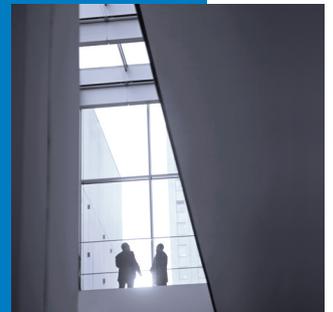


Annual Short Report

For the year ended
28 February 2014



FIDELITY INVESTMENT FUNDS ANNUAL SHORT REPORT FOR THE YEAR ENDED 28 FEBRUARY 2014

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FIDELITY INVESTMENT FUNDS ANNUAL SHORT REPORT FOR THE YEAR ENDED 28 FEBRUARY 2014

INTRODUCTION

In order to provide the shareholders with regular and relevant information about the progress of the Fidelity Investment Funds (the Company), the Financial Conduct Authority (FCA) requires the Authorised Corporate Director (ACD) to send a short report to all shareholders.

This document is a short report of the Company covering the year ended 28 February 2014. The information in this report is designed to inform shareholders on the activities of the funds during the period it covers and the result of those activities at the end of the period. The results for each sub-fund are set out in detail in the relevant section of the report.

A more detailed long form version of the report is available free of charge on request to the ACD. The independent Auditors' report on the annual report and financial statements of the Company for the year ended 28 February 2014 was unqualified.

For more information about the activities and performance of the funds during this and the previous period, please contact the ACD.

CHANGES TO THE PROSPECTUS

For the year ended 28 February 2014 the following significant changes were made to the Prospectus and Instrument of Incorporation:

- Fidelity Asian Dividend Fund launched on 19 August 2013.
- Y Accumulation share class was launched on 26 June 2013 for Fidelity MoneyBuilder Income Fund.
- I Accumulation share class was launched on 19 September 2013 for Fidelity MoneyBuilder UK Index Fund.
- Y Accumulation share class was launched on 19 September 2013 for Fidelity Strategic Bond Fund.
- Fidelity Global Enhanced Income Fund launched on 2 October 2013.
- A Accumulation share class was launched on 13 November 2013 for Fidelity MoneyBuilder Dividend Fund.
- Y Accumulation share class was launched on 13 November 2013 for Fidelity Extra Income Fund.
- Gross paying Y Accumulation share classes were launched on 13 November 2013 for Fidelity Extra Income Fund and Fidelity Strategic Bond Fund.
- W Accumulation shares classes were launched on 13 November 2013 for Fidelity European Fund and Fidelity UK Select Fund.
- Fidelity Index Europe ex UK Fund and Fidelity Index Japan Fund launched on 22 January 2014.
- Fidelity Index Pacific ex Japan Fund launched on 6 February 2014.
- W Income share class was launched on 19 February 2014 for Fidelity Global Property Fund.

FIDELITY INVESTMENT FUNDS ANNUAL SHORT REPORT FOR THE YEAR ENDED 28 FEBRUARY 2014

GENERAL INFORMATION

FIDELITY INVESTMENT FUNDS

REGISTERED OFFICE

Oakhill House
130 Tonbridge Road
Hildenborough
Tonbridge
Kent TN11 9DZ
United Kingdom
www.fidelity.co.uk

Authorised and regulated in the UK by the Financial Conduct Authority.

INVESTMENT ADVISERS

For funds managed wholly or principally in the United Kingdom:
FIL Investment Services (UK) Limited

Oakhill House
130 Tonbridge Road
Hildenborough
Tonbridge
Kent TN11 9DZ
United Kingdom

Authorised and regulated in the UK by the Financial Conduct Authority.
Registered in England and Wales No 2016555.

For other funds:

FIL Fund Management Limited
Pembroke Hall
42 Crow Lane
Pembroke HM19
Bermuda

Licensed by the Bermuda Monetary Authority under the Investment Business Act to conduct investment business.

AUTHORISED CORPORATE DIRECTOR (ACD), GENERAL DISTRIBUTOR, ADMINISTRATOR AND REGISTRAR

FIL Investment Services (UK) Limited
Oakhill House
130 Tonbridge Road
Hildenborough
Tonbridge
Kent TN11 9DZ
United Kingdom

The ACD is FIL Investment Services (UK) Limited and is the sole director.
Registered in England and Wales No 2016555.

SUB-DISTRIBUTOR

Financial Administration Services Limited
Oakhill House
130 Tonbridge Road
Hildenborough
Tonbridge
Kent TN11 9DZ
United Kingdom

By a separate sub-distribution agreement dated 1 March 2012 the ACD has appointed Financial Administration Services Limited to distribute shares in the United Kingdom.

Authorised and regulated in the UK by the Financial Conduct Authority.

DEPOSITARY

J.P. Morgan Trustee and Depositary Company Limited
Registered Office:
25 Bank Street
London E14 5JP
United Kingdom

Head Office:
Chaseside
Bournemouth
Dorset BH7 7DA
United Kingdom

Authorised and regulated in the UK by the Financial Conduct Authority.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT
United Kingdom

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of US companies. The portfolio is likely to have a bias towards larger and medium-sized companies, although the ACD is not restricted in its choice of company by either size or industry.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

US equities rose over the review period amid sharp swings in investor confidence. On the economic front, continued signs of sustained recovery in employment and the housing market were key positives. However, speculation about the extent and the timing of the US Federal Reserve's (Fed) reduction in its bond purchases dominated investor sentiment. It was a clear indication of the strength of the US economic recovery and the central bank's announcement of the first round of reduction in monthly bond purchases was well received. By testing waters earlier in the review period, the central bank ensured that the initial impact of such a change was already factored in by the market. The Fed's repeated assurance that short-term interest rates would remain near-zero for longer than previously suggested, provided respite.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period. Selected health care positions added during the year were noteworthy contributors to returns. These included Forest Laboratories, where the new CEO implemented several shareholder friendly decisions in a small time frame. Forest was subsequently taken over by generic drugs company Actavis for US\$ 25 billion. Another new holding in Illumina benefited from better than estimated results. It became increasingly evident that the leading gene-sequencing company is successfully building an integrated system to analyse genetic information and developing new systems that will support growth going forward. Exposure to Gilead Sciences also proved rewarding, as the leading anti-retroviral drugs producer's new HIV drugs continued to be well received. Gilead also got a marketing authorisation from the European Commission for its Sovaldi formulation for the treatment of chronic Hepatitis C infection. I sold the holding in Onyx Pharmaceuticals as its shares rose following its takeover by Amgen. I also sold the positions in Merck and Pfizer. Meanwhile, a new position in Chipotle Mexican Grill supported returns, as it delivered a 30% increase in its fourth-quarter profits. The company saw an increase in customer footfall aided by its strong thrust on marketing and new restaurant concepts and catering services. Elsewhere, I added Micron Technology that benefited from a strong presence in the DRAM memory segment and improvements in pricing and revenue.

OUTLOOK

A number of fiscal pressures, such as a reduction in government spending and higher taxes, that had impacted economic growth and sentiment during 2013 have started to recede, setting the stage for improved growth in 2014. This has positive implications for company earnings, which had disappointed so far due to prevailing uncertainties. Investors are pricing-in the long term story for US equities, supported by improving labour and housing markets. I remain focused on opportunities where significant changes in existing trends are not yet recognised.

Peter Kaye
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	36.5	16.1	1.2	11.4	16.2
Y Accumulation Shares	-	16.6	1.8	12.0	16.9
W Accumulation Shares	-	-	-	-	17.1
*Comparative Index	43.2	14.3	6.6	19.0	13.2

* Comparative Index: S&P 500 Index (NUK)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 10,775.9%. Over 5 years the fund has returned 107.8% compared with the comparative index return of 134.8%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. Investment in smaller companies can carry a higher risk because their prices may be more volatile than those of larger companies.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Health Care	19.22	16.43
Information Technology	19.18	16.78
Consumer Discretionary	18.95	12.52
Industrials	11.45	12.03
Consumer Staples	9.42	14.25
Financials	9.17	12.68
Energy	6.56	12.28
Materials	4.58	1.84
Utilities	-	0.65
Cash and other net assets/(liabilities)	1.47	0.54

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Google (A)	3.88
Forest Laboratories	2.54
Amazon.com	2.52
Home Depot	2.48
Gilead Sciences	2.25
Brown Forman (Non-voting) (B)	2.16
Johnson & Johnson	2.14
Covance	2.09
Illumina	2.00
Express Scripts	1.93

Top holdings as at 28/02/13	% of total net assets
Johnson & Johnson	3.71
ExxonMobil	3.69
Procter & Gamble	3.29
Pfizer	3.24
Microsoft	3.04
Merck & Co	2.74
Home Depot	2.27
ChevronTexaco	2.20
Google (A)	2.17
Danaher	2.02

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	-	0.0640

	XD date	W Accumulation Shares
Final distribution	01/03/14	5.9369

Ongoing Charges (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.70	1.17
28/02/13	1.70	1.17

	W Accumulation Shares
28/02/14	0.94
28/02/13	0.94

The ongoing charges figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	902.8	2,447.06	36,895,318	22.7	174.26	13,020,723
28/02/13	1,059.4	2,105.14	50,326,739	26.9	149.12	18,065,144
29/02/12	1,085.5	1,888.62	57,476,538	23.2	133.07	17,411,256
	W Accumulation Shares					
28/02/14	81.0	2,397.93	3,376,530			
28/02/13	4.4	2,047.36	214,801			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	-	2,303.00	2,447.00	0.0640	163.90	174.30
2013	4.8953	1,858.00	2,372.00	1.0450	131.50	168.40
2012	-	1,740.00	1,927.00	0.6165	122.80	135.80
2011	-	1,492.00	1,901.00	0.2354	104.80	133.20
2010	-	1,475.00	1,859.00	0.2188	103.20	130.20
2009	5.4215	1,075.00	1,574.00	-	98.67	109.80
	W Accumulation Shares					
2014 ²	5.9369	2,255.00	2,398.00			
2013	8.7315	1,804.00	2,314.00			
2012	-	1,746.00	1,832.00			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of US companies. The portfolio is likely to have a bias towards medium-sized and smaller companies, although the ACD is not restricted in its choice of company by either size or industry.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

US equities rose over the review period amid sharp swings in investor confidence. On the economic front, continued signs of sustained recovery in employment and the housing market were key positives. However, speculation about the extent and the timing of the US Federal Reserve's (Fed) reduction in its bond purchases dominated investor sentiment. It was a clear indication of the strength of the US economic recovery and the central bank's announcement of the first round of reduction in monthly bond purchases was well received. By testing waters earlier in the review period, the central bank ensured that the initial impact of such a change was already factored in by the market. The Fed's repeated assurance that short-term interest rates would remain near-zero for longer than previously suggested, provided respite.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period. A new health care holding in Forest Laboratories was a noteworthy contributor to returns. Its new CEO implemented several shareholder friendly decisions in a small time frame, including the acquisition of specialty pharmaceuticals producer Aptalis that was viewed favourably. Forest was subsequently taken over by generic drugs company Actavis in recognition of the former's growth potential. Meanwhile, drug distributor McKesson's takeover of German peer Celesio boosted its shares. I subsequently sold this holding. A position in the health insurer Humana enhanced gains after it revealed that the government's proposed cuts to the private Medicare program appear to represent a smaller funding decline than expected. I reduced exposure to Humana. Elsewhere, another new holding in homebuilder NVR contributed to performance as an increase in average prices for its new homes led to a substantial rise in quarterly earnings. A position in semiconductor manufacturer NVIDIA also added value as its fourth-quarter revenues surpassed estimates. Strong sales of high-end graphics chips used extensively by gaming applications bolstered its results. Another conviction holding in Electronic Arts supported returns as its new Titanfall game was well received and was expected to attract further gamers' interest going into 2015. I increased exposure to both these stocks. Elsewhere, a holding in Towers Watson was sold after it reached my target price.

OUTLOOK

A number of fiscal pressures, such as a reduction in government spending and higher taxes, that had impacted economic growth and sentiment during 2013 have started to recede, setting the stage for improved growth in 2014. This has positive implications for company earnings, which had disappointed so far due to prevailing uncertainties. Investors are pricing-in the long term story for US equities, supported by improving labour and housing markets. I remain focused on bottom-up security selection, which remains the key driver of the fund's performance and risk.

Angel Agudo
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	35.0	15.1	3.7	18.3	16.6
Y Accumulation Shares	-	-	-	-	17.2
W Accumulation Shares	-	-	-	-	17.5
*Comparative Index	43.2	14.3	6.6	19.0	13.2

* Comparative Index: S&P 500 Index (NUK)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 3,423.6%. Over 5 years the fund has returned 122.6% compared with the comparative index return of 134.8%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Benchmark to 31/08/06 was NASDAQ Comp. ex dividend Index. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests in a relatively small number of companies, which can make it more volatile than funds that are more diversified. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

FIDELITY AMERICAN SPECIAL SITUATIONS FUND

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Information Technology	23.20	19.65
Health Care	19.55	17.31
Financials	14.16	18.23
Consumer Discretionary	11.83	15.57
Consumer Staples	9.41	9.12
Energy	9.13	7.81
Industrials	8.43	5.61
Materials	1.38	1.92
Cash and other net assets/(liabilities)	2.91	4.78

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Forest Laboratories	5.24
URS	4.54
NVR	4.25
Oracle	4.12
Microsoft	3.60
Huntington Bancshares	3.50
Amgen	3.44
Express Scripts	3.40
Cisco Systems	3.16
Astrazeneca ADR	3.04

Top holdings as at 28/02/13	% of total net assets
Microsoft	5.02
Johnson & Johnson	4.77
Bank of New York Mellon	3.81
Merck & Co	3.68
Google (A)	3.14
Cisco Systems	2.92
Towers Watson	2.80
Citigroup	2.76
News Corporation	2.70
Check Point Software Technologies	2.59

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	-	2.4708

	XD date	W Accumulation Shares
Final distribution	01/03/14	3.8517

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.70	1.18
28/02/13	1.71	1.19

	W Accumulation Shares
28/02/14	0.95
28/02/13	0.96

The ongoing charges figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	247.9	880.70	28,145,759	2.7	836.67	317,141
28/02/13	245.6	755.18	32,518,605	2.1	713.74	295,309
29/02/12	256.7	638.19	40,219,439	-	-	-
	W Accumulation Shares					
28/02/14	12.6	808.93	1,568,838			
28/02/13	2.7	688.27	389,092			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	-	843.70	882.80	2.4708	801.30	838.20
2013	-	671.50	880.90	1.9120	634.10	834.40
2012	-	591.40	672.80	-	595.10	634.90
2011	-	496.00	629.60			
2010	-	491.30	612.70			
2009	-	372.20	527.30			
	W Accumulation Shares					
2014 ²	3.8517	774.60	810.20			
2013	2.1900	611.30	805.60			
2012	-	582.50	611.10			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve a combination of income and long term capital growth from a portfolio made up primarily of the securities of companies in the Asia Pacific region, including ordinary shares, preference shares, convertibles and fixed interest securities. The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Asia Pacific ex Japan stocks fell over the review period on concerns over slowing growth and the health of the financial system in China. Investors also worried about the impact of the reduction in the US Federal Reserve's bond buying programme. The political crisis in Thailand; typhoon in the Philippines; and rising interest rates and the current account deficit in Indonesia also hurt equities. However, strength in the US economy and recovery in Europe provided some support. China unveiled a series of reforms to achieve stable and balanced long term growth, which also supported markets. At a sector level, energy and telecommunication stocks declined. Financials fell in light of rise in government bond yields, tight property market controls in Asia and volatility in China's interbank interest rates. Meanwhile, information technology (IT), consumer discretionary and health care stocks gained.

PORTFOLIO ACTIVITY

New Positions in internet-based software developer Kingsoft and memory chipmaker SK Hynix boosted returns. Investors favoured the former for its successful transition into a leading internet company with a strong position in cloud computing and security. The latter gained as it is likely to benefit from improved demand in developed economies; I sold the holding. Meanwhile, I increased the exposure to the industrials sector. For instance, I raised the stake in Hutchison Whampoa as the diversified industrial conglomerate is likely to benefit from improving global growth. Airline company Air New Zealand supported returns on the back of upbeat earnings growth. Selected utilities holdings also enhanced performance. The new position in gas distributor China Gas gained after the Chinese government outlined reforms that are expected to foster clean energy usage and improve the pricing mechanism. Conversely, selected consumer discretionary and telecommunications stocks hurt returns. Korean automaker Kia Motors fell as temporary operational disruptions and unfavourable currency movements hurt its earnings. The bias towards the consumer discretionary sector was reduced. I sold positions in Hong Kong-based apparel retailer Giordano and Thai media broadcaster BEC World due to a challenging growth outlook. In telecommunications, Total Access Communication fell on concerns over a rise in marketing costs and political uncertainty in Thailand.

OUTLOOK

Asia is likely to benefit from improving growth in developed economies as it should lead to increased exports from the region. As economic growth in Asia improves, companies offering stable dividends should do well. Equity valuations are fairly attractive compared to their long term historical averages. According to Consensus Forecasts, corporate earnings are expected to register double digit growth in 2014. In particular, I expect North Asian stocks to outperform the broader market as sentiment continues to improve and earnings growth accelerates.

Polly Kwan
Fund Manager
28 February 2014

PERFORMANCE RECORD

A discrete 1 year performance table has not been included as the fund launched on 19 August 2013 and does not have a full twelve month performance record.
Comparative Index: MSCI All Countries Asia Pacific ex Japan Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned -1.0%. Performance excludes initial charge.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14
	%
Financials	21.73
Information Technology	17.23
Consumer Discretionary	14.92
Industrials	14.44
Telecommunications	11.03
Materials	8.76
Utilities	3.19
Energy	3.10
Health Care	2.59
Cash and other net assets/(liabilities)	3.01

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 are shown below.

Top holdings as at 28/02/14	% of total net assets
Lyxor UCITS ETF MCSI	4.03
BHP Billiton (AU)	3.78
ANZ Banking (AU)	3.48
Telstra	2.97
Hyundai Motor	2.93
Xinyi Glass	2.85
Taiwan Semiconductor Manufacturing	2.72
Tencent	2.63
Samsung Electronics	2.55
GWA International	2.42

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis
2. Figures include the 01/03/14 distributions
3. This fund launched on 19 August 2013

FUND FACTS

INCOME (pence per share)

	XD date	A Income Shares	W Income Shares
Final distribution	01/03/14	0.2376	0.2383
Interim distribution	01/12/13	0.5900	0.5901
Interim distribution	01/09/13	0.1129	0.1121

	XD date	A Accumulation Shares	W Accumulation Shares
Final distribution	01/03/14	0.5055	0.8923

ONGOING CHARGES (%)

	A Income Shares	W Income Shares
28/02/14	1.76	1.14

	A Accumulation Shares	W Accumulation Shares
28/02/14	1.78	1.02

The ongoing charges figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Income Shares			W Income Shares		
28/02/14	0.1	98.86	65,352	1.0	99.16	988,978
	A Accumulation Shares			W Accumulation Shares		
28/02/14	0.2	99.79	210,766	1.1	100.14	1,098,262

INCOME PER SHARE AND PRICE HISTORY (PENCE)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Income Shares			W Income Shares		
2014 ²	0.2376	94.72	100.00	0.2383	94.96	100.20
2013	0.7029	98.55	107.00	0.7022	98.55	107.10
	A Accumulation Shares			W Accumulation Shares		
2014 ²	0.5055	95.38	100.70	0.8923	95.66	100.90
2013	-	98.55	107.20	-	98.55	107.30

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of companies listed in China and which are involved in the development, manufacture or sale of goods or services to consumers. The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Chinese equities were negatively impacted by concerns about slowing growth as the country moves away from its investment-led growth strategy to focus on boosting consumption. To this end, the government unveiled a series of reforms to achieve stable and balanced long term growth. These include an increase in the role of the private sector in resource allocation and measures to boost consumption as well as to improve the quality of life in terms of health care and environment. Fears about the health of the domestic financial system further hampered equities. Investors also worried about the impact that the reduction in the US Federal Reserve's bond buying programme would have on global markets. At a sector level, materials and energy fell in line with the decline in international commodities prices. A rise in government bond yields, tight property market controls and volatility in interbank interest rates hurt financials.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period, primarily due to stock selection in the consumer discretionary, IT and financials sectors. A high-conviction stake in Galaxy Entertainment Group surged as it consistently beat earnings forecasts. Its balance sheet also improved as it made early repayments of debt. The exposure to the consumer discretionary sector was increased. I bought a holding in education services provider New Oriental Education and Technology Group, which stands to benefit from increased spending on children's education. Growth in consumer spending should also benefit the new position in appliances retailer GOME Electrical Appliances. These purchases were funded by selling the holding in Shangri-La Asia. The IT sector benefited as sentiment remained positive and many companies upgraded their earnings expectations. Kingsoft and Tencent Holdings boosted returns, primarily due to the strong growth in online games. The former's office software business is also expected to generate robust earnings. I bought a holding in NetEase. Conversely, the lack of exposure to ENN Energy and automobile producer BYD detracted from relative performance as their share prices increased. Both these companies benefited from environment-related reform measures announced by the Chinese government. The underweight stance in financials was increased as I sold the position in China Taiping Insurance Holdings. The allocation to the consumer staples sector was reduced as I sold the holding in Biostime International.

OUTLOOK

China's Third Plenary Policy document has clearly demonstrated a strong political will to boost domestic consumption. Therefore, I expect consumption growth in China to remain resilient in 2014 and am optimistic about the prospects for consumer-related sectors. These sectors should be further supported by robust employment, solid wage growth, a stabilisation of the economic outlook and wealth effects as a result of rising home prices. Overall, I expect China to witness stable GDP growth of around 7.5-7.7% in 2014. As liquidity conditions are expected to remain tight, I prefer companies that have strong cash generation capability.

Raymond Ma
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	-	-	-	14.2	15.3
Y Accumulation Shares	-	-	-	14.8	16.0
*Comparative Index	-	-	-	9.5	-10.1

* Comparative Index: MSCI China Index (Net Luxembourg tax)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 35.1%. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests in a relatively small number of companies, which can make it more volatile than funds that are more diversified. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Consumer Discretionary	27.43	24.37
Financials	26.18	33.37
Information Technology	17.15	13.28
Consumer Staples	10.97	13.83
Telecommunication	4.69	7.73
Health Care	3.68	2.78
Industrials	1.98	2.54
Utilities	0.98	-
Other	0.90	0.38
Cash and other net assets/(liabilities)	6.04	1.72

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Tencent	10.12
AIA	7.55
Sands China	5.25
K Wah Construction Materials	4.89
Ping An Insurance	4.78
China Life Insurance	3.95
Cathay Financial	2.86
Kingsoft	2.75
China Pacific Insurance	2.60
Hengan	2.08

Top holdings as at 28/02/13	% of total net assets
AIA	8.65
Tencent	8.54
China Life Insurance	5.26
Ping An Insurance	5.17
China Mobile	3.54
China Pacific Insurance	3.16
Belle International	2.67
Hengan	2.65
K Wah Construction Materials	2.52
Sands China	2.15

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	0.2892	0.9921

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.83	1.30
28/02/13	1.83	1.30

The ongoing charges figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	10.0	134.96	7,384,071	3.0	136.79	2,216,200
28/02/13	8.0	117.02	6,824,800	0.2	117.94	181,175
29/02/12	4.4	102.45	4,375,963	0.1	102.70	8,160

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	0.2892	127.80	137.40	0.9921	129.50	139.20
2013	0.4935	107.50	136.70	1.0372	108.50	138.40
2012	-	92.01	107.00	-	92.16	107.70
2011	-	83.93	100.00	-	83.96	100.00

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth through investing principally in securities of companies having their head office or exercising a predominant part of their activity in less developed countries of Asia that are considered as emerging markets according to the MSCI Emerging Markets Asia Index. The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Emerging Asia stocks fell over the period on concerns over slowing growth and the health of the financial sector in China. Investors also worried about the impact that a reduction in the US Federal Reserve's bond buying programme would have on the global market. The political crisis in Thailand; typhoon in the Philippines; and rising interest rates and concerns over the current account deficit in Indonesia also hurt equities. China unveiled a series of reforms to achieve stable and balanced long term growth. At a sector level, energy and telecommunications stocks declined. Materials tracked resource prices lower. Financials, particularly real estate stocks, fell due to a rise in government bond yields, tight property market controls in Asia and volatility in China's interbank interest rates. Conversely, information technology (IT) and health care stocks gained.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period due to rewarding stock selection. In the IT sector, an overweight stance in China-based Tencent Holdings supported returns on the back of robust performance by its gaming business. The allocation to India-based IT services provider Infosys was raised as the company stands to benefit from the expected recovery in IT infrastructure spending in the US. In consumer discretionary, the position in casino operator Sands China enhanced gains as growth in mass-market gaming continues to support its earnings momentum. The exposure to automaker Brilliance China Automotive was increased in light of rising demand for luxury cars in China. I bought a new holding in India-based shoe retailer Bata India given limited competition. In utilities, new positions in China's wind power producers Huaneng Renewables and China Longyuan Power boosted returns as the government outlined reforms that are expected to foster clean energy usage. Meanwhile, selected consumer staples and materials stocks disappointed. Separately, an overweight stance in Industrial & Commercial Bank of China held back returns. I sold the holding in China Merchants Bank due to rising funding costs. Elsewhere, the stake in telecommunications services providers Axiata Group and XL Axiata were sold given limited growth opportunities.

OUTLOOK

News flow from the region is likely to dominate investor sentiment in the near term. China is implementing reforms to rebalance the economy and promote both market participation and consumption. Economies such as Thailand, Indonesia and Malaysia should also benefit from the push towards achieving an integrated ASEAN Economic Community by 2015, which would boost trade within the region. I think the outcome of upcoming elections in India and Indonesia could be the start of several positives for both economies.

Teera Chanpongsang
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	-	-	-	10.7	-7.2
Y Accumulation Shares	-	-	-	11.3	-6.7
*Comparative Index	-	-	-	10.6	-13.0

* Comparative Index: MSCI Emerging Asia Composite Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned -3.9%. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
China	31.55	30.38
India	31.44	-
Malaysia	9.15	3.53
Indonesia	8.70	10.24
Thailand	6.17	11.27
Hong Kong	4.81	7.48
Philippines	4.56	4.80
Bermuda	0.56	-
Other	1.98	-0.55
Cash and other net assets/(liabilities)	1.08	32.85

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Industrial & Commercial Bank of China	5.53
Tencent	5.28
Infosys Technology	4.61
Housing Development Finance	4.47
HDFC Bank (Dematerialised)	3.04
ITC	2.76
HCL Technologies (Dematerialised)	2.45
Tenaga Nasional	2.41
Bank Rakyat Indonesia	2.16
Bank Central Asia	2.06

Top holdings as at 28/02/13	% of total net assets
Industrial & Commercial Bank of China	3.32
China Construction Bank	3.17
Tencent	2.91
Petrochina	2.06
Kasikornbank	1.93
Bank Rakyat Indonesia	1.69
Ping An Insurance	1.52
Bangkok Bank Public NVDR	1.50
Advanced Information Services (F)	1.46
Bank Central Asia	1.45

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	0.2710	0.8447

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.83	1.24
28/02/13	1.82	1.32

The ongoing charges figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	7.9	95.93	8,224,647	0.4	97.29	389,202
28/02/13	7.9	103.35	7,677,739	0.4	104.21	399,900
29/02/12	4.0	93.35	4,288,740	1.5	93.66	1,600,425

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	0.2710	91.54	96.77	0.8447	92.79	98.08
2013	0.4438	88.60	110.50	1.0210	89.59	111.60
2012	-	85.24	96.13	0.0326	85.62	96.76
2011	-	79.34	100.00	-	79.44	100.00

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth through a portfolio primarily in securities of companies having their head office or exercising a predominant part of their activity in less developed countries of Central, Eastern and Southern Europe (including Russia), Middle East and Africa that are considered as emerging markets according to the MSCI EM Europe, Middle East and Africa Index. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Equities in the emerging Europe, Middle East and Africa (EMEA) region declined over the period. The US Federal Reserve's announcement of a second reduction in its monthly bond purchases and slowing economic growth in China hurt investor sentiment. Renewed concerns over weak current account balances of some developing countries also led to sharp falls in emerging market currencies. The Turkish Lira fell as continued political risks led to concerns that the government was losing control of an already weak economy. Shares in Hungary also slid. On a positive note, South African equities rose due to investor expectations that a weak rand will increase exporters' earnings in local currency terms. In Russia, markets rose slightly despite Moscow's de-facto seizure of Crimea, a move that raised geo-political tensions in Europe and led to sanctions against Russia.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period, largely due to stock selection in the consumer discretionary and information technology (IT) sectors. The underweight stance in materials also supported returns. From a country perspective, selected holdings in South Africa and Russia enhanced gains. Within consumer discretionary, the exposure to media company Naspers boosted returns as its share price rose in line with that of its Chinese internet subsidiary. I increased the allocation to the consumer discretionary sector by buying a new position in Steinhoff International. The South African furniture retailer has a strong presence in the European and African markets and its integrated business model allows for significant cost control across the supply chain. In consumer staples, I bought shares in Russia based Magnit owing to its fast growing food retail network in the country. I also purchased a new position in Israel based telecommunications company Bezeq given its strong market position and a history of high dividend payouts. In contrast, the holding in MTN Group was sold owing to rising competition in its main markets of Nigeria and South Africa. Within materials, I sold shares in Harmony Gold Mining. The continued demand for wage increases and subsequent labour unrests negatively affected production at its mines. In the energy sector, I sold the position in LUKOIL owing to a weak outlook for oil production.

