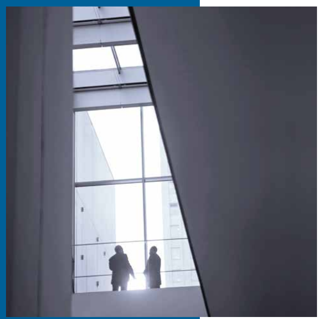
Fidelity Investment Funds 2

Prospectus



PROSPECTUS

OF

FIDELITY INVESTMENT FUNDS 2

(an umbrella company with variable capital registered in England and Wales under registered number IC993)

This document constitutes the Prospectus for Fidelity Investment Funds 2 (“the Company”), which has been prepared in accordance with The Collective Investment Schemes Sourcebook (COLL).

This Prospectus is dated, and is valid as at, 31 December 2023.

Copies of this Prospectus have been sent to the Financial Conduct Authority (formerly known as the Financial Services Authority) and the Depositary.

FIL Investment Services (UK) Limited, the Authorised Corporate Director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information in this document does not contain any untrue or misleading statement or omit any matters required by The Collective Investment Schemes Sourcebook to be included in it. FIL Investment Services (UK) Limited accepts responsibility accordingly.

LO00814

PROSPECTUS OF FIDELITY INVESTMENT FUNDS 2

An investment company with variable capital and segregated liability between Funds incorporated with limited liability and registered in England and Wales under number IC 993. The Company's FCA product reference number is 608673.

In accordance with the OEIC Regulations and with the approval of the FCA, the Company has converted to segregated liability status between Funds. Having segregated liability between Funds means that the Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Fund, and shall not be available for any such purpose. As outlined in the COLL Sourcebook and as more particularly outlined herein under risk factors, the concept of segregated liability is relatively new and accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether foreign courts will recognise the segregated liability status between Funds.

No person has been authorised by the Company to give any information or to make any representations concerning the Company or in connection with the offering of Shares other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied on as having been given or made by the Company. Any purchase of Shares made by any person on the basis of information or representations not contained in or inconsistent with the information and representations contained in this Prospectus will be solely at the risk of the purchaser.

The Company's Funds are designed and managed to support longer-term investment, and frequent trading is discouraged. The Company is not intended to serve as a vehicle for active trading which seeks to take advantage of short-term fluctuations in securities markets. This type of short-term or excessive trading is often described as "market timing" and may harm a Fund's performance by disrupting portfolio management strategies and by increasing expenses. FIL Investment Services (UK) Limited is committed to disallowing transactions which it knows or reasonably believes to represent a pattern of market timing activity involving the Funds. Accordingly, FIL Investment Services (UK) Limited and other distributors may reject any purchase or switch of Shares by persons who are considered to have a history of short-term or excessive trading in the Funds or in other funds managed by Fidelity or by other fund managers, or whose trading activity has been or may be disruptive.

The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Shares in the Company are not listed or dealt on any investment exchange.

The Company's Funds are marketable to all retail investors. However, potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

Investors in the Company agree that data relating to them may be stored or used for legitimate purposes by FIL Investment Services (UK) Limited and associated or affiliated companies, who may be based outside of the European Economic Area. Data provided by investors will be used for a number of different purposes, including to develop and process the business relationship and to comply with legal and regulatory requirements. Data may be shared with associated or affiliated companies, wherever located, with intermediaries and other parties in the business relationship, and with other third parties for the purposes mentioned above. Information about investors may also be passed to financial and other organisations for the purpose of fraud prevention and where it is suspected that the relevant investor is or has been engaging in short-term, excessive or disruptive trading in the Company's Funds or other funds, so that appropriate steps may be taken to protect the Company and its Shareholders. If data is transferred outside of the UK, Fidelity will ensure that the recipient agrees to hold it securely in accordance with the requirements of the Data Protection Laws. Please see the privacy statement of the ACD and the Company, which is available www.fidelityinternational.com/OEIC_privacypolicy. Shareholders are advised that telephone calls made to and received from investors by the Company, its delegates, its duly appointed agents and any of their respective related, associated or affiliated companies are recorded for security, record keeping and/or training purposes.

The provisions of the Company's Instrument of Incorporation are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by FIL Investment Services (UK) Limited.

This Prospectus is based on information, law and practice at the date hereof. The Company cannot be bound by an out of date Prospectus when it has issued a new Prospectus, and investors should check with FIL Investment Services (UK) Limited that this is the most recently published Prospectus.

Important: If you are in any doubt about the contents of this Prospectus you should consult your financial adviser.

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TERMS USED IN THIS DOCUMENT

"ACD"	FIL Investment Services (UK) Limited, the authorised corporate director of the Company
"Approved Bank"	An approved bank as defined in the Glossary to the FCA Handbook
"bond futures"	Bond futures are contractual obligations for the contract holder to purchase or sell a bond on a specified date at a predetermined price. A bond future can be bought in a futures exchange market and the prices and dates are determined at the time the future is purchased.
"Class"	All of the Shares relating to a single Fund or a particular class of Shares relating to a single Fund
"COLL"	Refers to the appropriate chapter or rule in the COLL Sourcebook
"COLL Sourcebook"	The Collective Investment Schemes Sourcebook issued by the FCA as amended or re-enacted from time to time
"commitment approach"	One of two standard recognised methodologies to estimate a fund's exposure to market risk. Under the commitment approach the global exposure relating to derivative instruments is the sum of the notional values of all securities as well as derivatives instruments expressed as a percentage of the total net asset value and limited to 100%. A value in excess of 100% could indicate a degree of leverage, i.e. that a given percentage change in market valuations might have a higher percentage impact on the fund.
"Company"	Fidelity Investment Funds 2
"contracts for difference ("CFD")"	A contract for differences is a contract between two parties, typically described as "buyer" and "seller", stipulating that the seller will pay to the buyer the difference between the current value of an asset and its value at contract time (if the difference is negative, then the buyer pays instead to the seller). It allows investors to gain exposure to underlying assets which they may not be entitled to purchase directly, but also provides exposure to the price change without exposure to the related currency risk. Unlike futures contracts (which are settled through a clearing firm), contracts for difference are privately negotiated between two parties and are not standardised.
"credit default swap ("CDS")"	A credit default swap is a financial contract whereby a buyer of corporate or sovereign debt in the form of bonds attempts to eliminate possible loss arising from default by the issuer of the bonds. This is achieved by the issuer of the bonds insuring the buyer's potential losses as part of the agreement.
"Depositary"	J.P.Morgan Europe Limited, the depositary of the Company
"Derivative" / "derivatives"	A Derivative is a financial instrument whose value is linked to the price movements of an underlying asset, rate or index. Derivatives include transactions where settlement occurs on a forward basis, including without limitation forward foreign exchange contracts.

“Dealing Day”	A day which is not a Saturday or Sunday or any other day recognised in England and Wales as a public holiday or any other day on which banks or the London Stock Exchange are not open for business in the UK. In addition, where a Fund invests outside the UK, the ACD may also take into account whether relevant local exchanges are open and may elect to treat such closures as “Non-Dealing Days”. A list of such days treated as Non-Dealing Days for certain Funds from time to time can be obtained from the ACD upon request and is also available at www.fidelity.co.uk/nonbusinessdays. This list is subject to change.
“Eligible Institution”	One of certain eligible institutions as defined in the glossary to the FCA Handbook
“FCA”	The Financial Conduct Authority
“FCA Handbook”	The FCA Handbook of Rules and Guidance
“forward contracts”	A forward contract is a customized contract between two parties to buy or sell an asset at a specified price on a future date. A forward contract can be used for hedging or speculation, although its non-standardized nature makes it particularly suitable for hedging. Unlike standard futures contracts, a forward contract can be customized to any financial asset, amount and delivery date.
“Fund”	A sub-fund of the Company (being part of the Scheme Property which is pooled separately and to which specific assets and liabilities of the Company may be allocated), and which is invested in accordance with the investment objective applicable to such sub-fund
“futures”	Fundamentally, forward and futures contracts have the same function in that both types of contracts allow investors to buy or sell a specific type of asset at a specific time at a given price. However, it is in the specific details that these contracts differ, including the following:

Futures	**Forwards**
Exchange traded	Private agreements
Standardised	Non-standardised
Clearing houses guarantee the transactions, which drastically lowers the probability of default	Greater chance of default
Contracts are marked-to-market daily, which means daily changes are settled day-by-day until the end of the contract	Settlement of the contract occurs at the end of the contract
Settlement can occur over a range of dates	Only one settlement date

“GDPR”	Regulation (EU) 2016/679 of the European Parliament and of the Council.

“inflation swaps”	An inflation swap is a derivative used to transfer inflation risk from one party to another through an exchange of cash flows. In an inflation swap, one party pays a fixed rate on a notional principal amount, while the other party pays a floating rate linked to an inflation index, such as the Consumer Price Index (“CPI”). The party paying the floating rate pays the inflation-adjusted rate multiplied by the notional principal amount. For example, one party may pay a fixed rate of 3% on a two year inflation swap, and in return receive the actual inflation.
“interest rate futures”	An interest rate future is a contract between the buyer and seller agreeing to the future delivery of any interest-bearing asset. The interest rate future allows the buyer and seller to lock in the price of the interest-bearing asset for a future date.
“interest rate swaps”	An interest rate swap is a liquid financial derivative instrument in which two parties agree to exchange interest rate cash flows, based on a specified notional principal amount from a fixed rate to a floating rate (or vice versa) or from one floating rate to another.
“Mainly”	Where the investment objective or policy of a Fund contains the word “mainly”, that Fund will invest over 50% of the value of its property in the specified kind of assets
“Net Asset Value” or “NAV”	The value of the Scheme Property (or of the scheme property attributable to a Fund or Class) less the liabilities of the Company (or of the Fund or Class) as calculated in accordance with the Company’s Instrument of Incorporation
“non-deliverable forwards”	A non-deliverable forward is a forward contract (cf. above) in which counterparties agree not to exchange an asset for the previously agreed price, but only the difference between the previously agreed price and the current market price at the time of maturity of the contract. It is used in various markets such as foreign exchange and commodities. Non-deliverable forwards are commonly used for currencies which cannot be readily exchanged for other currencies due to capital controls.
“notional principal amount”	The notional amount (or notional principal amount or notional value) on a financial instrument is the nominal or face value that is used to calculate payments made on that instrument.
“OEIC Regulations”	The Open-Ended Investment Companies Regulations 2001 as amended
“Predominantly”	Where the investment objective or policy of a Fund contains the word “predominantly”, that Fund will invest not less than 80% of the value of its property in the specified kind of assets
“Primarily”	Where the investment objective or policy of a Fund contains the word “primarily”, that Fund will invest not less than 70% of the value of its property in the specified kind of assets
“put/call options”	A put option is an option contract giving the owner the right, but not the obligation, to sell a specified amount of an underlying security at a specified price within a specified time. This is the opposite of a call option, which gives the holder the right, but not the obligation, to buy a specified amount of an underlying security at a specified price within a specified time.
“Scheme Property”	The property of the Company or a Fund as the context requires

"Share"	A share in the capital of the Company (including fractions of one hundredth of a Share)
"Shareholder"	A holder of registered Shares
"swaps"	A swap is a derivative in which two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument. Specifically, two counterparties agree to exchange one stream of cash flows against another stream. These streams are called the 'legs' of the swap. The swap agreement defines the dates when the cash flows are to be paid and the way they are accrued and calculated. Usually at the time when the contract is initiated, at least one of these series of cash flows is determined by an uncertain variable such as a floating interest rate, foreign exchange rate, equity price, or commodity price. Swaps are not traded on an exchange but over the counter.
"swaptions"	Swaption is an option on a swap (cf. above). A payer swaption gives the owner of the swaption the right to enter into a swap where they pay the fixed 'leg' and receive the floating 'leg'. A receiver swaption gives the owner of the swaption the right to enter into a swap in which they will receive the fixed 'leg', and pay the floating 'leg'.
"total return swaps"	A total return swap is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. In total return swaps, the underlying asset, referred to as the reference asset, is usually an equity index, loans, or bonds. This is owned by the party receiving the set rate payment. Total return swaps allow the party receiving the total return to gain exposure and benefit from a reference asset without actually having to own it.
"UCITS"	An undertaking for collective investment in transferable securities established pursuant to the UCITS Directive.
"UCITS Directive"	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the Co-ordination of laws, regulations and administrative provisions relating to UCITS as amended, supplemented or replaced from time to time.
"UK Data Protection Laws"	The UK GDPR, together with the Data Protection Act 2018, the Privacy and Electronic Communications (EC Directive) Regulations 2003 (as amended), the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019 and other data protection or privacy legislation in force from time to time in the United Kingdom.
"UK GDPR"	The GDPR as transposed into United Kingdom national law by operation of section 3 of the European Union (Withdrawal) Act 2018 and subsequently amended by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019.
"UK UCITS"	A collective investment scheme under the FCA Glossary definition which is identified as a UCITS and authorised by the FCA accordingly.

“Valuation Point”	The point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The current Valuation Point for the Sub-funds is 12:00 midday London time on each Dealing Day with the exception of Christmas Eve and New Year’s Eve or a bank holiday in England and Wales, or the last Business Day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary.
“Value-at-Risk (“VaR”)”	Value-at-risk is a statistical measure to estimate the size of rare potential loss events for a given time horizon and confidence level. Typical values for the confidence level are 95% and 99%. A higher confidence level results in a higher potential loss event.
“Value-at-Risk approach (VaR approach)”	The other standard recognised methodology to estimate a fund’s exposure to market risk. The VaR approach applies VaR calculations (cf. above) to a fund and – if applicable – to a reference portfolio. The VaR of the fund is then either compared to an absolute limit or to the VaR of the reference portfolio. In this way, either the potential absolute – expected – loss events are controlled or the size of the potential loss events for the fund can be compared to those of a reference portfolio as a ratio. A value in excess of 100% could indicate a degree of leverage, i.e. that a given percentage change in market valuations might have a higher percentage impact on the fund.
“warrants”	A warrant is a contract that confers the right, but not the obligation, to buy or sell a security – normally an equity – at a certain price before expiration. The price at which the underlying security can be bought or sold is referred to as the exercise price or strike price. As opposed to a call option, a warrant is issued by the company who also issues the underlying stock.

Where a Fund’s investment objective or policy refers to investments in companies of a particular country or region, such reference means (in the absence of any further specification) investments in companies listed, incorporated, headquartered or having their principal business activities in such country or region.

References to investment grade securities mean those with a rating of BBB- or higher (or its equivalent) from a nationally recognised statistical rating organisation (in the case of divergent ratings, the worst of the best two credit ratings applies).

References to sub investment grade securities mean those with a rating of BB+ or less (or its equivalent) from a nationally recognised statistical rating organisation (in the case of divergent ratings, the worst of the best two credit ratings applies).

DIRECTORY

The Company:
Fidelity Investment Funds 2

Head Office and address for service of notices:
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP
United Kingdom

Authorised Corporate Director, Investment Manager, General Distributor, Administrator and Registrar:
FIL Investment Services (UK) Limited
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP
United Kingdom

Depositary:
J.P.Morgan Europe Limited
25 Bank Street
Canary Wharf
London
E14 5JP
United Kingdom

Auditors:
Deloitte LLP
1 New Street Square
London EC4 3HQ
United Kingdom

THE COMPANY AND ITS FUNDS

The Company

Fidelity Investment Funds 2 is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC933 and authorised by the FCA on 4th December 2013.

The Company has an unlimited duration. Shareholders are not liable for the debts of the Company.

Share Capital:

The maximum share capital of the Company is £100 billion and the minimum share capital of the Company is £1 million. Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Values of the Funds.

Base Currency:

The base currency of the Company is United Kingdom pounds sterling.

The Funds

The Company is itself authorised as a UCITS. It is structured as an umbrella company, the different Funds each comprising a distinct portfolio of investments. Additional Funds, or new Classes of Shares within existing Funds, may be established from time to time by the ACD with the agreement of the Depositary and the approval of the FCA. All the Funds are constituted as UCITS. This Prospectus will be revised on the introduction of a new Fund or Class of Shares within a Fund.

The Funds are operated separately and the assets of each Fund are managed in accordance with the investment objective and policy applicable to that Fund.

The following Funds are currently available as indicated: **Fidelity UK Opportunities Fund**

Full details of each Fund are set out in Appendix 1.

A Shareholder is entitled (subject to certain restrictions) to switch all or some of his Shares of one Class for Shares of a different Class within the same Fund or for Shares of any Class within a different Fund. Details of this switching facility and of the restrictions are set out under Buying, Selling and Switching Shares - "Switching Shares".

Investment Objectives and Policies of the Funds

Fidelity Investment Funds 2 provides access to the global research resources and stockpicking skills of Fidelity's investment management teams throughout the world. Both equity and bond Funds are offered. Each Fund provides investment in professionally managed pools of securities and other financial instruments in different geographical areas and currencies, with the aim of achieving capital growth, an attractive level of income or a balance between growth and income. Exposure to various asset classes, including equities or bonds may be achieved indirectly by the use of Derivatives in accordance with a relevant Fund's investment objective and policy.

The investment objective and policy of each Fund is set out in Appendix 1, and details of the investment powers and restrictions prescribed by the COLL Sourcebook are provided in Appendix 2.

A Fund may change its investment objective and/or investment policy in accordance with the requirements of the COLL Sourcebook. A change which is classified as fundamental will require the prior approval of the FCA and at least 75% of the Fund's Shareholders who vote at a Shareholder meeting to be approved. A non-fundamental but still significant change would require FCA approval and at least 60 days advance notice to the Shareholders of the Fund.

EU Benchmark Regulation

On 30 June 2016, the European Parliament and the Council adopted a regulation that came into force on 1 January 2018 requiring further transparency on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "EU Benchmark Regulation").

In accordance with the EU Benchmark Regulation, the Investment Manager will maintain an index contingency plan setting out the actions to be taken in the event that a benchmark changes materially or ceases to be provided. Also, the EU Benchmark Regulation requires the prospectus to provide clear and prominent information stating whether the benchmark that may be used is provided by an administrator included in the register of administrators and benchmarks, as defined in the article 36 of the EU Benchmark Regulation (the "Benchmark Register"). EU benchmark administrators have until 1 January 2020 to submit a request to be entered on the Benchmark Register. Updated information in relation to whether a benchmark is provided by an administrator included in the ESMA register of benchmark administrators will be disclosed once available.

Benchmarks may also be used by some Funds for comparison purposes or as point of reference against which the performance of a Fund may be measured. Such Funds will actively select the securities in which they invest. As these Funds are actively managed with investment decisions being made at the discretion of the Investment Manager, the actual holdings and Fund performance may differ materially from that of any comparison/reference benchmark(s).

Risk Factors

The following risk factors do not purport to be a complete explanation of the risks involved in investing in the Shares of a Fund. Prospective investors should read the entire Prospectus and consult with their legal, tax and financial advisors before making any decision to invest in a Fund. Appendix 8 sets out a summary of whether the risks described below may apply to each Fund.

General Risks

1. Risk to Capital and Income

   The assets of a Fund are subject to fluctuations in value and other risks inherent in investing in securities and other financial instruments including the risks outlined below. The value of investments and the income from them may go down as well as up, and you may not get back the original amount invested. Past performance is no guarantee of future performance.

2. Foreign Currency Risk

   Some or all of a Fund's assets may be denominated in currencies other than the base currency of the Fund and this means that currency movements may affect the Fund's return. A Fund may, or may not, hedge these risks using foreign exchange contracts and the associated risks are explained below in the section on Financial Derivative Instruments.

   If a Fund invests in assets denominated in restricted currencies (i.e. where governments impose controls on the amounts of currency that can be traded) this may be subject to higher volatility due to lower traded volumes and pricing uncertainty. Further, the ability to hedge these risks may be limited as derivative instruments such as forwards or futures may be restricted, overly expensive or unavailable.

3. Cash and Cash Equivalents

   A Fund may hold cash or cash equivalents (e.g. money market funds or instruments). If the Fund does not include this asset Class as part of its asset allocation, it therefore may not fully participate in the movements of the market(s) on which it focuses.

4. Liquidity

   In normal market conditions a Fund's assets comprise mainly realisable investments which can be readily sold. A Fund's main liability is the redemption of any shares that investors wish to sell. In general a Fund manages its investments, including cash, such that it can meet its liabilities. Investments held may need to be sold if insufficient cash is available to finance such redemptions. If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of the Fund.

5. Pricing & Valuation

   A Fund's assets comprise mainly quoted investments where a valuation price can be obtained from an exchange or similarly verifiable source. However, the Fund may also invest in unquoted and/or illiquid investments which will increase the risk of mispricing. Further, the Fund will compute Net Asset Values when some markets are closed for holidays or other reasons. In these and similar cases an objective verifiable source of market prices will not be available and the Investment Manager will invoke a process which will determine a fair value price for the relevant investments; this process involves assumptions, uncertainty and subjectivity. If such valuation turns out to be incorrect, this will affect the Net Asset Value calculation of the Funds.

6. Counterparty Credit & Settlement

   All security investments are transacted through brokers who have been approved by the Investment Manager as an acceptable counterparty. The list of approved brokers is reviewed regularly. There is a risk of loss if a counterparty fails to perform its financial or other obligations to the Funds, for example, the possibility that a counterparty may default, by failing to make payments due, or make payments in a timely manner. If settlement does not occur the loss incurred by the Fund will be the difference between the price of the original contract and the price of the replacement contract, or, in the case where the contract is not replaced, the absolute value of the contract at the time it is voided.

7. Legal & Tax

In some jurisdictions the interpretation and implementation of laws and regulations and the enforcement of shareholders' rights under such laws and regulations may involve significant uncertainties. Further, there may be differences between accounting and auditing standards, reporting practices and disclosure requirements and those generally accepted internationally. Some of the Funds may be subject to withholding and other taxes. Tax law and regulations of any country are constantly changing, and they may be changed with retrospective effect. The interpretation and applicability of the tax law and regulations by tax authorities in some jurisdictions are not as consistent and transparent as those of more developed nations, and may vary from region to region.

8. Custody

A Fund's assets are safe kept by a depositary, this exposes the Fund to the risk of loss of assets placed in custody as a result of insolvency, negligence or fraudulent trading by the depositary. The depositary does not keep all the assets of the Fund itself but uses a network of third-party delegates. Investors are also exposed to the risk of bankruptcy of the third-party delegates. A Fund may invest in markets where custodial and/or settlement systems are not fully developed. Thus, there may be risks that settlement may be delayed and that cash or securities belonging to the Fund may be at risk because of failures of or defects in the settlement systems. In particular, market practice may require that payment be made before receipt of the security being purchased or that delivery of a security be made before payment is received. In such cases, default by a broker or bank (the "counterparty") through whom the transaction is effected might cause the Fund to suffer a loss. The Fund will seek, where possible, to use counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that the Fund will be successful in eliminating this risk, particularly as counterparties operating in some markets may frequently lack the standing or financial resources of those in the most developed countries. There may also be a risk that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise with respect to securities held by or to be transferred to the Fund.

9. Cross Share Class Liabilities

Although assets and liabilities are clearly attributable to each Class of Shares, there is no legal segregation between Classes of Shares within a Fund. This means that if the liabilities of a Class of Shares exceed its assets, creditors of such Class may have recourse without restriction to assets which are attributable to the other Classes of Shares within the same Fund. Although the Management Company implements appropriate procedures to mitigate this risk of contagion, Shareholders should note that specific transactions (e.g. currency hedging) may be entered into for the benefit of a particular Class of Shares but result in liabilities for the other Classes of Shares within the same Fund.

10. Hedged Share Classes

Investors should be aware that, whilst the Investment Manager seeks to hedge undesired foreign exchange risk into the Principal Dealing Currency through the use of forward foreign exchange contracts (as further detailed in Appendix 2 in the Prospectus), the currency hedging process may not give a precise hedge. Furthermore, there is no guarantee that the hedging will entirely eliminate the risk from undesired currency exposures. Investors in the Hedged Share Classes may have exposure to currencies other than their Principal Dealing Currency and may also be exposed to the risks associated with the instruments used in the hedging process.

11. Dealing Arrangements

In certain circumstances, the investor's right to redeem Shares may be suspended or redemption requests may be deferred.

12. Cyber Events

Cyber-attacks, disruptions, or failures (collectively: cyber events) that affect the Fund's service providers or counterparties, issuers of securities held by the Fund or other market participants may adversely impact the Fund and its shareholders, including by causing financial losses or impairing operations. While the Management Company has established systems and processes seeking to address cyber events there are inherent limitations as the Fund cannot control the cyber security plans of its counterparties.

13. Distribution of Dividends and Expenses out of Capital (Income Share Classes only)

For distributing Classes of Shares, dividends may be paid out of capital where the investment income/capital gain generated by the Fund is insufficient to pay a distribution as declared. Certain distributing Classes of Shares may also pay dividends out of gross investment income whilst all or part of their fees and expenses are paid out of capital, thereby resulting in an increase in distributable income for the payment of dividends to such Classes of Shares. It is important to note that distributing Classes of Shares may distribute not only investment income, but also realised and unrealised capital gains or capital. Investors should also note that the payment of dividends and/or fees and expenses (collectively, “distributions”) out of capital represents a return or withdrawal of part of the amount they originally invested or from any capital gains attributable to the original investment. Such distributions may result in an immediate decrease in the Net Asset Value per Share of the Fund and in the capital that the Fund has available for investment in the future. Capital growth may be reduced so that a high distribution yield does not imply a positive or high return on investors’ total investments.

