



FUND APPROACH AND STYLE

OBJECTIVE

The fund aims to achieve long term capital growth from a portfolio primarily made up of the shares of continental European companies. The portfolio is likely to have a bias towards medium-sized and smaller companies. However, the ACD is not restricted in the choice of company either by size or industry, or in terms of the geographical split of the portfolio, which is largely determined by the availability of attractive investment opportunities rather than the outlook for each market.

PORTFOLIO CHARACTERISTICS

The fund manager believes that a greater number of undervalued opportunities can be identified outside the market leaders, as these companies are often less well-researched by the broader investment community. The fund manager is able to do this by drawing on the expertise of Fidelity's extensive pan-European research team who research each individual company held in the portfolio.

INVESTMENT STYLE

The portfolio is managed with a value bias, with one or more of the following characteristics typically found in companies selected for investment.

Undervalued Stocks: The manager looks for out-of-favour and unfashionable companies trading at below their intrinsic value based on earnings potential or a discount to asset value.

Growth at a Reasonable Price: Companies where growth is unrecognized by the market are particularly favoured. Selected investments in companies with strong and sustainable growth but where valuations are reasonable are also made.

Turnaround Situations: The manager will invest in companies which are currently underperforming their potential, but where the elements of recovery are identifiable. This may include either internal (management change, asset divestment), or external (cyclical) factors.

QUARTERLY UPDATE

- During the quarter, the fund returned 4.7% in sterling terms, outperforming the benchmark index, which returned 1.6% over the same period. Returns were helped by successful stock selection and sector allocation. The fund benefited from the solid performance of stocks in the oil & gas and banks sectors. Within the oil & gas sector, oil-refining companies in Central Europe performed well on expectations that the outlook for refining margins will continue to improve. Meanwhile, the fund's holdings in selective banks, notably Hansabank, a Baltic bank that was taken over by Swedbank, boosted returns. In addition, stocks in peripheral Europe, for example in Denmark and Ireland, and Central Europe contributed to performance.
- Returns were helped by the fund's low exposure to pharmaceutical and IT hardware stocks as these sectors underperformed the broader market during the quarter. The manager continues to find few compelling undervalued investment opportunities in these areas of the market.

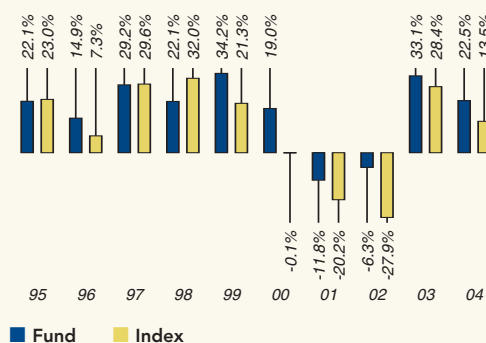
PERFORMANCE in fund currency

	YTD	6 mnths	1 yr	3 yrs	5 yrs	10 yrs	Since 04.11.85
Fund cumulative growth	7.3%	11.5%	30.1%	41.8%	51.8%	370.1%	3,227.2%
Index cumulative growth	3.0%	7.5%	18.8%	9.9%	-18.1%	113.1%	644.7%
Fund annualised growth	-	-	30.1%	12.3%	8.7%	16.7%	19.6%
Index annualised growth	-	-	18.8%	3.2%	-3.9%	7.9%	10.8%
Value of £1,000 invested	1,037	1,078	1,257	1,370	1,467	4,542	32,147

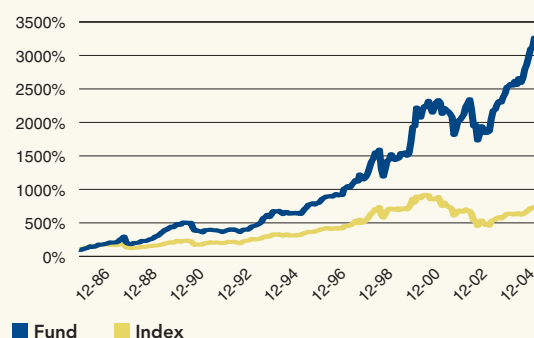
Ranking within Europe Ex UK Unit Trust Sector

Position of fund	3	6	2	2	2	1	1
Total number of funds	96	96	95	86	73	54	21
Quartile ranking	1	1	1	1	1	1	1

