Fidelity Funds
Société d'Investissement à Capital Variable
2a, rue Albert Borschette, L-1246
B.P. 2174,
L-1021 Luxembourg
R.C.S. Luxembourg B34036

Tél: +352 250 404 (1)
Fax: +352 26 38 39 38

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

Important Changes to Fidelity Funds – Fidelity Portfolio Selector Global Growth Fund

Key Points

- **We are changing the name of Fidelity Funds – Fidelity Portfolio Selector Global Growth Fund to Fidelity Funds – SMART Global Moderate Fund.**
- **The Fund's investment objective and risk profiles will be changed. It will also be referenced in a new "Fidelity Systematic Multi Asset Risk Targeted Funds" (SMART) section of the Prospectus for funds using Fidelity's proprietary SMART model that seeks to maintain the overall portfolio's volatility within a given long term target range.**
- **The Fund may make extensive use of financial derivative instruments for investment purposes or use complex derivative instruments or strategies to meet the revised investment objective of the Fund. This may expose the Fund to further risks (e.g. counterparty risk, liquidity risk, high leverage risk and risk associated with implementing active currency positions) which may subject the Fund to significant or total loss.**
- **The annual management fee for class A-USD Shares will be reduced from 1.50% to 1.25% per annum and the annual asset allocation fee of up to 0.50% will no longer be levied upon the changes taking effect.**
- **Fidelity Funds – Fidelity Portfolio Selector Growth Fund will be merged into Fidelity Funds – SMART Global Moderate Fund.**

24 March 2016

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 – Fidelity Portfolio Selector Global Growth Fund** (the **"Fund"**) to **Fidelity Funds - SMART Global Moderate Fund*** with effect from 30 June 2016 or such later date as may be decided by the Directors (the **"Effective Date"**); and

2) to merge the Fidelity Funds – Fidelity Portfolio Selector Growth Fund[◆] (the **"Merging Fund"**) into the repurposed Fidelity Funds – SMART Global Moderate Fund* (the **"Receiving Fund"**) (the **"Merger"**) with effect from 11 July 2016 or such later date as may be decided by the Directors (the **"Merger Effective Date"**).

   Shareholders should note that the Merging Fund is not authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong and cannot be offered to the public in Hong Kong.

* The name of the fund is not indicative of the fund's performance and return.
◆ The Merging Fund is not authorised by the SFC in Hong Kong and cannot be offered to the public in Hong Kong.

Change of name, investment objective and risk profile of
Fidelity Funds – Fidelity Portfolio Selector Global Growth Fund

The purpose for changing the name of the Fund to **Fidelity Funds - SMART Global Moderate Fund***
and also changing the investment objective is to increase the focus that the Fund has on aiming to provide moderate capital growth, and greater capital preservation in the event of falling markets.

Today, the Fund invests primarily in equities meaning that its performance and risk are essentially correlated to equity markets. In order to be able to meet investor needs across market cycles, including managing risk in falling markets, the Directors believe that the Fund should be able to allocate between a broader range of asset classes, to capture capital growth but especially in order to manage risk in falling or more volatile market environments.

As indicated in the Fund's new name, Fidelity has developed a proprietary "**SMART**" model that seeks to maintain the overall portfolio's volatility within a given long term target range. The SMART model analyses the volatility on each of the following risk categorised asset groups:

- **Defensive**: assets with low volatility and favouring capital stability e.g. government bonds;
- **Yield**: assets providing income with moderate growth and volatility e.g. high yield bonds and dividend stocks; and
- **Growth**: assets with the highest growth potential and volatility of the three categories e.g. equities.

The SMART model then generates an allocation between these three asset groups based on the allocation which would efficiently maintain the long term volatility within a predefined range (targeted (but not guaranteed) to be between 6% and 8% per annum over the long term). The model typically favours Yield or Growth assets in a low volatility and bullish market environment and Defensive assets when volatility rises and markets may fall.

