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FIDELITY ADVISOR STRATEGIC INCOME FUND

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A FUND OF FIDELITY ADVISOR SERIES VIII
82 Devonshire Street
Boston, Massachusetts 02109
PROSPECTUS
October 17, 1994

Fidelity Advisor Strategic Income Fund (the Fund) seeks a high level of current income by investing primarily in debt securities. The Fund may also seek capital appreciation. The Fund seeks to achieve its objective by investing in fixed - income securities, allocated among three broad categories: 1) U.S. government securities ; 2) corporate securities; and 3) foreign corporate and governmental securities. The Fund offers two classes of shares: Class A and Class B.

THE FUND MAY INVEST WITHOUT LIMITATION IN LOWER-QUALITY DEBT SECURITIES, SOMETIMES CALLED "JUNK BONDS." INVESTORS SHOULD CONSIDER THAT THESE SECURITIES CARRY GREATER RISKS, SUCH AS THE RISK OF DEFAULT, THAN OTHER DEBT SECURITIES. REFER TO "INVESTMENT POLICIES AND RISKS" ON PAGE 3 FOR FURTHER INFORMATION.

Please read this Prospectus before investing. It is designed to provide you with information and help you decide if the Fund's goals match your own. RETAIN THIS DOCUMENT FOR FUTURE REFERENCE.

To learn more about the Fund and its investments, you can obtain a copy of the Fund's most recent financial report and portfolio listing or a copy of the Statement of Additional Information (SAI) dated October 17, 1994. The SAI has been filed with the Securities and Exchange Commission (SEC) and is incorporated herein by reference (legally forms a part of the Prospectus). For a free copy of either document, contact Fidelity Distributors Corporation (Distributors), 82 Devonshire Street, Boston, MA

02109, or your investment professional.

MUTUAL FUND SHARES ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY, ANY DEPOSITORY INSTITUTION. SHARES ARE NOT INSURED BY THE FDIC, THE FEDERAL RESERVE BOARD OR ANY OTHER AGENCY, AND ARE SUBJECT TO INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL.

LIKE ALL MUTUAL FUNDS, THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

(registered trademark)

1.SHAREHOLDER EXPENSES

The purpose of the table below is to assist you in understanding the various costs and expenses that you would bear directly or indirectly as an investor in the Fund. This standard format was developed for use by all mutual funds to help you make your investment decisions. This expense information should be considered along with other important information, including the Fund's investment objective.

2.SHAREHOLDER TRANSACTION EXPENSES

	CLASS A SHARES	CLASS B SHARES
Maximum Sales Charge (as a percentage of the offering price)	4.75%	0.00%
Maximum Contingent Deferred Sales Charge (as a % of the lesser of redemption proceeds or initial cost)	0.00%	4.00%1
Maximum Sales Charge on Reinvested Distributions	0.00%	0.00%
Exchange Fees	0.00%	0.00%

(1) Declines from 4.00% to 0% for Class B shares held up to a maximum of 5 years.

SHAREHOLDER TRANSACTION EXPENSES represent charges paid when you purchase, sell or exchange shares of the Fund. Lower sales charges may be available for Class A shares of the Fund with purchases of $50,000 or more in conjunction with various programs. See "How to Buy Shares" and "How to Sell Shares" on pages 8 and 14, respectively.

3.ESTIMATED ANNUAL FUND OPERATING EXPENSES

(AS A PERCENTAGE OF AVERAGE NET ASSETS)

	CLASS A	CLASS B
Management Fee	. 61 %	. 61 %
12b-1 Fee	.25%	1.00% 2
Other Expenses	.4 9 % 3	.49 % 3
TOTAL OPERATING EXPENSES	1. 35 % 3	2. 10 % 3

(2) The 12b-1 fee for Class B includes a .25% Shareholder Service Fee.

(3) After Reimbursements

ESTIMATED ANNUAL FUND OPERATING EXPENSES are each class' estimated expenses for the first year of operation. Management fees are paid by the Fund to Fidelity Management & Research Company (FMR) for managing its investments and business affairs. 12b-1 fees include a distribution fee for Class A and Class B and a shareholder service fee for Class B. Distribution fees are paid by each class to Distributors for services and expenses in connection with the distribution of that class. Shareholder service fees are paid by Class B to investment professionals for services and expenses incurred in connection with providing personal service for and/or maintenance of Class B shareholder accounts. Long-term shareholders may pay more than the economic equivalent of the maximum front-end sales charge permitted by the

National Association of Securities Dealers, Inc. (NASD) due to 12b-1 payments.

FMR has voluntarily agreed to reimburse the Fund to the extent that the aggregate operating expenses (exclusive of taxes, interest, brokerage commissions and extraordinary expenses) are in excess of an annual rate of 1.35% for Class A and 2.10% for Class B of average net assets. If reimbursements were not in effect, the management fee, other expenses and total operating expenses for Class A shares would have been .61%, 1.17% and 1.78%, respectively. For Class B shares, management fee, other expenses and total operating expenses would have been .61%, 1.92%, and 2.53%, respectively.

The Fund will incur other expenses for maintaining shareholder records, furnishing shareholder statements and reports, and custodial, legal and accounting services, registering the Trust or Fund with federal and state regulatory authorities and other miscellaneous services. Please refer to the section "Fees" on page 18.

4.EXPENSE TABLE EXAMPLES:

You would pay the following expenses, including the maximum sales charge or contingent deferred sales charge, as applicable, on a $1,000 investment, assuming a 5% annual return and

1. ASSUMING FULL REDEMPTION AT THE END OF EACH TIME PERIOD:

	1 year	3 years
Class A:	$ 61	$ 88
Class B:	$ 61	$ 96

2. ASSUMING NO REDEMPTION:

	1 year	3 years
Class A:	$ 61	$ 88
Class B:	$ 21	$ 66

The hypothetical examples illustrate the estimated expenses associated with a $1,000 investment in each class of shares over periods of 1 and 3 years based on the expenses (after reimbursement) detailed in the table above, and an assumed annual return of 5%. A CDSC IS IMPOSED ONLY IF YOU SELL CLASS B SHARES WITHIN 5 YEARS. SEE "HOW TO SELL SHARES" PAGE 14 FOR INFORMATION ON THE CDSC. THE RETURN OF 5% AND ESTIMATED EXPENSES SHOULD NOT BE CONSIDERED INDICATIONS OF ACTUAL OR EXPECTED PERFORMANCE OR EXPENSES, BOTH OF WHICH MAY VARY.

5.INVESTMENT OBJECTIVE

FIDELITY ADVISOR STRATEGIC INCOME FUND seeks a high level of current income by investing primarily in debt securities. The Fund also may seek capital appreciation. There can be no assurance that the Fund will achieve its investment objective.

6.INVESTMENT POLICIES AND RISKS

The Fund seeks to achieve its objective by investing primarily in fixed-income securities, allocated among three broad categories: (1) U.S. government securities, including mortgage securities and securities issued by government agencies; (2) corporate securities, including lower-quality, high-yield securities sometimes referred to as "junk bonds" as well as investment-grade corporate bonds; and (3) foreign corporate and governmental securities, including emerging market instruments and securities of issuers in more developed markets. FMR allocates the Fund's investments across these categories to favor the investments that it believes provide the most favorable outlook for achieving the Fund's objective. Although FMR expects that the Fund will normally have investments in each of the three asset categories, there is no limit on the amount that the Fund may invest in any one type of fixed-income securities from time to time.

By allocating its investments across different types of fixed-income securities, the Fund attempts to moderate the risks of each category through diversification. Each category, by itself, may involve significant investment risks. U.S. government securities have high credit quality, but their values may be very volatile when U.S. interest rates change, particularly in the case of long-term bonds and certain mortgage securities. Corporate securities have the added risk of declines in credit quality or potential default, particularly in the case of higher-yielding "junk bonds". Foreign securities often are more volatile than U.S. securities, particularly in the case of higher-risk emerging market investments, and may involve the risk of currency fluctuations as well as credit, interest rate and liquidity risks.

The Fund's investment strategy depends on the concept of diversification, which, when successful, can mean higher returns with decreased volatility. For diversification to succeed, however, the Fund must have different investments that respond to different market factors - so that losses in one part of the portfolio can be offset by gains elsewhere. If FMR weighs one asset category much more heavily than the others, the Fund may not be sufficiently diversified to protect against market risks. In addition, if government, high-yield and foreign bond markets decline at the same time, the Fund will suffer losses even if it is well diversified across different asset categories. There is no assurance that FMR's asset allocation decisions will be successful in dampening the inherent volatility of the Fund's investments.

FMR will attempt to diversify across asset categories based on its perception of where the most favorable investment opportunities reside, and with a view toward the impact of different investments on the total risk level of the Fund. FMR regularly reviews the Fund's allocations to different asset categories, but will not attempt to pinpoint the precise moment when a major reallocation should be made. Instead, reallocations will be made gradually over time. FMR normally invests the Fund's assets according to the Fund's investment strategy. However, the Fund also reserves the right to invest without limitation in investment-grade , money market or short-term debt instruments for temporary, defensive purposes.

FOREIGN SECURITIES. The Fund may invest without limitation in government or corporate securities of foreign issuers, which may include investments in emerging markets. FMR will actively manage the allocation of the Fund's investments among countries, geographic regions, and currency denominations and will consider such factors as relative economic growth, expected levels of inflation, government policies that influence business conditions, interest rates and the outlook for currency relationships in an attempt to achieve the highest level of current income.

U.S. GOVERNMENT SECURITIES. The Fund may invest without limitation in securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities (U.S. government securities), including U.S. Treasury bonds, notes and bills, Government National Mortgage Association mortgage-backed pass through certificates (Ginnie Maes), mortgage-backed securities issued by the Federal National Mortgage Association (Fannie Maes) or the Federal Home Loan Mortgage Corporation (Freddie Macs). The U.S. government securities in which the Fund may invest may or may not be fully backed by the U.S. government.

U.S. CORPORATE SECURITIES. The Fund may invest without limitation in all types of U.S. corporate fixed-income securities including debt securities, and zero coupon securities. The Fund may invest all or a portion of its assets in lower-quality, high-yielding debt securities or in securities which already may be in default.

The Fund also may find opportunities for capital growth from debt securities of any quality or maturity as a result of anticipated changes in such factors as interest rates, currency relationships, or the credit standing of individual issuers. FMR will consider many factors in determining investments, including general economic conditions in the United States and abroad, prevailing interest rates, and the relative yields of U.S. and foreign securities. FMR will also use its extensive research facilities in addition to considering the ratings of nationally recognized statistical rating organizations (NRSROs) in selecting investments for the Fund. Unrated securities are not necessarily of lower-quality than rated securities, but they may not be attractive to as many buyers. When purchasing debt securities for the Fund, whether rated or unrated, FMR performs its own careful credit analysis. This credit analysis includes considering the financial condition of the issuer with respect to liquidity, cash flow and political developments that may affect credit quality. Since the risk of default is higher for lower-quality obligations, FMR's research and analysis are an integral part of choosing investments on behalf of the Fund. Through portfolio diversification and careful credit analysis, FMR can reduce risk, although there can be no assurance that losses will not occur. FMR also considers trends in the economy, geographic areas, various industries, and the financial markets.

Further information relating to the types of securities in which the Fund may invest and the investment policies of the Fund, in general, are set forth in the Appendix to this Prospectus and in the Fund's SAI.

7.CONSIDERATIONS IN INVESTING IN SHARES OF THE FUND

RISKS OF INTERNATIONAL INVESTING

Foreign investments, in general , involve different opportunities and greater risks than U.S. investments. FMR believes that it may be possible to obtain significant returns from a portfolio of foreign investments, or a combination of foreign investments and U.S. investments, and to achieve increased diversification in comparison to a portfolio invested solely in U.S. securities. By including international investments in your investment portfolio, you may gain increased diversification by combining securities from various countries and geographic areas that offer different investment opportunities and are affected by different economic trends. At the same time, these opportunities and trends involve risks that may not be encountered with U.S. investments.

There is generally less publicly available information about foreign issuers, and there may be less government regulation and supervision of foreign markets. There may be difficulty in enforcing legal rights outside the United States. Foreign companies generally are not subject to uniform accounting, auditing, and financial reporting standards, practices, and requirements comparable to those that apply to U.S. companies. Security trading practices abroad may offer less protection to investors such as the Fund. Settlement of transactions in some foreign markets may be delayed or may be less frequent than in the United States, which could affect the liquidity of the Fund. Additionally, in some foreign countries, there is the possibility of expropriation or confiscatory taxation; limitations on the removal of securities, property, or other assets of the Fund; political or social instability; or diplomatic developments which could affect U.S. investments in foreign countries. FMR will take these factors into consideration in managing the Fund's investments.

The Fund may invest a portion of its assets in developing countries, or in countries with a new or developing capital market. The considerations noted above are generally intensified for these investments. These countries may have relatively unstable governments, economies based on only a few industries, and securities markets that trade a small number of securities.

Securities of issuers located in these countries tend to have volatile prices and may offer significant potential for loss as well as gain.

The value of the Fund's investments, and the value of income earned by the Fund, may be significantly affected by changes in currency exchange rates. Some foreign currency values may be volatile, and there is the possibility of government controls on currency exchange or government intervention in currency markets, which could adversely affect the Fund. Although FMR may attempt to manage currency exchange rate risks, there is no assurance that FMR will do so at an appropriate time or that FMR will be able to predict exchange rates accurately. For example, if FMR increases the Fund's exposure to a foreign currency, and that currency's value subsequently falls, FMR's currency management may result in increased losses to the Fund. Similarly, if FMR hedges the Fund's exposure to a foreign currency, and that currency's value rises, the Fund will lose the opportunity to participate in the currency's appreciation.

RISKS OF LOWER-QUALITY SECURITIES

Lower-quality debt securities usually are defined as securities rated Ba or lower by Moody's Investor Services, Inc. (Moody's) or BB or lower by Standard & Poor's Corporation (S&P) or unrated securities judged by FMR to be of equivalent quality . Lower-quality debt securities are considered speculative and involve greater risk of loss than higher-rated debt securities, and are more sensitive to changes in the issuer's capacity to pay. This is an aggressive approach to income investing.

While the market for high-yield corporate debt securities has been in existence for many years and has weathered previous economic downturns, the 1980s brought a dramatic increase in the use of such securities to fund highly-leveraged corporate acquisitions and restructurings. Past experience may not provide an accurate indication of the future performance of the high-yield bond market, especially during periods of economic recession. In fact, from 1989 to 1991, the percentage of lower-quality securities that defaulted rose significantly above prior levels, although the default rate decreased in 1992 and 1993.

The market for lower-quality debt securities may be thinner and less active than that for higher-quality debt securities, which can adversely affect the prices at which the former are sold. If market quotations are not available, lower-quality debt securities will be valued in accordance with procedures established by the Board of Trustees, including the use of outside pricing services. Judgment plays a greater role in valuing high-yield corporate debt securities than is the case for securities for which more external sources for quotations and last-sale information are available. Adverse publicity and changing investor perceptions may affect the ability of outside pricing services to value lower-quality debt securities and the Fund's ability to dispose of these securities.

Since the risk of default is higher for lower-quality debt securities, FMR's research and credit analysis are an especially important part of managing securities of this type held by the Fund. In considering investments for the Fund, FMR will attempt to identify those issuers of high-yielding securities whose financial condition is adequate to meet future obligations, has improved, or is expected to improve in the future. FMR's analysis focuses on relative values based on such factors as interest or dividend coverage, asset coverage, earnings prospects, and the experience and managerial strength of the issuer.

The market prices of lower-quality debt securities may decline significantly in periods of general economic difficulty, which may follow periods of rising interest rates. During an economic downturn or a prolonged period of rising interest rates, the ability of issuers of lower-quality debt to service their payment obligations, meet projected

goals, or obtain additional financing may be impaired.
The Fund may choose, at its expense or in conjunction with others, to pursue litigation or otherwise to exercise its rights as a security holder to seek to protect the interests of security holders if it determines this to be in the best interest of the Fund's shareholders.
The considerations discussed above for lower-quality debt securities also apply to lower-quality, unrated debt instruments of all types, including loans and other direct indebtedness of businesses with poor credit standing. The Fund relies more on FMR's credit analysis when investing in debt instruments that are unrated. Please refer to the Appendix on page for a discussion of Moody's and S&P ratings.
By itself, the Fund does not constitute a balanced investment plan. The Fund is designed for aggressive investors interested in the investment opportunities and income potential offered by foreign securities, longer-term bonds and lower-quality securities. The value of the Fund's investments and the income they generate will vary from day to day, generally reflecting changes in interest rates, market conditions, and other political and economic news. The Fund's performance may also depend on currency values, foreign economies, and other factors relating to foreign investments. The Fund's yield and share price will change based on changes in domestic or foreign interest rates, the value of foreign currencies, and issuers' creditworthiness.
The Fund is interest rate sensitive. Each asset category and , consequently, the net asset value per share (NAV) of the Fund is exposed to interest rate risk. The magnitude of interest rate fluctuations will generally be greater for securities with longer maturities , and it is anticipated that the Fund will invest in securities with longer maturities.
The Fund is non-diversified, which means that it may invest a greater portion of its assets in securities of a single issuer than would be the case if it were diversified. As a result, changes in the financial condition or market assessment of a single issuer could cause greater fluctuations in the Fund's share value than in the share value of a diversified fund.
8.INVESTMENT LIMITATIONS
The Fund has adopted the following investment limitations designed to help reduce investment risk. The policies and limitations discussed below, and in the Appendix beginning on page 23 are considered at the time of purchase. With the exception of the Fund's borrowing policy, the sale of portfolio securities is not required in the event of a subsequent change in circumstances.
1. DIVERSIFICATION. The Fund is non-diversified; however, to meet federal tax requirements for qualification as a "regulated investment company," the Fund limits its investments so that at the close of each quarter of its taxable year: (A) with regard to at least 50% of total assets, no more than 5% of total assets is invested in the securities of a single issuer, and (B) no more than 25% of total assets are invested in the securities of a single issuer.
2. BORROWING. The Fund (A) may borrow money solely for temporary or emergency purposes but not in an amount exceeding 33 1/3% of its total assets; (B) may borrow money only from banks or from other funds advised by FMR or its affiliates, or by engaging in reverse repurchase agreements; and (C) will not purchase securities when borrowings exceed 5% of its total assets. If the Fund borrows money, its share price may be subject to greater fluctuation until the borrowing is paid off. To this extent, purchasing securities when borrowings are outstanding may involve an element of leverage.

3. LENDING. The Fund will limit its loans, in the aggregate, to 33 1/3% of the Fund's total assets.
4. ILLIQUID SECURITIES. The Fund will not purchase a security if, as a result, more than 15% of its net assets would be invested in illiquid securities.
Except for the Fund's investment objective and limitations 2(a) and 3, the Fund's policies and limitations described in this Prospectus are non-fundamental and may be changed without shareholder approval.
9.HOW TO BUY SHARES
CLASS A SHARES
Class A shares are offered continuously to investors who engage an investment professional for investment advice, and may be purchased at the public offering price (POP) next determined after the transfer agent receives your order to purchase. State Street Bank and Trust Company (State Street or the Transfer Agent), P.O. Box 8302, Boston, Massachusetts 02266-8302, provides transfer and dividend paying services for Class A shares of the Fund.
The Class A POP is equal to the NAV plus a sales charge, which is a variable percentage of the POP depending upon the amount of the purchase. The table below shows total sales charges and concessions to securities dealers and banks (investment professionals) having Agreements with Distributors.
10.SALES CHARGES AND INVESTMENT PROFESSIONAL CONCESSIONS - CLASS A

	SALES CHARGE AS % OF OFFERING PRICE	SALES CHARGE AS % OF NET AMOUNT INVESTED	INVESTMENT PROFESSIONAL CONCESSION AS % OF OFFERING PRICE
Less than $50,000	4.75%	4.99%	4.00%
$50,000 to less than $100,000	4.50	4.71	4.00
$100,000 to less than $250,000	3.50	3.63	3.00
$250,000 to less than $500,000	2.50	2.56	2.00
$500,000 to less than $1,000,000	2.00	2.04	1.75
$1,000,000 or more	None	None	See Below*

* INVESTMENT PROFESSIONALS WILL BE COMPENSATED WITH A FEE OF .25% FOR PURCHASES OF $1 MILLION OR MORE, IF THE ASSETS ON WHICH THE .25% IS PAID REMAIN WITHIN THE FIDELITY ADVISOR FUNDS FOR ONE UNINTERRUPTED YEAR, EXCEPT FOR PURCHASES THROUGH A BANK OR BANK-AFFILIATED BROKER-DEALER THAT QUALIFY FOR A SALES CHARGE WAIVER DESCRIBED BELOW. ALL ASSETS ON WHICH THE .25% FEE IS PAID MUST REMAIN IN CLASS A SHARES OF THE FIDELITY ADVISOR FUNDS, INITIAL SHARES OF DAILY MONEY FUND, OR SHARES OF DAILY TAX-EXEMPT MONEY FUND FOR A PERIOD OF ONE UNINTERRUPTED YEAR OR THE INVESTMENT PROFESSIONAL WILL BE REQUIRED TO REFUND THIS FEE TO DISTRIBUTORS.
11.SALES CHARGE WAIVERS FOR CLASS A SHARES ONLY. Front-end sales charges do not apply to Class A shares of the Fund purchased:
(1) by registered representatives, bank trust officers and other employees (and their immediate families) of investment professionals having Agreements with Distributors;
(2) by a current or former Trustee or officer of a Fidelity fund or a current or retired officer, director or regular employee of FMR Corp. or its direct or indirect subsidiaries (a "Fidelity Trustee or employee"), the spouse of a Fidelity Trustee or employee, a Fidelity Trustee or employee acting as custodian for a minor child, or a person acting as trustee of a trust for the sole benefit of the minor child of a Fidelity Trustee or employee;
(3) by a charitable organization (as defined in Section 501(c)(3) of the Internal Revenue Code) investing $100,000 or more;
(4) by a charitable remainder trust or life income pool established for the

benefit of a charitable organization (as defined in Section 501(c)(3) of the Internal Revenue Code);
(5) by trust institutions (including bank trust departments) investing on their own behalf or on behalf of their clients;
(6) in accounts as to which a bank or broker-dealer charges an asset management fee, provided the bank or broker-dealer has an Agreement with Distributors;
(7) as part of an employee benefit plan having more than 200 eligible employees or a minimum of $1,000,000 invested in Fidelity Advisor Funds;
(8) in a Fidelity or Fidelity Advisor IRA account purchased with the proceeds of a distribution from (i) an employee benefit plan having more than 200 eligible employees or a minimum of $3,000,000 in plan assets invested in Fidelity mutual funds or $1,000,000 invested in Fidelity Advisor mutual funds, or (ii) an insurance company separate account qualifying under (9) below, or funding annuity contracts purchased by employee benefit plans which in the aggregate have at least $3,000,000 in plan assets invested in Fidelity mutual funds;
(9) by an insurance company separate account used to fund annuity contracts purchased by employee benefit plans which in the aggregate have more than 200 eligible employees or $1,000,000 invested in Fidelity Advisor mutual funds;
(10) by any state, county, city, or any governmental instrumentality, department, authority or agency; or
(11) with redemption proceeds from other mutual fund complexes on which the investor has paid a front-end sales charge only. (A Sales Charge Waiver Form must accompany these transactions.)
Qualification for front-end sales charge waivers must be cleared through Distributors. YOUR INVESTMENT PROFESSIONAL SHOULD CALL FIDELITY FOR MORE INFORMATION.
12.CLASS B SHARES
Class B shares are offered continuously to investors who engage an investment professional for investment advice and may be purchased at the NAV next determined after the transfer agent receives your order to purchase. Class B shares may be subject to a CDSC upon redemption. For more complete information on how the CDSC is calculated, see "How to Sell Shares," page . Investment professionals with which Distributors has Agreements receive a concession equal to 3.00% of your purchase as compensation. Fidelity Investments Institutional Operations Company (FIIOC or the Transfer Agent), 82 Devonshire Street, Boston, Massachusetts, 02109, an affiliate of FMR, provides transfer and dividend paying services for Class B shares of the Fund.
13.GENERAL INFORMATION
It is the responsibility of your investment professional to transmit your order to purchase shares to the applicable Transfer Agent before 4:00 p.m. Eastern time in order for you to receive that day's share price. The Transfer Agent must receive payment within five business days after an order is placed, otherwise, the purchase order may be canceled and you could be held liable for resulting fees and/or losses. Certificates for Class A shares will be issued only upon request. Certificates are not available for Class B shares.
All of your purchases must be made in U.S. dollars and checks must be drawn on U.S. banks. The Fund reserves the right to limit the number of your checks processed at one time. If your check does not clear, the Fund may cancel your purchase and you could be held liable for any fees and/or losses incurred. When you purchase directly by check, the Fund can hold the proceeds of redemptions until the Transfer Agent is reasonably satisfied that the purchase payment has been collected (which can take up to seven

calendar days). You may avoid a delay in receiving redemption proceeds by purchasing shares with a certified check. Shares of the Fund purchased through investment professionals utilizing an automated order placement and settlement system that guarantees payment for orders on a specified date, begin to earn income dividends on that date. Direct purchases and all other orders begin to earn dividends on the business day after the Fund receives payment.