14. Replacement of LIBOR and other IBORs

The London Inter-bank Offered Rate (“LIBOR”) is the average of interest rates estimated by leading banks in London, based on what they would be charged to borrow from other banks. A Fund may undertake transactions in instruments that are valued using LIBOR or other, currency specific, IBOR rates or enter into contracts which determine payment obligations by reference to IBORs. From the end of 2021, the UK Financial Conduct Authority (FCA) will no longer require panel banks to submit rates for the calculation of LIBOR and therefore it is not certain whether, and to what extent, they will continue to provide submissions and whether LIBOR will continue on its current basis.

The discontinuance of LIBOR and other IBORs is part of a regulatory agenda to transition the industry from IBORs to alternative benchmark rates. The transition presents risks to the Funds which it is not possible to identify exhaustively but these may adversely affect the performance of a Fund, its Net Asset Value, and a Fund's earnings and returns to Shareholders.

If an IBOR is discontinued or otherwise unavailable, the rate of interest on debt instruments referencing the IBOR will have to be determined based on any applicable fall-back provisions. This may in certain circumstances be reliant upon the provision by reference banks of offered quotations for the IBOR rate, which may not be available, or require the application of a fixed rate based on the last relevant IBOR rate available. Additionally, where such fall-back provisions need to be amended to reflect discontinuance and there is uncertainty on an alternative interest rate measure, there can be no assurance that such amendments or alternative interest rates will mitigate future interest rate risk in the same way.

Positions in IBOR instruments may suffer from reduced liquidity and fall in value as a result of its planned discontinuation. Also, any substitute reference rate and any pricing adjustments imposed unilaterally, by a regulator or by counterparties, may not be suitable for a Fund, resulting in costs incurred to close out positions and place replacement trades. Where such a reference index is referenced or used by a Fund, or in relation investments to which a Fund is exposed (directly or indirectly), there may be a need to replace such an index with alternatives and terminate or restructure a relevant investment which may result in close out and replacement trade costs. There may be extra costs if the instruments with the most favourable liquidity or pricing are not available to a Fund.

<u>Asset Class Specific Risks</u>

1. Equities

For Funds which invest in stocks, the value of those stocks may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions or other events, including changes in investment sentiment, political and issuer-specific factors.

2. Bonds and other Debt Instruments

For Funds which invest in bonds or other debt instruments, the value of those investments and hence the Net Asset Value of the Fund will depend on factors including, but not limited to, market interest rates, the credit quality of the issuer, the currency of the investment (when the currency of the investment is other than the base currency of the Fund holding that investment) and liquidity considerations. In general, the prices of debt instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

(a) Lower Rated/Unrated Securities

The credit quality of debt instruments is often assessed by rating agencies. Certain Funds may invest in lower-rated and un-rated securities. Lower-rated securities (below investment grade) and un-rated securities may be higher yielding but be subject to wider fluctuations in yield, wider bid-offer spreads, lower liquidity and consequently greater fluctuations in market values and greater risk of loss of principal and interest, than higher-rated (investment grade) securities.

(b) Downgrading Risk

The credit rating of debt instruments or their issuers may be downgraded. In the event of such downgrading, the value of the instrument, and hence the Fund, may be adversely affected. The manager may or may not be able to dispose of the debt instruments that are being downgraded.

(c) Credit / Default Risk

Investments may be adversely affected if any of the institutions with which money is deposited suffers insolvency or are otherwise unable to pay interest or principal (default). Credit risk also arises from the uncertainty about the ultimate repayment of principal and interest from bond or other debt instrument investments. In both cases the entire deposit or purchase price of the debt instrument is at risk of loss if there is no recovery after default. The risk of default is usually greatest with bonds and debt instruments that are classed as 'sub-investment grade'.

(d) Sovereign debt risk

Certain Funds' investments in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and / or interest when due or may request the Fund to participate in restructuring such debts. The relevant Funds may suffer significant losses when there is a default of sovereign debt issuers.

(e) Credit Rating Risk

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

(f) Valuation Risk

Valuation of a Fund's investments may involve uncertainties and judgemental determination. If such valuation turns out to be incorrect, this may affect the calculation of a Fund's Net Asset Value.

3. Commodities

Exposure to commodities involve additional risks than those resulting from more standard asset Classes such as equities and may subject the Fund to greater volatility than such investments. The value of commodity-linked instruments may be affected by the overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular commodity industry or the production and trading of commodities, such as natural events (e.g. drought, floods, weather, livestock disease), embargoes, tariffs and international economic, political and regulatory developments.

4. Real Estate Related

(a) Real Estate Investment Trusts ("REITs")

REITs are exchange-traded entities where the underlying investments are primarily investments in real estate, which are generally less liquid than certain other asset classes such as equities, which may then be reflected in wider bid-offer spreads. Limited liquidity may affect the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic conditions, international securities markets, foreign exchange rates, interest rates, real estate market or other conditions. Heavy cash flow dependency, borrowers' default risk, decline in the credit rating of the REIT and interest rates rise will potentially lead to a decline in the value of the investments

(b) Mortgage-related securities

When interest rates increase the expected time borrowers take to pay down fixed rate mortgage products may lengthen, thus increasing the expected longevity of fixed rate mortgage-related securities. This increases their sensitivity to changes in interest rates and hence also the volatility of the instrument (extension risk). When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a Fund because the Fund may have to reinvest that money at the lower prevailing interest rates (prepayment risk). Investments in securitised products may be less liquid than other securities. The lack of liquidity may cause the current market price of assets to become disconnected from the underlying assets' value as well as adversely affecting the ability to sell the position or the price at which such a sale is transacted.

5. Multi-Asset

Multi-asset funds invest in multiple asset classes (including cash and cash equivalents) and can generally vary their exposure to each of them. As well as being subject to the risks inherent in those individual asset classes to a degree that depends on the exposure over time, the overall risk also depends on the correlation of returns between each asset class and hence could be adversely affected by a change in those correlations which could result in higher volatility and/or lower diversification.

Investment Focus/Style Related Risks

1. Stock/Issuer Concentration

Funds which invest in a relatively small number of investments or issuers may experience a more volatile Net Asset Value as a result of this concentration of holdings relative to a Fund that diversifies across a larger number of investments or issuers.

2. Country Concentration

Funds which may invest in a single or small number of countries may have greater exposures to the market, political, policy, foreign exchange, liquidity, tax, legal, regulatory, economic and social risks of those countries than a Fund which diversifies across a number of countries, thereby making the Fund more susceptible to any adverse events affecting those countries. This may result in lower liquidity of the Fund's assets and/or a higher volatility of the Net Asset Value than a Fund that diversifies across more countries.

3. Sector Concentration

Funds which may invest in a single or small number of sectors may have greater exposures to the market, liquidity, tax, legal, regulatory, and economic risks of those sectors than a Fund which diversifies across a number of sectors, thereby making the Fund more susceptible to any adverse events affecting those sectors. This may result in lower liquidity of the Fund's assets and/or a higher volatility of the Net Asset Value than a Fund that diversifies across more sectors.

4. Investments in Small Companies

The prices of securities of small companies generally are more volatile than those of larger companies; the securities are often less liquid and these companies may be subject to more abrupt fluctuations in market price than larger, more established companies. Investments in securities of companies with smaller market capitalisations are generally considered to offer greater opportunity for appreciation but may involve greater risks than those customarily associated with more established companies as they are generally more likely to be adversely affected by poor economic or market conditions. These companies may have limited product lines, markets or financial resources, or they may be dependent upon a limited management group. In addition to exhibiting greater volatility, small companies' stocks may, to a degree, fluctuate independently of larger company stocks (i.e., small company stocks may decline in price as the prices of large company stock rise or vice versa). For Funds investing in such companies, transactions, particularly those large in size, are likely to have a greater impact on the Fund's costs than similar transactions in large sized firms because of the relatively illiquid nature of markets in small companies' shares.

5. Below Investment Grade / Unrated Securities and High Yielding Debt Instruments

A Fund may invest in below investment grade and high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments); however the risk of depreciation and realisation of capital losses on such debt instruments held may be significantly higher than on lower yielding debt instruments. High yield bonds may be subject to lower liquidity, higher volatility, heightened risk of default and loss of principal and interest than higher-rated/lower yielding debt securities.

6. Emerging Markets

   A Fund may invest, in part or in whole, in emerging market securities. The price of these securities may be more volatile and/or less liquid than those of securities in more developed markets due to increased risk and special considerations not typically associated with investment in more developed markets. This volatility or lack of liquidity may stem from political, economic, legal, taxation, settlement, transfer of securities, custody and currency / currency control factors. Some emerging market economies may be sensitive to world commodity prices and/or volatile inflation rates. Others are especially vulnerable to economic conditions. Although care is taken to understand and manage these risks, the Fund will ultimately bear the risks associated with investing in these markets.

7. Russia

   Some of the Funds may invest a portion of their net assets in Russia. There are specific risks linked to investing in Russia. Investors should be aware that the Russian market presents specific risks in relation to the settlement and safekeeping of securities as well as regarding the registration of assets where registrars are not always subject to effective government or other supervision. Russian securities are not on physical deposit with the Depositary or its local agents in Russia. Therefore, neither the Depositary nor its local agents in Russia can be considered to be performing a physical safekeeping or custody function in accordance with recognised international standards. The Depositary's liability only extends to its own negligence and/or wilful default and to negligence and wilful misconduct of its local agents in Russia and does not extend to losses due to the liquidation, bankruptcy, negligence and wilful default of any registrar. In the event of such losses, the Fund will have to pursue its rights against the issuer and/or the appointed registrar of the securities. Some, or all, of the risks attributed to investing in Russia may also apply in other emerging markets.

8. Eurozone Risk

   The performance of certain Funds will be closely tied to the economic, political, regulatory, geopolitical, market, currency or other conditions in the Eurozone and could be more volatile than the performance of more geographically diversified Funds. In light of the ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, certain Funds' investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as the credit downgrade of a sovereign or the exit of European Union members from the Eurozone, may have a negative impact on the value of the Fund.

Specific Instrument Related Risks

1. China Related

   (a) General

      i. Chinese Renminbi Currency and Conversion

         The Chinese Renminbi (RMB) is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: one in Mainland China (onshore RMB, or CNY), and one outside Mainland China, primarily in Hong Kong (offshore RMB, or CNH). Although CNH and CNY are the same currency, they trade at different rates, and any divergence between CNH and CNY may adversely impact investors. CNY is not freely convertible and is subject to exchange controls and certain requirements by the government of Mainland China, whereas the CNH is freely tradable.

         Whilst the RMB is traded freely outside Mainland China, the RMB spot, forward foreign exchange contracts and related instruments reflect the structural complexities of this evolving market. There is no guarantee that the value of RMB against the investors' base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of an investor's investment in the Fund. Accordingly, the Funds may be exposed to greater foreign exchange risks. Under exceptional circumstances, payment of redemptions and / or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

      ii. China Assets

         Investments in RMB by a Fund in China A / B shares or onshore China fixed income securities and other permissible securities denominated in RMB may be made through any permissible means pursuant to any prevailing regulations, including through the Qualified Foreign Institutional Investor ("QFII") quota, the Shanghai-Hong Kong Stock Connect program ("Stock Connect") and any other eligible means. The uncertainty and change of the relevant laws and regulations in the People's Republic of China ("PRC") and the potential for the PRC government and/or the regulators to implement policies that may affect the financial markets may have an adverse impact on such a Fund.

High market volatility and potential settlement difficulties in the PRC markets may also result in significant fluctuations in the prices of the securities traded on such markets. Besides, securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. All these may have a negative impact on the Net Asset Value of a Fund.

iii. QFII

Under the prevailing regulations in the PRC, foreign investors can invest in China A shares or onshore China fixed income securities through institutions that have obtained QFII status in the PRC. The current QFII regulations impose strict restrictions on China A share investment or onshore China fixed income securities. A Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments, minimum investment holding periods and repatriation of principal and profits) in the PRC, which may be subject to change and such change may have potential retrospective effect. In certain circumstances, the Funds may incur losses due to limited investment opportunities, or may not be able to fully implement or pursue their investment objectives or strategy.

The Funds may also suffer substantial losses if there is insufficient QFII quota allocated for the Fund to make investments, the approval of the QFII is being revoked/terminated or otherwise invalidated as the Fund may be prohibited from trading of relevant securities and repatriation of the Fund's monies, or if any of the key operators or parties (including QFII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

iv. Stock Connect

Certain Funds may invest and have direct access to certain eligible China A shares via the Stock Connect, a securities trading and clearing linked program which aims to achieve mutual stock market access between the PRC and Hong Kong.

Under the Stock Connect, overseas investors (including the Funds) may be allowed, subject to rules and regulations issued / amended from time to time, to trade China A Shares listed on the Shanghai Stock Exchange ("SSE") through the Northbound Trading Link.

Investments through the Stock Connect are subject to risks, such as quota limitations, suspension risk, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risks, nominee arrangements in holding China A shares and regulatory risk. Both the Stock Exchange of Hong Kong Limited ("SEHK") and SSE reserve the right to suspend trading through Stock Connect if necessary for ensuring an orderly and fair market and managing risks prudently which could adversely affect the relevant Funds' ability to access the PRC market. Where a suspension in the trading through the programme is effected, a Fund's ability to invest in China A shares or access the PRC market through the programme will be adversely affected. In such an event, the Fund's ability to achieve its investment objective could be negatively affected. PRC regulations require that before an investor sells any share, there should be sufficient shares in the account (front-end monitoring); otherwise SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling. Furthermore, the Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as the Funds) cannot carry out any China A shares trading. The Funds may be subject to a risk of price fluctuations in China A shares during the time when the Stock Connect is not trading as a result.

The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Furthermore, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The relevant Funds which may invest in the PRC markets through Stock Connect may be adversely affected as a result of such changes.

v. PRC Tax Risk

There are risks and uncertainties associated with the current tax laws, regulations and practice of Mainland China in respect of capital gains realised via QFII status or Stock Connect or access products on a fund's investments in Mainland China (which may have retrospective effect). Any increased tax liabilities on a fund may adversely affect the fund's value.

Based on professional and independent advice, currently no provision is being made by any of the funds for tax on capital gains on disposals of (i) China A Shares and B Shares, or (ii) China fixed income securities listed or traded on exchanges or the mainland China interbank bond market or for tax on interest on such onshore Mainland China fixed income securities or for tax on dividends, if any, received on China A Shares (including those acquired through Stock Connect), without deduction of tax provision made ultimately may prove excessive or inadequate to meet any at source. The actual tax liabilities (if any) will be debited from the relevant fund's assets, and may adversely affect the fund's Net Asset Value.

Although no tax provision has been made under current situation, the situation will be under review and after taking professional and independent tax advice, the Investment Manager may make tax provision going forward where appropriate. Whilst the Investment Manager reviews the tax provisioning policy on an on-going basis, investors should note that, even if tax provision is made, any shortfall between the provision and the actual tax liabilities will be debited from the relevant fund's assets and will adversely affect the Net Asset Value of the fund. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

(b) Dim Sum Bond Market

Some Funds may invest in "Dim Sum" bonds (i.e. bonds issued outside of Mainland China but denominated in RMB). The "Dim Sum" bond market is a relatively small market. As with some global fixed income markets, it may be more susceptible to volatility and illiquidity, and should there be any new rules which limit or restrict the ability of issuers to raise RMB (offshore CNH) funding by way of bond issuance and / or reversal or suspension of the liberalization of the CNH market by the relevant regulator(s), the operation of the "Dim Sum" bond market and new issuances could be disrupted and potentially cause a fall in the Net Asset Value of the Fund.

2. Fixed Income Related Risks

(a) Hybrids

Hybrid securities are those that combine exposure to two or more asset classes, typically including equity and debt. A common example of hybrid securities is convertible bonds, which typically pay a lower coupon than a standard debt instrument, but convert into the reference equity if it performs well. In the event of insolvency the issuer is obliged to repay certain forms of debt before others. Debt that is repaid first is 'senior', while other debt is referred to as 'subordinated' so that the likelihood of repayment for the holder is reduced under such circumstances. Convertible bonds are senior debt instruments and repayment is thus aligned with that of other senior debt. Other hybrid bonds are subordinated instruments that have more equity like characteristics. Typically hybrid bonds include long final maturity (or no limitation on maturity - 'perpetual') and have a call schedule (i.e. a series of call dates on which the issuer can redeem the bond at specific prices), thereby increasing reinvestment risk, which is the risk that a bond's future cash flows will have to be reinvested at a lower Interest rate. Their subordination typically lies somewhere between equity and other subordinated debt. As such, as well as typical 'bond' risk factors, hybrid securities also convey such risks as the deferral of interest payments, equity market volatility and illiquidity. Some sources of additional risk associated with hybrids are set forth below.

Coupon cancellation: Coupon payments on some hybrids are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments on such bonds does not amount to an event of default. Cancelled payments do not accumulate and are instead written off. Holders may see their coupons cancelled while the issuer continues to pay dividends on its common equity and variable compensation to its workforce.

Call extension risk: Some hybrids are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority. It cannot be assumed that the perpetual instrument will be called on call date. The investor may not receive return of principal if expected on call date or indeed at any date.

(b) Contingent Convertible Securities (CoCos)

CoCos are a form of hybrid debt security that are intended to either convert into equity or have their principal written down upon the occurrence of certain 'triggers' linked to regulatory capital thresholds or where the issuing banking institution's regulatory authorities considers this to be necessary. CoCos will have unique equity conversion or principal write-down features which are tailored to the issuing banking institution and its regulatory requirements. Triggers are sometimes set with respect to the institution's ratio of risk-weighted assets versus core equity capital, the 'capital ratio'. Some additional risks associated with CoCos are set forth below.

Capital Structure Inversion Risk: Contrary to standard capital hierarchy, CoCo investors may suffer a loss of capital when equity holders do not. In a standard capital structure equity holders are expected to suffer the first loss. This is less likely with a CoCo whose trigger is activated when the capital ratio falls below a relatively low level when equity holders will already have suffered loss, than in a high trigger CoCo (those whose trigger is activated when the capital ratio remains relatively high).

Liquidity and Concentration Risks: In normal market conditions CoCos can be readily sold. The structure of the instruments is innovative but their behaviour under certain market scenarios is as yet untested. In the event a single issuer activates a trigger or suspends coupons it is not known whether the market will view the issue as an idiosyncratic or systemic event. In the latter case, potential price contagion and volatility to the entire asset class is possible. Further, in an illiquid market, prices may be increasingly stressed.

(c) Loans

Funds may invest in fixed and floating rate loans from one or more financial institutions to a borrower by way of (i) assignment/transfer of or (ii) participation in the whole or part of the loan amount outstanding. The primary risks associated with the loans market are similar to the high yield bond market, namely credit risk and liquidity risk. While in normal market conditions loans can be readily sold, liquidity on the secondary market can become impaired. Subject to disclosure in the relevant investment policies, the Funds will invest only in loans that comply with the criteria applicable to Money Market Instruments for the purposes of the applicable regulations. Such loans must be capable of being freely traded and transferred between investors. When purchasing loan participations, a Fund assumes the economic risk associated with the corporate borrower and the credit risk associated with an interposed bank or other financial intermediary. When purchasing loan assignments, a Fund assumes the credit risk associated with the corporate borrower only. Such loans may be secured or unsecured. Loans that are fully secured offer a Fund more protection than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan would satisfy the corporate borrower's obligation. In addition, investments in loans through a direct assignment include the risk that if a loan is terminated, a Fund could become part owner of any collateral and would bear the costs and liabilities associated with owning and disposing of the collateral. The loans in which a Fund invests may not be rated by any internationally recognised rating service.

(d) Collateralised and/or Securitised Debt Instruments

Funds may invest in collateralised and / or securitised debt instruments (collectively referred to as structured products). Such instruments include asset-backed securities, mortgage-backed securities, collateralised debt instruments and collateralised loan obligations.

Structured products provide exposure, synthetically or otherwise, to underlying assets and the risk/return profile is determined by the cash flows derived from such assets. Some of such products involve multiple instruments and cash flow profiles such that it may not be possible to accurately predict the impact on valuation from a given market scenario. The price of such an investment may be prone to substantial price volatility as a result of sensitivity to changes in the underlying assets of the structured instrument which can take many forms including, but not limited to, credit card receivables, residential mortgages, corporate loans, manufactured housing loans or any type of receivables from a company or structured vehicle that has regular cash flows from its customers. Some structured products may employ leverage which can cause the price of the instruments to be more volatile than if they had not employed leverage. In addition, structured products may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. Lack of liquidity may also cause the current market price of assets to become disconnected from the underlying assets' value. In addition, such products are often exposed to extension risks (the risk of increased longevity due to lower-than-expected paydowns) and prepayment risks (the risk of reinvesting at lower rates due to higher-than-expected paydowns) and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of such products.

3. Equity Linked Notes/Credit Linked Notes

Equity Linked Notes (ELNs), Credit Linked Notes (CLNs) and similar structured instruments involve a counterparty writing a contract which defines the principal value and the payoff which is intended to move in line with the underlying security specified in the contract. Unlike Financial Derivative Instruments, cash is transferred from the buyer to the seller of the note upon purchase. In the event that the counterparty defaults the risk to the Fund is to that of the counterparty, irrespective of the value of the underlying security within the note.

CLNs are also subject to the risk of loss and/or delay in the repayment of principal and the periodic interest payment expected to be received in the event that one or more of the underlying debt obligations defaults or no longer performs. Additional risks result from the fact that the documentation of such notes programmes tends to be highly customised. The liquidity of an ELN, CLN or similar notes can be less than that for the underlying security, a regular bond or debt instrument and this may adversely affect either the ability to sell the position or the price at which such a sale is transacted.

Derivatives/Counterparty Related Risks

1. General

A Fund may use various Financial Derivative Instruments to reduce risks or costs or to generate additional capital or income in order to meet the investment objectives of a Fund. Certain Funds may use derivatives extensively and/or for more complex strategies (i.e. have extended derivative powers) as further described in their respective investment objectives. [Entering into Derivatives for investment purposes may, to some extent, alter the risk profile of a Fund depending on the circumstances and the purposes for which the Derivatives are used.]The Risk Management Process Document sets out the approved derivative strategies.

Throughout this section and others that refer to derivatives, privately negotiated or non-exchange traded derivatives are referred to as being 'Over the Counter', which is abbreviated to OTC. Investors may wish to consult their independent financial adviser about the suitability of a particular Fund for their investment needs bearing in mind its powers with regard to the use of derivatives.

While the judicious use of derivative instruments by experienced investment advisers such as the Investment Manager can be beneficial, derivative instruments also involve risks different from, and, in certain cases, greater than, the risks associated with more traditional investments.

The following are important risk factors concerning the use of derivative instruments that investors should understand before investing in a Fund.

(a) Valuation

Some derivative instruments, in particular OTC derivative instruments, do not have prices observable on an exchange and so involve the use of formulae, with prices of underlying securities or reference benchmarks obtained from other sources of market price data. OTC instruments involve the use of models, with assumptions, which increases the risk of pricing errors. Improper valuations could result in increased cash payment requirements to counterparties or a loss of value to the Fund.

(b) Liquidity

Liquidity risk exists when a particular instrument is difficult to purchase or sell at a given valuation. If a derivative instrument transaction is particularly large or if the relevant market is illiquid (as can be the case with OTC derivative instruments), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

(c) Basis

Basis risk is the risk of loss due to divergence between two rates or prices. Derivative instruments do not always perfectly or even highly correlate with the assets, rates or indices they are designed to track. Consequently, a Fund's use of derivative instruments may not always be an effective means of, and sometimes could be counterproductive to, furthering the Fund's investment objective. This applies particularly where an underlying position is hedged through derivative contracts which may be similar to (but are not the same as) the underlying position.

(d) Leverage

The use of derivatives may give rise to a form of leverage, which may cause the Net Asset Value of a Fund to be more volatile and/or change by greater amounts than if they had not been leveraged. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the respective Fund's portfolio securities and other instruments.

(e) Counterparty Credit

This is the risk that a loss may be sustained by a Fund as a result of the failure of the other party to a derivative instrument (usually referred to as a 'counterparty') to comply with the terms of the derivative instrument contract. The counterparty credit risk for exchange-traded derivative instruments is generally less than for OTC derivative instruments, since the clearing firm, which is the issuer or counterparty to each exchange-traded derivative instrument, provides a guarantee of clearing. This guarantee is supported by a daily payment system (i.e. margin requirements) operated by the clearing firm in order to reduce overall counterparty credit risk. Assets deposited as margin with the brokers and/or exchanges may not be held in segregated accounts by these counterparties and may therefore become available to the creditors of such counterparties in the event of default by them. For OTC derivative instruments, there is no similar clearing firm guarantee. Therefore, the Investment Manager adopts a counterparty risk management framework which measures, monitors and manages counterparty credit risk, taking into account both current and potential future credit exposure, through the use of internal credit assessments and external credit agency ratings. OTC derivative instruments are not standardised. They are an agreement between two parties and can therefore be tailored to the requirements of the parties involved. The documentation risk is reduced by adhering to standard ISDA documentation.

