



Fidelity Income Allocation 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 Income Allocation 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 or SEDAR at 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 Income Allocation Fund ("Fund"), Series B, returned 3.0% for the six-month period ended December 31, 2011, after fees and expenses. The net returns of other series of this Fund 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 market, returned -8.9% (in Canadian dollar terms). The Fund's outperformance of the broad-based benchmark is primarily attributable to holdings in fixed-income and high-yield securities, which outperformed equities amid ongoing concerns about global economic growth and the European debt crisis.

The Fund's benchmark, the Income Allocation Blended Index, returned 4.8% for the six-month review period. The Fund's underperformance is primarily attributable to investments in real estate investment trusts. During the last three months of the review period, the portfolio manager reduced the Fund's exposure to real estate securities.

The blended index is a mix of approximately 60.0% DEX Universe Bond Index, 15.0% MSCI Canada Value Capped Index, 15.0% Dividend Plus Blend Index and 10.0% BofA Merrill Lynch US High Yield Master II Constrained Index. The Dividend Plus Blend Index combines an 80% allocation to a blend of four S&P/TSX industry groups (telecommunication services, utilities, oil and gas storage and transportation, and REITs) and a 20% allocation to the S&P BMI U.S. REIT Index – Hedged CAD.

The Canadian stock market declined during the review period, amid uncertainty caused by the European debt crisis and concerns 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. The Bank of Canada continued to maintain its key interest rate at 1.0% during the period, to boost economic growth. Yields on Canadian government bonds declined during the period, leading to a rise in the price of government bonds.

During the review period, the Fund's portfolio managers Geoff Stein and Derek Young positioned the Fund cautiously, having decreased the Fund's allocation to equities in favour of fixed-income securities. The team continues to find attractive yields among investment-grade and higher yielding lower quality securities.

In the equities portfolio, the portfolio managers maintained less exposure to energy and materials stocks than the benchmark. The portfolio managers are concerned about a slowdown in emerging markets and believe that the business cycle has entered its later phases, which could dampen commodity and resource prices. The Fund's exposure to defensive sectors such as health care and consumer staples was maintained. In the health care sector, the managers focused on stocks with low capital requirements, low debt levels and attractive free cash flow yields. In the consumer staples sector, the portfolio managers focused on businesses with stable and defensive earnings. The Fund also maintained exposure to stocks in the consumer discretionary sector, where the managers favoured select media and retailing companies, based largely on the merits of individual stock fundamentals. The Fund invested less in the financials sector than the benchmark, particularly in European banks, due to the ongoing sovereign debt crisis in the eurozone.

In the investment-grade bond portfolio, the portfolio managers modestly increased exposure to government bonds by adding attractively priced federal issues. However, the Fund's holdings in provincial bonds were decreased to take advantage of attractive opportunities in other issues. The Fund's exposure to corporate bonds was modestly decreased during the period. Among corporate bond issues, the largest exposure was to the financial sector. Among financial issues, the Fund diverged the most from the benchmark allocations by having a larger position in bank debt. Canadian banks appear to be strong, with solid balance sheets, compared with their global peers. The portfolio managers also favoured bond issues in the communication, industrial, energy, infrastructure and real estate sectors, taking advantage of attractively priced securities. The portfolio maintained out-of-index allocation to commercial mortgage-backed securities and asset-backed securities. Fundamentals remain positive for the select issuers in which the Fund is invested, and in the managers' view, the current prices do not reflect their actual value and risk.

Among U.S. higher yielding fixed-income securities, the portfolio manager continued to take a balanced approach, positioning the portfolio defensively. He believes that fundamentals remain favourable, with good new issuance flow and liquidity.

Fidelity Income Allocation Fund Management Discussion of Fund Performance – continued

Recent Developments

Portfolio managers Geoff Stein and Derek Young remain positive on the health of the Canadian and global economy, while recognizing the existing global economic risks and their importance for market performance.

The equity portfolio managers continue to select companies on a stock-by-stock basis. At the end of the review period, the Fund was partly positioned towards more defensive sectors, given the uncertainty in the global economy. Accordingly, the managers avoided the more cyclical sectors, such as materials and energy. In Canada, consumer debt and real estate activity levels remain a concern, and earnings expectations for the banking industry may have peaked; hence the Fund's lack of exposure to financials. Overall, the managers remain focused on selecting quality, attractively valued stocks that offer compelling reward-to-risk potential over the medium to long term.

The ongoing European sovereign debt crisis and mixed economic data remain a major concern for the investment-grade bond portfolio managers. Accordingly, the managers will aim to keep the portfolio highly liquid in order to be well positioned to take advantage of buying opportunities that current levels of spread volatility may provide. The portfolio managers are optimistic about the investment opportunities created by current market conditions, especially in the corporate and securitization sectors.

