

# Product Disclosure Statement

# Fidelity Japan Fund

The issuer of this Product Disclosure Statement is Perpetual Trust Services Limited ABN 48 000 142 049, AFSL 236648.

The investment manager of the Fidelity Japan Fund ARSN 093 164 375 is FIL Limited.

**Issue Date: 1 July 2008**



### Contact details

An indirect investor's first point of contact is the investor's master trust or wrap account operator.

#### **Fidelity Australia**

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#### **Responsible Entity**

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#### **Investment Manager**

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#### **Custodian and Investment Administrator**

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### About this Product Disclosure Statement

The offer made in this Product Disclosure Statement ("PDS") is available only to persons receiving this PDS (electronically or otherwise) within Australia. Applications from outside Australia will not be accepted. The information contained in this PDS is general information only and has been prepared without taking into account your individual objectives, financial situation or needs. You should consider the appropriateness of the information in this PDS having regard to those matters and talk to your financial adviser before making an investment decision.

This PDS should be read in its entirety before making a decision to invest.

This PDS dated 1 July 2008 relates to units in the Fidelity Japan Fund ARSN 093 164 375, APIR code FID0004AU ("Fund").

The responsible entity of the Fund is Perpetual Trust Services Limited ABN 48 000 142 049, Australian Financial Services Licence ("AFSL") 236648 (the "responsible entity"), the issuer of this PDS and of units in this Fund.

The investment manager of the Fund is FIL Limited ("Fidelity International").

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## Fidelity International

Fidelity International was established nearly 40 years ago and operates in markets outside the Americas. Its US affiliate, Fidelity Management and Research LLC, was founded in Boston in 1946 and is one of the USA's largest mutual fund organisations.

Fidelity International and its subsidiaries now manage more than \$285<sup>1</sup> billion for millions of investors around the world – major institutions as well as private individuals.

Fidelity International has investment management activities based out of London, Paris, Frankfurt, Tokyo, Hong Kong, Mumbai, Seoul, Singapore and Sydney among other locations. A presence across key investment centres ensures that Fidelity International is well placed to penetrate the business, economic, political and social landscapes in each region in which it operates. This local fluency, born primarily out of local staffing, is fused with a global investment philosophy and communication systems.

## Fidelity Australia

FIL Investment Management (Australia) Limited ABN 34 006 773 575, AFSL 237865 ("Fidelity Australia") is a subsidiary of Fidelity International. Fidelity Australia has been providing financial services to Australian investors since 1996 and its main functions in relation to the Fund include marketing and the provision of client services.

## The responsible entity

Perpetual Trust Services Limited, the responsible entity, offers third party responsible entity services to the managed funds industry. It has agreed to act as the responsible entity for the Fund at the request of Fidelity International.

The responsible entity is part of the Perpetual Limited group of companies, which has been in operation for over 120 years.

The responsible entity is responsible for the operation of the Fund and has the power to delegate certain duties. The responsible entity has appointed Fidelity International as the investment manager of the Fund.

## Custodian and investment administrator

JPMorgan Chase Bank, N.A. ABN 43 074 112 011, AFSL 238367 ("JPMorgan") has been appointed by Fidelity International as investment administrator for the Fund and by the responsible entity as custodian to hold the assets of the Fund.

## About the Fund

### Objective

To achieve returns in excess of the TOPIX Index over the suggested minimum investment time period of five years.

### Investment process

At the centre of Fidelity International's success is its approach to managing money. This approach places first-hand, detailed research at the core of decision making, ensuring that every security is investigated as meticulously as possible before being included in a fund. Fidelity International subsequently builds funds from the bottom up, stock by stock, taking account of market trends but not being driven by them.

<sup>1</sup> As at 31 March 2008.

Fidelity International's analysts undertake extensive research at all levels of an organisation to understand exactly how they are positioned to deliver for investors. Fidelity International believes it is only through this first-hand contact rather than by relying purely on bought-in research that it can fully evaluate an investment's true potential and consistently add value for investors in the Fund.

Fidelity International has Japan analysts based in Tokyo who have access to the research of analysts elsewhere in the world and the research undertaken by Fidelity Management and Research LLC based in the US. This worldwide network comes to over 1,000<sup>2</sup> investment professionals who cover approximately 95% of the world's stockmarkets by capitalisation. This network enables the Japan analysts to gain a full picture of the foreign operations of companies. This gives the research team valuable insights into how attractive an investment opportunity is on a global scale. Fidelity International believes this approach is vital in increasingly international investment markets.

The Fund invests primarily in securities of companies located in Japan as well as those companies, located elsewhere, that derive a significant proportion of their earnings from Japan ("Japanese Securities"). As a result of Fidelity International's research intensive, stock by stock process, the Fund is not constrained to tracking the industry sector weights that comprise the TOPIX Index. The portfolio manager is free to select companies based on their merits, regardless of size, industry or location.

