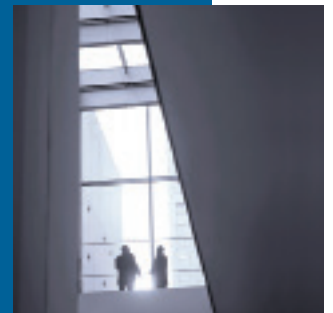


# Interim Report and Financial Statements

For the six month period ended  
31 March 2022



# Fidelity Investment Funds 2 Interim Report and Financial Statements for the six month period ended 31 March 2022

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\* These collectively comprise the Authorised Corporate Director's (ACD) report.

# Fidelity Investment Funds 2 Interim Report and Financial Statements for the six month period ended 31 March 2022

## Director's Report

We are pleased to present the interim report and financial statements for Fidelity Investment Funds 2 ("the Company"), covering the six month period to 31 March 2022.

Reference in this document to specific securities should not be construed as a recommendation to buy or sell these securities; but is included for the purpose of illustration only. Investors should also note that the views expressed may no longer be current and may already have been acted upon by Fidelity.

### Company and Status

The Company is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC993 and authorised by the Financial Conduct Authority (FCA) on 4 December 2013. The Company has an unlimited duration.

The Company is structured as an umbrella company currently comprising one fund in which shares are available, the Fidelity UK Opportunities Fund.

The Company ceased to be recognised as UCITS under EU regulation after 31 January 2020 and as a result is classified as an Alternative Investment Fund (AIF) outside of the UK. The UK regulator categorises former UCITS as UK UCITS instead.

In the future additional funds or new classes of shares within the existing fund may be launched by the ACD.

The fund has the investment powers equivalent to those of an Undertaking for Collective Investment in Transferable Securities (a UK UCITS) scheme as per the Prospectus.

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after they have paid the price on purchase of the shares.

The Company is governed by the requirements of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("OEIC Regulations") and the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL). As permitted by the COLL, the Company does not hold Annual General Meetings.

### Objectives

The broad aim of the Company is to provide access to the global research resources and stock picking skills of Fidelity's investment management teams throughout the world.

The investment objective and a review of the investment activities of the fund during the period under review are included within the Fund Manager's review.

### Coronavirus (COVID-19)

Most countries have begun to reopen their international borders as major fears over COVID-19 continue to recede, although select countries, especially China, have seen a surge in infections in recent months. Nevertheless, there is a general sense of relief that the Omicron variant of the virus is not as deadly as previous variants, which has led to normal economic activity resuming to a large extent in most countries. While the virus outbreak caused extensive disruptions to businesses and economic activities over the last two years, investor sentiment has been supported by substantial monetary and fiscal policy measures unveiled globally to mitigate the economic impact of the pandemic.

Vaccination programmes to combat the virus continue with the focus now on Phase 3 of additional booster dose. While the Omicron variant has prompted a sense of caution, forcing governments to maintain containment measures in affected areas, its milder symptoms have also allowed authorities to focus more on future economic policies and many countries are now lifting public mobility restrictions. However, sentiment has turned cautious in the tragic aftermath of the Russian invasion of Ukraine and market trends are expected to remain highly uncertain at least in the near term. The geopolitical tensions could lead to further rises in commodity prices as well as inflation.

As the situation continues to evolve, so does the ACD's assessment of the risks facing the sub-fund, and the degree to which these risks might crystallise. The assets of the sub-fund of the Company consist predominantly of assets which are readily realisable. Having considered the financial resources available to the ICVC and its sub-fund and having considered the impact of COVID-19 on the Company, the ACD continues to prepare the financial statements on a going concern basis.

### Changes to the Prospectus

For the six month period ended 31 March 2022, no significant changes were made to the Prospectus or Instrument of Incorporation.

### Holdings in other sub-funds within the same company

There were no such holdings. The Company has only one fund as at 31 March 2022.

## Statement of Authorised Corporate Director's (ACD) Responsibilities in relation to the Interim Report and Financial Statements of the Company

The Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) and the Collective Investment Schemes sourcebook (COLL) require the ACD to prepare financial statements for each annual and half-yearly accounting period which give a true and fair view of the financial position of the Company and of its net revenue or expenses and the net capital gains or losses on the property of the Company for the period. In preparing the financial statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the UK Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Management Association (IMA) in May 2014, the COLL, the Prospectus and the Instrument of Incorporation;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Company will continue in operation;
- take reasonable steps for the prevention and detection of fraud or other irregularities.

