

Fidelity Global Emerging Markets Fund

(Managed Fund) (ASX:FEMX)

Product series



The Fidelity Global Emerging Markets Fund (Managed Fund) is an Active ETF designed for investors seeking a diversified selection of quality emerging market companies. We select companies that we believe are well positioned to generate returns through market cycles, with a focus on companies with a track record of robust corporate governance.

Why invest in FEMX?

- 1 One trade gives you access to a diversified portfolio of 30 to 50 actively managed emerging market shares.
- 2 One trade gives you access to a prudent, focused investment process designed to provide you with attractive returns over time.
- 3 There is no paperwork for investors with a trading account and no minimum investment size.

What are the risks?

All investments involve risk; however, Fidelity actively manages risk within its investment portfolios and employs a range of monitoring procedures with the aim of reducing overall portfolio risk. The main risks of investing in this Fund are increased volatility, when compared to more developed markets, movements in exchange rates, market risk, specific security risk and derivative risk. For further details on the specific risks of investing in this Fund, please refer to the Product Disclosure Statement.

Actively managed access to emerging markets

The Fidelity Global Emerging Markets Fund (Managed Fund) (ASX:FEMX) gives investors access to a diversified portfolio of 30 to 50 quality companies in emerging markets. The Fund is actively managed, which means investors access a portfolio of carefully selected, globally listed securities exposed to emerging markets, which may or may not be in the Fund's benchmark.

The portfolio managers actively seek companies with a track record of robust corporate governance; selecting companies we believe are well positioned to generate returns through market cycles.

With access to research and insights from more than 400 investment professionals worldwide, the Fund's investment experts have been finding opportunities in this exciting and dynamic region for more than 15 years.



MONEY MANAGEMENT
**FUND MANAGER
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AUSTRALIA'S FIRST INDEPENDENT AND WHOLE OF MARKET AWARDS

WINNER

Global Emerging Market Equities

Our process

At Fidelity, we recognise that a major risk in emerging markets stems from poor corporate governance or poor balance sheet structures. Based on this belief, our investment process (see Diagram 1, below) is designed to mitigate these risks and concentrate on the areas where we can add value.

We mitigate risk through:

Prudent corporate governance – We consider ownership, shareholder structure and management incentives to ensure the interests of investors are properly aligned with those of the major decision makers.

Balance sheet health – Balance sheet analysis ensures the balance sheet is robust enough to fund the growth of the company across the economic cycle. The team also pays close attention to accounting standards.

We add value through bottom-up research and portfolio construction by:

Understanding the return profile – Understanding how a company makes money and the key drivers of returns is crucial. We stress-test the return profile against a range of assumptions to understand the underlying resilience of a company’s cash flow generation across an economic cycle.

Evaluating valuations – Valuations is the last step in the process. Once the team identifies a reasonable level of sustainable or cross-cycle earnings power of the business, they assign an appropriate multiple and target double-digit compounding over the medium to long term.

The position size and buy/sell decision is based on the expected total shareholder return to target price.

Portfolio construction – The portfolio managers meet formally and informally on a regular basis to discuss changes on position sizing and new portfolio additions. Their decisions are made according to their belief in the quality of the company and its expected return.

Sustainable characteristics

- 1 Incorporation of the firm-wide forward-looking sustainable research on all stocks under coverage. This includes the benefits of company engagement and proxy voting.
- 2 Although engagement is preferred over exclusions, the Fund benefits from not being exposed to companies Fidelity sees as being in violation of the United Nations Global Compact framework, firm-wide exclusions and tobacco.
- 3 A minimum of 50% of the Fund’s net assets are invested in securities deemed to maintain sustainable characteristics.¹

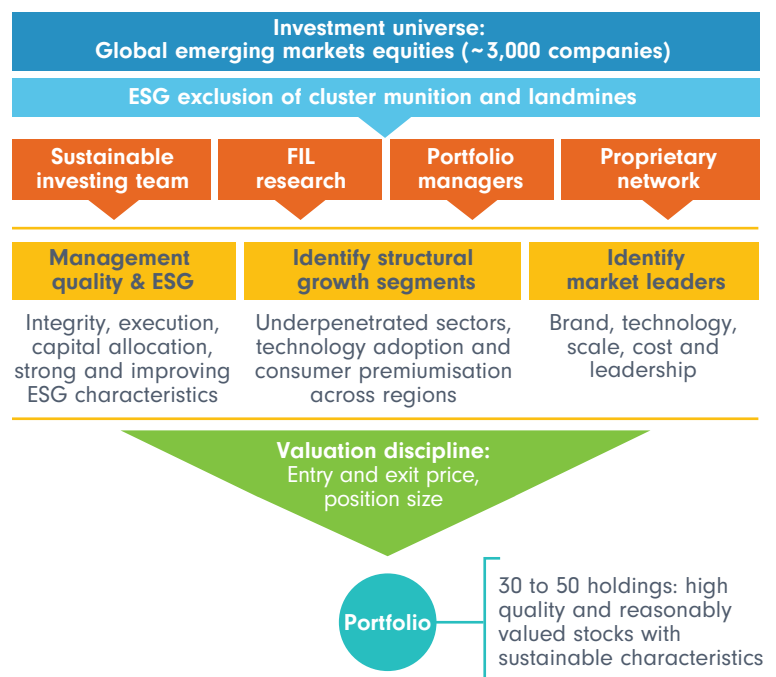
See the PDS for more detail.