The U.S. high-yield portfolio manager remains patient, believing that it is not necessary to take excessive risk to achieve a solid return. The asset class remains attractive from a total return perspective. Rather than looking at sectors, the manager has been focusing on a name-by-name basis.

As at December 31, 2011, the Fund had 57.8% of assets invested in Fidelity Canadian Bond Fund, 14.9% in Fidelity Dividend Plus Fund, 11.0% in Fidelity American High Yield Fund, 8.9% in Canadian equities, 4.5% in foreign equities and 2.9% in cash and others.

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 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 sub-advisory agreements with Fidelity Investments Money Management Inc., FMR Co., Inc. and Pyramis Canada ULC; affiliates 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 \$3,754,000 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 \$587,000 for the period ended December 31, 2011.

Brokerage Commissions

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of Fidelity, including National Financial Services LLC, provided it determines that these affiliates' trade execution abilities and costs are comparable to those of non-affiliated, qualified brokerage firms, on an execution-only basis. Commissions paid to brokerage firms that are affiliates of Fidelity were \$0 for the period ended December 31, 2011. Fidelity receives standing instructions from the IRC in respect of policies and procedures governing best execution, which includes brokers affiliated to Fidelity, at least once per year.

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
The Series' Net Assets per Unit						
Net assets, beginning of period ^{A, G}	\$ 12.7419	\$ 11.5280	\$ 9.6075	\$ 11.9305	\$ 12.6252	\$ 12.1395
Increase (decrease) from operations:						
Total revenue	.2528	.5125	.6122	.6830	.5296	.8069
Total expenses	(.1268)	(.2469)	(.2501)	(.2148)	(.2657)	(.2829)
Realized gains (losses)	(.0266)	.6709	.0157	(.7120)	.5906	.7533
Unrealized gains (losses)	.3335	.4738	1.7261	(1.8786)	(.5324)	.2014
Total increase (decrease) from operations^A	.4329	1.4103	2.1039	(2.1224)	.3221	1.4787
Distributions:						
From income (excluding dividends)	(.1244)	(.2681)	(.3597)	(.4525)	(.4702)	(.4903)
From dividends	(.0074)	(.0017)	(.0028)	(.0034)	(.0029)	(.0214)
From capital gains	—	—	—	—	(.5252)	(.5249)
Return of capital	—	—	—	—	—	—
Total distributions^{A, B}	(.1318)	(.2698)	(.3625)	(.4559)	(.9983)	(1.0366)
Net assets, end of period^{A, G}	\$ 12.9808	\$ 12.7419	\$ 11.5280	\$ 9.6075	\$ 11.9305	\$ 12.6108
Ratios and Supplemental Data						
Net asset value (000s) ^C	\$ 199,357	\$ 133,586	\$ 89,445	\$ 64,195	\$ 92,503	\$ 96,392
Units outstanding ^C	15,355,541	10,481,096	7,757,075	6,679,896	7,746,482	7,643,615
Management expense ratio ^D	1.99%	1.99%	2.24%	2.27%	2.25%	2.30%
Management expense ratio before waivers or absorptions ^D	1.99%	1.99%	2.24%	2.27%	2.25%	2.30%
Portfolio turnover rate ^E	12%	51%	18%	24%	13%	21%
Trading expense ratio ^F	.11%	.07%	.34%	.03%	.01%	.06%
Net asset value per unit, end of period	\$ 12.9827	\$ 12.7454	\$ 11.5307	\$ 9.6102	\$ 11.9414	n/a

^A 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.

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

^C This information is provided as at period end of the year shown.

^D 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.

^E 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.

^F 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, including the Fund's pro-rata share of estimated trading costs incurred in each Underlying Fund. Trading expense ratios prior to September 2009 do not include any Underlying Fund.

