

# SECURITIES AND EXCHANGE COMMISSION

## FORM 485BPOS

Post-effective amendments [Rule 485(b)]

Filing Date: **1995-07-28**  
SEC Accession No. **0000927384-95-000016**

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### FILER

#### FIDELITY ADVISOR ANNUITY FUND

CIK: **927384** | IRS No.: **043239991** | State of Incorporation: **MA** | Fiscal Year End: **1231**  
Type: **485BPOS** | Act: **33** | File No.: **033-54837** | Film No.: **95557138**

#### Mailing Address

*C/O FIDELITY INVESTMENTS  
68 DEVONSHIRE STREET  
BOSTON MA 02109*

#### Business Address

*68 DEVONSHIRE STREET  
BOSTON MA 02109  
6175707348*

1940 Act No. 811-7205  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM N-1A

REGISTRATION STATEMENT (No. 33-54837)  
UNDER THE SECURITIES ACT OF 1933   
Pre-Effective Amendment No.   
Post-Effective Amendment No. 1

and  
REGISTRATION STATEMENT UNDER THE INVESTMENT  
COMPANY ACT OF 1940   
Amendment No.

Fidelity Advisor Annuity Fund  
(Exact Name of Registrant as Specified in Charter)  
82 Devonshire St., Boston, MA 02109  
(Address Of Principal Executive Office)  
Registrant's Telephone Number, Including Area Code 617-570-7000  
Arthur S. Loring, Secretary, 82 Devonshire St., Boston, MA 02109  
(Name and Address of Agent for Service)

It is proposed that this filing will become effective  
( ) Immediately upon filing pursuant to paragraph (b)  
(x) On August 25, 1995, pursuant to paragraph (b)  
( ) 60 days after filing pursuant to paragraph (a)(i)  
( ) On ( ) pursuant to paragraph (a)(i)  
( ) 75 days after filing pursuant to paragraph (a)(ii)  
( ) On ( ) pursuant to paragraph (a)(ii) of Rule 485

Registrant has registered an indefinite number of shares pursuant to Rule  
24f-2 under the Investment Company Act of 1940. Registrant has been in  
operation for less than one year and intends to file the notice required by  
such rule on or before February 29, 1996.

FIDELITY ADVISOR ANNUITY FUND  
CROSS REFERENCE SHEET  
Form N-1A Item Number  
Part A Prospectus Caption

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	c	Performance
4	a(i)	The Trust and the Fidelity Organization
	a(ii)	Investment Objectives; Investment Policies; Investment Limitations
	b,c	Investment Limitations; Investment Policies
5	a,b(i)	The Trust and the Fidelity Organization
	b(ii)(iii),c	Management, Distribution and Service Fees
	d, e, f	Management, Distribution and Service Fees; Portfolio Transactions

6	a(i)	The Trust and the Fidelity Organization
	a(ii)	Redemptions
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	b	The Trust and the Fidelity Organization
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	e	Cover Page
	f,g	Distributions and Taxes
7	a	The Trust and the Fidelity Organization
	b(i), (ii)	Valuation; Investments
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	f	Management, Distribution and Service Fees
8	a	Redemptions
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	d	Redemptions
9		*

\* Not Applicable

Part B Statement of Information Caption

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13	a,b,c	Investment Policies and Limitations
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14	a,b	Trustees and Officers
	c	*
15	a, b, c	*
16	a(i)	FMR
	a(ii)	Trustees and Officers
	a(iii),b, c	Management and Other Services
	b, c	Management and Other Services, Contracts with Companies Affiliated with FMR
	d	Contracts with Companies Affiliated with FMR

e	*
f	Distribution and Service Plans
g	*
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i	Contracts with Companies Affiliated with FMR; Description of the Trust
17 a, c	Portfolio Transactions
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18 a	Description of the Trust
b	*
19 a	Additional Purchase and Redemption Information
b	Valuation of Portfolio Securities; Additional Purchase and  Redemption Information
c	*
20	Distribution and Taxes
21 a(i), (ii)	Contracts with Companies Affiliated with FMR
a(iii), b, c	*
22	Performance
23	Financial Statements for the Semiannual period are incorporated by reference into the Statement of Additional Information

\* Not Applicable  
crossreference

FIDELITY ADVISOR ANNUITY FUND  
PROSPECTUS  
82 DEVONSHIRE STREET  
BOSTON, MASSACHUSETTS 02109  
AUGUST 25 , 1995

Fidelity Advisor Annuity Fund (Trust) is an open-end, diversified management investment company, commonly known as a mutual fund. The Trust currently consists of six investment portfolios (funds), each with its own investment objective and investment policies. Fidelity Management & Research Company (FMR) is each fund's investment advisor. As of the date of this Prospectus, shares of the Trust may be sold only to certain separate accounts of Nationwide Life Insurance Company (Separate Account) to serve as the underlying investment vehicles for variable annuity policies issued by Nationwide Life Insurance Company.