A portfolio of our best 30–50 ideas in emerging markets^{2,3}

The emerging markets investment universe comprises around 3,000 companies, which go through ESG exclusions via Fidelity proprietary research and additional market data.

We use a distinctive bottom-up investment process with a focus on quality and growth to select the best 30 to 50 companies to include in the Fund.

Diagram 1: Filtering the investment universe



The Fidelity Global Emerging Markets team



Amit Goel
Lead Portfolio Manager

Amit is based in Singapore and has 16 years' experience in investing, joining Fidelity in 2006. He is also the portfolio manager for the successful Fidelity India Fund.



Punam Shama
Co-Portfolio Manager

Punam is based in London and has over 15 years' experience in investments, joining Fidelity in 2016 as a director of equities.



Sherry Qin
Non-Discretionary Adviser

Sherry joined Fidelity in 2015 and is based in our Shanghai office. She has gained experience in analysing companies across a variety of sectors including Chinese renewables and utilities, building materials, and automobile and components.



The benefits of a team approach

Harnessing deep and collective knowledge of emerging markets

- Supports a deeper understanding of stock, industry and country dynamics.
- Exploits the advantages of local presence and enhances cross-regional debate.
- Utilises the full breadth and depth of the investment platform.
- Allows for deeper engagement with companies.
- Allows stocks to be viewed from different perspectives; helps remove behavioural biases.

The Fidelity difference

Fidelity specialises in active fund management that focuses on bottom-up global research. With one of the largest buy-side research teams in the world, we have the unique ability to identify investment themes and ideas across different market cycles.



Foresight

We have a team of more than 400 investment professionals connecting ideas across asset classes, sectors and regions to see things others may miss.



Further

We attend more than 16,000 company meetings a year. We believe that by going further we gain better insights and knowledge, to make better investment decisions.



Future

Our purpose is to build better futures. We believe that by investing in companies which operate with high standards of sustainability we can protect and enhance returns for our clients, and build a better future for society as a whole.

“ Emerging markets have been growing rapidly in recent years. In fact, they now contribute over 50% of global growth and are expected to contribute over 60% by 2025.”⁴

Objective	To outperform the benchmark over the medium to long term
Benchmark	MSCI Emerging Markets Index NR [†]
Inception	29 October 2018
Number of stocks	30 to 50
Management costs	0.99% p.a.
Distributions	Annually (with option of DRP)

[†] 'NR' at the end of the benchmark name indicates the return is calculated including reinvesting net dividends. The dividend is reinvested after deduction of withholding tax, applying the withholding tax rate to non-resident individuals who do not benefit from double taxation treaties.

How to invest

Via your broker or licensed adviser

- 1 Place a 'buy or sell' order with your broker.
- 2 Your broker initiates a transaction with the ASX via the ticker code.
- 3 The ASX settles the transaction via CHES.

Direct with online trading account

If you have an online trading account, you can type in the fund's ticker code and invest immediately.

2020 Morningstar Australia Fund Manager of the Year[†]

[fidelity.com.au](https://www.fidelity.com.au)



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1. Sustainable characteristics are defined by reference to a combination of different measurements such as ESG ratings provided by external agencies or Fidelity Sustainability Ratings. Further details on the methodology applied are set out at www.fidelity.com.au and may be updated from time to time. **2.** Note: International Securities: 90% to 100%. Generally, a minimum of 70% of the portfolio will be invested in securities which are either incorporated in or listed in an emerging market, or where a company generates at least 50% of revenues, profits or has substantial assets in emerging markets. The remaining maximum limit of 30% will constitute up to 20% in frontier market securities and up to an additional 10% in companies that FREAL deems to have exposure to emerging markets. Cash: 0% to 10% Derivatives: 0% to 10%. **3.** A minimum of 50% of the fund's net assets will be invested in securities deemed to maintain sustainable characteristics, as described in the section entitled 'Sustainable investing framework' in the prospectus. The fund will consider a wide range of environmental and social characteristics on an ongoing basis. Environmental characteristics include but are not limited to climate change mitigation and adaptation, water and waste management, biodiversity, while social characteristics include but are not limited to product safety, supply chain, health and safety and human rights. Controversies involving environmental and social characteristics are measured through the use of sustainability ratings. The fund is subject to a firm-wide exclusions list, which includes, but is not limited to, cluster munitions and anti-personnel landmines. The norms-based screening includes issuers which are considered to have failed to conduct their business in accordance with accepted international norms, including as set out in the United Nations Global Compact. **4.** <https://www.imf.org/external/datamapper/PPPSH@WEO/OEMDC>.

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