Fidelity International Funds

Fidelity Asset Manager Fund

Fidelity Emerging Markets Bond Fund

Fidelity European Growth Fund

Fidelity Far East Fund

Fidelity International Portfolio Fund

Fidelity Japanese Growth Fund

Fidelity Latin American Growth Fund

Annual Report
June 30, 1994

Fidelity Investments® Canada

Contents

President's Message

Dear Investor:

The past 12 months have been difficult ones for investors around the world, particularly in Canada. Canadian stocks are generally lower than they were a year ago and remarkably high interest rates in the past six months have pushed bond prices down. The bond market provided excellent gains in the last half of 1993, but has been volatile since the beginning of this year.

Though the past year was a period when analysts and economists alternatively touted recoveries of world economies and major corrections of overheated stock markets, there were more than a few bright spots. The past year was a useful and clearly an important reminder to diversify your portfolio outside of Canada. Unitholders of the Fidelity International Portfolio Fund, the Fidelity Far East Fund, the Fidelity Japanese Growth Fund and the Fidelity European Growth Fund were rewarded with strong returns.

The past 12 months were also very important times for many other investors. Thousands of new people discovered mutual funds as long term investment vehicles. On behalf of Fidelity Investments Canada, I am pleased to welcome the thousands of new investors that have joined our family of funds. You have helped Fidelity grow into one of the largest mutual fund companies in Canada. New investors and veteran market players should both be pleased with the new format of our annual reports.

I think you'll find this year's editions of our annual reports are easier to read, more informative and more educational than those of previous years. Investment education has been and always will be an important component of selling mutual funds for Fidelity Investments Canada. Our reputation for providing information is among the highest among investment advisors. Our quarterly reports have proven to be a very popular reference for investment executives and unitholders alike. We hope you'll find this annual report useful for evaluating your investments.

In this annual report, you will find extended conversations with your fund managers about the fund's performance over the past year and their strategy for the coming 12 months. You will also find an extended glossary as a useful reference to help you understand this report and daily economic reporting found in your newspaper. We have also included a section on evaluating your risk profile while planning your investment strategy.

When reading this report and reviewing your investments, take time to consider your investment goals and risk profile. Particularly during the past six months, investors might be shy to keep their money invested in mutual funds. But remember that mutual funds are a long term investment in economies at different stages of growth.

During an investment horizon of several years, the peaks and troughs of a market are smoothed to provide a solid investment return. Whether you're a new investor or a veteran of mutual fund investing, a conservative or aggressive investor, the past six months may have conspired against you. By investing in a portfolio of diversified assets and perhaps in different regions of the world, you are lessening your exposure to market declines. Never before has it been so important to diversify your portfolio's holdings. Having your eggs in one basket, as the past year might have demonstrated, is not necessarily the best strategy to protect capital. The educated hope is that those investments performing in regions with economic growth will offset losses from investments in regions of economic decline. The strength of the Fidelity International Portfolio Fund reflects this.

If this past year has proved anything, it has demonstrated that people should have qualified and trusted advice when planning their investment portfolio. Fidelity Investments Canada strongly recommends talking to your investment advisor about your portfolio, your investment goals and risk profile. Together, you can come up with the best investment strategy for your needs.

Best Regards,

John H. Simpson, CFA
President

Market Recap

Canada

Political uncertainties have played a significant role in Canadian financial markets over the past year. To boost a falling dollar, the Bank of Canada has several times hiked interest rates. Since inflationary growth is falling, this has resulted in relatively high real lending rates. This could hurt economic growth over the next 12 months since businesses and consumers are less inclined to borrow more money to spend on expansion, cars, houses and other big ticket items. Political concerns combined with high government deficits have caused jitters among some investors, particularly foreigners, holding Canadian bonds. The possibility of Quebec separating from Canada has many investors, academics and politicians speculating on how the federal debt will be paid.

Canadian equity markets have produced some bright spots, but many investors feel that the markets are not reflecting full value for fundamentally strong companies. This could be due to political concerns or simply a reflection of a general downturn in world equities. The Toronto Stock Exchange rose 4.08% over the past year, underperforming many other major indices. The decline in global equities' markets continued to hurt Canadian stock prices in the first half of 1994 as the TSE returned –5.68%. In Canada, many companies survived the recession by rationalizing operations, restructuring production and reorganizing debt at low interest rates. These companies, having undergone a fundamental overhaul, have become relatively attractively priced in the declining equity market. Despite political uncertainties, we expect more growth in the Canadian equities market in the next year.

Canadian resource and energy companies are poised to benefit most from the economic recovery, reflecting higher export demand and rising commodity prices. The export-oriented resource sector is benefiting particularly from a low Canadian dollar.

Europe

For the past year, the Financial Times World Europe Index rose 24.17%. After such a run, however, the market corrected as volatile world bond markets set a negative tone for stocks. To illustrate the impact of the correction, the index gained only 0.91% in the first six months of 1994. Fundamentally, the picture is more encouraging. Companies have made significant changes to improve their balance sheets and become more efficient producers. Corporate earnings have shown fundamental improvement across many different sectors. This brighter earnings picture is expected to lead the next rally in European equities in coming months.

United States

The significant development in U.S. equity markets is their reluctance to move higher. While broad indices showed some slight improvement over the past year, it has mainly been on the backs of large companies rather than ones with smaller capitalization. The Standard & Poor's 500-stock index was up only 9.25% for the past year, lower than most major markets. This type of market, be it a corrective phase or a legitimate bear market, has produced some opportunities to buy strong companies at good prices. An improving economy, low inflation and higher earnings as a result of corporate cost-cutting measures makes the outlook for U.S. investments more bullish for the next year. In addition, many money managers have been negative on the U.S. market, a strong contrarian indicator in favor of investment growth.

Japan

Many market watchers believed Japan emerged from recession in mid-June, 1994, shortly before the blue chip Nikkei 225 Stock Average hit its highest levels in two-years. The Nikkei 225 gave the highest returns of major markets for the six months ending June 30, jumping 39.92%. The market also gave strong returns, 22.78%, for the year though investors were given a roller coaster ride. The Nikkei and the broader Topix indices crashed in late November and remained volatile until February, 1994. Since then, despite political instability and a strengthening yen, the Japanese equity market has performed strongly. Japanese exporters have turned earnings upward by restructuring operations and moving some production off-shore to countries with lower labor costs, such as Malaysia. Domestic producers are meeting increased demand from consumers, who have benefited from an income tax break. Even the resignation of Prime Minister Tsutomu Hata and the election of socialist Tomiichi Murayama in late June failed to break the market's momentum. As the U.S. dollar continued to lose ground to the yen in late June and early July, 1994, a trade agreement between the two countries appeared within reach. Our expectations are that Japanese economic renewal will keep markets moving upward for the rest of 1994.

Far East

The region suffered severe declines in the first six months of 1994. The Hang Seng Stock Index in Hong Kong fell more than 20% from its peak in January, 1994, while other markets in the region had similar declines. All regional markets appeared to ride waves of speculation on the way to their highs, pushing stocks to levels higher than what many long term investors felt warranted. The correction has produced many attractively priced stocks, especially in Hong Kong where stocks are trading between 11- and 12-times 1994 earnings levels. The political situation in Hong Kong is beginning to encourage business there as the ruling British appear to be reaching significant agreements with the Chinese government relating to commerce, politics and defense. The Chinese government assumes control of Hong Kong on July 1,1997. The long term outlook for Far Eastern markets continues to be positive. In mid-summer, 1994, the market offered good value as prospects for corporate earnings and economic growth looked favorable.

Emerging Markets

As all markets, emerging markets underwent a major correction in early 1994. Despite the correction, emerging markets demonstrated enormous strength during the period. The MSCI Emerging Markets Global index — which measures all emerging markets including those in the Far East — was up 46.92% for the past 12 months, despite losing almost 4% in the first six

months of 1994. Similarly the MSCI EMF Latin America Index gained 45.1% for the past 12 months, but lost a fraction of a percentage point in the first half of 1994. These returns reflect Latin American market strength, particularly in Mexico, Argentina and Brazil, where demand for infrastructure and consumer goods is growing. Political concerns in the run-up to elections in Brazil and Mexico will dominate regional markets for the rest of 1994.

Bonds

Global bond markets seem to have set the tone for world financial markets. A downturn in bond markets in the first quarter ended a strong and profitable rally which began in early 1993. The U.S. bond market and all other major markets severely corrected when the U.S. Federal Reserve tightened the Fed funds rate — the rate at which U.S. banks may borrow money from another bank's reserves — in early February. Since then, even a lowering of the key German lending rate set by the German Bundesbank has been unable to spark European or other bond markets. Concern for portfolio positions and the market price of bonds has dominated any positive factors now materializing in the marketplace. Low inflation and slow economic growth — usually associated with bond rallies — in almost all developed economies has failed to kickstart the market. In Canada, inflation growth has been flat and, at times, negative. This has produced one of the highest real returns — interest rate of the bond minus inflation rate — available in global bond markets. We believe the current decline is overdone, producing undervalued securities and some buying opportunities. We expect markets to settle and rally in late 1994.

Fund Talk: The Manager's Overview

Bob Beckwitt
Portfolio Manager of
Fidelity Asset Manager
Fund

Q. How did the Fund do?

A. The Fund returned 9.26% while the benchmark index, the Fidelity Asset Allocation Composite Index, returned only 0.74%.

Q. The markets during the past year have had two very different characteristics — very bullish for the last half of 1993 and turbulent for the first half of 1994. How did your strategy change to cope with the market developments?

A. Significantly, the Fund's cash position was increased as the markets became more volatile in 1994. The Fund had only 8% cash at the end of September, 1993, but as of June 30, 1994, it had gone up to about 31% cash.

Q. Why?

A. The simple answer is none of the markets appeared attractive. Virtually all of the asset classes that had performed well for the Fund in 1993 gave up a significant portion of their gains in 1994. On the fixed income side, rising global interest rates caused virtually all fixed income positions to perform poorly. In Europe, the Fund's hedged positions in Danish and French bonds fell as certain major institutional investors reduced their leveraged exposure to these markets. The Fund's weakness was magnified since the hedged positions couldn't capitalize on appreciation of local currencies. In Mexico, a political assassination and civil unrest in Chiapas caused rates to go higher and the peso to weaken. Unfortunately, the effects of this political instability were also felt in Argentine bond holdings which had been attractive. Fortunately, the Fund was also able to gain from this rising interest rate environment. Short-term instruments provided the Fund with some stability as their yields improved.

Q. Were there any other bright spots?

A. Technology stocks like Compaq Computer Corp. have performed well for the Fund as did financial companies like Citicorp. Remember too, that the weakness in stocks and bonds has resulted in attractive valuations of various asset classes. Shares of U.S. companies might have fallen, but their earnings had improved, especially companies with small market capitalization. One of the more interesting developments in the U.S. equity market was that corporate insiders, the people who run the companies, had begun buying more of their stock while investment advisors had become negative on the U.S. market. Despite threats of higher interest rates in the U.S., I think these factors show that the downside risk of the U.S. market is limited.

Q. And bonds?

A. The same thing has happened. Bonds around the world have moved from being "over-owned" to being "over-sold", producing some high real yields, when you subtract the effect of inflation. Canadian bonds are among the most compelling securities, offering real yields of about 9% for ten-year bonds.

Q. How about other foreign investments?

A. Japanese equities have improved dramatically over the past year and the Fund has benefited from that. We've moved about 4% of the Fund into Japanese holdings.

Q. What's your strategy for the next six months?

A. I think I'll start to think carefully about adding to both stock and bond holdings in the next few months. I think investors are beginning to regain their confidence.

Fund Facts

Goal: The Fund seeks high total return with lower long-term volatility by investing in a global mix of securities.

Start date: January 14, 1993

Size: as at June 30, 1994, US$ 222 million

Manager: Bob Beckwitt

Asset Manager Fund
Statement of Investment Portfolio
As at June 30, 1994

Equities — 39.19%

	Number of Shares	Cost $	Market Value $
Argentina – 0.36%			
Banco de Galicia Y Buenos Aires SA Sponsored ADR 'New' Cl B	3,220	90,586	87,343
Banco Frances Del Rio Plata Regd	6,415	58,118	48,226
Central Costanera SA ADR Cl B	1,800	59,499	55,800
Commercial Del Plata	4,400	24,863	24,919
Molinos Rio de La Plata Regd	8,232	104,166	108,093
Perez Companc Cl B	33,250	173,348	158,643
Telecom Argentina Stet France Cl B	26,900	130,080	139,670
Telefonica Argentina Cl B	16,800	113,207	98,512
YPF Sociedad Anonima Sponsored ADR Cl D	3,300	80,838	78,788
		834,705	799,994
Australia – 0.02%			
Ampolex Ltd ORD	2,800	8,152	8,336
Goodman Fielder Ltd ORD	30,561	32,672	28,698
		40,824	37,034
Bermuda – 0.04%			
ACE Ltd	2,200	62,986	54,175
Jardine Strategic Holdings Ltd ORD	7,000	21,799	26,535
		84,785	80,710
Brazil – 0.03%			
Compania Siderurgica Nacional ON	2,800,000	86,424	72,291
		86,424	72,291
Canada – 1.18%			
Alcan Aluminium Ltd	11,100	221,882	250,768
Canadian Pacific Ltd	37,700	605,767	555,314
Dreco Energy Services Ltd Cl A	700	7,288	4,900
Finning Ltd 'New'	4,600	62,531	64,016
Four Seasons Hotels Inc Sub Vtg	2,600	34,019	22,556
Loblaw Companies Ltd	2,600	42,591	38,532
Methanex Corp	5,000	60,160	58,287
Midland Walwyn Inc	1,200	12,349	7,482
Moore Corporation Ltd	600	11,950	10,085
Morrison Petroleums Ltd	5,500	40,817	41,252
Newbridge Networks Corp	2,200	102,564	75,625
Noranda Inc	9,100	150,206	155,422
North West Company Inc	100	1,481	940
Petro-Canada	3,900	40,933	32,424
Poco Petroleums Ltd	6,300	47,424	42,698
Potash Corporation of Saskatchewan	100	2,826	2,738
Renaissance Energy Ltd	14,800	327,674	308,946
Rio Alto Exploration Ltd	11,200	78,308	72,872
Rogers Cantel Mobile Communications Inc Cl B Sub Vtg	2,300	58,943	56,118
SHL Systemhouse Inc	5,700	43,484	36,338
Seagram Company Ltd	6,200	190,591	187,132
Stone Consolidated Corp	10,000	105,247	115,670
Suncor Inc	5,000	119,732	105,729
Thomson Corp	4,300	50,600	47,406
Torstar Corp Cl B	6,500	108,477	110,428
Westcoast Energy Inc	7,300	126,699	107,528
Weston George Ltd	4,000	125,203	105,549
		2,779,746	2,616,755
Finland – 0.02%			
America Group Ltd Cl A	1,100	20,457	25,783
Repola OY	1,700	29,559	29,403
		50,016	55,186
France – 0.30%			
Alcatel Alsthom CGE	211	24,175	22,906
Assurances Generales Regd	290	29,076	25,143
BNP (Banque National de Paris) Cl ORD	1,030	45,288	43,989
CGIP	50	9,894	10,011
Carnaudmetalbox SA	850	26,791	26,106

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
France – continued			
Groupe des Assurance Nationale	420	36,867	30,242
Immeubles de France, Ste Des	200	19,103	18,038
Jean LeFebvre Entreprise	114	21,748	23,035
Jean LeFebvre Entreprise Wts 06/30/96	14	187	363
Omnium Gestion Financement SA	200	19,963	24,284
Total SA Cl B	2,980	159,251	171,662
Total SA Sponsored ADR	9,100	247,163	261,625
		639,506	657,404
Germany – 0.73%			
Ava Alg Handels Verbrauchen	100	48,176	36,537
BASF AG	1,100	209,025	209,266
BMW (Bayer Motoren Werk) AG	200	94,839	98,271
Bayer AG	600	117,636	130,209
Continental Gummi-Werke AG	700	113,184	108,123
Deutsche Bank AG	400	172,083	172,352
Henkel KGAA Non Conv Pfd	100	35,237	36,883
Hoechst AG ORD	1,400	277,647	285,741
Man AG	200	49,742	49,665
Schering AG	100	61,185	59,876
Thyssen AG	1,400	230,800	253,375
Veba Vereinigte Elektrizetaets & Bergwerks AG ORD	600	163,762	188,415
		1,573,316	1,628,713
Hong Kong – 0.14%			
HSBC Holdings ORD	3,150	41,104	33,437
HSBC Holdings PLC	6,551	86,689	71,612
Hong Kong Electric Holdings ORD	68,000	253,432	204,981
		381,225	310,030
India – 0.10%			
Arvind Mills Ltd 'Units'	2,000	19,560	12,000
Great Eastern Shipping Co Ltd GDR	1,000	15,940	11,500
Hindalco Industries Ltd GDR	900	21,413	25,200
ITC Ltd 'Units'	900	21,150	22,050
Indian Rayon & Industries Inc GDR	2,000	43,399	41,000
Indo Gulf Fertilizers & Chemicals GDR	14,800	67,087	56,240
Reliance Industries Ltd 'Units'	1,900	40,991	40,850
Videocon International Ltd GDR	900	7,290	6,480
		236,830	215,320
Indonesia – 0.02%			
Bank International Indonesia (F)	7,800	24,433	24,712
Panin Bank (F)	14,000	26,418	23,226
		50,851	47,938
Ireland – 0.05%			
Elan Corp PLC ADR	3,400	146,651	118,150
		146,651	118,150
Israel – 0.00%			
ECI Telecom Ltd	400	7,642	6,600
		7,642	6,600
Italy – 0.37%			
Assicurazioni Generali Spa	2,800	63,784	72,064
Istituto Mobiliare Italiano	10,400	73,909	69,992
SAI (Sta Assicur Industriale) Non Conv Pfd RISP	8,900	48,197	59,254
SIP Spa	87,100	211,996	218,157
Stet Societa Finanziaria Telefonica Spa Non Conv Pfd RSP	150,000	251,885	396,789
		649,771	816,256
Japan – 4.19%			
Aisin Seiki Co Ltd	4,000	50,330	55,200
Akita Bank	6,000	40,421	46,575
Aoyama Trading Co ORD	2,000	130,314	78,336

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
Japan – continued			
Bridgestone Corp	13,000	202,412	211,060
Canon Inc	30,000	488,789	526,636
Cosmo Oil Company Ltd	4,000	29,342	34,825
Dai-Tokyo Fire & Marine Insurance	5,000	39,496	39,219
Daikyo Inc	2,000	20,706	22,933
Daiwa House Industry Company Ltd	1,000	11,525	15,627
Daiwa Securities Company Ltd	20,000	316,490	351,091
Ezaki Glicko Co	5,000	54,559	56,317
Fuji Photo Film Company Ltd	1,000	21,271	22,324
Fujitsu Ltd	24,000	250,275	275,190
Hitachi Construction Machinery Company Ltd	4,000	54,331	57,636
Hitachi Koki Company Ltd	4,000	39,276	42,618
Hitachi Ltd	51,000	466,759	533,029
Hitachi Maxell Ltd	7,000	141,791	149,163
Hitachi Transport System Co	4,000	44,883	45,053
Honda Motor Company Ltd	24,000	439,599	421,309
Ito Yokado Company Ltd	1,000	51,652	55,302
Kanematsu-Gosho Ltd	7,000	37,284	38,001
Kawasaki Steel Corp	20,000	81,549	84,830
Kirin Brewery Company Ltd	3,000	35,947	35,616
Komori Corp	4,000	110,257	127,854
Kurabo Industries Ltd	11,000	49,535	52,684
Kureha Chemical Industries Company Ltd	7,000	39,579	44,749
Matsushita Electric Industrial Company Ltd	38,000	596,458	697,920
Mazda Motor Corp	9,000	50,946	51,416
Mitsubishi Electric Co ORD	27,000	179,653	183,288
Mitsubishi Estate Ltd	5,000	60,544	61,898
Mitsubishi Motors Corp	7,000	61,889	69,609
Mitsubishi Trust & Banking	4,000	65,998	66,565
Mitsui OSK Lines	15,000	62,546	61,339
Mitsui Trust & Banking	8,000	81,726	99,036
Mori Seiki Co ORD	3,000	75,101	77,017
Murata Manufacturing Co ORD	3,000	58,858	141,248
Nichicon Corp	6,000	87,246	94,368
Nippon Suisan Kaisha Ltd	13,000	59,860	65,165
Nissan Motor Company Ltd ORD	32,000	276,910	284,120
Nisshinbo Industries Inc	23,000	267,286	263,724
Nomura Securities Company Ltd	25,000	550,302	603,754
Omron Corp	2,000	32,687	35,921
Orix Corp	6,000	217,363	247,184
Pioneer Electronic Corp	9,000	251,187	254,795
Promise Company Ltd	1,000	66,665	62,100
Royal Company Ltd	1,000	12,977	16,337
Ryoyo Electro Corp ORD	2,000	57,103	58,650
Shinetsu Chemical	3,000	57,150	64,231
Sony Corp	9,800	551,793	601,624
Sumitomo Metal Industries Ltd	2,000	5,964	6,027
Sumitomo Rubber Industries	10,000	100,791	106,545
Sumitomo Trust & Banking Co	12,000	194,542	198,478
Suzuki Motor Corp	22,000	255,905	292,440
TDK Corp	6,000	276,312	297,717
Tokio Marine & Fire Insurance Company Ltd (The)	6,000	72,083	77,321
Tokyo Style Company Ltd	2,000	22,783	39,777
Toshiba Corp	14,000	84,390	114,784
Toyota Motor Corp	22,000	405,266	493,354
Uni Charm Corp ORD	3,000	86,768	89,498
		8,535,424	9,300,427
Korea – 2.02%			
Boo Kook Securities Company Ltd	32,742	794,332	699,537
Daewoo Corp	5,913	113,322	112,377
Daewoo Heavy Industries Ltd	500	8,951	8,260
Daishin Securities Co	10,108	211,348	205,914
Dong Ah Construction Industries Company Ltd 'Units'	40,000	1,341,675	1,050,000

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
Korea – continued			
Dongsuh Securities Co	6,880	144,299	144,428
Hana Bank 'New'	15,000	296,638	292,528
Hanil Bank	450	6,432	6,400
Hyundai Engineering & Construction Company Ltd	1,500	77,289	75,461
Kia Motors Corp GDR Tr 2	1,100	30,800	30,800
Korea Electric Power Corp	23,960	949,279	797,625
Pohang Iron & Steel Company Ltd	300	31,736	29,737
Samsung Company Ltd ORD	5,600	286,087	262,245
Shinhan Bank	240	5,214	5,188
Ssangyong Investment & Securities	100	3,144	2,882
Taihan Electric Wire Co	5,000	153,996	137,880
Yuhan Corp	14,450	623,666	595,913
Yukong Ltd	500	30,570	21,241
Yukong Ltd 'New'	30	1,013	1,196
		5,109,791	4,479,612
Malaysia – 0.14%			
Resorts World BHD	2,000	11,629	11,537
Technology Resources	74,000	299,578	301,206
		311,207	312,743
Mexico – 2.07%			
Banacci SA de CV Cl C	42,300	309,894	269,324
Banacci SA de CV Cl L	4,575	36,861	28,320
Bufete Industrial SA Sponsored ADR	1,800	68,309	54,000
Cementos Apasco SA de CV Cl A	16,300	110,366	121,079
Cemex SA Ser A	2,025	9,124	12,923
Cemex SA Ser B	65,263	490,213	431,877
Cifra SA Cl C	132,400	325,964	308,315
Coca-Cola Femsa SA de CV ADR	3,000	95,526	75,375
Controladora Comercial Mexicana SA de CV Cl B-1	42,400	76,481	65,240
Empresas La Moderna SA de CV Sponsored ADR	1,900	61,807	47,263
Fomento Economico Mexicano SA Ser B	29,000	151,004	120,531
Fondo Opcion SA de CV Cl 2 Ser B	3,500	8,222	9,099
Grupo Carso SA de CV Cl A-1	74,800	645,701	677,996
Grupo Casa Autrey SA de CV Sponsored ADR	800	13,600	21,300
Grupo Embotellador de Mexico SA de CV GDR	3,700	103,413	93,425
Grupo Financiero Bancomer SA de CV Sponsored ADR Ser C	13,500	456,898	297,000
Grupo Financiero Serfin Sponsored ADR	5,900	165,618	103,988
Grupo Industrial Maseca SA de CV Cl B	20,400	16,883	30,668
Grupo Posadas SA de CV Cl L	3,200	2,160	2,830
Grupo Situr SA de CV Cl B	81,292	149,407	213,264
Grupo Televisa SA de CV Sponsored ADR	1,200	75,409	60,900
Herdez SA de CV Cl A	53,600	48,756	62,408
Kimberly Clark de Mexico Cl A	11,300	157,372	209,179
Mexico Value Recovery Rts 06/30/03	11,304,000	18	113
Sears Roebuck de Mexico SA de CV	10,100	135,735	122,063
Sears Roebuck de Mexico SA de CV ADR Ser B-1	2,500	71,267	59,375
Telefonos de Mexico SA Sponsored ADR Cl L	13,900	781,943	776,663
Tolmex B2 SA	31,000	337,574	313,427
Transport Maritima Mexicana SA de CV ADR Cl L	1,800	18,462	13,725
		4,923,987	4,601,670
Netherlands – 0.27%			
ABN-AMRO Holdings NV Conv Pfd	35	1,207	1,168
Akzo NV	800	81,869	85,819
DSM NV	800	57,674	57,631
Heidemij NV	6,600	71,775	64,350
Hoogovens en Staalfabrieken	800	32,268	32,139
International Nederlanden Groep CVA	1,060	37,292	45,484
KLM Royal Dutch Airlines ORD	800	22,352	22,331
KLM Royal Dutch Airlines	400	10,704	10,950
Philips Electronics	3,600	58,456	103,926
Philips Gloeilampen NV	4,200	83,314	120,750
Pirelli Tyre Holdings NV ORD	5,300	42,941	47,329
		499,852	591,877

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
Netherlands Antilles – 0.49%			
Schlumberger Ltd	18,400	1,090,660	1,087,900
		1,090,660	1,087,900
New Zealand – 0.10%			
Brierley Investments Ltd	313,831	226,929	229,465
		226,929	229,465
Norway – 0.03%			
Norsk Hydro AS Sponsored ADR	1,900	59,804	59,613
		59,804	59,613
Panama – 0.04%			
Panamerican Beverages Inc Cl A	3,700	121,943	89,263
		121,943	89,263
Portugal – 0.01%			
Mundicenter Sociable Imobil SA	700	17,684	17,136
		17,684	17,136
Singapore – 0.02%			
Development Bank of Singapore (F)	2,000	19,427	19,314
United Overseas Bank (F)	2,000	16,070	15,969
		35,497	35,283
Spain – 0.11%			
Argentaria Corp Bancaria de Esp	900	39,672	34,998
Argentaria Corp Bancaria de Esp Sponsored ADR	1,200	26,910	23,400
Banco Bilbao Vizcaya SA ORD Regd	1,600	38,265	35,135
Corporacion Mapfre International Reas Regd	1,100	43,351	42,188
Corporacion Mapfre International Reas Rts 07/12/94	1,100	0	84
Empresa Nacional de Electricidad SA Sponsored ADR	800	38,017	35,900
FECSA (Fuerzas Elec Catal) Cl A	2,500	18,138	17,213
Iberdrola SA	3,250	20,788	22,848
Viscofan Envolturas Celulo SA	1,600	18,552	39,588
		243,693	251,354
Sweden – 0.09%			
Aktiebolaget Electrolux 'Free' Cl B	1,700	68,525	78,388
Astra AB 'Free' Cl A	1,900	40,080	38,469
Ericsson (LM) Telephone Co ADR Cl B	700	35,236	34,694
SKF AB 'Free' Cl B	3,100	48,600	54,667
		192,441	206,218
Switzerland – 0.15%			
CS Holding 'Bearer'	285	108,764	119,253
CS Holding 'Bearer' Wts 12/16/94	135	0	1,139
Holderbank Financiere AG PC 'Bearer'	100	66,463	65,989
Oerlikon-Buhrle Holdings Ltd Regd	600	61,061	62,540
Swiss Bank Corp 'Bearer'	257	70,852	75,931
		307,140	324,852
Turkey – 0.02%			
Tofas Turkey Otomobil Fabrikasi AA Sponsored ADR Cl E	6,000	99,000	43,500
		99,000	43,500
United Kingdom – 1.63%			
ADT Ltd	3,500	35,175	35,438
Abbey National PLC ORD	4,166	30,238	25,247
Arjo Wiggins Appleton PLC	18	64	74
Attwoods PLC ADR	14,500	155,248	128,688
Attwoods PLC ORD	20,900	49,917	36,465
Barclays PLC ORD	9,320	69,464	74,685
Bass PLC ORD	4,622	36,068	35,860
British Petroleum PLC ADR	22,400	1,311,030	1,607,200
British Petroleum PLC ORD	37,452	149,784	225,232
British Steel PLC ORD	34,623	39,643	75,910
British Telecommunications PLC ORD	29,839	212,255	169,312

