Fidelity UCITS II ICAV

Fidelity Global Sub-IG Fixed Income Fund

1 December 2022

(A sub-fund of Fidelity UCITS II ICAV, an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds with registered number C174793 authorised by the Central Bank of Ireland pursuant to the UCITS Regulations)

This supplement (the "Supplement") forms part of the Prospectus dated 1 December 2022 (the "Prospectus") in relation to Fidelity UCITS II ICAV (the "Fund") for the purposes of the UCITS Regulations. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the Fidelity Global Sub-IG Fixed Income Fund (the "Sub-Fund") which is a separate sub-fund of the Fund.

The Sub-Fund is an Actively Managed Sub-Fund.

Prospective investors should review this Supplement and the Prospectus carefully and in their entirety and consider the risk factors set out in the Prospectus and in this Supplement before investing in this Sub-Fund. If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant and/or financial adviser.

An investment in the Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

The Directors, as listed in the "*Management*" section of the Prospectus, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Unless otherwise defined herein or unless the context otherwise requires, all defined terms used in this Supplement shall bear the same meaning as in the Prospectus.

KEY INFORMATION

Accounting Date	Annual accounts will be made up to 31 December each year, with the first such accounts made up to 31 December 2018, and the semi-annual accounts will made up to 30 June each year, with the first such accounts made up to 30 June 2019.
Base Currency	EUR
Business Day	Any day with the exception of Saturdays, Sundays, New Year's Day, Christmas Day and Good Friday and/or such other day or days as the Directors may determine and notify in advance to Shareholders
Dealing Day	Each Business Day
Dealing Deadline	12 noon (Irish time) on the relevant Dealing Day
Initial Offer Period	The period for each Share Class set forth in the table in the "*Classes*" section below or such earlier or later date as the Directors may determine.
Investment Manager	FIL Investments International
Fees	The maximum TER for each Class is set forth in the table in the "Classes" section below. A subscription fee of up to 5% of the Net Asset Value of Shares being subscribed and / or a redemption fee of up to 3% of the Net Asset Value of the Shares being redeemed may be charged by the Manager. The Sub-Fund will not be subject to any subscription fee in respect of investments made in the Master Fund and the Manager will pay any commission it receives by virtue of investing in the Master Fund into the assets of the Sub-Fund. The establishment expenses of the Sub-Fund will be borne by the Manager. Further information in this respect is set out in the "Fees and Expenses" section of the Prospectus and below.
Minimum subscription amount **Minimum additional subscription amount** **Minimum holding amount** **Minimum redemption amount**	Nil
Settlement Deadline	The third Business Day following the relevant Dealing Day

Valuation	The Net Asset Value per Share is calculated in accordance with the *"Determination of Net Asset Value"* section of the Prospectus, using the last traded price at the close of business on the relevant Recognised Market on each Valuation Day for assets quoted, listed or traded on or under the rules of a Recognised Market.
Valuation Day	Each Business Day
Valuation Point	10:00 pm (Irish time) on each Valuation Day

Classes

Shares of the Sub-Fund may be divided into different Share Classes with different dividend policies. They may therefore have different fees and expenses. The following Share Classes are available to launch at the discretion of the Manager.

Class Name	Share Class Currency	Currency Hedged Class	Dividend Distribution Policy	Maximum TER %	Initial Offer Period	Initial Offer Price
G Acc EUR	EUR	No	Accumulating	Up to 0.80%	N/A+	EUR 10

+ The Initial Offer Period for this Share Class has closed and Shares in this Share Class will be issued at their Net Asset Value per Share on each Dealing Day.

INVESTMENT OBJECTIVE AND POLICY

Investment Objective. The investment objective of the Sub-Fund is to seek to achieve long-term capital growth and income.

The Sub-Fund is a feeder UCITS and will seek to achieve its objective by investing at least 85% of its net assets in unit classes of the Fidelity Global Sub-IG Fixed Income Fund (the "**Master Fund**"), being a sub-fund of Fidelity Common Contractual Fund II, a common contractual fund constituted as an umbrella fund and authorised in Ireland by the Central Bank pursuant to the UCITS Regulations. The investment manager of the Master Fund is the same as the Investment Manager of the Sub-Fund.

Investment Policy. The investment policy of the Sub-Fund is that all or substantially all of the proceeds of issue of each Class of Shares in the Sub-Fund (and in any circumstances at least 85% of the Sub-Fund's Net Asset Value) will be invested in the Master Fund. A small portion of the Sub-Fund may be retained in cash or invested in liquid instruments primarily listed or traded on the Recognised Markets for liquidity purposes and for the purposes of paying any expenses of the Sub-Fund, but such investments will not exceed 15% of the Net Asset Value of the Sub-Fund. Such instruments will include money market instruments including bank deposits, fixed or floating rate instruments (including commercial paper, notes, bankers acceptances, certificates of deposit, debentures and short-dated government or corporate bonds), cash and cash equivalents (including treasury bills) that are rated as investment grade or below or are unrated. While these liquid instruments will be primarily listed or traded on Recognised Markets, some of these instruments may be traded over-the-counter on electronic trade platforms. For the avoidance of doubt, the liquid instruments in which the Sub-Fund will invest do not include total return swaps, securities lending, repurchase agreements or reverse repurchase agreements.

