

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.**

Enhancement of Disclosures regarding Fidelity Funds - Flexible Bond Fund and Fidelity Funds - Global Inflation-linked Bond Fund and Fidelity Funds Sustainable Strategic Bond Fund

Key Facts

- We are enhancing the disclosures regarding derivatives usage for the following 3 sub-funds of Fidelity Funds (together referred to as the “Funds” and each a “Fund”):
 - Fidelity Funds - Flexible Bond Fund;
 - Fidelity Funds - Global Inflation-linked Bond Fund; and
 - Fidelity Funds - Sustainable Strategic Bond Fund
- The net derivative exposure of each Fund may be more than 50% but up to 100% of its Net Asset Value.
- The investment objective of each Fund will be enhanced to include the additional disclosures regarding use of financial derivative instruments (“Use of Derivatives”). The risk disclosure associated with the Use of Derivatives will be enhanced as appropriate.
- There will be no change to the investment objective and policy of each Fund including use of financial derivative instruments (“Use of Derivatives”), no change to the risk profile of each Fund and no change to the level of fees that you currently pay.

Shareholder Choices

- In light of the above, you may switch or redeem your Shares free of charge on any Valuation Date until 5.00pm Hong Kong time on 30 December 2019.
- If you intend to remain invested in the relevant Fund, you do not need to take any action.

29 November 2019

Dear Shareholder,

As regulatory environment is constantly evolving, I am writing to notify you of the decision taken by the board of directors of Fidelity Funds (the “**Board**”) to enhance the disclosures related to the Use of Derivatives which are included in the investment objectives of the Funds. The risk disclosure associated with the Use of Derivatives will also be enhanced as appropriate. Such amendment to the prospectus of Fidelity Funds (the “**Prospectus**”) and the Product Key Facts Statement (“**KFS**”) of each Fund will be effective as of 31 December 2019 (the “**Effective Date**”).

Our records show that you are a shareholder in the Fund(s) (the “**Shareholders**” or “**you**”). For more information on the impacted classes of Shares and the corresponding ISIN Codes, please refer to the Appendix to this letter.

Any terms not defined herein shall have the same meaning as in the Prospectus.

Enhancement of Disclosures related to the Use of Derivatives

It is currently disclosed in the Prospectus and the KFS of the Funds that the Funds do not make extensive use of derivatives for investment purposes. The disclosures on the Use of Derivatives in the Prospectus and the KFS of the Funds will be enhanced to better reflect the Use of Derivatives by the Funds and to comply with the local regulatory requirements. In particular,

- (a) the net derivative exposure of each Fund may be more than 50% but up to 100% of its Net Asset Value;
- (b) the disclosure on the Funds' strategies in using financial derivative instruments to achieve their investment targets will be enhanced notwithstanding the Funds are currently permitted to invest in financial derivative instruments; and
- (c) the disclosure will be enhanced to include long and short active currency positions not correlated with underlying securities positions but for the avoidance of doubt, there is no change in the Use of Derivatives.

The amendments to the existing disclosures are to comply with the new disclosure requirements on the net derivative exposure of a fund which is calculated in accordance with the prescribed local regulatory requirements (as explained in detail below).

The amendments are an enhanced description of the Funds' current derivatives usage to achieve the investment objective and policy of the Funds. These enhanced disclosures will not result in a change in the way the Funds are managed. There will be no change to the investment objective and policy of the Funds including the Use of Derivatives.

The below enhanced disclosures, together with the enhanced risk disclosures in the KFS of each Fund (as described below), will be collectively referred to as the "**Enhanced Disclosures**".

On the Effective Date, the investment objective of the Funds will be supplemented by the corresponding paragraphs below:

1) Fidelity Funds - Flexible Bond Fund

"The fund may make use of financial derivative instruments for investment purposes or use complex financial derivative instruments or strategies to meet the investment objectives of the fund with a level of risk which is consistent with the risk profile of the fund. Financial derivative instruments may be used to create economic exposure to the underlying asset, this may include futures, forwards, options, and swaps. The fund will use (i) index, basket or single credit default and total return swaps to gain exposure or reduce credit risk of issuers, (ii) interest rate futures, swaps or options to actively manage the level of interest rate risk and (iii) currency derivatives to hedge or gain exposure to currencies. The long and short active currency positions implemented by the fund may not be correlated with the underlying securities positions held by the fund."

On the Effective Date, the above paragraph will replace the below paragraph which is currently disclosed in the KFS of the Fund stating that the Fund does not make extensive use of derivatives for investment purposes or use complex derivatives or strategies to meet the investment objectives of the Fund:-

- The fund may invest in assets directly or achieve exposure indirectly through other eligible means including financial derivative instruments ("**derivatives**"). Such derivatives may include over-the-counter and/or exchange traded instruments such as interest rate or bond futures, options, swaptions and interest rate, total return or inflation swaps, credit default and total return swaps, forwards including non-deliverable forwards and currency swaps. The fund may use derivatives with the aim of risk or cost reduction or to generate additional capital or income (including for investment purposes), in line with the risk profile of the fund. However, the fund will not make extensive use of derivatives for investment purposes or use complex derivatives or strategies to meet the investment objectives of the fund.