The Fund may invest in a variety of securities including shares, options, equity linked notes, convertible notes and debt securities.

#### **Investment guidelines**

|                      |         |
|----------------------|---------|
| Japanese Securities: | 90–100% |
| Cash:                | 0–10%   |

#### **Currency management**

The Fund's exposure to international assets will not be hedged back to Australian dollars. This means that the value of an investment in the Fund will change not only on the basis of a change in asset values, but also because of movements in exchange rates.

#### **Past performance**

The performance of the Fund may vary from time to time depending, amongst other things, on the volatility of the markets. Please contact Fidelity Australia (contact details are on page 2 of this PDS) or visit [www.fidelity.com.au](http://www.fidelity.com.au) for the latest performance information.

Past performance is not necessarily an indicator of future performance.

#### **Derivatives**

Derivatives are contracts that call for money to change hands at some future date, with the amount to be determined by agreed criteria. For example, a contract might specify that one person can buy an item from the other at today's price in six months time, regardless of the market price.

The Fund may make use of derivatives, such as futures contracts and swaps, but will only do so for the purposes of reducing risk (refer to the "Risks" section on pages 8 – 9 for a description of risks associated with investing in the Fund) or cost, or generating additional capital or income. Any derivative exposure must be fully covered by cash or assets sufficient to meet any obligation that could arise.

<sup>2</sup> As at 31 March 2008. These figures include the combined resources of Fidelity International and Fidelity Management and Research LLC. "Investment professionals" includes portfolio managers, research analysts, research associates and traders.

### Borrowing

Although the Fund constitution permits the responsible entity to borrow or raise money, it is not Fidelity International's intention for the Fund to enter into any long-term borrowings.

Short-term borrowings may occur in the ongoing management of the Fund, including to meet day-to-day liquidity requirements.

### Income distribution

Each calendar quarter

### Date of inception

1 April 1996

## Unit pricing and income distributions

### Application and withdrawal prices

Application and withdrawal prices are generally calculated each business day.

The application price is calculated by dividing the net asset value of the Fund by the number of units on issue and then adding a "buy spread".

The withdrawal price is calculated the same way, except that the "sell spread" is deducted from the net asset value per unit.

The net asset value of the Fund is calculated by deducting the value of the liabilities of the Fund (excluding liabilities to investors in respect of units on issue) from the value of the Fund's gross assets.

### Example of application and withdrawal prices

A worked example, using a hypothetical net asset value per unit and illustrating the calculation of application and withdrawal prices is set out below:

Net asset value per unit as at 30 June is \$10.00. The buy spread and the sell spread are each 0.15% of this amount, being \$0.015.

The application price is calculated as \$10.00 plus \$0.015, which equals \$10.015.

The withdrawal price is calculated as \$10.00 minus \$0.015, which equals \$9.985.

Please note that the above figures are not actual. They are illustrative only.

Buy/sell spreads are explained in the section on "Additional explanation of fees and costs" on page 11.

### Application and withdrawal requests

Unit prices are calculated using asset values at the close of markets on a business day. As a result, application and withdrawal prices are not usually available until the next business day.

Application or withdrawal requests received by 1:00pm (Sydney time) on a business day will receive the relevant price for that business day. Application and withdrawal requests received after 1:00pm (Sydney time) on a business day will generally be processed using the unit price calculated for the following business day.

If a withdrawal request is received by 1:00pm (Sydney time) on a business day and accepted for processing, the proceeds of that request will generally be paid within five business days, but may take longer in some circumstances.

The responsible entity may accept or reject an application for units in the Fund at its absolute discretion.

### Suspensions

The issue or withdrawal of units or the calculation of unit prices may in certain circumstances be suspended at any time and without notice. For example, events may occur which make it not reasonably practicable to acquire or dispose of assets of the Fund or to determine unit prices fairly.

### Valuation of Fund assets

Fund assets are generally valued according to their market value. For example, listed shares are valued according to their closing market price. A different method of valuation may be applied in some circumstances, particularly where that method is required to reflect more fairly the value of the relevant investment.

Under Australian Securities and Investments Commission ("ASIC") Class Order 05/26, the responsible entity is required to prepare certain documents, including documents describing how any discretions are exercised when calculating unit prices. These documents are available on request free of charge by contacting Fidelity Australia.

### Distributions

Distributions of the net income of the Fund, if any, are made each calendar quarter as at 31 March, 30 June, 30 September and 31 December in each year. Distributions are usually paid within 14 days following these dates. The responsible entity may also make distributions at other times. An investor who invests during a distribution period may get back some of their capital as income. Unless you instruct us otherwise, your distribution entitlement will be reinvested. Distributions are reinvested on the distribution date at an application price calculated by dividing the net asset value of the Fund (which excludes the distribution amount) by the number of units on issue and exclusive of any buy/sell spread.

