

# Additional Information

Issued 1 July 2019

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 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

**Fidelity Global Demographics Fund**  
**ARSN:** 160 557 353  
**APIR:** FID0023AU  
**mFund:** FIL23

**Fidelity Global Low Volatility Equity Fund**  
**ARSN:** 622 269 434  
**APIR:** FID9876AU  
**mFund:** FIL76

## Contact

FIL Responsible Entity (Australia) Limited  
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Sydney NSW 2000

## Client Services team

**Investor:** 1800 044 922  
**Adviser:** 1800 119 270  
[auclientservices@fil.com](mailto:auclientservices@fil.com)

## Mailing address

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Sydney NSW 1225

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## Important information

The information in this document forms part of each Product Disclosure Statement (PDS) for the funds listed above 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/](http://www.fidelity.com.au/funds/pds/), or request a copy free of charge by calling our Client Services team on 1800 044 922.

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



# 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.

FREAL believes that high standards of corporate responsibility will generally make good business sense and have the potential to protect and enhance investment returns.

FREAL 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 International and Fidelity Investments are both signatories 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 FREAL'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 1.55% 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

Please refer to Appendix 1 for an illustration of the estimated total transactional and operational costs of each Fund and the corresponding estimated dollar value of such costs over a year based on an average account balance of \$50,000.

## Contribution and withdrawal fees

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 irrecoverable 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 into 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 in Australia

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 publication of this document. 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, other 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, other gains, foreign income and interest;
- net capital gains, including discount and concessional components;
- tax credits and offsets, such as franking credits attached to dividend income (subject to certain eligibility criteria) and offsets for tax paid on foreign income; and
- non-assessable distributions, which may not need to be included in your tax return but will generally increase or decrease the cost base of your investments for capital gains tax (CGT) purposes.

FREAL has made the managed investment trust (MIT) CGT election for the Funds 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.

FREAL is not able to ensure the Fund qualifies as a MIT for all income years as the ongoing MIT eligibility requirements include there being both a sufficient number of investors in the Fund and a spread of ownership of the Fund among those investors throughout each income year.

If the Fund qualifies as a MIT for a particular year, certain investors may obtain the benefit of the CGT discount and other tax concessions (where applicable) on distributions of capital gains they may receive.

If the Fund does not qualify as a MIT for a particular year then investors will not receive the benefit of the CGT discount on distributions of gains for that year and the Fund may not be able to offset certain losses carried forward from prior years.

**Investors should check the Fund's MIT status at [www.fidelity.com/funds/amt](http://www.fidelity.com/funds/amt) :**

- **before investing if the tax treatment of distributions of gains made by the Fund is important to a decision to invest in the Fund; and**
- **from time to time if this tax treatment is important to a decision to continue to hold an investment in the Fund.**

#### Attribution Managed Investment Trust (AMIT) regime

FREAL has elected for each Fund to become an AMIT by irrevocable choice subject to the relevant Fund satisfying the ongoing eligibility requirements.

Under AMIT, investors will be attributed amounts of income on a fair and reasonable basis for each financial year. Where AMIT applies to a Fund, that Fund should not be liable for Australian income tax under the current tax legislation.

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 underestimations and overestimations 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 each Fund and investors may change if the AMIT regime ceases to apply to the Fund. The AMIT regime will not apply to the Fund for a year if the Fund does not qualify as a MIT for that year. Investors should seek their own tax advice on the potential impact of the AMIT regime not applying to the Fund(s) invested.

The Fund will attribute capital gains or income arising on the sale of securities to meet a significant redemption to the redeeming investor on a fair and reasonable basis to the extent permitted by the AMIT regime.

Investors will be kept informed of the latest changes to each Fund's AMIT status via communication(s) posted on our website, [www.fidelity.com/funds/amt](http://www.fidelity.com/funds/amt)

#### 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, that 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 33.33% 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.

