



# Fidelity Canadian Bond Fund

**Semi-Annual  
Management Report of  
Fund Performance**

**December 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 Fund, 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 Fund 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 Fund 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 Fund. 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 Fund 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 December 31, 2011 Fidelity Canadian Bond Fund

*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 Canadian Bond Fund ("Fund"), Series B, returned 6.4%, after fees and expenses, for the six-month period ended December 31, 2011. The net returns of the other series of this Fund are similar to those of Series B, except for differences attributable to expense structures. By way of comparison, the DEX Universe Bond Index, broadly representative of the Canadian investment-grade fixed-income market, returned 7.3% (in Canadian dollars). The underperformance was primarily attributable to the Fund's holdings in government bonds. At the end of the review period, the Fund had an exposure of 48.1% to government debt, compared with a weighting of about 73.5% for the benchmark.

Short-term interest rates in Canada and most developed nations remained low during the last six months, amid uncertainty about the outcome of the European debt crisis and concern about China's outlook for economic growth. However, Canada's economic momentum remained robust in the latter part of 2011, with Canada's GDP growing in the third quarter at an annualized rate of 3.5%. A surge in exports helped to calm growing concern that the country was facing significantly slower growth or recessionary conditions.

During the six-month period, portfolio managers Brian Miron and Jeffrey Moore modestly added exposure to government bonds by adding attractively priced federal issues. However, the Fund's exposure to provincial bonds was decreased, to take advantage of attractive opportunities among other securities. The Fund's exposure to corporate bonds was decreased during the period; the portfolio managers remained cautious about the uncertainties that persist in the marketplace and that could lead to a flight to quality. However, the Fund continued to overweight corporate bonds, relative to the benchmark. In corporate issues, the largest holding, relative to the benchmark, was in financial issuers. Among financial issues, bank debt accounts for the largest relative weighting. Canadian banks appear to be strong, with solid balance sheets, compared with their global peers. The Fund also maintained positions in communication, industrials, energy, infrastructure and real estate issues, taking advantage of attractively priced securities. The portfolio continued to include attractive non-government bonds: the fundamentals remain positive for the issuers in which the Fund is invested, and in the managers' view, the current prices do not reflect their actual value and risk.

The Fidelity Canadian Bond Fund doesn't have any exposure to European bonds.

### Recent Developments

As the global economy continues to recover, many issues, particularly European sovereign debt, mixed economic data in the U.S. and slowing emerging markets economies, remain major concerns for the portfolio managers. Accordingly, the portfolio managers will aim to keep the portfolio highly liquid in order to be well positioned to take advantage of buying opportunities that the current marketplace may provide. The portfolio managers are optimistic about the investment opportunities created by current market conditions, especially in the non-government sectors, which have been consistently adding value for investors.

As at December 31, 2011, compared to the benchmark, the Fund was overweight in corporate bonds and underweight in government bonds. In the corporate sector, financial issues accounted for the largest exposure. Federal issues accounted for the largest absolute exposure among government bonds.

### 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. Subsequently, 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, 2014.

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 Fund. 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 Fund's unit-holder 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 unit (NAVPU) 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 Fund 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 Fund in its day-to-day operations, bookkeeping, record-keeping and other administrative services for the Fund.

Pyramis Global Advisors, LLC (Pyramis), an affiliate of Fidelity, provides investment advice to the Fund. Pyramis has entered into a sub-advisory agreement with Fidelity Investments Money Management Inc.; an affiliate of Fidelity, to provide investment advice with respect to all or a portion of the investments of the Fund. Pyramis provides investment advice with respect to the Fund's investment portfolio and arranges for the acquisition and disposition of portfolio investments, including all necessary brokerage arrangements.

The Fund pays Fidelity and Pyramis a monthly management and advisory fee for their services, based on the net asset value of each Series, calculated daily and payable monthly. The Fund paid Fidelity and Pyramis management and advisory fees of \$3,302,000 for the period ended December 31, 2011.

