Investing in emerging markets can provide a unique opportunity to tap into some of the fastest-growing economies in the world. But what if the best opportunities are the ones that are harder to see? We prefer a more prudent approach, designed to provide more sustainable results over time.

“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?

1. Access to a prudent, focused investment process designed to provide investors with attractive returns over time, while minimising any loss of capital.

2. A strong track record backed by more than 20 years’ experience investing in emerging markets, informed by over 50 on-the-ground analysts.

3. A concentrated portfolio with low turnover and a patient approach, which allows opportunities time to come to fruition.
Actively managed access to emerging markets

The Fidelity Global Emerging Markets Fund 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 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.

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/regions in the MSCI Emerging Markets Index

<table>
<thead>
<tr>
<th>Americas</th>
<th>Europe, Middle East + Africa</th>
<th>Asia</th>
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<tr>
<td>Argentina</td>
<td>Czech Republic</td>
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<td>Saudi Arabia</td>
<td>Thailand</td>
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</tbody>
</table>

Country exposure of the Fidelity Global Emerging Markets Fund (unlisted) as at 30 September 2019 is listed in **bold**.

The Manager

Alex Duffy
Portfolio Manager
Fidelity Global Emerging Markets Funds

Alex has 15 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 the Active ETF, Fidelity Global Emerging Markets Fund (Managed Fund) (ASX:FEMX), which launched in October 2018. 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.

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

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.

Privately owned for 50 years, Fidelity is an independent company and investment is our only business. We help investors build long-term wealth by thinking well ahead.

Category Award Winner: International Equities – Emerging Markets and Regional
**Fund facts**

**Objective**
To outperform the MSCI Emerging Markets Index NR over the suggested minimum investment time period of seven years plus

**Benchmark**
MSCI Emerging Markets Index NR

**Inception**
16 December 2013

**Number of stocks**
30 to 50

**Buy/sell spread**
±0.40%

**Management costs**
0.99% pa

* ‘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.

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**How to invest**

Whether you’re a first-time investor or an investment professional, you can access Fidelity’s investment expertise in the way that best suits your individual needs:

**Direct investment**
You can invest directly with Fidelity as an investor or adviser. Fidelity accepts direct investments with a minimum of $25,000. You can apply online or using our paper application.

**Invest via mFund**
All of our managed funds are available on mFund Settlement Service. This service allows you to buy, hold and sell units in Fidelity managed funds through a process similar to buying and selling shares. You can easily buy (apply for) and sell (redeem) units via a broker and the transactions are settled using CHESS, the ASX electronic settlement system.

**Invest via a platform**
You can invest with Fidelity via a platform which is generally offered through a financial planner. A platform bundles a range of managed funds and investments as one single product to provide consolidated administration, tax, and distribution reporting.

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**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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