^G 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					
	December 31, 2011	2011	2010	Periods ended June 30,		2007
				2009	2008	
The Series' Net Assets per Unit						
Net assets, beginning of period ^{A,G}	\$ 12.7386	\$ 11.5252	\$ 9.6047	\$ 11.9274	\$ 12.6147	\$ 12.1350
Increase (decrease) from operations:						
Total revenue	.2523	.5097	.6187	.6850	.9749	.8116
Total expenses	(.1134)	(.2213)	(.2271)	(.1951)	(.2419)	(.2584)
Realized gains (losses)	(.0274)	.6474	.0207	(.6760)	.1476	.7614
Unrealized gains (losses)	.3291	.4063	1.5945	(1.6539)	(.4946)	.1967
Total increase (decrease) from operations^A	.4406	1.3421	2.0068	(1.8400)	.3860	1.5113
Distributions:						
From income (excluding dividends)	(.1369)	(.2939)	(.3827)	(.4710)	(.4921)	(.5123)
From dividends	(.0079)	(.0018)	(.0030)	(.0036)	(.0029)	(.0223)
From capital gains	—	—	—	—	(.5268)	(.5267)
Return of capital	—	—	—	—	—	—
Total distributions^{A,B}	(.1448)	(.2957)	(.3857)	(.4746)	(1.0218)	(1.0613)
Net assets, end of period^{A,G}	\$ 12.9775	\$ 12.7386	\$ 11.5252	\$ 9.6047	\$ 11.9274	\$ 12.6063
Ratios and Supplemental Data						
Net asset value (000s) ^C	\$ 350,793	\$ 235,770	\$ 104,039	\$ 59,204	\$ 67,050	\$ 57,031
Units outstanding ^C	27,026,898	18,503,252	9,025,061	6,162,423	5,616,361	4,523,999
Management expense ratio ^D	1.78%	1.79%	2.03%	2.08%	2.05%	2.10%
Management expense ratio before waivers or absorptions ^D	1.78%	1.79%	2.03%	2.09%	2.08%	2.11%
Portfolio turnover rate ^E	12%	51%	18%	24%	13%	21%
Trading expense ratio ^F	.11%	.07%	.34%	.03%	.01%	.06%
Net asset value per unit, end of period	\$ 12.9794	\$ 12.7421	\$ 11.5279	\$ 9.6073	\$ 11.9383	n/a

^A 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.

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

^C This information is provided as at period end of the year shown.

^D 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.

^E 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.

^F 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, including the Fund's pro-rata share of estimated trading costs incurred in each Underlying Fund. Trading expense ratios prior to September 2009 do not include any Underlying Fund.

^G 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	
The Series' Net Assets per Unit						
Net assets, beginning of period ^{A,G}	\$ 12.7319	\$ 11.5187	\$ 9.5997	\$ 11.9225	\$ 12.5758	\$ 12.1306
Increase (decrease) from operations:						
Total revenue	.2529	.5088	.6196	.6861	.9738	.8174
Total expenses	(.0570)	(.1102)	(.1047)	(.0967)	(.1175)	(.1255)
Realized gains (losses)	(.0255)	.6720	.0102	(.7170)	.1569	.7956
Unrealized gains (losses)	.3186	.4743	1.6313	(2.1014)	(.5440)	.1691
Total increase (decrease) from operations^A	.4890	1.5449	2.1564	(2.2290)	.4692	1.6566
Distributions:						
From income (excluding dividends)	(.1915)	(.4045)	(.5042)	(.5693)	(.6077)	(.6322)
From dividends	(.0100)	(.0024)	(.0040)	(.0043)	(.0030)	(.0272)
From capital gains	—	—	—	—	(.5364)	(.5371)
Return of capital	—	—	—	—	—	—
Total distributions^{A,B}	(.2015)	(.4069)	(.5082)	(.5736)	(1.1471)	(1.1965)
Net assets, end of period^{A,G}	\$ 12.9704	\$ 12.7319	\$ 11.5187	\$ 9.5997	\$ 11.9225	\$ 12.5994
Ratios and Supplemental Data						
Net asset value (000s) ^C	\$ 15,598	\$ 9,675	\$ 6,242	\$ 3,695	\$ 5,653	\$ 5,797
Units outstanding ^C	1,202,436	759,656	541,783	384,793	473,735	460,127
Management expense ratio ^D	.89%	.89%	.94%	1.02%	1.00%	1.02%
Management expense ratio before waivers or absorptions ^D	.89%	.89%	.94%	1.02%	1.00%	1.02%
Portfolio turnover rate ^E	12%	51%	18%	24%	13%	21%
Trading expense ratio ^F	.11%	.07%	.34%	.03%	.01%	.06%
Net asset value per unit, end of period	\$ 12.9723	\$ 12.7354	\$ 11.5214	\$ 9.6024	\$ 11.9333	n/a

^A 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.

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

^C This information is provided as at period end of the year shown.

^D 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.

^E 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.

^F 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, including the Fund's pro-rata share of estimated trading costs incurred in each Underlying Fund. Trading expense ratios prior to September 2009 do not include any Underlying Fund.

