Fidelity UCITS II ICAV

Fidelity Enhanced Reserve 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 Enhanced Reserve 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 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

Base Currency	USD
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 will be a Dealing 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 Investment Management (Hong Kong) Limited, Level 21, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong
Fees	The maximum TER for each Class is set forth in the table in the "*Classes*" section below. Further information in this respect is set out in the "*Fees and Expenses*" section of the Prospectus, and below. Notwithstanding anything to the contrary in the Prospectus, where the Sub-Fund invests in other collective investment schemes managed by the Manager or an affiliate of the Manager, to mitigate a double management fee charge in respect of the same portfolio, up to the full amount of the charges which the Manager and/or any affiliate of the Manager receives for managing the investments of the relevant underlying collective investment scheme will be credited to the Sub-Fund, to the extent that such charges are attributable to investment in the underlying collective investment scheme by the Sub-Fund.
MINCOME Shares	Any share class for which the word MINCOME is included in its name.
Minimum subscription amount **Minimum additional subscription amount** **Minimum holding amount** **Minimum redemption amount** **Share Class eligibility (where applicable)**	***(i) All Share Classes (except Share Classes denominated in Singapore Dollar)*** Class A Minimum subscription amount: USD 2,500 Minimum additional subscription amount: USD 1,500 Minimum holding amount: USD 2,500 Minimum redemption amount: USD 1,500 Class I Minimum subscription amount: USD 10,000,000 Minimum additional subscription amount: USD 100,000 Minimum holding amount: USD10,000,000 Minimum redemption amount: USD 100,000

	Class I Shares may only be acquired by investors who meet the requirements established from time to time by the General Distributor. The I Class of Shares is designed principally for investment of assets of investors such as pension funds, charities and local government bodies. <u>Class Y</u> Minimum subscription amount: USD 2,500 Minimum additional subscription amount: USD 1,000 Minimum holding amount: USD 2,500 Minimum redemption amount: USD 1,000 Class Y Shares are available to: - certain financial intermediaries or institutions for their investment services, which are exclusively remunerated by their clients, and either have separate fee based advisory arrangements with their clients or provide independent advice or discretionary portfolio management; and - other investors or intermediaries at the Board's, the Manager's or their delegates' discretion. <u>Class R</u> Minimum subscription amount: N/A Minimum additional subscription amount: N/A Minimum holding amount: N/A Minimum redemption amount: N/A Class R Shares are available to investors who are clients of Fidelity International (which, according to applicable regulatory requirements, is not permitted to receive fees, commissions or non-monetary benefits other than directly from its underlying clients) and who enter into a specific agreement with the Manager or an associate of the Manager for that purpose. ***(ii) All Share Classes denominated in Singapore Dollar*** <u>Class A</u> Minimum subscription amount: SGD 2,500 Minimum additional subscription amount: SGD 1,500 Minimum holding amount: SGD 2,500 Minimum redemption amount: SGD 1,500 <u>Class I</u> Minimum subscription amount: SGD 10,000,000 Minimum additional subscription amount: SGD 100,000 Minimum holding amount: SGD 10,000,0000 Minimum redemption amount: SGD 100,000 Class I Shares may only be acquired by investors who meet the requirements established from time to time by the General Distributor. The I Class of Shares is designed principally for investment of assets of

	investors such as pension funds, charities and local government bodies. <u>Class Y</u> Minimum subscription amount: SGD 2,500 Minimum additional subscription amount: SGD 1,000 Minimum holding amount: SGD 2,500 Minimum redemption amount: SGD 1,000 Class Y Shares are available to: - certain financial intermediaries or institutions for their investment services, which are exclusively remunerated by their clients, and either have separate fee based advisory arrangements with their clients or provide independent advice or discretionary portfolio management; and - other investors or intermediaries at the Board's, the Manager's or their delegates' discretion.
Settlement Deadline	The 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 latest mid-market price on the relevant Recognised Market on each Valuation Day for assets quoted, listed or traded on or under the rules of such Recognised Market.
Valuation Day	Each Business Day will be a Valuation Day. For any given Dealing Day, the same day shall be the relevant Valuation Day
Valuation Point	12 noon (Irish time) on each Valuation Day