OUTLOOK

The EMEA region benefits from favourable demographics and vast natural resources, notably energy and precious metals, which will continue to boost investment and economic growth. The backdrop of labour unrests and slowing demand for raw materials from China, however, may cause certain sectors such as mining to struggle in the near term. Nevertheless, long term economic growth prospects for the region are encouraging. In particular, the outlook for domestic consumption in Africa remains positive due to rising incomes. Moreover, given the recent declines in local currencies and equities in some countries in the EMEA region, certain markets in emerging Europe have become attractive.

Nick Price
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	84.7	19.7	-1.8	9.3	-8.1
Y Accumulation Shares	-	-	-	-	-7.5
*Comparative Index	86.2	20.0	-1.8	3.3	-14.8

* Comparative Index: MSCI Emerging EMEA Index (Capped 5%)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 35.6%. Over 5 years the fund has returned 118.0% compared with the comparative index return of 93.1%. There was a fixed-offer period from 14/01/08 to 04/02/08. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
South Africa	41.42	39.73
Russia	24.93	26.92
Nigeria	8.36	11.01
Turkey	4.64	5.61
Israel	3.75	1.55
Kenya	2.60	2.91
United Arab Emirates	2.18	1.24
Virgin Islands	2.11	0.36
Other	5.30	8.97
Cash and other net assets/(liabilities)	4.71	1.70

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Naspers	9.73
Steinhoff International	4.60
Novatek Reg S	3.89
Magnit GDR	3.87
Sberbank of Russia	3.66
Remgro	3.63
Surgutneftegaz (Pref'd)	3.48
Mobile Telesystems ADR	2.87
Nigerian Breweries	2.86
Sberbank of Russia (Pref'd)	2.81

Top holdings as at 28/02/13	% of total net assets
MTN	7.31
Naspers	7.08
Sberbank of Russia	5.71
LUKOIL	5.02
Nigerian Breweries	3.82
Surgutneftegaz (Pref'd)	3.45
Remgro	3.38
SABMiller (SA)	2.78
Discovery	2.77
Novatek Reg S	2.61

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	1.1398	1.8173

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.89	1.31
28/02/13	1.89	1.36

The ongoing charges figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	107.5	135.34	79,414,923	21.9	128.04	17,122,085
28/02/13	108.7	147.28	73,787,289	0.2	138.57	175,484
29/02/12	89.9	134.81	66,702,513	-	-	-

INCOME PER SHARE AND PRICE HISTORY (PENCE)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	1.1398	132.00	146.30	1.8173	124.90	138.30
2013	1.5406	134.80	156.20	0.5405	127.10	147.10
2012	0.2881	117.20	139.00	-	116.70	130.70
2011	-	107.90	148.90			
2010	0.0111	108.90	147.80			
2009	0.7100	59.05	114.30			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve income with the potential for some capital growth from a portfolio made up mainly of the securities of UK companies. Derivatives and forward transactions may be used for investment purposes and this may include using derivative instruments to generate additional income, for example, by the writing of call options. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

The UK stock market advanced over the 12 month period. Improvements in the UK economy, which appears to be on the road to a slow but steady recovery, supported investor sentiment. Policy announcements from global central banks and speculation about the US Federal Reserve's (Fed) monetary tapering remained in focus. Improving investor risk appetite during the period led to an increasing focus on medium and small sized companies that are expected to benefit from a recovery in the domestic economy. At a sector level, telecommunications, health care and consumer services were the best performers, whilst returns from resources stocks, consumer goods and financials lagged the broader market.

PORTFOLIO ACTIVITY

The fund underperformed the comparative index over the period. Our approach focuses on companies that deliver consistent dividend growth and this resulted in strong absolute returns. However, selected stock disappointments resulted in returns lagging the index. Key detractors included utility group Centrica whose shares were hurt by a profit warning. The underweight stance in Vodafone also detracted from relative performance as its shares rose following the sale of its US joint venture to Verizon. However, we had earlier made the decision to sell the holding due to concerns about a dividend cut following the sale. On a positive note, the holding in telecommunications major BT contributed as the company raised its earnings outlook for the year, driven by its fast-growing broadband fibre business and the new BT Sport channels. AstraZeneca was another key contributor to the fund's performance as the company received regulatory approval for one of its key drugs. During the period, we raised the exposure to a number of companies which are expected to pay higher dividends. We bought shares in BP, making it one of the fund's largest positions, as we were impressed by its commitment to focus on value not volume and to increase dividends consistently in the future. This will generate strong dividend growth for unit holders in the current financial year. We also raised holdings in SSE, G4S and National Grid. Meanwhile, holdings in small sized companies Britvic and Synthomer were sold as their stock valuations were unattractive. Within the derivatives segment of the portfolio, the fund uses covered call options, which are instruments that allow the fund to generate additional income from existing investments. At the end of the review period, we had covered calls on around 59% of the holdings in the portfolio.

OUTLOOK

There are encouraging signs of economic stabilisation and renewed growth in the UK. The housing market continues to recover and the manufacturing segment is doing well. However, economic growth has not yet returned to normal and consumer incomes continue to fall in real terms. Going forward, any disappointment on GDP growth could lead to some volatility in markets. Companies across sectors are generally cash rich and tend to target increasing dividends. We think that both stock valuations and prospects for dividend growth will continue to support our equity income strategy this year.

Michael Clark & David Jehan
Fund Managers
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Income Shares	25.8	9.9	8.5	13.4	10.7
A Accumulation Shares	25.7	9.8	8.3	13.5	10.8
Y Accumulation Shares	-	-	-	17.5	11.2
Y Income Shares	-	-	-	14.1	11.3
W Accumulation Shares	-	-	-	-	11.4
W Income Shares	-	-	-	-	11.6
*Comparative Index	47.3	17.0	1.5	14.1	13.3

* Comparative Index: FTSE All Share Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 78.5%. Over 5 years the fund has returned 87.9% compared with the comparative index return of 126.2%. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. The main aim of the fund is to produce income. When this income is paid out instead of being reinvested, there is little prospect of any real capital growth. The fund takes its annual management charge from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may be reduced over time if the fund's growth does not compensate for it. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Health Care	20.43	15.73
Consumer Goods	18.37	23.59
Financials	14.12	11.30
Utilities	13.68	12.61
Industrials	10.16	8.08
Telecommunications	7.00	9.15
Consumer Services	6.77	6.76
Oil & Gas	6.67	4.17
Other	-0.74	-0.64
Cash and other net assets/(liabilities)	3.54	9.25

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
AstraZeneca (UK)	7.99
GlaxoSmithKline	7.94
BT	5.19
Imperial Tobacco	4.63
Reckitt Benckiser	3.96
BP	3.17
BG	2.88
British American Tobacco	2.79
HSBC (UK) (Reg'd)	2.74
National Grid Transco	2.52

Top holdings as at 28/02/13	% of total net assets
GlaxoSmithKline	6.79
AstraZeneca (UK)	5.87
BT	4.59
Reckitt Benckiser	4.41
Imperial Tobacco	4.35
BG	4.17
British American Tobacco	4.01
Centrica	3.63
Tesco	3.52
Unilever (UK)	3.27

FUND FACTS

INCOME (pence per share)

	XD date	A Income Shares	Y Income Shares
Final distribution	01/03/14	3.7704	3.5068
Interim distribution	01/12/13	1.4000	1.2000
Interim distribution	01/09/13	1.4000	1.2000
Interim distribution	01/06/13	1.4000	1.2000
	XD date	W Income Shares	A Accumulation Shares
Final distribution	01/03/14	3.4379	5.4614
Interim distribution	01/12/13	1.2000	1.8000
Interim distribution	01/09/13	1.2000	1.8000
Interim distribution	01/06/13	1.2000	1.8000
	XD date	Y Accumulation Shares	W Accumulation Shares
Final distribution	01/03/14	4.3284	3.8735
Interim distribution	01/12/13	1.2000	1.2000
Interim distribution	01/09/13	1.2000	1.2000
Interim distribution	01/06/13	1.2000	1.2000

ONGOING CHARGES (%)

	A Income Shares	Y Income Shares
28/02/14	1.72	1.19
28/02/13	1.74	1.21
	W Income Shares	A Accumulation Shares
28/02/14	0.96	1.72
28/02/13	1.00	1.73
	Y Accumulation Shares	W Accumulation Shares
28/02/14	1.18	0.96
28/02/13	1.22	1.00

The ongoing charges figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
A Income Shares			Y Income Shares			
28/02/14	91.1	125.13	72,783,747	16.0	111.30	14,403,689
28/02/13	85.4	120.27	71,010,173	8.9	106.56	8,325,130
29/02/12	30.7	113.10	27,159,544	0.1	99.97	19,960
W Income Shares			A Accumulation Shares			
28/02/14	67.5	110.15	61,229,703	43.3	178.40	24,282,160
28/02/13	9.9	105.24	9,422,064	33.4	160.95	20,772,324
29/02/12	-	-	-	12.1	141.94	8,549,070
Y Accumulation Shares			W Accumulation Shares			
28/02/14	2.2	130.60	1,673,600	14.7	122.77	12,008,707
28/02/13	1.0	117.42	820,336	5.2	110.07	4,725,963
29/02/12	0.1	99.97	8,160	-	-	-

FUND FACTS - Continued

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Income Shares			Y Income Shares		
2014 ²	3.7704	122.80	128.90	3.5068	109.40	114.90
2013	6.1895	115.40	128.40	5.7933	102.60	113.90
2012	8.5287	107.70	117.90	4.7834	95.20	104.40
2011	8.0982	103.60	117.60			
2010	8.4763	103.00	115.70			
2009	5.7006	86.37	113.90			
	W Income Shares			A Accumulation Shares		
2014 ²	3.4379	108.20	113.70	5.4614	170.00	178.50
2013	4.9216	100.60	112.60	9.4346	152.00	175.20
2012	0.8000	96.99	100.70	9.9991	137.30	152.00
2011				8.9278	122.60	138.50
2010				8.4907	111.90	131.10
2009				5.7006	87.16	120.30
	Y Accumulation Shares			W Accumulation Shares		
2014 ²	4.3284	124.40	130.70	3.8735	117.00	122.80
2013	6.1838	110.80	128.20	5.3479	103.80	120.50
2012	4.5000	96.91	110.90	2.0000	98.03	103.80

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of continental European companies. The portfolio is likely to have a bias towards medium-sized and smaller companies. However, the ACD is not restricted in the choice of company either by size or industry, or in terms of the geographical split of the portfolio, which is largely determined by the availability of attractive investment opportunities rather than the outlook for each market.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

European equities advanced over the 12 month period as the economy stabilised and the risk of a break up of the eurozone receded. Markets were supported by robust macroeconomic data from the region, especially the UK. The accommodative monetary policy stance adopted by policymakers globally also boosted sentiment. However, there were periods of volatility during the year as investors were worried about a possible collapse of the banking system in Cyprus, the impact of US tapering and tentative signs of a slowdown in emerging markets.

PORTFOLIO ACTIVITY

The fund underperformed the comparative index over the period. The overweight exposure to the industrials and consumer staples sectors detracted from performance. In industrials, shares in Swiss elevator manufacturer Schindler slid as it lowered its 2013 earnings estimates. The position in Intertek also detracted from returns. Both holdings were reduced. Among financials, selected holdings such as KBC Groupe, Intesa Sanpaolo and 3i, performed well. Conversely, shares in Turkiye Garanti slid amid renewed political crisis in Turkey, slowing economic growth and a sharp weakening of its currency. Elsewhere, the position in software company SAP held back returns as the company is unlikely to meet its medium-term margins forecasts due to large investment requirements to address the challenge from "cloud" competitors. I reduced this holding. Conversely, the allocation to Novo-Nordisk added value as the company is likely to benefit from a strong pipeline that is expected to boost its revenues and result in higher market share over the long term. During the period, I purchased shares in Volkswagen given its strong balance sheet and a cash generative business with a cost leadership position in both the mass and luxury markets. A new position was initiated in Sodexo, a provider of catering and facilities management as well as pre-paid vouchers. The company's renewed focus on margin growth and cost efficiency are expected to help it deliver double-digit earnings growth. I also bought a position in Christian Hansen, a leading global player in cultures and enzymes for dairy products. Meanwhile, the position in a market research company Ipsos was sold as ad-hoc market research is facing structural challenges.

OUTLOOK

Equity valuations have risen from a low level but are now, in aggregate, beginning to look less attractive relative to history. For the stock market to make progress from here, higher earnings growth will be required. I am concerned that this is unlikely, particularly in Europe where growth remains fragile given continued low bank lending and stretched government finances. I remain focussed on attractively-valued companies, with sound balance sheets, which can deliver consistent dividend growth, which will differentiate the winners from the losers.

Samuel Morse
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	32.1	14.1	-4.7	20.8	7.3
A Income Shares	-	-	-4.7	20.8	7.3
Y Accumulation Shares	-	-	-	-	7.8
W Income Shares	-	-	-	-	8.0
W Accumulation Shares	-	-	-	-	-
*Comparative Index	47.3	12.3	-9.7	17.8	15.5

* Comparative Index: MSCI Europe (ex-UK) Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 6,044.0%. Over 5 years the fund has returned 86.1% compared with the comparative index return of 103.3%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
France	22.65	22.00
Switzerland	20.03	19.63
Germany	15.89	14.01
Belgium	7.75	7.60
Denmark	5.88	5.78
Norway	5.36	5.01
Finland	4.55	3.18
United Kingdom	3.30	3.71
Other	14.05	18.18
Cash and other net assets/(liabilities)	0.54	0.90

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Nestle (Reg'd)	6.63
Sanofi-Aventis	4.74
Novo Nordisk (B)	4.56
UBS (Reg'd)	3.98
Roche	3.91
SAP	3.62
BNP Paribas	3.56
Anheuser-Busch InBev	3.37
Schneider Electric	2.99
Sampo Insurance (A)	2.83

Top holdings as at 28/02/13	% of total net assets
Nestle (Reg'd)	7.67
Sanofi-Aventis	5.45
Novo Nordisk (B)	4.62
SAP	4.39
Schneider Electric	4.02
UBS (Reg'd)	3.89
Anheuser-Busch InBev	3.17
Zurich Financial	3.08
Umicore	2.81
BNP Paribas	2.74

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions
3. W Accumulation share class launched on 13 November 2013

FUND FACTS

INCOME (pence per share)

	XD date	A Income Shares	W Income Shares
Final distribution	01/03/14	1.0540	16.0421
Interim distribution	01/09/13	1.0713	11.7083
	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	23.0722	27.4822
	XD date	W Accumulation Shares ³	
Final distribution	01/03/14	3.2084	

ONGOING CHARGES (%)

	A Income Shares	W Income Shares
28/02/14	1.71	0.96
28/02/13	1.70	0.95
	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.71	1.18
28/02/13	1.71	1.17
	W Accumulation Shares ³	
28/02/14	1.00	
28/02/13	-	

The ongoing charges figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Income Shares			W Income Shares		
28/02/14	3.0	137.75	2,201,052	8.2	1,223.81	669,209
28/02/13	2.6	130.44	1,958,770	2.2	1,158.83	185,851
29/02/12	1.2	109.73	1,052,016			
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	2,457.2	1,534.90	160,088,008	40.8	1,367.88	2,982,913
28/02/13	2,655.5	1,431.05	185,564,990	18.9	1,268.57	1,490,343
29/02/12	2,584.0	1,184.49	218,155,033			
	W Accumulation Shares³					
28/02/14	31.0	1,026.32	3,016,719			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Income Shares			W Income Shares		
2014 ²	1.0540	131.10	138.90	16.0421	1,171.00	1,240.00
2013	1.7871	120.30	139.50	12.1141	1,062.00	1,243.00
2012	1.1723	97.20	119.90	-	974.80	1,058.00
2011	1.5016	89.69	125.30			
2010	-	97.02	116.20			
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	23.0722	1,450.00	1,536.00	27.4822	1,292.00	1,368.00
2013	22.6766	1,312.00	1,543.00	-	1,162.00	1,373.00
2012	12.0542	1,049.00	1,308.00	-	974.80	1,158.00
2011	6.6189	967.60	1,333.00			
2010	9.4355	998.50	1,235.00			
2009	15.7737	763.50	1,168.00			
	W Accumulation Shares³					
2014 ²	3.2084	969.20	1,027.00			
2013	-	978.50	1,016.00			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of continental European companies. The portfolio will be made up of a blend of larger, medium and smaller sized companies. The ACD is not restricted in the choice of company either by size or industry, or in terms of the geographical split of the portfolio, which is largely determined by the availability of attractive investment opportunities rather than the outlook for each market.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

European equities advanced over the 12 month period as the economy stabilised and the risk of a break up of the eurozone receded. Markets were supported by robust macroeconomic data from the region, especially the UK. The accommodative monetary policy stance adopted by policymakers globally also boosted sentiment. However, there were periods of volatility during the year as investors were worried about a possible collapse of the banking system in Cyprus, the impact of US tapering and tentative signs of a slowdown in emerging markets.

PORTFOLIO ACTIVITY

The fund underperformed the comparative index slightly over the period. In the second half of 2013, investors shifted focus to value stocks over quality growth stocks, which hurt portfolio returns. At a stock level, shares in Prada fell after it reported poor fourth quarter sales on the back of weak demand in Europe and Asia. Chemicals firm LANXESS detracted from performance after it reported a fall in its third quarter profits due to pricing pressure. Positions in Syngenta and Credit Suisse also hampered returns. On a positive note, shares in mortgage Aareal Bank rose as it reported strong operating performance. I increased the position in the bank as it continues to benefit from its exposure to the buoyant German real estate sector. Within industrials, the holding in Swedish truck maker Scania rallied after investors reacted positively to Volkswagen's offer to buy the remaining stake in the company. Internet related stocks also enhanced gains, with Wirecard and United Internet among the top contributors to returns. However, I sold the position in Wirecard as there is now limited potential for future growth. I also sold the holding in software group SAP in favour of better opportunities elsewhere. I tend to invest in European companies that have exposure to global growth. I also remain positive on stocks that have exposure to emerging markets. Whilst renewed concerns over an economic slowdown in emerging markets may impact the performance of these companies in the short term, the long term growth story remains intact given the favourable demographics and rising purchasing power in these markets. Against this backdrop, I increased the fund's exposure to car maker Volkswagen. It has a cost leadership position in both the mass market and luxury segments and is well positioned for growth in China. Elsewhere, I increased the overweight stance in the health care sector. Within pharmaceuticals, I sold the holding in Bayer and used the proceeds to initiate a position in Roche and increase the exposure to Novo-Nordisk.

OUTLOOK

Over the next couple of quarters, I believe that global trade, fixed asset investment and discretionary corporate spending may improve. Whilst some peripheral economies, notably Spain and Ireland, are stabilising, I struggle to find attractive investment opportunities in that region. France remains weak and is a key concern, but economic data from core eurozone is largely improving.

Colin Stone
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	53.3	13.2	-9.1	14.6	14.3
Y Accumulation Shares	-	13.8	-8.6	15.2	14.9
W Accumulation Shares	-	-	-	-	15.1
*Comparative Index	48.8	12.9	-10.4	17.7	14.6

* Comparative Index: FTSE World Europe ex-UK Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 1371.2%. Over 5 years the fund has returned 106.7% compared with the comparative index return of 103.0%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Benchmark to 31/12/93 was FTSE World Europe Index (Net). Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Germany	21.37	27.27
Switzerland	19.88	13.93
France	17.19	20.14
Denmark	8.59	4.51
Spain	3.95	2.05
Ireland	3.71	1.90
Virgin Islands	3.46	2.74
Canada	2.45	3.76
Other	14.94	22.89
Cash and other net assets/(liabilities)	4.46	0.81

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Volkswagen (Pref'd)	6.46
Novo Nordisk (B)	6.09
Sanofi-Aventis	4.66
Roche	4.62
Credit Suisse	4.30
Aareal Bank	3.54
UBS (Reg'd)	3.30
LVMH	2.98
Schneider Electric	2.82
Continental	2.37

Top holdings as at 28/02/13	% of total net assets
Sanofi-Aventis	4.88
Novo Nordisk (B)	4.51
UBS (Reg'd)	4.10
Volkswagen (Pref'd)	3.34
LVMH	3.29
Bayer	3.06
Schneider Electric	2.91
Linde	2.90
Essilor International	2.71
ASSA ABLOY (B)	2.56

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	1.2024	1.1316

	XD date	W Accumulation Shares
Final distribution	01/03/14	3.2365

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.72	1.19
28/02/13	1.72	1.18

	W Accumulation Shares
28/02/14	0.97
28/02/13	0.94

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	439.1	367.15	119,598,146	3.5	141.04	2,454,954
28/02/13	485.4	321.16	151,128,853	2.6	122.71	2,101,694
29/02/12	521.7	280.21	186,187,207	1.9	106.52	1,748,048
	W Accumulation Shares					
28/02/14	10.1	331.26	3,062,232			
28/02/13	1.1	287.58	375,686			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	1.2024	343.30	367.80	1.1316	131.90	141.30
2013	1.5087	300.20	354.40	1.1261	114.60	136.00
2012	0.8452	243.00	297.20	0.8681	92.50	113.40
2011	0.0964	221.80	323.00	0.5408	84.13	122.20
2010	0.1356	248.10	308.90	-	93.50	116.60
2009	2.8054	165.90	288.70	-	96.10	108.30
	W Accumulation Shares					
2014 ²	3.2365	309.60	331.80			
2013	-	268.50	319.40			
2012	-	246.90	265.70			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve a relatively high level of income from a portfolio primarily invested in a combination of UK corporate and government bonds and other fixed income and money market securities, preference shares and convertibles.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

UK corporate bonds outperformed UK government bonds (Gilts) over the review period. Gilts posted negative returns as a string of upbeat economic data releases brightened the prospects for the UK economy, thus lowering demand for the country's safest assets. Moreover, investors speculated on the likely timing of the US Federal Reserve's (Fed) tapering. Indeed, the Fed finally announced in its December meeting that it would taper its monthly bond purchases by \$10 billion and followed it up with a further \$10 billion reduction in its next meeting. Meanwhile, the Bank of England (BoE) reiterated that it is not ready to raise interest rates. It also said that it is unlikely to use employment as an indicator for interest rate changes as UK unemployment fell to 7.1% in January, very close to the BoE's previous 7% threshold. Through the review period, the BoE maintained its policy rate at 0.5% and its asset purchase facility at £375 billion.

PORTFOLIO ACTIVITY

The fund underperformed the comparative index over the period. The fund's interest rate strategy proved detrimental to performance. Particularly, a small exposure to US interest rate risk was unhelpful as US Treasury prices fell. However, losses were partially offset by the short duration (less sensitive to interest rate changes than the comparative index) position as Gilt yields rose. Elsewhere, contributions from asset allocation and corporate bond selection also proved rewarding to performance. Specifically, the overweight allocation to high yield bonds, such as Labco and Infinis, buoyed returns. The high yield bond market continues to grow as companies diversify their funding sources and banks reduce lending to developing businesses. The huge number of new issuances in the primary market gives rise to attractive opportunities for investors. Against this backdrop, the exposure to this part of the market was increased to almost 50%. The remainder of the fund is invested in investment grade bonds with a bias towards companies with lower credit ratings. Elsewhere, favourable selection in the subordinated debt of banks buoyed returns. I continue to have a bias towards sectors that are less sensitive to the economic cycle. These include the consumer staples, telecommunications, transportation and utilities sector. I bought new positions in Verizon, Scottish Widows and roadside assistance firm AA. Elsewhere, I sold holdings in First Hydro, Boparan and Altice.

OUTLOOK

The UK economy continues to recover, but the potential to achieve a high growth rate is restricted by significant structural weakness. Therefore, the return to a more normal monetary policy with higher interest rates is likely to be slow and gradual. Against this backdrop, Gilt yields are expected to rise modestly. Investment grade corporate bonds offer the best risk-adjusted return potential as company finances are broadly healthy. Investors should expect coupon income to drive returns in 2014.

Ian Spreadbury
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Income Shares	34.7	7.7	6.5	10.6	4.9
Gross paying A Income Shares**	36.4	8.7	7.6	11.6	5.8
A Accumulation Shares	34.6	7.7	6.6	10.6	4.9
Gross paying A Accumulation Shares**	36.4	8.6	7.5	11.6	5.8
Y Income Shares	-	8.2	7.1	11.2	5.5
Gross paying Y Income Shares**	-	9.3	8.4	12.3	6.6
Y Accumulation Shares	-	-	-	-	-
Gross paying Y Accumulation Shares**	-	-	-	-	-
*Comparative Index	42.4	10.4	5.5	13.6	5.6

* Comparative Index: Comprises 60 % BofA ML Euro-Sterling Index (Net), 15 % BofA ML Euro High Yield Cons GBP Hedged Index (Net), 25 % BofA ML Sterling High Yield Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested, **gross income reinvested. Since launch the fund has returned 116.1%. Over 5 years the fund has returned 79.3% compared with the comparative index return of 99.0%. There was a fixed-offer period from 25/02/99 to 17/03/99. Benchmark to 30/08/02 was SB Euro Sterling Investment Grade 5+ Index (Net). Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. The main aim of the fund is to produce income. When this income is paid out instead of being reinvested, there is little prospect of any real capital growth. A portion of this fund will invest in 'sub-investment grade' bonds. These bonds may produce a higher level of income than 'investment grade' bonds but at a higher risk to your capital. With funds that invest in bonds, there is a risk that the issuer of the bond may default on its repayments. The likelihood of this happening will depend on the credit-worthiness of the issuer. The risk of default is usually greatest with bonds that are classed as sub-investment grade. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
BBB Rated	38.06	38.12
BB Rated	22.26	21.92
B Rated	13.83	12.60
A Rated	7.45	8.84
Not Rated	6.00	6.99
AA Rated	4.87	2.47
AAA Rated	4.07	3.90
CCC Rated	1.46	1.77
Other	-0.25	0.02
Cash and other net assets/(liabilities)	2.25	3.37

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
UK Gilt Treasury 5.00% 07/09/2014	2.60
Enterprise Inns 6.375% 26/09/2031	1.40
Fidelity Institutional Liquidity Fund (GBP)	1.36
Great Rolling Stock 6.25% 27/07/2020	1.18
Imperial Tobacco Finance 9.00% 17/02/2022	1.11
Telecom Italia 6.375% 24/06/2019	1.10
Lynx 6.00% 15/04/2021 Reg S	1.07
Russian Railways 7.487% 25/03/2031	1.03
Royal London Finance Bonds 6.125% VRN (Perptual)	0.97
Aviva 6.125% VRN (Perpetual)	0.94

Top holdings as at 28/02/13	% of total net assets
Enterprise Inns 6.375% 26/09/2031	1.26
Great Rolling Stock 6.25% 27/07/2020	1.15
Aviva 6.125% VRN (Perpetual)	1.15
Ondeo Services UK 6.875% 06/02/2023	1.11
Imperial Tobacco Finance 9.00% 17/02/2022	1.11
RZD Capital 7.487% 25/03/2031	1.10
Infinis 7.00% 15/02/2019 Reg S	1.07
EDF 5.50% 17/10/2041	1.03
Gala Finance 8.875% 01/09/2018 Reg S	1.00
Lafarge 8.75% 30/05/2017	1.00

FUND FACTS

INCOME (pence per share)

	XD date	A Income Shares	Gross paying A Income Shares
Final distribution	01/03/14	0.0704	0.0880
Interim distribution	01/02/14	0.0742	0.0928
Interim distribution	01/01/14	0.0749	0.0937
Interim distribution	01/12/13	0.0730	0.0913
Interim distribution	01/11/13	0.0680	0.0850
Interim distribution	01/10/13	0.0636	0.0796
Interim distribution	01/09/13	0.0691	0.0861
Interim distribution	01/08/13	0.0700	0.0876
Interim distribution	01/07/13	0.0703	0.0879
Interim distribution	01/06/13	0.0743	0.0929
Interim distribution	01/05/13	0.0739	0.0924
Interim distribution	01/04/13	0.0745	0.0934

	XD date	Y Income Shares	Gross paying Y Income Shares
Final distribution	01/03/14	0.3722	0.4657
Interim distribution	01/02/14	0.3953	0.4944
Interim distribution	01/01/14	0.3979	0.4977
Interim distribution	01/12/13	0.3886	0.4856
Interim distribution	01/11/13	0.3661	0.4578
Interim distribution	01/10/13	0.3440	0.4298
Interim distribution	01/09/13	0.3694	0.4626
Interim distribution	01/08/13	0.3738	0.4688
Interim distribution	01/07/13	0.3745	0.4689
Interim distribution	01/06/13	0.3961	0.4941
Interim distribution	01/05/13	0.3925	0.4894
Interim distribution	01/04/13	0.4057	0.4966

	XD date	A Accumulation Shares	Gross paying A Accumulation Shares
Final distribution	01/03/14	5.0028	6.5724

	XD date	Y Accumulation Shares ³	Gross paying Y Accumulation Shares ⁴
Final distribution	01/03/14	1.2008	1.5072

ONGOING CHARGES (%)

	A Income Shares	Gross paying A Income Shares
28/02/14	1.46	1.46
28/02/13	1.46	1.46

	Y Income Shares	Gross paying Y Income Shares
28/02/14	0.78	0.78
28/02/13	0.78	0.77

	A Accumulation Shares	Gross paying A Accumulation Shares
28/02/14	1.46	1.46
28/02/13	1.46	1.46

	Y Accumulation Shares ³	Gross paying Y Accumulation Shares ⁴
28/02/14	0.76	0.77
28/02/13	-	-

The ongoing charge figure is the ratio of total costs to average net assets.

