

Target Market Determination – Fidelity Asia Fund

Introduction

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). This TMD describes the class of consumers that comprises the target market for the financial product and matters relevant to the product's distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is **not** a product disclosure statement (**PDS**) and is **not** a complete summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the PDS for the product before making a decision whether to buy this product.

Important terms used in this TMD are defined in the TMD Definitions which supplement this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained by contacting Fidelity Australia on 1800 119 270 or by downloading from our website at www.fidelity.com.au.

This TMD applies to the unquoted class of units (Fund) in the Fidelity Asia Fund (ARSN 116072498) (Scheme). The Scheme also has a class of units that is quoted on the ASX, of which a different TMD applies.

Target Market Summary

This product is intended for use as a minor allocation for a consumer seeking capital growth, and who has a high risk and return profile for that portion of their investment portfolio. It is likely to be consistent with the financial situation and needs of a consumer with 5 years or more investment timeframe and who is unlikely to need to receive the proceeds of a withdrawal request within 5 business days.

Fund and Issuer identifiers

Issuer	FIL Responsible Entity (Australia) Limited (Fidelity Australia)	Fund name	Fidelity Asia Fund
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Issuer ABN	33 148 059 009	Fund ARSN	116 072 498
Issuer AFSL	409340	Fund APIR Code	FID0010AU
TMD issue date	20 May 2024	Fund ISIN Code	AU60FID00102
TMD version	4	Market Identifier Code	n/a
TMD contact details	auclientservices@fil.com	Product Exchange Code	n/a
Distribution status of fund	Available		

Description of Target Market

TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red and green rating methodology:

In target market	Not in target market
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Instructions

In the tables below, Column 1, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. Column 2, TMD indicator, indicates whether a consumer meeting the attribute in column 1 is likely to be in the target market for this product.

Appropriateness

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market, as the features of this product in Column 3 of the table below are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (for example, with an intended product use of *minor allocation*). In such circumstances, the product should be assessed against the consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole. For example, a consumer may seek to construct a balanced or moderate diversified portfolio with a minor allocation to growth assets. In this case, a product with a *High* risk/return profile may be consistent with the consumer's objectives for that *minor allocation*

Target Market Determination

Fidelity Asia Fund



notwithstanding that the risk/return profile of the consumer as a whole is *Medium*. In making this assessment, distributors should consider all features of a product (including its key attributes).

The FSC has provided more detailed guidance on how to take this *portfolio view* for diversification, available on the [FSC website](https://fsc.org.au/web-page-resources/2514-fsc-ddo-guidance-for-distribution-of-managed-fund) (https://fsc.org.au/web-page-resources/2514-fsc-ddo-guidance-for-distribution-of-managed-fund).

Consumer Attributes <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	TMD indicator	Product description including key attributes
Consumer’s investment objective		
Capital Growth		The Fund aims to achieve returns in excess of the MSCI All Country Asia ex-Japan Index NR over the medium to long term.
Capital Preservation		
Income Distribution		The Fund provides an actively managed portfolio of Asian shares and may pay distributions annually. The Fund aims to offer capital growth. Investment in the Fund does not, however, guarantee a profit or protect against loss.
Consumer’s intended product use (% of investable assets)		
Solution/Standalone (up to 100%)		The Fund is comprised of 90-100% Asian listed securities and 0-10% cash. The Fund has medium portfolio diversification.
Major allocation (up to 75%)		
Core component (up to 50%)		The Fund is not intended to be used as a standalone allocation of a consumer's total investable assets (also refer to the relevant TMD indicators).
Minor allocation (up to 25%)		
Satellite allocation (up to 10%)		
Consumer’s investment timeframe		
Minimum investment timeframe	5 years.	The minimum suggested timeframe for holding investments in the Fund is 5 years.
Consumer’s Risk (ability to bear loss) and Return profile		
Low		The Fund has a risk band of 6 (High). The Fund is expected to have high volatility and could experience potential losses while seeking to maximise returns over the minimum investment timeframe.
Medium		
High		
Very high		
Extremely high		
Consumer’s need to access capital		

Consumer Attributes <i>[A description of the likely objectives, financial situation and needs of the class of consumers in the target market]</i>	TMD indicator	Product description including key attributes
Within one week of request		Investors will normally be able to redeem from the Fund on any business day. Generally, the proceeds of a withdrawal request will be paid within 5 business days of our acceptance of a withdrawal request.
Within one month of request		
Within three months of request		
Within one year of request		
Within 5 years of request		
Within 10 years of request		
10 years or more		
At issuer discretion		