The Fund and Distributors reserve the right to suspend the offering of shares for a period of time and to reject any order for the purchase of shares, including certain purchases by exchange (see "How to Exchange,'' page .)

You can open an account in either class of shares with a minimum initial investment of $2,500 by completing and returning an account application. You can make additional investments of $250 or more. PURCHASE AMOUNTS OF MORE THAN $250,000 WILL NOT BE ACCEPTED FOR CLASS B SHARES OF THE FUND. For tax-deferred retirement plans, including IRA accounts, there is a $500 minimum initial investment and a $100 subsequent investment minimum. For accounts established under the Fidelity Advisor Systematic Investment Program or the Fidelity Advisor Systematic Exchange Program, there is a $1,000 initial and $100 monthly subsequent investment minimum requirement. FOR FURTHER INFORMATION ON OPENING AN ACCOUNT, PLEASE CONSULT YOUR INVESTMENT PROFESSIONAL OR REFER TO THE ACCOUNT APPLICATION.

14.MINIMUM ACCOUNT BALANCE. You must maintain an account balance of $1,000 in Class A or Class B shares. If your account falls below $1,000 due to redemption of shares, the Transfer Agent may close it at the NAV (less any applicable CDSC for Class B shares) next determined on the day your account is closed and mail you the proceeds at the address shown on the Transfer Agent's records. The Transfer Agent will give you 30 days' notice that your account will be closed unless you make an investment to increase your account balance to the $1,000 minimum. The minimum account balance does not apply to IRA accounts.

15.INVESTOR SERVICES

You may initiate many transactions by telephone. The Transfer Agent may only be liable for losses resulting from unauthorized transactions if it does not follow reasonable procedures designed to verify the identity of the caller. The Transfer Agent will request personalized security codes or other information, and may also record calls. You should verify the accuracy of your confirmation statements immediately after you receive them. If you do not want the ability to sell (redeem) and exchange by telephone, call the Transfer Agent for instructions.

16.QUANTITY DISCOUNTS. Reduced front-end sales charges are applicable to purchases of Class A shares of the Fund in amounts of $50,000 or more alone or in combination with purchases and/or existing balances of Class A or Class B shares of other Fidelity Advisor Funds, Initial s hares or Class B shares of Daily Money Fund: U.S. Treasury Portfolio and shares of Daily Money Fund: Money Market Portfolio and Daily Tax-Exempt Money Fund ACQUIRED BY EXCHANGE FROM OTHER FIDELITY ADVISOR FUNDS. To obtain the reduction of the front-end sales charge, you or your investment professional must notify the Transfer Agent at the time of purchase whenever a quantity discount is applicable to your purchase. Upon such notification, you will receive the lowest applicable sales charge.

For purposes of qualifying for a reduction in sales charges under the Combined Purchase, Rights of Accumulation or Letter of Intent Programs, the following may qualify as an individual, or a "company" as defined in Section 2(a)(8) of the Investment Company Act of 1940 (1940 Act): an individual, spouse, and their children under age 21 purchasing for his, her, or their own account; a trustee, administrator or other fiduciary purchasing for a single trust estate or single fiduciary account or for a single or a parent-subsidiary group of "employee benefit plans" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974); and tax-exempt organizations as defined under Section 501(c)(3) of the Internal Revenue Code.

17.COMBINED PURCHASES. When you invest in Class A shares and Class B shares of the Fund for several accounts at the same time, you may combine these investments into a single transaction to qualify for the quantity discount on Class A shares if purchased through one investment professional, and if the total is at least $50,000.

18.RIGHTS OF ACCUMULATION. Your "Rights of Accumulation" permit reduced front-end sales charges on any future purchases of Class A shares after you have reached a new breakpoint in the sales charge schedule for Class A . You may add the value of currently held Fidelity Advisor Fund Class A and Class B shares, Initial shares or Class B shares of Daily Money Fund: U.S. Treasury Portfolio and shares of Daily Money Fund: Money Market Portfolio and Daily Tax-Exempt Money Fund ACQUIRED BY EXCHANGE FROM ANY FIDELITY ADVISOR FUND, determined at the current day's NAV at the close of business, to the amount of your new purchase valued at the current offering price to determine your reduced front-end sales charge.

19.LETTER OF INTENT. You may qualify for reduced front-end sales charges on purchases of Class A shares in amounts of at least $50,000 or more alone or in combination with Class A or Class B shares of other Fidelity Advisor Funds, Initial shares and Class B shares of Daily Money Fund: U.S. Treasury Portfolio, and shares of Daily Money Fund: Money Market Portfolio and Daily Tax-Exempt Money Fund ACQUIRED BY EXCHANGE FROM ANY FIDELITY ADVISOR FUND within a 13-month period by filing a non-binding Letter of Intent (the Letter) within 90 days of the start of the purchases. Each Class A investment you make after signing the Letter will be entitled to the sales charge applicable to the total investment indicated in the Letter. For example, a $2,500 purchase of Class A shares toward a $50,000 Letter would receive the same reduced sales charge as if the $50,000 had been invested at one time. To ensure that the reduced price will be received on future purchases, you or your investment professional must inform the Transfer Agent that the Letter is in effect each time Class A shares are purchased. Neither income dividends nor capital gain distributions taken in additional Class A or Class B shares will apply toward the completion of the Letter. Your initial investment must be at least 5% of the total amount you plan to invest. Out of the initial purchase, 5% of the dollar amount specified in the Letter will be registered in your name and held in escrow. The Class A shares held in escrow cannot be redeemed or exchanged until the Letter is satisfied or the additional sales charges have been paid. You will earn income dividends and capital gain distributions on escrowed Class A shares. The escrow will be released when your purchase of the total amount has been completed. You are not obligated to complete the Letter.

If you purchase more than the amount specified in the Letter and qualify for a further front-end sales charge reduction, the front-end sales charge will be adjusted to reflect your total purchase at the end of 13 months. Surplus funds will be applied to the purchase of additional Class A shares at the then current POP applicable to the total purchase.

If you do not complete your purchase under the Letter within the 13-month period, 30 days' written notice will be provided for you to pay the increased front-end sales charges due. Otherwise, sufficient escrowed Class A shares will be redeemed to pay such charges. For more information on the terms of quantity discounts, please consult your investment professional.

20.FIDELITY ADVISOR SYSTEMATIC INVESTMENT PROGRAM. You can make regular investments in Class A or Class B shares of the Fund with the Systematic

Investment Program by completing the appropriate section of the account application and attaching a voided personal check. Investments may be made monthly by automatically deducting $100 or more from your bank checking account. You may change the amount of your monthly purchase at any time. There is a $1,000 minimum initial investment requirement for the Systematic Investment Program. Class A shares will be purchased at the POP and Class B shares will be purchased at the NAV next determined following receipt of the investment by the Transfer Agent. You may cancel the Systematic Investment Program at any time without payment of a cancellation fee. You will receive a confirmation from the Transfer Agent for every transaction, and a debit entry will appear on your bank statement.

21.SHAREHOLDER COMMUNICATIONS

The Transfer Agent will send you a confirmation after every transaction that affects your share balance or your account registration. In addition, a consolidated statement will be provided at least quarterly. At least twice a year each shareholder will receive the Fund's financial statements, with a summary of its portfolio composition and performance. To reduce expenses, only one copy of most shareholder reports (such as the Fund's Annual Report) will be mailed to each shareholder address. Please write to the Transfer Agent or contact your investment professional if you need to have additional reports sent each time.

The Fund pays for these shareholder communications, but not for special services that are required by a few shareholders, such as a request for a historical transcript of an account. You may be required to pay a fee for such special services. If you are purchasing shares of the Fund through a program of administrative services offered by an investment professional, you should read the additional materials pertaining to that program in conjunction with this Prospectus. Certain features of the Fund, such as the minimum initial or subsequent investment, may be modified in these programs, and administrative charges may be imposed for the services rendered.

22.HOW TO EXCHANGE

An exchange is the redemption of a specific class of shares of one fund and the purchase of the same class of shares of another fund, each at the next determined NAV. The exchange privilege is a convenient way to buy and sell shares of other Fidelity Advisor Funds and certain Fidelity money market funds registered in your state. A CDSC WILL NOT APPLY TO CLASS B SHARES REDEEMED FOR EXCHANGE. The applicable CDSC for Class B shares purchased by exchange will be based on the date of acquisition of the originally purchased Class B shares and the initial cost of such originally purchased Class B shares.

To protect the Fund's performance and shareholders, FMR discourages frequent trading in response to short-term market fluctuations. The Fund reserves the right to refuse exchange purchases by any person or group if, in FMR's opinion, the Fund would be unable to invest effectively in accordance with its investment objective and policies, or would otherwise be affected adversely. Your exchanges may be restricted or refused if the Fund receives or anticipates receiving simultaneous orders affecting significant portions of the Fund's assets. In particular, a pattern of exchanges that coincides with a "market timing" strategy may be disruptive to the Fund and may be refused. Exchange restrictions may be imposed at any time. The Fund may modify or terminate the exchange privilege. The exchange limit may be modified for certain institutional retirement plans.

Exchange instructions may be given by you in writing or by telephone directly to the Transfer Agent or through your investment professional. If you choose to exchange by writing, you must send a letter of instruction with your signature guaranteed either directly to the Transfer Agent or to your investment professional, accompanied by either the certificates representing the shares to be redeemed or, if no certificates have been issued, by a stock power form with your signature guaranteed. FOR MORE INFORMATION ON ENTERING AN EXCHANGE TRANSACTION, PLEASE CONSULT YOUR INVESTMENT PROFESSIONAL.

Before you make an exchange:

1. Read the prospectus of the fund into which you want to exchange.
2. Shares may only be exchanged into the same class of shares of other Fidelity Advisor Funds or Fidelity money market funds, where applicable, after seven calendar days of purchase, at NAV (without a sales charge). Exchanges into Class A shares of the Fund from any eligible Fidelity money market fund will be processed at the next determined POP (unless the money market shares were acquired by exchange from Class A shares of another Fidelity Advisor Fund).
3. You may only exchange between accounts that are registered in the same name, address, and taxpayer identification number.
4. You may make four exchanges out of the Fund per calendar year. If you exceed this limit, your future purchases of (including exchanges into) Fidelity Advisor Funds may be permanently refused. For purposes of the four exchange limit, accounts under common ownership or control, including accounts having the same taxpayer identification number, will be aggregated. Systematic exchanges are not subject to this four exchange limit (see below).
5. TAXES: Any shares exchanged represent a sale for tax purposes. You may realize a capital gain or loss when you exchange shares. The Transfer Agent will send you or your investment professional a confirmation of each exchange transaction.

FIDELITY ADVISOR SYSTEMATIC EXCHANGE PROGRAM. You can exchange a specific dollar amount of Class A or Class B shares from the Fund into the same class of shares of another Fidelity Advisor Fund, Initial shares or Class B shares of Daily Money Fund: U.S. Treasury Portfolio or shares of Daily Money Fund: Money Market Portfolio and Daily Tax-Exempt Money Fund on a periodic basis under the following conditions:

1. The account from which the exchanges are to be processed must have a minimum balance of $10,000.
2. The account into which the exchanges are to be processed must be an existing account with a minimum balance of $1,000.
3. Both accounts must have identical registrations and taxpayer identification numbers. The minimum amount that can be exchanged systematically is $100.
4. Systematic exchanges will be processed at the NAV determined on the transaction date, except that systematic exchanges into Class A shares of the Fund from any eligible Fidelity money market fund will be processed at the POP next determined on the transaction date (unless the money market shares were acquired by exchange from Class A shares of another Fidelity Advisor Fund).

23.HOW TO SELL SHARES

You may sell (redeem) all or a portion of your shares of the Fund on any day the New York Stock Exchange (NYSE) is open, at the NAV next determined after the Transfer Agent receives your request to sell, less any applicable CDSC for Class B shares (see page 15). Orders to sell may be placed by you in writing, by telephone or through your investment professional. Orders to sell received by the Transfer Agent before 4:00 p.m. Eastern time will receive that day's share price. For orders to sell placed through your investment professional, it is the investment professional's responsibility to transmit such orders to the Transfer Agent by 4:00 p.m. Eastern time for you to receive that day's share price.

Once your shares are redeemed, the Fund normally will send the proceeds on the next business day to the address of record. If making immediate payment could adversely affect the Fund, the Fund may take up to seven days to pay you. The Fund may withhold redemption proceeds until it is reasonably satisfied that it has collected investments that were made by check (which can take up to seven calendar days).

When the NYSE is closed (or when trading is restricted) for any reason other than its customary weekend or holiday closings, or under any emergency circumstances as determined by the SEC to merit such action, the Fund may suspend redemption or postpone payment dates for more than seven days. The Transfer Agent requires additional documentation to sell shares registered in the name of a corporation, agent or fiduciary or a surviving joint owner. Please contact your investment professional for specific requirements.

24.REDEMPTION REQUESTS BY TELEPHONE:

TO RECEIVE A CHECK. You may sell shares of the Fund having a value of $100,000 or less from your account by calling the Transfer Agent. Redemption proceeds must be sent to the address of record listed on the account, and a change of address must not have occurred within the preceding 30 days.

TO RECEIVE A WIRE. You may sell shares of the Fund and have the proceeds wired to a pre-designated bank account. Wires will generally be sent the next business day following the redemption of shares from your account. Telephone redemptions cannot be processed for Fidelity Advisor Fund prototype retirement accounts where State Street Bank is the custodian.

REDEMPTION REQUESTS IN WRITING. For your protection, if you redeem shares of the Fund having a value of more than $100,000, if you are sending the proceeds of a redemption of any amount to an address other than the address of record listed on the account, if you have requested a change of address within the preceding 30 days, or if you wish to have the proceeds wired to a non-predesignated bank account, YOU MUST REDEEM IN WRITING. A letter of instruction signed by all registered owners with signature(s) guaranteed is required to be received by the Transfer Agent before the shares will be redeemed. However, if you choose to sell shares by written instruction, you must send a letter of instruction with your signature guaranteed either directly to the Transfer Agent or to your investment professional, accompanied by either the certificates representing the shares to be redeemed or, if no certificates have been issued, by a stock power form with your signature guaranteed. A signature guarantee is a widely recognized way to protect you by guaranteeing the signature on your request; it may not be provided by a notary public. Signature guarantee(s) will be accepted from banks, brokers, dealers, municipal securities dealers, municipal securities brokers, government securities dealers, government securities brokers, credit unions (if authorized under state law), national securities exchanges, registered securities associations, clearing agencies and savings associations.

REINSTATEMENT PRIVILEGE. If you have sold all or part of your Class A or Class B shares of the Fund you may reinvest an amount equal to all or a portion of the redemption proceeds in the same class of shares of the Fund , or in the same class of any of the other Fidelity Advisor Funds, at the NAV next determined after receipt of your investment order, provided that such reinvestment is made within 30 days of redemption. You must reinstate your Class A or Class B shares into an account with the same registration. No charge currently is made for reinstatement in Class A or Class B shares of the Fund. For Class B shares, the dollar amount of the CDSC you paid will be reimbursed to you by reinvesting that amount in Class B shares. This privilege may be exercised only once by a shareholder with respect to the Fund and certain restrictions may apply. For purposes of the CDSC schedule, the holding period of the reinstated Class B shares will continue as if Class B shares had not been redeemed.

FIDELITY ADVISOR SYSTEMATIC WITHDRAWAL PROGRAM. If you own Class A shares of the Fund worth $10,000 or more, you may periodically have proceeds sent automatically from your account to you, to a person named by you, or to your bank checking account. Your Systematic Withdrawal Program payments are drawn from Class A share redemptions. If Systematic Withdrawal Program redemptions exceed distributions earned on your Class A shares, your account eventually may be exhausted. Since a front-end sales charge is applied on new Class A shares you buy, it is to your disadvantage to buy Class A shares while also making systematic redemptions. You may obtain information about the Systematic Withdrawal Program by contacting your investment professional. THE SYSTEMATIC WITHDRAWAL PROGRAM IS NOT AVAILABLE FOR CLASS B SHARES.

CONTINGENT DEFERRED SALES CHARGE. Class B shares may, upon redemption, be assessed a CDSC based on the following schedule:

FROM DATE OF PURCHASE	CONTINGENT DEFERRED SALES CHARGE
Less than 1 year	4%
1 year to less than 3 years	3%
3 years to less than 4 years	2%
4 years to less than 5 years	1%
5 years to less than 6 years*	0%

* AFTER A MAXIMUM HOLDING PERIOD OF 6 YEARS, CLASS B SHARES WILL CONVERT AUTOMATICALLY TO CLASS A SHARES OF THE FUND. SEE "CONVERSION FEATURE" ON PAGE FOR MORE INFORMATION.

The CDSC will be calculated based on the lesser of the cost of Class B shares at the initial date of purchase or the value of Class B shares at redemption, not including any reinvested dividends or capital gains. In determining the applicability and rate of any CDSC at redemption, Class B shares representing reinvested dividends and capital gains, if any, will be redeemed first, followed by Class B shares that have been held for the longest period of time. Class B shares acquired through distributions (dividends or capital gains) will not be subject to a CDSC.

25.CONVERSION FEATURE. After a maximum holding period of 6 years from the initial date of purchase, Class B shares convert automatically to Class A shares of the Fund. Conversion to Class A shares will be made at NAV. At the time of conversion, a portion of the Class B shares purchased through the reinvestment of dividends or capital gains (Dividend Shares) will also convert to Class A shares. The portion of Dividend Shares that will convert is determined by the ratio of your converting Class B Non-Dividend Shares to your total Class B Non-Dividend Shares . (A portion of Class B shares that had been acquired previously by exchange also may convert, representing the appreciated value of, and/or reinvested dividends or capital gains earned on, Class B shares prior to their exchange.)

CONTINGENT DEFERRED SALES CHARGE WAIVERS. The CDSC may be waived (I) in cases of death or disability, provided that the redemption is made within one year following the death or initial determination of disability, or (II) in connection with a total or partial redemption made in connection with required distributions made after age 70 1/2 from retirement plans or accounts. For more complete information about the CDSC for Class B shares, including the Conversion Feature and the permitted circumstances for CDSC waivers, contact your investment professional.

26.DISTRIBUTION OPTIONS

When you fill out your account application, you may choose from four Distribution Options:

1. REINVESTMENT OPTION. Dividends and capital gain distributions will be automatically reinvested in additional Class A or Class B shares of the Fund. If you do not indicate a choice on your account application, you will be assigned this option.
2. INCOME-EARNED OPTION. Capital gain distributions will be automatically reinvested in Class A or Class B shares, as applicable, but a check will be sent for each dividend distribution.
3. CASH OPTION. A check will be sent for each dividend and capital gain distribution.
4. DIRECTED DIVIDENDS(registered trademark) PROGRAM. Dividends and capital gain distributions will be automatically invested in the same class of shares of another identically registered Fidelity Advisor Fund.

You may change your Distribution Option at any time by notifying the Transfer Agent in writing. Distribution checks for the Fund will be mailed no later than seven days after the last day of the month. On the day the Fund goes ex-dividend, the amount of the distribution is deducted from its share price. Reinvestment of distributions will be made at that day's NAV. If you select option 2 or 3 and the U.S. Postal Service cannot deliver your checks, or if your checks remain uncashed for six months, distribution checks will be reinvested in your account at the current NAV and your election may be converted to the Reinvestment Option. Class B shares acquired through distributions will not be subject to a CDSC.

27.DISTRIBUTIONS AND TAXES

DISTRIBUTIONS. The Fund distributes substantially all of its net investment income and capital gains, if any, to shareholders of each class each year. Income dividends are declared daily and paid monthly. Any net capital gains will normally be distributed in December and February.

The Fund's income dividends are based on the income it earns from its investments. Because some gains and losses from currency fluctuations are treated as increasing or reducing the Fund's income for tax purposes, the Fund may adjust its dividends to attempt to take such gains and losses into account, which may cause the Fund's dividends to vary. Undistributed net gains from currency transactions, if any, will generally be distributed as a separate dividend in December.

CAPITAL GAINS. You may realize a capital gain or loss when you sell (redeem) or exchange shares. For most types of accounts, the Fund will report the proceeds of your redemptions to you and the Internal Revenue Service (IRS) annually. However, because the tax treatment also depends on your purchase price and your personal tax position, YOU SHOULD KEEP YOUR REGULAR ACCOUNT STATEMENTS to use in determining your tax.

"BUYING A DIVIDEND." On the record date for a distribution from the Fund, the share price is reduced by the amount of the distribution. If you buy shares just before the record date (buying a dividend), you will pay the full price for the shares, and then receive a portion of the price back as a taxable distribution.

