



# Fidelity Canadian Short Term 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 Short Term 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 Short Term Bond Fund ("Fund"), Series B, returned 2.2%, for the six-month period ended December 31, 2011, after fees and expenses. 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 Short Term Bond Index, broadly representative of the Canadian short-term investment-grade bond market, returned 2.8% (in Canadian dollar terms) for the period under review.

The Fund's underperformance of the benchmark was largely attributable to its smaller allocation to government bonds.

At the end of December 31, 2011, the Fund had about 35.8% of its assets in government bonds, compared with the benchmark exposure of about 70.9%.

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 decreased exposure to corporate bonds, especially to financials securities. The Fund continued to have a large overall weighting, relative to the benchmark, in corporate bonds. The portfolio managers believe that these selected corporate bonds are fundamentally attractive and offer good value for investors. Among corporate issues, the largest weighting, relative to the benchmark, was in financial issuers. Among financial issues, bank debt accounts for the largest weighting, relative to the benchmark. Canadian banks appear to be strong, with solid balance sheets, compared with their global peers. The Fund also maintained a large weighting, relative to the benchmark, in communication, industrial, energy, infrastructure and real estate sectors, taking advantage of attractively priced issues. The portfolio managers decreased the Fund's exposure to government bonds, particularly federal bonds, to shift capital to cash, to allocate to attractive sector in the near future when an opportunity presents. The portfolio continued to include non-government bonds outside of corporate issuers; these issues have been consistently been adding value for investors. The Fund's cash holdings increased during the period under review, to take advantage of buying opportunities that near-term market dislocations may provide.

Portfolio managers Brian Miron and Jeffrey Moore continue to closely monitor the credit markets situation in both Canada and the U.S. and invest in the highest-quality bonds.

### **Recent Developments**

As the global economy continues to recover, significant issues remain. 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.

At the end of the six-month period ended December 31, 2011, the Fund's largest absolute exposure was to corporate bonds, followed by government bonds. In corporate bonds, financial issues accounted for the largest holding, followed by securitized debt. In government bonds, federal issues accounted for the largest absolute exposure, followed by provincial issues. The Fund continues to be allocate more weighting to corporate bonds and less weighing to government bonds, relative to the benchmark.