FIDELITY ADVISOR ANNUITY OVERSEAS FUND  
FIDELITY ADVISOR ANNUITY GROWTH OPPORTUNITIES FUND  
FIDELITY ADVISOR ANNUITY INCOME & GROWTH FUND  
FIDELITY ADVISOR ANNUITY GOVERNMENT INVESTMENT FUND

FIDELITY ADVISOR ANNUITY HIGH YIELD FUND  
FIDELITY ADVISOR ANNUITY MONEY MARKET FUND

AN INVESTMENT IN FIDELITY ADVISOR ANNUITY MONEY MARKET FUND IS NEITHER INSURED NOR GUARANTEED BY THE U.S. GOVERNMENT, AND THERE CAN BE NO ASSURANCE THAT THE FUND WILL MAINTAIN A STABLE \$1.00 SHARE PRICE. FIDELITY ADVISOR ANNUITY HIGH YIELD FUND INVESTS IN LOWER-QUALITY DEBT SECURITIES, SOMETIMES CALLED "JUNK BONDS." INVESTORS SHOULD CONSIDER THAT THESE SECURITIES CARRY GREATER RISKS, SUCH AS THE RISK OF UNTIMELY INTEREST AND PRINCIPAL PAYMENTS, DEFAULT, AND PRICE VOLATILITY THAN HIGHER-QUALITY DEBT SECURITIES, AND MAY PRESENT PROBLEMS OF LIQUIDITY AND VALUATION. Particular funds may not be available in your state due to various insurance regulations. Please check with Nationwide Life Insurance Company for available funds. Inclusion of a fund in this Prospectus which is not available in your state is not to be considered a solicitation. This Prospectus should be read in conjunction with the prospectus of the separate account of the specific insurance product which accompanies this Prospectus.

Please read this Prospectus before investing. It is designed to provide you with information and help you decide if a fund's goals match your own. Retain this document for future reference.

A Statement of Additional Information (SAI) dated August 25, 1995 for the Trust has been filed with the Securities and Exchange Commission (SEC) and is incorporated herein by reference. The SAI is available free upon request from Nationwide Life Insurance Company, One Nationwide Plaza, P.O. Box 182610, Columbus, Ohio 43216 or by calling 1-800-573-5775.

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)

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#### FINANCIAL HIGHLIGHTS

The financial highlights tables that follow is as of each fund's semiannual period and is unaudited. The financial highlights and the Semiannual report are incorporated by reference into the funds' SAI, which may be obtained free of charge by contacting Nationwide Life Insurance Company at 1-800-573-5775.

#### MONEY MARKET

<TABLE>

<CAPTION>

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1. Selected Per-Share Data and Ratios

2. Period ended June 30

1995D

3. Net asset value, beginning of period

\$ 1.000

4. Income from Investment Operations

.026

Net interest income

5. Less Distributions From net interest income	(.026)	
6. Net asset value, end of period	\$ 1,000	
7. Total return B, C	2.59%	
8. Net assets, end of period (000 omitted)	\$ 8,183	
9. Ratio of expenses to average net assets E	1.00	%A
10. Ratio of expenses to average net assets before expense reductions E	2.38%	A
11. Ratio of net interest income to average net assets	5.15%	A

</TABLE>

GOVERNMENT INVESTMENT

<TABLE>

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12. Selected Per-Share Data and Ratios		
13. Period ended June 30	1995D	
14. Net asset value, beginning of period	\$ 10,000	
15. Income from Investment Operations Net investment income	.197	
16. Net realized and unrealized gain (loss)	.813	
17. Total from investment operations	1.010	
18. Net asset value, end of period	\$ 11,010	
19. Total return B, C	10.10%	
20. Net assets, end of period (000 omitted)	\$ 4,262	
21. Ratio of expenses to average net assets E	1.00%	A
22. Ratio of expenses to average net assets before expense reductions E	2.85%	A
23. Ratio of net investment income to average net assets	5.74%	A
24. Portfolio turnover rate	504%	A

</TABLE>

A ANNUALIZED

B THE TOTAL RETURN IS FOR A PERIOD OF LESS THAN ONE YEAR AND IS NOT ANNUALIZED .

C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIOD SHOWN. TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE TO YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. INCLUSION OF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.

D JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO JUNE 30, 1995 (UNAUDITED)

E EFFECTIVE JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) THE FUNDS' INVESTMENT ADVISOR VOLUNTARILY AGREED TO LIMIT EXPENSES TO 1.00% OF EACH FUND'S AVERAGE NET ASSETS.  
HIGH YIELD

<TABLE>

<CAPTION>

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25. Selected Per-Share Data and Ratios

26. Period ended June 30	1995D
27. Net asset value, beginning of period	\$ 10.000
28. Income from Investment Operations Net investment income	.204
29. Net realized and unrealized gain (loss)	.916
30. Total from investment operations	1.120
31. Net asset value, end of period	\$ 11.120
32. Total return B, C	11.20%
33. Net assets, end of period (000 omitted)	\$ 10,920
34. Ratio of expenses to average net assets E	1.00% A
35. Ratio of expenses to average net assets before expense reductions E	2.19% A
36. Ratio of net investment income to average net assets	9.40% A
37. Portfolio turnover rate	90% A

</TABLE>

INCOME & GROWTH

<TABLE>

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38. Selected Per-Share Data and Ratios

39. Period ended June 30	1995D
40. Net asset value, beginning of period	\$ 10.00
41. Income from Investment Operations	
42. Net investment income	.07
43. Net realized and unrealized gain (loss)	.67
44. Total from investment operations	.74
45. Net asset value, end of period	\$ 10.74

46.Total return B, C	7.40%
47.Net assets, end of period (000 omitted)	\$ 12,082
48.Ratio of expenses to average net assets E	1.50% A
49.Ratio of expenses to average net assets before expense reductions E	2.60% A
50.Ratio of net investment income to average net assets	3.54% A
51.Portfolio turnover rate	367% A

</TABLE>

A ANNUALIZED

B THE TOTAL RETURN IS FOR A PERIOD OF LESS THAN ONE YEAR AND IS NOT ANNUALIZED.

