

A guide to

Fidelity's price adjustment policy

This item is for Investment Professionals only, and should not be relied upon by private investors.

HOW DOES THIS AFFECT FIDELITY FUNDS?

From 1 November 2007, a price adjustment policy will be introduced for most Fidelity Funds SICAV Funds.

WHY IMPLEMENT A PRICE ADJUSTMENT POLICY?

Large flows of cash, in or out, can result in the underlying funds of a fund range bearing additional costs and expenses associated with trading securities. These costs are currently charged to the underlying fund and as a result large cashflows may affect the value of shares held by existing investors.

A price adjustment policy (also known as Single Swinging Pricing) allocates costs associated with large cashflows to investors dealing on that particular day. This then protects long-term shareholders.

HOW DOES IT WORK?

It works by adjusting the price at which all deals are transacted when a pre-determined cashflow threshold is breached. Consequently, on any dealing day, where net inflows or outflows breach the threshold, the price will be adjusted upwards or downwards respectively.

WHO SETS THE THRESHOLD?

The Board will set and review the threshold and price adjustment policy based upon the aggregate value of transactions that is likely to have a material impact on existing and remaining shareholders in each of the underlying funds. The price adjustment policy will be activated if the impact is greater than or equal to 5 basis points on the NAV of the fund.

HOW MUCH WILL IT BE?

The adjustment will be based on an estimate of the dealing costs for the particular asset-mix of the underlying fund but will not exceed 2% of the original value.

HOW OFTEN WILL PRICE ADJUSTMENTS HAPPEN?

It is expected that the requirement for the price adjustment policy to be implemented will be occasional, as these types of adjustments are in response to significant cash flows, rather than normal volumes.

FURTHER INFORMATION

For further information on this policy, please refer to Fidelity Funds SICAV Prospectus which can be found at www.fidelity.co.uk/adviser/literature/downloads