The Sub-Fund is expected to have similar performance to the Master Fund but the Sub-Fund's performance may differ given that it may invest up to 15% of its Net Asset Value in liquid instruments described above. The Sub-Fund is also expected to have a similar risk profile to the Master Fund, which is not expected to have an above average risk profile or high volatility as a result of its use of financial derivative instruments.

The Sub-Fund is actively managed and references a composite of 50% ICE BofAML Non-Financial Developed Markets High Yield Constrained Index GBP hedged, 12.5% JP Morgan EMBI Global Diversified index Hedged to GBP, 12.5% JP Morgan CEMBI Broad Diversified Core Index Hedged to GBP and 25% JP Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified Hedged to GBP for comparative purposes only. The ICE BofAML Non-Financial Developed Markets High Yield Constrained Index contains all securities in the ICE BofA Global High Yield Index that are non-financials and from developed markets countries, but caps issuer exposure at 2%. ICE BofA Global High Yield Index tracks the performance of USD, CAD, GBP and EUR denominated below investment grade corporate debt publicly issued in the major domestic or eurobond markets. The JPM Morgan EMBI Global Diversified Index tracks total returns for US dollar-denominated debt instruments issued by emerging markets sovereign and quasi-sovereign entities; Brady bonds, loans and Eurobonds. The JP Morgan CEMBI Broad Diversified Core Index is a benchmark which tracks the performance of the U.S. dollar denominated corporate bonds issued by emerging market entities. The JP Morgan Government Bond Index-Emerging Markets (GBI-EM) is a comprehensive emerging market benchmark that tracks local currency bonds issued by emerging market governments.

Benchmarks may be used from time to time as performance comparators and any such use will be disclosed in the Key Investor Information Document for the Sub-Fund.

Summary of the Master Fund

The investment objective of the Master Fund is identical to that of the Sub-Fund, namely to seek to achieve long-term capital growth and income.

The Master Fund seeks to achieve its objective by obtaining exposure to a diversified portfolio of sub-investment grade fixed income securities, as described further below.

The Investment Manager (in the context of its role as investment manager of the Master Fund) has appointed a number of discretionary investment advisers as its delegates and will allocate some or all of the Master Fund's assets to such advisers. The Investment Manager is responsible for actively selecting each adviser to which assets will be allocated, for determining the amount of the Master Fund's assets to allocate to each adviser and for managing such portion of the Master Fund's assets as are not allocated to an adviser.

The Master Fund's investment strategy will pursue a policy of obtaining exposure to fixed, floating and adjustable rate, government and corporate debt securities issued by issuers located anywhere in the world (including emerging market countries) and each Adviser will select the exposures that it obtains on behalf of the Master Fund based on its experience of investing in sub-investment grade debt securities, current market conditions and the investment objective of the Master Fund. The Master Fund's investment strategy will seek to select sub-investment grade debt securities that will provide long-term capital growth for the Master Fund and will not actively focus on any specific geographic region, industry sector or issuer capitalisation.

Further details of the Master Fund's investment policy are contained in the Appendix hereto and copies of the Master Fund's prospectus and supplement are available at www. fidelityinternational.com.

The Sub-Fund will not use financial derivative instruments and as such does not expect to be leveraged. The Sub-Fund measures and monitors its global exposure using the commitment approach and accordingly its global exposure will not exceed 100% of its Net Asset Value.

INVESTMENT RISKS

Investment in the Sub-Fund carries with it a degree of risk including the risks described in the "*Risk Information*" section of the Prospectus and, in particular, the *"Risk of Investment in Other Collective Investment Schemes"* and "*Lower Rated/Unrated Securities*" risks. These risks are not intended to be exhaustive and potential investors should review the Prospectus and this Supplement, as well as the prospectus and supplement of the Master Fund, carefully and consult with their professional advisers before purchasing Shares. Investors should note that the risks disclosures in the "*Risk Information*" section of the Prospectus are equally applicable to the Master Fund and therefore should be read such that references therein to "a Sub-Fund" or "the Sub-Funds" are also references to the Master Fund.

INVESTOR PROFILE

Typical investors in the Sub-Fund are expected to seek exposure to the global sub-investment grade bond market over the medium or long term and will be prepared to accept the risks of this market.