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
United Kingdom – continued			
General Electric Company PLC ORD	7,052	34,549	30,651
Hartstone Group PLC ORD	29,200	23,618	18,034
Imperial Chemical Industries PLC ADR 'New'	600	27,730	28,500
Imperial Chemical Industries PLC ORD	2,680	30,440	32,152
Ladbroke Group PLC ORD	24,135	65,530	57,015
Lonrho Ltd ORD	19,500	38,407	38,538
National Westminster Bank PLC ORD	7,965	52,905	53,127
Peninsular & Oriental Steam Navigation Co	16	156	156
Prudential Corp	7,319	39,445	32,376
RTZ Corp PLC ORD	1,849	21,754	23,467
Reuters Holdings PLC ORD	2,276	15,177	15,058
Royal Insurance Co Ltd	9,809	40,505	37,636
Schroders PLC Non Vtg	4	76	67
Scottish & Newcastle Brewers PLC	1,967	16,219	15,459
Scottish Hydro-Electric PLC ORD	3,425	21,292	18,244
Scottish Power	8,225	51,008	45,654
Vickers PLC ORD 'Units'	10,200	21,652	27,324
Vodafone Group PLC	4,294	27,377	32,454
Vodafone Group PLC Sponsored ADR	8,300	610,609	628,725
Whitbread PLC Cl A	3,730	26,696	28,796
Wickes PLC	25,800	45,905	37,843
		3,299,936	3,615,387
United States – 24.45%			
3-Com Corp	3,600	180,547	184,950
AES Corp	8,400	149,113	157,500
ALC Communications Corp 'New'	900	31,531	27,675
AMP Inc	800	50,816	55,400
AMR Corp	4,000	247,185	237,500
AMR Corp Conv Pfd	1,700	92,159	75,650
ARCO Chemical Co	1,200	57,248	54,450
Advanced Micro Devices Inc	10,200	201,599	253,725
Ahmanson (HF) & Co	18,600	375,118	351,075
Airgas Inc	1,900	31,005	50,113
Airtouch Communications	17,100	411,085	403,988
Albemarle Corp	4,200	63,628	68,775
Alexander & Baldwin Inc	1,600	42,400	41,200
Allegheny Ludlum Industries Inc	1,700	36,828	31,450
Allergan Inc	11,100	265,472	240,038
Alliance Entertainment Corp	200	1,231	1,025
Allied-Signal Inc	1,200	46,304	41,550
Allstate Corp	8,600	244,587	204,250
Alumax Inc	1,300	24,165	33,313
Aluminum Company of America	700	48,189	51,188
Amdahl Corp	9,000	59,929	49,500
Amerada Hess Corp	9,700	471,844	477,725
American Bankers Insurance Group Inc	2,000	54,500	45,250
American Cyanamid Co	6,500	312,757	364,000
American Ecology Corp	3,700	39,106	30,756
American Electric Power Company Inc	3,400	123,268	96,050
American Express Co	10,200	285,174	262,650
American International Group Inc	600	54,699	51,975
American Stores Co 'New'	1,200	25,347	29,400
Ameritech Corp 'New'	16,200	635,102	619,650
Amoco Corp	3,700	217,798	210,900
Amtrol Inc	100	1,975	1,800
Anadarko Petroleum Corp	1,600	73,511	81,800
AnnTaylor Stores Corp	1,200	40,749	46,050
Anthem Electronics Inc	3,600	99,078	74,700
Apache Corp	7,900	201,781	218,238
Applied Materials Inc	2,700	122,871	115,425
Archer-Daniels-Midland Co	2,100	54,968	48,825
Armstrong World Industries Inc	1,400	69,634	65,275
Ashland Oil Inc	700	28,399	23,538

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
United States – continued			
Atmel Corp	1,200	28,871	28,500
BET Holdings Inc Cl A	200	3,247	2,925
BJ Services Co	3,100	58,215	63,938
BON-TON Stores Inc	200	1,663	1,775
Baker Hughes Inc	10,000	198,105	205,000
Ball Corp	2,000	58,757	52,000
Baltimore Gas & Electric Co	4,800	117,388	102,000
Banc One Corp	11,330	391,422	388,053
Bank of Boston Corp	17,000	395,172	418,625
Bank of New York Company Inc	5,700	153,111	164,588
BankAmerica Corp	4,600	202,930	210,450
Bankatlantic Federal Savings Bank	200	2,850	3,150
Barefoot Inc	400	13,875	13,100
Barnett Banks Inc	1,100	50,998	48,125
Bausch & Lomb Inc	2,100	92,340	77,700
Baxter International Inc	8,800	206,827	231,000
Beckman Instruments Inc	400	10,773	10,100
Becton Dickinson & Co	2,700	102,066	110,363
Bell Atlantic Corp	6,700	375,327	375,200
BellSouth Corp	8,800	521,446	543,400
Beneficial Corp	2,700	103,240	98,550
Bergen Brunswig Corp Cl A	2,000	31,675	33,500
Best Buy Company Inc	4,700	140,158	135,713
Birmingham Steel Corp	2,200	66,763	59,400
Boatmen's Bancshares Inc	2,000	64,797	63,000
Boeing Co	1,900	92,078	87,875
Borden Inc	9,700	138,940	120,038
Boston Edison Co	2,000	56,275	52,500
Boston Scientific Corp	2,500	32,637	31,563
Bowater Inc	5,100	124,838	125,588
Bristol-Myers Squibb Co	1,300	77,186	69,713
Browning-Ferris Industries Inc	2,900	85,815	88,088
Bruno's Inc	1,200	12,358	8,700
Brunswick Corp	4,200	97,067	92,400
Burlington Industries Inc	2,900	44,283	42,413
Burlington Northern Inc	1,100	61,210	58,713
Burlington Resources Inc	6,800	314,509	281,350
CDI Corp	400	5,983	5,300
CMI Corp Oklahoma Cl A	100	650	538
CSX Corp	3,500	283,613	264,250
Cabletron Systems Inc	900	92,354	86,963
Caesars World Inc	300	16,025	10,875
California Federal Bank Cl B Non Conv Pfd	1,300	130,000	138,125
Callaway Golf Co	1,200	31,254	46,800
Camco International Inc	1,800	31,536	36,675
Canandaigua Wine Co Cl A	1,700	46,775	42,500
Capital Cities/ABC Inc	1,000	63,372	71,125
Cardinal Health Inc	1,125	43,373	44,100
Carnival Cruise Lines Inc Cl A	100	3,554	4,425
Carolina Freight Corp	400	4,520	3,800
Carolina Power & Light Co	2,700	79,029	62,438
Caterpillar Inc	5,600	366,251	560,000
Cellpro Inc	500	15,200	9,625
Centerior Energy Corp	3,900	48,542	39,488
Centex Corp	2,800	116,707	72,100
Central & South West Corp	1,900	59,818	40,375
Central Louisiana Electric Company Inc	2,200	55,197	51,700
Cephalon Inc	300	4,305	2,700
Ceridian Corp Conv Pfd	700	41,073	41,650
Champion International Corp	2,300	70,822	75,613
Charming Shoppes Inc	3,700	40,700	34,688
Charter One Financial Corp	3,800	75,475	76,950
Chase Manhattan Corp	1,100	41,388	42,075
Chemical Banking Corp	6,800	269,971	261,800

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
United States – continued			
Cherry Corp	500	9,943	15,375
Chesapeake Corp	600	15,009	15,300
Cheyenne Software Inc	2,700	50,671	22,950
Chicago & North Western Holdings Corp	2,900	64,670	67,063
Chrysler Corp	11,500	478,650	541,938
Chrysler Corp Ser A Conv Pfd	100	15,733	13,200
Cincinnati Gas & Electric Co	1,300	29,478	28,275
Circuit City Stores Inc	5,100	102,640	104,550
Cisco Systems Inc	2,500	58,350	58,438
Citicorp	12,700	355,256	506,413
Clark Automotive Products Corp	1,900	20,283	19,713
Clear Channel Communications Inc	100	3,393	3,763
Coastal Corp (The)	2,700	71,685	72,900
Coleman Inc 'New'	400	11,870	12,000
Columbia/HCA Healthcare Corp	9,955	220,977	373,313
Columbia Gas System Inc (The)	3,100	75,500	83,700
Comerica Inc	8,500	236,800	240,125
Commercial Federal Corp	200	3,857	4,700
Commonwealth Edison Co	2,900	81,512	65,975
Compaq Computer Corp	37,800	639,822	1,219,050
Compuware Corp	4,200	149,532	173,775
ConAgra Inc	6,600	172,465	201,300
Conrail Inc	700	44,013	38,325
Consolidated Edison Company of New York Inc	2,900	90,939	76,850
Cooper Industries Inc	1,400	50,539	50,400
Cooper Industries Inc Exch Conv Pfd	1,500	36,229	34,125
Crown American Realty Trust (SBI)	2,000	34,500	26,750
Cygne Designs Inc	400	8,343	8,600
DPL Inc	5,600	113,004	110,600
DQE Inc	3,300	105,335	97,763
DSC Communications Corp	500	14,384	9,781
Dayton Hudson Corp	2,800	183,545	226,800
Dean Foods Co	1,900	60,540	51,300
Dean Witter Discover & Co	3,300	122,848	123,750
Deere & Co	1,300	103,913	87,913
Delta & Pine Land Co	1,000	12,000	17,625
Delta Air Lines Inc	1,700	80,424	76,925
Detroit Edison Co	2,500	73,562	61,875
Developers Diversified Realty	800	23,900	24,800
Devry Inc	1,200	39,000	34,800
Dial Corp	700	27,290	29,925
Dial Page Inc	1,000	42,875	28,250
Diebold Inc	1,550	54,706	66,069
Dillard Department Stores Inc Cl A	1,400	52,086	43,225
Discount Auto Parts Inc	2,000	51,036	42,500
Dole Food Inc	1,300	33,947	35,100
Dominion Resources Inc (Va)	1,500	67,388	54,563
Donnelley (RR) & Sons Co	3,400	97,783	94,350
Dr Pepper/Seven Up Companies Inc 'New'	1,100	17,168	25,300
Du Pont (EI) de Nemours & Co	1,900	111,165	110,913
Duke Power Co	2,100	87,759	75,075
Duty Free International Inc	2,400	34,491	25,500
EA Engineering Science & Technology Inc	3,000	52,613	45,000
EMC Corp (Massachusetts)	6,600	100,159	89,100
ENSERCH Corp	4,700	66,207	67,563
Eastern Utilities Associates	3,800	93,931	87,875
Eastman Chemical Co	1,400	61,828	66,850
Eastman Kodak Co	1,100	53,775	52,938
Echlin Inc	1,800	46,501	54,225
Energen Corp	1,400	29,470	29,225
Enquirer/Star Group Inc	2,400	47,148	42,300
Enron Corp	2,200	66,677	72,050
Entergy Corp 'New'	10,400	368,540	257,400
Enterra Corp	1,800	38,491	37,800

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
United States – continued			
Equitable Resources Inc	900	31,257	30,938
FPL Group Inc	1,700	64,658	50,788
Federal Home Loan Mortgage Corp	7,500	383,952	453,750
Federal National Mortgage Association	24,100	1,931,879	2,012,350
Federal Realty Investment Trust (SBI)	1,300	35,815	33,313
Federated Department Stores Inc 'New'	14,600	294,961	292,000
First Chicago Corp	900	40,173	43,313
First Fidelity Bancorp	1,500	69,626	69,563
First Interstate Bancorp	800	42,314	61,600
First Union Corp	8,100	352,854	373,613
First USA Inc	700	31,045	26,863
FirstFed Michigan Corp	150	2,835	3,488
Fleet Financial Group Inc	5,600	212,473	211,400
Fleetwood Enterprises Inc	1,000	21,463	19,125
Flightsafety International Inc	3,500	118,104	131,688
Food Lion Inc Cl A	26,700	180,137	160,200
Ford Motor Co	1,400	65,897	82,600
Ford Motor Co (Del) Ser A Conv Pfd	100	10,472	9,700
Fore Systems Inc	200	3,200	5,850
Forest Laboratories Inc	1,100	55,528	47,850
Fruit of the Loom Inc Cl A	2,900	84,376	75,763
GFC Financial Corp	2,896	89,771	96,654
GP Financial Corp	400	8,450	8,900
GTE Corp	7,900	252,775	248,850
Gannett Co Inc	2,900	160,546	143,550
Gap Inc	1,300	47,019	55,575
Genentech Inc	200	10,032	9,850
General Electric Co	4,500	218,797	209,813
General Instrument Corp	500	26,782	28,500
General Motors Corp	9,700	472,608	487,425
General Public Utilities Corp	3,000	98,250	78,750
General Re Corp	2,800	304,321	305,200
Genuine Parts Co	1,000	34,770	36,125
Georgia-Pacific Corp	100	6,002	5,988
Glenayre Technologies Inc	200	8,561	7,850
Global Marine Inc 'New'	17,800	77,347	82,325
Golden West Financial Corp	7,800	320,753	301,275
Goodyear Tire & Rubber Co	800	36,722	28,800
Grace (WR) & Co	4,800	206,098	191,400
Grainger (WW) Inc	500	30,828	31,938
Great Atlantic & Pacific Tea Company Inc	1,600	38,048	34,400
Great Lakes Chemical Corp	2,700	157,333	146,138
Green Tree Acceptance Inc	2,000	51,000	56,000
Gryphon Holdings Inc	200	2,982	3,000
Gupta Corp	2,100	33,535	19,425
Halliburton Co	8,500	289,875	286,875
Hanna (MA) Co	1,800	44,179	45,675
Harding Associates Inc	100	850	600
Harnischfeger Industries Inc	400	8,203	7,800
Health Management Associates Inc Cl A 'New'	1,650	34,666	33,825
Hechinger Co Cl A	400	6,100	5,500
Helmerich & Payne Inc	900	23,972	23,850
Hercules Inc	200	19,635	21,400
Heritage Media Corp Cl A 'New'	500	8,500	8,875
Hewlett-Packard Co	2,400	200,793	180,900
Hilton Hotels Corp	800	55,772	42,400
Hollywood Entertainment Corp	400	9,731	13,200
Home Shopping Network Inc	5,300	67,734	62,275
Homestake Mining Co	2,500	47,625	46,875
Houston Industries Inc	2,200	104,551	71,775
Humana Inc	5,100	98,635	82,238
IBP Inc	12,500	261,620	332,813
IMC Fertilizer Group Inc	1,600	56,510	55,400
ITT Corp	100	8,982	8,163

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
United States – continued			
Illinois Central Corp Ser A	2,300	59,661	76,188
Illinova Corp	7,100	155,197	133,125
Imo Industries Inc	400	3,966	3,800
Indresco Inc	2,000	28,990	23,750
Infinity Broadcasting Corp Cl A	400	9,800	9,700
Informix Corp	100	1,540	1,550
Inland Steel Industries Inc	2,600	76,127	90,675
Intel Corp	22,850	1,492,058	1,336,725
Interface Inc Cl A	100	1,400	1,125
International Business Machines (IBM) Corp	13,800	735,910	810,750
International Paper Co	1,000	66,717	66,250
Investment Technology Group Inc	1,000	13,000	12,500
Itron Inc	200	2,700	4,000
John Alden Financial Corp	1,000	40,278	34,500
Johnson & Johnson	5,400	221,258	231,525
Jones Apparel Group Inc	100	2,882	2,825
Joy Technologies Inc Cl A	3,900	54,623	38,025
KLA Instruments Corp	1,300	52,711	48,750
Kendall International Inc	2,000	99,952	102,000
Kerr-McGee Corp	2,800	130,550	131,950
Keycorp 'New'	5,905	191,652	188,222
Keystone International Inc	200	4,432	3,900
Kimco Realty Corp	800	28,824	28,700
La Quinta Motor Inns Inc	7,850	187,595	205,081
LADD Furniture Inc	400	3,986	2,800
Lafarge Corp	1,800	30,995	34,875
Lamonts Apparel Inc	1,434	2,151	1,793
Landstar Systems Inc	200	5,338	5,900
LEGENT Corp	1,000	33,873	27,000
Leggett & Platt Inc	500	22,352	18,750
Lehman Brothers Holdings Inc	5,140	96,078	77,743
Lillian Vernon Corp	100	2,054	1,850
Limited Inc (The)	6,000	133,368	103,500
Lincare Holdings Inc	500	10,813	9,688
Little Switzerland Inc	1,500	13,106	9,375
Litton Industries Inc	1,000	27,129	33,625
Liz Claiborne Inc	2,900	65,632	58,000
Loews Corp	800	74,382	68,200
Loral Corp	2,500	62,618	87,500
Lotus Development Corp	5,300	305,575	194,775
Louis Dreyfus Natural Gas Corp	2,800	41,048	39,200
Louisiana Land & Exploration Co	5,500	223,513	233,750
Lowe's Companies Inc	2,400	46,763	82,200
Lyondell Petrochemical Co	1,000	19,721	24,625
MBIA Inc	1,200	75,064	68,850
MCN Corp	6,200	243,283	248,000
Magma Power Co	900	27,593	26,325
Mallinckrodt Group Inc	5,600	176,054	182,000
Manpower Inc	400	7,562	8,400
Marine Drilling Companies Inc	4,000	21,390	23,000
Marriot International Inc	300	7,134	7,988
Martin Marietta Corp	600	26,394	26,475
McDonald's Corp	5,600	161,313	161,700
McKesson Corp	1,300	73,007	93,763
Medtronic Inc	3,000	203,453	240,375
Medusa Corp	100	2,868	2,450
Mentor Corp Minnesota	400	5,779	6,150
Meredith Corp	1,300	55,577	55,250
Merrill Lynch & Company Inc	100	4,117	3,500
Merry Land & Investment Company Inc	1,700	38,429	34,425
Mesa Airlines Inc	400	7,340	3,950
Michael Foods Inc	400	4,750	4,400
Micro Warehouse Inc	400	7,660	8,500
Micron Technology Inc	3,000	62,422	103,500

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
United States – continued			
Microsoft Corp	9,600	399,085	494,400
Midlantic Corp	1,300	39,488	38,025
Miller (Herman) Inc	8,500	203,828	222,063
Millipore Corp	600	31,250	31,650
Mirage Resorts Inc	2,200	49,654	41,250
Mobil Corp	400	31,594	32,650
Mohawk Industries Inc	900	26,550	15,750
Molex Inc Cl A	700	21,350	25,725
Monsanto Co	300	18,736	22,688
Montana Power Co	2,400	56,483	53,700
Morgan Stanley Group Inc	400	29,158	22,750
Morrison Restaurants Inc	600	14,317	13,650
Motorola Inc	11,300	567,377	502,850
Murphy Oil Corp	4,700	202,228	200,925
NAC Re Corp	2,000	62,500	59,000
NICOR Inc	1,200	32,419	31,650
NIPSCO Industries Inc	4,500	143,713	132,750
NYNEX Corp	9,600	357,723	363,600
Nabors Industries Inc	5,100	37,337	36,975
Nalco Chemical Co	3,800	131,435	121,125
National Semiconductor Corp	1,700	34,382	29,325
NationsBank Corp	6,800	334,567	349,350
New England Business Service Inc	1,500	30,933	28,125
Newell Company	700	28,603	32,375
Newfield Exploration Co	2,700	59,097	61,088
Nextel Communications Inc Cl A	600	24,848	18,150
Niagara Mohawk Power Corp	9,700	170,079	146,713
Noram Energy Corp	5,600	48,580	33,600
Northeast Utilities	1,500	34,880	32,625
Northern States Power Co (Minnesota)	1,300	54,990	53,463
Novell Inc	5,300	96,240	88,775
Nucor Corp	1,800	120,319	123,300
OHM Corp	3,400	52,445	36,125
ONEOK Inc	1,900	31,225	32,538
Occidental Petroleum Corp	3,100	59,371	58,513
Office Depot Inc	300	7,257	6,000
Ohio Edison Co	3,100	68,952	55,413
Omnicom Group Inc	300	14,643	14,475
Onecomm Corp	1,500	37,500	31,125
Oracle Systems Corp	7,400	238,462	277,500
Oregon Steel Mills Inc	1,400	29,105	26,775
Oryx Energy Co	2,700	47,048	40,500
Outboard Marine Corp	4,300	81,745	86,000
Owens & Minor Inc 'New'	1,350	22,312	20,081
Owens-Illinois Inc 'New'	19,800	231,812	217,800
PSI Resources Inc	3,300	86,279	69,713
Pacific Enterprises	9,400	197,418	186,825
Pacific Gas & Electric Co	2,900	100,015	68,875
Pacific Telesis Group	7,000	213,525	216,125
Pacificorp	5,400	103,657	91,125
Pall Corp	2,600	37,331	39,000
Panhandle Eastern Corp	900	23,600	17,775
Parametric Technology Corp	3,300	96,011	74,663
Parker & Parsley Petroleum Co	3,700	93,986	94,350
Peco Energy Co	8,600	239,692	226,825
Penncorp Financial Group Inc	100	1,666	1,750
Penney (JC) Company Inc	1,400	68,537	75,950
Peoplesoft Inc	2,200	75,355	77,000
Pfizer Inc	7,900	490,862	498,688
Philip Morris Companies Inc	29,800	1,613,145	1,534,700
Phillips Petroleum Co	2,300	75,199	71,875
Pittston Company Minerals Group WI	1,800	46,530	33,300
Platinum Technology Inc	2,400	33,035	31,200
Polaroid Corp	2,600	89,603	82,875

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
United States – continued			
Powersoft Corp	1,100	61,958	53,350
Premark International Inc	600	47,921	45,150
Premiere Page Inc	1,000	10,000	9,938
Procter & Gamble Co	600	29,901	32,025
Progressive Corp (Ohio)	800	29,743	26,600
Protein Design Laboratories Inc	400	10,872	7,300
Providian Corp	300	9,054	9,075
Public Service Company of New Mexico	5,300	67,453	60,950
Public Service Enterprise Group Inc	2,300	72,519	59,800
Pulte Corp	1,200	35,429	27,600
Questar Corp	4,700	150,597	152,163
RJR Nabisco Holdings Corp	55,900	333,729	342,388
RJR Nabisco Holdings Corp Ser A Conv Pfd	26,700	168,340	166,875
Ralcorp Holdings Inc	66	1,027	1,048
Raytheon Co	2,100	116,922	135,975
Republic New York Corp	1,000	49,624	46,125
Rex Stores Corp	5,370	87,348	87,263
Reynolds & Reynolds Co Cl A	1,700	34,178	39,313
Reynolds Metals Co	5,300	258,624	254,400
Reynolds Metals Co Conv Pfd	3,700	200,977	184,538
Rite Aid Corp	4,300	80,750	87,075
Roadway Services Inc	200	14,754	12,600
Robert Half International Inc	100	2,204	4,038
Rochester Telephone Corp	800	18,270	18,100
Ross Stores Inc	800	11,865	11,700
Royal Caribbean Cruises Ltd	1,100	20,790	30,525
Rural/Metro Corp	1,000	12,500	16,500
Russell Corp	1,600	48,031	46,600
SAFECO Corp	3,500	203,150	194,688
SCE Corp	2,500	52,625	32,188
SCI Systems Inc	12,300	236,631	186,038
St Jude Medical Inc	2,200	58,218	71,500
St Paul Companies Inc (The)	7,000	300,744	280,875
Safeskin Corp	300	5,050	4,500
Safety Kleen Corp	2,600	45,893	44,200
Safeway Inc 'New'	4,700	106,154	112,213
Sanifill Inc	1,900	46,011	47,975
Santa Fe Pacific Corp	17,500	282,145	365,313
Sara Lee Corp	2,600	56,947	55,250
Schering-Plough Corp	5,800	370,990	355,250
Scientific-Atlanta Inc	200	6,286	6,875
Scripps (EW) Co Cl A	1,100	30,580	32,175
Sears Roebuck & Co	10,600	512,802	508,800
Serv-Tech Inc	400	4,628	3,225
Sevenson Environmental Services Inc	200	3,613	3,650
Shawmut National Corp	22,700	503,893	499,400
Signet Banking Corp	700	22,145	28,263
Silicon Graphics Inc	2,800	63,627	61,950
Simon Properties Group Inc REIT	2,100	51,773	55,913
Smith (AO) Corp Cl B	200	4,401	5,050
Sofamor/Danek Group Inc	900	29,576	11,700
Solectron Corp	7,800	178,376	197,925
Sonat Inc	7,500	239,435	230,625
Sotheby's Holdings Inc Cl A	2,400	37,665	29,700
Southern Co	8,800	180,587	165,000
Southern Pacific Rail Corp	7,400	139,428	145,225
Southwestern Bell Corp	16,600	666,036	722,100
Spacelabs Medical Inc	600	14,112	12,750
Spiegel Inc Cl A Non Vtg	200	4,388	3,800
Sprint Corp	3,300	117,468	115,088
Standard Federal Bank	7,700	224,279	192,500
Stop & Shop Companies Inc	3,200	67,653	76,800
Sturm Ruger & Company Inc	100	3,155	2,950
Sun Microsystems Inc	500	13,813	10,313

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
United States – continued			
Supervalu Inc	900	28,774	27,225
Sybase Inc	2,200	115,936	107,800
TETRA Technologies Inc	10,500	88,750	90,563
TJX Companies Inc	11,500	324,263	251,563
TRINOVA Corp	1,000	26,020	34,625
TSI Inc	400	5,350	4,900
Tandem Computers Inc	5,600	63,196	63,000
Tech Data Corp	2,400	47,025	39,600
Tecumseh Products Co Cl A	2,100	94,775	97,650
Tektronix Inc	1,900	52,541	53,675
Tele-Communications Inc Cl A	13,000	331,463	264,875
Temple-Inland Inc	1,600	75,902	76,200
Teradyne Inc	2,500	36,038	66,250
Texaco Inc	1,400	85,352	84,525
Texas Instruments Inc	3,100	217,248	246,450
Texas Utilities Co	1,800	77,864	56,475
Textron Inc	800	44,768	41,900
Thermedics Inc	9,700	142,691	141,863
Thermo Electron Corp	2,600	100,940	96,850
Thermo Instrument Systems Inc	1,300	39,803	37,050
Thor Industries Inc	600	13,154	12,000
Thrifty Payless Holdings Inc Cl C	2,660	6,314	5,985
Tidewater Inc	300	6,650	6,975
Tiffany & Company Inc	1,100	38,177	38,088
Times Mirror Co Ser A	1,600	52,877	48,200
Tosco Corp	6,000	158,817	178,500
Toys "R" Us Inc	8,100	284,953	265,275
Travelers Inc	7,400	268,355	238,650
Trinity Industries Inc	2,200	82,647	77,275
UNUM Corp	3,100	149,903	138,725
US Healthcare Inc	3,500	131,250	129,500
US Surgical Corp Conv Pfd	1,900	43,675	46,075
US West Inc	9,800	393,934	410,375
USA Waste Services Inc	3,200	39,442	37,200
UST Inc	8,200	224,035	222,425
USX – US Steel Group	4,200	151,322	142,275
Unifi Inc	8,700	228,234	203,363
Union Carbide Corp	4,900	100,740	131,075
Union Electric Co	1,900	73,874	60,325
Union Pacific Corp	700	46,054	39,638
United HealthCare Corp	1,100	42,378	48,950
United Illuminating Co	200	6,783	6,575
United Technologies Corp	1,300	84,092	83,525
United Waste Systems Inc	200	3,080	3,750
Uno Restaurant Corp	200	2,074	2,075
Unocal Corp	16,700	478,467	478,038
Unocal Corp Conv Pfd	2,000	118,750	108,500
VF Corp	1,600	75,925	76,000
Value City Department Stores Inc	2,700	38,648	36,113
Vanguard Cellular System Inc Cl A	200	6,948	6,600
Varian Associates Inc	200	6,950	7,100
Video Lottery Technologies Inc	100	1,413	1,100
Viewlogic Systems Inc	6,100	141,400	96,075
Vigoro Corp	500	12,313	14,063
Vornado Realty Trust	1,000	35,500	36,500
WMX Technologies Inc	1,500	39,615	39,750
Wal-Mart Stores Inc	9,600	244,844	232,800
Warner-Lambert Co	6,100	405,488	402,600
Watkins-Johnson Co	200	4,804	5,925
Wellfleet Communications Inc	2,000	40,875	50,000
Wellman Inc	1,100	29,949	30,663
Western Atlas Inc	5,300	193,998	252,413
Western Gas Resources Inc	2,300	62,335	60,950
Western Gas Resources Inc Conv Pfd	600	27,630	26,250

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
United States – continued			
Western Waste Industries Inc	400	8,058	8,000
Westpoint Stevens Inc Cl A	600	8,306	8,175
Weyerhaeuser Co	200	9,623	8,000
Wheatley TXT Corp	200	2,371	2,800
Williams Companies Inc	3,300	100,764	94,463
Wisconsin Central Transportation Corp	800	52,128	51,800
Witco Corp	1,300	42,640	38,675
Xerox Corp	900	74,276	87,975
Zebra Technologies Corp Cl A	2,900	91,600	92,075
		54,033,190	54,303,227
Total Equities		**86,670,470**	**87,011,908**

Bonds — 23.13%

	Principal Amount(a) $		
Argentina – 1.63%			
Alpargatas SA Euro 9.00%, 03/15/98	225,000	216,063	204,750
Argentina Republic:			
Brady Euro 4.00%, 03/31/23	750,000	403,438	370,313
FRN Euro 5.00%, 03/31/05 (b)	4,250,000	3,278,380	3,033,438
		3,897,881	3,608,501
Brazil – 0.47%			
Federal Republic of Brazil IDU Euro 4.31%, 01/01/01 (b)	1,287,000	1,021,945	894,465
Siderurgica Brasileiras SA Conv 6.00%, 08/15/99 BRC	1,192,400	176,377	144,628
		1,198,322	1,039,093
Canada – 0.30%			
Gulf Canada Resources Ltd 9.25%, 01/15/04	330,000	312,675	303,600
Methanex Corp 8.88%, 11/15/01	40,000	39,864	39,400
Rogers Cable Systems Ltd 9.65%, 01/15/14 CAD	50,000	37,867	30,363
Sherritt Incorp 11.00%, 03/31/04	60,000	43,418	41,673
Sifto Canada Inc 8.50%, 07/15/00	135,000	136,013	124,875
Stone Consolidated Corp Conv 8.00%, 12/31/03 CAD	140,000	105,247	124,489
		675,084	664,400
Grand Cayman – 0.01%			
Peregrine Investment Finance Cayman Ltd Conv 4.50%, 12/01/00	20,000	20,000	15,300
		20,000	15,300
Guatemala – 0.46%			
Associacion Nacional Del Cafe 11.00%, 08/31/98	1,000,000	1,000,000	1,017,500
		1,000,000	1,017,500
India – 0.03%			
Industrial Credit & Investment Corp Conv 2.50%, 04/03/00	30,000	30,000	25,800
Scici Ltd Euro Conv 3.50%, 04/01/04	15,000	18,434	18,675
Sterlite Industries India Ltd Euro Conv 3.50%, 06/30/99	15,000	17,955	14,700
		66,389	59,175
Korea – 0.42%			
Daewoo Corp Euro Conv 0.00%, 12/31/04	300,000	300,000	294,750
Daewoo Electronics Conv 3.50%, 12/31/07	250,000	522,600	462,500
Kolon Industries Conv 0.25%, 12/31/04	300,000	300,000	180,000
		1,122,600	937,250