Classes

Shares of the Sub-Fund may be divided into different Share Classes with different dividend policies and currency hedging exposures. 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
A-ACC AUD Hedged	AUD	Yes, NAV Hedge	Accumulating	0.63	3 June 2022 to 2 December 2022	10.00 AUD
A-ACC CAD	CAD	No	Accumulating	0.60	3 June 2022 to 2 December 2022	10.00 CAD
A-ACC CAD Hedged	CAD	Yes, NAV Hedge	Accumulating	0.63	3 June 2022 to 2 December 2022	10.00 CAD
A-ACC CHF Hedged	CHF	Yes, NAV Hedge	Accumulating	0.63	3 June 2022 to 2 December 2022	10.00 CHF
A-ACC EUR	EUR	No	Accumulating	0.60	3 June 2022 to 2 December 2022	10.00 EUR
A-ACC EUR Hedged	EUR	Yes, NAV Hedge	Accumulating	0.63	3 June 2022 to 2 December 2022	10.00 EUR
A-ACC GBP	GBP	No	Accumulating	0.60	3 June 2022 to 2 December 2022	10.00 GBP
A-ACC GBP Hedged	GBP	Yes, NAV Hedge	Accumulating	0.63	3 June 2022 to 2 December	10.00 GBP

					2022	
A-ACC HKD	HKD	No	Accumulating	0.60	3 June 2022 to 2 December 2022	10.00 HKD
A-ACC HKD Hedged	HKD	Yes, NAV Hedge	Accumulating	0.63	3 June 2022 to 2 December 2022	10.00 HKD
A-ACC JPY Hedged	JPY	Yes, NAV Hedge	Accumulating	0.63	3 June 2022 to 2 December 2022	1000.00 JPY
A-ACC SGD Hedged	SGD	Yes, NAV Hedge	Accumulating	0.63	N/A*	10.00 SGD
A-ACC USD	USD	No	Accumulating	0.60	N/A*	10.00 USD
A-MINCOME(G) HKD	HKD	No	Gross Income Monthly Distributing	0.60	3 June 2022 to 2 December 2022	10.00 HKD
A-MINCOME(G) USD	USD	No	Gross Income Monthly Distributing	0.60	N/A*	10.00 USD
A-MINCOME(G) AUD Hedged	AUD	Yes, NAV Hedge	Gross Income Monthly Distributing	0.63	N/A*	10.00 AUD
A-MINCOME(G) CAD	CAD	No	Gross Income Monthly Distributing	0.60	3 June 2022 to 2 December 2022	10.00 CAD
A-MINCOME(G) CAD Hedged	CAD	Yes, NAV Hedge	Gross Income Monthly Distributing	0.63	3 June 2022 to 2 December 2022	10.00 CAD
A-MINCOME(G) EUR Hedged	EUR	Yes, NAV Hedge	Gross Income Monthly Distributing	0.63	N/A*	10.00 EUR
A-MINCOME(G) GBP Hedged	GBP	Yes, NAV Hedge	Gross Income Monthly Distributing	0.63	N/A*	10.00 GBP
A-MINCOME(G) RMB Hedged	RMB	Yes, NAV Hedge	Gross Income Monthly Distributing	0.63	3 June 2022 to 2 December	100.00 RMB

					2022	
A-MINCOME(G) SGD Hedged	SGD	Yes, NAV Hedge	Gross Income Monthly Distributing	0.63	N/A*	10.00 SGD
I-QINCOME(G) USD	USD	No	Gross Income Quarterly Distributing	0.30	N/A*	10.00 USD
R-ACC EUR+	EUR	No	Accumulating	0.10	3 June 2022 to 2 December 2022	10.00 EUR
R-ACC EUR Hedged+	EUR	Yes, NAV Hedge	Accumulating	0.13	3 June 2022 to 2 December 2022	10.00 EUR
R-ACC USD+	USD	No	Accumulating	0.10	N/A*	10.00 USD
R-MINCOME EUR+	EUR	No	Net Income Monthly Distributing	0.10	3 June 2022 to 2 December 2022	10.00 EUR
R-MINCOME EUR Hedged+	EUR	Yes, NAV Hedge	Net Income Monthly Distributing	0.13	3 June 2022 to 2 December 2022	10.00 EUR
R-MINCOME USD+	USD	No	Net Income Monthly Distributing	0.10	3 June 2022 to 2 December 2022	10.00 USD
Y-ACC AUD Hedged	AUD	Yes, NAV Hedge	Accumulating	0.43	3 June 2022 to 2 December 2022	10.00 AUD
Y-ACC CAD	CAD	No	Accumulating	0.40	3 June 2022 to 2 December 2022	10.00 CAD
Y-ACC CAD Hedged	CAD	Yes, NAV Hedge	Accumulating	0.43	3 June 2022 to 2 December 2022	10.00 CAD

