

# Year in review – 2009

## Global markets

EQUITY INDEXES	DEC. 2009	DEC. 2008	% CHG
CAN: S&P/TSX	11746	8988	30.7%
U.S. INDU	10428	8776	18.8%
U.S. SPX	1115	903	23.5%
Nasdaq: CCMP	2269	1577	43.9%
Brazil: IBOV	68588	37550	82.7%
Mexico: MEXBOL	32120	22380	43.5%
U.K.: FTSE 100	5413	4434	22.1%
Euro Stoxx 50: SX5E	2965	2448	21.1%
Germany: DAX	5957	4810	23.8%
France: CAC	3936	3218	22.3%
Netherlands: AEX	521	381	36.9%
Italy: MIB30	23248	19460	19.5%

COMMODITIES	DEC. 2009	DEC. 2008	% CHG
Gold US\$/oz	1097.0	882.1	24.4%
Oil US\$/bbl.	79.4	44.6	77.9%

BOND YIELDS	DEC. 2009	DEC. 2008	CHG
10-year Canada Gov.	3.60%	2.68%	0.92
10-year U.S. Treasury	3.84%	2.25%	1.58
10-year Germany Gov.	3.38%	2.94%	0.44
10-year Japan Gov.	1.28%	1.17%	0.11
30-year Canada Gov.	4.08%	3.45%	0.62
30-year U.S. Treasury	4.63%	2.69%	1.94

EQUITY INDEXES	DEC. 2009	DEC. 2008	% CHG
Switzerland: SMI	6546	5535	18.3%
Japan: NKY	10546	8860	19.0%
Hong Kong: HSI	21873	14387	52.0%
Thailand: SET	735	450	63.2%
Malaysia: KLCI	1273	877	45.2%
Singapore: STI	2898	1762	64.5%
Taiwan: TWSE	8188	4591	78.3%
Korea: KOSPI	1683	1124	49.7%
Manila: PCOMP	3053	1873	63.0%
Australia: AS30	4883	3659	33.4%
China: Shanghai	3277	1821	80.0%
India: Sensex	17465	9647	81.0%

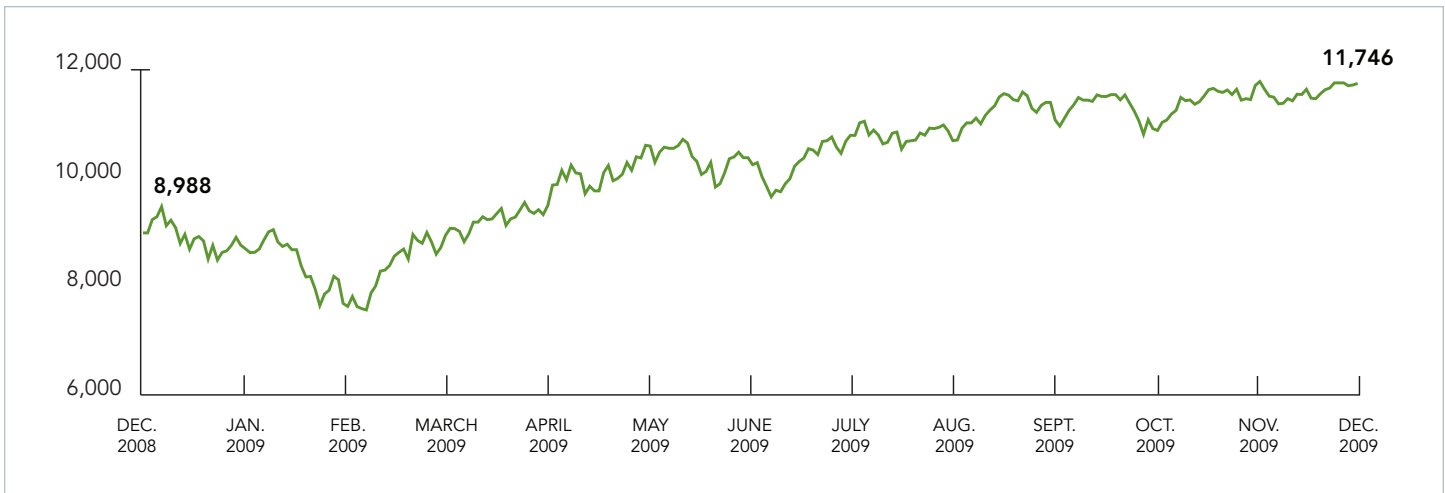
CURRENCIES	DEC. 2009	DEC. 2008	% CHG
U.S./CAD	1.05	1.22	-13.7%
CAD/Euro	1.50	1.72	-12.3%
U.S./BP	1.62	1.46	10.6%
JY/U.S.	92.92	90.74	2.4%
Euro/BP	1.13	1.03	8.8%
U.S./Euro	1.43	1.39	3.2%
JY/BP	150.33	130.33	15.3%

Source: Datastream.  
Index returns are in local currency. All returns are price returns and do not include dividends.