FUND FACTS

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
A Income Shares			Gross paying A Income Shares			
28/02/14	171.2	25.89	661,335,162	203.9	25.89	787,365,151
28/02/13	210.8	25.53	825,877,065	220.1	25.53	862,035,977
29/02/12	197.4	23.86	827,179,946	228.6	23.86	958,211,612
Y Income Shares			Gross paying Y Income Shares			
28/02/14	23.9	118.76	20,138,159	17.5	118.77	14,735,576
28/02/13	3.2	117.09	2,769,181	6.0	117.09	5,146,910
29/02/12	12.1	109.41	11,068,570	1.5	109.42	1,371,941
A Accumulation Shares			Gross paying A Accumulation Shares			
28/02/14	15.4	154.02	10,033,049	8.5	162.52	5,250,470
28/02/13	16.9	146.88	11,471,760	8.3	153.70	5,460,721
29/02/12	13.3	132.44	10,032,912	5.6	137.35	4,109,710
Y Accumulation Shares³			Gross paying Y Accumulation Shares⁴			
28/02/14	0.3	102.58	245,985	0.5	102.83	471,519

INCOME PER SHARE AND PRICE HISTORY (PENCE)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
A Income Shares			Gross paying A Income Shares			
2014 ²	0.2195	25.47	26.09	0.2745	25.48	26.11
2013	0.8559	24.95	26.49	1.0703	24.97	26.49
2012	0.9184	23.14	25.72	1.1483	23.14	25.74
2011	0.8304	22.59	23.92	1.0412	22.59	23.93
2010	0.9209	22.27	24.20	1.1474	22.27	24.21
2009	1.0283	17.31	22.35	1.2859	17.31	22.36
Y Income Shares			Gross paying Y Income Shares			
2014 ²	1.1654	116.80	119.70	1.4578	116.90	119.80
2013	4.5524	114.50	121.50	5.7068	114.60	121.50
2012	4.8025	106.10	118.00	6.0195	106.10	118.10
2011	4.3930	103.60	109.70	5.4957	103.60	109.80
2010	4.7329	102.10	111.00	5.9314	102.10	111.00
2009	1.3082	99.82	102.50	1.6104	99.84	102.60
A Accumulation Shares			Gross paying A Accumulation Shares			
2014 ²	5.0028	150.70	154.80	6.5724	158.80	163.30
2013	5.0252	144.80	153.30	6.5445	151.90	160.60
2012	4.8719	127.60	146.70	6.2806	132.10	153.30
2011	4.4716	123.10	129.10	5.7101	126.30	133.20
2010	5.2446	113.80	127.60	6.6105	115.70	130.70
2009	3.2133	84.77	113.90	3.7469	85.22	115.70
Y Accumulation Shares³			Gross paying Y Accumulation Shares⁴			
2014 ²	1.2008	100.20	103.00	1.5072	100.40	103.30
2013	-	99.87	100.40	-	99.91	100.50

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions
3. Y Accumulation share class launched on 13 November 2013
4. Gross paying Y Accumulation share class launched on 13 November 2013

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio mainly made up of the securities of companies from around the world. The ACD is not restricted in its choice of the industrial or geographical split of the portfolio. The fund may invest in securities providing exposure to commodities and property. Derivatives may also be used for investment purposes.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

US and European equities rose over the 12 month period, outperforming most other world markets. Speculation over the extent of reduction in money supply by the US Federal Reserve (Fed) led to periods of volatility. The US government shutdown in October also negatively impacted markets. Stocks rose after US lawmakers agreed to raise the debt ceiling to avoid a default. Towards the end of 2013, the Fed announced that it would modestly scale back the pace of its monthly bond purchases, which buoyed markets as the reduction was lower than anticipated. Stock markets were also supported by the Fed's indication to hold interest rates "near-zero" well past the point that the jobless rate falls below 6.5%. Robust macroeconomic data from the eurozone and the US also provided support.

PORTFOLIO ACTIVITY

The fund was launched in order to enhance the investment universe available to the Fidelity Solutions, the investment team that manages "funds of funds" within Fidelity Worldwide Investment. The fund generated double digit returns over the period. The fund started the period with exposure to US stocks via the Large Cap Growth discipline managed by Steve Balter and Chris Galizio. Over 2013, positions in US companies such as biotechnology firm Gilead Sciences, automotive major General Motors and media company Viacom rose considerably on account of healthy earnings growth. This contributed significantly to the fund's performance. However, towards the end of 2013, US valuations looked stretched and these holdings were sold. Starting early 2014, all of the fund's assets were moved to Europe, as I believe there are better opportunities in this market. Consequently, a number of new holdings were purchased in Europe. These include health care firms Novartis and GlaxoSmithKline, as well as automotive group Volkswagen. Novartis has a good drug pipeline, whereas Volkswagen has a strong cash position and is likely to benefit from the improvement in the European automobile market.

OUTLOOK

European equities are likely to be supported by the European Central Bank's (ECB) monetary policy stance. Domestic demand is also expected to benefit from the continued money printing by the ECB as well as an increase in income in the hands of the consumer. Meanwhile, the UK economy is driven by a strengthening housing market, improving consumer confidence and stabilising employment trends. Equities in the region are attractively valued and should be supported by signs of stabilisation in economy.

Nick Peters
Fund Manager
28 February 2014

PERFORMANCE RECORD

Due to the nature and purpose of the fund, a comparative index is not appropriate. A Discrete performance table has not been included.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Consumer Goods	35.25	13.55
Health Care	14.15	14.90
Industrials	12.46	12.47
Financials	11.07	4.54
Basic Materials	6.91	3.78
Consumer Services	5.88	16.87
Technology	4.73	28.42
Oil & Gas	2.40	5.37
Utilities	2.04	-
Cash and other net assets/(liabilities)	5.11	0.10

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Novartis (Reg'd)	3.94
GlaxoSmithKline	3.31
Sanofi-Aventis	3.18
British American Tobacco	3.04
BASF	2.92
Siemens (Bearer)	2.80
DaimlerChrysler (Reg'd)	2.78
BNP Paribas	2.71
Diageo	2.63
SAP	2.60

Top holdings as at 28/02/13	% of total net assets
Apple	7.44
Google (A)	6.52
Philip Morris International	4.52
Gilead Sciences	4.16
Oracle	3.84
Home Depot	3.65
PepsiCo	3.62
QUALCOMM	3.48
Honeywell International	2.75
TJX	2.74

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares
Final distribution	01/03/14	-

ONGOING CHARGES (%)

	A Accumulation Shares
28/02/14	1.72
28/02/13	1.72

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares		
28/02/14	56.3	399.10	14,118,433
28/02/13	178.8	354.36	50,446,901
29/02/12	117.1	318.08	36,819,474

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price
	A Accumulation Shares		
2014 ²	-	380.40	405.90
2013	-	320.00	401.10
2012	-	296.40	328.50
2011	-	252.40	324.40
2010	-	252.20	318.20
2009	-	180.80	269.50

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve income and long term capital growth from a portfolio consisting primarily of the shares of companies from around the world. The ACD will choose investments which it believes offer attractive dividend yields in addition to price appreciation. The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Global equities rose during the review period, where investor sentiment was dominated by speculation about the US Federal Reserve (Fed) reducing its bond purchases. Simultaneously, data releases showed that the US economic recovery was well grounded, that there was a slow yet sustained improvement in economic activity in the eurozone and that Chinese manufacturing had rebounded. Against this backdrop, the Fed eventually announced the first modest reduction in its monthly bond purchases. This was well received by the broader market as it implied confidence in the underlying strength of the US economy. However, the second reduction in Fed bond purchases dampened sentiment. Nonetheless, the Fed's repeated assurance that short-term interest rates could remain near-zero for longer than previously suggested, provided respite.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period largely due to a combination of strong stock selection and market selection. Holdings in the media sector, such as Wolters Kluwer and Reed Elsevier, benefited from their improving growth prospects as economic headwinds started to recede. The allocation to the world's largest postal and logistics company Deutsche Post also added to returns as its strategy of investing in Asia paid off, driven by market share gains in its express delivery business. On the downside, the allocation to RSA Insurance detracted from returns as the company lowered its 2013 earnings forecast after identifying issues in its Irish business and experiencing adverse weather in Europe. I have sold this position. During the period, I repositioned selected holdings in the health care and utilities sectors. In the former segment, I sold US group Merck, which is facing pressure on margins and sales. Instead, I bought Bayer, a German multinational with a better portfolio of businesses and good growth potential. In utilities, I sold UK group Centrica following a profit warning. I used the proceeds to buy a position in Spanish company Gas Natural, which is likely to register strong profit growth in the liquefied natural gas (LNG) business, is attractively valued and pays a solid dividend. Other notable new positions included Comcast, the leading US cable television provider, with strong cash flows and dividend yield, and CVS Caremark, a US drugstore operator and pharmacy benefit manager. It is a high quality company with a strong track record of returning cash to shareholders.

OUTLOOK

The economic outlook is improving, but that does not necessarily translate into better prospective returns from equity markets. A more moderate pace of growth from stock markets is expected as companies now need to deliver on the relatively high expectations embedded in share prices. Whilst I have some concerns with regards to market-level valuations, I think a strategy focused on resilient income-producing equities offers the best prospect of healthy long term returns.

Dan Roberts
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Income Shares	-	-	-	19.2	10.7
A Accumulation Shares	-	-	-	19.2	10.8
Y Income Shares	-	-	-	19.9	11.3
Y Accumulation Shares	-	-	-	19.8	11.4
W Accumulation Shares	-	-	-	-	11.7
W Income Shares	-	-	-	-	11.6
*Comparative Index	-	-	-	15.0	7.0

* Comparative Index: MSCI All Countries World Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 35.7%. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. The fund takes its annual management charge from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may be reduced over time if the fund's growth does not compensate for it. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
United States	34.21	36.99
Netherlands	11.92	11.27
United Kingdom	10.28	17.24
Switzerland	8.70	5.54
France	7.40	4.88
Japan	6.46	7.69
Germany	5.00	2.05
Denmark	2.27	2.03
Other	7.50	7.29
Cash and other net assets/(liabilities)	6.26	5.02

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Reed Elsevier	3.43
Roche	3.38
Omnicom	3.17
Wolters Kluwer	3.17
Astellas Pharmaceutical	2.69
Kimberly Clark	2.35
Novartis (Reg'd)	2.32
TDC (B)	2.27
VINCI	2.14
HSBC (UK) (Reg'd)	2.14

Top holdings as at 28/02/13	% of total net assets
HSBC (UK) (Reg'd)	3.80
Sanofi-Aventis	3.54
Reed Elsevier	3.52
Novartis (Reg'd)	3.46
Kimberly Clark	3.35
Astellas Pharmaceutical	3.08
Mattel	3.07
Microsoft	2.98
Wolters Kluwer	2.98
Minnesota Mining & Manufacturing	2.87

FUND FACTS

INCOME (pence per share)

	XD date	A Income Shares	Y Income Shares
Final distribution	01/03/14	1.2478	1.2810
Interim distribution	01/12/13	0.9360	0.9360
Interim distribution	01/09/13	0.9360	0.9360
Interim distribution	01/06/13	0.9000	0.9000
	XD date	W Income Shares	A Accumulation Shares
Final distribution	01/03/14	1.0178	4.1842
Interim distribution	01/12/13	0.9360	
Interim distribution	01/09/13	0.9360	
Interim distribution	01/06/13	0.9000	
	XD date	Y Accumulation Shares	W Accumulation Shares
Final distribution	01/03/14	4.2662	3.8513

ONGOING CHARGES (%)

	A Income Shares	Y Income Shares
28/02/14	1.80	1.20
28/02/13	1.81	1.28
	W Income Shares	A Accumulation Shares
28/02/14	0.97	1.78
28/02/13	1.06	1.81
	Y Accumulation Shares	W Accumulation Shares
28/02/14	1.22	0.95
28/02/13	1.28	1.06

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
A Income Shares			Y Income Shares			
28/02/14	15.3	126.35	12,088,668	0.3	127.80	193,906
28/02/13	19.9	117.80	16,869,998	0.1	118.46	62,442
29/02/12	1.2	102.41	1,212,290	0.1	102.79	8,184
W Income Shares			A Accumulation Shares			
28/02/14	9.8	120.18	8,182,902	37.6	135.64	27,741,020
28/02/13	-	111.14	43,211	15.0	122.47	12,241,567
29/02/12	-	-	-	3.0	102.74	2,942,095
Y Accumulation Shares			W Accumulation Shares			
28/02/14	1.2	137.15	876,547	19.9	125.05	15,887,871
28/02/13	0.1	123.13	63,098	-	111.97	8,111
29/02/12	0.1	102.79	8,184	-	-	-

FUND FACTS - Continued

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Income Shares			Y Income Shares		
2014 ²	1.2478	123.30	128.70	1.2810	124.60	130.10
2013	3.9525	107.80	130.70	4.3482	108.70	131.50
2012	3.0358	98.46	109.40	2.7000	98.92	110.00
	W Income Shares			A Accumulation Shares		
2014 ²	1.0178	117.00	122.10	4.1842	131.00	136.80
2013	3.6321	101.20	123.50	3.9062	111.00	136.50
2012	-	97.62	101.30	-	98.77	111.20
	Y Accumulation Shares			W Accumulation Shares		
2014 ²	4.2662	132.40	138.20	3.8513	120.70	126.00
2013	4.2945	111.60	137.70	0.8568	101.20	125.50
2012	0.3364	98.94	111.70	-	97.62	101.30

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve income with the potential for some capital growth from a portfolio made up mainly of the securities of companies from around the world. Derivatives and forward transactions may be used for investment purposes and this may include using derivative instruments to generate additional income, for example, by the writing of call options. The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Global equities rose during the review period, where investor sentiment was dominated by speculation about the US Federal Reserve (Fed) reducing its bond purchases. Simultaneously, data releases showed that the US economic recovery was well grounded, that there was a slow yet sustained improvement in economic activity in the eurozone and that Chinese manufacturing had rebounded. Against this backdrop, the Fed eventually announced the first modest reduction in its monthly bond purchases. This was well received by the broader market as it implied confidence in the underlying strength of the US economy. However, the second reduction in Fed bond purchases dampened sentiment. Nonetheless, the Fed's repeated assurance that short-term interest rates could remain near-zero for longer than previously suggested, provided respite.

PORTFOLIO ACTIVITY

Our key holdings in Japan, such as Astellas Pharma ceutical and KDDI, were among the notable contributors to returns during the period. The allocation to Astellas Pharma ceutical enhanced gains following the announcement of its latest share buyback programme, whilst the holding in KDDI, Japan's second largest wireless carrier, rose on the back of an encouraging outlook for annual earnings and average revenue per user. Elsewhere, the position in Omnicom, the largest US advertising company, was supported by its encouraging earnings prospects as advertising spending strengthened in its home market. On the downside, the allocation to RSA Insurance detracted from returns as the company lowered its 2013 earnings forecast after identifying issues in its Irish business and experiencing adverse weather in Europe. We sold this position. During the period, we sold UK utilities group Centrica following a profit warning, but increased the exposure to Spanish company Gas Natural, which is likely to register strong profit growth in the liquefied natural gas (LNG) business, is attractively valued and pays a solid dividend. A position was initiated in US pharmaceuticals company AbbVie, which has a number of medicines awaiting approval for sale in the US and pays a good dividend. We added to the existing holding in media group Reed Elsevier and slightly reduced the exposure to mobile telecommunications major Vodafone. Within the derivatives segment of the portfolio, the fund uses covered call options, which are instruments that allow the fund to generate additional income from existing investments. At the end of the review period, we had sold call options on around 50% of the holdings in the portfolio.

OUTLOOK

The economic outlook is improving, but that does not necessarily translate into better prospective returns from equity markets. A more moderate pace of growth from stock markets is expected as companies now need to deliver on the relatively high expectations embedded in share prices. Whilst we have some concerns with regards to market-level valuations, we think a strategy focused on resilient income-producing equities offers the best prospect of healthy long term returns.

Dan Roberts & David Jehan
Fund Managers
28 February 2014

PERFORMANCE RECORD

A discrete 1 year performance table has not been included as the fund launched on 02 October 2013 and does not have a full twelve month performance record.
Comparative Index: MSCI All Countries World Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 4.9% Performance excludes initial charge.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. For this fund derivatives and forward transactions may be used for investment, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14
	%
United States	34.75
Netherlands	11.96
Switzerland	8.68
France	7.57
Japan	6.64
Other	5.48
Germany	5.19
Norway	3.59
Denmark	2.25
Cash and other net assets/(liabilities)	13.89

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 are shown below.

Top holdings as at 28/02/14	% of total net assets
Roche	3.46
Omnicom	3.27
Reed Elsevier	3.27
Wolters Kluwer	3.27
Astellas Pharmaceutical	2.77
Kimberly Clark	2.41
TDC (B)	2.25
VINCI	2.21
Novartis (Reg'd)	2.16
Oracle	2.15

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions
3. This fund launched on 2 October 2013

FUND FACTS

INCOME (pence per share)

	XD date	A Income Shares	W Income Shares
Final distribution	01/03/14	1.0612	1.0857
Interim distribution	01/12/13	0.4106	0.3868

	XD date	W Accumulation Shares
Final distribution	01/03/14	1.0228
Interim distribution	01/12/13	0.3195

ONGOING CHARGES (%)

	A Income Shares	W Income Shares	W Accumulation Shares
28/02/14	1.50	0.62	0.73

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Income Shares			W Income Shares		
28/02/14	1.4	103.27	1,429,567	4.4	103.54	4,247,480
	W Accumulation Shares					
28/02/14	1.0	105.02	925,446			

INCOME PER SHARE AND PRICE HISTORY (PENCE)

Calendar year	per share	Lowest price	Highest price	per share	Lowest price	Highest price
	A Income Shares			W Income Shares		
2014 ²	1.0612	101.30	105.20	1.0857	101.60	105.50
2013	0.4106	99.90	105.80	0.3868	99.91	105.90
	W Accumulation Shares					
2014 ²	1.0228	101.90	105.80			
2013	0.3195	99.91	105.90			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a diversified portfolio primarily made up of the shares of companies from around the world. In terms of geographical split, the portfolio is invested broadly in relation to the relative sizes and attractiveness of world equity markets. Within the portfolio there is a bias towards the larger quoted companies in each market, but the ACD is not restricted in this regard, or in terms of the industrial or geographical split of the portfolio.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Global equities rose during the review period, where investor sentiment was dominated by speculation about the US Federal Reserve (Fed) reducing its bond purchases. Simultaneously, data releases showed that the US economic recovery was well grounded, that there was a slow yet sustained improvement in economic activity in the eurozone and that Chinese manufacturing had rebounded. Against this backdrop, the Fed eventually announced the first modest reduction in its monthly bond purchases. This was well received as it implied confidence in the underlying strength of the US economy. However, the second reduction in Fed bond purchases dampened sentiment. Nonetheless, the Fed's repeated assurance that short-term interest rates could remain near-zero for longer than previously suggested, provided respite.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index. Health care holdings McKesson and Grifols were key contributors to returns. Drug distributor McKesson's takeover of German peer Celesio boosted its shares. I subsequently sold this holding. Grifols' acquisition of Novartis' blood and plasma diagnostics business was seen in positive light. I increased the exposure to the company as the acquisition is expected to give it critical scale and improved distribution in its diagnostics division. Selected consumer discretionary positions, particularly media related holdings, also supported returns. For instance, the allocation to Viacom boosted returns. Its advertising revenues and income from its US affiliates MTV and Nickelodeon reported continued growth. UK broadcaster ITV's current management established a good track record and its impressive content strategy supported earnings growth. Shares in South Africa based Naspers rose given its investment in Chinese social networking portal Tencent, which demonstrated growth potential in gaming, online videos and mobile advertising. Elsewhere, aggressive Japanese stimulus measures bolstered a holding in online retailer Rakuten. I subsequently sold all of these positions. The new holding in US homebuilder NVR contributed to performance as an increase in average prices for its new homes led to a substantial rise in its quarterly earnings. Conversely, the new position in Cairn Energy hurt returns. Indian tax authorities questioned Cairn about historical tax assessments regarding its Indian oil fields. This development prevents Cairn from selling its 10% stake in Cairn India until the issue is resolved. Exposure to gold producers hurt returns as the gold price declined sharply. We hold these companies as gold prices tend to rise as inflation increases.

OUTLOOK

I believe that earnings growth will be crucial to support a sustained uptrend in equity markets. I favour domestic growth themes in the US, such as recovery in both information technology spending and a pickup in the construction industry. The country remains structurally attractive, aided by the shale energy revolution. Meanwhile, I expect China to roll out supportive policies related to its transition from an investment focused to a consumption driven economy. Given recent data releases, I also believe that the eurozone is on the path to recovery.

Amit Lodha
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	46.7	19.2	-0.2	16.1	7.5
W Accumulation Shares	-	-	-	-	8.5
Y Accumulation Shares	-	-	-	-	8.2
*Comparative Index	44.5	13.9	0.3	15.0	7.0

* Comparative Index: MSCI All Countries World Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 2,341.3%. Over 5 years the fund has returned 117.8% compared with the comparative index return of 103.1%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Benchmark to to 31/10/11 was MSCI World (Net). Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests in a relatively small number of companies which can make it more volatile than funds that are more diversified. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
United States	49.47	39.13
Japan	8.80	9.29
Sweden	4.41	2.48
United Kingdom	4.12	9.26
Netherlands	3.95	2.30
Switzerland	3.41	1.29
France	3.11	3.11
India	2.52	3.37
Other	17.55	24.99
Cash and other net assets/(liabilities)	2.66	4.78

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Oracle	2.04
Kinnevik Investment (B)	1.98
US Bancorp	1.80
Amgen	1.79
Microsoft	1.75
Citigroup	1.75
Novartis (Reg'd)	1.73
Google (A)	1.71
Express Scripts	1.66
AbbVie	1.57

Top holdings as at 28/02/13	% of total net assets
Johnson & Johnson	2.39
ExxonMobil	2.12
Google (A)	2.03
HSBC (UK) (Reg'd)	1.95
Anadarko Petroleum	1.70
Citigroup	1.50
Sanofi-Aventis	1.40
Viacom (B)	1.33
Kasikornbank	1.25
Orix	1.25

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	-	4.1202

	XD date	W Accumulation Shares
Final distribution	01/03/14	6.7444

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.73	1.20
28/02/13	1.73	1.20

	W Accumulation Shares
28/02/14	0.98
28/02/13	0.96

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	342.6	1,153.86	29,692,066	0.1	1,232.35	9,751
28/02/13	379.2	1,071.97	35,376,559	-	1,138.75	1,314
29/02/12	356.6	923.99	38,596,991			
	W Accumulation Shares					
28/02/14	7.1	1,231.79	577,908			
28/02/13	-	1,135.24	1,311			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	-	1,113.00	1,174.00	4.1202	1,188.00	1,253.00
2013	-	972.40	1,171.00	1.5218	1,032.00	1,245.00
2012	-	848.50	962.30	-	977.90	1,021.00
2011	-	773.60	950.20			
2010	-	722.00	945.50			
2009	1.3158	498.70	769.80			
	W Accumulation Shares					
2014 ²	6.7444	1,187.00	1,252.00			
2013	1.8892	1,029.00	1,242.00			
2012	-	974.70	1,018.00			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve a combination of both income and capital growth from a portfolio primarily invested in high-yielding, sub investment grade securities of issuers globally (those with a rating of BB+ or less from Standard & Poor's or equivalent rating from an internationally recognised rating agency). The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may be used for investment purposes.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Fixed income assets posted mixed returns over the review period. Global corporate bonds posted positive returns, outperforming global government bonds. High yield corporate bonds were the best performers over the period. Investors continued to search for yield, which resulted in inflows in both investment grade and high yield corporate bonds. Meanwhile, core government bonds posted negative returns amid fears that the era of easy monetary policy may be nearing an end. At a regional level, European high yield bonds outperformed their US counterparts against a backdrop of accelerating economic growth and creditor-friendly corporate activity. In contrast, a pickup in merger and acquisition activity and an increase in shareholder friendly measures by companies are a sign that the US credit cycle is starting to mature.

PORTFOLIO ACTIVITY

The fund underperformed the comparative index over the period as the portfolio remained defensively positioned. Within the high yield credit spectrum, the fund's underweight stance in lower rated securities proved detrimental to performance. At the regional level, the overweight stance in European high yield companies supported returns. However, the fund's defensive hedging strategy, protecting against the default of European high yield issuers, also held back gains. With respect to aggregate duration positioning, the portfolio maintains an overall underweight stance relative to the broader market. The portfolio looks to retain a modest emerging markets exposure as valuations have become attractive. Increasingly the yield pick-up in emerging market debt over global high yield is providing investment opportunities. Key additions over the period include Telecom Italia, Credit Suisse and Credit Agricole, whilst I sold positions in Ineos, HeidelbergCement and Refer.

OUTLOOK

The macroeconomic environment has improved, as the US recovery gains traction and growth picks up in Europe. Corporates remain in a defensive mode with a majority of new issuance still for refinancing. Weaker covenants and more aggressive financial policies are starting to emerge, which is not surprising at this stage in the credit cycle. This trend is more acute in the US and is expected to emerge in Europe over the next 12-18 months. Over the medium term, financial repression is suppressing defaults and enabling companies to refinance and push the maturity wall further out. However, with yields at historic low, we expect mid-single digit total return from the asset class over the next 12 months largely driven by the coupon income.

