

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

Important Changes to Fidelity Funds – Sterling Bond Fund

Key Points

- We are changing the name of Fidelity Funds – Sterling Bond Fund to Fidelity Funds – Flexible Bond Fund
- We are changing the investment objective of the Fund. Investments in high yield instruments will increase from current levels. Whilst the overall risk profile of the Fund (as disclosed in the “Fidelity Funds Risk Profiles” table in the Prospectus) will not change, additional risk factors relating to high yield instruments will be included in the Product Key Facts Statement of the Fund.
- Due to the more sophisticated nature of the new investment strategy, we are increasing the annual management charge on A shares to 1% to be in line with that of similar products in the market.

16 November 2015

Dear Shareholder,

We are writing to notify you of the decision taken by the Board of Directors (the “**Directors**”) of Fidelity Funds to:

- 1) change the name and the investment objective of Fidelity Funds – Sterling Bond Fund (the “**Fund**”) to **Fidelity Funds - Flexible Bond Fund** with effect from 16 February 2016 or such later date as may be decided by the Directors (the “**Effective Date**”); and
- 2) increase the Annual Management Fee charged on the Fund. On A-ACC-GBP and A-GBP Shares this fee will increase from 0.75% to 1% with effect from the Effective Date.

The Directors believe that the changes outlined below are in the best interests of Shareholders.

Change of Name and of Investment Objective of Fidelity Funds – Sterling Bond Fund

With effect from the Effective Date, the name and the investment objective of the Fund will be changed as follows:

	From:	To:
Name	Fidelity Funds – Sterling Bond Fund	Fidelity Funds – Flexible Bond Fund
Investment Objective	Invests principally in Sterling denominated debt securities.	<p>The fund aims to achieve income and capital growth by primarily investing in a broad range of fixed income instruments of issuers globally either denominated in Sterling or other currencies. Exposure to non-Sterling denominated debt securities will be largely hedged back to Sterling.</p> <p>The fund may also invest in UCITS and UCIs.</p> <p>Portfolio information: The manager is not restricted in his choice of investments either by region or country, market sector or industry, and will choose investments largely determined by the availability of attractive investment opportunities. The fund may invest up to 50% of its assets in high-yielding, lower quality instruments which will not be required to meet minimum rating standards and may not be rated for creditworthiness by any internationally recognised rating agency.</p>

The purpose of changing the name and the investment objective of the Fund is to increase the focus that the Fund has on aiming to provide income and capital growth in a more risk efficient manner over the course of a market cycle. Today, the Fund invests in a combination of Sterling-denominated gilts and investment grade corporate bonds. Fidelity has noted that investors now favour more flexible, unconstrained bond strategies. The appeal of these strategies resides in their ability to provide better risk-adjusted returns by using a broader, more diversified, range of asset classes and offering greater flexibility in terms of their management of interest rate sensitivity, credit risk and asset allocation.

The proposed changes to the investment objective will result in the Fund investing across a broader fixed income universe while retaining a Sterling bias. It will have greater flexibility to take advantage of credit opportunities by investing up to 50% of its assets in high yield; and to manage interest rate sensitivity. Non-Sterling exposure will be largely hedged back to Sterling.

Due to the material extent of the changes to the way the Fund is managed and invests, the portfolio rebalancing will take place within a period of five Business Days after the Effective Date.

Please note that there is no change in the Fund's use of derivatives. The Fund will not make extensive use of financial derivative instruments for investment purposes or use complex derivative instruments or strategies to meet the investment objectives of the Fund, as per the terms of the Prospectus and the risk management process of the Fund.

Risk Profile

Whilst investments in high yield instruments will increase from current levels, the overall risk profile of the Fund as disclosed in the 'Fidelity Funds Risk Profiles' table in section 1.2 of the Hong Kong Prospectus of Fidelity Funds (the "**Prospectus**") is not expected to alter as a result of the above changes. However, given that the Fund may invest up to 50% of its assets in high-yielding, lower quality instruments (which will not be required to meet minimum rating standards and may not be rated for creditworthiness by any internationally recognised rating agency). There will also be an additional foreign exchange contracts risk factor relating to the use of these contracts to hedge non-Sterling currency exposures back to the Sterling. Please note the specific risk factors related to these types of instruments (included in the "Fixed Income Related Risks" and "Derivatives Related Risks" in section 1.2 of the Prospectus).

These additional risk factors will also be disclosed in the Product Key Facts Statement of the Fund.

For further information on the types of risk that apply to the Fund, please refer to the section 1.2., "Risk Factors", in the latest Prospectus.

Change of annual management fee

Currently, the rate of the annual management fee charged per annum on the Fund stands at 0.75% for class A-ACC-GBP and A-GBP Shares. Due to the manner in which the Fund will be managed going forward the Directors believe that it would be appropriate to increase the annual management fee to a rate of 1% per annum on these classes of Shares.

There are no other changes to the fees charged in relation to the Fund.

Costs

The expenses associated with these changes, such as legal, regulatory and mailing charges (amounting to approximately USD 10,000) will be borne by FIL Fund Management Limited as the Investment Manager of Fidelity Funds. The Fund will bear the market-related transaction costs (which in normal market conditions are equivalent to between 0.15% and 0.30% of the net assets of the Fund) associated with the rebalancing of the Fund's investment portfolio. The impact on Shareholders of any such transactional costs incurred in relation to the rebalancing of the Fund's investment portfolio is assessed to be insignificant due to the size of the assets of Fund.

Next Steps

If you agree with the proposed changes, there is no need for you to take any action. The Prospectus and the Product Key Facts Statement will be updated to include the above changes accordingly.

If you are not in agreement with these changes, we are offering you a free switch into any other fund offered by Fidelity as available to you, or you may choose to redeem your assets from the Fund free of charge. If you wish to redeem or switch, you should contact either your financial adviser or Fidelity Investor Hotline^ +852 2629 2629, or you can write to the Hong Kong Representative at Level 21, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong. Redemptions or switches free of charge can be instructed on any Valuation Date until 4.00 p.m. Hong Kong time on the Business Day before the Effective Date, and will normally be dealt with at the next calculated Net Asset Value.

In relation to redemptions, payment of proceeds will normally be made within three Business Days of receipt of completed redemption/sale documentation. Unless such payment or proceeds are subject to legal or regulatory hurdles which render payment impracticable, the maximum interval between the receipt of completed redemption/sale documentation and the payment of proceeds may not exceed one calendar month. For more details regarding switching and redemption, please refer to the “Dealing Procedures” section in the “Appendix: Important Information for Investors in Hong Kong” section of the Prospectus.

Please note that different procedures may apply if dealing in Shares is made through distributors or other intermediaries. 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.

Please note, 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 realised 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 Directors accept full responsibility for the accuracy of the information contained in this letter and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

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

If you have any questions related to these changes, or if you want to request a copy of the Prospectus or copies of the latest audited annual report and accounts and unaudited semi-annual report and accounts of Fidelity Funds (which are also available at www.fidelity.com.hk), please contact your financial adviser or call the Fidelity Investor Hotline[^] +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,



Marc Wathelet
Director, FIL (Luxembourg) S.A.
Corporate Director, Fidelity Funds

* This website is not authorised by the Securities and Futures Commission in Hong Kong and may contain information on funds which are not authorised by the Securities Futures Commission and may not be offered to the retail public in Hong Kong.

[^] 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. Service may not be available for certain mobile carriers. The “+” sign represents the International Access Prefix. China Toll-free Number: 4001 200632. The Fidelity Investor Hotline is available from 9am to 6pm, Monday to Friday (except Hong Kong public holidays).