## Certification of the Interim Report and Financial Statements by Directors of the ACD

In accordance with the requirements of the COLL as issued and amended by the Financial Conduct Authority, the report and financial statements are approved on behalf of the Directors of FIL Investment Services (UK) Limited, the ACD.



John Clougherty  
Director



Peter Brookman  
Director

FIL Investment Services (UK) Limited  
27 May 2022

**Accounting Policies of Fidelity Investment Funds 2 and its sub-fund**

(Unaudited)

1. Accounting policies

- a) Basis of preparation - The financial statements of the sub-fund have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The financial statements are also prepared in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice (SORP) for UK Authorised Funds issued by the Investment Management Association (IMA) in May 2014, as amended June 2017. In addition refer to Coronavirus (COVID-19) on page 2.
- b) All other accounting policies applied In the interim financial statements of the sub-fund have been prepared on the same basis as the audited financial statements for the period ended 30 September 2021.

## Fund Manager's Review

### Investment Objective and Policy

The fund aims to increase the value of your investment over a period of 5 years or more.

The fund will invest at least 70% in equities (and their related securities) of UK companies (those domiciled, incorporated or having significant business in the UK). The fund may also invest a proportion of its assets in global companies listed in the UK. The Investment Manager will actively select companies based on their potential to generate capital growth. It is not restricted in terms of industry and size.

The fund is actively managed without reference to a benchmark.

The fund may also invest in other transferable securities, collective investment schemes, money market instruments, cash and deposits and is also able to use derivatives for efficient portfolio management. There is no policy to restrict investment to any particular economic or industrial sector.

### Market Review

UK equities rallied over the period, supported by robust corporate earnings, alongside general optimism around a continuing recovery in the UK and other major economies. While the emergence of a new, highly transmissible Omicron variant of COVID-19 triggered a global sell-off in November, markets recovered quickly as data showed vaccine effectiveness and milder illnesses. Meanwhile, inflation remained a cause for concern, prompting most central banks to take their foot off the accelerator. The Bank of England raised interest rates three times to 0.75% by March. 2022 also saw market volatility return, following Russia's invasion of Ukraine in late February and its expected spill-over effects on the global economy. The sanctions imposed on Russia and disruptions resulting from the conflict pushed commodity prices to extreme levels, exacerbating concerns around soaring inflation and leaving central banks with few options but to tighten their monetary policies. In this environment, basic materials and energy stocks led the gainers, benefiting from a recovery in demand and tight supply. Meanwhile, sectors seen as the most susceptible to rising costs, such as consumer discretionary and industrials, were among the worst performers.

### Performance and Portfolio Activity

The fund posted negative returns amid increased market volatility as Russia's full-fledged invasion of Ukraine in February took investors by surprise and became a key driver of stock and sector performance. At a stock level, wealth manager Liontrust underperformed on concerns that increased market volatility would drive higher fund outflows. Meanwhile, gaming company Entain came under pressure on calls for tighter regulations in the UK gambling sector. Shares in Restaurant Group and The Gym Group also declined on fears that it will be difficult for the companies to pass on cost pressures, notably labour costs.

As part of a move to add greater bond yield sensitivity, we bought a new position in Barclays. We have also been attempting to reduce the energy underweight, albeit in 'second-tier' companies such as Tullow Oil, Harbour and Energean. We sold our modest position in Baltic Classified on worries that Ukrainian issues would spill over into the Baltic States. We also sold the holding in Mondi, which has significant operations in Russia.

### Outlook

The invasion of Ukraine and subsequent jumps in the price of commodities have led to concerns over sustained inflationary pressures and the risk of recession in 2023. While we retained our core longer term holdings, we have been attempting to fill in gaps in the portfolio and are adding to positions where there should be a degree of pricing power.

Leigh Himsworth  
Fund Manager  
31 March 2022

## Risk and Reward Indicator

	SRRI
A Income Shares	6
W Accumulation Shares	6
W Income Shares	6



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.

- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- The fund may invest in instruments denominated in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the value of your investment.
- Currency hedging may be used which aims to reduce the effect of such changes. However, the effects may not be completely eliminated to the degree expected.

## Statement of Total Return

for the six month period ended 31 March 2022  
(unaudited)

	31/03/22		31/03/21	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		(31,750)		131,774
Revenue	8,420		5,468	
Expenses	<u>(2,085)</u>		<u>(1,668)</u>	
Net revenue/(expense) before taxation	6,335		3,800	
Taxation	<u>-</u>		<u>-</u>	
Net revenue/(expense) after taxation		<u>6,335</u>		<u>3,800</u>
<b>Total return before distributions</b>		<b>(25,415)</b>		<b>135,574</b>
Distributions		<u>(6,334)</u>		<u>(3,799)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>		<b><u>(31,749)</u></b>		<b><u>131,775</u></b>

## Statement of Change in Net Assets Attributable to Shareholders

for the six month period ended 31 March 2022  
(unaudited)

	31/03/22		31/03/21	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		582,252		374,313
Movement due to sales and repurchases of shares				
Amounts receivable on issue of shares	54,683		65,049	
Amounts payable on cancellation of shares	<u>(16,304)</u>		<u>(18,935)</u>	
		38,379		46,114
Swing price adjustment		134		292
Change in net assets attributable to shareholders from investment activities (see above)		(31,749)		131,775
Retained distribution on accumulation shares		<u>1,338</u>		<u>631</u>
<b>Closing net assets attributable to shareholders</b>		<b><u>590,354</u></b>		<b><u>553,125</u></b>

## Balance Sheet

as at 31 March 2022  
(unaudited)

	31/03/22		30/09/21	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investments		592,766		588,591
<b>Current assets:</b>				
Debtors	5,785		3,048	
Cash and bank balances	<u>-</u>		<u>-</u>	
Total other assets		<u>5,785</u>		<u>3,048</u>
<b>Total assets</b>		<b><u>598,551</u></b>		<b><u>591,639</u></b>
<b>Liabilities:</b>				
Creditors				
Distribution payable	(3,602)		(4,672)	
Other creditors	<u>(4,595)</u>		<u>(4,715)</u>	
Total other liabilities		<u>(8,197)</u>		<u>(9,387)</u>
<b>Total liabilities</b>		<b><u>(8,197)</u></b>		<b><u>(9,387)</u></b>
<b>Net assets attributable to shareholders</b>		<b><u>590,354</u></b>		<b><u>582,252</u></b>

# Fidelity UK Opportunities Fund

## Portfolio Statement

as at 31 March 2022

Holdings/ Holdings Equivalent	Portfolio of investments	Market value/ Unrealised gain/(loss) £'000	Percentage of total net assets %
	<b>Financials - (19.46%)</b>		
4,875,000	HSBC Holdings	25,778	4.37
1,089	Fidelity Institutional Liquidity Fund - Sterling A Accumulation	22,873	3.87
4,175,000	Aviva	19,080	3.23
900,000	Intermediate Capital Group	16,340	2.77
1,575,000	Gresham House	14,490	2.45
7,750,000	Barclays	11,693	1.98
2,000,000	OSB Group	11,310	1.92
3,500,000	Man Group	8,243	1.40
962,500	Mattioli Woods	7,508	1.27
2,352,609	Peel Hunt	2,894	0.49
1,287,567	IP Group	1,185	0.20
1,313	Alpha FX Group	27	0.00
		<b>141,421</b>	<b>23.96</b>
	<b>Basic Materials - (8.60%)</b>		
685,000	Anglo American	27,358	4.63
445,000	Rio Tinto	27,114	4.59
3,500,000	Atalaya Mining	13,895	2.35
825,000	Treatt	9,240	1.57
1,225,000	Yellow Cake	4,937	0.84
225,000	Antofagasta	3,782	0.64
		<b>86,326</b>	<b>14.62</b>
	<b>Consumer Discretionary - (22.35%)</b>		
800,000	Persimmon	17,120	2.90
1,050,000	Dart Group	11,954	2.02
5,000,000	Marks & Spencer Group	7,935	1.34
500,000	WHSmith	7,278	1.23
255,000	Future	6,752	1.14
1,050,000	Fuller Smith & Turner (A)	6,384	1.08
3,900,000	Saietta Group	6,045	1.02
963,159	Team17 Group	5,249	0.89
7,350,064	Restaurant Group	4,564	0.77
421,001	Go-Ahead Group	3,467	0.59
820,429	The Gym Group	1,559	0.26
		<b>78,307</b>	<b>13.26</b>
	<b>Consumer Staples - (8.02%)</b>		
2,585,000	Tate & Lyle	19,088	3.23
515,000	Cranswick	18,375	3.11
6,100,000	Tesco	17,046	2.89
1,150,000	Hilton Food Group	14,306	2.42
		<b>68,815</b>	<b>11.66</b>
	<b>Industrials - (14.09%)</b>		
230,000	Intertek Group	12,305	2.08
455,000	Spectris	11,825	2.00
1,469,902	Smart Metering Systems	11,524	1.95
1,550,000	Rentokil Initial	8,190	1.39
720,000	Electrocomponents	7,848	1.33
7,036,923	Invinity Energy Systems	5,278	0.89
425,000	Chemring Group	1,383	0.23
		<b>58,353</b>	<b>9.88</b>