### **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.

**Fidelity Canadian Short Term Bond Fund  
Management Discussion of Fund Performance – continued**

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 unitholder 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 \$6,347,000 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 \$311,000 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					
	December 31, 2011	2011	2010	Periods ended June 30,		
				2009	2008	2007
<b>The Series' Net Assets per Unit</b>						
Net assets, beginning of period <sup>A, G</sup>	\$ 10.5467	\$ 10.5865	\$ 10.4919	\$ 10.2984	\$ 10.2877	\$ 10.2782
<b>Increase (decrease) from operations:</b>						
Total revenue	.1623	.3411	.3415	.4420	.5345	.4382
Total expenses	(.0778)	(.1537)	(.1484)	(.1460)	(.1457)	(.1478)
Realized gains (losses)	.0708	.0537	(.0003)	.2274	.0150	(.0133)
Unrealized gains (losses)	.0532	(.0063)	.1929	.0033	.0055	.0804
<b>Total increase (decrease) from operations<sup>A</sup></b>	<b>.2085</b>	<b>.2348</b>	<b>.3857</b>	<b>.5267</b>	<b>.4093</b>	<b>.3575</b>
<b>Distributions:</b>						
From income (excluding dividends)	(.1255)	(.2811)	(.3083)	(.3702)	(.3968)	(.3153)
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total distributions<sup>A, B</sup></b>	<b>(.1255)</b>	<b>(.2811)</b>	<b>(.3083)</b>	<b>(.3702)</b>	<b>(.3968)</b>	<b>(.3153)</b>
<b>Net assets, end of period<sup>A, G</sup></b>	<b>\$ 10.6401</b>	<b>\$ 10.5467</b>	<b>\$ 10.5865</b>	<b>\$ 10.4919</b>	<b>\$ 10.2984</b>	<b>\$ 10.2877</b>
<b>Ratios and Supplemental Data</b>						
Net asset value (000s) <sup>C</sup>	\$ 354,898	\$ 316,068	\$ 332,265	\$ 212,924	\$ 109,699	\$ 126,354
Units outstanding <sup>C</sup>	33,354,841	29,968,387	31,385,798	20,294,024	10,652,021	12,282,031
Management expense ratio <sup>D</sup>	1.46%	1.45%	1.41%	1.43%	1.43%	1.44%
Management expense ratio before waivers or absorptions <sup>D</sup>	1.46%	1.45%	1.45%	1.58%	1.59%	1.63%
Portfolio turnover rate <sup>E</sup>	42%	65%	83%	97%	52%	61%
Trading expense ratio <sup>F</sup>	—%	—%	—%	—%	—%	—%
Net asset value per unit, end of period	\$ 10.6401	\$ 10.5467	\$ 10.5865	\$ 10.4919	\$ 10.2984	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 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>	\$ 10.5500	\$ 10.5898	\$ 10.4950	\$ 10.3017	\$ 10.2879	\$ 10.2784
<b>Increase (decrease) from operations:</b>						
Total revenue	.1624	.3412	.3406	.4375	.5348	.4386
Total expenses	(.0611)	(.1205)	(.1152)	(.1167)	(.1167)	(.1182)
Realized gains (losses)	.0708	.0533	(.0024)	.2156	.0150	(.0138)
Unrealized gains (losses)	.0535	(.0074)	.1705	(.0050)	.0045	.0658
<b>Total increase (decrease) from operations<sup>A</sup></b>	<b>.2256</b>	<b>.2666</b>	<b>.3935</b>	<b>.5314</b>	<b>.4376</b>	<b>.3724</b>
<b>Distributions:</b>						
From income (excluding dividends)	(.1423)	(.3141)	(.3410)	(.4021)	(.4285)	(.3467)
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total distributions<sup>A,B</sup></b>	<b>(.1423)</b>	<b>(.3141)</b>	<b>(.3410)</b>	<b>(.4021)</b>	<b>(.4285)</b>	<b>(.3467)</b>
<b>Net assets, end of period<sup>A,G</sup></b>	<b>\$ 10.6434</b>	<b>\$ 10.5500</b>	<b>\$ 10.5898</b>	<b>\$ 10.4950</b>	<b>\$ 10.3017</b>	<b>\$ 10.2879</b>
<b>Ratios and Supplemental Data</b>						
Net asset value (000s) <sup>C</sup>	\$ 858,156	\$ 741,936	\$ 797,959	\$ 336,253	\$ 126,067	\$ 138,096
Units outstanding <sup>C</sup>	80,628,296	70,325,646	75,351,545	32,039,497	12,237,473	13,423,130
Management expense ratio <sup>D</sup>	1.14%	1.14%	1.10%	1.13%	1.13%	1.14%
Management expense ratio before waivers or absorptions <sup>D</sup>	1.14%	1.14%	1.13%	1.26%	1.26%	1.29%
Portfolio turnover rate <sup>E</sup>	42%	65%	83%	97%	52%	61%
Trading expense ratio <sup>F</sup>	—%	—%	—%	—%	—%	—%
Net asset value per unit, end of period	\$ 10.6434	\$ 10.5500	\$ 10.5898	\$ 10.4950	\$ 10.3017	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 F

	Six-months ended					
	December 31, 2011	2011	2010	Periods ended June 30,		2007
				2009	2008	
<b>The Series' Net Assets per Unit</b>						
Net assets, beginning of period <sup>A, G</sup>	\$ 10.5440	\$ 10.5837	\$ 10.4893	\$ 10.2987	\$ 10.2863	\$ 10.2765
<b>Increase (decrease) from operations:</b>						
Total revenue	.1621	.3411	.3407	.4217	.5342	.4379
Total expenses	(.0332)	(.0654)	(.0620)	(.0620)	(.0625)	(.0628)
Realized gains (losses)	.0689	.0526	(.0018)	.2052	.0160	(.0130)
Unrealized gains (losses)	.0516	(.0055)	.1704	(.0583)	.0333	.0887
<b>Total increase (decrease) from operations<sup>A</sup></b>	<b>.2494</b>	<b>.3228</b>	<b>.4473</b>	<b>.5066</b>	<b>.5210</b>	<b>.4508</b>
<b>Distributions:</b>						
From income (excluding dividends)	(.1701)	(.3692)	(.3946)	(.4596)	(.4766)	(.4019)
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total distributions<sup>A, B</sup></b>	<b>(.1701)</b>	<b>(.3692)</b>	<b>(.3946)</b>	<b>(.4596)</b>	<b>(.4766)</b>	<b>(.4019)</b>
<b>Net assets, end of period<sup>A, G</sup></b>	<b>\$ 10.6373</b>	<b>\$ 10.5440</b>	<b>\$ 10.5837</b>	<b>\$ 10.4893</b>	<b>\$ 10.2987</b>	<b>\$ 10.2863</b>
<b>Ratios and Supplemental Data</b>						
Net asset value (000s) <sup>C</sup>	\$ 68,863	\$ 54,899	\$ 54,347	\$ 23,833	\$ 3,555	\$ 4,763
Units outstanding <sup>C</sup>	6,473,742	5,206,694	5,134,981	2,272,111	345,220	462,999
Management expense ratio <sup>D</sup>	.62%	.62%	.59%	.60%	.61%	.61%
Management expense ratio before waivers or absorptions <sup>D</sup>	.62%	.62%	.62%	.69%	.67%	.71%
Portfolio turnover rate <sup>E</sup>	42%	65%	83%	97%	52%	61%
Trading expense ratio <sup>F</sup>	—%	—%	—%	—%	—%	—%
Net asset value per unit, end of period	\$ 10.6373	\$ 10.5440	\$ 10.5837	\$ 10.4893	\$ 10.2987	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 O

