

# A Message to Investors

## in the Fidelity Capital Structure Corp. Funds and certain Fidelity Private Pools<sup>1</sup>

We are the Independent Review Committee for the Funds and are pleased to present this annual report to investors of the Funds for the year ended November 30, 2011. All mutual funds in Canada are required to have an independent committee to advise the manager of the funds regarding conflicts of interest that arise in mutual fund management.

Fidelity Investments Canada ULC, the Canadian subsidiary of one of the world's largest mutual fund organizations, is the Manager of your investment. We are proud to be working on behalf of Fidelity Fund investors and with a company that has withstood the test of time and prides itself on its reputation for integrity, quality and performance for investors.

The members of the Independent Review Committee have a broad range of expertise which includes investment fund management, securities trading, financial, legal, governance and accounting.

The mandate of the Committee is to review all conflicts of interest referred to it by the Manager, including the policies and procedures the Manager proposes to manage these conflicts. The Committee provides the Manager with its recommendation on whether the Manager's policies resolve the various conflicts in a way which achieves a fair and reasonable result for the Funds.

We assess the Manager's policies and procedures at least annually. We also review and report on our members' independence and compensation at least once per year.

### Independent Review Committee

The members of the Independent Review Committee are:

NAME	DOMICILE	FIRST APPOINTED
F. David D. Scott (Chair)	Vancouver	February 23, 2007
Andrew M. Pringle	Toronto	February 23, 2007
Salvatore Tino, C.A.	Toronto	February 23, 2010
Helen Meyer	Erin, Ontario	February 23, 2011

The functions of the Independent Review Committee are to:

- Review and provide its decision to the Manager on conflict of interest matters that the Manager refers to the Independent Review Committee;
- At least annually review and assess the adequacy and effectiveness of the Manager's written policies and procedures concerning conflict of interest matters, including approving, amending or providing standing instructions that can be relied upon by the Manager; and
- Identify any conditions to a recommendation or approval it has provided to the Manager.

The Independent Review Committee meets regularly with representatives of the Manager, and also holds meetings without representatives of the Manager being present, to discuss matters affecting the Manager's policies and procedures, standing instructions and conflict of interest matters referred to the Independent Review Committee.

<sup>1</sup> This report is directed to investors in the Fidelity Capital Structure Corp. Funds and certain Fidelity Private Investment Pools, as set out in Appendix A (the "Funds") and covers the fiscal year ended November 30, 2011.

During the year ended November 30, 2011, the Independent Review Committee held five meetings with representatives of the Manager. On the occasion of four of those meetings the Independent Review Committee held a separate meeting at which representatives of the Manager were not present.

None of the members of the Independent Review Committee have any relationships which would compromise their independence with respect to the Fidelity Funds. David Scott, the Chair of the Independent Review Committee, also serves on the independent review committee of a mutual fund managed by North Growth Management Ltd. of Vancouver, B.C.

### **Ownership of Securities**

The percentage of securities of each class or series of voting or equity securities beneficially owned directly or indirectly, in aggregate, by all members of the Independent Review Committee in any Fund does not exceed 1 percent.

None of the members of the Independent Review Committee beneficially own directly or indirectly any securities of the Manager.

None of the members of the Independent Review Committee beneficially own directly or indirectly any securities of any significant supplier to the Funds, with the exception of The Toronto-Dominion Bank, which provides banking services to the Funds. The percentage of securities of The Toronto-Dominion Bank beneficially owned, directly or indirectly, by all members of the Independent Review Committee is less than 0.1 percent.

### **Compensation and Indemnities**

The aggregate compensation paid to the Independent Review Committee by the Funds during the year ended November 30, 2011 was \$20,030. This amount is allocated among the Funds shown in Appendix A, based on each Fund's net assets. Please see the annual financial statements of each Fund for the amount paid by each Fund.

No indemnities were paid to members of the Independent Review Committee by the Funds during the period.