An investor's distribution entitlement is calculated by dividing the distributable income amount by the total number of units on issue as at the end of the distribution period, giving a distributable income amount per unit. The distribution entitlement of an investor is then determined by multiplying the number of units held by the investor by the distributable income amount per unit.

#### Example of income distribution entitlement

The distributable income amount of the Fund as at 30 June is \$50,000.

Total number of units on issue in the Fund as at 30 June is 100,000.

The distributable income amount per unit is \$50,000 divided by 100,000 units which equals \$0.50 per unit.

The number of units held by the investor as at 30 June is 5,000.

The investor's entitlement to distributable income is calculated as 5,000 multiplied by \$0.50, which equals \$2,500.

Please note that the above figures are not actual. They are illustrative only.

## Benefits

Some of the benefits that may arise from an investment in the Fund include:

- the Fund's investments are managed by Fidelity International's investment professionals and the amount of money in the Fund allows access to otherwise unavailable investment opportunities, markets and diversification;
- the potential for income distributions;
- the potential for gains upon disposal of units by redemption or transfer; and
- the ability to withdraw an investment at any time (unless the right is suspended as described above).

## Risks

All investments are subject to risks and can go down as well as up in value. Changes in value can be significant and can happen quickly. Different types of investments perform differently at different times and have different risk characteristics and volatility.

The significant risks for the Fund, and the way Fidelity International aims to manage them, are discussed below. Risk factors and the way they are managed can impact an investor's income distributions and the value of an investor's investment.

A copy of Fidelity International's Derivative Risk Statement is available from Fidelity Australia on request.

The significant risks for the Fund are:

|                                 |   |
|---------------------------------|---|
| <b>Specific investment risk</b> | Investments such as shares in a company can fall in value for many reasons such as changes in internal operations or management of the company or changes in the business environment in which the company operates. Fidelity International aims to reduce this risk with its intensive research approach which focuses on regular company contact and both internal and external research of companies and the industries in which they operate. |
| <b>Market risk</b>              | Economic, technological, political or legal conditions, and even market sentiment, can change, with consequential impact on the value of investment markets and the Fund's investments. Fidelity International aims to reduce this risk by monitoring markets and buying and selling investments with the aim of maximising returns over the medium to longer term.   |
| <b>Interest rate risk</b>       | Changes in interest rates can have a positive or negative impact on investment value or returns – for example, the cost of a company's borrowing can impact its performance and share price.<br><br>Whilst Fidelity International monitors the impact of interest rate changes on the investments in the Fund, Fidelity International does not undertake any specific interest rate risk management activities.                                   |

|                        |   |
|------------------------|---|
| <b>Fund risk</b>       | <p>Risks particular to the Fund include that it could terminate, the fees and expenses could change, the responsible entity or Fidelity International could be replaced and Fidelity International's investment professionals could change. There is also a risk that investing in the Fund may give different results than investing individually because of income or capital gains accrued in the Fund and the consequences of investment and withdrawal by other investors.</p> <p>Fidelity International and the responsible entity aim to keep Fund risk to a minimum by monitoring the Fund and acting in investors' best interests.</p> |
| <b>Derivative risk</b> | <p>Risks associated with using derivatives might include the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative, the Fund not being able to meet payment obligations as they arise, and the counterparty to the derivative contract being unable to meet its obligations under the contract. Fidelity International aims to reduce this risk by monitoring the use of derivatives, monitoring counterparties and ensuring all positions are backed by cash and/or physical equities.</p>  |
| <b>Currency risk</b>   | <p>Changes in exchange rates between the Australian dollar and foreign currencies can have a positive or negative impact on investment value or returns. The Fund's exposure to international assets will not be hedged back to Australian dollars and therefore an investment in the Fund is exposed to currency risk.</p>   |
| <b>Liquidity risk</b>  | <p>This is the risk that an investment may not be able to be bought or sold quickly enough to prevent or minimise a loss. A lack of liquidity may also affect the amount of time it takes the responsible entity to satisfy withdrawal requests.</p> <p>Fidelity International aims to reduce this risk by monitoring the cash levels of the Fund and the markets.</p>  |

## Fees and other costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the ASIC website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your investment, from the returns on your investment or from the Fund assets as a whole.