## Portfolio Statement

as at 31 March 2022

Holdings/ Holdings Equivalent	Portfolio of investments	Market value/ Unrealised gain/(loss) £'000	Percentage of total net assets %
	<b>Energy - (10.01%)</b>		
3,400,000	Premier Oil	16,089	2.73
1,050,000	Energiean	12,170	2.06
1,500,000	Ceres Power	11,040	1.87
4,027,058	Pod Point	7,917	1.34
11,500,000	Tullow Oil	5,906	1.00
		<b>53,122</b>	<b>9.00</b>
	<b>Real Estate - (4.83%)</b>		
13,704,507	Newriver (REIT)	11,772	1.99
1,500,000	Workspace Group	10,110	1.71
2,100,000	Helical Bar	8,820	1.49
		<b>30,702</b>	<b>5.20</b>
	<b>Health Care - (4.53%)</b>		
1,350,000	Smith & Nephew	16,524	2.80
911,102	Oxford BioMedica	6,086	1.03
125,000	Genus	3,543	0.60
		<b>26,153</b>	<b>4.43</b>
	<b>Technology - (3.50%)</b>		
525,000	Computacenter	15,572	2.64
1,250,000	Darktrace	5,615	0.95
		<b>21,187</b>	<b>3.59</b>
	<b>Telecommunications - (0.96%)</b>		
8,000,000	Vodafone Group	10,043	1.70
402,782	Telecom Plus	6,179	1.05
		<b>16,222</b>	<b>2.75</b>
	<b>Utilities - (4.74%)</b>		
1,550,000	Drax Group	12,152	2.06
		<b>12,152</b>	<b>2.06</b>
	<b>Warrants - (0.00%)</b>		
2,847,806	Invinity Energy Systems (Warrants 15/09/2022)	3	0.00
2,847,806	Invinity Energy Systems (Warrants 16/12/2024)	3	0.00
		<b>6</b>	<b>0.00</b>
	<b>Portfolio of investments</b>	<b>592,766</b>	<b>100.41</b>
	<b>Cash and other net assets/(liabilities)</b>	<b>(2,412)</b>	<b>(0.41)</b>
	<b>Net assets</b>	<b>590,354</b>	<b>100.00</b>

The figures in brackets represent the sector distributions at 30 September 2021. Where securities are reclassified in the current period comparative percentages have been restated.

The percentage of net assets disclosed above is subject to rounding.

Unless otherwise stated, all holdings are on an official stock exchange listing or are permitted collective investment schemes.

Where the holdings/holdings equivalent value is reported to be nil this is due to a fractional share position.