The Fund may seek to invest in Yield or Growth assets by investing in fixed income securities, equities, funds or using listed futures that either represents broad equity and bond market exposure or exposure to specific regions, countries, industries or market capitalisations. The Fund may invest in underlying assets either directly or indirectly through the use of derivatives (including index futures, options, credit default swaps, interest rate swaps, contracts for difference or covered calls), and seek to offer investors capital growth within a medium volatility target range (targeted (but not guaranteed) to be between 6% and 8% per annum over the long term).

The use of the term "**SMART**" in the Fund's name is not indicative of the Fund's performance and return. The Fund currently appears in the "**Asset Allocation Funds**" section 1.3.2 of the Fidelity Funds Hong Kong Prospectus (the "**Prospectus**"). From the Effective Date, the Fund will instead be included in a new "**Fidelity Systematic Multi Asset Risk Targeted Funds**" section of the Prospectus. The general investment policies and investor profile of the "**Fidelity Systematic Multi Asset Risk Targeted Funds**" are similar to those of the existing "Asset Allocation Funds" in section 1.3.2 of the Prospectus, but with specific references to the SMART model and asset allocation strategies of the SMART Funds, as are described in this letter. Please refer to the Appendix for details. The Fund will use the SMART model as well as the judgement and experience of Fidelity's investment team to construct a portfolio that seeks to maintain the overall portfolio's volatility within the above range going forward. Volatility is a statistical measure of the dispersion of returns relative to the market over a defined period and higher volatility is commonly understood to mean higher risk, it is therefore generally interpreted by investors as a measure of risk. The Fund is a volatility managed solution meaning that it is designed to seek to remain within a target range as described above.

Risks associated with the use of the SMART model and risks associated with the extensive use of financial derivative instruments for investment purposes

In respect of the use of the SMART model, it should be noted that although the Fund aims to manage the long term average volatility within a range of 6 to 8% per annum under normal market conditions, this is not guaranteed and there is a risk that the Fund may fail to achieve this volatility range through the use of the SMART model. The use of the SMART model may also preclude the Fund from fully capturing the upside in rising markets while maintaining the long-term volatility within a pre-defined range.

* The name of the fund is not indicative of the fund's performance and return.

After the Effective Date, the Fund may make extensive use of financial derivative instruments for investment purposes or use complex derivative instruments or strategies to meet the revised investment objective of the Fund, as per the terms of the revised Prospectus and the risk management process of the Fund. It should be recognised that the increased usage of financial derivative instruments may further expose the Fund to risks such as counterparty, liquidity, volatility, valuation and over-the counter transaction risk as covered in the "Derivatives Related Risks" section of the Prospectus as set out below. In addition, as the Fund may have a net leveraged exposure of more than 100% of the net asset value of the Fund (when calculated under the commitment approach), this may further magnify any potential negative impact of any change in the value of the underlying asset on the Fund and also increase the volatility of the Fund's price and may lead to significant losses.

After the Effective Date, the Fund may also implement long and short active currency positions (through the use of currency derivatives) which may not be correlated with the underlying securities positions held by the Fund. This may cause the Fund to suffer a significant or total loss even if there is no loss to the value of the underlying securities positions (e.g. bonds and equities) being held by the Fund.

Please note that, due to the multi asset nature of the Fund and extent of derivatives usage in the investment strategy for hedging, risk reduction or investment exposure, the Directors believe that measurement of the Fund's global exposure should no longer be calculated using the commitment approach and that the VaR methodology on a relative basis ("**relative VaR**") would be the most robust method for measuring exposure.

In adverse markets, the investment strategy of the Fund is also expected to result in lower volatility when compared to more traditional multi asset funds which may be more focused on targeting growth.

Please note that the above capital growth and volatility targets and ranges are indicative forward-looking statements. The Fund does not offer any guarantee or protection with respect to capital preservation, stable net asset value or volatility.

For ease of reference, the resulting changes to the Fund can be summarised as follows.