Information about taxes is set out in the "Taxation" section on page 15.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

| TYPE OF FEE OR COST   | AMOUNT  | HOW AND WHEN PAID   |
|---|---|---|
| Fees when money moves in or out of the Fund                                       |   |   |
| <i>Establishment fee</i><br>The fee to open your investment.                      | Not applicable  | Not applicable  |
| <i>Contribution fee</i><br>The fee on each amount contributed to your investment. | Not applicable  | Not applicable  |
| <i>Withdrawal fee</i><br>The fee on each amount you take out of your investment.  | Not applicable  | Not applicable  |
| <i>Termination fee</i><br>The fee to close your investment.                       | Not applicable  | Not applicable  |
| Management costs  |   |   |
| The fees and costs for managing your investment <sup>3</sup> .                    | 1.15% per annum of the net asset value of the Fund <sup>3</sup> . | The fee is deducted from the net assets of the Fund and is reflected in the Fund's unit price. The fee is calculated and accrued daily and paid monthly in arrears, or at such other times as determined by the responsible entity. Some of this fee may be rebated to wholesale clients. |
| Service fees  |   |   |
| <i>Investment switching fee</i><br>The fee for changing investment options.       | Not applicable  | Not applicable  |

<sup>3</sup> Please refer to the explanation of management costs in the "Additional explanation of fees and costs" section. These fees and costs may include an amount payable to an operator of a master trust or wrap account or an adviser (see "Product access payments and fund manager payments" under the heading "Additional explanation of fees and costs").

## Additional explanation of fees and costs

### Management costs – 1.15%

The Fund will bear management costs payable to the responsible entity of 1.15% per annum of the net asset value of the Fund ("management costs"). These are the costs charged by the responsible entity in relation to the proper performance of its duties in respect of the Fund, either directly or by way of reimbursement out of the Fund, and are not charged directly to the account of any investor. Any unrecoverable goods and services tax ("GST") borne by the Fund will also be part of the management costs.

The management costs include, but are not limited to, costs associated with investment management, custody and investment administration as well as legal and tax services.

The responsible entity, in accordance with its powers under the constitution, has outsourced some of these services. The costs of these service providers will be borne by the responsible entity as part of the management costs and are not an additional charge to investors.

The constitution of the Fund provides that the responsible entity is entitled to receive a maximum fee of 1.55% per annum (excluding GST) of the net asset value of the Fund.

The responsible entity is entitled to be indemnified out of the assets of the Fund for any liability incurred by it in properly performing any of its powers and duties in relation to the Fund. This indemnity is in addition to the management costs payable to the responsible entity. These liabilities may include the cost of holding a unit holder meeting, costs associated with legal proceedings or borrowing costs.

### Transactional and operational costs

Transactional and operational costs are expenses incurred by the responsible entity or Fidelity International that are generally associated with the purchase and disposal of the assets of the Fund. These transactional and operational costs include, but are not limited to, brokerage, stamp duty, share and foreign currency exchange settlement and clearing fees. The transactional and operational costs are reflected in the daily unit price and are paid out of the Fund's assets.

### The buy/sell spread

The buy/sell spread is an expense recovered by the Fund from investors who apply for or withdraw units from the Fund. These expenses include brokerage, stamp duties and share and foreign currency exchange settlement and clearing fees relating to the purchase or sale of assets associated with an application or withdrawal. The buy/sell spread is retained by the Fund to meet the expense of investors entering or exiting the Fund to ensure that existing investors do not pay such costs. In passing on these costs, none of the responsible entity, Fidelity Australia, Fidelity International (or any investment manager appointed by it) receives any financial benefit.

As at the date of this PDS, the buy spread and the sell spread for applications and withdrawals are each 0.15% of the value of the application amount or withdrawal amount. The buy/sell spread may change from time to time without notice depending on the nature of the costs and the volume and types of assets being purchased or sold. The buy/sell spread is an additional cost to investors and is added on to or subtracted from the application and withdrawal unit value.

### **Increases or alterations to fees**

Should there be a decision to increase fees and expenses, investors will be given 30 days prior notice.

### **Fees for indirect investors**

Investors accessing the Fund through a master trust or wrap account ("indirect investors") will, in addition to the fees described above, bear the fees and expenses described in the relevant offer document issued by the operator of any such master trust or wrap account. For a full explanation of fees and costs associated with investing through a master trust or wrap account, contact the operator or your financial adviser.

### **GST**

Please refer to the "Taxation" section of this PDS (on page 15) for information about GST. Unless otherwise noted, all fees and management costs specified in this PDS (including in the worked example on page 13) are inclusive of GST, net of any input tax credits (including reduced input tax credits) available to the Fund. However, if expenses are recovered from the Fund, and the responsible entity is required to pay GST in respect of the expense, the responsible entity may recover an amount equal to the GST from the assets of the Fund.

### **Differential fees**

Both Fidelity International and the responsible entity may agree with investors who are wholesale clients (as defined in the Corporations Act 2001 (Cth) ("Corporations Act")) to rebate some of the management costs on a case by case basis. Please contact Fidelity Australia for more information.

### **Product access payments and fund manager payments**

Fidelity International may enter into arrangements which involve making product access payments or fund manager payments. A flat fee and/or a fee based on the percentage of the management costs, but no more than 100%, may be paid to any of the following:

- the operator of a master trust or wrap account through which the Fund is made available; and
- the provider of a distribution or administration service that facilitates investments by investors in a master trust or wrap account.

