

Notice to investors

Fidelity Global Emerging Markets Fund (Managed Fund) ARSN 627 296 959 (ASX Code: FEMX) (the Fund) – Important update

21 November 2019

As the Responsible Entity of the Fund, FIL Responsible Entity (Australia) Limited (ABN 33 148 059 009 AFSL No. 409340) (**Fidelity, we**) would like to provide a brief update to investors about a change to Indian tax law which occurred in 2018 which affected the Fund's unit pricing but has only recently been properly reflected in the Fund's unit price.

Fidelity is currently taking steps to correct the impact on investors of the delay in recognising the impact of the tax change.

Background

On 1 February 2018, a change in Indian tax law was announced in the Indian Union Budget to impose a tax of circa 12% on long-term capital gains realised by foreign portfolio investors, such as Australian domiciled funds, on and from 1 April 2018. This new law was enacted on 29 March 2018 in the Indian Finance Act 2018. The law is retrospective in that the tax applies to shares held at 31 January 2018 but the retrospective impact is mitigated by excluding unrealised gains accrued as at 31 January 2018.

Fidelity has now formed the view that deferred tax assets and liabilities should have been recognised on or about the date of commencement of the change to the Indian Finance Act 2018 (on or about 1 April 2018) in the accounts of the Fund for potential future tax liabilities on long-term capital gains, determined by reference to unrealised gains and losses as at that date.

What does this mean?

The impact of the delay in recognising deferred tax assets and liabilities is that the unit price of the Fund was overstated from 29 October 2018 (date of inception of the Fund), because the net asset value of the Fund was overstated by the amount that should have been recognised in the accounts for the net deferred tax liability (which would have created an additional liability that needed to be factored into the net asset value calculation).

What is being done by Fidelity to rectify this?

Fidelity recognised a net deferred tax liability for the Fund on 1 October 2019 which largely corrected the unit price.

Fidelity also appointed a global accounting firm to undertake the calculations to determine the best means of remediation to be undertaken by Fidelity in relation to investors who invested in the Fund between 5 November 2018 (when the Fund commenced trading on the ASX) to 30 September 2019 and who have been affected by the unit pricing discrepancy.

Do you need more information?

We expect to be able to provide investors with an update on the remediation process by the end of April 2020.

This notice is for information purposes only and you do not need to take any action. The above information does not have any effect on the Fund's dealings and investors can continue to invest in the Fund.

If you have any questions or require further information regarding the above, please email auclientservices@fil.com or contact us on 1800 044 922 (Investors) or 1800 119 270 (Advisers).

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