1) On the Effective Date (which is expected to be 30 June 2016):

   - The name of the Fund will be changed to **Fidelity Funds – SMART Global Moderate Fund***;
   - The Fund's investment objective will be changed to enable the Fund to allocate between a broader range of asset classes, to capture capital growth and to manage risk in falling or more volatile market environments.
   - The Fund will use Fidelity's proprietary "**SMART**" model to construct a portfolio that seeks to maintain a long term average volatility, under normal market conditions, within a range of between 6% and 8% per annum.
   - As a consequence, the Fund will have the possibility to make extensive use of financial derivative instruments for investment purposes or use complex derivative instruments or strategies to meet its revised investment objective, and its risk profile will change as the increased usage of financial derivative instruments may further expose the Fund to various risks as described above;
   - The Fund's global exposure will be calculated using the relative VaR methodology instead of the commitment approach.
   - The Fund will no longer be referenced in the "Asset Allocation Funds" section 1.3.2 of the Prospectus but instead will be included in a new "**Fidelity Systematic Multi Asset Risk Targeted Funds**" section of the Prospectus to highlight the Fund's usage of the proprietary **SMART** model going forward[1]; and
   - The annual management fee for class A-USD Shares of the Fund will be reduced from 1.50% to 1.25% per annum and the annual asset allocation fee of up to 0.50% will no longer be levied from the Effective Date.

2) On the Merger Effective Date (which is expected to be 11 July 2016), the Fidelity Funds – Fidelity Portfolio Selector Growth Fund◆ will be merged into the Fund (as the Receiving Fund).

* The name of the fund is not indicative of the fund's performance and return.

[1] The general investment policy and investor profile of "Fidelity Systematic Multi Asset Risk Targeted Funds" are similar to those of "Asset Allocation Funds", but with specific references to the SMART model and asset allocation strategies of the SMART Funds. Please refer to the Appendix for details of the investment policy and investor profile of "Fidelity Systematic Multi Asset Risk Targeted Funds".

◆ The Merging Fund is not authorised by the SFC in Hong Kong and cannot be offered to the public in Hong Kong.

Details of these changes are provided in the “Detailed Changes” and “Merger of Fidelity Funds – Fidelity Portfolio Selector Growth Fund (the Merging Fund) into the Receiving Fund” sections below. If you agree with the proposed changes mentioned above, there is no need for you to take any action. If you do not agree with any of these changes, please refer to the “Next Steps” section below.

Detailed Changes

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

From:

Fund Name	Investment Objective	Available Classes	Notes
Fidelity Funds – Fidelity Portfolio Selector Global Growth Fund	Aims to provide long-term capital growth primarily through investment in equities. The fund will suit those investors who are looking for the longer-term rewards of equity investment and are prepared to accept the higher risk associated with this type of investment.	A-USD	**Reference Ccy: USD**

To:

Fund Name	Investment Objective	Available Classes	Notes
Fidelity Funds – SMART Global Moderate Fund*	The fund aims to provide moderate long term capital growth by investing in a range of global asset classes. The fund will actively allocate to, and within, different asset classes and geographies based on their potential to generate moderate capital growth or reduce risk or volatility within the overall portfolio. The main asset classes in which the fund will invest include global government bonds, global inflation linked bonds, global corporate bonds including investment grade bonds, global high yield bonds, emerging market bonds and global equities. The fund may invest directly and/or indirectly (including through the use of financial derivative instruments) up to 90% of its assets in equities and up to 90% of its assets in global government bonds, global corporate bonds, inflation linked bonds and emerging market bonds which may comprise global high yield bonds up to 30% of the fund’s assets and up to 10% in hybrid bonds (‘Hybrids’), that is, debt securities with equity-like features.	A-USD	**Reference Ccy: USD** This fund may invest up to 10% of its net assets in loans that comply with the criteria applicable to Money Market Instruments for the purposes of the Law of 2010 (within the 10% limit as set out under Part V, A. I 2. of the Prospectus). Any commodity exposure for this fund will be obtained through eligible instruments and derivatives such as (but not limited to) units/shares of UCITS/or other UCIs, Exchange Traded Funds and commodity index swap transactions. Any property exposure will be obtained through investments in securities of companies principally engaged in the real estate industry and other real estate related investments.