Peter Khan
Fund Manager
28 February 14

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Income Shares	-	-	-	-	5.8
A Accumulation Shares	-	-	-	-	5.8
Gross paying A Income Shares**	-	-	-	-	6.8
Y Income Shares	-	-	-	-	6.2
Gross paying Y Income Shares**	-	-	-	-	7.2
Gross paying A Accumulation Shares**	-	-	-	-	6.8
Y Accumulation Shares	-	-	-	-	6.2
Gross paying Y Accumulation Shares**	-	-	-	-	7.1
I Accumulation Shares	-	-	-	-	5.6
*Comparative Index	-	-	-	-	6.5

* Comparative Index: The BofA Merrill Lynch Global High Yield Constrained Index Hedged to GBP

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested, **gross income reinvested. Since launch the fund has returned 17.8%. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund takes its annual management charge from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may reduce over time if the fund's growth does not compensate for it. This fund invests in a relatively small number of companies which can make it more volatile than funds that are more diversified. This fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. With funds that invest in bonds, there is a risk that the issuer of the bond may default on its repayments. The likelihood of this happening will depend on the credit-worthiness of the issuer. This fund will invest in 'sub-investment grade' bonds. These bonds may produce a higher level of income than 'investment grade' bonds but at a higher risk to your capital.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
B Rated	33.86	49.98
BB Rated	29.46	38.75
CCC Rated	12.92	2.66
AA Rated	3.74	-
BBB Rated	3.68	7.31
Not Rated	1.93	3.32
Equities	0.04	0.19
Forward Foreign Exchange Contracts	0.01	-1.87
Other	-0.37	0.05
Cash and other net assets/(liabilities)	14.73	-0.39

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Belgium 3.25% 28/09/2016	3.76
Marlin Intermediate 10.50% 01/08/2020 Reg S	1.48
Sprint 7.125% 15/06/2024	1.33
Edu UK Bondco 8.875% 15/09/2018 Reg S	1.33
Credit Agricole 8.125% 19/09/2033 Reg S	1.16
Telecom Italia 7.20% 18/07/2036	1.11
Community Health 6.875% 01/01/2022	1.08
Frontier Communication 7.125% 15/01/2023	1.06
First Data 10.62% 15/06/2021 Reg S	1.00
GMAC 8.00% 01/11/2031	0.96

Top holdings as at 28/02/13	% of total net assets
Heidelberg Cement Finance 9.50% 15/12/2018	1.48
Norcell 9.25% 09/2018 Reg S	1.44
Cemex SAB CV 9.00% 11/01/2018 Reg S	1.43
Petroleum Geo-Services 7.375% 15/12/2018 144A	1.42
Sprint Nextel 7.00% 01/03/2020 144A	1.38
First Data 7.375% 15/06/2019 144A	1.35
Ally Financial 8.00% 15/03/2020	1.31
Reynolds 5.75% 15/10/2020	1.21
Petroleos de Venezuela 5.25% 12/04/2017	1.15
UniCredit 6.95% 31/10/2022 Reg S	1.14

FUND FACTS

INCOME (pence per share)

	XD date	A Income Shares	Gross paying A Income Shares
Final distribution	01/03/14	3.6706	4.6863
Interim distribution	01/02/14	3.1049	3.8774
Interim distribution	01/01/14	2.9987	3.7533
Interim distribution	01/12/13	3.5114	4.3969
Interim distribution	01/11/13	3.6851	4.6258
Interim distribution	01/10/13	3.3571	4.1944
Interim distribution	01/09/13	3.5535	4.2348
Interim distribution	01/08/13	3.6452	4.5558
Interim distribution	01/07/13	3.5186	4.3975
Interim distribution	01/06/13	3.5159	4.4198
Interim distribution	01/05/13	2.8460	3.7539
Interim distribution	01/04/13	3.6590	4.6019

	XD date	Y Income Shares	Gross paying Y Income Shares
Final distribution	01/03/14	3.9850	5.1305
Interim distribution	01/02/14	3.4880	4.2457
Interim distribution	01/01/14	3.3875	4.2355
Interim distribution	01/12/13	3.8881	4.8823
Interim distribution	01/11/13	4.0814	5.0968
Interim distribution	01/10/13	3.7201	4.6527
Interim distribution	01/09/13	3.8162	4.7019
Interim distribution	01/08/13	4.0200	5.0251
Interim distribution	01/07/13	3.8917	4.8692
Interim distribution	01/06/13	3.8998	4.8061
Interim distribution	01/05/13	3.3495	4.1735
Interim distribution	01/04/13	4.0535	5.0638

	XD date	A Accumulation Shares	Gross paying A Accumulation Shares
Final distribution	01/03/14	43.7544	55.4236

	XD date	Y Accumulation Shares	Gross paying Y Accumulation Shares
Final distribution	01/03/14	48.7355	60.2747

	XD date	I Accumulation Shares
Final distribution	01/03/14	41.8027

ONGOING CHARGES (%)

	A Income Shares	Gross paying A Income Shares
28/02/14	1.58	1.57
28/02/13	1.57	1.58

	Y Income Shares	Gross paying Y Income Shares
28/02/14	1.06	1.09
28/02/13	1.03	1.03

	A Accumulation Shares	Gross paying A Accumulation Shares
28/02/14	1.57	1.58
28/02/13	1.58	1.56

	Y Accumulation Shares	Gross paying Y Accumulation Shares
28/02/14	1.06	1.03
28/02/13	1.04	1.04

FUND FACTS

ONGOING CHARGES (%) - Continued

	I Accumulation Shares
28/02/14	0.54
28/02/13	0.63

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
A Income Shares			Gross paying A Income Shares			
28/02/14	0.3	1,081.17	25,181	0.5	1,081.29	44,521
28/02/13	0.3	1,063.65	25,561	0.4	1,063.81	36,142
Y Income Shares			Gross paying Y Income Shares			
28/02/14	3.6	1,081.12	336,555	0.1	1,080.27	6,135
28/02/13	3.4	1,063.66	317,201	-	1,063.43	1,632
A Accumulation Shares			Gross paying A Accumulation Shares			
28/02/14	0.2	1,172.77	14,984	0.6	1,196.67	55,329
28/02/13	0.2	1,109.88	18,015	0.5	1,121.94	41,273
Y Accumulation Shares			Gross paying Y Accumulation Shares			
28/02/14	11.4	1,182.93	963,601	0.8	1,206.32	64,230
28/02/13	10.6	1,115.11	949,305	-	1,128.36	1,632
I Accumulation Shares						
28/02/14	6.1	1,179.87	516,883			
28/02/13	-	1,118.51	1,632			

INCOME PER SHARE AND PRICE HISTORY (PENCE)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
A Income Shares			Gross paying A Income Shares			
2014 ²	9.7742	1,067.00	1,089.00	12.3170	1,067.00	1,090.00
2013	42.5020	1,034.00	1,095.00	52.0143	1,035.00	1,095.00
2012	33.9107	972.50	1,061.00	42.7371	972.90	1,063.00
Y Income Shares			Gross paying Y Income Shares			
2014 ²	10.8605	1,067.00	1,089.00	13.6117	1,066.00	1,089.00
2013	46.0332	1,034.00	1,095.00	57.4114	1,035.00	1,095.00
2012	37.1141	972.50	1,062.00	46.4217	972.50	1,063.00
A Accumulation Shares			Gross paying A Accumulation Shares			
2014 ²	43.7544	1,153.00	1,177.00	55.4236	1,175.00	1,201.00
2013	45.5312	1,089.00	1,153.00	57.1588	1,104.00	1,174.00
2012	-	981.70	1,097.00	-	983.50	1,107.00
Y Accumulation Shares			Gross paying Y Accumulation Shares			
2014 ²	48.7355	1,163.00	1,187.00	60.2747	1,184.00	1,211.00
2013	49.4962	1,096.00	1,162.00	62.2441	1,110.00	1,183.00
2012	-	982.20	1,101.00	-	984.90	1,113.00
I Accumulation Shares						
2014 ²	41.8027	1,158.00	1,184.00			
2013	52.7675	1,090.00	1,158.00			
2012	-	982.90	1,104.00			

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve a combination of income and long term capital growth from a portfolio primarily made up of the securities of companies principally involved in the real estate industry and other real estate-related investments.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Global property stocks fell during the period, underperforming the broader equity market. Performance within geographies and property types was mixed, but occupancy rates continued to rise for most property segments and countries. Notably, property prices in Singapore and Hong Kong declined as the government introduced measures to control prices, which were rising fast. In contrast, UK property stocks rallied following the introduction of a government scheme that made it easier for mortgage borrowers with small deposits to purchase a home.

PORTFOLIO ACTIVITY

The fund underperformed the comparative index over the period as real estate and development holdings disappointed. Particularly, selected positions in Hong Kong detracted from returns as these property stocks were negatively impacted by the Hong Kong Monetary Authority's measures to suppress demand from mainland China and foreign buyers. However, I continue to favour some of the stocks that held back returns. For instance, the holding in Sun Hung Kai Properties was retained as it is known for executing projects efficiently, but the exposure to the stock was reduced. There were some other stock specific disappointments as well, such as Westfield, a retail property group in Australia. Its stock fell largely due to weak specialty sales growth in Australia and New Zealand; the holding was reduced. On a positive note, selected positions in the industrial and office real estate investment trusts (REITs) segments, notably Great Portland Estates, to which I recently increased the exposure, were among the major contributors to performance. Elsewhere, the allocation to British Land also supported returns given its strong balance sheet, diversified funding sources and efficient management. On taking over the fund's management on 1 October 2013, I purchased shares in GAGFAH as it is likely to benefit from restructuring. Fortress Investment, its holding company, reduced its stake in GAGFAH and the new management team is likely to implement a new strategy for the company. In particular, I expect GAGFAH's debt burden to reduce as a result of asset sales. The allocation to office leasing company Hong Kong Land was also increased as it is seeing higher demand from existing tenants who are looking to expand. A new position was also purchased in CSI Properties. Meanwhile, holdings in some Canada-based companies such as Allied Properties and Boardwalk were sold given my negative view on the Canadian market.

OUTLOOK

I continue to believe that macroeconomic forces, such as quantitative easing, government policies and bank funding, rather than fundamentals will be key drivers of the fund's performance. In the US, the housing market seems to have turned the corner, and the UK appears to be going from strength to strength. Meanwhile, in Hong Kong and China, government policies to halt rising asset prices are still in place. In a world that is still working to reduce debt, I expect both inflation and global growth to be weak, interest rates to remain at low levels and quantitative easing to play a substantial role in many regions in the world. Property has historically tended to perform well in such an environment.

Dirk Philippa
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	72.9	18.6	0.7	23.6	-8.3
Y Accumulation Shares	-	-	-	-	-7.8
W Accumulation Shares	-	-	-	-	-7.7
*Comparative Index	72.8	21.0	2.6	26.1	-5.5

* Comparative Index: FTSE EPRA/NAREIT Developed Index (Gross)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 18.7%. Over 5 years the fund has returned 133.9% compared with the comparative index return of 155.6%. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund takes its annual management charge from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may be reduced over time if the fund's growth does not compensate for it. This fund invests in a relatively small number of companies which can make it more volatile than funds that are more diversified. This fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
United States	46.21	45.35
Japan	12.80	10.18
Hong Kong	12.32	12.33
Singapore	7.68	5.04
Australia	5.72	11.09
United Kingdom	5.56	5.62
Sweden	1.96	1.03
France	1.57	2.50
Other	3.46	5.54
Cash and other net assets/(liabilities)	2.72	1.32

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Simon Property Real Estate Investment Trust	7.44
Mitsui Fudosan	4.98
Sun Hung Kai Properties	4.94
Macerich Company	3.96
Westfield	3.90
Host Hotels and Resorts Real Estate Investment Trust	2.97
Great Portland Estates	2.89
Avalonbay Communities Real Estate Investment Trust	2.87
Hong Kong Land (SG)	2.84
Sl Green Realty Real Estate Investment Trust	2.75

Top holdings as at 28/02/13	% of total net assets
Westfield	5.85
Sun Hung Kai Properties	5.33
Simon Property Real Estate Investment Trust	5.16
Public Storage	5.14
Ventas Real Estate investment Trust	5.09
Prologis	3.78
British Land	3.28
Host Hotels And Resorts Real Estate Investment Trust	3.17
HCP	3.01
Mitsui Fudosan	2.89

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions
3. W Income share class launched on 19 February 2014

FUND FACTS

INCOME (pence per share)

	XD date	W Income Shares ³	A Accumulation Shares
Final distribution	01/03/14	0.1290	0.8083
Interim distribution	01/09/13	-	0.7247
	XD date	Y Accumulation Shares	W Accumulation Shares
Final distribution	01/03/14	1.0368	1.1879
Interim distribution	01/09/13	0.9808	1.1378

ONGOING CHARGES (%)

	W Income Shares ³	A Accumulation Shares
28/02/14	0.95	1.74
28/02/13	-	1.74
	Y Accumulation Shares	W Accumulation Shares
28/02/14	1.21	0.99
28/02/13	1.16	0.95

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	W Income Shares ³			A Accumulation Shares		
28/02/14 ³	0.1	99.63	7,994	172.2	118.59	145,217,978
28/02/13				274.9	129.29	212,659,661
29/02/12				195.0	104.70	186,283,238
	Y Accumulation Shares			W Accumulation Shares		
28/02/14	2.0	106.84	1,914,233	11.3	105.93	10,671,273
28/02/13	0.6	115.86	527,957	-	114.60	8,111

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	W Income Shares ³			A Accumulation Shares		
2014 ²	0.1290	99.87	100.40	0.8083	115.30	119.60
2013				1.3617	115.70	141.80
2012				1.6068	96.59	117.50
2011				1.0256	86.52	109.40
2010				0.9493	79.85	105.50
2009				1.5174	45.56	86.84
	Y Accumulation Shares			W Accumulation Shares		
2014 ²	1.0368	103.80	107.70	1.1879	102.90	106.70
2013	1.7563	104.10	127.30	1.8587	103.20	125.90
2012	-	98.61	105.20	-	99.02	104.00

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of companies around the world that provide exposure to commodities, property, industrials, utilities, energy, materials or infrastructure. Up to 20% of the portfolio may consist of Exchange Traded Funds (ETFs), Exchange Traded Commodities qualifying as transferable securities, bonds, warrants and convertibles. The ACD is not restricted in its choice of companies either by size or industry, or in terms of the geographical split of the portfolio, and will concentrate its investment in a more limited number of companies and therefore the resulting portfolio will be less diversified. The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Global equities rose during the review period, where investor sentiment was dominated by speculation about the US Federal Reserve (Fed) reducing its bond purchases. Simultaneously, data releases showed that the US economic recovery was well grounded, that there was a slow yet sustained improvement in economic activity in the eurozone and that Chinese manufacturing had rebounded. Against this backdrop, the Fed eventually announced the first modest reduction in its monthly bond purchases. This was well received as it implied confidence in the underlying strength of the US economy. However, the second reduction in Fed bond purchases dampened sentiment. Nonetheless, the Fed's repeated assurance that short-term interest rates could remain near-zero for longer than previously suggested, provided respite.

PORTFOLIO ACTIVITY

The fund underperformed the comparative index over the period. The holding in Cairn Energy, which was purchased during the year under review, came under intense pressure towards the end of the period. Indian tax authorities questioned Cairn about historical tax assessments regarding its Indian oil fields. This development prevents Cairn from selling its 10% stake in Cairn India until the issue is resolved. Meanwhile, weakness in Japanese stocks in the first two months of 2014 hurt a new position in IIDA Group and a holding in Mitsubishi Estate. The exposure to gold producers hurt returns as the gold price declined sharply. As a result, I sold the holding in Detour Gold. Encouragingly, a position in Ryman Healthcare lifted returns. Investors favoured the company for its property assets and the growing acceptance of retirement villages in Australia and New Zealand. Its self-funding operating model supported reinvestment in the business, where returns have consistently improved. The exposure to Flughafen Wien supported performance. Despite a decrease in passenger traffic, the Vienna airport operator delivered impressive quarterly results. Encouraging US data releases supported the likelihood of a recovery in demand for business jets, which supported the new holding in Textron. Meanwhile, shares in logistics provider FedEx and flow equipment holding Pentair rose on the back of share buyback offers. I sold the holdings in FedEx and General Electric. The latter was sold as its restructuring initiatives are well recognised and factored into its stock price.

OUTLOOK

I believe that earnings growth will be crucial to support a sustained uptrend in equity markets. Overall, the US remains structurally attractive and continues to benefit from improvements in housing, employment and consumption. The Fed has chosen to focus on achieving its inflation target, which is a meaningful development for the fund as several positions are held to offset potentially high inflation levels. I favour domestic growth themes in the US, which include the shale energy revolution and a pickup in the non-residential construction. Meanwhile, I expect China to roll out supportive policies related to its transition from an investment focused to a consumption driven economy. Given recent data releases, I also believe that the eurozone is on the path to recovery.

Amit Lodha
Fund Manager
28 February 2014

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	-	-	-	12.0	-2.8
Y Accumulation Shares	-	-	-	12.0	-2.5
W Accumulation Shares	-	-	-	-	-2.1
*Comparative Index	-	-	-	8.7	-1.7

* Comparative Index: MSCI All Countries World Real Asset Composite Index (Net of Lux)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 19.5% Performance excludes initial charge.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests in a relatively small number of companies, which can make it more volatile than funds that are more diversified. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
United States	39.96	38.25
Japan	11.05	6.02
United Kingdom	8.08	7.81
Canada	4.89	8.98
Australia	4.71	2.42
Germany	3.44	2.50
Ireland	3.02	-
China	2.52	-
Other	15.43	27.24
Cash and other net assets/(liabilities)	6.90	6.78

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
ExxonMobil	3.62
SBA Communications (A)	3.56
Rio Tinto (AU)	3.02
Textron	2.66
Anadarko Petroleum	2.29
Cummins	2.29
Suncor Energy	2.17
Eagle Materials	2.17
BHP Billiton	2.11
Global Logistic Properties	2.11

Top holdings as at 28/02/13	% of total net assets
ExxonMobil	4.45
Anadarko Petroleum	3.44
Cummins	2.97
Suncor Energy	2.73
Mitsubishi Estate	2.58
FDX	2.34
Halliburton	2.27
American Tower	2.19
Vornado Realty Trust	2.03
Imperial Oil	1.88

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	0.4143	1.0123

	XD date	W Accumulation Shares
Final distribution	01/03/14	0.9030

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.83	1.32
28/02/13	2.45	1.92
	W Accumulation Shares	
28/02/14	0.78	
28/02/13	1.70	

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	1.5	119.37	1,303,344	0.1	120.10	11,782
28/02/13	1.3	122.30	1,028,060	-	122.41	11,436
29/02/12	1.3	109.70	1,308,483	0.1	110.15	8,160
	W Accumulation Shares					
28/02/14	0.1	109.37	78,995			
28/02/13	-	111.46	8,111			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	0.4143	115.90	124.20	1.0123	116.50	124.50
2013	1.1196	113.40	128.20	0.7473	113.50	128.30
2012	-	97.78	112.10	-	98.14	112.40
2011	-	89.51	104.40	-	89.54	104.50
	W Accumulation Shares					
2014 ²	0.9030	106.10	113.30			
2013	0.1215	103.30	116.80			
2012	-	98.11	102.10			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of companies around the world. The fund will have a blend of investments in larger, medium and smaller sized companies. The ACD is not restricted in its choice of companies either by size or industry, or in terms of the geographical split of the portfolio, and will choose stocks largely determined by the availability of attractive investment opportunities. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Global equities rose during a period in which investor sentiment was dominated by speculation about the US Federal Reserve (Fed) reducing its bond purchases. Data releases during the year under review showed that the US economic recovery was well grounded, that there was a slow yet sustained improvement in economic activity in the eurozone and that Chinese manufacturing rebounded. Against this backdrop, the Fed eventually announced a modest reduction in its monthly bond purchases. This was well received as it implied confidence in the underlying strength of the US economy. However, the second reduction in Fed bond purchases dampened sentiment. Nonetheless, the Fed's repeated assurance that short-term interest rates could remain near-zero for longer than previously suggested, provided respite.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period. A new holding in Japanese wireless telecommunication services provider KDDI contributed significantly to returns. In a deviation from telecommunications sector developments worldwide, KDDI's average revenue per user increased notably, driven by its bundled broadband and TV offering. I reduced the exposure to Vodafone following the sale of its 45% stake in Verizon Wireless to Verizon Communications. Meanwhile, consumer driven holdings Walt Disney and TripAdvisor supported performance. Walt Disney's quarterly results reflected strong contribution from its hit film 'Frozen' and healthy sales of the 'Disney Infinity' video game. Investors also expected progress in Disney's negotiations with Dish Network for a long term programming deal. The deal will allow Dish to deliver Walt Disney's media content outside of a traditional TV subscription and widen Disney's sources of revenues. Online travel portal TripAdvisor delivered substantial growth in its quarterly revenues. I reduced both these positions. Meanwhile, selected holdings in the health care sector also supported returns. The allocation to leading anti-retroviral drugs producer Gilead Sciences contributed to performance as it received marketing authorisation from the European Commission for its Sovaldi formulation for the treatment of chronic Hepatitis C infection. New holdings in generic drugs producers Mylan Laboratories and Actavis also boosted returns. Mylan was appointed as the authorised distributor of Gilead's formulations in India, which is a significant market for HIV treatment. Actavis announced that its fourth quarter earnings would exceed estimates as the acquisition of Warner Chilcott would help it to significantly expand its presence in its key US market.

OUTLOOK

Earnings expansion will become a more important factor in driving market direction in 2014 as central banks scale back their stimulus support. Whilst valuations are less attractive than they were earlier, they do not appear to be stretched by historical standards. As a result, I will be more selective when purchasing stocks and will concentrate on companies that are undergoing clear positive changes rather than allocating to sectors that appear undervalued.

Jeremy Podger
Fund Manager
28 February 2014

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
J Accumulation Shares	51.8	15.6	-9.3	15.6	13.3
A Accumulation Shares	51.6	15.7	-9.3	15.6	13.2
Y Accumulation Shares	-	-	-	-	13.9
W Accumulation Shares	-	-	-	-	14.2
	-	-	-	-	-
*Comparative Index	44.5	13.9	0.1	15.0	7.0

* Comparative Index: MSCI All Countries World Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 38.4%. Over 5 years the fund has returned 108.1% compared with the comparative index return of 102.7%. Benchmark to 29/02/2012 was MSCI World Index (Net). Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
United States	53.21	48.15
Japan	8.08	6.01
France	7.39	5.96
United Kingdom	6.52	5.53
Switzerland	3.47	4.19
Germany	2.45	3.05
China	2.40	1.71
Ireland	1.81	1.56
Other	12.79	17.74
Cash and other net assets/(liabilities)	1.88	6.10

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Walt Disney	2.52
Google (A)	2.38
KDDI	2.38
Fidelity Institutional Liquidity Fund (GBP)	2.30
Comcast (A)	2.30
eBay	2.28
Aetna	2.10
Morgan Stanley	1.96
JPMorgan Chase	1.94
Johnson & Johnson	1.93

Top holdings as at 28/02/13	% of total net assets
Google (A)	2.78
Sanofi-Aventis	2.72
Walt Disney	2.67
Microsoft	2.48
Lowe's	2.35
eBay	2.17
Comcast (A)	2.15
Johnson & Johnson	2.04
Vodafone	2.03
JPMorgan Chase	1.87

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	0.9332	11.4597

	XD date	J Accumulation Shares	W Accumulation Shares
Final distribution	01/03/14	0.1313	15.5079

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.70	1.17
28/02/13	1.71	1.16
	J Accumulation Shares	W Accumulation Shares
28/02/14	1.67	0.95
28/02/13	1.68	0.94

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	1,497.4	2,153.19	69,543,609	5.2	2,100.45	246,145
28/02/13	1,468.9	1,900.62	77,287,092	1.4	1,844.54	75,360
29/02/12	1,470.2	1,645.48	89,345,442			
	J Accumulation Shares			W Accumulation Shares		
28/02/14	4.8	187.33	2,545,370	25.0	2,007.35	1,248,208
28/02/13	5.8	165.32	3,482,209	0.1	1,758.55	5,263
29/02/12	6.3	143.08	4,431,419			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	0.9332	2,043.00	2,156.00	11.4597	1,992.00	2,102.00
2013	6.7044	1,685.00	2,142.00	5.2748	1,634.00	2,084.00
2012	-	1,468.00	1,676.00	-	1,488.00	1,618.00
2011	-	1,349.00	1,862.00			
2010	-	1,448.00	1,809.00			
2009	14.8256	959.90	1,558.00			
	J Accumulation Shares			W Accumulation Shares		
2014 ²	0.1313	177.70	187.50	15.5079	1,903.00	2,008.00
2013	0.6248	146.60	186.30	3.6263	1,557.00	1,989.00
2012	-	127.60	145.80	-	1,468.00	1,542.00
2011	-	117.30	161.80			
2010	-	126.00	157.30			
2009	0.0123	83.47	135.50			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the MSCI Europe ex UK Index. The ACD will aim to hold securities that represent the MSCI Europe ex UK Index (or in the event of this index ceasing to be compiled such index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations.

Note: This fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI Index (collectively, the "MSCI parties"). The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index name are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by fidelity. None of the MSCI parties makes any representation or warranty, express or implied, to the issuer or owners of this fund or any other person or entity regarding the advisability of investing in funds generally or in this fund particularly or the ability of any MSCI Index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks, and trade names and of the MSCI Indexes which are determined, composed and calculated by MSCI without regard to this fund or the issuer and owners of this fund or any other person or entity. None of the MSCI parties has any obligation to take the needs of the issuer or owners of this fund or any other person or entity into consideration in determining, composing, or calculating the MSCI Indexes. None of the MSCI parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this fund to be issued or in the determination or calculation of the equation by or the consideration into which this fund is redeemable. Further, none of the MSCI parties has any obligation or liability to the issuer or owners of this fund or any other person or entity in connection with the administration, marketing or offering of this fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI Indexes from sources that MSCI considers reliable, none of the MSCI parties warrants or guarantees the originality, accuracy and/or completeness of any MSCI Index or any data included therein. None of the MSCI parties makes any warranty, express or implied, as to the results to be obtained by the issuer of this fund, owners of the fund, or any other person or entity, from the use of any MSCI Index or any data included therein. None of the MSCI parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI Index or any data included therein. Further, none of the MSCI parties makes any express or implied warranties of any kind, and the MSCI parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI Index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

European equities rose over the 12 month period as the economy stabilised and the risk of a break up of the eurozone receded. Markets were supported by robust macroeconomic data from the region. The accommodative monetary policy stance adopted by policymakers globally also boosted sentiment. However, there were periods of volatility during the year as investors were worried about a possible collapse of the banking system in Cyprus and the impact of US tapering. At a sector level, health care and utilities performed well, whilst telecommunications and consumer staples lagged.

PORTFOLIO ACTIVITY

The fund aims to achieve long term capital growth by closely matching the performance of the MSCI Europe ex UK Index (Gross). Therefore, the return of the fund and the index should be similar over time, before costs. However, the fund is priced at midday, whereas the index is officially priced several hours later, when Europe ex UK stock markets close. This timing difference can cause positive or negative variations in apparent relative returns and increase the reported tracking error of the fund. By revaluing the P accumulation shares of the fund at Europe ex UK market close and comparing this return of 1.85% to the return of the index over the period, the performance is more in line. This difference is expected to be negative and explained primarily by the fund's ongoing charges, taxation and transaction costs. Gains or losses may also be made from currency exchange rates. The fund belongs to a group known as "passive" or "index tracker" funds, whereby the portfolio holds securities that are representative of the index. The fund is constructed to efficiently replicate the characteristics of the index, but may not hold all the company shares in the index or hold those shares in exactly the same weightings. The costs and expenses that the fund incurs means returns may not exactly match the index performance. Please note, the fund's cash position does not mean that it is under exposed to the index, as any cash balance is typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts the fund's sector and top holdings weights more closely match the index.

OUTLOOK

Equity valuations have risen from a low base but are now, in aggregate, beginning to look less attractive, relative to history. For the stock market to make progress from here, higher earnings growth will be required. However, growth remains fragile in Europe given continued low bank lending and stretched government finances.

PERFORMANCE RECORD

PERFORMANCE SINCE LAUNCH

The fund was launched on 22 January 2014. Since its launch the P accumulation shares of the fund, based on its midday valuation, returned 1.43% with net income reinvested, compared to the MSCI Europe ex UK Index (Gross) market close return of 1.92%.

A discrete 1 year performance table has not been included as the fund launched on 22 January 2014 and does not have a full twelve month performance record.'

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Performance excludes initial charge.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

PORTFOLIO INFORMATION

	28/02/14
	%
France	21.07
Germany	19.86
Switzerland	19.52
Spain	7.18
Sweden	6.87
Netherlands	6.04
Italy	4.74
Denmark	2.91
Other	8.58
Cash and other net assets/(liabilities)	3.23

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 are shown below.

Top holdings as at 28/02/14	% of total net assets
Nestle (Reg'd)	3.89
Roche	3.43
Novartis (Reg'd)	3.05
Total (B)	2.19
Sanofi-Aventis	1.95
Bayer	1.83
BASF	1.66
Siemens (Bearer)	1.66
Banco Santander Central Hispano	1.64
Novo Nordisk (B)	1.50

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis
2. Figures include the 01/03/14 distributions
3. This fund launched on 22 January 2014

FUND FACTS

INCOME (pence per share)

	XD date	F Accumulation Shares	P Accumulation Shares
Final distribution	01/03/14	1.5960	0.1526

ONGOING CHARGES (%)

	F Accumulation Shares	P Accumulation Shares
28/02/14	0.09	0.16

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	F Accumulation Shares			P Accumulation Shares		
28/02/14	1.0	1,014.06	98,670	4.5	101.40	4,470,233

INCOME PER SHARE AND PRICE HISTORY (PENCE)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	F Accumulation Shares			P Accumulation Shares		
2014 ²	1.5960	958.31	1015.10	0.1526	95.83	101.50

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the MSCI Japan Index. The ACD will aim to hold securities that represent the MSCI Japan Index (or in the event of this index ceasing to be compiled such index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations.