The taxation treatment of the capital gain or loss realised by an investor on disposal of units in the Fund as a capital gain or loss should not be impacted by whether or not the Fund qualified as a MIT, or an AMIT, during the investor's holding period.

#### 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.

### **Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard**

Australian legislation relating to the automatic exchange of financial information between jurisdictions gives effect to the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (CRS) and FATCA. These regimes cover the collection and reporting of tax residency information and other data to tax authorities. Accordingly, we may request that you provide certain information in order for the Funds to comply with the CRS and FATCA obligations.

FREAL and the Fund are foreign Financial Institutions for these 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) 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.

## **4. Cross trades**

The investment manager and/or sub-manager of each Fund may enter into trades for the account of the Fund with: (i) the accounts of other clients managed by the investment manager, the sub-manager or its affiliates; or (ii) their house accounts (i.e. accounts owned by the investment manager, the sub-manager or any of its connected persons over which it can exercise control and influence) ('cross trades'). Such cross trades will only be undertaken in accordance with the relevant requirements promulgated by the relevant authorities.

## **5. Privacy and collection and disclosure of personal information**

The Privacy Act 1988 (Cth) regulates, among other things, the collection, disclosure and access to personal information.

We collect, hold, use, disclose and protect personal information in accordance with our Privacy Policy. A copy of our Privacy Policy is available on our website. You should contact us if you have any questions about our practices relating to the handling of personal information.

We also use your personal information to comply with Anti-Money Laundering/Counter Terrorism Financing laws, Australian taxation laws and all other applicable laws, and disclose personal information to various law enforcement agencies, regulatory authorities and governments around the world, including the Australian Taxation Office and the Australian Transaction Reports and Analysis Centre.

Under FATCA and the CRS, we are required to ask about your tax residency status under taxation information-sharing agreements between Australia and other countries.

## Appendix 1

The following table provides an estimate of the total transactional and operational costs of each Fund and the dollar value of such estimated costs over a year based on an average account balance of \$50,000.

These estimated costs are based on the actual transactional and operational costs incurred by the relevant Fund for the 12-month period ended 31 December 2018.

<b>Fund</b>	<b>Total transactional and operational costs (% p.a.)<sup>^</sup></b>	<b>Minus: Buy/sell spread recovery: (% p.a.)<sup>^</sup></b>	<b>Equals: Net transactional and operational costs: (% p.a.)<sup>*</sup></b>	<b>For every \$50,000 you have in the Fund, you will likely incur approximately:</b>
Fidelity Australian Equities Fund	0.07%	0.06%	0.01%	\$5
Fidelity Australian Opportunities Fund	0.31%	0.22%	0.09%	\$45
Fidelity Future Leaders Fund	0.75%	0.29%	0.46%	\$230
Fidelity Global Equities Fund	0.15%	0.13%	0.02%	\$10
Fidelity Hedged Global Equities Fund	0.23%	0.12%	0.11%	\$55
Fidelity Global Low Volatility Equity Fund	0.51%	0.12%	0.39%	\$195
Fidelity Global Demographics Fund	0.24%	0.18%	0.06%	\$30
Fidelity Global Emerging Markets Fund	0.66%	0.45%	0.21%	\$105
Fidelity Asia Fund	0.47%	0.42%	0.05%	\$25
Fidelity China Fund	0.08%	0.14%	0.00%	\$0
Fidelity India Fund	0.08%	0.16%	0.00%	\$0

<sup>^</sup>These costs are expressed as a percentage of the Fund's average net asset value and are estimated based on the 12-month period ended 31 December 2018.

<sup>\*</sup>The amount of such costs will vary from year to year depending on the volume and value of trading activity in the Fund.

The estimate of these costs for the Fund is based on the current buy-sell spread charged by the Fund and is based on information available and (if applicable) estimates as at the date of issue of this document. Investors should refer to [www.fidelity.com.au](http://www.fidelity.com.au) from time to time for any updates that are not materially adverse.