A Fund's exposure to an individual counterparty shall not exceed 10% of the relevant Fund's net assets. Counterparty credit risk may be further mitigated through the use of collateral agreements. However, collateral arrangements are still subject to the insolvency risk and credit risk of the issuers or depositary of the collateral.

Further, collateral thresholds exist below which collateral is not called for and timing differences between calculating the need for collateral and its receipt by the Fund from the counterparty both mean that not all the current exposure will be collateralised.

(f) Settlement

Settlement risk exists when derivatives are not settled in a timely manner, thereby increasing counterparty credit risk prior to settlement and potentially incurring funding costs that would otherwise not be experienced. If settlement never occurs the loss incurred by the Fund will be the same as it is for any other such situation involving a security namely the difference between the price of the original contract and the price of the replacement contract, or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided.

(g) Legal

Derivative transactions are typically undertaken under separate legal arrangements. In the case of OTC derivatives, a standard International Swaps and Derivatives Association ("ISDA") agreement is used to govern the trade between the Fund and the counterparty. The agreement covers situations such as a default of either party and also the delivery and receipt of collateral. As a result, there is a risk of loss to the Fund where liabilities in those agreements are challenged in a court of law.

2. Short Positions

A Fund may take a position in which it expects to gain value in the event a particular asset loses value ('shorting') through the use of derivatives. The Fund is therefore exposed to the risk that the asset will rise, rather than fall, in value. Further, as price rises are theoretically unlimited, the losses arising from such a position can theoretically be uncapped. However the Investment Manager actively manages these positions in order to limit the realised and potential losses.

3. High Leverage Risk

Funds with high leverage risk may have a net leverage exposure of more than 100% of the Net Asset Value of the Fund. This will 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.

4. Active Currency Positions

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.

5. Specific Derivative Instruments

For Funds using one or a combination of the following instruments the following risks should be considered, as applicable:

Instrument	Risks
Credit Default Swaps (CDS)	The swap contract is an agreement between two parties and therefore each party bears the other's counterparty credit risk. Collateral is arranged to mitigate this risk. The documentation risk for CDS is reduced by adhering to standard ISDA documentation. The liquidity of a CDS may be worse than the liquidity of the underlying security or securities in the basket and this may adversely affect the ability to close out a CDS position or the price at which such a close out is transacted.
Foreign Exchange Forward Contracts	To the extent that such contracts are used to hedge foreign (non-base) currency exposures back to the base currency of the Fund, there is a risk that the hedge may not be perfect and movements in its value may not exactly offset the change in value of the currency exposure being hedged. Since the gross amounts of the contract are exchanged on the specified date, there is a risk that if the counterparty with whom the contract has been agreed goes into default between the time of payment by the Fund but before receipt by the Fund of the amount due from the counterparty, then the Fund will be exposed to the counterparty credit risk of the amount not received and the entire principal of a transaction could be lost.
Forward Contracts and Contracts for Difference	The main risk to the buyer or seller of such contracts is the change in value of the underlying security. When the value of the underlying security changes, the value of the contract becomes positive or negative. Further, the two parties must bear each other's credit risk, which is not the case with a futures contract and collateral is arranged to mitigate this risk. Also, since these contracts are not exchange traded, there is no marked-to-market margin requirement, which allows a buyer to avoid almost all capital outflow initially.
Futures	The main risk to the buyer or seller of an exchange-traded future is the change in value of the underlying reference index/security/contract/bond.

Instrument	Risks
Inflation Swaps	The market risk of this type of instrument is driven by the change in the reference benchmarks used for the two legs of the transaction, one of which will be an inflation benchmark. This is an agreement between two parties and so can be tailored to the requirements of the parties involved. Consequently each party bears the other's credit risk and collateral is arranged to mitigate this risk.
Interest Rate Swaps	The market risk of this type of instrument is driven by the change in the reference benchmarks used for the fixed and floating legs. An interest rate swap is an OTC agreement between two parties and so can be tailored to the requirements of the parties involved. Consequently each party bears the other's credit risk and collateral is arranged to mitigate this risk.
Put/Call Options and Warrants	The most significant contributor to market risk resulting from options is the market risk associated with the underlying when the option has an intrinsic value (i.e. it is 'in-the-money'), or the strike price is near the price of the underlying ('near-the-money'). In these circumstances the change in value of the underlying will have a significant influence on the change in value of the option. The other variables will also have an influence, which will likely to be greater the further away the strike price is from the price of the underlying. For OTC options the two parties must bear each other's credit risk and collateral is arranged to mitigate this risk. The liquidity of an OTC option can be less than an exchange traded option and this may adversely affect the ability to close out the option position, or the price at which such a close out is transacted.
Swaptions	A swaption comprises risks associated with interest rate swaps and option contracts. A swaption is an OTC agreement between two parties and so can be tailored to the requirements of the parties involved. Consequently each party bears the other's credit risk and collateral is exchanged to mitigate this risk.
Total Return Swaps (TRS)	These contracts may be less liquid than interest rate swaps as there is no standardisation of the underlying reference benchmark and this may adversely affect the ability to close out a TRS position or the price at which such a close out is transacted. The swap contract is an agreement between two parties and therefore each party bears the other's counterparty credit risk and collateral is arranged to mitigate this risk. The documentation risk for TRS is reduced by adhering to standard ISDA documentation.

Additional Risks

1. Index Tracking Funds

(a) Tracking Difference

The aim of an Index Tracking Fund is to match the performance of an index as closely as possible. However there is the risk that the Fund's performance may not track that of the underlying index exactly ("tracking difference"). This tracking difference may result from the investment strategy used, fees and expenses and taxes. Changes to the underlying index, regulatory requirements and differences in valuation points between the Fund and index may also contribute to tracking differences. The Investment Manager will monitor and seek to manage such risk in minimising tracking difference. There can be no assurance of exact or identical replication at any time of the performance of the index.

(b) Passive Investment Risk

For Funds that are passively managed, the Investment Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the Fund. Falls in the index are expected to result in corresponding falls in the value of the Fund.

2. Asset Allocation - Target Date

Some Funds allocate capital to asset classes where the weights change according to a pre-determined schedule up to a specific target date. As a Fund moves closer to its target date, it generally allocates more capital to assets with a lower expected risk and return profile. The performance of the Fund is dependent on the outcome of the asset allocation employed by the Fund and there is a risk that losses will be realised as the asset allocation changes. While investors will be provided with investment options at the target date, there is no guarantee that the Fund will close and so investors may suffer loss after the target date. It is important to note that a target date Fund should not be selected based solely on age or retirement date. There is no guarantee that investors will receive the principal invested on the target date.

3. Asset Allocation - Dynamic

The Fund may periodically change its allocation across asset classes and therefore may incur greater transaction costs than a Fund with static allocation strategy.

4. Cash Funds

An investment in Cash Funds is neither insured nor guaranteed by any government, government agencies or government-sponsored agencies or any bank guarantee Fund. Shares in Cash Funds are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down. Although the Fund seeks to maintain capital value and liquidity whilst producing a return in line with money market rates to the investor, Cash Funds do not guarantee a stable Net Asset Value. All investments are subject to credit and counterparty risk and provide limited potential for capital appreciation and generally lower income than investments in medium- or long-term instruments would. Furthermore, the performance of Cash Funds may be affected by changes in money market rates, economic and market conditions and in legal, regulatory and tax requirements. In a low interest rate environment or during adverse market conditions, Cash Funds may invest in negative yield instruments which may adversely impact the Net Asset Value of the Fund.

5. Ethical Investing

The Investment Manager's focus on securities of companies which maintain strong environmental, social and governance ("ESG") credentials may result in a return that at times compares unfavourably to similar products without such focus. No representation or warranty is made with respect to the fairness, accuracy or completeness of such credentials. The status of a security's ESG credentials can change over time.

6. Income-producing securities

Although the Fund will generally invest in income-producing securities, it is not guaranteed that all underlying investments will generate income. To the extent that underlying investments of the Fund are income producing, higher yields generally mean that there will be:

(a) reduced potential for capital appreciation for equity securities; and

(b) increased potential for capital appreciation and / or depreciation for fixed income securities.

7. Securities Lending

Securities Lending involves risks in that (a) if the borrower of securities lent by a Fund fails to return them there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded and that (b) in case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the investment objective of the Fund, or (iii) yield a sum less than the amount of collateral to be returned and that (c) delays in the return of securities on loans may restrict the ability of a Fund to meet delivery obligations under security sales.

8. Repurchase and Reverse Repurchase Transactions

Repurchase transactions are where one party sells a security to a counterparty and agrees to repurchase it in the future. For the seller this is a 'repo'; for the buyer it is a 'reverse repo'. In the event of the failure of the counterparty there is the risk that collateral received from the counterparty may realise less than the value of the security placed out. There are also risks that (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Fund to meet redemption requests, security purchases or, more generally, reinvest.

Risk Management Process

The Manager employs a risk management process which identifies and addresses the following main risks in particular:

- Market risk - the risk of loss for the Funds resulting from fluctuation in the market value of positions held in the Funds attributable to changes in market variables, such as interest rates, foreign exchange rates, equity and commodity prices or an issuer's credit worthiness. Market risk includes the risk arising from leveraging and inappropriate diversification. Leveraging encompasses the global risk exposure while diversification includes counterparty limits associated with OTC derivatives as well as concentration limits. 'Leverage' means any method by which the fund manager increases the exposure of a fund it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means;
- Liquidity risk - the risk of not being able to liquidate a position in a timely manner at a reasonable price to meet client redemptions. Liquidity risk also includes the ability and cost of borrowing if the Funds are unable to liquidate sufficient assets to meet redemption requests.
- Counterparty/Credit risk - is the risk of loss if a counterparty fails to perform or meet its financial obligations (e.g. to repay principal and/or interest in a timely manner) to the Fund.
- Operational risk - the risk of loss arising from inadequate or failed internal processes, systems, third parties, external events, people and fraud.
- Regulatory risk - the risk of a fund violating a specific regulatory requirement, as well as a Board-imposed restriction, client guideline, prospectus and eligibility requirements.

Risk management policies and procedures define qualitative or quantitative risk limits as well as procedures to ensure that exposures of the Funds to market, liquidity, counterparty, operational and all other relevant risks are identified and appropriately managed. Techniques and tools are developed globally at FIL Group level and monitored locally within each Fund.

It is the Manager's risk management policy to implement and strictly monitor risk limits to meet any regulatory and/or other requirements that the Funds have to comply with e.g. investment policy and diversification limits and any other risk limits, which the Manager believes is relevant to ensure a proper management of the material risks that the Fund has identified and might be exposed to. Further details of the risk management policy are available from the Manager on request.

Investment Powers and Restrictions

The assets of each Fund will be invested with the aim of achieving the investment objective and policy of that Fund. They must also be invested so as to comply with the investment and borrowing powers and restrictions set out in the COLL Sourcebook, the Instrument of Incorporation of the Company and this Prospectus.

A summary of the investment powers and restrictions applicable to each Fund is set out in Appendix 2.

Risks associated with the use of Derivatives

- **General**

  As set out in Appendix 1, certain Funds, in accordance with the UCITS Directive and COLL may enter into Derivative transactions for the purposes of efficient portfolio management (including hedging) which aim to reduce risk, costs and/or produce additional capital or income in a Fund) and others may, in addition, make wider use of Derivatives for investment purposes. Appendix 2 outlines the constraints on the use of Derivatives in UCITS.

  Subject to the aforementioned, a Fund may directly or indirectly, may opt to, or may be required to, utilise a variety of Derivatives to: (i) protect against possible changes in the market value of a Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates, (ii) protect a Fund's unrealized gains in the value of a Fund's investment portfolio, (iii) facilitate the sale of any such investments, (iv) establish a position as a substitute for other securities, (v) enhance or preserve returns, spreads or gains on any investment in a Fund's portfolio, (vi) hedge the interest or inflation rate, credit spread or currency exchange rate on any of a Fund's liabilities or assets, (vii) protect against any increase in the price of any securities a Fund anticipates purchasing at a later date or (viii) for any other reason that the ACD deems appropriate in light of a Fund's Investment Objective and Investment Policy. While a Fund may enter into hedging transactions in seeking to reduce risk, such transactions may result in a poorer overall performance for a Fund than if it had not engaged in any such hedging transaction. Moreover, Derivative products are instruments that require investment techniques and risk analyses different from those associated with equities and bonds. The use of a Derivative requires an understanding not only of the underlying instrument but also of the Derivative itself, without the benefit of observing the performance of the Derivative under all possible market conditions.

The prices of Derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other Derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

The following particular risks are amongst those relevant in relation to the use of Derivatives by a Fund, although please note that this is an indicative (non-exhaustive) list of potentially relevant risks. In that regard, investors are advised to consult their financial adviser about the suitability of a particular Fund for their investment needs bearing in mind its powers with regard to the use of Derivatives. There is no guarantee that the performance of a Derivative instrument or a particular Derivatives' strategy will result in a positive effect for a Fund and its investors.

Importantly, the use of Derivatives may give rise to leverage and result in increased gains or losses within a Fund which is further discussed below.

- **Effect on risk profile**

  Entering into Derivatives for investment purposes may alter the risk profile of a Fund having the potential either to increase or reduce existing market risk and to and create additional market, credit and counterparty risk in a Fund.

  In the case of a Fund which is using Derivatives for efficient portfolio management purposes only, Derivatives will only be used with the aim of reducing risk or cost to the Fund or to generate additional capital or income with a risk level which is consistent with the risk profile of the Fund as determined by reference to its investment objectives and policies and so such use of Derivatives will not alter the risk profile of the Fund.

  The use of Derivatives may lead to higher volatility in the Share prices of a Fund.

- **Leverage**

  Use of Derivatives can introduce higher levels of risk into a Fund with a view to making an increased profit – which is commonly referred to as "leverage".

  Leverage includes any method by which a Fund may generate exposure to investments exceeding the net asset value of the Fund, and may be provided through borrowing of cash or securities, leverage embedded in Derivative positions or by any other means.

  Since many Derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount of a premium paid, if any, to enter into the Derivative transaction itself.

- **Short positions**

  These may also be used to achieve positions which would cause loss to the Fund if the price of a security rises commonly referred to as "short" positions. In accordance with the UCITS Directive the Funds will not hold short positions except if certain requirements in accordance with COLL are met (see Appendix 2, Requirement to cover sales). For contracts providing exposure to short positions any appreciation in the price of the underlying investments will result in a loss.

  A Fund may enter into a Derivative positon as a hedge against risks on its portfolio. This is the case for all Funds. This may involve the Fund taking a "short" position on a security, the credit risk on a bond issuer or interest rates which it has in its portfolio. A short position is intended to generate a profit for the Fund in the event that prices or rates fall, rather than rise.

Where used as a hedge position the purpose would be to compensate the Fund for losses it would otherwise suffer on its investments due to a fall in prices or rates.

A Fund can also enter into "short" positions where it has no underlying risk in the portfolio. In these circumstances, the Fund is entering into a transaction which is intended to generate a profit when prices or rates fall based upon the Fund manager forming a view that is likely to occur. If the Fund manager's view is not correct, this would instead result in a loss to the Fund if the prices or rates underlying the position were to rise. As the potential rise in the price of an asset is theoretically unlimited, a short position could involve an unlimited loss.

- **Counterparty credit risk**

  Counterparty risk is inherent in Derivatives, where the Fund is exposed to the risk that the counterparty with whom the Derivative is entered into fails to perform its financial obligations under the contract.

- **Collateral**

  Certain Derivative contracts will require collateralisation to cover the risk that one of the parties to the transaction might default. The mark-to-market value of the position from time to time is typically collateralised. This can mean that, at any time, the Fund is providing collateral or it is receiving collateral from the counterparty. This type of collateral is commonly referred to as variation margin. There may be some mismatch between the amount of variation margin and the mark-to-market value of the position due to timing issues, minimum transfer amounts, disputes, haircuts (discounts to value) to collateral and valuations being used. Such a mismatch means that the Fund could be under or over-collateralised at any time.

  Sometimes additional collateral (or initial margin), also has to be provided to the counterparty or clearing broker or clearing house.

  The effect of one party having provided more collateral to the other than the exposure (whether as a result of mismatches in variation margin or the posting of initial margin) means that it faces the risk that the person holding the collateral may not be able to return the excess in case it defaults. Clearing systems provide some protection against this risk for cleared Derivatives but the return of the excess is never assured. In cleared Derivatives risk is concentrated in a central clearing counterparty rather than a broker, but this does not necessarily reduce risk.

  Collateral typically has to be provided in the form of cash or high quality government bonds. Funds which do not ordinarily hold cash or such bonds as part of their investment objectives and policies may therefore have to hold cash or such bonds in order to collateralize their positions in Derivatives.

- **Enforcement of rights under Derivatives contracts**

  There may be uncertainties in the enforcement of rights under certain Derivatives contracts which are non-standardised and individually negotiated on markets considered to be "principals' markets," in which performance with respect to a contract is the responsibility only of the counterparty with which the trader has entered into a contract (or its guarantor, if any), and not of any exchange or clearing corporation. As a result, a Fund will be subject to the risk of the inability of or refusal to perform with respect to such contracts by counterparties trading with a Fund.

- **Other Risks**

  Other risks in using Derivatives include the risk of mispricing or improper valuation. Some Derivatives, in particular OTC Derivatives, do not have prices observable on an exchange and may involve the use of models and formulae, with prices of underlying securities or reference benchmarks obtained from other sources of market price data. OTC options involve the use of models, with assumptions, which increases the risk of pricing errors. Improper valuations could result in increased cash payment requirements to counterparties or a loss of value to a Fund.

Derivatives do not always perfectly or even highly correlate with or track the value of the assets, rates or indices they are designed to track. Consequently, a Fund's use of Derivative instruments may not always be an effective means of, and sometimes could be counterproductive to, furthering that Fund's investment objectives.

SHARES

Classes of Shares

Shares of different Classes may from time to time be issued in respect of a Fund, and the ACD may from time to time create additional Classes in respect of a Fund. The differences between Classes may be the eligible investors, minimum subscription, the minimum holding and/or the charges to be borne, as summarised in the Table below and further detailed in Appendix 1 in relation to each Fund. In most cases either income Shares or accumulation Shares are offered. The Classes currently available in each Fund are set out in Appendix 1.

Shares have no par value and, within each Class in each Fund subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Company or termination of a relevant Sub-fund. Shares do not carry preferential or pre-emptive rights to acquire further Shares.

Income type Shares

Holders of income Shares are entitled to be paid the income attributable to such Shares in respect of each annual and interim accounting period. However, unless the Shareholder instructs the ACD that he wishes to receive the income, the income will be reinvested in the relevant Fund and used to purchase further income Shares.

Accumulation type Shares

Holders of accumulation Shares are not entitled to be paid the income attributable to such Shares, but that income is automatically added to (and retained as part of) the capital assets of the relevant Fund at the end of each annual accounting period. The price of an accumulation Share increases to reflect accrued income.

A Shares, and W Shares

These Classes of Shares may be available as Income and/or Accumulation type Shares. The particular criteria for these Classes of Shares are summarised in the Table below.

Share class	Eligible Investors	Minimum investment and transaction levels	Charges
A	Any investor. (Closed to new investment through Fidelity platforms. Existing investors via this channel may continue to invest).	Initial investment: £1,000 (£50 per month under regular savings plan) Subsequent investment: £250 (£50 per month under regular savings plan) Withdrawal: No restriction provided minimum holding remains Holding: £1,000 (no minimum for regular savings plan) (Different levels may apply for the Fidelity MoneyBuilder range of Funds)	Preliminary: Varies as between Funds Investment management: Varies as between Funds Service Charge: Varies as between Funds Registrar Charge: Varies as between Funds
W	Available only through distributors pre-approved by Fidelity.	Initial investment: £1,000 (£50 per month under regular savings plan) Subsequent investment: £250 (£50 per month under regular savings plan) Withdrawal: No restriction provided minimum holding remains Holding: £1,000 (no minimum for regular savings plan)	Preliminary: None Investment management: Varies as between Funds Service Charge: Varies as between Funds Registrar Charge: Varies as between Funds

Treatment of Charges and Expenses

Where a Fund has more than one Class, each Class may attract different charges and expenses and so monies may be deducted from the Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Fund will be adjusted accordingly.

Register of Shareholders and Statements

All Shares are in registered form. Certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry in the Company's register of Shareholders. At least once each year the ACD will send a statement to each person who holds Shares or has held Shares since the previous statement. Where Shares are jointly held, statements are sent to the first named Shareholder. The statement will describe current holding(s) of Shares at the date of the statement and any transactions in Shares since the date of the last statement. Individual statements will also be issued at any time on request by the registered Shareholder.

BUYING, SELLING AND SWITCHING SHARES

General

The ACD will receive requests for the issue, redemption and switching of Shares between 9.00 a.m. and 6.00 p.m. on any Dealing Day for the relevant Fund. Dealing in Shares may generally be by post or by telephone. The ACD will, as specified below, from time to time allow dealings in Shares or communications with Shareholders to be made on-line or through other communication media.

Money Laundering Prevention

Under legislation to prevent money laundering in the United Kingdom, persons conducting investment business are responsible for compliance with money laundering regulations. Investors may be asked to provide proof of identity when buying, redeeming or switching Shares, and, in certain circumstances, it may be necessary for the ACD to re-verify an investor's identity and obtain any missing or additional information for this purpose. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, to pay the proceeds of sale of Shares, or to switch Shares. The ACD will not be liable for any share price movements occurring during delays while money laundering checks are carried out.

Minimum Holdings

Except as summarised below and set out in more detail in the Fund details at Appendix 1, the minimum initial subscription for Shares in any Class is £1,000, and any subsequent subscription must be at least £1000. Generally, Shareholders must maintain a minimum holding of Shares of £1,000 in value for each Class in which they invest. If, following a redemption of Shares or at any time, a holding of Shares falls below the minimum holding, the ACD may require redemption of the entire holding.

The ACD operates a regular savings plan for certain Classes (as set out in Appendix 1), subject normally to a minimum monthly subscription of £50. The minimum subscriptions and minimum holdings stated above do not apply to Shareholders who invest through regular savings plans.

The ACD may at its discretion accept subscriptions lower than the minimum.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue and any loss arising on such cancellation shall be the liability of the applicant. For postal applications payment in full must accompany the instruction. At the ACD's discretion, payment for large purchases of Shares may be made by telegraphic transfer.

Buying Shares

Applications to purchase Shares may be made by telephoning the ACD or by writing to the ACD. Application forms may be obtained from the ACD if required. Alternatively, forms of application are available on the Internet. Completed applications received on a Dealing Day before the valuation point (12.00 noon UK time) will normally be fulfilled that day at the next calculated Net Asset Value. The ACD may also at its discretion accept electronic instructions subject to appropriate arrangements which it specifies being in place.

The ACD has the right to reject an application for Shares in certain circumstances, either wholly or partially, and in such event the ACD will return any money sent (or the balance of such money) at the risk of the applicant.

Any money received by the ACD in respect of the purchase of Shares earlier than the day before the settlement date will be held in a client money bank account. Any money received later than this may be held in a client money bank account, but will otherwise be held in a corporate bank account in accordance with the delivery versus payment exemption as permitted by the FCA's client money rules.

Any subscription monies remaining after a whole number of Shares has been issued will be used to purchase fractions of whole Shares (known as smaller denomination Shares). A smaller denomination Share is equivalent to one-hundredth of a whole Share.

A contract note will be sent normally by the close of the Dealing Day following receipt of the application. This will show the number of Shares purchased and the price. Notice of the applicant's right to cancel will be sent separately (together with a renunciation form) within seven days of receipt of the application, if appropriate. Settlement is due on receipt of the contract note by the applicant. Shares are normally issued to an applicant only once settlement in cleared funds has been received.

Registration of shares can only be completed by the ACD upon receipt of any required registration details. These details may be supplied in writing to the ACD or by returning to the ACD the properly completed registration form and copy of the confirmation.

Settlement is due within four Business Days of the valuation point. An order for the purchase of shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. If settlement is not made within a reasonable period, then the ACD has the right to cancel any Shares issued in respect of the application.

Ownership of shares will be evidenced by an entry on the Register.

Selling Shares

A Shareholder is normally entitled to require that some or all of his Shares be redeemed on any Dealing Day. Any number of Shares may be redeemed, but a Shareholder may be required to redeem all of his Shares if, following a partial redemption, his holding is less than the minimum holding for the Fund concerned. Requests to redeem Shares may be made to the ACD by telephone or in writing. Alternatively, forms of redemption are available on the Internet. Requests by telephone or via the Internet must be confirmed in writing. The ACD may also at its discretion accept electronic instructions subject to appropriate arrangements which it specifies being in place.