Y-ACC CHF Hedged	CHF	Yes, NAV Hedge	Accumulating	0.43	3 June 2022 to 2 December 2022	10.00 CHF
Y-ACC EUR Hedged	EUR	Yes, NAV Hedge	Accumulating	0.43	3 June 2022 to 2 December 2022	10.00 EUR
Y-ACC HKD	HKD	No	Accumulating	0.40	3 June 2022 to 2 December 2022	10.00 HKD
Y-ACC HKD Hedged	HKD	Yes, NAV Hedge	Accumulating	0.43	3 June 2022 to 2 December 2022	10.00 HKD
Y-ACC JPY Hedged	JPY	Yes, NAV Hedge	Accumulating	0.43	3 June 2022 to 2 December 2022	1000.00 JPY
Y-ACC SGD Hedged	SGD	Yes, NAV Hedge	Accumulating	0.43	N/A*	10.00 SGD
Y-ACC USD	USD	No	Accumulating	0.40	N/A*	10.00 USD
Y-MINCOME(G) AUD Hedged	AUD	Yes, NAV Hedge	Gross Income Monthly Distributing	0.43	3 June 2022 to 2 December 2022	10.00 AUD
Y-MINCOME(G) CAD	CAD	No	Gross Income Monthly Distributing	0.40	3 June 2022 to 2 December 2022	10.00 CAD
Y-MINCOME(G) CAD Hedged	CAD	Yes, NAV Hedge	Gross Income Monthly Distributing	0.43	3 June 2022 to 2 December 2022	10.00 CAD
Y-MINCOME(G) CHF Hedged	CHF	Yes, NAV Hedge	Gross Income Monthly Distributing	0.43	3 June 2022 to 2 December 2022	10.00 CHF

Y-MINCOME(G) EUR	EUR	No	Gross Income Monthly Distributing	0.40	3 June 2022 to 2 December 2022	10.00 EUR
Y-MINCOME(G) EUR Hedged	EUR	Yes, NAV Hedge	Gross Income Monthly Distributing	0.43	3 June 2022 to 2 December 2022	10.00 EUR
Y-MINCOME(G) GBP Hedged	GBP	Yes, NAV Hedge	Gross Income Monthly Distributing	0.43	3 June 2022 to 2 December 2022	10.00 GBP
Y-MINCOME(G) HKD	HKD	No	Gross Income Monthly Distributing	0.40	3 June 2022 to 2 December 2022	10.00 HKD
Y-MINCOME(G) HKD Hedged	HKD	Yes, NAV Hedge	Gross Income Monthly Distributing	0.43	3 June 2022 to 2 December 2022	10.00 HKD
Y-MINCOME(G) JPY Hedged	JPY	Yes, NAV Hedge	Gross Income Monthly Distributing	0.43	3 June 2022 to 2 December 2022	1000.00 JPY
Y-MINCOME(G) RMB Hedged	RMB	Yes, NAV Hedge	Gross Income Monthly Distributing	0.43	3 June 2022 to 2 December 2022	100.00 RMB
Y-MINCOME(G) SGD Hedged	SGD	Yes, NAV Hedge	Gross Income Monthly Distributing	0.43	3 June 2022 to 2 December 2022	10.00 SGD
Y-MINCOME(G) USD	USD	No	Gross Income Monthly Distributing	0.40	N/A*	10.00 USD

* 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.

+ The TER in respect of the Class R Shares will not include any fees payable to the Manager.

INVESTMENT OBJECTIVE AND POLICY

Investment Objective

The investment objective of the Sub-Fund is to provide an attractive level of risk adjusted total return (income plus capital appreciation) from a portfolio of debt securities issued worldwide.