### **Administration Fee**

Fidelity charges the Fund a fixed administration fee in place of certain variable expenses. Fidelity, in turn, pays all of the operating expenses of the Fund, other than certain specified fund costs (e.g. the fees and expenses of the Independent Review Committee, taxes, brokerage commissions and interest charges). The Fund pays an annual rate, which is calculated on a tiered basis, based on the net asset value of each Series, calculated daily and payable monthly. The Fund paid Fidelity administration fees of \$545,000 for the period ended December 31, 2011.

# Financial Highlights

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

## Series A

	Six-months ended		Periods ended June 30,			
	December 31, 2011	2011	2010	2009	2008	2007
<b>The Series' Net Assets per Unit</b>						
Net assets, beginning of period <sup>A, G</sup>	\$ 13.4709	\$ 13.4424	\$ 13.0420	\$ 12.7866	\$ 12.6213	\$ 12.5708
<b>Increase (decrease) from operations:</b>						
Total revenue	.2468	.5194	.5572	.5864	.6143	.5802
Total expenses	(.1108)	(.2137)	(.2055)	(.1806)	(.1818)	(.1904)
Realized gains (losses)	.1473	.1717	.1055	.1909	.0253	.0185
Unrealized gains (losses)	.5254	(.0401)	.4238	.1005	.1433	.0102
<b>Total increase (decrease) from operations<sup>A</sup></b>	<b>.8087</b>	<b>.4373</b>	<b>.8810</b>	<b>.6972</b>	<b>.6011</b>	<b>.4185</b>
<b>Distributions:</b>						
From income (excluding dividends)	(.1627)	(.3495)	(.3948)	(.4392)	(.4145)	(.3739)
From dividends	—	—	—	—	—	—
From capital gains	—	(.0806)	(.0939)	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total distributions<sup>A, B</sup></b>	<b>(.1627)</b>	<b>(.4301)</b>	<b>(.4887)</b>	<b>(.4392)</b>	<b>(.4145)</b>	<b>(.3739)</b>
<b>Net assets, end of period<sup>A, G</sup></b>	<b>\$ 14.1409</b>	<b>\$ 13.4709</b>	<b>\$ 13.4424</b>	<b>\$ 13.0420</b>	<b>\$ 12.7866</b>	<b>\$ 12.6213</b>
<b>Ratios and Supplemental Data</b>						
Net asset value (000s) <sup>C</sup>	\$ 301,793	\$ 227,137	\$ 224,882	\$ 267,443	\$ 336,729	\$ 344,648
Units outstanding <sup>C</sup>	21,341,884	16,861,299	16,729,308	20,506,232	26,334,567	27,306,859
Management expense ratio <sup>D</sup>	1.59%	1.59%	1.56%	1.58%	1.60%	1.64%
Management expense ratio before waivers or absorptions <sup>D</sup>	1.59%	1.59%	1.56%	1.58%	1.60%	1.64%
Portfolio turnover rate <sup>E</sup>	34%	85%	73%	89%	42%	42%
Trading expense ratio <sup>F</sup>	—%	—%	—%	—%	—%	—%
Net asset value per unit, end of period	\$ 14.1409	\$ 13.4709	\$ 13.4424	\$ 13.0420	\$ 12.7866	n/a

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

<sup>B</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both, and excludes distributions of management fee reductions to unitholders.

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

<sup>D</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>E</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund 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 Fund. 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>F</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.

<sup>G</sup> For fiscal periods beginning on or after October 1, 2006, the net assets per unit is calculated in accordance with Section 3855 of the CICA Handbook.