These payments are made by Fidelity International and are not an additional charge to investors.

### **Register of alternative forms of remuneration**

Fidelity Australia maintains a register of alternative forms of remuneration which details material payments and benefits made to and received from distributors of financial products. The register is publicly available and you can obtain a copy by contacting Fidelity Australia.

### Example of annual fees and costs

This table gives an example of how the fees and costs for this product can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

| EXAMPLE                      |             | BALANCE OF \$550,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR  |
|------------------------------|-------------|--|
| Contribution fees            | Nil         | For every additional \$5,000 you put in, you will not be charged a fee.  |
| <b>PLUS</b> management costs | 1.15% p.a.* | For every \$550,000 you have in the Fund, you will be charged \$6,325 each year.   |
| <b>EQUALS</b> cost of Fund   |             | If you had an investment of \$550,000 at the beginning of the year and you put in an additional \$5,000 during the year, you would be charged total fees of:<br><br>\$6,325 <sup>4</sup><br><br><b>What it costs you will depend on the fees you negotiate with your fund, financial adviser, wrap adviser or master trust operator.</b> |

\* This figure is based on the actual management costs of the Fund for the financial year ended 30 June 2007.

<sup>4</sup> Additional fees may apply. Please refer to the above explanation of "Transactional and operational costs" and "The buy/sell spread". In addition, this example does not take into account any adviser fees you may pay to a financial adviser for the provision of financial advice. These fees will be set out in the statement of advice that your financial adviser gives you.

## Investing in the Fund

### Investing through a master trust or wrap account

Investors accessing the Fund through a master trust or wrap account (i.e. indirect investors) may use this PDS to give a direction to the operator of that service to invest in the Fund. If an investor invests through a master trust or wrap account, the operator of the service, and not the investor, becomes an investor in the Fund. The operator of that service acquires the rights of an investor and can exercise, or decline to exercise, them on behalf of the indirect investor.

No cooling-off rights apply in respect of any investment in the Fund acquired through a master trust or wrap account. However, indirect investors should contact their operator and read the operator's offer document for more information on any cooling-off rights that may apply in relation to an investor's investment through the master trust or wrap account.

In addition to reading this PDS, the indirect investor should carefully read the operator's offer document, which explains the service and the fees payable by the indirect investor to the operator.

### Direct investors

Initial applications must be at least \$500,000 and can be made by completing the relevant forms. Please call the Fidelity Australia Client Services team (for contact details, please refer to page 2) for the relevant forms. The responsible entity has the discretion to accept investments less than this minimum, but will usually only do so if the applicant is a wholesale client under the Corporations Act.

To invest, simply complete the Investment Account Establishment Form and return it to Fidelity Australia. An investment account will be created for you and you will be issued with an investor number and Fidelity Australia will advise you when this process has been completed. Following notification that your investment account has been created, complete the Investment Form and fax the form and send payment to JPMorgan (for contact details, please refer to page 2). The payment methods and transfer instructions are detailed on the Investment Form. You will be sent a transaction confirmation setting out the details of your investment when your application has been accepted.

If the application cannot be processed because it is incomplete or invalid, the relevant application money will be placed into a trust account. Any interest earned in the trust account will be paid into the Fund. The Investment Form, together with your payment, should be received by 1:00pm (Sydney time) on a business day in order to receive that business day's application price.

No cooling-off rights will apply for direct investors who have made an initial application of \$500,000 or more or who are otherwise wholesale clients under the Corporations Act.

## Making a withdrawal

### Indirect investors

Indirect investors should follow the instructions of their wrap account or master trust operator to make a withdrawal from the Fund.

### Direct investors

An investor may request to withdraw all or part of their investment in the Fund at any time by providing JPMorgan with a written notice of withdrawal. Generally, partial withdrawals are subject to maintaining a minimum account balance of \$500,000.

Written requests must be signed by the investor or the authorised signatories and should specify:

- the investor name and number; and
- the amount to be withdrawn, in either dollars or units.

Withdrawal requests should be received by 1:00pm (Sydney time) on a business day in order to receive that business day's withdrawal price.

Your instructions should be faxed to JPMorgan (refer to page 2 for contact details). JPMorgan will rely in good faith on facsimile instructions (even if not genuine) which contain your investor name and a signature which appears to be yours or that of an authorised signatory. By completing the Investment Account Establishment Form, you will agree and acknowledge that you will not hold any of the responsible entity, Fidelity International, Fidelity Australia and JPMorgan (the "Entities") liable in respect of any transfer, payment or any other act done in accordance with such instructions notwithstanding the same was not signed or sent by you.

## Keeping you informed

### Indirect investors

The master trust or wrap account operator will provide indirect investors with reports on the progress of the Fund.