A contract note will be sent to the selling Shareholder (or to the first-named, in the case of joint Shareholders), giving details of the Shares sold and the price. Payments to satisfy the redemption request will normally be issued by the close of the third business day (but no later than close of the fourth business day) after the later of the day of the calculation of the price and receipt by the ACD of a properly completed and signed Renunciation Form in respect of the appropriate number of Shares, together with any other appropriate evidence of title as determined by the ACD.

All redemption payments will be issued from a client money bank account. However, prior to issue, balances relating to redemption payments may be held by the ACD in a corporate bank account in accordance with the delivery versus payment exemption as permitted by the FCA's client money rules. All redemption proceeds that remain unpaid after the settlement date will be held in a client money bank account.

Once a request to redeem Shares has been made, it cannot subsequently be withdrawn.

Valid instructions to the ACD to redeem shares in the Fund will be processed as the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the case where dealing in a Fund has been suspended.

A redemption instruction in respect of Shares in writing or by telephone or any other communication media made available is a legally binding contract. However, an instruction to the ACD to redeem Shares, although irrevocable, may not be settled by either the Company or the ACD if the redemption represents Shares where the money due on the earlier purchase of those Shares has not yet been received or if insufficient documentation or anti-money laundering information has been received by the ACD.

Switching Shares

A Shareholder may at any time switch all or some of his Shares of one Class ("Original Shares") for Shares of another Class within the same Fund or for Shares of any Class within a different Fund ("New Shares"). Switches into a Share Class may only be made providing any eligibility criteria for that Share Class are met. A switch involves the sale of the Original Shares and the purchase of the New Shares. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the valuation point applicable when the Original Shares are redeemed and the New Shares are issued.

Instructions for switching Shares may be given by telephoning the ACD or in writing to the ACD, and the Shareholder may be required to complete a switching form (which, in the case of joint Shareholders, must be signed by all the joint holders). Switching forms may be obtained from the ACD and are also available on the Internet. The ACD may also at its discretion accept electronic instructions subject to appropriate arrangements which it specifies being in place.

The ACD may at its discretion make a charge on the switching of Shares. The charge will not exceed an amount equal to the then prevailing preliminary charge (if any) for the New Shares. The ACD may adjust the number of New Shares issued to reflect the imposition of any switching charge and any other charges or levies in respect of the issue or sale of the New Shares or the redemption or cancellation of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

If a switch would result in the Shareholder's holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Fund concerned, the ACD may, if it thinks fit, convert the whole of the Shareholder's holding of Original Shares to New Shares or refuse to effect any switch of the Original Shares. No switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended. The general provisions on procedures relating to redemption will apply equally to a switch.

The ACD may at its discretion convert a Share to another Class of Shares provided this does not cause material prejudice to affected Shareholders.

Shareholders subject to UK tax should note that a switch of Shares between Funds (but not between Classes of Shares within a Fund) is treated as a disposal for the purposes of capital gains taxation.

A Shareholder who switches Shares of one Class for Shares of any other Class will not be given a right by law to withdraw from or cancel the transaction.

Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the Fund concerned to be dealt with at the process at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Switching requests received after a Valuation Point will be held over until the next day which is a Dealing Day in the relevant Fund.

Further information relating to dealing in the Funds is provided in Appendix 4.

SHARE PRICES

Pricing Basis

The Company deals on a forward pricing basis. A forward price is the price calculated at the next valuation of the Scheme Property after the purchase, redemption or switch of Shares is agreed. Shares are priced on a single, mid-market basis in accordance with the COLL Sourcebook.

Calculation of Prices

The price of a Share is calculated by reference to the Net Asset Value of the Fund (or Class) to which it relates. In summary, this is done by valuing the property of the Fund and dividing that value (or the part attributed to Shares of the relevant Class) by the number of Shares of the relevant Class in issue. The basis of the calculation of the Net Asset Value is summarised in Appendix 4 – "Calculation of Net Asset Value". The Net Asset Value of each Fund is normally calculated at 12.00 noon UK time on each business day for that Fund. The ACD may at any time during a Dealing Day carry out an additional valuation if the ACD considers it desirable to do so.

Investors should bear in mind that, on purchase, the ACD's preliminary charge is added to the price of a Share and that any applicable redemption charge will be deducted from the price of a Share on sale. In addition, for both purchases and sales by investors, there may be a dilution levy as described below.

Publication of Prices

Share prices are made available online at www.fidelity.co.uk or by telephoning on 0800 41 41 61.

Price Adjustment Policy (Swing Pricing)

Large transactions in or out of a fund can create dilution of a Fund's assets because the price at which an investor buys or sells Shares in a Fund may not entirely reflect the dealing and other costs that arise when the investment manager has to trade in underlying investments to accommodate large cash inflows or outflows. In order to counter this and enhance the protection of existing Shareholders there may be a Share price adjustment as part of the regular daily valuation process to counter the impact of dealing and other costs on occasions when these are deemed to be significant, for example:

1) Where the Fund is suffering continued net outflows;
2) The Fund experiences large deals that result in net sales or net redemptions which exceed a threshold set by the ACD from time to time for each Fund;
3) The Fund experiences net sales or net redemptions in comparison to its size;
4) In any other situation where the ACD feels it is in the best interests of both continuing and new Shareholders to implement a dilution adjustment.

On any Dealing Day the asset value of a Fund may be adjusted upwards or downwards as applicable to reflect the costs that may be deemed to be incurred in liquidating or purchasing investments to satisfy net daily transactions at Fund level. The ACD reserves the right to make such an adjustment taking into account factors such as the estimated dilution costs (such as underlying dealing spreads, commissions and other trading expenses) and the size of the Funds. In deciding whether to make such an adjustment the ACD will have regard to the interests of existing, continuing and potential shareholders in the Fund.

The adjustment will be upwards when the net aggregate transactions result in an increase of the number of Shares and will be downwards when the net aggregate transactions result in a decrease of the number of Shares. The adjusted asset value will be applicable to all transactions on that day.

Where a dilution adjustment is not applied to a Fund there may be dilution of the assets of that Fund which may constrain or reduce the future growth of that Fund.

The price of each class of share in a Fund is calculated separately and any dilution adjustment will in percentage terms affect the price of the Shares of each Class of that Fund to the same degree.

For illustrative purposes, the table in Appendix 9 sets out the average number of times the ACD applied a dilution adjustment on the dealing in Shares of each Fund over a three-year period as well as the estimates of the dilution adjustments for each Fund (based on the information available at the end of the financial year). However, such historical information does not constitute a projection and the adjustment may be wider and smaller on a specific day as a result of the mechanics of the financial markets. As dilution is related to the inflows and outflows of money from the Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently, it is also not possible to accurately predict how frequently the ACD will need to make such a dilution adjustment. In the usual course of business, the application of a dilution adjustment will be triggered on a consistent basis.

FEES AND EXPENSES

Fixed Expenses

Ordinary operating expenses incurred by the Company may be paid out of the Scheme Property. However, to protect the Shareholders from fluctuations in these expenses the ACD has agreed to fix the total amount of these expenses to be borne by each Class at the levels given in the table below. Fixed expenses will be calculated and accrued daily and deducted monthly, in arrears, from each Share Class. The ACD believes the level of fixed expenses charged to a Share Class may be more or less than the actual operating costs attributable to such Share Class in any given period. All payments will be made out of the income of the Scheme Property.

Therefore, the ACD will bear any excess of the actual operating expenses of the Company above the levels of fixed expenses charged in accordance with the levels given. Conversely, the ACD will be entitled to retain any amount by which the levels of fixed expenses specified exceed the actual operating expenses incurred by the Company. In some instances, Shareholders may get less of the benefit than others. The levels of fixed expenses to be borne by each Class will be reviewed in exceptional circumstances and, in any event, annually to ensure that they remain fair to Shareholders. These expenses include (but are not limited to) the following:

Registration fees to the Registrar;

The fees of the FCA under the Regulations, or any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed;

Any costs incurred in modifying the Instrument of Incorporation or the Prospectus;

Any costs incurred in respect of meetings of the Shareholders (including meetings of Shareholders in any particular Fund or Class);

The fees of the Auditors and the tax, legal and other professional advisers to the Company and to the ACD and the Depositary properly payable and any proper expenses of the Auditors, tax, legal and other professional advisers to the Company and to the ACD and the Depositary;

The fees to the Depositary. The Depositary is entitled to a fee payable monthly from the Scheme Property for its services as depositary. In addition, where relevant the Depositary may also charge for all costs and expenses properly incurred by the Depositary in the performance of, or arranging the performance of, functions conferred on it as depositary by the Instrument, the COLL Sourcebook and by the general law. This includes its services in relation to distributions or engaging in derivative transactions in relation to the Funds;

The fees of the custodian (J P Morgan Chase Bank N A);

Fees in respect of the publication and circulation of details of the prices and yields of Shares, and other such information which the ACD is required by law to publish;

The costs of printing and distributing reports, accounts, the Prospectus, and any costs incurred as a result of periodic updates of the Prospectus and any other administrative expenses;

It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in future, the fees connected with the listing.

Insurance which the Company may purchase and/or maintain for the benefit of and against any liability incurred by any directors of the Company in the performance of their duties.

Collateral management costs incurred in respect of any permitted transactions in derivatives and forwards.

Other Expenses Payable out of the Scheme Property

Other expenses incurred by the Company may be paid out of the Scheme Property (the expenses which are mitigated through the application and receipt of a dilution levy are practically met through the Scheme Property), including (but not limited to):

Broker’s commission, fiscal charges and any other disbursements which are necessarily incurred in effecting transactions for the Company. This will include expenses incurred in acquiring and disposing of investments including legal fees and expenses, whether or not the acquisition or disposal is carried out.

Interest on borrowings permitted under the Instrument of Incorporation or the Prospectus and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings.

The costs associated with stock lending transactions or other permitted transactions.

Taxation and duties payable in respect of the Scheme Property, including any stamp duty or foreign transfer taxes on the purchase of investments, the Instrument of Incorporation, the Prospectus or the creation, issue, redemption or cancellation of Shares.

Liabilities under a scheme of arrangement arising where the property of a body corporate or another collective investment scheme is transferred to the Depositary in consideration for the issue of Shares to the Shareholders in that body or to participants in that other scheme, provided that any liability arising after the transfer could have been paid out of that other property had it arisen before the transfer and, in the absence of any express provision in the Instrument of Incorporation forbidding such payment, the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of transfer.

These payments will be inclusive of Value Added Tax where applicable.

<u>Expenses by Share Class</u>

The current fixed expense figures by Share classes for the Sub-funds (expressed as a percentage per annum of the Net Asset Value) are set out in Appendix I.

<u>Ongoing Charges Figure ("OCF")</u>

The OCF for each Fund from time to time is set out in the most recent Key Investor Information Document ("KIID") applicable to each Fund. The OCF is made up of the amounts paid to the ACD and the Depositary for providing services to a Fund. It also includes expenses that must be included in the OCF calculation (such as audit, legal and regulatory fees). The OCF calculation excludes costs incurred by a Fund in connection with transactions on its portfolio of assets (for example: brokerage fees, taxes and linked charges), and any performance fees, entry and exit fees, if applicable, interest on borrowings, and payments incurred because of financial instruments. The figure is expressed as a percentage of the Net Asset Value of a Fund.

<u>Annual Review of fixed fees</u>

Expenses will be reviewed on an annual basis and changes will be treated as 'significant' in accordance with the FCA Handbook.

<u>Allocation of expenses</u>

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach for a given Sub-fund is set out in Appendix I. Where expenses are deducted in the first instance from income if and only if this is insufficient, deductions will be made from capital. If deductions were made from capital, this would result in capital erosion and constrain growth.

<u>Charges payable to the ACD</u>

Annual Management Charge

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee as set out in Appendix I. The annual management charge will accrue on a daily basis in arrears by reference to the Net Asset Value of the Sub-fund on the immediately preceding Dealing Day and the amount due for each month is payable on the last Dealing Day of each month. For this purpose the value of a Sub-fund is inclusive of the Share issues and cancellations which take effect as at the relevant valuation point. The current annual management charges for the Sub-funds (expressed as a percentage per annum of the Net Asset Value) are set out in Appendix I.

VAT is payable on the charges or expenses mentioned above, where appropriate.

If a Class's expenses in any period exceed its income the ACD may take that excess from the capital property attributable to that Class.

The current annual fee payable to the ACD for a Class may only be increased or a new type of remuneration introduced in accordance with the Regulations.

<u>Foreign Exchange Transactions</u>

Foreign exchange transactions for the Company are carried out through associates or affiliates of FIL Limited (an associated company of the ACD) as agent and at rates approved by the ACD. To avail of economies of scale and efficiencies with the aim of lowering costs for the benefit of the Company and other Fidelity clients, these foreign exchange transactions may be aggregated with foreign exchange transactions to be effected on behalf of other collective investment schemes and individual client investment portfolios managed by Fidelity.

Allocation of Charges and Expenses Between Funds

All charges and expenses which are directly attributable to a particular Fund (or Class within a Fund) will be charged to that Fund (or Class). Where applicable, if there is more than one Class within a Fund, charges and expenses which are directly attributable to the Fund (but not to a particular Class) will normally be allocated between the Classes within the Fund pro rata to the Net Asset Value of the Fund attributable to each Class.

Any charges and expenses not attributable to any one Fund will normally be allocated by the ACD to all Funds (and their Classes) *pro rata* to the Net Asset Values of the Funds (and their Classes), although the ACD has a discretion to allocate such charges and expenses in a different manner which it considers fair to Shareholders generally.

INCOME

Accounting Periods

The annual accounting period of the Company ends each year on 30th September (the accounting reference date) with an interim accounting period ending on 31st March. Funds with income shares in issue may have interim accounting periods within each annual accounting period (see Appendix 1).

Income Allocations

The ACD may even out the payments of income within an accounting period by carrying forward income otherwise distributable with a view to augmenting amounts to be paid out at a later date. Details of the Fund(s) for which this policy is currently considered are set out in Appendix 1.

Allocations of income are made in respect of the income available for allocation in each annual accounting period.

Distributions of income for each Fund are paid on or before the annual income allocation date of 30 November. In the case of certain Funds with income Shares in issue, interim distributions will be paid on or before the interim income allocation dates set out in Appendix 1. If a holder of Income type Shares instructs the ACD that he wishes to receive the income, this is normally paid into the Shareholder's bank or building society.

The amount available for allocation in an accounting period is calculated by:

- taking the aggregate of the income received or receivable for the account of the relevant Fund for that period;
- deducting the charges and expenses of the Fund paid or payable out of income for that accounting period; and
- making such adjustments as the ACD considers appropriate (and after consulting the auditors as appropriate) in relation to tax and certain other issues.

Where a Fund has more than one Class in issue, allocations of income are made in accordance with the proportionate interests of the Classes within the Fund.

Where the income amount calculated to be distributed is less than £250 per unit class per accounting period, the ACD reserves the right to withhold the income and to carry it forward to the next accounting period.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Fund, or if that no longer exists, to the Company.

Income Equalisation

The purchase price of a Share reflects the entitlement to share in the accrued income of the relevant Fund since the previous allocation. This capital sum, known as income equalisation, is returned to a Shareholder with the first allocation of income in respect of a Share issued during an accounting period.

The amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the price of Shares of the relevant Class issued in an annual or interim accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.

UK TAXATION

The information given below does not constitute legal or tax advice, and prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of Shares under the laws of any jurisdiction in which they may be subject to tax.

Taxation of the Company and the Funds

The Company is an umbrella scheme. The effect of the Company being an umbrella scheme is that each Fund is treated as a separate open-ended investment company (OEIC) within the meaning of Section 613 – 615 of the Corporation Tax Act 2010 and is therefore treated for the purposes of United Kingdom taxation of income as a company resident in the United Kingdom. A Fund does not suffer any liability to United Kingdom taxation in respect of any capital gains accruing to it on the disposal of its investments. A Fund is however, liable to United Kingdom corporation tax at the current rate of 20% on the excess of its taxable income for any accounting period over its deductible expenses of management and interest costs for that period. Any distributions paid by any Fund to its Shareholders will not be treated as deductible expenses in computing the Fund's taxable income, except in the case of interest distributions.

The taxable income of each Fund does not include any dividends or other qualifying distributions received by that Fund from United Kingdom resident companies nor does it normally include foreign dividends unless the fund has elected to treat the latter as taxable. Any other income derived by a Fund from foreign sources will be included in its taxable income, but, in computing its liability to corporation tax on any such income, credit may be available for any foreign withholding taxes that the income has borne.

Any corporation tax payable by any Fund will be assessed by reference to the Fund's accounting periods.

Taxation of Distributions from the Funds

Each Fund will be treated, for tax purposes, as distributing to its Shareholders (in one of the ways specified below) the whole of the income shown in its accounts for each of its distribution periods as being available for distribution to Shareholders. The making of a distribution, for this purpose, includes both paying an amount in respect of a holding of Income type Shares to the Shareholder concerned and also investing an amount within the Fund in respect of a holding of Accumulation type Shares on behalf of the Shareholder concerned. Any reference in this section to a "distribution" should be construed accordingly. Each Fund's "distribution periods" will correspond to its accounting periods.

The distribution accounts of each Fund for any of its distribution periods may show the Fund's income as being available for distribution as either a dividend or interest distribution; the type selected depends on the source and composition of the income of the Fund for the distribution period in question (as explained further below).

Broadly speaking, any Fund which invests primarily in interest paying investments (including indirectly through other authorised unit trusts and OEICs) may make interest distributions. Other Funds may only make dividend distributions.

Dividend Distributions

Any dividend distribution made by a Fund will be treated as if it were a UK dividend paid to the Shareholders in that Fund. No deduction by way of withholding tax is required to be made from any dividend distribution.

For distributions a Shareholder in a Fund who is an individual and is resident in the United Kingdom for taxation purposes will be entitled to a dividend allowance of £2.000, where the dividend allowance is not exceeded no further UK tax is payable. Where the dividend allowance is exceeded individual Shareholders who pay income tax will be liable to tax based on their marginal rate of tax with the specific tax rates applicable to dividend income being 7.5% (basic rate), 32.5% (higher rate) or 38.1% (additional rate) tax on the amount that exceeds the dividend allowance. From 6 April 2022 these rates will be 8.75%, 33.75% and 39.35% respectively.

Shareholders within the charge to UK corporation tax will receive dividend distributions "streamed" into franked and unfranked components depending on the underlying income of the Fund. The franked stream is treated as franked investment income in the hands of the corporate Shareholder. The unfranked stream is treated as an annual payment received after deduction of tax at the lower rate. This tax is repayable only to the extent of the Shareholder's proportion of the Fund's net UK corporation tax liability although all of it is available for offset against the Shareholder's UK corporation tax liabilities. Both the proportions of a dividend distribution that are to be treated as franked and unfranked investment income and the Shareholder's proportion of the Fund's net UK corporation tax liability will be shown on tax vouchers accompanying dividend distributions.

Interest Distributions

A Fund which holds more than 60% of its investments throughout an accounting period in, broadly speaking, interest paying investments, Derivative contracts whose underlying subject matter is such investments, certain contracts for differences or UK authorised unit trusts or OEICs which themselves hold more than 60% of their investments in such assets throughout an accounting period may make interest distributions. Distributions paid prior to 6 April 2017 were generally paid after deduction of income tax at the lower rate of 20%. Any distribution paid on or after 6 April 2017 will be paid without any tax deductions.

A Shareholder in a Fund who is an individual and is resident in the United Kingdom for taxation purposes will be entitled to a personal savings allowance of £1,000 (basic rate) £500 (higher rate) and £0 (upper rate) to be set against distributions received. Where total distributions received exceeds this allowance Shareholders liable to income tax will be liable to pay income tax based on their marginal rate of tax with the specific tax rates applicable to savings income being 20% (basic rate), 40% (higher rate) or 45% (additional rate) tax on the amount that exceeds the personal savings allowance.

Details of interest distributions paid to individuals, other than ISA investors or Child Trust Fund investors, with addresses in the UK and other specified countries must be reported to HM Revenue & Customs by the ACD along with the names and addresses of those individuals.

The attention of Shareholders within the charge to UK corporation tax is drawn to the provisions of Section 490 of Corporation Tax Act 2009. Under these provisions, holdings in a Fund which holds more than 60% of its investments at any time in an accounting period in, broadly speaking, interest paying investments, Derivative contracts whose underlying subject matter is such investments, certain contracts for differences or UK authorised unit trusts or OEICs which themselves hold more than 60% of their investments in such assets at any time in an accounting period will be taxed as creditor relationships of the Shareholder. That creditor relationship can only be taxed on a mark to market basis of accounting. This means that the Shareholder within the charge to corporation tax can be charged to tax on unrealised profits in each accounting period.

Capital Gains

Shareholders who are resident or, if applicable, ordinarily resident in the UK for tax purposes who are not within the charge to UK corporation tax may be subject to capital gains tax in respect of gains arising from the sale or other disposal of Shares, where their annual gains exceed their allowance at the rate of 10% (basic rate tax payers) or 20% (higher or additional rate tax payers).

Shareholders within the charge to UK corporation tax will be subject to corporation tax in respect of gains arising from the sale or other disposal of Shares.

When the first income allocation is made to Shares purchased during an accounting period, the amount representing the income equalisation in the price of the Shares is a return of capital and is not taxable as income in the hands of Shareholders. This amount should be deducted from the cost of Shares in computing any capital gains realised on a subsequent disposal.

No deduction by way of withholding tax is required to be made from any payment made by a Fund to a Shareholder upon the redemption of his Shares.

Individual Savings Accounts (ISAs)

HM Revenue & Customs regulations allow shares in an open-ended investment company to be eligible for inclusion in ISAs up to prescribed limits.

US Foreign Account Tax Compliance Act ("FATCA")

The Hiring Incentives to Restore Employment Act (the "Hire Act") was signed into US law in March 2010. It includes provisions generally known as Foreign Account Tax Compliance Act (''FATCA''). The objective of FATCA provisions is to impose to non-US Financial Institutions to identify and appropriately report on US citizens or residents for tax purposes holding (directly or in some circumstances indirectly) Financial Accounts outside the US as a safeguard against US tax evasion.

On 12 September 2013 the UK signed an agreement ("IGA") with the US to implement FATCA for all UK based Financial Institutions. The IGA as transposed into UK law requires UK Financial Institutions, to report to HMRC the details of US citizens or residents for tax purposes holding (directly or in some circumstances indirectly) Financial Accounts with those Financial Institutions so the UK can exchange this information with the US on an automatic basis. The IGA is effective from 1 July 2014 and applicable to the Fund as a UK Financial Institution, and from 1 July 2014 requires the Fund to obtain upon subscription mandatory evidence (notably by obtaining a self certification in most cases) as to whether there are or are not any new Account Holders from 1 July 2014 (in this case, Shareholders and debt holders if any) who are Specified US Persons, a Passive NFFE with US Controlling Person(s) or Nonparticipating Financial Institution within the meaning of the IGA. The Fund was also required to identify any pre-existing Shareholder (and debt holder if any), i.e. as at 30 June 2014 as a Specified US Person, a Passive NFFE with US Controlling Person(s) or a Nonparticipating Financial Institution within the meaning of the IGA based on the records the Fund holds or through the collection of additional documentation (notably a FATCA self-certification). Further under the UK law implementing the IGA the Fund is required to disclose such information as maybe required under the IGA to HMRC on any Shareholder (or debt holder if any) who is considered to have become a Specified US Person or a Passive NFFE with US Controlling Person(s) within the meaning of the IGA. Each shareholder (and debt holder if any) should immediately notify the Fund of any change in circumstances within the meaning of FATCA. Investors should consult their own tax advisers regarding any potential obligations that the IGA, or the wider US FATCA regulations, may impose on them.

OECD Common Reporting Standard ("CRS")

In addition to the agreement signed by the UK with the US to implement FATCA, the UK has signed the Multilateral Competent Authority Agreement to implement the CRS. Details of the jurisdictions that are signatories can be found at http://www.oecd.org/tax/automatic-exchange/about-automatic-exchange/crs-mcaa-signatories.pdf.

The EU has transposed the CRS by virtue of the amended EU Directive on Administrative Cooperation (DAC 2), adopted on 9 December 2014, which the UK and EU Member States had to incorporate into their national laws by 31 December 2015. In this respect the International Tax Compliance regulations 2015 (the "CRS law") transposes these requirements into UK law.