FEDERAL TAXES. Distributions from the Fund's income and short-term capital gains are taxed as dividends, and long-term capital gain distributions are taxed as long-term capital gains. Short-term capital gains and a portion of the gain on bonds with a market discount are taxed as dividends. Distributions are taxable when they are paid, whether you take them in cash or reinvest them in additional shares, except that distributions declared in December and paid in January are taxable as if paid on December 31. The Fund will send you a tax statement by January 31 showing the tax status of the distributions you received in the past year. A copy will be filed with the IRS. A portion of the Fund's dividends, if any, may qualify for the

dividends-received deduction for corporations.
If the Fund's dividends exceed its taxable income in any year, as a result of currency-related losses or otherwise, all or a portion of the Fund's dividends may be treated as a return of capital to shareholders for tax purposes. Returns of capital are not taxable, but will reduce the cost basis of your shares and may affect your capital gains or losses. Any returns of capital will be reported to you on the annual tax statement the Fund sends you in January. If you have received a return of capital distribution from the Fund, the distribution will generally be treated as reducing the cost basis of your shares, and should be taken into account in calculating gains and losses. Reductions in your cost basis will cause you to report a larger capital gain or smaller capital loss when you sell your shares.
EFFECT OF FOREIGN TAXES. The Fund may pay withholding or other taxes to foreign governments during the year. These taxes reduce the Fund's distributions, but would be included in the taxable income reported on your tax statement. You may be able to claim an offsetting tax credit or itemized deduction for foreign taxes paid by the Fund. Your tax statement will generally show the amount of foreign tax for which a credit or deduction will be available.
STATE AND LOCAL TAXES. Mutual fund dividends from U.S. government securities generally are free from state and local income taxes. However, particular states may limit this benefit, and some types of securities, such as repurchase agreements and some agency - backed securities, may not qualify for the benefit. Ginnie Maes and other mortgage backed securities are other notable exceptions in most states. Some states may impose intangible property taxes.
OTHER TAX INFORMATION. The information above is only a summary of some of the tax consequences generally affecting the Fund and its shareholders, and no attempt has been made to discuss individual tax consequences. In addition to federal tax, shareholders may be subject to state or local taxes on their investments. Investors should consult their tax advisors for details and up-to-date information on the tax laws in their state to determine whether the Fund is suitable to their particular tax situations.
When you sign your account application, you will be asked to certify that your social security or taxpayer identification number is correct and that you are not subject to 31% backup withholding for failing to report income to the IRS. If you violate IRS regulations, the IRS can require the Fund to withhold 31% of your taxable distributions and redemptions.
28.FEES
MANAGEMENT AND OTHER SERVICES. For managing its investments and business affairs, the Fund pays a monthly fee to FMR based on a basic fee rate, which is the sum of two components.
1. A group fee based on the monthly average net assets of all of the mutual funds advised by FMR. This fee for fixed-income funds cannot rise above .3700%, and it drops (to as low as a marginal rate of .1200%) as total assets in all of these funds rise.
2. An individual fund fee of . 45 %.
One-twelfth of the annual management fee rate is applied to the Fund's net assets averaged over the most recent month, giving a dollar amount which is the management fee for that month.
The Fund estimates that it will pay FMR a monthly management fee at an annual rate of . 61 % of its average net assets.
FMR may, from time to time, agree to reimburse the Fund for expenses (excluding interest, taxes, brokerage commissions, and extraordinary expenses) above a specified percentage of average net assets. FMR retains the ability to be repaid by the Fund for these expense reimbursements in

the amount that expenses fall below the limit prior to the end of the fiscal year. Fee reimbursements by FMR will increase each class' yield and total return, and repayment by the Fund will lower each class' yield and total return.
FMR has entered into sub-advisory agreements on behalf of the Fund. Sub-advisors provide research and investment advice and research services with respect to issuers based outside the United States and FMR may grant sub-advisors investment management authority to buy and sell securities if FMR believes it would be beneficial to the Fund.
The Fund has entered into sub-advisory agreements with Fidelity Management & Research (U.K.) Inc. (FMR U.K.) in London, England and Fidelity Management & Research (Far East) Inc. (FMR Far East) in Tokyo, Japan . FMR U.K. focuses primarily on issuers based in Europe, and FMR Far East focuses primarily on issuers based in Asia and the Pacific Basin. Under the sub-advisory agreements, FMR, not the Fund, pays FMR U.K. and FMR Far East fees equal to 110% and 105%, respectively, of each sub-advisor's costs incurred in connection with its sub-advisory agreement.
In addition, FMR on behalf of the Fund has entered into sub-advisory agreement s , with Fidelity International Investment Advisors (FIIA) in Pembroke, Bermuda and Fidelity Investments Japan Limited (FIJ) in Tokyo, Japan . FIIA and FIJ are both subsidiaries of Fidelity International Limited (FIL) in Pembroke, Bermuda . FIIA, in turn, has entered into a sub-advisory agreement with its wholly-owned subsidiary, Fidelity International Investment Advisors (U.K.) Limited (FIIAL U.K.) in Kent, England . Currently, FIIAL U.K. focuses on issuers based in countries other than the United States, including countries in Europe, Asia, and the Pacific Basin. Under the sub-advisory agreement s , FMR pays each of FIIA and FIJ 30% of its monthly management fee with respect to the average market value of investments held by the Fund for which FIJ and FIIA respectively have provided FMR with investment advice. FIIA, in turn, pays FIIAL U.K. a fee equal to 110% of FIIAL U.K.'s costs incurred in connection with providing investment advice and research services.
Each class of Fund shares pays the applicable Transfer Agent fees based on the type, size and number of accounts in the applicable class and the number of monetary transactions made by the shareholders of the applicable class.
Fidelity Service Co. (Service), 82 Devonshire Street, Boston, Massachusetts 02109, an affiliate of FMR, calculates the daily share price of each class of shares of the Fund, and maintains its general accounting records. Service also administers the Fund's securities lending program. The fees for pricing and bookkeeping services are based on the Fund's average net assets, but must fall within a range of $45,000 to $750,000 per year.
29.DISTRIBUTION AND SERVICE PLANS. The Board of Trustees of the Trust has adopted a Distribution and Service Plan on behalf of each class of shares of the Fund (the Plans) pursuant to Rule 12b-1 under the 1940 Act (the Rule). The Rule provides in substance that a mutual fund may not engage directly or indirectly in financing any activity that is intended primarily to result in the sale of shares of the Fund except pursuant to a plan adopted by the Fund under the Rule. The Board of Trustees has adopted the Plans to allow each class of shares of the Fund and FMR to incur certain expenses that might be considered to constitute direct or indirect payment of distribution expenses by that class. Under the Plans, each class is authorized to pay Distributors a monthly distribution fee as compensation for its services and expenses in connection with the distribution of shares of that class.
CLASS A. Class A is authorized to pay Distributors a monthly distribution

fee at an annual rate of .25% (the Board can approve a maximum rate of .40%) of Class A's average net assets determined as of the close of business on each day throughout the month. Investment professionals will be compensated at the rate of .25% for purchases of Class A shares of $1 million or more if the assets on which the .25% is paid remain in the Fidelity Advisor Funds for one uninterrupted year, or the investment professional will be required to refund this fee to Distributors. The fee will not be paid on purchases through a bank or bank-affiliated broker-dealers that qualify for a Sales Charge Waiver described on page . Up to the full amount of the distribution fee paid by Class A to Distributors may be reallowed to investment professionals based upon the level of marketing and distribution services provided. Also, investment professionals who provide enhanced inquiry, order entry and sales facilities in connection with transactions in Class A shares by their clients may receive an administrative fee up to the maximum applicable sales charge described in "Sales Charges and Investment Concessions" on page . The distribution fee may be increased only when, in the opinion of the Trustees, it is in the best interest of Class A shareholders to do so.
CLASS B. Class B is authorized to pay Distributors a monthly distribution fee at an annual rate of .75% of Class B's average net assets determined as of the close of business on each day throughout the month. In addition, pursuant to the Class B Plan, investment professionals are compensated at an annual rate of .25% of Class B's average net assets for providing ongoing shareholder support services to investors in Class B shares.

The distribution fee is an expense of each class of shares of the Fund in addition to each class's other expenses. Such fees will comply with the restrictions imposed by the NASD rule regarding asset based sales charges. Such expenses will reduce each class's net investment income, yield and total return.

Distributors will, at its expense, provide promotional incentives such as sales contests and luxury trips to investment professionals who support the sale of shares of the Fund. In some instances, these incentives will be offered only to certain types of investment professionals, such as bank-affiliated or non-bank affiliated broker-dealers, or to investment professionals whose representatives provide services in connection with the sale or expected sale of significant amounts of shares.

The Glass-Steagall Act generally prohibits federally and state chartered or supervised banks from engaging in the business of underwriting, selling or distributing securities. Although the scope of this prohibition under the Glass-Steagall Act has not been fully defined, in Distributors' opinion it should not prohibit banks from being paid for shareholder servicing and recordkeeping. If, because of changes in law or regulation, or because of new interpretations of existing law, a bank or the Fund were prevented from continuing these arrangements, it is expected that the Board would make other arrangements for these services and that shareholders would not suffer adverse financial consequences. In addition, state securities laws on this issue may differ from the interpretations of federal law expressed herein, and banks and other financial institutions may be required to register as dealers pursuant to state law.

30.VALUATION

Each class ' shares are valued separately at NAV. The NAV of each class is determined by adding the class' pro rata share of the value of all security holdings and other assets of the Fund, deducting the class' pro rata share of the Fund's liabilities, deducting the liabilities allocated to that class, and then dividing the result by the number of shares in that class that are outstanding.

NAV normally is calculated as of the close of business of the NYSE (normally 4:00 p.m. Eastern time). The Fund is open for business and NAV is calculated each day the NYSE is open for trading. Fund securities and other assets are valued primarily on the basis of market quotations furnished by pricing services, or if quotations are not available, by a method that the Board of Trustees believes accurately reflects fair value. Foreign securities are valued based on quotations from the primary market in which they are traded and are converted from the local currency into U.S. dollars using current exchange rates.

31.PERFORMANCE

Performance may be quoted in advertising in terms of total return. All performance information is historical and is not intended to indicate future performance. Share price and total return fluctuate in response to market conditions and other factors, and the value of each class of shares when sold may be worth more or less than their original cost. Each class' performance is affected by the expenses of that class; accordingly, performance may be different among the classes. E ach class will show its performance separately. TOTAL RETURN is the change in value of an investment in the Fund over a given period, assuming reinvestment of any dividends and capital gains. A CUMULATIVE TOTAL RETURN reflects actual performance over a stated period of time. An AVERAGE ANNUAL TOTAL RETURN is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. Average annual total returns smooth out variations in performance; they are not the same as actual year-by-year results. When a class quotes an average annual total return covering a period of less than one year, the calculation assumes the performance will remain constant for the rest of the year. Since this may or may not occur, these average annual total returns should be viewed as hypothetical returns rather than actual performance.

Performance may also be quoted in terms of yield. YIELD refers to the income generated by an investment in a class of shares of the Fund over a given period of time, expressed as an annual percentage rate. Yields are calculated according to a standard that is required for all stock and bond funds. Because yield calculations differ from other accounting methods, the quoted yield may not equal the income actually paid to shareholders. This difference may be significant for funds whose investments are denominated in foreign currencies. In calculating yield, the Fund may from time to time use a security's coupon rate instead of its yield to maturity in order to reflect the risk premium on that security. Each class may also quote its DISTRIBUTION RATE, which reflects that class' income dividends to its shareholders, divided by the POP for each day in a given period. This practice will have the effect of reducing each class' yield. Other illustrations of performance may show moving averages over specified periods.

For additional performance information, please contact your investment professional or Distributors for a free SAI.

32.PORTFOLIO TRANSACTIONS

The Fund's portfolio securities generally are traded in the over-the-counter market through broker-dealers. FMR chooses broker-dealers by judging professional ability and quality of service. A broker-dealer is a securities firm or bank which makes a market for securities by offering to buy at one price and sell at a slightly higher price. The difference is known as a spread. Foreign securities are normally traded in foreign countries since the best available market for foreign securities is often on foreign markets. In transactions on foreign stock exchanges, brokers' commissions are generally fixed and are often higher than in the United States, where commissions are negotiated. Since FMR, directly or through affiliated sub-advis o rs, places a large number of transactions, including those of Fidelity's other funds, the Fund pays lower commissions than those paid by individual investors, and broker-dealers are willing to work with the Fund on a more favorable spread.

The Fund has authorized FMR to allocate transactions to some broker-dealers who help distribute the Fund's shares or the shares of Fidelity's other funds to the extent permitted by law, and on an agency basis, to Fidelity Brokerage Services, Inc. (FBSI) and Fidelity Brokerage Services Ltd. (FBSL), affiliates of FMR. FMR will make such allocations if commissions are comparable to those charged by non-affiliated qualified broker-dealers for similar services.

FMR may also allocate brokerage transactions to the Fund's custodian, acting as a broker-dealer, or other broker-dealers, so long as transaction quality is comparable to that of other qualified broker-dealers, where the broker-dealer will allocate a portion of the commissions paid toward payment of each class' expenses. These expenses currently include transfer agent fees and custodian fees.

Higher commissions may be paid to those firms that provide research, valuation and other services to the extent permitted by law. FMR also is authorized to allocate brokerage transactions to FBSI in order to secure from FBSI research services produced by third party, independent entities. FMR may use this research information in managing the Fund's assets, as well as assets of other clients.

FMR may engage in short-term trading when it believes it is consistent with the Fund's investment objective. Also, a security may be sold and another of comparable quality simultaneously purchased to take advantage of what FMR believes to be a temporary disparity in the normal yield relationship of the two securities.

The frequency of portfolio transactions - the turnover rate - will vary from year to year depending on market conditions. The Fund's annualized portfolio turnover rate is not expected to exceed 200% for its first fiscal period ending December 31, 1994. Because a high portfolio turnover rate increases transaction costs and may increase taxable capital gains, FMR carefully weighs the anticipated benefits of short-term investing against these consequences.

33.THE TRUST AND THE FIDELITY ORGANIZATION

Fidelity Advisor Strategic Income Fund is a non-diversified fund of Fidelity Advisor Series VIII (the Trust) an open-end management investment company. The Trust was established as a Massachusetts Business Trust on September 23, 1983. The Trust's Board of Trustees supervises the Fund's activities and reviews the Fund's contractual arrangements with companies that provide the Fund with services. As a Massachusetts business trust, the Trust is not required to hold annual shareholder meetings, although special meetings may be called for a class of shares, the Fund or the Trust as a whole for purposes such as electing or removing Trustees, changing fundamental investment policies or limitations or approving a management contract or plan of distribution. As a shareholder you receive one vote for each share and fractional votes for fractional shares you own. Separate votes are taken by each class of shares or the Fund if a matter affects just that class of shares or the Fund in general, respectively.

Fidelity Investments is one of the largest investment management organizations in the United States and has its principal business address at 82 Devonshire Street, Boston, Massachusetts 02109. It includes a number of different companies that provide a variety of financial services and products. The Trust employs various Fidelity companies to perform certain activities required to operate the Fund.

FMR is the original Fidelity company founded in 1946. It provides a number

of mutual funds and other clients with investment research and portfolio management services. It maintains a large staff of experienced investment personnel and a full complement of related support facilities. As of August 31, 1994, FMR advised funds having approximately 20 million shareholder accounts with a total value of more than $ 250 billion. Distributors distributes shares of the Fidelity funds.
FMR Corp. is the ultimate parent company of FMR, FMR U.K. and FMR Far East . T hrough ownership of voting common stock, members of the Edward C. Johnson 3d family form a controlling group with respect to FMR Corp. Changes may occur in the Johnson family group, through death or disability, which would result in changes in each individual family members' holding of stock. Such changes could result in one or more family members becoming holders of over 25% of the stock. FMR Corp. has received an opinion of counsel that changes in composition of the Johnson family group under these circumstances would not result in the termination of the Fund's management or distribution contracts and, accordingly, would not require a shareholder vote to continue operation under those contracts. FIL is the ultimate parent company of FIIA, FIJ and FIIAL U.K. The Johnson family group also owns, directly or indirectly, more than 25% of the voting common stock of FIL.
Donald G. Taylor is manager of Fidelity Advisor Strategic Income Fund. He is vice president and manager of Fidelity Advisor Short Fixed-Income Fund , which he has managed since September 1989. Mr. Taylor also manages Short-Term Bond Fund , Spartan Short-Term Income Fund and VIP II: Investment Grade Bond Fund. In addition, he manages Income Plus for Fidelity International and serves as an assistant on Asset Manager: Income. Previously, he managed Corporate Trust, Qualified Dividend, VIP: Zero Coupon Bond and Utilities Income. Mr. Taylor joined Fidelity in 1986.
34.APPENDIX
The following paragraphs provide a brief description of securities in which the Fund may invest and transactions it may make. The Fund is not limited by this discussion, however, and may purchase other types of securities and enter into other types of transactions if they are consistent with the Fund's investment objective and policies.
ASSET-BACKED SECURITIES represent interests in pools of consumer loans (generally unrelated to mortgage loans) and most often are structured as pass-through securities. Interest and principal payments ultimately depend on payment of the underlying loans by individuals, although the securities may be supported by letters of credit or other credit enhancements.
T he value of asset-backed securities may also depend on the creditworthiness of the servicing agent for the loan pool, the originator of the loans, or the financial institution providing the credit enhancement.
The Fund may purchase units of beneficial interest in pools of purchase contracts, financing leases, and sales agreements entered into by municipalities. These municipal obligations may be created when a municipality enters into an installment purchase contract or lease with a vendor and may be secured by the assets purchased or leased by the municipality. However, except in very limited circumstances, there will be no recourse against the vendor if the municipality stops making payments. The market for tax-exempt asset-backed securities is still relatively new. These obligations are likely to involve unscheduled prepayments of principal.
CURRENCY MANAGEMENT. The relative performance of foreign currencies is an important factor in the Fund's performance. FMR may manage the Fund's exposure to various currencies to take advantage of different yield, risk,

and return characteristics that different currencies can provide for U.S. investors.

To manage exposure to currency fluctuations, the Fund may enter into currency exchange contracts (agreements to exchange one currency for another at a future date) or currency swap agreements, buy and sell options and futures contracts relating to foreign currencies, and purchase securities indexed to foreign currencies. The Fund will use currency exchange contracts in the normal course of business to lock in an exchange rate in connection with purchases and sales of securities denominated in foreign currencies. Other currency management strategies allow FMR to hedge portfolio securities, to shift investment exposure from one currency to another, or to attempt to profit from anticipated declines in the value of a foreign currency relative to the U.S. dollar. There is no limitation on the amount of the Fund's assets that may be committed to currency management strategies.

DELAYED-DELIVERY TRANSACTIONS. The Fund may buy and sell securities on a when-issued or delayed-delivery basis, with payment and delivery taking place at a future date. The market value of securities purchased in this way may change before the delivery date, which could increase fluctuations in the Fund's yield. Ordinarily, the Fund will not earn interest on the securities purchases until they are delivered.

EQUITY SECURITIES include common stocks, preferred stocks, convertible securities and warrants. While FMR believes that these types of investments present the possibility for significant capital appreciation over the long term, they also entail a high degree of risk. The prices of equities can fluctuate dramatically in response to company, market, economic or political news.

FOREIGN INVESTMENTS. Investment in foreign securities involves additional risks. Foreign securities and securities denominated in or indexed to foreign currencies may be affected by the strength of foreign currencies relative to the U.S. dollar, or by political or economic developments in foreign countries. Foreign companies may not be subject to accounting standards or governmental supervision comparable to U.S. companies, and there may be less public information about their operations. Foreign markets may be less liquid or more volatile than U.S. markets, and may offer less protection to investors. In addition to the political and economic factors that can affect foreign securities, a government issuer may be unwilling to repay principal and interest when due, and may require that the conditions for payment be renegotiated. These factors could make foreign investments, especially those in developing countries, more volatile. FMR considers these factors when making foreign investments.

The Fund may enter into currency forward contracts (agreements to exchange one currency for another at a future date) to manage currency risks and to facilitate transactions in foreign securities. Although currency forward contracts can be used to protect the Fund from adverse exchange rate changes, they involve a risk of loss if FMR fails to predict foreign currency values correctly.

FOREIGN REPURCHASE AGREEMENTS. The Fund may enter into repurchase agreements with respect to foreign securities and repurchase agreements denominated in foreign currencies. Foreign repurchase agreements may be less well secured than repurchase agreements in U.S. markets, and may involve greater risks of default.

ILLIQUID INVESTMENTS. Under the supervision of the Board of Trustees, FMR determines the liquidity of the Fund's investments. The absence of a trading market can make it difficult to ascertain a market value for illiquid investments. Disposing of illiquid investments may involve time-consuming negotiation and legal expenses, and it may be difficult or

impossible for the Fund to sell them promptly at an acceptable price.
INDEXED SECURITIES. The Fund may invest in indexed securities whose value is linked to currencies, interest rates, commodities, indices, or other financial indicators. Most indexed securities are short to intermediate term fixed-income securities whose values at maturity or interest rates rise or fall according to the change in one or more specified underlying instruments. Indexed securities may be positively or negatively indexed (i.e., their value may increase or decrease if the underlying instrument appreciates), and may have return characteristics similar to direct investments in the underlying instrument or to one or more options on the underlying instrument. Indexed securities may be more volatile than the underlying instrument.

LOANS AND OTHER DIRECT DEBT INSTRUMENTS are interests in amounts owed by a corporate, governmental or other borrower to another party. They may represent amounts owed to lenders or lending syndicates (loans and loan participations), to suppliers of goods or services (trade claims or other receivables), or to other parties. Direct debt instruments purchased by the Fund may have a maturity of any number of days or years, may be secured or unsecured, and may be of any credit quality. Direct debt instruments involve the risk of loss in case of default or insolvency of the borrower. Direct debt instruments may offer less legal protection to the Fund in the event of fraud or misrepresentation. In addition, loan participation's involve a risk of insolvency of the lending bank or other financial intermediary. Direct debt instruments also may include standby financing commitments that obligate the Fund to supply additional cash to the borrower on demand at a time when the Fund would not have otherwise done so, even if the borrower's condition makes it unlikely that the amount ever will be repaid.

MORTGAGE-BACKED SECURITIES. The Fund may purchase mortgage-backed securities issued by government and non-government entities such as banks, mortgage lenders, or other financial institutions. A mortgage-backed security may be an obligation of the issuer backed by a mortgage or pool of mortgages or a direct interest in an underlying pool of mortgages. Some mortgage-backed securities, such as collateralized mortgage obligations (CMOs) , make payments of both principal and interest at a variety of intervals; others make semiannual interest payments at a predetermined rate and repay principal at maturity (like a typical bond). Mortgage-backed securities are based on different types of mortgages including those on commercial real estate or residential properties. Other types of mortgage-backed securities will likely be developed in the future, and the Fund may invest in them if FMR determines they are consistent with the Fund's investment objective and policies.

The value of mortgage-backed securities may change due to shifts in the market's perception of issuers. In addition, regulatory or tax changes may adversely affect the mortgage securities market as a whole. Non-government mortgage-backed securities may offer higher yields than those issued by government entities, but also may be subject to greater price changes than government issues. Mortgage-backed securities are subject to prepayment risk. Prepayment, which occurs when unscheduled or early payments are made on the underlying mortgages, may shorten the effective maturities of these securities and may lower their total returns.

OPTIONS AND FUTURES CONTRACTS. The Fund may buy and sell options and futures contracts to manage its exposure to changing interest rates, security prices, and currency exchange rates. Some options and futures strategies, including selling futures, buying puts, and writing calls, tend to hedge the Fund's investment against price fluctuations. Other strategies, including buying futures, writing puts, and buying calls, tend to increase market exposure. Options and futures may be combined with each other or with forward contracts in order to adjust the risk and return characteristics of the overall strategy. The Fund may invest in options and futures based on any type of security, index, or currency, including options and futures traded on foreign exchanges and options not traded on exchanges.