C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIOD SHOWN. TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE TO YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. INCLUSION OF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.

D JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO JUNE 30, 1995 (UNAUDITED)

E EFFECTIVE JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) THE FUNDS' INVESTMENT ADVISOR VOLUNTARILY AGREED TO LIMIT EXPENSES TO 1.00% AND 1.50% OF HIGH YIELD AND INCOME & GROWTH FUNDS' AVERAGE NET ASSETS, RESPECTIVELY.

GROWTH OPPORTUNITIES

<TABLE>

<CAPTION>

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<C>

52.Selected Per-Share Data and Ratios

53. Period ended June 30	1995D
54.Net asset value, beginning of period	\$ 10.00
55.Income from Investment Operations	
56. Net investment income	.04
57. Net realized and unrealized gain (loss)	1.75
58. Total from investment operations	1.79
59.Net asset value, end of period	\$ 11.79
60.Total return B, C	17.90%
61.Net assets, end of period (000 omitted)	\$ 38,282
62.Ratio of expenses to average net assets E	1.50% A
63.Ratio of expenses to average net assets before expense reductions E	1.65% A



64. Ratio of net investment income to average net assets	2.46%
	A
65. Portfolio turnover rate	14%
	A
</TABLE>	
OVERSEAS	
<TABLE>	
<CAPTION>	
<S>	
66. Selected Per-Share Data and Ratios	<C>
67. Period ended June 30	1995D
68. Net asset value, beginning of period	\$ 10.00
69. Income from Investment Operations	
70. Net investment income	.08
71. Net realized and unrealized gain (loss)	.53
72. Total from investment operations	.61
73. Net asset value, end of period	\$ 10.61
74. Total return B, C	6.10%
75. Net assets, end of period (000 omitted)	\$ 5,038
76. Ratio of expenses to average net assets E	1.50%
	A
77. Ratio of expenses to average net assets before expense reductions E	4.85%
	A
78. Ratio of net investment income to average net assets	3.32%
	A
79. Portfolio turnover rate	12%
	A

</TABLE>

A ANNUALIZED

B THE TOTAL RETURN IS FOR A PERIOD OF LESS THAN ONE YEAR AND IS NOT ANNUALIZED.

C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIOD SHOWN. TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE TO YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. INCLUSION OF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.

D JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO JUNE 30, 1995 (UNAUDITED)

E EFFECTIVE JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) THE FUNDS' INVESTMENT ADVISOR VOLUNTARILY AGREED TO LIMIT EXPENSES TO 1.50% OF GROWTH OPPORTUNITIES AND OVERSEAS FUNDS' RESPECTIVE AVERAGE NET ASSETS.

INVESTMENT OBJECTIVES

FIDELITY ADVISOR ANNUITY OVERSEAS FUND seeks growth of capital primarily through investments in foreign securities.

FIDELITY ADVISOR ANNUITY GROWTH OPPORTUNITIES FUND seeks to provide capital

growth by investing primarily in common stocks and securities convertible into common stocks.

FIDELITY ADVISOR ANNUITY INCOME & GROWTH FUND seeks both income and growth of capital by investing in a diversified portfolio of equity and fixed-income securities with income, growth of income and capital appreciation potential.

FIDELITY ADVISOR ANNUITY HIGH YIELD FUND seeks a combination of a high level of income and the potential for capital gains by investing in a diversified portfolio consisting primarily of high-yielding, fixed-income and zero coupon securities, such as bonds, debentures and notes, convertible securities and preferred stocks.

FIDELITY ADVISOR ANNUITY GOVERNMENT INVESTMENT FUND seeks a high level of current income by investing primarily in obligations issued or guaranteed by the U.S. government or any of its agencies or instrumentalities.

FIDELITY ADVISOR ANNUITY MONEY MARKET FUND seeks to obtain as high a level of current income as is consistent with preserving capital and providing liquidity. The fund will invest only in high quality U.S. dollar-denominated money market securities of domestic and foreign issuers. The investment objective of each fund is fundamental and can only be changed by vote of a majority of the outstanding shares of the respective fund. Except as otherwise noted, the investment limitations and policies of each fund are not fundamental. Non-fundamental investment limitations and policies may be changed without shareholder approval.

Risks vary based on the type of fund you choose. As is the case with any investment in securities, investment in the funds involves certain risks. A fund may not always achieve its objective, but it will follow the investment policies described below in "Investment Policies."