The CRS law requires Reporting UK Financial Institutions, to report annually to HMRC, as from 2017 (for the year 2016), certain financial account information about Shareholders (and debt holders if any) and (in certain cases) their Controlling Persons that are tax resident in a Reportable Jurisdiction so the UK can exchange this information with the relevant jurisdiction on an automatic basis. The Fund as a UK Financial Institution, is subject to the CRS Law. In general, the CRS law requires the Fund to obtain upon subscription mandatory self-certifications including notably declarations as to the tax residency(s) of any new Shareholder (and debt holder, if any) as from 01 January 2016, and in the case of non-individuals additionally what their CRS classification is and information on their Controlling Person(s) depending on the CRS status disclosed. The Fund should also identify relevant tax residency(s) of any existing Shareholder on 31 December 2015 and in the case of non-individuals additionally what their CRS classification is, based on the records the Fund holds (if possible) and / or a self-certification from the Shareholder (or the debt holder if any) and/or from its/their Controlling Person(s) if applicable. Where a tax residency in a Reportable Jurisdiction is disclosed or identified, the Fund may be required to disclose certain personal and financial account information annually under the CRS on the relevant Shareholder (or debt holder) and / or its Controlling Person(s) to HMRC that will automatically exchange that information with the relevant foreign tax authorities.

Further under the CRS law, the Fund is also required to disclose such information as maybe required annually under the CRS to HMRC on any Shareholder (or debt holder if any) who is considered to have become tax resident of a different jurisdiction following a change in circumstance within the meaning of the CRS. If there is a change of circumstances that results in one or more indicia, then the Fund must treat the Shareholder (or debt holder if any) as a resident for tax purposes of each Reportable Jurisdiction for which an indicium is identified unless the Shareholder (or debt holder if any) provides evidence of its actual tax residency(ies). Each Shareholder (and debt holder if any) should immediately notify the Fund of any change in circumstances within the meaning of the CRS. Investors should consult their own tax advisers regarding any potential obligations that the CRS may impose on them.

These statements are based on UK law and HM Revenue & Customs practice as known at the date of this document. Shareholders are recommended to consult their professional advisers if they are in any doubt about their tax position.

APPENDIX 1: THE FUNDS

Fidelity UK Opportunities Fund

Investment Objective

The Fund aims to increase the value of your investment over a period of 5 years or more.

Investment Policy

The Fund will invest at least 70% in equities (and their related securities) of UK companies (those domiciled, incorporated or having significant business in the UK). The Fund may also invest a proportion of its assets in global companies listed in the UK. The Investment Manager will actively select companies based on their potential to generate capital growth. It is not restricted in terms of industry and size.

The Fund is actively managed without reference to a benchmark.

The Fund may also invest in other transferable securities, collective investment schemes, money market instruments, cash and deposits and is also able to use derivatives for efficient portfolio management. There is no policy to restrict investment to any particular economic or industrial sector.

Performance Benchmark

The Fund's performance can be compared to the FTSE All Share (Gross Total Return) Index as the index constituents are representative of the type of companies the Fund invests in.

Classes of Shares	A Income Shares W Accumulation Shares W Income Shares
Currency of Denomination	Pounds Sterling
Final Accounting Date	30 September
Interim Account Date	31 March
Income Allocation Dates	30 November (final) 31 May (interim) 31 August (interim) Last day of February (interim)
Initial Charge	0% for all share classes but can be raised to 5% if 3 months' notice is given
Redemption Charge	nil
Switching charge	nil
Annual Management Charge	1.00% per annum - A Income Shares 0.50% per annum - W Shares

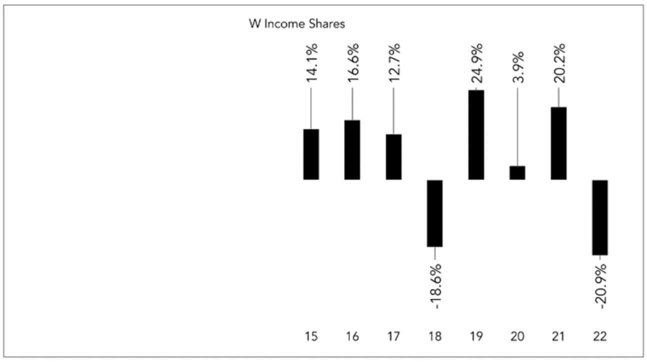
Fixed Expenses

Share Class	Fixed Expenses *
A	0.17%
W	0.17%

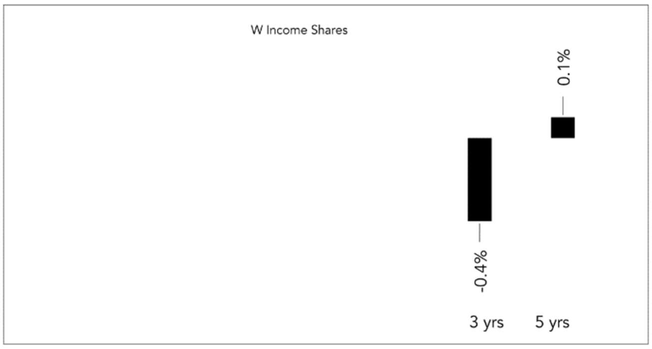
*Subject to a minimum fee of GBP £40,000 per annum

Past performance

Annual total return (full calendar year) 2015 to 2022



Average annual return to 31.12.22 (3Y, 5Y)



Notes

1. Past performance information is not available before 2015 (in respect of this share class).
2. Basis of calculation: NAV to NAV with income reinvested to 31 December 2022, net of tax and annual charges but excluding preliminary charges. More recent past performance information is available from the ACD on request.
3. Potential investors are warned that past performance should not be seen as an indication of future performance and cannot in any way provide a guarantee of future returns. The value of investments and income from them can go down as well as up, and investors may not get back the original amount invested.
4. The Fund employs the commitment approach to measure its global exposure.
5. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK Investment Managers), to facilitate comparison between funds with broadly similar characteristics. This Fund is classified in the (IA UK All Companies) sector. Performance data on funds within this sector may be prepared and published by data providers and will be used when evaluating the performance of this Fund. The IA sector most closely reflects the combination of assets in the Fund.

APPENDIX 2: INVESTMENT POWERS AND RESTRICTIONS

Each Fund is categorised as a UCITS.

General

Authorised funds, such as the Funds of the Company, are required to comply with a number of investment rules that require the spreading of risk. The ACD must ensure that, taking account of the investment objective and policy of each Fund, the Scheme Property of each Fund aims to provide a prudent spread of risk. An aim of the restrictions on investment and borrowing powers set out in the COLL Sourcebook (which are summarised below) is to help protect Shareholders by laying down minimum standards for the investments that may be held.

The ACD will, on a Shareholder's request, provide supplementary information to that set out in this Prospectus relating to the quantitative limits applying in the risk management of each Fund, the methods used in this connection, and any recent development of the risk and yields of the main categories of investment of each Fund.

The property of a UCITS must only invest in any or all of:

(a) transferable securities;

(b) units in collective investment schemes;

(c) money market instruments which are normally dealt in on the money markets, are liquid, whose values can accurately be determined at any time, and provided they meet one of certain criteria;

(d) derivatives;

(e) deposits with an Approved Bank which are repayable on demand or have the right to be withdrawn and maturing in no more than twelve months; and

(f) cash and near cash.

The Scheme Property of the Company may also include movable and immovable property that is necessary for the direct pursuit of the Company's business, but it is not intended that the Company will hold any such property.

Collective Investment Schemes

Investment by a Fund in units in collective investment schemes is subject to the following restrictions:

- A Fund may invest in any of the following types of collective investment scheme:
  - (a) a scheme which is a UK UCITS or complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive;
  - (b) a scheme which is recognised under the provisions of section 270 or section 272 of the Financial Services and Markets Act 2000;
  - (c) a NURS scheme;
  - (d) a scheme which is authorised outside the United Kingdom, and the investment and borrowing powers of which are the same or more restrictive than those of a NURS Scheme; or
  - (e) a scheme which does not fall into (a)-(d) above and in respect of which no more than 20% in the value of property of the Fund (including the aggregate of any transferable securities which are not approved securities) is invested;
- any Underlying Fund must operate on the principle of the prudent spread of risk;
- any Underlying Fund must be prohibited from having more than 15% in value of its scheme property consisting of units in collective investment schemes; and
- any Underlying Fund must permit investors in that scheme to redeem their units in accordance with the scheme at a price which is related to the net value of the property to which the units relate and is determined in accordance with the scheme.
- As mentioned below (see "Spread Requirements"), no more than 20% in value of a Fund is to consist of units in any one collective investment scheme. However, in order that each Fund is available as an underlying investment of another UCITS scheme operating under the COLL sourcebook, the Company's Instrument of Incorporation provides that no more than 10% in value of the Scheme Property of a Fund may consist of units in collective investment schemes.
- No Fund may invest in another Fund in the Company. However, a Fund may invest in associated collective investment schemes (other collective investment schemes which are

managed or operated by the ACD or an associate of the ACD) provided there is no double charging of the preliminary charge on investment, or of the redemption charge on disinvestment, on the basis set out in the COLL Sourcebook.

Transferable Securities

A Fund may invest in transferable securities. “Transferable securities” are essentially shares, instruments creating or acknowledging indebtedness, government and public securities, instruments giving entitlement to such investments, and certificates representing certain securities, in each case which are transferable without the consent of a third party. Not more than 10% in value of a Fund’s property may consist of transferable securities which are not approved securities or recently issued transferable securities (together with any approved money market instruments) which are not within eligible money market instruments).

“Approved securities” are transferable securities traded on eligible securities markets (as defined below), otherwise than by the specific permission of the market authority.

“Eligible securities markets” are regulated markets, which are defined by reference to provisions of the Investment Service Directive; markets established in the UK and EEA member states on which transferable securities admitted to official listing in those states are dealt in or traded; and other markets which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of the property of the relevant Fund. In accordance with the relevant criteria in the COLL Sourcebook and formal guidance from the FCA, such markets must operate regularly and be regulated, recognised and open to the public.

The eligible markets for each Fund (in addition to those established in the UK and EEA member states) are as follows:

UK and Member States of EEA and EU – All primary and secondary markets	
Other countries	
Australia	Australia Stock Exchange (ASX)
Bahrain	Bahrain Stock Exchange (BSE)
Bangladesh	Dhaka Stock Exchange (DSE)
Brazil	Bolsa de Valores de Sao Paulo (BOVESPA) Bolsa de Valores do Rio de Janeiro (BVRJ)
Canada	Alberta Stock Exchange (ASE) Montreal Exchange Toronto Stock Exchange (TSX) TSX Ventures Exchange
Chile	Bolsa de Commercio de Santiago (BCS)
China	Hong Kong Stock Exchange Hong Kong Growth Enterprise Market GEM Shanghai Stock Exchange Shenzen Stock Exchange
Colombia	Bolsa de Valores de Colombia
Croatia	Zagreb Stock Exchange
Cyprus	Cyprus Stock Exchange
Ghana	Ghana Stock Exchange
Hong Kong	Hong Kong Stock Exchange
Iceland	OTC market
India	Bombay Stock Exchange (BSE) National Stock Exchange (NSE)
Indonesia	Jakarta Stock Exchange (JSE)
Israel	Tel Aviv Stock Exchange

UK and Member States of EEA and EU – All primary and secondary markets	
Other countries	
Japan	Tokyo Stock Exchange (TSE) Fukuoaka SE (KANEX) JASDAQ Nagoya SE Osaka SE Sapporo SE Tokyo Alternative Investment Market Tokyo OTC market
Kazakhstan	Kazakhstan OTC market
Kenya	Nairobi Stock Exchange
Kuwait	Kuwait Stock Exchange (KSE)
Malaysia	Kuala Lumpur Stock Exchange (KLSE)
Mauritius	Stock Exchange of Mauritius
Mexico	Bolsa Mexicana de Valores (BMV)
Morocco	Casablanca Stock Exchange and OTC Market
New Zealand	NZX Limited (NZX)
Pakistan	Karachi Stock Exchange
Peru	Bolsa de Valores de Lima (BBL)
Philippines	Philippine Stock Exchange (PSE)
Qatar	Doha Securities Market (DSM)
Romania	Bucharest Stock Exchange
Singapore	Singapore Stock Exchange (SGX)
Slovakia	Bratislava Stock Exchange
Slovenia	Ljubljana Stock Exchange
South Africa	Johannesburg Stock Exchange Bond Exchange of South Africa (BESA)
South Korea	Korea Stock Exchange (KSE) KOSDAQ
Sri Lanka	Colombo Stock Exchange (CSE)
Switzerland	SIX Swiss Exchange Virt-X
Taiwan	Taiwan Stock Exchange (TSE) GRE-Tai
Thailand	Stock Exchange of Thailand (SET) Bond Electronic Exchange (BEX)
Turkey	Istanbul Stock Exchange (ISE)
United Arab Emirates	Dubai Financial Market (DFM) Abu Dhabi Securities Exchange (ADX) Nasdaq Dubai
Uruguay	Bolsa de Electronica de Valores del Uruguay SA

UK and Member States of EEA and EU – All primary and secondary markets	
Other countries	
USA	American Stock Exchange NASDAQ OMX BX Chicago Stock Exchange Cincinnati Stock Exchange NASDAQ New York Stock Exchange NYSE Arca Equities Philadelphia Exchange US Govt Securities Market US Fixed Income Market
Vietnam	Ho Chi Minh Stock Exchange (HOSE)
Zambia	Lusaka Stock Exchange

Money Market Instruments

A Fund may invest in money market instruments including those which are:

(a) admitted to or dealt in on an eligible market; or

(b) are not within (a) but are liquid and whose value can be determined accurately at any time, provided that, no more than 10% in value of the scheme property of a Fund may consist of the aggregate of such money market instruments and transferable securities which are not approved securities.

"Eligible markets" are regulated markets, which are defined by reference to provisions of the Investment Service Directive; markets established in the UK and EEA member states on which transferable securities admitted to official listing in those states are dealt in or traded; and other markets which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of the property of the relevant Fund (these other markets are listed above). In accordance with the relevant criteria in the COLL Sourcebook and formal guidance from the FCA, such markets must operate regularly and be regulated, recognised and open to the public.

Derivatives

Derivatives may be used by UCITS for efficient portfolio management purposes or more widely for investment purposes or both.

Entering into Derivatives for investment purposes may, to some extent, alter the risk profile of a Fund depending on the circumstances and purposes for which Derivatives are used. It is not intended that the use of derivatives by the Fidelity UK Opportunities Fund will cause its net asset value to have high volatility or otherwise cause its existing risk profile to change. The Fidelity UK Opportunities Fund may use derivatives for efficient portfolio management purposes.

Use of Derivatives by the Fund(s)

The ability of a Fund to use Derivatives is set out in the relevant Fund details in Appendix 1.

A Fund's use of Derivatives must be consistent with the Fund's Investment Objectives and Investment Policy and also comply with the investment and borrowing powers and restrictions set out in the COLL Sourcebook, which are summarised in Appendix 2 of this Prospectus.

Some Funds may use Derivatives for the purposes of efficient portfolio management (including hedging) and others also have the power to use Derivatives for investment purposes where provided for as part of the investment policies and strategies of the Fund. For a Fund using Derivatives for investment purposes, Derivatives may be used more widely.

Where Derivatives may only be used by a Fund for efficient portfolio management purposes, this means they can only be entered into if they:

- are economically appropriate in that they are realised in a cost effective way; and

- are entered into for one or more of the following specific aims: reduction of risk; reduction of cost; generation of additional capital or income for the Fund with a risk level which is consistent with the risk profile of the Fund and the risk diversification rules laid down in the COLL Sourcebook.

There is no limit on the amount or value of the Scheme Property of the Fund which may be used in respect of such transactions, but the ACD will only enter into a transaction if it reasonably believes the transaction to be economically appropriate and within the rules in the COLL Sourcebook which are summarised in this Appendix 2.

Where Derivatives may be used for investment purposes, a Fund will have wider powers than those under efficient portfolio management. (Such wider powers are not constrained as to their purposes as set out above). Where a Fund has the ability to use Derivatives for investment purposes this is stated in its investment policy in Appendix 1 and those Funds may use Derivatives for the purposes of meeting their investment objective as well as aiming to manage risks that may relate to capital, currency, duration, inflation and credit management, as appropriate.

Derivative instruments available for UCITS

This section outlines the general Derivatives powers for UCITS.

Subject to certain detailed restrictions, a transaction in a Derivative may be effected for a relevant Fund if it is a permitted transaction and the transaction is covered, on the basis explained below. A transaction in a Derivative must not cause a Fund to diverge from its investment objectives.

A Derivative includes an instrument which fulfils the following criteria, as appropriate:

- it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
- it does not result in the delivery or the transfer of assets other than those referred to regarding permitted types of Scheme Property for a UCITS including cash;
- in the case of an OTC Derivative, it complies with the requirements for OTC transactions in Derivatives explained below; and
- its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the Derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that Derivative.

Permitted underlying assets for Derivative transactions

The underlying property of any transaction in a Derivative must consist of any one or more of the following to which the scheme is dedicated:

- transferable securities;
- approved money market instruments admitted to, or dealt in on, an eligible market or with a regulated issuer;
- deposits;
- permitted Derivatives;
- units in a collective investment scheme;
- interest rates;
- foreign exchange rates;
- currencies; and
- financial indices which satisfy the following criteria;
  - the index is sufficiently diversified;
  - it is if composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index; where it is composed of assets in which a UCITS is permitted to invest, its composition is at least diversified in accordance with the requirements on spread and concentration for UCITS; and, where it is composed of assets in which a UCITS cannot invest it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration applicable to UCITS;
  - the index represents an adequate benchmark for the market to which it refers;

- it is if it measures the performance of a representative group of underlyings in a relevant and appropriate way; it is revised or rebalanced periodically to ensure that it continues to reflect the market to which it refers, following criteria which are publicly available; and the underlying is sufficiently liquid, allowing users to replicate it if necessary; and
- the index is published in an appropriate manner i.e. if its publication process relies on sound procedures to collect prices and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

An index based on Derivatives on commodities or an index on immovable property may be regarded as a financial index provided it satisfies the above criteria. When assessing whether a hedge fund index satisfies these criteria, the ACD will consider the Committee of European Securities Regulators' Guidelines on the classification of hedge fund indices as financial indices.

If the composition of an index is not sufficiently diversified in order to avoid undue concentration, its underlying assets should be combined with the other assets of the UCITS when assessing compliance with the requirements on cover for transactions in Derivatives and also the spread requirements.

Where Derivatives are used to track or gain high exposure to an index comprising assets in which a UCITS cannot invest, the index should be at least diversified in a way which is equivalent to the diversification achieved by the requirements on spread and concentration explained below. If Derivatives on that index are used for risk diversification purposes, provided the exposure of the UCITS to that index complies with the 5%, 10% and 40% ratios required for spread restriction purposes, there is no need to look at the underlying components of that index to ensure that it is sufficiently diversified.

Permitted transactions in Derivatives

A transaction in a Derivative must either:

(i) be effected on or under the rules of an "eligible Derivatives market" (as explained below); or

(ii) comply with COLL regarding a transaction in an OTC Derivative (as explained below).

A market is an "eligible Derivatives market" if the ACD, after consultation with the Depositary, has decided are appropriate for the purposes of investment of or dealing in the property of a Fund with regard to the relevant criteria set out in the COLL Sourcebook and the formal guidance on eligible markets issued by the FCA as amended from time to time.

The eligible Derivatives markets for the Funds as at the date of this Prospectus are as follows:

(i) Markets in the UK and EEA states which are regulated, operate regularly and are open to the public

(ii) For all Funds (the EEA and non-EEA markets listed below):

Athens Derivatives Exchange

Australia Securities Exchange

Austria Exchange

Chicago Board of Trade

Chicago Board Options Exchange

Chicago Mercantile Exchange Group

EDX

Eurex (Germany; Zurich)

Euronext (Amsterdam; EQF, Equities and Indices Derivatives)

Hong Kong Exchanges and Clearing (HKEX)

ICE Futures U.S.

Korean Futures Exchange (KOFEX)

Malaysia Derivatives Exchange (MDEX)

MEFF Renta Variable

Milan Stock Exchange

Montreal Exchange Inc.

National Stock Exchange (India)

NASDAQ
New York Futures Exchange
NYMEX
NYSE
NYSE LIFFE
New Zealand Stock Exchange
OMX Stockholm
Osaka Securities Exchange
Singapore Exchange
South African Futures Exchange
SEHK
SIX
Sydney Futures Exchange
Thailand Futures Exchange
Tokyo International Financial Futures Exchange
Tokyo Stock Exchange
XEMD – Mercado Mexicano de Derivados

OTC Derivative Transactions

Any transaction in an OTC Derivative must be:

- with an approved counterparty, being;
  - an "Eligible Institution" or an "Approved Bank" (as each of these terms is defined in the FCA Rules); or
  - a person whose permission to carry on regulated activities in the UK, or whose home EU Member State authorisation, permits it to enter into transactions as principal off-exchange.
- on approved terms;

  The terms of the transaction in an OTC Derivative are approved only if the ACD:
  - carries out at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty;
  - can enter into a further transaction to close out that transaction at any time at its fair value;
- capable of reliable valuation;

  A Derivative is capable of reliable valuation only if the ACD, having taken reasonable care, determines that, throughout the life of the Derivative, it will be able to value the investment concerned with reasonable accuracy:
  - on the basis of an up to date market value which the ACD and the Depositary have agreed is reliable, or
  - if the value referred to above is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology.
- subject to verifiable valuation

  A transaction in Derivatives is subject to verifiable valuation only if, throughout the life of the Derivative, verification of the valuation is carried out by:
  - an appropriate third party which is independent from the counterparty of the Derivative, at an adequate frequency and in such a way that the ACD is able to check it; or
  - a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.

The ACD has arrangements and procedures designed to ensure appropriate, transparent and fair valuation of the exposures of each Fund to OTC Derivatives, and to ensure that the fair value of OTC Derivatives is subject to adequate, accurate and independent assessment. These arrangements and procedures are intended to be adequate and proportionate to the nature and complexity of the OTC Derivative concerned and adequately documented.

A transaction in a Derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money market instruments, units in a collective investment scheme or Derivatives.

Any forward transaction must be made with an Eligible Institution or an Approved Bank.

Derivatives exposure and cover

The requirements for cover are intended to ensure that a Fund is not exposed to the risk of loss of the property, including money, to an extent greater than the net value of the Scheme Property. Therefore a scheme is required to hold Scheme Property sufficient in value or amount to match the exposure arising from the Derivative obligation to which the scheme is committed.

Limitation on Derivatives exposure

The ACD will ensure that the global exposure relating to Derivatives and forward transactions held by a Fund does not exceed the net value of the Scheme Property of that Fund.

Property which is the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or Approved Bank to be committed to provide, is not available for cover unless the Company borrows an amount of currency from an Eligible Institution or Approved Bank and keeps an amount in another currency at least equal to the borrowing for the time being in the initial amount of currency on deposit with the lender (or his agent and nominee) in which case the requirements for cover applies if the borrowed currency and not the deposited currency were part of the Scheme Property.

Calculation of Derivatives' exposure

The ACD will calculate the global exposure of a Fund on at least a daily basis. This calculation will take into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions, and be calculated as either:

- the incremental exposure and leverage generated through the use of Derivatives and forward transactions (including embedded Derivatives), which may not exceed 100% of the net value of the Scheme Property of the Fund; or
- the market risk of the Scheme Property of the Fund.

Where the ACD employs techniques and instruments in order to generate additional leverage or exposure to market risk for a Fund, the ACD will take those transactions into consideration when calculating the global exposure for the Fund.

The ACD will undertake the calculation of global exposure by using either the commitment approach or the VaR approach. The ACD will select an appropriate method taking into account the investment strategy pursued by the Fund, the types and complexities of the Derivatives used and the proportion of the Scheme Property comprising Derivatives. The selected method for each Fund, at present, is indicated in the specific details of each Fund in Appendix 1.

By way of explanation of the basis of each of these methods:

Commitment approach

Under the standard "commitment approach" the ACD will convert each Derivative transaction into the market value of an equivalent position in the underlying asset of that Derivative or forward. This would apply to all Derivatives, including embedded Derivatives, whether used as part of the Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with the rules explained in this Prospectus.

The ACD may apply other calculation methods which are equivalent to the standard commitment approach.

Where the commitment approach is used:

- temporary borrowing arrangements entered into on behalf of the Fund need not form part of the global exposure calculation; and

- where the use of Derivatives does not generate incremental exposure for a Fund, the underlying exposure need not be included in the commitment calculation for the Fund.

VaR approach

It is the more complex calculation of an expected change in value of a portfolio at any time based on a number of assumptions, including:

- a one month holding period for the portfolio and a 99% confidence level; and
- the factored risk factors have to be based upon historical observation data over a period of at least one year (unless market conditions require a shorter observation period) and parameters used in the VaR model are updated at least quarterly.

Calculations of VaR have to be undertaken on a daily basis.

The "value at risk" approach means a measure of the maximum expected loss at a given confidence level over the specific time period.

VaR limits are then set and monitored using either an absolute or relative approach.

- **"Absolute VaR approach"** – The absolute VaR approach is generally appropriate in the absence of an identifiable reference portfolio or benchmark. Under the absolute VaR approach a limit is set as a percentage of the net asset value of the UCITS. The absolute VaR limit of a UCITS has to be set at or below 20% of its net asset value.
- **"Relative VaR approach"** – The relative VaR approach is used for UCITS where a VaR benchmark reflecting the investment strategy which the Fund is pursuing is defined. Under the relative VaR approach a limit is set as a multiple of the VaR of a benchmark or reference portfolio. The relative VaR limit of a UCITS has to be set at or below twice the VaR of the identified VaR benchmark.