^G 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,		2007
				2009	2008	
The Series' Net Assets per Unit						
Net assets, beginning of period ^{B, G}	\$ 12.7407	\$ 11.5314	\$ 9.6095	\$ 11.9293	\$ 12.5569	\$ 12.1419
Increase (decrease) from operations:						
Total revenue	.2478	.4909	.5149	.6712	.9720	.7967
Total expenses	—	—	—	—	—	—
Realized gains (losses)	(.0265)	.7000	(.1448)	(.8843)	.1270	.7157
Unrealized gains (losses)	.2831	.5273	3.5738	(2.2060)	(.6497)	.2867
Total increase (decrease) from operations^B	.5044	1.7182	3.9439	(2.4191)	.4493	1.7991
Distributions:						
From income (excluding dividends)	(.2467)	(.5165)	(.6111)	(.6650)	(.7178)	(.7466)
From dividends	(.0120)	(.0030)	(.0048)	(.0051)	(.0031)	(.0318)
From capital gains	—	—	—	—	(.5463)	(.5478)
Return of capital	—	—	—	—	—	—
Total distributions^{B, C}	(.2587)	(.5195)	(.6159)	(.6701)	(1.2672)	(1.3262)
Net assets, end of period^{B, G}	\$ 12.9775	\$ 12.7407	\$ 11.5314	\$ 9.6095	\$ 11.9293	\$ 12.6104
Ratios and Supplemental Data						
Net asset value (000s) ^D	\$ 1	\$ 1	\$ 1	\$ 19	\$ 59	\$ 151
Units outstanding ^D	115	112	108	1,998	4,934	11,935
Management expense ratio ^A	—%	—%	—%	—%	—%	—%
Management expense ratio before waivers or absorptions ^A	—%	—%	—%	—%	—%	—%
Portfolio turnover rate ^E	12%	51%	18%	24%	13%	21%
Trading expense ratio ^F	.11%	.07%	.34%	.03%	.01%	.06%
Net asset value per unit, end of period	\$ 12.9795	\$ 12.7443	\$ 11.5340	\$ 9.6121	\$ 11.9402	n/a

^A No fees are charged to the Series.

^B 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.

^C Distributions were paid in cash or reinvested in additional units of the Fund, or both.

^D This information is provided as at period end of the year shown.

^E 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.

^F 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, including the Fund's pro-rata share of estimated trading costs incurred in each Underlying Fund. Trading expense ratios prior to September 2009 do not include any Underlying Fund.

^G 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 T5

	Period ended December 31, 2011 ^A
The Series' Net Assets per Unit	
Net assets, beginning of period ^{B, H}	\$ 15.0000
Increase (decrease) from operations:	
Total revenue	.0052
Total expenses	(.0040)
Realized gains (losses)	.0009
Unrealized gains (losses)	.0492
Total increase (decrease) from operations^B	.0513
Distributions:	
From income (excluding dividends)	—
From dividends	—
From capital gains	—
Return of capital	—
Total distributions^{B, C}	—
Net assets, end of period^{B, H}	\$ 15.0361
Ratios and Supplemental Data	
Net asset value (000s) ^D	\$ 226
Units outstanding ^D	15,044
Management expense ratio ^E	2.04%
Management expense ratio before waivers or absorptions ^E	2.04%
Portfolio turnover rate ^F	12%
Trading expense ratio ^G	.11%
Net asset value per unit, end of period	\$ 15.0383

^A For the period December 22, 2011 (commencement of sale of units) to December 31, 2011.

^B 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.

^C Distributions were paid in cash or reinvested in additional units of the Fund, or both, and excludes distributions of management fee reductions to unitholders.

^D This information is provided as at period end of the year shown.

^E 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.

^F 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.

^G 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, including the Fund's pro-rata share of estimated trading costs incurred in each Underlying Fund.

^H The net assets per unit is calculated in accordance with Section 3855 of the CICA Handbook.

Series T8

	Six-months ended					
	December 31, 2011	2011	2010	Periods ended June 30,		2007
				2009	2008	
The Series' Net Assets per Unit						
Net assets, beginning of period ^{A, G}	\$ 14.4828	\$ 13.8848	\$ 12.0828	\$ 15.6647	\$ 17.2361	\$ 17.4297
Increase (decrease) from operations:						
Total revenue	.2837	.6026	.7576	.8819	1.3100	1.1447
Total expenses	(.1420)	(.2892)	(.3085)	(.2766)	(.3574)	(.3982)
Realized gains (losses)	(.0323)	.7883	.0175	(.9168)	.1938	1.0740
Unrealized gains (losses)	.3601	.5961	2.1267	(2.4226)	(.5367)	.2648
Total increase (decrease) from operations^A	.4695	1.6978	2.5933	(2.7341)	.6097	2.0853
Distributions:						
From income (excluding dividends)	(.1396)	(.3152)	(.4436)	(.5825)	(.6318)	(.6905)
From dividends	(.0082)	(.0019)	(.0035)	(.0044)	(.0039)	(.0296)
From capital gains	—	—	—	—	(.7090)	(.7416)
Return of capital	(.4539)	(.8429)	(.6021)	(.5152)	(.7626)	(.7209)
Total distributions^{A, B}	(.6017)	(1.1600)	(1.0492)	(1.1021)	(2.1073)	(2.1826)
Net assets, end of period^{A, G}	\$ 14.2919	\$ 14.4828	\$ 13.8848	\$ 12.0828	\$ 15.6647	\$ 17.3710
Ratios and Supplemental Data						
Net asset value (000s) ^C	\$ 49,230	\$ 37,298	\$ 27,651	\$ 19,494	\$ 27,379	\$ 25,667
Units outstanding ^C	3,444,086	2,574,612	1,990,973	1,612,907	1,746,206	1,477,574
Management expense ratio ^D	1.98%	1.99%	2.24%	2.27%	2.25%	2.30%
Management expense ratio before waivers or absorptions ^D	1.98%	1.99%	2.24%	2.27%	2.25%	2.30%
Portfolio turnover rate ^E	12%	51%	18%	24%	13%	21%
Trading expense ratio ^F	.11%	.07%	.34%	.03%	.01%	.06%
Net asset value per unit, end of period	\$ 14.2940	\$ 14.4868	\$ 13.8881	\$ 12.0861	\$ 15.6790	n/a