The Manager set the initial compensation of the Independent Review Committee at the time of its initial appointment on February 23, 2007. At least annually, the Independent Review Committee reviews its compensation. In judging the appropriate level of compensation, the Independent Review Committee has considered, among other things:

- the number, size and complexity of the Fidelity Funds;
- available information on the compensation of similar committees;
- workload;
- breadth and depth of the relevant experience of its members;
- the benefits accruing to the Fidelity Funds as a result of its activity; and
- the opinion of the Manager.

In light of this review the Independent Review Committee believes that the level of compensation of its members is appropriate.

### **Charter**

The Independent Review Committee has adopted and reviews on at least an annual basis, a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it will follow when performing its functions.

### **Conflict of Interest Matters**

#### *Policies and Procedures*

During the period the Independent Review Committee has reviewed, and, where appropriate, arranged for periodic reporting on each of the following conflict of interest matters referred to it by the Manager. Its objective has been to achieve a fair and reasonable result and one which is in the best interests of the Funds. It has provided the Manager with standing instructions to apply the following policies in accordance with their terms.

POLICY	DESCRIPTION
1 Code of Ethics / Personal Investing	This policy governs the personal investing and other activities of employees of the Manager and certain of its affiliates.
2 Business Entertainment and Workplace Gifts	This policy governs the provision and acceptance of gifts and business entertainment by employees of the Manager and certain of its affiliates.
3 Trade Allocation	This policy governs the allocation of trades of portfolio securities between Funds or client accounts when more than one Fund or client account is buying or selling securities of a particular issuer at the same time.
4 Best Execution	This policy addresses the quality of execution of trades of portfolio securities by brokers, including both 3rd party brokers and brokers affiliated to the Manager, on behalf of the Fidelity Funds.
5 Commission Uses	Fidelity places a large volume of orders to buy and sell portfolio securities on behalf of the Fidelity Funds. It has in place arrangements with the brokers that execute the trades whereby Fidelity may receive brokerage and research services or whereby the broker may rebate a portion of the commissions paid by a Fund back to the Fund. This policy governs such arrangements.
6 Trading Errors	This policy governs the correction of errors made in executing trades of portfolio securities on behalf of a Fund.
7 Proxy Voting	The Funds own portfolio securities and therefore the right to vote proxies. This policy governs the voting of proxies.
8 Transfer Agency Errors	This policy governs the correction of errors made in executing investor transactions in the securities of a Fund.
9 NAV Calculation and Fair Value Pricing	This policy governs the calculation of a Fund's net asset value per share (NAV), including situations where market quotations for a portfolio security are not readily available or when market quotations are unreliable, in which case the Manager will calculate the NAV using the fair value of that security.
10 NAV Error Correction	This policy governs the correction of errors made in calculating a Fund's NAV.
11 Active Traders	This policy governs the detection and prevention of active trading, which may be harmful to the Funds.
12 Substantial Security Holders	This policy addresses potential conflicts of interest that may arise where a company becomes a significant investor in a Fidelity Fund and the Fund invests in that company or a company related to that company.
13 Side-by-side	This policy addresses the side-by-side management of different types of accounts, including accounts that invest on a long-only basis – that is, buy securities – and accounts that may also invest on a short basis – that is, sell securities that they don't own, in the hope of repurchasing them later at a lower price. The Funds do not invest on a short basis, however Fidelity advises other accounts that do invest on a short basis.
14 Seed Capital	The Manager is required to provide seed capital to new Funds. This policy governs the manner in which the seed capital of a Fund may be redeemed by the Manager.
15 Large investors	This policy addresses the potential conflicts of interest that may arise where large institutional investors invest in the Funds.
16 Fidelity Capital Structure Corp. Dividend Allocation Policy	This policy governs the allocation of dividends by Fidelity Capital Structure Corp. to its investors.

