



# **Fidelity Balanced Income Private Pool of the Fidelity Capital Structure Corp.**

**Semi-Annual  
Management Report of  
Fund Performance**  
May 31, 2011



## **Caution Regarding Forward-looking Statements**

Certain portions of this report, including, but not limited to, “Results of Operations” and “Recent Developments”, may contain forward-looking statements about the Class, including its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Class action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Class and economic factors. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Class. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

It should be stressed that the above-mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Class has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

# **Semi-Annual Management Report of Fund Performance as at May 31, 2011 Fidelity Balanced Income Private Pool of the Fidelity Capital Structure Corp.**

*This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements for the investment fund. You can get a copy of the semi-annual financial statements at your request, and at no cost, by calling 1-800-263-4077, by writing to us at Fidelity Investments, 483 Bay St. Suite 300, Toronto ON M5G 2N7 or by visiting our website at [www.fidelity.ca](http://www.fidelity.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).*

*Security holders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure relating to the investment fund.*

## **Management Discussion of Fund Performance**

### **Results of Operations**

Fidelity Balanced Income Private Pool ("Class") invests substantially all of its assets in units of underlying Fidelity Funds that invest primarily in a mix of equity and fixed-income securities.

Fidelity Balanced Income Private Pool, Series B, returned 3.5%, after fees and expenses, for the six-month period that ended May 31, 2011. The net returns of the other series of this Class are similar to those of Series B, except for differences attributable to expense structures. By way of comparison, the S&P/TSX Composite Index, broadly representative of the Canadian equity markets, returned 7.9%. The Class' underperformance relative to the broad-based benchmark can be attributed to exposure to Canadian money market instruments and Canadian fixed income, which fared worse than Canadian equities.

The Class' benchmark, the Fidelity Balanced Income Private Pool Blend Index, returned 4.3% during the review period. The Class' underperformance is primarily due to security selection among U.S. equity investments. At the end of the review period, the Class had exposures of about 10.0% to U.S. equity investments, which was in line with the benchmark weightings.

The blended index is composed of approximately 20.0% S&P/TSX Capped Composite Index, 10.0% S&P 500 Index, 10.0% MSCI EAFE Index, 40.0% DEX Universe Bond Index and 20.0% DEX 91-Day T-Bill Index.

Canadian equities gained during the six-month period ending May 31, 2011. The economic recovery in Canada continued at a moderate pace, despite showing slight weakness in economic activity. The economy expanded by 3.9% on an annualized basis in the first quarter of 2011, after businesses replenished inventories, boosted investment spending and exports rose. The Bank of Canada maintained its target for the overnight rate at 1.0%; the economic recovery continues broadly as expected, and underlying inflation is relatively subdued. During May 2011, conservatism prevailed as market participants grew uncertain about the direction of the markets, given the imminent approach of the end of the current quantitative easing program in the U.S. Continuing sovereign debt concerns in Europe and signs that manufacturing activity in key economies may be slowing did little to ease matters.

At the end of May 31, 2011, the Class' asset allocation was 20.0% Canadian equity investments, 10.0% international equity investments, 10.0% U.S. equity investments, 40.0% Canadian fixed-income investments and 20.0% Canadian money market investments.

Fidelity Balanced Income Private Pool is a multi-asset-class portfolio designed to offer investors a diversified investment option, with low to moderate risk, that is geared towards income-oriented investments. The Class is managed with a view to maintaining consistent risk and return characteristics, and accordingly maintains an asset allocation balance close to its neutral mix. Portfolio design, construction and ongoing monitoring and management are conducted by portfolio managers Mark Friebel and Mariana Egan. The Class is monitored and actively managed on a daily basis to ensure that it adheres to its mandate. During the period under review, there were no significant changes in the Class' asset allocation to various equity and fixed-income funds, consistent with the Class' construction and management approach.

### **Recent Developments**

Portfolio co-managers Mark Friebel and Mariana Egan continued to monitor and adjust the Class' asset mix to achieve an optimal balance of income with the potential for growth. The Class' neutral asset mix is reviewed and reassessed on a quarterly basis using a robust proprietary quantitative and qualitative process of assessment. The purpose of this review is to ensure that the Class' asset mix is optimized to meet its fundamental investment objective and to confirm that the Class' targeted risk and return characteristics remain consistent. The Class invests in other Fidelity Funds to achieve its target exposures to various asset classes and regional markets.

### **Independent Review Committee**

Susan E.C. Mey retired from the Independent Review Committee on February 23, 2011, and Helen Meyer was appointed on the same date for a term of three years.

**Fidelity Balanced Income Private Pool of the Fidelity Capital Structure Corp.  
Management Discussion of Fund Performance – continued**

**Accounting Standards**

*Changeover to International Financial Reporting Standards*

The Canadian Accounting Standards Board (AcSB) of the Canadian Institute of Chartered Accountants (CICA) had planned to adopt International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board, effective January 1, 2011. In January 2011, the AcSB deferred the adoption of IFRS for investment companies, which include investment funds. Investment companies may continue to apply existing GAAP standards until fiscal years beginning on or after January 1, 2013.

The manager is reviewing and developing a plan to meet the above timetable for changeover to IFRS. The impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of presentations and disclosures in the financial statements of the Class. Currently, two significant areas that may impact the presentation are IAS 32 Financial Instruments: Presentation, and IAS 27 Consolidated and Separate Financial Statements. The manager is currently assessing the Class' shareholder structure and investments to determine the impact of these standards. The manager has currently not identified any changes that will impact net asset value per share (NAVPS) as a result of the changeover to IFRS. However, this present determination is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

## **Related Party Transactions**

### **Manager and Portfolio Adviser**

The Class is managed by Fidelity Investments Canada ULC (Fidelity). Fidelity is a wholly-owned subsidiary of FMR LLC. FMR LLC is the parent company of a group of subsidiaries collectively known as Fidelity Investments.