INVESTMENT MANAGER

The Manager has appointed FIL Investments International to act as Investment Manager of the Sub-Fund. The Investment Manager was incorporated in the United Kingdom, with its registered office at Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP, 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 collective investment schemes.

The Investment Management Agreement provides that the appointment of the Investment Manager will continue in force unless and until terminated by either party providing six (6) months' prior written notice. The Investment Management Agreement may also be terminated forthwith without prior notice in certain circumstances, such as upon the insolvency of either party (or upon the happening of a like event) or upon an unremedied breach within 30 days of receipt of notice. The Manager may also terminate the appointment of the Investment Manager with immediate effect in certain circumstances, including where to do so is in the best interests of the Sub-Fund. The Investment Management Agreement contains provisions regarding the Investment Manager's legal responsibilities. The Investment Manager is not liable for losses, liabilities, damages or expenses caused to the Sub-Fund unless resulting from its negligence, wilful default, bad faith or fraud.

The Investment Manager has the discretion to delegate all the powers, duties and discretions exercisable in respect of its obligations under the Investment Management Agreement as the Investment Manager and any delegate may from time to time agree. Any such appointment will be in accordance with the requirements of the Central Bank.

SUBSCRIPTIONS

During the Initial Offer Period, Shares will be available at the Initial Offer Price as set out in the table above. Subsequent to an Initial Offer Period, Shares may be purchased in respect of any Dealing Day at the Net Asset Value per Share as of the applicable Valuation Day, plus an amount in respect of Duties and Charges (if any). Investors may subscribe for Shares for cash or in kind on each Dealing Day by making an application by the Dealing Deadline in accordance with the requirements set out in the "*Purchase and Sale Information*" section of the Prospectus. Consideration, in the form of cleared subscription monies/securities, must be received by the Settlement Deadline.

REDEMPTIONS

Shareholders may effect a redemption of Shares on any Dealing Day at the appropriate Net Asset Value per Share, subject to an appropriate provision for Duties and Charges, provided that a valid redemption request from the Shareholder is received by the Manager by the Dealing Deadline, in accordance with the provisions set out herein and at the "*Purchase and Sale Information*" section of the Prospectus. Settlement will not take place later than 10 Business Days from the Dealing Deadline.

FEES AND EXPENSES

The maximum TER for each Class is set forth in the table in the "Classes" section above. The TER figure includes any fees and expenses charged by the Master Fund to the Sub-Fund. Such fees and expenses include all operational expenses of the Master Fund but does not include extraordinary costs, transaction costs and related expenses. Further details of the fees and expenses charged by the Master Fund are set out in its prospectus and supplement, which are available at www. fidelityinternational.com.

MASTER / FEEDER RULES

The Manager, which is also the management company of the Master Fund, has adopted internal conduct of business rules in accordance with the requirements of the UCITS Regulations which set out the terms of the Sub-Fund's investment in the Master Fund (the "**Master Feeder Rules**"). The Master Feeder Rules set out how the Manager accesses information from the Master Fund, the basis of its investment and disinvestment, dealing arrangements, audit arrangements and procedures to be followed where certain stated events occur in respect of the Sub-Fund or the Master Fund. A copy of the Master Feeder Rules will be available to investors upon request to the Manager.

TAXATION IMPLICATIONS OF INVESTMENT IN THE MASTER FUND

The Master Fund is a common contractual fund and, as such, it does not have a separate legal personality and is transparent for Irish tax purposes. Therefore, the Master Fund is not chargeable to Irish tax on its relevant income or relevant gains, which instead are treated as arising, or as the case may be, accruing to each investor in the Master Fund (including the Sub-Fund) in proportion to the value of the units beneficially owned by the investor, as if the relevant profits had arisen or as the case may be, accrued, to the investors in the Master Fund without passing through the hands of the Master Fund.

APPENDIX – FURTHER DETAILS OF THE MASTER FUND'S INVESTMENT POLICY

The Master Fund will seek to achieve its objective by obtaining exposure to a diversified portfolio of sub-investment grade fixed income securities, as described further below.

Multi-Manager Structure

The Investment Manager has appointed a number of discretionary investment advisers as its delegates and will allocate some or all of the Master Fund's assets to such advisers. The Investment Manager is responsible for actively selecting each adviser to which assets will be allocated, for determining the amount of the Master Fund's assets to allocate to each adviser and for managing such portion of the Master Fund's assets as are not allocated to an adviser.

Unless otherwise indicated, the term "*Adviser*" will be used in this Supplement to mean either an external adviser appointed by the Investment Manager or the Investment Manager acting itself as an adviser. The Investment Manager may appoint Advisers which are Fidelity group companies.

