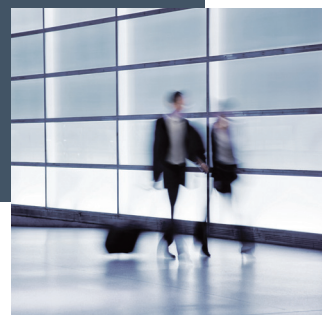
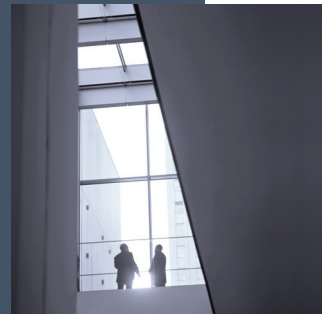


Interim Short Report

For the six months ended
31 December 2015



Fidelity Institutional Funds Interim Short Report for the six months ended 31 December 2015

Contents

Introduction	2
Changes to the Prospectus	2
General information	3
Authorised Fund Manager's Reports	
Market Performance Review	4
America Fund	5
Emerging Markets Fund	7
Europe (ex-UK) Fund	9
Global Focus Fund	11
Index-Linked Bond Fund	13
Japan Fund	15
Long Bond Fund	17
MoneyBuilder Income Reduced Duration Fund	19
Pacific (ex-Japan) Fund	21
Pan European Fund	23
Pre-Retirement Bond Fund	25
Reduced Duration UK Corporate Bond Fund	27
Select Emerging Markets Equities Fund	29
Select Global Equities Fund	31
South East Asia Fund	33
Sterling Core Plus Bond Fund	35
UK Fund	37
UK Aggregate Bond Fund	39
UK Corporate Bond Fund	41
UK Gilt Fund	43
UK Investment Grade Long Credit Fund	45
UK Long Corporate Bond Fund	47
Further Information	49

Fidelity Institutional Funds Interim Short Report for the six months ended 31 December 2015

Introduction

In order to provide the shareholders with regular and relevant information about the progress of the Fidelity Institutional 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 six months ended 31 December 2015. 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 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.

MoneyBuilder Income Reduced Duration Fund is a feeder fund with at least 85% permanently invested directly in the Gross paying Y Accumulation share class of the Fidelity MoneyBuilder Income Fund (the 'master fund'), which is a sub-fund of Fidelity Investment Funds.

Shareholders may obtain copies of the prospectus, annual and half-yearly reports & financial statements of the master fund ending last day in February and ending 31 August respectively. These may be obtained free of charge from the ACD or alternatively from our website www.fidelity.co.uk.

The independent Auditors' report on the annual report and financial statements of the Company for the year ended 30 June 2015 is 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 six month period ended 31 December 2015 the following significant changes were made to the Prospectus and Instrument of Incorporation:

- UK Specialist Fund closed on 13 October 2015.
- Sterling Core Plus Bond Fund launched a Gross A Accumulation Share class on 30 October 2015.
- The Prospectus and Instrument of Incorporation were updated to reflect that the following funds may use derivatives for investment purposes in accordance with the COLL: Index-Linked Bond Fund, Long Bond Fund, MoneyBuilder Income Reduced Duration Fund, Pre-Retirement Bond Fund, Reduced Duration UK Corporate Bond Fund, Sterling Core Plus Bond Fund, UK Aggregate Bond Fund, UK Corporate Bond Fund, UK Gilt Fund and UK Long Corporate Bond Fund.

Fidelity Institutional Funds Interim Short Report for the six months ended 31 December 2015

General Information

Fidelity Institutional 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 Advisors

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

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

Depositary

J.P. Morgan Europe 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

Fidelity Institutional Funds Interim Short Report for the six months ended 31 December 2015

Market Performance Review

Performance Overview - 6 months ended 31 December 2015

Equity Markets

Global equities rose over the six months to the end of December 2015. Pro-growth policy measures in Asia and Europe, as well as greater confidence in the US economy following the US Federal Reserve's (Fed) decision to raise interest rates in December buoyed investor sentiment. Merger & acquisition (M&A) activity also remained a key theme during the period. However, gains were capped due to various factors, including significant weakness in the energy sector; concerns related to a slowdown in the Chinese economy; and the European Central Bank's (ECB) latest stimulus measures, which fell short of market expectations. Moreover, there were periodic bouts of volatility, particularly following the Volkswagen emissions test scandal, terrorist attacks in Paris and continuing geopolitical tensions. Against this backdrop, the consumer, technology and health care sectors gained in most markets, while energy and materials declined given a slump in commodity prices.

European markets rose over the period. Markets fell sharply in the third quarter of 2015 due to concerns about China's slowdown and its potential impact on the global economy. This was followed by a fourth quarter rally, driven by expectations of additional stimulus measures by the ECB and China. Investors also reacted positively to the US Fed's interest rate increase, which was in line with expectations. Overall, growth stocks performed better than value companies and large-cap shares lagged small and mid-cap stocks.

The UK stock market fell amid increased volatility. China's decision to devalue its currency highlighted fears about slowing growth in the world's second-largest economy, while the terrorist attacks in Paris and continuing geopolitical tensions added to the uncertain investor sentiment. A rally in the second half of the period pared some of these losses, as stock prices were buoyed by an improvement in investor confidence.

US equities finished marginally lower over the period. A rally in October was not enough to outweigh concerns regarding the effects of slowing economic activity in China and low oil prices. Markets were volatile due to ongoing speculation surrounding the timing of an interest rate rise by the US Fed. The central bank finally raised interest rates after nearly a decade on the back of positive domestic economic data and central bank activity in both China and Europe. Performance across sectors was mixed, with consumer staples, IT and utilities leading the market. Conversely, the energy, materials and health care sectors declined.

Asia Pacific ex-Japan equities fell over the period on concerns about decelerating economic growth in China and its potential impact on the rest of the world. Of note, Chinese stocks fell sharply when the usage of borrowed funds to purchase stocks was curbed. These declines prompted a number of Chinese companies to halt trading. This hurt overall sentiment considerably, and Chinese policymakers introduced several market-stabilising measures. Additionally, the devaluation of China's currency raised fears of a global currency war. Weak sentiment also weighed on other Asian markets. Nonetheless, policymakers in the region introduced measures to support their economies. At a sector level, energy and materials tracked resource prices lower. Financials and industrials also fell, while health care and consumer discretionary gained.

Japanese stocks retreated as falling oil prices and a slowdown in China and other emerging markets fuelled concerns about the global economy, and the yen strengthened against the US dollar. Easing measures announced by central banks fell short of market expectations, and the US Fed's decision to raise interest rates heightened fears of liquidity tightening. However, sterling-based returns were positive owing to currency movements. Economically sensitive stocks in the technology, consumer discretionary and industrials sectors suffered the sharpest declines. Defensive sectors outperformed as investors became more risk averse.

Emerging markets fell as disappointing economic data from China led to renewed fears of decelerating growth in the largest developing country. Prices of commodities, including oil, declined on worries that a China-led global economic slowdown may hamper consumption amid a supply glut, given that the country is a large buyer of commodities. However, the emerging world reacted reasonably well to the US Fed's interest rate hike in December as the move ended a prolonged period of uncertainty. Brazilian stocks declined due to deteriorating macroeconomic conditions and the government's inability to improve public finances. In South Africa, markets were volatile as President Jacob Zuma removed the country's finance minister from office. However, the government was quick to appoint Pravin Gordhan as the new finance minister, a move that was well received by the market.

Bond Markets

UK bonds advanced over the review period, with government bonds (gilts) outperforming corporate bonds. UK Gilt yields fell as low inflation data helped to calm fears of an earlier-than-expected interest rate hike. Meanwhile, sterling corporate bonds benefited from attractive relative value proposition and continued light issuance in the sterling primary market. On the macroeconomic front, the UK economy ended 2015 on firm footing, even though the economic recovery lost momentum. The UK's GDP growth was below expectations at 0.4% in the third quarter of 2015. Inflation remained low at 0.1% in November, which was significantly below the Bank of England's target rate of 2%. As a result, the central bank left interest rates unchanged.

Commentary and Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies in the United States of America. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund delivered positive returns over the period, supported by holdings in the information technology, consumer staples and utilities sectors. Within information technology, positions in VMware and Ansys added value. The exposure to both these stocks was increased over the period. Gains were capped by holdings in the energy and materials sectors. The energy sector was negatively impacted by weak oil prices. The exposure to the sector was reduced by selling positions in Devon Energy Corp and Whiting Petroleum Corp. The performance of the materials sector was hampered by the decline in metal prices due to weak demand from China.

Outlook

The US economy should continue to improve at a moderate pace in 2016. However, continued US dollar strength and lower oil prices are weighing on corporate earnings. In addition, speculation around the pace of interest rate hikes and the outcome of the US Presidential elections could lead to market volatility.

Nick Peters & Ayesha Akbar
Fund Managers
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Accumulation Shares	-1.8	8.1	31.3	22.9	6.2
*Comparative Index	2.4	10.5	29.5	20.4	6.9

6 month performance (%) to:

	31/12/15
Accumulation Shares	4.2
*Comparative Index	6.7

* Comparative Index: S&P 500 Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
Information Technology	19.46	17.90
Health Care	12.07	13.77
Consumer Discretionary	11.25	11.40
Industrials	10.34	7.88
Cash Funds/Money Market Funds	8.98	8.63
Consumer Staples	8.89	7.32
Financials	8.85	8.42
Energy	3.30	5.55
Other	4.43	3.79
Cash and other net assets/(liabilities)	12.43	15.34

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	8.98
General Electric	2.28
Microsoft	2.26
Oracle	2.01
Alphabet	1.90
Molson Coors Brewing (B)	1.89
Pfizer	1.87
Citigroup	1.39
United Parcel Service (B)	1.37
Express Scripts	1.36

Holdings as at 30/06/15	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	8.63
Oracle	1.67
Pfizer	1.67
Cisco Systems	1.61
Microsoft	1.51
eBay	1.51
CVS Health	1.40
Activision Blizzard	1.37
Express Scripts	1.34
Eli Lilly	1.20

Risk Profile

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 may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For funds that invest in 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

Accumulation Shares	SRRI* 5
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- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Accumulation Shares
31/12/15	0.88
31/12/14	0.87

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

Fund Size

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
			Accumulation Shares
31/12/15	231.5	404.90	57,185,240

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in securities of countries experiencing rapid economic growth including, without limitation, Africa, the Indian sub-continent, Latin America, South East Asia, Europe and the Middle East. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund generated negative returns as emerging market equities were weighed down by weak economic data from China. While oil and commodity prices fell, the lack of exposure to the energy sector helped to limit the downside. Recent falls in emerging market stocks provided attractive investment opportunities. I bought shares in Mexico-based convenience store operator FEMSA given its strong market position. In information technology, I raised the holding in Check Point Software as it could benefit from higher spending on network security. I sold shares in SK Hynix due to pricing pressures on its key dynamic random access memory (DRAM) product. I also reduced the position in Naver given delays in the monetisation of its key messaging service.

Outlook

The situation across emerging markets remains mixed. Investors will closely watch the economic environment in China and its effect on broader emerging markets. Developing countries that implement economic reforms will also be better prepared to deal with external pressures.

