

## Fund Approach and Style

## Objectives &amp; Investment Policy

- Aims to provide high current income and capital growth.
- At least 70% invested into high-yielding, sub investment grade bonds of issuers that have their head office or a main part of their activity in Western, Central and Eastern Europe (including Russia).
- Has the freedom to invest outside the fund's principal geographies, market sectors, industries or asset classes.
- Investments may be made in bonds issued in currencies other than the fund's reference currency. Exposure to currencies may be hedged, for example with currency forward contracts. The reference currency is the currency used for reporting and may be different from the dealing currency.
- Can invest in bonds issued by governments, companies and other bodies.
- The types of bonds in which the fund will mainly invest will be subject to high risk and will not be required to meet a minimum rating standard.
- Can use derivatives with the aim of risk or cost reduction or to generate additional capital or income in line with the fund's risk profile.
- The fund has discretion in its choices of investments within its objectives and policies.
- Income is reinvested in additional shares or paid to shareholders on request.
- Shares can usually be bought and sold each business day of the fund.
- This fund may not be appropriate for investors who plan to sell their shares in the fund within 5 years. Investment in the fund should be regarded as a long-term investment.

## Portfolio Characteristics

The fund primarily invests in high yield bonds of European and Eastern European domiciled issuers, diversified across a number of countries and sectors. Emphasis is put on bottom up issuer selection and ensuring adequate diversity due to the asymmetric nature of high yield bond returns. The manager also retains a degree of flexibility to invest in out-of-index strategies as a means of adding performance but adherence to the investment objective remains imperative.

## Investment Style

Fidelity applies a multi-strategy approach to bond investing such that no single position dominates returns. Portfolio managers have ultimate accountability for performance of a portfolio, but will leverage off specialist trading, credit and quantitative research teams to guide construction. Having specialist disciplines allows us to form a uniquely rounded view of every bond and add diversity within a portfolio. Our emphasis is on adding value through detailed proprietary research, which reduces reliance on external rating agencies to assess credit risk or subjective comparative index rules to decide on appropriate investments. The investment process is supplemented by a layered approach to risk control which avoids reliance on a single framework. Our suite of proprietary risk management tools ensures that portfolios reflect research ideas efficiently and risk is calculated and budgeted accordingly.

## Fund Facts

Fund Manager: Andrei Gorodilov

Location: London

Appointed to fund: 01.02.2013

Years at Fidelity: 9

Launch date: 27.06.2000

Currency: Euro

NAV price: € 10.07

12mth NAV high: € 10.44

12mth NAV low: € 8.97

Distribution Yield: 5.40%

Share price: € 10.07

Fund size: € 2,325m

Bloomberg: FIDEUHG

ISIN code: LU0110060430

WK-Number: 939979

Market index: Euro High Yield Composite\*

Market Index is for comparative purposes only unless specifically referenced in the investment objective.

\*BofA ML Global High Yield European Issuers Constrained (Euro hedged)

## Performance in EUR as at 30.06.2013

12 month period	Jun 2012 - Jun 2013	Jun 2011 - Jun 2012	Jun 2010 - Jun 2011	Jun 2009 - Jun 2010	Jun 2008 - Jun 2009
Total return	14.8%	1.4%	11.9%	34.6%	-9.5%

	1 month	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since 27.06.00
Fund cumulative growth:	-2.6%	1.4%	14.8%	30.1%	58.6%	101.1%	109.4%
Index cumulative growth:	-2.6%	1.7%	16.2%	35.6%	80.0%	141.4%	95.3%
Fund annualised growth:	-	-	14.8%	9.2%	9.7%	7.2%	5.8%
Index annualised growth:	-	-	16.2%	10.7%	12.5%	9.2%	5.3%
Value of €2,000 invested*:	-	1,959	2,217	2,515	3,064	3,885	4,046

## Ranking within Morningstar GIF EUR High Yield Bond

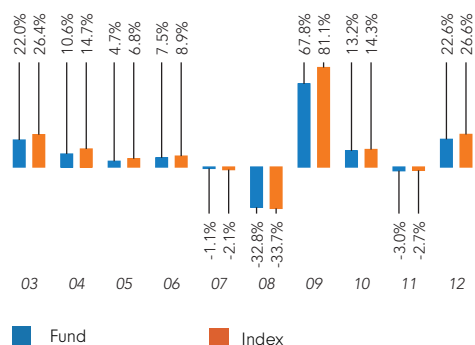
	1 month	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since 27.06.00
Position of fund:	46	16	16	16	10	5	4
Total number of funds:	52	48	44	34	30	21	11
Quartile ranking:	4	2	2	2	2	1	2

Source for all performance shown: Morningstar, Inc 30.06.2013, performance calculated NAV to NAV, gross income reinvested, in EUR.

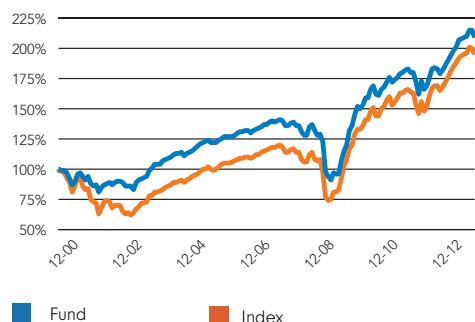
\*All figures except "Value invested" do not include an initial charge.