## Financial Highlights – continued

### Series B

	Six-months ended		Periods ended June 30,			
	December 31, 2011	2011	2010	2009	2008	2007
<b>The Series' Net Assets per Unit</b>						
Net assets, beginning of period <sup>A,G</sup>	\$ 13.4663	\$ 13.4384	\$ 13.0382	\$ 12.7837	\$ 12.6195	\$ 12.5697
<b>Increase (decrease) from operations:</b>						
Total revenue	.2468	.5190	.5562	.5862	.6141	.5804
Total expenses	(.0885)	(.1706)	(.1639)	(.1602)	(.1621)	(.1684)
Realized gains (losses)	.1473	.1691	.1031	.1963	.0271	.0172
Unrealized gains (losses)	.5287	(.0286)	.4219	.1307	.1167	(.0450)
<b>Total increase (decrease) from operations<sup>A</sup></b>	<b>.8343</b>	<b>.4889</b>	<b>.9173</b>	<b>.7530</b>	<b>.5958</b>	<b>.3842</b>
<b>Distributions:</b>						
From income (excluding dividends)	(.1848)	(.3904)	(.4342)	(.4808)	(.4564)	(.4165)
From dividends	—	—	—	—	—	—
From capital gains	—	(.0828)	(.0962)	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total distributions<sup>A,B</sup></b>	<b>(.1848)</b>	<b>(.4732)</b>	<b>(.5304)</b>	<b>(.4808)</b>	<b>(.4564)</b>	<b>(.4165)</b>
<b>Net assets, end of period<sup>A,G</sup></b>	<b>\$ 14.1357</b>	<b>\$ 13.4663</b>	<b>\$ 13.4384</b>	<b>\$ 13.0382</b>	<b>\$ 12.7837</b>	<b>\$ 12.6195</b>
<b>Ratios and Supplemental Data</b>						
Net asset value (000s) <sup>C</sup>	\$ 368,565	\$ 286,319	\$ 255,507	\$ 217,548	\$ 186,947	\$ 161,272
Units outstanding <sup>C</sup>	26,073,349	21,261,890	19,013,192	16,685,469	14,623,908	12,779,647
Management expense ratio <sup>D</sup>	1.27%	1.27%	1.24%	1.26%	1.27%	1.31%
Management expense ratio before waivers or absorptions <sup>D</sup>	1.27%	1.27%	1.24%	1.26%	1.27%	1.31%
Portfolio turnover rate <sup>E</sup>	34%	85%	73%	89%	42%	42%
Trading expense ratio <sup>F</sup>	—%	—%	—%	—%	—%	—%
Net asset value per unit, end of period	\$ 14.1357	\$ 13.4663	\$ 13.4384	\$ 13.0382	\$ 12.7837	n/a

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

<sup>B</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both, and excludes distributions of management fee reductions to unitholders.

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

<sup>D</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>E</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund 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 Fund. 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>F</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.

<sup>G</sup> For fiscal periods beginning on or after October 1, 2006, the net assets per unit is calculated in accordance with Section 3855 of the CICA Handbook.