Nick Price
Fund Manager
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Retail Accumulation Shares	-17.4	11.0	9.4	5.1	-1.9
W Accumulation Shares	-	-	-	5.9	-1.1
Accumulation Shares	-16.9	11.7	10.1	5.8	-1.3
*Comparative Index	-18.0	12.7	-4.6	3.7	-10.2

6 month performance (%) to:

	31/12/15
Retail Accumulation Shares	-4.4
W Accumulation Shares	-4.1
Accumulation Shares	-4.2
*Comparative Index	-11.9

* Comparative Index: MSCI Emerging Markets Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
China	21.59	23.40
South Africa	15.75	15.97
India	13.75	13.19
Hong Kong	11.16	8.54
United States	9.72	6.28
Taiwan	9.06	6.69
Indonesia	4.65	2.85
Israel	3.42	2.12
Other	11.35	19.47
Cash and other net assets/(liabilities)	-0.45	1.49

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
HDFC Bank	7.43
NetEase	6.76
Naspers	6.22
Fidelity Institutional Liquidity Fund (USD)	5.59
Taiwan Semiconductor Manufacturing	5.58
AIA	5.41
Cognizant Technology Solutions (A)	4.13
Steinhoff International (ZA)	3.74
Check Point Software Technologies	3.42
Bank Rakyat Indonesia	3.39

Holdings as at 30/06/15	% of total net assets
HDFC Bank (Dematerialised)	6.55
Naspers	6.52
NetEase	5.04
AIA	4.11
Taiwan Semiconductor Manufacturing	3.93
Steinhoff International	3.70
Cognizant Technology Solutions (A)	3.23
Fidelity Institutional Liquidity Fund (USD)	3.06
China Mengniu Dairy	2.93
Naver	2.93

Risk Profile

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 may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For funds that invest in 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. For details of all the risks please see the Prospectus.

Emerging Markets Fund

Risk and Reward Indicator

	SRR1*
Retail Accumulation Shares	6
W Accumulation Shares	6
Accumulation Shares	6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
- Emerging markets may be more volatile and it could be harder to sell or trade securities. There may be less supervision, regulation and less well-defined procedures than in more developed countries. Emerging markets can be sensitive to political instability, which can result in greater volatility and uncertainty, subjecting the fund to the risk of losses.
- In some emerging markets, such as Russia, the safekeeping provisions for securities benefit from less governed standards.

* The synthetic risk and reward indicator (SRR1) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Accumulation Shares	Retail Accumulation Shares
31/12/15	1.13	1.76
31/12/14	1.16	1.79
		W Accumulation Shares
31/12/15		1.01
31/12/14		1.04

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

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
			Accumulation Shares			Retail Accumulation Shares
31/12/15	412.7	314.98	131,011,905	29.7	125.36	23,662,940
						W Accumulation Shares
31/12/15	633.7	103.53	612,130,004			

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of European companies excluding those in the United Kingdom. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund generated positive returns over the period. My focus on companies where growth is driven by internal factors was rewarded as investors maintained a preference for stocks that offer dependable growth in a slowing economic backdrop. In particular, technology and telecommunications positions were boosted by encouraging earnings releases and positive stock specific news. I purchased stocks that were unfairly punished in the wider equity market selloff. For example, I bought new positions in travel sector software provider Amadeus and chemical company BASF. In defensive sectors, shares in Sanofi were sold as it is facing competitive pressures. I reinvested these proceeds in other defensive stocks such as Unilever and Nestle.

Outlook

I believe certain areas may pull down the aggregate earnings growth rate of the overall market in 2016. Therefore, it becomes even more important to identify companies that are likely to remain relatively resilient to the macroeconomic environment.

Alexandra Hartmann
Fund Manager
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Accumulation Shares	-17.3	28.6	25.5	1.2	8.9
*Comparative Index	-14.5	16.2	25.5	-0.6	5.3

6 month performance (%) to:

	31/12/15
Accumulation Shares	1.3
*Comparative Index	1.3

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

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
Switzerland	17.73	17.87
Germany	14.55	17.09
France	14.54	16.91
Spain	12.10	7.58
Netherlands	11.68	10.38
United Kingdom	11.27	9.97
Sweden	4.07	1.15
Denmark	3.23	3.83
Other	10.03	13.82
Cash and other net assets/(liabilities)	0.80	1.40

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
Roche	4.04
AXA	4.03
Novartis (Reg'd)	3.99
Bayer	3.88
SAP	3.52
Unilever	3.24
Nestle (Reg'd)	2.77
Inmarsat	2.69
Iberdrola	2.55
Novo Nordisk (B)	2.55

Holdings as at 30/06/15	% of total net assets
Novartis	6.28
Roche	6.00
Deutsche Telekom	3.29
Siemens (Bearer)	3.27
Bayer	3.14
Sanofi-Aventis	3.02
Novo Nordisk (B)	2.92
Ryanair	2.90
SAP	2.38
Schneider Electric	2.33

Risk Profile

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 may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For funds that invest in 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. For details of all the risks please see the Prospectus.

Europe (ex-UK) Fund

Risk and Reward Indicator

Accumulation Shares	SRR1* 6
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- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

* The synthetic risk and reward indicator (SRR1) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Accumulation Shares
31/12/15	0.89
31/12/14	0.89

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

Fund Size

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
31/12/15	462.4	415.16	111,376,755

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective and Policy

The fund aims to achieve long term growth from a portfolio primarily invested in stocks across the world's stock markets. The manager is free to select any company regardless of size, industry or location and will concentrate its investments in a more limited number of companies and therefore the resulting portfolio will be less diversified.

Performance and Portfolio Activity

The fund delivered positive returns over the period given an overall improvement in investor confidence. The widely anticipated increase in US interest rates in December was seen as a vote of confidence in its economy. Consequently, holdings in US information technology and consumer driven stocks contributed strongly to returns. New positions in pesticide maker Syngenta and semiconductor equipment maker SanDisk benefited from buoyant merger and acquisition activity. However, markets remained volatile amid geopolitical tensions, weak crude oil prices and uncertainty in emerging markets, which hurt sentiment towards certain materials and energy holdings. I sold positions in Eagle Materials and Newcrest Mining due to uncertainty related to commodity prices.

Outlook

I continued to increase the exposure to high-conviction holdings given the ongoing macroeconomic uncertainty and volatility in equity markets. Looking ahead, I believe that stock-specific fundamentals will remain the key driver of equity returns.

Amit Lodha
Fund Manager
31 December 15

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
Microsoft	2.50
Alphabet	1.85
Fidelity Institutional Liquidity Fund (EUR)	1.62
Facebook (A)	1.61
Citigroup	1.61
US Bancorp	1.61
Coca-Cola	1.61
Fidelity Institutional Liquidity Fund (USD)	1.60
Medtronic	1.59
Amazon.com	1.53

Holdings as at 30/06/15	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	3.78
Apple	2.47
Facebook (A)	2.05
Microsoft	2.02
Novartis	1.92
UBS	1.90
Citigroup	1.88
CVS Health	1.70
JPMorgan Chase	1.64
Amazon.com	1.59

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Accumulation Shares	-9.6	13.6	21.5	10.2	8.3
*Comparative Index	-5.5	11.0	20.5	10.7	3.3

6 month performance (%) to:

	31/12/15
Accumulation Shares	2.0
*Comparative Index	1.5

* Comparative Index: MSCI AC World Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested. Comparative index to 31/10/11 was MSCI World Index (Net of UK tax). Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
United States	57.16	53.57
United Kingdom	8.95	6.76
Japan	6.67	9.45
Switzerland	5.24	7.57
India	4.83	5.28
Canada	2.49	2.30
China	1.64	1.29
Ireland	1.62	0.00
Other	11.15	13.34
Cash and other net assets/(liabilities)	0.25	0.44

Risk Profile

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 may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For funds that invest in 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

Accumulation Shares	SRRI* 5
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- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Accumulation Shares
31/12/15	0.90
31/12/14	0.89

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

Fund Size

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	Accumulation Shares		
31/12/15	99.7	288.56	34,538,482

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to UK and overseas index-linked gilts and other index-linked fixed interest securities.

Investment Policy

The fund may invest directly in index-linked securities or may achieve exposure indirectly through the use of derivatives. The fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) derivatives on exchange rates, interest rates, inflation and credit. The fund may also take positions which enable it to benefit from falling asset prices.

Performance and Portfolio Activity

The fund declined over the period, largely due to its inflation strategy. The exposure to index-linked UK government bonds (gilts) was the key detractor from performance as these bonds fell over the period. Inflation breakevens, the yield differential between nominal and inflation-linked government bonds, narrowed, driven by lower energy and commodity prices, as well as the ongoing supermarket price competition. We continue to view the UK index-linked market as structurally expensive, given sustained demand from the pension industry. Therefore, We maintained an underweight real duration position in sterling. We maintained small exposures to inflation-linked bonds in the US and Europe, as they have very attractive valuations.

Outlook

Inflation breakevens in the UK are unlikely to expand in the near term, though sustained institutional demand for index-linked gilts should support valuations. As a result, these assets are likely to remain expensive.

Andy Weir & Tim Foster
Fund Managers
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Income Shares	22.3	0.1	0.8	20.9	-1.1
Gross paying Accumulation Shares**	22.5	0.4	0.8	21.0	-1.0
Gross paying Income Shares**	-	-	0.8	21.0	-0.9
*Comparative Index	23.0	0.3	0.4	21.2	-1.4

6 month performance (%) to:

	31/12/15
Income Shares	-0.5
Gross paying Accumulation Shares**	-0.5
Gross paying Income Shares**	-0.4
*Comparative Index	-1.2

* Comparative Index: FTSE British Government Index Linked Over 5 Years Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested, ** gross income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
UK Gilt Treasury Bonds	80.24	80.56
Government Bonds	7.46	6.86
Corporate Bonds	4.76	4.83
Cash Funds/Money Market Funds	3.93	2.75
Mortgage Related Bonds	3.03	3.72
Forward Foreign Exchange Contracts	-0.12	0.17
Futures	-0.15	-0.14
Interest Rate Swaps	-0.88	-0.45
Cash and other net assets/(liabilities)	1.73	1.70

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
UK Gilt Treasury I/L 0.75% 22/03/2034	8.24
UK Gilt Treasury I/L 4.125% 22/07/2030	7.11
UK Gilt Treasury I/L 0.625% 22/11/2042	6.50
UK Gilt Treasury I/L 0.125% 22/03/2044	5.71
UK Gilt Treasury I/L 1.25% 22/11/2055	5.70
UK Gilt Treasury I/L 0.50% 22/03/2050	5.26
UK Gilt Treasury I/L 0.375% 22/03/2062	4.97
UK Gilt Treasury I/L 2.00% 26/01/2035	4.87
UK Gilt Treasury I/L 0.125% 22/03/2068	4.67
UK Gilt Treasury I/L 1.125% 22/11/2037	4.45

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury I/L 0.75% 22/03/2034	8.35
UK Gilt Treasury I/L 4.125% 22/07/2030	7.23
UK Gilt Treasury I/L 0.625% 22/11/2042	6.55
UK Gilt Treasury I/L 1.25% 22/11/2055	5.73
UK Gilt Treasury I/L 0.125% 22/03/2044	5.46
UK Gilt Treasury I/L 0.50% 22/03/2050	5.26
UK Gilt Treasury I/L 0.375% 22/03/2062	4.97
UK Gilt Treasury I/L 2.00% 26/01/2035	4.96
UK Gilt Treasury I/L 1.125% 22/11/2037	4.51
UK Gilt Treasury I/L 0.25% 22/03/2052	4.17

Risk Profile

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 may 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 make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. For funds that invest in 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. For details of all the risks please see the Prospectus.

