping you informed

We will keep you up to date regarding your investment. For example, you will receive:

- A periodic statement detailing the transactions (including distributions) during the period and the balance of your investment.
- A distribution statement (if and when distributions are paid).
- An annual tax statement containing a summary of your distributions for the financial year to assist you in completing your tax return.
- The Annual Financial Report for the Fund. (You may elect not to receive these if you wish.)

Email is our preferred means of sending you information; however, we will send you information by post if you prefer this method of delivery.

If you elect to receive information by email, you will be required to register for access to the Fidelity secure website to view your statements. You may also visit our website, www.fidelity.com.au, for up-to-date information on the und.

If you have invested through an IDPS, your IDPS operator will provide you with reports on the progress of the Fund.

Continuous disclosure

As a disclosing entity, the Fund is subject to certain reporting and disclosure obligations under the Corporations Act. We will meet our continuous disclosure obligations by publishing material information on our website at www.fidelity.com.au in accordance with the requirements of ASIC policy. Copies of the documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office.

You have a right to obtain a copy of the following documents from us at no charge to you:

- The latest Annual Financial Report lodged with the Australian Securities and Investment Commission (ASIC).
- Any half-yearly report for the Fund lodged with ASIC after the lodgement of the Annual Financial Report (and before the date of this PDS).
- Any continuous disclosure notices given by the Fund after lodgement of the Annual Financial Report (and before the date of this PDS).

Terms used in this PDS

'ASIC' means the Australian Securities and Investment Commission, Australia's corporate, markets and financial services regulator.

'ASX' means the Australian Stock Exchange.

'Constitution' means the Fund's constitution as amended from time to time. The Constitution is a legally enforceable document that details the rights and obligations of investors and the responsible entity.

'Corporations Act' means the Corporations Act 2001 (Cth).



Additional information

Issued
20 June
2018

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

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

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.

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.