### Direct investors

As a direct investor, you will receive:

- a monthly statement detailing the transactions (including distributions) during the period, and the balance of your investment;
- a quarterly distribution statement;
- an annual tax statement containing a summary of your distributions for the financial year to assist you in completing your tax return; and
- the annual accounts for the Fund (you may elect not to receive these if you wish).

### Continuous disclosure

This Fund may be subject to certain reporting and disclosure obligations under the Corporations Act and Regulations.

If you wish to obtain any of the following documents, please contact your master trust or wrap account operator (for indirect investors), or Fidelity Australia Client Services team (for direct investors):

- an annual financial report most recently lodged with ASIC;
- any half-yearly report for the Fund lodged with ASIC after the lodgement of the annual report and before the date of this PDS; or
- any continuous disclosure notices given by the Fund after lodgement of the annual report and before the date of this PDS.

Copies of the above documents lodged with ASIC may be obtained from, or inspected at, an ASIC office.

## Taxation

The information provided below is a general statement of the Australian income tax implications for a prospective investor who will hold units in the Fund on capital account. It does not consider investors who hold units on revenue account. The information is necessarily general in nature and does not take into account the specific circumstances of each investor. Discussion of Australian tax law is current as at the date of preparation of this PDS. As Australian tax law is complex and may change, all potential applicants should satisfy themselves of possible consequences by consulting their own professional tax advisers.

### Taxation of the Fund

#### *Calculation of the Fund's net income*

The Fund's assessable income may include distributions from equities (including franked dividends), capital gains and interest income.

This assessable income will be reduced by the application of any available deductions, which may include interest paid on borrowings and any other expenses having the necessary connection with the Fund's investments.

Under existing tax law, provided the responsible entity distributes all net taxable income of the Fund (including net taxable capital gains) to investors, the responsible entity should generally not be liable to pay tax in respect of the Fund. In addition, on the basis that the Fund will only invest in securities and derivatives and will not control, directly or indirectly,

the affairs or operations of another entity in relation to the conduct of a trading business, the Fund should not be taxed as a corporate entity for tax purposes.

The Fund should be entitled to the 50% discount on any net capital gain realised in respect of assets it has held for at least 12 months.

In determining the amount of the net capital gain against which the 50% discount is applied, capital losses are first offset against the full amount of capital gains made by the Fund in the relevant income year. The 50% discount is applied against any resulting net capital gain. If a net capital loss instead arises in any income year for the Fund, such a net capital loss is not able to be offset against ordinary income, and must be carried forward to future income years.

### **Taxation of investors**

#### *Distributions to resident investors*

Each Australian resident investor will be required to include in their assessable income the proportionate share of the net income (including net taxable capital gains) of the Fund to which they become presently entitled.

If the responsible entity has applied the 50% discount in determining an investor's share of a realised capital gain, an investor will need to double that gain, apply any capital losses against this amount and then apply any discount to which the investor may be eligible.

This amount should be declared in an investor's income tax return for the year in which the investor became presently entitled, whether it is distributed by payment during the income period, by payment after the income period or by reinvestment in additional units in the Fund.

Distributions may affect entitlements to social security benefits.

#### *Tax advantaged income*

Where the cash distribution from the Fund exceeds the taxable component of that distribution, the excess will not be immediately taxable but may reduce the capital gains tax ("CGT") cost base of the units held by an investor. This excess is often referred to as the "tax advantaged" component of the distribution. A cost base reduction will be required for all non-assessable components that will be distributed by the Fund, with the exception of the discounted portion of any distributed capital gains.

For non-resident investors, the non-assessable component does not include dividend and interest components that are subject to withholding tax. To the extent that the total amount of tax advantaged income exceeds the cost base of units held in the Fund, a capital gain will arise. Such capital gain may be eligible for the CGT discount concession.

#### *Character of income*

The character of particular categories of income (including foreign income) in the hands of the Fund will be retained on distribution to investors. For example, dividend income received by the Fund will retain its character when received by investors.

#### *Foreign tax credits*

Australian resident investors may be entitled to claim foreign tax credits in respect of foreign-sourced income. The amount of the credit is the lesser of the Australian tax liability on the foreign income and the amount of the foreign tax (usually in the form of withholding tax in the case of foreign-sourced dividends and interest).

#### *Foreign Investment Fund income*

Investments in certain foreign companies and trusts held by the Fund may be subject to the Foreign Investment Fund ("FIF") legislation. This may result in any increase in the value

of such investments being included in the taxable income of the Fund notwithstanding that the increase has not been realised by the Fund. Fidelity International intends to manage the investments of the Fund so as to minimise the impact of the FIF legislation.

#### *Distributions to non-resident investors*

In the event that a non-resident investor becomes entitled to a share of the net income of the Fund, the responsible entity may retain a portion of the distribution to provide for the tax that will become payable on income or gains having an Australian source.