#### INVESTMENT POLICIES

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

**EQUITY FUNDS:** Equity funds invest in common stock and other equity securities in search of growth or a combination of growth and income. The share value of equity funds depends heavily on stock market conditions in the U.S. and abroad, and can also be affected by changes in interest rates or other economic conditions. Investments in equity funds are more suitable for investors who take a long-term approach to investing.

FIDELITY ADVISOR ANNUITY OVERSEAS FUND seeks growth of capital primarily through investments in foreign securities. The fund defines foreign securities as securities of issuers whose principal activities are outside of the United States. Normally, at least 65% of the fund's total assets will be invested in securities of issuers from at least three different countries outside of North America (the United States, Canada, Mexico, and Central America). The fund expects to invest most of its assets in securities of issuers located in developed countries in these general geographic areas: The Americas (other than the United States), the Far East and the Pacific Basin, and Western Europe. In determining whether a company's or organization's principal activities are in a particular region, FMR will look at such factors as the location of assets, personnel, sales, and earnings.

FMR expects that opportunities for capital growth will come most often from common stock and other equity securities, and therefore, expects that equity securities will account for the majority of the fund's investments. However, the fund also may find opportunities for capital growth from debt securities of any quality or maturity by reason of anticipated changes in such factors as interest rates, currency relationships, or the credit standing of individual issuers. The fund will not consider dividend income as a primary factor in choosing securities, unless FMR believes the income will contribute to the securities' growth potential.

When allocating the investments of the fund among geographic regions and individual countries, and among assets denominated in U.S. and foreign currencies, FMR considers various factors, such as prospects for relative

economic growth among countries, regions or geographic areas; expected levels of inflation; government policies influencing business conditions; and the outlook for currency relationships. Although the fund has the authority under normal conditions to invest up to 35% of its total assets in the U.S., FMR currently intends to manage the fund to be as fully invested outside the U.S. as is practicable in light of the fund's cash flow and cash needs.

Securities in which the fund may invest include common stocks of companies or closed-end investment companies, securities such as warrants or rights that are convertible into common stock, preferred stocks, and depository receipts for those securities.

The fund may invest in debt securities of any type of issuer, including governments and governmental entities (including supranational organizations such as the World Bank) as well as corporations and other business organizations. The fund has no limitation on the quality of debt securities in which it may invest. The fund may invest in lower-quality, high-yielding debt securities (sometimes referred to as "junk bonds"), although it intends to limit its investments in these securities to 35% of its assets. See the section entitled "Risks of Lower-Quality Debt Securities" for more information. FMR may invest a portion of the fund's assets in high-quality, short-term debt securities, bank deposits and money market instruments (including repurchase agreements) denominated in U.S. dollars or foreign currencies. When market conditions warrant, FMR can make temporary defensive investments without limit in U.S. government securities or investment-grade obligations of companies incorporated in, and having principal business activities in, the United States.

The fund may also purchase or engage in indexed securities, illiquid investments, loans and other direct debt instruments, options and futures contracts, repurchase agreements and securities loans, restricted securities, and swap agreements.

#### CONSIDERATIONS IN INVESTING IN SHARES OF OVERSEAS FUND:

Investing outside the U.S. involves different opportunities and different risks from 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.

International investing in general may involve greater risks than U.S. investments. There is generally less publicly available information about foreign issuers, and there may be less government regulation and supervision of foreign stock exchanges, brokers, and listed companies. 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 U.S., 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 new or developing capital markets. 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. For a discussion of foreign currencies and currency management strategies, see the Appendix.

FIDELITY ADVISOR ANNUITY GROWTH OPPORTUNITIES FUND seeks to provide capital growth by investing primarily in common stocks and securities convertible into common stocks. Under normal circumstances, at least 65% of the fund's total assets will be invested in securities of companies that FMR believes have long-term growth potential. Growth can be considered either appreciation of the security itself or growth of the company's earnings or gross sales. Accordingly, these securities will pay little, if any, income, which will be entirely incidental to the objective of capital growth. The fund also has the ability to purchase other securities, such as preferred stock and bonds that may produce capital growth. Securities may be of all types or quality. The fund may invest in lower-quality, high yielding debt securities (sometimes referred to as "junk bonds"), although it intends to limit its investments in these securities to 35% of its assets. See the section entitled "Risks of Lower-Quality Debt Securities" for more information.

The fund may purchase foreign investments of all types without limitation and may enter into foreign forward currency exchange contracts. The fund may purchase or engage in indexed securities, illiquid investments, loans and other direct debt instruments, options and futures contracts, repurchase agreements and securities loans, restricted securities, reverse repurchase agreements, swap agreements, and warrants.

The fund may make temporary investments without limit in high-quality debt securities and money market instruments, including commercial paper, obligations of banks or the U.S. government and repurchase agreements for defensive purposes when, in FMR's judgment, economic or market conditions warrant.

FIDELITY ADVISOR ANNUITY INCOME & GROWTH FUND seeks both income and growth of capital by investing in a diversified portfolio of equity and fixed-income securities with income, growth of income and capital appreciation potential.