All sources are Fidelity Management & Research Company unless otherwise specified.

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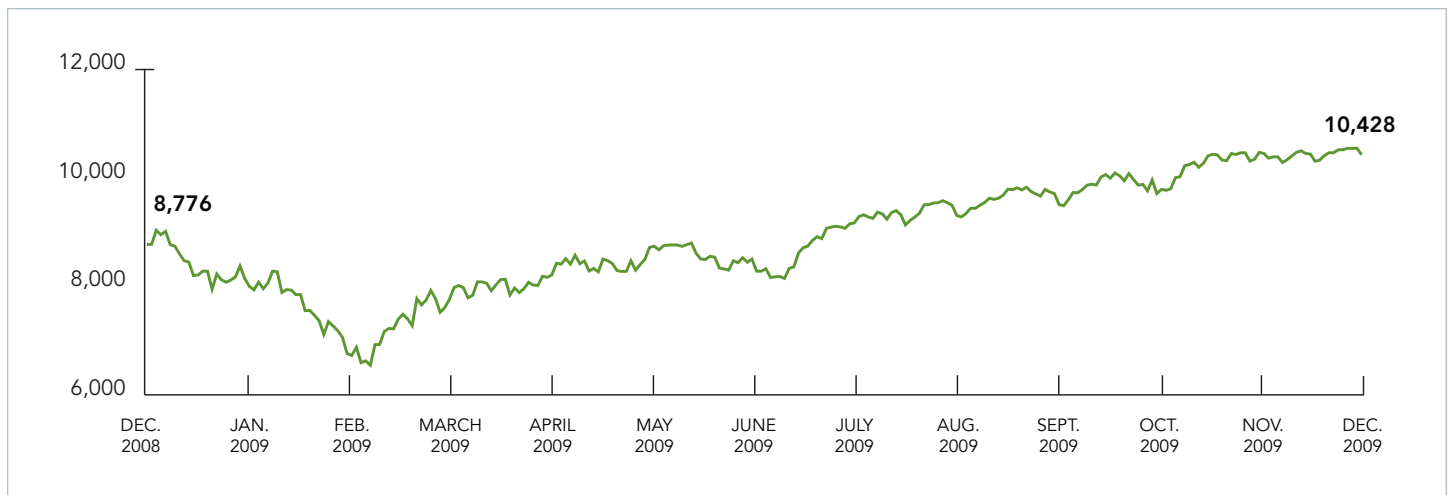
## Canada – S&P/TSX Comp. Index



- Canadian stocks ended 2009 with a robust gain of 30.7%, despite a decline early in the year, along with other developed markets. However, equities reversed their losses, owing to improving economic conditions and increased demand for the country's commodities.
- The Bank of Canada reduced its overnight lending rate to 0.25%, from 1.5% at the beginning of the year. The interest rate cuts were effected early in the year in order to counter the deep global economic downturn. Since then, the bank has held rates steady, and pledged to keep them at their record low until June 2010.
- The Canadian economy was in a technical recession until the second quarter of 2009. The GDP declined by a revised annualized rate of 6.1% in the first quarter of 2009. However, the economy managed to register a growth rate of 0.4% in the third quarter of 2009, signalling the end of the first recession since 1992.
- The Canadian annual inflation rate dropped to -0.9% in September, down from 1.1% at the beginning of the year, due mainly to lower oil and commodity prices. However, the rate started inching up toward the end of the year, due to global economic recovery and higher oil prices, and was at 1.0% in November.
- Due to continued layoffs by businesses to cut costs and improve productivity, the Canadian unemployment rate increased to 8.5% in November, up from 7.2% at the beginning of the year.
- Canada's housing starts declined during the early part of the year, falling from 144,100 in January to 117,600 in April. Since then, however, they have had a sharp recovery, rising to 158,500 in November, due mainly to lower mortgage rates.
- The Canadian dollar posted strong gains against the U.S. dollar in 2009, appreciating by 13.7% over the year, due to higher commodity prices. On the back of increasing consumer confidence, Canada's retail sales advanced to -1.4% in October, year-on-year, after having fallen to a low of -5.8% in April.