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Bonds – continued

	Principal Amount(a) $	Cost $	Market Value $
Mexico – 5.45%			
Bancomer SNC Euro 8.00%, 07/07/98	1,675,000	1,713,725	1,608,000
Cemex SA & Tolmex SA de CV:			
144A 10.00%, 11/15/96	100,000	101,250	102,750
Euro 8.88%, 06/10/98	1,740,000	1,801,388	1,713,900
10.00%, 11/05/99	300,000	332,115	301,125
Controladora Comercial Mexicana SA de CV Euro 8.75%, 04/21/98	370,000	369,640	357,975
Empresas ICA Sociedad Controladora SA de CV Euro 9.75%, 02/11/98	100,000	99,500	101,250
Empresas La Moderna SA de CV:			
144A 10.25%, 11/12/97	100,000	102,000	102,000
Euro 10.25%, 11/12/97	205,000	218,575	209,100
Fomento Economico Mexicano SA Euro 9.50%, 07/22/97	100,000	104,750	100,875
Grupo Dina (Consorcio G):			
144A 10.50%, 11/18/97	50,000	50,563	49,375
Euro 10.50%, 11/18/97	130,000	138,450	128,375
Grupo Embotellador de Mexico SA de CV Euro 10.75%, 11/19/97	350,000	384,181	357,875
Mexican Brady:			
Discount FRN Ser C 0.00%, 12/31/19 (b)	1,000,000	875,000	820,000
Discount FRN Ser D 5.81%, 12/31/19 (b)	1,950,000	1,612,406	1,599,000
Par Ser A 6.25%, 12/31/19	4,000,000	3,226,875	2,535,000
Par Ser B 6.25%, 12/31/19	2,000,000	1,581,406	1,267,500
Tolmex SA de CV 8.38%, 11/01/03	875,000	894,797	756,000
		13,606,621	12,110,100
New Zealand – 0.30%			
Government of New Zealand 8.00%, 04/15/04 NZD	1,100,000	709,380	666,646
		709,380	666,646
Sweden – 0.00%			
Ericsson (LM) Telephone Co Conv 4.25%, 06/30/00	100	139	175
		139	175
United States – 14.06%			
AES Corp 9.75%, 06/15/00	80,000	82,725	79,600
Act III Broadcasting Inc 9.63%, 12/15/03	30,000	30,138	28,050
Adience Inc 11.00%, 06/15/02	70,000	56,475	55,650
American Annuity Group Inc 11.13%, 02/01/03	245,000	258,788	247,450
American Financial Corp:			
12.00%, 09/03/99	225,000	226,781	225,000
Ser B 12.00%, 09/03/99	240,000	244,407	240,000
American Medical International Inc Ser B 9.50%, 04/15/06	110,000	115,088	102,300
Americo Life Inc 9.25%, 06/01/05	135,000	135,031	124,875
Apparel Retailers Inc Ser B 0.00%, 08/15/05 (c)	330,000	191,884	198,000
Bally's Casino Holdings Inc 0.00%, 06/15/98	820,000	544,703	504,300
Bally's Park Place Funding Inc 9.25%, 03/15/04	240,000	234,283	216,000
Ballys Grand Inc 1st Mtg Ser B 10.38%, 12/15/03	130,000	127,200	118,950
Baroid Corp 'New' 8.00%, 04/15/03	100,000	104,013	102,500
Berg Electronics Inc 11.38%, 05/01/03	35,000	36,481	36,225
Building Materials Corporation America 0.00%, 07/01/04 (c)	310,000	175,100	174,375
California Hotel Finance Corp Gtd 11.00%, 12/01/02	725,000	772,469	737,688
Cencall Communications Corp 0.00%, 01/15/04 (c)	220,000	137,285	123,200
Chiquita Brands International Inc 9.13%, 03/01/04	30,000	30,000	27,750
Consolidated Hydro Inc 0.00%, 07/15/03 (c)	115,000	71,429	67,131
Container Corporation America:			
9.75%, 04/01/03	80,000	82,469	76,000
14.00%, 12/01/01	210,000	234,563	229,950
Continental Cablevision Inc:			
8.63%, 08/15/03	35,000	37,844	32,244
9.00%, 09/01/08	83,000	91,900	74,700
Dairy Mart Convenience Stores Inc 10.25%, 03/15/04	30,000	30,000	27,600

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Bonds – continued

	Principal Amount(a) $	Cost $	Market Value $
United States – continued			
Doskocil Companies Inc 9.75%, 07/15/00	75,000	73,406	69,375
Dr Pepper/Seven-Up Companies Inc 0.00%, 11/01/02 (c)	70,000	56,226	53,900
Eckerd Jack Corp Del 9.25%, 02/15/04	25,000	25,263	23,500
Embassy Suites Inc:			
Gtd 144A 8.75%, 03/15/00	405,000	412,663	388,800
10.88%, 04/15/02	210,000	235,006	222,600
Falcon Drilling Inc 9.75%, 01/15/01	168,000	164,680	161,280
Family Restaurants Inc 9.75%, 02/01/02	250,000	244,575	225,000
Finlay Fine Jewelry Corp 10.63%, 05/01/03	75,000	76,706	74,250
Fitzgeralds Gaming Corp 'Units' 13.00%, 03/15/96 (b)	30,000	30,000	28,200
Flagstar Corp:			
10.88%, 12/01/02	30,000	29,550	29,288
11.25%, 11/01/04	90,000	88,650	82,238
G-I Holdings Inc Ser B 0.00%, 10/01/98	540,000	354,251	330,750
GNS Finance Corp 9.25%, 03/15/03	40,000	41,650	37,600
GPA Delaware Inc:			
8.50%, 03/03/97	100,000	82,000	88,000
8.63%, 01/15/99	100,000	72,500	78,500
Grand Casino Resorts Inc Gtd 1st Mtg Ser B 12.50%, 02/01/00	160,000	172,600	166,800
HS Resources Inc 9.88%, 12/01/03	50,000	49,701	46,250
Hat Brands Inc 12.63%, 09/15/02	90,000	96,863	96,750
Health South Rehabilitation Corp 9.50%, 04/01/01	80,000	80,000	77,000
Healthtrust Inc – The Hospital Co:			
8.75%, 03/15/05	160,000	161,138	143,200
10.75%, 05/01/02	440,000	486,850	454,850
Helicon Group LP/Helicon Capita Corp 9.00%, 11/01/03 (b)	100,000	98,059	86,000
Hills Stores Co 'New' 10.25%, 09/30/03	100,000	104,400	98,500
Hollywood Casino Corp – Tunica 1st Mtg144A 13.50%, 09/30/98	40,000	40,000	40,000
Hospital Corporation America 8.00%, 04/15/96	50,000	50,188	51,030
Host Marriott Corp:			
9.13%, 12/01/00	10,000	10,000	9,900
10.50%, 05/01/06	260,000	267,475	260,000
11.00%, 05/01/07	40,000	40,938	39,850
Host Marriott Hospitality Inc:			
10.63%, 02/01/00	35,000	35,956	34,738
11.25%, 07/18/05	60,000	61,875	60,000
Indah Kiat International Finance Co BV:			
11.38%, 06/15/99	60,000	60,000	60,600
11.88%, 06/15/02	100,000	100,000	101,000
12.50%, 06/15/06	100,000	100,000	101,000
Integrated Heal Services Inc 10.75%, 07/15/04	40,000	40,000	40,000
Kaufman & Broad Home Corp 9.38%, 05/01/03	15,000	15,600	14,025
Kindercare Learning Centers Inc 10.38%, 06/01/01	60,000	60,000	60,150
Lady Luck Gaming Finance Corp Gtd 1st Mtg Ser B 10.50%, 03/01/01	70,000	70,063	58,800
Lamonts Apparel Inc 10.25%, 11/01/99	83,000	80,510	63,910
Lomas Mortgage USA Inc 10.25%, 10/01/02	245,000	254,188	229,688
MDC Holdings Inc 11.13%, 12/15/03	40,000	39,460	38,400
MFS Communications 0.00%, 01/15/04 (c)	420,000	269,257	236,250
Mesa Capital Corp 0.00%, 06/30/98 (c)	60,000	54,787	54,000
Midlantic Corp 9.25%, 09/01/99	35,000	39,636	36,750
Mobilmedia Communications Inc 0.00%, 12/01/03 (c)	40,000	23,574	23,600
NL Industries Inc 11.75%, 10/15/03	50,000	52,188	51,500
News America Holdings Inc 8.50%, 02/15/05	395,000	420,775	387,693
Nextel Communications Inc 0.00%, 08/15/04 (c)	400,000	257,609	230,000
OSI Specialties Inc 9.25%, 10/01/03	25,000	25,688	23,625
Oryx Energy Co 9.75%, 09/15/98	30,000	31,200	28,950
Outdoor Systems Inc 10.75%, 08/15/03	75,000	78,281	72,000

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Bonds – continued

	Principal Amount(a) $	Cost $	Market Value $
United States – continued			
Paging Network Inc 8.88%, 02/01/06	70,000	70,000	62,475
Parisian Inc 9.88%, 07/15/03	185,000	184,156	167,425
Penn Traffic Co 9.63%, 04/15/05	110,000	114,000	103,400
Penncorp Financial Group Inc 9.25%, 12/15/03	70,000	70,225	65,100
Ralph's Grocery Co Ser B 9.00%, 04/01/03	45,000	44,969	41,850
Red Roof Inns Inc 9.63%, 12/15/03	220,000	222,638	205,425
Reliance Financial Services Corp:			
9.27%, 11/01/00	140,000	139,638	137,200
10.36%, 12/01/00	300,000	305,438	302,250
Reliance Group Holdings Inc:			
9.00%, 11/15/00	165,000	165,744	148,500
9.75%, 11/15/03	150,000	155,188	135,000
Repap Wisconsin Inc:			
9.25%, 02/01/02	280,000	280,175	254,800
9.88%, 05/01/06	60,000	60,000	54,600
Revlon Consumer Products Corp:			
9.50%, 06/01/99	160,000	160,007	146,400
9.38%, 04/01/01	360,000	342,563	307,800
10.50%, 02/15/03	260,000	254,388	224,900
Revlon World Wide Ser B 0.00%, 03/15/98	1,135,000	651,740	476,700
Robin Media Group Inc 11.13%, 04/01/97	100,000	94,540	94,000
Ryland Group Inc 9.63%, 06/01/04	65,000	65,131	60,450
SCI Television Inc:			
7.50%, 06/30/98 (b)	560,968	550,702	555,358
11.00%, 06/30/05	575,000	600,431	592,250
Sequa Corp 9.38%, 12/15/03	30,000	30,000	27,900
Southern Pacific Rail Corp 9.38%, 08/15/05	170,000	177,713	166,600
Specialty Equipment Companies Inc 11.38%, 12/01/03	125,000	125,406	126,875
Specialty Foods Corp 10.25%, 08/15/01	70,000	71,488	64,400
Spectravision Inc Pay-in-kind 12.65%, 12/01/02	31,000	31,469	14,260
Stone Container Corp 9.88%, 02/01/01	190,000	190,200	175,750
Thrifty Payless Holdings Inc:			
11.75%, 04/15/03	110,000	110,000	111,375
'Units' 12.25%, 04/15/04	170,000	164,699	171,700
Trancor Inc 10.88%, 08/15/01	50,000	50,000	51,000
Trans Resources Inc 14.50%, 09/01/96	20,000	22,225	21,000
Transtar Holdings LP/Transtar Cap Corp Ser B 0.00%, 12/15/03 (c)	230,000	126,575	128,800
TransTexas Gas Corp 10.50%, 09/01/00	715,000	775,669	718,575
Triangle Pacific Corp 10.50%, 08/01/03	190,000	190,000	187,150
UCC Investors Holding Inc 10.50%, 05/01/02	65,000	70,238	65,975
US Home Corp 9.75%, 06/15/03	355,000	364,400	335,475
USG Corp:			
Ser B 9.25%, 09/15/01	405,000	404,144	383,738
Ser B 10.25%, 12/15/02	160,000	163,950	160,000
Uniroyal Chemical Corp 9.00%, 09/01/00	240,000	245,775	231,900
Unisys Corp 9.75%, 09/15/96	200,000	208,563	202,500
United States Treasury Bills 6.25%, 02/15/03	15,300,000	14,467,961	14,262,441
Valcor Inc 9.63%, 11/01/03	10,000	10,000	9,263
WCI Steel Inc Ser B 10.50%, 03/01/02	40,000	40,000	40,700
Westpoint Stevens Inc:			
8.75%, 12/15/01	80,000	80,200	73,000
9.38%, 12/15/05	55,000	55,169	49,913
		32,574,558	31,235,801
Total Bonds		**54,870,974**	**51,353,941**

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Asset Manager Fund

Statement of Investment Portfolio – continued
As at June 30, 1994

Short Term Investments — 1.14%

		Principal Amount(a) $	Cost $	Market Value $
Argentina – 0.04%				
Alto Parana SA 12.00%, 03/04/95		250,000	243,906	92,500
			243,906	92,500
Mexico – 0.91%				
Banco Nacional de Mexico SA 0.00%, 07/21/94	MXN	4,140,000	1,216,603	1,207,538
Mexican Government Cetes:				
0.00%, 07/21/94	MXN	2,268,150	667,162	662,487
0.00%, 07/28/94	MXN	476,690	139,716	138,803
			2,023,481	2,008,828
United States – 0.19%				
United StatesTreasury Bills Zero Coupon, 07/07/94		430,000	429,743	429,768
			429,743	429,768
Total Short Term Investments			**2,697,130**	**2,531,096**

Indexed Securities — 3.95%

Grand Cayman – 0.02%			
Republic National Bank of New York Note 12.88%, 03/17/95 (coupon inversely indexed to HELIBOR and principal indexed to value of 2-year Finnish securities, both multiplied by 8)	100,000	100,000	44,100
		100,000	44,100
United States – 3.93%			
AIG Matched Funding Corp Note 14.99%, 09/14/94 (coupon inversely indexed to HELIBOR and principal indexed to value of 2-year Finnish securities, both multiplied by 6)	100,000	100,000	74,700
Bankers Trust Co:			
Note 0.00%, 11/03/94 (coupon inversely indexed to ITL LIBOR and principal indexed to value of 2-year Italian securities, both multiplied by 8)	100,000	100,000	61,340
Note 0.00%, 11/14/94 (coupon inversely indexed to HELIBOR and principal indexed to value of 2-year Finnish securities, both multiplied by 8)	100,000	100,000	54,120
Note 0.00%, 12/05/94 (coupon inversely indexed to ITL LIBOR and principal indexed to value of 2-year Italian securities, both multiplied by 8)	100,000	100,000	70,500
Note 0.00%, 12/05/94 (coupon inversely indexed to HELIBOR and principal indexed to value of 2-year Finnish securities, both multiplied by 8)	100,000	100,000	49,320
Note 0.00%, 12/06/94 (coupon inversely indexed to HELIBOR and principal indexed to value of 2-year Finnish securities, both multiplied by 8)	100,000	100,000	48,830
Note 0.00%, 12/07/94 (coupon inversely indexed to HELIBOR and principal indexed to value of 2-year Finnish securities, both multiplied by 8)	200,000	200,000	97,800
Note 0.00%, 12/08/94 (coupon inversely indexed to HELIBOR and principal indexed to value of 2-year Finnish securities, both multiplied by 8)	200,000	200,000	97,600
Note 0.00%, 12/08/94 (coupon inversely indexed to GBP LIBOR and principal indexed to value of 2-year United Kingdom securities, both multiplied by 10)	200,000	200,000	115,980
Note 0.00%, 03/03/95 (coupon inversely indexed to GBP LIBOR and principal indexed to value of 1-year United Kingdom securities, both multiplied by 10)	300,000	300,000	239,520
Note 4.31%, 12/21/94 (inversely indexed to 3-month LIBOR rate, multiplied by 12)	935,000	935,000	878,713
Note 4.31%, 12/21/94 (inversely indexed to 3-month LIBOR rate, multiplied by 12)	186,000	186,000	175,082
Note 4.63%, 12/21/94 (inversely indexed to 3-month LIBOR rate, multiplied by 12)	155,000	155,000	149,761
Note 10.51%, 09/02/94 (coupon inversely indexed to HELIBOR and principal indexed to value of 3-year Finnish securities, both multiplied by 4)	50,000	50,000	34,685
Note 10.80%, 03/03/95 (coupon inversely indexed to HELIBOR and principal indexed to value of 2-year Finnish securities, both multiplied by 8)	200,000	200,000	76,360

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Indexed Securities – continued

	Principal Amount(a) $	Cost $	Market Value $
United States – continued			
Citibank Nassau:			
0.00%, 02/03/95 (coupon inversely indexed to 1-month CAD Banker's Acceptance rate and principal indexed to value of 4-year Canadian securities, both multiplied by 9)	100,000	100,000	0
0.00%, 11/15/94 (coupon inversely indexed to ITL LIBOR and principal indexed to value of 2-year Italian securities, both multiplied by 8.5)	500,000	500,000	314,300
2.39%, 11/03/94 (coupon inversely indexed to ITL LIBOR and principal indexed to value of 2-year Italian securities, both multiplied by 8)	250,000	250,000	147,925
4.38%, 12/21/94 (inversely indexed to 3-month LIBOR rate, multiplied by 12)	620,000	620,000	581,126
4.82%, 12/08/94 (coupon inversely indexed to GBP LIBOR and principal indexed to value of 2-year United Kingdom securities, both multiplied by 10)	200,000	200,000	104,220
8.68%, 03/03/95 (coupon inversely indexed to GBP LIBOR and principal indexed to value of 1-year United Kingdom securities, both multiplied by 10)	600,000	600,000	463,380
Certificate of Deposit 4.36%, 12/21/94 (inversely indexed to 3-month LIBOR rate, multiplied by 12)	750,000	750,000	701,700
Certificate of Deposit 4.53%, 12/21/94 (inversely indexed to 3-month LIBOR rate, multiplied by 12)	470,000	470,000	449,226
Certificate of Deposit 4.59%, 12/21/94 (inversely indexed to 3-month LIBOR rate, multiplied by 12)	780,000	780,000	752,778
Certificate of Deposit 4.65%, 12/21/94 (inversely indexed to 3-month LIBOR rate, multiplied by 12)	620,000	620,000	603,508
Certificate of Deposit 4.69%, 12/21/94 (inversely indexed to 3-month LIBOR rate, multiplied by 12)	620,000	620,000	605,430
Disney Corp Note 0.00%, 12/09/94 (inversely indexed to 6-month GBP swap rate, multiplied by 10)	300,000	300,000	163,620
Du Pont (EI) de Nemours & Co 7.22%, 03/08/95 (coupon inversely indexed to GBP LIBOR and principal indexed to value of 1-year United Kingdom securities, both multiplied by 10)	200,000	200,000	159,260
Emerson Electric Co 6.12%, 10/24/94 (coupon inversely indexed to LIBOR and principal indexed to value of 2-year United Kingdom securities, both multiplied by 10)	200,000	200,000	127,520
Federal Home Loan Bank:			
Note 4.28%, 01/04/95 (inversely indexed to 3-month LIBOR rate, multiplied by 12)	620,000	620,000	581,002
Note 4.58%, 01/04/95 (inversely indexed to 3-month LIBOR rate, multiplied by 12)	680,000	671,827	647,904
Morgan Guaranty Trust Co Certificate of Deposit 0.00%, 02/03/95 (coupon inversely indexed to 1-month CAD Banker's Acceptance rates and principal indexed to value of 4-year Canadian securities, both multiplied by 9)	100,000	100,000	9,330
Sara Lee Corp 0.00%, 11/04/94 (coupon inversely indexed to ITL LIBOR and principal indexed to 2-year Italian securities, both multiplied by 8)	150,000	150,000	93,000
		10,777,827	8,729,540
Total Indexed Securities		**10,877,827**	**8,773,640**

Purchased Bank Debts — 0.51%

Ecuador – 0.40%			
Republic of Ecuador:			
Loan Participation thru Kidder Peabody Emerging Markets Inc 0.00%, 08/15/06	750,000	443,750	390,000
Loan Participation 0.00%	300,000	164,400	150,000
Loan Participation under 1985 Multi-Year Refinancing Agreement 0.00%, 08/15/06	JPY100,000,000	430,288	345,003
		1,038,438	885,003
Panama – 0.06%			
Republic of Panama Loan Participation 0.00%	250,000	173,750	123,750
		173,750	123,750
Poland – 0.05%			
Polish People's Republic:			
Loans under 1988 Restructuring Agreement 0.00%, 11/20/02 (b)	250,000	117,813	95,000
Past Due Interest 0.00%, 11/20/02	70,933	33,427	26,955
		151,240	121,955
Total Purchased Bank Debts		**1,363,428**	**1,130,708**

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Forward Foreign Currency Contracts — (0.37)%

	Principal Amount(a) $	Cost $	Market Value $
Canada – (0.08)%			
Canadian dollars 08/24/94	100,785,000	0	(402,331)
Canadian dollars 09/06/94	68,075,000	0	200,732
		0	(201,599)
Denmark – (0.09)%			
Danish krone 07/19/94	(41,743,980)	0	(494,085)
Danish krone 07/19/94	24,723,460	0	187,497
Danish krone 07/19/94	298,283	0	2,170
Danish krone 07/19/94	4,024,090	0	25,031
Danish krone 07/19/94	12,698,147	0	89,548
		0	(189,839)
Japan – (0.19)%			
Japanese yen 07/28/94	(967,541,306)	0	(415,202)
		0	(415,202)
Malaysia – (0.01)%			
Malaysian ringgits 07/27/94	4,007,042	0	(11,160)
		0	(11,160)
United Kingdom – 0.00%			
British pounds 08/16/94	(167,973)	0	(7,917)
British pounds 08/16/94	167,973	0	6,338
		0	(1,579)
Total Forward Foreign Currency Contracts		**0**	**(819,379)**
TOTAL INVESTMENT PORTFOLIO — 67.55%		**156,479,829**	**149,981,914**
OTHER ASSETS LESS LIABILITIES — 32.45%			**72,042,464**
TOTAL NET ASSETS — 100.00%			**222,024,378**
NET ASSET VALUE PER UNIT			**$8.24**

Legend

(a) Principal amount is stated in US dollars unless otherwise noted.

(b) The coupon rate shown on floating or adjustable rate securities represents the rate at period end.

(c) Debt obligation initially issued in zero coupon form which converts to coupon form at a specified rate and date.

Currency Type Abbreviations

BRC – Brazilian cruzeiro
CAD – Canadian dollar
JPY – Japanese yen
MXN – Mexican peso
NZD – New Zealand dollar

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statements of Net Assets

As at June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Assets		
Investments at market value (cost $156,479,829; 1993 — $37,159,881)	149,981,914	38,831,170
Cash and foreign currencies	71,987,952	6,043,258
Due from brokers	1,558,715	1,054,387
Receivable on sale of units	1,227,699	1,799,774
Income receivable	1,543,535	264,927
Total assets	222,299,815	47,993,516
Liabilities		
Due to brokers	3,407,038	6,219,552
Payable on redemption of units	868,399	117,100
Accrued expenses	—	99,028
Total liabilities	4,275,437	6,435,680
Net Assets	222,024,378	41,557,836
Unitholders' Equity		
Represented by		
Capital		
Authorized — Unlimited number of units of no par value redeemable at the option of the unitholders		
Issued and outstanding — (26,957,839 units; 1993 — 4,995,650 units)	234,091,633	39,806,785
(Accumulated) undistributed net investment (loss) income	(724,789)	176,786
Accumulated net realized loss on sale of investments	(4,844,551)	(97,024)
Unrealized (depreciation) appreciation in value of investments	(6,497,915)	1,671,289
	222,024,378	41,557,836
Net asset value per unit (note 9)	$8.24	$8.32

Statements of Income

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Investment Income		
Dividends (net of withholding tax of $ nil; 1993 — $9,400)	969,964	113,203
Interest	4,526,525	424,995
	5,496,489	538,198
Expenses (note 5)		
Management fee (note 4)	3,234,818	250,900
Administration fees	536,810	—
Custodian fees	362,958	110,512
Reports to unitholders	68,999	—
Audit fees	18,829	—
Legal and filing fees	89,203	—
Total expenses	4,311,617	361,412
Net investment income for the period	1,184,872	176,786
Net investment income per unit (based on the average number of units outstanding during the period)	$0.07	$0.07

All amounts stated in US dollars

Approved on behalf of the Fund Manager

John H. Simpson
Director of Fund Manager

Kurt A. Lange
Director of Fund Manager

The accompanying notes are an integral part of the financial statements.

Statements of Surplus

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Accumulated net realized loss on sale of investments		
Balance — beginning of period	(97,024)	—
Proceeds from sale of securities	134,093,395	9,591,188
Cost of securities sold	136,773,734	9,688,212
Net realized loss on sale of investments	(2,680,339)	(97,024)
Distribution to unitholders (note 9)	(2,067,188)	—
Balance — end of period	(4,844,551)	(97,024)
Unrealized (depreciation) appreciation in value of investments		
Balance — beginning of period	1,671,289	—
(Depreciation) appreciation in value of investments during the period	(8,169,204)	1,671,289
Balance — end of period	(6,497,915)	1,671,289
(Accumulated) undistributed net investment (loss) income		
Balance — beginning of period	176,786	—
Net investment income for the period	1,184,872	176,786
Distribution to unitholders (note 9)	(2,086,447)	—
Balance — end of period	(724,789)	176,786

Statements of Changes in Net Assets

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
From investment transactions		
Net investment income	1,184,872	176,786
Net realized loss on sale of investments	(2,680,339)	(97,024)
Unrealized (depreciation) appreciation in value of investments	(8,169,204)	1,671,289
	(9,664,671)	1,751,051
Income distributions to unitholders	(2,086,447)	—
Capital gains distributions to unitholders	(2,067,188)	—
(Decrease) increase derived from investment transactions	(13,818,306)	1,751,051
From capital unit transactions		
Net proceeds from Fund units issued (29,763,718 units; 1993 — 7,079,158 units)	261,196,718	56,627,065
Payment for Funds units redeemed (8,280,435 units; 1993 — 2,083,508 units)	(71,063,280)	(16,820,280)
Reinvested distributions (478,906 units; 1993 — nil units)	4,151,410	—
Increase derived from capital unit transactions	194,284,848	39,806,785
Increase in net assets	180,466,542	41,557,836
Net assets		
Beginning of period	41,557,836	—
End of period	222,024,378	41,557,836

Statements of Changes in Investments

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Cost of investments at beginning of period	37,159,881	—
Add:		
Cost of shares purchased	121,046,840	25,558,525
Costs of bonds, short term investments, indexed securities and bank debts purchased	135,046,842	21,289,568
	256,093,682	46,848,093
Deduct:		
Cost of shares sold	50,089,684	4,450,453
Cost of bonds, short term investments, indexed securities and bank debts sold	86,684,050	5,237,759
	136,773,734	9,688,212
Cost of investments at end of period	156,479,829	37,159,881

All amounts stated in US dollars

The accompanying notes are an integral part of the financial statements.

Fund Talk: The Manager's Overview

Rob Citrone
Portfolio Manager of
Fidelity Emerging Markets
Bond Fund

Q. Since this is a new fund for Canadian investors, can you tell us about its objectives?

A. The Fund's goals are to provide investors with long-term capital growth while achieving high income by investing in emerging economies' fixed-income instruments. I take a global view of all emerging markets, though I've initially concentrated on Latin America because of the favorable returns there. But I will invest in Eastern Europe and the Far East.

Q. What's the best debt market for emerging markets right now?

A. I think the best risk return is in Argentina. In the short term the upside in Brazil is very strong. And I think Mexico also has a very good risk return from here. I like Ecuador very much. There will be bonds available there in October. That's when the loans' restructuring will take place. I've been encouraged by what's happening in Poland and the Philippines. So, we'll start looking at more local current opportunities in some of the Asian markets and take advantage of them soon.

Q. Is there a reason why you haven't invested much in Asia?

A. Well, on a relative scale, I think the return potential in Latin America is much larger. The other thing is that markets in Asia have been fairly closed to foreign investors. They're just gradually beginning to open up so it will make more sense once we get better liquidity in these markets.

Q. How do the investments in the Fund perform when it comes to US interest rate moves and movements in the US dollar?

A. If the US bond market is having trouble, it tends to have an impact on the emerging markets because emerging markets, in a lot of cases, are dollar-based economies. That has a significant impact on the economy. Everything that happens to the US market gets magnified in many emerging markets.

Q. Let's talk about the Fund's investments. You've recently reduced your cash positions significantly to about 16% on June 30, 1994. When did you decide the market was right to become more fully invested?

A. At the end of April.

Q. Why?

A. I think my decision was based on a couple of things. One, there was a bit more stability in the global bond markets around the world. And secondly, there were just very cheap valuations on the emerging markets side. So I felt like things were overdone.

Q. This year holds some significant political events in Latin America, where you have invested most of the Fund. How do these events influence the way you invest the Fund?

A. There have always been questions related to politics there. But I think people will be less surprised and their concerns will be reduced significantly. The risk premium that some of these countries have to pay as a result of fragmented political systems in the past will decline over time as they get more established, democratic institutions in place. I think that's important.

Q. How are you approaching the Brazilian election?

A. I'm feeling more positive about the likelihood of stability in the economy for a long period of time. The last couple of polls have shown (pro-business candidate) Cardoso coming equal with (socialist candidate) Lula. Cardoso is gaining significantly in the polls, giving the market a positive momentum right now. I have a very liquid position in Brazil and if things are heading the other direction I will reduce the position pretty quickly. The Fund is invested in liquid instruments that are traded quite frequently everyday.

Q. What should investors be watching for in the next six to 12 months in emerging markets?

A. I think they have to focus on the elections in Latin America — Mexico, Brazil and Argentina early next year. I think they've got to watch the progress in Russia. I think they want to continue to see the Brady plans get implemented and bonds to come out of these programs. We're looking for Brady programs out of Ecuador, Bulgaria, Poland. They've already been agreed to and the bonds should be in the market soon. And then hopefully Panama and Peru will follow with deals pretty quickly thereafter.

Fund Facts

Goal: The Fund seeks high income and long-term capital growth primarily by investing in debt securities of developing economies.