Investment Policy

The investment policy of the Sub-Fund is to invest primarily in a broad range of fixed income securities and money market instruments which are issued by governments of, government agencies or corporate issuers worldwide. The Sub-Fund may invest in such securities issued in both developed and emerging market countries. The Sub-Fund is actively managed and its portfolio is not constrained by reference to any index.

The Investment Manager will not focus on any particular market sector or industry and investments may be in a number of sectors, including the financial services, industrials, and technology sectors. The Investment Manager will approach investment opportunities from a total return perspective, benefiting not only from the debt securities' regular coupon payments but also from capital appreciation. The Investment Manager will seek to deliver attractive risk adjusted returns by extracting the highest level of return per unit of risk or minimising the risk for each unit of return. Accordingly, for every level of risk the Investment Manager will look for debt securities with the most attractive yield and for any level of yield, the Investment Manager will aim to purchase debt securities with the lowest level of risk. The Investment Manager believes that this approach results in a portfolio that has an attractive total return per unit of risk taken. The selection of investments shall be driven by bottom-up security selection, based on fundamental and relative-value credit analysis.

As noted above, the Sub-Fund's investments will primarily be fixed income securities and money market instruments. Such securities and instruments include bonds, bonds with warrants, convertible bonds, contingent convertible bonds (including corporate hybrid securities as discussed below), subordinated bonds, dim sum bonds (i.e., bonds issued outside of China but denominated in Chinese renminbi), debentures and notes (including freely transferable notes and freely transferable promissory notes). They will include fixed and floating rate securities and investment grade, high yield and unrated debt securities.

The Sub-Fund may also invest in asset-backed securities, being securities that derive interest and principal payments from specified assets. These assets include mortgages (both residential and commercial) and pools of other kinds of receivables (e.g., payments owed by a debtor (whether corporate or consumer) to a creditor, such as credit card debt, consumer loan repayments, royalties). The asset-backed securities may be issued by government entities or be privately issued. The asset-backed securities may be pass-through (where the payments from the underlying borrower(s) are passed-through to the holder of the security). The asset-backed securities may be backed by payments from the underlying borrower(s) that are interest-only, principal-only or a combination of both.

The Sub-Fund may invest in Sukuk structures, which are Islamic debt instruments which represent a proportionate beneficial ownership in an asset or pool of assets. For a determined period, the return associated with the cash flows generated from the assets belongs to the Sukuk holders. The characteristics of a Sukuk are therefore similar to a conventional debt security, with the difference that sukuks are generally asset-based or asset-backed and carry no interest rate but rather pass the returns generated by the underlying assets to the Sukuk holder.

As mentioned above, the Sub-Fund may invest in corporate hybrid securities (e.g. a bond that has features of an ordinary bond but is influenced by movements of the stock into which it is convertible), which are highly structured instruments that combine both equity and fixed income features. They generally offer a means for issuers to borrow money from investors in return for interest payments. Such corporate issuers may utilise hybrid debt for a variety of reasons, including bolstering their capital levels, lowering their weighted average cost of capital, diversifying their funding sources and managing credit ratings. Though terms and conditions have become increasingly standardised, the specific characteristics of each instrument (such as payment conditions, the ratio of debt and equity-like features, time frames and applicable rates) can vary.

Investment grade securities are highly rated securities, generally those that are assigned a rating of BBB-/Baa3 or higher from Standard & Poor's or equivalent rating from an internationally recognised rating agency (in case of divergent ratings, the worst of the best two credit ratings applies), while high yield securities are medium or lower rated securities, generally those not rated as investment grade. The Investment Manager will seek to maintain an average credit rating, across the portfolio, of at least investment grade; however, this is not guaranteed.

The fixed income securities may have any duration (i.e., the time remaining until maturity), although the Investment Manager will seek to maintain an average duration, across the fixed income securities in the portfolio, of below two years.

Money market instruments may be fixed or floating rate. The Sub-Fund may also invest in floating or variable rate notes, debentures and short-dated government or corporate bonds that are rated as investment grade or below or are unrated.

With the exception of permitted investments in transferable securities and money market instruments which are unlisted, all securities invested in by the Sub-Fund will be listed, dealt or traded on Recognised Markets globally.