Fund Name	Investment Objective	Available Classes	Notes
	The Fund may also seek exposure up to 30% of its assets in infrastructure securities, commodities and real estate investment trusts (REITS). The fund aims to manage the long term average volatility, under normal market conditions, within a range of 6 to 8% per annum. This volatility range is however not guaranteed. The fund may also invest in UCITS and UCIs. **Portfolio information:** The fund may make extensive 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 types of financial derivative instruments that will be used include index, basket or single name futures options and contracts for difference referencing equities or bonds. Options used will include put and call options including covered call options. The fund will use index, basket or single credit default and total return swaps to gain exposure or reduce credit risk of issuers, interest rate swaps to actively manage the level of interest rate risk and currency derivatives to hedge or gain exposure to currencies or replicate currency exposure of the underlying securities of an equity 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. Hybrids may be issued by non-financial institutions (corporate Hybrids) and by financial institutions (financial Hybrids), including contingent convertibles, as well as in other subordinated financial debt and preference shares. These investments include investment grade and non-investment grade assets. In adverse market conditions the fund may hold more than 10% of its assets in cash or money market instruments (cash and short-term deposits, certificates of deposit and bills) and money market funds.		**Global Exposure:** The global exposure of the fund will be monitored using the relative VaR approach. The Fund's VaR is limited to 150% of the VaR of the reference portfolio which is: 30% Citi G7 Government Bond Index USD hedged; 20% Barclays Global High Yield Index USD hedged; 50% MSCI AC World Index Gross Returns USD. The expected leverage is determined using the sum of the notional amounts (expressed as a sum of positive values) of all financial derivatives instruments used whether the same are for investment purposes, hedging or risk reduction. The expected level of leverage of the fund is 200% of the Net Asset Value of the fund. This is however not a limit and higher levels of leverage may occur under this approach. Under normal circumstances, the expected maximum leverage of the fund under the commitment approach is 165% of the Net Asset Value of the fund. Leverage under the commitment approach is generally lower than expected leverage due to the effects of netting and leverage reduction from hedging, risk reduction or cash held. The REITs that the fund may invest in may not be authorised by the Securities and Futures Commission in Hong Kong. The dividend or payout policy of this fund is not representative of the dividend or payout policy of the underlying REITs. Systematic Multi Asset Risk Targeted funds use the term "SMART" in their name to highlight their use of the Fidelity proprietary Systematic Multi Asset Risk Targeted (SMART) model that seeks to maintain the overall portfolio's volatility within a given long term target range. The name of the fund is not indicative of the fund's performance and return.

* The name of the fund is not indicative of the fund's performance and return.

The risk profile of the Fund as set out in the Prospectus is described in the table below. Please note that as a result of the changes to the investment objective and strategy of the Fund, exposure or investment to emerging market bonds and equities may have increased representation in the portfolio than under the current strategy of the Fund. Consequently, it is appropriate for the risk profile of the Fund as set out in the Prospectus to be amended to also include the emerging market related risks section. 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.

The Fund's Hong Kong offering documents will also be amended as applicable to reflect the change of the Fund's name and investment objective as well as the updated key risks of the Fund (including risks associated with the use of the SMART model and risks associated with the extensive use of financial derivative instruments for investment purposes, such as high leverage risk and risks associated with implementing active currency positions as set out in the section headed "Change of name, investment objective and risk profile of Fidelity Funds – Fidelity Portfolio Selector Global Growth Fund").