The fund will invest in equity securities, convertible securities, preferred and common stocks paying any combination of dividends and capital gains and in fixed-income securities. The fund also may buy securities that are not providing dividends but offer prospects for growth of capital or future income. The proportion of the fund's assets invested in each type of security will vary from time to time in accordance with FMR's assessment of economic conditions.

In selecting securities for the fund, FMR will consider such factors as the company's financial strength, its outlook for increased dividend or interest payments (defined herein as "growth of income") and capital gains. In addition, industry factors and overall economic conditions may be considered. The fund may invest in equity securities of some smaller, more rapidly growing companies. Investing in smaller, less well-known companies, especially those that have a narrow product line or are thinly traded, often involves greater risk than investing in established companies with proven track records. In selecting fixed-income securities for the fund (such as bonds, notes, mortgage securities, convertible securities, and short-term obligations such as bankers' acceptances, certificates of deposit, and commercial paper), FMR will consider several factors, including maturity, quality and expected yield.

The fund may invest in lower-quality high-yielding debt securities (sometimes referred to as "junk bonds"). See the section entitled "Risks of Lower-Quality Debt Securities" for more information. The fund currently intends to limit its investments in these securities to 35% of its assets. The fund also may invest in or engage in foreign investments, currency

contracts, indexed securities, illiquid instruments, loans and other direct debt instruments, options and futures contracts, repurchase agreements and securities loans, restricted securities, swap agreements, warrants, and zero coupon bonds. The fund may, for temporary defensive purposes, invest without limit in short-term securities.

**FIXED-INCOME FUNDS:** Fixed income funds invest primarily in debt securities (e.g., bonds, debentures, notes and similar obligations). The share value of fixed-income funds tends to vary inversely with changes in prevailing interest rates. Shorter-term bonds are less sensitive to interest rate changes, but longer-term bonds generally offer higher yields. It also is important to note that high-yielding, lower quality bonds involve greater risks, because there is a greater possibility of a financial reversal affecting the issuer's ability to pay interest and principal on time. Share value and yield are not guaranteed and will fluctuate based on credit quality and changes in interest rates.

FMR will use its extensive research facilities in addition to considering the ratings of Nationally Recognized Statistical Rating Organizations (NRSROs) in selecting investments for the funds. Unrated securities are not necessarily of lower quality than rated securities, but they may not be attractive to as many buyers. This credit analysis includes consideration of the economic feasibility of the obligation, the financial condition of the issuer with respect to liquidity and 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 a fund's securities. 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, in geographic areas, in various industries, and in the financial markets.

**FIDELITY ADVISOR ANNUITY HIGH YIELD FUND** seeks a combination of a high level of income and the potential for capital gains by investing in a diversified portfolio consisting primarily of high-yielding, fixed-income and zero coupon securities, such as bonds, debentures and notes, convertible securities and preferred stocks.

The fund normally will invest at least 65% of its total assets in high-yielding, income producing debt securities and preferred stocks, including convertible and zero coupon securities. The fund may invest all or a substantial portion of its assets in lower-quality debt securities (sometimes referred to as "junk bonds"). Please refer to the section entitled "Risks of Lower-Quality Debt Securities." In addition, the fund also may invest in government securities, securities of any state or any of its respective subdivisions, agencies or instrumentalities and securities of foreign issuers, including securities of foreign governments. The fund may invest up to 35% of its assets in equity securities, including common stocks, warrants and rights.

Debt instruments include securities such as bonds, notes, convertible bonds, and mortgage-backed or asset-backed securities; commercial paper and other money market instruments, including repurchase agreements; and loans, trade claims, and similar instruments representing indebtedness of a corporate borrower. These instruments may provide for interest payments in cash or in kind, may pay no interest, or may be in default, and may have warrants attached or otherwise include rights to purchase common stocks. The fund may purchase debt instruments in public offerings or through private placements. The fund has no specific limitations on the maturity or credit ratings of the debt instruments in which it invests.

The fund may enter into forward foreign currency contracts and may purchase or engage in foreign investments, indexed securities, illiquid investments, loans and other direct debt instruments, options and futures contracts, repurchase agreements and securities loans, restricted securities, reverse repurchase agreements, and swap agreements.

#### **RISKS OF LOWER-QUALITY DEBT SECURITIES**

Lower-quality debt securities usually are defined as securities rated Ba or

lower by Moody's Investors Service, Inc. (Moody's) or BB or lower by Standard & Poor's Corporation (S&P). Lower-quality debt securities are considered speculative and involve greater risk of loss than higher quality debt securities, and are more sensitive to changes in the issuer's capacity to pay. This is an aggressive approach to income investing.

The 1980s saw a dramatic increase in the use of lower-quality debt securities to finance highly leveraged corporate acquisitions and restructurings. Past experience may not provide an accurate indication of the future performance of lower-quality debt securities, especially during periods of economic recession. In fact, from 1989 to 1991, the percentage of lower-quality debt securities that defaulted rose significantly above prior levels, although the default rate decreased in 1992 and 1993.

Lower-quality debt securities may be thinly traded, which can adversely affect the prices at which these securities can be sold and can result in high transaction costs. If market quotations are not available, lower-quality debt securities will be valued in accordance with standards set by the Board of Trustees, including the use of outside pricing services. Judgment plays a greater role in valuing lower-quality debt securities than securities for which more extensive 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 a fund's ability to sell these securities.