Index-Linked Bond Fund

Risk and Reward Indicator

	SRRI*
Income Shares	5
Gross paying Accumulation Shares	5
Gross paying Income Shares	5

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- The performance of the fund may be adversely affected by a default of a counterparty used for derivative instruments.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

	XD date	Income Shares	Gross paying Income Shares
Interim distribution	01/01/16	0.8544	5.0094

	XD date	Gross paying Accumulation Shares
Interim distribution	01/01/16	1.2882

Ongoing Charges (%)

	Income Shares	Gross paying Income Shares
31/12/15	0.33	0.31
31/12/14	0.33	0.31

	Gross paying Accumulation Shares
31/12/15	0.32
31/12/14	0.33

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

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
		Income Shares			Gross paying Income Shares	
31/12/15	3.6	254.46	1,395,924	-	1,198.99	1,320
					Gross paying Accumulation Shares	
31/12/15				251.1	308.81	81,331,134

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies in Japan. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund generated positive returns over the period, as the appreciation of the yen helped to offset negative market movements. Domestic-oriented services and retail stocks performed well, while financials struggled as market conditions became more volatile. The start of a gradual tightening cycle in the US, combined with falling oil prices and heightened geopolitical risks, exacerbated concerns about global growth. Against this backdrop, I increased my concentration in high-conviction stocks, capitalising on market weakness to raise key holdings such as Tokio Marine and Hamamatsu Photonics. Conversely, I sold positions where we downgraded our fundamental view or re-evaluated our research rating. Hitachi and Fujitsu are prime examples.

Outlook

While risk-off moves may persist and events in China require careful monitoring, the fundamental picture in Japan has not changed significantly. Earnings continue to grow, labour markets are tight and micro-level reforms are progressing well.

Yoshimi Hashimoto
Fund Manager
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Accumulation Shares	-12.9	4.7	31.7	0.5	11.8
*Comparative Index	-12.3	2.3	24.2	2.3	17.7

6 month performance (%) to:

	31/12/15
Accumulation Shares	-0.1
*Comparative Index	3.8

* Comparative Index: TOPIX Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
Transport Equipment	14.49	12.25
Electrical Machinery	10.33	13.87
Banks	8.67	9.12
Information & Communication	7.73	7.28
Insurance	7.60	5.56
Services	7.05	8.21
Other Financing Business	5.68	5.03
Chemicals	5.44	6.27
Other	31.82	31.29
Cash and other net assets/(liabilities)	1.19	1.12

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
Toyota Motor	6.03
Mitsubishi UFJ Financial	5.38
SoftBank	4.50
Honda Motor	4.03
Bridgestone	3.64
Orix	3.60
Toray Industries	3.04
Kakaku.com	2.76
Denso	2.76
NKSJ	2.51

Holdings as at 30/06/15	% of total net assets
Toyota Motor	5.94
Mitsubishi UFJ Financial	5.44
SoftBank	4.55
Honda Motor	3.44
Bridgestone	3.44
Nidec	3.43
Mitsubishi Heavy Industries	3.04
Orix	3.01
Sumitomo Mitsui Financial	2.73
NKSJ	2.56

Risk Profile

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 may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For funds that invest in 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

Accumulation Shares	SRRI* 6
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- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Accumulation Shares
31/12/15	0.88
31/12/14	0.88

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

Fund Size

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	Accumulation Shares		
31/12/15	401.1	209.22	191,732,186

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure mainly to UK and overseas gilts and other fixed interest securities.

Investment Policy

The fund may invest directly in UK and overseas gilts and other fixed interest securities with a remaining maturity of at least 15 years or may achieve exposure indirectly through the use of derivatives. The fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) derivatives on exchange rates, interest rates, inflation and credit. The fund may also take positions which enable it to benefit from falling asset prices.

Performance and Portfolio Activity

The fund rallied over the period, largely due to its interest rate strategy. In particular, the short sterling duration (less sensitive to interest rate changes than the index) position in December contributed to returns as UK government bond (Gilt) yields rose. Falling oil prices weighed on holdings in Shell International and Halliburton in the energy sector. On a positive note, the bias towards the financials sector, via positions in CME Group and Barclays, supported performance. Given the rising volatility in the market, we believe that financials are likely to perform well. As a result, we increased the exposure to the sector by purchasing new holdings in Svenska Handelsbanken and ELM BV (Swiss Re). We also reduced the fund's credit beta (sensitivity to credit spreads) by selling positions in Microsoft and Apple in the technology sector.

Outlook

While the strength of the domestic economy seemingly warrants an interest rate hike, nominal growth and inflation remain subdued. Future interest rate rises are therefore expected to be gradual in nature. This should keep Gilt yields well anchored.

Ian Fishwick & Tim Foster
Fund Managers
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Income Shares	24.8	3.6	-6.1	25.8	-0.5
Gross paying Accumulation Shares**	25.8	4.2	-5.5	26.5	0.0
Gross paying Income Shares**	-	-	-5.5	26.4	0.1
*Comparative Index	25.3	2.2	-6.6	25.3	-0.5

6 month performance (%) to:

	31/12/15
Income Shares	2.5
Gross paying Accumulation Shares**	2.8
Gross paying Income Shares**	2.8
*Comparative Index	2.3

* Comparative Index: FTSE British Government Over 15 Years Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested, ** gross income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
UK Gilt Treasury Bonds	69.97	70.48
Corporate Bonds	22.65	22.17
Interest Rate Swaps	3.31	2.56
Mortgage Related Bonds	2.45	1.86
Futures	0.03	0.32
Credit Default Swaps	0.01	0.01
Cash Funds/Money Market Funds	0.00	0.64
Forward Foreign Exchange Contracts	-0.29	0.43
Cash and other net assets/(liabilities)	1.87	1.53

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
UK Gilt Treasury 3.75% 22/07/2052	15.42
UK Gilt Treasury 4.75% 07/12/2038	12.29
UK Gilt Treasury 4.25% 07/09/2039	11.48
UK Gilt Treasury 3.25% 22/01/2044	8.97
UK Gilt Treasury 3.50% 02/07/2068	7.58
UK Gilt Treasury 4.25% 07/03/2036	5.74
UK Gilt Treasury 4.25% 07/12/2049	4.07
UK Gilt Treasury 4.00% 22/01/2060	2.82
Receive fixed 4.363%, pay floating 06/07/2029	1.80
Sinopec Group Overseas Development 15 2.50% 28/04/2020 Reg S	1.35

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 3.75% 22/07/2052	14.71
UK Gilt Treasury 4.75% 07/12/2038	11.90
UK Gilt Treasury 4.25% 07/09/2039	11.11
UK Gilt Treasury 3.25% 22/01/2044	8.29
UK Gilt Treasury 3.50% 02/07/2068	6.24
UK Gilt Treasury 4.25% 07/03/2036	5.54
UK Gilt Treasury 4.25% 07/12/2049	3.90
UK Gilt Treasury 1.00% 07/09/2017	3.23
UK Gilt Treasury 4.00% 22/01/2060	2.68
UK Gilt Treasury 4.50% 07/09/2034	2.45

Risk Profile

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 may 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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. For funds that invest in 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. For details of all the risks please see the Prospectus.

Long Bond Fund

Risk and Reward Indicator

	SRRI*
Income Shares	5
Gross paying Accumulation Shares	5
Gross paying Income Shares	5

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- The performance of the fund may be adversely affected by a default of a counterparty used for derivative instruments.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

	XD date	Income Shares	Gross paying Income Shares
Interim distribution	01/01/16	0.2908	8.1327
Interim distribution	01/10/15	0.2947	8.2561

	XD date	Gross paying Accumulation Shares
Interim distribution	01/01/16	0.5954
Interim distribution	01/10/15	0.5997

Ongoing Charges (%)

	Income Shares	Gross paying Income Shares
31/12/15	0.33	0.30
31/12/14	0.33	0.30

	Gross paying Accumulation Shares
31/12/15	0.33
31/12/14	0.33

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

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
		Income Shares		Gross paying Income Shares		
31/12/15	20.7	49.10	42,063,128	-	1,096.14	1,320
				Gross paying Accumulation Shares		
31/12/15				131.0	81.14	161,447,791

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

MoneyBuilder Income Reduced Duration Fund

Commentary and Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve an attractive level of income from a portfolio providing exposure primarily to sterling-denominated (or hedged back to Sterling) fixed interest securities. While the fund will be substantially invested in the Fidelity MoneyBuilder Income Fund, it is the intention through the use of derivatives to hedge interest rate risk, such that the returns achieved may be substantially different to those of the Fidelity MoneyBuilder Income Fund.

Performance and Portfolio Activity

The fund posted negative returns over the period due to adverse credit selection. Specifically, the bias against utility securities such as Thames Water and Enel held back returns. Conversely, the stance in commodity sensitive bonds such as Glencore added relative value as commodity prices fell. We continue to look for attractive new opportunities. For instance, we participated in the new issues of British American Tobacco and BHP Billiton given their attractive pricing. Meanwhile, the exposure to Scottish Widows and Aviva in the insurance sector was reduced.

Outlook

While the strength of the domestic economy seemingly warrants an interest rate hike, nominal growth and inflation remain subdued. Future interest rate rises are therefore expected to be gradual, thus supporting bond markets. In this environment, demand for investment grade corporate bonds should stay strong as investors search for yields.

Ian Spreadbury & Sajiv Vaid
Fund Managers
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Gross paying Y Accumulation Shares**	-	-	-	2.3	-0.2
Gross paying Y Income Shares**	-	-	-	2.3	-0.2
Y Accumulation Shares	-	-	-	1.7	-0.7
Y Income Shares	-	-	-	1.7	-0.6
*Comparative Index	-	-	-	2.5	0.6

6 month performance (%) to:

	31/12/15
Gross paying Y Accumulation Shares**	-0.7
Gross paying Y Income Shares**	-0.8
Y Accumulation Shares	-1.0
Y Income Shares	-1.0
*Comparative Index	0.2

* Comparative Index: MB Income Red Duration Custom.