^A 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.

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

^C This information is provided as at period end of the year shown.

^D 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.

^E 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.

^F 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, including the Fund's pro-rata share of estimated trading costs incurred in each Underlying Fund. Trading expense ratios prior to September 2009 do not include any Underlying Fund.

^G 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 S5

	Period ended December 31, 2011 ^A
The Series' Net Assets per Unit	
Net assets, beginning of period ^{B, H}	\$ 15.0000
Increase (decrease) from operations:	
Total revenue	.0065
Total expenses	(.0052)
Realized gains (losses)	.0016
Unrealized gains (losses)	.0891
Total increase (decrease) from operations^B	.0920
Distributions:	
From income (excluding dividends)	—
From dividends	—
From capital gains	—
Return of capital	—
Total distributions^{B, C}	—
Net assets, end of period^{B, H}	\$ 15.0355
Ratios and Supplemental Data	
Net asset value (000s) ^D	\$ 88
Units outstanding ^D	5,819
Management expense ratio ^E	1.82%
Management expense ratio before waivers or absorptions ^E	1.82%
Portfolio turnover rate ^F	12%
Trading expense ratio ^G	.11%
Net asset value per unit, end of period	\$ 15.0378

^A For the period December 22, 2011 (commencement of sale of units) to December 31, 2011.

^B 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.

^C Distributions were paid in cash or reinvested in additional units of the Fund, or both, and excludes distributions of management fee reductions to unitholders.

^D This information is provided as at period end of the year shown.

^E 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.

^F 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.

^G 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, including the Fund's pro-rata share of estimated trading costs incurred in each Underlying Fund.

^H The net assets per unit is calculated in accordance with Section 3855 of the CICA Handbook.

Series S8

	Six-months ended					
	December 31, 2011	2011	2010	Periods ended June 30,		2007
				2009	2008	
The Series' Net Assets per Unit						
Net assets, beginning of period ^{A, G}	\$ 14.6723	\$ 14.0385	\$ 12.1875	\$ 15.7596	\$ 17.3004	\$ 17.4523
Increase (decrease) from operations:						
Total revenue	.2855	.6027	.7742	.8885	1.3171	1.1507
Total expenses	(.1292)	(.2620)	(.2824)	(.2515)	(.3252)	(.3571)
Realized gains (losses)	(.0328)	.8004	.0353	(.9036)	.1998	1.0857
Unrealized gains (losses)	.3411	.5775	1.9112	(2.2325)	(.5583)	.2058
Total increase (decrease) from operations^A	.4646	1.7186	2.4383	(2.4991)	.6334	2.0851
Distributions:						
From income (excluding dividends)	(.1558)	(.3491)	(.4769)	(.6109)	(.6645)	(.7239)
From dividends	(.0088)	(.0021)	(.0038)	(.0046)	(.0040)	(.0309)
From capital gains	—	—	—	—	(.7149)	(.7464)
Return of capital	(.4460)	(.8237)	(.5773)	(.4886)	(.7303)	(.6866)
Total distributions^{A, B}	(.6106)	(1.1749)	(1.0580)	(1.1041)	(2.1137)	(2.1878)
Net assets, end of period^{A, G}	\$ 14.4932	\$ 14.6723	\$ 14.0385	\$ 12.1875	\$ 15.7596	\$ 17.4341
Ratios and Supplemental Data						
Net asset value (000s) ^C	\$ 28,580	\$ 21,762	\$ 14,477	\$ 7,500	\$ 8,514	\$ 7,661
Units outstanding ^C	1,971,674	1,482,791	1,030,971	615,203	539,736	439,439
Management expense ratio ^D	1.78%	1.79%	2.03%	2.08%	2.05%	2.10%
Management expense ratio before waivers or absorptions ^D	1.78%	1.79%	2.03%	2.09%	2.08%	2.11%
Portfolio turnover rate ^E	12%	51%	18%	24%	13%	21%
Trading expense ratio ^F	.11%	.07%	.34%	.03%	.01%	.06%
Net asset value per unit, end of period	\$ 14.4954	\$ 14.6763	\$ 14.0418	\$ 12.1909	\$ 15.7740	n/a

^A 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.