2) Fidelity Funds - Global Inflation-linked Bond Fund

"The fund may make use of financial derivative instruments for investment purposes or use complex financial derivative instruments or strategies to meet the investment objectives of the fund with a level of risk which is consistent with the risk profile of the fund. Financial derivative instruments may be used to create economic exposure to an asset akin to a physical holding

of that asset. The fund will use (i) interest rate swaps to actively manage the level of interest rate risk (ii) inflation swaps to eliminate unwanted, or pursue desired, inflation risks, and (iii) currency derivatives to hedge or gain exposure to currencies or replicate currency exposure of the underlying securities of a bond index. The long and short active currency positions implemented by the fund may not be correlated with the underlying securities positions held by the fund.”

On the Effective Date, the above paragraph will replace the below paragraph which is currently disclosed in the KFS of the Fund stating that the Fund does not make extensive use of derivatives for investment purposes or use complex derivatives or strategies to meet the investment objectives of the Fund:-

- The fund may invest in assets directly or achieve exposure indirectly through other eligible means including financial derivative instruments (“**derivatives**”). Such derivatives may include over-the-counter and/or exchange traded instruments such as interest rate or bond futures, options, swaptions and interest rate, total return or inflation swaps, credit default and total return swaps, forwards including non-deliverable forwards and currency swaps. The fund may use derivatives with the aim of risk or cost reduction or to generate additional capital or income (including for investment purposes), in line with the risk profile of the fund. However, the fund will not make extensive use of derivatives for investment purposes or use complex derivatives or strategies to meet the investment objectives of the fund.

3) Fidelity Funds – Sustainable Strategic Bond Fund

“The fund may make use of financial derivative instruments for investment purposes or use complex financial derivative instruments or strategies to meet the investment objectives of the fund with a level of risk which is consistent with the risk profile of the fund. Financial derivative instruments may be used to create economic exposure to the underlying asset, this may include futures, forwards, options, and swaps. The fund will use (i) index, basket or single credit default and total return swaps to gain exposure or reduce credit risk of issuers, (ii) interest rate futures, swaps or options to actively manage the level of interest rate risk and (iii) currency derivatives to hedge or gain exposure to currencies. The long and short active currency positions implemented by the fund may not be correlated with the underlying securities positions held by the fund.”

On the Effective Date, the above paragraph will replace the below paragraph which is currently disclosed in the KFS of the Fund stating that the Fund does not make extensive use of derivatives for investment purposes or use complex derivatives or strategies to meet the investment objectives of the Fund:-

- The fund may invest in assets directly or achieve exposure indirectly through other eligible means including financial derivative instruments (“**derivatives**”). Such derivatives may include over-the-counter and/or exchange traded instruments such as interest rate or bond futures, options, swaptions and interest rate, total return or inflation swaps, credit default and total return swaps, forwards including non-deliverable forwards and currency swaps. The fund may use derivatives with the aim of risk or cost reduction or to generate additional capital or income (including for investment purposes), in line with the risk profile of the fund. However, the fund will not make extensive use of derivatives for investment purposes or use complex derivatives or strategies to meet the investment objectives of the fund.

Rationale for and Impact of the Enhanced Disclosures

Given that Fidelity Funds is authorised in various jurisdictions for distribution, some funds of Fidelity Funds are required to meet the local regulatory requirements. The Funds are authorised by the Securities and Futures Commission in Hong Kong (“**SFC**”) and hence are subject to the applicable requirements under the Code on Unit Trusts and Mutual Funds (“**Code**”) issued by the SFC.

Given that the Code has been revised, the Prospectus and the KFS of each Fund will be required to include disclosures on the expected maximum net derivative exposure arising from derivative investments. The net derivative exposure of each Fund is calculated in accordance with the requirements and guidance issued by the SFC, which may be updated from time to time.

As a result, it will be disclosed in the Prospectus and the KFS of each Fund that the net derivative exposure of each Fund may be more than 50% but up to 100% of its Net Asset Value.

Accordingly, the investment objectives of the Funds will be updated as of the Effective Date to include the enhanced disclosure regarding the Use of Derivatives.

Such updates of the investment objectives of the Funds will not have any impacts on the current investment strategies or change the way the Funds are being managed.

Risk Disclosure

As of the Effective Date, the risk disclosure of the KFS of each Fund relating to “Financial Derivative Instruments” will be enhanced as follows:-

Financial Derivative Instruments

- The Fund’s net derivative exposure may be more than 50% but up to 100% of its Net Asset Value. The use of derivatives may give rise to liquidity risk, counterparty credit risk, volatility risk, valuations risks and over-the-counter transaction risk at times. The leverage element / component of a derivative can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Fund. Exposure to financial derivative instruments may lead to a high risk of significant loss by the Fund.
- The Fund may implement active currency positions which may not be correlated with the underlying securities positions held by the Fund. This may result in the Fund suffering a significant or total loss even if there is no loss of the value of the underlying securities positions (e.g. equities, fixed income securities) being held by the Fund.