The expected level of leverage for each Fund which uses the VaR approach is an indicator rather than a regulatory limit. A Fund within its VaR limit may have an actual level of leverage which is higher than the expected level. The level of leverage of a Fund may vary over time.

The ACD may take account of netting and hedging arrangements when calculating the global exposure of a Fund where those arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

Transactions for the purchase of property

A Derivative which will or could lead to the delivery of property for the account of a UCITS may be entered into only if at the time of execution:

- that property can be held for the account of the relevant Fund; and
- the ACD, having taken reasonable care, determines that delivery of the property under that transaction will not occur or will not lead to a breach of the applicable restrictions.

Requirement to cover sales

No agreement by or on behalf of a Fund to dispose of property or rights may be made unless:

- the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights; and
- such property and rights are attributable to the Fund at the time of the agreement.

These requirements can be met where:

- the risks of the underlying financial instrument of a Derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
- the ACD or the Depositary has the right to settle the Derivative in cash, and cover exists within the Scheme Property which falls within one or more of the following asset classes: (i) cash; (ii) liquid debt instrument (e.g. government bonds of first credit rating) with appropriate safeguards; or (iii) other highly liquid assets having regard to their correlation with the underlying of the Derivative instruments (subject to appropriate safeguards).

  (For this purpose an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.)

The requirement to cover sales does not apply to a deposit.

Exposure to underlying assets

Where a Fund invests in Derivatives, the exposure to the underlying assets must not exceed the spread limits explained in "Spread requirements" below, save that where a Fund invests in an index based Derivative, provided the relevant index falls within the definition of "relevant index" (being an index which satisfies the following criteria: (i) the composition is sufficiently diversified; (ii) the index *represents an adequate* benchmark for the market to which it refers; and (iii) the index is published in an appropriate manner), the underlying constituents of the index do not have to be taken into account for the purposes of the spread requirements. Such relaxation in respect of index based Derivatives is subject to the requirement for the ACD to maintain a prudent spread of risk.

Transferable securities and money market instruments embedding Derivatives

Where a transferable security or approved money market instrument embeds a Derivative, this must be taken into account for the purposes of complying with the restrictions on Derivatives.

A transferable security or an approved money market instrument will embed a Derivative if it contains a component which fulfils the following criteria:

- by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a standard alone Derivative;
- its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- it has a significant impact on the risk profile and pricing of the transferable security or approved money market instrument.

A transferable security or an approved money market instrument does not embed a Derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money market instrument. That component shall be deemed to be a separate instrument.

Collateralised debt obligations (CDOs) or asset backed securities using Derivatives, with or without an active management will generally not be considered as embedding a Derivative except if: (i) they are leveraged (i.e. the CDOs or asset backed securities are not limited recourse vehicles and the investors' loss can be higher than their initial investment); or (ii) they are not sufficiently diversified.

Where a transferable security or approved money market instrument embedding a Derivative is structured as an alternative to an OTC Derivative, the requirements with respect to transactions in OTC Derivatives will apply. This will be the case for tailor-made hybrid instruments such as a single tranche CDO structured to meet the specific needs of a scheme, which should be considered as embedding a Derivative. Such a product offers an alternative to the use of an OTC Derivative for the same purpose of achieving a diversified exposure with a pre-set credit risk level to a portfolio of entities.

A UCITS may not use transferable securities or approved money market instruments which embed a Derivative to circumvent the restrictions regarding use of Derivatives.

Transferable securities and approved money market instruments which embed a Derivative are subject to the rules applicable to Derivatives as outlined in this section. It is the ACD's responsibility to check that these requirements are satisfied. The nature, frequency and scope of checks performed will depend on the characteristics of the embedded Derivatives and on their impact on the Fund, taking into account its stated investment objective and risk profile.

Spread Requirements and Counterparty Risk

There are limitations in the COLL Sourcebook on the proportion of the value of a Fund which may be held in certain forms of investment. The general spread requirements are as set out below.

(a) Not more than 5% in value of a Fund's property may consist of transferable securities or money market instruments issued by a single body, except that the 5% limit is increased to 10% in respect of up to 40% in value of the Fund's property (and, in applying these limits, certificates representing certain securities are treated as equivalent to the underlying security). The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds must not exceed 80% in value of the Scheme Property.

(b) Under COLL, not more than 20% in value of a Fund may consist of units in any one collective investment scheme (but see additional restrictions under "Collective Investment Schemes" above).

(c) Not more than 20% in value of a Fund's property may consist of deposits with a single body.

(d) The exposure to any one counterparty in an over-the counter (OTC) derivative transaction must not exceed 5% in value of a Fund's property, although this limit is raised to 10% where the counterparty is an Approved Bank.

(e) Not more than 20% in value of a Fund may consist of transferable securities or money market instruments issued by the same group (meaning companies included for the same group for the purposes of consolidated accounts as defined in accordance with EU Directive 83/349/EEC or in the same group in accordance with international accounting standards).

(f) In applying the limits in (a), (c) and (d) above, not more than 20% in value of a Fund's property may consist of any combination of any two or more of the following:

- transferable securities or money market instruments issued by a single body; or
- deposits made with a single body; or
- exposure from OTC derivatives transactions made with a single body.

When calculating the exposure of a UCITS to a counterparty in an OTC Derivative in accordance with the limits in (d) and (f) the UCITS must use the positive mark-to-market value of the OTC Derivative contract with that counterparty.

A UCITS may net the OTC Derivative positions of a UCITS with the same counterparty, provided:

- it is able legally to enforce netting agreements with the counterparty on behalf of the UCITS scheme; and
- such netting agreements in do not apply to any other exposures the UCITS scheme may have with that same counterparty.

(g) For the purpose of calculating the limits in (d) and (f) above, the exposure in respect of an OTC Derivative may be reduced to the extent that collateral is held in respect of it (see Management of Collateral below).

(h) In applying these spread limits, all Derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house is backed by an appropriate performance guarantee and is characterised by a daily marked-to-market valuation of the Derivative positions and at least daily margining.

(i) The above restrictions do not apply to government and public securities. Government and public securities are, essentially, securities issued by certain governments, local authorities and public international bodies.

For each Fund up to 100% of the property of each Fund may be invested in Government and public securities issued by or on behalf of or guaranteed by the Governments of the

United Kingdom, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly or the National Assembly of Wales, the Governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden and the Governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America, or securities issued by the European Investment Bank.

If more than 35% in value of the property of a Fund is invested in Government and public securities issued by any one issuer, up to 30% in value of the property of the Fund may consist of such securities of any one issue and the Fund's property must include at least six different issues whether of that issuer or another issuer.

The spread requirements above do not apply until the expiry of six months after the launch of a Fund, although the ACD must still aim to maintain a prudent spread of risk during this initial period.

Concentration Restrictions

The Company must not acquire:

(a) transferable securities (other than debt securities) issued by a company which do not carry rights to vote at a general meeting of that company and which represent more than 10% of those securities issued by that company; or

(b) more than 10% of the debt securities (which are debentures, government and public securities, and warrants which confer rights of investment in these) issued by a single body; or

(c) more than 25% of the units in a collective investment scheme; or

(d) more than 10% of the money market instruments issued by any single body, The Company need not comply with the limits in (b), (c) and (d) if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

Prohibition on Acquiring Significant Influence in a Company

The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

(a) immediately before the acquisition, the aggregate of such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or

(b) the acquisition will give the Company such power.

The power significantly to influence is assumed if the securities held by the Company allow it to exercise or control the exercise of 20% or more of the voting rights in the body corporate.

Warrants and Nil-Paid and Partly-Paid Securities

A warrant is an instrument giving entitlements to investments (a warrant or other instrument entitling the holder to subscribe for a share, debenture or government and public security) and any other transferable security (not being a nil-paid or partly-paid security) which is listed on an eligible securities market; and akin to an investment which is an instrument giving entitlements to investments, in that it involves a down payment by the then holder and a right later to surrender the instrument and pay more money in return for a further transferable security.

Where a Fund invests in a warrant, the exposure created by the exercise of the right conferred by that warrant must not exceed the spread requirements set out above.

A warrant falls within any power of investment if it is reasonably foreseeable that the right conferred by the proposed warrant could be exercised without contravening the investment restrictions in the COLL Sourcebook (assuming that there is no change in a Fund's property between the acquisition of the proposed warrant and its exercise and that the rights conferred by the proposed warrant and all other warrants forming part of the Fund's property at the time of acquisition of the proposed warrant will be exercised, whether or not it is intended that they will be).

No more than 5% of each Fund will consist of warrants

A transferable security or a money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the COLL Sourcebook rules as they are applicable to the Fund.

Co-Management of Assets

For the purpose of effective management, where the investment policies of the Funds so permit, the ACD may choose to co-manage assets of certain Funds. In such case, assets of different Funds will be managed in common. The assets which are co-managed shall be referred to as a "pool", notwithstanding the fact that such pools are used solely for internal management purposes. The pools do not constitute separate Funds or collective investment schemes and are not directly accessible to investors. Each of the co-managed Funds shall be allocated its specific assets.

Where the assets of more than one Fund are pooled, the assets attributable to each participating Fund will initially be determined by reference to its initial allocation of assets to such a pool and will change in the event of additional allocations or withdrawals. The entitlement of each participating Fund to the co-managed assets applies to each and every line of investments of such pool.

Additional investments made on behalf of the co-managed Funds shall be allotted to such Funds in accordance with their respective entitlements, whereas assets sold shall be levied similarly on the assets attributable to each participating Fund.

Stocklending

Stocklending involves a lender transferring securities to a borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purposes of providing collateral to the "lender", to cover it against the risk that the future transfer back of the securities may not be satisfactorily completed.

Stocklending may be entered into in respect of a Fund when it is appropriate with a view to generating additional income with an acceptable degree of risk. The Depositary, at the ACD's request, may enter into stocklending transactions in respect of a Fund of a kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C) on certain terms specified in the COLL Sourcebook. There is no limit on the value of the property of a Fund which may be the subject of stocklending transactions.

Repurchase Agreement Transactions

A Fund may, on an ancillary basis, enter into repurchase agreement transactions which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and on terms specified by the two parties in their contractual arrangement. A Fund can act either as purchaser or seller in such transactions, but its involvement in such transactions is subject to the following rules:

(a) A Fund may not buy or sell securities using a repurchase agreement transaction unless the counterparty in such transaction is a first class financial institution specialising in this type of transaction.

(b) During the life of a repurchase agreement contract, a Fund cannot sell the securities which are the object of the contract, either before the right to repurchase the securities has been exercised by the counterparty or before the repurchase term has expired.

(c) If a Fund is exposed to redemptions of its own Shares, it must ensure that the level of its exposure to repurchase agreement transactions is such that it is able, at all times, to meet its redemption requests.

Power to Underwrite or Accept Placings

Underwriting and sub-underwriting contracts and placings may be entered into for the account of the Company, subject to certain conditions set out in the COLL Sourcebook.

Neither the Company (nor the Depositary on account of the Company) must provide any guarantee or indemnity in respect of the obligation of any person. None of the property of a Fund may be used to discharge any obligation arising under any guarantee or indemnity with respect to the obligation of any person. This is subject to exceptions in the case of an indemnity or guarantee given for margin requirements where Derivatives are being used in accordance with the COLL Sourcebook provisions (summarised above) and an indemnity of an officer, auditor or depositary of the Company from liability as permitted by the OEIC Regulations or an indemnity given to a person winding-up the scheme.

Efficient portfolio management techniques and instruments

A Fund may employ techniques and instruments relating to transferable securities and approved money market instruments which are used for the purpose of efficient portfolio management.

For this purpose efficient portfolio management means techniques and instruments which relate to transferable securities and approved money market instruments and which:

- are economically appropriate in that they are realised in a cost effective way; and
- are entered into for one or more of the following specific aims: reduction of risks; reduction of costs; generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in the COLL Sourcebook.

Such techniques and instruments include, but are not limited to, collateral, repurchase agreements, the receipt of guarantees and stock lending; the use of Derivatives for efficient portfolio management purposes as described above; and the use of stock lending and repurchase agreements for efficient portfolio management purposes is described below.

The use of efficient portfolio management techniques by a Fund may give rise to operational costs and fees that are deducted from the assets of the Fund. Where a Fund undertakes stock lending, the Fund will incur certain fees and may be required to reimburse certain costs. Where a Fund uses efficient portfolio management techniques, all revenues arising shall be returned to the Fund net of any direct or indirect operational costs,

The use of efficient portfolio management techniques may impact positively or negatively on the performance of a Fund.

EU Securities Financing Transaction Regulations

The Regulations require further transparency including in the Prospectus to address perceived risks in the use of securities financing transactions.

As described above, the Investment Manager in relation to each Fund may for the purpose of Efficient Portfolio Management (a) enter, either as purchaser or seller, into repurchase transactions and reverse repurchase and repurchase agreements transactions and (b) engage in securities lending transactions **(these are not currently undertaken by any of the Funds)**.

The following type of assets can be subject to repurchase and reverse repurchase agreements: cash and bonds. The following type of assets can be subject to securities lending transactions: equity stocks.

As described above, a Fund may use Total Return Swaps or other financial derivative instruments with similar characteristics to meet the investment objective of a Fund and in accordance with the provisions on the use of financial derivative instruments set forth in their investment policy.

The following type of assets can be subject to Total Return Swaps or other financial derivative instruments with similar characteristics: equity stocks, equity indices, commodity indices and credit indices.

Counterparties to such transactions must be subject to prudential supervision rules considered by the FCA as equivalent to those prescribed by EU law and specialised in these types of transactions.

The counterparties to such transactions will generally be financial institutions based in an OECD member state and have an investment grade credit rating. They must be subject to prudential supervision rules considered by the FCA as equivalent to those prescribed by EU law and specialized in these types of transactions.

Management of Collateral

The policy for the management of collateral is set out in the Risk Management Policy and is subject to change and regular review. The Policy will define eligible collateral and any applicable haircuts. Collateral will generally be of high quality and liquid e.g. cash and government securities. It will also include any additional restrictions deemed appropriate by the ACD. Collateral must be highly liquid and traded on a regulated market, valued daily, of high quality, and not highly correlated to the performance of the counterparty. The collateral will be sufficiently diversified in terms of countries, markets and issuers (in accordance with ESMA Guidelines ESMA/2012/832EN as revised by ESMA/2014/937EN). Collateral will be held by the depositary or an independent custodian subject to prudential supervision and will be capable of being fully enforced by the ACD at any time without reference to the counterparty.

Permitted collateral may include cash, government or other public securities, and certificates of deposit, bonds or commercial paper, issued by relevant institutions.

Non cash collateral will not be sold, reinvested or pledged and cash collateral, where reinvested, will be diversified in accordance with ESMA/2012/832EN and ESMA/2014/937EN.

Cash collateral may only be:

- placed on deposit with entities compliant with article 50(f) of the UCITS Directive;
- invested in high quality government bonds;
- invested in short term money market funds; or
- used for reverse repo transactions with credit institutions subject to prudential supervision (on terms that allow to recall at any time the full amount on an accrued basis).

Where cash collateral is reinvested as above there is a risk that this may earn less than the interest on that cash.

Collateral will be subject to a haircut set out in the Risk Management Policy which depends on the class and quality of assets received, including price volatility and the outcome of stress tests performed.

Borrowing

The Company (on the instruction of the ACD) may borrow money from an Eligible Institution or an Approved Bank (for example, a bank or building society) for the use of a Fund on terms that the borrowing is to be repayable out of the property of the Fund. The ACD must ensure that any such borrowings comply with the COLL Sourcebook.

Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary. The Depositary's consent may be given only on conditions which appear appropriate to the Depositary to ensure that the borrowing remains on a temporary basis.

The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of a Fund.

These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

Cash and Near Cash

The investment manager's policy may mean that at times it is appropriate for the property of a Fund not to be fully invested and for cash or "near cash" (meaning, essentially, certain types of deposits) to be held. A Fund may hold cash or near cash where this may reasonably be regarded as necessary in order to enable:

(a) the pursuit of the Fund's investment objectives; or

(b) redemption of Shares; or

(c) efficient management of the Fund in accordance with its investment objectives; or

(d) other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

During the initial offer period for any new Fund, the Scheme Property of that Fund may consist of cash and near cash without limitation.

Risk Management

The ACD uses a risk management process which is designed to enable it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of each Fund, taking into account the investment objectives and policy of the Fund.

The ACD has taken reasonable care to establish and maintain systems and controls which are appropriate to its business in this connection. The risk management process enables the analysis required to be undertaken at least daily or at each valuation point (whichever is the more frequent). The Depositary is obliged to take reasonable care to review the appropriateness of the risk management process in line with its duties.

The ACD will, on a Shareholder's request, provide supplementary information to that set out in this Prospectus relating to the quantitative limits applying in the risk management of each Fund, the methods used in this connection, and any recent development of the risk and yields of the main categories of investment of each Fund.

Breaches of the Investment and Borrowing Powers and Limits

Generally, the ACD must, at its own expense, take action to rectify a breach of the investment and borrowing powers and limits as soon as it becomes aware of it. However,

(a) if the reason for the breach is beyond the control of the ACD and the Depositary, the ACD must take the steps necessary to rectify a breach as soon as is reasonably practicable, having regard to the interests of Shareholders, and, in any event, within six months or, if it is a transaction in Derivatives, generally within five business days; and

(b) if the exercise of rights conferred by investments held by a Fund would involve a breach, those rights may still be exercised if the prior written consent of the Depositary is obtained and the ACD must then take the steps necessary to rectify the breach as soon as is reasonably practicable, having regard to the interest of Shareholders, and, in any event, within six months or, if it is a transaction in Derivatives, generally within five business days.

Immediately upon the Depositary becoming aware of any breach of any of the investment and borrowing powers and limits, it must ensure that the ACD takes such appropriate action.

ANNEX – ELIGIBLE SECURITIES MARKETS FOR THE COMPANY

All the Funds may deal through securities and derivatives markets which are regulated markets (as defined in the glossary to the FCA Handbook) or all primary and secondary markets established in any of the member states of the EEA and EU which are regulated, operate regularly and are open to the public.

Eligible Securities Markets:	
Australia	Australia Stock Exchange (ASX)
Bahrain	Bahrain Stock Exchange (BSE)
Bangladesh	Dhaka Stock Exchange (DSE)
Brazil	Bolsa de Valores de Sao Paulo (BOVESPA) Bolsa de Valores do Rio de Janeiro (BVRJ)
Canada	Alberta Stock Exchange (ASE)
China	Montreal Exchange
Colombia	Toronto Stock Exchange (TSX)
Croatia	TSX Ventures Exchange
Chile	Bolsa de Commercio de Santiago (BCS)
China	Hong Kong Stock Exchange Hong Kong Growth Enterprise Market GEM Shanghai Stock Exchange Shenzen Stock Exchange
Colombia	Bolsa de Valores de Colombia
Croatia	Zagreb Stock Exchange
Cyprus	Cyprus Stock Exchange
Egypt	The Egyptian Stock Exchange
Ghana	Ghana Stock Exchange
Hong Kong	Hong Kong Stock Exchange
Iceland	OTC market
India	Bombay Stock Exchange (BSE) National Stock Exchange (NSE)
Indonesia	Jakarta Stock Exchange (JSE)
Israel	Tel Aviv Stock Exchange
Japan	Tokyo Stock Exchange (TSE) Fukuoaka SE (KANEX) JASDAQ Nagoya SE Osaka SE Sapporo SE Tokyo Alternative Investment Market Tokyo OTC market
Jordan	Amman Stock Exchange (ASE)
Kazakhstan	Kazakhstan OTC market
Kenya	Nairobi Stock Exchange
Kuwait	Kuwait Stock Exchange (KSE)
Lebanon	Beirut Stock Exchange

Eligible Securities Markets:	
Malaysia	Kuala Lumpur Stock Exchange (KLSE)
Mauritius	Stock Exchange of Mauritius
Mexico	Bolsa Mexicana de Valores (BMV)
Morocco	Casablanca Stock Exchange and OTC Market
New Zealand	NZX Limited (NZX)
Nigeria	Nigerian Stock Exchange
Oman	Muscat Securities Market (MSM)
Pakistan	Karachi Stock Exchange
Peru	Bolsa de Valores de Lima (BBL)
Philippines	Philippine Stock Exchange (PSE)
Qatar	Doha Securities Market (DSM)
Romania	Bucharest Stock Exchange
Russia	RTS MICEX OTC
Singapore	Singapore Stock Exchange (SGX)
Slovakia	Bratislava Stock Exchange
Slovenia	Ljubljana Stock Exchange
South Africa	Johannesburg Stock Exchange Bond Exchange of South Africa (BESA)
South Korea	Korea Stock Exchange (KSE) KOSDAQ
Sri Lanka	Colombo Stock Exchange (CSE)
Switzerland	SIX Swiss Exchange Virt-X
Taiwan	Taiwan Stock Exchange (TSE) GRE-Tai
Thailand	Stock Exchange of Thailand (SET)
	Bond Electronic Exchange (BEX)
Turkey	Istanbul Stock Exchange (ISE)
Ukraine	Persha Fondova Torhivelna
United Arab Emirates	Dubai Financial Market (DFM) Abu Dhabi Securities Exchange (ADX) Dubai International Financial Exchange (DIFX)
Uruguay	Bolsa de Electronica de Valores del Uruguay SA

Eligible Securities Markets:	
USA	American Stock Exchange NASDAQ OMX BX Chicago Stock Exchange Cincinnati Stock Exchange NASDAQ New York Stock Exchange NYSE Arca Equities Philadelphia Exchange US Govt Securities Market US Fixed Income Market
Venezuela	Bolsa de Valores de Caracas
Vietnam	Ho Chi Minh Stock Exchange (HOSE)
Zambia	Lusaka Stock Exchange

APPENDIX 3: MANAGEMENT, DISTRIBUTION, INVESTMENT MANAGEMENT AND ADMINISTRATION

Authorised Corporate Director

The authorised corporate director of the Company is FIL Investment Services (UK) Limited, a private limited liability company incorporated in England and Wales on 2 May 1986. The ultimate holding company of the ACD is FIL Limited, a company incorporated in Bermuda on 6 January 1969. The ACD is the sole director of the Company.

The registered office of the ACD is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

The Directors of the ACD are:

Patrick Olson

Malcolm Palmer

Dennis Pellerito

Teresa Robson-Capps

Share Capital

The authorised and issued share capital of the ACD is £100,000 made up of 100,000 ordinary fully paid £1 shares.

Terms of Appointment

The ACD was appointed under a Management and Administration Agreement between the Company and the ACD.

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook. Under the terms of the Agreements, the ACD is to provide investment management services, administrative, accounting and secretarial services, and registrar services to the Company. The ACD may delegate all or some of its powers and duties, subject to conditions set out in the COLL Sourcebook. As more particularly outlined below, the ACD has delegated investment management of the Funds to FIL Investments International and has outsourced certain aspects of the administration of the Funds to FIL Business Services Private Limited, FIL Fund Management (Ireland) Limited, FIL Transaction Services Ireland Limited, FIL Investment Management (Luxembourg) S.A. and SS&C Financial Services Limited which are associates of the ACD.

The ACD may provide similar services for other clients but will endeavour to ensure fair treatment as between the Company and other customers whose funds are managed or advised by the ACD.

The Agreements provide that the ACD's appointment is for an initial period of three years and thereafter may be terminated upon 12 months' written notice by either the ACD or the Company, although in certain circumstances the Agreements may be terminated forthwith by written notice. Termination cannot take effect until the FCA has approved the change of director. The Agreements terminate automatically if the ACD ceases to be the authorised corporate director of the Company or, in relation to any Fund, if that Fund is wound up.

Each Agreement includes an indemnity from the ACD to the Company in respect of liabilities incurred by the Company by reason of the acts or omissions of the ACD. The Company indemnifies the ACD in respect of liabilities incurred by the ACD by reason of the ACD's performance of its duties in accordance with the terms of the Agreements.

FIL Investment Services (UK) Limited, (the ACD) is subject to remuneration policies, procedures and practices (together, the "Remuneration Policy") which complies with UCITS V (The "Directive"). The Remuneration Policy is consistent with and promotes sound and effective risk management. It is designed not to encourage risk-taking which is inconsistent with the risk profile of the Funds. The Remuneration Policy is in line with the business strategy, objectives, values and interests of the ACD and the Funds, and includes measures to avoid conflicts of interest. The Remuneration Policy applies to staff whose professional activities have a material impact on the risk profile of the ACD or the Funds, and ensures that no individual will be involved in determining or approving their own remuneration. Details of the summary Remuneration Policy are available via https://www.fil.com. A paper copy can be obtained, free of charge, upon request.