In addition, the Sub-Fund may invest up to 10% of its Net Asset Value in collective investment schemes which are themselves exposed to investments that are similar to the Sub-Fund's other investments. Such collective investment schemes may include those that are managed by the Investment Manager or its affiliates and will comply with the requirements of the UCITS Regulations.

The Sub-Fund may, for efficient portfolio management purposes or investment purposes, in accordance with the conditions and limits imposed by the Central Bank, use the following FDI:

- Interest rate swaps;
- Credit default swaps (including credit default swaps on indices which meet the requirements of the Central Bank for use by UCITS, and, where necessary, with respect to which a certification has been filed with the Central Bank);
- Futures contracts (bond futures and interest rate futures); and
- Forward foreign exchange contracts.

The use of the above-mentioned FDI for efficient portfolio management purposes or investment purposes are described under "*Use of Financial Derivative Instruments*" in the "*Investment Objectives and Policies*" section of the Prospectus. In particular, such FDI will be used to manage the duration of the Sub-Fund's exposures to the assets it holds directly (as described above) or to gain indirect exposure to assets where this is more efficient than gaining direct exposure. While the Sub-Fund may be leveraged as a result of its use of FDIs, the primary purpose of the use of FDIs is to reduce risk and it is expected that such leverage, calculated using the using the commitment approach, will not exceed 50% of the Sub-Fund's Net Asset Value.
Cash may be held on deposit by the Sub-Fund and cash equivalents may also be held by the Sub-Fund from time to time. Cash equivalents may include certificates of deposits, commercial paper, treasury bills and short-dated government bonds, provided these securities are listed, traded or dealt in on a Recognised Market and are rated investment grade or better. From time to time, the Sub-Fund may hold up to 100% of its Net Asset Value in cash deposits, cash equivalents, short-term fixed income securities and / or money market instruments for temporary defensive purposes.

The Sub-Fund does not have any exposure to total return swaps, repurchase agreements or securities lending.

Investment Restrictions

The following investment restrictions will apply, in addition to those set out in the Prospectus:

- A maximum of 30% of the Sub-Fund's Net Asset Value may be invested in below-investment grade securities.

- A maximum of 50% of the Sub-Fund's Net Asset Value may be invested in dim sum bonds (described above).

- An aggregate maximum of 20% of the Sub-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 Appendix 1), subject to a maximum of 10% of the Sub-Fund's Net Asset Value being invested through the QFII programme. .

Investment in China

The Sub-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.

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 "*Lower Rated/Unrated Securities*" risk and the "*Emerging Markets Related Risks"*. These risks are not intended to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before purchasing Shares.

The Sub-Fund is not expected to have an above average risk profile or high volatility as a result of its use of FDIs. For information in relation to risks associated with the use of financial derivative instruments, please refer to "*Derivatives Risk"* in the "*Risk Information*" section of the Prospectus.

Dim Sum Bond Market

The Sub-Fund may invest in "dim sum" bonds (i.e., bonds issued outside of China but denominated in Chinese renminbi). The "dim sum" bond market is relatively small. 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 Chinese renminbi funding by way of bond issuance and/or the reversal or suspension of the liberalisation of the Chinese market by relevant regulator(s), the operation of the "dim sum" bond market and new issuances could be disrupted and could potentially cause a loss to the Sub-Fund.

INVESTOR PROFILE

Typical investors in the Sub-Fund are expected to be retail and institutional investors whose investment objectives are geared towards the achievement of growth in the value of their investment, and who, in order to achieve this investment objective, are willing to accept an investment strategy involving a low level of volatility and risk in the management of their investment, with a short term investment horizon.

INVESTMENT MANAGER

The Manager has appointed FIL Investment Management (Hong Kong) Limited as the Investment Manager of the Sub-Fund. The Investment Manager is registered for the provision of asset management services with the Securities and Futures Commission in the Hong Kong. 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. Details of any delegate not paid directly out of the assets of the Sub-Fund will be available to Shareholders on request.

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 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 in the currency of the relevant Class, 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 normally take place within one Business Days of the Dealing Day but may take longer depending on the settlement schedule of the underlying markets. In any event, settlement will not take place later than 10 Business Days from the Dealing Deadline. Unless otherwise determined by the Directors and agreed with the Administrator, redemption monies will be paid in the currency of the relevant Class.