Start date: February 1, 1994

Size: as at June 30, 1994, $48.9 million

Manager: Robert Citrone

Emerging Markets Bond Fund
Statement of Investment Portfolio
As at June 30, 1994

Bonds — 60.53%

		Principal Amount(a) $	Cost $	Market Value $
Argentina – 23.08%				
Acindar Industrial 11.00%, 11/12/98 (b)	USD	1,000,000	1,335,570	1,291,972
Alpargatas SA Euro 9.00%, 03/15/98	USD	930,000	1,201,918	1,169,407
Argentina Republic:				
Bocon Ser I Peso 3.45%, 04/01/01 (b)	ARS	1,718,118	1,815,320	1,282,098
Bocon Ser II Peso 3.45%, 09/01/02 (b)	ARS	142,038	136,417	85,865
Bocon Ser II USD 4.38%, 09/01/02 (b)	USD	1,324,250	1,148,634	1,103,759
Brady Par 4.25%, 03/31/23 (b)	USD	3,250,000	2,525,636	2,217,338
Bridas Sapic Euro 11.75%, 02/24/97	USD	1,000,000	1,422,973	1,340,334
Province of Chaco 11.88%, 09/10/97	USD	2,000,000	2,798,605	2,791,212
			12,385,073	11,281,985
Brazil – 6.90%				
Federal Republic of Brazil:				
8.00%, 04/15/14	USD	2,500,000	1,513,459	1,394,742
Euro 5.25%, 04/15/12 (b)	USD	1,000,000	816,909	663,258
IDU Euro 4.31%, 01/01/01 (b)	USD	247,500	258,214	237,685
State of Minas Gerais Euro 7.88%, 02/10/99	USD	1,000,000	1,239,865	1,074,340
			3,828,447	3,370,025
Guatemala – 2.88%				
Associacion Nacional Del Cafe 11.00%, 08/31/98	USD	1,000,000	1,431,067	1,405,969
			1,431,067	1,405,969
India – 0.15%				
Nippon Denro Ispat Ltd Conv 3.00%, 04/01/01	USD	65,000	87,933	73,649
			87,933	73,649
Indonesia – 2.74%				
Indorayon Utama PT 9.13%, 10/15/00	USD	850,000	1,067,830	1,010,087
Semen Cibinong Euro 9.00%, 12/15/98	USD	250,000	340,330	326,447
			1,408,160	1,336,534
Jordan – 3.31%				
Kingdom of Jordan:				
Disc FRN Euro 0.00%, 12/23/23 (b)	USD	500,000	530,437	473,262
Par Euro4.00%, 12/23/23 (b)	USD	1,000,000	835,711	649,440
Interest Arrears Euro 0.00%, 12/23/05 (b)	USD	500,000	533,826	493,989
			1,899,974	1,616,691
Mexico – 3.85%				
Empaques Ponderosa SA 8.75%, 12/06/96	USD	250,000	335,286	340,265
Empresas ICA Sociedad Controladora SA de CV 5.00%, 03/15/04	USD	1,000,000	1,352,082	1,257,427
Mexican Government Brady Disc FRN Ser C 0.00%, 12/31/19 (b)	USD	250,000	312,249	283,267
			1,999,617	1,880,959
Nigeria – 5.81%				
Central Bank of Nigeria Promissory Note 4.44%, 01/05/10 (b)	USD	7,500,000	2,999,929	2,838,667
			2,999,929	2,838,667
Philippines – 5.33%				
Republic of Philippines 5.25%, 12/01/17	USD	1,000,000	911,008	863,618
Subic Power Corp 9.50%, 12/28/08	USD	1,400,000	1,961,166	1,741,053
			2,872,174	2,604,671
Trinidad & Tobago – 2.69%				
Republic of Trinidad & Tobago Euro 9.75%, 11/03/00	USD	1,000,000	1,390,755	1,312,699
			1,390,755	1,312,699
United States – 3.79%				
General Electric Capital Corp 16.65%, 10/29/96 (b)	USD	1,500,000	1,965,889	1,852,460
			1,965,889	1,852,460
Total Bonds			**32,269,018**	**29,574,309**

The accompanying notes are an integral part of the financial statements.

Purchased Bank Debts — 18.77%

		Principal Amount(a) $	Cost $	Market Value $
Ecuador – 8.26%				
Republic of Ecuador:				
Loan Participation thru Kidder Peabody Emerging Markets Inc 0.00%, 08/15/06	USD	3,000,000	2,134,918	2,155,589
Loan Participation under 1983 and 1984 Extension and Refinancing Agreements 0.00%, 06/07/04	USD	1,500,000	924,830	860,163
Loan Participation under 1985 Multi-Year Refinancing Agreement 0.00%, 08/15/06	JPY	100,000,000	488,262	476,248
New Money Bonds 0.00%, 06/13/04	USD	1,000,000	614,641	545,806
			4,162,651	4,037,806
Panama – 1.40%				
Republic of Panama Loan Participation 0.00%, 08/15/06	USD	1,000,000	640,555	683,985
			640,555	683,985
Poland – 8.29%				
Polish People's Republic:				
Loans under 1988 Restructuring Agreement 0.00%, 10/20/02 (b)	USD	3,500,000	1,973,730	1,837,778
Loans under 1988 Restructuring Agreement 0.00%, 11/20/02 (b)	USD	2,500,000	1,329,053	1,312,699
Past Due Interest 0.00%, 10/20/02	USD	1,023,528	576,891	537,434
Past Due Interest 0.00%, 11/20/02	USD	699,545	371,893	367,317
			4,251,567	4,055,228
Russia – 0.82%				
International Bank for Economic Cooperation (Russia) Loan Participation 0.00%, 02/08/04	USD	1,000,000	442,873	400,719
			442,873	400,719
Total Purchased Bank Debts			**9,497,646**	**9,177,738**

Equities — 5.29%

	Number of Shares		
Argentina – 1.00%			
Banco de Galicia Y Buenos Aires SA Sponsored ADR 'New' Cl B	6,500	345,319	243,627
Banco Frances Del Rio Plata Regd	23,500	341,259	243,439
		686,578	487,066
Brazil – 4.29%			
Compania Siderurgica Nacional ON	18,000,000	703,755	642,137
Telecomunicacoes Brasileiras PN Pfd Regd	28,000,000	1,367,590	1,456,113
		2,071,345	2,098,250
Total Equities		**2,757,923**	**2,585,316**

Forward Foreign Currency Contracts — (2.21)%

	Principal Amount(a) $		
United States – (2.21)%			
US dollars 02/17/95	(8,859,358)	0	(392,253)
US dollars 02/17/95	(7,426,110)	0	(387,461)
US dollars 02/28/95	(3,697,951)	0	(175,992)
US dollars 06/08/95	(7,191,658)	0	(125,901)
		0	(1,081,607)
TOTAL INVESTMENT PORTFOLIO — 82.38%		**44,524,587**	**40,255,756**
OTHER ASSETS LESS LIABILITIES — 17.62%			**8,610,159**
TOTAL NET ASSETS — 100.00%			**48,865,915**
NET ASSET VALUE PER UNIT			**$8.68**

The accompanying notes are an integral part of the financial statements.

Emerging Markets Bond Fund

Statement of Investment Portfolio – continued
As at June 30, 1994

Legend

(a) Principal amount is stated in Canadian dollars unless otherwise noted.

(b) The coupon rate shown on floating or adjustable rate securities represents the rate at period end.

Currency Type Abbreviations

ARS – Argentine peso
JPY – Japanese yen
USD – US dollar

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statement of Net Assets

As at June 30, 1994 and 1993 (note 1)

	$
Assets	
Investments at market value (cost $44,524,587)	40,255,756
Cash and foreign currencies	11,480,795
Due from brokers	3,593,714
Receivable on sale of units	173,355
Income receivable	706,133
Total assets	56,209,753
Liabilities	
Due to brokers	6,967,215
Payable on redemption of units	376,623
Total liabilities	7,343,838
Net Assets	48,865,915
Unitholders' Equity	
Represented by	
Capital	
Authorized — Unlimited number of units of no par value redeemable at the option of the unitholders	
Issued and outstanding — (5,628,616 units)	56,083,058
Undistributed net investment income	289,214
Accumulated net realized loss on sale of investments	(3,237,526)
Unrealized depreciation in value of investments	(4,268,831)
	48,865,915
Net asset value per unit (note 9)	$8.68

Statement of Income

For the period ended June 30, 1994 (note 1)

	$
Investment Income	
Dividends	154,012
Interest	1,414,104
	1,568,116
Expenses (note 5)	
Management fee (note 4)	361,049
Administration fees	105,480
Custodian fees	19,566
Reports to unitholders	5,676
Audit fees	7,226
Legal and filing fees	27,649
Total expenses	526,646
Net investment income for the period	1,041,470
Net investment income per unit (based on the average number of units outstanding during the period)	$0.19

Approved on behalf of the Fund Manager

John H. Simpson
Director of Fund Manager

Kurt A. Lange
Director of Fund Manager

The accompanying notes are an integral part of the financial statements.

Statement of Deficit

For the period ended June 30, 1994 (note 1)

	$
Accumulated net realized loss on sale of investments	
Balance — beginning of period	—
Proceeds from sale of securities	38,135,489
Cost of securities sold	41,373,015
Balance — end of period	(3,237,526)
Unrealized depreciation in value of investments	
Balance — beginning of period	—
Depreciation in value of investments during the period	(4,268,831)
Balance — end of period	(4,268,831)
Undistributed net investment income	
Balance — beginning of period	—
Net investment income for the period	1,041,470
Distribution to unitholders (note 9)	(752,256)
Balance — end of period	289,214

Statement of Changes in Net Assets

For the period ended June 30, 1994 (note 1)

	$
From investment transactions	
Net investment income	1,041,470
Net realized loss on sale of investments	(3,237,526)
Unrealized depreciation in value of investments	(4,268,831)
	(6,464,887)
Income distributions to unitholders	(752,256)
Decrease derived from investment transactions	(7,217,143)
From capital unit transactions	
Net proceeds from Fund units issued (6,640,284 units)	65,077,366
Payment for Funds units redeemed (1,098,012 units)	(9,746,104)
Reinvested distributions (86,344 units)	751,796
Increase derived from capital unit transactions	56,083,058
Increase in net assets	48,865,915
Net assets	
Beginning of period	—
End of period	48,865,915

Statement of Changes in Investments

For the period ended June 30, 1994 (note 1)

	$
Cost of investments at beginning of period	—
Add:	
Costs of shares purchased	8,796,685
Costs of bonds and bank debts purchased	77,100,917
	85,897,602
Deduct:	
Cost of shares sold	6,038,764
Cost of bonds and bank debts sold	35,334,251
	41,373,015
Cost of investments at end of period	44,524,587

The accompanying notes are an integral part of the financial statements.

Fund Talk: The Manager's Overview

Sally Walden
Portfolio Manager of
Fidelity European Growth
Fund

Q. How did the Fund do?

A. The Fund returned 22.68% for the year ending June 30, 1994. That was slightly lower than the benchmark Financial Times-All-share World Europe Index which returned 24.17% for the period. I think it's worth noting that the Fund beat the index during the first six months of 1994, returning 2.51%. The index returned only 0.91% in that time.

Q. The past six months were almost the opposite of the last half of 1993 when the markets rallied. What is your strategy for a 12-month period where the market appears to have two very different personalities?

A. I do think that you don't expect massively strong markets to last forever. Some setback in the market was to be expected after the amazing strengths we had from the fall of 1992 until the end of 1993. But the fact that European markets were among the worst hit did surprise me. I would have expected them to be weak, but not underperforming the rest of the world.

Q. Why do you think they were so weak?

A. I think it had to do with the tidal wave of initial public offerings (IPOs) and privatizations in the European market. The total value of IPOs and privatizations in 1992 was US$2.0 billion, and in 1993, US$8.0 billion. But unbelievably, in the first half of 1994, it's already at US$13.7 billion. We aren't talking about a marginal change. I think that the real reason why the European markets were badly hit was because of that enormous boost in supply. This issue was superimposed on already difficult global markets and an unfavorable bond market.

Q. What was your strategy during the correction in European markets?

A. I didn't feel worried about it. I didn't think these markets were going to fall another 30%. No, it seemed to me the rational way of looking at it was as a buying opportunity. I did feel pretty confident on the direction of the markets, it was just a question of what was going to turn them. Recently the European markets have really picked up.

Q. So do you think they've hit bottom?

A. My guess would be that they have. They look as if they are behaving in a much more rational way, rather than a lemming-like feeling of running from destruction.

Q. When did you begin to see the declines as buying opportunities?

A. I suppose I felt that some sort of correction made sense. What has been good is the new issue activity dried up after mid-June. You just needed some stability on that side. And now, corporate profit numbers coming out are really good, and people are starting to take notice.

Q. What is your attitude now?

A. I get the impression that people are taking a bit more interest in the strong corporate earnings, which I think is more healthy and more rational. I'm pretty comfortable about the market. I think valuations in Europe look quite reasonable in a lot of markets.

Q. What would you say to an investor who saw the big run-up in the last six months of 1993, and bought your fund at the beginning of 1994, just before the correction?

A. Market timing is one of the hardest things to do. But I would say to them not to be discouraged. The worst thing you could do is throw in the towel at the very minute when things are about to turn. We believe there is a good phase ahead again in European markets within the next year.

Q. Why do you say that?

A. I think there's a momentum developing behind strong corporate earnings. I think what is happening in Europe is that share prices have collapsed in many markets. Throughout that period, earnings have risen pretty significantly. I think this gives us opportunities to seriously consider investing more money into Europe. The time to buy markets is not after they have risen 20%, but after they have been through a tough time, provided you think the medium term case for the market is intact. I think that's true for Europe.

Fund Facts

Goal: The Fund is designed to provide long-term capital growth by investing in European companies.

Start date: May 29, 1992

Size: as at June 30, 1994, $624.6 million

Manager: Sally Walden

European Growth Fund

Statement of Investment Portfolio
As at June 30, 1994

Equities — 93.60%

	Number of Shares	Cost $	Market Value $
Belgium – 4.93%			
Ackermans & Van Haaren SA	11,030	1,248,414	1,954,536
Audiofina	9,066	5,110,148	6,942,421
Colruyt SA	10,200	2,388,569	3,085,587
GB-INNO-BM Group SA GIB	94,720	4,822,115	5,530,907
Generale de Banque SA	14,060	4,522,483	4,804,951
Immobel de Belgique	20,095	2,568,742	2,581,629
Quick Restaurants SA	52,508	3,981,983	5,017,788
UCB (Unione Chemis Belgique) Group	875	714,425	881,393
		25,356,879	30,799,212
Denmark – 1.82%			
Kobenhaven Lufthave AS Regd	58,089	3,569,958	3,827,136
Tele Danmark AS Ser B	58,315	3,841,323	4,048,309
Unidanmark AS Cl A	69,600	3,413,475	3,462,226
		10,824,756	11,337,671
Finland – 5.53%			
America Group Ltd Cl A	91,675	3,011,695	2,962,266
Kone Corp 'B'	7,850	973,038	1,125,080
Nokia AB	158,800	11,058,119	17,835,256
Nokia AB Pfd	31,000	826,335	3,514,006
Outokumpu OY 'A'	135,600	2,666,411	3,045,920
Repola OY	124,300	2,423,766	2,963,764
Tietotehdas OY	65,000	906,876	1,355,048
Werner Soderstrom Cl B	20,600	2,146,566	1,717,784
		24,012,806	34,519,124
France – 11.13%			
Assurances Generales Regd	36,975	5,633,324	4,417,383
BIC	18,039	5,073,556	5,392,341
BNP (Banque National de Paris) Cl ORD	105,627	7,790,457	7,614,140
CSF (Thomson)	60,400	2,728,267	2,357,416
Ecco Ste	16,900	2,045,840	3,208,211
Eiffage SA	7,810	1,733,384	2,538,230
Elf Aquitaine	35,960	3,411,714	3,455,102
Eurafrance (Societe)	6,877	2,826,569	3,399,509
Filipacchi Medias SA Regd	12,300	2,162,806	2,683,659
Fonciere Financiere Et Part SA	41,800	2,049,376	2,867,217
Fructivie SA	105	8,263	17,408
Galeries Lafayette SA	20	8,580	10,565
Omnium Gestion Financement SA	9,136	1,394,200	1,528,525
Publicis SA	16,572	1,606,058	1,979,848
Renault SA Pctg Cert	8,700	4,385,635	4,978,916
Salomon SA Cl A	4,610	2,007,990	2,217,019
Scor SA	82,960	2,838,685	2,561,790
Societe des Immeubles	35,360	4,299,281	4,394,492
Taittinger SA	3,000	1,737,447	1,898,350
Total SA Cl B	31,620	2,149,188	2,509,880
TV Francaise (TF-1)	46,100	5,407,747	5,262,504
Ugine SA	52,087	3,910,257	4,271,588
		65,208,624	69,564,093
Germany – 9.86%			
Ava Alg Handels Verbrauchen	5,100	3,391,357	2,567,931
BMW (Bayer Motoren Werk) AG	6,872	4,495,737	4,653,321
Bayer AG	9,575	2,271,391	2,863,606
Baywa AG Regd	3,289	839,554	1,259,179
Boss (Hugo) AG Pfd Non Vtg	4,050	2,730,826	2,865,483
Duerr Beteiligungs AG	8,850	4,634,612	5,078,436
Gehe AG	15,800	5,526,893	7,448,042
Holsten Brauerei AG	6,400	2,150,999	2,778,019
Moebel Walther AG Pfd Non Vtg	4,962	2,157,558	2,836,175
Munich Reinsurance Regd	2,199	5,388,265	5,469,342
Munich Reinsurance Wts 03/13/98	244	0	46,178
Otto Reichelt AG	11,940	3,738,988	3,555,361
Porsche AG Pfd	937	437,317	614,146

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
Germany – continued			
Porsche AG Pfd Non Vtg	4,050	2,482,114	2,707,266
Schering AG	13,100	10,581,648	10,809,575
Veba Vereinigte Elektrizetaets & Bergwerks AG ORD	13,931	4,854,097	6,028,825
		55,681,356	61,580,885
Italy – 4.87%			
Bona Shipholdings Ltd	280,000	3,541,405	3,899,799
Edison Spa	335,900	1,498,558	2,213,199
Fila Holdings Spa ADR	146,000	2,737,378	2,975,681
Industrie Natuzzi Spa ADR	76,000	2,004,849	2,704,159
Instituto Mobiliare Italiano	129,450	1,122,998	1,200,698
Luxottica Group Spa Sponsored ADR	59,800	1,975,826	2,819,780
SAI (Sta Assicur Industriale) Non Conv Pfd RISP	92,500	734,706	848,769
SIP Spa	3,989,900	11,044,407	13,773,034
		24,660,127	30,435,119
Netherlands – 4.22%			
Heineken NV	33,135	4,483,135	5,527,630
International Nederlanden Groep CVA	84,950	4,433,035	5,024,137
OPG Apothekers Cooperatie	23,220	491,325	754,947
PolyGram NV	56,250	2,382,021	3,100,325
Unilever NV	25,300	3,637,394	3,548,816
Ver Ned Uitgevers (VNU)	51,630	5,033,513	6,906,382
Wereldhave NV	19,000	1,442,767	1,488,466
		21,903,190	26,350,703
Norway – 1.75%			
Bergesen Group AS Cl B Non Vtg	56,000	1,750,618	1,793,908
Bergesen Group AS Cl A	47,900	1,467,110	1,524,901
Helikopter Services	73,500	1,116,039	1,316,182
Smedvig Tankship Ltd	241,000	3,112,401	2,877,097
Unitor AS	60,000	966,351	1,420,641
Veidekke AS	65,375	1,957,884	2,016,181
		10,370,403	10,948,910
Portugal – 1.03%			
Banco Espirsanto Santo Regd	163,100	3,509,235	4,039,805
Jeronimo Martin E Filho	26,730	1,958,027	2,364,319
		5,467,262	6,404,124
Spain – 4.66%			
Aguila (El) SA	84,550	1,082,887	1,309,370
Banco Popular Espanol SA Regd	17,050	2,684,027	2,561,657
Corporacion Financiera Alba	58,950	3,005,525	3,404,109
Corporacion Mapfre International Reas Regd	66,370	4,053,043	3,505,070
Corporacion Mapfre International Reas Rts 07/12/94	66,370	0	6,968
Empresa Nacional de Electricidad SA Ord	60,175	3,368,030	3,740,199
FOCSA (Fomento de Obras Y Construcciones)	36,570	5,533,157	5,298,598
Iberdrola SA	491,150	4,210,572	4,754,468
Repsol SA	113,200	4,025,962	4,492,573
		27,963,203	29,073,012
Sweden – 6.07%			
Arjo AB	67,000	1,194,144	1,577,547
Astra AB Cl A	165,550	4,423,034	4,612,084
Avesta Sheffield AB	356,700	2,629,240	3,333,825
Avesta Sheffield AB 'New'	50,957	263,926	476,259
Bergman & Beving AB 'Free' Cl B	105,182	2,726,742	2,646,706
Catena AB Cl A Ser 20	135,200	1,663,970	1,701,026
Custos AB Cl A	109,700	2,644,623	1,813,973
Getinge Cl B	44,300	1,102,856	1,369,520
ICB Shipping 'B'	389,600	5,921,648	5,251,901
Securitas 'Free' 'B'	9,340	287,076	394,504
Skandia Foersaekrings AB 'Free' 'B'	157,950	2,952,563	3,832,566
Skandia Foersaekrings AB	183,150	4,645,480	3,555,224
Skandia Forsaekring Rts	86,595	2,076,394	1,680,943

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
Sweden – continued			
Skandia Forsaekring 'New'	54,483	1,058,950	1,057,599
Volvo AB 'Free' Cl B	38,400	4,299,906	4,624,261
		37,890,552	37,927,938
Switzerland – 9.87%			
Ares Serono 'B'	9,385	6,233,025	7,164,122
BBC Brown Boveri & Cie	5,183	4,389,208	6,276,916
Baloise Holding Wts 08/30/95	1,950	0	29,168
Baloise Holding Regd	1,950	4,318,312	4,817,671
Immuno International AG	1,500	991,851	928,409
Intershop Holding AG	8,100	5,130,569	4,695,894
Lindt & Spruengli	66	1,091,897	1,395,709
Lindt & Spruengli Wts 02/28/95	660	0	8,851
Nestle SA Regd	3,486	3,433,618	4,038,352
Oerlikon-Buhrle Holdings Ltd Regd	47,900	6,312,067	6,868,269
Reisebuero Kuoni AG Pctg Cert	550	1,196,964	1,134,723
Reisebuero Kuoni AG	158	4,463,968	6,600,990
Roche Holdings Genussheine	890	4,400,635	5,866,619
Sandoz AG	450	315,000	322,158
Swiss Bank Corp 'Bearer'	10,900	4,681,775	4,430,163
Swiss Reinsurance Corp Regd	6,782	4,156,683	3,917,805
Swiss Reinsurance Corp 'B' Wts 06/30/95	5,620	0	23,190
Swiss Reinsurance Corp 'A' Wts 10/14/94	5,620	0	17,392
Winterthur Schweiz Regd	4,600	2,795,855	3,084,382
		53,911,427	61,620,783
United Kingdom – 27.00%			
Abbey National PLC ORD	267,600	2,103,832	2,239,987
Allied Lyons PLC	187,250	2,311,454	2,208,344
Angerstein Underwriting PLC	1,387,600	2,803,455	2,766,914
Angerstein Underwriting PLC Wts 8/31/00	176,000	0	138,878
Argyll Group PLC	590,600	3,713,594	2,896,950
Arjo Wiggins Appleton PLC	480,400	2,109,808	2,735,483
Ashley (Laura) Holdings	236,000	328,941	367,413
Associated British Ports ORD	850,540	3,868,864	4,480,345
Barclays PLC ORD	433,600	4,817,574	4,799,283
Bellway ORD	234,000	776,551	1,033,013
British Airport Authority	220,295	3,868,439	4,214,217
British Telecommunications PLC ORD	428,500	3,832,780	3,358,365
Burton Group PLC ORD	2,343,300	3,047,940	2,873,528
CRH PLC	470,464	2,740,256	3,280,907
Cadbury-Schweppes PLC ORD	530,944	5,292,896	4,761,398
Chubb Security	385,500	2,776,094	2,507,518
Compass Group	538,421	3,214,010	3,708,893
De La Rue Co	199,950	2,942,097	3,805,830
Flextech PLC Pfd Conv	145,500	1,013,007	1,014,683
Hazlewood Foods ORD	850,700	2,908,113	2,358,520
IWP International Regd	325,000	2,456,702	2,356,579
Kingfisher PLC	220,857	2,769,517	2,350,344
Kwik Save Group PLC ORD	232,200	3,019,809	2,852,361
Lloyd Thompson Group ORD	329,100	1,949,548	1,333,525
London Insurance Market PLC	2,375,000	5,017,311	4,811,794
MFI Furniture Group PLC	1,517,850	4,529,183	4,548,047
Mai PLC Cum Conv Pfd	506,730	1,309,055	1,026,644
McDonnell Information Systems Group PLC	257,515	1,351,263	1,180,758
Mirror Group Newspaper PLC	1,620,900	5,213,904	4,217,313
Nelson Hurst PLC	1,217,000	4,333,770	4,412,241
Pearson PLC	213,600	2,108,529	2,678,541
Prudential Corp	754,600	5,076,696	4,610,640
Racal Electronics Ltd ORD	910,500	3,528,728	4,320,457
Rank Organisation PLC	470,120	3,061,522	3,704,614
Reuters Holdings PLC	278,800	2,152,940	2,547,788
Rothmans International PLC 'Units'	12,009	94,395	92,200
Royal Bank of Scotland Group PLC	570,000	4,736,967	5,135,956
Schroders PLC ORD	84,100	2,011,530	2,044,658

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
United Kingdom – continued			
Scottish & Newcastle Brewers PLC	483,862	4,459,718	5,252,414
Scottish Hydro-Electric PLC ORD	299,400	2,245,651	2,202,879
Scottish Power	295,100	2,194,954	2,262,496
Scottish Television	528,300	4,876,229	4,056,046
Shell Transport &Trading Co Regd	184,725	2,441,403	2,676,917
Smith (W H) Group Cl A	282,000	2,825,114	2,724,376
Smithkline Beecham ORD 'Units'	640,500	4,950,002	5,013,084
Storehouse PLC	588,400	2,331,609	2,716,754
Takare PLC	980,150	5,543,254	4,494,183
Tesco PLC	1,197,900	5,372,344	5,709,760
Ulster Television ORD	90,000	449,369	1,122,841
United Newspapers PLC ORD	184,656	2,072,968	2,012,353
Vendome Lux Group 'Units'	290,934	2,469,192	2,705,208
Vodafone Group PLC	389,000	3,978,200	4,060,898
Wickes PLC	1,087,300	2,388,598	2,202,890
Willis Corroon Group PLC	838,700	4,032,401	2,580,134
Wolseley ORD	177,700	2,203,789	2,775,970
Zeneca Group PLC ORD	275,100	3,896,386	4,265,253
		167,922,255	168,609,385
United States – 0.86%			
International Cabletel Inc	185,000	6,080,701	5,368,247
		6,080,701	5,368,247
Total Equities		**537,253,541**	**584,539,206**

Bonds — 0.09%

	Principal Amount(a) $		
Belgium – 0.09%			
Audiofina Conv 5.00%, 12/31/96	BEL 14,008,000	568,938	591,010
		568,938	591,010

Forward Foreign Currency Contracts — (0.04)%

Belgium – (0.01)%			
Belgian francs 09/19/94	(79,524,348)	0	(91,233)
		0	(91,233)
France – (0.04)%			
French francs 09/19/94	(29,908,947)	0	(177,766)
		0	(177,766)
United States – 0.01%			
US dollars 09/19/94	(7,187,006)	0	36,577
		0	36,577
Total Forward Foreign Currency Contracts		**0**	**(232,422)**
TOTAL INVESTMENT PORTFOLIO — 93.65%		**537,822,479**	**584,897,794**
OTHER ASSETS LESS LIABILITIES — 6.35%			**39,655,985**
TOTAL NET ASSETS — 100.00%			**624,553,779**
NET ASSET VALUE PER UNIT			**$13.09**

Legend

(a) Principal amount is stated in Canadian dollars unless otherwise noted.

Currency Type Abbreviations

BEF – Belgian franc

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statements of Net Assets

As at June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Assets		
Investments at market value (cost $537,822,479; 1993 — $86,626,742)	584,897,794	92,237,540
Cash and foreign currencies	41,133,018	14,879,228
Due from brokers	439,358	627,725
Receivable on sale of units	3,172,666	3,237,993
Income receivable	2,584,333	465,603
Total assets	632,227,169	111,448,089
Liabilities		
Due to brokers	5,287,830	7,629,489
Payable on redemption of units	2,184,746	146,436
Management fee reduction payable	200,814	—
Accrued expenses	—	220,543
Total liabilities	7,673,390	7,996,468
Net Assets	624,553,779	103,451,621
Unitholders' Equity		
Represented by		
Capital		
Authorized — Unlimited number of units of no par value redeemable at the option of the unitholders		
Issued and outstanding – (47,722,615 units; 1993 — 9,695,265 units)	569,576,680	98,805,925
Accumulated net investment loss	(1,950,598)	(161,058)
Accumulated net realized gain (loss) on sale of investments	9,852,382	(804,044)
Unrealized appreciation in value of investments	47,075,315	5,610,798
	624,553,779	103,451,621
Net asset value per unit (note 9)	$13.09	$10.67

Statements of Income

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Investment Income		
Dividends (net of withholding tax of $1,432,817; 1993 — $385,932)	8,900,519	1,166,293
Interest	1,532,152	157,855
	10,432,671	1,324,148
Expenses (note 5)		
Management fee (note 4)	9,280,243	985,155
Administration fees	1,807,821	219,328
Custodian fees	534,217	137,335
Reports to unitholders	218,435	61,552
Audit fees	16,194	8,538
Legal and filing fees	136,785	30,635
Total expenses	11,993,695	1,442,543
Net investment loss for the period	(1,561,024)	(118,395)
Net investment loss per unit (based on the average number of units outstanding during the period)	$(0.05)	$(0.02)

Approved on behalf of the Fund Manager

John H. Simpson
Director of Fund Manager

Kurt A. Lange
Director of Fund Manager

The accompanying notes are an integral part of the financial statements.