## Series F

	Six-months ended		Periods ended June 30,			
	December 31, 2011	2011	2010	2009	2008	2007
<b>The Series' Net Assets per Unit</b>						
Net assets, beginning of period <sup>A,G</sup>	\$ 13.4503	\$ 13.4226	\$ 13.0222	\$ 12.7681	\$ 12.6043	\$ 12.5562
<b>Increase (decrease) from operations:</b>						
Total revenue	.2452	.5184	.5557	.5857	.6135	.5799
Total expenses	(.0494)	(.0957)	(.0905)	(.0867)	(.0863)	(.0891)
Realized gains (losses)	.1425	.1681	.1042	.2024	.0263	.0153
Unrealized gains (losses)	.5162	(.0010)	.4430	.1351	.1448	(.1443)
<b>Total increase (decrease) from operations<sup>A</sup></b>	<b>.8545</b>	<b>.5898</b>	<b>1.0124</b>	<b>.8365</b>	<b>.6983</b>	<b>.3618</b>
<b>Distributions:</b>						
From income (excluding dividends)	(.2235)	(.4624)	(.5037)	(.5543)	(.5325)	(.4959)
From dividends	—	—	—	—	—	—
From capital gains	—	(.0867)	(.1003)	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total distributions<sup>A,B</sup></b>	<b>(.2235)</b>	<b>(.5491)</b>	<b>(.6040)</b>	<b>(.5543)</b>	<b>(.5325)</b>	<b>(.4959)</b>
<b>Net assets, end of period<sup>A,G</sup></b>	<b>\$ 14.1207</b>	<b>\$ 13.4503</b>	<b>\$ 13.4226</b>	<b>\$ 13.0222</b>	<b>\$ 12.7681</b>	<b>\$ 12.6043</b>
<b>Ratios and Supplemental Data</b>						
Net asset value (000s) <sup>C</sup>	\$ 15,973	\$ 7,003	\$ 5,625	\$ 4,579	\$ 3,989	\$ 3,820
Units outstanding <sup>C</sup>	1,131,160	520,644	419,062	351,650	312,384	303,091
Management expense ratio <sup>D</sup>	.71%	.71%	.69%	.68%	.68%	.69%
Management expense ratio before waivers or absorptions <sup>D</sup>	.71%	.71%	.69%	.68%	.68%	.69%
Portfolio turnover rate <sup>E</sup>	34%	85%	73%	89%	42%	42%
Trading expense ratio <sup>F</sup>	—%	—%	—%	—%	—%	—%
Net asset value per unit, end of period	\$ 14.1207	\$ 13.4503	\$ 13.4226	\$ 13.0222	\$ 12.7681	n/a

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

<sup>B</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both, and excludes distributions of management fee reductions to unitholders.

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

<sup>D</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>E</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund 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 Fund. 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>F</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.

<sup>G</sup> For fiscal periods beginning on or after October 1, 2006, the net assets per unit is calculated in accordance with Section 3855 of the CICA Handbook.

## Financial Highlights – continued

### Series O

	Six-months ended		Periods ended June 30,			
	December 31, 2011	2011	2010	2009	2008	2007
<b>The Series' Net Assets per Unit</b>						
Net assets, beginning of period <sup>B, G</sup>	\$ 13.4638	\$ 13.4381	\$ 13.0383	\$ 12.7929	\$ 12.6292	\$ 12.5785
<b>Increase (decrease) from operations:</b>						
Total revenue	.2470	.5181	.5556	.5871	.6148	.5815
Total expenses	—	—	—	—	—	—
Realized gains (losses)	.1468	.1592	.1017	.1914	.0268	.0149
Unrealized gains (losses)	.5438	(.0023)	.4360	.1168	.1107	(.1586)
<b>Total increase (decrease) from operations<sup>B</sup></b>	<b>.9376</b>	<b>.6750</b>	<b>1.0933</b>	<b>.8953</b>	<b>.7523</b>	<b>.4378</b>
<b>Distributions:</b>						
From income (excluding dividends)	(.2733)	(.5548)	(.5912)	(.6422)	(.6216)	(.5874)
From dividends	—	—	—	—	—	—
From capital gains	—	(.0918)	(.1055)	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total distributions<sup>B, C</sup></b>	<b>(.2733)</b>	<b>(.6466)</b>	<b>(.6967)</b>	<b>(.6422)</b>	<b>(.6216)</b>	<b>(.5874)</b>
<b>Net assets, end of period<sup>B, G</sup></b>	<b>\$ 14.1339</b>	<b>\$ 13.4638</b>	<b>\$ 13.4381</b>	<b>\$ 13.0383</b>	<b>\$ 12.7929</b>	<b>\$ 12.6292</b>
<b>Ratios and Supplemental Data</b>						
Net asset value (000s) <sup>D</sup>	\$4,895,498	\$3,969,231	\$2,498,121	\$1,737,093	\$1,485,377	\$ 994,687
Units outstanding <sup>D</sup>	346,365,322	294,807,259	185,898,468	133,229,717	116,109,357	78,761,051
Management expense ratio <sup>A</sup>	—%	—%	—%	—%	—%	—%
Management expense ratio before waivers or absorptions <sup>A</sup>	—%	—%	—%	—%	—%	—%
Portfolio turnover rate <sup>E</sup>	34%	85%	73%	89%	42%	42%
Trading expense ratio <sup>F</sup>	—%	—%	—%	—%	—%	—%
Net asset value per unit, end of period	\$ 14.1339	\$ 13.4638	\$ 13.4381	\$ 13.0383	\$ 12.7929	n/a

<sup>A</sup> No fees are charged to the Series.