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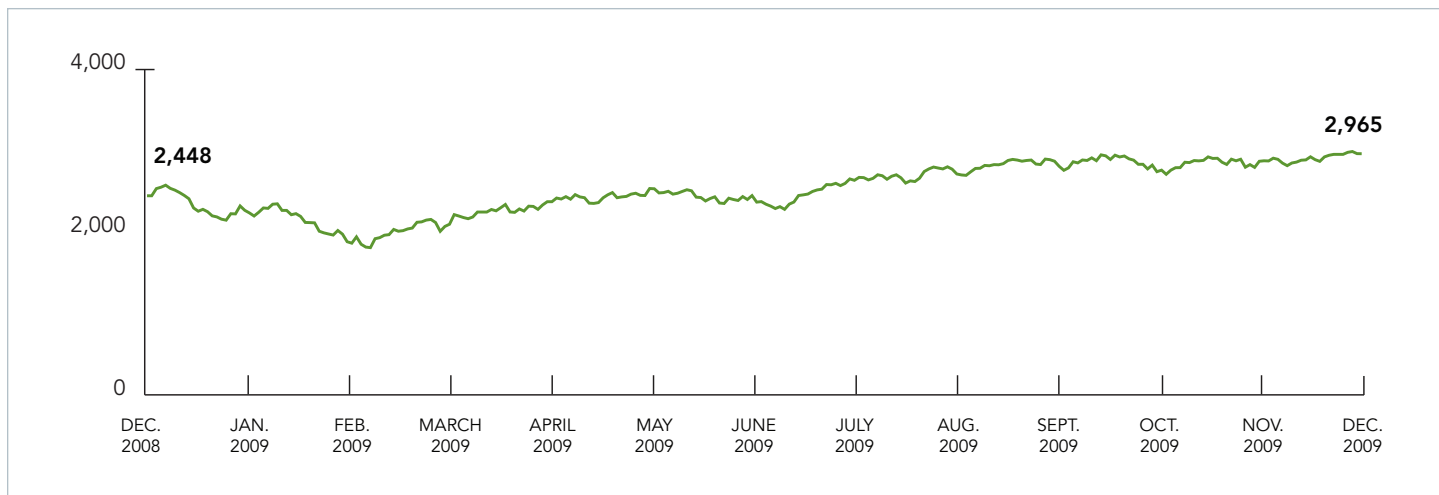
## U.S. – Dow Jones Index



- U.S. equities rebounded strongly in 2009, supported by government stimulus, low interest rates and an improvement in corporate earnings. The Dow Jones Index gained 18.8%, while the Nasdaq returned 43.9%. The S&P 500 Index gained 23.5% during the year.
- The U.S. economy continued to be in recession in the first two quarters of 2009, declining at annualized rates of 6.4% and 0.7%, respectively, following declines of 2.7% and 5.4% in the third and fourth quarters of 2008. However, in the third quarter of 2009, the U.S. economy emerged from one of its deepest recessions since 1957, registering a growth of 2.2%, on an adjusted basis.
- The U.S. Federal Reserve maintained its benchmark interest rate at 0.25% for 2009, to infuse liquidity into the system and support the economic recovery.
- The U.S. unemployment rate registered a steady increase in 2009, increasing to a high of 10.2% in October, up from 7.6% at the beginning of the year. The unemployment rate dipped slightly in November to 10.0%, after government stimulus eased the credit crisis and somewhat stabilized the economy.
- Owing to an improvement in income and jobless claims, U.S. retail sales (excluding autos) improved in November, growing by 1.3%, compared with a fall of 6.0% at the beginning of the year.
- U.S. industrial production continued to fall at the end of the year, albeit at a slower pace, declining by 5.1%, compared with an annualized decline of 10.9% at the beginning of the year.
- Owing to an increase in industrial production and factory orders for durable goods, the Conference Board's Leading Economic Index, a measure of the U.S. economic outlook, improved at the end of the year, increasing by 6%, compared with a fall of 4% at the beginning of the year.
- The U.S. Consumer Price Index moved into positive territory at the end of the year, increasing by 1.8% year-on-year, after having fallen for the first three quarters of 2009.