Fidelity provides or arranges for the provision of all general management and administrative services required by the Class in its day-to-day operations, including providing or arranging the provision of investment advice, establishment of brokerage arrangements relating to the purchase and sale of the investment portfolio, bookkeeping, record-keeping and other administrative services for the Class.

The Class' portfolio adviser is Fidelity and it provides investment advisory services to the Class.

As a result of providing investment advisory and management services, Fidelity receives a monthly management fee, based on the average net assets of each Series, calculated daily and payable monthly. The Class paid Fidelity management fees of \$2,245,000 for the period ended May 31, 2011.

### **Administration Fee**

Fidelity charges the Class a fixed administration fee in place of certain variable expenses. Fidelity, in turn, pays all of the operating expenses of the Class, other than certain specified class costs (e.g. the fees and expenses of the Independent Review Committee, taxes, brokerage commissions and interest charges). The Class pays an annual rate based on the average net assets of each Series. The Class paid Fidelity administration fees of \$215,000 for the period ended May 31, 2011.

# Financial Highlights

The following tables show selected key financial information about the Class and are intended to help you understand the Class' financial performance for the period end of the years shown. This information is derived from the Class' audited annual and/or unaudited semi-annual financial statements. Please see the front page for information about how you can obtain the Class' annual or semi-annual financial statements.

## Series B

	Six-months ended May 31, 2011	Periods ended November 30, 2010 2009 2008 <sup>A</sup>		
<b>The Series' Net Assets per Share</b>				
Net assets, beginning of period <sup>B,H</sup>	\$ 11.8891	\$ 11.3395	\$ 10.1737	\$ 10.0000
<b>Increase (decrease) from operations:</b>				
Total revenue	.1717	.2519	.2318	.0173
Total expenses	(.1153)	(.2150)	(.1996)	(.0029)
Realized gains (losses)	.1065	.0761	.1358	.0003
Unrealized gains (losses)	.2300	.5128	1.2916	1.586
<b>Total increase (decrease) from operations<sup>B</sup></b>	<b>.3929</b>	<b>.6258</b>	<b>1.4596</b>	<b>.1733</b>
<b>Distributions:</b>				
From income (excluding dividends)	—	—	—	—
From dividends	—	—	—	—
From capital gains	—	—	—	—
Return of capital	—	—	—	—
<b>Total distributions<sup>B,C</sup></b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net assets, end of period<sup>B,H</sup></b>	<b>\$ 12.3055</b>	<b>\$ 11.8891</b>	<b>\$ 11.3395</b>	<b>\$ 10.1737</b>
<b>Ratios and Supplemental Data</b>				
Net asset value (000s) <sup>D</sup>	\$ 175,168	\$ 117,489	\$ 53,586	\$ 402
Shares outstanding <sup>D</sup>	14,234,904	9,882,114	4,725,689	39,487
Management expense ratio <sup>E</sup>	1.90%	1.87%	1.84%	1.84%
Management expense ratio before waivers or absorptions <sup>E</sup>	1.90%	1.87%	1.84%	1.84%
Portfolio turnover rate <sup>F</sup>	2%	46%	15%	—%
Trading expense ratio <sup>G</sup>	.10%	.13%	.20%	n/a

<sup>A</sup> For the period October 31, 2008 to November 30, 2008.

<sup>B</sup> Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.

<sup>C</sup> Distributions were paid in cash or reinvested in additional shares of the Class, or both.

<sup>D</sup> This information is provided as at period end of the year shown.

<sup>E</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset values during the period.

<sup>F</sup> The Class' portfolio turnover rate indicates how actively the Class' portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Class buying and selling all of the securities in its portfolio once in the course of the year. The higher the Class' portfolio turnover rate in a year, the greater the trading costs payable by the Class in the year, and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Class. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of the portfolio securities, excluding short-term securities.

<sup>G</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period, based on the Class' pro-rata share of estimated trading costs incurred in each Underlying Fund. Trading expense ratio disclosure of n/a represents periods too short to accurately indicate true costs.

<sup>H</sup> The net assets per share is calculated in accordance with Section 3855 of the CICA Handbook.

## Series F

	Six-months ended May 31, 2011	Periods ended November 30, 2010	2009 <sup>A</sup>
<b>The Series' Net Assets per Share</b>			
Net assets, beginning of period <sup>B, H</sup>	\$ 10.7895	\$ 10.1821	\$ 10.0000
<b>Increase (decrease) from operations:</b>			
Total revenue	.1466	.2047	.0778
Total expenses	(.0449)	(.0838)	(.0115)
Realized gains (losses)	.0964	.0689	.0368
Unrealized gains (losses)	.2201	.5631	(.1558)
<b>Total increase (decrease) from operations<sup>B</sup></b>	<b>.4182</b>	<b>.7529</b>	<b>(.0527)</b>
<b>Distributions:</b>			
From income (excluding dividends)	—	—	—
From dividends	—	—	—
From capital gains	—	—	—
Return of capital	—	—	—
<b>Total distributions<sup>B, C</sup></b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net assets, end of period<sup>B, H</sup></b>	<b>\$ 11.2273</b>	<b>\$ 10.7895</b>	<b>\$ 10.1821</b>
<b>Ratios and Supplemental Data</b>			
Net asset value (000s) <sup>D</sup>	\$ 23,904	\$ 13,515	\$ 1,997
Shares outstanding <sup>D</sup>	2,129,130	1,252,578	196,092
Management expense ratio <sup>E</sup>	.81%	.80%	.79%
Management expense ratio before waivers or absorptions <sup>E</sup>	.81%	.80%	.79%
Portfolio turnover rate <sup>F</sup>	2%	46%	15%
Trading expense ratio <sup>G</sup>	.10%	.13%	.20%

<sup>A</sup> For the period October 5, 2009 to November 30, 2009.