The Investment Manager will review a range of qualitative and quantitative factors when determining or reviewing the allocations to Advisers, including the attributes (i.e. the strengths and weaknesses) of each Adviser's portfolio management team, the Adviser's investment style, its process for selecting investments in accordance with the Master Fund's investment strategy described below, philosophy and historical performance and the holdings in the Adviser's allocated assets. The Investment Manager utilises these factors to determine and review the allocation of the assets of the Master Fund based on its view of whether a particular Adviser has a superior ability to add value to the allocated assets (on a net of fees basis) over time and, where relevant, whether the Adviser may be appointed alongside other Advisers in such a way that the Advisers complement each other's investment style and positioning. The Investment Manager will monitor the performance of each Adviser and may in its absolute discretion discontinue the allocation of assets to all or any of the Advisers at any time subsequent to their appointment. The Advisers will each be regulated in their country of domicile for the purposes of investment management and will have been cleared to act as discretionary investment managers in respect of Irish collective investment schemes by the Central Bank. The Advisers will each be selected by the Investment Manager following an extensive investment and operational due diligence process designed to identify the most appropriate investment advisers to implement the Master Fund's investment strategy.

At all times the Investment Manager retains the discretion to invest the Master Fund's assets directly, including the event that the appointment of an Adviser is terminated.

Notwithstanding anything to the contrary in the Prospectus, the fees of the Advisers will be paid by the Investment Manager and will not be paid out of the assets of the Master Fund.

Investment Strategy

The Master Fund's investment strategy will pursue a policy of obtaining exposure to fixed, floating and adjustable rate, government and corporate debt securities issued by issuers located anywhere in the world (including emerging market countries) and each Adviser will select the exposures that it obtains on behalf of the Master Fund based on its experience (described above) of investing in sub-investment grade debt securities, current market conditions and the investment objective of the Master Fund. The Master Fund's investment strategy will seek to select sub-investment grade debt securities that will provide long-term capital growth for the Master Fund and will not actively focus on any specific geographic region, industry sector or issuer capitalisation. Each Adviser will seek exposure to high yield debt securities and will take into consideration such factors as it, in its experience of implementing a global sub-investment grade debt investment strategy, considers relevant, which may include economic, legislative and business developments, interest rates, credit assessments, issuer capital structures, the degree of seniority / sub-ordination, the presence of any covenants (i.e. contractual obligations), the quality of collateral or security, liquidity, issuance trends, market conditions, the presence (or absence) of a given security in an index and the results of bottom-up (i.e. focusing on individual debt securities rather than the market or industry as a whole) or top-down analysis (i.e. focusing on the overall market before analysing individual debt securities), proprietary research or publicly available research (e.g. Morningstar).

Under normal market conditions, it is intended that at least 50% of the Master Fund's available assets will be invested in sub-investment grade fixed income securities. Sub-investment grade fixed income securities are medium or lower rated securities, generally those rated below investment grade (Baa3, BBB- or above) by one or more recognised rating agency, sometimes referred to as "junk bonds". The Master Fund may also invest in unrated debt securities.

An Adviser may take "long" positions in those debt securities it expects to outperform and obtain a short exposure to those debt securities identified as being likely to underperform. As a result, the Master Fund's market exposure may vary in time. The maximum value of long positions in the Master Fund is 500% of the Net Asset Value of the Master Fund (i.e. 100% direct exposure and 400% leverage exposure through the use of derivatives) and the maximum of the absolute values of short positions in the Master Fund is 500% of the Net Asset Value of the Master Fund.

Defensive Positions

In exceptional circumstances when the Investment Manager anticipates adverse market, economic, political or other conditions, the Master Fund may invest primarily in money market instruments or equivalents, described below, or leave a significant portion of its assets uninvested for defensive purposes.

Instruments

The Master Fund will primarily invest in the following securities which may be issued and listed or traded on Recognised Markets globally:

- **Fixed Income**: Both fixed, floating and adjustable rate senior or sub-ordinated debt securities, including bonds, convertible bonds, zero coupon, deferred payment and discount bonds, contingent convertible bonds, commercial paper, covered bonds, inflation-linked bonds, mortgage-backed and asset-backed securities, warrants, participation interests in loans (which are securitised and freely transferable and are secured senior leveraged loans made to companies in developed markets that are seeking to raise an amount of debt such that it is uneconomical for them to issue a bond) subject to a maximum of 20% of the Net Asset Value of the Master Fund, collateralised loan obligations, payment-in-kind bonds (which are bonds that pay interest in the form of additional bonds of the same kind), debentures and notes (including freely transferable and unleveraged structured notes and freely transferable promissory notes) issued by governments, government agencies and corporate entities located anywhere in the world (including emerging market countries). Debt securities may be of any maturity (or no maturity, e.g., perpetuals);

- **FDI**: The following FDI, for investment purposes (i.e. to obtain exposure to the performance of the underlying assets described below) and/or for efficient portfolio management purposes, as described in the Prospectus under "Use of Financial Derivative Instruments":