## **Approvals**

The Independent Review Committee has provided approval for the Funds to invest in securities of significant investors in a Fund as long as the Manager follows the terms of the Substantial Security Holder Policy described above and reports quarterly to the Committee on compliance with the terms of the policy.

## **Conclusion**

The Independent Review Committee receives periodic reports arising under the above-mentioned policies and procedures on conflict of interest matters for which it has provided standing instructions to the Manager. During the period there were no other conflict of interest matters referred to the Independent Review Committee by the Manager for which the Independent Review Committee did not give a positive recommendation and there was no instance when the Manager acted in a conflict of interest matter but did not meet a condition imposed by the Independent Review Committee in its recommendation or approval.

F. David D. Scott  
Chairman  
February 17, 2012

# APPENDIX A

## Funds Covered By This Report



Fidelity Capiatl Structure Corp.

### **Equity Classes**

#### ***Canadian Equity Classes***

Fidelity Canadian Disciplined Equity® Class

Fidelity Canadian Growth Company Class

Fidelity Canadian Large Cap Class

Fidelity Canadian Opportunities Class

Fidelity Dividend Class

Fidelity Greater Canada Class

Fidelity Special Situations Class

Fidelity True North® Class

#### ***U.S. Equity Classes***

Fidelity American Disciplined Equity® Class

Fidelity American Disciplined Equity® Currency

Neutral Class

Fidelity American Opportunities Class

Fidelity Growth America Class

Fidelity Small Cap America Class

#### ***Global and International Equity Classes***

Fidelity AsiaStar® Class

Fidelity China Class

Fidelity Emerging Markets Class

Fidelity Europe Class

Fidelity Far East Class

Fidelity Global Class

Fidelity Global Disciplined Equity® Class

Fidelity Global Disciplined Equity® Currency

Neutral Class

Fidelity Global Dividend Class

Fidelity Global Large Cap Class

Fidelity Global Large Cap Currency Neutral Class

Fidelity Global Small Cap Class

Fidelity International Disciplined Equity® Class

Fidelity International Disciplined Equity® Currency

Neutral Class

Fidelity Japan Class

Fidelity NorthStar® Class

Fidelity NorthStar® Currency Neutral Class

#### ***Global Sector Classes***

Fidelity Global Consumer Industries Class

Fidelity Global Financial Services Class

Fidelity Global Health Care Class

Fidelity Global Natural Resources Class

Fidelity Global Real Estate Class

Fidelity Global Technology Class

Fidelity Global Telecommunications Class

### **Asset Allocation and Balanced Classes**

Fidelity Canadian Asset Allocation Class

Fidelity Canadian Balanced Class

Fidelity Monthly Income Class

### ***Fidelity Managed Portfolios***

Fidelity Income Class Portfolio

Fidelity Global Income Class Portfolio

Fidelity Balanced Class Portfolio

Fidelity Global Balanced Class Portfolio

Fidelity Growth Class Portfolio

Fidelity Global Growth Class Portfolio

### **Canadian Money Market Class**

Fidelity Canadian Short Term Income Class

### **Specialty Class**

Fidelity Corporate Bond Capital Yield Class

### **Private Investment Pools**

#### ***Equity Pools***

Fidelity Canadian Equity Private Pool

Fidelity Concentrated Canadian Equity Private Pool

Fidelity U.S. Equity Private Pool

Fidelity U.S. Equity Currency Neutral Private Pool

Fidelity International Equity Private Pool

Fidelity International Equity Currency Neutral  
Private Pool

Fidelity Global Equity Private Pool

Fidelity Global Equity Currency Neutral Private Pool

#### ***Balanced Pools***

Fidelity Balanced Income Private Pool

Fidelity Balanced Income Currency Neutral Private Pool

Fidelity Balanced Private Pool

Fidelity Balanced Currency Neutral Private Pool

Specialty Pool

Fidelity Premium Fixed Income Capital Yield  
Private Pool