	Six-months ended					
	December 31, 2011	2011	2010	Periods ended June 30,		
				2009	2008	2007
<b>The Series' Net Assets per Unit</b>						
Net assets, beginning of period <sup>B, G</sup>	\$ 10.5612	\$ 10.6011	\$ 10.5081	\$ 10.3172	\$ 10.2999	\$ 10.2899
<b>Increase (decrease) from operations:</b>						
Total revenue	.1627	.3426	.3426	.4563	.5276	.4423
Total expenses	—	—	—	—	—	—
Realized gains (losses)	.0711	.0497	.0006	.2018	.0173	(.0167)
Unrealized gains (losses)	.0598	.0057	.2050	.0484	(.0066)	(.0325)
<b>Total increase (decrease) from operations<sup>B</sup></b>	<b>.2936</b>	<b>.3980</b>	<b>.5482</b>	<b>.7065</b>	<b>.5383</b>	<b>.3931</b>
<b>Distributions:</b>						
From income (excluding dividends)	(.2036)	(.4354)	(.4586)	(.5225)	(.5391)	(.4663)
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total distributions<sup>B, C</sup></b>	<b>(.2036)</b>	<b>(.4354)</b>	<b>(.4586)</b>	<b>(.5225)</b>	<b>(.5391)</b>	<b>(.4663)</b>
<b>Net assets, end of period<sup>B, G</sup></b>	<b>\$ 10.6547</b>	<b>\$ 10.5612</b>	<b>\$ 10.6011</b>	<b>\$ 10.5081</b>	<b>\$ 10.3172</b>	<b>\$ 10.2999</b>
<b>Ratios and Supplemental Data</b>						
Net asset value (000s) <sup>D</sup>	\$ 172,412	\$ 161,985	\$ 120,603	\$ 91,541	\$ 84,039	\$ 58,932
Units outstanding <sup>D</sup>	16,181,716	15,337,689	11,376,412	8,711,440	8,145,527	5,721,606
Management expense ratio <sup>A</sup>	—%	—%	—%	—%	—%	—%
Management expense ratio before waivers or absorptions <sup>A</sup>	—%	—%	—%	—%	—%	—%
Portfolio turnover rate <sup>E</sup>	42%	65%	83%	97%	52%	61%
Trading expense ratio <sup>F</sup>	—%	—%	—%	—%	—%	—%
Net asset value per unit, end of period	\$ 10.6547	\$ 10.5612	\$ 10.6011	\$ 10.5081	\$ 10.3172	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*	68.24	50.00	—
Investment management, administration and other	31.76	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 Short Term Bond Fund