    - Futures contracts based on the fixed income securities described above and indices of such securities (which meet the requirements of and, where necessary, have been cleared by the Central Bank for use by UCITS) may be used for investment purposes (i.e. to achieve a profit) as well as to hedge existing long positions, and futures on interest rates and currencies may be used for hedging purposes;

    - Options on the fixed income securities described above, indices of such securities (which meet the requirements of and, where necessary, have been cleared by the Central Bank for use by UCITS) and credit default swaps on such indices may be used for investment purposes (i.e. to achieve a profit) as well as to hedge existing long positions, and options on currencies may be used for hedging purposes. These options may be either exchange traded or traded "over-the-counter";

    - Swaps on the fixed income securities described above, inflation, volatility, variance, credit default and total return swaps, contracts for difference, swaptions and swaps (including credit default swaps) on indices (of the fixed income securities described above) may be used for investment purposes (i.e. to achieve a profit) as well as to hedge existing long positions, and interest rate swaps, interest rate swaptions and currency swaps may be used for hedging purposes; and

- Forwards on the fixed income securities described above and indices of such securities (which meet the requirements of and, where necessary, have been cleared by the Central Bank for use by UCITS) may be used for investment purposes (i.e. to achieve a profit) as well as to hedge existing long positions, and forwards on interest rates and currencies (also known as Foreign Exchange (FX) forward contracts) may be used for hedging purposes.

In addition, the Master Fund may invest in collective investment schemes which are themselves exposed to investments that are similar to the Master Fund's other investments. Such collective investment schemes may or may not be managed by the Investment Manager or its affiliates and will comply with the requirements of the UCITS Regulations in respect of such investments.

The Master Fund may, with the remaining portion of its assets and on an ancillary basis, invest in equities or equity-related securities. Such securities may include common stocks, depositary receipts (American Depository Receipts, European Depository Receipts or Global Depository Receipts) and related securities (preferred stocks, subscription rights, warrants, convertible securities and convertible preferred stocks).

The Master Fund may also invest in credit-linked notes, which are investments whose yield or repayment is linked to credit risks or that are used to transfer the credit risk of a third party.

The Master Fund may enter into repurchase agreements, reverse repurchase agreements and securities lending transactions as described in the "*Investment Restrictions*" section below and subject to the "*Securities Lending"* and "*Repurchase and Reverse Repurchase Agreements"* sub-sections of the section of the Prospectus entitled "*Investment Objectives and Policies*" and to the conditions and limits set out in the Central Bank UCITS Regulations.

The Master Fund may also, on an ancillary basis for cash management purposes, invest in money market instruments including bank deposits, fixed or floating rate instruments (including commercial paper), floating or variable rate notes, bankers acceptances, certificates of deposit, debentures and short-dated government or corporate bonds and cash and cash equivalents (including treasury bills) that are rated as investment grade or below or are unrated.

Investment Restrictions

The Master Fund will comply with the investment restrictions set out in the "*Investment Restrictions*" section of the Prospectus. Investment in other collective investment schemes will be no more than 10% of the Net Asset Value of the Master Fund and investment in emerging market countries will be no more than 70% of the Net Asset Value of the Master Fund.

A maximum of 10% of the Master Fund's Net Asset Value may be invested in fixed income securities issued by issuers in India.

An aggregate maximum of 20% of the Master Fund's Net Asset Value may be invested directly in onshore China fixed income securities through either the China Inter-bank Bond Market or the QFII programme (in the manner described in Schedule 1).

The Master Fund's exposure to types of securities financing transactions is as set out below (in each case as a percentage of Net Asset Value):

	Expected	Maximum
Total Return Swaps	0%	30%
Repurchase Agreements & Reverse	0%	30%

Repurchase Agreement		
Securities Lending	0%	30%

Investment in India

The Master Fund may invest in fixed income securities issued by issuers in India. The Master Fund will obtain and hold all necessary licenses from local regulatory authorities for investing in India. The Master Fund will be classed in India as a foreign portfolio investor ("**FPI**"). Any fixed income securities of issuers based in India will be registered and held on behalf of the Master Fund by one of the sub-custodians listed in Schedule III of the Prospectus.

The Manager is required to register the Master Fund as a FPI with the Securities and Exchange Board of India ("**SEBI**") under the SEBI (Foreign Portfolio Investors) Regulations 2014 (the "**FPI Regulations**") to be eligible to invest in the Indian capital market. SEBI approved Designated Depository Participants ("**DDPs**") register FPIs on behalf of the SEBI subject to compliance with "Know Your Client" or "KYC" requirements.

The Master Fund must comply with certain investment controls applicable to FPIs under the FPI Regulations as established by SEBI and the Reserve Bank of India. These investment controls are subject to change from time to time and are monitored by the DDPs and the relevant Advisers. Where an Adviser proposes to invest in fixed income securities of issuers based in India, the Manager will ensure that the relevant Adviser has the necessary expertise to manage the particular risks of such investment. In particular, the Manager and the relevant Adviser will seek to ensure that any applicable investment controls do not impact the Master Fund's ability to appropriately manage its liquidity.