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

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

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

<sup>E</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund 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 Fund. 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>F</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.

<sup>G</sup> For fiscal periods beginning on or after October 1, 2006, the net assets per unit is calculated in accordance with Section 3855 of the CICA Handbook.

## Management and Advisory Fees

Fidelity serves as manager of the Fund and Pyramis serves as the investment advisor of the Fund. The Fund pays Fidelity and Pyramis a monthly management and advisory fee for their services, based on the net asset value 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 Fund units, as well as for the general investment management and administrative expenses.

	Series A Units	Series B Units	Series F Units
Management and Advisory Fees	1.25%	1.00%	0.50%
As a percentage of management fees:			
Dealer Compensation*	99.52	50.00	—
Investment management, administration and other	0.48	50.00	100.00

\* 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 Funds or Series the amounts presented may not be indicative of longer term operating periods.

# Fidelity Canadian Bond Fund

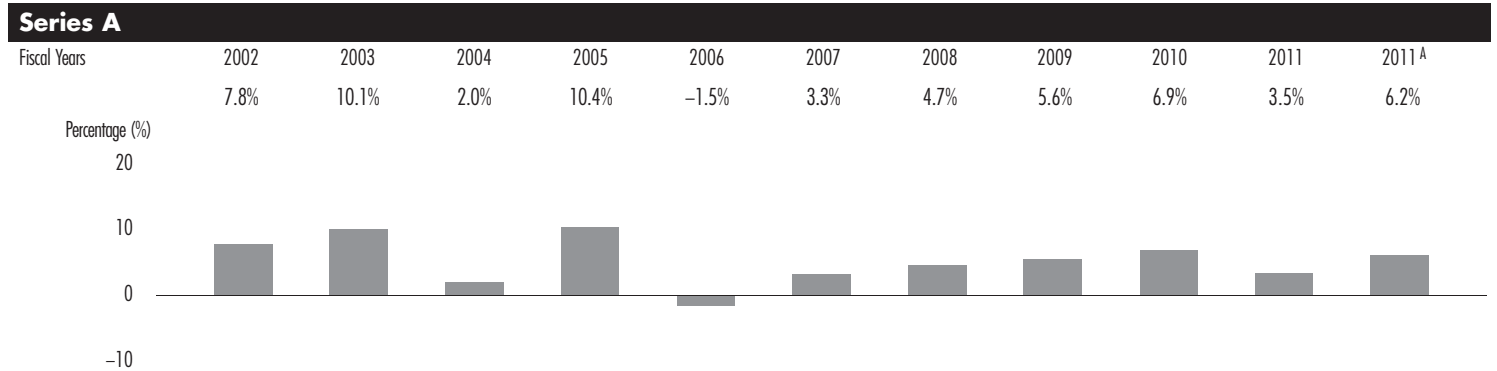
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the 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 Fund has performed in the past does not necessarily indicate how it will perform in the future.