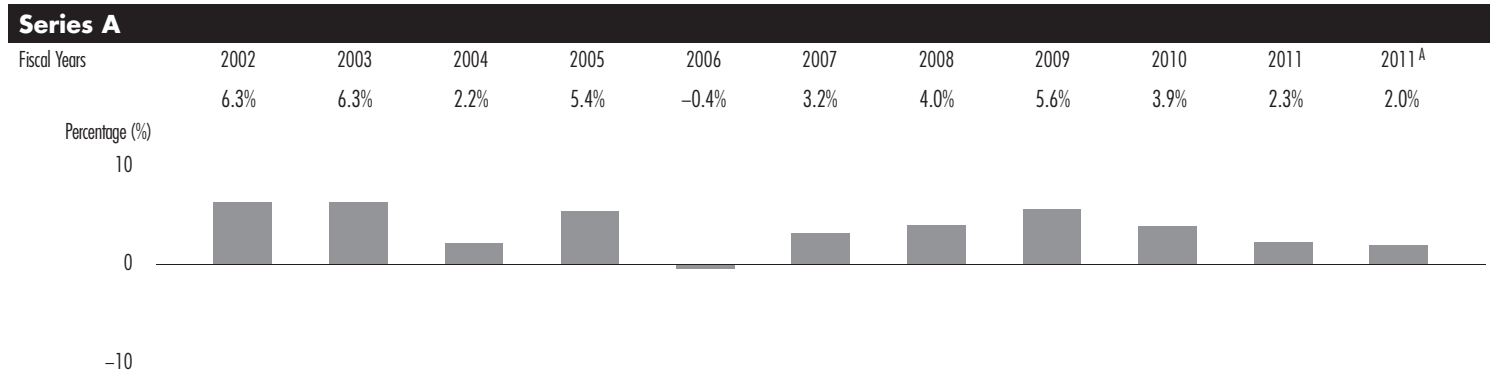
## Past Performance

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.

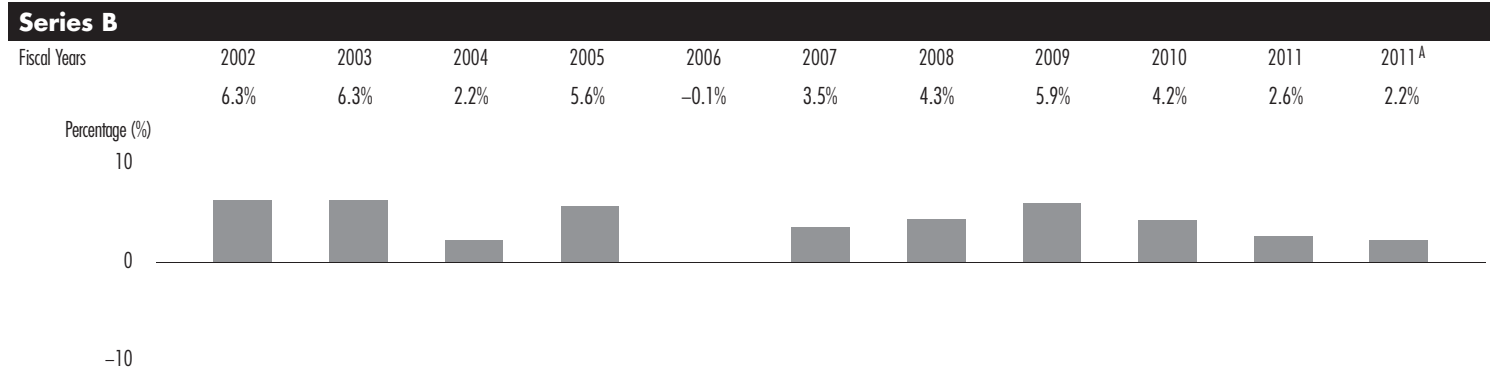
On January 10, 2005, Fidelity stopped offering Series A with the initial sales charge ("ISC") option and created Series B, which is only available with the ISC option, and transferred the existing Series A ISC units into the new Series. Series B management fees are lower than Series A. Returns for Series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

### Year-by-Year Returns

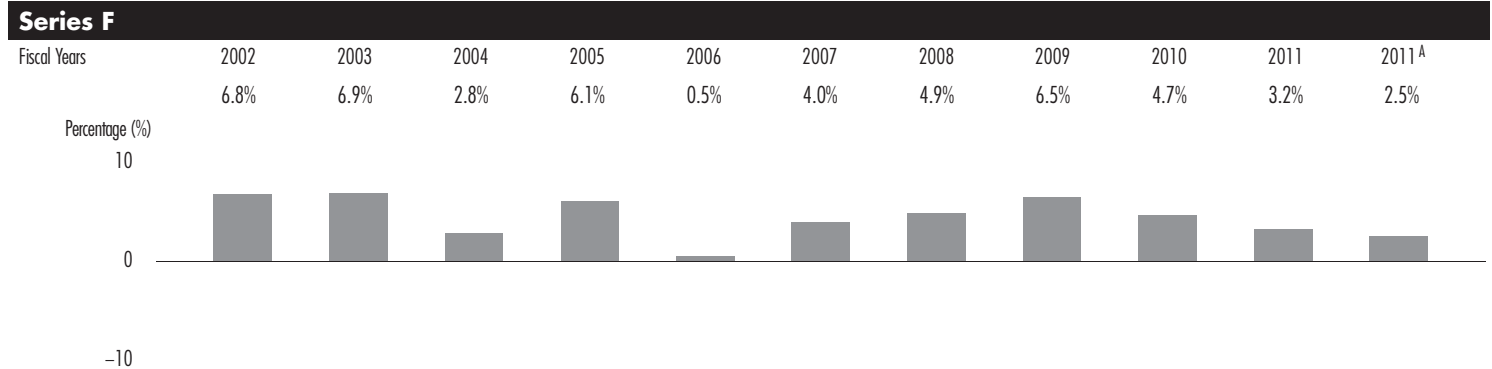
The following bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance was changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased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