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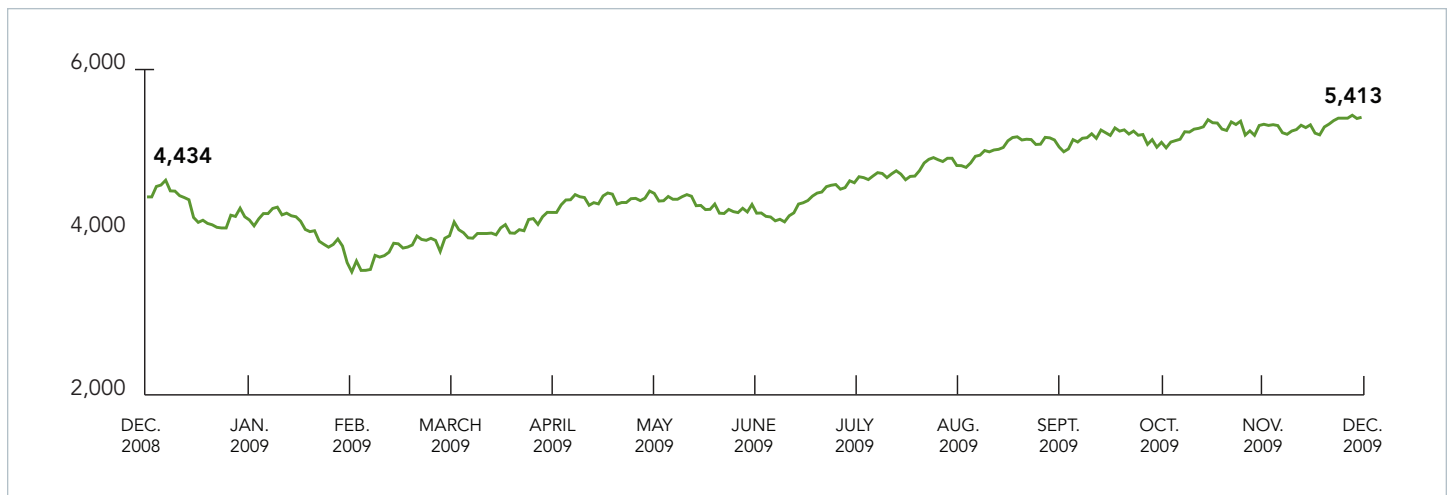
## Continental Europe – DJ Euro Stoxx 50



- In 2009, European markets witnessed significant gains, following a dreadful 2008. Investor and business sentiment was boosted by improving economic conditions, supported by unprecedented government spending and monetary policy. The DJ Euro Stoxx 50 Index gained 21.1% for the year, while Germany's DAX Index and France's CAC Index went up by 23.8% and 22.3%, respectively.
- The eurozone's economy emerged from recession in the third quarter of 2009, expanding by 0.4%, after five quarters of decline. The region's economic contraction had been particularly deep in the first quarter of 2009, when global economic activity and demand for exports fell amid the financial crisis.
- The European Central Bank (ECB) continued to cut its benchmark interest rates to stimulate the region's economy and spur consumer spending. The ECB reduced the benchmark interest rate to 1.00% at its May 2009 meeting, bringing the total reduction since October 2008 to 325 basis points. At the year-end, the ECB continued to maintain the interest rate at 1.00%, following its assessment of low inflationary pressure over the medium term and its intention to support the economic recovery.
- The unemployment rate stabilized towards the end of the year, owing to improvement in economic activities and government measures to generate jobs. The seasonally adjusted unemployment rate was 9.8% in October 2009, the same as in the previous month, but higher than in October 2008, when unemployment reached 7.3%.
- The eurozone's gauge of business conditions continued to improve from the beginning of the year, after the economy emerged from recession and demand for the region's exports picked up. At the end of the year, the eurozone Business Climate Indicator was at -1.2, compared with -2.6 at the beginning of the year. During the year, the indicator reached as low as -3.3.