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

^C This information is provided as at period end of the year shown.

^D 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.

^E 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.

^F 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, including the Fund's pro-rata share of estimated trading costs incurred in each Underlying Fund. Trading expense ratios prior to September 2009 do not include any Underlying Fund.

^G 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	Series T5 Units	Series T8 Units	Series S5 Units	Series S8 Units
Management and Advisory Fees	1.55%	1.40%	0.65%	1.55%	1.55%	1.40%	1.40%
As a percentage of management fees:							
Dealer Compensation*	140.85	53.57	—	8,680.86	140.87	53.57	53.57
Investment management, administration and other	(40.85)	46.43	100.00	(8,580.86)	(40.87)	46.43	46.43

* 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 Income Allocation Fund

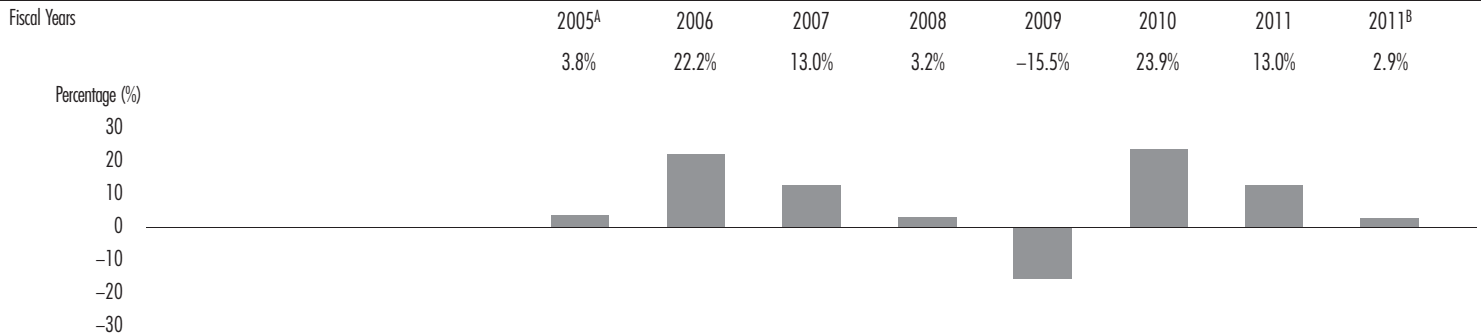
Past Performance

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.

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.

Series A



^A Since the Commencement of Operations, from May 25, 2005 to June 30, 2005.

^B For the period July 1, 2011 to December 31, 2011.

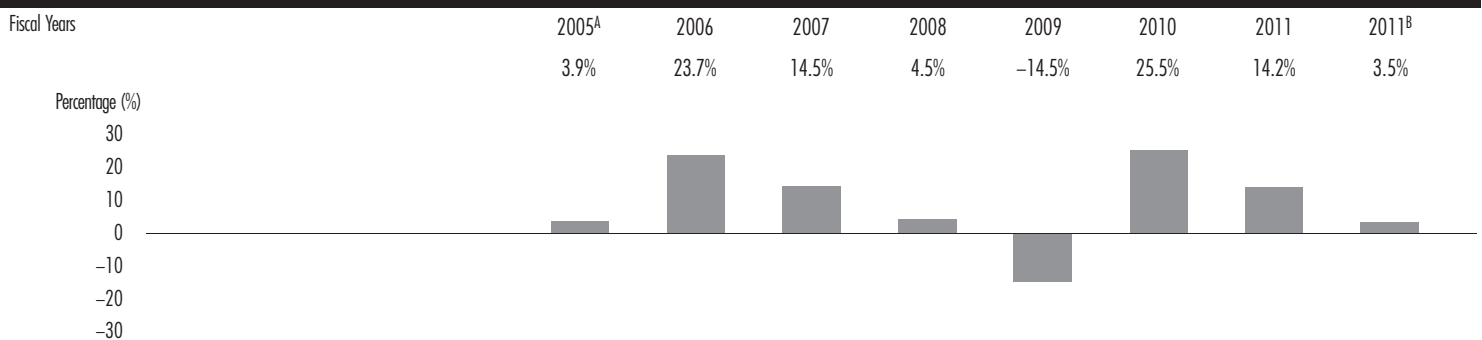
Series B



^A Since the Commencement of Operations, from May 25, 2005 to June 30, 2005.