Distribution

The Company has appointed the ACD to assist in the promotion of Shares. The ACD, as general distributor, is authorised to appoint other companies in the FIL Limited group to distribute the Shares as sub-distributors. The ACD acts as principal in the purchase and sale of Shares via sub-distributors, and Shares are issued to and redeemed by the Company to the ACD on the terms of this Prospectus. A sub-distributor acts as the agent for the ACD, the ACD has appointed FIL Investments International to distribute Shares in certain jurisdictions as agreed between the ACD and the sub-distributor from time to time. By separate Sub-Distribution Agreements the ACD has appointed Financial Administration Services Limited and FIL Pensions Management to distribute Shares in the United Kingdom.

Other Schemes Managed or Operated by the ACD

The ACD is also the authorised corporate director of Fidelity Investment Funds, Fidelity Investment Funds III, Fidelity Investment Funds IV, Fidelity Investment Funds V, Fidelity Investment Funds VI, Fidelity Investment Funds VII, Fidelity Investment Funds VIII and Fidelity Investment Funds IX, each of which is an investment company with variable capital comprising a number of sub-funds.

The Depositary

The Depositary is J.P.Morgan Europe Limited, a company limited by shares, incorporated in England and Wales on 18 September 1968. Its registered office is at 25 Bank Street, Canary Wharf, London E14 5JP and its principal place of business is at Chaseside, Bournemouth, BH7 7DA.

Its ultimate holding company is JPMorgan Chase & Co. which is incorporated in Delaware, USA. The principal business activity of the Depositary is acting as depositary and trustee of collective investment schemes. The Depositary is authorised and regulated by the Financial Conduct Authority.

The appointment of the Depositary has been made under an agreement dated 29 September 2016 (as amended) between the Company, the ACD and the Depositary ("**the Depositary Agreement**").

Registered Office:	25 Bank Street, Canary Wharf, London E14 5JP
Head Office:	Chaseside, Bournemouth, Dorset BH7 7DB

The Depositary is required to ensure that:

(a) the issue, redemption and cancellation of Shares is carried out in accordance with applicable laws;

(b) the price per Share is calculated in accordance with applicable laws;

(c) where applicable, cause any sub-custodian or other custodial delegate carries out the instructions of the Manager unless they conflict with applicable laws;

(d) in transactions involving the assets of the Funds, the consideration is remitted to it within the usual time limits; and

(e) the income of the Funds is applied in accordance with the Instrument of Incorporation and COLL.

The Depositary's appointment may be terminated by either party on 90 days' notice in writing. Subject to applicable law, the appointment may also be terminated by the Depositary on 30 days' notice in writing if (i) it is unable to ensure the required level of protection of the investments of the Funds under applicable laws because of the investment decisions of the ACD or its duly appointed delegate; or (ii) the ACD, wishes to invest or to continue to invest in any jurisdiction notwithstanding the fact that (a) such investment may expose a Fund to material country risk or (b) the Depositary is not able to obtain satisfactory legal advice confirming, among other things, that in the event of an insolvency of a sub-custodian or other relevant entity in such jurisdiction, the assets of a Fund held locally in custody are unavailable for distribution among, or realisation for the benefit of, creditors of such sub-custodian or other relevant entity.

Before expiration of any such notice period, the ACD shall propose a new depositary which fulfils UK UCITS requirements and to which the assets of the Funds shall be transferred. The ACD will use best endeavours to find a suitable replacement depositary, and until such replacement is appointed the Depositary shall continue to perform its services pursuant to its appointment under the Depositary Agreement.

The Depositary will be responsible for the safekeeping and ownership verification of the assets of the Funds, cash flow monitoring and oversight in accordance with applicable laws. In carrying out its role, the Depositary shall act independently from the ACD and solely in the interest of the Funds and their investors.

The Depositary is liable for the loss of a financial instrument held in custody by the Custodian or a Delegate. The Custodian shall, in accordance with applicable laws, not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary is also liable for losses caused as a result of its negligent or intentional failure to fulfil its obligations in accordance with applicable laws.

The Depositary Agreement contains indemnities by the Company in favour of the Depositary against (other than in certain circumstances and subject to applicable law) any liability incurred by the Depositary as a consequence of its safekeeping of any of the Scheme Property.

Delegation of safekeeping duties by the Depositary

Subject to the COLL Sourcebook, the Depositary has full power under the Depositary Agreement to delegate (and authorise its sub-delegates to sub-delegate) all or any part of its duties as Depositary. Except as provided in applicable laws, the Depositary's liability shall not be affected by the fact that it has entrusted all or part of the assets in its care to any affiliated sub-custodian or third party delegates. When selecting and appointing a J.P. Morgan affiliated sub-custodian and other third party delegates (each a "Delegate", together the "Delegates"), the Depositary shall exercise all due skill, care and diligence as required by applicable laws to ensure that it entrusts assets of the Funds only to a Delegate who may provide an adequate standard of protection in accordance with applicable laws.

The current list of Delegates is available in Appendix 6, and the latest version of such list may be obtained by Shareholders from the Manager upon request.

The Depositary has appointed J.P.Morgan Chase Bank (London Branch) to assist the Depositary in performing its functions of custodian of the documents of title or documents evidencing title to the property of the Company. The relevant arrangements prohibit J.P.Morgan Chase Bank as such custodian from releasing the documents into the possession of a third party without the consent of the Depositary. The Depositary has appointed FIL Investment Services (UK) Limited in its capacity as registrar to assist the Depositary in performing its functions in relation to the distribution of income.

Conflicts of Interest

As part of the normal course of global custody business, the Depositary may from time to time enter into arrangements with other clients, funds or other third parties for the provision of safekeeping and related services. Within a multi-service banking group such as JPMorgan Chase Group, from time to time conflicts may arise between the Depositary and its safekeeping delegates, for example, where an appointed delegate is an affiliated group company and is providing a product or service to a fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related custodial products or services it provides to the funds, for instance foreign exchange, securities lending, pricing or valuation services. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will at all times have regard to its obligations under applicable laws.

Up-to-date information regarding the description of the Depositary's duties and conflicts of interest that may arise therefrom as well as from the delegation of any safekeeping functions by the Depositary will be made available to investors on request.

The Investment Manager

FIL Investments International (the "Investment Manager") has been appointed by the ACD to act as the Investment Manager with full discretion to invest and manage the assets of all Funds. The Investment Manager was incorporated in the United Kingdom and FIL Limited is its ultimate parent company. The Investment Manager is authorised and regulated in the United Kingdom by the Financial Conduct Authority. The Investment Manager acts as investment manager or investment adviser to a range of UK UCITS and Non-UCITS regulated under the European Union Directive on Alternative Investment Fund Managers 2011/61/EU.

Under the terms of the Investment Management Agreement entered into by the ACD and the Investment Manager dated 1 July 2016 (the "Investment Management Agreement") the Investment Manager provides day to day investment management of the relevant Funds under the supervision and subject to the control of the ACD. The Investment Manager may delegate certain of its investment management responsibilities but the Investment Manager remains responsible for the proper performance by any such company of those responsibilities, including the authority to trade in the underlying assets of the Funds. Any delegation by the Investment Manager will be made in accordance with the UCITS Directive and the requirements of the FCA.

The Investment Manager (and any of its duly appointed delegates) is authorised to enter into transactions on behalf of the Company and the Funds and to select agents, brokers and dealers through whom it can execute transactions in respect of the Funds provided that the selection of any OTC counterparties are within a list of OTC counterparties that meet the selection criteria of the Manager in accordance with all applicable laws.

The Investment Management Agreement provides that the Investment Manager’s appointment may be terminated upon 12 months’ written notice and in certain circumstances may be terminated immediately and further provides that the Investment Manager will not be liable for any losses in the performance of its duties under the terms of the Investment Management Agreement except to the extent that such loss is as a direct result of the fraud, negligence, wilful default or breach of duty or breach of trust on the part of the Investment Manager.

The Auditors

The auditors of the Company are Deloitte LLP, 1 New Street Square, London EC4 3HQ, United Kingdom.

General

The Company, the ACD and the Depositary must each comply with the relevant requirements of the COLL Sourcebook in a timely manner unless delay is lawful and also in the interests of the Company.

The ACD may retain the services of third parties to assist it in the performance of its duties. Subject to the OEIC Regulations, the ACD remains responsible for any function delegated.

A mandate to manage investments in the Scheme Property:

(a) must not be given to the Depositary or to any party whose interests may conflict with those of the ACD or the Shareholders;
(b) may only be given to a party authorised or registered to manage investments, provided that, if such a party is outside the UK, there should be a co-operation agreement in place between the FCA and the relevant overseas regulator;
(c) must be such that the ACD ensures it can effectively monitor the delegate’s activities at all times;
(d) must permit the ACD to give further instructions to the delegate and enable the mandate to be withdrawn immediately when in the best interests of Shareholders; and
(e) must not prevent effective supervision of the ACD and must not prevent the ACD from acting in or the Company from being managed in the best interests of Shareholders.

The Depositary must not delegate:

(i) to the Company or the ACD any function of oversight of the Company or the ACD;
(ii) to the Company or the ACD any function of custody or control of Scheme Property;
(iii) to an associate of the Company or of the ACD to assist the Depositary to perform any function of oversight of the Company or the ACD; or
(iv) to any party to assist it in being custodian of documents evidencing title to Scheme Property unless the arrangements prohibit release of those documents into possession of a third party without consent of the Depositary.

The Depositary remains responsible under the rules in the COLL Sourcebook for any act or omission of a delegate retained by it but will not be responsible where it can show:

(a) that it was reasonable for it to obtain assistance to perform that function;

(b) that the delegate was and remained competent to provide that function; and

(c) that the Depositary took reasonable care to ensure that the function was provided in a competent manner.

The COLL Sourcebook contains various requirements relating to transactions entered into between the Company and the ACD, any investment adviser or any associate of them which may involve a conflict of interest. These are designed to protect the interests of the Company. Certain transactions between the Company and the ACD, or an associate of the ACD, may be voidable at the instance of the Company in certain circumstances.

The ACD and other companies within the FIL Limited group and the affiliated FMR LLC group based in the United States may, from time to time, act as investment managers or advisers to other funds which follow similar investment objectives to those of the Funds of the Company. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Fund. The ACD will, however, have regard in such event to its obligations under its investment management agreement with the Company and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients when undertaking any investment where potential conflicts of interest may arise. Fidelity’s conflicts of interest policy shall be available on request.

The ACD may aggregate orders for Funds of the Company with orders for other funds or accounts of other clients, other companies within the FIL Limited group and the affiliated FMR LLC group or its or their employees. Such transactions will be allocated on a fair and reasonable basis in accordance with the requirements of the FCA Handbook as applicable. The overall effect of such aggregation is advantageous for the Funds of the Company over time but individual aggregated transactions may on some occasions operate to their disadvantage.

For some Funds, as part of providing investment management and advisory services, certain duly appointed delegates of the investment manager company, based outside the European Economic Area, may from time to time enter into commission sharing arrangements with brokers, under which the broker will provide or procure services or other benefits (at present these relate to investment research) which can be reasonably expected to assist in the provision of investment services.

The Company and each of the Funds from time to time may place orders for the purchase or sale of securities in which the Funds may invest with affiliates of the FIL Limited group and other affiliates of FMR LLC, Boston, Massachusetts, provided that, among other conditions, they can reasonably be expected to execute the transaction on terms as favourable as could be expected to be obtained from other brokers qualified to execute the transaction and at commission rates comparable to those which would have been charged by such other brokers. Details of the policy on execution are contained in the Fidelity Client Terms which can be accessed at www.fidelity.co.uk.

The Depositary may, from time to time, act as the depositary of other investment companies with variable capital. Further details of the conflicts of interest policy are available on request.

APPENDIX 4: GENERAL INFORMATION

Register of Shareholders

The register of Shareholders is maintained by the ACD at Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP, United Kingdom. It may be inspected by any Shareholder or his duly authorised agent during normal business hours at that address, without charge.

Copies of the entries in the register relating to a Shareholder are available on request by that Shareholder without charge. The Company has the power to close the register for any period or periods not exceeding 30 days in any one year.

Calculation of Net Asset Value

The value of the Scheme Property (or scheme property attributable to a particular Fund or Class, as the case may be) shall be the value of the relevant assets less the value of the relevant liabilities determined in accordance with the Company's Instrument of Incorporation. A summary of the provisions follows.

All the Scheme Property (including receivables) is to be included, subject to the following provisions.

1. Property which is not a contingent liability transaction shall be valued as follows:
    (a) units or shares in a collective investment scheme:
        (i) if a single price for buying and selling units or shares is quoted, at the most recent price; or
        (ii) if separate buying and selling prices are quoted, at the average of the two prices (provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto); or
        (iii) if, in the opinion of the ACD, the price obtained is unreliable or if no recent traded price is available or if no price exists, at a value which in the opinion of the ACD is fair and reasonable;
    (b) any other transferable security:
        (i) if a single price for buying and selling the security is quoted, at that price; or
        (ii) if separate buying and selling prices are quoted, at the average of those two prices; or
        (iii) if, in the opinion of the ACD, the price obtained is unreliable or if no recent traded price is available or if no price exists, at a value which in the opinion of the ACD is fair and reasonable
    (c) property other than that described in (a) and (b) above: at a value which, in the opinion of the ACD, is fair and reasonable.
2. Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
3. Property which is a contingent liability transaction shall be valued as follows:
    (a) if it is a written option (and the premium for writing the option has become part of the Scheme Property), the amount of the net valuation of premium receivable shall be deducted;
    (b) if the property is an OTC Derivative, the method of valuation shall be agreed between the ACD and the Depositary;
    (c) if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
    (d) if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).
4. In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
5. Subject to paragraphs 6 and 7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 6.

7. All agreements are to be included under paragraph 8 which are, or ought reasonably to have been, known to the person valuing the property.
8. An estimated amount for anticipated tax liabilities at that point in time, including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and any foreign taxes or duties, will be deducted.
9. An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon will be deducted, treating periodic items as accruing from day to day.
10. The principal amount of any outstanding borrowings (whenever repayable) and any accrued but unpaid interest on borrowings will be deducted.
11. An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
12. Any other credits or amounts received or receivable will be added.
13. Currencies or values in currencies other than sterling shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interest of the Shareholders or potential Shareholders.
14. A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.

Transfers

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD. The ACD may refuse to register a transfer if any eligibility criteria for a particular Share Class are not satisfied.

Restrictions and Compulsory Transfer and Redemption of Shares

The ACD may from time to time impose such restrictions as it may think necessary to ensure that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. In this connection, the ACD may reject in its discretion any application for the purchase, sale or switching of Shares.

If it comes to the notice of the ACD that any Shares ("affected Shares") are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or by virtue of which the Shareholder in question is not qualified to hold such Shares, or if it reasonably believes this to be the case, the ACD may give notice to the holder(s) of the affected Shares requiring either the transfer of such Shares to a person who is qualified or entitled to own them or a request in writing for the redemption of such Shares in accordance with the COLL Sourcebook. If any person upon whom such a notice is served does not within 30 days after the date of such notice transfer the affected Shares to a person qualified to own them or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiration of that 30 day period to have given a request in writing for the redemption of all the affected Shares pursuant to the COLL Sourcebook.

A person who becomes aware that he has acquired or holds affected Shares in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or by virtue of which he is not qualified to hold such Shares, shall forthwith, unless he has already received a notice from the ACD as above, either transfer all his affected Shares to a person qualified to own them or give a request in writing for the redemption of such Shares pursuant to the COLL Sourcebook.

US Persons

The Shares have not been and will not be registered under the United States Securities Act of 1933 as amended ("Securities Act") and, subject to certain exceptions, may not be offered or sold in the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia ("United States of America") or offered or sold to US Persons (as defined below). The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The ACD has not been and will not be registered under the United States Investment Advisers Act of 1940.

"US Person" means:

(a) a citizen or resident of the United States of America;

(b) a partnership, limited liability company, corporation or similar entity organised or incorporated under the laws of the United States of America, or an entity taxed as such or required to file a tax return as such under the United States federal income tax laws;

(c) any estate or trust the executor, administrator or trustee of which is a US Person unless, in the case of trusts of which any professional fiduciary acting as trustee is a US Person, a trustee who is not a US Person has sole or shared investment discretion with respect to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person;

(d) any estate or trust whose income from sources outside the United States of America is includable in gross income for purposes of computing United States income tax payable by it;

(e) any agency or branch of a foreign entity located in the United States of America;

(f) any discretionary or non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary located within or outside the United States of America for the benefit or account of a US Person;

(g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States of America, except that any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States of America shall not be deemed a US Person;

(h) any firm, corporation or other entity, regardless of citizenship, domicile, situs or residence if, under the income tax laws of the United States of America from time to time in effect, any portion of the income thereof would be taxable to a US Person even if not distributed other than as a passive foreign investment company;

(i) any partnership, corporation or other entity if (A) organised or incorporated under the laws of any foreign jurisdiction and (B) owned or formed by a US Person or Persons principally for the purpose of investing in securities not registered under the Securities Act (including but not limited to Shares of the Company);

(j) any employee benefit plan unless such employee benefit plan is established and administered in accordance with the laws of a country other than the United States of America and the customary practices and documentation of such country and is maintained primarily for the benefit of persons substantially all of whom are non-resident aliens with respect to the United States of America; or

(k) any other person or entity whose ownership of Shares or solicitation for ownership of Shares the ACD through its officers or directors shall determine may violate any securities law of the United States of America or any state or other jurisdiction thereof.

(Except that "US Person" shall not include any eligible investor or any person or entity, notwithstanding the fact that such person or entity may come within any of the categories referred to above, as to whom the ACD or the Company shall determine that ownership of Shares or solicitation for ownership of Shares shall not violate any securities law of the United States of America or any state or other jurisdiction thereof.)

Issue of Shares in Exchange for In Specie Assets

The ACD may arrange for the Company to issue Shares in exchange for assets other than money, but will only do so where the Depositary is satisfied that the Company's acquiring those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective of that Fund.

In Specie Redemptions

If a Shareholder requests the redemption or cancellation of Shares, the ACD may, if it considers the deal substantial in relation to the total size of the Fund concerned, arrange for the Company to cancel the Shares and transfer Scheme Property to the Shareholder instead of paying the price of the Shares in cash, or, if required by the Shareholder, pay the net proceeds of sale of the relevant Scheme Property to the Shareholder. A deal involving Shares representing 5% or more in value of a Fund will normally be considered substantial, although the ACD may in its discretion agree an *in specie* redemption with a Shareholder whose Shares represent less than 5% in value of the Fund concerned.

Before the proceeds of cancellation of the Shares become payable, the ACD will give written notice to the Shareholder that Scheme Property (or the proceeds of sale of that Scheme Property) will be transferred to that Shareholder.

The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders.

Suspension of Dealings in Shares

The ACD may, with the agreement of the Depositary, or must if the Depositary so requires, suspend the issue, cancellation, sale and redemption of Shares in any or all of the Funds for a period of up to 28 days or longer in accordance with FCA rules, if the ACD or the Depositary is of the opinion that, due to exceptional circumstances, there is good and sufficient reason to do so having regard to the interests of Shareholders or potential Shareholders.

Re-calculation of the Share price will commence at the next relevant valuation point after the period of suspension ends. The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspension.

The ACD may agree during the suspension to deal in Shares in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Shares.

Reports

The annual report of the Company will be published and sent to Shareholders within four months from the end of each annual accounting period and the half yearly report will be published within two months of the end of each interim accounting period. Copies of reports may be obtained from the ACD or inspected at the ACD's offices at Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP, United Kingdom.

Shareholder Meetings and Voting Rights

General Meetings

An annual general meeting of Shareholders is not held. General meetings of Shareholders may be held from time to time as necessary. Notice of the date, place and time of general meetings will be given to Shareholders.

The convening and conduct of Shareholders' meetings and the voting rights of Shareholders at those meetings are governed by the Company's Instrument of Incorporation and the COLL Sourcebook, which are summarised below.

Requisitions of Meetings

The ACD may convene a general meeting at any time.

Shareholders may also requisition a general meeting. A requisition by Shareholders must state the objects of the meeting, be dated and be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all Shares then in issue. The ACD must convene a general meeting no later than eight weeks after receipt of such a requisition at the head office of the Company.

Notice and Quorum

Shareholders will receive at least 14 days' notice of a general meeting. They are entitled to be counted in the quorum and to vote at a meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy. If a meeting is adjourned, the quorum at the adjourned meeting is one Shareholder present in person or by proxy.

Voting Rights

At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its properly authorised representative shall have one vote.

On a poll vote, a Shareholder may vote in person or by proxy or in any other manner permitted by the Company's Instrument of Incorporation. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue on the date seven days before the notice of meeting is deemed to have been served. A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

Except where the COLL Sourcebook or the Instrument of Incorporation of the Company require an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed), any resolution required by the COLL Sourcebook will be passed by a simple majority of the votes validly cast for and against the resolution (an ordinary resolution).

The ACD may not be counted in the quorum for a general meeting, and neither the ACD nor any associate of the ACD is entitled to vote at any meeting except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

Where all the Shares in a Fund are registered to, or held by, the ACD or its associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Shares in issue.

“Shareholders” in this context means Shareholders on the date seven days before the notice of the relevant meeting was sent out, but excluding persons who are known to the ACD not to be Shareholders at the time of the meeting.

Class Meetings

The above provisions apply to meetings of Shareholders of a Fund or Class as they apply to general meetings of Shareholders, but by reference to the Fund or Class concerned.

Variation of Class Rights

The rights attached to a Class of Share may not be varied without the sanction of an ordinary resolution passed at a meeting of the Shareholders of that Class.

Winding Up of the Company or a Fund

The Company or a Fund may not be wound up except as an unregistered company under part V of the Insolvency Act 1986 or, if the Company is solvent, under Chapter 7 of the COLL Sourcebook. A Fund may only be wound up under the COLL Sourcebook.

Where the Company or a Fund is to be wound up under the COLL Sourcebook, such winding up may only be commenced following approval by the FCA. The FCA will only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the COLL Sourcebook if there is a vacancy in the position of authorised corporate director at the relevant time.

The Company may be wound up or a Fund terminated under the COLL Sourcebook if:

(a) an extraordinary resolution to that effect is passed by Shareholders; or

(b) the period (if any) fixed for the duration of the Company or the Fund by the Instrument of Incorporation of the Company expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or Fund is to be wound up (for example, if the share capital of the Company is below its prescribed minimum or (in relation to any Fund) if the Net Asset Value of the Fund is less than £30 million or the equivalent in the currency of denomination, or if in the ACD’s opinion, it is desirable to terminate the Fund); or

(c) on the effective date of an agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the Fund.

A Fund may also be terminated in accordance with the terms of a scheme of arrangement or reconstruction, in which case Shareholders in the Fund will become entitled to receive shares or units in another regulated collective investment scheme in exchange for their Shares in the Fund.

On the occurrence of any of the events in paragraphs (a) to (c) above:

(a) COLL 5 (relating to investment and borrowing powers) and COLL 6.2 and 6.3 (relating to pricing and dealing) will cease to apply to the Company or the relevant Fund;

(b) the Company will cease to issue and cancel Shares in the Company or the Fund, and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the Fund;

(c) no transfer of a Share shall be registered and no other change to the register shall be made without the sanction of the ACD;

(d) where the Company is being wound-up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company; and

(e) the corporate status and powers of the Company and, subject to the provisions of paragraphs (a) and (d) above, the powers of the ACD shall remain until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or a Fund falls to be wound up, realise the assets and meet the liabilities of the Company or those attributable to the particular Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the property of the Company or the Fund. If the ACD has not previously notified Shareholders of the proposals for winding up the Company or terminate the Fund, the ACD shall, as soon as practicable, after the commencement of winding up of the Company or the termination of the Fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders, on or prior to the date on which the final account is sent to Shareholders, of any balance remaining in proportion to their holdings in the Company or the particular Fund. Any further balances, as distinct from amounts retained for the settlement of the final expenses and preparation of the final accounts, attributable to a Fund or the Company after the final distribution has been made will be assessed by the ACD, and if deemed to be material, relative to the costs of distribution, will be apportioned and paid based on the shareholding of each investor at the closure date, if it is not deemed material it will be donated to charity. This decision will be made in conjunction with the Depositary.

On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company will be paid into court within one month of dissolution.

Following the completion of the winding up of the Company or of a Fund, the ACD shall notify the FCA and the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account, stating their opinion as to whether the final account has been properly prepared. Within four months of the termination of the winding up of the Company or a Fund the final account and the auditors' report must be sent to the FCA, to each relevant Shareholder and, in the case of the winding up of the Company, to the registrar of companies within two months of the termination of the winding up.

As the Company is an umbrella company with segregated liability between Funds, any liabilities attributable or allocated to a particular Fund under the COLL Sourcebook shall be met first out of the Scheme Property attributable or allocated to that Fund. If the liabilities of a Fund are greater than the proceeds of the realisation of the Scheme Property attributable or allocated to the Fund, the ACD shall pay to the Company for the account of the Fund the amount of the deficit, unless and to the extent that the ACD can show that the deficit did not arise as a result of any failure to comply with the rules in the COLL Sourcebook.

On completion of a winding up of the Company or the termination of a Fund, the Company will be dissolved or the Fund will be terminated and any money (including unclaimed distributions) still standing to the account of the Company or the Fund will be paid into court by the ACD within one month of the dissolution or the termination.

