

Fidelity Global Emerging Markets Fund

(Managed Fund) (ASX:FEMX)



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.

“ Emerging markets have always been important in the global economy due to their size. If you look back over the last 20 to 30 years, you can see that emerging market GDP has gone from around 30 to 40% of global output to about 60% of global economic activity today.

Alex Duffy, Portfolio Manager

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 Fidelity's investment expertise in emerging markets, with a track record backed by more than 20 years' investing in emerging markets.
- 3 One trade gives you access to a prudent, focused investment process designed to provide you with attractive returns over time, and minimise downside risk.
- 4 There is no paperwork for investors with a trading account and no minimum investment size.

Actively managed access to emerging markets

The Fidelity Global Emerging Markets Fund (Managed Fund) is an Active ETF which 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. See Table 1 which compares the country holdings of The Fidelity Global Emerging Markets Fund versus its benchmark (the MSCI Emerging Markets Index NR).

The portfolio manager actively seeks 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 400 investment professionals worldwide, and more than 50 on-the-ground analysts in emerging markets, we have the resources and the expertise to discover some of the best opportunities in some of the world's fastest growing economies.

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 is designed to mitigate these risks and concentrate on the areas we can add value.

We mitigate risk through:

1 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.

2 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:

3 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.

4 Evaluating valuations

The team starts by looking at cash flow generation in year one. We then look at reinvestment opportunities and examine the compounding potential over the three to five-year time horizon.

5 Portfolio construction

Portfolio Manager Alex Duffy selects the stocks for FEMX. Alex's approach is absolute in nature and his decisions are made according to his belief in the quality of the company and its expected return.

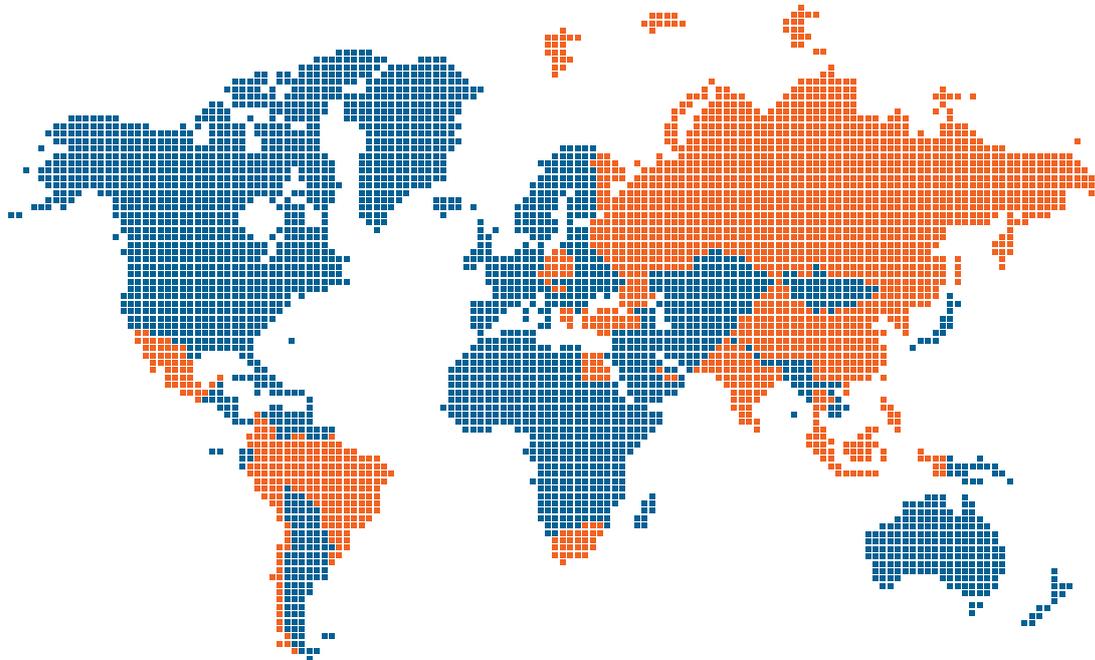


Table 1
Countries in the MSCI Emerging Markets Index

Americas	Europe, Middle East + Africa	Asia
Brazil	Czech Republic	China
Chile	Egypt	India
Colombia	Greece	Indonesia
Mexico	Hungary	Korea
Peru	Poland	Malaysia
	Qatar	Pakistan
	South Africa	Philippines
	Turkey	Taiwan
	United Arab Emirates	Thailand
	Russia	

Country exposure of the Fidelity Global Emerging Markets Fund (unlisted) as at 31 August 2018 is listed in bold¹.

The Manager



Alex Duffy, Portfolio Manager, Fidelity's Global Emerging Market Funds

Alex has 14 years' experience in investing, joining Fidelity in 2004. He manages the successful Fidelity Global Emerging Markets Fund (unlisted) which was launched in Australia in 2013 and now the quoted Active ETF, Fidelity Global Emerging Markets Fund (Managed Fund) (ASX: FEMX). Prior to becoming a portfolio manager in 2008, Alex was a research analyst covering raw materials and natural resources before moving into portfolio management.

Since April 2015, Alex has been solely focused on managing global emerging market equities.

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

Privately owned for nearly half a century, Fidelity is an independent company and investment is our only business. We help investors build long-term wealth by thinking well-ahead.

Fund facts

Objective	To outperform the MSCI Emerging Markets Index NR over the suggested minimum investment time period seven years plus
Benchmark	MSCI Emerging Markets Index NR
Inception	29 October 2018
Number of stocks	30-50
Management costs	0.99% pa
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 licenced 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.

fidelity.com.au



Important information

¹ 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%.

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