The value of investments and any income from them may go down as well as up and an investor may not get back the amount invested. These figures relate to the fund's past performance, which is not a reliable indicator of future results. You may get back more or less than this as a result of currency fluctuations.

## Performance year by year



## Performance since 27.06.00



Due to the greater possibility of default, an investment in corporate bonds is generally less secure than an investment in Government bonds. Default risk is based on the issuer's ability to make interest payments and to repay the loan at maturity. Default risk may therefore vary between different government issuers as well as between different corporate issuers. Yields as at 30.06.2013. The redemption yield is estimated and so not guaranteed. The running yield gives an indication of the current level of income. For an up-to-date forecasted yield, please contact Fidelity.

## IMPORTANT INFORMATION

The investment policy of this fund means it can be more than 35% invested in Government and public securities. These can be issued or guaranteed by other countries and Governments. For a full list please refer to the fund's prospectus.



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## Asset allocation breakdown



Asset allocation exposure can be affected by the use of derivatives and this is not reflected in the table.

## Currency Breakdown



This table does not include the effects of derivatives, such as FX forwards, and therefore is the unhedged currency position of the portfolio.

## Fixed Income Characteristics

Redemption Yield - net of fees & gross of taxes:	5.57%	Modified duration of index:	3.4
Running Yield:	5.4%	Relative volatility:	0.86
Modified duration of fund:	3.0	Tracking Error:	2.29

Effective duration reflects any derivative usage.

## Top Security Holdings

as at 30.06.13	% TNA
WIND ACQUISITION HLDG 12.25% 15/07/2017	2.0%
WIND ACQUISITION FINANCE 7.375% 15/02/201	1.5%
LYNX I CORPORATION 6% 15/04/2021 REGS	1.3%
UK GILT 2.25% 07/03/2014	1.3%
LAFARGE 8.75% 30/05/2017	1.1%
HEIDELBERGCEMENT 8% 31/01/2017	1.0%
LABCO SAS 8.5% 15/01/2018 REGS	1.0%
SMCP SAS 8.875% 15/06/2020 REGS	1.0%
INEOS GROUP HOLDINGS 6.5% 15/08/2018 REG	1.0%
INFINIS 7% 15/02/2019 REGS	1.0%

Top security holdings are those securities in which the largest percentage of the fund's total assets are invested. They do not include FX forwards, derivative positions and deposits. A full list of holdings, including derivatives, can be found in the fund's annual and/or semi-annual report and accounts.

## Ratings

Overall Morningstar™ Rating	★★★★
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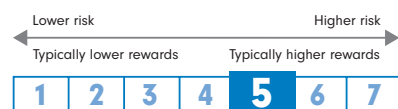
Distribution yield gives an indication of the current level of income. This is defined as the total income expected to be distributed over the coming 12 months based on the current holdings within the fund and is expressed as a percentage of the fund's total market value. The distribution yield is net of the fund's charges.

The redemption yield is the internal rate of return earned on a bond, assuming that the bond will be held until maturity and all coupon and principal payments will be made. It is an *estimation* of future return, as the rate at which coupon payments can be reinvested when received is unknown. The portfolio's redemption yield is the value weighted sum of the redemption yield of each individual instrument. The redemption yield is net of the fund's charges and gross of tax. This communication is not directed at, and must not be acted upon by persons inside the United Kingdom or the United States and is otherwise directed at persons residing in jurisdictions where the relevant funds are authorised for distribution or where no such authorisation is required.

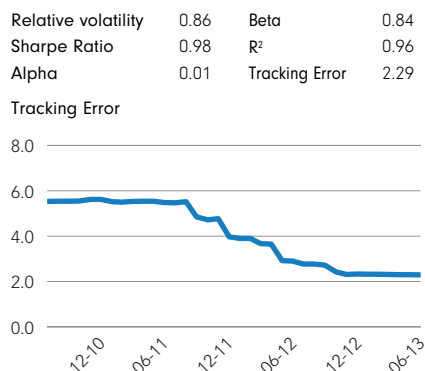
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Performance calculation: Performance calculated NAV to NAV, gross income reinvested, excluding initial charge. Past performance is not a reliable indicator of future results. The value of investments and any income from them may go down as well as up and an investor may not get back the amount invested. Source: Standard & Poor's and Fidelity.

## Risk &amp; Reward Information



- The risk category was calculated using historical volatility data, based upon the methods set by European Union rules. Volatility is influenced by changes in the stock market prices, currencies and interest rates which can be affected unpredictably by diverse factors including political and economic events.
- The risk category may not be a reliable indication of the future risk profile of the fund.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk free'.
- Investments in bonds are subject to credit risk and may not always repay at face value.
- Under certain market circumstances, smaller company stock and/or higher yield bonds may be difficult to trade.



The chart above shows the rolling three year tracking error of the fund against its Market index. The calculation uses rolling three year periods. The chart shows a maximum of 36 monthly data points, starting no earlier than three years after the fund's performance start date.

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