# Fidelity Investment Funds 2 Interim Report and Financial Statements for the six month period ended 31 March 2022

## Summary of NAV and Shares as at 31 March 2022

Fund Name	Share Class	Net asset value per share (£)	Shares in Issue
Fidelity UK Opportunities Fund	A Income Shares	1.28	42,540,513
	W Accumulation Shares	2.95	42,866,438
	W Income Shares	1.52	269,600,876

## Total Purchases and Sales for the period

Fund Name	Purchases		Sales	
	31/03/22 £'000	31/03/21 £'000	31/03/22 £'000	31/03/21 £'000
Fidelity UK Opportunities Fund	366,143	303,085	339,355	268,238

# Fidelity Investment Funds 2 Interim Report and Financial Statements for the six month period ended 31 March 2022

## Total Purchase and Sales for the period

Fund Name	Purchases		Sales	
	31/03/22 £'000	31/03/21 £'000	31/03/22 £'000	31/03/21 £'000
Fidelity UK Opportunities Fund	366,143	303,085	339,355	268,238

## Further Information

### Fidelity Investment Funds 2

**Registered Office:**

Beech Gate  
Millfield Lane  
Lower Kingswood  
Tadworth  
Surrey KT20 6RP  
United Kingdom  
[www.fidelity.co.uk](http://www.fidelity.co.uk)

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

### **Authorised Corporate Director (ACD), Investment Manager, General Distributor, Administrator and Registrar**

FIL Investment Services (UK) Limited

Beech Gate  
Millfield Lane  
Lower Kingswood  
Tadworth  
Surrey KT20 6RP  
United Kingdom

The ACD is FIL Investment Services (UK) Limited and is the sole director.

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

Registered in England and Wales No 2016555.

### **Depository**

J.P. Morgan Europe Limited

**Registered Office:**

25 Bank Street  
Canary Wharf  
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**

Deloitte LLP  
1 New Street Square  
London EC4A 3HQ  
United Kingdom

## Further Information

- All Fidelity employees are subject to a Code of Ethics which, among other things, sets out procedures for personal account dealings in securities. These procedures, which are rigorously monitored, are designed to ensure that there is no conflict between personal account dealing by Fidelity staff and the interests of Fidelity's customers.

The two basics of the Code of Ethics require that deals have to be pre-authorised before an individual may undertake them, and they must afterwards be reported to the Compliance Department. Individuals are required to use specified brokers which enables this process to be checked on a continual basis.

In addition, there are specific provisions to ensure that any investment idea is first acted upon by the funds Fidelity manages, and that fund managers may not deal within a defined period either side of a fund (for which they are responsible) dealing in that stock.

- The Report and Financial Statements of the Company, the instrument of incorporation and the Value Assessment Report may be inspected free of charge between 9.00 a.m. and 5.00 p.m. on every business day at the offices of the Authorised Corporate Director (ACD) at Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP, United Kingdom.

Shareholders may obtain copies of the above documents, including long form accounts, free of charge from the same address, or alternatively from our website [www.fidelity.co.uk](http://www.fidelity.co.uk).

It is possible to receive up to date information about the full holdings of the funds in which you invest. This is available on request, and may, at our discretion, be subject to you entering into an agreement with us to keep the information confidential. If you wish to receive full holdings information in accordance with the policy, please put your request in writing to: Data Policy Fund Holdings, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, KT20 6RP, United Kingdom, quoting your name, address and account number or client reference number.

FIL Limited and its respective subsidiaries form the global investment management organisation that is commonly referred to as Fidelity International. Fidelity International only gives information on its products and, with the exception of retirement advice, does not provide investment advice based on individual circumstances.

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Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and an investor may not get back the original amount invested. Unless otherwise stated all products are provided by Fidelity International, and all views expressed are those of Fidelity International.

In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere. There may also be limited opportunities to find alternative ways of managing cash flows especially where the focus of investment is on small and medium sized firms. For funds specialising in such countries and investment types, transactions, particularly those large in size, are likely to have a greater impact on the costs of running a fund than similar transactions in larger funds. Prospective investors should bear this in mind in selecting funds.

Issued by FIL Investment Services (UK) Limited (FCA registered number 121939) a firm authorised and regulated by the Financial Conduct Authority.

FIL Investment Services (UK) Limited is a member of the Fidelity International group of companies and is registered in England and Wales under the company number 2016555. The registered office of the company is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP, United Kingdom. FIL Investment Management Limited VAT group identification number is 395 3090 35.



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