Distribution conditions/restrictions

Distribution condition	Distribution condition rationale	Distributors this condition applies to
This Fund is available through an investor directed portfolio service (IDPS), IDPS-like scheme, nominee or custody service or any other trading platform or distributor authorised by the Responsible Entity.	<p>The platform provider has an arrangement with the issuer governing their relationship with the issuer noting that platform providers, as distributors, are required to take reasonable steps that will, or are likely to, result in distribution of the Fund being consistent with TMD for the product.</p> <p>In addition, the issuer of each platform product has its own obligations as a distributor to take reasonable steps that will or are reasonably likely to result in retail product distribution conduct being consistent with this TMD.</p>	Operators of investment or super platform or wrap products
This Fund can also be distributed to	Distribution must only occur if the dealer group and/or an	Dealer groups and advisers providing personal advice

<p>a consumer if the distributor is reasonably satisfied that distribution is necessary to implement personal advice given to the consumer.</p> <p>Distributors may only engage in retail product distribution conduct if:</p> <ul style="list-style-type: none"> - They are providing personal advice in relation to the product; or - They are reasonably satisfied that distribution is necessary to implement personal advice given to the consumer 	<p>adviser has satisfied themselves that the Fund, or a portfolio that the Fund would form part of, is suitable for the consumer and personal advice has been provided to the consumer</p>	<p>or dealing with a consumer to whom personal advice has been given</p> <p>Operators of investment or super platform or wrap products dealing with a consumer who has received personal advice</p>
<p>The Fund is made available through the mFund settlement service.</p>	<p>Distribution through mFund can occur via a broker or share trading platform if either:</p> <ul style="list-style-type: none"> • the broker or trading platform has provided personal advice to the consumer; or • the broker or share trading platform is providing execution-only broking services, in which case consumers are unlikely to be influenced by conduct at this point of distribution and there are limited steps and controls available to the issuer in relation to this conduct. 	<p>Brokers and trading platforms</p>
<p>The investor is required to complete the consumer attribute questions contained within the application form or provided as part of the onboarding process.</p>	<p>This distribution condition will make it likely that the issuer can identify if the product is being effectively distributed within the target market.</p> <p>Further it allows the issuer to identify where an investor is not within the target market and where a risk of harm could exist.</p>	<p>Fidelity Australia in a direct to retail consumer scenario</p>

Review triggers

Material change to key attributes, fund investment objective and/or fees.
Material deviation from benchmark / objective over sustained period.
Key attributes have not performed as disclosed by a material degree and for a material period.
Determination by the issuer of an ASIC reportable Significant Dealing.
Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product.
The use of Product Intervention Powers, regulator orders or directions that affects the product.

Mandatory TMD review periods

Review period	Maximum period for review
Initial review	1 year and 3 months
Subsequent review	2 years and 3 months

Distributor reporting requirements

Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) relating to the product. The distributor should provide all the content of the complaint, having regard to privacy.	As soon as practicable but no later than 10 business days following end of calendar quarter.	All distributors
Significant dealing outside of target market, under section 994F(6) of the Act. See Definitions for further detail.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the issuer. Distributors must report to Fidelity Australia by emailing auclientservices@fil.com or alternatively via another agreed method.

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Definitions

In some instances, examples have been provided below. These examples are indicative only and not exhaustive.

Term	Definition
Consumer's investment objective	
Capital Growth	The consumer seeks to invest in a product designed or expected to generate capital return over the investment timeframe. The consumer prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.
Capital Preservation	The consumer seeks to invest in a product designed or expected to have low volatility and minimise capital loss. The consumer prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments (this may include cash or fixed income securities).
Income Distribution	The consumer seeks to invest in a product designed or expected to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (this may include high dividend-yielding equities, fixed income securities and money market instruments).
Consumer's intended product use (% of investable assets)	
Solution/Standalone (up to 100%)	The consumer may hold the investment as up to 100% of their total <i>investable assets</i> . The consumer is likely to seek a product with <i>very high</i> portfolio diversification.
Major allocation (up to 75%)	The consumer may hold the investment as up to 75% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>high</i> portfolio diversification.
Core component (up to 50%)	The consumer may hold the investment as up to 50% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>medium</i> portfolio diversification.