<sup>B</sup> Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.

<sup>C</sup> Distributions were paid in cash or reinvested in additional shares of the Class, or both.

<sup>D</sup> This information is provided as at period end of the year shown.

<sup>E</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset values during the period.

<sup>F</sup> The Class' portfolio turnover rate indicates how actively the Class' portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Class buying and selling all of the securities in its portfolio once in the course of the year. The higher the Class' portfolio turnover rate in a year, the greater the trading costs payable by the Class in the year, and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Class. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of the portfolio securities, excluding short-term securities.

<sup>G</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period, based on the Class' pro-rata share of estimated trading costs incurred in each Underlying Fund.

<sup>H</sup> The net assets per share is calculated in accordance with Section 3855 of the CICA Handbook.

## Financial Highlights – continued

### Series F5

	Six-months ended May 31, 2011	Periods ended November 30, 2010	2009 <sup>A</sup>
<b>The Series' Net Assets per Share</b>			
Net assets, beginning of period <sup>B, H</sup>	\$ 15.2256	\$ 15.1940	\$ 15.0000
<b>Increase (decrease) from operations:</b>			
Total revenue	.2394	.2316	.0455
Total expenses	(.0621)	(.1254)	(.0152)
Realized gains (losses)	.1370	.0955	.0758
Unrealized gains (losses)	.2945	.8831	.1666
<b>Total increase (decrease) from operations<sup>B</sup></b>	<u>.6088</u>	<u>1.0848</u>	<u>.2727</u>
<b>Distributions:</b>			
From income (excluding dividends)	—	—	—
From dividends	—	—	—
From capital gains	—	—	—
Return of capital	(.3900)	(.7800)	(.1300)
<b>Total distributions<sup>B, C</sup></b>	<u>(.3900)</u>	<u>(.7800)</u>	<u>(.1300)</u>
<b>Net assets, end of period<sup>B, H</sup></b>	<b>\$ 15.4512</b>	<b>\$ 15.2256</b>	<b>\$ 15.1940</b>
<b>Ratios and Supplemental Data</b>			
Net asset value (000s) <sup>D</sup>	\$ 8,990	\$ 8,317	\$ 1
Shares outstanding <sup>D</sup>	581,855	546,275	67
Management expense ratio <sup>E</sup>	.81%	.82%	.79%
Management expense ratio before waivers or absorptions <sup>E</sup>	.81%	.82%	.79%
Portfolio turnover rate <sup>F</sup>	2%	46%	15%
Trading expense ratio <sup>G</sup>	.10%	.13%	.20%

<sup>A</sup> For the period October 5, 2009 to November 30, 2009.

<sup>B</sup> Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.

<sup>C</sup> Distributions were paid in cash or reinvested in additional shares of the Class, or both.

<sup>D</sup> This information is provided as at period end of the year shown.

<sup>E</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset values during the period.

<sup>F</sup> The Class' portfolio turnover rate indicates how actively the Class' portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Class buying and selling all of the securities in its portfolio once in the course of the year. The higher the Class' portfolio turnover rate in a year, the greater the trading costs payable by the Class in the year, and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Class. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of the portfolio securities, excluding short-term securities.

<sup>G</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period, based on the Class' pro-rata share of estimated trading costs incurred in each Underlying Fund.

<sup>H</sup> The net assets per share is calculated in accordance with Section 3855 of the CICA Handbook.

## Series F8

	Six-months ended May 31, 2011	Periods ended November 30, 2010	2009 <sup>A</sup>
<b>The Series' Net Assets per Share</b>			
Net assets, beginning of period <sup>B, H</sup>	\$ 14.7149	\$ 14.9706	\$ 15.0000
<b>Increase (decrease) from operations:</b>			
Total revenue	.2211	.2816	.0455
Total expenses	(.0635)	(.1241)	(.0152)
Realized gains (losses)	.1284	.1502	.0758
Unrealized gains (losses)	.2712	1.2028	.1666
<b>Total increase (decrease) from operations<sup>B</sup></b>	<b>.5572</b>	<b>1.5105</b>	<b>.2727</b>
<b>Distributions:</b>			
From income (excluding dividends)	—	—	—
From dividends	—	—	—
From capital gains	—	—	—
Return of capital	(.6000)	(1.2000)	(.2000)
<b>Total distributions<sup>B, C</sup></b>	<b>(.6000)</b>	<b>(1.2000)</b>	<b>(.2000)</b>
<b>Net assets, end of period<sup>B, H</sup></b>	<b>\$ 14.7088</b>	<b>\$ 14.7149</b>	<b>\$ 14.9706</b>
<b>Ratios and Supplemental Data</b>			
Net asset value (000s) <sup>D</sup>	\$ 790	\$ 422	\$ 1
Shares outstanding <sup>D</sup>	53,679	28,692	68
Management expense ratio <sup>E</sup>	.86%	.85%	.79%
Management expense ratio before waivers or absorptions <sup>E</sup>	.86%	.85%	.79%
Portfolio turnover rat <sup>F</sup>	2%	46%	15%
Trading expense ratio <sup>G</sup>	.10%	.13%	.20%

<sup>A</sup> For the period October 5, 2009 to November 30, 2009.