	GENERAL RISKS THAT APPLY TO ALL FUNDS	EQUITY RELATED RISKS	FIXED INCOME RELATED RISKS	COUNTRY, CONCENTRATION AND STYLE RELATED RISKS	EMERGING MARKET RELATED RISKS	SPECIFIC INSTRUMENT RELATED RISKS	ASSET ALLOCATION RISK	TRACKING ERROR RISK	DISTRIBUTION OUT OF CAPITAL RISK	DERIVATIVES RELATED RISKS
Fidelity Funds - Fidelity Portfolio Selector Global Growth Fund	X	X	X			X				X
Fidelity Funds - SMART Global Moderate Fund*+	X	X	X		X	X				X

Due to the material extent of the changes to the way that the Fund is managed and invests, the portfolio rebalancing will take place within a period of 5 Business Days after the Effective Date.

The Fund will no longer be referenced in the "Asset Allocation Funds" section 1.3.2 of the Prospectus but instead will be included in a new "**Fidelity Systematic Multi Asset Risk Targeted Funds**" section of the Prospectus. The general investment policies and investor profile of the "**Fidelity Systematic Multi Asset Risk Targeted Funds**" are similar to those of the existing "Asset Allocation Funds" in section 1.3.2 of the Prospectus, but with specific references to the SMART model and asset allocation strategies of the SMART Funds, as are described in this letter. Please refer to the Appendix for details of the investment policy and investor profile of "Fidelity Systematic Multi Asset Risk Targeted Funds".

The annual management fee for class A-USD Shares of the Fund is currently 1.50% (excluding an asset allocation fee of up to 0.50% per annum). Due to the manner in which the Fund will be managed going forward, the Directors believe that it would be appropriate to reduce the annual management fee to 1.25% per annum (and there will be no asset allocation fee chargeable to the Fund going forward).

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

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

* The name of the fund is not indicative of the fund's performance and return.

\+ For risks specific to the use of SMART model, please refer to the Investment Policy and Investor Profile of Fidelity Systematic Multi Asset Risk Targeted Funds.

Merger of Fidelity Funds – Fidelity Portfolio Selector Growth Fund[◆] (the Merging Fund) into the Receiving Fund

The below information is included for reference only. Please note that the Merging Fund is not authorised by the SFC in Hong Kong and cannot be offered to the public in Hong Kong.

The Merging Fund invests in equities and its performance is highly correlated to equity markets. Similar to the Receiving Fund, feedback from existing Shareholders suggests that the Merging Fund should meet investor needs across market cycles, including managing risk in falling markets and therefore the Merging Fund should be able to allocate between a broader range of asset classes, to capture capital growth but especially manage risk in falling or more volatile markets.

The Merging Fund would therefore use a similar model to the Receiving Fund and seeking to offer investors capital growth with medium volatility outcome for investors by targeting low volatility within the ranges described above.

Due to commonality of the desired investment outcome between the Merging Fund and the Receiving Fund, and in view of the Director's constant aim to rationalize the Fidelity Funds' range and to avoid having two funds running similar strategies, it is proposed to merge the Merging Fund into the Receiving Fund as of the Merger Effective Date. The Directors believe that the proposed Merger is in the best interests of Shareholders and the Merger will be conducted in accordance with Article 21.bis of the Articles of Incorporation of Fidelity Funds (the "**Articles**") and Article 1 (20) a) and Chapter 8 of the Law of 17 December 2010 on undertakings for collective investment.

Due to the material extent of the changes between the current portfolio of the Merging Fund and the target portfolio of the Receiving Fund and namely, that securities held by the Merging Fund would not be securities that the Receiving Fund would hold as the asset held by the Merging Fund would not align with the new investment objective of the Receiving Fund, the Merging Fund will rebalance its portfolio to be in line with that of the Receiving Fund within a period of 5 Business Days preceding the Merger Effective Date.

Due to the Merger, subscriptions, redemptions and switches will not be accepted and processed on the Merging Fund from 4.00 pm Hong Kong time on 4 July 2016 to 11 July 2016, both dates are inclusive.