Note: This fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any Other third party involved in, or related to, compiling, computing or Creating any MSCI Index (collectively, the "MSCI parties"). The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index Name are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by fidelity. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this fund or any other person or entity regarding the advisability of investing in funds generally or in this fund particularly or the ability of any MSCI Index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks, and trade names and of the MSCI Indexes which are determined, composed and calculated by MSCI without regard to this fund or the issuer and owners of this fund or any other person or entity. None of the MSCI parties has any obligation to take the needs of the issuer or owners of this fund or any other person or entity into consideration in determining, composing, or calculating the MSCI Indexes. None of the MSCI parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this fund to be issued or in the determination or calculation of the equation by or the consideration into which this fund is redeemable. Further, none of the MSCI parties has any obligation or liability to the issuer or owners of this fund or any other person or entity in connection with the administration, marketing or offering of this fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI Indexes from sources that MSCI considers reliable, none of the MSCI parties warrants or guarantees the originality, accuracy and/or completeness of any MSCI Index or any data included therein. None of the MSCI parties makes any warranty, express or implied, as to the results to be obtained by the issuer of this fund, owners of the fund, or any other person or entity, from the use of any MSCI Index or any data included therein. None of the MSCI parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI Index or any data included therein. Further, none of the MSCI parties makes any express or implied warranties of any kind, and the MSCI parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI Index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

The implementation of Prime Minister Shinzo Abe's economic policies (also called Abenomics) drove a rapid rise in Japanese stocks. The Bank of Japan's (BoJ) accommodative monetary policy led to a fall in the yen versus other currencies, which boosted exporters' earnings. Falling prices finally started to give way to inflation, with the Consumer Price Index at its highest level in five years. However, worries over the timing and magnitude of the US Federal Reserve's tapering of quantitative easing triggered a sell off in emerging markets and speculation about a slowdown in China exacerbated risk aversion. The deterioration in sentiment contributed to a sharp correction in Japanese stocks towards the end of the period.

PORTFOLIO ACTIVITY

The fund aims to achieve long term capital growth by closely matching the performance of the MSCI Japan Index (Net). Therefore, the return of the fund and the index should be similar over time, before costs. However, the fund is priced at midday, whereas the index is officially priced several hours earlier, when the Japanese stock market closes. This timing difference can cause positive or negative variations in apparent relative returns and increase the reported tracking error of the fund. By revaluing the P accumulation shares of the fund at Japan market close and comparing this return of -5.51% to the return of the index over the period, the performance is more in line. Ordinarily, this difference is expected to be negative and explained primarily by the fund's ongoing charges, taxation and transaction costs. Gains or losses may also be made from currency exchange rates. The fund belongs to a group known as "passive" or "index tracker" funds, whereby the portfolio holds securities that are representative of the index. The fund is constructed to efficiently replicate the characteristics of the index, but may not hold all the company shares in the index or hold those shares in exactly the same weightings. The costs and expenses that the fund incurs means returns may not exactly match the index performance. Please note, the fund's cash position does not mean that it is under exposed to the index, as any cash balance is typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts the fund's sector and top holdings weights more closely match the index.

OUTLOOK

Under the leadership of the new Governor, Haruhiko Kuroda, the BoJ delivered even more aggressive easing than the most optimistic expectations. This change in policy is helping to reverse Japan's deflationary mindset. Beyond the positive implications for asset prices, a general shift to more people expecting a future of rising prices and wages instead of falling ones will have a wide-reaching effect. Going forward, the key checkpoint is how real demand will follow the monetary growth trend. Of course, domestic economic recovery will be a more powerful and sustainable story if accompanied by structural reform. Some key longer-term questions remain and Prime Minister Abe will provide greater clarity on his policy agenda in the coming months.

Geode Capital Management
Fund Managers
28 February 14

PERFORMANCE RECORD

PERFORMANCE SINCE LAUNCH

The fund was launched on 22 January 2014. Since its launch the P accumulation shares of the fund, based on its midday valuation, returned -5.01% with net income reinvested, compared to the MSCI Japan Index (Net) market close return of -5.59%.

A discrete 1 year performance table has not been included as the fund launched on 22 January 2014 and does not have a full twelve month performance record.

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Performance excludes initial charge.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

PORTFOLIO INFORMATION

	28/02/14
	%
Electical Machinery	13.73
Transport Equipment	13.06
Banks	9.80
Information & Communication	6.85
Pharmaceuticals	5.17
Chemicals	4.97
Machinery	4.58
Wholesale	4.10
Other	36.12
Cash and other net assets/(liabilities)	1.62

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 are shown below.

Top holdings as at 28/02/14	% of total net assets
Toyota Motor	5.72
Mitsubishi UFJ Financial	2.77
Softbank	2.70
Honda Motor	2.17
Sumitomo Mitsui Financial	2.15
Mizuho Financial	1.79
Takeda Pharmaceutical	1.48
Hitachi	1.38
Canon	1.38
Japan Tobacco	1.31

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis
2. Figures include the 01/03/14 distributions
3. This fund launched on 22 January 2014

FUND FACTS

INCOME (pence per share)

	XD date	F Accumulation Shares	P Accumulation Shares
Final distribution	01/03/14	0.2085	0.0152

ONGOING CHARGES (%)

	F Accumulation Shares	P Accumulation Shares
28/02/14	0.09	0.15

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	F Accumulation Shares			P Accumulation Shares		
28/02/14	0.5	948.75	50,930	5.3	94.87	5,622,776

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	F Accumulation Shares			P Accumulation Shares		
2014 ²	0.2085	926.84	1,000.00	0.0152	92.68	100.00

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the MSCI Pacific ex Japan Index. The ACD will aim to hold securities that represent the MSCI Pacific ex Japan Index (or in the event of this index ceasing to be compiled such index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations.

Note: This fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI Index (collectively, the "MSCI parties"). The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index name are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by fidelity. None of the MSCI parties makes any representation or warranty, express or implied, to the issuer or owners of this fund or any other person or entity regarding the advisability of investing in funds generally or in this fund particularly or the ability of any MSCI Index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks, and trade names and of the MSCI Indexes which are determined, composed and calculated by MSCI without regard to this fund or the issuer and owners of this fund or any other person or entity. None of the MSCI parties has any obligation to take the needs of the issuer or owners of this fund or any other person or entity into consideration in determining, composing, or calculating the MSCI Indexes. None of the MSCI parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this fund to be issued or in the determination or calculation of the equation by or the consideration into which this fund is redeemable. Further, none of the MSCI parties has any obligation or liability to the issuer or owners of this fund or any other person or entity in connection with the administration, marketing or offering of this fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI Indexes from sources that MSCI considers reliable, none of the MSCI parties warrants or guarantees the originality, accuracy and/or completeness of any MSCI Index or any data included therein. None of the MSCI parties makes any warranty, express or implied, as to the results to be obtained by the issuer of this fund, owners of the fund, or any other person or entity, from the use of any MSCI Index or any data included therein. None of the MSCI parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI Index or any data included therein. Further, none of the MSCI parties makes any express or implied warranties of any kind, and the MSCI parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI Index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Pacific ex Japan equities retreated against the backdrop of concerns about slowing growth and the health of the financial system in China. Investors also worried about the impact of the reduction in the US Federal Reserve's bond buying programme. The political crisis in Thailand, typhoon in the Philippines, and rising interest rates in Indonesia also hurt equities. Meanwhile, strength in the US economy and recovery in Europe supported market sentiment. China unveiled a series of reforms to achieve stable and balanced long term growth. At a sector level, energy and telecommunication stocks declined. Materials tracked resource prices lower.

PORTFOLIO ACTIVITY

The fund aims to achieve long term capital growth by closely matching the performance of the MSCI Pacific ex Japan Index (Net). Therefore, the return of the fund and the index should be similar over time, before costs. However, the fund is priced at midday, whereas the index is officially priced several hours earlier, when Pacific ex Japan stock markets close. This timing difference can cause positive or negative variations in apparent relative returns and increase the reported tracking error of the fund. By revaluing the P accumulation shares of the fund at Pacific ex Japan market close and comparing this return of 3.31% to the return of the index over the period, the performance is more in line. Ordinarily, this difference is expected to be negative and explained primarily by the fund's ongoing charges, taxation and transaction costs. Gains or losses may also be made from currency exchange rates. The fund belongs to a group known as "passive" or "index tracker" funds, whereby the portfolio holds securities that are representative of the index. The fund is constructed to efficiently replicate the characteristics of the index, but may not hold all the company shares in the index or hold those shares in exactly the same weightings. The costs and expenses that the fund incurs means returns may not exactly match the index performance. Please note, the fund's cash position does not mean that it is under exposed to the index, as any cash balance is typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts the fund's sector and top holdings weights more closely match the index.

OUTLOOK

Prospects for the Pacific ex Japan region are promising in light of a series of reforms announced by the government in China, which will support its transition into a domestic, consumption-driven economy, with a focus on revitalising private sectors and speeding up urbanisation. Meanwhile, signs of a synchronised improvement in the key economies of the US, Europe and Japan bodes well for Asian exporters, particularly in Korea and Taiwan. Smaller economies such as Indonesia have an exceptional long term structural growth story. The trend of industrialisation, urbanisation and the subsequent increase in wealth and income are very attractive to investors, and there are many companies that can take advantage of this.

Geode Capital Management
Fund Managers
28 February 14

PERFORMANCE RECORD

PERFORMANCE SINCE LAUNCH

The fund was launched on 6 February 2014. Since its launch the P accumulation shares of the fund, based on its midday valuation, returned 3.81% with net income reinvested, compared to the MSCI Pacific ex Japan Index (Net) market close return of 3.06%.

A discrete 1 year performance table has not been included as the fund launched on 06 February 2014 and does not have a full twelve month performance record.

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Performance excludes initial charge.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

PORTFOLIO INFORMATION

	28/02/14
	%
Financials	50.68
Materials	12.24
Industrials	8.55
Consumer Discretionary	6.80
Consumer Staples	6.61
Utilities	3.66
Energy	3.35
Telecommunications	3.28
Other	3.48
Cash and other net assets/(liabilities)	1.35

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 are shown below.

Top holdings as at 28/02/14	% of total net assets
BHP Billiton (AU)	6.90
Commonwealth Bank of Australia	6.72
Westpac Banking	5.78
ANZ Banking (AU)	4.95
National Australia Bank	4.57
AIA	3.74
Wesfarmers	2.76
Woolworths (AU)	2.54
CSL	1.95
Hutchison Whampoa	1.78

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis
2. Figures include the 01/03/14 distributions
3. This fund launched on 6 February 2014

FUND FACTS

INCOME (pence per share)

	XD date	F Accumulation Shares	P Accumulation Shares
Final distribution	01/03/14	5.5382	0.5495

ONGOING CHARGES (%)

	F Accumulation Shares	P Accumulation Shares
28/02/14	0.11	0.20

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	F Accumulation Shares			P Accumulation Shares		
28/02/14	0.5	1,036.22	50,870	5.9	103.62	5,634,543

INCOME PER SHARE AND PRICE HISTORY (PENCE)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	F Accumulation Shares			P Accumulation Shares		
2014 ²	5.5382	1,000.00	1,041.62	0.5495	100.00	104.16

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a diversified portfolio primarily made up of shares issued by companies around the world. At least half the portfolio will be invested in the EU, with the balance invested in the world's major equity markets, broadly in relation to their size and relative attractiveness. Within the portfolio there is a bias towards the larger companies in each market, but the ACD is not restricted in this regard or in terms of the industrial or geographical split of the portfolio (outside of that mentioned above).

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Global equity markets rose over the 12 month period. Central banks in major developed countries continued to increase money supply in order to support growth. As a result, economic data, notably in the US, the UK and Europe ex UK improved, which, in turn, led to a rise in equity markets. However, gains were limited by worries about the US Federal Reserve (Fed) reducing money supply in response to improving growth. Concerns about slower growth in China also hurt investor sentiment. Against this backdrop, Europe ex UK rose the most in sterling terms, followed by the US, the UK and Japan. In contrast, Pacific ex Japan and emerging markets declined.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period. Ayesha Akbar was appointed portfolio manager and Nick Peters co-portfolio manager for the fund during the period. The fund is run using a manager selection process under which assets are allocated to regional Fidelity sub-managers for stock picking. The fund performance was supported by security selection in all regional segments. Notably, in the US, strong stock selection as well as an overweight stance in software & services and pharmaceuticals companies supported returns. A holding was purchased in Microsoft as it is strengthening its position in key segments of the software market. The exposure to Google (A) and Electronic Arts was also increased. Google is seeing strong revenue growth and Electronic Arts is expected to benefit from demand for its new video game consoles. Elsewhere, positions in insurance companies supported returns from the Europe ex UK segment. Their share prices rose after European politicians reached an agreement on new capital requirements that were less burdensome than was initially feared. Underweight positions in consumer staples and materials, which lagged other sectors, also contributed to performance. Meanwhile, stock picking in the software & services sector supported returns from Pacific ex Japan. In particular, the holding in Tencent benefited from strong results and its efforts to monetise its WeChat platform. In Japan, stock selection in the chemicals, transport equipment and electrical machinery companies aided performance. In the UK, exposure to retail companies helped returns. In the UK segment, the holding in outsourcing firm Serco was sold as contract disputes with the UK government negatively impacted its earnings outlook. Positions in utility company Centrica and banking group Barclays were also sold. The proceeds from these sales were used to invest in better opportunities elsewhere.

OUTLOOK

We expect improving economic activity in the US to support the domestic market as well as global equity markets. This is because the US is a major export market for the rest of the world and also invests in other economies. Elsewhere, central banks in most developed countries continue to support their economies by maintaining money supply. Economic data in the US, the UK and Japan has been improving. In Europe ex UK, growth has been improving; however, the financial sector remains weak. Pacific ex Japan and emerging markets are likely to be hurt by slower growth in China, which is a major export market for these economies.

Ayesha Akbar & Nick Peters
Fund Managers
28 February 2014

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	38.7	15.4	-1.8	11.1	15.2
*Comparative Index	45.7	15.2	0.7	15.6	11.5

* Comparative Index: 40 % FTSE All Share Index (Net), 60 % MSCI World Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 472.4%. Over 5 years the fund has returned 101.1% compared with the comparative index return of 117.7%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Benchmark to 31/12/97 was 50% FTSE World (ex-UK) Index (Net), 50% FTSE All Share Index (Net). From 01/01/98 to 30/06/99 the benchmark was 50% MSCI World (ex-UK) Index (Net), 50% FTSE All Share Index (Net). Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
United Kingdom	35.51	38.38
United States	33.62	30.58
Japan	4.72	5.01
Netherlands	4.10	3.20
France	4.07	3.45
Germany	2.24	-
Switzerland	2.20	1.88
Canada	2.15	2.37
Other	10.47	14.05
Cash and other net assets/(liabilities)	0.92	1.08

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
BG	1.99
Rio Tinto	1.43
Diageo	1.39
Unilever (UK)	1.36
Novo Nordisk (B)	1.36
Ocado	1.32
Capita	1.32
Google (A)	1.26
TalkTalk Telecom	1.24
Electronic Arts	1.23

Top holdings as at 28/02/13	% of total net assets
BP	3.06
Rio Tinto	2.33
BG	2.25
Barclays	2.18
Diageo	2.08
Unilever (UK)	1.92
Ocado	1.35
Randgold Resources	1.31
Apple	1.25
Nanoco	1.22

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares
Final distribution	01/03/14	0.1086

ONGOING CHARGES (%)

	A Accumulation Shares
28/02/14	1.75
28/02/13	1.75

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
A Accumulation Shares			
28/02/14	220.3	142.93	154,159,552
28/02/13	248.0	124.12	199,842,315
29/02/12	252.5	111.69	226,118,694

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price
A Accumulation Shares			
2014 ²	0.1086	135.80	143.30
2013	0.5797	113.10	140.20
2012	0.1012	99.59	113.60
2011	-	90.28	116.00
2010	0.6019	91.14	113.60
2009	1.4780	66.17	98.75

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of shares of Japanese companies. The portfolio is likely to have a bias towards larger companies, although the ACD is not restricted in its choice of company by either size or industry.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

The implementation of Prime Minister Shinzo Abe's economic policies (also called Abenomics) drove a rapid rise in Japanese stocks. The Bank of Japan's (BoJ) accommodative monetary policy led to a fall in the yen versus other currencies, which boosted exporters' earnings. Falling prices finally started to give way to inflation, with the Consumer Price Index at its highest level in five years. However, worries over the timing and magnitude of the US Federal Reserve's tapering of quantitative easing triggered a sell off in emerging markets and speculation about a slowdown in China exacerbated risk aversion. The deterioration in sentiment contributed to a sharp correction in Japanese stocks towards the end of the period.

PORTFOLIO ACTIVITY

The fund underperformed the comparative index over the period. Stock selection in the automobiles sector detracted quite heavily from returns. Sluggish sales volumes, particularly in Europe and ASEAN, raised concerns about the recovery momentum at Nissan Motor. The holding was reduced. Competitor Honda Motor also trailed the broader market. With crude oil prices declining and oil refining margins narrowing, oil development company Inpex and refiner JX underperformed the broader market. I reduced the exposure to both positions. Meanwhile, rail operators, which benefited from a recovery in transport revenues and an improvement in the real estate market, succumbed to profit taking following their strong performance in early 2013. West Japan Railway was among the largest detractors from returns. On a more positive note, stock picking in the banking and services sectors supported performance. Japanese lenders, notably Sumitomo Mitsui Financial, rallied strongly after the central bank implemented bold monetary easing measures. E-Commerce operator Rakuten, a new addition to the fund, supported performance as its mix of online shopping, credit cards, consumer lending and online securities businesses reaped the benefits of a rebound in consumer spending. Taking into consideration the aggressive policy shift by the BoJ, I increased the allocation to banks and real estate developers. New purchases included Mizuho Financial and Nomura Real Estate. These were funded by selling the holding in branded drug maker Takeda Pharmaceutical. The stock was getting closer to my target price and I was concerned about the company's near term earnings outlook. Elsewhere, I sold mobile carrier SoftBank as its relative valuations became less attractive. Meanwhile, defensive sectors that trade on high valuations remained underweight.

OUTLOOK

The recent correction in Japanese stocks can be attributed to global risk aversion, stemming from concerns about China and emerging economies, and a stronger yen. At this stage, the pickup in the global economy remains on track. Japan's recovery continues to proceed steadily and the reflation theme or domestic economic recovery remains on course. Whilst risk assets are likely to remain volatile for the time being, I view the current correction as an opportunity to add selectively on weakness.

June-Tao Kim
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	37.1	10.6	-12.1	5.2	-2.0
Y Accumulation Shares	-	-	-	-	-1.4
W Accumulation Shares	-	-	-	-	-1.2
*Comparative Index	23.6	9.7	-7.7	9.8	3.3

* Comparative Index: TOPIX Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 839.6%. Over 5 years the fund has returned 37.4% compared with the comparative index return of 42.0%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Banks	16.88	14.11
Transport Equipment	13.38	13.30
Information & Communication	10.39	13.27
Wholesale	7.26	8.71
Electrical Machinery	6.30	5.03
Pharmaceuticals	4.86	5.31
Insurance	4.52	2.87
Machinery	4.25	-
Other	31.73	33.32
Cash and other net assets/(liabilities)	0.43	4.08

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Mitsubishi UFJ Financial	5.99
Toyota Motor	5.29
Sumitomo Mitsui Financial	5.12
Mizuho Financial	4.98
Honda Motor	4.41
MS&AD Insurance	3.22
Hitachi	3.22
Sumitomo	2.93
Nippon Telegraph & Telephone	2.85
Japan Tobacco	2.79

Top holdings as at 28/02/13	% of total net assets
Mitsubishi UFJ Financial	5.97
Toyota Motor	4.60
Honda Motor	4.60
Sumitomo Mitsui Financial	4.35
Nissan Motor	4.10
Sumitomo Mitsui	3.79
JX	3.45
NTT DoCoMo	3.45
Nippon Telegraph & Telephone	3.34
Sumitomo	3.25

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	0.5992	1.8713

	XD date	W Accumulation Shares
Final distribution	01/03/14	2.4519

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.75	1.21
28/02/13	1.75	1.20

	W Accumulation Shares
28/02/14	0.99
28/02/13	0.96

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	57.3	234.60	24,414,917	0.1	225.62	57,738
28/02/13	82.9	239.17	34,676,173	0.1	228.86	37,243
29/02/12	72.4	227.50	31,809,923			
	W Accumulation Shares					
28/02/14	0.8	228.37	352,707			
28/02/13	-	231.06	4,556			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	0.5992	231.20	251.40	1.8713	222.30	241.60
2013	1.9978	216.10	281.70	1.2953	206.70	269.90
2012	1.3337	199.00	230.50	-	193.70	206.30
2011	1.1624	201.30	262.30			
2010	-	216.70	260.10			
2009	0.8979	161.10	226.70			
	W Accumulation Shares					
2014 ²	2.4519	224.90	244.50			
2013	-	208.60	272.60			
2012	-	198.40	208.20			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to provide long term growth potential from a portfolio of Japanese equities. The portfolio is likely to have a bias towards medium-sized and smaller companies, although the ACD is not restricted in its choice of company by either size or industry.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

The implementation of Prime Minister Shinzo Abe's economic policies (also called Abenomics) drove a rapid rise in Japanese stocks. The Bank of Japan's (BoJ) accommodative monetary policy led to a fall in the yen versus other currencies, which boosted exporters' earnings. Falling prices finally started to give way to inflation, with the Consumer Price Index at its highest level in five years. However, worries over the timing and magnitude of the US Federal Reserve's tapering of quantitative easing triggered a sell off in emerging markets and speculation about a slowdown in China exacerbated risk aversion. The deterioration in sentiment contributed to a sharp correction in Japanese stocks towards the end of the period.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period. This was driven by strong stock picking in the electrical machinery and automobiles sectors. Nidec performed well, as improving margins for hard disk drive (HDD) motors and growth in sales of non-HDD precision motors increased confidence in its mid-to-long term earnings outlook. Fuji Heavy Industries, which produces the Subaru brand of passenger cars, also enhanced gains. It benefited from a continued recovery of car sales in the US, which is one of its largest markets, and currency translation gains resulting from a weaker yen. Elsewhere, insecticide producer Nihon Nohyaku delivered strong profit growth based on rising overseas sales of its products. On the other hand, second-tier lenders lacked a clear direction and life insurers struggled amid sharp declines in long term interest rates. Shinsei Bank and T&D Holdings hurt performance. The underweight stance in power utilities also detracted from returns. I continue to favour globally competitive growth stocks in the machinery, automobiles and electronic parts sectors. Holdings in industrials, including automation companies SMC and THK, were increased. I also capitalised on the underperformance in the technology sector to add TDK and Yaskawa Electronics as I am confident about their long term outlook. I remain overweight in financials, but took profits in non banks Aeon Financial Service and Orix. I also sold positions in banks (Sumitomo Mitsui Trust) and real estate (Sumitomo Realty & Development) companies that made significant moves up the market cap scale. Meanwhile, defensive sectors that trade on high valuations remained underweight.

OUTLOOK

Japanese stocks have fallen sharply year to date, but nothing has changed fundamentally. I think investors were probably too optimistic in 2013. Therefore, the recent sell off is a rational consolidation in response to the significant gains registered in 2013. The market could remain volatile for the time being, but current trends in corporate earnings are positive, valuation multiples are reasonable and I expect to see good earnings per share (EPS) growth this year and next. In this environment, I am looking for stocks that have been sold indiscriminately, as I believe this as a good opportunity to find cheaper companies with good growth potential.

Jun Tano
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
W Accumulation Shares	-	-	-	-	11.2
A Accumulation Shares	28.7	12.3	-6.4	11.3	10.3
*Comparative Index	26.7	9.6	-5.3	8.0	5.7

* Comparative Index: Russell/Nomura Mid Small Cap Japan (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 549.6%. Over 5 years the fund has returned 66.2% compared with the comparative index return of 50.0%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Benchmark to 31/12/98 was TOPIX Index (Net). From 01/01/99 to 29/08/03 the benchmark was TOPIX 2nd Section Index (Net). Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Machinery	19.40	10.58
Electrical Machinery	16.62	8.86
Transport Equipment	10.01	5.47
Banks	6.03	8.65
Information & Communication	5.45	3.85
Services	4.88	2.90
Chemicals	4.68	12.19
Other Financing Business	4.04	8.50
Other	27.99	36.20
Cash and other net assets/(liabilities)	0.90	2.80

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Nidec	4.05
Otsuka	3.71
Daikin Industries	2.98
Kubota	2.69
Sumitomo Electric Industries	2.17
Nihon Nohyaku	2.01
Omron	1.99
Misumi	1.73
Suruga Bank	1.72
Mazda Motor	1.68

Top holdings as at 28/02/13	% of total net assets
Nitto Denko	3.99
Kubota	3.70
Shinsei Bank	2.26
Otsuka	2.11
Fuji Heavy Industries	2.00
Mitsubishi UFJ Lease And Finance	1.97
Aeon Credit Service	1.91
Toray Industries	1.87
Toyo Suisam Kaisha	1.73
Bank of Yokohama	1.73

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	W Accumulation Shares
Final distribution	01/03/14	-	0.6536

ONGOING CHARGES (%)

	A Accumulation Shares	W Accumulation Shares
28/02/14	1.75	1.00
28/02/13	1.75	0.96

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			W Accumulation Shares		
28/02/14	66.2	162.20	40,810,431	2.2	172.9	1,250,149
28/02/13	64.7	146.92	44,011,202	-	155.46	6,363
29/02/12	71.2	132.11	53,858,354			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			W Accumulation Shares		
2014 ²	-	158.00	171.60	0.6536	168.30	182.80
2013	0.1694	129.70	178.70	-	137.00	189.40
2012	0.1516	122.50	134.70	-	130.00	136.90
2011	0.1308	112.40	142.70			
2010	-	116.70	140.40			
2009	-	95.24	127.40			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve an attractive level of income together with some long term capital growth from a portfolio invested primarily in the UK. The portfolio will be invested in a combination of UK government and corporate bonds and other fixed interest securities, preference shares, convertibles and ordinary shares.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

The UK stock market rose over the 12 month period. Improvements in the UK economy, which appears to be on the road to a slow but steady recovery, supported investor sentiment. Policy announcements from global central banks and speculation about the US Federal Reserve's (Fed) monetary tapering, remained in focus. Improving investor risk appetite during the period led to an increasing focus on medium and small sized companies that are expected to benefit from a recovery in the domestic economy. UK corporate bonds outperformed UK government bonds (Gilts) over the review period as credit spreads tightened.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period. The overweight stance in the health care sector supported returns. AstraZeneca was one of the key contributors to the fund's performance as the company received regulatory approval for one of its key drugs. Investors also focused on its improving earnings outlook and dividend potential. The holding in telecommunications major BT Group enhanced gains as the company raised its earnings outlook for the year, driven by its fast-growing broadband fibre business and the new BT Sport channels. Meanwhile, the position in Associated British Foods boosted returns as it reported better-than-expected annual results following the strong performance of its fashion retail business Primark. During the review period, we raised the exposure to a number of companies which are expected to pay higher dividends. We initiated a position in BP, as we are impressed by its commitment to focus on value and to increase dividends consistently in the future. Holdings in Scottish & Southern Energy, Group 4 Securicor and National Grid Transco were also increased. We sold holdings in small sized companies Britvic and Synthomer as their stock valuations were unattractive. The position in Vodafone was also sold. Within the bond portion of the portfolio, the interest rate strategy proved detrimental to performance. Overweight interest rate exposure to maturities between 7 and 10 years held back returns, as this part of the market underperformed. Nevertheless, asset allocation and corporate bond selection supported returns. The fund has an overweight stance in bonds with credit ratings in the lower tier of the high grade market. Overall, we continue to focus on bonds issued by companies that demonstrate a typically lower sensitivity to the economic cycle, but still offer a healthy yield premium over the market average.

OUTLOOK

There are encouraging signs of economic stabilisation and renewed growth in the UK. However, economic growth has not yet returned to normal and consumer incomes continue to fall in real terms. Going forward, any disappointment on GDP growth could lead to some volatility in markets. Companies across sectors are generally cash rich and tend to target increasing dividends. We think that both stock valuations and prospects for dividend growth will continue to support our equity income strategy this year. On the fixed income segment, investment grade corporate bonds offer the best risk-adjusted return potential as company fundamentals are broadly healthy.