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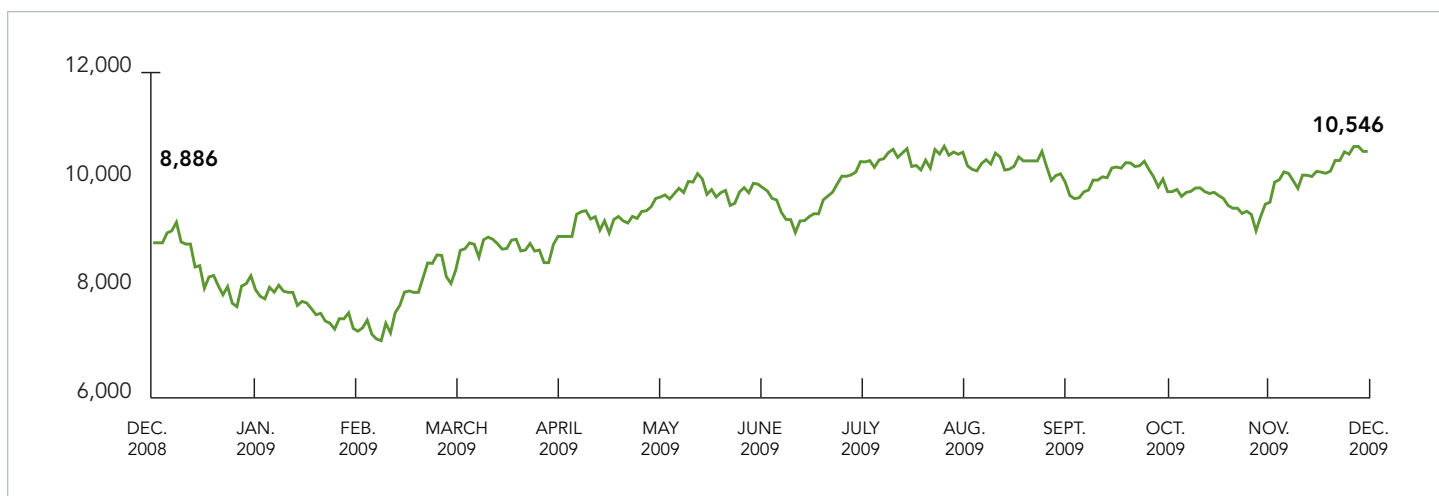
## U.K. – FTSE 100 Index



- Following 2008, the worst year since the FTSE 100 Index was created in 1985, the Index registered a robust gain in 2009, returning 22.1%. Investors grew increasingly optimistic about the global economic recovery and demand for the country's exports. However, gains were slightly restricted, due to investors' concerns after rating agencies cut the credit ratings of European countries such as Spain and Greece.
- The U.K.'s economy continued to be in recession, even after most of the other industrialized economies returned to growth towards the end of 2009. The country's economy contracted in the third quarter by 0.2%, the sixth straight quarterly decline, due to cautious spending by consumers and businesses. However, it continued to show signs of improvement, compared with the decline of 2.5% in the first quarter of 2009.
- The Bank of England (BOE) continued to provide unprecedented monetary policy support to spur the country's economy out of its worst recession.
  - The BOE maintained its key interest rate at 0.5%, after having brought it down from 1.50% at the beginning of the year. In addition, it continued with its program of asset purchases totalling 200 billion pounds sterling, financed by the debt issuance of central bank reserves.
- The U.K.'s unemployment rate stood at a 13-year high of 7.9% in October. However, the increase was the smallest quarterly rise since March–May 2008, and the number of Britons claiming a jobseeker's allowance (JSA) fell for the first time since February 2008, suggesting that the labour markets are stabilizing.
- U.K. consumer confidence showed signs of improvement towards the end of the year. The Nationwide consumer confidence index rose in November to 74, compared with 45 in January, after consumers became more hopeful about the economy's prospects in 2010.