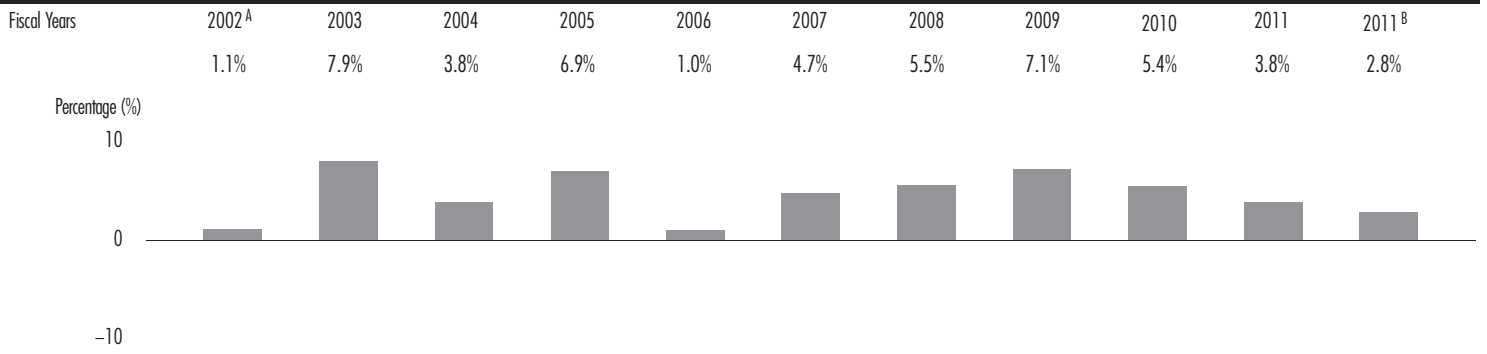
<sup>A</sup> For the period July 1, 2011 to December 31, 2011.



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

**Series O**

<sup>A</sup> Since the Commencement of Operations, from November 1, 2001 to June 30, 2002.

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

# Fidelity Canadian Short Term Bond Fund

## Summary of Investment Portfolio as at December 31, 2011

### Asset Mix

	% of Fund's Net Assets
Canadian Bonds .....	86.7
Foreign Bonds .....	5.2
Cash and Cash Equivalents .....	7.5
Net Other Assets (Liabilities) .....	0.6

### Sector Mix

	% of Fund's Net Assets
Corporate .....	50.9
Federal .....	20.1
Provincial .....	15.0
Municipal .....	0.7
Foreign .....	5.2
Cash and Cash Equivalents .....	7.5
Net Other Assets (Liabilities) .....	0.6

### Top 25 Issuers

	% of Fund's Net Assets
1. Canada Housing Trust No. 1 .....	13.8
2. Ontario Province .....	10.8
3. Canadian Government .....	8.9
4. Cash and Cash Equivalents .....	7.5
5. Royal Bank of Canada .....	3.5
6. Bank of Nova Scotia .....	3.5
7. The Toronto-Dominion Bank .....	3.3
8. Province of Quebec .....	2.7
9. Ford Auto Securitization Trust .....	1.8
10. Bank of Montreal .....	1.8
11. Master Credit Card Trust .....	1.6
12. Bell Canada .....	1.1
13. Merrill Lynch Financial Asset, Inc. ....	1.0
14. American Express Canada Credit Corp. .	0.9
15. Canadian Capital Auto Receivables Asset Trust II .....	0.9
16. Reliance LP .....	0.8
17. Toyota Credit Canada, Inc. ....	0.8
18. Gloucester Credit Card Trust .....	0.8
19. HSBC Bank of Canada .....	0.8
20. Metropolitan Life Global Funding I .....	0.8
21. New Brunswick Province .....	0.8
22. Column Canada Issuer Corp. ....	0.8
23. Cards II Trust .....	0.8
24. First Capital Realty, Inc. ....	0.8
25. Daimler Canada Finance, Inc. ....	0.7
	71.0

Total Fund Net Assets \$1,454,329,000

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).









Fidelity Investments Canada ULC  
483 Bay Street, Suite 300  
Toronto, Ontario M5G 2N7

**Manager, Transfer Agent  
and Registrar**

Fidelity Investments Canada ULC  
483 Bay Street, Suite 300  
Toronto, Ontario M5G 2N7

**Portfolio Adviser**

Pyramis Global Advisors, LLC  
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