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 own expense or in conjunction with others, to pursue litigation or otherwise exercise its rights as a security holder to seek to protect the interests of security holders if it determines this to be in the interest of fund 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. Unrated debt instruments are not necessarily of lower quality than rated securities, but they may not be attractive to as many buyers. A fund relies more on FMR's credit analysis when investing in debt instruments that are unrated. Please refer to the Appendix for a discussion of Moody's and S&P ratings.

FIDELITY ADVISOR ANNUITY GOVERNMENT INVESTMENT FUND seeks a high level of current income by investing primarily in obligations issued or guaranteed by the U.S. government or any of its agencies or instrumentalities. Under normal circumstances, at least 65% of the fund's total assets will be invested in government securities.

The fund invests primarily in obligations 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) and 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 the fund invests in may or may not be fully backed by the U.S. government. The fund may enter into repurchase agreements involving any securities in which it may invest and also may enter into reverse repurchase agreements. The fund considers "government securities" to include U.S. government securities subject to repurchase agreements. The fund is not restricted as to the percentage of its assets that may be invested in any one type of U.S. government security. The fund may for temporary defensive purposes invest without limit in U.S. government securities having a maturity of 365 days or less. The fund may invest in delayed delivery transactions, options and

futures contracts, indexed securities, swap agreements and zero coupon bonds. In seeking current income, the fund also may consider the potential for capital gain.

FIDELITY ADVISOR ANNUITY MONEY MARKET FUND seeks to obtain as high a level of current income as is consistent with preserving capital and providing liquidity. FMR will invest the fund's assets in the following types of high-quality, U.S. dollar-denominated money market securities of domestic and foreign issuers:

(solid bullet) obligations of financial institutions, such as banks, savings and loan institutions, insurance companies and mortgage bankers. These obligations include certificates of deposit, bankers' acceptances and time deposits.

(solid bullet) obligations of governments and their agencies or instrumentalities.

(solid bullet) short-term obligations, including high-quality debt obligations such as commercial paper, notes and bonds deemed to have remaining maturities of 397 days or less.

(solid bullet) other short-term debt obligations deemed to have remaining maturities of 397 days or less.

Many of the fund's investments are described in the APPENDIX.

The fund may invest in obligations of U.S. banks, foreign branches of U.S. banks (Eurodollars), U.S. branches and agencies of foreign banks (Yankee dollars), and foreign branches of foreign banks. Euro and Yankee dollar investments involve risks that are different from investments in securities of U.S. banks. These risks may include future unfavorable political and economic developments, possible withholding of taxes, seizure of foreign deposits, currency controls, interest limitations or other governmental restrictions which might affect payment of principal or interest.

Additionally, there may be less public information available about foreign banks and their branches. Foreign branches of foreign banks are not regulated by U.S. banking authorities, and generally are not bound by accounting, auditing and financial reporting standards comparable to U.S. banks. Although FMR carefully considers these factors when making investments, the fund does not limit the amount of its assets which can be invested in any one type of instrument or in any foreign country. Investments in MONEY MARKET FUND earn income at current money market rates. The fund's ability to achieve its investment objective depends on the quality and maturity of its investments. Although its policies are designed to help maintain a stable \$1.00 share price, all money market instruments can change in value when interest rates or issuers' creditworthiness change, or if an issuer or guarantor of a security fails to pay interest or principal when due. If these changes in value were large enough, the fund's share price could deviate from \$1.00. In general, securities with longer maturities are more vulnerable to price changes, although they may provide higher yields.

Money Market Fund will invest more than 25% of its total assets in the securities of the financial services industry, under normal conditions. Companies in the financial services industry are subject to various risks related to that industry, such as government regulation, changes in interest rates, and exposure on loans, including loans to foreign borrowers. The fund's performance may be affected by conditions affecting the financial services industry.

QUALITY. Pursuant to procedures adopted by the Board of Trustees, Money Market Fund may purchase only high quality securities that FMR believes present minimal credit risks. To be considered high quality, a security must be rated in accordance with applicable rules in one of the two highest categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security); or, if unrated, judged to be of equivalent quality by FMR. High quality securities are divided into "first tier" and "second tier" securities. FIRST TIER SECURITIES are those deemed to be in the highest rating category (e.g., Standard & Poor's A-1) while SECOND TIER SECURITIES

are those deemed to be in the second highest rating category (e.g., Standard & Poor's A-2). If a security is deemed to have received different ratings by different rating services, at least two rating services must have assigned the higher rating in order for FMR to determine eligibility on the basis of that higher rating. Based on procedures adopted by the Board of Trustees, FMR may determine that an unrated security is of equivalent quality to a rated first or second tier security.

**DIVERSIFICATION.** The fund may not invest more than 5% of its total assets in second tier securities. In addition, the fund may not invest more than 1% of its total assets or \$1 million (whichever is greater) in the second tier securities of a single issuer.

**MATURITY POLICIES.** The fund currently intends to limit its investments to securities deemed to have remaining maturities of 397 days or less and to maintain a dollar-weighted average maturity of 90 days or less. When determining the maturity of a security, the fund may look to an interest rate reset or demand feature.

