

Dear Business Partners,

We have recently posted a shareholder letter on Fidelity's websites related to a temporary change to our price adjustment policy (swing pricing policy) to two sub-funds in Fidelity Funds SICAV: **Fidelity Funds - Asian High Yield Fund (FF - AHY Fund)** and **Fidelity Funds - China High Yield Fund (FF - CHY Fund)** by lifting the 2% price adjustment limit (swing factor limit).

To address any initial questions or concerns you may have, we are providing a summary below highlighting the background and rationale of the temporary change.

Please reach out to your Fidelity representative if you have any further questions.

#### Background:

- Following recent market developments in the Asian High Yield (AHY) and China High Yield (CHY) asset classes, the transaction costs in asset classes have increased with lower cash prices and flow dynamics
- FF - AHY Fund and FF - CHY Fund have had relatively larger allocations to China property bonds, given the historical significance of the sector in the Asian High Yield and China High Yield asset classes, respectively. The declining cash prices for these high yield bonds have resulted in higher-than-typical transaction costs compared to normal market conditions
- With the aim to protect shareholders' interests and to ensure that shareholder trading activity continues to be undertaken at a fair price, the price adjustment limits (swing factor limits) to FF - AHY Fund and FF - CHY Fund are lifted. The estimated costs associated with net inflows and outflows above a certain limit due to shareholders transacting on a particular day could be allocated, thereby protecting the remaining shareholders from dilution
- We have posted a shareholder letter on Fidelity's websites regarding this temporary change, in accordance with the requirements of the Commission de Surveillance du Secteur Financier (CSSF) for Luxembourg-domiciled funds

#### Key Highlights:

- We have applied the temporary change to two sub-funds: FF - AHY Fund and FF - CHY Fund given their relatively larger exposure to China property bonds, where the cost of transacting is higher than would typically be under normal market conditions
- The actual price adjustment factors (swing factors) applied to the respective sub-funds is subject to the net inflows and outflows and the cash prices of the bonds being traded. This continues to follow an established process under the oversight of Fidelity's Fair Value Committee (FVC). The FVC refreshes all price adjustment factors periodically basis to reflect the latest market conditions and bid/offer spreads

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- We would like to highlight that the temporary change is related to the cost of transacting and is not triggered by liquidity concerns; the liquidity positions of FF - AHY Fund and FF - CHY Fund are assessed to be healthy
- The liquidity positions of the two sub-funds remain a key focus for Fidelity's investment management and risk teams under the current market environment, and liquidity management has been a core objective of the fund management team
- This is a temporary change. We expect the temporary measure to remain in place until 31 January 2023, and will provide an update/notification on Fidelity's website if there are any further changes

This temporary change aims to protect shareholders' interests and to ensure that shareholder trading activity continues to be undertaken at a fair price.

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