<sup>B</sup> Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.

<sup>C</sup> Distributions were paid in cash or reinvested in additional shares of the Class, or both.

<sup>D</sup> This information is provided as at period end of the year shown.

<sup>E</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset values during the period.

<sup>F</sup> The Class' portfolio turnover rate indicates how actively the Class' portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Class buying and selling all of the securities in its portfolio once in the course of the year. The higher the Class' portfolio turnover rate in a year, the greater the trading costs payable by the Class in the year, and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Class. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of the portfolio securities, excluding short-term securities.

<sup>G</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period, based on the Class' pro-rata share of estimated trading costs incurred in each Underlying Fund.

<sup>H</sup> The net assets per share is calculated in accordance with Section 3855 of the CICA Handbook.

## Financial Highlights – continued

### Series I

	Six-months ended May 31, 2011	Periods ended November 30, 2010 2009 2008 <sup>A</sup>		
<b>The Series' Net Assets per Share</b>				
Net assets, beginning of period <sup>B, H</sup>	\$ 11.8194	\$ 11.3049	\$ 10.1738	\$ 10.0000
<b>Increase (decrease) from operations:</b>				
Total revenue	.1839	.2622	.2346	.0180
Total expenses	(.1321)	(.2466)	(.2266)	(.0020)
Realized gains (losses)	.1067	.0755	.1265	.0010
Unrealized gains (losses)	.2316	.4966	1.3612	.1560
<b>Total increase (decrease) from operations<sup>B</sup></b>	<b>.3901</b>	<b>.5877</b>	<b>1.4957</b>	<b>.1730</b>
<b>Distributions:</b>				
From income (excluding dividends)	—	—	—	—
From dividends	—	—	—	—
From capital gains	—	—	—	—
Return of capital	—	—	—	—
<b>Total distributions<sup>B, C</sup></b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net assets, end of period<sup>B, H</sup></b>	<b>\$ 12.2155</b>	<b>\$ 11.8194</b>	<b>\$ 11.3049</b>	<b>\$ 10.1738</b>
<b>Ratios and Supplemental Data</b>				
Net asset value (000s) <sup>D</sup>	\$ 55,544	\$ 43,615	\$ 28,529	\$ 520
Shares outstanding <sup>D</sup>	4,547,049	3,690,134	2,523,564	51,030
Management expense ratio <sup>E</sup>	2.20%	2.16%	2.10%	2.10%
Management expense ratio before waivers or absorptions <sup>E</sup>	2.20%	2.16%	2.10%	2.10%
Portfolio turnover rate <sup>F</sup>	2%	46%	15%	—%
Trading expense ratio <sup>G</sup>	.10%	.13%	.20%	n/a

<sup>A</sup> For the period October 31, 2008 to November 30, 2008.

<sup>B</sup> Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.

<sup>C</sup> Distributions were paid in cash or reinvested in additional shares of the Class, or both.

<sup>D</sup> This information is provided as at period end of the year shown.

<sup>E</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset values during the period.

<sup>F</sup> The Class' portfolio turnover rate indicates how actively the Class' portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Class buying and selling all of the securities in its portfolio once in the course of the year. The higher the Class' portfolio turnover rate in a year, the greater the trading costs payable by the Class in the year, and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Class. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of the portfolio securities, excluding short-term securities.

<sup>G</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period, based on the Class' pro-rata share of estimated trading costs incurred in each Underlying Fund. Trading expense ratio disclosure of n/a represents periods too short to accurately indicate true costs.

<sup>H</sup> The net assets per share is calculated in accordance with Section 3855 of the CICA Handbook.

## Series I5

	Six-months ended May 31, 2011	Periods ended November 30, 2010 2009 2008 <sup>A</sup>		
<b>The Series' Net Assets per Share</b>				
Net assets, beginning of period <sup>B, H</sup>	\$ 16.0588	\$ 16.1232	\$ 15.2594	\$ 15.0000
<b>Increase (decrease) from operations:</b>				
Total revenue	.2588	.3564	.3345	.0270
Total expenses	(.1711)	(.3350)	(.3262)	(.0030)
Realized gains (losses)	.1437	.1054	.1452	.0015
Unrealized gains (losses)	.2805	.6737	1.8417	.2339
<b>Total increase (decrease) from operations<sup>B</sup></b>	<b>.5119</b>	<b>.8005</b>	<b>1.9952</b>	<b>.2594</b>
<b>Distributions:</b>				
From income (excluding dividends)	—	—	—	—
From dividends	—	—	—	—
From capital gains	—	—	—	—
Return of capital	(.3900)	(.7800)	(.7800)	—
<b>Total distributions<sup>B, C</sup></b>	<b>(.3900)</b>	<b>(.7800)</b>	<b>(.7800)</b>	<b>—</b>
<b>Net assets, end of period<sup>B, H</sup></b>	<b>\$ 16.2103</b>	<b>\$ 16.0588</b>	<b>\$ 16.1232</b>	<b>\$ 15.2594</b>
<b>Ratios and Supplemental Data</b>				
Net asset value (000s) <sup>D</sup>	\$ 9,255	\$ 8,044	\$ 4,993	\$ 10
Shares outstanding <sup>D</sup>	570,951	500,905	309,680	667
Management expense ratio <sup>E</sup>	2.11%	2.11%	2.10%	2.10%
Management expense ratio before waivers or absorptions <sup>E</sup>	2.11%	2.11%	2.10%	2.10%
Portfolio turnover rate <sup>F</sup>	2%	46%	15%	—%
Trading expense ratio <sup>G</sup>	.10%	.13%	.20%	n/a

<sup>A</sup> For the period October 31, 2008 to November 30, 2008.