If you agree to participate in the Merger, there is no need for you to take any action. However, if you do not wish to participate in the Merger, we are offering you the opportunity to switch or to redeem your existing holdings, free of any switching or redemption charges in accordance with the procedures set out in the 'Next Steps' section below.

Costs of the Proposals

Expenses incurred as a result of the changes announced above (amounting to approximately US$30,000), such as audit and mailing charges, will be borne by FIL Fund Management Limited as the Investment Manager of Fidelity Funds. The Receiving Fund will bear any transaction costs associated with the change of its investment objective. In relation to the Merger, the Merging Fund will bear the market-related transaction costs associated with the disposal of any investments that would not fit with the investment objective of the Receiving Fund. In addition, the proposed Merger will not result in any dilution in the performance of the Receiving Fund. There are no unamortised preliminary expenses outstanding in respect of the Merging Fund. The proposed Merger will have no tax implications for the Fund (as Receiving Fund).

Next Steps

If you agree with the change of name, investment objective and risk profile of the Fund and the Merger, then there is no need for you to take any action. The Prospectus and Key Facts Statement of the Receiving Fund will be updated accordingly to reflect the changes as communicated to you in this letter.

If you are not in agreement with any of the above proposed changes, then 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 redemption or switching charge. If you wish to switch or redeem you should contact either your financial adviser or your usual Fidelity contact. Redemptions or switches can be instructed on any Valuation Date as from the date of this letter and until 4.00 pm HK time on the 4 July 2016. These will normally be dealt with at the next calculated Net Asset Value.

[◆] The Merging Fund is not authorised by the SFC in Hong Kong and cannot be offered to the public in Hong Kong.

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 with whom you transact.

Please also note that the redemption or the 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 subscription, 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.

Upon request, copies of the audit report prepared by the approved statutory auditor of Fidelity Funds, PricewaterhouseCoopers Société Coopérative, in relation to the Merger may be obtained free of charge at the registered office of Fidelity Funds.

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 and Key Facts Statement of sub-funds of Fidelity Funds, the Articles, 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[#]) or any other material agreements relating to Fidelity Funds, 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

^ 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).

Appendix – Investment Policy and Investor Profile of Fidelity Systematic Multi Asset Risk Targeted Funds

Investment Policy

The aim of each Systematic Multi Asset Risk Targeted fund is to provide investors with a discretionary management service by selecting a highly diversified investment in equities, bonds and other liquid assets. The weightings of each of these asset classes will vary in accordance with the investment objective and individual market developments.

Systematic Multi Asset Risk Targeted funds use the term "SMART" in their name to highlight their use of the Fidelity proprietary SMART model that seeks to maintain the overall portfolio's volatility within a given long term target range. The model analyses the volatility of each of the following risk categorised asset groups:

- Defensive: assets with lower volatility and favouring capital stability e.g. government bonds;
- Yield: assets providing income with moderate growth and volatility e.g. high yield bonds and dividend stocks; and
- Growth: assets with the highest growth potential and volatility of the three categories e.g. equities.

The model then generates an allocation between these three asset groups based on the allocation which would efficiently maintain the long term volatility within a predefined range (targeted (but not guaranteed) over the long term).

The Systematic Multi Asset Risk Targeted funds may invest in bonds or debt instruments which can, among others, be issued by governments, agencies, supra-nationals, private or publicly quoted companies, special purpose or investment vehicles, or trusts. They may pay fixed or variable coupons, whereby the variable element may be derived from prevailing market interest rates or the performance of other assets (e.g. asset-backed securities). Unless otherwise specified, asset-backed securities and mortgage-backed securities will not exceed 20% of the net assets of each fund, provided that such limit will not apply to investments in such securities issued or guaranteed by the United States government or United States government sponsored entities. The repayment of a bond may have a fixed date or may be subject to some issuer discretion (e.g. some mortgage bonds). Bonds can have conversion or subscription rights to other assets attached to them (e.g. convertible bonds). Not all bonds or debt instruments will have been rated by one or several rating agencies; some may have a below investment grade rating. The Systematic Multi Asset Risk Targeted funds may have non-material exposure to loans that comply with the criteria applicable to Money Market Instruments for the purposes of the Law of 2010.