Investment in China

The Master Fund may invest in fixed income securities listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the China Inter-bank Bond Market. Please see Appendix 1 for further information in respect of investment in China.

Leverage

The Master Fund's global exposure is subject to an advanced risk management process which, in compliance with the UCITS Regulations, aims to ensure that on any day the relative value-at-risk of the Master Fund will be no greater than twice the value-at-risk of 50% ICE BofAML Non-Financial Developed Markets High Yield and 50% J.P. Morgan EM Equal Weight Total Return. The value-at-risk of the Master Fund is a daily estimation of the maximum loss which the Master Fund may incur over a 20 Business Day holding period and is arrived at through quantitative simulations with a 99% one tailed confidence interval and using an historical observation period of at least 250 Business Days. This process is described in detail in the statement of risk management procedures of the Fund. As noted above under the section entitled "Instruments", Advisers may use certain FDI for investment purposes and such FDI will embed leverage. As a result, it is expected that the leverage of the Master Fund, as measured by the sum of the notional of its derivative positions, will be between 300% and 400% of its Net Asset Value, although investors should note that higher levels of leverage may be experienced.

Schedule 1 - Investment in China

Definitions applicable to this Appendix

"Additional QFII Quota"	means any additional Fidelity QFII Quota which may be granted to the QFII Quota Holder as a QFII;
"CSDCC"	means The China Securities Depository & Clearing Corporation Limited, including its Shanghai Branch, Shenzhen Branch and/or such other branch as may be established;
"CSRC"	means The China Securities Regulatory Commission of the PRC, the government agency responsible for matters relating to securities regulation;
"CIBM"	means the China Inter-bank Bond Market;
"Exchange"	means SSE, SZSE and any other stock exchange that opens in the PRC;
"Fidelity QFII Quota"	means a PRC foreign investment quota granted to the QFII Quota Holder as a QFII (including any Additional QFII Quota) as updated, modified or renewed from time to time;
"Investment Regulations"	as the context requires, means the laws, regulations and rules governing the QFII program, the CIBM and the relevant investments thereunder by overseas institutional investors, including any amendments to the foregoing from time to time;
"PBOC"	means The People's Bank of China, the central bank of the PRC, and/or its Shanghai Head Office as appropriate;
"PRC" or "China"	means the People's Republic of China (excluding the Hong Kong and Macau Special Administrative Regions and Taiwan) and the term "Chinese" shall be construed accordingly;
"QFII"	means qualified foreign institutional investor under the Investment Regulations;
"QFII Quota"	means a PRC foreign investment quota, including any additional quota, granted to a QFII pursuant to the Investment Regulations as updated, modified or renewed from time to time;
"QFII Quota Holder"	FIL Investment Management (Hong Kong) Limited;
"RMB" or "Renminbi"	means the lawful currency of PRC;
"SAFE"	means the PRC State Administration of Foreign Exchange, the government agency responsible for matters relating to foreign exchange administration;
"Securities System"	means the CSDCC, China Central Depository & Clearing Co., Ltd., Shanghai Clearing House and/or other recognised clearing and depository agencies in the PRC;

"Sub-Depositary"	means (i) The HongKong and Shanghai Banking Corporation Limited (in relation to QFII); and (ii) Standard Chartered Bank (China) Limited (in relation to CIBM), as applicable and as the context requires;
"SSE"	means the Shanghai Stock Exchange; and
"SZSE"	means the Shenzhen Stock Exchange.

Investment Regulations

As described above under "*Investment Strategy*", the Master Fund may invest in the Chinese securities market through multiple available foreign investment channels which currently include the QFII program and direct access to the CIBM. To the extent such investment is made, the Investment Regulations governing the relevant channel will become applicable and should be complied with.

Investment Regulations related to the QFII program

Under the current Investment Regulations, overseas fund managers, security houses, insurance companies and other institutions may apply to be approved as a QFII and granted a QFII Quota provided such investors meet certain eligibility criteria. The granting of such QFII license is subject to approval from the CSRC, whereas the granting of such QFII Quotas is subject to filing with or approval from the SAFE, as appropriate.

Under the Investment Regulations related to the QFII program, direct investment in bonds, securities investment funds and warrants traded or transferred on SSE or SZSE and fixed-income products in the CIBM is generally permitted. The scope of investments permitted, however, is narrowed by several restrictions. Firstly, investments by a QFII in the CIBM require a completion of prior filing with PBOC. Secondly, CSRC and SAFE may impose certain unofficial requirements on the asset allocation from time to time. Thirdly, the QFIIs may be subject to relevant PRC rules or guidance on industrial investment restrictions. Accordingly QFIIs are only permitted to invest in market sectors which are open to foreign investment.