<sup>B</sup> Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.

<sup>C</sup> Distributions were paid in cash or reinvested in additional shares of the Class, or both.

<sup>D</sup> This information is provided as at period end of the year shown.

<sup>E</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset values during the period.

<sup>F</sup> The Class' portfolio turnover rate indicates how actively the Class' portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Class buying and selling all of the securities in its portfolio once in the course of the year. The higher the Class' portfolio turnover rate in a year, the greater the trading costs payable by the Class in the year, and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Class. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of the portfolio securities, excluding short-term securities.

<sup>G</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period, based on the Class' pro-rata share of estimated trading costs incurred in each Underlying Fund. Trading expense ratio disclosure of n/a represents periods too short to accurately indicate true costs.

<sup>H</sup> The net assets per share is calculated in accordance with Section 3855 of the CICA Handbook.

## Financial Highlights – continued

### Series I8

	Six-months ended May 31, 2011	Periods ended November 30, 2010      2009      2008 <sup>A</sup>		
<b>The Series' Net Assets per Share</b>				
Net assets, beginning of period <sup>B, H</sup>	\$ 15.1410	\$ 15.6701	\$ 15.2594	\$ 15.0000
<b>Increase (decrease) from operations:</b>				
Total revenue	.2382	.3525	.3276	.0270
Total expenses	(.1699)	(.3304)	(.3221)	(.0030)
Realized gains (losses)	.1352	.0989	.1599	.0015
Unrealized gains (losses)	.2934	.5440	1.8745	.2339
<b>Total increase (decrease) from operations<sup>B</sup></b>	<b>.4969</b>	<b>.6650</b>	<b>2.0399</b>	<b>.2594</b>
<b>Distributions:</b>				
From income (excluding dividends)	—	—	—	—
From dividends	—	—	—	—
From capital gains	—	—	—	—
Return of capital	(.6000)	(1.2000)	(1.2000)	—
<b>Total distributions<sup>B, C</sup></b>	<b>(.6000)</b>	<b>(1.2000)</b>	<b>(1.2000)</b>	<b>—</b>
<b>Net assets, end of period<sup>B, H</sup></b>	<b>\$ 15.0407</b>	<b>\$ 15.1410</b>	<b>\$ 15.6701</b>	<b>\$ 15.2594</b>
<b>Ratios and Supplemental Data</b>				
Net asset value (000s) <sup>D</sup>	\$ 7,767	\$ 7,159	\$ 5,258	\$ 10
Shares outstanding <sup>D</sup>	516,423	472,811	335,547	667
Management expense ratio <sup>E</sup>	2.24%	2.16%	2.10%	2.10%
Management expense ratio before waivers or absorptions <sup>E</sup>	2.24%	2.16%	2.10%	2.10%
Portfolio turnover rate <sup>F</sup>	2%	46%	15%	—%
Trading expense ratio <sup>G</sup>	.10%	.13%	.20%	n/a

<sup>A</sup> For the period October 31, 2008 to November 30, 2008.

<sup>B</sup> Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.

<sup>C</sup> Distributions were paid in cash or reinvested in additional shares of the Class, or both.

<sup>D</sup> This information is provided as at period end of the year shown.

<sup>E</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset values during the period.

<sup>F</sup> The Class' portfolio turnover rate indicates how actively the Class' portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Class buying and selling all of the securities in its portfolio once in the course of the year. The higher the Class' portfolio turnover rate in a year, the greater the trading costs payable by the Class in the year, and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Class. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of the portfolio securities, excluding short-term securities.

<sup>G</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period, based on the Class' pro-rata share of estimated trading costs incurred in each Underlying Fund. Trading expense ratio disclosure of n/a represents periods too short to accurately indicate true costs.

<sup>H</sup> The net assets per share is calculated in accordance with Section 3855 of the CICA Handbook.

## Series S5

	Six-months ended May 31, 2011	Periods ended November 30, 2010      2009      2008 <sup>A</sup>		
<b>The Series' Net Assets per Share</b>				
Net assets, beginning of period <sup>B, H</sup>	\$ 16.1463	\$ 16.1665	\$ 15.2599	\$ 15.0000
<b>Increase (decrease) from operations:</b>				
Total revenue	.2400	.3309	.3399	.0270
Total expenses	(.1538)	(.2978)	(.2897)	(.0030)
Realized gains (losses)	.1440	.1065	.2080	.0015
Unrealized gains (losses)	.3182	.7880	1.9830	.2339
<b>Total increase (decrease) from operations<sup>B</sup></b>	<b>.5484</b>	<b>.9276</b>	<b>2.2412</b>	<b>.2594</b>
<b>Distributions:</b>				
From income (excluding dividends)	—	—	—	—
From dividends	—	—	—	—
From capital gains	—	—	—	—
Return of capital	(.3900)	(.7800)	(.7800)	—
<b>Total distributions<sup>B, C</sup></b>	<b>(.3900)</b>	<b>(.7800)</b>	<b>(.7800)</b>	<b>—</b>
<b>Net assets, end of period<sup>B, H</sup></b>	<b>\$ 16.3203</b>	<b>\$ 16.1463</b>	<b>\$ 16.1665</b>	<b>\$ 15.2599</b>
<b>Ratios and Supplemental Data</b>				
Net asset value (000s) <sup>D</sup>	\$ 42,239	\$ 32,662	\$ 11,689	\$ 10
Shares outstanding <sup>D</sup>	2,588,145	2,022,870	723,024	667
Management expense ratio <sup>E</sup>	1.89%	1.87%	1.84%	1.84%
Management expense ratio before waivers or absorptions <sup>E</sup>	1.89%	1.87%	1.84%	1.84%
Portfolio turnover rate <sup>F</sup>	2%	46%	15%	—%
Trading expense ratio <sup>G</sup>	.10%	.13%	.20%	n/a

<sup>A</sup> For the period October 31, 2008 to November 30, 2008.