^B For the period July 1, 2011 to December 31, 2011.

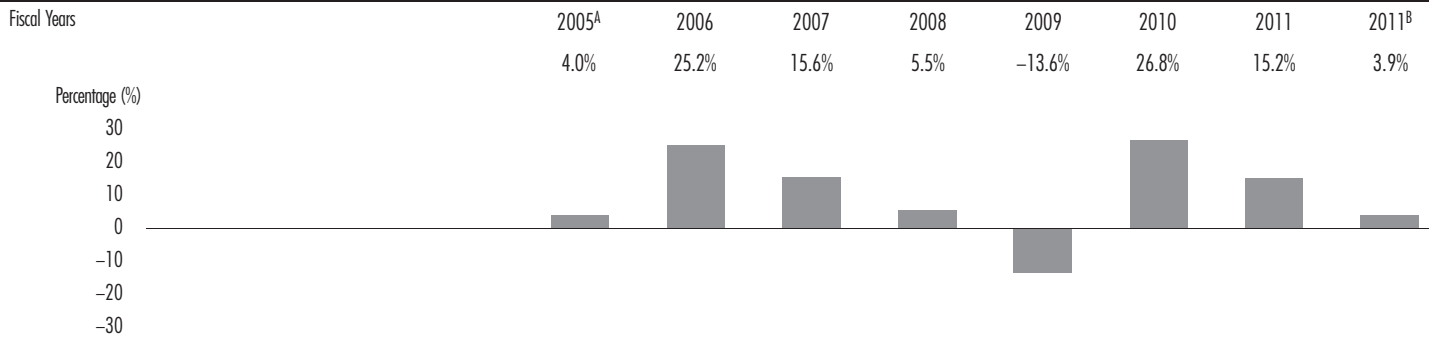
Series F



^A Since the Commencement of Operations, from May 25, 2005 to June 30, 2005.

^B For the period July 1, 2011 to December 31, 2011.

Series O



^A Since the Commencement of Operations, from May 25, 2005 to June 30, 2005.

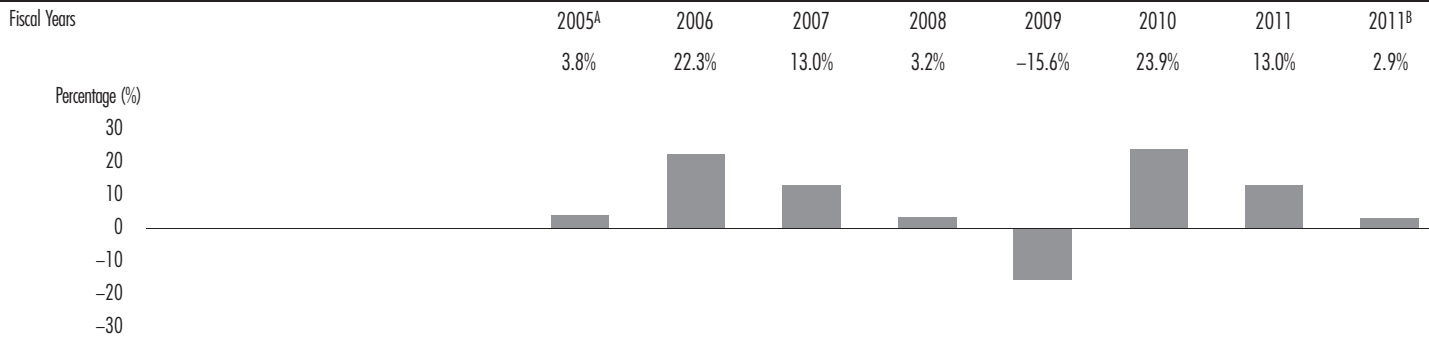
^B For the period July 1, 2011 to December 31, 2011.

Series T5



^A Since the Commencement of Operations, from December 22, 2011 to December 31, 2011.

Series T8



^A Since the Commencement of Operations, from May 25, 2005 to June 30, 2005.

^B For the period July 1, 2011 to December 31, 2011.