#### INVESTMENT LIMITATIONS

Each fund has adopted the following investment limitations designed to reduce investment risk. The policies and limitations discussed below, and in the Appendix, are considered at the time of purchase. With the exception of each fund's borrowing policy, the sale of portfolio securities is not required in the event of a subsequent change in circumstances.

**DIVERSIFICATION:** These limitations do not apply to U.S. government securities.

(small solid bullet) As a non-fundamental policy, Money Market Fund normally may not invest more than 5% of its total assets in the securities of any single issuer. Under certain conditions, however, the fund may invest up to 10% of its total assets in the first tier securities of a single issuer for up to three business days. As a fundamental policy, the fund will not purchase a security if, as a result more than 25% of its total assets would be in a particular industry, except that the fund will invest more than 25% of its total assets in the financial services industry, under normal conditions.

(small solid bullet) As fundamental policies, Overseas, Growth Opportunities, Income & Growth, High Yield and Government Investment Funds each may not, with respect to 75% of its total assets, purchase a security if, as a result, more than 5% of its total assets would be invested in the securities of any issuer or it would hold more than 10% of the outstanding voting securities of that issuer.

(small solid bullet) Also, as a fundamental policy, Overseas, Growth Opportunities, Income & Growth, High Yield and Government Investment Funds each may not purchase the securities of any issuer if, as a result, more than 25% of its total assets would be invested in the securities of issuers having their principal business activities in the same industry.

**BORROWING:** The following limitations are not fundamental.

(small solid bullet) Each fund may borrow money or engage in reverse repurchase agreements for temporary or emergency purposes, and Money Market Fund may engage in reverse repurchase agreements for any purpose, but not in an amount exceeding 25% of a fund's net assets. Each fund may borrow money only from banks or other funds advised by FMR and will not purchase securities when borrowings (excluding reverse repurchase agreements for Money Market Fund) exceed 5% of its total assets.

**LENDING:** Percentage limitation is fundamental.

(small solid bullet) Each fund will limit loans in the aggregate to 33 1/3% of its total assets.

Each fund may borrow money from and lend money to other mutual funds advised by FMR or its affiliates, subject to certain restrictions (see the Appendix). If a 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.

**INTERNAL REVENUE SERVICE (IRS) LIMITATIONS.** In addition to the above, each



fund also follows certain limitations imposed by the IRS on separate accounts of insurance companies relating to the tax-deferred status of variable contracts. More specific information may be contained in the separate account prospectus.

#### MANAGEMENT, DISTRIBUTION AND SERVICE FEES

1. MANAGEMENT AND OTHER SERVICES. For managing its investments and business affairs, each fund pays a monthly fee to FMR.

Each fund pays a monthly fee to FMR based on a basic fee rate, which is the sum of two components:

1. A group fee rate based on the monthly average net assets of all of the mutual funds advised by FMR. This rate for equity funds cannot rise above .52% and it drops as total assets rise. For example, the effective equity fund group fee rate for June 30, 1995, was .3145%. The group fee rate for fixed-income funds cannot rise above .37% and it drops as total assets rise. For example, the effective fixed-income group fee rate for June 30, 1995, was .1520%.

2. An individual fund fee rate, which varies for each fund.

One-twelfth of the annual basic fee rate is applied to each fund's net assets averaged over the most recent month, giving a dollar amount which is the management fee for that month. For Money Market Fund, if the fund's gross yield is 5% or less, the basic fee is the total management fee. An income-based component is added to the basic fee only when the fund's yield is greater than 5%. The income-based fee is 6% of that portion of the fund's yield that represents a gross yield of more than 5% per year. The maximum income-based component is .24%.

The following are the individual fund fee rates and total management fee (estimated) for each fund:

TOTAL ESTIMATED

MANAGEMENT FEE

(PERCENT OF AVERAGE NET ASSETS)

INDIVIDUAL BEFORE REIMBURSEMENTS,

FUND FEE IF ANY

#### EQUITY PORTFOLIOS:

Overseas Fund 0.45% 0.77%(dagger)

Growth Opportunities Fund 0.30% 0.62%

Income & Growth Fund 0.20% 0.52%

#### FIXED INCOME PORTFOLIOS:

High Yield Fund 0.45% 0.61%

Government Investment Fund 0.30% 0.46%

Money Market Fund 0.03% 0.19%

(dagger) TOTAL FEES ARE HIGHER THAN THOSE CHARGED BY MOST DOMESTIC MUTUAL FUNDS, BUT NOT NECESSARILY HIGHER THAN THOSE OF A TYPICAL INTERNATIONAL FUND, DUE TO THE GREATER COMPLEXITY, EXPENSE AND COMMITMENT OF RESOURCES INVOLVED IN INTERNATIONAL INVESTING.

Total estimated expenses (after any reimbursement) for fiscal year 1995 are as follows: Overseas Fund: 1.10%; Growth Opportunities Fund: 0.79%; Income & Growth Fund; 0.66%; High Yield Fund; 0.81%; Government Investment Fund: 1.00%; and Money Market Fund: 0.57%.