<sup>B</sup> Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.

<sup>C</sup> Distributions were paid in cash or reinvested in additional shares of the Class, or both.

<sup>D</sup> This information is provided as at period end of the year shown.

<sup>E</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset values during the period.

<sup>F</sup> The Class' portfolio turnover rate indicates how actively the Class' portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Class buying and selling all of the securities in its portfolio once in the course of the year. The higher the Class' portfolio turnover rate in a year, the greater the trading costs payable by the Class in the year, and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Class. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of the portfolio securities, excluding short-term securities.

<sup>G</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period, based on the Class' pro-rata share of estimated trading costs incurred in each Underlying Fund. Trading expense ratio disclosure of n/a represents periods too short to accurately indicate true costs.

<sup>H</sup> The net assets per share is calculated in accordance with Section 3855 of the CICA Handbook.

## Financial Highlights – continued

### Series S8

	Six-months ended May 31, 2011	Periods ended November 30, 2010 2009 2008 <sup>A</sup>		
<b>The Series' Net Assets per Share</b>				
Net assets, beginning of period <sup>B, H</sup>	\$ 15.2356	\$ 15.7166	\$ 15.2599	\$ 15.0000
<b>Increase (decrease) from operations:</b>				
Total revenue	.2253	.3278	.3236	.0270
Total expenses	(.1470)	(.2885)	(.2829)	(.0030)
Realized gains (losses)	.1348	.1047	.1763	.0015
Unrealized gains (losses)	.2955	.8059	2.2140	.2339
<b>Total increase (decrease) from operations<sup>B</sup></b>	<b>.5086</b>	<b>.9499</b>	<b>2.4310</b>	<b>.2594</b>
<b>Distributions:</b>				
From income (excluding dividends)	—	—	—	—
From dividends	—	—	—	—
From capital gains	—	—	—	—
Return of capital	(.6000)	(1.2000)	(1.2000)	—
<b>Total distributions<sup>B, C</sup></b>	<b>(.6000)</b>	<b>(1.2000)</b>	<b>(1.2000)</b>	<b>—</b>
<b>Net assets, end of period<sup>B, H</sup></b>	<b>\$ 15.1629</b>	<b>\$ 15.2356</b>	<b>\$ 15.7166</b>	<b>\$ 15.2599</b>
<b>Ratios and Supplemental Data</b>				
Net asset value (000s) <sup>D</sup>	\$ 14,870	\$ 11,864	\$ 4,142	\$ 10
Shares outstanding <sup>D</sup>	980,653	778,706	263,531	667
Management expense ratio <sup>E</sup>	1.93%	1.89%	1.84%	1.84%
Management expense ratio before waivers or absorptions <sup>E</sup>	1.93%	1.89%	1.84%	1.84%
Portfolio turnover rate <sup>F</sup>	2%	46%	15%	—%
Trading expense ratio <sup>G</sup>	.10%	.13%	.20%	n/a

<sup>A</sup> For the period October 31, 2008 to November 30, 2008.

<sup>B</sup> Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.

<sup>C</sup> Distributions were paid in cash or reinvested in additional shares of the Class, or both.

<sup>D</sup> This information is provided as at period end of the year shown.

<sup>E</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset values during the period.

<sup>F</sup> The Class' portfolio turnover rate indicates how actively the Class' portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Class buying and selling all of the securities in its portfolio once in the course of the year. The higher the Class' portfolio turnover rate in a year, the greater the trading costs payable by the Class in the year, and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Class. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of the portfolio securities, excluding short-term securities.

<sup>G</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period, based on the Class' pro-rata share of estimated trading costs incurred in each Underlying Fund. Trading expense ratio disclosure of n/a represents periods too short to accurately indicate true costs.

<sup>H</sup> The net assets per share is calculated in accordance with Section 3855 of the CICA Handbook.

## Management Fees

Fidelity serves as manager of the Class. The Class pays Fidelity a monthly management fee for its services, based on the average net assets of each Series, calculated daily and payable monthly. Fidelity uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Class shares, as well as for general investment management and administration expenses.

	Series B Shares	Series F Shares	Series F5 Shares	Series F8 Shares	Series I Shares	Series I5 Shares	Series I8 Shares	Series S5 Shares	Series S8 Shares
Management Fees	1.60%	0.60%	0.60%	0.60%	1.85%	1.85%	1.85%	1.60%	1.60%
As a percentage of management fees:									
Dealer Compensation*	62.50	—	—	—	67.57	67.57	67.57	62.50	62.50
Investment management, administration and other	37.50	100.00	100.00	100.00	32.43	32.43	32.43	37.50	37.50

\* Dealer compensation represents cash commissions paid by Fidelity to registered dealers during the period and includes upfront deferred sales charge and trailing commissions. This amount may, in certain circumstances, exceed 100% of the fees earned by Fidelity during the period. For new Classes or Series the amounts presented may not be indicative of longer term operating periods.

# Fidelity Balanced Income Private Pool of the Fidelity Capital Structure Corp.

## Past Performance

The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the investment fund has performed in the past does not necessarily indicate how it will perform in the future.