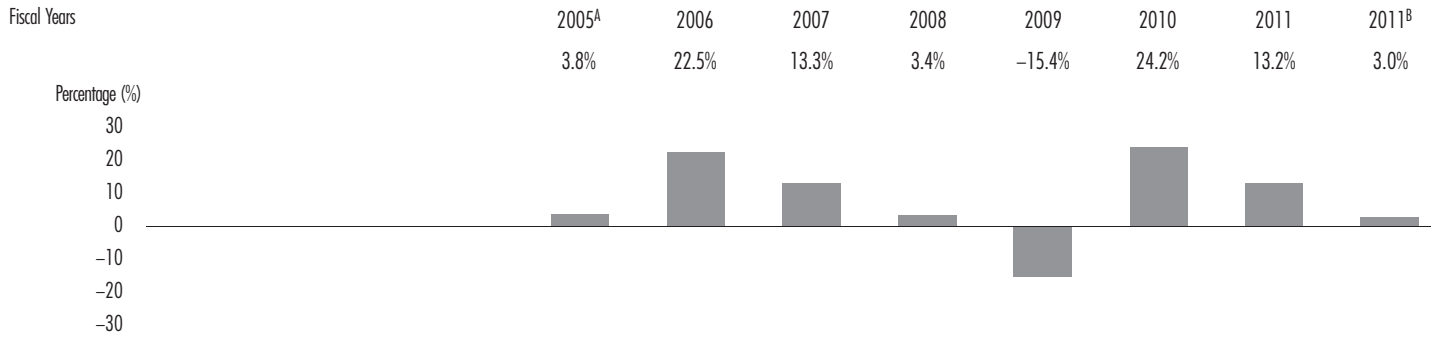
**Fidelity Income Allocation Fund
Past Performance – continued**

Series S5



^A Since the Commencement of Operations, from December 22, 2011 to December 31, 2011.

Series S8



^A Since the Commencement of Operations, from May 25, 2005 to June 30, 2005.

^B 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
Underlying Funds	83.7
Canadian Equities	8.9
Foreign Equities	4.5
Cash and Cash Equivalents	3.1
Net Other Assets (Liabilities)	(0.2)
Forward Foreign Currency Contracts	0.0

Forward Foreign Currency Contracts percentage is calculated by dividing the net unrealized gain/loss of all contracts held by total net assets.

Sector Mix

	% of Fund's Net Assets
Financials	3.9
Consumer Staples	2.3
Consumer Discretionary	2.0
Health Care	1.7
Energy	1.3
Others (Individually Less Than 1%)	2.2
Underlying Funds	83.7
Cash and Cash Equivalents	3.1
Net Other Assets (Liabilities)	(0.2)

Top 25 Issuers

	% of Fund's Net Assets
1. Fidelity Canadian Bond Fund – Series O ..	57.8
2. Fidelity Dividend Plus Fund – Series O	14.9
3. Fidelity American High Yield Fund – Series O	11.0
4. Cash and Cash Equivalents	3.1
5. Fairfax Financial Holdings Ltd.	1.0
6. The Toronto-Dominion Bank	1.0
7. Metro, Inc.	0.8
8. Shoppers Drug Mart Corp.	0.8
9. BP PLC	0.7
10. Thomson Reuters Corp.	0.6
11. AstraZeneca PLC	0.6
12. Aetna, Inc.	0.6
13. Best Buy Co., Inc.	0.5
14. Medtronic, Inc.	0.5
15. Sun Life Financial, Inc.	0.5
16. Hewlett-Packard Co.	0.5
17. Rogers Communications, Inc.	0.5
18. General Dynamics Corp.	0.4
19. Industrial Alliance Life Insurance Co.	0.4
20. Manulife Financial Corp.	0.4
21. Aimia	0.4
22. Microsoft Corp.	0.4
23. Imperial Oil Ltd.	0.3
24. Power Corp. of Canada	0.3
25. Jean Coutu Group, Inc.	0.3
	98.3

Total Fund Net Assets \$643,777,000

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 or SEDAR at 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
Boston, Massachusetts

Custodian

CIBC Mellon Trust Company
Toronto, Ontario

Visit us online at

www.fidelity.ca

or call Fidelity Client Services
at 1 800 263-4077

Fidelity's mutual funds are sold by registered Investment Professionals. Each Fund has a simplified prospectus, which contains important information on the Fund, including its investment objective, purchase options, and applicable charges. Please obtain a copy of the prospectus, read it carefully, and consult your Investment Professional before investing. As with any investment, there are risks to investing in mutual funds. There is no assurance that any Fund will achieve its investment objective, and its net asset value, yield, and investment return will fluctuate from time to time with market conditions. Investors may experience a gain or loss when they sell their units in any Fidelity Fund. Fidelity Global Funds may be more volatile than other Fidelity Funds as they concentrate investments in one sector and in fewer issuers; no single Fund is intended to be a complete diversified investment program. Past performance is no assurance or indicator of future returns. There is no assurance that either Fidelity Canadian Money Market Fund or Fidelity U.S. Money Market Fund will be able to maintain its net asset value at a constant amount. The breakdown of Fund investments is presented to illustrate the way in which a Fund may invest, and may not be representative of a Fund's current or future investments. A Fund's investments may change at any time.