A QFII is obliged to appoint a licensed PRC custodian bank to act in respect of its holdings. In respect of the Master Fund's utilisation of the Fidelity QFII Quota this requirement is met by the appointment of the Sub-Depositary. Under the current Investment Regulations, the Sub-Depositary is responsible for opening securities trading accounts and the securities settlement accounts with the Securities System, as well as Renminbi accounts and foreign exchange accounts for each of its QFII customers.

Currently under the SAFE rules, if a QFII fails to effectively utilise its QFII Quota within one year after the QFII Quota is filed or approved, SAFE is entitled to revoke part or all of the unused QFII Quota.

Effect of Investment Regulations on Redemptions

As at the date of this Supplement, no limit in relation to the repatriation of funds applies under the SAFE rules. In addition, the QFII programme is not subject to any lock-up periods (i.e. capital remitted into the PRC through the QFII Quota may be repatriated and no time restrictions apply). Investors should note that the Investment Regulations and/or the approach adopted by SAFE in relation to the repatriation of funds under the QFII programme may change from time to time.

<u>QFII Specific Risks</u>

QFII Status and QFII Quota

Currently, the QFII Quota Holder has obtained the QFII status approved by CSRC and the Fidelity QFII Quota. Investments by the Master Fund in China, if made under the QFII regime, will principally be made and held through the Fidelity QFII Quota. However, under the Investment Regulations, the QFII status and/or the Fidelity QFII Quota could be suspended or revoked under certain circumstances where the PRC regulators have discretions. If the QFII status or Fidelity QFII Quota of the QFII Quota Holder is suspended or revoked, the Master Fund may be required to sell its securities holdings under the Fidelity QFII Quota and may not be able to access the Chinese securities market via the Fidelity QFII Quota as contemplated in this Supplement, which may have an adverse effect on the Master Fund's performance.

In addition, the Master Fund may not have exclusive use of the Fidelity QFII Quota and the Fidelity QFII Quota may also be allocated across the Master Fund and other investors at the determination of QFII Quota Holder. Investors should note that there can be no assurance that Master Fund may be allocated a sufficient portion of the Fidelity QFII Quota from the QFII Quota Holder to meet the investment objectives of such Master Fund.

Moreover, the Investment Regulations generally apply at the QFII level, and not simply to investments made on behalf of the Master Fund. Thus investors should be aware that violations of the Investment Regulations arising out of activities related to the portions of the Fidelity QFII Quota by such other investors other than those which are utilised by the Master Fund could result in the revocation of or other regulatory action in respect of the Fidelity QFII Quota as a whole, including the cancellation of any portion utilised by the Master Fund. The regulations relating to the investment restrictions in A Shares are also generally applied at the QFII level (as discussed in details below), which may also be impacted by the actions of other investors utilising the Fidelity QFII Quota. Hence the ability of the Master Fund to make investments and/or repatriate monies from the Fidelity QFII Quota may be affected adversely by the investments, performance and/or repatriation of monies of and by other investors utilising the Fidelity QFII Quota.

The Fidelity QFII Quota is also subject to review from time to time by the PRC regulators and may be reduced or eliminated entirely in case of a breach of certain Investment Regulations. Currently under the Investment Regulations, if a QFII fails to effectively utilise its QFII Quota within one year after the QFII Quota is granted, SAFE is entitled to revoke part or all of the unused QFII Quota. The Manager and the QFII Quota Holder cannot predict what would occur if the Fidelity QFII Quota was reduced or eliminated, although such an occurrence would likely have a material adverse effect on the Master Fund.

Custody

Exchange-traded securities purchased on behalf of the Master Fund through the Fidelity QFII Quota are required to be recorded by CSDCC as credited to a securities trading account maintained in the joint names of the QFII Quota Holder as the QFII and the Master Fund (or such other account name as required by the Investment Regulations which may reference also the Master Fund).

The Manager / the QFII Quota Holder expects to receive a legal opinion from a qualified PRC law firm confirming that as a matter of PRC law, the QFII Quota Holder as QFII will have no ownership interest in the securities and that the Master Fund will ultimately and exclusively be entitled to ownership of the securities.

However, given that pursuant to the Investment Regulations the QFII as account-holder will be the party entitled to the securities (albeit that this entitlement does not constitute an ownership interest or preclude the QFII purchasing securities on behalf of the Master Fund) the assets of the Master Fund (or the Fund) may not be as well protected as they would be if it were possible for them to be registered and held solely in the name of the Master Fund (or the Fund). In particular, given that the Fidelity QFII Quota will be viewed as belonging to a company within Fidelity, there is a risk that creditors of Fidelity may incorrectly assume, contrary to the legal opinion referred to, that the Master Fund's or the Fund's assets belong to Fidelity and such creditors may seek to gain control of the Master Fund's or the Fund's assets in lieu of such liabilities.