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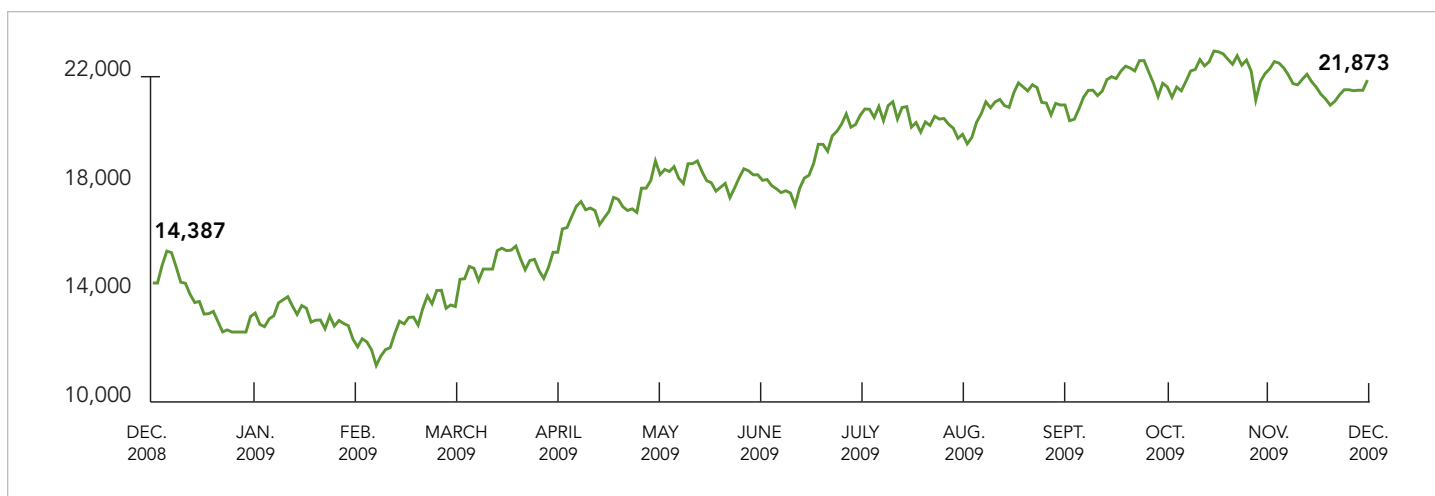
## Japan – Nikkei 225



- The Nikkei rose 19.0% during the year, on the back of a broad-based economic recovery in the world markets. Loose monetary policy and stimulus measures from governments across the world spurred demand for Japanese exports, leading to the country's economic revival.
- Japan's economy emerged out of the recession after four consecutive quarters of negative GDP rates, with GDP rising by 0.7% quarter-on-quarter in the second quarter of 2009, led mainly by a resurgence in the nation's exports. This followed a record 3.1% drop in the first quarter of 2009. The Japanese economy grew by 0.3% during the third quarter of 2009.
- During 2009, the Bank of Japan held its benchmark interest rates near zero, at just 0.1%, in an effort to stimulate the economy. The central bank also increased the money supply through bond purchases, to stave off deflation.
- Japan's consumer prices fell at a record pace of 2.5% year-on-year in October, after having fallen for most of the year. This indicates that deflation remains a serious threat to Japan's economic recovery.
- Japan's unemployment rate increased to 5.2% in November, from 4.1% at the beginning of the year, with companies cutting jobs to protect dwindling profits.
- Japan's industrial production plunged to -38.4%, year-on-year, in September. However, it staged a sharp rebound after that, rising to -3.9% in November, on rising exports to Asian markets.
- The Japanese yen depreciated against both the U.S. dollar and the euro, due to the country's weakening economy and a slackening job market. The yen depreciated by 2.4% against the U.S. dollar during the year.

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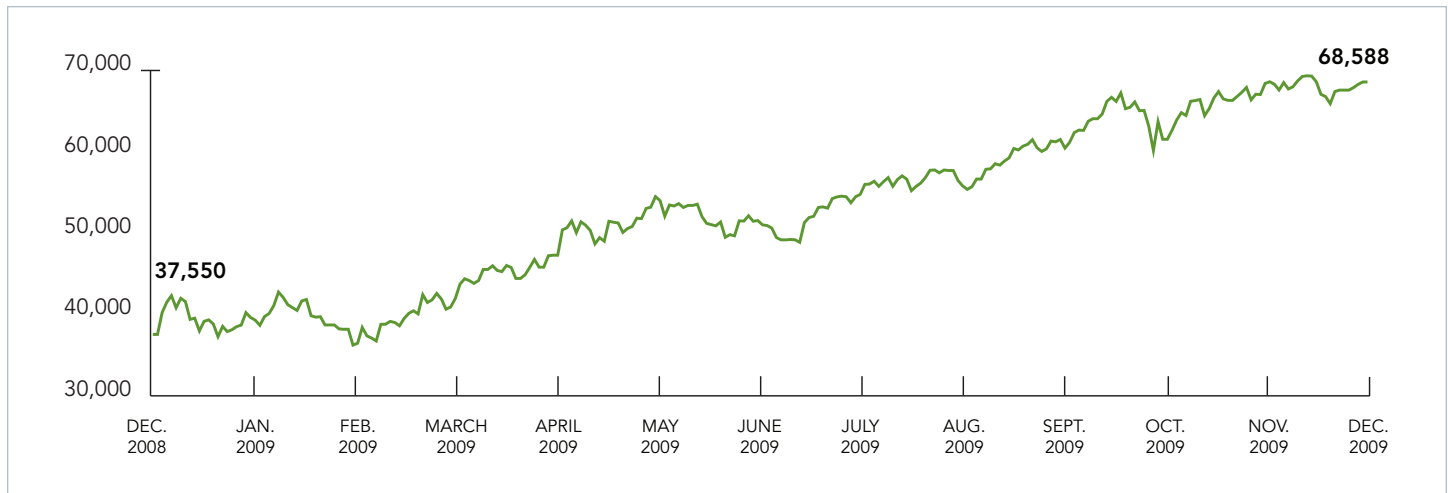
## Southeast Asia – Hang Seng