If the net income of the Fund to which a non-resident is entitled includes a capital gain, the non-resident will not be liable to Australian tax on that capital gain if the gain relates to an asset without the necessary connection with Australia, such as an asset of another fixed trust in which the Fund has an interest (directly, or indirectly through a chain of fixed trusts) or, broadly, an interest in a fixed trust whose underlying assets are without the necessary connection with Australia. Given the nature of the investments of the Fund it is expected that non-resident investors will not be subject to tax on most capital gains made by the Fund.

Non-resident investors may lodge an Australian tax return to declare their share of the net income of the Fund as assessable income and claim any applicable deductions. In these circumstances, the correct level of tax will be imposed and any excess tax initially withheld by the responsible entity will be refunded. Distributions to non-resident investors from sources wholly outside of Australia will generally be exempt from Australian income tax.

#### *Disposal of units*

A taxable capital gain or loss may be realised in the event that units in the Fund are withdrawn or otherwise disposed of. In ascertaining the cost base of units as at the time of a disposal, it will be necessary to have regard to any cost base adjustments arising from the receipt of tax advantaged income (as discussed above).

An investor that is a natural person, a trust or a complying superannuation fund may be entitled to the CGT discount concession on the capital gain realised on the disposal of units held for at least 12 months. Any capital loss may be offset against other capital gains made by the investor in that year or subsequent years.

A non-resident investor will generally only be assessed on capital gains arising from the disposal of units in the Fund, if the investor and its associates held, or had the option or right to hold, 10% or more of the issued units in the Fund at any time during the five years immediately preceding the disposal.

Even where that is the case, a capital gain made by a non-resident on disposal of units may, nevertheless, be disregarded provided that at the time of disposal the Fund satisfies the requirements to be a fixed trust for taxation purposes and at least 90% of the underlying investments of the Fund (by market value) do not have the necessary connection with Australia. Since 1 January 2007, CGT would generally not apply to the disposal of assets held by non-residents except for land and interests in entities predominantly holding land.

Taxation relief may be available to non-resident investors under a double taxation agreement, depending on the individual circumstances of the investor and the terms of the particular treaty. Non-resident investors should obtain professional advice in this regard.

#### **GST**

The acquisition, withdrawal or other disposal of units in the Fund by investors is not subject to GST. The Fund generally incurs GST in respect of its various fees and expenses, but may not be entitled to input tax credits or may only be entitled to a partial input tax credit in respect of GST incurred.

## Further information and important notices

### Fund documentation

#### *Constitution*

The constitution for the Fund is a unit trust deed. It binds the responsible entity and all investors. A copy of the constitution is available free of charge from Fidelity Australia on request. Its principal provisions include those dealing with:

- the duration of the Fund including termination;
- duties and obligations of the responsible entity (and their delegation);
- the responsible entity's powers, including the power to borrow;
- fees and recoverable expenses and the limitation of the responsible entity's liability and indemnification;
- investor meetings;
- the method by which complaints are dealt with;
- the calculation, entitlement to and distribution of income; and
- calculation of unit prices and related mechanisms.

The constitution may be amended by the responsible entity at any time if the amendments are not adverse to the rights of investors. Otherwise the approval of investors by special resolution must be obtained.

The Fund terminates 80 years from establishment, but the responsible entity can terminate it earlier by notice to investors. On termination, the responsible entity will realise the assets and pay to investors their share of the net proceeds of realisation.

The constitution limits an investor's liability to the value of his/her investment in the Fund so an investor should not, solely by reason of being an investor, be personally liable to indemnify the responsible entity or any creditor of the Fund should the Fund be unable to meet its debts. However, an absolute assurance about an investor's liability cannot be given because the issue has not been finally determined by a superior court.

Subject to the Corporations Act, the responsible entity is entitled to be indemnified in full out of the assets of the Fund for any liability incurred by it in the proper performance of its duties or powers in respect of the Fund, and is not liable to investors for any loss suffered in relation to the Fund, except where the loss is caused by the responsible entity failing to properly perform its duties.

#### *The Investment Management Agreement*

The responsible entity has entered into the Investment Management Agreement with Fidelity International. Under the Investment Management Agreement, Fidelity International agrees to provide investment management and administration (such as accounting, unit pricing, income calculation and unit registry) services to the responsible entity.

The Investment Management Agreement may be terminated at any time by either party in the event of certain insolvency or breach events. Additionally, Fidelity International may terminate the Investment Management Agreement on six months notice to the responsible entity.

Fidelity International has outsourced the provision of the abovementioned administration services to JPMorgan.

### Labour standards, environmental, social and ethical considerations

Decisions about the selection, retention or realisation of investments for the Fund are primarily based on company and industry fundamentals and Fidelity International does not take into account labour standards, environmental, social or ethical issues when making these decisions except to the extent that these issues have a material impact on either investment risk or return.