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested, ** gross income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
Fixed Interest Mutual Funds	97.05	96.37
UK Gilt Treasury Bonds	5.37	3.27
Futures	0.01	-0.01
Interest Rate Swaps	-3.62	-2.81
Cash and other net assets/(liabilities)	1.19	3.18

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
Fidelity MoneyBuilder Income Fund	97.05
UK Gilt Treasury 4.00% 07/09/2016	3.22
UK Gilt Treasury 2.00% 22/01/2016	2.15
Pay fixed 1.524%, receive floating 29/01/2025	0.05
Receive fixed, 1.07% pay floating 06/07/2017	0.04
pay fixed, 1.40125% Receive floating 05/10/2020	0.03
Receive fixed 1.025%, pay floating 06/03/2017	0.02
Pay fixed 1.26%, receive floating 25/03/2020	0.02
pay fixed 2.0675% Receive floating 01/12/2035	0.02
Receive fixed, 1.12% pay floating 03/08/2017	0.02

Holdings as at 30/06/15	% of total net assets
Fidelity MoneyBuilder Income Fund	96.37
UK Gilt Treasury 2.00% 22/01/2016	2.19
UK Gilt Treasury 4.00% 07/09/2016	1.08
Pay fixed 1.524%, receive floating 29/01/2025	0.08
Pay fixed 1.955%, receive floating 11/03/2025	0.06
Pay fixed 2.035%, receive floating 17/03/2045	0.05
Pay fixed 1.84%, receive floating 18/04/2023	0.04
Pay fixed 1.26%, receive floating 25/03/2020	0.04
Pay fixed 1.35%, receive floating 17/04/2020	0.04
Pay fixed 1.771%, receive floating 28/04/2025	0.04

Risk Profile

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. The fund is a feeder fund and will be substantially invested in the Fidelity MoneyBuilder Income Fund, it is the intention through the use of derivatives to hedge interest rate risk, such that the returns achieved may be substantially different to those of the Fidelity MoneyBuilder Income Fund. This fund may 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 including hedging interest rate risk. For funds that invest in 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. The use of financial derivative instruments may result in increased gains or losses within the fund. For details of all the risks please see the prospectus.

MoneyBuilder Income Reduced Duration Fund

Risk and Reward Indicator

	SRRI*
Gross paying Y Accumulation Shares	3
Gross paying Y Income Shares	3
Y Accumulation Shares	3
Y Income Shares	3

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- The performance of the fund may be adversely affected by a default of a counterparty used for derivative instruments.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Fund Facts

Income (pence per share)

	XD Date	Y Income Shares	Gross paying Y Income Shares
Interim distribution	01/01/16	1.8593	2.3255
Interim distribution	01/12/15	1.8513	2.3165
Interim distribution	01/11/15	1.7580	2.2000
Interim distribution	01/10/15	1.7691	2.2124
Interim distribution	01/09/15	1.6695	2.0880
Interim distribution	01/08/15	1.5183	1.8990

Ongoing Charges (%)

	Y Income Shares	Gross paying Y Income Shares
31/12/15	0.60	0.59
31/12/14	0.62	0.62

	Y Accumulation Shares	Gross paying Y Accumulation Shares
31/12/15	0.59	0.59
31/12/14	0.61	0.62

The Ongoing Charge figure of the Fidelity MoneyBuilder Income Fund Y Accumulation Share class in which this fund invests for the period ended 31/08/15 was 0.56% (31/08/14: 0.56%).¹

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

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
	Y Income Shares			Gross paying Y Income Shares		
31/12/15	42.9	976.64	4,393,806	73.1	976.69	7,487,586
	Y Accumulation Shares			Gross paying Y Accumulation Shares		
31/12/15	18.4	1,044.19	1,764,496	12.2	1,059.76	1,148,802

Commentary and Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies in Australia, Hong Kong, Malaysia, New Zealand and Singapore. The fund may not invest in Japan. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund generated negative returns over the period as falling resources prices weighed on mining and oil & gas exploration and production companies. On a positive note, holdings in high-quality Australian companies with strong earnings, attractive dividend yields and a clear growth strategy helped contain losses. I bought Australia-based Corporate Travel Management for its regional and global diversification strategy and high-quality management team. I also purchased a new position in Hong Kong's Hang Seng Bank given its strong deposit franchise, low cost structure and prospects for higher net interest margins. I retained the bias towards holdings in industrials, but sold positions in Asciano and Cabcharge for better opportunities elsewhere.

Outlook

Valuations are now near or, in some cases, even below the levels seen at the height of the global financial crisis. I monitor opportunities arising in potential oversold or overbought areas due to over optimism or over priced expectations.

John Lo
Fund Manager
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Accumulation Shares	-16.4	17.3	12.6	7.2	-1.3
*Comparative Index	-12.8	18.2	2.8	5.0	-3.9

6 month performance (%) to:

	31/12/15
Accumulation Shares	-2.5
*Comparative Index	-3.3

* Comparative Index: MSCI Pacific (ex-Japan) Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
Australia	59.25	58.90
Hong Kong	26.71	23.46
China	6.30	9.91
Singapore	3.35	1.97
Israel	2.19	2.79
United States	1.18	2.75
New Zealand	0.79	0.00
Cash and other net assets/(liabilities)	0.23	0.22

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
Commonwealth Bank of Australia	9.25
AIA	6.25
Macquarie	4.23
Sydney Airport	3.36
QBE Insurance	3.29
CK Hutchison	3.28
AMP	3.24
CSL	2.99
James Hardie Industries	2.97
ANZ Banking (AU)	2.85

Holdings as at 30/06/15	% of total net assets
Commonwealth Bank of Australia	8.01
AIA	6.10
BHP Billiton (AU)	3.50
CSL	3.47
Macquarie	3.45
QBE Insurance	3.23
Sydney Airport	3.16
ANZ Banking (AU)	3.02
AMP	2.98
Sarine Technologies	2.79

Risk Profile

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 may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For funds that invest in 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. For details of all the risks please see the Prospectus.

Pacific (ex-Japan) Fund

Risk and Reward Indicator

	SRRI*
Accumulation Shares	6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Accumulation Shares
31/12/15	0.91
31/12/14	0.94

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

Fund Size

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
			Accumulation Shares
31/12/15	133.3	361.52	36,869,573

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of European companies, including those in the United Kingdom. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund delivered positive returns over the period, supported by holdings in the information technology, consumer staples and industrials sectors. Within industrials, the position in Wolseley, the world's leading specialist distributor of plumbing and heating products, was increased. Elsewhere, the exposure to Legal & General Group in the financials sector was raised. Gains were capped by holdings in the energy and materials sectors. The energy sector was weighed down by the decline in oil prices, while weak Chinese demand led to a fall in metal prices, which hurt the materials sector. As a result, positions in multinational metals and mining player Rio Tinto and energy equipment & services company Amec Foster Wheeler were reduced.

Outlook

The outlook for European equities is positive as the recovery in the eurozone remains intact, supported by low oil prices, a weak euro and an expansionary monetary policy. The economic recovery in the UK is also relatively strong.

Nick Peters & Ayesha Akbar
Fund Managers
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Accumulation Shares	-11.8	19.9	24.1	0.3	5.9
*Comparative Index	-10.5	13.7	22.8	-0.4	2.7

6 month performance (%) to:

	31/12/15
Accumulation Shares	0.3
*Comparative Index	-0.2

* Comparative Index: MSCI Europe Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
United Kingdom	26.33	27.82
France	12.39	12.40
Germany	11.67	12.53
Switzerland	11.21	13.13
Ireland	10.27	9.23
Netherlands	5.79	5.66
Spain	4.91	3.62
Sweden	2.83	3.52
Other	13.56	10.72
Cash and other net assets/(liabilities)	1.04	1.37

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
Source MSCI Europe Value Fund	7.37
HSBC (UK) (Reg'd)	1.78
Sanofi-Aventis	1.67
Bayer	1.64
Roche	1.57
Total (B)	1.52
Novartis (Reg'd)	1.37
UBS	1.35
Nestle (Reg'd)	1.33
Lloyds Banking Group	1.31

Holdings as at 30/06/15	% of total net assets
Source MSCI Europe Value Fund	7.36
Roche	2.42
Sanofi-Aventis	1.89
Bayer	1.61
Barclays	1.61
Lloyds Banking Group	1.53
Novartis	1.43
UBS	1.38
SAP	1.38
Nestle	1.27

Risk Profile

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 may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For funds that invest in 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. For details of all the risks please see the Prospectus.

Pan European Fund

Risk and Reward Indicator

	SRRI*
Accumulation Shares	6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Accumulation Shares
31/12/15	0.92
31/12/14	0.91

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

Fund Size

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
			Accumulation Shares
31/12/15	265.3	266.69	99,484,406

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective

The fund's investment objective is to achieve both capital growth and income relating to changes in annuity rates. The fund will obtain exposure primarily to Sterling denominated (or hedged back to Sterling) government and corporate bonds.

Investment Policy

The fund may invest directly in securities or may achieve exposure indirectly through the use of derivatives. The fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) derivatives on exchange rates, interest rates, inflation and credit. The fund may also take positions which enable it to benefit from falling asset prices.

Performance and Portfolio Activity

The fund advanced over the period, largely due to its interest rate strategy. In particular, the bias towards the middle of the sterling yield curve helped returns. Conversely, falling commodity prices hampered performance, with the exposure to Glencore and Continental Resources holding back gains. I continue to look for attractive new opportunities. For instance, I participated in the new issues of Halliburton and BHP Billiton given their attractive pricing. Meanwhile, I took profits in Eli Lilly and Heinz following their strong performance.

Outlook

While the strength of the domestic economy seemingly warrants an interest rate hike, nominal growth and inflation remain subdued. Future interest rate rises are therefore expected to be gradual, thus supporting bond markets. In this environment, demand for investment grade corporate bonds should stay strong as investors search for yields.

Ian Fishwick
Fund Manager
31 December 15

Performance Record

Discrete 1 year performance over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Gross paying F Accumulation Shares**	-	-	-	18.0	0.8
Gross paying Y Accumulation Shares**	-	-	-	17.5	0.2
*Comparative Index	-	-	-	17.6	0.4

6 month performance (%) to:

	31/12/15
Gross paying F Accumulation Shares**	2.1
Gross paying Y Accumulation Shares**	1.7
*Comparative Index	2.1

* Comparative Index: 50% BofA ML 5+ Yr UK Gilt Index, 50% BofA ML 5+ Yr Ster N-Gilt Index.

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested,** gross income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
Corporate Bonds	60.89	55.90
UK Gilt Treasury Bonds	30.09	33.78
Mortgage Related Bonds	5.02	5.14
Government Bonds	1.20	1.77
Interest Rate Swaps	0.35	0.17
Futures	-0.04	0.17
Forward Foreign Exchange Contracts	-0.80	1.03
Cash and other net assets/(liabilities)	3.29	2.04

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
UK Gilt Treasury 4.25% 07/09/2039	3.80
UK Gilt Treasury 3.75% 22/07/2052	3.60
UK Gilt Treasury 4.50% 07/09/2034	3.13
UK Gilt Treasury 4.25% 07/03/2036	2.86
UK Gilt Treasury 3.25% 22/01/2044	2.84
UK Gilt Treasury 4.00% 22/01/2060	2.76
UK Gilt Treasury 4.75% 07/12/2038	2.75
UK Gilt Treasury 4.25% 07/12/2046	2.21
UK Gilt Treasury 4.50% 07/12/2042	2.03
UK Gilt Treasury 4.25% 07/12/2049	1.76

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 4.25% 07/09/2039	3.80
UK Gilt Treasury 3.75% 22/07/2052	3.54
UK Gilt Treasury 4.25% 07/06/2032	3.31
UK Gilt Treasury 4.50% 07/09/2034	3.11
UK Gilt Treasury 4.25% 07/03/2036	2.86
UK Gilt Treasury 3.25% 22/01/2044	2.83
UK Gilt Treasury 4.75% 07/12/2038	2.75
UK Gilt Treasury 3.75% 07/09/2021	2.26
UK Gilt Treasury 4.25% 07/12/2046	2.19
UK Gilt Treasury 4.50% 07/12/2042	2.03

Risk Profile

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 may 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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. For funds that invest in 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. For details of all the risks please see the Prospectus.