Documents of the Company and Material Contracts

The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. on every business day at the offices of the ACD at Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP, United Kingdom:

(a) the Prospectus

(b) the most recent annual and half-yearly reports of the Company; and

(c) the Instrument of Incorporation of the Company; and

(d) the material contracts referred to below.

Shareholders may obtain copies of the above documents from the same address.

Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

(a) the Management and Administration Agreement between the Company and the ACD (as amended);

(b) the Investment Management Agreements between the Company and the ACD (as amended);

(c) the Depositary Agreement between the Company, the ACD and the Depositary; and

(d) the Investment Management Agreement dated 1 July 2016 between the ACD and FIL Investments International

Details of the above contracts are given in Appendix 3 (Management, Distribution, Investment Management and Administration).

<u>Complaints</u>

Complaints concerning the operation or marketing of the Company may be referred to the Compliance Officer of the ACD at Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP, United Kingdom. If an investor is not satisfied with the response received, complaints may also be made direct to The Financial Ombudsman Service, South Quay Plaza, Marsh Wall

APPENDIX 5: IMPORTANT INFORMATION FOR INVESTORS IN THE CHANNEL ISLANDS

GUERNSEY

The circulation of this Prospectus and the offering of Shares has been authorised by the Guernsey Financial Services Commission under the provisions of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. In giving this authorisation, the Commission does not vouch for the financial soundness of the scheme or for the correctness of any of the statements made or opinions expressed with regard to it.

JERSEY

Registration and Supervision

The consent of the Jersey Financial Services Commission (the "Commission") under the Control of Borrowing (Jersey) Order, 1958 (as amended) has been obtained to the circulation of the Prospectus. It must be distinctly understood that in giving this consent the Commission does not take any responsibility for the financial soundness of any schemes or for the correctness of any statements made or opinions expressed with regard to them. The Commission is protected by the Control of Borrowing (Jersey) Law, 1947, as amended, against liability arising from the discharge of its functions under that Law.

APPENDIX 6: LIST OF DELEGATES AND SUB-DELEGATES TO WHOM THE DEPOSITARY HAS DELEGATED ITS SAFEKEEPING DUTIES

Market	Subcustodian	Cash Correspondent Bank
ARGENTINA	HSBC Bank Argentina S.A. Avenida Martin Garcia 464, 5th Floor C1268ABN Buenos Aires ARGENTINA	HSBC Bank Argentina S.A. Buenos Aires
AUSTRALIA	JPMorgan Chase Bank, N.A.** Level 19, 55 Collins Street Melbourne 3000 AUSTRALIA	Australia and New Zealand Banking Group Ltd. Melbourne
AUSTRIA	UniCredit Bank Austria AG Julius Tandler Platz - 3 A-1090 Vienna AUSTRIA	J.P. Morgan AG** Frankfurt am Main
BAHRAIN	HSBC Bank Middle East Limited 1st Floor, Building No 2505, Road No 2832 Al Seef 428 BAHRAIN	HSBC Bank Middle East Limited Al Seef
BANGLADESH	Standard Chartered Bank Portlink Tower Level-6, 67 Gulshan Avenue Gulshan Dhaka -1212 BANGLADESH	Standard Chartered Bank Dhaka
BELGIUM	BNP Paribas Securities Services Belgium Branch Central Plaza Building Rue de Loxum, 25 7th Floor 1000 Brussels BELGIUM	J.P. Morgan A.G.** Frankfurt am Main
BERMUDA	HSBC Bank Bermuda Limited 6 Front Street Hamilton HM 11 BERMUDA	HSBC Bank Bermuda Limited Hamilton
BOTSWANA	Standard Chartered Bank Botswana Limited 5th Floor, Standard House P.O. Box 496 Queens Road, The Mall Gaborone BOTSWANA	Standard Chartered Bank Botswana Limited Gaborone
BRAZIL	J.P. Morgan S.A. DTVM** Av. Brigadeiro Faria Lima, 3729, Floor 06 Sao Paulo SP 04538-905 BRAZIL	J.P. Morgan S.A. DTVM** Sao Paulo
BULGARIA	Citibank Europe plc Serdika Offices 10th Floor 48 Sitnyakovo Blvd Sofia 1505 BULGARIA	ING Bank N.V. Sofia
CANADA	Canadian Imperial Bank of Commerce Commerce Court West Security Level Toronto Ontario M5L 1G9 CANADA Royal Bank of Canada 155 Wellington Street West, 2nd Floor Toronto Ontario M5V 3L3 CANADA	Royal Bank of Canada Toronto
CHILE	Banco Santander Chile Bandera 140, Piso 4 Santiago CHILE	Banco Santander Chile Santiago

Market	Subcustodian	Cash Correspondent Bank
CHINA A-SHARE	HSBC Bank (China) Company Limited 33/F, HSBC Building, Shanghai ifc 8 Century Avenue, Pudong Shanghai 200120 THE PEOPLE'S REPUBLIC OF CHINA	HSBC Bank (China) Company Limited Shanghai
CHINA B-SHARE	HSBC Bank (China) Company Limited 33/F, HSBC Building, Shanghai ifc 8 Century Avenue, Pudong Shanghai 200120 THE PEOPLE'S REPUBLIC OF CHINA	JPMorgan Chase Bank, N.A.** New York JPMorgan Chase Bank, N.A.** Hong Kong
CHINA CONNECT	JPMorgan Chase Bank, N.A.** 48th Floor, One Island East 18 Westlands Road, Quarry Bay HONG KONG	JPMorgan Chase Bank, N.A.** Hong Kong
COLOMBIA	Cititrust Colombia S.A. Carrera 9 A # 99-02, 3rd floor Bogota COLOMBIA	Cititrust Colombia S.A. Bogotá
COSTA RICA	Banco BCT, S.A. 150 Metros Norte de la Catedral Metropolitana Edificio BCT San Jose COSTA RICA	Banco BCT, S.A. San Jose
CROATIA	Privredna banka Zagreb d.d. Radnicka cesta 50 10000 Zagreb CROATIA	Zagrebacka banka d.d. Zagreb
CYPRUS	HSBC Bank plc 109-111, Messogian Ave. 115 26 Athens GREECE	J.P. Morgan AG** Frankfurt am Main
CZECH REPUBLIC	UniCredit Bank Czech Republic and Slovakia, a.s. BB Centrum - FILADELFIE Zeletavska 1525-1 140 92 Prague 1 CZECH REPUBLIC	Ceskoslovenska obchodni banka, a.s. Prague
DENMARK	Nordea Bank Danmark A/S Christiansbro Strandgade 3 P.O. Box 850 DK-0900 Copenhagen DENMARK	Nordea Bank Danmark A/S Copenhagen
EGYPT	Citibank, N.A. 4 Ahmed Pasha Street Garden City Cairo EGYPT	Citibank, N.A. Cairo
ESTONIA	Swedbank AS Liivalaia 8 15040 Tallinn ESTONIA	J.P. Morgan AG** Frankfurt am Main
FINLAND	Nordea Bank Finland Plc Aleksis Kiven katu 3-5 FIN-00020 NORDEA Helsinki FINLAND	J.P. Morgan AG** Frankfurt am Main
FRANCE	BNP Paribas Securities Services France Branch 3, rue d'Antin 75002 Paris FRANCE	J.P. Morgan AG** Frankfurt am Main

Market	Subcustodian	Cash Correspondent Bank
GERMANY	Deutsche Bank AG Alfred-Herrhausen-Allee 16-24 D-65760 Eschborn GERMANY J.P. Morgan AG#** Taunustor 1 (TaunusTurm) 60310 Frankfurt am Main GERMANY # Custodian for local German custody clients only.	J.P. Morgan AG** Frankfurt am Main
GHANA	Standard Chartered Bank Ghana Limited Accra High Street P.O. Box 768 Accra GHANA	Standard Chartered Bank Ghana Limited Accra
GREECE	HSBC Bank plc Messogion 109-111 11526 Athens GREECE	J.P. Morgan AG** Frankfurt am Main
HONG KONG	JPMorgan Chase Bank, N.A.** 48th Floor, One Island East 18 Westlands Road, Quarry Bay HONG KONG	JPMorgan Chase Bank, N.A.** Hong Kong
HUNGARY	Deutsche Bank AG Hold utca 27 H-1054 Budapest HUNGARY	ING Bank N.V. Budapest
ICELAND	Islandsbanki hf. Kirkjusandur 2 IS-155 Reykjavik ICELAND	Islandsbanki hf. Reykjavik
INDIA	JPMorgan Chase Bank, N.A.** 6th Floor, Paradigm 'B' Wing Mindspace, Malad (West) Mumbai 400 064 INDIA	JPMorgan Chase Bank, N.A.** Mumbai
INDONESIA	Deutsche Bank AG Deutsche Bank Building 80 Jl. Inman Bonjol Jakarta 10310 INDONESIA	Deutsche Bank AG Jakarta
IRELAND	JPMorgan Chase Bank, N.A.** 25 Bank Street, Canary Wharf London E14 5JP UNITED KINGDOM	J.P. Morgan AG** Frankfurt am Main
ISRAEL	Bank Leumi le-Israel B.M. 35, Yehuda Halevi Street 65136 Tel Aviv ISRAEL	Bank Leumi le-Israel B.M. Tel Aviv
ITALY	BNP Paribas Securities Services S.C.A. Via Asperto, 5 20123 Milan ITALY	J.P. Morgan AG** Frankfurt am Main
JAPAN	Mizuho Bank, Ltd. 2-15-1, Konan Minato-ku Tokyo 108-6009 JAPAN The Bank of Tokyo-Mitsubishi UFJ, Ltd. 1-3-2 Nihombashi Hongoku-cho Chuo-ku Tokyo 103-0021 JAPAN	JPMorgan Chase Bank, N.A.** Tokyo

Market	Subcustodian	Cash Correspondent Bank
JORDAN	Standard Chartered Bank Shmeissani Branch Al-Thaqafa Street Building # 2 P.O.BOX 926190 Amman JORDAN	Standard Chartered Bank Amman
KAZAKHSTAN	JSC Citibank Kazakhstan Park Palace, Building A, Floor 2 41 Kazybek Bi Almaty 050010 KAZAKHSTAN	JSC Citibank Kazakhstan Almaty
KENYA	Standard Chartered Bank Kenya Limited Chiromo 48 Westlands Road Nairobi 00100 KENYA	Standard Chartered Bank Kenya Limited Nairobi
KUWAIT	HSBC Bank Middle East Limited Kuwait City, Qibla Area Hamad Al-Saqr Street, Kharafi Tower G/1/2 Floors Safat 13017 KUWAIT	HSBC Bank Middle East Limited Safat
LATVIA	Swedbank AS Balasta dambis 1a Riga LV-1048 LATVIA	J.P. Morgan AG** Frankfurt am Main
LEBANON	HSBC Bank Middle East Limited HSBC Main Building Riad El Solh, P.O. Box 11-1380 1107-2080 Beirut LEBANON	JPMorgan Chase Bank, N.A.** New York
LITHUANIA	AB SEB Bankas 12 Gedimino pr. LT 2600 Vilnius LITHUANIA	AB SEB Bankas Vilnius J.P. Morgan AG** Frankfurt am Main
LUXEMBOURG	BNP Paribas Securities Services S.C.A. 33, Rue de Gasperich L-5826 Hesperange LUXEMBOURG	J.P. Morgan AG** Frankfurt am Main
MALAWI	Standard Bank Limited, Malawi 1st Floor Kaomba House Cnr Glyn Jones Road & Victoria Avenue Blantyre MALAWI	Standard Bank Limited, Malawi Blantyre
MALAYSIA	HSBC Bank Malaysia Berhad 2 Leboh Ampang 12th Floor, South Tower 50100 Kuala Lumpur MALAYSIA	HSBC Bank Malaysia Berhad Kuala Lumpur
MAURITIUS	The Hongkong and Shanghai Banking Corporation Limited HSBC Centre 18 Cybercity Ebene MAURITIUS	The Hongkong and Shanghai Banking Corporation Limited Ebene
MEXICO	Banco Nacional de Mexico, S.A. Act. Roberto Medellin No. 800 3er Piso Norte Colonia Santa Fe 01210 Mexico, D.F. MEXICO	Banco Santander (Mexico), S.A. Mexico, D.F.
MOROCCO	Société Générale Marocaine de Banques 55 Boulevard Abdelmoumen Casablanca 20100 MOROCCO	Attijariwafa Bank S.A. Casablanca

Market	Subcustodian	Cash Correspondent Bank
NAMIBIA	Standard Bank Namibia Limited Mutual Platz 2nd Floor, Standard Bank Centre Cnr. Stroebel and Post Streets P.O.Box 3327 Windhoek NAMIBIA	The Standard Bank of South Africa Limited Johannesburg
NETHERLANDS	BNP Paribas Securities Services Netherlands Branch Herengracht 595 1017 CE Amsterdam NETHERLANDS	J.P. Morgan AG** Frankfurt am Main
NEW ZEALAND	JPMorgan Chase Bank, N.A.** Level 13, 2 Hunter Street Wellington 6011 NEW ZEALAND	Westpac Banking Corporation Wellington
NIGERIA	Stanbic IBTC Bank Plc Plot 1712 Idejo Street Victoria Island Lagos NIGERIA	Stanbic IBTC Bank Plc Lagos
NORWAY	Nordea Bank Norge ASA Essendropsgate 7 PO Box 1166 NO-0107 Oslo NORWAY	Nordea Bank Norge ASA Oslo
OMAN	HSBC Bank Oman S.A.O.G. 2nd Floor Al Khuwair PO Box 1727 PC 111 Seeb OMAN	HSBC Bank Oman S.A.O.G. Seeb
PAKISTAN	Standard Chartered Bank (Pakistan) Limited P.O. Box 4896 Ismail Ibrahim Chundrigar Road Karachi 74000 PAKISTAN	Standard Chartered Bank (Pakistan) Limited Karachi
PERU	Citibank del Perú S.A. Av. Canaval y Moreryra 480 Piso 4 San Isidro Lima 27 PERU	Citibank del Perú S.A. Lima
PHILIPPINES	The Hongkong and Shanghai Banking Corporation Limited 7/F HSBC Centre 3058 Fifth Avenue West Bonifacio Global City 1634 Taguig City PHILIPPINES	The Hongkong and Shanghai Banking Corporation Limited Taguig City
POLAND	Bank Handlowy w. Warszawie S.A. ul. Senatorska 16 00-923 Warsaw POLAND	mBank S.A. Warsaw
PORTUGAL	BNP Paribas Securities Services S.C.A. Avenida D. João II, Lote 1.18.01, Bloco B, 7º andar 1998-028 Lisbon PORTUGAL	J.P. Morgan AG** Frankfurt am Main
QATAR	HSBC Bank Middle East Limited 2nd Floor, Ali Bin Ali Tower Building 150 (Airport Road) PO Box 57 Doha QATAR	HSBC Bank Middle East Limited Doha

Market	Subcustodian	Cash Correspondent Bank
ROMANIA	Citibank Europe plc 145 Calea Victoriei 1st District 010072 Bucharest ROMANIA	ING Bank N.V. Bucharest
RUSSIA	J.P. Morgan Bank International (Limited Liability Company)** 10, Butyrsky Val White Square Business Centre Floor 12 Moscow 125047 RUSSIA	JPMorgan Chase Bank, N.A.** New York
SAUDI ARABIA	HSBC Saudi Arabia Limited 2/F HSBC Building Olaya Road, Al-Murooj Riyadh 11413 SAUDI ARABIA	HSBC Saudi Arabia Limited Riyadh
SERBIA	Unicredit Bank Srbija a.d. Rajiceva 27-29 11000 Belgrade SERBIA	Unicredit Bank Srbija a.d. Belgrade
SINGAPORE	DBS Bank Ltd 10 Toh Guan Road DBS Asia Gateway, Level 04-11 (4B) 608838 SINGAPORE	Oversea-Chinese Banking Corporation Singapore
SLOVAK REPUBLIC	UniCredit Bank Czech Republic and Slovakia, a.s. Sancova 1/A SK-813 33 Bratislava SLOVAK REPUBLIC	J.P. Morgan AG** Frankfurt am Main
SLOVENIA	UniCredit Banka Slovenija d.d. Smartinska 140 SI-1000 Ljubljana SLOVENIA	J.P. Morgan AG** Frankfurt am Main
SOUTH AFRICA	FirstRand Bank Limited 1 Mezzanine Floor, 3 First Place, Bank City Cnr Simmonds and Jeppe Streets Johannesburg 2001 SOUTH AFRICA	The Standard Bank of South Africa Limited Johannesburg
SOUTH KOREA	Standard Chartered Bank Korea Limited 47 Jongro, Jongro-Gu Seoul 110-702 SOUTH KOREA Kookmin Bank Co., Ltd. 84, Namdaemun-ro, Jung-gu Seoul 100-845 SOUTH KOREA	Standard Chartered Bank Korea Limited Seoul Kookmin Bank Co., Ltd. Seoul
SPAIN	Santander Securities Services, S.A. Ciudad Grupo Santander Avenida de Cantabria, s/n Edificio Ecinar, planta baja Boadilla del Monte 28660 Madrid SPAIN	J.P. Morgan AG** Frankfurt am Main
SRI LANKA	The Hongkong and Shanghai Banking Corporation Limited 24 Sir Baron Jayatillaka Mawatha Colombo 1 SRI LANKA	The Hongkong and Shanghai Banking Corporation Limited Colombo
SWEDEN	Nordea Bank AB (publ) Hamngatan 10 SE-105 71 Stockholm SWEDEN	Svenska Handelsbanken Stockholm

Market	Subcustodian	Cash Correspondent Bank
SWITZERLAND	UBS Switzerland AG 45 Bahnhofstrasse 8021 Zurich SWITZERLAND	UBS Switzerland AG Zurich
TAIWAN	JPMorgan Chase Bank, N.A.** 8th Floor, Cathay Xin Yi Trading Building No. 108, Section 5, Xin Yi Road Taipei 11047 TAIWAN	JPMorgan Chase Bank, N.A.** Taipei
TANZANIA	Stanbic Bank Tanzania Limited Stanbic Centre Corner Kinondoni and A.H. Mwinyi Roads P.O. Box 72648 Dar es Salaam TANZANIA	Stanbic Bank Tanzania Limited Dar es Salaam
THAILAND	Standard Chartered Bank (Thai) Public Company Limited 14th Floor, Zone B Sathorn Nakorn Tower 90 North Sathorn Road Bangrak Silom, Bangrak Bangkok 10500 THAILAND	Standard Chartered Bank (Thai) Public Company Limited Bangkok
TRINIDAD AND TOBAGO	Republic Bank Limited 9-17 Park Street Port of Spain TRINIDAD AND TOBAGO	Republic Bank Limited Port of Spain
TUNISIA	Banque Internationale Arabe de Tunisie, S.A. 70-72 Avenue Habib Bourguiba P.O. Box 520 Tunis 1000 TUNISIA	Banque Internationale Arabe de Tunisie, S.A. Tunis
TURKEY	Citibank A.S. Inkilap Mah., Yilmaz Plaza O. Faik Atakan Caddesi No: 3 34768 Umraniye- Istanbul TURKEY	JPMorgan Chase Bank, N.A.** Istanbul
UGANDA	Standard Chartered Bank Uganda Limited 5 Speke Road P.O. Box 7111 Kampala UGANDA	Standard Chartered Bank Uganda Limited Kampala
UKRAINE	PJSC Citibank 16-G Dilova Street 03150 Kiev UKRAINE	PJSC Citibank Kiev JPMorgan Chase Bank, N.A.** New York
UNITED ARAB EMIRATES - ADX	HSBC Bank Middle East Limited Emaar Square, Level 4, Building No. 5 P.O. Box 502601 Dubai UNITED ARAB EMIRATES	The National Bank of Abu Dhabi Abu Dhabi
UNITED ARAB EMIRATES - DFM	HSBC Bank Middle East Limited Emaar Square, Level 4, Building No. 5 P.O. Box 502601 Dubai UNITED ARAB EMIRATES	The National Bank of Abu Dhabi Abu Dhabi
UNITED ARAB EMIRATES – NASDAQ DUBAI	HSBC Bank Middle East Limited Emaar Square, Level 4, Building No. 5 P.O. Box 502601 Dubai UNITED ARAB EMIRATES	JPMorgan Chase Bank, N.A.** New York

Market	Subcustodian	Cash Correspondent Bank
UNITED KINGDOM	JPMorgan Chase Bank, N.A.** 25 Bank Street, Canary Wharf London E14 5JP UNITED KINGDOM Deutsche Bank AG Depository and Clearing Centre 10 Bishops Square London E1 6EG UNITED KINGDOM	JPMorgan Chase Bank, N.A.** London Varies by currency
UNITED STATES	JPMorgan Chase Bank, N.A.** 4 New York Plaza New York NY 10004 UNITED STATES	JPMorgan Chase Bank, N.A.** New York
URUGUAY	Banco Itaú Uruguay S.A. Zabala 1463 11000 Montevideo URUGUAY	Banco Itaú Uruguay S.A. Montevideo
VENEZUELA	Citibank, N.A. Avenida Casanova Centro Comercial El Recreo Torre Norte, Piso 19 Caracas 1050 VENEZUELA	Citibank, N.A. Caracas
VIETNAM	HSBC Bank (Vietnam) Ltd. Centre Point 106 Nguyen Van Troi Street Phu Nhuan District Ho Chi Minh City VIETNAM	HSBC Bank (Vietnam) Ltd. Ho Chi Minh City
WAEMU - BENIN, BURKINA FASO, GUINEA-BISSAU, IVORY COAST, MALI, NIGER, SENEGAL, TOGO	Standard Chartered Bank Côte d'Ivoire SA 23 Boulevard de la Republique 1 01 B.P. 1141 Abidjan 17 IVORY COAST	Standard Chartered Bank Côte d'Ivoire SA Abidjan
ZAMBIA	Standard Chartered Bank Zambia Plc Standard Chartered House Cairo Road P.O. Box 32238 Lusaka 10101 ZAMBIA	Standard Chartered Bank Zambia Plc Lusaka
ZIMBABWE	Stanbic Bank Zimbabwe Limited Stanbic Centre, 3rd Floor 59 Samora Machel Avenue Harare ZIMBABWE	Stanbic Bank Zimbabwe Limited Harare

APPENDIX 7: LIST OF SHARE CLASSES AND ISIN CODES

Standardised Share Class Name	ISIN
FID FIF2 - Fidelity UK Opportunities Fund A-INC-GBP	GB00BGV1T511
FID FIF2 - Fidelity UK Opportunities Fund W-ACC-GBP	GB00BH7HNY76
FID FIF2 - Fidelity UK Opportunities Fund W-INC-GBP	GB00BH7HNZ83

APPENDIX 8: RISK FACTORS

Full Legal name		Asset Class Specific Risks						Investment Focus/ Style-Related Risks								Specific Instrument Related Risks							Derivatives/ Counterparty Risk					
																China Related		Fixed Income Related										
	General	Equities	Bonds and other Debt Instruments	Commodities	Real Estate Related	Multi Asset	Stock/Issuer Concentration	Country Concentration	Sector Concentration	Investments in Small Companies	Below Investment Grade / Unrated Securities and High Yielding Debt Instruments	Emerging Markets	Russia	Eurozone Risk		General	Dim Sum Bonds	Hybrids	CoCos	Loans	Collateralised and/or Securitised Debt Instruments	Equity Linked Notes/Credit Linked Notes	General	Short Positions	High Leverage	Active Currency	Specific Derivative Instruments	Additional Prospectus Risk Factors*
Fidelity UK Opportunities Fund	X	X						X		X													X				X	

* Additional Prospectus Risk Factors: 1 Index Tracking; 2 Asset Allocation - Target Date; 3 Asset Allocation – Dynamic; 4 Cash Funds; 5 Ethical Investing; 6 Income-producing securities; 7 Securities Lending; 8 Repurchase and Reverse Repurchase Agreements.

APPENDIX 9: APPLICATION OF DILUTION ADJUSTMENT

Further to the aforementioned Price Adjustment Policy (Swing Pricing), for illustrative purposes, the table below sets out the average number of times the ACD applied a price adjustment on the dealing price of each Fund over a three-year period as well as the estimates of the dilution adjustments for each fund (based on the information available at the end of the financial year). Please note that the swing factors disclosed are in place from the date listed below under Swing Factor Date Year End.

However, such historical information does not constitute a projection, and subsequent adjustment may be wider or smaller on a specific day as a result of the mechanics of the financial markets. As dilution is related to the inflows and outflows of money from the Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently, it is also not possible to accurately predict how frequently the ACD will need to make such a dilution adjustment. In the usual course of business, the application of a dilution adjustment will be triggered on a consistent basis.

Full Legal Name	Swing Factor – Buys (%)	Swing Factor – Sells (%)	Swing Factor Date Year End	Number of Swings 3YR Average*
Fidelity UK Opportunities Fund	0.30	0.76	30 Sep 22	5

**Please note that where the sub-fund is less than 3 years old the average Number of Swings is from launch.*

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