The responsible entity and Fidelity International do not have a predetermined view on what they regard to be a labour standard or an environmental, social or ethical consideration.

### Anti-money laundering and counter-terrorism financing laws

Under anti-money laundering and counter-terrorism financing laws, the responsible entity and Fidelity International, its subsidiaries and affiliates ("Fidelity entities") have obligations to address money laundering and terrorism financing risks.

The responsible entity and Fidelity Australia reserve the right to request such information as is necessary to verify:

- the identity of an investor and any underlying beneficial owner of the investor; and
- the source of funds of the investment.

In the event of a delay or failure by the investor to produce any information required for verification purposes, the responsible entity may refuse to accept an application.

The responsible entity, by written notice to any investor, may suspend the payment of redemption proceeds payable to such investor if the responsible entity or any Fidelity entity reasonably deem it necessary to do so to comply with any anti-money laundering and counter-terrorism financing law applicable to them.

### Personal information

If you are investing via a master trust or wrap account, please be aware that none of the Entities collect or hold personal information in connection with your investment in the Fund.

If you are investing in the Fund, by signing the Investment Account Establishment Form, you agree to any of the Entities and their respective related bodies corporate and affiliates (who may be outside Australia), collecting, holding and using your personal information to process your application and manage the products and services provided. This includes monitoring, auditing, evaluating, modelling data, dealing with complaints and answering queries. Without this information, it may not be possible to process your application or provide an appropriate level of service.

Your information may be disclosed to your financial adviser and to the agents and service providers of an Entity on the basis that they deal with such information in accordance with the relevant Entity's privacy policy. Information may also be disclosed to third parties if that disclosure is required or authorised by law.

Under the Privacy Act 1988, you may request access to personal information held by any of the Entities. You can contact Fidelity Australia to make such a request or to arrange for a copy of the relevant Entity's privacy policy.

### Complaints handling

The responsible entity has established procedures for dealing with complaints. If an investor has a complaint, they can contact the responsible entity or Fidelity Australia during business hours. Contact details can be found on page 2 of this PDS.

The responsible entity will use reasonable endeavours to deal with and resolve the complaint within a maximum period of 45 days.

If the complaint has not been resolved within 45 days or an investor is not satisfied with the outcome, the complaint can be referred to the Financial Ombudsman Service ("FOS"), an external complaints resolution scheme of which the responsible entity is a member. FOS is located at 31 Queen Street, Melbourne VIC 3000 and the toll free number is 1300 780 808. FOS's role and terms of reference are specified in FOS's rules available at [www.fos.org.au](http://www.fos.org.au).

#### Updated information

The information in this PDS may change or be updated from time to time. Unless the changed information is materially adverse to investors, the responsible entity may not always update or replace this PDS to reflect the changed information. To find out about any up-to-date information not contained in this PDS, either call Fidelity Australia or access its website at [www.fidelity.com.au](http://www.fidelity.com.au). A paper copy of any updated information will be provided on request free of charge.

#### Consents

Fidelity International and Fidelity Australia have given their written consent to the statements made by them, or said to be based on the statements made by them, being included in the PDS in the form and context as at the date of this PDS.

JPMorgan has given and not withdrawn its written consent to be named in this PDS in the contexts in which it appears on pages 2, 4, 14 and 18. JPMorgan has not caused the issue of this PDS. Other than in relation to the statements covered by the consent, JPMorgan has not made any statement and makes no representations as to the truth or accuracy of the contents of this PDS; and JPMorgan does not make any representation regarding or accept any responsibility for any statements or omissions in or from any other parts of this PDS. JPMorgan makes no representations as to, and does not guarantee the return of, any investment, maintenance of capital, any tax deduction availability or the performance of any investment in the Fund. The information contained in this PDS is not a recommendation by JPMorgan that any person acquire units in the Fund.

#### Related parties and service providers

Fidelity International, Fidelity Australia and the responsible entity may from time to time use the services of related parties and pay commercial rates for those services. Such services may include broking, investment management and administration.

#### Preparation of PDS and related information

None of the responsible entity, Fidelity International or Fidelity Australia, nor any of their related bodies corporate or directors or officers makes any representations or guarantees as to the future performance of the Fund, or any particular rate of capital or income return. The value of an investment in the Fund may rise or fall. This may result in the possible loss of income and principal invested and delays in repayment.

The Fund is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading in the Fund may harm performance by disrupting portfolio management strategies and by increasing expenses. The responsible entity may refuse to accept applications for units from persons who are considered to have a history of short-term or excessive trading in the Fund or in other funds managed by Fidelity International, or whose trading has been or may be disruptive.

Any investor who has obtained a copy of this PDS electronically can have a paper copy sent to them free of charge by contacting Fidelity Australia.

**Perpetual Trust Services Limited**

The responsible entity and issuer of this PDS

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PDS/JA/0708