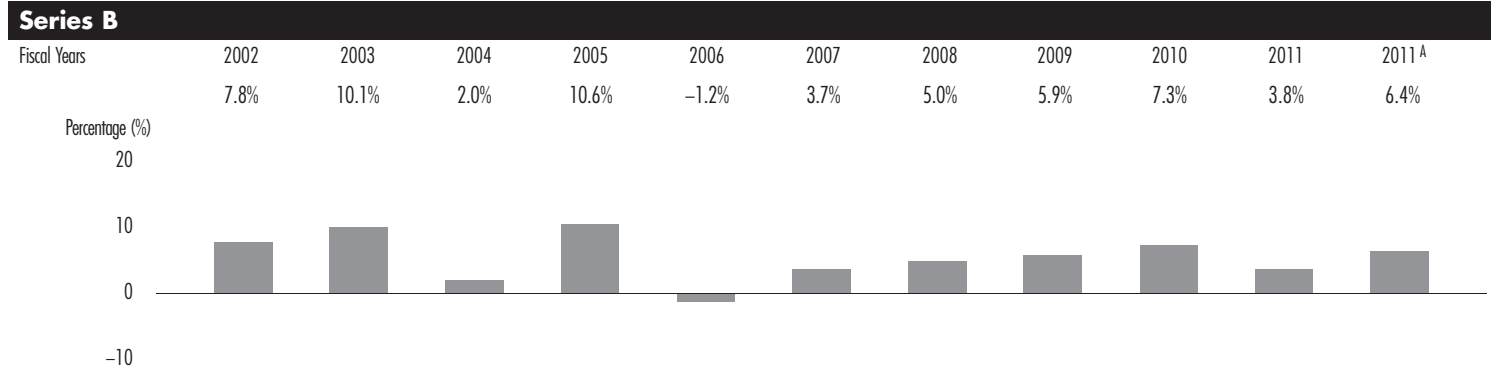
On January 10, 2005, Fidelity stopped offering Series A with the initial sales charge ("ISC") option and created Series B, which is only available with the ISC option, and transferred the existing Series A ISC units into the new Series. Series B management fees are lower than Series A. Returns for Series B include the actual returns for units when they were available as Series A ISC units.

### Year-by-Year Returns

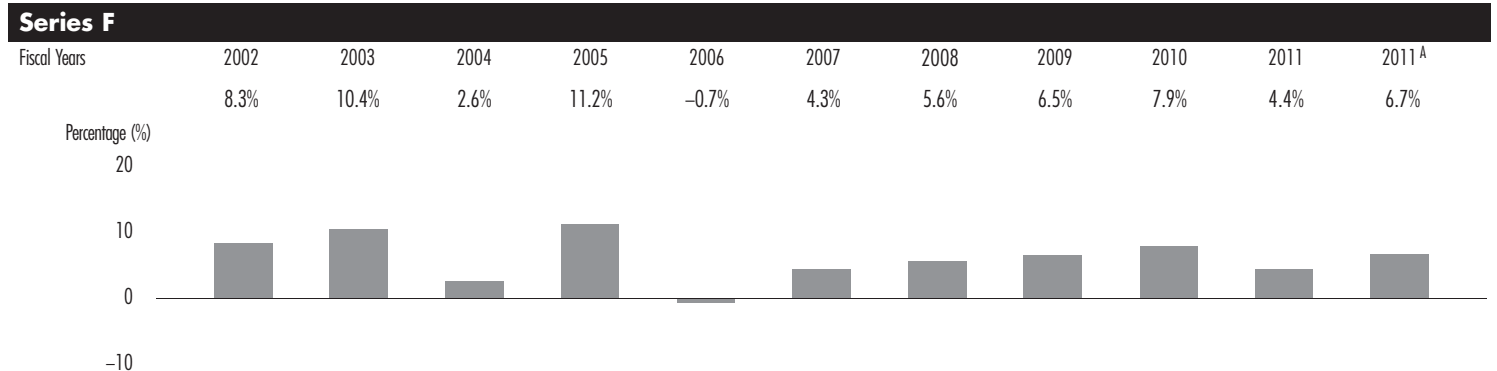
The following bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance was changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased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



<sup>A</sup> For the period July 1, 2011 to December 31, 2011.