Statements of Surplus

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Accumulated net realized gain (loss) on sale of investments		
Balance — beginning of period	(804,044)	—
Proceeds from sale of securities	104,885,206	14,059,326
Cost of securities sold	94,228,780	14,863,370
Net realized gain (loss) on sale of investments	10,656,426	(804,044)
Balance — end of period	9,852,382	(804,044)
Unrealized appreciation in value of investments		
Balance — beginning of period	5,610,798	116,413
Appreciation in value of investments during the period	41,464,517	5,494,385
Balance — end of period	47,075,315	5,610,798
Accumulated net investment loss		
Balance — beginning of period	(161,058)	(42,663)
Net investment loss for the period	(1,561,024)	(118,395)
Management fee reduction to unitholders	(228,516)	—
Balance — end of period	(1,950,598)	(161,058)

Statements of Changes in Net Assets

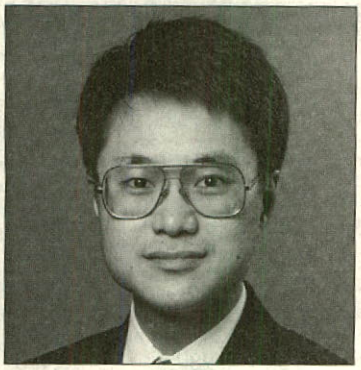
For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
From investment transactions		
Net investment loss	(1,561,024)	(118,395)
Net realized gain (loss) on sale of investments	10,656,426	(804,044)
Unrealized appreciation in value of investments	41,464,517	5,494,385
	50,559,919	4,571,946
Management fee reduction to unitholders	(228,516)	—
Increase derived from investment transactions	50,331,403	4,571,946
From capital unit transactions		
Net proceeds from Fund units issued (48,976,010 units; 1993 — 8,987,334 units)	613,934,028	91,801,900
Payment for Funds units redeemed (10,948,660 units; 1993 — 1,353,322 units)	(143,163,273)	(13,566,364)
Increase derived from capital unit transactions	470,770,755	78,235,536
Increase in net assets	521,102,158	82,807,482
Net assets		
Beginning of period	103,451,621	20,644,139
End of period	624,553,779	103,451,621

Statements of Changes in Investments

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Cost of investments at beginning of period	86,626,742	15,344,772
Add:		
Cost of shares purchased	544,855,579	86,145,340
Costs of bonds purchased	568,938	—
	545,424,517	86,145,340
Deduct:		
Cost of shares sold	94,228,780	14,863,370
Cost of investments at end of period	537,822,479	86,626,742

The accompanying notes are an integral part of the financial statements.

Fund Talk: The Manager's Overview



K. C. Lee
Portfolio Manager of
Fidelity Far East
Fund

Q. How did the Fund do?

A. The Fund returned 24.67% for the year ending June 30, 1994, while the MSCI Pacific Index excluding Japan returned 38.79%. For the six months ending June 30, the Fund returned –16.37% while the index returned –11.91%.

Q. What factors contributed to the Fund's performance in the past year?

A. I was very cautious about the markets in the fourth quarter of 1993, so the portfolio was very defensively structured. The markets ran up very strongly in that quarter so I was cautious too early. The market didn't correct itself until a few months later, so clearly being cautious too early hurt the performance.

Q. How do you view your strategy now?

A. I think I was right to be very cautious in markets like Malaysia and Thailand. But I expected Hong Kong to do relatively well or be relatively resilient. That hasn't happened. I manage money with a long-term perspective and I structure my portfolios assuming that markets behave normally. And markets have not been behaving normally in the last nine months. It appears as if my portfolio was not well-structured for this period of abnormal behavior, especially in the fourth quarter of 1993.

Q. What has made this market behave abnormally?

A. Investors who have invested in the market to make quick returns by speculating on the market. Their decisions are made on the basis of the market's momentum, not fundamental analysis.

Q. Do you try to change your strategy at all to cope with this kind of market?

A. No. I expect that markets will eventually return to normality. Before we reach normality there will be some very painful adjustments, but I don't think I need to change my strategy.

Q. How would you define your asset allocation strategy?

A. I have a view on the outlook for the markets based mostly on the risk I perceive for various markets. On that basis, I feel there is the least risk in Hong Kong.

Q. What is your asset allocation now and will that change?

A. Well, I'm still going to have a heavy weighting in Hong Kong on the basis that I feel it will be the best performer in the coming months. More than 60 percent of the Fund's holdings are in the Hong Kong market. The most positive thing about Hong Kong is that a lot of people are bearish. It is a contrarian view. I continue to feel very negative on markets like Thailand and Malaysia. The Fund's weighting in Malaysia and Thailand have continued to fall.

Q. How do short-term political developments in Hong Kong, China and Korea influence your investment strategy?

A. I don't take those factors into consideration. Performance of the various markets in the last 10 or 20 years shows that political factors tend to have a short-term impact on the markets, but no long-term impacts on economic policies. Therefore, no long-term impact on the stock market. Remember, I take a long term view in investing.

Q. Where are you investing new money?

A. A little bit is going to cash, and a small amount to both Singapore and Hong Kong.

Q. What will change your opinion on secondary markets such as Malaysia?

A. Well, I don't know. It's still overvalued with a lot of speculative investors in the market. If the Malaysian market is now trading at 1000, I think the fair value for the market is probably about 850.

Fund Facts

Goal: The Fund is a long-term capital growth portfolio and may invest in all Southeast Asian countries, except Japan.

Start date: September 17, 1991

Size: as at June 30, 1994, $1.6 billion

Manager: K.C. Lee

Statement of Investment Portfolio
As at June 30, 1994

Equities — 93.41%

	Number of Shares	Cost $	Market Value $
Australia – 4.40%			
Australian Gas Light Co	620,000	2,137,228	2,515,543
Broken Hill Proprietary Company Ltd (The)	1,780,418	25,370,983	32,309,160
Burns Philp & Co	1,115,022	4,169,871	3,938,814
Comalco Ltd	600,000	2,501,378	3,106,581
Manufacturers Mutual Insurance Ltd	500,000	1,450,396	1,130,400
News Corporation Ltd	800,312	7,417,593	6,752,733
Westpac Banking Corp	3,479,474	11,282,979	15,659,038
Woolworths Ltd	2,347,823	7,524,403	6,848,212
		61,854,831	72,260,481
Bermuda – 2.52%			
Jardine Strategic Holdings Ltd ORD	7,800,000	37,673,038	40,854,478
Jardine Strategic Holdings Ltd IDR (HK Regd)	327,000	461,775	570,454
		38,134,813	41,424,932
China – 1.38%			
China Steel Corp 'Units'	50,000	1,087,177	1,278,154
New World China Investment Ltd	1,500,000	20,569,620	21,244,991
Shanghai Vacuum & Electronic Device Company Ltd Cl B	508,200	419,482	99,716
		22,076,279	22,622,861
Hong Kong – 59.29%			
Amoy Properties Ltd	12,300,000	21,075,691	20,008,938
Amoy Properties Ltd Conv Pfd	6,500,000	8,663,164	8,420,271
Amoy Properties Ltd Wts 03/31/95	100,000	0	53,182
Cafe De Coral Holdings Ltd	4,800,000	3,513,033	3,539,507
Cheung Kong Holdings Ltd	11,300,000	57,414,153	68,175,699
China Light & Power Company Ltd	4,100,000	29,120,286	28,950,661
China Resources Enterprise Ltd	10,570,000	6,804,697	5,621,335
Culturecom Holdings Ltd	2,320,000	519,320	290,311
Culturecom Holdings Ltd Wts 12/31/96	400,000	0	11,441
Dairy Farm International Holdings Ltd IDR	199,000	250,302	288,725
Dairy Farm International Holdings Ltd ORD	9,250,000	20,719,248	17,693,064
Dao Heng Banking Group Ltd	2,000,000	10,228,284	7,901,323
Dickson Concept	480,000	529,806	409,725
Far East Aluminium Holdings Ltd	8,000,000	1,773,989	1,272,792
Far East Hotels & Entertainment Ltd	8,000,000	3,655,859	3,932,785
First Pacific Company Ltd	31,914,349	14,739,444	22,820,414
Fountain Set Holdings	5,300,000	947,255	1,203,253
Great Eagle Holdings Ltd	25,200,000	17,769,711	19,483,375
Group Sense International Ltd	9,300,000	2,680,286	1,496,246
Guangzhou Investment Company Ltd	5,000,000	2,641,203	1,944,047
Guoco Group Ltd	1,400,000	9,061,243	8,258,849
HSBC Holdings ORD	206,791	3,945,109	3,031,964
HSBC Holdings PLC	7,413,497	80,292,870	111,984,333
Hang Seng Bank Ltd	155,000	863,712	1,413,121
Henderson Investment Ltd	3,000,000	3,569,186	3,190,919
Hong Kong & China Gas Company Ltd	4,980,000	12,868,352	13,175,545
Hong Kong & China Gas Company Ltd Wts 12/31/95	415,000	0	252,235
Hong Kong Electric Holdings ORD	10,800,000	34,680,183	44,983,886
Hong Kong Land Holdings Ltd Regd	11,144,205	33,649,419	38,847,336
Hong Kong Telecommunications Ltd	24,000,000	43,768,285	62,638,516
Hopewell Holdings Ltd	2,000,000	2,560,672	2,234,537
Hutchison Whampoa Ltd	21,000,000	80,034,236	119,190,179
Hysan Development Company Ltd	5,700,000	14,360,244	21,092,242
Jardine International Motor Corp	976,000	1,106,313	1,596,425
Jardine Matheson & Company Ltd ORD Regd	5,249,723	50,697,825	55,838,108
Ka Wah Bank Ltd	4,500,000	3,190,000	3,358,509
Lai Sun Development Company Ltd	20,500,000	7,480,072	5,020,558
Lamex Holdings Ltd	3,400,000	959,144	2,066,500
Li & Fung Ltd	4,268,000	1,662,971	3,891,098
Manhattan Card Co	5,000,000	2,106,518	2,748,481
National Electronic Holdings	6,500,000	960,123	941,187
New World Development Company Ltd	18,184,087	69,385,773	69,888,761
Orient Overseas International Ltd	2,000,000	1,294,090	1,456,918

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
Hong Kong – continued			
Playmates Properties Holdings	1,300,000	686,750	563,550
QPL International Ltd Wts 02/29/96	910,000	0	113,872
QPL International Ltd ORD	4,550,000	3,761,367	2,521,452
Seapower Resources International Ltd	2,500,000	508,643	406,686
Seapower Resources International Ltd Wts 09/30/96	1,700,000	0	75,974
South China Morning Post Holdings	500,000	408,569	404,451
Sun Hung Kai Properties Ltd	10,800,000	73,456,815	85,913,454
Swire Pacific Cl A	4,250,000	31,702,054	42,165,688
Swire Pacific Cl B	15,875,000	20,615,857	24,547,506
Vitasoy International Holdings Ltd	5,500,000	3,089,310	2,974,169
Wharf Holdings Ltd	4,335,000	18,668,738	22,085,717
Winfoong Investment Ltd	4,000,000	524,163	400,429
Yizheng Chemical Fibre Co Cl H	1,650,000	694,719	569,271
		815,659,056	973,359,520
Indonesia – 0.09%			
Bank Dagang Nas Indonesia PT IDR (F)	625,000	1,505,321	1,233,720
Sumalindo Lestani Jaya PT 'New' (F)	35,500	235,578	194,402
		1,740,899	1,428,122
Korea – 7.43%			
Cho Hung Bank Company Ltd	450,000	7,726,905	8,187,004
Cho Hung Bank Company Ltd 'New'	142,851	1,758,497	1,765,316
Dong Ah Construction Industries Company Ltd 'Units'	40,000	1,520,136	1,450,877
Hanwha	440,760	8,613,476	8,926,697
Korea Electric Power Corp	1,900,000	56,685,542	87,396,674
Korea Fund Inc	90,000	2,865,780	2,735,940
Kumho Construction & Engineering Company Ltd	120,000	2,350,015	2,533,337
Samsung Heavy Industries Company Ltd	15,000	1,014,940	1,029,812
Yukong Ltd	128,660	5,683,179	7,552,249
Yukong Ltd 'New'	7,743	359,998	426,600
		88,578,468	122,004,506
Malaysia – 11.31%			
Arab Malaysian Corp	1,800,000	4,197,325	6,115,299
Arab Malaysian Finance (F)	740,000	1,606,041	3,731,819
Associated Kaolin Industries BHD	375,000	3,529,549	1,313,834
Berjaya Leisure BHD	2,200,000	5,283,020	3,013,059
Berjaya Leisure BHD Wts 01/18/99	825,000	0	381,012
Consolidated Plantations BHD	900,000	1,573,035	1,729,483
Ekran Berhad ORD	1,400,000	6,992,329	13,005,627
Genting BHD	1,000,000	8,153,290	16,456,099
Leader Universal Holdings BHD	990,000	3,079,368	7,304,916
MBF Capital BHD	1,400,000	1,684,360	1,568,107
Malaysian Banking	1,235,000	8,034,943	9,571,611
Malaysian Helicopter Services BHD	455,000	792,408	1,207,665
Malaysian International Shipping (F)	450,000	2,115,382	2,161,854
Metacorp Berhad	2,447,000	8,135,188	12,080,423
Pacific Chemicals BHD	1,820,000	14,499,848	15,168,277
Resorts World BHD	3,600,000	13,741,940	28,665,463
Syarikat Pembinaan Setia BHD	500,000	1,314,899	1,321,796
Tanjong PLC Regd	3,318,000	15,095,513	19,903,068
Technology Resources	1,970,000	11,325,416	11,085,041
Time Engineering BHD	97,000	274,173	314,099
U-Wood Holdings BHD	300,000	1,780,164	812,188
United Engineers BHD	3,000,000	7,667,894	16,721,520
Westmont BHD	350,000	2,784,863	3,102,771
YTL Corp	561,600	1,753,601	3,547,638
YTL Corp Wts 08/26/97	1,420,000	3,303,707	5,351,948
		128,718,256	185,634,617
Philippines – 0.20%			
Philippine Long Distance Telephone Co	40,000	1,674,811	3,261,020
		1,674,811	3,261,020

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
Singapore – 2.45%			
Cerebos Pacific Ltd	500,000	1,204,977	3,510,918
Hour Glass Ltd	1,000,000	1,787,868	1,567,455
Malayan Credit Ltd	1,215,000	3,010,067	3,368,578
Overseas Union Bank Ltd (F)	1,935,000	12,577,877	11,483,419
United Overseas Bank (F)	1,691,250	11,630,648	18,694,617
United Overseas Bank Wts 06/17/97	78,779	31,437	446,107
Wing Tai Holdings Ltd	600,000	1,366,661	1,217,722
		31,609,535	40,288,816
Thailand – 2.02%			
Bangkok Bank Ltd (F)	802,320	7,936,259	8,411,966
Krung Thai Bank (F)	400,000	1,427,435	1,346,437
NTS Steel Group Company Ltd PLC (F)	111,300	555,021	429,922
National Finance & Securities Co (F)	133,000	3,396,833	2,333,861
Shinawatra Computer & Communication Co (F)	14,400	377,853	444,986
Siam Cement Company Ltd (F)	50,000	2,384,044	3,206,066
Siam City Cement (F)	107,100	2,175,018	2,576,750
Siam Commercial Bank (F)	590,000	5,767,953	6,185,886
Singer Thailand Ltd (L)	50,000	384,540	938,091
Strongpack Company Ltd (F)	56,100	167,946	168,716
Thai Farmers Bank (F)	573,100	3,441,630	4,174,463
Thai Military Bank (F)	200,000	969,070	893,946
United Communications Industries (F)	20,000	611,250	675,426
United Communications Industries (L)	50,000	1,371,772	1,307,810
		30,966,624	33,094,326
United Kingdom – 2.32%			
Cable & Wireless PLC ORD	4,418,484	41,777,319	38,163,489
		41,777,319	38,163,489
Total Equities		**1,262,790,891**	**1,533,542,690**

Bonds — 0.35%

		Principal Amount(a) $		
Hong Kong – 0.25%				
HKR International Ltd Conv 4.75%, 10/25/00	USD	2,750,000	4,593,393	4,170,409
			4,593,393	4,170,409
Korea – 0.08%				
Daewoo Corp Euro Conv 0.00%, 12/31/04	USD	1,000,000	1,340,662	1,357,607
			1,340,662	1,357,607
Malaysia – 0.02%				
Berjaya Leisure BHD 5.00%, 01/18/99	MYR	825,000	411,615	354,735
			411,615	354,735
Total Bonds			**6,345,670**	**5,882,751**
TOTAL INVESTMENT PORTFOLIO — 93.76%			**1,269,136,561**	**1,539,425,441**
OTHER ASSETS LESS LIABILITIES — 6.24%				**102,378,762**
TOTAL NET ASSETS — 100.00%				**1,641,804,203**
NET ASSET VALUE PER UNIT				**$21.41**

Legend

(a) Principal amount is stated in Canadian dollars unless otherwise noted.

Currency Type Abbreviations

MYR – Malaysian ringgit
USD – US dollar

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statements of Net Assets

As at June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Assets		
Investments at market value (cost $1,269,136,561; 1993 — $476,198,163)	1,539,425,441	592,598,678
Cash and foreign currencies	109,713,885	310,976,031
Due from brokers	366,948	670,292
Receivable on sale of units	1,787,390	25,817,393
Income receivable	3,731,218	4,356,729
Total assets	1,655,024,882	934,419,123
Liabilities		
Due to brokers	7,302,643	26,450,655
Payable on redemption of units	5,207,053	1,134,314
Management fee reduction payable	710,983	—
Accrued expenses	—	2,072,216
Total liabilities	13,220,679	29,657,185
Net Assets	1,641,804,203	904,761,938
Unitholders' Equity		
Represented by		
Capital		
Authorized — Unlimited number of units of no par value redeemable at the option of the unitholders		
Issued and outstanding – (76,679,989 units; 1993 — 52,490,532 units)	1,251,382,381	772,684,357
Undistributed net investment income	5,540,976	1,269,081
Accumulated net realized gain on sale of investments	114,591,966	14,407,985
Unrealized appreciation in value of investments	270,288,880	116,400,515
	1,641,804,203	904,761,938
Net asset value per unit (note 9)	$21.41	$17.24

Statements of Income

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Investment Income		
Dividends (net of withholding tax of $1,010,072; 1993 — $888,296)	40,133,860	8,900,056
Interest	8,135,270	4,513,393
	48,269,130	13,413,449
Expenses (note 5)		
Management fee (note 4)	33,625,105	7,319,015
Administration fees	6,282,818	2,466,862
Custodian fees	2,019,764	958,250
Reports to unitholders	824,521	293,691
Audit fees	22,957	22,333
Legal and filing fees	413,897	235,357
Total expenses	43,189,062	11,295,508
Net investment income for the period	5,080,068	2,117,941
Net investment income per unit (based on the average number of units outstanding during the period)	$0.07	$0.07

Approved on behalf of the Fund Manager

John H. Simpson
Director of Fund Manager

Kurt A. Lange
Director of Fund Manager

The accompanying notes are an integral part of the financial statements.

Statements of Surplus

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Accumulated net realized gain on sale of investments		
Balance — beginning of period	14,407,985	856,915
Proceeds from sale of securities	450,152,858	91,405,355
Cost of securities sold	341,927,193	73,883,469
Net realized gain on sale of investments	108,225,665	17,521,886
Distribution to unitholders (note 9)	(8,041,684)	(3,970,816)
Balance — end of period	114,591,966	14,407,985
Unrealized appreciation in value of investments		
Balance — beginning of period	116,400,515	16,482,649
Appreciation in value of investments during the period	153,888,365	99,917,866
Balance — end of period	270,288,880	116,400,515
Undistributed net investment income		
Balance — beginning of period	1,269,081	(58,890)
Net investment income for the period	5,080,068	2,117,941
Distribution to unitholders (note 9)	—	(789,970)
Management fee reduction to unitholders	(808,173)	—
Balance — end of period	5,540,976	1,269,081

Statements of Changes in Net Assets

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
From investment transactions		
Net investment income	5,080,068	2,117,941
Net realized gain on sale of investments	108,225,665	17,521,886
Unrealized appreciation in value of investments	153,888,365	99,917,866
	267,194,098	119,557,693
Income distributions to unitholders	—	(789,970)
Capital gains distributions to unitholders	(8,041,684)	(3,970,816)
Management fee reduction to unitholders	(808,173)	—
Increase derived from investment transactions	258,344,241	114,796,907
From capital unit transactions		
Net proceeds from Fund units issued (58,399,993 units; 1993 — 44,222,026 units)	1,264,896,050	684,541,230
Payment for Funds units redeemed (34,524,237 units; 1993 — 3,633,006 units)	(794,228,564)	(56,074,010)
Reinvested distributions (313,701 units; 1993 — 344,680 units)	8,030,538	4,751,294
Increase derived from capital unit transactions	478,698,024	633,218,514
Increase in net assets	737,042,265	748,015,421
Net assets		
Beginning of period	904,761,938	156,746,517
End of period	1,641,804,203	904,761,938

Statements of Changes in Investments

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Cost of investments at beginning of period	476,198,163	94,636,236
Add:		
Cost of shares purchased	1,128,519,920	455,445,396
Costs of bonds purchased	6,345,671	—
	1,134,865,591	455,445,396
Deduct:		
Cost of shares sold	341,927,193	73,883,469
Cost of investments at end of period	1,269,136,561	476,198,163

The accompanying notes are an integral part of the financial statements.

Fund Talk: The Manager's Overview

Dick Habermann
Portfolio Manager of
Fidelity International
Portfolio Fund

Q. How did the Fund do?

A. The Fund returned 19.68% for the year ending June 30, 1994, beating its benchmark, the Financial Times-Allshare World Index, which returned 18.95% for the same period.

Q. Which country or region led the Fund's performance?

A. Clearly, Japan has been the biggest contributor. Not only has the stock selection been good, but unitholders have benefited from the currency exchange. European investments have also done well. They account for about 28% of the holdings. The European economies are improving, but I think most investors have underestimated the degree of improvement there. The fundamental improvement in the European economies actually occurred a good six months before we started to see it show up in Japan. Those are the two significant shifts. Another factor which contributed to performance was the Fund's significant underweighting in US investments.

Q. What do you like about Europe?

A. Investors in Europe have yet to realize the full value of what has gone on there as far as fundamental change and restructuring of companies. There is still more value to be had there, I think that is for sure. We're going through this transition in Europe from an interest rate-driven market to an earnings-driven market and there is usually a bump along the way. If someone were to ask which investments in the Fund have disappointed me, I'd have to say the ones in France and some of the smaller markets. Sweden and Spain haven't done as well as I had hoped.

Q. Do you expect the Fund to continue underweighting U.S. stocks relative to the benchmark?

A. Yes. Stocks are still a little overvalued in the US and you have the additional factor of the declining US dollar against major currencies.

Q. What were the other major changes in the asset allocation?

A. The Fund had built up some cash to about 10% of its holdings. As global markets weakened, more of the Fund was put to work. I've recently been building positions in Latin America. As of June 30, 1994 about 4% of the holdings have been added to Latin American markets. It's just a great buying opportunity.

Q. Latin American markets rallied strongly in the last half of 1993, but they went through a major correction in early 1994. At what point did you decide to increase the Fund's holdings in the region?

A. It was during the correction. I added to Brazil and more into Mexico when the market fell there.

Q. Do you expect the Latin American portion of the Fund to move higher in the next six to 12 months?

A. Yes. I think there is every reason to think emerging markets, including Southeast Asia, should be somewhere between 5% and 10% of the Fund.

Q. What other changes to the Fund's asset allocation do you expect to make in the next six to 12 months?

A. I think I'll keep adding to Japan. The stock selection has been pretty good there. Europe has performed well, but I think I'll look at further diversifying the holdings into other areas of the world.

Fund Facts

Goal: The Fund seeks long-term capital growth by investing in equities from around the world.

Start date: November 30, 1987

Size: as at June 30, 1994, $426 million

Manager: Dick Habermann

Statement of Investment Portfolio
As at June 30, 1994

Equities — 89.36%

	Number of Shares	Cost $	Market Value $
Argentina – 0.37%			
Banco de Galicia Y Buenos Aires SA Sponsored ADR 'New' Cl B	6,400	263,597	239,878
Banco Ganadero SA Sponsored ADR Cl C	4,300	140,862	136,659
Buenos Aires Embotelladora SA Sponsored ADR Cl B	8,300	405,683	354,100
Capex SA Cl A	30,000	414,449	415,193
Ciadea SA	11,485	193,711	174,503
YPF Sociedad Anonima Sponsored ADR Cl D	8,200	272,747	270,520
		1,691,049	1,590,853
Australia – 1.37%			
Amcor Ltd	50,000	478,545	456,197
Australian Gas Light Co	73,706	193,804	299,049
BTR Nylex Ltd	100,000	316,560	292,693
Bridge Oil Ltd	15,536	5,939	14,269
Broken Hill Proprietary Company Ltd	36,346	475,475	659,569
Burns Philp & Co	90,000	360,813	317,925
CRA Ltd	20,000	372,165	359,306
Fairfax (John) Holdings Ltd	190,000	321,162	487,081
Nine Network Australia Ltd	70,000	349,883	300,262
Pacific Dunlop Ltd	87,000	416,130	378,452
TNT Ltd	155,000	155,796	351,988
Western Mining Corporation Holdings Ltd	60,000	501,865	436,617
Westpac Banking Corp	200,000	1,027,376	900,081
Woodside Petroleum Ltd	130,000	604,290	603,553
		5,579,803	5,857,042
Austria – 0.53%			
EVN (Energie-Versor Nieder)	13,470	2,316,170	2,272,793
		2,316,170	2,272,793
Belgium – 1.14%			
Immobel de Belgique	12,840	1,699,101	1,649,571
UCB (Unione Chemis Belgique) Group	1,580	1,297,485	1,591,546
Union Miniere SA	14,635	1,295,951	1,614,667
		4,292,537	4,855,784
Bermuda – 0.09%			
Jardine Strategic Holdings Ltd ORD	70,000	318,378	366,643
		318,378	366,643
Brazil – 0.73%			
Aracruz Celulose SA ADR	18,900	207,021	267,687
Cia Vale Do Rio Doce PN Pfd	2,000,000	287,424	272,330
Compania Energetica de Minas Sponsored ADR 'New'	2,800	101,208	70,609
Compania Siderurgica Nacional ADR	5,600	254,813	203,123
Coteminas PN Pfd	415,000	139,470	129,907
Eletrobras PN Cl B Pfd	1,560,000	427,889	462,451
Itaubanco PN Pfd Regd	150,000	48,046	35,423
Klabin (Industrial de Papel Celulose) PN Pfd Regd	86,730	140,316	141,628
Petrobras PN Pfd Regd	1,900,000	270,306	250,122
Telecomunicacoes Brasileiras PN Pfd Regd	13,600,000	705,026	707,255
Telecomunicacoes Brasileiras Sponsored ADR	10,300	679,539	555,064
		3,261,058	3,095,599
Chile – 0.08%			
Compania Cervecerias Unidas SA Sponsored ADR	6,000	264,659	182,396
Cristalerias de Chile SA ADR	5,000	135,332	137,315
		399,991	319,711
Colombia – 0.07%			
Carulla & Cia SA Sponsored ADR Cl B	17,600	276,035	282,592
		276,035	282,592
Denmark – 0.51%			
Tele Danmark AS Ser B	31,575	2,190,378	2,191,981
		2,190,378	2,191,981

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
Finland – 0.51%			
Nokia AB	19,370	1,070,446	2,175,497
		1,070,446	2,175,497
France – 4.34%			
Assurances Generales Regd	17,056	2,420,209	2,037,671
BIC	8,020	2,292,084	2,397,393
BNP (Banque National de Paris) ORD	14,455	874,751	850,660
BSN SA	10,875	2,203,157	2,160,797
Chargeurs SA	6,315	2,118,052	2,087,524
Credit Commercial France ORD	1,749	104,611	95,844
Eiffage SA	1,050	331,612	341,247
Guilbert SA	16,735	2,192,881	2,100,982
LVMH Moet Hennessy SA	10,155	2,154,940	2,151,396
Lyonnaise des Eaux SA	16,210	2,053,691	2,043,277
TV Francaise (TF-1)	19,470	2,387,075	2,222,580
		19,133,063	18,489,371
Germany – 4.24%			
Ava Alg Handels Verbrauchen	3,206	1,801,087	1,614,272
BMW (Bayer Motoren Werk) AG	3,048	1,544,918	2,063,929
Bayer AG	6,930	1,676,564	2,072,563
Continental Gumni-Werke AG	9,050	1,963,367	1,926,435
Deutsche Bank AG	3,580	2,110,138	2,125,810
Hoechst AG ORD	3,300	931,163	928,206
Koelnische Ruckesich Regd	1,340	882,394	1,076,048
Munich Reinsurance Wts 03/13/98	40	0	7,570
Schering AG	2,420	2,072,395	1,996,883
Springer Axel Verlag Regd	4,000	2,056,993	2,170,327
Veba Vereinigte Elektrizetaets & Bergwerks AG ORD	4,845	1,695,442	2,096,738
		16,734,461	18,078,781
Hong Kong – 3.59%			
Amoy Properties Ltd	98,000	84,777	159,421
Cheung Kong Holdings Ltd	140,000	913,962	844,655
China Light & Power Company Ltd	12,600	63,712	88,970
China Resources Enterprise Ltd	610,000	321,536	324,410
Citic Pacific Ltd	100,000	394,907	373,615
Consolidated Electric Power Asia	222,706	509,321	493,664
Culturecom Holdings Ltd	900,000	253,110	112,621
Esprit Asia Holdings Ltd	470,000	266,982	256,257
Great Eagle Holdings Ltd	307,000	216,531	237,357
Guangdong Investments Ltd	430,000	237,208	342,063
HSBC Holdings PLC	133,366	1,820,312	2,014,556
Harbour Ring International Holdings	570,000	98,733	147,748
Henderson Land Development Company Ltd	72,000	539,497	466,571
Hong Kong Electric Holdings ORD	100,000	323,933	416,518
Hong Kong Land Holdings Ltd Regd	180,000	684,725	627,458
Hong Kong Telecommunications Ltd	500,000	1,445,083	1,304,970
Hongkong & Shanghai Hotels	160,000	359,129	340,365
Hopewell Holdings Ltd	300,000	353,623	335,181
Hutchison Whampoa Ltd	170,000	653,047	964,873
Hysan Development Company Ltd	51,000	103,891	188,720
Jardine Matheson & Company Ltd ORD Regd	65,882	691,149	700,747
Manhattan Card Co	90,000	34,561	49,473
Pico Far East Holdings Ltd	830,000	193,369	133,536
Pico Far East Holdings Ltd Wts 04/30/96	166,000	0	6,350
Siu Fung Ceramics Holdings Ltd	940,000	358,396	319,271
Star Paging International Holdings Ltd	370,000	124,145	162,049
Sun Hung Kai Properties Ltd	136,700	797,547	1,087,442
Swire Pacific Cl A	100,000	798,073	992,134
Television Broadcasting Ltd ORD	140,000	785,800	763,318
Truly International Wts 08/31/96	96,000	0	9,439
Wharf Holdings Ltd	202,000	1,085,043	1,029,138
		14,512,102	15,292,890