Pre-Retirement Bond Fund

Risk and Reward Indicator

	SRR1*
Gross paying F Accumulation Shares	4
Gross paying Y Accumulation Shares	4

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- The performance of the fund may be adversely affected by a default of a counterparty used for derivative instruments.

* The synthetic risk and reward indicator (SRR1) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Gross paying F Accumulation Shares	Gross paying Y Accumulation Shares
31/12/15	0.08	0.53
31/12/14	0.09	0.53

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

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
	Gross paying F Accumulation Shares			Gross paying Y Accumulation Shares		
31/12/15	137.2	11,743.90	1,167,686	-	11,630.53	233

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Reduced Duration UK Corporate Bond Fund

Commentary and Portfolio Information

Investment Objective

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to non-gilt fixed interest securities.

Investment Policy

The fund may invest directly in securities or may achieve exposure indirectly through the use of derivatives. The fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) derivatives on exchange rates, interest rates, inflation and credit. It is the intention, through the use of derivatives, to adjust the fund's interest rate exposures so that interest rate risk (duration) is reduced. The use of such techniques may substantially affect the returns achieved. The fund may also take positions which enable it to benefit from falling asset prices.

Performance and Portfolio Activity

The fund posted negative returns over the period due to adverse credit selection. Specifically, falling commodity prices weighed on returns, with the exposure to Glencore and Continental Resources hampering performance. I continue to look for attractive new opportunities. For instance, I participated in the new issues of Halliburton and Microsoft given their attractive pricing. Meanwhile, I reduced the exposure to Bharti Airtel and Century Link in the telecommunications sector.

Outlook

While the strength of the domestic economy seemingly warrants an interest rate hike, nominal growth and inflation remain subdued. Future interest rate rises are therefore expected to be gradual, thus supporting bond markets. In this environment, demand for investment grade corporate bonds should stay strong as investors search for yields.

Ian Fishwick
Fund Manager
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Accumulation Shares	-	-	-	1.3	-0.5
Gross paying Accumulation Shares**	-	-	-	1.9	0.3
Gross paying Income Shares**	-	-	-	1.9	0.1
Income Shares	-	-	-	1.3	-0.5
*Comparative Index	-	-	-	2.5	0.6

6 month performance (%) to:

	31/12/15
Accumulation Shares	-1.2
Gross paying Accumulation Shares**	-0.9
Gross paying Income Shares**	-0.9
Income Shares	-1.2
*Comparative Index	0.2

* Comparative Index: MB Income Red Duration Custom.

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested, ** gross income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
Corporate Bonds	85.41	82.74
Mortgage Related Bonds	9.31	9.26
UK Gilt Treasury Bonds	4.12	5.06
Government Bonds	1.57	1.28
Credit Default Swaps	0.23	0.24
Cash Funds/Money Market Funds	0.00	0.00
Futures	-0.01	0.48
Forward Foreign Exchange Contracts	-0.90	1.39
Interest Rate Swaps	-2.37	-1.38
Cash and other net assets/(liabilities)	2.64	0.93

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
UK Gilt Treasury 4.00% 07/09/2016	2.29
GE Capital UK Funding 8.00% 14/01/2039 EMTN Reg S	2.23
General Electric Capital 5.50% 07/06/2021	1.85
Lloyds Bank 6.00% 08/02/2029	1.84
UK Gilt Treasury 4.50% 07/09/2034	1.82
Apple 3.60% 31/07/2042	1.65
Apple 3.05% 31/07/2029	1.64
Microsoft 4.00% 12/02/2055	1.53
America Movil 4.948% 22/07/2033	1.52
Sinopec Group Overseas Development 15 2.50% 28/04/2020 Reg S	1.43

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 4.00% 07/09/2016	3.58
Lloyds Bank 6.00% 08/02/2029	2.15
America Movil 4.948% 22/07/2033	1.76
Royal Bank of Scotland 5.125% 13/01/2024	1.64
Heathrow Funding 6.25% 10/09/2018	1.53
General Electric Capital 5.50% 07/06/2021	1.52
UK Gilt Treasury 4.50% 07/09/2034	1.48
Reseau Ferre de France 4.83% 25/03/2060	1.40
Glencore Finance 5.50% 03/04/2022	1.30
Credit Suisse 6.50% 08/08/2023	1.20

Risk Profile

The value of your investment can go down as well as up and you may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund may 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 creditworthiness of the issuer. For funds that invest in 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. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. For details of all the risks please see the Prospectus.

Reduced Duration UK Corporate Bond Fund

Risk and Reward Indicator

	SRRI*
Accumulation Shares	3
Gross paying Accumulation Shares	3
Gross paying Income Shares	3
Income Shares	3

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- The performance of the fund may be adversely affected by a default of a counterparty used for derivative instruments.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

	XD date	Income Shares	Gross paying Income Shares
Interim distribution	01/01/16	6.6973	8.3791
Interim distribution	01/10/15	6.6929	8.3729

Ongoing Charges (%)

	Accumulation Shares	Gross paying Income Shares
31/12/15	0.44	0.44
31/12/14	0.44	0.44

	Accumulation Shares	Gross paying Accumulation Shares
31/12/15	0.44	0.44
31/12/14	0.44	0.44

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

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
	Income Shares			Gross paying Income Shares		
31/12/15	30.8	969.41	3,178,593	2.6	969.43	268,456
	Accumulation Shares			Gross paying Accumulation Shares		
31/12/15	37.0	1,038.33	3,562,326	1.1	1,057.23	99,958

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Select Emerging Markets Equities Fund

Commentary and Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies in developing countries, including those in Africa, the Indian sub-continent, Latin America, South East Asia, Europe and the Middle East. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund generated negative returns as continuing volatility in Asian stock markets negatively impacted key South Korean holdings. From a sector perspective, information technology stocks hampered performance amid a risk-averse environment. Nonetheless, robust stock selection in the energy sector supported returns, despite a fall in oil prices. In consumer staples, we raised the position in Mexico-based convenience store operator FEMSA on account of its strong market position. We also bought shares in Copa Holdings, a provider of passenger and cargo airline services in Central and South America. Conversely, the exposure to telecommunication service operators America Movil and MTN Group was reduced due to increased regulatory concerns in their respective markets.

Outlook

The situation across emerging markets remains mixed. Investors will closely watch the economic environment in China and its effect on broader emerging markets. Developing countries that implement economic reforms will also be better prepared to deal with external pressures.

Cesar Hernandez & John Chow
Fund Managers
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Accumulation Shares	-21.5	8.9	-3.3	8.5	-8.7
*Comparative Index	-18.0	12.7	-4.6	3.7	-10.2

6 month performance (%) to:

	31/12/15
Accumulation Shares	-10.7
*Comparative Index	-11.9

* Comparative Index: MSCI Emerging Markets Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested. Past performance is not a reliable indicator of future results

Portfolio Information (%)

	31/12/15	30/06/15
China	23.92	21.01
Korea	17.11	14.11
Taiwan	10.91	9.76
India	9.49	8.64
Brazil	6.72	6.91
South Africa	5.35	6.97
Mexico	4.70	6.02
Russia	3.35	3.54
Other	11.18	13.87
Cash and other net assets/(liabilities)	7.27	9.17

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
Taiwan Semiconductor Manufacturing	4.19
Tencent	4.03
Samsung Electronics	3.76
Naspers	2.71
China Pacific Insurance	2.11
Bank Rakyat Indonesia	2.03
LG Chemical	2.02
CNOOC	1.88
China Construction Bank	1.77
Medy-Tox	1.75

Holdings as at 30/06/15	% of total net assets
Samsung Electronics	4.16
Tencent	3.52
Taiwan Semiconductor Manufacturing	2.92
Naspers	2.36
Cathay Financial	1.80
AmorePacific	1.66
China Pacific Insurance	1.66
Medy-Tox	1.65
China Construction Bank	1.61
LG Chemical	1.56

Risk Profile

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 may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For funds that invest in 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. For details of all the risks please see the Prospectus.

Select Emerging Markets Equities Fund

Risk and Reward Indicator

Accumulation Shares	SRR1* 6
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- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
- Emerging markets may be more volatile and it could be harder to sell or trade securities. There may be less supervision, regulation and less well-defined procedures than in more developed countries. Emerging markets can be sensitive to political instability, which can result in greater volatility and uncertainty, subjecting the fund to the risk of losses.

* The synthetic risk and reward indicator (SRR1) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Accumulation Shares
31/12/15	1.16
31/12/14	1.15

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

Fund Size

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
			Accumulation Shares
31/12/15	98.9	114.66	86,249,560

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Select Global Equities Fund

Commentary and Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies in markets throughout the world. There is no policy to restrict investments to particular economic sectors.

Performance and Portfolio Activity

The fund delivered positive returns over the period given an overall improvement in investor confidence. The allocation to the US information technology (IT) sector contributed to performance. However, markets remained volatile amid geopolitical tensions and weak crude oil and commodity prices, which negatively impacted energy and materials holdings. Subsequently, positions in BHP Billiton and K+S were sold. The portfolio remains biased towards health care stocks given their strong pipelines and unique products with pricing power. In addition, strong balance sheets and attractive valuations are supportive for merger activity. The exposure to Novartis and medical device maker Medtronic was increased during the period.

Outlook

The overall outlook for global equities is positive. While events in China require careful monitoring, the US economic recovery is well recognised. Looking ahead, stock-specific fundamentals will remain the key driver of equity returns.

Cesar Hernandez
Fund Manager
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Accumulation Shares	-7.4	11.6	25.2	11.4	5.2
*Comparative Index	-4.8	10.8	24.4	11.5	4.9

6 month performance (%) to:

	31/12/15
Accumulation Shares	1.7
*Comparative Index	3.1

* Comparative Index: MSCI World Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
United States	53.09	51.59
Japan	8.43	8.29
United Kingdom	7.12	7.69
France	3.99	3.79
Switzerland	3.13	3.86
Canada	2.96	3.47
Germany	2.78	2.76
Australia	2.48	2.23
Other	12.61	11.65
Cash and other net assets/(liabilities)	3.41	4.67

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
Apple	2.02
General Electric	1.32
Activision Blizzard	1.15
Johnson & Johnson	1.14
Wells Fargo	1.09
Coca-Cola	1.08
Medtronic	1.01
Actavis	0.96
Alphabet	0.95
JPMorgan Chase	0.95

Holdings as at 30/06/15	% of total net assets
Apple	2.30
General Electric	1.09
Wells Fargo	1.07
JPMorgan Chase	1.04
Johnson & Johnson	1.03
Coca-Cola	0.82
Medtronic	0.81
Walt Disney	0.80
Comcast (A)	0.79
Citigroup	0.75

Risk Profile

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 may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For funds that invest in 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. For details of all the risks please see the Prospectus.