For the avoidance of doubt, the above risk is already disclosed in the Prospectus and applies to each Fund. Please refer to the Prospectus for more details of the derivatives related risks. The Enhanced Disclosures described above do not have any impact on the Funds’ existing investment objective and policy (including the use of financial derivative instruments by the Funds). Furthermore the Enhanced Disclosures do not lead to a modification of (i) the Funds’ risk profiles, or (ii) the risks associated with the Use of Derivatives currently made by the Funds.

Notwithstanding the above, you should carefully read the information set out in the investment objective section of each of the Funds included above.

The Board believes that the Enhanced Disclosures are in the best interests of Shareholders. There are no other impacts that may materially prejudice the existing Shareholders’ rights or interests as a result of the Enhanced Disclosures.

Costs

There will be no change to the level of fees that you currently pay. The expenses triggered by the Enhanced Disclosures including any legal, regulatory and mailing charges will be borne by FIL Fund Management Limited, the Investment Manager of Fidelity Funds (and/or any of its affiliates within FIL Group).

Shareholder Choices

There are three options available to **you** as a Shareholder:

1. We are offering a free switch of your existing Shares in the relevant Fund into any other sub-fund of Fidelity Funds available to you, or,
2. You may redeem your existing Shares in the relevant Fund, free of charge, or,
3. You may take no action, in which case your investment in the relevant Fund will continue after the Effective Date.

If you wish to switch or redeem your Shares in the relevant Fund, you should contact your Financial Adviser or your usual contact at Fidelity. You may switch or redeem your Shares on any Valuation Date until 5.00pm Hong Kong time¹ on 30 December 2019 and the next calculated Net Asset Value per Share will apply. The redemption proceeds will be sent directly to your bank. Fidelity will not charge any redemption fee or levy any switching fee if the instruction is received in the conditions set forth above.

Please note that the redemption or switching of your holding may be deemed as a disposal for tax purposes. Generally, investors will not be subject to any Hong Kong tax on capital gains realized on the redemption or switching of any Shares. However, if any acquisition, switching or redemption of Shares is or forms part of a trade, profession or business carried on in Hong Kong, gains realised may attract Hong Kong profits tax. If you have any concerns about your tax position, we recommend that you seek independent tax advice.

The Board accepts full responsibility for the accuracy of the content of this letter and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Enhanced Disclosures set out above will be reflected in the next update to the Prospectus and the KFS of each Fund.

I would like to thank you for your investment, and I look forward to helping you with future requests.

If you have any questions related to the Enhanced Disclosures, or if you would like to request for a copy of the current Prospectus, the KFS, the Articles of Incorporation (available for inspection free of charge at all times during normal office hours), the latest audited annual report and accounts and unaudited semi-annual report and accounts of Fidelity Funds (which is also available at www.fidelity.com.hk)² or other material agreements relating to Fidelity Funds, please contact your usual Financial Adviser or the Fidelity Investor Hotline³ at +852 2629 2629, or you can write to the Hong Kong Representative at Level 21, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong.

Yours sincerely,



Nishith Gandhi

Permanent Representative of FIL (Luxembourg) S.A.
Corporate Director, Fidelity Funds

¹ Different procedures and/or cut-off times may apply if dealing in Shares is made through distributors. Please note that some distributors or other intermediaries may charge additional fees (such as switching or transaction fees) or expenses at their own discretion. For further information on these, please contact your financial adviser or your usual contact at the distributor / intermediary whom you transact with.

² This website has not been reviewed by the Securities and Futures Commission in Hong Kong.

³ International Toll-free Number +800 2323 1122, available to calls from Australia, Canada, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, Thailand and USA. The "+" sign represents the International Access Prefix. China Toll-free Number: 4001 200632. Service may not be available for certain mobile carriers; call may incur charges imposed by the service providers. The Fidelity Investor Hotline is available from 9am to 6pm, Monday to Friday (except Hong Kong public holidays).

Appendix - List of ISIN Codes

Fidelity Funds - Flexible Bond Fund

Classes of Shares	ISIN Codes
A-ACC-GBP	LU0261947765
A-GBP	LU0048620586

Fidelity Funds - Global Inflation-linked Bond Fund

Classes of Shares	ISIN Codes
A-ACC-EUR (hedged)	LU0353649279
A-ACC-USD	LU0353648891
Y-ACC-EUR (hedged)	LU0353649436
Y-GBP (hedged)	LU0393653919

Fidelity Funds - Sustainable Strategic Bond Fund

Classes of Shares	ISIN Codes
A-ACC-EUR (hedged)	LU0594300682
A-ACC-USD	LU0594300849
A-EUR (hedged)	LU0594301060
Y-ACC-EUR (hedged)	LU0594301144