Michael Clark & Ian Spreadbury
Fund Managers
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Income Shares	28.5	9.6	10.0	12.4	9.6
Y Income Shares	-	-	-	-	10.2
*Comparative Index	29.9	13.0	6.4	9.9	8.0

* Comparative Index: Comprises 65 % FTSE All Share Index (Net), 35 % FTSE Actuaries Government All Stocks (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 368.5%. Over 5 years the fund has returned 90.9% compared with the comparative index return of 85.3%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Benchmark to 31/07/95 was 55% FTSE All Share Index (Net), 45% FTSE Actuaries Government All Stocks (Net). From 01/08/95 to 21/06/00 the benchmark was 50% FTSE All Share Index (Net), 50% of FTSE Actuaries Government All Stocks (Net). Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. With funds that invest in bonds, there is a risk that the issuer of the bond may default on its repayments. The likelihood of this happening will depend on the credit-worthiness of the issuer. The risk of default is usually greatest with bonds that are classed as sub-investment grade. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund takes its annual management charge from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may reduce over time if the fund's growth does not compensate for it. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
AA Rated	24.84	22.11
Health Care	14.48	13.85
Consumer Goods	13.27	15.77
Financials	9.35	10.28
Utilities	8.80	9.07
Industrials	7.68	6.90
Oil & Gas	4.66	1.84
Consumer Services	4.37	4.48
Other	10.88	14.83
Cash and other net assets/(liabilities)	1.67	0.87

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
UK Gilt Treasury 2.25% 07/03/2014	8.32
AstraZeneca (UK)	5.51
GlaxoSmithKline	5.15
UK Gilt 1.25% 22/07/2018	4.19
Imperial Tobacco	3.05
BP	3.04
BT	2.58
Reckitt Benckiser	2.56
UK Gilt Treasury 4.25% 07/03/2036	2.46
British American Tobacco	2.23

Top holdings as at 28/02/13	% of total net assets
UK Gilt Treasury 4.50% 07/03/2013	8.17
GlaxoSmithKline	4.96
AstraZeneca (UK)	4.35
UK Gilt Treasury 4.25% 07/03/2036	3.18
Reckitt Benckiser	3.05
British American Tobacco	3.02
Imperial Tobacco	2.99
BT	2.80
UK Gilt Treasury 5.00% 07/09/2014	2.62
Tesco	2.26

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Income Shares	Y Income Shares
Final distribution	01/03/14	0.5688	0.9170
Interim distribution	01/02/14	0.1200	0.1200
Interim distribution	01/01/14	0.1200	0.1200
Interim distribution	01/12/13	0.1200	0.1200
Interim distribution	01/11/13	0.1200	0.1200
Interim distribution	01/10/13	0.1200	0.1200
Interim distribution	01/09/13	0.1200	0.1200
Interim distribution	01/08/13	0.1200	0.1200
Interim distribution	01/07/13	0.1200	0.1200
Interim distribution	01/06/13	0.1200	0.1200
Interim distribution	01/05/13	0.0940	0.0940
Interim distribution	01/04/13	0.0940	0.0940

ONGOING CHARGES (%)

	A Income Shares	Y Income Shares
28/02/14	1.21	0.67
28/02/13	1.20	0.67

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Income Shares			Y Income Shares		
28/02/14	330.8	48.46	682,625,533	32.5	55.78	58,261,630
28/02/13	294.3	45.93	640,825,499	0.1	52.65	241,658
29/02/12	243.3	42.63	570,805,282	-	-	-

INCOME PER SHARE AND PRICE HISTORY (PENCE)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Income Shares			Y Income Shares		
2014 ²	0.8080	47.18	49.07	1.1570	54.54	56.75
2013	2.1030	44.68	49.35	1.9556	50.99	56.67
2012	1.8584	41.97	44.90	-	49.42	50.99
2011	1.7631	39.40	42.98			
2010	1.1740	37.53	41.66			
2009	1.3649	29.98	39.33			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve a combination of income and long term capital growth from a portfolio primarily made up of investments in the UK, including ordinary shares, preference shares, convertibles and fixed interest securities. The portfolio is likely to have a bias towards larger companies, although the ACD is not restricted in its choice of company by either size or industry.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

The UK stock market advanced over the 12 month period. Improvements in the UK economy, which appears to be on the road to a slow but steady recovery, supported investor sentiment. Policy announcements from global central banks and speculation about the US Federal Reserve's (Fed) monetary tapering, remained in focus. Improving investor risk appetite during the period led to an increasing focus on medium and small sized companies that are expected to benefit from a recovery in the domestic economy. At a sector level, telecommunications, health care and consumer services were the best performers, whilst returns from resources stocks, consumer goods and financials lagged the broader market.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period. I focus on companies that deliver consistent dividend growth. This approach has driven positive returns over the year under review. The overweight stance in the health care sector supported returns. AstraZeneca was one of the key contributors to the fund's performance as the company received regulatory approval for one of its key drugs. Investors also focused on its improving earnings outlook and dividend potential. The holding in telecommunications major BT also enhanced gains as the company raised its earnings outlook for the year, driven by its fast-growing broadband fibre business and the new BT Sport channels. Meanwhile, the position in Associated British Foods boosted returns as it reported better-than-expected annual results following the strong performance of its fashion retail business Primark. I focus on companies with visible earnings, high return on capital, positive cash flows and the ability to deliver consistent dividend growth over the long term, even in tough economic times. During the review period, I raised the exposure to a number of higher yielding positions in order to generate dividend growth. I increased the allocation to BP, making it one of the fund's largest positions, as I am impressed by its commitment to focus on value and to increase dividends consistently in the future. I also raised holdings in SSE, G4S and National Grid. I bought a position in online gaming group Ladbrokes, which has a good balance sheet and generates healthy cash flows that are returned to shareholders by way of dividends. Meanwhile, I sold holdings in small sized companies Britvic and Synthomer as their stock valuations were unattractive. I also sold the position in Vodafone as the sale of its US joint venture to Verizon led to concerns about a dividend cut.

OUTLOOK

There are encouraging signs of economic stabilisation and renewed growth in the UK. The housing market continues to recover and the manufacturing segment is doing well. However, economic growth has not yet returned to normal and consumer incomes continue to fall in real terms. Going forward, any disappointment on GDP growth could lead to some volatility in markets. Companies across sectors are generally cash rich and tend to target progressive dividends. In summary, I think that both stock valuations and prospects for dividend growth will continue to support my equity income strategy this year.

Michael Clark
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Income Shares	28.0	12.2	9.1	17.5	15.4
Y Income Shares	-	-	-	18.1	15.9
A Accumulation Shares	-	-	-	-	-
*Comparative Index	47.3	17.0	1.5	14.1	13.3

* Comparative Index: FTSE All Share Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 4,040.1%. Over 5 years the fund has returned 112.4% compared with the benchmark return of 126.2%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund takes its annual management charge from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may be reduced over time if the fund's growth does not compensate for it. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Health Care	21.51	20.09
Consumer Goods	19.69	23.02
Financials	13.87	14.87
Utilities	13.06	13.24
Industrials	11.41	9.96
Oil & Gas	6.92	2.69
Consumer Services	6.51	6.52
Telecommunications	6.26	7.96
Basic Materials	0.28	0.92
Cash and other net assets/(liabilities)	0.49	0.73

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
AstraZeneca (UK)	8.19
GlaxoSmithKline	7.65
Imperial Tobacco	4.52
BP	4.51
BT	3.83
Reckitt Benckiser	3.80
British American Tobacco	3.31
Penlon	2.62
National Grid Transco	2.59
Provident Financial	2.47

Top holdings as at 28/02/13	% of total net assets
GlaxoSmithKline	7.28
AstraZeneca (UK)	6.39
Reckitt Benckiser	4.48
British American Tobacco	4.44
Imperial Tobacco	4.39
BT	4.11
Tesco	3.32
Altria	3.10
Centrica	3.08
HSBC (UK) (Reg'd)	2.97

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions
3. A Accumulation share class launched on 13 November 2013

FUND FACTS

INCOME (pence per share)

	XD date	A Income Shares	Y Income Shares
Final distribution	01/03/14	4.4803	2.2353
Interim distribution	01/12/13	2.0000	1.0000
Interim distribution	01/09/13	2.0000	1.0000
Interim distribution	01/06/13	2.0000	1.0000

	XD date	A Accumulation Shares ³
Final distribution	01/03/14	0.9121

ONGOING CHARGES (%)

	A Income Shares	Y Income Shares
28/02/14	1.20	0.67
28/02/13	1.20	0.67

	A Accumulation Shares ³
28/02/14	1.20
28/02/13	-

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Income Shares			Y Income Shares		
28/02/14	529.9	251.38	210,783,621	137.5	125.03	109,997,830
28/02/13	541.0	227.31	238,002,905	33.5	112.51	29,815,810
29/02/12	430.5	202.67	212,415,034	0.1	99.9	26,660
	A Accumulation Shares ³					
28/02/14	76.4	105.25	72,635,260			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Income Shares			Y Income Shares		
2014 ²	4.4803	241.10	256.00	2.2353	119.90	127.30
2013	10.0404	214.90	252.70	5.0287	106.30	125.20
2012	9.5278	195.70	216.20	3.0000	96.53	106.80
2011	8.7118	182.30	206.60			
2010	8.4344	171.20	197.60			
2009	14.2598	136.50	187.20			
	A Accumulation Shares ³					
2014 ²	0.9121	99.17	105.30			
2013	-	97.92	101.80			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve a combination of income and long term capital growth from a portfolio primarily made up of the shares of UK companies. The portfolio is likely to have a bias towards larger companies, although the ACD is not restricted in its choice of company by either size or industry.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

The UK stock market advanced over the 12 month period. Improvements in the UK economy, which appears to be on the road to a slow but steady recovery, supported investor sentiment. Policy announcements from global central banks and speculation about the US Federal Reserve's (Fed) monetary tapering, remained in focus. Improving investor risk appetite during the period led to an increasing focus on medium and small sized companies that are expected to benefit from a recovery in the domestic economy. At a sector level, telecommunications, health care and consumer services were the best performers, whilst returns from resources stocks, consumer goods and financials lagged the broader market.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period. Strong stock selection contributed to performance in an environment in which small and medium sized companies outperformed their larger peers, where the fund is largely focused. Our holdings in airline stocks were beneficial to returns. International Consolidated Airlines (IAG) raised its profit guidance, helped by improving profit margins at British Airways and the ongoing recovery of Spanish airline Iberia, both of which are owned by IAG. The holding in budget airline easyJet also contributed to performance as strong annual earnings growth and increasing passenger numbers supported its shares. Elsewhere, the allocation to pharmaceuticals group Shire contributed to performance as it reported good results for 2013 supported by higher product sales and cost savings. Its plan to acquire US firm ViroPharma was seen as an excellent strategic fit that will strengthen Shire's existing rare disease portfolio. The company also sold its loss making Dermagraft business, which will help it to focus on its core drug portfolio. Within the banking sector, the holding in Lloyds Banking Group supported returns as the government reduced its stake in the bank. Improving operational trends, a recovery in the housing market and the increasing potential for dividend payments also supported the stock. However, the allocation to Barclays held back returns, largely owing to a fall in 2013 profits. I continue to like the bank given its high quality banking franchises in the UK and Africa. During the review period, I initiated a position in UK outsourcing firm Serco as it looks poised to benefit from positive trends in the UK outsourcing segment over the longer term. I also increased the exposure to broadcasters ITV and British Sky Broadcasting, as I expect them to benefit from their content strategies and a recovery in advertising revenues. The holding in Vodafone was reduced in view of difficult conditions in the European telecommunications sector. I sold selected positions that had performed well in the past such as chip designer ARM holdings and beverages group Diageo.

OUTLOOK

Recent economic data indicates that the UK economy is on the road to a slow but steady recovery. The housing market is strengthening, consumer confidence is improving and employment trends are stabilising. However, the recovery is still very tentative. If the revival in the housing market does not lead to a positive wealth effect, the recovery may be tentative at best.

James Griffin
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
ISA class Income Shares	38.3	17.7	-1.1	16.8	19.3
Y Income Shares	-	-	-	-	19.6
A Income Shares	38.1	17.6	-1.4	16.5	19.0
*Comparative Index	47.3	17.0	1.5	14.1	13.3

* Comparative Index: FTSE All Share Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 401.0%. Over 5 years the fund has returned 122.2% compared with the comparative index return of 126.2%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get more or less as a result of currency fluctuations. The fund takes its annual management charge from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may be reduced over time if the fund's growth does not compensate for it. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Financials	25.20	24.92
Consumer Services	21.72	18.62
Health Care	16.88	11.50
Industrials	15.18	13.89
Consumer Goods	11.03	13.51
Oil & Gas	3.43	5.76
Telecommunications	2.99	4.48
Basic Materials	2.74	5.80
Technology	0.72	2.17
Cash and other net assets/(liabilities)	0.11	-0.65

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
GlaxoSmithKline	7.31
Lloyds Banking Group	6.98
Shire	5.52
HSBC (UK) (Reg'd)	5.28
Barclays	5.07
Wolseley	4.04
International Consolidated Airlines	4.02
Rolls-Royce	4.00
Taylor Wimpey	3.71
WPP	3.50

Top holdings as at 28/02/13	% of total net assets
HSBC (UK) (Reg'd)	8.13
GlaxoSmithKline	7.17
Lloyds Banking Group	6.00
Diageo	5.71
Barclays	5.56
Rolls-Royce	4.65
Vodafone	4.48
Shire	4.34
WPP	4.03
SABMiller	3.90

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Income Shares	Y Income Shares
Final distribution	01/03/14	0.4339	0.4414
Interim distribution	01/09/13	0.9357	0.8425

	XD date	ISA class income Shares
Final distribution	01/03/14	0.4917
Interim distribution	01/09/13	0.9889

ONGOING CHARGES (%)

	A Income Shares	Y Income Shares
28/02/14	1.20	0.67
28/02/13	1.20	0.66

	ISA class income Shares
28/02/14	1.00
28/02/13	1.00

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Income Shares			Y Income Shares		
28/02/14	589.9	71.83	821,295,052	9.8	71.48	13,724,772
28/02/13	544.7	61.55	885,012,443	0.3	60.89	429,347
29/02/12	485.4	54.24	894,807,181	-	-	-
	ISA class income Shares					
28/02/14	138.4	72.41	191,091,799			
28/02/13	115.7	62.00	186,617,260			
29/02/12	100.5	54.60	184,044,492			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Income Shares			Y Income Shares		
2014 ²	0.4339	68.72	73.70	0.4414	68.38	73.32
2013	1.4672	56.80	71.72	1.4921	56.26	71.33
2012	1.5043	48.21	56.12	0.3210	49.00	55.56
2011	1.1068	44.61	58.34			
2010	1.0757	46.23	57.05			
2009	1.7278	34.09	50.31			
	ISA class income Shares					
2014 ²	0.4917	69.31	74.33			
2013	1.5817	57.25	72.33			
2012	1.6191	48.56	56.55			
2011	1.2072	44.91	58.74			
2010	1.1815	46.57	57.42			
2009	1.8055	34.28	50.65			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve an attractive level of income from a portfolio primarily invested in sterling-denominated (or hedged back to Sterling) fixed interest securities.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

UK corporate bonds outperformed UK government bonds (Gilts) over the review period as credit spreads tightened. Gilts posted negative returns as a string of upbeat economic data releases brightened the prospects for the UK economy, thus lowering demand for the country's safest assets. Gilts also fell as investors speculated on the likely timing of the US Federal Reserve's (Fed) tapering. Indeed, the Fed finally announced in its December meeting that it would taper its monthly bond purchases by \$10 billion and followed it up with a further \$10 billion reduction in its next meeting. Meanwhile, the Bank of England (BoE) reiterated that it is not ready to raise interest rates. It also said that it is unlikely to use employment as an indicator for interest rate changes as UK unemployment fell to 7.1% in January, very close to the BoE's previous 7% threshold. Through the review period, the BoE maintained its policy rate at 0.5% and its asset purchase facility at £375 billion.

PORTFOLIO ACTIVITY

The fund underperformed the comparative index over the period, largely due to its interest rate strategy. The fund's interest rate strategy, specifically the exposure to sterling interest rate risk through a bias towards bonds maturing between 7 and 10 years, held back returns as this part of the market underperformed. However, losses were partially offset by the short duration (less sensitive to interest rate changes than the comparative index) position as Gilt yields rose. Asset allocation and corporate bond selection also supported returns. Specifically, the bias towards bonds with credit ratings in the lower tier of the high grade market contributed to performance. At the sector level, I prefer defensive sectors such as transport, consumer staples and communications. A bias against banks detracted from performance. However, losses were partially offset by security selection within subordinated bank bonds. Within financials, I prefer covered bonds, which offer a higher level of investor protection. As such, I continue to focus on bonds issued by companies that demonstrate a typically lower sensitivity to the economic cycle, but still offer a healthy yield premium over the market average. For instance, I raised the exposure to Glencore and Arqiva and participated in the new bond issues of Verizon and Scottish Widows. Elsewhere, profits were taken in Pfizer, Johnson & Johnson and Imperial Tobacco in the consumer staples sector.

OUTLOOK

The UK economy continues to recover, but the potential to achieve a high growth rate is restricted by significant structural weakness. Therefore, the return to a more normal monetary policy with higher interest rates is likely to be slow and gradual. Against this backdrop, Gilt yields are expected to rise modestly. Investment grade corporate bonds offer the best risk-adjusted return potential as company finances are broadly healthy. Investors should expect coupon income to drive returns in 2014. Whilst there is scope for capital gains, it is likely to be held back by a rise in Gilt yields.

Ian Spreadbury
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Income Shares	21.4	6.6	8.8	8.2	2.2
A Accumulation Shares	-	6.6	8.8	8.1	2.2
Gross paying A Income Shares**	22.6	7.5	9.7	9.0	3.0
Gross paying Y Income Shares**	-	7.9	10.2	9.5	3.3
Y Accumulation Shares	-	-	-	-	-
Y Income Shares	-	7.0	9.1	8.5	2.6
Gross paying Y Accumulation Shares**	-	-	-	9.4	3.4
*Comparative Index	16.9	5.6	8.5	9.1	2.5

* Comparative Index: BofA ML Euro-Sterling (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested, **gross income reinvested. Since launch the fund has returned 198.2%. Over 5 years the fund has returned 55.5% compared with the comparative index return of 49.7%. There was a fixed-offer period from 12/09/95 to 03/10/95. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Benchmark to 29/09/00 was SB Euro-Sterling Investment Grade 5+ Index (Net). From 02/10/00 to 28/09/01 the benchmark was 50% BofA ML 5+ Year Euro-Sterling Index (Net), 50% BofA ML Euro-Sterling Index (Net). Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. The main aim of this fund is to produce income. When this income is paid out instead of being reinvested, there is little prospect of any real capital growth. A portion of this fund will invest in 'sub-investment grade' bonds. These bonds may produce a higher level of income than 'investment grade' bonds but at a higher risk to your capital. With funds that invest in bonds, there is a risk that the issuer of the bond may default on its repayments. The likelihood of this happening will depend on the credit-worthiness of the issuer. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
BBB Rated	48.03	47.91
A Rated	19.53	20.40
AAA Rated	12.17	13.79
AA Rated	11.28	9.12
BB Rated	3.97	3.31
Not Rated	2.22	2.30
B Rated	1.13	1.22
Other	-0.13	-0.04
Cash and other net assets/(liabilities)	1.80	1.99

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
European Investment Bank 6.00% 07/12/2028	2.43
UK Gilt Treasury 4.25% 07/06/2032	1.92
UK Gilt Treasury War Loan 3.50% (Perpetual)	1.89
Abbey National Treasury 5.125% 14/04/2021	1.46
EDF 6.00% 23/01/2114 Reg S	1.23
Aspire Defence Finance 4.674% 31/03/2040 (A)	1.21
Tesco Property Finance 6.0517% 13/10/2039	1.20
Fidelity Institutional Liquidity Fund (GBP)	1.13
Enterprise Inns 6.375% 26/09/2031	1.12
GlaxoSmithKline Capital 3.375% 20/12/2027	1.09

Top holdings as at 28/02/13	% of total net assets
European Investment Bank 6.00% 07/12/2028	2.40
UK Gilt Treasury War Loan 3.50% (Perpetual)	1.80
Fidelity Institutional Liquidity Fund (GBP)	1.51
Abbey National Treasury 5.125% 14/04/2021	1.44
CPUK Finance 4.811% 28/02/2042	1.30
Aspire Defence Finance 4.674% 31/03/2040 (A)	1.13
Barclays Bank 4.25% 12/01/2022	1.09
GlaxoSmithKline Capital 3.375% 20/12/2027	1.07
Great Rolling Stock 6.875% 27/07/2035	1.07
Co-Op Bank 4.75% 11/11/2021	1.06

FUND FACTS

INCOME (pence per share)

	XD date	A Income Shares	Gross paying A Income Shares
Final distribution	01/03/14	0.0795	0.0995
Interim distribution	01/02/14	0.0851	0.1063
Interim distribution	01/01/14	0.0846	0.1059
Interim distribution	01/12/13	0.0829	0.1038
Interim distribution	01/11/13	0.0839	0.1049
Interim distribution	01/10/13	0.0809	0.1012
Interim distribution	01/09/13	0.0843	0.1053
Interim distribution	01/08/13	0.0857	0.1071
Interim distribution	01/07/13	0.0829	0.1037
Interim distribution	01/06/13	0.0854	0.1068
Interim distribution	01/05/13	0.0850	0.1064
Interim distribution	01/04/13	0.0881	0.1102

	XD date	Y Income Shares	Gross paying Y Income Shares
Final distribution	01/03/14	0.2959	0.3702
Interim distribution	01/02/14	0.3173	0.3969
Interim distribution	01/01/14	0.3159	0.3951
Interim distribution	01/12/13	0.3098	0.3873
Interim distribution	01/11/13	0.3136	0.3923
Interim distribution	01/10/13	0.3020	0.3779
Interim distribution	01/09/13	0.3146	0.3934
Interim distribution	01/08/13	0.3195	0.3996
Interim distribution	01/07/13	0.3094	0.3871
Interim distribution	01/06/13	0.3200	0.4003
Interim distribution	01/05/13	0.3175	0.3972
Interim distribution	01/04/13	0.3283	0.4109

	XD date	Y Accumulation Shares ²	Gross paying Y Accumulation Shares
Final distribution	01/03/14	2.7436	3.8543
Interim distribution	01/02/14	2.9187	4.1176
Interim distribution	01/01/14	2.8972	4.0846
Interim distribution	01/12/13	2.8334	3.9917
Interim distribution	01/11/13	2.8611	4.0299
Interim distribution	01/10/13	2.7444	3.8606
Interim distribution	01/09/13	2.8570	3.9905
Interim distribution	01/08/13	2.8562	4.0505
Interim distribution	01/07/13	0.5695	16.0545

	XD date	A Accumulation Shares
Final distribution	01/03/14	4.3676

ONGOING CHARGES (%)

	A Income Shares	Gross paying A Income Shares
28/02/14	1.00	1.00
28/02/13	0.99	0.99

	Y Income Shares	Gross paying Y Income Shares
28/02/14	0.57	0.57
28/02/13	0.56	0.56

	Y Accumulation Shares ²	Gross paying Y Accumulation Shares
28/02/14	0.57	0.57
28/02/13	-	0.56

FUND FACTS

ONGOING CHARGES (%) - Continued

	A Accumulation Shares
28/02/14	0.99
28/02/13	0.99

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
A Income Shares			Gross paying A Income Shares			
28/02/14	1,103.7	33.73	3,271,927,951	839.9	33.73	2,489,905,898
28/02/13	1,524.9	33.97	4,488,474,785	947.9	33.98	2,789,906,854
29/02/12	1,456.4	32.35	4,501,234,889	877.6	32.36	2,712,309,253
Y Income Shares			Gross paying Y Income Shares			
28/02/14	530.9	112.82	470,559,718	339.8	112.85	301,135,696
28/02/13	394.3	113.64	347,009,381	294.8	113.67	259,360,096
29/02/12	314.2	108.23	290,264,263	111.9	108.23	103,416,508
Y Accumulation Shares³			Gross paying Y Accumulation Shares			
28/02/14	13.8	1,044.63	1,318,937	75.6	1,178.37	6,411,480
28/02/13				10.9	1,138.72	958,746
29/02/12				0.4	1,039.79	35,657
A Accumulation Shares						
28/02/14	191.7	148.47	129,150,548			
28/02/13	136.4	145.18	93,930,148			
29/02/12	78.0	134.05	58,153,973			

INCOME PER SHARE AND PRICE HISTORY (PENCE)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
A Income Shares			Gross paying A Income Shares			
2014 ²	0.2492	33.15	34.05	0.3117	33.15	34.07
2013	1.0176	32.82	35.56	1.2726	32.82	35.57
2012	1.0122	31.92	34.53	1.2658	31.92	34.55
2011	1.0373	30.54	32.13	1.2988	30.55	32.15
2010	1.0893	29.67	32.18	1.3586	29.67	32.19
2009	1.1091	25.35	30.16	1.3872	25.36	30.18
Y Income Shares			Gross paying Y Income Shares			
2014 ²	0.9291	110.90	113.90	1.1622	110.90	114.00
2013	3.7961	109.80	118.90	4.7086	109.80	119.00
2012	3.7627	106.80	115.50	4.7054	106.80	115.60
2011	3.8283	102.20	107.50	4.7860	102.20	107.60
2010	3.9650	99.22	107.70	4.9584	99.25	107.70
2009	1.0194	98.39	100.90	1.2545	98.44	101.00
Y Accumulation Shares³			Gross paying Y Accumulation Shares			
2014 ²	8.5595	1,021.00	1,052.00	12.0565	1,150.00	1,186.00
2013	14.7216	999.90	1,045.00	82.5820	1,121.00	1,200.00
2012				11.4398	1,019.00	1,147.00
2011				-	995.30	1,021.00
A Accumulation Shares						
2014 ²	4.3676	145.20	149.50			
2013	4.2939	142.30	152.70			
2012	4.2214	131.60	146.40			
2011	4.1692	122.20	132.00			
2010	3.3400	114.30	127.40			
2009	-	99.98	115.50			

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions
3. Y Accumulation Shares launched on 26 June 2013

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the FT-SE Actuaries All-Share Index. The ACD will aim to hold securities that represent the FT-SE Actuaries All-Share Index (or, in the event of this index ceasing to be compiled, such other index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations. Note: The Shares in the Fund are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or by the London Stock Exchange Plc ("the Exchange") or by The Financial Times Limited ("FT"), and neither FTSE nor the Exchange nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FT-SE Actuaries All-Share Index ("the Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, neither FTSE nor the Exchange nor FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index, and neither FTSE nor the Exchange nor FT shall be under any obligation to advise any person of any error in the Index. "FTSE™" and "FT-SE®" are trade marks of the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE International Limited under licence. "All-Share(tm)" is a trade mark of FTSE International Limited.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

The UK stock market advanced over the 12 month period. Improvements in the UK economy, which appears to be on the road to a slow but steady recovery supported investor sentiment. Policy announcements from global central banks and speculation about the US Federal Reserve's (Fed) monetary tapering, remained in focus. Improving investor risk appetite during the period led to an increasing focus on medium and small sized companies that are expected to benefit from a recovery in the domestic economy. At a sector level, telecommunications, health care and consumer services were the best performers, whilst returns from resources stocks, consumer goods and financials lagged the broader market.

PORTFOLIO ACTIVITY

The fund aims to achieve long term capital growth by closely matching the performance of the FTSE All Share Index. Therefore, the return of the fund and the index should be similar over time, before costs. However, the fund is priced at midday, whereas the index is officially priced several hours later, when the UK stock market closes. This timing difference can cause positive or negative variations in apparent relative returns and increase the reported tracking error of the fund. By comparing the returns of the A accumulation shares of the fund to a FTSE All Share Midday Index (Net) over the period of 13.14%, the difference in performance amounts to -0.55%. This difference is explained primarily by the fund's ongoing charges, taxation and transaction costs. The fund belongs to a group known as "passive" or "index tracker" funds, whereby the portfolio holds securities that are representative of the index. This fund is constructed to efficiently replicate the characteristics of the index, but may not hold all the company shares in the index or hold those shares in exactly the same weightings. The costs and expenses that the fund incurs means returns may not exactly match the index performance. Please note, the fund's cash position does not mean that it is under exposed to the index, as any cash balance is typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts, the fund's sector and top holdings weights more closely match the index.