Term	Definition
Minor allocation (up to 25%)	The consumer may hold the investment as up to 25% of their total <i>investable assets</i> . The consumer is likely to seek a product with at least <i>low</i> portfolio diversification.
Satellite allocation (up to 10%)	The consumer may hold the investment as up to 10% of the total <i>investable assets</i> . The consumer may seek a product with <i>very low</i> portfolio diversification. Products classified as <i>extremely high</i> risk are likely to meet this category only.
<i>Investable assets</i>	Those assets that the investor has available for investment, excluding the residential home.
Portfolio diversification (for completing the key product attribute section of consumer's intended product use)	
Note: exposures to cash and cash-like instruments may sit outside the diversification framework below.	
Very low	The product provides exposure to a single asset (for example, a commercial property) or a niche asset class (for example, minor commodities, crypto-assets or collectibles).
Low	The product provides exposure to a small number of holdings (for example, fewer than 25 securities) or a narrow asset class, sector or geographic market (for example, a single major commodity (e.g. gold) or equities from a single emerging market economy).
Medium	The product provides exposure to a moderate number of holdings (for example, up to 50 securities) in at least one broad asset class, sector or geographic market (for example, Australian fixed income securities or global natural resources).
High	The product provides exposure to a large number of holdings (for example, over 50 securities) in multiple broad asset classes, sectors or geographic markets (for example, global equities).
Very high	The product provides exposure to a large number of holdings across a broad range of asset classes, sectors <u>and</u> geographic markets with limited correlation to each other.
Consumer's intended investment timeframe	
Minimum	The minimum suggested timeframe for holding the product. Typically, this is the rolling period over which the investment objective of the product is likely to be achieved.
Consumer's Risk (ability to bear loss) and Return profile	

Term	Definition
	<p>This TMD uses the Standard Risk Measure (<i>SRM</i>) to estimate the likely number of negative annual returns for this product over a 20 year period, using the guidance and methodology outlined in the <i>Standard Risk Measure Guidance Paper For Trustees</i> (note the bands in the SRM guidance differ from the bands used in this TMD). However, SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return (including under conditions of market stress) or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. The SRM methodology may be supplemented by other risk factors. For example, some products may use leverage, derivatives or short selling; may have liquidity or withdrawal limitations; may have underlying investments with valuation risks or risks of capital loss; or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p>
Low	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a conservative or low risk appetite, • seeks to minimise volatility and potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)), and • is comfortable with a low target return profile. <p>The consumer typically prefers stable, defensive assets (such as cash).</p>
Medium	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a moderate or medium risk appetite, • seeks low volatility and potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)), and • is comfortable with a moderate target return profile. <p>The consumer typically prefers defensive assets (for example, fixed income).</p>
High	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a high risk appetite, • can accept high volatility and potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 5 or 6)), and • seeks high returns (typically over a medium or long timeframe). <p>The consumer typically prefers growth assets (for example, shares and property).</p>

Term	Definition
Very high	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has a very high risk appetite, • can accept very high volatility and potential losses (e.g. has the ability to bear 6 to 7 negative returns over a 20 year period (SRM 6 or 7)), and • seeks to maximise returns (typically over a medium or long timeframe). <p>The consumer typically prefers high growth assets (such as high conviction portfolios, hedge funds, and alternative investments).</p>
Extremely high	<p>For the relevant part of the consumer's portfolio, the consumer:</p> <ul style="list-style-type: none"> • has an extremely high risk appetite, • can accept significant volatility and losses, and • seeks to obtain accelerated returns (potentially in a short timeframe). <p>The consumer seeks extremely high risk, speculative or complex products which may have features such as significant use of derivatives, leverage or short positions or may be in emerging or niche asset classes (for example, crypto-assets or collectibles).</p>
Consumer's need to access capital	
<p>This consumer attribute addresses the likely period of time between the making of a request for redemption/withdrawal (or access to investment proceeds more generally) and the receipt of proceeds from this request under ordinary circumstances. Issuers should consider both the frequency for accepting the request and the length of time to accept, process and distribute the proceeds of such a request. To the extent that the liquidity of the underlying investments or possible liquidity constraints (e.g. ability to stagger or delay redemptions) could impact this, this is to be taken into consideration in aligning the product to the consumer's need to access capital. Where a product is held on investment platforms, distributors also need to factor in the length of time platforms take to process requests for redemption for underlying investments. Where access to investment proceeds from the product is likely to occur through a secondary market, the liquidity of the market for the product should be considered.</p>	

Term	Definition
Distributor Reporting	
Significant dealings	<p>Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is ‘significant’ and distributors have discretion to apply its ordinary meaning.</p> <p>The issuer will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.</p> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> • they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or • they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer). <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> • the nature and risk profile of the product (which may be indicated by the product’s risk rating or withdrawal timeframes), • the actual or potential harm to a consumer (which may be indicated by the value of the consumer’s investment, their intended product use or their ability to bear loss), and • the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red and/or amber ratings attributed to the consumer). <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p> <ul style="list-style-type: none"> • it constitutes more than half of the distributor’s total retail product distribution conduct in relation to the product over the quarter, • the consumer’s intended product use is <i>solution/ standalone</i>, • the consumer’s intended product use is <i>core component</i> or higher and the consumer’s risk/return profile is <i>low</i>, or • the relevant product has a green rating for consumers seeking <i>extremely high</i> risk/return.