Select Global Equities Fund

Risk and Reward Indicator

Accumulation Shares	SRR1* 5
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- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

* The synthetic risk and reward indicator (SRR1) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Accumulation Shares
31/12/15	0.89
31/12/14	0.88

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

Fund Size

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
			Accumulation Shares
31/12/15	376.5	305.55	123,207,212

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies throughout the Pacific Basin but excluding those in Japan. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund generated negative returns over the period. Positions in selected Chinese financials fell as China's slowing growth hurt sentiment. Shares in mining and oil & gas companies also declined in line with resource prices. I reduced the exposure to financials, largely by selling shares in Chinese companies such as CITIC Securities and China Cinda Asset Management for better opportunities elsewhere. Meanwhile, I bought a new position in Hong Kong's Hang Seng Bank due to its strong deposit franchise, low cost structure and prospects for higher net interest margins. The allocation to the consumer discretionary sector was raised. I bought shares in Taiwanese automobile electronic components maker Tung Thih Electronic given its upbeat earnings outlook.

Outlook

Growth in Asia is expected to slow moderately in 2016 as a result of weak export demand, but in a controlled manner due to favourable monetary and fiscal policy support. I am positive on India given the government's policy initiatives.

Polly Kwan
Fund Manager
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Accumulation Shares	-15.4	16.7	1.8	10.1	0.7
*Comparative Index	-15.3	16.5	1.1	8.8	-4.5

6 month performance (%) to:

	31/12/15
Accumulation Shares	-4.1
*Comparative Index	-6.6

* Comparative Index: MSCI AC Asia Pacific (ex-Japan) Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
China	23.32	28.71
Australia	19.44	17.52
Hong Kong	12.75	11.80
Taiwan	11.46	10.00
Korea	11.09	11.47
India	8.38	8.42
Singapore	3.54	3.89
United States	2.97	1.34
Other	5.29	6.01
Cash and other net assets/(liabilities)	1.76	0.84

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
Commonwealth Bank of Australia	5.31
Tencent	3.80
Taiwan Semiconductor Manufacturing	3.40
Samsung Electronics	3.23
ANZ Banking (AU)	3.06
HDFC Bank	2.67
China Construction Bank	2.64
AIA	2.41
Industrial & Commercial Bank of China	2.18
LG Chemical	2.01

Holdings as at 30/06/15	% of total net assets
Commonwealth Bank of Australia	4.94
Samsung Electronics	4.24
ANZ Banking (AU)	3.44
Tencent	3.40
China Construction Bank	3.28
Industrial & Commercial Bank of China	2.91
Taiwan Semiconductor Manufacturing	2.67
HDFC Bank (Dematerialised)	2.49
AIA	2.39
Fubon	1.98

Risk Profile

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 may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For funds that invest in 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

Accumulation Shares	SRR1* 6
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- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
- Emerging markets may be more volatile and it could be harder to sell or trade securities. There may be less supervision, regulation and less well-defined procedures than in more developed countries. Emerging markets can be sensitive to political instability, which can result in greater volatility and uncertainty, subjecting the fund to the risk of losses.

* The synthetic risk and reward indicator (SRR1) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Accumulation Shares
31/12/15	0.93
31/12/14	0.93

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

Fund Size

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
			Accumulation Shares
31/12/15	219.5	361.08	60,785,005

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to UK government and international government and corporate bonds.

Investment Policy

The fund may invest directly in UK government and international government and corporate bonds and may also invest in emerging market debt and high yield securities, or may achieve exposure indirectly through the use of derivatives. The fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) derivatives on exchange rates, interest rates, inflation and credit. The investment strategies attempt to maintain at least 90% of currency exposure in UK Sterling. The fund may also take positions which enable it to benefit from falling asset prices.

Performance and Portfolio Activity

The fund advanced over the period, given the favourable yield curve positioning in UK government bonds (gilts). Core government bonds, including UK Gilts, posted positive returns, supported by easy monetary policies of major central banks. Corporate bonds also performed well, but credit spreads widened due to a combination of factors such as high volatility, low liquidity and falling energy and commodity prices. I retained the bias against gilts as I expect yields to rise. The rise in minimum wages will come into effect in April, which could cause the Bank of England to raise interest rates sooner than expected. In credit, I maintain a low sensitivity to credit spreads. I prefer financials, specifically UK banks, which offer high quality securities.

Outlook

The strength of the UK economy seemingly warrants an interest rate hike, but nominal growth and inflation remain subdued. Investment grade corporate bonds still offer an attractive yield pickup relative to gilts, with valuations more-than-compensating for default risk and illiquidity.

Andy Weir
Fund Manager
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Gross paying Accumulation Shares**	18.8	10.2	-2.8	24.5	0.2
Gross paying A Accumulation Shares**	-	-	-	-	-
Income Shares	17.6	9.3	-3.9	23.6	-0.3
*Comparative Index	19.0	7.9	-3.2	22.5	-0.4

6 month performance (%) to:

	31/12/15
Gross paying Accumulation Shares**	2.6
Gross paying A Accumulation Shares**	-
Income Shares	2.3
*Comparative Index	2.3

* Comparative Index: 50% The BofA Merrill Lynch 15+ Year Sterling Non-Gilt Index , 50% The BofA Merrill Lynch 15+ Year Sterling Gilt Index

Source: Fidelity and RIMES, All performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested, ** gross income reinvested. Comparative index to 30/11/15 was 50% iBoxx Sterling Non Gilt 15+ Index, 50% iBoxx Sterling Gilts 15+ Index. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
Corporate Bonds	56.63	52.24
UK Gilt Treasury Bonds	36.72	40.02
Mortgage Related Bonds	3.45	3.46
Cash Funds/Money Market Funds	2.50	0.00
Government Bonds	0.77	3.60
Credit Default Swaps	0.07	0.15
Futures	0.01	0.00
Forward Foreign Exchange Contracts	-0.96	0.67
Interest Rate Swaps	-1.56	-1.89
Cash and other net assets/(liabilities)	2.37	1.75

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
UK Gilt Treasury 3.75% 22/07/2052	16.37
UK Gilt Treasury 3.25% 22/01/2044	15.58
UK Gilt Treasury 4.00% 22/01/2060	2.63
Fidelity Institutional Liquidity Fund (GBP)	2.50
Bank of Scotland 7.281% (Perpetual) B	2.44
UK Gilt Treasury 3.50% 02/07/2068	2.14
CCO Safari 4.464% 23/07/2022 144A	1.84
CPUK Finance 2.666% 28/02/2020 Reg S	1.49
SMFG Preferred Capital 10.231% VRN (Perpetual)	1.18
CPUK Finance 3.588% 28/08/2025 Reg S	0.85

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 3.25% 22/01/2044	18.81
UK Gilt Treasury 3.75% 22/07/2052	13.98
UK Gilt Treasury 4.00% 22/01/2060	4.22
Bank of Scotland 7.281% (Perpetual) B	2.12
UK Gilt Treasury 3.50% 02/07/2068	1.82
CPUK Finance 2.666% 28/02/2020 Reg S	1.29
Spain 0.55% 30/11/2019 Reg S	1.20
SMFG Preferred Capital 10.231% VRN (Perpetual)	1.06
US Treasury Note 0.125% 15/04/2016	0.99
UK Gilt Treasury 4.75% 07/12/2038	0.99

Risk Profile

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 may 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. This fund may invest 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 specific investment purposes as well as for hedging and other efficient management purposes as permitted for all funds. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. For funds that invest in 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. For details of all the risks please see the Prospectus.

Sterling Core Plus Bond Fund

Risk and Reward Indicator

	SRRI*
Gross paying A Accumulation Shares	4
Gross paying Accumulation Shares	4
Income Shares	4

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- The performance of the fund may be adversely affected by a default of a counterparty used for derivative instruments.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

	XD date	Income Shares	Gross paying Accumulation Shares
Interim distribution	01/01/16	1.5661	3.0024

	XD date	Gross paying A Accumulation Shares ²
Interim distribution	01/01/16	2.4771
Interim distribution	01/12/15	2.6580

Ongoing Charges (%)

	Income Shares	Gross paying Accumulation Shares
31/12/15	0.49	0.48
31/12/14	0.49	0.49

	Gross paying A Accumulation Shares ²
31/12/15	0.49
31/12/14	-

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
			Income Shares			Gross paying Accumulation Shares
31/12/15	0.6	130.99	443,391	56.8	203.90	27,861,139

	Gross paying A Accumulation Shares ²
31/12/15	62.8 1,002.78 6,259,516

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.
2. Gross paying A Accumulation Shares launched on 30 October 2015.

Commentary and Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies in the United Kingdom. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund delivered positive returns over the period, supported by holdings in the technology and consumer sectors. Within the consumer sector, the position in Auto Trade contributed to returns as the company delivered strong half yearly results. The holding in property developer Berkeley Group also supported performance. The exposure to both these stocks was increased over the period. Gains were capped by holdings in the oil & gas and materials sectors, which were negatively impacted by the decline in oil and metal prices. Positions in metals and mining companies BHP Billiton and Rio Tinto were sold amid fears that slowing demand from China would weigh on metal prices.

Outlook

The economic background remains supportive for UK equities. Given the relatively strong economic recovery and low inflation, the likelihood of an immediate rise in interest rates remains low, although it is not likely to be postponed for very long.

Nick Peters & Ayesha Akbar
Fund Managers
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Accumulation Shares	-4.4	12.4	25.7	3.9	8.8
*Comparative Index	-3.5	12.3	20.8	1.2	1.0

6 month performance (%) to:

	31/12/15
Accumulation Shares	1.9
*Comparative Index	-2.0

* Comparative Index: FTSE All Share TR Index

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
Financials	17.11	18.99
Consumer Goods	15.23	16.72
Consumer Services	13.26	14.46
Industrials	11.18	12.83
Health Care	10.44	12.59
Equity Funds	9.78	9.57
Telecommunications	4.17	3.72
Oil & Gas	3.76	3.87
Other	4.15	5.39
Cash and other net assets/(liabilities)	10.92	1.86

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
Fidelity Special Situations Fund	9.78
GlaxoSmithKline	2.97
AstraZeneca (UK)	2.79
Lloyds Banking Group	2.47
Diageo	2.42
Wolseley	2.34
Unilever (UK)	2.23
BT	1.92
HSBC (UK) (Reg'd)	1.90
Provident Financial	1.84

Holdings as at 30/06/15	% of total net assets
Fidelity Special Situations Fund	9.57
GlaxoSmithKline	3.60
Lloyds Banking Group	3.06
Wolseley	2.64
Diageo	2.52
AstraZeneca (UK)	2.46
HSBC (UK)	2.41
Unilever (UK)	2.20
Provident Financial	2.00
Sanofi-Aventis	1.91

Risk Profile

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 may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For funds that invest in 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

Accumulation Shares	SRRI* 5
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- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Accumulation Shares
31/12/15	0.87
31/12/14	0.88

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

Fund Size

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
			Accumulation Shares
31/12/15	502.1	362.36	138,553,606

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to UK gilts and non-gilt fixed interest securities.