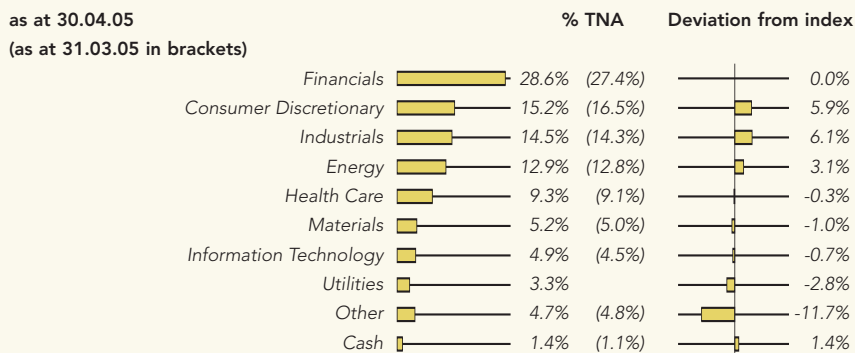
PERFORMANCE YEAR BY YEAR



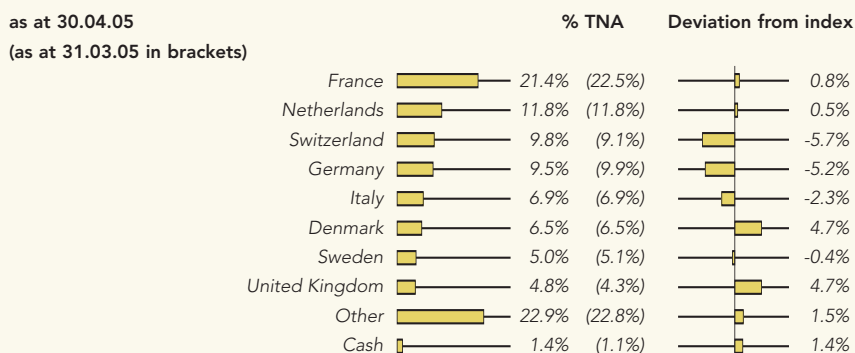
PERFORMANCE SINCE 04.11.85



INDUSTRY BREAKDOWN



GEOGRAPHIC BREAKDOWN



TOP HOLDINGS

as at 31.03.05

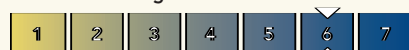
Company	% TNA
UBS (REGD)	2.9%
EUROPEAN AERONAUTIC DEFENCE & SPACE	2.8%
TOTAL	2.8%
SAP	2.7%
KONINKLIJKE PHILIPS ELECTRONICS	2.6%
SOCIETE GENERALE PARIS	2.2%
BASF	2.1%
ENI	2.0%
RENAULT	2.0%
ING GROEP	2.0%

RATINGS

S&P Fund Stars: **★★★★★**
S&P Fund Ratings: **AA**

VOLATILITY AND RISK

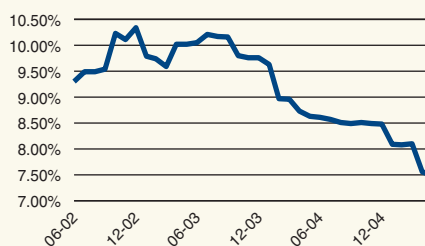
Risk/return rating:



Relative volatility: 0.76 Beta: 0.72
Sharpe ratio: 0.55 R²: 0.92
Alpha: 0.75 Tracking error: 7.48

These ratings give an indication of the risk level of a fund only in relation to Fidelity's overall fund range. They are intended only as a guide and are based on our experience of the previous performance of the managers, asset classes, markets and currencies involved.

Tracking error



The chart above shows the tracking error of the fund against its benchmark. The calculation uses rolling three year periods. The chart shows a maximum of 36 monthly data points, starting no earlier than three yrs after the fund's performance start date.

FUND FACTS

Fund manager: Timothy McCarron
Location: London
Appointed to fund: 02.01.03
Years at Fidelity: 12
Launch date: 04.11.85
Currency: UK Sterling
NAV price: £ 8.32
12mth NAV high: £ 8.38
12mth NAV low: £ 6.31
Gross yield: 0.34%
Fund size: £ 3,260m

Benchmark index: MSCI Europe (ex-UK) Index NUK Index
Bloomberg code: FIDEUUA
ISIN code: GB0003874798
SEDOL number: 387479



This factsheet is for investment professionals only and should not be passed to private investors. Source of all performance data: Standard & Poor's, bid to bid, net income reinvested at basic rate tax. Cash returns to investor adjusted to reflect sales charge and includes the initial investment. Past performance is not a guide to future returns. The value of investments and the income from them can go down as well as up and an investor may not get back the amount invested. Where a fund invests in overseas markets, changes in foreign exchange rates may cause the value of an investment to rise or fall. Reference to specific securities is included for the purpose of illustration only and should not be construed as a recommendation to buy or sell the same. Investors should also note that the views expressed may not longer be current and may already have been acted upon by Fidelity. Fidelity only provides information on its products and services and will not give investment advice based on individual circumstances. The Authorised Corporate Director of Fidelity Investment Funds and Fidelity Investment Funds II OEIC is Fidelity Investment Services Limited. Authority. Fidelity Unit Trusts are offered and managed by Fidelity Investment Services Limited. Fidelity Investment Trusts are managed by Fidelity Investments International. Issued by Fidelity Investments International, authorised and regulated by the Financial Services Authority.