OUTLOOK

The UK economy appears to be on the road to a slow but steady recovery, driven by a strengthening housing market, improving consumer confidence and stabilising employment trends. However, the recovery is still very tentative. We need to see some follow-through from the housing market revival in the form of a positive wealth effect so that the recovery can truly take hold and broaden out. Fidelity MoneyBuilder UK Index Fund will change its name to Fidelity Index UK Fund on 3 March 2014. Geode Capital Management will assume fund management responsibility effective 31 March 2014.

Matt Jones & Hiten Savani
Fund Managers
28 February 14

PERFORMANCE RECORD

PERFORMANCE OVER 12 MONTHS

Over the 12 month period to 28 February 2014, the A accumulation shares of the fund, based on its midday valuation, returned 12.59% with net income reinvested, compared to the official FTSE All Share Index (Net) market close return of 13.29%.

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	45.7	16.8	1.9	12.2	12.6
I Accumulation Shares	-	-	-	-	-
*Comparative Index	47.3	17.0	1.5	14.1	13.3

* Comparative Index: FTSE All Share Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 235.9% compared with the comparative index return of 282.0%. Over 5 years the fund has returned 119.1% compared with the comparative index return of 126.2%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Benchmark to 31/12/98 was FTSE 100 Index (Net). Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Financials	23.29	25.21
Oil & Gas	12.60	14.73
Consumer Goods	11.70	13.46
Consumer Services	9.69	9.31
Industrials	9.03	8.83
Basic Materials	7.19	9.31
Health Care	6.97	6.54
Telecommunications	4.45	5.43
Other	5.00	5.48
Cash and other net assets/(liabilities)	10.08	1.70

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
HSBC (UK) (Reg'd)	4.94
BP	3.91
Royal Dutch Shell A (UK)	3.51
GlaxoSmithKline	3.39
Vodafone	2.76
British American Tobacco	2.56
Royal Dutch Shell B (UK)	2.41
Fidelity Institutional Liquidity Fund (GBP)	2.31
AstraZeneca (UK)	2.11
Diageo	1.96

Top holdings as at 28/02/13	% of total net assets
HSBC (UK) (Reg'd)	6.71
BP	4.20
Vodafone	4.05
Royal Dutch Shell A (UK)	4.02
GlaxoSmithKline	3.54
British American Tobacco	3.32
Royal Dutch Shell B (UK)	2.92
Fidelity Institutional Liquidity Fund (GBP)	2.71
Diageo	2.46
BHP Billiton	2.18

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions
3. I Accumulation share class launched on 19 September 2013

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	I Accumulation Shares ³
Final distribution	01/03/14	0.9113	1.1098
Interim distribution	01/09/13	1.6635	-

ONGOING CHARGES (%)

	A Accumulation Shares	I Accumulation Shares ³
28/02/14	0.29	0.15
28/02/13	0.30	-

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			I Accumulation Shares ³		
28/02/14	1,154.0	83.84	1,376,446,939	6.1	104.09	5,856,103
28/02/13	984.4	74.45	1,322,234,092			
29/02/12	866.7	66.32	1,306,871,487			

INCOME PER SHARE AND PRICE HISTORY (PENCE)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			I Accumulation Shares ³		
2014 ²	0.9113	78.95	83.99	1.1098	98.03	104.30
2013	3.7746	70.03	82.52	-	95.74	102.40
2012	1.9210	59.89	69.37			
2011	1.5355	54.68	67.20			
2010	1.5195	51.86	64.98			
2009	2.0247	35.03	56.60			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the S&P 500 index. The ACD will aim to hold securities that represent the S&P 500 index (or in the event of this index ceasing to be compiled such index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations.

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FUND MANAGER'S COMMENTARY

MARKET REVIEW

US equities rose over the review period amid sharp swings in investor confidence. On the economic front, continued signs of sustained recovery in US employment and the housing market were key positives. However, sentiment was dominated by speculation about the extent and the timing of the US Federal Reserve's (Fed) reduction in its bond purchases. It was a clear indication of the strength of the US economic recovery and the effective communications policy followed by the central bank that the first round of reduction in monthly bond purchases was well received. By testing waters earlier in the review period, the central bank ensured that the initial impact of such a change was already factored in by the market. The Fed's repeated assurance that short-term interest rates would remain near-zero for longer than previously suggested, provided respite. It reinforced that policymakers remained committed to a well-entrenched economic recovery.

PORTFOLIO ACTIVITY

The fund aims to achieve long term capital growth by closely matching the performance of the S&P 500 Index. Therefore, the return of the fund and the index should be similar over time, before costs. However, the fund is priced at midday, whereas the index is priced several hours later, when the US stock market closes. This timing difference can cause positive or negative variations in apparent relative returns and increase the reported tracking error of the fund.

By revaluing the A accumulation shares of the fund at US market close and comparing this return of 12.94% to the return of the index over the period, the difference in performance amounts to -0.26%. This difference is explained primarily by the fund's ongoing charges, taxation and transaction costs. Gains or losses may also be made from currency exchange rates.

The fund belongs to a group known as "passive" or "index tracker" funds, whereby the portfolio holds securities that are representative of the index. This fund is constructed to efficiently replicate the characteristics of the index, but may not hold all the company shares in the index or hold those shares in exactly the same weightings. The costs and expenses that the fund incurs means returns may not exactly match the index performance.

Please note, the fund's cash position does not mean that it is under exposed to the index, as any cash balance is typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts the fund's sector and top holdings weights more closely match the index.

OUTLOOK

A number of headwinds that had impacted economic growth and investor sentiment during 2013 have started to recede, setting the stage for improved growth this year. This has positive implications for company earnings, which had disappointed so far due to prevailing uncertainties. Investors are pricing-in the long term story for US equities, supported by improving labour and housing markets.

Geode Capital Management
Fund Managers
28 February 14

PERFORMANCE RECORD

PERFORMANCE OVER 12 MONTHS

Over the 12 month period to 28 February 2014, the A accumulation shares of the fund, based on its midday valuation, returned 13.09% with net income reinvested, compared to the S&P 500 Index (NUK) market close return of 13.20%.

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	-	-	-	-	13.1
I Accumulation Shares	-	-	-	-	13.3
F Accumulation Shares	-	-	-	-	13.4
*Comparative Index	-	-	-	-	13.2

* Comparative Index: S&P 500 Index (NUK)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 31.3% compared with the comparative index return of 30.3%. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Information Technology	18.65	17.16
Financials	16.27	15.86
Health Care	13.35	11.35
Consumer Discretionary	12.33	10.75
Industrials	10.51	9.50
Energy	9.80	10.37
Consumer Staples	9.28	10.15
Materials	3.43	3.23
Other	5.60	6.17
Cash and other net assets/(liabilities)	0.78	5.46

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Apple	2.82
ExxonMobil	2.48
Google (A)	2.03
Microsoft	1.70
General Electric	1.53
Johnson & Johnson	1.53
ChevronTexaco	1.32
Wells Fargo	1.31
JPMorgan Chase	1.26
Procter & Gamble	1.26

Top holdings as at 28/02/13	% of total net assets
Apple	2.86
ExxonMobil	2.81
General Electric	1.69
ChevronTexaco	1.57
IBM	1.48
Google (A)	1.46
Johnson & Johnson	1.45
Microsoft	1.45
Procter & Gamble	1.44
AT&T	1.40

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	F Accumulation Shares
Final distribution	01/03/14	1.8933	22.4865

	XD date	I Accumulation Shares
Final distribution	01/03/14	2.2009

ONGOING CHARGES (%)

	A Accumulation Shares	F Accumulation Shares
28/02/14	0.30	0.03
28/02/13	0.29	0.04
	I Accumulation Share	
28/02/14	0.15	
28/02/13	0.16	

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			F Accumulation Shares		
28/02/14	30.3	131.32	23,040,263	25.3	1,317.61	1,925,159
28/02/13	12.9	116.12	11,131,208	5.3	1,162.16	455,284
	I Accumulation Shares					
28/02/14	0.7	131.60	530,604			
28/02/13	0.1	116.18	67,923			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			F Accumulation Shares		
2014 ²	1.8933	126.30	133.40	22.4865	1,268.00	1,338.00
2013	0.5498	103.20	131.90	6.2853	1,033.00	1,322.00
2012	-	100.00	103.10	-	1,000.00	1,031.00
	I Accumulation Shares					
2014 ²	2.2009	126.60	133.60			
2013	0.5944	103.30	132.00			
2012	-	100.00	103.10			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the MSCI World index. The ACD will aim to hold securities that represent the MSCI World index (or in the event of this index ceasing to be compiled such index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations.

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FUND MANAGER'S COMMENTARY

MARKET REVIEW

Global equities rose during a period in which investor sentiment was dominated by speculation about the US Federal Reserve (Fed) reducing its bond purchases. Data releases during the year under review showed that the US economic recovery was well grounded, that there was a slow yet sustained improvement in economic activity in the eurozone and that Chinese manufacturing rebounded. In January, the Fed eventually made the first modest reduction in its monthly bond purchases. This was well received as it implied confidence in the underlying strength of the US economy. However, the second reduction in Fed bond purchases in February dampened sentiment.

PORTFOLIO ACTIVITY

The fund aims to achieve long term capital growth by closely matching the performance of the MSCI World Index (Net). Therefore, the return of the fund and the index should be similar over time, before costs. However, the fund is priced at midday, whereas the index is officially priced several hours later, when global stock markets close. This timing difference can cause positive or negative variations in apparent relative returns and increase the reported tracking error of the fund.

By revaluing the A accumulation shares of the fund at global market close and comparing this return of 10.16% to the return of the index over the period, the difference in performance amounts to -0.06%. This difference is explained primarily by the fund's ongoing charges, taxation and transaction costs. Gains or losses may also be made from currency exchange rates.

The fund belongs to a group known as "passive" or "index tracker" funds, whereby the portfolio holds securities that are representative of the index. This fund is constructed to efficiently replicate the characteristics of the index, but may not hold all the company shares in the index or hold those shares in exactly the same weightings. The costs and expenses that the fund incurs means returns may not exactly match the index performance.

Please note, the fund's cash position does not mean that it is under exposed to the index, as any cash balance is typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts, the fund's sector and top holdings weights more closely match the index.

OUTLOOK

Earnings expansion will become a more important factor in driving market direction in 2014 as central banks scale back their stimulus support. Whilst valuations are less attractive than they were earlier, they do not appear to be stretched by historical standards.

Geode Capital Management
Fund Managers
28 February 14

PERFORMANCE RECORD

PERFORMANCE OVER 12 MONTHS

Over the 12 month period to 28 February 2014, the A accumulation shares of the fund, based on its midday valuation, returned 10.34% with net income reinvested, compared to the MSCI World Index (Net) market close return of 10.22%.

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	-	-	-	-	10.3
I Accumulation Shares	-	-	-	-	10.5
F Accumulation Shares	-	-	-	-	10.5
*Comparative Index	-	-	-	-	10.2

* Comparative Index: MSCI World Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 24.8% compared with the comparative index return of 24.5%. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
United States	53.53	49.32
United Kingdom	8.25	8.80
Japan	8.06	8.27
France	3.80	3.61
Canada	3.73	4.44
Switzerland	3.69	3.84
Germany	3.59	3.45
Australia	3.05	3.77
Other	10.24	11.50
Cash and other net assets/(liabilities)	2.06	3.00

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	5.17
Apple	1.37
ExxonMobil	1.21
Google (A)	0.96
Microsoft	0.86
General Electric	0.74
Johnson & Johnson	0.74
Nestle (Reg'd)	0.69
Wells Fargo	0.66
ChevronTexaco	0.64

Top holdings as at 28/02/13	% of total net assets
ExxonMobil	1.47
Apple	1.33
Fidelity Institutional Liquidity Fund (USD)	1.15
General Electric	0.88
ChevronTexaco	0.82
Nestle (Reg'd)	0.80
IBM	0.79
Procter & Gamble	0.76
Johnson & Johnson	0.76
Microsoft	0.75

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	F Accumulation Shares
Final distribution	01/03/14	2.1636	-

	XD date	I Accumulation Shares
Final distribution	01/03/14	2.3418

ONGOING CHARGES (%)

	A Accumulation Shares	F Accumulation Shares
28/02/14	0.30	0.06
28/02/13	0.30	0.06
	I Accumulation Shares	
28/02/14	0.15	
28/02/13	0.15	

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			F Accumulation Shares		
28/02/14	25.1	124.76	20,136,985	0.1	1,251.61	1,445
28/02/13	13.6	113.08	12,003,524	3.5	1,131.35	312,821
	I Accumulation Shares					
28/02/14	16.6	124.98	13,349,523			
28/02/13	0.1	113.08	74,022			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			F Accumulation Shares		
2014 ²	2.1636	119.50	126.50	-	1,198.13	1,269.01
2013	0.3948	102.30	125.50	4.5009	1,023.00	1,259.00
2012	-	99.82	101.30	-	998.20	1,013.00
	I Accumulation Shares					
2014 ²	2.3418	119.70	126.70			
2013	0.4294	102.30	125.80			
2012	-	99.81	101.30			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio made up of the shares of companies throughout the Pacific Basin, but excluding Japan. The portfolio is likely to have a bias towards larger companies. However, the ACD is not restricted in the choice of company either by size or industry, or in terms of the geographical split of the portfolio, which is largely determined by the availability of attractive investment opportunities, rather than the outlook for each market.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

Far East ex Japan stocks fell over the review period. Concerns over slowing growth and the health of the financial system in China, as well as the impact of the reduction in the US Federal Reserve's bond buying programme hurt investor sentiment. Markets were further impacted by the political crisis in Thailand and rising interest rates and the current account deficit in Indonesia. However, there were some positive developments during the period, including an improving outlook for the global economy and a series of reforms to achieve stable and balanced long term growth in China. At a sector level, energy and telecommunications stocks declined. Materials tracked resource prices lower. Financials fell due to a rise in government bond yields, tight property market controls in Asia and volatility in China's interbank interest rates. Meanwhile, information technology (IT), consumer discretionary and health care stocks gained.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period, led by rewarding stock selection in the utilities and consumer discretionary sectors. In utilities, new positions in China's wind power producers Huaneng Renewables and China Longyuan Power gained as the government outlined reforms that are likely to boost clean energy usage. In the consumer discretionary sector, the holding in Korean casino firm Grand Korea Leisure benefited from a rise in Chinese tourists. The overweight stance towards the sector was raised to benefit from the region's resilient domestic consumption. The exposure to Brilliance China Automotive was increased in view of rising demand for luxury cars in China. The overweight allocation to the IT sector, particularly to internet-related stocks, was also increased. The holding in Tencent, which was the single largest contributor to the fund's performance, was raised. The stock rose as the company reported strong results and investors sentiment about its ability to monetise its WeChat platform improved. Meanwhile, selected financials, particularly real estate stocks, disappointed. China Overseas Grand Oceans Group fell as a number of Chinese cities tightened controls over the property market. The fund moved to an underweight stance in financials, largely by reducing the exposure to China and Hong Kong-based real estate stocks in light of high supply and a weakening demand outlook. Sun Hung Kai Properties, Greentown China and Longfor Properties were sold.

OUTLOOK

The year ahead is likely to be volatile, with news flow from the region dominating investor sentiment. The outcome of elections in key economies, notably in Indonesia, a continuation of market friendly reforms, increased infrastructure spending, a more stable economic foundation and rising wealth means the region has great potential. There are risks to economic growth, but they have largely been factored into stock prices. Against this backdrop, I remain focused on good quality companies that can withstand macroeconomic uncertainty. There are also some opportunities within sectors that are more sensitive to the economic cycle that will benefit from a cyclical upturn.

Teera Chanpongsang
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	71.2	17.0	-0.2	11.7	-8.0
Y Accumulation Shares	-	17.7	0.3	12.3	-7.6
W Accumulation Shares	-	-	-	-	-7.3
*Comparative Index	68.1	14.1	4.6	12.1	-9.7

* Comparative Index: MSCI All Countries Far East ex Japan Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 2,766.8%. Over 5 years the fund has returned 105.4% compared with the benchmark return of 103.0%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Benchmark to 31/12/87 was MSCI Pacific (ex-Japan) Index (Net). From 01/01/88 to 30/09/94 the benchmark was MSCI Pacific (ex-Japan, plus Australia and New Zealand) Custom Index. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
China	29.77	28.98
Korea	21.21	20.55
Hong Kong	19.33	19.39
Taiwan	15.18	13.87
Malaysia	3.83	2.25
Singapore	3.37	6.05
Indonesia	2.90	2.86
Thailand	1.86	4.07
Other	3.08	1.14
Cash and other net assets/(liabilities)	-0.53	0.84

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Taiwan Semiconductor Manufacturing	6.01
Tencent	5.31
Samsung Electronics	5.20
AIA	3.79
Hyundai Motor	3.23
Hutchison Whampoa	3.01
NHN	2.26
SK Hynix	2.08
China State Construction	2.00
Industrial & Commercial Bank of China	1.87

Top holdings as at 28/02/13	% of total net assets
Samsung Electronics	8.06
Taiwan Semiconductor Manufacturing	5.42
Bank of China (H)	2.87
Hyundai Motor	2.83
China Construction Bank	1.95
Sun Hung Kai Properties	1.93
Industrial & Commercial Bank of China	1.66
AIA	1.58
Cheung Kong	1.49
Kia Motors	1.48

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	3.4541	1.3488

	XD date	W Accumulation Shares
Final distribution	01/03/14	8.6065

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.76	1.23
28/02/13	1.76	1.23

	W Accumulation Shares
28/02/14	1.01
28/02/13	0.95

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	1,733.5	715.67	242,218,998	36.7	131.42	27,919,523
28/02/13	2,312.6	778.04	297,236,006	56.1	142.12	39,507,404
29/02/12	2,343.2	696.57	336,398,652	53.4	126.57	42,218,089
	W Accumulation Shares					
28/02/14	139.2	688.46	20,215,842			
28/02/13	15.4	743.00	2,066,428			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share			
				A Accumulation Shares	Y Accumulation Shares	W Accumulation Shares	
2014 ²	3.4541	684.50	728.80	1.3488	125.60	133.70	
2013	2.7432	672.50	795.20	1.1578	123.00	145.40	
2012	4.5514	624.30	718.50	1.4878	113.60	131.10	
2011	-	556.80	787.00	0.5220	101.00	142.50	
2010	1.1116	551.40	762.60	-	99.13	137.70	
2009	4.1271	335.80	607.40	-	98.63	109.20	
		W Accumulation Shares					
2014 ²	8.6065	658.00	700.20				
2013	-	643.60	760.50				
2012	-	648.20	684.90				

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of UK companies. The fund will have a blend of investments in larger, medium and smaller sized companies. The ACD is not restricted in its choice of companies either by size or industry, and will choose stocks largely determined by the availability of attractive investment opportunities. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

The UK stock market advanced over the 12 month period. Improvements in the UK economy, which appears to be on the road to a slow but steady recovery supported investor sentiment. Policy announcements from global central banks and speculation about the US Federal Reserve's (Fed) monetary tapering remained in focus. Improving investor risk appetite during the period led to an increasing focus on medium and small sized companies that are expected to benefit from a recovery in the domestic economy. At a sector level, telecommunications, health care and consumer services were the best performers, whilst returns from resources stocks, consumer goods companies and financials lagged the broader market.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period. The overweight exposure to the consumer services and financials sectors contributed to performance. The holding in online grocery firm Ocado rose sharply after it announced a favourable licensing agreement with Morrison Supermarkets and recorded strong sales growth. I sold this position following a period of strong performance. Within financials, the holding in Lloyds Banking Group supported returns. It is a high quality franchise with a strong market position, and the balance sheet has improved significantly. Other key contributors included broadcaster ITV, which benefited from the resurgence of its television programming and distribution business and a return to growth in television advertising. I reduced exposure to this holding. The underweight stance in materials companies also supported returns against the backdrop of concerns about demand for resources as growth in China slows down. I took over the management of the fund on 1 January 2014. The last 12 months have seen market leadership change dramatically. Domestic UK stocks, which were almost universally unloved a couple of years ago, are performing strongly. I am looking for stocks benefiting from this surge in confidence that have not yet been spotted by the market. During the period, I added positions in several such stocks such as car dealership franchiser Pendragon and outsourcing group Regus. The financials sector remains an area of focus for the fund and I continue to hold positions in banks, property and non-bank financials. Key additions to the portfolio included banking group Barclays, life insurance group Resolution, interdealer broker ICAP. Conversely, I sold the position in utility group Centrica due to concerns about its earnings prospects. The holding in educational publisher Pearson was sold as it is likely to face uncertainties as it transitions its business from traditional print to digital.

OUTLOOK

As a contrarian, I have become a little more cautious following the strong market rally. The FTSE 250 and FTSE Small Cap indices are now trading at premiums to their 15-year price to earnings valuations. Given the depth and breadth of the UK market, there are always plenty of ideas in this area of the market - we just need to look more closely to find them. The FTSE 100 still looks cheap compared to historical averages, and this has proved a fertile space for stock picking.

Alex Wright
Fund Manager
28 February 14

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	47.4	14.7	-5.2	26.2	21.5
Y Accumulation Shares	-	15.2	-4.9	26.8	22.2
W Accumulation Shares	-	-	-	-	22.4
*Comparative Index	47.3	17.0	1.5	14.1	13.3

* Comparative Index: FTSE All Share Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 24,065.3%. Over 5 years the fund has returned 145.9% compared with the comparative index return of 126.2%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get more or less as a result of currency fluctuations. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies.

FIDELITY SPECIAL SITUATIONS FUND

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Financials	37.57	33.39
Consumer Services	17.60	23.43
Oil & Gas	11.62	6.17
Utilities	6.90	3.03
Industrials	6.82	8.50
Telecommunications	5.81	2.88
Consumer Goods	4.89	5.70
Health Care	2.79	6.46
Other	3.42	7.77
Cash and other net assets/(liabilities)	2.58	2.67

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Lloyds Banking Group	5.91
Royal Dutch Shell B (UK)	5.72
HSBC (UK) (Reg'd)	5.63
Scottish & Southern Energy 4.81	
Resolution	3.71
Carnival	3.05
BP	3.00
Citigroup	2.91
Barclays	2.70
Phoenix (UK)	2.60

Top holdings as at 28/02/13	% of total net assets
HSBC (UK) (Reg'd)	9.00
Lloyds Banking Group	7.13
GlaxoSmithKline	4.55
Ladbroke's	4.01
BP	4.00
London Stock Exchange	3.69
Reed Elsevier	3.57
ITV	3.11
Centrica	3.03
Ericsson (LM) Telefon (B)	2.97

Footnotes:

- The net asset value is the accounting value at the year end on a fair value basis
- Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	44.7222	3.3795

	XD date	W Accumulation Shares
Final distribution	01/03/14	56.2076

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.69	1.16
28/02/13	1.69	1.16

	W Accumulation Shares
28/02/14	0.94
28/02/13	0.95

The ongoing charge figure is the ratio of total costs to average net asset.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	2,728.1	2,894.43	94,255,266	52.4	169.40	30,936,239
28/02/13	2,546.5	2,382.20	106,896,740	35.5	138.70	25,287,974
29/02/12	2,419.2	1,887.79	128,149,139	13.5	109.30	12,328,858
	W Accumulation Shares					
28/02/14	112.7	2,595.21	4,341,938			
28/02/13	3.9	2,119.69	182,617			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	44.7222	2,768.00	2,899.00	3.3795	162.00	169.70
2013	26.9346	2,193.00	2,831.00	2.2156	127.50	165.60
2012	6.2062	1,705.00	2,170.00	1.1877	98.68	126.20
2011	-	1,568.00	2,049.00	0.0562	90.64	118.30
2010	-	1,675.00	1,985.00	-	96.30	114.20
2009	11.3752	1,091.00	1,841.00	-	96.34	104.10
	W Accumulation Shares					
2014 ²	56.2076	2,481.00	2,599.00			
2013	8.9446	1,948.00	2,535.00			
2012	-	1,790.00	1,928.00			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve a relatively high income with the possibility of capital growth from a portfolio primarily invested in sterling-denominated (or hedged back to sterling) fixed interest securities. Derivatives and forward transactions may also be used for investment purposes.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

UK corporate bonds outperformed UK government bonds (Gilts) over the review period as credit spreads tightened. Gilts posted negative returns as a string of upbeat economic data releases brightened the prospects for the UK economy, thus lowering demand for the country's safest assets. Gilts also fell as investors speculated on the likely timing of the US Federal Reserve's (Fed) tapering. Indeed, the Fed announced in its December meeting that it would reduce its monthly bond purchases by \$10 billion and followed it up with a further reduction in its next meeting. Meanwhile, the Bank of England (BoE) reiterated that it is not ready to raise interest rates. It also said that it is unlikely to use employment as an indicator for interest rate changes as UK unemployment fell to 7.1% in January, very close to the BOE's previous 7% threshold. Through the review period, the BoE maintained its policy rate at 0.5% and its asset purchase facility at £375 billion.

PORTFOLIO ACTIVITY

The exposure to corporate bonds was the most significant contributor to the fund's returns as investor's search for yield led to positive excess returns over Gilts. Specifically, a bias towards lower rated investment grade and higher rated high yield corporate bonds such as Tesco, Verizon and Infinis enhanced returns. The bulk of the fund is invested in investment grade credit, representing 50% of assets, with the largest sector exposures to consumer staples, utilities, transportation and telecommunications. During the period, the fund participated in new issues of Verizon and Scottish Widows. I also bought a new position in roadside assistance firm AA. Elsewhere, holdings in Vodafone, High Speed Rail and GlaxoSmithKline were sold. At the sector level, financials outperformed industrial corporate bonds and the allocation to issuers such as Lloyds Banking Group, Barclays and HSBC supported returns. The fund is well diversified across financials, with 5% invested in covered bonds, 2% in senior debt and approximately 14% in subordinated debt. The exposure to high yield bonds was increased to approximately 35%. Meanwhile, the fund's interest rate risk exposure hurt returns as core sovereign bond yields rose. Almost 15% of the fund is invested in a mix of high quality bonds issued by governments and supranational entities. This provides a solid core that can be easily traded through bouts of market illiquidity. Around 6% of the fund's assets are allocated to global inflation-linked bonds, which provides diversification and protects the portfolio against inflation related risks.

OUTLOOK

The UK economy continues to recover, but the potential to achieve a high growth rate is restricted by significant structural weakness. Therefore, the return to a more normal monetary policy with higher interest rates is likely to be slow and gradual. Against this backdrop, Gilt yields are expected to rise modestly. Investment grade corporate bonds offer the best risk-adjusted return potential as company finances are broadly healthy. Investors should expect coupon income to drive returns in 2014. Whilst there is scope for capital gains, it is likely to be held back by a rise in Gilt yields.

Ian Spreadbury
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Income Shares	24.0	7.3	8.0	9.0	3.5
Gross paying A Income Shares**	25.3	8.1	8.7	9.7	4.1
A Accumulation Shares	-	-	8.0	9.0	3.5
Gross paying Y Income Shares**	-	8.6	9.2	10.3	4.7
Gross paying A Accumulation Shares**	-	-	8.6	9.7	4.1
Y Income Shares	-	7.8	8.4	9.4	3.9
Y Accumulation Shares	-	-	-	-	-
Gross paying Y Accumulation Shares**	-	-	-	-	-

A comparative index is not applicable as the fund is an unconstrained total return bond fund and therefore, no comparative index accurately reflects the way in which it is managed.