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
Indonesia – 0.03%			
Dharmala Sakti Sejahtera PT (F)	21,600	48,401	30,259
Dharmala Sakti Sejahtera PT Rts 08/05/94 (F)	21,600	0	7,565
Maskapai Reasuransi Indonesia IDR (F)	26,000	43,419	17,384
Polysindo Eka Perkasa PT IDR (F)	20,000	63,057	56,672
		154,877	111,880
Italy – 1.36%			
Assicurazioni Generali Spa	55,785	2,065,458	1,978,756
Istituto Mobiliare Italiano	203,155	2,053,958	1,884,340
Stet (Societa Finanziaria Telefonica) Spa	454,320	1,334,166	1,931,925
		5,453,582	5,795,021
Japan – 23.58%			
Aiwa Company Ltd	70,000	1,587,545	2,657,183
Akita Bank	30,000	264,050	321,467
Asics Corp	142,000	907,869	950,759
Autobacs Seven Company Ltd	2,400	136,648	457,198
Bridgestone Corp	50,000	1,017,331	1,120,583
C Itoh Fuel Company Ltd	90,000	1,207,366	1,361,509
Canon Inc	92,000	1,885,119	2,229,400
Charle Company Ltd	12,000	408,582	445,432
Chubu Engineering Corp	13,000	280,049	218,514
Chubu Steel Plate Company Ltd	65,000	663,482	556,300
Chuoh Packaging Industries Company Ltd	21,000	351,584	550,066
Comany Inc	18,000	709,628	584,944
Cosmo Oil Company Ltd	100,000	1,177,412	1,201,825
Dai Nippon Printing Company Ltd	56,000	977,837	1,529,596
Dai-Tokyo Fire & Marine Insurance	74,000	635,960	801,245
Daikin Manufacturing Company Ltd	55,000	1,378,153	1,587,026
Daiwa Securities Company Ltd	50,000	748,784	1,211,631
Dennys Japan Company Ltd	12,000	503,137	677,393
Diamond Lease Company Ltd	30,000	610,216	659,743
Eidensha Company Ltd Wts 08/29/97	90	121,537	183,432
Fuji Denki Reiki Company Ltd	54,000	1,172,504	1,346,381
Fuji Photo Film Company Ltd	6,000	191,770	184,896
Fujisawa Pharmaceutical Co	58,000	742,994	877,417
Fujitsu Ltd Wts 06/12/98	1,400	296,839	346,606
Fujitsu Business Systems Ltd	9,000	509,644	607,636
Futaba Corp	21,000	1,200,624	1,497,239
General Sekiyu KK	70,000	1,031,141	1,127,587
Hankyu Department Stores Inc Wts 03/14/96	310	296,379	171,342
Heiwa Real Estate Company Ltd	64,000	662,899	797,855
Hitachi Koki Company Ltd	12,000	202,072	176,492
Hitachi Ltd	90,000	1,162,009	1,298,476
Hokushin Company Ltd	28,600	326,741	765,162
Inaba Denkisangyo Company Ltd	20,000	685,920	980,510
Ines Corp	75,000	1,133,658	1,512,787
Isewan Terminal Service Company Ltd	20,000	173,921	197,223
JSP Corp	17,000	321,305	428,623
JSP Corp Wts 11/04/97	1,000	157,774	223,978
Japan Steel Tower Company Ltd	11,000	193,886	161,784
Joyfull Company Ltd	38,000	832,597	1,410,534
Juken Sangyo Company Ltd	76,000	1,224,831	1,511,667
Kanaden Corp	44,000	544,449	690,279
Kaneshita Construction Company Ltd	50,000	955,239	1,155,601
Kansai Sekiwa Real Estate Ltd	35,000	914,412	1,088,366
Kawasaki Kisen Kaisha Ltd	210,000	975,297	1,123,665
Keyence Corp	5,000	535,131	826,430
Komori Corp	34,000	1,116,617	1,500,181
Kyocera Corp	12,000	1,086,540	1,238,805
Kyokuichi Corp	6,000	115,920	71,437
Marubeni Corp	136,000	879,275	1,036,315
Marudai Food Company Ltd	55,000	613,316	658,693
Marui Company Ltd	59,000	1,121,654	1,528,896
Marukyo Corp	1,000	32,953	56,730

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
Japan – continued			
Marutomi Group Co	5,000	222,738	122,564
Maruzen Showa Unyu Company Ltd	110,000	786,220	936,808
Matsushita Electric Industrial Company Ltd	58,000	1,323,439	1,470,485
Miroku Jyoho Service Company Ltd	1,000	20,082	39,501
Mitsubishi Motors Corp	50,000	657,800	686,357
Mitsui Real Estate Sales Co	11,000	348,716	400,608
Moonbat Company Ltd	46,000	406,224	434,926
Nagahori Corp	60,000	724,634	857,246
Nichicon Corp	60,000	1,304,167	1,302,678
Nichiei Company Ltd	18,000	1,479,916	2,206,148
Nihon Jumbo Company Ltd	12,000	874,144	1,016,929
Nihon Kogyo Company Ltd	5,000	69,669	119,062
Nikko Securities Company Ltd	63,000	1,057,638	1,191,320
Nippo Ltd	1,000	28,885	37,680
Nippon Data Kiki Company Ltd	3,000	89,145	108,837
Nippon Denwa Shisetsu	1,000	8,769	23,672
Nippon Express Company Ltd	94,000	1,337,277	1,382,519
Nippon Typewriter Company Ltd	21,000	352,665	329,451
Nippon Typewriter Company Ltd Wts 09/30/96	400	163,799	175,366
Nishio Rent All Company Ltd Wts 02/20/98	300	474,585	419,718
Nissei Build Kogyo Company Ltd	20,000	611,511	504,262
Nisshin Steel Company Ltd Wts 04/18/96	100	130,286	13,818
Nisshin Steel Company Ltd ORD	120,000	698,515	753,032
Ohishi Sangyo Company Ltd	24,000	306,965	356,345
Promise Company Ltd	11,000	900,066	942,971
Riken Keiki Company Ltd	50,000	612,366	603,014
Riken Vinyl Industrial Company Ltd	82,000	1,064,391	1,251,972
Rinnai Corp	33,000	995,100	1,326,630
Rohm Company Ltd	53,000	2,224,300	3,400,129
Sankyo Seiko Co	89,000	1,173,658	1,171,850
Sanshin Corp	21,000	684,687	600,072
Sanyo Coca-Cola Bottling Co	45,000	901,135	995,918
Seiwa Electric Manufacturing Company Ltd	21,000	407,310	444,171
Sekisui House Ltd Wts 06/13/96	140	244,111	125,743
Shikoku Coca-Cola Bottling Company Ltd	33,000	776,735	767,319
Shinetsu Chemical Company Ltd	36,000	942,165	1,063,994
Shinmei Electric Company Ltd	9,000	289,956	718,574
Shinto Paint Company Ltd	49,000	1,356,665	1,304,079
Sinko Kogyo Company Ltd	81,000	1,093,880	1,048,362
Skylark Company Ltd	38,000	1,097,973	1,165,687
Sogo Denki Co	26,000	244,777	296,814
Sony Corp	16,800	1,077,702	1,423,701
Suzuki Motor Corp	46,000	541,961	844,079
TDK Corp	22,000	1,366,790	1,506,904
Tachibana Shokai	13,000	287,434	231,260
Taihei Dengyo Kaisha Ltd	30,000	688,774	1,210,230
Taihei Kogyo Co	40,000	539,654	406,211
Taiyo Bussan Kaisha Ltd	20,000	522,095	420,219
Takara Standard Company Ltd	63,000	1,053,453	1,111,899
Tohcello Company Ltd	69,000	743,005	744,207
Tokyo Tokeiba Company Ltd	75,000	637,443	604,064
Torii & Company Pharmaceutical	41,000	1,736,078	1,539,121
Toyoda Machine Works Ltd	74,000	864,351	881,059
Toyota Motor Corp	42,000	1,266,303	1,300,157
Victor Company of Japan	63,000	1,196,214	1,314,864
Wako Securities Company Ltd	105,000	663,030	1,764,918
Wesco Inc	18,800	911,009	1,145,516
World Company Ltd	4,000	277,839	284,068
Xebio Company Ltd	4,000	194,062	244,287
Yamamura Glass Company Ltd	51,000	316,862	577,927
Yasuda Trust & Banking Company Ltd	103,000	1,256,508	1,373,499
Yokohama Rubber Company Ltd	135,000	1,238,770	1,293,433
Yorozu Corp	32,000	678,480	1,165,406

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
Japan – continued			
Yurtec Corp	28,000	1,012,271	1,007,965
Zojirushi Corp	1,000	12,574	23,112
		84,552,326	100,439,576
Korea – 0.16%			
Korea Electric Power Corp	14,800	435,859	680,774
		435,859	680,774
Malaysia – 0.80%			
Aokam Perdana BHD	30,400	247,510	264,657
Berjaya Sports Toto BHD	160,000	211,528	331,245
Cement Manufacturers Sarawak	7,000	43,666	55,738
Development & Commercial Bank	90,000	260,855	284,266
EON (Edaran Otomobil NAS) BHD	20,000	142,051	173,054
Ekran Berhad ORD	15,000	172,059	139,346
Genting BHD	8,000	76,210	131,649
Land & General BHD	60,000	131,371	277,099
Magnum Corp BHD	92,500	242,467	272,521
Press Metal BHD	100,000	281,596	323,814
Resorts World BHD	50,000	161,462	398,131
Sapura Telecommunications	18,000	104,846	100,329
Sungei Way Holdings	58,500	169,472	242,223
Sungei Way Holdings Rts 07/01/94	9,750	0	16,045
Technology Resources	30,000	165,060	168,808
United Engineers BHD	39,000	104,409	217,380
		2,514,562	3,396,305
Mexico – 2.45%			
Cementos Apasco SA de CV Cl A	22,000	276,473	226,587
Cemex SA Ser B	118,250	1,230,413	1,082,849
Cifra SA Cl C	40,000	134,052	128,895
Coca-Cola Femsa SA de CV ADR	17,200	734,098	597,140
Desc (Sociedad de Fomento Industrial) Cl B	32,000	263,329	285,854
Desc (Sociedad de Fomento Industrial) Cl C	8,648	83,067	77,252
Empresas ICA Sociedad Controladora SA de CV Sponsored ADR	14,300	535,460	474,230
Farmacia Benevides SA de CV Cl B	22,500	137,087	140,419
Grupo Carso SA de CV Cl A-1	83,000	1,106,876	1,039,362
Grupo Casa Autrey SA de CV Sponsored ADR	3,500	140,203	128,765
Grupo Embotellador de Mexico SA de CV ADR Cl B	2,500	120,274	87,225
Grupo Financiero Banamex AC Ser C	89,100	918,084	785,022
Grupo Financiero Bancomer SA de CV Sponsored ADR Ser C	9,400	409,633	285,754
Grupo Financiero Banorte Cl C	21,700	136,635	129,584
Grupo Financiero Serfin Sponsored ADR	6,100	204,374	148,559
Grupo Industrial Sanluis	10,000	134,034	122,369
Grupo Iusacell SA de CV ADR Ser D	2,100	79,270	76,534
Grupo Iusacell SA de CV ADR Ser L	4,900	184,963	176,040
Grupo Modelo SA Cl C	14,800	437,908	377,305
Grupo Sidek Cl B	153,800	777,689	908,396
Grupo Simec SA de CV ADR	4,100	131,059	109,766
Grupo Situr SA de CV Cl B	115,000	420,309	417,482
Kimberly Clark de Mexico Cl A	40,000	936,169	1,023,005
Nacional de Drogas (Nadro) Cl L	8,000	72,329	70,811
Sears Roebuck de Mexico SA de CV ADR Ser B-1	11,300	260,306	188,979
Telefonos de Mexico SA Sponsored ADR Cl L	8,300	672,955	640,821
Tolmex 'B2' SA	50,000	827,482	699,543
		11,364,531	10,428,548
Netherlands – 3.37%			
Heineken NV	11,125	1,574,646	1,855,889
Hunter Douglas NV	34,735	1,728,624	1,973,641
Philips Electronics	52,630	1,649,464	2,094,118
PolyGram NV	35,470	1,600,516	1,954,996
Telegraaf Holding	9,600	970,960	1,229,912
Unilever NV	11,101	1,558,045	1,557,131
Unilever PLC ORD	1,810	255,876	254,308

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
Netherlands – continued			
Ver Ned Uitgevers (VNU)	14,735	1,519,081	1,971,054
Wereldhave NV	18,945	1,552,663	1,484,157
		12,409,875	14,375,206
Panama – 0.03%			
Panamerican Beverages Inc Cl A	3,600	139,475	120,008
		139,475	120,008
Philippines – 0.52%			
Ayala Corp Cl B	132,000	222,868	249,944
House of Investments Inc	64,500	220,656	211,255
House of Investments Inc Rts 07/16/94	21,500	0	31,908
Manila Electric Co Cl B	75,500	464,072	1,304,029
Metropolitan Bank & Trust Co	5,400	219,199	212,790
Universal Robina Corp	200,000	227,025	225,175
		1,353,820	2,235,101
Portugal – 0.40%			
Banco Espirito Santo Regd	68,630	1,477,248	1,699,889
		1,477,248	1,699,889
Singapore – 0.59%			
Aztech Systems Ltd	100,000	142,811	147,685
City Development	100,000	699,677	584,398
City Development Rts 07/20/94	20,000	0	64,329
Development Bank of Singapore (F)	38,000	519,421	502,673
Hour Glass Ltd	28,750	32,640	45,064
Jurong Cement	26,000	121,579	112,603
Keppel Corporation Ltd	33,000	281,762	313,944
Ssangyong Cement Ltd	26,000	138,600	135,453
Straits Steamship Land ORD	45,000	143,711	150,856
Tibs Holdings	30,000	132,668	138,625
United Overseas Bank (F)	28,200	305,277	311,715
		2,518,146	2,507,345
Spain – 1.36%			
Corporacion Mapfre International Reas Regd	24,206	1,524,645	1,278,345
Corporacion Mapfre International Reas Rts 07/12/94	18,971	0	1,992
FOCSA (Fomento de Obras Y Construcciones)	10,000	1,453,304	1,448,892
Telefonica de Espana SA ORD	86,315	1,571,871	1,604,045
Vallehermoso SA	58,945	1,437,255	1,466,737
		5,987,075	5,800,011
Sweden – 1.58%			
Aktiebolaget Electrolux 'Free' Cl B	29,470	1,896,069	1,869,783
SKF AB 'Free' Cl B	44,530	957,977	1,080,495
Skandinaviska Enskilda Banken Cl A	227,995	2,017,628	1,868,644
Volvo AB 'Free' Cl B	15,785	1,948,334	1,900,884
		6,820,008	6,719,806
Switzerland – 2.53%			
Baloise Holding Regd	785	1,928,642	1,939,421
Baloise Holding Wts 08/30/95	630	0	9,423
Nestle SA Regd	1,970	2,099,674	2,282,144
Sandoz AG	3,155	2,110,565	2,258,686
Swiss Bank Corp 'Bearer'	5,350	2,058,457	2,174,438
Swiss Reinsurance Corp Regd	3,648	2,044,249	2,107,365
		10,241,587	10,771,477
Thailand – 0.62%			
Advanced Information Service (L)	2,400	133,533	125,020
Bangkok Bank Ltd (F)	30,010	357,652	314,641
Bangkok Dusit Medical Services PLC (F)	9,000	84,419	62,576
Finance One Public Co (F)	7,000	110,659	158,372
Industrial Finance of Thailand	60,000	168,684	168,856
Land & House Regd (F)	11,000	338,364	267,080

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
Thailand – continued			
Modernform Group PLC (F)	12,000	64,512	54,299
Phatra Thanakit Co (F)	4,000	190,055	55,182
Siam Cement Company Ltd (F)	10,000	636,767	641,213
Thai Farmers Bank (F)	20,000	126,160	145,680
Thai Military Bank (F)	70,000	341,429	312,881
Thai Telephone & Telecom (L)	15,000	119,907	153,957
United Communications Industries (F)	3,000	36,488	101,314
United Communications Industries (L)	3,000	96,620	78,469
		2,805,249	2,639,540
United Kingdom – 6.42%			
Allied Lyons PLC	73,020	820,821	861,166
Associated British Ports ORD	154,780	698,001	815,327
Barclays PLC ORD	72,500	892,944	802,463
Bass PLC ORD	68,000	796,014	728,727
British Telecommunications PLC ORD	139,210	1,168,156	1,091,057
Burton Group PLC ORD	684,000	819,564	838,772
CLM Insurance Fund PLC	369,000	758,046	727,927
CRH PLC	152,035	883,872	1,060,257
Cadbury-Schweppes PLC ORD	99,770	876,673	894,717
Compass Group	116,980	873,306	805,812
Compass GroupPLC 'New'	36,941	208,750	254,467
De La Rue Co	25,900	490,002	492,978
Iceland Group PLC	142,500	460,408	416,347
Imperial Chemical Industries PLC ORD	48,400	671,523	802,022
Johnson Matthey PLC	62,500	730,220	663,121
Mirror Group Newspaper PLC	197,450	619,678	513,732
Monument Oil & Gas PLC	372,400	454,527	544,026
National Westminster Bank PLC ORD	76,690	759,716	710,638
Northern Ireland Electric PLC P/PD	56,000	407,670	412,028
Prudential Corp	76,600	532,376	468,029
Royal Insurance Holdings PLC	107,666	628,834	570,591
Scottish Power	120,550	829,520	924,242
Scottish Television	33,815	310,840	259,616
Securicor Group Pfd	3,498	943,594	1,156,302
Seeboard PLC	57,150	438,151	407,083
Shell Transport &Trading Co Regd	93,130	1,156,541	1,349,581
Smithkline Beecham ORD 'Units'	93,755	698,791	733,804
Southern Water PLC	35,050	432,922	352,070
Takare PLC	121,700	661,220	558,019
Taylor Woodrow PLC	270,200	729,269	760,640
Tesco PLC	188,850	803,412	900,149
Tie Rack PLC ORD	406,980	945,304	1,119,651
Tomkins PLC ORD	188,200	911,815	856,914
Unilever PLC ORD	34,900	798,012	718,989
United Newspapers PLC ORD	60,000	795,012	653,871
Vickers PLC Ord 'Units'	163,500	536,584	604,974
Wellcome PLC	59,750	797,713	749,264
Westminister Health Care Holdings	43,500	344,036	280,166
Willis Corroon Group PLC	164,900	758,437	507,290
		27,442,274	27,366,829
United States – 25.99%			
ALC Communications Corp 'New'	37,000	1,453,782	1,572,128
Aetna Life & Casualty Co	19,600	1,491,189	1,513,264
Alex Brown Inc	10,000	398,193	341,992
American Cyanamid Co	31,400	2,288,889	2,429,735
Applied Materials Inc	28,000	1,798,372	1,654,000
Armstrong World Industries Inc	10,000	615,647	644,258
Bank of New York Company Inc	37,400	1,375,511	1,492,226
Baybanks Inc	26,700	1,974,716	2,222,847
Bethleham Steel Corp	62,000	1,885,351	1,595,619
Breed Technologies Inc	21,500	863,964	824,408
Briggs & Stratton Corp	17,000	1,929,670	1,570,919
Brunswick Corp	14,600	481,462	443,829

The accompanying notes are an integral part of the financial statements.

International Portfolio Fund

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
United States – continued			
CMAC Investments Corp	45,000	1,811,437	1,570,056
Callaway Golf Co	19,000	421,944	1,023,904
Caterpillar Inc	10,500	1,275,415	1,450,876
Chase Manhattan Corp	39,000	1,799,259	2,061,281
Chrysler Corp	33,200	2,635,430	2,161,875
Citicorp	45,000	2,132,931	2,479,445
Clark Automotive Products Corp	6,700	103,746	96,052
Clark Equipment Co	24,000	1,833,904	1,981,483
Compaq Computer Corp	48,300	1,765,795	2,152,377
Computer Associates International Inc	29,200	1,632,926	1,613,928
Computer Horizons Corp	16,500	222,099	205,196
Cordis Corp	24,800	1,484,782	1,330,040
Creative Technology Ltd	9,600	221,824	228,824
Dean Witter Discover & Co	25,600	1,354,152	1,326,517
Deere & Co	18,900	1,949,483	1,766,081
Devon Group Inc	10,000	263,706	269,449
Eaton Corp	14,300	1,055,131	1,027,498
Electro Scientific Industries Inc	35,000	663,339	519,898
Esco Electronics Corp	23,000	382,596	262,194
Farah Inc	2,900	63,523	55,600
Federal Home Loan Mortgage Corp	23,600	1,942,034	1,972,917
Federated Department Stores Inc 'New'	21,900	665,889	605,223
First Interstate Bancorp	18,900	1,642,573	2,010,916
First USA Inc	43,000	1,977,225	2,280,123
Fluor Corp	21,500	1,538,827	1,511,417
Foothill Group Inc Cl A	36,000	792,037	584,496
Ford Motor Co	35,300	3,108,829	2,877,850
Foundation Health Corp	36,000	1,857,176	1,933,812
Gap Inc	38,900	2,101,076	2,297,879
General Motors Corp	43,200	3,214,358	2,999,585
General Motors Corp Cl H	14,300	752,472	708,875
Input/Output Inc	86,000	1,999,155	2,822,302
Intel Corp	28,700	2,142,752	2,319,953
International Business Machines (IBM) Corp	4,200	292,527	340,956
Kendall International Inc	10,000	621,623	704,712
La Quinta Motor Inns Inc	10,200	351,255	368,212
Lam Research Corp	30,700	1,353,933	1,187,785
Lancaster Colony Corp	16,000	954,552	1,044,632
Litton Industries Inc	10,700	498,283	497,150
MCN Corp	2,800	128,979	154,760
Martin Marietta Corp	33,200	2,084,697	2,024,250
May Dept Stores Co	33,000	1,819,604	1,789,761
McDonnell Douglas Corp	8,200	868,767	1,325,687
Medtronic Inc	10,900	1,241,738	1,206,802
Mentor Corp Minnesota	7,000	151,720	148,715
Micron Technology Inc	60,000	2,076,906	2,860,301
Mobil Corp	15,800	1,697,163	1,782,057
Morton International Inc	1,400	194,350	150,891
National Semiconductor Corp	76,200	2,100,325	1,816,291
Nationsbank Corp	9,000	592,162	638,904
Oxford Industries Inc	12,000	450,838	530,607
Penney J C Company Inc	33,400	2,134,210	2,503,731
Pittston Company Service Group	7,700	287,804	284,614
Precision Castparts Corp	21,000	923,266	921,307
Premark International Inc	15,800	1,627,171	1,642,877
Pxre Corp	1,000	32,069	36,272
Safeway Inc 'New'	63,000	1,871,656	2,078,382
Schering-Plough Corp	13,900	1,235,324	1,176,420
Sunamerica Inc	35,400	1,817,328	1,999,413
Tellabs Inc	39,300	1,654,938	1,683,432
Teradyne Inc Rts 03/26/00	43,600	1,394,511	1,596,518
Texas Instruments Inc	21,400	2,104,806	2,350,836
Thiokol Corp	38,800	1,496,400	1,293,423
Tosco Corp 'New'	12,200	511,443	501,520

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
United States – continued			
Ultramar Corp	37,000	1,264,555	1,342,062
Ultratech Stepper Inc	15,000	559,365	398,991
United Companies Financial Corp	6,300	298,373	352,563
Varian Associates Inc	8,600	400,044	421,860
Watkins Johnson Co	21,000	706,539	859,645
Wells Fargo & Co	11,800	2,150,172	2,451,879
Western Digital Corp	104,700	1,839,239	1,844,583
Wheeling Pittsburgh Corp	64,800	1,624,592	1,566,948
		106,777,798	110,692,896
Total Equities		**354,223,763**	**380,649,749**

Bonds — 0.02%

		Principal Amount(a) $		
Philippines – 0.02%				
Benpress Holdings Corp Conv 4.20%, 01/01/99	USD	25,000	49,713	105,517
			49,713	105,517
TOTAL INVESTMENT PORTFOLIO — 89.38%			**354,273,476**	**380,755,266**
OTHER ASSETS LESS LIABILITIES — 10.62%				**45,239,850**
TOTAL NET ASSETS — 100.00%				**425,995,116**
NET ASSET VALUE PER UNIT				**$17.24**

Legend

(a) Principal amount is stated in Canadian dollars unless otherwise noted.

Currency Type Abbreviations

USD – US dollar

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statements of Net Assets

As at June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Assets		
Investments at market value (cost $354,273,476; 1993 — $111,263,025)	380,755,266	125,302,822
Cash and foreign currencies	46,958,202	21,131,828
Due from brokers	24,635,707	3,480,314
Receivable on sale of units	2,395,749	3,717,362
Income receivable	1,164,710	483,468
Total assets	455,909,634	154,115,794
Liabilities		
Due to brokers	28,573,837	9,671,866
Payable on redemption of units	1,198,403	356,019
Management fee reduction payable	142,278	—
Accrued expenses	—	329,659
Total liabilities	29,914,518	10,357,544
Net Assets	425,995,116	143,758,250
Unitholders' Equity		
Represented by		
Capital		
Authorized — Unlimited number of units of no par value redeemable at the option of the unitholders		
Issued and outstanding – (24,708,801 units; 1993 — 9,390,378 units)	374,112,484	115,664,997
Undistributed net investment loss	(5,060,090)	(1,622,965)
Accumulated net realized gain on sale of investments	30,460,932	15,676,421
Unrealized appreciation in value of investments	26,481,790	14,039,797
	425,995,116	143,758,250
Net asset value per unit (note 9)	$17.24	$15.31

Statements of Loss

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Investment Income		
Dividends (net of withholding tax of $610,055; 1993 — $446,936)	4,310,182	1,538,631
Interest	535,952	326,646
	4,846,134	1,865,277
Expenses (note 5)		
Management fee (note 4)	6,339,974	2,038,980
Administration fees	1,270,078	607,097
Custodian fees	269,368	237,523
Reports to unitholders	146,867	129,973
Audit fees	17,986	16,186
Legal and filing fees	75,883	13,946
Total expenses	8,120,156	3,043,705
Net investment loss for the period	(3,274,022)	(1,178,428)
Net investment loss per unit (based on the average number of units outstanding during the period)	$(0.18)	$(0.13)

Approved on behalf of the Fund Manager

John H. Simpson
Director of Fund Manager

Kurt A. Lange
Director of Fund Manager

The accompanying notes are an integral part of the financial statements.

Statements of Surplus

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Accumulated net realized gain on sale of investments		
Balance — beginning of period	15,676,421	2,728,078
Proceeds from sale of securities	328,567,246	163,213,452
Cost of securities sold	296,443,991	147,072,602
Net realized gain on sale of investments	32,123,255	16,140,850
Distribution to unitholders (note 9)	(17,338,744)	(3,192,507)
Balance — end of period	30,460,932	15,676,421
Unrealized appreciation in value of investments		
Balance — beginning of period	14,039,797	6,286,276
Appreciation in value of investments during the period	12,441,993	7,753,521
Balance — end of period	26,481,790	14,039,797
Accumulated net investment loss		
Balance — beginning of period	(1,622,965)	(444,537)
Net investment loss for the period	(3,274,022)	(1,178,428)
Management fee reduction to unitholders	(163,103)	—
Balance — end of period	(5,060,090)	(1,622,965)

Statements of Changes in Net Assets

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
From investment transactions		
Net investment loss	(3,274,022)	(1,178,428)
Net realized gain on sale of investments	32,123,255	16,140,850
Unrealized appreciation in value of investments	12,441,993	7,753,521
	41,291,226	22,715,943
Capital gains distributions to unitholders	(17,338,744)	(3,192,507)
Management fee reduction to unitholders	(163,103)	—
Increase derived from investment transactions	23,789,379	19,523,436
From capital unit transactions		
Net proceeds from Fund units issued (19,307,339 units; 1993 — 3,089,244 units)	327,366,093	44,480,405
Payment for Funds units redeemed (5,053,601 units; 1993 — 2,209,562 units)	(86,222,420)	(29,364,499)
Reinvested distributions (1,064,685 units; 1993 — 249,801 units)	17,303,814	3,192,204
Increase derived from capital unit transactions	258,447,487	18,308,110
Increase in net assets	282,236,866	37,831,546
Net assets		
Beginning of period	143,758,250	105,926,704
End of period	425,995,116	143,758,250

Statements of Changes in Investments

For the periods ended June 30, 1994 and 1993 (note 1)	1994 $	1993 $
Cost of investments at beginning of period	111,263,025	95,354,002
Add:		
Cost of shares purchased	538,746,076	161,905,105
Costs of bonds purchased	708,366	1,076,520
	539,454,442	162,981,625
Deduct:		
Cost of shares sold	295,137,788	145,349,022
Cost of bonds sold	1,306,203	1,723,580
	296,443,991	147,072,602
Cost of investments at end of period	354,273,476	111,263,025

The accompanying notes are an integral part of the financial statements.

Fund Talk: The Manager's Overview

Yoko Tilley
Portfolio Manager of
Fidelity Japanese Growth
Fund

Q. How did the Fund do?

A. The Fund was launched in July, 1993, in the midst of a correction in the Tokyo stock market. Since the market turned around in November, the Fund has performed very well, beating the market.

Q. What have you done to beat the market?

A. I have really invested in the Japanese economic recovery. The Tokyo market hit its lowest point of 1994 on January 4. Since then, it has gotten stronger, with minor declines from time to time. As the economic recovery looked like it was getting stronger, I started to invest more in economically sensitive stocks, buying a lot of electrical companies, while cutting back on defensive stocks such as pharmaceuticals and food companies. As I have become more confident about the economy I have reduced the Fund's cash position to a moderate level, helping the overall performance. In addition, the selection of the stocks in the portfolio has been good and made a positive contribution to the performance.

Q. How has your strategy on the Japanese market changed during the past year?

A. I have become more confident in the Japanese economic recovery. Remember that in the second half of 1993 we had a lot of scandals and political uncertainty which delayed the Japanese economic recovery, so I was worried about the short-term effects of this on the Japanese economy overall. I had kept a fairly high cash position in the Fund even though I was constantly investing as I came across good companies with good values.

Q. Did you keep the Fund's cash position relatively high because you were trying to stay liquid in the face of political concerns?

A. Politics was one reason, but company earnings were going downward.

Q. What kind of companies did you invest in this past year?

A. Mostly electronics companies because Japanese companies have a very strong market position worldwide in that area. Their worldwide competitiveness has made them very advanced in implementing rationalization programs in response to a strong yen. They have been very aggressive in cutting costs and shifting their production overseas.