Options and futures can be volatile investments, and involve certain risks. If FMR applies a hedge at an inappropriate time or judges market conditions incorrectly, options and futures strategies may lower the Fund's return. The Fund could also experience losses if the prices of its options and futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid secondary market.

The Fund will not hedge more than 25% of its total assets by selling futures, buying puts, and writing calls under normal conditions. In addition the Fund will not buy futures or write puts whose underlying value exceeds 25% of its total assets, and will not buy calls with a value exceeding 5% of its total assets. The Fund's policies regarding futures contracts and options may be changed at any time without shareholder approval.

REPURCHASE AGREEMENTS AND SECURITIES LOANS. In a repurchase agreement, the F und buys a security at one price and simultaneously agrees to sell it back at a higher price. The Fund may also make securities loans to broker-dealers and institutional investors, including FBSI. In the event of the bankruptcy of the other party to either a repurchase agreement or a securities loan, the Fund could experience delays in recovering its cash or the securities it lent. To the extent that, in the meantime, the value of the securities purchased had decreased or the value of the securities lent had increased, the Fund could experience a loss. In all cases, FMR must find the creditworthiness of the other party to the transaction satisfactory.

RESTRICTED SECURITIES. The Fund may purchase securities which cannot be sold to the public without registration under the Securities Act of 1933 (restricted securities). Unless registered for sale, these securities can only be sold in privately negotiated transactions or pursuant to an exemption from registration.

STRIPPED MORTGAGE-BACKED SECURITIES are created when a U.S. government agency or a financial institution separates the interest and principal components of a mortgage-backed security and sells them as individual securities. The holder of the "principal-only" security (PO) receives the principal payments made by the underlying mortgage-backed security, while the holder of the "interest-only" security (IO) receives interest payments from the same underlying security.

The price of stripped mortgage-backed securities may be particularly affected by changes in interest rates. As interest rates fall, prepayment rates tend to increase, which tends to reduce prices of IOs and increase prices of POs. Rising interest rates can have the opposite effect.

SWAP AGREEMENTS. As one way of managing its exposure to different types of investments, the Fund may enter into interest rate swaps, currency swaps, and other types of swap agreements such as caps, collars, and floors. In a typical interest rate swap, one party agrees to make regular payments equal to a floating interest rate times a "notional principal amount," in return for payments equal to a fixed rate times the same amount, for a specified period of time. If a swap agreement provides for payments in different currencies, the parties might agree to exchange the notional principal amount as well. Swaps may also depend on other prices or rates, such as the value of an index or mortgage prepayment rates.

In a typical cap or floor agreement, one party agrees to make payments only under specified circumstances, usually in return for payment of a fee by the other party. For example, the buyer of an interest rate cap obtains the right to receive payments to the extent that a specified interest rate exceeds an agreed-upon level, while the seller of an interest rate floor is obligated to make payments to the extent that a specified interest rate falls below an agreed-upon level. An interest rate collar combines elements of buying a cap and selling a floor.

Swap agreements will tend to shift the Fund's investment exposure from one type of investment to another. For example, if the Fund agreed to exchange payments in dollars for payments in foreign currency, the swap agreement would tend to decrease the Fund's exposure to U.S. interest rates and increase its exposure to foreign currency and interest rates. Caps and floors have an effect similar to buying or writing options. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Fund's investments and its share price and yield.

Swap agreements are sophisticated hedging instruments that typically involve a small investment of cash relative to the magnitude of risks assumed. As a result, swaps can be highly volatile and may have a considerable impact on the Fund's performance. Swap agreements are subject to risks related to the counterparty's ability to perform, and may decline in value if the counterparty's creditworthiness deteriorates. The Fund may also suffer losses if it is unable to terminate outstanding swap agreements or reduce its exposure through offsetting transactions.

VARIABLE OR FLOATING RATE OBLIGATIONS, including certain participation interests in municipal obligations, have interest rate adjustment formulas that help stabilize their market values. Many variable and floating rate obligations also carry demand features that permit t he Fund to sell them at par value plus accrued interest on short notice.

WARRANTS entitle the holder to buy equity securities at a specific price for a specified period of time. Warrants tend to be more volatile than their underlying securities. Also, the value of the warrant does not necessarily change with the value of the underlying securities and a warrant ceases to have value if it is not exercised prior to the expiration date.

ZERO COUPON BONDS. Zero coupon bonds do not make interest payments; instead, they are sold at a deep discount from their face value and are redeemed at face value when they mature. Because zero coupon bonds do not pay current income, their prices can be very volatile when interest rates change. In calculating its daily dividend, the Fund takes into account as income a portion of the difference between a zero coupon bond's purchase price and its face value.

A broker-dealer creates a DERIVATIVE ZERO by separating the interest and principal components of a U.S. Treasury security and selling them as two individual securities. CATS (Certificates of Accrual on Treasury Securities), TIGRs (Treasury Investment Growth Receipts), and TRs (Treasury Receipts) are examples of derivative zeros.

The Federal Reserve Bank creates STRIPS (Separate Trading of Registered Interest and Principal of Securities) by separating the interest and principal components of an outstanding U.S. Treasury bond and selling them as individual securities. Bonds issued by the Resolution Funding Corporation (REFCORP) and the Financing Corporation (FICO) can also be separated in this fashion. ORIGINAL ISSUE ZEROS are zero coupon securities originally issued by the U.S. government, a government agency, or a corporation in zero coupon form.

35.RATINGS

The descriptions that follow are examples of eligible ratings for the Fund.

The Fund may, however, consider the ratings for other types of investments and the ratings assigned by other rating organizations when determining the eligibility of a particular investment.

36.DESCRIPTION OF MOODY'S INVESTORS SERVICE, INC.'S CORPORATE BOND RATINGS:

AAA - Bonds rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

AA - Bonds rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.

A - Bonds rated A possess many favorable investment attributes and are to be considered as upper-medium-grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

BAA - Bonds rated Baa are considered as medium-grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

BA - Bonds rated Ba are judged to have speculative elements. Their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B - Bonds rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or maintenance of other terms of the contract over any long period of time may be small.

CAA - Bonds rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

CA - Bonds rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked short-comings.

C - Bonds rated C are the lowest-rated class of bonds and issued so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Moody's applies numerical modifiers, 1, 2, and 3, in each generic rating classification from Aa through B in its corporate bond rating system. The modifier 1 indicates that the security ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

37.DESCRIPTION OF STANDARD & POOR'S CORPORATION'S CORPORATE BOND RATINGS:

AAA - Debt rated AAA has the highest rating assigned by Standard & Poor's to a debt obligation. Capacity to pay interest and repay principal is extremely strong.

AA - Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher-rated issues only in small degree.

A - Debt rated A has a strong capacity to pay interest and repay principal,

although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions.
BBB - Debt rated BBB is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher-rated categories.
BB - Debt rate BB has less near-term vulnerability to default than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments.
B - Debt rated B has a greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial, or economic conditions will likely impair capacity or willingness to pay interest and repay principal. The B rating category is also used for debt subordinated to senior debt that is assigned an actual or implied BB- rating.
CCC - Debt rated CCC has a currently identifiable vulnerability to default, and is dependent upon favorable business, financial, and economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial, or economic conditions, it is not likely to have the capacity to pay interest and repay principal.
CC - Debt rated CC is typically applied to debt subordinated to senior debt which is assigned an actual or implied CCC debt rating.
C - The rating C is typically applied to debt subordinated to senior debt which is assigned an actual or implied CCC- debt rating. The C rating may be used to cover a situation where a bankruptcy petition has been filed but debt service payments are continued.
CI - The rating CI is reserved for income bonds on which no interest is being paid.
D - Debt rated D is in payment default. The D rating category is used when interest payments or principal payments are not made on the date due even if the applicable grace period has not expired, unless S&P believes that such payments will be made during such grace period. The D rating will also be used upon the filing of a bankruptcy petition if debt service payments are jeopardized.
The ratings from AA to CCC may be modified by the addition of a plus or minus to show relative standing within the major rating categories.
No dealer, sales representative or any other person has been authorized to give any information or to make any representations, other than those contained in this Prospectus and in the related SAI, in connection with the offer contained in this Prospectus. If given or made, such other information or representations must not be relied upon as having been authorized by the Fund or Distributors. This Prospectus and the related SAI do not constitute an offer by the Fund or by Distributors to sell or to buy shares of the Fund to any person to whom it is unlawful to make such offer.

FIDELITY ADVISOR STRATEGIC INCOME FUND: CLASS A
FIDELITY ADVISOR STRATEGIC INCOME FUND: CLASS B
A FUND OF FIDELITY ADVISOR SERIES VIII
STATEMENT OF ADDITIONAL INFORMATION
OCTOBER 17, 1994

This Statement of Additional Information is not a prospectus but should be read in conjunction with the current prospectus for Fidelity Advisor Strategic Income Fund (the Fund), dated October 17, 1994. The Fund offers Class A and Class B shares to retail investors. PLEASE RETAIN THIS DOCUMENT FOR FUTURE REFERENCE. Additional copies of the Prospectus and this SAI are available without charge upon request from Fidelity Distributors Corporation, 82 Devonshire Street, Boston, Massachusetts 02109, or from your investment professional.

NATIONWIDE 800-840-6333

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CUSTODIAN
The Bank of New York

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INVESTMENT POLICIES AND LIMITATIONS

The following policies and limitations supplement those set forth in the Prospectus. Unless otherwise noted, whenever an investment policy or limitation states a maximum percentage of the Fund's assets that may be invested in any security or other asset, or sets forth a policy regarding quality standards, such standard or percentage limitation will be determined immediately after and as a result of the Fund's acquisition of such security or other asset. Accordingly, any subsequent change in values, net assets or other circumstances will not be considered when determining whether the investment complies with the Fund's investment policies and limitations.

The Fund's fundamental investment policies and limitations cannot be changed without approval by a "majority of the outstanding voting securities" (as defined in the Investment Company Act of 1940 (1940 Act)) of the Fund. However, except for the fundamental investment limitations set forth below, the investment policies and limitations described in this SAI are not fundamental and may be changed without shareholder approval.

THE FOLLOWING ARE THE FUND'S FUNDAMENTAL INVESTMENT LIMITATIONS SET FORTH IN THEIR ENTIRETY. THE FUND MAY NOT:

(1) issue senior securities, except as permitted under the 1940 Act;

(2) borrow money, except that the Fund may borrow money for temporary or emergency purposes (not for leveraging or investment) in an amount not exceeding 33 1/3% of its total assets (including the amount borrowed) less liabilities (other than borrowings). Any borrowings that come to exceed this amount will be reduced within three days (not including Sundays and holidays) to the extent necessary to comply with the 33 1/3% limitation;

(3) underwrite securities issued by others except to the extent that the Fund may be considered to be an underwriter within the meaning of the Securities Act of 1933, in the disposition of restricted securities;

(4) purchase the securities of any issuer (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities) if, as a result, more than 25% of the Fund's total assets would be invested in the securities of companies whose principal business activities are in the same industry;

(5) purchase or sell real estate unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the Fund from investing in securities or other instruments backed by real estate or securities of companies engaged in the real estate business);

(6) purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the Fund from purchasing or selling options and futures contracts or from investing in securities or other instruments backed by physical commodities); or

(7) lend any security or make any other loan if, as a result, more than 33 1/3% of its total assets would be lent to other parties, but this limitation does not apply to purchases of debt securities or to repurchase agreements.

(8) The Fund may, notwithstanding any other fundamental investment policy or limitation, invest all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objectives, policies, and limitations as the Fund.

THE FOLLOWING INVESTMENT LIMITATIONS ARE NOT FUNDAMENTAL AND MAY BE CHANGED WITHOUT SHAREHOLDER APPROVAL:

(i) To meet federal tax requirements for qualification as a "regulated investment company," the Fund limits its investments so that at the close of each quarter of its taxable year: (a) with regard to at least 50% of total assets, no more than 5% of total assets is invested in the securities of a single issuer, and (b) no more than 25% of total assets is invested in the securities of a single issuer. Limitations (a) and (b) do not apply to "government securities" as defined for federal tax purposes.

(ii) The Fund does not currently intend to sell securities short, unless it owns or has the right to obtain securities equivalent in kind and amount to the securities sold short, and provided that transactions in futures contracts and options are not deemed to constitute selling securities short.

(iii) The Fund does not currently intend to purchase securities on margin, except that the Fund may obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(iv) The Fund may borrow money only (a) from a bank or from a registered investment company or portfolio for which FMR or an affiliate serves as investment adviser or (b) by engaging in reverse repurchase agreements with any party (reverse repurchase agreements are treated as borrowings for purposes of fundamental investment limitation (2)). The Fund will not purchase any security while borrowings representing more than 5% of its total assets are outstanding. The Fund will not borrow from other funds advised by FMR or its affiliates if total outstanding borrowings immediately after such borrowing would exceed 15% of the Fund's total assets.

(v) The Fund does not currently intend to purchase any security if, as a result, more than 15% of its net assets would be invested in securities that are deemed to be illiquid because they are subject to legal or contractual restrictions on resale or because they cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued.

(vi) The Fund does not currently intend to lend assets other than securities to other parties, except by (a) lending money (up to 7.5% of the Fund's net assets) to a registered investment company or portfolio for which FMR or an affiliate serves as investment adviser or (b) acquiring loans and loan participations or other forms of direct debt instruments and, in connection therewith, assuming any associated unfunded loan commitments of the sellers. (This limitation does not apply to purchases of debt securities or to repurchase agreements.)

(vii) The Fund does not currently intend to (a) purchase securities of other investment companies, except in the open market where no commission except the ordinary broker's commission is paid, or (b) purchase or retain securities issued by other open-end investment companies. Limitations (a) and (b) do not apply to securities as dividends, through offers of exchange, or as a result of a reorganization, consolidation, or merger.

(viii) The Fund does not currently intend to purchase the securities of any issuer if those officers and Trustees of the trust and those officers and directors of FMR who individually own more than 1/2 of 1% of the securities of such issuer together own more than 5% of such issuer's securities.

(ix) The Fund does not currently intend to purchase the securities of any issuer (other than securities issued or guaranteed by domestic or foreign governments or political subdivisions thereof) if, as a result, more than 5% of its total assets would be invested in the securities of business enterprises that, including predecessors, have a record of less than three years of continuous operation.

(x) The Fund does not currently intend to invest in oil, gas, or other mineral exploration or development programs or leases.

For the Fund's limitations on futures and options transactions, see the section entitled "Limitations on Futures and Options Transactions" beginning on page 10.

AFFILIATED BANK TRANSACTIONS. The Fund may engage in transactions with financial institutions that are, or may be considered to be, "affiliated persons" of the Fund under the 1940 Act. These transactions may include repurchase agreements with custodian banks; short-term obligations of, and repurchase agreements with, the 50 largest U.S. banks (measured by deposits); municipal securities; U.S. government securities with affiliated financial institutions that are primary dealers in these securities; short-term currency transactions; and short-term borrowings. In accordance with exemptive orders issued by the Securities and Exchange Commission (SEC), the Board of Trustees has established and periodically reviews procedures applicable to transactions involving affiliated financial institutions.

ASSET-BACKED SECURITIES consist of undivided fractional interests in pools of consumer loans (unrelated to mortgage loans) held in a trust or other vehicle. Payments of principal and interest are passed through to certificate holders and are typically supported by some form of credit enhancement, such as a letter of credit, surety bond, limited guaranty, or senior/subordination. The degree of credit enhancement varies, but generally amounts to only a fraction of the asset-backed security's par value until exhausted. If the credit enhancement is exhausted, certificate holders may experience losses or delays in payment if the required payments of principal and interest are not made to the trust with respect to the underlying loans. The value of these securities also may change because of changes in the market's perception of the creditworthiness of the servicing agent for the loan pool, the originator of the loans, or the financial institution providing the credit enhancement. Asset-backed securities are ultimately dependent upon payment of consumer loans by individuals, and the certificate holder generally has no recourse to the entity that originated the loans. The underlying loans are subject to prepayments which shorten the securities' weighted average life and may lower their return. (As prepayments flow through at par, total returns would be affected by the prepayments: if a security were trading at a premium, its total return would be lowered by prepayments, and if a security were trading at a discount, its total return would be increased by prepayments.)

FMR believes that collaterized mortgage obligations (CMOs), asset-backed securities and mortgage-backed securities are readily marketable based on the size of the market and the number of trades transacted each day.

For the purpose of determining the dollar-weighted average portfolio maturity of the Fund, the maturities of mortgage-backed securities and CMOs are determined on a "weighted average life" basis. The weighted average life of such securities is likely to be substantially shorter than principal prepayments. (The weighted average life is the average time in which principal is repaid; for a mortgage security, this average time is calculated by assuming a constant prepayment rate for the life of the mortgage.) The maturities of most of the other securities held by the Fund will be determined on a "stated final maturity" basis. (One exception would be extendible notes.)

THE FUND'S RIGHTS AS A SHAREHOLDER. The Fund does not intend to direct or administer the day-to-day operations of any company. The Fund, however, may exercise its rights as a shareholder and may communicate its views on important matters of policy to management, the board of directors, and other shareholders of a company when FMR determines that such matters could have a significant effect on the value of the Fund's investment in the company. The activities that the Fund may engage in, either individually or in conjunction with others, may include, among others, supporting or opposing proposed changes in a company's corporate structure or business activities; seeking changes in a company's directors or management; seeking changes in company's direction or policies; seeking the sale or reorganization of the company or a portion of its assets; or supporting or opposing third-party takeover efforts. This area of corporate activity is increasingly prone to litigation and it is possible that the Fund could be involved in lawsuits related to such activities. FMR will monitor such activities with a view to mitigating, to the extent possible, the risk of litigation against the Fund and the risk of actual liability if the Fund is involved in litigation. No guarantee can be made, however, that litigation against the Fund will not be undertaken or liabilities incurred.

DELAYED-DELIVERY TRANSACTIONS. The Fund may buy and sell securities on a delayed-delivery or when-issued basis. These transactions involve a commitment by the Fund to purchase or sell specific securities at a predetermined price or yield, with payment and delivery taking place after the customary settlement period for that type of security (and more than seven days in the future). Typically, no interest accrues to the purchaser until the security is delivered. The Fund may receive fees for entering into delayed-delivery transactions.

When purchasing securities on a delayed-delivery basis, the Fund assumes the rights and risks of ownership, including the risk of price and yield fluctuations. Because the Fund is not required to pay for securities until the delivery date, these risks are in addition to the risks associated with the Fund's other investments. If the Fund remains substantially fully invested at a time when delayed-delivery purchases are outstanding, the delayed-delivery purchases may result in a form of leverage. When delayed-delivery purchases are outstanding, the Fund will set aside appropriate liquid assets in a segregated custodial account to cover its purchase obligations. When the Fund has sold a security on a delayed-delivery basis, the Fund does not participate in further gains or losses with respect to the security. If the other party to a delayed-delivery transaction fails to deliver or pay for the securities, the Fund could miss a favorable price or yield opportunity, or could suffer a loss.

The Fund may renegotiate delayed-delivery transactions after they are entered into, and may sell underlying securities before they are delivered, which may result in capital gains or losses.

FOREIGN INVESTMENTS. Investing in securities issued by companies or other issuers whose principal activities are outside the United States may involve significant risks in addition to the risks inherent in U.S. investments. The value of securities denominated in foreign currencies and of dividends and interest paid with respect to such securities will fluctuate based on the relative, strength of the U.S. dollar. In addition, there is generally less publicly available information about foreign issuers financial condition and operations, particularly those not subject to the disclosure and reporting requirements of the U.S. securities laws. Foreign issuers are generally not bound by uniform accounting, auditing, and financial reporting requirements and standards of practice comparable to those applicable to U.S. issuers. Further, economies of particular countries or areas of the world may differ favorably or unfavorably from the economy of the United States.

Investing abroad also involves different political and economic risks. Foreign investments may be affected by actions of foreign governments adverse to the interests of U.S. investors, including the possibility of expropriation or nationalization of assets, confiscatory taxation, restrictions on U.S. investment or on the ability to repatriate assets or convert currency into U.S. dollars, or other government intervention. There may be a greater possibility of default by foreign governments or foreign government-sponsored enterprises. Investments in foreign countries also involve a risk of local political, economic, or social instability, military action or unrest, or adverse diplomatic developments. There is no assurance that FMR will be able to anticipate these potential events or counter their effects. The considerations noted above generally are intensified for investments in developing countries. Developing countries may have relatively unstable governments, economies based on only a few industries, and securities markets that trade a small number of securities. Foreign markets may offer less protection to investors than U.S. markets. It is anticipated that in most cases the best available market for foreign securities will be on exchanges or in over-the-counter markets located outside of the United States. Foreign stock markets, while growing in volume and sophistication, are generally not as developed as those in the United States, and securities of some foreign issuers (particularly those located in developing countries) may be less liquid and more volatile than securities of comparable U.S. issuers. Foreign security trading practices, including those involving securities settlement where Fund assets may be released prior to receipt of payment, may expose the Fund to increased risk in the event of a failed trade or the insolvency of a foreign broker-dealer, and may involve substantial delays. In addition, the costs of foreign investing, including withholding taxes, brokerage commissions and custodial costs, are generally higher than for U.S. investors. In general, there is less overall governmental supervision and regulation of securities exchanges, brokers and listed companies than in the United States. It may also be difficult to enforce legal rights in foreign countries.

The Fund may invest in foreign securities that impose restrictions on transfer within the United States or to U.S. persons. Although securities subject to such transfer restrictions may be marketable abroad, they may be less liquid than foreign securities of the same class that are not subject to such restrictions.

The Fund may invest in American Depository Receipts and European Depository Receipts (ADRs and EDRs), which are certificates evidencing ownership of shares of a foreign-based issuer held in trust by a bank or similar financial institution. Designed for use in U.S. and European securities markets, respectively, ADRs and EDRs are alternatives to the purchase of the underlying securities in their national markets and currencies.

FOREIGN CURRENCY TRANSACTIONS. The Fund may conduct foreign currency transactions on a spot (i.e., cash) basis or by entering into forward contracts to purchase or sell foreign currencies at a future date and price. The Fund will convert currency on a spot basis from time to time, and investors should be aware of the costs of currency conversion. Although foreign exchange dealers generally do not charge a fee for conversion, they do realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency to the Fund at one rate, while offering a lesser rate of exchange should the Fund desire to resell that currency to the dealer. Forward contracts are generally traded in an interbank market conducted directly between currency traders (usually large commercial banks) and their customers. The parties to a forward contract may agree to offset or terminate the contract before its maturity, or may hold the contract to maturity and complete the contemplated currency exchange.

The Fund may use currency forward contracts for any purpose consistent with its investment objective. The following discussion summarizes principal currency management strategies involving forward contracts that could be used by the Fund. The Fund may also use swap agreements, index securities, and options and futures contracts relating to foreign currencies for the same purposes.

When the Fund agrees to buy or sell a security denominated in a foreign currency, it may desire to "lock in" the U.S. dollar price of the security. By entering into a forward contract for the purchase or sale, for a fixed amount of U.S. dollars, of the amount of foreign currency involved in the underlying security transaction, the Fund will be able to protect itself against an adverse change in foreign currency values between the date the security is purchased or sold and the date on which payment is made or received. This technique is sometimes referred to as a "settlement hedge" or "transaction hedge." The Fund may also enter into forward contracts to purchase or sell a foreign currency in anticipation of future purchases or sales of securities denominated in foreign currency, even if the specific investments have not yet been selected by FMR.