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested, **gross income reinvested. Since launch the fund has returned 64.7%. Over 5 years the fund has returned 62.0%. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. With funds that invest in bonds, there is a risk that the issuer of the bond may default on its repayments. The likelihood of this happening will depend on the credit-worthiness of the issuer. A portion of this fund will invest in 'sub-investment grade' bonds. These bonds may produce a higher level of income than 'investment grade' bonds but at a higher risk to your capital. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
BBB Rated	37.48	38.21
BB Rated	14.37	10.81
A Rated	12.35	12.49
B Rated	9.11	7.15
AA Rated	8.17	12.02
AAA Rated	8.13	12.56
Not Rated	8.12	4.28
CCC Rated	0.66	0.10
Other	-0.63	-0.29
Cash and other net assets/(liabilities)	2.24	2.67

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Fidelity Funds - Institutional European High Yield Fund1.92	
US Treasury Note 0.75% 15/02/2042	1.44
UK Gilt Treasury War Loan 3.50% (Perpetual)	1.37
BAA Funding I/L 3.334% 09/12/2039	1.19
EDF 6.00% 23/01/2114 Reg S	1.15
Australia 3.25% 21/04/2029	1.13
New Zealand I/L 3.00% 20/09/2030	1.03
Enterprise Inns 6.375% 26/09/2031	1.01
UK Gilt Treasury 4.50% 07/12/2042	0.99
Australia Index Linked 3.00% 20/09/2025	0.94

Top holdings as at 28/02/13	% of total net assets
UK Gilt Treasury 4.50% 07/03/2013	5.44
UK Gilt Treasury 2.25% 07/03/2014	1.85
Australia 4.75% 21/04/2027	1.64
Australia Index Linked 3.00% 20/09/2025	1.39
GlaxoSmithKline Capital 3.375% 20/12/2027	1.19
BAA Funding I/L 3.334% 09/12/2039	1.15
UK Gilt Treasury 4.25% 07/12/2055	1.06
Enterprise Inns 6.375% 26/09/2031	1.04
UK Gilt Treasury War Loan 3.50% (Perpetual)	1.01
Abbey National Treasury 5.125% 14/04/2021	0.96

FUND FACTS

INCOME (pence per share)

	XD date	A Income Shares	Gross paying A Income Shares
Final distribution	01/03/14	0.0854	0.1068
Interim distribution	01/02/14	0.0624	0.0780
Interim distribution	01/01/14	0.0763	0.0954
Interim distribution	01/12/13	0.0584	0.0731
Interim distribution	01/11/13	0.0545	0.0682
Interim distribution	01/10/13	0.0512	0.0641
Interim distribution	01/09/13	0.0519	0.0643
Interim distribution	01/08/13	0.0521	0.0650
Interim distribution	01/07/13	0.0549	0.0688
Interim distribution	01/06/13	0.0624	0.0779
Interim distribution	01/05/13	0.0621	0.0777
Interim distribution	01/04/13	0.0618	0.0775

	XD date	Y Income Shares	Gross paying Y Income Shares
Final distribution	01/03/14	0.3682	0.4603
Interim distribution	01/02/14	0.2835	0.3544
Interim distribution	01/01/14	0.3366	0.4206
Interim distribution	01/12/13	0.2668	0.3333
Interim distribution	01/11/13	0.2445	0.3070
Interim distribution	01/10/13	0.2378	0.2973
Interim distribution	01/09/13	0.2492	0.3095
Interim distribution	01/08/13	0.2419	0.3030
Interim distribution	01/07/13	0.2529	0.3163
Interim distribution	01/06/13	0.2840	0.3552
Interim distribution	01/05/13	0.2811	0.3518
Interim distribution	01/04/13	0.2801	0.3505

	XD date	A Accumulation Shares	Gross paying A Accumulation Shares
Final distribution	01/03/14	2.9695	3.7957

	XD date	Y Accumulation Shares ³	Gross paying Y Accumulation Shares ⁴
Final distribution	01/03/14	1.3262	1.2447

ONGOING CHARGES (%)

	A Income Shares	Gross paying A Income Shares
28/02/14	1.20	1.21
28/02/13	1.21	1.21

	Y Income Shares	Gross paying Y Income Shares
28/02/14	0.67	0.67
28/02/13	0.68	0.68

	A Accumulation Shares	Gross paying A Accumulation Shares
28/02/14	1.20	1.20
28/02/13	1.21	1.21

	Y Accumulation Shares ³	Gross paying Y Accumulation Shares ⁴
28/02/14	0.68	0.69
28/02/13	-	-

The ongoing charge figure is the ratio of total costs to average net assets.

FUND FACTS

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
A Income Shares			Gross paying A Income Shares			
28/02/14	447.3	30.59	1,462,281,730	188.7	30.59	616,762,735
28/02/13	611.5	30.28	2,019,193,712	282.8	30.29	933,611,469
29/02/12	512.9	28.43	1,804,139,354	281.7	28.43	990,961,491
Y Income Shares			Gross paying Y Income Shares			
28/02/14	396.0	118.07	335,414,709	150.9	118.03	127,821,356
28/02/13	150.8	116.89	129,030,992	85.6	116.85	73,287,644
29/02/12	40.7	109.72	37,078,299	22.9	109.68	20,867,406
A Accumulation Shares			Gross paying A Accumulation Shares			
28/02/14	151.9	125.57	120,960,526	73.0	128.74	56,702,140
28/02/13	143.2	121.36	117,997,503	71.8	123.67	58,064,918
29/02/12	43.2	111.11	38,909,164	38.0	112.54	33,800,986
Y Accumulation Shares³			Gross paying Y Accumulation Shares⁴			
28/02/14	14.3	103.68	13,864,245	3.2	102.66	3,108,008

INCOME PER SHARE AND PRICE HISTORY (PENCE)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
A Income Shares			Gross paying A Income Shares			
2014 ²	0.2241	30.14	30.81	0.2802	30.14	30.83
2013	0.7143	29.64	31.46	0.8929	29.65	31.47
2012	0.7203	27.88	30.56	0.9007	27.89	30.58
2011	0.1388	26.86	28.00	0.1736	26.86	28.02
2010	0.9180	25.87	28.03	0.1471	25.87	28.04
2009	0.9730	21.51	26.21	1.2174	21.53	26.23
Y Income Shares			Gross paying Y Income Shares			
2014 ²	0.9883	116.30	119.00	1.2353	116.30	119.00
2013	3.2530	114.40	121.40	4.0687	114.40	121.40
2012	3.2484	107.60	118.00	4.0622	107.60	118.00
2011	0.6063	103.60	108.10	0.7580	103.70	108.10
2010	3.9791	99.84	108.20	4.9830	99.90	108.30
2009	1.1411	98.90	101.30	1.3784	98.99	101.40
A Accumulation Shares			Gross paying A Accumulation Shares			
2014 ²	2.9695	123.10	126.10	3.7957	126.10	129.30
2013	2.9093	119.50	126.60	3.6953	122.00	129.10
2012	2.7028	108.50	121.60	3.4027	109.80	123.80
2011	2.7136	102.00	108.70	3.4165	102.60	110.00
2010	-	98.93	105.50	-	99.02	105.90
Y Accumulation Shares³			Gross paying Y Accumulation Shares⁴			
2014 ²	1.3262	101.60	104.10	1.2447	100.40	103.10
2013	-	99.84	102.40	-	99.86	100.60

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions
3. Y Accumulation share class launched on 19 September 2013
4. Gross paying Y Accumulation share class launched on 13 November 2013

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of UK companies. The portfolio is likely to have a bias towards larger and medium-sized shares, although the ACD is not restricted in its choice of company by either size or industry.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

The UK stock market advanced over the 12 month period. Improvements in the UK economy, which appears to be on the road to a slow but steady recovery supported investor sentiment. Policy announcements from global central banks and speculation about the US Federal Reserve's (Fed) monetary tapering, remained in focus. Improving investor risk appetite during the period led to an increasing focus on medium and small sized companies that are expected to benefit from a recovery in the domestic economy. At a sector level, telecommunications, health care and consumer services were the best performers, whilst returns from resources stocks, consumer goods and financials lagged the broader market.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period primarily driven by strong stock selection. The holding in online grocery firm Ocado was a significant contributor to performance. Shares in the company rose after it announced a favourable licensing agreement with Morrison Supermarkets, whilst it also recorded higher online supermarket orders resulting in overall sales growth. Within the technology sector, one of our non-UK holdings in Tencent, China's biggest online group supported performance led by strong results and improved investor sentiment due to its ability to monetise its WeChat platform. The holding in wireless technology group CSR also added value as its earnings improved and the company announced plans for a \$50 million share buyback in 2014. However, positions in Perform Group, a leading digital sports media group, and Imagination Technologies, a chip designer, fell owing to concerns about earnings growth. Nonetheless, I remain confident about their long term prospects. During the period, I initiated a position in Carnival, the world's leading cruise ship operator. The company's earnings outlook is improving and I believe there is a potential for significant cash returns to shareholders over the next three years. I also added a holding in Experian, the credit checking company, which has a strong long term business model in a segment with high entry barriers. I sometimes look to gain an edge by investing in small and medium sized companies which are less widely covered by analysts. I initiated a position in Merlin Entertainments, a recently listed theme park operator, which has attractive franchises, a strong management team and good long term growth prospects. I sold the position in outsourcing firm Serco, where contract disputes with the UK government have dampened its earnings outlook. The holdings in utility company Centrica and banking group Barclays were also sold.

OUTLOOK

The economic outlook continues to improve, with a surprisingly strong surge in UK GDP, and further improvement expected in other developed markets such as the US. Whilst the market has refocused on domestic companies and other developed markets over the last year, I remain convinced of the massive opportunity being created by the emergence of a middle class in developing countries such as China.

Thomas Ewing
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	52.2	16.5	1.3	8.3	16.4
Y Accumulation Shares	-	-	-	-	17.1
W Accumulation Shares	-	-	-	-	17.3
*Comparative Index	47.3	17.0	1.5	14.1	13.3

* Comparative Index: FTSE All Share Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 1,366.9%. Over 5 years the fund has returned 126.5% compared with the benchmark return of 126.2%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Consumer Services	17.09	7.76
Consumer Goods	12.81	15.65
Oil & Gas	12.76	19.58
Health Care	12.35	10.38
Industrials	11.54	10.36
Technology	10.38	7.37
Basic Materials	9.30	13.29
Financials	6.71	6.40
Other	7.07	8.35
Cash and other net assets/(liabilities)	-0.01	0.86

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
BG	4.86
Rio Tinto	3.51
Novo Nordisk (B)	3.41
Diageo	3.35
Unilever (UK)	3.28
Capita	3.27
Ocado	3.24
TalkTalk Telecom	2.99
Shire	2.84
Randgold Resources	2.71

Top holdings as at 28/02/13	% of total net assets
BP	7.48
Rio Tinto	5.57
BG	5.50
Diageo	5.10
Unilever (UK)	4.53
Barclays	3.59
Ocado	3.27
Randgold Resources	3.21
Nanoco	2.98
Standard Chartered	2.81

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	0.1534	1.8315

	XD date	W Accumulation Shares
Final distribution	01/03/14	2.3075

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.71	1.17
28/02/13	1.70	1.18

	W Accumulation Shares
28/02/14	0.95
28/02/13	0.93

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	396.3	352.20	112,542,029	0.5	354.38	128,806
28/02/13	376.3	302.51	124,386,647	0.2	302.78	79,487
29/02/12	500.6	279.48	179,099,854	-	-	-
	W Accumulation Shares					
28/02/14	5.8	330.95	1,738,677			
28/02/13	-	282.49	3,244			

INCOME PER SHARE AND PRICE HISTORY (PENCE)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	0.1534	329.70	352.70	1.8315	331.70	354.90
2013	0.8196	277.90	342.90	1.0493	277.90	334.40
2012	-	241.30	281.90	-	244.60	273.70
2011	-	218.90	281.60			
2010	-	216.10	275.90			
2009	-	146.90	239.20			
	W Accumulation Shares					
2014 ²	2.3075	309.70	331.40			
2013	0.2459	258.90	321.40			
2012	-	241.20	254.90			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio primarily invested in the shares of UK companies. The portfolio is likely to have a bias towards the shares of medium and smaller-sized companies although the ACD is not restricted in its choice of company by either size or industry.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

The UK stock market rose over the 12 month period. Improvements in the UK economy, which appears to be on the road to a slow but steady recovery supported investor sentiment. Policy announcements from global central banks and speculation about the US Federal Reserve's (Fed) monetary tapering, remained in focus. Improving investor risk appetite during the period led to an increasing focus on medium and small sized companies that are expected to benefit from a recovery in the domestic economy. At a sector level, telecommunications, health care and consumer services were the best performers, whilst returns from resources stocks, consumer goods and financials lagged the broader market.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period. Companies sensitive to GDP growth were among the best performers. Online grocery company Ocado's share price rose after it announced a partnership with Morrison (WM) Supermarkets. Subsequently, I took profits in the stock. I also reduced the holding in retailer Next. Among financials, I increased the exposure to Lloyds Banking Group. The government has reduced its stake in the bank and a more benign economic environment supports the bank's progress with its restructuring programme. The position in life insurance company Resolution also contributed to returns as the market became more convinced about the insurer's ability to generate cash. On the downside, the position in software company SAP held back returns. The company is unlikely to meet its medium-term margins forecasts due to large investment requirements to address the challenge from "cloud" competitors. I sold the position. Outsourcing group Serco detracted from returns as it warned that profits would be hit by delays in UK government contracts and currency movements. I subsequently reduced this position. Meanwhile, I bought a holding in global service provider Experian, which operates in a business segment with high barriers to entry. I also increased the exposure to specialist distributor group Bunzl. The company has a resilient business model as it sources and distributes a range of consumable products that are essential for its customers in the cleaning, catering, retail and food-processing industries to operate their businesses.

OUTLOOK

Recent economic data indicates that the UK economy is on the road to a slow but steady recovery. I also look at the outlook for emerging markets, as the fund holds positions in diversified international businesses. Despite challenges, I believe that emerging markets present a compelling opportunity for a long term investor, particularly global consumer staples are likely to benefit from the emergence of a global middle class.

Aruna Karunathilake
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	40.4	19.6	1.6	11.6	14.8
W Accumulation Shares	-	-	-	-	-
*Comparative Index	47.3	17.0	1.5	14.1	13.3

* Comparative Index: FTSE All Share Index (Net)

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 775.6%. Over 5 years the fund has returned 118.5% compared with the benchmark return of 126.2%. Performance prior to 29/08/98 has been recalculated to take account of the conversion from Unit Trust to OEIC fund. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get more or less as a result of currency fluctuations. This fund may invest more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Consumer Services	25.86	15.28
Financials	18.89	15.45
Industrials	12.82	12.33
Health Care	11.97	9.49
Consumer Goods	9.93	22.98
Basic Materials	6.78	6.81
Oil & Gas	6.40	8.85
Technology	2.49	5.57
Other	1.12	1.48
Cash and other net assets/(liabilities)	3.74	1.76

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
Lloyds Banking Group	4.91
GlaxoSmithKline	4.86
HSBC (UK) (Reg'd)	3.85
Diageo	3.82
Next	3.63
WPP	3.38
Unilever (UK)	3.19
Sanofi-Aventis	3.05
Rio Tinto	2.83
Royal Dutch Shell A (UK)	2.82

Top holdings as at 28/02/13	% of total net assets
British American Tobacco	4.61
HSBC (UK) (Reg'd)	4.15
Nestle (Reg'd)	4.03
Diageo	4.00
Unilever (UK)	3.95
Sanofi-Aventis	3.94
WPP	3.69
Novo Nordisk (B)	3.56
SABMiller	3.54
BP	3.52

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	I Accumulation Shares
Final distribution	01/03/14	2.3794	3.9609

	XD date	W Accumulation Shares
Final distribution	01/03/14	0.2712

ONGOING CHARGES (%)

	A Accumulation Shares	I Accumulation Shares
28/02/14	1.71	0.88
28/02/13	1.71	0.88
	W Accumulation Shares	
28/02/14	0.94	
28/02/13	-	

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			I Accumulation Shares		
28/02/14	256.2	218.79	117,104,872	6.8	221.46	3,080,552
28/02/13	266.0	190.60	139,547,207	0.9	191.33	481,880
29/02/12	164.8	170.85	96,456,633	0.4	172.46	239,203
	W Accumulation Shares					
28/02/14	1.5	210.98	693,132			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			I Accumulation Shares		
2014 ²	2.3794	204.80	218.90	3.9609	207.20	221.60
2013	1.9351	176.20	211.60	3.3472	176.70	213.60
2012	1.7916	154.40	174.60	2.9294	154.10	175.00
2011	0.3763	139.80	173.90	1.6451	138.80	172.00
2010	1.6610	131.90	169.40	-	129.60	167.10
2009	2.4729	93.39	139.90	-	98.15	136.80
	W Accumulation Shares					
2014 ²	0.2712	197.40	211.10			
2013	-	193.70	203.10			

INVESTMENT OBJECTIVE AND POLICY

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of smaller capitalisation United Kingdom Companies. There is no policy to restrict investment to particular economic sectors. The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

FUND MANAGER'S COMMENTARY

MARKET REVIEW

The UK stock market advanced over the 12 month period. Improvements in the UK economy, which appears to be on the road to a slow but steady recovery supported investor sentiment. Policy announcements from global central banks and speculation about the US Federal Reserve's (Fed) monetary tapering, remained in focus. Improving investor risk appetite during the period led to an increasing focus on medium and small sized companies that are expected to benefit from a recovery in the domestic economy. At a sector level, telecommunications, health care and consumer services were the best performers, whilst returns from resources stocks, consumer goods and financials lagged the broader market.

PORTFOLIO ACTIVITY

The fund outperformed the comparative index over the period. Strong stock selection primarily drove fund returns, with several of our key holdings across sectors making significant contributions to returns. At the stock level, shares in wealth management firm Brewin Dolphin were supported by an increase in the funds under management and positive earnings outlook. Some other key holdings supported by their growth prospects, include equipment rental group Speedy Hire and the photo booth and vending machine operator Photo-Me International. Merger & acquisition (M&A) themes added value, in particular holdings in May Gurney and Fiberweb. Conversely, the allocation to international games retailer Games Workshop fell after it announced a drop in first-half profits. I remain confident about its long term growth potential. I am looking for companies with inherent strengths that should enable them to avoid significant share price falls, and unrecognised growth options that provide decent upside. I bought a new position in bathroom accessories group Norcros. The company should benefit from any recovery in UK consumer confidence and housing market. I also increased the exposure to interdealer broker ICAP, which is a global leader in its segment and has a highly cash generative business. The holding in online gaming group Ladbrokes was also increased. Ladbrokes has a good balance sheet, generates healthy cash flows that are returned to shareholders by way of dividends, and an attractive stock valuation. I sold positions in some companies that have performed well, such as Micro Focus International and London Stock Exchange, and also reduced exposure to retailer N Brown.

OUTLOOK

I have become a little more cautious following the strong market rally over the past 12 months. With average share prices having risen strongly, it is now a matter of finding the ones that have been unfairly left behind. Within the small-cap universe, there are still disliked companies out there that fulfil my investment criteria of having limited downside and unrecognised growth options.

Alex Wright
Fund Manager
28 February 2014

PERFORMANCE RECORD

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	28/02/10	28/02/11	28/02/12	28/02/13	28/02/14
A Accumulation Shares	86.3	42.9	6.1	34.4	38.3
Y Accumulation Shares	87.1	43.0	6.7	34.4	39.0
W Accumulation Shares	-	-	-	-	39.3
*Comparative Index	70.0	18.0	3.9	23.3	32.2

* Comparative Index: INumis UK Smaller companies ex Investment Companies (Net) - Formally RBS Hoare Gove ex IT Companies

Source: Fidelity and RIMES, bid to bid, UK£, net income reinvested. Since launch the fund has returned 254.6%. Over 5 years the fund has returned 425.0% compared with the comparative index return of 239.6%. Performance excludes initial charge.

Past performance is not a reliable indicator of future results.

RISK PROFILE

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. The fund may invest in derivatives for the purposes of the efficient management of the fund. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies.

* Holdings can vary from those in the index quoted. For this reason the comparative index is used for reference only.

PORTFOLIO INFORMATION

	28/02/14	28/02/13
	%	%
Industrials	27.86	24.61
Financials	23.86	12.07
Consumer Services	20.80	24.75
Consumer Goods	12.22	12.16
Oil & Gas	5.00	5.53
Technology	4.22	5.17
Health Care	2.79	2.31
Telecommunications	0.85	6.73
Other	0.71	0.10
Cash and other net assets/(liabilities)	1.69	6.57

TOP HOLDINGS

The top ten holdings in the fund as at 28 February 2014 and at the previous year end are shown below.

Top holdings as at 28/02/14	% of total net assets
United Drug	3.68
Electronic Arts	3.48
Speedy Hire	3.31
Brewin Dolphin	3.12
Brammer	2.92
Lavendon	2.87
CLS	2.70
Redrow	2.59
Conygar	2.48
NMC Health	2.35

Top holdings as at 28/02/13	% of total net assets
United Drug	5.27
Paragon	4.00
Micro Focus International	3.90
Cable & Wireless	3.73
Brewin Dolphin	3.64
Speedy Hire	3.27
Brown (N)	3.13
Kingston Communications	2.99
Mothercare	2.64
Brammer	2.61

Footnotes:

1. The net asset value is the accounting value at the year end on a fair value basis
2. Figures include the 01/03/14 distributions

FUND FACTS

INCOME (pence per share)

	XD date	A Accumulation Shares	Y Accumulation Shares
Final distribution	01/03/14	0.4315	1.3218

	XD date	W Accumulation Shares
Final distribution	01/03/14	1.4796

ONGOING CHARGES (%)

	A Accumulation Shares	Y Accumulation Shares
28/02/14	1.71	1.18
28/02/13	1.72	1.19

	W Accumulation Shares
28/02/14	0.96
28/02/13	1.00

The ongoing charge figure is the ratio of total costs to average net assets.

FUND SIZE

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	A Accumulation Shares			Y Accumulation Shares		
28/02/14	249.3	191.59	130,134,185	15.7	193.17	8,136,373
28/02/13	194.3	138.62	140,150,235	9.4	139.06	6,744,064
29/02/12	18.0	103.19	17,473,142	9.2	103.36	8,899,498
	W Accumulation Shares					
28/02/14	75.7	169.51	44,655,002			
28/02/13	44.2	121.71	36,310,921			

INCOME PER SHARE AND PRICE HISTORY (PENNY)

Calendar Year	Income per share	Lowest price	Highest price	Income per share	Lowest price	Highest price
	A Accumulation Shares			Y Accumulation Shares		
2014 ²	0.4315	183.60	192.90	1.3218	185.10	194.50
2013	1.6700	126.00	185.10	2.2404	126.30	186.50
2012	0.3923	88.16	124.60	0.8271	88.29	124.80
2011	-	82.27	100.00	-	82.25	100.00
	W Accumulation Shares					
2014 ²	1.4796	162.40	170.60			
2013	0.6056	110.50	163.50			
2012	-	100.00	109.20			

FIDELITY INVESTMENT FUNDS ANNUAL SHORT REPORT FOR THE YEAR ENDED 28 FEBRUARY 2014

RISK AND REWARD PROFILES

FUND	SHARE CLASS	SRRI*
Fidelity American Fund	A Accumulation Shares	6
	Y Accumulation Shares	6
	W Accumulation Shares	6
Fidelity American Special Situations Fund	A Accumulation Shares	6
	Y Accumulation Shares	6
	W Accumulation Shares	6
Fidelity Asian Dividend Fund	A Income Shares	6
	W Income Shares	6
	A Accumulation Shares	6
	W Accumulation Shares	6
Fidelity China Consumer Fund	A Accumulation Shares	6
	Y Accumulation Shares	6
Fidelity Emerging Asia Fund	A Accumulation Shares	6
	Y Accumulation Shares	6
Fidelity Emerging Europe, Middle East and Africa Fund	A Accumulation Shares	6
	Y Accumulation Shares	6
Fidelity Enhanced Income Fund	A Income Shares	5
	Y Income Shares	6
	W Income Shares	6
	A Accumulation Shares	5
	Y Accumulation Shares	6
	W Accumulation Shares	6
Fidelity European Fund	A Income Shares	6
	W Income Shares	6
	A Accumulation Shares	6
	Y Accumulation Shares	6
	W Accumulation Shares	7
Fidelity European Opportunities Fund	A Accumulation Shares	6
	Y Accumulation Shares	6
	W Accumulation Shares	6
Fidelity Extra Income Fund	A Income Shares	3
	Gross paying A Income Shares	3
	Y Income Shares	4
	Gross paying Y Income Shares	4
	A Accumulation Shares	3
	Gross paying A Accumulation Shares	3
	Y Accumulation Shares	4
	Gross paying Y Accumulation Shares	4
Fidelity Genesis Fund	A Accumulation Shares	6
Fidelity Global Dividend Fund	A Income Shares	6
	Y Income Shares	6
	W Income Shares	6
	A Accumulation Shares	6
	Y Accumulation Shares	6
	W Accumulation Shares	6
Fidelity Global Enhanced Income Fund	A Income Shares	6
	W Income Shares	6
	W Accumulation Shares	6

FIDELITY INVESTMENT FUNDS ANNUAL SHORT REPORT FOR THE YEAR ENDED 28 FEBRUARY 2014

RISK AND REWARD PROFILES

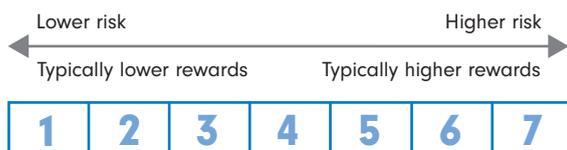
FUND	SHARE CLASS	SRRI*
Fidelity Global Focus Fund	A Accumulation Shares	6
	Y Accumulation Shares	6
	W Accumulation Shares	6
Fidelity Global High Yield Fund	A Income Shares	4
	Gross paying A Income Shares	4
	Y Income Shares	4
	Gross paying Y Income Shares	4
	A Accumulation Shares	4
	Gross paying A Accumulation Shares	4
	Y Accumulation Shares	4
	Gross paying Y Accumulation Shares	4
Fidelity Global Property Fund	I Accumulation Shares	4
	W Income Shares	6
	A Accumulation Shares	6
	Y Accumulation Shares	6
Fidelity Global Real Asset Securities Fund	W Accumulation Shares	6
	A Accumulation Shares	6
	Y Accumulation Shares	6
Fidelity Global Special Situations Fund	W Accumulation Shares	6
	A Accumulation Shares	6
	Y Accumulation Shares	6
	J Accumulation Shares	6
Fidelity Index Europe ex UK Fund	F Accumulation Shares	6
	P Accumulation Shares	6
Fidelity Index Japan Fund	F Accumulation Shares	6
	P Accumulation Shares	6
Fidelity Index Pacific ex Japan Fund	F Accumulation Shares	6
	P Accumulation Shares	6
Fidelity International Fund	A Accumulation Shares	6
Fidelity Japan Fund	A Accumulation Shares	6
	Y Accumulation Shares	6
	W Accumulation Shares	6
Fidelity Japan Smaller Companies Fund	A Accumulation Shares	6
	W Accumulation Shares	6
Fidelity MoneyBuilder Balanced Fund	A Income Shares	4
	Y Income Shares	4
Fidelity MoneyBuilder Dividend Fund	A Income Shares	5
	Y Income Shares	6
	A Accumulation Shares	6
Fidelity MoneyBuilder Growth Fund	A Income Shares	6
	Y Income Shares	6
	ISA class Income Shares	6
Fidelity MoneyBuilder Income Fund	A Income Shares	3
	Gross paying A Income Shares	3
	Y Income Shares	4
	Gross paying Y Income Shares	4
	A Accumulation Shares	4
	Y Accumulation Shares	4
	Gross paying Y Accumulation Shares	4

FIDELITY INVESTMENT FUNDS ANNUAL SHORT REPORT FOR THE YEAR ENDED 28 FEBRUARY 2014

RISK AND REWARD PROFILES

FUND	SHARE CLASS	SRRI*
Fidelity MoneyBuilder UK Index Fund	A Accumulation Shares	6
	I Accumulation Shares	6
Fidelity MoneyBuilder US Index Fund	A Accumulation Shares	6
	F Accumulation Shares	6
	I Accumulation Shares	6
Fidelity MoneyBuilder World Index Fund	A Accumulation Shares	6
	F Accumulation Shares	6
	I Accumulation Shares	6
Fidelity South-East Asia Fund	A Accumulation Shares	6
	Y Accumulation Shares	6
	W Accumulation Shares	6
Fidelity Special Situations Fund	A Accumulation Shares	6
	Y Accumulation Shares	6
	W Accumulation Shares	6
Fidelity Strategic Bond Fund	A Income Shares	3
	Gross paying A Income Shares	3
	Y Income Shares	4
	Gross paying Y Income Shares	4
	A Accumulation Shares	4
	Gross paying A Accumulation Shares	4
	Y Accumulation Shares	4
	Gross paying Y Accumulation Shares	4
Fidelity UK Growth Fund	A Accumulation Shares	6
	Y Accumulation Shares	6
	W Accumulation Shares	6
Fidelity UK Select Fund	A Accumulation Shares	6
	I Accumulation Shares	6
	W Accumulation Shares	6
Fidelity UK Smaller Companies Fund	A Accumulation Shares	6
	Y Accumulation Shares	6
	W Accumulation Shares	6

*The synthetic risk and reward indicator (SRRI) is explained below:



- The risk category was calculated using historical volatility data, based upon the methods set by European Union rules. Volatility is influenced by changes in the stock market prices, currencies and interest rates which can be affected unpredictably by diverse factors including political and economic events.
- The risk category may not be a reliable indication of the future risk profile of the fund.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk free'.

For fund specific risks, please refer to the latest Key Investor Information document.

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