Q. Can you be more specific about how the companies owned by the Fund reacted to the rising yen?

A. First they cut costs by all means. Some companies implemented a voluntary retirement program, thereby reducing personnel expenses. Others shifted some employees to subsidiaries. They reduced material costs by sourcing various products in the cheapest possible way. Some resources were imported because they prove to be much cheaper. They cut back unprofitable products if they couldn't justify the economies of scale for particular products. A lot of manufacturing companies shifted production bases overseas.

Q. What's your strategy for the coming year?

A. I think I will still look for companies which continue to rationalize their businesses and are likely to produce better profits. Also, other investment opportunities will come up as the Japanese government tries to reduce regulations for different industrial and trading sectors.

Q. Will you be able to find the same values you did in the coming year as you did last year?

A. Essentially, things are not as cheap. Even though some companies' shares have gone up 20%, some are likely to increase their profits by 40%. The more and more you study, I think there will be some opportunities. We will be rewarded by investing selectively this year.

Q. What is your time horizon for investing?

A. I constantly follow up companies, so when I buy companies, there are reasons why I buy these stocks. If something is going wrong with the company I will sell. However, most stocks I intend to hold for the long term.

Fund Facts

Goal: The Fund seeks long-term capital growth primarily by investing in Japanese equities.

Start date: July 5, 1993

Size: as at June 30, 1994, $237.6 million

Manager: Yoko Tilley

Japanese Growth Fund

Statement of Investment Portfolio
As at June 30, 1994

Equities — 93.90%

	Number of Shares	Cost $	Market Value $
Japan – 93.90%			
Agro-Kanesho Company Ltd	32,000	696,566	963,701
Aiwa Company Ltd	102,000	2,571,842	3,871,894
Akita Bank	30,000	302,466	321,466
Amadasonoike Company Ltd	20,000	214,115	226,917
Asics Corp	390,000	2,536,496	2,611,238
Avon Products (Japan) Ltd	86,000	801,044	926,357
Bridgestone Corp	119,000	2,427,371	2,666,987
C Cube Corp Wts 04/15/98	750	221,250	611,202
C Itoh Fuel Company Ltd	135,000	1,793,037	2,042,262
Canon Inc	168,000	3,479,855	4,071,078
Chuoh Packaging Industries Company Ltd	66,000	1,179,081	1,728,780
Comany Inc	12,000	334,533	389,963
Cosmo Oil Company Ltd	194,000	2,251,288	2,331,541
Dai Nippon Printing Company Ltd	114,000	2,531,222	3,113,820
Dai-Tokyo Fire & Marine Insurance	68,000	688,842	736,279
Daidoh Ltd	36,000	483,749	529,476
Daiki Company Ltd	20,000	767,417	899,268
Daikin Manufacturing Company Ltd	69,000	1,154,293	1,990,996
Daikin Manufacturing Company Ltd Wts 02/10/98	650	256,461	291,675
Daishinku Corp	25,000	364,562	556,790
Daishinku Corp Wts 03/19/96	250	109,311	149,753
Daiwa Securities Company Ltd	50,000	748,784	1,211,631
Dennys Japan Company Ltd	27,000	1,485,064	1,524,133
Diamond Lease Company Ltd	70,000	1,456,353	1,539,401
Eidensha Company Ltd	61,000	1,108,052	1,315,845
Eidensha Company Ltd Wts 08/29/97	100	115,802	203,814
Fuji Denki Reiki Company Ltd	84,000	1,819,462	2,094,370
Fuji Photo Film Company Ltd	8,000	259,025	246,528
Fujimoro Kogyo Company Ltd	1,000	29,036	29,976
Fujisawa Pharmaceutical Co	66,000	859,057	998,440
Fujitsu Business Systems Ltd	23,000	1,078,586	1,552,848
Fujitsu Business Systems Ltd Wts 06/12/98	1,800	381,650	445,636
Futaba Corp	48,000	2,862,775	3,422,261
General Sekiyu KK	112,000	1,762,098	1,804,139
Graphtec Corp	155,000	2,360,949	2,475,088
Hankyu Department Stores Inc Wts 03/14/96	160	123,489	88,434
Harima Chemicals Inc	110,000	1,841,208	1,848,962
Heiwa Real Estate Company Ltd	100,000	1,128,056	1,246,649
Hitachi Ltd	205,000	2,436,467	2,957,639
Hokko Chemical Industries	56,000	554,417	556,930
House Foods Corp	4,000	112,589	114,860
ISB Corp	4,000	56,170	77,320
Inaba Denkisangyo Company Ltd	60,000	2,552,058	2,941,531
Ines Corp	160,000	2,414,180	3,227,279
Intec Inc	85,000	1,950,922	2,143,115
Isewan Terminal Service Company Ltd	119,000	1,025,012	1,173,475
Ishikawajima Construction Materials Co	33,000	632,416	952,216
Izumi Company Ltd	78,000	2,550,058	2,993,638
JSP Corp	29,000	520,610	731,181
JSP Corp Wts 11/04/97	1,000	154,126	223,978
Jaleco Ltd	13,000	355,697	309,561
Japan Foundation Engineering	100	2,812	3,334
Japan Steel Tower Company Ltd	2,000	36,563	29,415
Joyfull Company Ltd	29,000	636,658	1,076,460
Juken Sangyo Company Ltd	116,000	2,039,083	2,307,281
Kaneshita Construction Company Ltd	47,000	943,381	1,086,265
Kansai Sekiwa Real Estate Ltd	35,000	891,052	1,088,366
Kawasaki Kisen Kaisha Ltd	423,000	1,963,385	2,263,382
Keyence Corp	12,000	1,467,071	1,983,432
Kiriu Machine Manufacturing Company Ltd	115,000	1,500,065	1,498,080
Kokusai Securities	44,000	780,290	1,189,499
Komatsu Seiren Company Ltd	100,000	1,870,294	1,975,028
Komori Corp	40,000	1,253,428	1,764,918
Kyocera Corp	20,000	1,810,900	2,064,674
Lasertec Corp	6,000	304,265	378,197

The accompanying notes are an integral part of the financial statements.

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
Japan – continued			
Marubeni Corp	367,000	2,398,098	2,796,527
Marudai Food Company Ltd	100,000	1,108,200	1,197,623
Marui Company Ltd	137,000	2,897,482	3,550,148
Maruzen Showa Unyu Company Ltd	24,000	176,920	204,394
Matsushita Electric Industrial Company Ltd	117,000	2,669,696	2,966,324
Meitetsu Transport Company Ltd Wts 04/30/97	1,000	300,946	319,785
Mitsubishi Motors Corp	90,000	1,184,113	1,235,443
Miyosha Oil & Fat Company Ltd	160,000	1,218,468	1,344,700
Navix Line Ltd	77,000	355,553	409,853
Nichicon Corp	106,000	2,209,282	2,301,398
Nichiei Company Ltd	39,000	3,295,718	4,779,988
Nihon International Electronics	100,000	1,049,598	1,149,998
Nihon Jumbo Company Ltd	11,000	801,299	932,185
Nippon Express Company Ltd	200,000	2,845,271	2,941,531
Nippon Typewriter Company Ltd Wts 09/30/96	450	184,274	197,287
Nishio Rent All Company Ltd Wts 02/20/98	300	487,552	419,718
Nisshin Steel Company Ltd ORD	300,000	1,809,670	1,882,580
Nissho Iwai Steel Leasing Corp	85,000	1,887,019	1,666,867
Ohishi Sangyo Company Ltd	94,000	1,237,967	1,395,686
Ohsho Food Service Corp	33,000	1,520,667	1,525,394
Ono Sokki Company Ltd	50,000	528,477	602,313
Onward Kashiyama Company Ltd	50,000	845,031	987,514
Osaka Organic Chemical Industries	50,000	889,853	1,120,583
Osaka Securities Financial Company Ltd	88,000	815,745	862,849
Promise Company Ltd	14,000	1,156,956	1,200,145
Renown Look Inc	6,000	78,978	100,852
Riken Keiki Company Ltd	50,000	586,106	603,014
Riken Vinyl Industrial Company Ltd	80,000	1,012,761	1,221,436
Rinnai Corp	50,000	1,893,619	2,010,046
Rohm Company Ltd	96,000	4,798,355	6,158,725
SNT Corp	40,000	497,389	610,718
SNT Corp Wts 11/11/97	500	149,211	154,735
Sankyo Company Ltd Gunma	16,000	1,557,902	2,084,285
Sanshin Corp	20,000	652,083	571,497
Sanshin Electronic Company Ltd	25,000	493,558	462,241
Sanyo Coca-Cola Bottling Co	125,000	2,894,752	2,766,440
Sasaki Glass Company Ltd	60,000	363,364	469,804
Sekisui House Ltd Wts 06/13/96	70	122,783	62,871
Shibusawa W House Company Ltd	100,000	1,193,022	1,221,436
Shikoku Coca-Cola Bottling Company Ltd	20,000	445,620	465,042
Shinetsu Chemical Company Ltd	93,000	2,425,122	2,748,650
Shinko Kogyo Company Ltd	200,000	2,426,138	2,588,547
Shinko Shoji Company Ltd	45,000	703,627	832,033
Shinmei Electric Company Ltd	12,000	621,620	958,099
Shinobu Food Products Company Ltd Wts 10/02/96	1,500	322,533	324,943
Shinto Paint Company Ltd	100,000	2,692,815	2,661,385
Shoei Foods Corp	55,000	722,947	769,631
Simree Company Ltd	13,000	443,305	203,946
Skylark Company Ltd	80,000	2,393,131	2,454,077
Sogo Denki Co	50,000	476,028	570,797
Sonton Food Industry Company Ltd	3,000	48,302	63,033
Sony Corp	34,000	2,453,110	2,881,299
Sumisho Computer Service Corp	71,000	1,479,684	1,710,570
Sumitomo Corporate Leasing Co	9,000	139,917	150,018
Sumitomo Metal Mining Company Ltd	50,000	556,804	682,855
Sumitomo Sitix Corp	179,000	3,021,825	4,212,272
Suzuki Motor Corp	185,000	2,824,769	3,394,667
TDK Corp	46,000	2,847,127	3,150,800
Taihei Dengyo Kaisha Ltd	54,000	1,829,174	2,178,414
Taiyo Bussan Kaisha Ltd	5,000	99,250	105,055
Takara Standard Company Ltd	39,000	673,879	688,318
Toei Reefer Line Ltd	18,000	280,811	247,089
Tohcello Company Ltd	80,000	818,006	862,849
Tokushu Paper Manufacturing Company Ltd	67,000	1,264,623	1,257,574
Tokyo Kososushi Company Ltd	11,000	453,626	399,068

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
Japan – continued			
Tokyo Securities Company Ltd	98,000	962,691	1,413,896
Tokyo Tokeiba Company Ltd	270,000	2,239,382	2,174,632
Tonami Transportation Company Ltd	114,000	1,206,917	1,263,093
Torii & Company Pharmaceutical	41,000	1,736,078	1,539,121
Toyo Corp	60,000	995,580	1,151,399
Toyoda Machine Works Ltd	97,000	1,138,887	1,154,901
Toyota Motor Corp	100,000	3,015,008	3,095,611
Trusco Nakayama Corp	51,000	1,603,346	1,778,786
Uny Company Ltd	157,000	3,543,112	3,672,571
Victor Company of Japan	130,000	2,468,378	2,713,212
Wako Securities Company Ltd	109,000	1,147,402	1,832,153
World Company Ltd	33,000	2,160,054	2,343,560
Yamae Hisano Co	11,000	149,252	229,579
Yamaha Motor Company Ltd	100,000	1,180,370	1,329,292
Yamamura Glass Company Ltd	252,000	2,490,013	2,855,638
Yasuda Trust & Banking Company Ltd	97,000	1,077,365	1,293,489
Yokohama Rubber Company Ltd	270,000	2,483,605	2,586,866
Yonkyu Company Ltd	24,000	1,160,875	1,348,062
Yorozu Corp	71,000	1,538,856	2,585,746
Yurtec Corp	28,000	972,665	1,007,965
Yushiro Chemical Industries Co	150,000	2,425,179	2,458,279
Total Equities		**193,724,762**	**223,068,467**

Bonds — 0.80%

		Principal Amount(a) $		
Japan – 0.80%				
Canon Inc Conv 1.30%, 12/19/08	JPY	10,000,000	124,352	165,286
Cesar Co Euro Conv 0.75%, 03/31/98	JPY	800,000	725,689	1,142,975
Seino Transportation Company Ltd:				
0.90%, 03/29/02	JPY	10,000,000	131,256	149,878
1.00%, 03/31/04	JPY	20,000,000	268,850	301,717
Tokatsu Foods Company Ltd Conv 1.20%, 03/30/01	JPY	10,000,000	126,943	142,174
Total Bonds			**1,377,090**	**1,902,030**

Forward Foreign Currency Contracts — (0.24)%

Japan – (0.29)%			
Japanese yen 08/09/94	(1,220,754,968)	0	(666,503)
		0	(666,503)
United States – 0.05%			
US dollars 08/09/94	(10,761,946)	0	108,201
		0	108,201
Total Forward Foreign Currency Contracts		**0**	**(558,302)**
TOTAL INVESTMENT PORTFOLIO — 94.46%		**195,101,852**	**224,412,195**
OTHER ASSETS LESS LIABILITIES — 5.54%			**13,159,655**
TOTAL NET ASSETS — 100.00%			**237,571,850**
NET ASSET VALUE PER UNIT			**$12.21**

Legend

(a) Principal amount is stated in Canadian dollars unless otherwise noted.

Currency Type Abbreviations

JPY – Japanese yen

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statement of Net Assets

As at June 30, 1994 (note 1)

	$
Assets	
Investments at market value (cost $195,101,852)	224,412,195
Cash and foreign currencies	12,431,191
Due from brokers	1,532,054
Receivable on sale of units	2,959,159
Income receivable	516,941
Total assets	241,851,540
Liabilities	
Due to brokers	2,124,453
Payable on redemption of units	2,155,237
Total liabilities	4,279,690
Net Assets	237,571,850
Unitholders' Equity	
Represented by	
Capital	
Authorized — Unlimited number of units of no par value redeemable at the option of the unitholders	
Issued and outstanding — (19,457,300 units)	206,989,447
Accumulated net investment loss	(2,748,659)
Accumulated net realized gain on sale of investments	4,020,719
Unrealized appreciation in value of investments	29,310,343
	237,571,850
Net asset value per unit (note 9)	$12.21

Statement of Loss

For the period ended June 30, 1994 (note 1)

	$
Investment Income	
Dividends (net of withholding tax of $87,862)	(622,104)
Interest (net of withholding tax of $438)	564,168
	(57,936)
Expenses (note 5)	
Management fee (note 4)	2,028,059
Administration fees	460,535
Custodian fees	58,825
Reports to unitholders	55,177
Audit fees	15,984
Legal and filing fees	72,143
Total expenses	2,690,723
Net investment loss for the period	(2,748,659)
Net investment loss per unit (based on the average number of units outstanding during the period)	$(0.29)

Approved on behalf of the Fund Manager

John H. Simpson
Director of Fund Manager

Kurt A. Lange
Director of Fund Manager

The accompanying notes are an integral part of the financial statements.

Statement of Surplus

For the period ended June 30, 1994 (note 1)

	$
Accumulated net realized gain on sale of investments	
Balance — beginning of period	—
Proceeds from sale of securities	48,174,073
Cost of securities sold	44,153,354
Balance — end of period	4,020,719
Unrealized appreciation in value of investments	
Balance — beginning of period	—
Appreciation in value of investments during the period	29,310,343
Balance — end of period	29,310,343
Accumulated net investment loss	
Balance — beginning of period	—
Net investment loss for the period	(2,748,659)
Balance — end of period	(2,748,659)

Statement of Changes in Net Assets

For the period ended June 30, 1994 (note 1)

	$
From investment transactions	
Net investment loss	(2,748,659)
Net realized gain on sale of investments	4,020,719
Unrealized appreciation in value of investments	29,310,343
Increase derived from investment transactions	30,582,403
From capital unit transactions	
Net proceeds from Fund units issued (23,314,026 units)	248,371,733
Payment for Funds units redeemed (3,856,726 units)	(41,382,286)
Increase derived from capital unit transactions	206,989,447
Increase in net assets	237,571,850
Net Assets	
Beginning of period	—
End of period	237,571,850

Statement of Changes in Investments

For the period ended June 30, 1994 (note 1)

	$
Cost of investments at beginning of period	—
Add:	
Cost of shares purchased	237,250,220
Costs of bonds purchased	2,004,986
	239,255,206
Deduct:	
Cost of shares sold	42,406,568
Cost of bonds sold	1,746,786
	44,153,354
Cost of investments at end of period	195,101,852

The accompanying notes are an integral part of the financial statements.

Fund Talk: The Manager's Overview

Patti Satterthwaite
Portfolio Manager of
Fidelity Latin American
Growth Fund

Q. How did the Fund do?

A. Relatively well. The Fund was launched about three weeks before the market peaked in January, 1994. What was good about that was the Fund had more cash than its competitors going into the downturn. In a sense this was a big buying opportunity over the last five months, so it was good that the Fund had a lot of cash — about 30% of the Fund's assets in April— as that was happening. I didn't start really spending that cash until May after there had been at least two solid months of corrections.

Q. Because it's a new fund for Canadian investors in a relatively unknown region, what should investors think about when they invest in the Fund?

A. First of all, the reason you want to buy this type of fund is that it's got long-term growth potential. Latin American markets should have higher GDP growth than developed markets, including Canada. And as a result it should have higher earnings growth which should drive positive returns in the stock market.

Q. What type of time horizon should people have in mind?

A. Five years.

Q. Where do you expect strong economic growth for the next six to 12 months?

A. This year, Argentine economic growth should be roughly 5%, Brazilian growth in the vicinity of 4%, Peruvian growth almost 10%. The two slower economies are Venezuela, which could have negative growth this year, and Mexico, which should grow between 1% and 2%, but accelerate later in 1994.

Q. Most of the Fund's holdings are in Mexico. Why?

A. Despite the slow down in economic growth in Mexico, exports have been strong this year because of demand from a recovering US economy. In addition, companies on the Bolsa have been gaining market share relative to the non-listed companies. Earnings growth has been higher than one would have expected given the GDP growth. First quarter operating growth for private companies was strong despite the fact that the economy only grew slightly.

Q. This market seems to have had two kinds of personalities in the past year. One very bullish, one very bearish. What kind of market do you expect for the next six to 12 months?

A. Last year was pretty much a stockpickers market which is great for a Fidelity Fund. This year, the best place to be was in the big index stocks. So when it starts to rally, I think you'll see a switch back into stockpicking. The Fund is pretty well positioned with that, especially since I was able to buy the best stocks as they fell earlier this year.

Fund Facts

Goal: The Fund is designed to provide high investment returns through a combination of equity and fixed income vehicles.

Start date: January 14, 1994

Size: as at June 30, 1994, $213.9 million

Manager: Patti Satterthwaite

Statement of Investment Portfolio
As at June 30, 1994

Equities — 81.89%

	Number of Shares	Cost $	Market Value $
Argentina – 14.55%			
Alpargatas SA Industries Y Comercial Regd	810,000	1,098,196	822,297
Astra Compania Argentina de Petroleum	735,400	2,468,871	2,011,167
Banco de Galicia Y Buenos Aires SA Sponsored ADR 'New' Cl B	82,700	3,709,895	3,099,669
Banco del Sud SA Cl B	50,621	1,440,164	1,027,792
Banco Frances Del Rio Plata ADR	12,600	739,198	389,551
Banco Frances Del Rio Plata Regd	150,800	2,274,687	1,562,145
Buenos Aires Embotelladora SA Sponsored ADR Cl B	46,000	2,488,416	1,962,474
Capex SA Cl A	30,000	414,449	415,183
Central Costanera SA ADR Cl B	12,800	668,053	548,283
Central Puerto SA ADR	15,900	823,261	697,552
Ciadea SA	118,800	2,613,223	1,804,963
Citicorp Equity Investments Cl B	143,500	1,286,594	1,060,385
Inversions Y Representaciones	44,000	210,561	209,660
Molinos Rio de La Plata Regd	192,840	3,386,002	3,489,223
Naviera Perez Compania Cia Cl A	537,350	3,861,234	3,532,845
Telecom Argentina Stet France Cl B	288,500	2,596,552	2,064,130
Telefonica Argentina Cl B	335,800	3,413,437	2,713,301
Transportadora Degas Del Sur Cl B	142,000	549,551	476,602
YPF Sociedad Anonima Sponsored ADR Cl D	97,800	3,585,170	3,226,441
		37,627,514	31,113,663
Brazil – 17.27%			
Acesita (Acos Esp Itabira) PN Pfd Regd	26,578,600	2,221,393	2,016,535
Aracruz Celulose SA ADR	62,400	873,408	883,792
Betrobras Distribuidora SA Pfd Regd	25,400,000	1,343,584	1,078,408
Bradesco PN Rts 07/14/94	1,984,347	0	14,357
Bradesco PN Pfd	65,400,000	732,891	489,622
Brahma (Cia Cervejaria) PN Pfd Regd	5,420,000	1,744,650	1,647,599
Brasmotor PN Pfd	5,640,000	2,217,452	1,867,475
Celedsc PN Cl B	420,000	419,140	295,443
Cia Vale Do Rio Doce PN Pfd	2,900,000	409,098	394,879
Compania Paulista de Forca Luz ON	3,900,000	344,229	203,796
Compania Energetica de Minas Sponsored ADR 'New'	17,500	678,337	441,309
Compania Siderurgica Nacional ON	39,200,000	1,592,458	1,398,431
Compania Siderurgica Nacional ADR	59,900	2,618,406	2,172,689
Copene Petro Do Nordeste SA Cl A	540,000	361,322	303,885
Coteminas PN Pfd	3,325,000	1,108,656	1,040,822
Eletrobras PN Cl B Pfd	8,600,000	3,449,141	2,549,411
Iochpe Maxion PN	270,000	207,600	193,996
Itaubanco PN Pfd Regd	920,000	270,793	217,261
Klabin (Industrial de Papel Celulose) PN Pfd Regd	1,224,250	1,922,131	1,999,172
Light (Servicos de Electric) SA	4,605,000	2,168,645	1,379,023
Moinho Santista Industries Gerais PN	247,000	1,273,371	1,020,774
Petrobras PN Pfd Regd	20,246,666	3,560,638	2,665,334
Sadia Concordia PN Pfd Regd	515,000	762,126	633,972
Telecomunicacoes Brasileiras Sponsored ADR	62,700	4,071,668	3,378,886
Telecomunicacoes Brasileiras ON	45,300,000	2,352,506	1,752,612
Telecomunicacoes Brasileiras PN Pfd Regd	33,550,000	1,708,585	1,744,736
Telepar Pfd Regd	2,320,000	802,346	677,269
Telerj (Telecom do Rio Janeiro) PN	1,382,000	106,535	85,403
Telesp (Telecom de Sao Paulo) PN Pfd Regd	6,780,000	3,590,071	2,926,305
Unibanco Pfd Regd	7,334,958	218,235	221,129
Usiminas PN Pfd Regd	880,000,000	1,355,251	1,246,080
		44,484,666	36,940,405
Chile – 3.43%			
Chile Fund Inc	24,700	1,708,390	1,467,597
Compania Cervecerias Unidas SA Sponsored ADR	74,000	3,098,827	2,249,551
Cristalerias de Chile SA ADR	27,700	1,020,126	760,726
Enersis SA ADR	44,100	1,372,643	1,287,291
Madeco SA ADR	5,100	270,967	179,702
Maderas Y Sinteticos Sociedad Anonima Masisa ADR	34,700	1,324,405	1,150,753
Sociedad Quimica Y Minera de Chile ADR Cl B	5,900	270,031	241,519
		9,065,389	7,337,139

The accompanying notes are an integral part of the financial statements.

Latin American Growth Fund

Statement of Investment Portfolio – continued
As at June 30, 1994

Equities – continued

	Number of Shares	Cost $	Market Value $
Colombia – 1.72%			
Banco Ganadero SA Sponsored ADR PFD	73,700	2,687,555	2,342,269
Carulla & Cia SA Sponsored ADR Cl B	61,000	956,714	979,439
Cementos Diamante SA Pfd Cl B	15,400	349,922	358,986
		3,994,191	3,680,694
Luxembourg – 0.56%			
Quilmes Industries SA	38,100	1,166,194	1,189,802
		1,166,194	1,189,802
Mexico – 41.11%			
Bufete Industrial SA Sponsored ADR	14,100	811,699	584,496
Cementos Apasco SA de CV Cl A	132,700	1,506,183	1,366,730
Cemex SA Ser B	517,600	5,933,271	4,739,811
Cifra SA Cl C	1,206,400	4,743,228	3,887,486
Coca-Cola Femsa SA de CV ADR	38,900	1,703,857	1,350,508
Desc (Sociedad de Fomento Industrial) Cl B	305,100	3,155,752	2,725,441
Desc (Sociedad de Fomento Industrial) Cl C	80,297	771,280	717,288
Empaques Ponderosa SA Cl B	233,000	800,199	975,110
Empresas ICA Sociedad Controladora SA de CV Sponsored ADR	62,600	2,626,015	2,075,998
Empresas la Moderna SA de CV Sponsored ADR	22,100	913,017	759,621
Emvasa Del Valle de Enah	281,700	1,724,400	1,608,664
Farmacia Benevides SA de CV Cl B	252,200	1,946,988	1,573,935
Fomento Economico Mexicano SA Ser B	278,300	2,158,599	1,600,600
Fondo Opcion SA de CV Cl 2 Ser B	221,000	859,000	802,292
Gruma SA de CV Cl B	144,000	1,309,458	1,292,217
Grupo Carso SA de CV Cl A1	598,800	8,151,259	7,498,434
Grupo Casa Autrey SA de CV Sponsored ADR	30,200	1,184,595	1,111,061
Grupo Dina (Consorcio G) Sponsored ADR	45,500	1,098,804	660,149
Grupo Embotellador de Mexico SA de CV ADR Cl B	57,600	2,581,817	2,009,673
Grupo Empresarial Fenix Cl L	136,000	1,760,790	1,728,014
Grupo Financiero Banamex Ser B	28,000	261,082	217,001
Grupo Financiero Banamex Ser C	423,100	4,644,780	3,727,753
Grupo Financiero Bancomer SA de CV Sponsored ADR Ser C	53,600	2,606,490	1,629,404
Grupo Financiero Banorte Cl C	395,500	2,706,792	2,361,772
Grupo Financiero GBM Atlantico SA Sponsored ADR	50,600	1,365,745	1,363,410
Grupo Financiero Inbursa Cl C	61,000	348,450	313,510
Grupo Financiero Serfin Sponsored ADR	35,100	1,482,663	854,826
Grupo Industrial Alfa SA Cl A	146,000	1,871,956	1,840,186
Grupo Industrial Bimbo SA de CV Cl A	27,000	393,159	275,330
Grupo Industrial Maseca SA de CV ADR	857,100	1,990,069	1,783,003
Grupo Industrial Sanluis	41,400	513,570	506,608
Grupo Iusacell SA de CV ADR Ser D	2,100	79,270	76,534
Grupo Iusacell SA de CV ADR Ser L	4,900	184,963	176,040
Grupo Mexicano de Desarrollo Sponsored ADR Cl L	12,400	393,625	259,154
Grupo Modelo SA Cl C	3,800	112,436	96,876
Grupo Posadas SA de CV Cl A	348,000	538,799	404,552
Grupo Posadas SA de CV Cl L	452,500	638,648	559,257
Grupo Radio Centro SA de CV ADR	4,200	137,127	142,186
Grupo Sidek SA Cl B	707,500	4,244,686	4,178,740
Grupo Simec SA de CV ADR	18,700	615,402	500,639
Grupo Situr SA de CV Cl B	1,002,700	3,950,485	3,640,084
Grupo Televisa SA de CV Sponsored ADR	18,000	1,702,157	1,262,263
Herdez SA de CV Cl A	185,000	249,468	298,071
Interceramic SA de CV Cl C	124,000	1,215,275	933,692
Kimberly Clark de Mexico Cl A	150,900	4,113,262	3,859,288
Sears Roebuck de Mexico ADR Ser B-1	156,000	3,364,528	2,608,908
Servicios Financieros Quadram SA ADR	35,200	1,357,762	750,864
Sistema Argos SA Ser B	96,400	339,673	183,237
Tablex SA de CV Cl2	201,282	950,705	985,228
Telefonos de Mexico SA Sponsored ADR Cl L	92,400	8,558,364	7,133,964
Tolmex B2 SA	270,600	4,653,751	3,785,928
Transport Maritima Mexicana SA de CV ADR Cl L	25,500	337,566	268,671
Vitro SA	162,000	1,670,616	1,420,705
Vitro SA ADR	17,800	549,677	467,321
		103,883,212	87,932,533

The accompanying notes are an integral part of the financial statements.

Equities – continued

	Number of Shares	Cost $	Market Value $
Panama – 1.57%			
Banco Latinoamericano de Exportaciones SA Cl E	25,100	1,520,154	1,096,846
Panamerican Beverages Inc Cl A	68,100	3,474,614	2,270,157
		4,994,768	3,367,003
Peru – 1.18%			
Banco de Credito del Peru (F)	208,840	602,125	526,344
Banco Wiese Ltd	7,282	41,464	41,294
Cementos Lima SA Cl C	500	184,239	195,010
Compania Peruana Telefonos (F)	155,400	1,308,866	1,091,746
La Fabril SA (F)	62,580	263,596	173,494
Southern Peru Copper Corp (F)	92,197	405,475	505,396
		2,805,765	2,533,284
United States – 0.50%			
Clark Automotive Products Corp	59,700	924,446	855,862
Duty Free International Inc	14,500	339,570	212,882
		1,264,016	1,068,744
Total Equities		**209,285,715**	**175,163,267**

Bonds — 3.07%

		Principal Amount(a) $		
Argentina – 1.39%				
Argentina Republic:				
Bocon Ser II Peso 3.45%, 09/01/02 (b)	ARS	1,311,120	1,307,211	792,603
FRN Euro 5.00%, 03/31/05 (b)	USD	1,250,000	1,438,551	1,232,814
Inversions Y Representaciones 8.88%, 03/03/99	USD	750,000	994,597	943,070
			3,740,359	2,968,487
Brazil – 0.78%				
Federal Republic of Brazil IDU 4.31%, 01/01/01(b)	USD	1,732,500	2,002,840	1,663,794
			2,002,840	1,663,794
Mexico – 0.78%				
Empresas ICA Sociedad Controladora SA de CV 5.00%, 03/15/04	USD	1,000,000	1,352,082	1,257,427
Grupo Financiero Invermexico Conv 7.50%, 06/16/01	USD	300,000	412,201	404,173
			1,764,283	1,661,600
Peru – 0.12%				
Tele 2000 SA Euro Conv 9.75%, 04/14/97	USD	200,000	277,200	265,303
			277,200	265,303
Total Bonds			**7,784,682**	**6,559,184**
TOTAL INVESTMENT PORTFOLIO — 84.96%			**217,070,397**	**181,722,451**
OTHER ASSETS LESS LIABILITIES — 15.04%				**32,163,178**
TOTAL NET ASSETS — 100.00%				**213,885,629**
NET ASSET VALUE PER UNIT				**$8.45**

Legend

(a) Principal amount is stated in Canadian dollars unless otherwise noted.