The Fund may also use forward contracts to hedge against a decline in the value of existing investments denominated in foreign currency. For example, if the Fund owned securities denominated in pounds sterling, the Fund could enter into a forward contract to sell pounds sterling in return for U.S. dollars to hedge against possible declines in the pound's value. Such a hedge, sometimes referred to as a "position hedge," would tend to offset both positive and negative currency fluctuations, but would not offset changes in security values caused by other factors. The Fund could also hedge the position by selling another currency expected to perform similarly to the pound sterling -- for example, by entering into a forward contract to sell Deutschemarks or European Currency Units in return for U.S. dollars. This type of hedge, sometimes referred to as a "proxy hedge," could offer advantages in terms of cost, yield or efficiency, but generally will not hedge currency exposure as effectively as a simple hedge into U.S. dollars. Proxy hedges may result in losses if the currency used to hedge does not perform similarly to the currency in which the hedged securities are denominated.

The Fund may enter into forward contracts to shift its investment exposure from one currency into another. This may include shifting exposure from U.S. dollars to a foreign currency, or from one foreign currency to another foreign currency. For example, if the Fund held investments denominated in Deutschemarks, the Fund could enter into forward contracts to sell Deutschemarks and purchase Swiss Francs. This type of strategy, sometimes known as a "cross-hedge," will tend to reduce or eliminate exposure to the currency that is sold, and increase exposure to the currency that is purchased, much as if the Fund had sold a security denominated in one currency and purchased an equivalent security denominated in another. Cross-hedges protect against losses resulting from a decline in the hedged currency, but will cause the Fund to assume the risk of fluctuations in the value of the currency it purchases.

Under certain conditions, SEC guidelines require mutual funds to set aside appropriate liquid assets in a segregated custodial account to cover currency forward contracts. As required by the SEC guidelines, the Fund will segregate assets to cover currency forward contracts, if any, whose purpose is essentially speculative. The Fund will not segregate assets to cover forward contracts entered into for hedging purposes, including settlement hedges, position hedges, and proxy hedges.

Successful use of currency management skills will depend on FMR's skill in analyzing and predicting currency values. Currency management strategies may substantially change the Fund's investment exposure to changes in currency exchange rates, and could result in losses to the Fund if currencies do not perform as FMR anticipates. For example, if a currency's value rose at a time when FMR had hedged the Fund by selling that currency in exchange for dollars, the Fund would be unable to participate in the currency's appreciation. If FMR hedges currency exposure through proxy hedges, the Fund could realize currency losses from the hedge and the security position at the same time if the two currencies do not move in tandem. Similarly, if FMR increases the Fund's exposure to a foreign currency, and that currency's value declines, the Fund will realize a loss. There is no assurance that FMR's use of currency management strategies will be advantageous to the Fund or that it will hedge at an appropriate time.

ILLIQUID INVESTMENTS are investments that cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued. Under the supervision of the Board of Trustees, FMR determines the liquidity of the Fund's investments and, through reports from FMR, the Board monitors investments in illiquid instruments. In determining the liquidity of the Fund's investments, FMR may consider various factors including (1) the frequency of trades and quotations, (2) the number of dealers and prospective purchasers in the marketplace, (3) dealer undertakings to make a market, (4) the nature of the security (including any demand or tender features) and (5) the nature of the marketplace for trades (including the ability to assign or offset the Fund's rights and obligations relating to the investment). Investments currently considered by the Fund to be illiquid include repurchase agreements not entitling the holder to payment of principal and interest within seven days, over-the-counter options and non-government stripped fixed-rate mortgage-backed securities. Also, FMR may determine some restricted securities, government stripped fixed-rate mortgage-backed securities, loans and other direct debt instruments, emerging markets securities, and swap agreements to be illiquid. However, with respect to over-the-counter options the Fund writes, all or a portion of the value of the underlying instrument may be illiquid depending on the assets held to cover the option and the nature and terms of any agreement the Fund may have to close out the option before expiration. In the absence of market quotations, illiquid investments are priced at fair value as determined in good faith by a committee appointed by the Board of Trustees. If through a change in values, net assets or other circumstances, the Fund were in a position where more than 15% of its net assets were invested in illiquid securities, it would seek to take appropriate steps to protect liquidity.

INDEXED SECURITIES. The Fund may purchase securities whose prices are indexed to the prices of other securities, securities indices, currencies, precious metals or other commodities, or other financial indicators. Indexed securities typically, but not always, are debt securities or deposits whose value at maturity or coupon rate is determined by reference to a specific instrument or statistic. Gold-indexed securities, for example, typically provide for a maturity value that depends on the price of gold, resulting in a security whose price tends to rise and fall together with gold prices. Currency-indexed securities typically are short-term to intermediate-term debt securities whose maturity values or interest rates are determined by reference to the values of one or more specified foreign currencies, and may offer higher yields than U.S. dollar-denominated securities of equivalent issuers. Currency-indexed securities may be positively or negatively indexed; that is, their maturity value may increase when the specified currency value increases, resulting in a security that performs similarly to a foreign denominated instrument, or their maturity value may decline when foreign currencies increase, resulting in a security whose price characteristics are similar to a put on the underlying currency. Currency-indexed securities may also have prices that depend on the values of a number of different foreign currencies relative to each other.

The performance of indexed securities depends to a great extent on the performance of the security, currency, or other instrument to which they are indexed, and may also be influenced by interest rate changes in the United States and abroad. At the same time, indexed securities are subject to the credit risks associated with the issuer of the security, and their values may decline substantially if the issuer's creditworthiness deteriorates. Recent issuers of indexed securities have included banks, corporations, and certain U.S. government agencies. Indexed securities may be more volatile than the underlying instruments.

LOANS AND OTHER DIRECT DEBT INSTRUMENTS. Direct debt instruments are interests in amounts owed by a corporate, governmental, or other borrower to lenders or lending syndicates (loans and loan participations), to suppliers of goods or services (trade claims or other receivables), or to other parties. Direct debt instruments are subject to the Fund's policies regarding the quality of debt securities.

Purchasers of loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the borrower for payment of principal and interest. Direct debt instruments may not be rated by any nationally recognized rating service. If the Fund does not receive scheduled interest or principal payments on such indebtedness, the Fund's share price and yield could be adversely affected. Loans that are fully secured offer the Fund more protections than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan would satisfy the borrower's obligation, or that the collateral could be liquidated. Indebtedness of borrowers whose creditworthiness is poor involves substantially greater risks and may be highly speculative. Borrowers that are in bankruptcy or restructuring may never pay off their indebtedness, or may pay only a small fraction of the amount owed. Direct indebtedness of developing countries also involves a risk that the governmental entities responsible for the repayment of the debt may be unable, or unwilling, to pay interest and principal when due.

Investments in loans through direct assignment of a financial institution's interests with respect to a loan may involve additional risks to the Fund. For example, if a loan is foreclosed, the Fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, the Fund could be held liable as a co-lender. Direct debt instruments may also involve a risk of insolvency of the lending bank or other intermediary. Direct debt instruments that are not in the form of securities may offer less legal protection to the Fund in the event of fraud or misrepresentation. In the absence of definitive regulatory guidance, the Fund relies on FMR's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the Fund.

A loan is often administered by a bank or other financial institution that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. Unless, under the terms of the loan or other indebtedness, the Fund has direct recourse against the borrower, it may have to rely on the agent to apply appropriate credit remedies against a borrower. If assets held by the agent for the benefit of the Fund were determined to be subject to the claims of the agent's general creditors, the Fund might incur certain costs and delays in realizing payment on the loan or loan participation and could suffer a loss

of principal or interest.
Direct indebtedness purchased by the Fund may include letters of credit, revolving credit facilities, or other standby financing commitments obligating the Fund to pay additional cash on demand. These commitments may have the effect of requiring the Fund to increase its investment in a borrower at a time when it would not otherwise have done so. The Fund will set aside appropriate liquid assets in a segregated custodial account to cover its potential obligations under standby financing commitments.
The Fund limits the amount of total assets that it will invest in issuers within the same industry (see limitation (4)). For purposes of this limitation, the Fund generally will treat the borrower as the "issuer" of indebtedness held by the Fund. In the case of loan participations where a bank or other lending institution serves as financial intermediary between the Fund and the borrower, if the participation does not shift to the Fund the direct debtor-creditor relationship with the borrower, SEC interpretations require the Fund, in appropriate circumstances, to treat both the lending bank or other lending institution and the borrower as "issuers" for the purposes of determining whether the Fund has invested more than 5% of its total assets in a single issuer. Treating a financial intermediary as an issuer of indebtedness may restrict the Fund's ability to invest in indebtedness related to a single financial intermediary, or a group of intermediaries engaged in the same industry, even if the underlying borrowers represent many different companies and industries.
MORTGAGE-BACKED SECURITIES. The Fund may purchase mortgage-backed securities issued by government and non-government entities such as banks, mortgage lenders, or other financial institutions. A mortgage-backed security may be an obligation of the issuer backed by a mortgage or pool of mortgages or a direct interest in an underlying pool of mortgages. Some mortgage-backed securities, such as collateralized mortgage obligations, or CMOs, make payments of both principal and interest at a variety of intervals; others make semiannual interest payments at a predetermined rate and repay principal at maturity (like a typical bond). Mortgage-backed securities are based on different types of mortgages including those on commercial real estate or residential properties. Other types of mortgage-backed securities will likely be developed in the future, and the Fund may invest in them if FMR determines they are consistent with the Fund's investment objective and policies.
The value of mortgage-backed securities may change due to shifts in the market's perception of issuers. In addition, regulatory or tax changes may adversely affect the mortgage securities market as a whole. Non-government mortgage-backed securities may offer higher yields than those issued by government entities, but also may be subject to greater price changes than government issues. Mortgage-backed securities are subject to prepayment risk. Prepayment, which occurs when unscheduled or early payments are made on the underlying mortgages, may shorten the effective maturities of these securities and may lower their total returns.
STRIPPED MORTGAGE-BACKED SECURITIES are created when a U.S. government agency or a financial institution separates the interest and principal components of a mortgage-backed security and sells them as individual securities. The holder of the "principal-only" security (PO) receives the principal payments made by the underlying mortgage-backed security, while the holder of the "interest-only" security (IO) receives interest payments from the same underlying security.
The prices of stripped mortgage-backed securities may be particularly affected by changes in interest rates. As interest rates fall, prepayment rates tend to increase, which tends to reduce prices of IOs and increase prices of POs. Rising interest rates can have the opposite effect.

REPURCHASE AGREEMENTS. In a repurchase agreement, the Fund purchases a security and simultaneously commits to resell that security to the seller at an agreed-upon price. The resale price reflects the purchase price plus an agreed-upon incremental amount which is unrelated to the coupon rate or maturity of the purchased security. A repurchase agreement involves the obligation of the seller to pay the agreed-upon resale price, which obligation is in effect secured by the value (at least equal to the amount of the agreed-upon resale price and marked to market daily) of the underlying security. The Fund may engage in repurchase agreements with respect to any type of security in which it is authorized to invest (except that the security may have a maturity in excess of 397 days). While it does not presently appear possible to eliminate all risks from these transactions (particularly the possibility of a decline in the market value of the underlying securities, as well as delay and costs to the Fund in connection with bankruptcy proceedings), it is the Fund's current policy to limit repurchase agreement transactions to those parties whose creditworthiness has been reviewed and found satisfactory by FMR.

FOREIGN REPURCHASE AGREEMENTS. Foreign repurchase agreements may include agreements to purchase and sell foreign securities in exchange for fixed U.S. dollar amounts, or in exchange for specified amounts of foreign currency. Unlike typical U.S. repurchase agreements, foreign repurchase agreements may not be fully collateralized at all times, i.e., the value of the security purchased by the Fund may be more or less than the price at which the counterparty has agreed to repurchase the security. In the event of a default by the counterparty, the Fund may suffer a loss if the value of the security purchased is less than the agreed-upon repurchase price, or if the Fund is unable to successfully assert a claim to the collateral under foreign laws. As a result, foreign repurchase agreements may involve higher credit risks than repurchase agreements in U.S. markets, as well as risks associated with currency fluctuations. In addition, as with other emerging market investments, repurchase agreements with counterparties located in emerging markets or relating to emerging market securities may involve issuers or counterparties with lower credit ratings than typical U.S. repurchase agreements.

REVERSE REPURCHASE AGREEMENTS. In a reverse repurchase agreement, the Fund sells a portfolio instrument to another party, such as a bank or broker-dealer, in return for cash and agrees to repurchase the instrument at a particular price and time. While a reverse repurchase agreement is outstanding, the Fund will maintain appropriate liquid assets in a segregated custodial account to cover its obligation under the agreement. The Fund will enter into reverse repurchase agreements only with parties whose creditworthiness has been found satisfactory by FMR. Such transactions may increase fluctuations in the market value of the Fund's assets and may be viewed as a form of leverage.

RESTRICTED SECURITIES generally can be sold in privately negotiated transactions, pursuant to an exemption from registration under the Securities Act of 1933, or in a registered public offering. Where registration is required, the Fund may be obligated to pay all or part of the registration expense and a considerable period may elapse between the time it decides to seek registration and the time the Fund may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, the Fund might obtain a less favorable price than prevailed when it decided to seek registration of the security.

SECURITIES LENDING. The Fund may lend securities to parties such as broker-dealers or institutional investors, including Fidelity Brokerage Services, Inc. (FBSI). FBSI is a member of the New York Stock Exchange

(NYSE) and a subsidiary of FMR Corp.

Securities lending allows the Fund to retain ownership of the securities loaned and, at the same time, to earn additional income. Since there may be delays in the recovery of loaned securities, or even a loss of rights in collateral supplied should the borrower fail financially, loans will be made only to parties deemed by FMR to be of good standing. Furthermore, they will only be made if, in FMR's judgment, the consideration to be earned from such loans would justify the risk.

FMR understands that it is the current view of the SEC Staff that the Fund may engage in loan transactions only under the following conditions: (1) the Fund must receive 100% collateral in the form of cash or cash equivalents (e.g., U.S. Treasury bills or notes) from the borrower; (2) the borrower must increase the collateral whenever the market value of the securities loaned (determined on a daily basis) rises above the value of the collateral; (3) after giving notice, the Fund must be able to terminate the loan at any time; (4) the Fund must receive reasonable interest on the loan or a flat fee from the borrower, as well as amounts equivalent to any dividends, interest, or other distributions on the securities loaned and to any increase in market value; (5) the Fund may pay only reasonable custodian fees in connection with the loan; and (6) the Board of Trustees must be able to vote proxies on the securities loaned, either by terminating the loan or by entering into an alternative arrangement with the borrower.

Cash received through loan transactions may be invested in any security in which the Fund is authorized to invest. Investing this cash subjects that investment, as well as the security loaned, to market forces (i.e., capital appreciation or depreciation).

SWAP AGREEMENTS. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Fund's exposure to long- or short-term interest rates (in the United States or abroad), foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Fund is not limited to any particular form of swap agreement if FMR determines it is consistent with the Fund's investment objective and policies.

In a typical cap or floor agreement, one party agrees to make payments only under specified circumstances, usually in return for payment of a fee by the other party. For example, the buyer of an interest rate cap obtains the right to receive payments to the extent that a specified interest rate exceeds an agreed-upon level, while the seller of an interest rate floor is obligated to make payments to the extent that a specified interest rate falls below an agreed-upon level. An interest rate collar combines elements of buying a cap and selling a floor.

Swap agreements will tend to shift the Fund's investment exposure from one type of investment to another. For example, if the Fund agreed to exchange payments in dollars for payments in foreign currency, the swap agreement would tend to decrease the Fund's exposure to U.S. interest rates and increase its exposure to foreign currency and interest rates. Caps and floors have an effect similar to buying or writing options. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Fund's investments and its share price and yield.

The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, or other factors that determine the amounts of payments due to and from the Fund. If a swap agreement calls for payments by the Fund, the Fund must be prepared to make such payments when due. In addition, if the counterparty's creditworthiness declined, the value of a swap agreement would be likely to decline, potentially resulting in losses. The Fund expects to be able to reduce its exposure under swap agreements either by assignment or other disposition, or by entering into an offsetting swap agreement with the same party or a similarly creditworthy party.

The Fund will maintain appropriate liquid assets in a segregated custodial account to cover its current obligations under swap agreements. If the Fund enters into a swap agreement on a net basis, it will segregate assets with a daily value at least equal to the excess, if any, of the Fund's accrued obligations under the swap agreement over the accrued amount the Fund is entitled to receive under the agreement. If the Fund enters into a swap agreement on other than a net basis, it will segregate assets with a value equal to the full amount of the Fund's accrued obligations under the agreement.

WARRANTS. The Fund may invest in warrants which entitle the holder to buy equity securities at a specific price for a specific period of time. Warrants may be considered more speculative then certain other types of investments in that they do not entitle a holder to dividends or voting rights with respect to the securities which may be purchased, nor do they represent any rights in the assets of the issuing company. The value of a warrant may be more volatile than the value of the securities underlying the warrants. Also, the value of the warrant does not necessarily change with the value of the underlying securities and a warrant ceases to have value if it is not exercised prior to the expiration date.

LIMITATIONS ON FUTURES AND OPTIONS TRANSACTIONS. The Fund intends to file a notice of eligibility for exclusion from the definition of the term "commodity pool operator" with the Commodity Futures Trading Commission (CFTC) and the National Futures Association, which regulate trading in the futures markets, before engaging in any purchases or sales of futures contracts or options on futures contracts. The Fund intends to comply with Rule 4.5 under the Commodity Exchange Act which limits the extent to which the Fund can commit assets to initial margin deposits and option premiums.

In addition, the Fund will not: (a) sell futures contracts, purchase put options, or write call options if, as a result, more than 25% of the Fund's total assets would be hedged with futures and options under normal conditions; (b) purchase futures contracts or write put options if, as a result, the Fund's total obligations upon settlement or exercise of purchased futures contracts and written put options would exceed 25% of its total assets; or (c) purchase call options if, as a result, the current value of option premiums for call options purchased by the Fund would exceed 5% of the Fund's total assets. These limitations do not apply to options attached to or acquired or traded together with their underlying securities, and do not apply to securities that incorporate features similar to options.

The above limitations on the Fund's investments in futures contracts and options, and the Fund's policies regarding futures contracts and options discussed elsewhere in this SAI, may be changed as regulatory agencies permit.

FUTURES CONTRACTS. When the Fund purchases a futures contract, it agrees to purchase a specified underlying instrument at a specified future date. When the Fund sells a futures contract, it agrees to sell the underlying instrument at a specified future date. The price at which the purchase and sale will take place is fixed when the Fund enters into the contract. Some currently available futures contracts are based on specific securities, such as U.S. Treasury bonds or notes, and some are based on indices of securities prices, such as the Standard & Poor's Composite Index of 500 Stocks (S&P 500) and the Bond Buyer Municipal Bond Index. Futures can be held until their delivery dates, or can be closed out before then if a liquid secondary market is available.

The value of a futures contract tends to increase and decrease in tandem with the value of its underlying instrument. Therefore, purchasing futures contracts will tend to increase the Fund's exposure to positive and negative price fluctuations in the underlying instrument, much as if it had purchased the underlying instrument directly. When the Fund sells a futures contract, by contrast, the value of its futures position will tend to move in a direction contrary to the market. Selling futures contracts, therefore, will tend to offset both positive and negative market price changes, much as if the underlying instrument had been sold.

FUTURES MARGIN PAYMENTS. The purchaser or seller of a futures contract is not required to deliver or pay for the underlying instrument unless the contract is held until the delivery date. However, both the purchaser and seller are required to deposit "initial margin" with a futures broker, known as a futures commission merchant (FCM), when the contract is entered into. Initial margin deposits are typically equal to a percentage of the contract's value. If the value of either party's position declines, that party will be required to make additional "variation margin" payments to settle the change in value on a daily basis. The party that has a gain may be entitled to receive all or a portion of this amount. Initial and variation margin payments do not constitute purchasing securities on margin for purposes of the Fund's investment limitations. In the event of the bankruptcy of an FCM that holds margin on behalf of the Fund, the Fund may be entitled to return of margin owed to it only in proportion to the amount received by the FCM's other customers, potentially resulting in losses to the Fund.

PURCHASING PUT AND CALL OPTIONS. By purchasing a put option, the Fund obtains the right (but not the obligation) to sell the option's underlying instrument at a fixed strike price. In return for this right, the Fund pays the current market price for the option (known as the option premium). Options have various types of underlying instruments, including specific securities, indices of securities prices, and futures contracts. The Fund may terminate its position in a put option it has purchased by allowing it to expire or by exercising the option. If the option is allowed to expire, the Fund will lose the entire premium it paid. If the Fund exercises the option, it completes the sale of the underlying instrument at the strike price. The Fund may also terminate a put option position by closing it out in the secondary market at its current price, if a liquid secondary market exists.

The buyer of a typical put option can expect to realize a gain if security prices fall substantially. However, if the underlying instrument's price does not fall enough to offset the cost of purchasing the option, a put buyer can expect to suffer a loss (limited to the amount of the premium paid, plus related transaction costs).

The features of call options are essentially the same as those of put options, except that the purchaser of a call option obtains the right to purchase, rather than sell, the underlying instrument at the option's strike price. A call buyer typically attempts to participate in potential price increases of the underlying instrument with risk limited to the cost of the option if security prices fall. At the same time, the buyer can expect to suffer a loss if security prices do not rise sufficiently to offset the cost of the option.

WRITING PUT AND CALL OPTIONS. When the Fund writes a put option, it takes the opposite side of the transaction from the option's purchaser. In return for receipt of the premium, the Fund assumes the obligation to pay the strike price for the option's underlying instrument if the other party to the option chooses to exercise it. When writing an option on a futures contract, the Fund will be required to make margin payments to an FCM as described above for futures contracts. The Fund may seek to terminate its position in a put option it writes before exercise by closing out the option in the secondary market at its current price. If the secondary market is not liquid for a put option the Fund has written, however, the Fund must continue to be prepared to pay the strike price while the option is outstanding, regardless of price changes, and must continue to set aside assets to cover its position.

If security prices rise, a put writer would generally expect to profit, although its gain would be limited to the amount of the premium it received. If security prices remain the same over time, it is likely that the writer will also profit, because it should be able to close out the option at a lower price. If security prices fall, the put writer would expect to suffer a loss. This loss should be less than the loss from purchasing the underlying instrument directly, however, because the premium received for writing the option should mitigate the effects of the decline.

Writing a call option obligates the Fund to sell or deliver the option's underlying instrument, in return for the strike price, upon exercise of the option. The characteristics of writing call options are similar to those of writing put options, except that writing calls generally is a profitable strategy if prices remain the same or fall. Through receipt of the option premium, a call writer mitigates the effects of a price decline. At the same time, because a call writer must be prepared to deliver the underlying instrument in return for the strike price, even if its current value is greater, a call writer gives up some ability to participate in security price increases.

COMBINED POSITIONS. The Fund may purchase and write options in combination with futures or forward contracts, to adjust the risk and return characteristics of its overall position. For example, the Fund may purchase a put option and write a call option on the same underlying instrument, in order to construct a combined position whose risk and return characteristics are similar to selling a futures contract. Another possible combined position would involve writing a call option at one strike price and buying a call option at a lower price, in order to reduce the risk of the written call option in the event of a substantial price increase. Because combined options positions involve multiple trades, they result in higher transaction costs and may be more difficult to open and close out.