CONVERSIONS

Notwithstanding the terms of the Prospectus, Shareholders are not entitled to convert their Shares in the Sub-Fund into Shares in another sub-fund of the Fund.

DIVIDEND DISTRIBUTIONS

In respect of Distributing Classes other than MINCOME Shares, it is the current intention of the Directors, subject to any de minimis threshold, to declare dividends out of gross income attributable to each of the Distributing Classes. Dividends out of gross income are made up of Net Income and capital. Where dividends are paid out of capital, they will generally be intended to reflect the amount of gross income received by the Sub-Fund. In cases where expenses exceed income, this will result in a payment out of capital. In respect of the MINCOME Shares, it is the current intention of the Directors, subject to any de minimis threshold, to declare dividends which will typically comprise of all, or a substantial proportion of, the Net Income of the Class, and may, on occasion, comprise of capital, so as to seek to maintain, insofar as is reasonable, a stable dividend payment per Share. Such dividend payment per Share is not fixed and will vary according to economic and other circumstances and the ability of the Sub-Fund to support stable monthly payments without a long term positive or negative impact on capital.

Under normal circumstances, the Directors intend that: (a) in respect of monthly Distributing Classes, dividends shall be declared on the first Business Day of each month and paid on the fifth Business Day of each month, or any such other Business Day that the Directors deem appropriate; and (b) in respect of quarterly Distributing Classes, dividends shall be declared on the first Business Day of February, May, August and November and paid on the fifth Business Day of February, May, August and November, or any such other Business Day that the Directors deem appropriate. However, Shareholders should note that the Directors may, in their discretion, decide not to make such payment in respect of a Distributing Class.

Appendix

Investment in China

Definitions applicable to this Appendix

"Additional QFII Quota"	means any additional Fidelity QFII Quota which may be granted to the Investment Manager 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 Investment Manager 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;
"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 Policy*”, the Sub-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 Sub-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 Investment Manager has obtained the QFII status approved by CSRC and the Fidelity QFII Quota. Investments by the Sub-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 Investment Manager is suspended or revoked, the Sub-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 Sub-Fund's performance.

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

Moreover, the Investment Regulations generally apply at the QFII level, and not simply to investments made on behalf of the Sub-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 Sub-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 Sub-Fund. The regulations relating to the investment restrictions in A Shares are also generally applied at the QFII level (as discussed in detail below), which may also be impacted by the actions of other investors utilising the Fidelity QFII Quota. Hence the ability of the Sub-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 Fund and the Investment Manager 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 Sub-Fund.

Custody

Exchange-traded securities purchased on behalf of the Sub-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 Investment Manager as the QFII and the Sub-Fund (or such other account name as required by the Investment Regulations which may reference also the Sub-Fund).

The Fund / the Investment Manager expects to receive a legal opinion from a qualified PRC law firm confirming that as a matter of PRC law, the Investment Manager as QFII will have no ownership interest in the securities and that the Sub-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 Sub-Fund) the assets of the Sub-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 Sub-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 Sub-Fund's or the Fund's assets belong to Fidelity and such creditors may seek to gain control of the Sub-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 Sub-Fund and the Investment Manager 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 Sub-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 Sub-Fund and Shareholders. 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 Sub-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 Sub-Fund in respect of the difference between the price at which the Sub-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 Sub-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.

CIBM Direct Entry Specific Risks

Regulatory Risks

An investment in the CIBM by the Sub-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 Sub-Fund's ability to invest in CIBM will be limited and, after exhausting other trading alternatives, the Sub-Fund may suffer substantial losses as a result.

Moreover, although there is no quota restriction under the Investment Regulations, relevant information about the Sub-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 Sub-Fund will need to follow PBOC instructions and make the relevant changes accordingly, which, may not be in the best interests of the Sub-Fund and the Shareholders 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 Sub-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 Sub-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 Sub-Fund and conduct trading and settlement agency services for the Sub-Fund. To the extent that the Sub-Fund transacts in the CIBM, the Sub-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 Sub-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 Sub-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 Sub-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 Sub-Fund, PBOC may take relevant administrative actions such as suspension of trading or business and mandatory exit against the onshore settlement agent, the Sub-Fund and/or the Investment Manager. The Sub-Fund and the Shareholders 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 Sub-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 Sub-Fund's investment in the CIBM.