Investment Policy

The fund may invest directly in UK gilts and non-gilt fixed interest securities or may achieve exposure indirectly through the use of derivatives. The fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management or investment purposes and may include (but are not limited to) derivatives on currencies, interest rates, inflation and credit. The fund may also take positions which enable it to benefit from falling asset prices.

Performance and Portfolio Activity

The fund advanced over the period, largely due to its favourable yield curve positioning. In particular, the bias towards the middle of the sterling yield curve helped returns. Conversely, falling commodity prices hampered performance, with the exposure to Glencore and Continental Resources holding back gains. I continue to look for attractive new opportunities. For instance, I participated in the new issues of Halliburton and Microsoft given their attractive pricing. Meanwhile, I took profits in Eli Lilly and Heinz following their strong performance.

Outlook

While the strength of the domestic economy seemingly warrants an interest rate hike, nominal growth and inflation remain subdued. Future interest rate rises are therefore expected to be gradual, thus supporting bond markets. In this environment, demand for investment grade corporate bonds should stay strong as investors search for yields.

Ian Fishwick
Fund Manager
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Gross paying Accumulation Shares**	12.1	10.1	-1.3	14.1	0.4
Income Shares	11.1	9.5	-1.8	13.2	-0.2
*Comparative Index	11.7	7.9	-1.7	13.4	0.5

6 month performance (%) to:

	31/12/15
Gross paying Accumulation Shares**	1.2
Income Shares	0.9
*Comparative Index	1.6

* Comparative Index: 50% iBoxx Sterling Non Gilt Index, 50% iBoxx Sterling Gilts Index.

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested, ** gross income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
Corporate Bonds	64.65	58.74
UK Gilt Treasury Bonds	27.63	30.54
Mortgage Related Bonds	4.98	5.15
Government Bonds	0.90	1.25
Interest Rate Swaps	0.26	0.10
Cash Funds/Money Market Funds	0.00	1.11
Futures	-0.01	0.37
Forward Foreign Exchange Contracts	-0.80	1.03
Cash and other net assets/(liabilities)	2.39	1.71

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
UK Gilt Treasury 4.25% 07/09/2039	4.47
UK Gilt Treasury 4.50% 07/09/2034	3.78
UK Gilt Treasury 3.75% 07/09/2021	3.57
UK Gilt Treasury 4.50% 07/12/2042	3.22
UK Gilt Treasury 3.75% 22/07/2052	2.86
UK Gilt Treasury 3.75% 07/09/2019	2.41
UK Gilt Treasury 4.75% 07/12/2038	2.21
UK Gilt Treasury 3.50% 02/07/2068	2.00
Apple 3.60% 31/07/2042	1.38
Sinopec Group Overseas Development 15 2.50% 28/04/2020 Reg S	1.24

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 4.25% 07/09/2039	4.91
UK Gilt Treasury 4.50% 07/09/2034	3.54
UK Gilt Treasury 3.75% 07/09/2021	3.38
UK Gilt Treasury 4.50% 07/12/2042	3.03
UK Gilt Treasury 3.75% 22/07/2052	2.66
UK Gilt Treasury 3.75% 07/09/2019	2.29
UK Gilt Treasury 4.75% 07/12/2038	2.08
UK Gilt Treasury 3.50% 02/07/2068	1.85
UK Gilt Treasury 5.00% 07/03/2018	1.65
UK Gilt Treasury 4.25% 07/06/2032	1.34

Risk Profile

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 may 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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. For funds that invest in 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. For details of all the risks please see the Prospectus.

UK Aggregate Bond Fund

Risk and Reward Indicator

	SRRI*
Gross paying Accumulation Shares	3
Income Shares	3

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- The performance of the fund may be adversely affected by a default of a counterparty used for derivative instruments.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

	XD date	Income Shares	Gross paying Accumulation Shares
Interim distribution	01/01/16	1.5656	2.8912

Ongoing Charges (%)

	Income Shares	Gross paying Accumulation Shares
31/12/15	0.42	0.42
31/12/14	0.43	0.42

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

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
	Income Shares			Gross paying Accumulation Shares		
31/12/15	-	118.98	5,000	511.1	179.35	284,970,726

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to non-gilt fixed interest securities.

Investment Policy

The fund may invest directly in securities or may achieve exposure indirectly through the use of derivatives. The fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) derivatives on exchange rates, interest rates, inflation and credit. The fund may also take positions which enable it to benefit from falling asset prices.

Performance and Portfolio Activity

The fund advanced over the period, largely due to its favourable yield curve positioning. In particular, the bias towards the middle of the sterling yield curve helped returns. Conversely, falling commodity prices hampered performance, with the exposure to Glencore and Continental Resources holding back gains. I continue to look for attractive new opportunities. For instance, I participated in the new issues of Halliburton and Microsoft given their attractive pricing. Meanwhile, I took profits in Eli Lilly and Heinz following their strong performance.

Outlook

While the strength of the domestic economy seemingly warrants an interest rate hike, nominal growth and inflation remain subdued. Future interest rate rises are therefore expected to be gradual, thus supporting bond markets. In this environment, demand for investment grade corporate bonds should stay strong as investors search for yields.

Ian Fishwick
Fund Manager
31 December 15

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
GE Capital UK Funding 8.00% 14/01/2039 EMTN Reg S	2.20
UK Gilt Treasury 3.25% 22/01/2044	1.85
Apple 3.60% 31/07/2042	1.28
Apple 3.05% 31/07/2029	1.27
Anheuser-Busch InBev 9.75% 30/07/2024	1.16
Reseau Ferre de France 4.83% 25/03/2060	1.13
Barclays 10.00% 21/05/2021	1.08
Bank of Tokyo-Mitsubishi UFJ 2.75% 14/09/2020 Reg S	1.07
America Movil 4.948% 22/07/2033	1.01
Sinopec Group Overseas Development 15 2.50% 28/04/2020 Reg S	0.98

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 3.25% 22/01/2044	1.88
Anheuser-Busch InBev 9.75% 30/07/2024	1.22
Reseau Ferre de France 4.83% 25/03/2060	1.18
America Movil 4.948% 22/07/2033	1.04
Sinopec Group Overseas Development 15 2.50% 28/04/2020 Reg S	0.95
Thames Water Utilities 4.00% 19/06/2025	0.92
CME Group 3.00% 15/03/2025	0.90
Rabobank Nederland 5.375% 03/08/2060	0.90
BBC 5.0636% 10/08/2033	0.89
Glencore Finance 5.50% 03/04/2022	0.88

Risk Profile

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 may 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'. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. For funds that invest in derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. For details of all the risks please see the Prospectus.

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Gross paying Accumulation Shares**	8.1	14.3	1.7	12.6	0.6
Gross paying Income Shares	-	-	1.8	12.5	0.6
Income Shares	7.0	13.3	0.8	11.7	-0.1
*Comparative Index	6.0	12.1	-0.1	11.3	-0.1

6 month performance (%) to:

	31/12/15
Gross paying Accumulation Shares**	0.8
Gross paying Income Shares	0.8
Income Shares	0.4
*Comparative Index	1.0

* Comparative Index: The BofA Merrill Lynch Euro-Sterling Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested, ** gross income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
Corporate Bonds	86.52	83.28
Mortgage Related Bonds	8.30	9.01
UK Gilt Treasury Bonds	1.98	2.64
Government Bonds	1.51	1.52
Interest Rate Swaps	0.41	0.27
Credit Default Swaps	0.08	0.08
Futures	0.06	0.47
Cash Funds/Money Market Funds	0.00	0.33
Forward Foreign Exchange Contracts	-0.91	1.35
Cash and other net assets/(liabilities)	2.05	1.05

UK Corporate Bond Fund

Risk and Reward Indicator

	SRRI*
Gross paying Accumulation Shares	3
Gross paying Income Shares	3
Income Shares	3

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- The performance of the fund may be adversely affected by a default of a counterparty used for derivative instruments.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

	XD date	Income Shares	Gross paying Income Shares
Interim distribution	01/01/16	1.8929	21.4388

	XD date	Gross paying Accumulation Shares
Interim distribution	01/01/16	4.3629

Ongoing Charges (%)

	Income Shares	Gross paying Income Shares
31/12/15	0.42	0.42
31/12/14	0.42	0.42

	Gross paying Accumulation Shares
31/12/15	0.42
31/12/14	0.42

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

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
		Income Shares		Gross paying	Income Shares	
31/12/15	211.9	118.79	178,394,907	89.1	1,076.35	8,277,870
				Gross paying	Accumulation Shares	
31/12/15				319.2	223.44	142,857,715

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective

The Fund's investment objective is to achieve both capital growth and income. The Fund will obtain exposure primarily to UK gilts.

Investment Policy

The Fund may invest directly in securities or may achieve exposure indirectly through the use of derivatives. The Fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) derivatives on exchange rates, interest rates, inflation and credit. The Fund may also take positions which enable it to benefit from falling asset prices.

Performance and Portfolio Activity

The fund rallied over the period, largely due to its interest rate strategy. In particular, the short sterling duration (less sensitive to interest rate changes than the index) position in December contributed to returns as UK government bond (gilt) yields rose. Falling oil prices weighed on energy holdings, including Shell International and Halliburton. Given the rising volatility, we believe that financials are likely to perform well. As a result, we increased the exposure to the sector by raising holdings in Svenska Handelsbanken and Lloyds Bank. We also reduced the fund's credit beta (sensitivity to credit spreads) by selling positions in Thames Water and GDF Suez (Engie) in the utilities sector.

Outlook

While the strength of the domestic economy seemingly warrants an interest rate hike, nominal growth and inflation remain subdued. Future interest rate rises are therefore expected to be gradual in nature. This should keep gilt yields well anchored.