CORRELATION OF PRICE CHANGES. Because there are a limited number of types of exchange-traded options and futures contracts, it is likely that the standardized contracts available will not match the Fund's current or anticipated investments exactly. The Fund may invest in options and futures contracts based on securities with different issuers, maturities, or other characteristics from the securities in which it typically invests, which involves a risk that the options or futures position will not track the performance of the Fund's other investments.

Options and futures prices can also diverge from the prices of their underlying instruments, even if the underlying instruments match the Fund's investments well. Options and futures prices are affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying instrument, and the time remaining until expiration of the contract, which may not affect security prices the same way. Imperfect correlation may also result from differing levels of demand in the options and futures markets and the securities markets, from structural differences in how options and futures and securities are traded, or from imposition of daily price fluctuation limits or trading halts. The Fund may purchase or sell options and futures contracts with a greater or lesser value than the securities it wishes to hedge or intends to purchase in order to attempt to compensate for differences in volatility between the contract and the securities, although this may not be successful in all cases. If price changes in the Fund's options or futures positions are poorly correlated with its other investments, the positions may fail to produce anticipated gains or result in losses that are not offset by gains in other investments.

LIQUIDITY OF OPTIONS AND FUTURES CONTRACTS. There is no assurance a liquid secondary market will exist for any particular options or futures contract at any particular time. Options may have relatively low trading volume and liquidity if their strike prices are not close to the underlying instrument's current price. In addition, exchanges may establish daily price fluctuation limits for options and futures contracts, and may halt trading if a contract's price moves upward or downward more than the limit in a given day. On volatile trading days when the price fluctuation limit is reached or a trading halt is imposed, it may be impossible for the Fund to enter into new positions or close out existing positions. If the secondary market for a contract is not liquid because of price fluctuation limits or otherwise, it could prevent prompt liquidation of unfavorable positions, and potentially could require the Fund to continue to hold a position until delivery or expiration regardless of changes in its value. As a result, the Fund's access to other assets held to cover its options or futures positions could also be impaired.

OTC OPTIONS. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter (OTC) options (not traded on exchanges) generally are established through negotiation with the other party to the option contract. While this type of arrangement allows the Fund greater flexibility to tailor an option to its needs, OTC options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

OPTIONS AND FUTURES RELATING TO FOREIGN CURRENCIES. Currency futures contracts are similar to forward currency exchange contracts, except that they are traded on exchanges (and have margin requirements) and are standardized as to contract size and delivery date. Most currency futures contracts call for payment or delivery in U.S. dollars. The underlying instrument of a currency option may be a foreign currency, which generally is purchased or delivered in exchange for U.S. dollars, or may be a futures contract. The purchaser of a currency call obtains the right to purchase the underlying currency, and the purchaser of a currency put obtains the right to sell the underlying currency.

The uses and risks of currency options and futures are similar to options and futures relating to securities or indices, as discussed above. The Fund may purchase and sell currency futures and may purchase and write currency options to increase or decrease its exposure to different foreign currencies. The Fund may also purchase and write currency options in conjunction with each other or with currency futures or forward contracts. Currency futures and options values can be expected to correlate with exchange rates, but may not reflect other factors that affect the value of the Fund's investments. A currency hedge, for example, should protect a Yen-denominated security from a decline in the Yen, but will not protect the Fund against a price decline resulting from deterioration in the issuer's creditworthiness. Because the value of the Fund's foreign-denominated investments changes in response to many factors other than exchange rates, it may not be possible to match the amount of currency options and futures to the value of the Fund's investments exactly over time.

ASSET COVERAGE FOR FUTURES AND OPTIONS POSITIONS. The Fund will comply with guidelines established by the SEC with respect to coverage of options and futures strategies by mutual funds, and if the guidelines so require will set aside appropriate liquid assets in a segregated custodial account in the amount prescribed. Securities held in a segregated account cannot be sold while the futures or option strategy is outstanding, unless they are replaced with other suitable assets. As a result, there is a possibility that segregation of a large percentage of the Fund's assets could impede portfolio management or the Fund's ability to meet redemption requests or other current obligations.

SHORT SALES. The Fund may enter into short sales with respect to stocks underlying its convertible security holdings. For example, if FMR anticipates a decline in the price of the stock underlying a convertible security the Fund holds, it may sell the stock short. If the stock price subsequently declines, the proceeds of the short sale could be expected to offset all or a portion of the effect of the stock's decline on the value of the convertible security. The Fund currently intends to hedge no more than 15% of its total assets with short sales on equity securities underlying its convertible security holdings under normal circumstances. When the Fund enters into a short sale, it will be required to set aside securities equivalent in kind and amount to those sold short (or securities convertible or exchangeable into such securities) and will be required to continue to hold them aside while the short sale is outstanding. The Fund will incur transaction costs, including interest expense, in connection with opening, maintaining, and closing short sales.

SPECIAL CONSIDERATIONS AFFECTING LATIN AMERICA

Latin America is a region rich in natural resources such as oil, copper, tin, silver, iron ore, forestry, fishing, livestock, and agriculture. The region has a large population (roughly 300 million) representing a large series of markets. Economic growth was strong in the 1960s and 1970s, but slowed dramatically in the 1980s as a result of poor economic policies, higher international interest rates and the denial of access to new foreign capital. Capital flight has proven a persistent problem and external debt has been forcibly rescheduled. Political turmoil, high inflation, capital export or repatriation restrictions, and nationalization have further exacerbated economic conditions.

Changes in political leadership, the implementation of market oriented economic policies, such as privatization, trade reform, and fiscal and monetary reform are among the recent steps taken to renew economic growth. External debt is being restructured and flight capital (domestic capital that has left the home country) has begun to return. Inflation control efforts have also been implemented. Free trade zones are being discussed in various areas around the region, the most notable being a free zone recently approved among Mexico, the United States, and Canada. Latin American equity markets can be extremely volatile and in the past have shown little correlation with the U.S. market. Currencies are typically weak, but most are now relatively free floating, and it is not unusual for the currencies to undergo wide fluctuations in value over short periods of time due to changes in the market.

Mexico's economy is a mixture of state-owned industrial plants (notably oil), private manufacturing and services, and both large-scale and traditional agriculture. In the 1980s, Mexico experienced severe economic difficulties: the nation accumulated large external debts as world petroleum prices fell; rapid population growth outstripped the domestic food supply; and inflation, unemployment, and pressures to emigrate became more acute. Growth in national output however appears to be recovering, rising from 1.4% in 1988 to 3.9% in 1990. The United States is Mexico's major trading partner, accounting for two-thirds of its exports and imports. In fact, the United States now exports more goods to Mexico than Japan. After petroleum, border assembly plants and tourism are the largest earners of foreign exchange. The government, in consultation with international economic agencies, is implementing programs to stabilize the economy and foster growth, and strongly supported the recent free trade agreement with the United States and Canada as a means to foster growth.

Brazil entered the 1990s with declining real growth, runaway inflation, an unserviceable foreign debt of $122 billion, and a lack of policy direction. A major long-run strength is Brazil's natural resources. Iron ore, bauxite, tin, gold, and forestry products make up some of Brazil's basic natural resource base, which includes some of the largest mineral reserves in the world. A vibrant private sector is marred by an inefficient public sector. The government has embarked on an ambitious reform program that seeks to modernize and reinvigorate the economy by stabilizing prices, deregulating the economy, and opening the economy to increased foreign competition. Privitization of certain industries has been proposed and is proceeding slowly. In terms of population, Brazil is the sixth largest in the world with about 155 million people and represents a huge domestic market.

Chile, like Brazil, is endowed with considerable mining resources, in particular copper. Economic reform has been ongoing in Chile for at least 15 years, but political democracy has only recently returned to Chile. Privatization of the public sector beginning in the early 1980s has bolstered the equity market. A well-organized pension system has created a long-term domestic investor base.

Argentina is strong in wheat production and other foodstuffs and livestock ranching. A well-educated and skilled population boasts one of the highest literacy rates in the region. The country has been ravaged by decades of extremely high inflation and political instability. Recent attempts by the present political regime to slow inflation and rationalize government spending appear to be meeting with some success. Privatization is ongoing and should reduce the amount of external debt outstanding. External debt has grown to $60 billion, creating severe debt servicing difficulties and hurting the country's creditworthiness with international lenders.

Venezuela has substantial oil reserves. External debt is being renegotiated, and the government is implementing economic reform in order to reduce the size of the public sector. Internal gasoline prices, which are one-third those of international prices, are being increased in order to reduce subsidies. Plans for privatization and exchange and interest rate liberalization are examples of recently introduced reforms.

SPECIAL CONSIDERATIONS AFFECTING THE PACIFIC BASIN

Thailand has one of t he fastest growing stock markets in the world.

On February 23, 1991, the military staged its 17th coup since the overthrow of the absolute monarchy in 1932. The newly appointed government quickly focused on the economy and enacted major tax revisions, slashing personal income tax and reducing taxes on imports. Most significantly it pushed through a 7% value added tax. Released from political consideration by the coup, the Bank of Thailand was finally able to implement a monetary tightening. As a result, interest rates rose and Gross Domestic Product (GDP) declined to 7.7% from 10% the previous year. These changes contributed to the stock market's poor performance, but have positioned Thailand for continued strong economic growth. Deterioration of infrastructure may limit future growth.

Hong Kong's impending return to Chinese dominion in 1997 has dampened its economic growth which was vigorous in the 1980s. However, authorities in Beijing have agreed to maintain a capitalist system in Hong Kong for 50 years, which, along with Hong Kong's continued economic growth, continued to further strong stock market returns. In preparation for 1997, Hong Kong has continued to develop trade with China, where it is the largest foreign investor, while also maintaining its long-standing export relationship with the United States. Spending on infrastructure improvements is a significant priority of the colonial government while the private sector continues to diversify abroad based on its position as an established international trade center in the Far East.

In terms of Gross National Product (GNP), industrial standards, and level of education, South Korea is second only to Japan in Asia. It enjoys the benefits of a diversified economy with well-developed sectors in electronics, automobiles, textiles and shoe manufacturing, steel and shipbuilding, among others. The driving force behind the economy's dynamic growth has been the planned development of an export-oriented economy in a vigorously entrepreneurial society. Real GNP grew about 7.5% in 1991. Labor unrest was noticeably calmer, unemployment averaged a low of 2.3%, and investment was strong. Inflation rates, however, are beginning to challenge South Korea's strong economic performance. Moreover, the international situation between South and North Korea continues to be uncertain.

Indonesia is a mixed economy with many socialist institutions and central planning but with a recent emphasis on deregulation and private enterprise. Financial markets in Indonesia are characterized by less disclosure of information, more thinly capitalized issuers, and less frequent trading than in more developed markets. Like Thailand, Indonesia has extensive natural wealth, yet with a large and rapidly increasing population, it remains a poor country. Agriculture, including forestry and fishing, is an important sector, accounting for 21% of GDP and over 50% of the labor force. Once the world's largest rice importer, Indonesia is now nearly self-sufficient.

The Malaysian economy continues to perform well growing at an average annual rate of 9% from 1987 through 1991. This placed Malaysia as one of the fastest growing economics in the Asian-Pacific region. Malaysia has become the world's third-largest producer of semiconductor devices (after the United States and Japan) and the world's largest exporter of semiconductor devices. More remarkable is the country's ability to achieve rapid economic growth with relative price stability (2% inflation over the past five years) as the government followed prudent fiscal/monetary policies. Malaysia's high export dependence level leaves it vulnerable to a recession in the Organization for Economic Cooperation and Development countries or a fall in world commodity prices. Moreover, Malaysia's infrastructure may need significant improvement to support additional growth.

Singapore has an open entrepreneurial economy with strong service and manufacturing sectors and excellent international trading links derived from its entrepot history. During the 1970s and the early 1980s, the economy expanded rapidly, achieving an average annual growth rate of 9%. Per capita GDP is among the highest in Asia. Singapore holds a position as a major oil refining and services center.

SPECIAL CONSIDERATIONS AFFECTING EUROPE

Most Eastern European nations, including Hungary, Poland, the Czech Republic, Slovakia, and Romania have had centrally planned, socialist economies since shortly after World War II. A number of their governments, including those of Hungary, the Czech Republic, and Poland are currently implementing or considering reforms directed at political and economic liberalization, including efforts to foster multi-party political systems, decentralize economic planning, and move toward free market economies. At present, no Eastern European country has a developed stock market, but Poland, Hungary, and the Czech Republic have small securities markets in operation. Ethnic and civil conflict currently rage throughout the former Yugoslavia. The outcome is uncertain.

Both the European Union (EU) and Japan, among others, have made overtures to establish trading arrangements and assist in the economic development of the Eastern European nations. A great deal of interest also surrounds opportunities created by the reunification of East and West Germany. Following reunification, Germany remains a firm and reliable member of the EU and numerous other international alliances and organizations. To reduce inflation caused by the unification of East and West Germany, Germany has adopted a tight monetary policy which has led to weakened exports and a reduced domestic demand for goods and services. However, in the long-term, reunification could prove to be an engine for domestic and international growth.

The conditions that have given rise to these developments are changeable, and there is no assurance that reforms will continue or that their goals will be achieved.

Portugal is a genuinely emerging market which has experienced rapid growth since the mid-1980s, except for a brief period of stagnation over 1990-91. Portugal's government remains committed to privatization of the financial system away from one dependent upon the banking system to a more balanced structure appropriate for the requirements of a modern economy. Inflation continues to be about three times the EC average.

Economic reforms launched in the 1980s continue to benefit Turkey in the 1990s. Turkey's economy has grown steadily since the early 1980s, with real growth in per capita GDP increasing more than 6% annually. Agriculture remains the most important economic sector, employing approximately 55% of the labor force, and accounting for nearly 20% of GDP and 20% of exports. Inflation and interest rates remain high, and a large budget deficit will continue to cause difficulties in Turkey's substantial transformation from a centrally controlled to a free market economy.

Like many other Western economies, Greece suffered severely from the global oil price hikes of the 1970s, with annual GDP growth plunging from 8% to 2% in the 1980s, and inflation, unemployment, and budget deficits rising sharply. The fall of the socialist government in 1989 and the inability of the conservative opposition to obtain a clear majority have led to business uncertainty and the continued prospects for flat economic performance. Once Greece has sorted out its political situation, it will have to face the challenges posed by the steadily increasing integration of the EU, including the progressive lowering of trade and investment barriers. Tourism continues as a major industry, providing a vital offset to a sizable commodity trade deficit.

SPECIAL CONSIDERATIONS AFFECTING AFRICA

Africa is a continent of roughly 50 countries with a total population of approximately 840 million people. Literacy rates (the percentage of people who are over 15 years of age and who can read and write) are relatively low, ranging from 20% to 60%. The primary industries include crude oil, natural gas, manganese ore, phosphate, bauxite, copper, iron, diamond, cotton, coffee, cocoa, timber, tobacco, sugar, tourism, and cattle.

Many of the countries are fraught with political instability. However, there has been a trend over the past five years toward democratization. Many countries are moving from a military style, Marxist, or single party government to a multi-party system. Still, there remains many countries that do not have a stable political process. Other countries have been enmeshed in civil wars and border clashes.

Economically, the Northern Rim countries and others (including Morocco, Egypt, Algeria, Nigeria, Zimbabwe, and South Africa are the wealthier countries on the continent due to their strong ties with the European nations. The market capitalization of these countries has been growing recently as more international companies invest in Africa and as local companies start to list on the exchanges. However, religious strife has been a significant source of instability in the Northern Rim countries. Although racial discord in South Africa may be reduced by constitutional changes that are in progress, the long-term future of South Africa is uncertain.

On the other end of the economic spectrum are countries, such as Burkina, Faso, Madagascar, and Malawi, that are considered to be among the poorest or least developed in the world. These countries generally have poor natural resources. The economies of many African countries are heavily dependent on international oil prices. Of all the African industries, oil has been the most lucrative, accounting for 40% to 60% of many countries' GDP. However, general decline in oil prices has had an adverse impact on many economies.

PORTFOLIO TRANSACTIONS

All orders for the purchase or sale of portfolio securities are placed on behalf of the Fund by FMR pursuant to authority contained in the management contract. If FMR grants investment management authority to the sub-advisers (see the section entitled "Management Contracts and Other Services"), the sub-advisers are authorized to place orders for the purchase and sale of portfolio securities, and will do so in accordance with the policies described below. FMR is also responsible for the placement of transaction orders for other investment companies and accounts for which it or its affiliates act as investment adviser. In selecting broker-dealers subject to applicable limitations of the federal securities laws, FMR considers various relevant factors, including, but not limited to: the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the execution efficiency, settlement capability, and financial condition of the broker-dealer firm; the broker-dealer's execution services rendered on a continuing basis; and the reasonableness of any commissions. Generally, Commissions for foreign investments traded will generally be higher than for U.S. investments and may not be subject to negotiation.

The Fund may execute portfolio transactions with broker-dealers who provide research and execution services to the Fund or other accounts over which FMR or its affiliates exercise investment discretion. Such services may include advice concerning the value of securities; the advisability of investing in, purchasing or selling securities; the availability of securities or the purchasers or sellers of securities; furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and performance of accounts; and effecting securities transactions and performing functions incidental thereto (such as clearance and settlement). The selection of such broker-dealers generally is made by FMR (to the extent possible consistent with execution considerations) based upon the quality of research and execution services provided.

The receipt of research from broker-dealers that execute transactions on behalf of the Fund may be useful to FMR in rendering investment management services to the Fund or its other clients, and conversely, such research provided by broker-dealers who have executed transaction orders on behalf of other FMR clients may be useful to FMR in carrying out its obligations to the Fund. The receipt of such research has not reduced FMR's normal independent research activities; however, it enables FMR to avoid the additional expenses that could be incurred if FMR tried to develop comparable information through its own efforts.

Subject to applicable limitations of the federal securities laws, broker-dealers may receive commissions for agency transactions that are in excess of the amount of commissions charged by other broker-dealers in recognition of their research and execution services. In order to cause the Fund to pay such higher commissions, FMR must determine in good faith that such commissions are reasonable in relation to the value of the brokerage and research services provided by such executing broker-dealers viewed in terms of a particular transaction or FMR's overall responsibilities to the Fund and its other clients. In reaching this determination, FMR will not attempt to place a specific dollar value on the brokerage and research services provided, or to determine what portion of the compensation should be related to those services.

FMR is authorized to use research services provided by and to place portfolio transactions with brokerage firms that have provided assistance in the distribution of shares of the Fund or shares of other Fidelity funds to the extent permitted by law. FMR may use research services provided by and place agency transactions with FBSI, and Fidelity Brokerage Services, Ltd. (FBSL), subsidiaries of FMR Corp., if the commissions are fair, reasonable, and comparable to commissions charged by non-affiliated, qualified brokerage firms for similar services.

Section 11(a) of the Securities Exchange Act of 1934 prohibits members of national securities exchanges from executing exchange transactions for accounts which they or their affiliates manage, unless certain requirements are satisfied. Pursuant to such requirements, the Board of Trustees has authorized FBSI to execute portfolio transactions on national securities exchanges in accordance with approved procedures and applicable SEC rules.

The Trustees periodically review FMR's performance of its responsibilities in connection with the placement of portfolio transactions on behalf of the Fund and review the commissions paid by the Fund over representative periods of time to determine if they are reasonable in relation to the benefits to the Fund.

The Fund's annualized turnover rate for its first fiscal period is not expected to exceed 200%. Because a high turnover rate increases transaction costs and may increase taxable gains, FMR carefully weighs the anticipated benefits of short-term investing against these consequences.

From time to time the Trustees will review whether the recapture for the benefit of the Fund of some portion of the brokerage commissions or similar fees paid by the Fund on portfolio transactions is legally permissible and advisable. The Fund seeks to recapture soliciting dealer fees on the tender of portfolio securities, but at present no other recapture arrangements are in effect. The Trustees intend to continue to review whether recapture opportunities are available and are legally permissible and, if so, to determine, in the exercise of their business judgment, whether it would be advisable for the Fund to seek such recapture.

Although the Trustees and officers of the Fund are substantially the same as those of other funds managed by FMR, investment decisions for the Fund are made independently from those of other funds managed by FMR or accounts managed by FMR affiliates. It sometimes happens that the same security is held in the portfolio of more than one of these funds or accounts. Simultaneous transactions are inevitable when several funds or accounts are managed by the same investment adviser, particularly when the same security is suitable for the investment objective of more than one fund or account.

When two or more funds are simultaneously engaged in the purchase or sale of the same security, the prices and amounts are allocated in accordance with procedures believed to be appropriate and equitable for each fund. In some cases this system could have a detrimental effect on the price or value of the security as far as the Fund is concerned. In other cases, however, the ability of the Fund to participate in volume transactions will produce better executions and prices for the Fund. It is the current opinion of the Trustees that the desirability of retaining FMR as investment adviser to the Fund outweighs any disadvantages that may be said to exist from exposure to simultaneous transactions.

VALUATION OF PORTFOLIO SECURITIES

Securities and other assets for which market quotations are readily available are valued at market values determined by their most recent bid prices (sales prices if the principal market is an exchange) in the principal market in which such securities normally are traded as furnished by recognized dealers in such securities. Futures contracts and options are valued on the basis of market quotations, if applicable. Securities and other assets for which market quotations are not readily available (including restricted securities, if any) are appraised at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Board of Trustees.

Securities also may be valued on the basis of valuations furnished by a pricing service which utilizes both dealer-supplied valuations and evaluations based on expert analysis of market data and other factors if such valuations are believed to reflect more accurately the fair value of such securities. Use of a pricing service has been approved by the Board of Trustees. There are a number of pricing services available, and the Trustees, or officers acting on behalf of the Trustees, on the basis of ongoing evaluation of these pricing services, may use other pricing services or may discontinue the use of any pricing service in whole or in part.

U.S. Treasury securities are valued on the basis of valuations furnished by a pricing service which utilizes both dealer-supplied valuations and electronic data processing techniques. Such techniques take into account appropriate factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data, without exclusive reliance upon quoted prices or exchange or over-the-counter prices, since such valuations are believed to reflect more accurately the fair value of such securities.