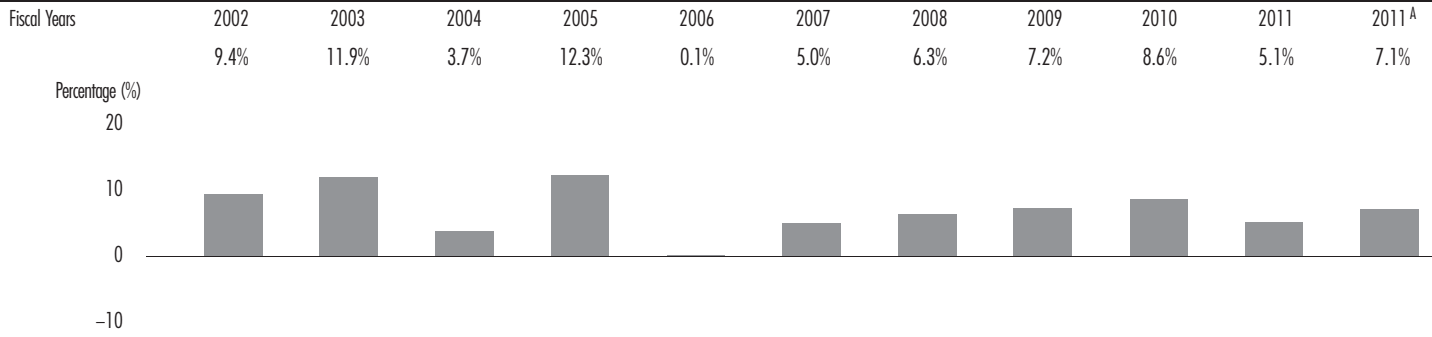
<sup>A</sup> For the period July 1, 2011 to December 31, 2011.



<sup>A</sup> For the period July 1, 2011 to December 31, 2011.

**Fidelity Canadian Bond Fund  
Past Performance – continued**

**Series O**



<sup>A</sup> For the period July 1, 2011 to December 31, 2011.

# Summary of Investment Portfolio as at December 31, 2011

## Asset Mix

	% of Fund's Net Assets
Canadian Bonds .....	90.2
Foreign Bonds .....	3.2
Cash and Cash Equivalents .....	5.8
Net Other Assets (Liabilities) .....	0.8
Swaps .....	1.1

Swaps percentage is calculated by dividing the sum of the notional and unrealized gain/loss by total net assets.

## Sector Mix

	% of Fund's Net Assets
Corporate .....	42.1
Federal .....	27.9
Provincial .....	16.8
Municipal .....	3.4
Foreign .....	3.2
Cash and Cash Equivalents .....	5.8
Net Other Assets (Liabilities) .....	0.8

## Top 25 Issuers

	% of Fund's Net Assets
1. Canadian Government .....	23.0
2. Cash and Cash Equivalents .....	5.8
3. Ontario Province .....	5.6
4. Canada Housing Trust No. 1 .....	4.6
5. Province of Quebec .....	4.5
6. Royal Bank of Canada .....	2.6
7. The Toronto-Dominion Bank .....	2.2
8. Manitoba Province .....	2.0
9. Ford Auto Securitization Trust .....	1.6
10. Bank of Nova Scotia .....	1.4
11. City of Toronto .....	1.3
12. Prince Edward Island Province .....	1.1
13. Greater Toronto Airports Authority .....	1.0
14. Nova Scotia Province .....	1.0
15. Rogers Communications, Inc. ....	0.9
16. Canadian Imperial Bank of Commerce ....	0.9
17. Bell Canada .....	0.8
18. Master Credit Card Trust .....	0.8
19. Province of British Columbia .....	0.8
20. Enbridge, Inc. ....	0.7
21. Shaw Communications, Inc. ....	0.7
22. Reliance LP .....	0.7
23. Bank of Montreal .....	0.7
24. Daimler Canada Finance, Inc. ....	0.7
25. GE Capital Canada Funding Co. ....	0.7
	66.1

Total Fund Net Assets \$5,581,829,000

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. The most recent annual report, semi-annual report, quarterly report or simplified prospectus for the investment fund 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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