- After a dismal showing in 2008, the region's stock markets rebounded sharply, posting some of their biggest gains in many years. Positive earning surprises at a number of Asian firms, along with upbeat guidance amid improving economic conditions, prompted earnings upgrades by analysts. India's Sensex and China's Shanghai composite index were among the best-performing indexes in the region, with gains of 81.0% and 80.0%, respectively.
- Most of the Asian economies, barring Japan, registered strong growth rates in 2009, due to accommodative monetary policies and government stimulus measures. China led the region out of the recession, posting the strongest growth in a variety of economic indicators. India also supported the region's growth, led by an increase in domestic demand. On an annual basis, as at September 2009, China's GDP had grown by 8.9%, while India's GDP had grown by 7.9%.
- Most of the central banks in the region continued interest rates cuts through the early part of 2009. This mitigated the effects of the global economic slowdown and spurred growth. India cut its key overnight lending rate by 0.75%, to 4.75%. China held its key interest rate at 5.31% to support growth. However, during the latter part of the year, the central banks of both the nations indicated that they would begin to tighten monetary policy soon, to lower inflationary expectations.
- Inflation declined for most of the Asian countries during an early part of 2009, due to low oil and commodity prices. However, demand picked up during the latter part of the year, leading to a surge in prices of oil and other industrial metals. This led to a gradual increase in the inflation rate. India's annual inflation rate, as measured by wholesale prices, rose to 4.78% in November, after having declined to a low of -1.01% in June.
- Industrial production in both China and India surged during the last four months of the year, boosted by government stimulus packages and the global economic revival. China's industrial production grew by 19.2%, year-on-year, in November. During the year, India's industrial production growth touched a high of 11.0% in August.

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## Latin America – Brazil BOV



- Latin American equities rebounded strongly in 2009, led by Brazil, on the back of rising commodity prices and an improvement in the region's exports. Mexico's MEXBOL gained 43.5%, while Brazil's Ibovespa returned 82.7%.
- During 2009, the region's economy shrank in the third quarter, albeit at a slower rate, as the global economy recovery gained traction. Mexico's economy registered a 6.2% contraction in the third quarter, at an annualized rate, compared with declines of 7.9% and 10.1% in the first two quarters. Brazil's economy also shrank in the third quarter, declining by 1.2%, compared with declines of 2.1% and 1.6% in the first and second quarter, respectively.
- The region's unemployment rate fell at the end of the year, owing to improvements in exports and industrial production. Brazil's unemployment rate fell to 7.4% in November, from 8.2% at the beginning of the year. Mexico's unemployment rate, however, increased to 5.6%, compared with 4.7% at the beginning of the year, falling from a peak of 6.0% in September.
- Industrial production in the region improved during 2009, with Brazil leading the way, owing to increased production in most sectors. Brazil's industrial production ended the year in positive territory, growing by 5.1% in November, compared with a decline of 17.4% at the beginning of the year. Mexico's industrial production fell at the end of the year, albeit at a slower rate, declining by 5.2% in October, compared with a fall of 10.7% at the beginning of the year.
- Inflation in the region decreased during 2009, owing to falling demand for most goods. Mexico's inflation fell to 3.6% in December, from 6.2% at the beginning of the year, while inflation in Brazil fell to 4.2% in November, from 5.8% at the beginning of the year.

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