The evidence of title of exchange-traded securities in the PRC consists only of electronic book-entries in the depository and/or registry associated with the relevant Exchange. These arrangements of the depositories and registries are new and not fully tested in regard to their efficiency, accuracy and security.

In order to prevent any trading failure, CSDCC will automatically settle any trades executed by the

PRC securities trading house relating to the securities trading account maintained in the joint names of the Master Fund and the QFII Quota Holder as QFII. Accordingly all instructions issued by the PRC securities trading house relating to the securities trading account will be executed without the need of consent or direction of the Sub-Depositary.

Use of Brokers per Exchange

Under the Investment Regulations, up to three PRC securities trading houses or brokers per Exchange can be appointed by a QFII. However, in practice, the Investment Manager on behalf of the Master Fund may or may not elect to use multiple brokers at an Exchange, if it reasonably believes it is in the best interest of the Master Fund and its investors. To the extent permitted by applicable law, the Investment Manager may in its absolute discretion direct the execution of some or all securities trades through an affiliate.

The Investment Manager anticipates that it will place particular emphasis on the perceived quality of execution and reputation of the brokers, in addition to other factors. In consequence, if a broker offers the Master Fund standards of execution which the Investment Manager reasonably believes to be amongst best practice in the PRC marketplace, the Investment Manager may determine that it should consistently execute transactions with that broker (including where it is an affiliate) notwithstanding that they may not be executed at best price and shall have no liability to account to the Master Fund in respect of the difference between the price at which the Master Fund executes transactions and any other price that may have been available in the market at that relevant time.

Disclosure to the Exchange

According to the relevant Investment Regulations, where the relevant Exchange spots any abnormal trading which may affect the normal trading order, it may request the involved QFII to promptly report the securities transaction and shareholding information of the QFII's relevant underlying investors, which may include information on the Master Fund.

Clearing Reserve Fund

Under the Investment Regulations, the Sub-Depositary is required to deposit a minimum clearing reserve fund as a percentage of the aggregate QFII Quota of all QFIIs in the custody of the Sub-Depositary, the percentage amount to be determined from time to time by the CSDCC Shanghai and Shenzhen branches. Currently, the minimum clearing reserve ratio determined by the CSDCC Shanghai and Shenzhen branches are 0.08% and 0.06% respectively.

<u>CIBM Direct Entry Specific Risks</u>

Regulatory Risks

An investment in the CIBM by the Master Fund is also subject to regulatory risks. The relevant rules and regulations on investments in the CIBM are subject to changes which may have potential retrospective effect. In the event that the relevant PRC authorities suspend accounts opening or trading in CIBM, the Master Fund's ability to invest in CIBM will be limited and, after exhausting other trading alternatives, the Master Fund may suffer substantial losses as a result.

Moreover, although there is no quota restriction under the Investment Regulations, relevant information about the Master Fund's investments, such as the investment term, needs to be filed with PBOC and an update filing will be required if there is any significant change to the filed information. It cannot be predicted whether PBOC will make any comments on or require any changes with respect to such information for the purpose of filing. If so required, the Master Fund will need to follow PBOC instructions and make the relevant changes accordingly, which, may not be in the best interests of the Master Fund and its investors from a commercial perspective.

Liquidity and Volatility

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly.

The Master Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Master Fund may therefore incur significant trading and realisation costs and may even suffer losses when disposing of such investments.

Settlement Agent and Procedures

An onshore settlement agent shall be engaged by the Investment Manager to make the filing on behalf of the Master Fund and conduct trading and settlement agency services for the Master Fund. To the extent that the Master Fund transacts in the CIBM, the Master Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Master Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

Since the relevant filings and account opening for investment in the CIBM have to be carried out via the onshore settlement agent, the Master Fund is also subject to the risks of default or errors on the part of the onshore settlement agent.

Moreover, PBOC will exercise on-going supervision on the onshore settlement agent and the Master Fund's trading activities under Investment Regulations. In the occurrence of any non-compliance of these regulations by either the onshore settlement agent or the Master Fund, PBOC may take relevant administrative actions such as suspension of trading or business and mandatory exit against the onshore settlement agent, the Master Fund and/or the Investment Manager. The Master Fund and its investors may suffer substantial losses due to such suspension or mandatory exit.

Remittance and Repatriation

The Investment Regulations allow foreign investors to remit investment amounts in RMB or foreign currency into China for investing in the CIBM. For repatriation of funds out of China by the Master Fund, the ratio of RMB to foreign currency should generally match the original currency ratio when the investment principal was remitted into China, with a maximum permissible deviation of 10%. Such requirements may change in the future which may have an adverse impact on the Master Fund's investment in the CIBM.