The Fund's portfolio securities, including ADRs, EDRs and other forms of depository receipts, are valued (i) by appr aising portfolio securities that are traded on the NYSE or The American Stock Exchange (AMEX) at the closing bid price, or, if no closing price is available, at the last traded bid price; and (ii) by appraising foreign securities as nearly as possible in the manner described in clause (i) if traded on any

other U.S. , Canadian, or foreign exchange, and, if not so traded, on the basis of closing over-the-counter bid prices, if available.
Foreign securities are valued at the closing bid price in the principal market where they are traded, or, if closing prices are unavailable, at the last traded bid price available prior to the time the Fund's net asset value per share (NAV) is determined. Foreign portfolio security prices are furnished by quotation services expressed in the local currency's value. Fidelity Service Co. (Service) translates the value of foreign securities from the local currency into U.S. dollars. Foreign security prices that cannot be obtained by the quotation services are priced individually by Service using dealer-supplied quotations.
Short-term obligations that mature in 60 days or less are valued at amortized cost, which constitutes fair value. All other securities and other assets are appraised at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Board of Trustees.
Generally, trading in foreign securities, as well as corporate bonds, U.S. government securities, money market instruments, and repurchase agreements, is substantially completed each day at various times prior to the close of the NYSE. The values of any such securities held by the Fund are determined as of such times for the purpose of computing the Fund's NAV.
The procedures set forth in (i) and (ii) above need not be used to determine the value of debt securities owned by the Fund if, in the opinion of the Board of Trustees, some other method (e.g., based on closing over-the-counter bid prices in the case of debt instruments traded on an exchange) would more accurately reflect the fair market value of such debt securities. Foreign currency exchange rates are also generally determined prior to the close of the NYSE. If an extraordinary event that is expected to affect the value of a portfolio security materially occurs after the close of an exchange on which that security is traded, then the security will be valued at fair value as determined in good faith under the direction of the Board of Trustees.
PERFORMANCE
Each class of Fund shares may quote its performance in various ways. All performance information supplied by the Fund in advertising is historical and is not intended to indicate future returns. Each class' share price, yield and total return fluctuate in response to market conditions and other factors, and the value of shares when redeemed may be more or less than their original cost.
YIELD CALCULATIONS. Yields for each class are computed by dividing interest and dividend income for a given 30-day or one month period, net of expenses, by the average number of shares entitled to receive distributions during the period, dividing this figure by the public offering price (POP) for Class A and NAV for Class B at the end of the period, and annualizing the result (assuming compounding of income) in order to arrive at an annual percentage rate. Yields do not reflect any contingent deferred sales charge (CDSC). Income is calculated for purposes of yield quotations in accordance with standardized methods applicable to all stock and bond funds. Dividends from equity investments are treated as if they were accrued on a daily basis, solely for the purposes of yield calculations. In general, interest income is reduced with respect to bonds trading at a premium over their par value by subtracting a portion of the premium from income on a daily basis, and is increased with respect to bonds trading at a discount by adding a portion of the discount to daily income. For the Fund's investments denominated in foreign currencies, income and expenses are calculated first in their respective currencies, and are then converted to U.S. dollars, either when they are actually converted or at the end of the 30-day or one

month period, whichever is earlier. Income is adjusted to reflect gains and losses from principal repayments received by the Fund with respect to mortgage-related securities and other asset-backed securities. Capital gains and losses generally are excluded from the calculation as are gains and losses from currency exchange rate fluctuations.

Income calculated for the purposes of calculating the yield differs from income as determined for other accounting purposes. Because of the different accounting methods used, and because of the compounding of income assumed in yield calculations, the yield may not equal its distribution rate, the income paid to your account, or the income reported in the Fund's financial statements.

In calculating each class' yield, each class may from time to time use a portfolio security's coupon rate instead of its yield to maturity in order to reflect the risk premium on that security. This practice will have the effect of reducing each class' yield.

Yield information may be useful in reviewing performance and in providing a basis for comparison with other investment alternatives. However, the yield fluctuates, unlike investments that pay a fixed interest rate over a stated period of time. When comparing investment alternatives, investors should also note the quality and maturity of the portfolio securities of respective investment companies they have chosen to consider.

Investors should recognize that in periods of declining interest rates, yield will tend to be somewhat higher than the prevailing market rates, and in periods of rising interest rates, the yield will tend to be somewhat lower. Also, when interest rates are falling, the inflow of net new money to each class from the continuous sale of shares will likely be invested in instruments producing lower yields than the balance of the Fund's holdings, thereby reducing the current yield. In periods of rising interest rates, the opposite can be expected to occur.

TOTAL RETURN CALCULATIONS. Total returns quoted in advertising reflect all aspects of return, including the effect of reinvesting dividends and capital gain distributions, and any change in the NAV over a stated period. Average annual total returns are calculated by determining the growth or decline in value of a hypothetical historical investment over a stated period, and then calculating the annually compounded percentage rate that would have produced the same result if the rate of growth or decline in value had been constant over the period. For example, a cumulative total return of 100% over ten years would produce an average annual total return of 7.18%, which is the steady annual return that would equal 100% growth on a compounded basis in ten years. Average annual returns covering periods of less than one year are calculated by determining total return for the period, extending that return for a full year (assuming that return remains constant over the year), and quoting the result as an annual return. While average annual total returns are a convenient means of comparing investment alternatives, investors should realize that performance is not constant over time, but changes from year to year, and that average annual returns represent averaged figures as opposed to actual year-to-year performance.

In addition to average annual total returns, unaveraged or cumulative total returns reflecting the simple change in value of an investment over a stated period may be quoted. Average annual and cumulative total returns may be quoted as a percentage or as a dollar amount, and may be calculated for a single investment, a series of investments, or a series of redemptions, over any time period. Total returns may be broken down into their components of income and capital (including capital gains and changes in share price) in order to illustrate the relationship of these factors and their contributions to total return. Total returns may be quoted on a before-tax or after-tax basis and may be quoted with or without taking the maximum sales charge into account. Excluding the sales charge from a total return calculation produces a higher total return figure. Total returns, yield and other performance information may be quoted numerically or in a table, graph or similar illustration.

NET ASSET VALUE. Charts and graphs using the Fund's NAVs, adjusted NAVs and benchmark indices may be used to exhibit performance. An adjusted NAV includes any distributions paid by the Fund and reflects all elements of its return. Unless otherwise indicated, the Fund's adjusted NAVs are not adjusted for sales charges, if any.

Performance may be compared to the record of the Aggregate Bond Index Portfolio, the S&P 500, the Dow Jones Industrial Average (DJIA), and the cost of living (measured by the Consumer Price Index, or CPI) over the same period. The S&P 500 and the DJIA comparisons would show how total return compared to the record of a broad average of common stocks and a narrower set of stocks of major industrial companies, respectively, over the same period. Of course, since the Fund invests in fixed-income securities, common stocks represent a different type of investment from the Fund. Common stocks generally offer greater growth potential than the Fund, but generally experience greater price volatility, which means greater potential for loss. In addition, common stocks generally provide lower income than a fixed-income investment such as the Fund. Figures for the S&P 500 and DJIA are based on the prices of unmanaged groups of stocks and, unlike each class's returns, their returns do not include the effect of paying brokerage commissions or other costs of investing.

Performance may be compared to the performance of other mutual funds in general, or to the performance of particular types of mutual funds. These comparisons may be expressed as mutual fund rankings prepared by Lipper Analytical Services, Inc. (Lipper), an independent service located in Summit, New Jersey that monitors the performance of mutual funds. Lipper generally ranks funds on the basis of total return, assuming reinvestment of distributions, but does not take sales charges or redemption fees into consideration and is prepared without regard to tax consequences. Lipper may also rank funds based on yield. In addition to mutual fund rankings, performance may be compared to stock, bond and money market mutual fund performance indices prepared by Lipper or other organizations. When comparing these indices, it is important to remember the risk and return characteristics of each type of investment. For example, while stock mutual funds may offer higher potential returns, they also carry the highest degree of share price volatility. Likewise, money market funds may offer greater stability of principal, but generally do not offer the higher potential returns from stock mutual funds.

From time to time, performance may also be compared to other mutual funds tracked by financial or business publications and periodicals. For example, Morningstar, Inc. may be quoted in its advertising materials. Morningstar, Inc. is a mutual fund rating service that rates mutual funds on the basis of risk-adjusted performance. Rankings that compare the performance of Fidelity funds to one another in appropriate categories over specific periods of time may also be quoted in advertising.

The Fund may be compared in advertising to certificates of deposit (CDs) or other investments issued by banks or other depository institutions. Mutual funds differ from bank investments in several respects. For example, the Fund may offer greater liquidity or higher potential returns than CDs, the Fund does not guarantee your principal or your return, and Fund shares are not FDIC insured.

Fidelity may provide information designed to help individuals understand their investment goals and explore various financial strategies. Such information may include information about current economic, market and political conditions. For example, Fidelity's Asset Allocation Program materials may include computerized investment planning software, a workbook describing general principles of investing, such as asset allocation, diversification, risk tolerance, and goal setting, a questionnaire designed to help create a personal financial profile; and an action plan offering investment alternatives. Materials may also include discussions of other Fidelity funds, products and services.

Ibbotson Associates of Chicago, Illinois (Ibbotson) provides historical returns of the capital markets in the United States, including common stocks, small capitalization stocks, long-term corporate bonds, intermediate-term government bonds, long-term government bonds, Treasury bills, the U.S. rate of inflation (based on the Consumer Price Index (CPI)), and combinations of various capital markets. The performance of these capital markets is based on the returns of different indices.

Fidelity funds may use the performance of these capital markets in order to demonstrate general risk-versus-reward investment scenarios. Performance comparisons may also include the value of a hypothetical investment in any of these capital markets. The risks associated with the security types in any capital market may or may not correspond directly to those of the Fund. Ibbotson calculates total returns in the same method as the Fund.

Performance comparisons may also be made to that of other compilations or indices that may be developed and made available in the future.

Performance, or the performance of securities in which the Fund may invest, may be compared to averages published by IBC USA (Publications), Inc. of Ashland, Massachusetts. These averages assume reinvestment of distributions. THE BOND FUND REPORT AVERAGES(trademark)/fixed-income which is reported in the BOND FUND REPORT(registered trademark), covers over 250 taxable bond funds. When evaluating comparisons to money market funds, investors should consider the relevant differences in investment objectives and policies. Specifically, money market funds invest in short-term, high-quality instruments and seek to maintain a stable $1.00 share price. The Fund, however, invests in longer-term instruments and its share price changes daily in response to a variety of factors.

VOLATILITY. Various measures of volatility and benchmark correlation may be quoted in advertising. In addition, the Fund may compare these measures to those of other funds. Measures of volatility seek to compare historical share price fluctuations or total returns compared to those of a benchmark. Measures of benchmark correlation indicate how valid a comparative benchmark may be. All measures of volatility and correlation are calculated using averages of historical data. In advertising, the Fund may also discuss or illustrate examples of interest rate sensitivity.

MOMENTUM INDICATORS indicate the Fund's price movements over specific periods of time. Each point on the momentum indicator represents the Fund's percentage change in price movements over that period.

Examples of the effects of periodic investment plans, including the principle of dollar cost averaging may be advertised. In such a program, an investor invests a fixed dollar amount in a portfolio at periodic intervals, thereby purchasing fewer shares when prices are high and more shares when prices are low. While such a strategy does not assure a profit or guard against loss in a declining market, the investor's average cost per share can be lower than if fixed numbers of shares had been purchased at the same intervals. In evaluating such a plan, investors should consider their ability to continue purchasing shares through periods of low price levels.

Shares of the Fund may be available for purchase through retirement plans or other programs offering deferral of, or exemption from, income taxes, which may produce superior after-tax returns over time. For example, a

$1,000 investment earning a taxable return of 10% annually would have an after-tax value of $1,949 after ten years, assuming tax was deducted from the return each year at a 31% rate. An equivalent tax-deferred investment would have an after-tax value of $2,100 after ten years, assuming tax was deducted at a 31% rate from the tax-deferred earnings at the end of the ten-year period.

As of August 31, 1994, FMR advised over $35 billion in tax-free fund assets, $55 billion in money market fund assets, $165 billion in equity fund assets, $18 billion in international fund assets, and $20 billion in Spartan fund assets. The Fund may reference the growth and variety of money market mutual funds and the adviser's innovation and participation in the industry. The equity funds under management figure represents the largest amount of equity fund assets under management by a mutual fund adviser in the United States, making FMR America's leading equity (stock) fund manager. FMR, its subsidiaries, and affiliates maintain a worldwide information and communications network for the purpose of researching and managing investments abroad, with over 200 employees in over 10 foreign countries.

In addition to mutual fund rankings, the Fund may compare its total expense ratio to the average total expense ratio of similar funds tracked by Lipper. A fund's total expense ratio is a significant factor in comparing bond and money market investments because of its effect on yield.

ADDITIONAL PURCHASE, EXCHANGE AND REDEMPTION INFORMATION

The Fund is open for business and the NAV of each class is calculated each day that the NYSE is open for trading. The NYSE has designated the following holiday closings for 1994: Presidents' Day, Good Friday, Memorial Day, Independence Day (observed), Labor Day, Thanksgiving Day, and Christmas Day (observed). Although FMR expects the same holiday schedule, with the addition of New Year's Day, to be observed in the future, the NYSE may modify its holiday schedule at any time. On any day that the NYSE closes early, or as permitted by the SEC, the right is reserved to advance the time on that day by which purchase and redemption orders must be received. To the extent that portfolio securities are traded in other markets on days the NYSE is closed, each class' NAV may be affected on days when investors do not have access to the Fund to purchase or redeem shares. Certain Fidelity funds may follow different holiday closing schedules.

If the Trustees determine that existing conditions make cash payments undesirable, redemption payments may be made in whole or in part in securities or other property, valued for this purpose as they are valued in computing the NAV of each class. Shareholders receiving any such securities or other property on redemption may realize a gain or loss for tax purposes, and will incur any costs of sale, as well as the associated inconveniences.

Pursuant to Rule 11a-3 under the 1940 Act (the Rule), the Fund is required to give shareholders at least 60 days' notice prior to terminating or modifying its exchange privilege. Under the Rule, the 60-day notification requirement may be waived if (i) the only effect of a modification would be to reduce or eliminate an administration fee, redemption fee, or deferred sales charge ordinarily payable at the time of exchange, or (ii) the Fund suspends the redemption of the shares to be exchanged as permitted under the 1940 Act or the rules and regulations thereunder, or the fund to be acquired suspends the sale of its shares because it is unable to invest amounts effectively in accordance with its investment objective and policies.

In the prospectus, the Fund has notified shareholders that it reserves the right, at any time without prior notice, to refuse exchange purchases by any person or group if, in FMR's judgment, the Fund would be unable to

invest effectively in accordance with its investment objective and policies, or would otherwise potentially be adversely affected.
Distributors compensates securities dealers and banks having agreements with Distributors (investment professionals), who sell Class A and Class B shares according to the terms set forth in the prospectus.
Distributors compensates investment professionals with a fee of .25% on purchases of $1 million or more of Class A shares, except for purchases made through a bank or bank affiliated broker-dealer that qualify for a Class A Sales Charge Waiver described in the prospectus. All assets on which the .25% fee is paid must remain within the Fidelity Advisor Funds (including shares exchanged into Daily Money Fund and Daily Tax-Exempt Money Fund) for a period of one uninterrupted year or the investment professional will be required to refund this fee to Distributors.
Purchases by insurance company separate accounts will qualify for the .25% fee only if an insurance company's client relationship underlying the separate account exceeds $1 million. It is the responsibility of the insurance company to maintain records of purchases by any such client relationship. Distributors may request records evidencing any fees payable through this program.
DISTRIBUTIONS AND TAXES
DISTRIBUTIONS. If you request to have distributions mailed to you and the U.S. Postal Service cannot deliver your checks, or if your checks remain uncashed for six months, the Transfer Agent may reinvest your distributions at the then-current NAV. All subsequent distributions will then be reinvested until you provide the Transfer Agent with alternate instructions.
DIVIDENDS. The Fund will distribute income monthly. A portion of the Fund's income may qualify for the dividends-received deduction available to corporate shareholders to the extent that the Fund's income is derived from qualifying dividends. Because the Fund may also earn other types of income, such as interest, income from securities loans, non-qualifying dividends and short-term capital gains, the percentage of dividends that qualify for the deduction will generally be less than 100%. The Fund will notify corporate shareholders annually of the percentage of Fund dividends which qualify for the dividends received deduction. A portion of the Fund's dividends derived from certain U.S. government obligations may be exempt from state and local taxation. Gains (losses) attributable to foreign currency fluctuations are generally taxable as ordinary income and therefore will increase (decrease) dividend distributions. The Fund will send each shareholder a notice in January describing the tax status of dividends and capital gain distributions for the prior year.
CAPITAL GAIN DISTRIBUTIONS. Long-term capital gains earned by the Fund on the sale of securities and distributed to shareholders are federally taxable as long-term capital gains regardless of the length of time that shareholders have held their shares. If a shareholder receives a long-term capital gain distribution on shares of the Fund, and such shares are held six months or less and are sold at a loss, the portion of the loss equal to the amount of the long-term capital gain distribution will be considered a long-term loss for tax purposes.
Short-term capital gains distributed by the Fund are taxable to shareholders as dividends, not as capital gains. Distributions from the short-term capital gains do not qualify for the dividend's received deduction.
STATE AND LOCAL TAXES. For mutual funds organized as business trusts, state law provides for a pass-through of the state and local income tax exemption afforded to direct owners of U.S. government securities. Some states limit this pass through to mutual funds that invest a certain amount

in U.S. government securities, and some types of securities, such as repurchase agreements and some agency backed securities, may not qualify for this pass-through benefit. The tax treatment of your dividend distributions from the Fund will be the same as if you directly owned your proportionate share of the U.S. government securities in the Fund's portfolio. Because the income earned on most U.S. government securities in which the Fund invests is exempt from state and local taxes, the portion of your dividends from the Fund attributable to these securities will also be free from income taxes. The exemption from state and local income taxation does not preclude states from assessing other taxes on the ownership of U.S. government securities.

FOREIGN TAXES. Foreign governments may withhold taxes on dividends or interest paid with respect to foreign securities typically at a rate between 10% and 35%. The Fund intends to elect to passthrough foreign taxes paid in order for a shareholder to take a credit or deduction if, at the close of its fiscal year, more than 50% of the Fund's total assets are invested in securities of foreign issuers.

TAX STATUS OF THE FUND. The Fund intends to qualify as a "regulated investment company" for tax purposes, so that it will not be liable for federal tax on income and capital gains distributed to shareholders. In order to qualify as a regulated investment company and avoid being subject to federal income or excise taxes, the Fund intends to distribute substantially all of its net investment income and realized capital gains within each calendar year as well as on a fiscal year basis. The Fund also intends to comply with other tax rules applicable to regulated investment companies, including a requirement that capital gains from the sale of securities held for less than three months must constitute less than 30% of the Fund's gross income for each fiscal year. Gains from some forward currency contracts, futures contracts, and options are included in this 30% calculation, which may limit the Fund's investments in such instruments.

If the Fund purchases shares in certain foreign investment entities, called passive foreign investment companies (PFICs), it may be subject to U.S. federal income tax on a portion of any excess distribution or gain from the disposition of such shares. Interest charges may also be imposed on the Fund with respect to deferred taxes arising from such distributions or gains.

The Fund is treated as a separate entity from the other funds of Fidelity Advisor Series VIII for tax purposes.

OTHER TAX INFORMATION. The information above is only a summary of some of the tax consequences generally affecting the Fund and its shareholders, and no attempt has been made to discuss individual tax consequences. In addition to federal income taxes, shareholders of a Fund may be subject to state and local taxes on distributions received from the Fund. Investors should consult their tax advisors to determine whether the Fund is suitable for their particular tax situation.

FMR

FMR is a wholly owned subsidiary of FMR Corp., ultimate company organized in 1972. All of the stock of FMR is owned by FMR Corp. Through ownership of voting common stock and the execution of a shareholders' voting agreement, Edward C. Johnson, 3d, Johnson family members, and various trusts for the benefit of the Johnson family form a controlling group with respect to FMR Corp. At present, the principal operating activities of FMR Corp. are those conducted by three of its divisions as follows: Service, which is the transfer and shareholder servicing agent for certain of the funds advised by FMR; FIIOC, which performs shareholder servicing functions for certain institutional customers; and Fidelity Investments Retail Marketing Company, which provides marketing services to

various companies within the Fidelity organization.
Several affiliates of FMR also are engaged in the investment advisory business. Fidelity Management Trust Company provides trustee, investment advisory and administrative services to retirement plans and corporate employee benefit accounts. FMR U.K. and FMR Far East, both wholly owned subsidiaries of FMR formed in 1986, supply investment research and may supply portfolio management services to FMR in connection with certain funds advised by FMR. Analysts employed by FMR, FMR U.K., and FMR Far East research and visit thousands of domestic and foreign companies each year. FMR Texas Inc., a wholly owned subsidiary of FMR formed in 1989, supplies portfolio management and research services in connection with certain money market funds advised by FMR.

TRUSTEES AND OFFICERS

The Board of Trustees and executive officers of the Fund are listed below. Except as indicated, each individual has held the office shown or other offices in the same company for the last five years. All persons named as Trustees and officers also serve in similar capacities for other funds advised by FMR. Unless otherwise noted, the business address of each Trustee and officer is 82 Devonshire Street, Boston, Massachusetts 02109, which is also the address of FMR. Those Trustees who are "interested persons" (as defined in the 1940 Act) by virtue of their affiliation with either the Fund or FMR, are indicated by an asterisk (*).

*EDWARD C. JOHNSON 3d, Trustee and President, is Chairman, Chief Executive Officer and a Director of FMR Corp.; a Director and Chairman of the Board and of the Executive Committee of FMR; Chairman and a Director of FMR Texas Inc. (1989), Fidelity Management & Research (U.K.) Inc., and Fidelity Management & Research (Far East) Inc.

*J. GARY BURKHEAD, Trustee and Senior Vice President, is President of FMR; and President and a Director of FMR Texas Inc. (1989), Fidelity Management & Research (U.K.) Inc., and Fidelity Management & Research (Far East) Inc.

RALPH F. COX, 200 Rivercrest Drive, Fort Worth, TX, Trustee (1991), is a consultant to Western Mining Corporation (1994). Prior to February 1994, he was President of Greenhill Petroleum Corporation (petroleum exploration and production, 1990). Until March 1990, Mr. Cox was President and Chief Operating Officer of Union Pacific Resources Company (exploration and production). He is a Director of Sanifill Corporation (non-hazardous waste, 1993) and CH2M Hill Companies (engineering). In addition, he served on the Board of Directors of the Norton Company (manufacturer of industrial devices, 1983-1990) and continues to serve on the Board of Directors of the Texas State Chamber of Commerce, and is a member of advisory boards of Texas A&M University and the University of Texas at Austin.

PHYLLIS BURKE DAVIS, P.O. Box 264, Bridgehampton, NY, Trustee (1992). Prior to her retirement in September 1991, Mrs. Davis was the Senior Vice President of Corporate Affairs of Avon Products, Inc. She is currently a Director of BellSouth Corporation (telecommunications), Eaton Corporation (manufacturing, 1991), and the TJX Companies, Inc. (retail stores, 1990), and previously served as a Director of Hallmark Cards, Inc. (1985-1991) and Nabisco Brands, Inc. In addition, she is a member of the President's Advisory Council of The University of Vermont School of Business Administration.

RICHARD J. FLYNN, 77 Fiske Hill, Sturbridge, MA, Trustee, is a financial consultant. Prior to September 1986, Mr. Flynn was Vice Chairman and a Director of the Norton Company (manufacturer of industrial devices). He is currently a Director of Mechanics Bank and a Trustee of College of the Holy Cross and Old Sturbridge Village, Inc.

E. BRADLEY JONES, 3881-2 Lander Road, Chagrin Falls, OH, Trustee (1990).

Prior to his retirement in 1984, Mr. Jones was Chairman and Chief Executive Officer of LTV Steel Company. Prior to May 1990, he was Director of National City Corporation (a bank holding company) and National City Bank of Cleveland. He is a Director of TRW Inc. (original equipment and replacement products), Cleveland-Cliffs Inc (mining), NACCO Industries, Inc. (mining and marketing), Consolidated Rail Corporation, Birmingham Steel Corporation, Hyster-Yale Materials Handling, Inc. (1989), and RPM, Inc. (manufacturer of chemical products, 1990). In addition, he serves as a Trustee of First Union Real Estate Investments, Chairman of the Board of Trustees and a member of the Executive Committee of the Cleveland Clinic Foundation, a Trustee and a member of the Executive Committee of University School (Cleveland), and a Trustee of Cleveland Clinic Florida.