Ian Fishwick & Tim Foster
Fund Managers
31 December 15

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
UK Gilt Treasury 1.00% 07/09/2017	9.95
UK Gilt Treasury 4.25% 07/09/2039	9.80
UK Gilt Treasury 3.75% 07/09/2019	8.31
UK Gilt Treasury 4.50% 07/09/2034	7.66
UK Gilt Treasury 3.25% 22/01/2044	7.46
UK Gilt Treasury 3.75% 22/07/2052	5.58
UK Gilt Treasury 3.75% 07/09/2021	5.48
UK Gilt Treasury 4.00% 07/03/2022	5.35
UK Gilt Treasury 4.00% 07/09/2016	4.53
UK Gilt Treasury 4.00% 22/01/2060	2.73

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 4.25% 07/09/2039	10.86
UK Gilt Treasury 1.00% 07/09/2017	10.16
UK Gilt Treasury 3.75% 07/09/2019	8.59
UK Gilt Treasury 4.50% 07/09/2034	7.51
UK Gilt Treasury 3.25% 22/01/2044	7.31
UK Gilt Treasury 3.75% 07/09/2021	5.41
UK Gilt Treasury 4.00% 07/03/2022	5.28
UK Gilt Treasury 4.00% 07/09/2016	4.88
UK Gilt Treasury 3.75% 22/07/2052	3.50
UK Gilt Treasury 4.00% 22/01/2060	2.64

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Gross paying Accumulation Shares**	15.5	4.7	-3.4	14.1	0.3
Income Shares	14.7	4.3	-3.8	13.6	-0.1
*Comparative Index	14.6	2.0	-4.6	13.1	-0.1

6 month performance (%) to:

	31/12/15
Gross paying Accumulation Shares**	1.8
Income Shares	1.6
*Comparative Index	1.5

* Comparative Index: FTSE Actuaries Government All Stocks (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested, ** gross income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
UK Gilt Treasury Bonds	70.03	71.13
Corporate Bonds	25.99	24.02
Mortgage Related Bonds	2.48	2.03
Government Bonds	0.29	0.54
Credit Default Swaps	0.03	0.03
Cash Funds/Money Market Funds	0.00	0.00
Interest Rate Swaps	-0.01	-0.04
Futures	-0.05	0.22
Forward Foreign Exchange Contracts	-0.33	0.49
Cash and other net assets/(liabilities)	1.57	1.58

Risk Profile

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 may 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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. For funds that invest in 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

	SRRI*
Gross paying Accumulation Shares	4
Income Shares	4

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- The performance of the fund may be adversely affected by a default of a counterparty used for derivative instruments.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

	XD date	Income Shares	Gross paying Accumulation Shares
Interim distribution	01/01/16	1.0725	2.1283

Ongoing Charges (%)

	Income Shares	Gross paying Accumulation Shares
31/12/15	0.33	0.33
31/12/14	0.33	0.33

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

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
	Income Shares			Gross paying Accumulation Shares		
31/12/15	64.7	125.85	51,377,026	91.5	201.95	45,332,386

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Commentary and Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve income and capital growth. The fund will invest primarily in Sterling denominated (or hedged back to Sterling) fixed and floating rate and index-linked debt securities which will have a remaining maturity of at least 3 years. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits.

Performance and Portfolio Activity

The fund advanced over the period, largely due to its favourable yield curve positioning. In particular, the bias towards the middle of the sterling yield curve helped returns. Conversely, falling commodity prices hampered performance, with the exposure to Noble Energy and Continental Resources holding back gains. I participated in the new issues of Halliburton and Microsoft given their attractive pricing. Meanwhile, I took profits in Eli Lilly and Heinz following their strong performance.

Outlook

Long-dated corporate bond valuations remain attractive in the context of a low interest rate environment. In addition, strong demand from institutional investors will continue to support the asset class.

Ian Fishwick
Fund Manager
31 December 15

Performance Record

A discrete 1 year performance table has not been included as the fund launched on 13 January 2015 and does not have a full twelve month performance record.

6 month performance (%) to:

	31/12/15
Gross paying Accumulation Shares**	1.4
*Comparative Index	1.8

* Comparative Index: 90% The BofA Merrill Lynch 10+ Year AAA-A Sterling Non-Gilt Index & 10% The BofA Merrill Lynch 10+ Year BBB Sterling Non-Gilt Index

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested,** gross income reinvested. Past performance is not a reliable indicator of future results..

Portfolio Information (%)

	31/12/15	30/06/15
Corporate Bonds	80.52	78.10
Mortgage Related Bonds	13.45	14.08
UK Gilt Treasury Bonds	1.84	2.54
Government Bonds	1.55	2.06
Futures	-0.15	0.32
Forward Foreign Exchange Contracts	-0.32	0.63
Cash and other net assets/(liabilities)	3.11	2.27

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
Reseau Ferre de France 4.83% 25/03/2060	4.44
HSBC 7.00% 07/04/2038	4.16
BBC 5.0636% 10/08/2033	3.21
Meadowhall Finance 4.986% 12/01/2032	3.20
General Electric Capital UK Funding 5.875% 18/01/2033	3.09
Walmart Stores 5.625% 27/03/2034	2.81
Rabobank Nederland 5.375% 03/08/2060	2.81
Lloyds Bank 6.50% 17/09/2040	2.79
GDF Suez 5.00% 01/10/2060	2.68
EDF 5.50% 17/10/2041	2.50

Holdings as at 30/06/15	% of total net assets
Reseau Ferre de France 4.83% 25/03/2060	4.60
HSBC 7.00% 07/04/2038	4.11
Meadowhall Finance 4.986% 12/01/2032	3.36
BBC 5.0636% 10/08/2033	3.30
General Electric Capital UK Funding 5.875% 18/01/2033	3.06
Walmart Stores 5.625% 27/03/2034	2.88
Rabobank Nederland 5.375% 03/08/2060	2.83
Lloyds Bank 6.50% 17/09/2040	2.78
GDF Suez 5.00% 01/10/2060	2.69
EDF 5.50% 17/10/2041	2.60

Risk Profile

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 may 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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For funds that invest in 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

Gross paying Accumulation Shares	SRR1* 4
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- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.

* The synthetic risk and reward indicator (SRR1) is explained in the Further Information section.

Fund Facts

Income (pence per share)

No distributions were due in the six month period.

Ongoing Charges (%)

	Gross paying Accumulation Shares
31/12/15	0.45

Fund Size

	Total net assets (£m)	Net asset value per share (p) ¹	Shares in issue
	Gross paying Accumulation Shares		
31/12/15	40.5	9,626.67	420,241

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.
2. The fund launched on 13/01/15.

Commentary and Portfolio Information

Investment Objective

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to non-gilt fixed interest securities.

Investment Policy

The fund may invest directly in non-gilt fixed interest securities, at least half of which will have a remaining maturity of at least 10 years. The fund may achieve exposure indirectly through the use of Derivatives. The fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) Derivatives on exchange rates, interest rates, inflation and credit. The fund may also take positions which enable it to benefit from falling asset prices.

Performance and Portfolio Activity

The fund advanced over the period, largely due to its favourable yield curve positioning. In particular, the bias towards the middle of the sterling yield curve helped returns. Conversely, falling commodity prices hampered performance, with the exposure to Noble Energy and Continental Resources holding back gains. I continue to look for attractive new opportunities. For instance, I participated in the new issues of Halliburton and Microsoft given their attractive pricing. Meanwhile, I took profits in Eli Lilly and Heinz following their strong performance.

Outlook

Long-dated corporate bond valuations remain attractive in the context of a low interest rate environment. In addition, strong demand from institutional investors will continue to support the asset class.

Ian Fishwick
Fund Manager
31 December 15

Performance Record

Discrete 1 year performance (%) over the last 5 years to:

	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
Gross paying Accumulation Shares**	12.3	16.2	1.0	17.9	0.0
Gross paying Income Shares**	-	-	1.0	17.8	-0.1
Income Shares	11.2	15.1	0.0	16.9	-0.8
*Comparative Index	10.1	13.4	-1.6	16.9	-1.0

6 month performance (%) to:

	31/12/15
Gross paying Accumulation Shares**	1.4
Gross paying Income Shares**	1.4
Income Shares	1.1
*Comparative Index	1.4

* Comparative Index: The BofA Merrill Lynch Euro-Sterling 10+ Years Index (Net of UK tax).

Source: Fidelity and RIMES, all performance returns are calculated using the quoted price of the relevant share class, UK£, net income reinvested, ** gross income reinvested. Past performance is not a reliable indicator of future results.

Portfolio Information (%)

	31/12/15	30/06/15
Corporate Bonds	78.81	76.29
Mortgage Related Bonds	13.50	13.54
Interest Rate Swaps	2.99	2.21
Government Bonds	1.07	0.68
UK Gilt Treasury Bonds	0.60	4.17
Cash Funds/Money Market Funds	0.26	0.00
Credit Default Swaps	0.11	0.09
Futures	-0.09	0.40
Forward Foreign Exchange Contracts	-0.57	0.90
Cash and other net assets/(liabilities)	3.32	1.72

Top Holdings

The top ten holdings in the fund as at 31 December 2015 and at the previous year end are shown below.

Holdings as at 31/12/15	% of total net assets
BBC 5.0636% 10/08/2033	2.18
Gilead Sciences 4.75% 01/03/2046	2.11
General Electric Capital UK Funding 5.875% 18/01/2033	1.93
HSBC 5.375% 22/08/2033	1.76
Canary Wharf Finance Series II 5.952% 22/01/2035	1.68
Apple 3.60% 31/07/2042	1.57
Walmart Stores 6.20% 15/04/2038	1.53
Statoil 4.25% 10/04/2041	1.49
Tesco Property Finance 5.744% 13/04/2040	1.45
Rabobank Nederland 5.25% 23/05/2041	1.43

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 4.25% 07/03/2036	4.17
BBC 5.0636% 10/08/2033	2.14
General Electric Capital UK Funding 5.875% 18/01/2033	1.81
HSBC 5.375% 22/08/2033	1.64
Canary Wharf Finance Series II 5.952% 22/01/2035	1.61
Tesco Property Finance 5.744% 13/04/2040	1.54
European Investment Bank 4.50% 07/06/2029	1.44
Walmart Stores 6.20% 15/04/2038	1.39
Lloyds Bank 6.00% 08/02/2029	1.29
Reseau Ferre de France 5.00% 11/03/2052	1.25

Risk Profile

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 may 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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. For funds that invest in 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. For details of all the risks please see the Prospectus.

UK Long Corporate Bond Fund

Risk and Reward Indicator

	SRRI*
Gross paying Accumulation Shares	4
Gross paying Income Shares	4
Income Shares	4

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, 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.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- The performance of the fund may be adversely affected by a default of a counterparty used for derivative instruments.

* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

Fund Facts

Income (pence per share)

	XD date	Income Shares	Gross paying Income Shares
Interim distribution	01/01/16	2.4163	24.1803

	XD date	Gross paying Accumulation Shares
Interim distribution	01/01/16	5.4386

Ongoing Charges (%)

	Income Shares	Gross paying Income Shares
31/12/15	0.42	0.42
31/12/14	0.42	0.42

	Gross paying Accumulation Shares
31/12/15	0.42
31/12/14	0.43

The Ongoing Charges figure is calculated as the ratio of the annual cost of managing and operating the fund to the average net asset value; it excludes portfolio transaction costs.

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
		Income Shares			Gross paying Income Shares	
31/12/15	43.1	132.15	32,624,263	5.5	1,058.06	514,530
					Gross paying Accumulation Shares	
31/12/15				330.0	243.44	135,564,882

Footnotes:

1. The net asset value is the accounting value at the period end on a fair value basis.

Fidelity Institutional Funds Interim Short Report for the six months ended 31 December 2015

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-authorized before an individual may undertake them, and they must afterwards be reported to the Compliance Department. Individuals are required to use specified brokers which enable 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 and the Instrument of Incorporation 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 Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ, United Kingdom.

Shareholders may obtain copies of the above documents, including long form accounts and the Key Investor Information document free of charge from the above address.

MoneyBuilder Income Reduced Duration Fund is a feeder fund with at least 85% permanently invested directly in the Gross paying Y Accumulation share class of the Fidelity MoneyBuilder Income Fund (the 'master fund').

Shareholders may obtain the Prospectus, the annual reports ending last day in February and half-yearly reports ending 31 August, of the master fund; free of charge from the same address or alternatively from our website www.fidelity.co.uk.

It is possible to receive 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 this agreement, please put your request in writing to: Data Policy Fund Holdings, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ quoting your name, address and account number or client reference number.

- Risk and Reward Profiles



The risk category is 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.

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

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