Systematic Multi Asset Risk Targeted funds may use financial derivative instruments provided (a) they are economically appropriate in that they are realised in a cost-effective way, (b) they are entered into for one or more of (i) reduction of risk, (ii) reduction of cost and (iii) generation of additional capital or income for Systematic Multi Asset Risk Targeted funds with a level of risk which is consistent with the risk profile of the relevant Systematic Multi Asset Risk Targeted fund(s) and the risk diversification rules laid down in Part V. (5.1, A. III) of the Prospectus, and (c) their risks are adequately captured by the risk management process of the Fund*.

Financial derivative instruments may include over-the-counter and/or exchange traded options, equity index, single stock, interest rate and bond futures, contracts for difference, swaps (such as interest rate, credit default and inflation index swaps), forward contracts, covered call options, derivatives on indices or a combination thereof. Cash or money market instruments may be used as collateral for derivative positions, in which case, they will not be deemed as (i) cash held on an ancillary basis or (ii) as cash holdings to address adverse market conditions.

Certain Systematic Multi Asset Risk Targeted funds may in addition make extensive use of financial derivative instruments or use complex derivative instruments or strategies to meet the investment objectives of the funds. When a Systematic Multi Asset Risk Targeted fund has such extended derivative powers this will be mentioned in the investment objective of the relevant fund

Unless otherwise specified in the notes to a fund under the title "Global Exposure", the method used to calculate the global exposure relating to derivative instruments is the commitment approach (please refer to Part V, 5.1., D. of the Prospectus for further details).

While the judicious use of financial derivative instruments may be beneficial, financial derivative instruments also involve risks different from, and, in certain cases greater than the risks presented by more traditional investments. The use of financial derivative instruments may cause the Share price to be more volatile. For a further description of risks relating to the use of financial derivative instruments please refer to "Risk Factors", Part I (1.2) of the Prospectus.

Risks specific to the use of the SMART model

Systematic Multi Asset Risk Targeted funds rely on a model that aims to maintain long term average annualised volatility of each Systematic Multi Asset Risk Targeted fund within the range disclosed in the relevant Systematic Multi Asset Risk Targeted fund's investment objective. There is no guarantee that the actual annualised volatility that the SMART model will procure over the long term will be within those limits and accordingly there is a risk that actual volatility of the net asset value may be higher than the target range and that investors redeeming assets may suffer a loss thereby. There is also a risk that in targeting its volatility range a Systematic Multi Asset Risk Targeted fund will not capture the full upside from rising markets as the target volatility model is designed to balance growth and volatility and would not result in an allocation of all assets to any single market.

Systematic Multi Asset Risk Targeted funds' target volatility strategy results an increased and more complex use of derivatives in comparison to multi asset funds using derivatives purely for hedging or non-extensive investment purposes. Systematic Multi Asset Risk Targeted funds' global exposure is therefore monitored under Relative VaR instead of commitment approach. Funds using relative VaR may have net leveraged exposure exceeding 100% of the Net Asset Value under the commitment approach and thereby may be considered to offer increased leverage. Increased net leveraged exposure may result in increased volatility and losses for investors. For further information, please refer to "High Leverage Risks" in the sub-section "Derivative Related Risks" under section "1.2 Risk Factors" in the Prospectus.

Investor Profile

Systematic Multi Asset Risk Targeted funds may be suitable for investors who wish to participate in capital markets while being prepared to accept the risks described for each Systematic Multi Asset Risk Targeted fund under "Risk Factors", Part I (1.2) of the Prospectus. Investment in a Systematic Multi Asset Risk Targeted fund should be regarded as a long-term investment."

* The use of financial derivative instruments in line with these criteria is referred to as Efficient Portfolio Management under the Regulation of 2008.