DONALD J. KIRK, 680 Steamboat Road, Apartment #1-North, Greenwich, CT, Trustee, is a Professor at Columbia University Graduate School of Business and a financial consultant. Prior to 1987, he was Chairman of the Financial Accounting Standards Board. Mr. Kirk is a Director of General Re Corporation (reinsurance) and Valuation Research Corp. (appraisals and valuations, 1993). In addition, he serves as Vice Chairman of the Board of Directors of the National Arts Stabilization Fund and Vice Chairman of the Board of Trustees of the Greenwich Hospital Association.

*PETER S. LYNCH, Trustee (1990) is Vice Chairman of FMR (1992). Prior to his retirement on May 31, 1990, he was a Director of FMR (1989) and Executive Vice President of FMR (a position he held until March 31, 1991); Vice President of Fidelity Magellan Fund and FMR Growth Group Leader; and Managing Director of FMR Corp. Mr. Lynch was also Vice President of Fidelity Investments Corporate Services (1991-1992). He is a Director of W.R. Grace & Co. (chemicals, 1989) and Morrison Knudsen Corporation (engineering and construction). In addition, he serves as a Trustee of Boston College, Massachusetts Eye & Ear Infirmary, Historic Deerfield (1989) and Society for the Preservation of New England Antiquities, and as an Overseer of the Museum of Fine Arts of Boston (1990).

GERALD C. McDONOUGH, 135 Aspenwood Drive, Cleveland, OH, Trustee (1989), is Chairman of G.M. Management Group (strategic advisory services). Prior to his retirement in July 1988, he was Chairman and Chief Executive Officer of Leaseway Transportation Corp. (physical distribution services). Mr. McDonough is a Director of ACME-Cleveland Corp. (metal working, telecommunications and electronic products), Brush-Wellman Inc. (metal refining), York International Corp. (air conditioning and refrigeration, 1989), Commercial Intertech Corp. (water treatment equipment, 1992), and Associated Estates Realty Corporation (a real estate investment trust, 1993).

EDWARD H. MALONE, 5601 Turtle Bay Drive #2104, Naples, FL, Trustee. Prior to his retirement in 1985, Mr. Malone was Chairman, General Electric Investment Corporation and a Vice President of General Electric Company. He is a Director of Allegheny Power Systems, Inc. (electric utility), General Re Corporation (reinsurance) and Mattel Inc. (toy manufacturer). In addition, he serves as a Trustee of Corporate Property Investors, the EPS Foundation at Trinity College, the Naples Philharmonic Center for the Arts, and Rensselaer Polytechnic Institute, and he is a member of the Advisory Boards of Butler Capital Corporation Funds and Warburg, Pincus Partnership Funds.

MARVIN L. MANN, 55 Railroad Avenue, Greenwich, CT, Trustee (1993) is Chairman of the Board, President, and Chief Executive Officer of Lexmark International, Inc. (office machines, 1991). Prior to 1991, he held the positions of Vice President of International Business Machines Corporation ("IBM") and President and General Manager of various IBM divisions and subsidiaries. Mr. Mann is a Director of M.A. Hanna Company (chemicals,

1993) and Infomart (marketing services, 1991), a Trammell Crow Co. In addition, he serves as the Campaign Vice Chairman of the Tri-State United Way (1993) and is a member of the University of Alabama President's Cabinet (1990).

THOMAS R. WILLIAMS, 21st Floor, 191 Peachtree Street, N.E., Atlanta, GA, Trustee, is President of The Wales Group, Inc. (management and financial advisory services). Prior to retiring in 1987, Mr. Williams served as Chairman of the Board of First Wachovia Corporation (bank holding company), and Chairman and Chief Executive Officer of The First National Bank of Atlanta and First Atlanta Corporation (bank holding company). He is currently a Director of BellSouth Corporation (telecommunications), ConAgra, Inc. (agricultural products), Fisher Business Systems, Inc. (computer software), Georgia Power Company (electric utility), Gerber Alley & Associates, Inc. (computer software), National Life Insurance Company of Vermont, American Software, Inc. (1989), and AppleSouth, Inc. (restaurants, 1992).

GARY L. FRENCH, Treasurer (1991). Prior to becoming Treasurer of the Fidelity funds, Mr. French was Senior Vice President, Fund Accounting - Fidelity Accounting & Custody Services Co. (1991); Vice President, Fund Accounting - Fidelity Accounting & Custody Services Co. (1990); and Senior Vice President, Chief Financial and Operations Officer - Huntington Advisers, Inc. (1985-1990).

JOHN H. COSTELLO, Assistant Treasurer, is an employee of FMR.

LEONARD M. RUSH, Assistant Treasurer (1994), is an employee of FMR (1994). Prior to becoming Assistant Treasurer of the Fidelity funds, Mr. Rush was Chief Compliance Officer of FMR Corp. (1993-1994); Chief Financial Officer of Fidelity Brokerage Services, Inc. (1990-1993); and Vice President, Assistant Controller, and Director of the Accounting Department-First Boston Corp. (1986-1990).

ARTHUR S. LORING, Secretary, is Senior Vice President and General Counsel of FMR, Vice President-Legal of FMR Corp., and Vice President and Clerk of Distributors.

THOMAS J. STEFFANCI, Vice President (1994), is Vice President of Fidelity's fixed-income funds and Senior Vice President of FMR (1993). Prior to joining FMR, Mr. Steffanci was Senior Managing Director of CMB Investment Counselors (1984-1990).

Under a retirement program that became effective on November 1, 1989, Trustees, upon reaching age 72, become eligible to participate in a defined benefit retirement program under which they receive payments during their lifetime from the fund based on their basic trustee fees and length of service. Currently, Messrs. William R. Spaulding, Bertram H. Witham, and David L. Yunich participate in the program.

MANAGEMENT CONTRACT AND OTHER SERVICES

The Fund employs FMR to furnish investment advisory and other services. Under FMR's Management Contract with the Fund, dated September 16, 1994, FMR acts as investment adviser and, subject to the supervision of the Board of Trustees, directs the investments of the Fund in accordance with its investment objective, policies and limitations. FMR also provides the Fund with all necessary office facilities and personnel for servicing the Fund's investments, and compensates all officers of the Trust, all Trustees who are "interested persons" of the Trust or FMR, and all personnel of the Trust or FMR performing services relating to research, statistical and investment activities.

In addition, FMR or its affiliates, subject to the supervision of the Board of Trustees, provide the management and administrative services necessary for the operation of the Fund. These services include providing facilities for maintaining the Fund's organization, supervising relations with custodians, transfer and pricing agents, accountants, underwriters and other persons dealing with the Fund, preparing all general shareholder communications and conducting shareholder relations, maintaining the Fund's records, and the registration of the Fund's shares under federal and state law, developing management and shareholder services for the Fund and furnishing reports, evaluations and analyses on a variety of subjects to the Board of Trustees.

In addition to the management fee payable to FMR and the fees payable to State Street (for Class A shares), FIIOC (for Class B shares), and Service, the Fund pays all its expenses, without limitation, that are not assumed by those parties. The Fund pays for the typesetting, printing and mailing of proxy materials to shareholders, legal expenses, and the fees of the custodian, auditor and non-interested Trustees. Although the Fund's Management Contract provides that the Fund will pay for typesetting, printing and mailing prospectuses, statements of additional information, notices and reports to shareholders, the Fund has entered into a transfer agent agreement with each Transfer Agent, pursuant to which the Transfer Agent bears the cost of providing these services to shareholders. Other expenses paid by the Fund include interest, taxes, brokerage commissions, the Fund's proportionate share of insurance premiums and Investment Company Institute dues, and the costs of registering shares under federal and state securities laws. The Fund is also liable for such non-recurring expenses as may arise, including costs of litigation to which the Fund is a party and any obligation it may have to indemnify its officers and Trustees with respect to litigation.

COMPUTING THE BASIC FEE. The group fee rate is based on the monthly average net assets of all of the registered investment companies with which FMR has management contracts and is calculated on a cumulative basis pursuant to the graduated fee rate schedule shown below on the left. On the right, the effective fee rate schedules are the results of cumulatively applying the annualized rates at varying asset levels. For example, the effective annual fee rate at $250 billion of average group net assets - their approximate level for August 31, 1994 - was .1587%, which is the weighted average of the respective fee rates for each level of group net assets up to $255 billion.

GROUP FEE RATE SCHEDULE — EFFECTIVE ANNUAL FEE RATES

<TABLE>
<CAPTION>

Average Group Assets	Annualized Rate	Group Net Assets	Effective Annual Fee Rates
$ 0 - 3 billion	.370%	$ 0.5 billion	.3700%
3 - 6	.340	25	.2664
6 - 9	.310	50	.2188
9 - 12	.280	75	.1986
12 - 15	.250	100	.1869

15 - 18	.220	125	.1793
18 - 21	.200	150	.1736
21 - 24	.190	175	.1690
24 - 30	.180	200	.1652
30 - 36	.175	225	.1618
36 - 42	.170	250	.1587
42 - 48	.165	275	.1560
48 - 66	.160	300	.1536
66 - 84	.155	325	.1514
84 - 120	.150	350	.1494
120 - 156	.145	375	.1476
156 - 192	.140	400	.1459
192 - 228	.1350		
228 - 264	.1300		
264 - 300	.1275		
300 - 336	.1250		
336 - 372	.1225		
Over 372	.1200		

</TABLE>

The individual fund fee rate is .45%. Based on the average group net assets of funds advised by FMR for August 31, 1994, the annual basic fee rate would be calculated as follows:

GROUP FEE RATE		INDIVIDUAL FUND FEE RATE		BASIC FEE RATE
.1570%	+	.45%	=	.61%

One-twelfth of this annual basic fee rate is applied to the Fund's net assets averaged for the most recent month, giving a dollar amount, which is the fee for that month.

To comply with the California Code of Regulations, FMR will reimburse the Fund if and to the extent that the Fund's aggregate annual operating expenses exceed specified percentages of its average net assets. The applicable percentages are 2 1/2% of the first $30 million, 2% of the next $70 million, and 1 1/2% of average net assets in excess of $100 million. When calculating the Fund's expenses for purposes of this regulation, the Fund may exclude interest, taxes, brokerage commissions, and extraordinary expenses, as well as a portion of its distribution plan expenses, and custodian fees attributable to investments in foreign securities.

FMR may, from time to time, agree to voluntarily reimburse the Fund for expenses above a specified percentage of net assets. FMR retains the ability to be repaid for these expense reimbursements in the amount that expenses fall below the limit prior to the end of the fiscal year. Reimbursement by FMR will increase the Fund's total returns.

SUB-ADVISERS. On behalf of the Fund, FMR has entered into sub-advisory agreements with FMR U.K., in London, England, FMR Far East in Tokyo, Japan, FIJ, in Tokyo, Japan and FIIA, in Hamilton, Bermuda. FIIA, in turn, has entered into a sub-advisory agreement with its wholly owned subsidiary FIIAL U.K., in Kent, England. Pursuant to the sub-advisory agreements, FMR may receive investment advice and research services with respect to issuers based outside the United States from the sub-advisors. On behalf of the Fund, FMR may also grant the sub-advisors investment management authority as well as the authority to buy and sell securities if FMR believes it would be beneficial to the Fund.

Currently, FMR U.K., FMR Far East, FIJ, FIIA, and FIIAL U.K. each focus on issuers in countries other than the United States including countries in Europe, Asia, and the Pacific Basin.

FMR U.K. and FMR Far East, which were organized in 1986, are wholly-owned subsidiaries of FMR. FIIA is a wholly-owned subsidiary of FIL, a Bermuda company formed in 1968 which primarily provides investment advisory services to non-U.S. investment companies and institutional investors investing in securities of issuers throughout the world. Edward C. Johnson 3d, Johnson family members, and various trusts for the benefit of Johnson family, owns, directly or indirectly, more than 25% of the voting stock of FIL. FIIA was organized in Bermuda in 1983 and FIIAL U.K. was organized in the United Kingdom in 1984, and is a wholly-owned subsidiary of Fidelity International Management Holdings Limited, an indirect wholly-owned subsidiary of FIL.

Under the sub-advisory agreements, FMR pays the fees of FMR U.K., FMR Far East, and FIIA. FIIA, in turn, pays the fees of FIIAL U.K. For providing non-discretionary investment advice and research services the sub-advisors are compensated as follows:

(small solid bullet) FMR pays FMR U.K. and FMR Far East fees equal to 110% and 105%, respectively, of FMR U.K.'s and FMR Far East's costs incurred in connection with providing investment advice and research services.

(small solid bullet) FMR pays FIIA 30% of FMR's monthly management fee with respect to the average market value of investments held by the Fund for which FIIA has provided FMR with investment advice.

(small solid bullet) FIIA pays FIIAL U.K. a fee equal to 110% of FIIAL U.K.'s costs incurred in connection with providing investment advice and research services.

For providing discretionary investment management and executing portfolio transactions, the sub-advisers are compensated as follows:

(small solid bullet) FMR pays FMR U.K., FMR Far East, FIJ, and FIIA a fee equal to 50% of its monthly management fee with respect to the Fund's average net assets managed by the sub-adviser on a discretionary basis.

(small solid bullet) FIIA pays FIIAL U.K. a fee equal to 110% of FIIAL U.K.'s costs incurred in connection with providing discretionary investment management services.

State Street is transfer, dividend disbursing and shareholder servicing agent for Class A shares of the Fund. State Street has delegated certain transfer, dividend-paying and shareholder services to FIIOC. Under the Trust's contract with State Street, Class A pays a per account fee of $30 and a monetary transaction fee of $6. For accounts that FIIOC maintains on behalf of State Street, FIIOC receives all such fees. For accounts as to which FIIOC provides limited services, FIIOC may receive a portion (currently up to $20 and $6, respectively) of related per account fees and monetary transaction fees, less applicable charges and expenses of State Street for account maintenance and transactions.

FIIOC is the transfer and shareholder servicing agent for Class B shares of the Fund. Under the Trust's contract with FIIOC, Class B pays a per account fee of $95 and a monetary transaction fee of $20 or $17.50 depending on the nature of services provided.

Fees for certain institutional retirement plan accounts are based on the NAV of all such accounts in the Fund. FIIOC pays out of pocket expenses associated with providing transfer agent services. In addition, FIIOC bears the expense of typesetting, printing and mailing prospectuses, statements of additional information, and all other reports, notices, and statements to shareholders, with the exception of proxy statements.

The Trust has a contract with Service which provides that Service will perform the calculations necessary to determine the NAV and dividends of Class A and Class B shares and will maintain the Fund's accounting records. The fee rates in effect are based on the Fund's average net assets, specifically .06% for the first $500 million of average net assets and .03% for average net assets in excess of $500 million. The fee is limited to a minimum of $45,000 and a maximum of $750,000 per year.

THE DISTRIBUTOR

The Fund has a distribution agreement with Distributors, a Massachusetts corporation organized July 18, 1960. Distributors is a broker-dealer registered under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. The distribution agreement calls for Distributors to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the Fund, which are continuously offered. Promotional and administrative expenses in connection with the offer and sale of shares are paid by Distributors.

DISTRIBUTION AND SERVICE PLANS

The Trustees of the Trust have adopted a Distribution and Service Plan on behalf of Class A and Class B shares of the Fund (the Plans) pursuant to Rule 12b-1 of the 1940 Act (the Rule). As required by the Rule, the Trustees carefully considered all pertinent factors relating to the implementation of each Plan prior to its approval, and have determined that there is a reasonable likelihood that each Plan will benefit the applicable class and its shareholders.

Pursuant to the Class A Plan, Class A pays Distributors a distribution fee at an annual rate of up to .40% of its average net assets determined as of the close of business on each day throughout the month. Currently, the Trustees have approved a distribution fee for Class A at an annual rate of .25% of its average net assets. This fee may be increased only when, in the opinion of the Trustees, it is in the best interests of the Class A shareholders to do so.

Pursuant to the Class B Plan, Class B pays Distributors a distribution fee at an annual rate of .75% of its average daily net assets determined as of the close of business on each day throughout the month. Class B also pays investment professionals a service fee at an annual rate of .25% of its average daily net assets determined as of the close of business on each day throughout the month for personal service and/or the maintenance of

shareholder accounts.
Each Plan also specifically recognizes that FMR, either directly or through Distributors, may use its management fee revenue, past profits or other resources, without limitation, to pay promotional and administrative expenses in connection with the offer and sale of shares of the applicable class. Under each Plan, if the payment by the Fund to FMR of management fees should be deemed to be indirect financing of the distribution of shares of the applicable class, such payment is authorized by the Plan. In addition, each Plan provides that FMR may use its resources, including its management fee revenues, to make payments to third parties that assist in selling shares of the applicable class or in other distribution activities relating to that class. To the extent that each Plan gives FMR and Distributors greater flexibility in connection with the distribution of shares of the applicable class, additional sales of Fund shares may result. Additionally, certain shareholder support services may be provided more effectively under the Plans by local entities with whom shareholder have other relationships.
None of the Plans provides for specific payments by the applicable class of any of the expenses of Distributors, or obligates Distributors or FMR to perform any specific type or level of distribution activities or incur any specific level of expense in connection with distribution activities.
After payments by Distributors for advertising, marketing and distribution, and payments to investment professionals, the amounts remaining, if any, may be used as Distributors may elect.
The Glass-Steagall Act generally prohibits federally and state chartered or supervised banks from engaging in the business of underwriting, selling or distributing securities. Although the scope of this prohibition under the Glass-Steagall Act has not been clearly defined, in Distributors' opinion it should not prohibit banks from being paid for shareholder support services, servicing and recordkeeping functions. Distributors may engage banks to perform only these functions. However, changes in federal or state statutes and regulations pertaining to the permissible activities of banks and their affiliates or subsidiaries, as well as further judicial or administrative decisions or interpretations, could prevent a bank from continuing to perform all or a part of the contemplated services. If a bank were prohibited from so acting, the Trustees would consider what actions, if any, would be necessary to continue to provide efficient and effective shareholder services. In such an event, changes in the operation of the Fund might occur, including possible termination of any automatic investment or redemption or other services then provided by the bank. It is not expected that shareholders would suffer any adverse financial consequences as a result of any of these occurrences. The Fund may execute portfolio transactions with and purchase securities issued by depository institutions that receive payments under the Plans. No preference for the instruments of such depository institutions will be shown in the selection of investments. In addition, state securities laws on this issue may differ from the interpretations of federal law expressed herein, and banks and financial institutions may be required to register as dealers pursuant to state law.

DESCRIPTION OF THE TRUST

TRUST ORGANIZATION. Fidelity Advisor Strategic Income Fund is a series of Fidelity Advisor Series VIII (formerly Fidelity Special Situations Fund), an open-end management investment company organized as a Massachusetts business trust on September 23, 1983. The Declaration of Trust was amended and restated October 1, 1986 and supplemented November 29, 1990. On April 15, 1993 the name of the Trust was changed from Fidelity Special Situations Fund to Fidelity Advisor Series VIII. Currently there are three funds in the Trust: Fidelity Advisor Strategic Income Fund, Fidelity Advisor Strategic Opportunities Fund and Fidelity Advisor Emerging Markets Income Fund. The Declaration of Trust permits the Trustees to create additional series.

In the event that FMR ceases to be the investment adviser to a fund, the right of the Trust or fund to use the identifying name "Fidelity" may be withdrawn.

The assets of the Trust received for the issue or sale of shares of each series and all income, earnings, profits, and proceeds thereof, subject only to the rights of creditors, are especially allocated to such series, and constitute the underlying assets of such series. The underlying assets of each series are segregated on the books of account, and are to be charged with the liabilities with respect to such series and with a share of the general expenses of the Trust. Expenses with respect to the Trust are to be allocated in proportion to the asset value of the respective series, except where allocations of direct expense can otherwise be fairly made. The officers of the Trust, subject to the general supervision of the Board of Trustees, have the power to determine which expenses are allocable to a given series, or which are general or allocable to all of the series. In the event of the dissolution or liquidation of the Trust, shareholders of each series are entitled to receive as a class the underlying assets of such series available for distribution.

SHAREHOLDER AND TRUSTEE LIABILITY. The Trust is an entity of the type commonly known as "Massachusetts business trust." Under Massachusetts law, shareholders of such a trust may, under certain circumstances, be held personally liable for the obligations of the trust. The Declaration of Trust provides that the Trust shall not have any claim against shareholders except for the payment of the purchase price of shares and requires that each agreement, obligation, or instrument entered into or executed by the Trust or the Trustees include a provision limiting the obligations created thereby to the Trust and its assets. The Declaration of Trust provides for indemnification out of each fund's property of any shareholders held personally liable for the obligations of the fund. The Declaration of Trust also provides that each fund shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the fund and satisfy any judgment thereon. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Fund itself would be unable to meet its obligations. FMR believes that, in view of the above, the risk of personal liability to shareholders is remote.

The Declaration of Trust further provides that the Trustees, if they have exercised reasonable care, will not be liable for neglect or wrongdoing, but nothing in the Declaration of Trust protects a Trustee against any liability to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties in the conduct of his office. Claims asserted against Class A shares may subject holders of Class B shares to certain liabilities and claims asserted against Class B shares may subject holders of Class A shares to certain liabilities.

VOTING RIGHTS. The Fund's capital consists of shares of beneficial interest. The shares have no preemptive or conversion rights; the voting and dividend rights, the right of redemption, and the privilege of exchange are described in the Prospectus. Shares are fully paid and nonassessable, except as set forth under the heading "Shareholder and Trustee Liability" above. Shareholders representing 10% or more of a Trust or a fund or class of a fund may, as set forth in the Declaration of Trust, call meetings of the Trust , fund or class of a fund for any purpose, related to the Trust, fund, or class as the case may be, including the case of a meeting of the Trust for the purpose of voting on removal of one or more Trustees. The Trust or any fund may be terminated upon the sale of its assets to another open-end management investment company, or upon liquidation and distribution of its assets, if approved by vote of the holders of a majority of the outstanding shares of the Trust or fund . If not so terminated, the Trust and funds will continue indefinitely.

CUSTODIAN. The Bank of New York, 110 Washington Street, New York, NY, is custodian of the assets of the Fund. The custodian is responsible for the safekeeping of the Fund's assets and the appointment of subcustodian banks and clearing agencies. The cu stodian takes no part in determining the investment policies of the Fund or in deciding which securities are purchased or sold by the Fund. The Fund may, however, invest in obligations of the custodian and may purchase securities from or sell securities to the custodian.

FMR, its officers and directors, its affiliated companies, and the Trust's Trustees may from time to time have transactions with various banks, including banks serving as custodians for certain of the funds advised by FMR. Transactions that have occurred to date have included mortgages and personal and general business loans. In the judgment of FMR, the terms and conditions of those transactions were not influenced by existing or potential custodial or other fund relationships.

AUDITOR. Coopers & Lybrand L.L.P., One Post Office Square, Boston, Massachusetts serves as the Trust's independent accountant. The auditor examines financial statements for the Fund and provides other audit, tax, and related services.