### Year-by-Year Returns

The following bar chart shows the investment fund's annual performance for each of the years shown, and illustrates how the investment fund's performance was changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.



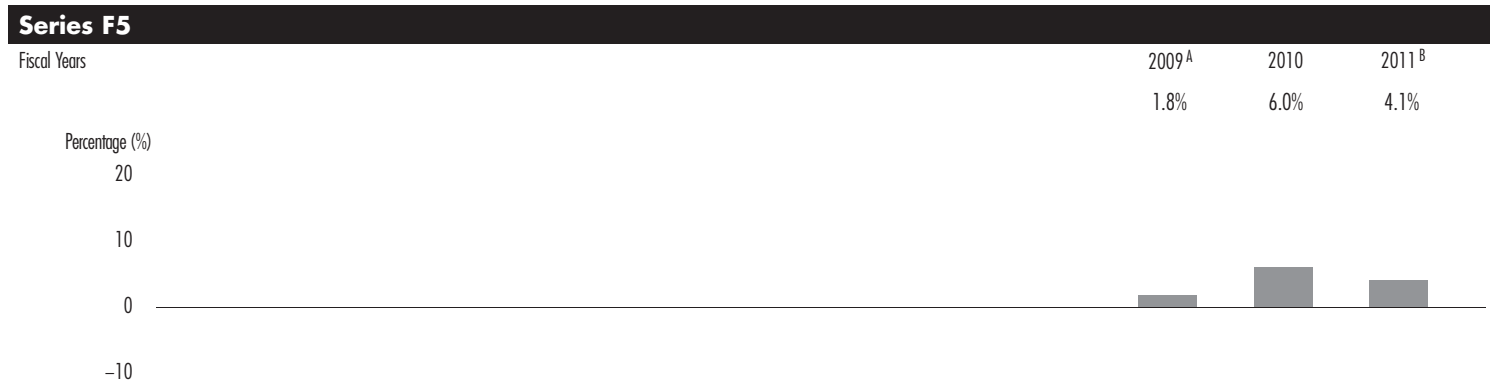
<sup>A</sup> Since the Commencement of Operation, from November 26, 2008 to November 30, 2008.

<sup>B</sup> For the period December 1, 2010 to May 31, 2011.



<sup>A</sup> Since the Commencement of Operation, from October 5, 2009 to November 30, 2009.

<sup>B</sup> For the period December 1, 2010 to May 31, 2011.



<sup>A</sup> Since the Commencement of Operation, from October 5, 2009 to November 30, 2009.

<sup>B</sup> For the period December 1, 2010 to May 31, 2011.

**Fidelity Balanced Income Private Pool of the Fidelity Capital Structure Corp.  
Past Performance – continued**

**Series F8**

Fiscal Years	2009 <sup>A</sup>	2010	2011 <sup>B</sup>
	1.8%	6.0%	4.1%

Percentage (%)  
20

10

0

-10

<sup>A</sup> Since the Commencement of Operation, from October 5, 2009 to November 30, 2009.

<sup>B</sup> For the period December 1, 2010 to May 31, 2011.

**Series I**

Fiscal Years	2008 <sup>A</sup>	2009	2010	2011 <sup>B</sup>
	1.7%	11.1%	4.6%	3.4%

Percentage (%)  
20

10

0

-10

<sup>A</sup> Since the Commencement of Operation, from November 26, 2008 to November 30, 2008.

<sup>B</sup> For the period December 1, 2010 to May 31, 2011.

**Series I5**

Fiscal Years	2008 <sup>A</sup>	2009	2010	2011 <sup>B</sup>
	1.7%	11.1%	4.6%	3.4%

Percentage (%)  
20

10

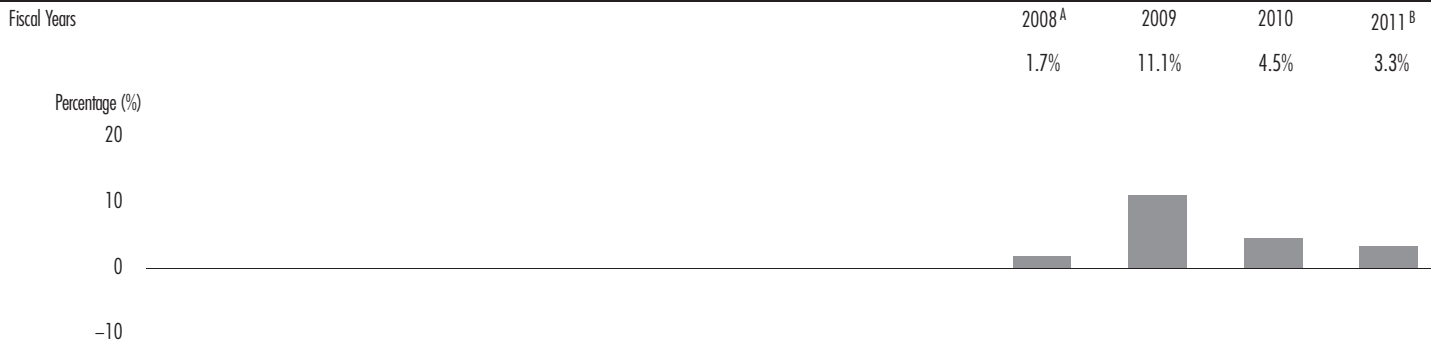
0

-10

<sup>A</sup> Since the Commencement of Operation, from November 26, 2008 to November 30, 2008.

<sup>B</sup> For the period December 1, 2010 to May 31, 2011.