(b) The coupon rate shown on floating or adjustable rate securities represents the rate at period end.

Currency Type Abbreviations

ARS – Argentine peso
USD – US dollar

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statement of Net Assets

As at June 30, 1994 (note 1)	$
Assets	
Investments at market value (cost $217,070,397)	181,722,451
Cash and foreign currencies	32,573,409
Due from brokers	896,256
Receivable on sale of units	986,465
Income receivable	293,503
Total assets	216,472,084
Liabilities	
Due to brokers	1,593,243
Payable on redemption of units	993,212
Total liabilities	2,586,455
Net Assets	213,885,629
Unitholders' Equity	
Represented by	
Capital	
Authorized — Unlimited number of units of no par value redeemable at the option of the unitholders	
Issued and outstanding — (25,316,172 units)	251,897,125
Undistributed net investment income	306,259
Accumulated net realized loss on sale of investments	(2,969,809)
Unrealized depreciation in value of investments	(35,347,946)
	213,885,629
Net asset value per unit (note 9)	$8.45

Statement of Income

For the period ended June 30, 1994 (note 1)	$
Investment Income	
Dividends (net of withholding tax of $46,632)	1,491,652
Interest	1,712,796
	3,204,448
Expenses (note 5)	
Management fee (note 4)	1,999,151
Administration fees	494,269
Custodian fees	246,741
Reports to unitholders	53,430
Audit fees	7,169
Legal and filing fees	97,429
Total expenses	2,898,189
Net investment income for the period	306,259
Net investment income per unit (based on the average number of units outstanding during the period)	$0.01

Approved on behalf of the Fund Manager

John H. Simpson
Director of Fund Manager

Kurt A. Lange
Director of Fund Manager

The accompanying notes are an integral part of the financial statements.

Statement of Deficit

For the period ended June 30, 1994 (note 1)	$
Accumulated net realized loss on sale of investments	
Balance — beginning of period	—
Proceeds from sale of securities	12,353,053
Cost of securities sold	15,322,862
Balance — end of period	(2,969,809)
Unrealized depreciation in value of investments	
Balance — beginning of period	—
Depreciation in value of investments during the period	(35,347,946)
Balance — end of period	(35,347,946)
Undistributed net investment income	
Balance — beginning of period	—
Net investment income for the period	306,259
Balance — end of period	306,259

Statement of Changes in Net Assets

For the period ended June 30, 1994 (note 1)	$
From investment transactions	
Net investment income	306,259
Net realized loss on sale of investments	(2,969,809)
Unrealized depreciation in value of investments	(35,347,946)
Decrease derived from investment transactions	(38,011,496)
From capital unit transactions	
Net proceeds from Fund units issued (28,294,643 units)	278,956,718
Payment for Funds units redeemed (2,978,471 units)	(27,059,593)
Increase derived from capital unit transactions	251,897,125
Increase in net assets	213,885,629
Net assets	
Beginning of period	—
End of period	213,885,629

Statement of Changes in Investments

For the period ended June 30, 1994 (note 1)	$
Cost of investments at beginning of period	—
Add:	
Cost of shares purchased	222,557,507
Costs of bonds purchased	9,835,752
	232,393,259
Deduct:	
Cost of shares sold	13,271,793
Cost of bonds sold	2,051,069
	15,322,862
Cost of investments at end of period	217,070,397

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements
For the periods ended June 30, 1994 and 1993

1. Formation of The Fidelity Funds

The following "Fidelity Funds" are open-end mutual fund trusts formed under the laws of Ontario by declaration of trust on the dates as noted below, as amended:

Fidelity Asset Manager Fund	January 14, 1993
Fidelity Emerging Markets Bond Fund	February 1, 1994
Fidelity European Growth Fund	May 29, 1992
Fidelity Far East Fund	September 17, 1991
Fidelity International Portfolio Fund	November 30, 1987
Fidelity Japanese Growth Fund	July 5, 1993
Fidelity Latin American Growth	January 14, 1994

The information provided in these financial statements and notes thereto is for the years ended or as at June 30 except for the Funds established during a year, in which case the information provided relates to the period from inception to June 30 in the year the Fund was formed.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

a) Security Valuation

Stocks, bonds and debentures are valued at the last reported sale price, or if no sale price was reported, at the last quoted bid price in the principal market in which such securities are normally traded. Securities traded on any over-the-counter market are valued in the same manner.

Short term securities are valued at amortized cost which approximates market value.

All other securities are valued at fair value as determined by the Fund Manager.

b) Forward Foreign Currency and Futures Contracts

The Funds enter into forward foreign currency contracts for foreign currency hedging purposes only. The contractual amounts of these forward contracts are disclosed in the Statement of Investment Portfolio under the heading Principal amount. The value of these forward contracts is the gain or loss that would be realized if, on Valuation Day, the position were closed out and for financial statement purposes is recorded as an unrealized gain or loss. When the contracts are closed or expire, gains or losses are recognized and are included in realized gains/losses on investments. Purchases and sales of forward contracts having the same settlement date and broker are offset and presented net in the Commitments note to the financial statements.

The Canadian dollar value of forward foreign currency contracts, US dollar value for Fidelity Asset Manager Fund, is determined using forward currency exchange rates supplied by a quotation service. Losses may arise due to changes in the value of the foreign currency or if the counterparty does not perform under the contract.

The Funds may also invest in futures contracts. The face value or contractual amounts of these futures contracts are disclosed in the Statement of Investment Portfolio under the heading Principal amount. Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded. The value of these futures is the gain or loss that would be recognized upon closure of the contract and for financial statement purposes is recorded as an unrealized gain or loss.

c) Investment Security Transactions

Investment security transactions are accounted for on the date the securities are purchased or sold. Gains and losses on securities sold are determined on the basis of average cost.

d) Income Recognition

Income from investments is recognized on the accrual basis. Interest income is accrued as earned and dividend income is recognized on the ex-dividend date.

e) Foreign Currency Translation

Investment securities and other assets and liabilities denominated in a foreign currency are translated into Canadian dollars, US dollars for Fidelity Asset Manager Fund, at the year end exchange rate. Purchases and sales of securities, income and expenses are translated into Canadian dollars, US dollars for Fidelity Asset Manager Fund, at the exchange rate on the date of the respective transaction.

2. Summary of Significant Accounting Policies – continued

f) Indexed Securities

The Funds may also invest in indexed securities whose value is linked either directly or inversely to changes in foreign currencies, interest rates, commodities, indices or other reference instruments. Indexed securities may be more volatile than the reference instrument itself, but any loss is limited to the amount of the original investment.

3. Unitholders' Equity

The capital of the Funds is divided into an unlimited number of units of equal value. The Funds are permitted to issue fractional units. Each unit is entitled to one vote and to participate in distributions made to the unitholders. Fractional units are proportionately entitled to these rights. All units are fully paid and non-assessable when issued.

The units of the Funds are issued and redeemed at the closing net asset value per unit on the date of trade, other than Fidelity Far East Fund and Fidelity Japanese Growth Fund which use the closing net asset value per unit on the valuation day following the date of trade. Units are redeemable at the option of the unitholder.

4. Management Fees

Fidelity Investments Canada Limited ("Fidelity") serves as manager and distributor of the Fidelity Funds. As a result of providing investment advisory and management services, Fidelity receives a monthly management fee, based on the average net asset value of the Fund, calculated daily and payable monthly, at the following annualized rates:

Fidelity Asset Manager Fund	2.25%
Fidelity Emerging Markets Bond Fund	1.75%
Fidelity European Growth Fund	2.25%*
Fidelity Far East Fund	2.25%*
Fidelity International Portfolio Fund	2.25%*
Fidelity Japanese Growth Fund	2.25%
Fidelity Latin American Growth Fund	2.25%

* *one and three-quarters percent for accounts in existence prior to January 1, 1994*

5. Management Expense Ratio

The ratio of management fees and other expenses (excluding interest charges, goods and services tax and foreign withholding taxes) expressed as a percentage of the average daily net assets of the respective Fund is referred to as the "Management Expense Ratio" and is disclosed below.

	Periods ended June 30				
	1994	1993	1992	1991	1990
Fidelity Asset Manager Fund* **					
Total expenses*	$4,029,549	337,768	—	—	—
Management expense ratio	2.8%	3.2%**	—	—	—
Fidelity Emerging Markets Bond Fund					
Total expenses*	$492,193	—	—	—	—
Management expense ratio	2.4%**	—	—	—	—
Fidelity European Growth Fund					
Total expenses*	$11,209,061	1,348,171	14,430	—	—
Management expense ratio	2.6%	2.5%	1.8%**	—	—

5. Management Expense Ratio – continued

	Periods ended June 30				
	1994	1993	1992	1991	1990
Fidelity Far East Fund					
Total expenses*	$40,363,609	10,556,550	1,035,739	—	—
Management expense ratio	2.5%	2.7%	2.5%**	—	—
Fidelity International Portfolio Fund					
Total expenses*	$7,588,931	2,844,584	2,624,813	1,776,497	545,630
Management expense ratio	2.6%	2.6%	2.6%	2.7%	2.6%
Fidelity Japanese Growth Fund					
Total expenses*	$2,514,694	—	—	—	—
Management expense ratio	2.7%**	—	—	—	—
Fidelity Latin American Growth Fund					
Total expenses*	$2,708,589	—	—	—	—
Management expense ratio	3.1%**	—	—	—	—

* *excludes interest charges, goods and services tax and foreign withholding taxes*

** *rate annualized*

*** *amounts are denoted in US dollars*

The Funds are responsible for the payment of all direct expenses related to its operation, such as audit fees, legal fees and administration fees. Fidelity also provides unitholder services such as transfer agent and administration services to the Funds. The goods and services taxes are recorded as part of the expenses to which they apply. For Fidelity Asset Manager Fund, the actual expenses incurred during the period ended June 30, 1994 did not exceed those stated above; however in 1993 , Fidelity absorbed $156,388 of expenses in order to maintain the stated ratio. For Fidelity Japanese Growth Fund, the Manager waived its right to $200,470 in management fees.

The management fee rates set out in Note 4 above for Fidelity European Growth Fund, Fidelity Far East Fund and Fidelity International Portfolio Fund reflect a 0.50% increase in the annual management fee rate which was effective January 1, 1994. If this basis of calculating the management fee had been in place throughout fiscal 1994 for each of these Funds, the estimated management fee expense ratio would have been as follows:

Fidelity European Growth Fund	2.78%
Fidelity Far East Fund	2.76%
Fidelity International Portfolio Fund	2.75%

6. Taxation Of Funds

The Funds qualify as mutual fund trusts under the provisions of the Income Tax Act (Canada) and, accordingly, are not subject to tax on their net income, including net realized capital gains for the calendar year, which is paid or payable to their unitholders as at the end of the calendar year. However, such part of a Fund's net income and net realized capital gains that is not so paid or payable will be taxable to the Funds. Income tax on net realized capital gains not paid or payable will be generally recoverable by virtue of refunding provisions contained in the Income Tax Act (Canada) and provincial income tax legislation, as redemptions occur. It is the intention of the Funds to pay all net taxable income and sufficient net realized capital gains so that the Funds will not be subject to income taxes.

7. Brokerage Commissions

Commissions paid for portfolio transactions for the period are as follows:

	Periods ended June 30	
	1994	1993
Fidelity Asset Manager Fund*	$235,211	$48,858
Fidelity European Growth Fund	906,106	216,863
Fidelity Far East Fund	6,244,923	3,585,212
Fidelity International Portfolio Fund	1,471,085	913,992
Fidelity Japanese Growth Fund	763,806	—
Fidelity Latin American Growth Fund	552,256	—

There are no brokerage commissions in Fidelity Emerging Markets Bond Fund.

* *amounts are denoted in US dollars*

8. Commitments

At June 30, 1994, the following Fidelity Funds had contracts obligating the Fund to deliver currencies at specified future dates. Open contracts were as follows:

	Contract to Deliver	Credit Rating of Counterparty	In Exchange for	Settlement Date	Value	Unrealized Gain/Loss
Fidelity Asset Manager Fund (c)						
Sales						
British pounds	167,973	AAA	251,288	08/16/94	259,205	(7,917)
Danish krone	41,743,980	A+	6,200,000	07/19/94	6,694,085	(494,085)
Japanese yen	967,541,306	AAA	9,422,381	07/28/94	9,837,583	(415,202)
						(917,204)
Purchases						
British pounds	167,973	AAA	252,867	08/16/94	259,205	6,338
Canadian dollars	100,785,000	AA–	73,085,569	08/24/94	72,683,238	(402,331)
Canadian dollars	68,075,000	AA–	48,862,331	09/06/94	49,063,063	200,732
Danish krone	24,723,460	AA–	3,777,169	07/19/94	3,964,666	187,497
Danish krone	298,283	A+	45,663	07/19/94	47,833	2,170
Danish krone	4,024,090	A+	620,274	07/19/94	645,305	25,031
Danish krone	12,698,147	A+	1 946,733	07/19/94	2,036,281	89,548
Malaysian ringgits	4,007,042	A+	1,554,925	07/27/94	1,543,765	(11,160)
						97,825
						$(819,379)
Fidelity Emerging Markets Bond Fund						
Sales						
US dollars	8,859,358	AA–	$12,000,000	02/17/95	$12,392,253	$(392,253)
US dollars	7,426,110	AA–	10,000,000	02/17/95	10,387,461	(387,461)
US dollars	3,697,951	A+	5,000,000	02/28/95	5,175,992	(175,992)
US dollars	7,191,658	A+	10,000,000	06/08/95	10,125,901	(125,901)
						$(1,081,607)

8. Commitments – continued

	Contract to Deliver	Credit Rating of Counterparty	In Exchange for	Settlement Date	Value	Unrealized Gain/Loss
Fidelity European Growth Fund						
Sales						
Belgian francs (b)	79,524,348	AA	$3,266,898	09/19/94	$3,358,131	$(91,233)
French francs (b)	29,908,947	AA	7,405,776	09/19/94	7,583,542	(177,766)
US dollars	7,187,006	AA	10,000,000	09/19/94	9,963,423	36,577
						$(232,422)
Fidelity Japanese Growth Fund						
Sales						
Japanese yen (b)	1,220,754,968	A+	$16,560,051	08/09/94	$17,226,554	$(666,503)
US dollars	10,761,946	A+	15,000,000	08/09/94	14,891,799	108,201
						$(558,302)

a) the credit rating of counterparty denoted above is that of Standard & Poor's Corporation credit rating service

b) these forward foreign currency contracts are hedging from the foreign currency to US dollars and are being valued in Canadian dollars at June 30, 1994

c) all amounts stated in US dollars

9. Supplementary Information

	Periods ended June 30				
	1994	1993	1992	1991	1990
Fidelity Asset Manager Fund *					
Net asset value per unit as at June 30	$8.24	8.32	—	—	—
Distributions per unit					
From net income	0.0804	—	—	—	—
From capital gains	0.1324	—	—	—	—
	0.2128	—	—	—	—
US dollar exchange rates					
Spot rate	1.3818	1.2824	—	—	—
Average rate for the period	1.3376	1.2659**	—	—	—
Fidelity Emerging Markets Bond Fund					
Net asset value per unit as at June 30	$8.68	—	—	—	—
Distributions per unit					
From net income	0.1349	—	—	—	—
From capital gains	—	—	—	—	—
	0.1349	—	—	—	—
Fidelity European Growth Fund					
Net asset value per unit as at June 30	$13.09	10.67	—	—	—
Distributions per unit					
From net income	—	—	—	—	—
From capital gains	—	—	—	—	—
	—	—	—	—	—

9. Supplementary Information – continued

	Periods ended June 30				
	1994	1993	1992	1991	1990
Fidelity Far East Fund					
Net asset value per unit as at June 30	$21.41	17.24	—	—	—
Distributions per unit					
From net income	—	0.0355	—	—	—
From capital gains	0.1000	0.1783	—	—	—
	0.1000	0.2138	—	—	—
Fidelity International Portfolio Fund					
Net asset value per unit as at June 30	$17.24	15.31	12.82	11.63	12.60
Distributions per unit					
From net income	—	—	—	0.0192	—
From capital gains	1.0211	0.4085	0.0230	—	0.4179
	1.0211	0.4085	0.0230	0.0192	0.4179
Fidelity Japanese Growth Fund					
Net asset value per unit as at June 30	$12.21	—	—	—	—
Distributions per unit					
From net income	—	—	—	—	—
From capital gains	—	—	—	—	—
	—	—	—	—	—
Fidelity Latin American Growth Fund					
Net asset value per unit as at June 30	$8.45	—	—	—	—
Distributions per unit					
From net income	—	—	—	—	—
From capital gains	—	—	—	—	—
	—	—	—	—	—

* *all amounts stated in US dollars*

** *for the period January 14, 1993 to June 30, 1993*

10. Redemption of Units

Units of the Funds may be redeemed on any valuation date at the net asset value per unit of the respective Fund. Redemption instructions must be in writing and signed with the signature guaranteed by a Canadian chartered bank or a member of a public stock exchange in Canada. If the unitholder is a corporation, partnership, agent, fiduciary or surviving joint owner, additional documentation of a customary nature may be required. All redemption proceeds will be paid within five days of receipt by Fidelity of all required documents. A redemption request received by the Manager prior to 4:00 p.m. Toronto time on a valuation date will receive the net asset value per unit calculated on that valuation date, other than Fidelity Far East Fund and Fidelity Japanese Growth Fund which use the net asset value per unit on the next valuation date. A redemption request received after 4:00 p.m. Toronto time on a valuation date or on a day other than a valuation date will receive the net asset value per unit calculated on the next following valuation date, other than Fidelity Far East Fund and Fidelity Japanese Growth Fund which use the net asset value per unit on the second valuation date following the day of actual receipt.

Any redemption request which is not forwarded directly to the Manager by the unitholder but instead is sent to a dealer or broker is to be forwarded by the dealer or broker receiving the same to the Manager on the same day on which the completed redemption request is received or, if received by the dealer or broker after normal business hours or on any day which is not a business day, on the next business day.

11. Statement of Portfolio Transactions

In accordance with Regulations under the Securities Act (Ontario), a statement of portfolio transactions (unaudited) for the year ended June 30, 1994 will be provided without charge, on request to the Fund, at Suite 900, 222 Bay Street, Ernst & Young Tower, Toronto, Ontario M5K 1P1.

Auditors' Report

To the Unitholders of:

Fidelity Asset Manager Fund,
Fidelity Emerging Markets Bond Fund,
Fidelity European Growth Fund,
Fidelity Far East Fund,
Fidelity International Portfolio Fund,
Fidelity Japanese Growth Fund,
and Fidelity Latin American Growth Fund,

collectively referred to as "Fidelity Funds"

We have audited the statements of investment portfolio of each of the Fidelity Funds as at June 30, 1994, the statements of net assets, income(loss), surplus(deficit), changes in net assets and changes in investments as at and for the periods indicated in note 1. These financial statements are the responsibility of the Funds' Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Fund Manager, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the investment portfolios of each of the Fidelity Funds as at June 30, 1994, their financial positions and the results of their operations and the changes in their net assets as at and for the periods indicated in note 1, in accordance with generally accepted accounting principles.

COOPERS & LYBRAND
Chartered Accountants
Toronto, Canada
August 10, 1994

Market keeping you up when it's not? Take a look at your risk profile

More than a decade ago, in what now seems a distant era, an aggressive U.S. company flogged a home exercise system using the catchy slogan, "No pain, no gain." During the aggressive 1980s, the slogan, if not the equipment, became instantly popular for its message: The end justifies the means.

In the great bull market of the 1980s, some investment professionals adopted the hot-shot marketing slogan as their own credo, expanding on the sentiment: It was reasonable, even necessary, to withstand some trauma or risk if there was a suitable return.

Those investors who lived by this mantra were criticized for being aggressive and perhaps even reckless in their outlook. Instead, these investors were merely recognizing what had sometimes, if not often, been overlooked: That all investments carry some degree of risk. In large measure, successful investing is a management of risks in relation to returns. Put another way, how much pain is enough for the gain earned?

Investment professionals recognize most investors are risk averse and tend to search for the least risk for the highest return. It's important, then, to be able to quantify risk in relation to potential returns. After all, while money market funds have a low risk, their returns are relatively low. As you move to riskier investments, you naturally expect higher returns.

Recognizing and measuring risk goes hand in hand with determining your investment goals. If risk is a measure of the downside probability of an investment, some important questions must be answered by every investor: What is the risk to my principal? What is my expected rate of return? How will I react to an unexpected decline in my investment? What is my time horizon for this investment? A retirement savings plan started by a 28-year-old carries a different set of risk and investment expectations than a RSP started by a 55-year-old.

The answers to these questions make up your investment personality and reflect your attitudes toward risk. You should also realize that the market conditions in which you invest are going to change. Your goal should be to develop a portfolio that will perform well in the different types of market conditions you expect in your investment time horizon.

There are different types of risk which should be considered when putting together an investment portfolio. When investing in equities or bonds issued by companies, credit risk becomes important. Low credit risk might ensure investors that dividends will be consistently paid and that bond interest payments will be met. Higher credit risk might alert investors to do more research into the investments being considered. For mutual fund investors, an investment manager's style is important to examine. What criteria does the manager use to pick investments and is the fund limited to investing in highly rated companies?

If your goal as an investor is to increase the value of your principal and increase your purchasing power, it is imperative that your investment portfolio returns better than the rate of inflation. Any return lower will mean a net loss for your investments. While inflation has been relatively low, even negative, over the past couple years, history has shown that specific investments can underperform inflation in short periods of time.

Risk posed by inflation and interest rates is important to consider when making investment decisions since they affect financial decisions of companies and governments. When interest rates are falling, governments and corporations tend to borrow more or restructure their debt at a lower cost. The savings companies gain from lower borrowing costs allow them to upgrade their factories, increase production, hire more staff, perhaps lower prices, and increase profit.

The financial markets move in cycles. In declining cycles, most investments cannot escape losing some value. It's important to be aware of this market risk since a volatile market could cut 10% to 20% off the value of some investments relatively quickly.

Particularly for Canadian investors, exchange rate risk or foreign exchange exposure is an important consideration when investing. How are the companies or the mutual funds in which you invest exposed to movements in the Canadian dollar or, in the case of international funds, changes in the U.S. dollar, Japanese yen or German mark?

If anything is certain here, it's that understanding risks takes some research. Investors might blame poor returns and losses in their portfolio on high risk investments when the cause is really a lack of research or information available before they invested their money.

Ask your financial advisor for information about your investments and how they suit your risk profile and investment goals. You may want to ask how your portfolio suits current or forecasted market conditions. In addition, as you get older or as your priorities change you may want to adjust your portfolio's focus towards a higher or lower degree of risk or a different time horizon.

Sources:

The Canadian Securities Institute, *Portfolio Management*, 1989.

Rowland, Mary, *The Fidelity Guide to Mutual Funds*, Fireside, New York, NY, 1991.

Walker, Peter R., *Investment Funds in Canada*, The Institute of Canadian Bankers, Toronto, 1994.

Glossary

Average and Indices– Statistical tools that measure the state of the stock market or the economy, based on the performance of stocks or other meaningful components, e.g., the Dow Jones Industrial Average, the TSE 35 Composite Index, the Montreal Exchange Portfolio Index and the Consumer Price Index, etc.

Bank Rate — The minimum rate at which the Bank of Canada makes short-term advances to the chartered banks and other members of the Canadian Payments Association. Historically, the Bank Rate has been administered directly by the Bank of Canada and was changed from time to time as a symbolic indicator of the Bank's attitude toward money policy. However, since 1980, the Bank Rate has been set at 1/4 of 1% (25 basis points) above the weekly average tender rate of 91-day Government of Canada treasury bills.

Basis Point — A phrase used to describe differences in interest rates and bond yields, with one basis point representing one-hundredth of a percentage point. Thus, if Bond X yields 11.50% and Bond Y 11.75%, the difference is 25 basis points.

Bear — One who expects that the market generally or the market price of a particular security will decline.

Bear Market — A declining market.

Blue Chip — An active, leading, nationally known common stock with a record of continuous dividend payments and other strong investment qualities.

Bond — A certificate evidencing a debt on which the issuer promises to pay the holder a specified amount of interest for a specified length of time, and to repay the loan on its maturity.

Bull — One who expects that the market generally or the market price of a particular security will rise.

Bull Market — A rising market.

Capital — Has two distinct but related meanings. To an economist, it means machinery, factories and inventory required to produce other products. To an investor, it may mean the total of the financial assets he has invested in securities, his home and other fixed assets, plus cash.

Common Stock — Securities representing ownership in a company and carrying voting privileges.

Diversification — Spreading investment risk by buying different securities in different companies in different kinds of businesses and /or locations.

Dividend — An amount distributed out of a company's profits to its shareholders in proportion to the numbers of shares they hold. In a mutual fund, a dividend is a distribution to shareholders of investment income earned by the fund.

Earnings Per Share — The portion of net income for a period attributable to a single common share of a company.

Equities (Stocks) — Ownership interest of common and preferred shares in a particular company.

Foreign Property Limit — The maximum amount of foreign securities allowable in a mutual fund that is fully RRSP eligible. This limit is 20% for 1994 and for subsequent years.

Fiscal Policy — The policy pursued by the federal government to direct the economy through taxation and the level and allocation of government spending.

Futures — Commodity futures contracts are legally binding commitments to deliver or take delivery of a specified commodity at a future specified time at an agreed upon price.

Fixed Income — Securities that generate a predictable stream of interest or dividend income, such as bonds, debentures, and preferred shares.

Growth Stock — Common stock of a company with excellent prospects for above-average growth; a company which over a period of time seems destined for above-average expansion.

Hedge — A protective maneuver; a transaction intended to reduce the risk of loss from price fluctuations.

Income Stock — A stock that provides a generous dividend yield that is relatively well assured.

Liquid — Easily converted to cash without loss of value.

Load — The portion of the offering price of shares of mutual funds which covers sales commissions and all other costs of distribution.

Long-Term Bond — A bond or debenture maturing in more than 10 years.

Maturity — The date on which a loan or a bond or debenture comes due and is paid off.

Medium-Term Bond — A bond or debenture maturing in over three but less than ten years.

Money Market Instrument — Form of debt (bonds) that mature in less than one year and are easily converted to cash, such as treasury bills, bankers' acceptances and commercial paper. Treasury bills make up the bulk of trading in the markets.

Mutual Fund — A company or trust whose business it is to invest in the securities of other companies , banks, governments, or municipalities. Mutual funds have a stated investments objective and buy securities to help meet this goal.

Net Asset Value — The price or market value of an individual share of a mutual fund.

Option — A right to buy or sell specific securities or properties at a specified price within a specified price within a specified time.

Portfolio — A collection of investment holdings either in a fund or an individual's personal account.

Price Earnings Ratio — A common stock's current market price divided by its annual per share earnings.

Prime Rate — The interest rate chartered banks charge to their most credit-worthy borrowers.

Prospectus — A thorough written description of a mutual fund, as well as the legal selling document.

RESP — Registered Education Savings Plan. An investment opportunity to accumulate savings for a child's education. Although contributions are not tax deductible, there is a tax deferral opportunity as the contributions accumulate tax-free within the plan.

RRIF — Registered Retirement Income Fund, one of the tax deferral vehicles available to RRSP holders who de-register their plans.

RRSP — Registered Retirement Savings Plan, one of the most popular vehicles available to individuals to defer tax and save for retirement years. Not only are annual contributions tax deductible up to the allowance limits, they also earn tax deferred dollars while in the plan.

Securities — Catch-all term for stocks, bonds, and money market instruments.

Treasury Bills — Short-term government debt issued in denominations ranging from $1,000 to $1,000,000. T-bills do not pay interest, but are sold at a discount and mature at par (100% of face value).

Warrant — A certificate giving the holder the right to purchase securities at a stipulated price within a specified time limit.

Yield — The effective interest rate dividend on an investment. In a fund whose share price fluctuates, yield represents the income component of return, whereas the price change represents the capital gain or loss component.

Fund Objectives

Canadian Funds	Objective
Fidelity Capital Builder Fund*	*Canadian long-term capital growth*
Fidelity Global Bond Fund*	*Canadian high income with foreign currency exposure.*
Fidelity Government Bond Fund*	*Canadian high income*
Fidelity Growth & Income Fund*	*Canadian current income and long-term capital growth*
Fidelity Short Term Asset Fund*	*Canadian current income and preservation of capital*

**100% RRSP eligible; all others subject to foreign content limits.*

American Funds	Objective
Fidelity Growth America Fund	*U.S. long-term capital growth*
Fidelity North American Income Fund	*North American high current income*
Fidelity Small Cap America Fund	*U.S. long-term capital growth in small cap stocks.*

International Funds	Objective
Fidelity Asset Manager Fund	*Long term capital growth from global stocks, bonds, and money market instruments*
Fidelity Emerging Markets Bond Fund	*High income and long-term capital growth from debt securities in developing economies*
Fidelity European Growth Fund	*European long-term capital growth*
Fidelity Far East Fund	*Southeast Asian long-term capital growth*
Fidelity International Portfolio Fund	*Global long-term capital growth*
Fidelity Japanese Growth Fund	*Japanese long-term capital growth*
Fidelity Latin American Growth Fund	*Long-term capital growth from Mexico, Central and South America*

Manager and Principal Distributor
Transfer Agent and Registrar

Fidelity Investments
Canada Limited
Ernst & Young Tower, 222 Bay Street
Suite 900, P.O. Box 90
Toronto, Ontario M5K 1P1
Tel: (416) 307–5200 1-800-263-4077
FAX: (416) 307–5523

Custodian

The Royal Bank of Canada
Toronto, Canada

Auditors

Coopers & Lybrand
Toronto, Canada

Legal Counsel

Holden Day Wilson
Toronto, Canada

Fidelity Investments® Canada

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