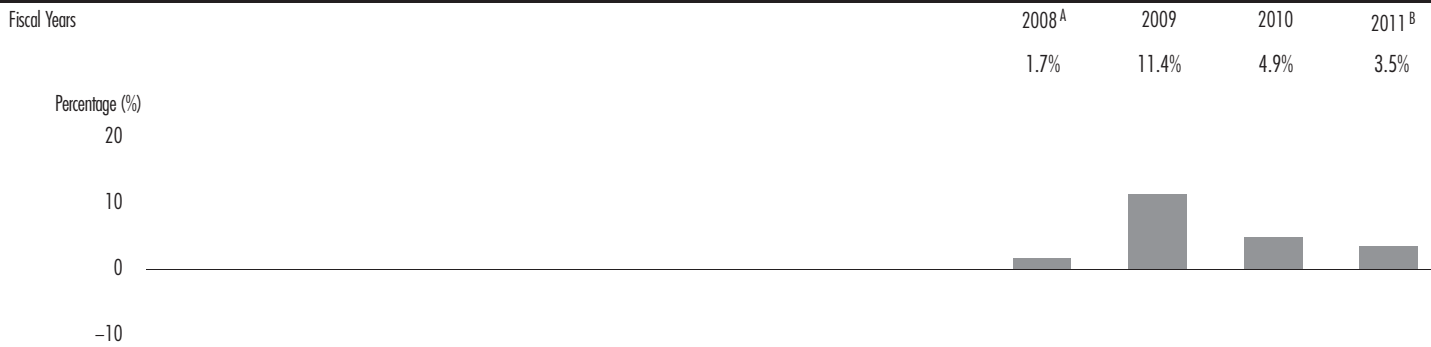
### Series 18



<sup>A</sup> Since the Commencement of Operation, from November 26, 2008 to November 30, 2008.

<sup>B</sup> For the period December 1, 2010 to May 31, 2011.

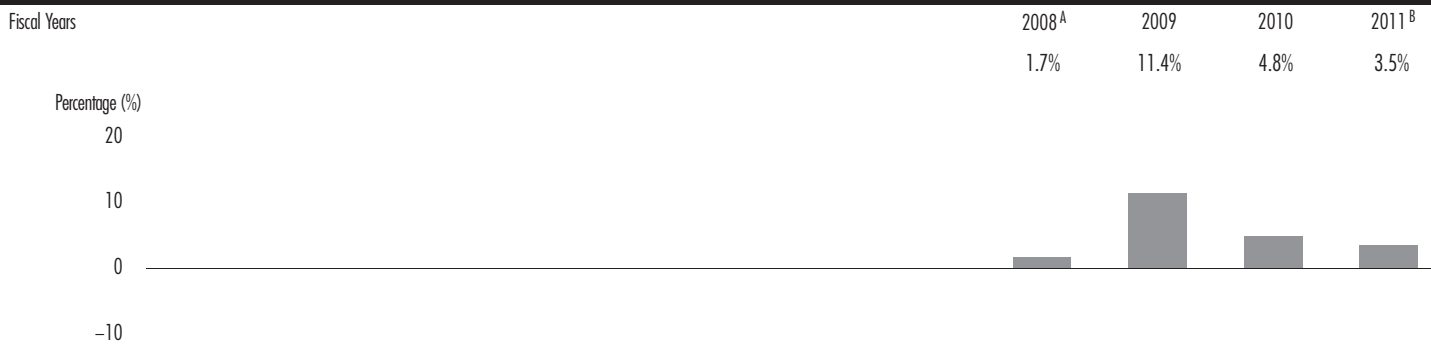
### Series S5



<sup>A</sup> Since the Commencement of Operation, from November 26, 2008 to November 30, 2008.

<sup>B</sup> For the period December 1, 2010 to May 31, 2011.

### Series S8



<sup>A</sup> Since the Commencement of Operation, from November 26, 2008 to November 30, 2008.

<sup>B</sup> For the period December 1, 2010 to May 31, 2011.

**Fidelity Balanced Income Private Pool of the Fidelity Capital Structure Corp.**  
**Summary of Investment Portfolio as at May 31, 2011**

**Class Holdings**

	% of Class' Net Assets
<b>Canadian Equity Funds</b>	
Fidelity Canadian Equity Investment Trust – Series O .....	10.0
Fidelity Concentrated Canadian Equity Investment Trust – Series O .....	10.0
	<u>20.0</u>
<b>Global and International Equity Funds</b>	
Fidelity International Equity Investment Trust – Series O .....	10.0
<b>U.S. Equity Funds</b>	
Fidelity U.S. Equity Investment Trust – Series O ..	10.0
<b>Canadian Fixed-Income Funds</b>	
Fidelity Canadian Bond Fund – Series O .....	40.0
<b>Short-Term Funds</b>	
Fidelity Canadian Money Market Fund – Series O	20.0

**Asset Allocation**

	% of Class' Net Assets
Canadian Equity Funds .....	20.0
Global and International Equity Funds .....	10.0
U.S. Equity Funds .....	10.0
Canadian Fixed-Income Funds .....	40.0
Short-Term Funds .....	20.0
Net Other Assets .....	0.0

*Total Class Net Assets \$338,527,000*

The summary of investment portfolio may change due to ongoing portfolio transactions of the underlying fund and class. The most recent annual report, semi-annual report, quarterly report or simplified prospectus for the class and/or underlying fund is available at no cost, by calling 1-800-263-4077, by writing to us at Fidelity Investments Canada ULC, 483 Bay St. Suite 300, Toronto ON M5G 2N7 or by visiting our web site at [www.fidelity.ca](http://www.fidelity.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).





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