FMR may, from time to time, agree to reimburse a fund for management fees and other 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 a 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 a fund's yield and total return, and repayment by a fund will lower its total return. FMR has voluntarily agreed to reimburse expenses in excess of 1.50% of Overseas, Growth Opportunities and Income & Growth Funds' respective average net assets and reimburse total operating expenses in excess of 1.00% of High Yield, Government Investment and Money Market Funds' respective average net assets.

FMR has entered into sub-advisory agreements on behalf of certain funds.

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 a fund. Overseas, Income & Growth, Growth Opportunities and High Yield have 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, and not the funds, 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 providing advice. For providing investment management services, FMR pays FMR U.K. and FMR Far East 50% of its monthly management fee with respect to each fund's assets managed by the sub-advisor on a discretionary basis.

In addition, Overseas has entered into a sub-advisory agreement with Fidelity International Investment Advisors (FIIA), 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, FMR pays FIIA 30% of its 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. For providing investment management services, FMR pays FIIA 50% of its monthly management fee with respect to the average market value of investments held by the fund for which FIIA has managed on a discretionary basis. 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.

On behalf of Money Market Fund, FMR has entered into a sub-advisory agreement with FMR Texas Inc. (FMR Texas), a Texas corporation with principal offices at 400 East Las Colinas Boulevard in Irving, Texas. Pursuant to the sub-advisory agreement, FMR Texas has primary responsibility for providing investment management services. Under the sub-advisory agreement, FMR, and not the fund, pays FMR Texas a fee equal to 50% of the management fee payable to FMR under its management contract with the fund. (The fees paid to FMR Texas are not reduced by any voluntary or mandatory management fee waivers or expense reimbursements which may be in effect from time to time.)

Each fund utilizes Fidelity Investments Institutional Operations Company (FIIOC), 82 Devonshire Street, Boston, Massachusetts 02109, an affiliate of FMR, to maintain the master accounts of any participating insurance companies. Under the transfer agency agreement with FIIOC, each fund pays fees based on the type, size and number of transactions made by shareholders of each fund.

Each fund also has an agreement with Fidelity Service Co. (FSC), 82 Devonshire Street, Boston, Massachusetts 02109, an affiliate of FMR, under which each fund pays FSC to calculate its daily share price and to maintain the portfolio and general accounting records of each fund and to administer each fund's securities lending program. The fees for pricing and bookkeeping services are based on each fund's average net assets, but must fall within a range of \$20,000 to \$750,000 per year for Money Market Fund and \$45,000 to \$750,000 per year for Overseas, Growth Opportunities, Income & Growth, Government Investment, and High Yield Funds, respectively. Each fund's operating expenses include custodial, legal and accounting fees, charges to register a Trust or fund with federal and state regulatory authorities and other miscellaneous expenses.

2.DISTRIBUTION AND SERVICE PLAN. Each fund has adopted a Distribution and Service Plan (the Plans) pursuant to Rule 12b-1 under the Investment Company Act of 1940. No separate payments are authorized to be made by the funds under the Plans. Rather, each Plan recognizes that FMR may use its

management fee or other resources to pay expenses associated with activities primarily intended to result in the sale of each fund's shares. Each Plan also provides that FMR may make payments from these sources to third parties, although the Board has not authorized these payments to date.

#### DISTRIBUTIONS AND TAXES

For a discussion of the tax status of your variable contract, refer to your insurance company's separate account prospectus. It is suggested you keep all statements you receive to assist in your personal recordkeeping.

It is expected that shares of the funds will be held under the terms of variable annuity contracts. Under current tax law, dividends or capital gain distributions from any fund are not currently taxable when left to accumulate within a variable annuity contract. Distributions from a variable contract prior to age 59 1/2 may be subject to a 10% penalty tax in addition to ordinary income tax.

Each fund is treated as a separate entity for federal income tax purposes and intends to pay out all of its net investment income and net realized capital gains, if any, each year. Dividends from Money Market Fund are declared daily and paid monthly. Income & Growth Fund, Government Investment Fund, High Yield Fund, Growth Opportunities and Overseas Funds will distribute any dividends each year. Normally, net realized capital gains, if any, are distributed each year for the funds. Such income and capital gains are automatically reinvested in additional shares for the funds.

Each fund (except Money Market) makes dividend and capital gain distributions on a per-share basis. After every distribution from each of these funds, the fund's share price drops by the amount of the distribution. Because dividends and capital gain distributions are reinvested, the total value of an account will not be affected because, although the shares will have a lower price, there will be correspondingly more of them.

#### THE TRUST AND THE FIDELITY ORGANIZATION

The Trust is an open-end diversified management investment company organized as a Massachusetts business trust on July 15, 1994. The Trust has its own Board of Trustees that supervises fund activities and reviews each fund's contractual arrangements with companies that provide each 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 specific 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. The number of shares entitled to vote is based on the dollar value of an insurance company's investment in a fund. An insurance company issuing a variable contract that participates in the Trust will vote shares in the separate account as required by law and interpretations thereof, as may be amended or changed from time to time. In accordance with current law and interpretations thereof, a participating insurance company is required to request voting instructions from policyowners and must vote fund shares held in the separate account in proportion to the voting instructions received. For a further discussion, please refer to the prospectus of your insurance company's separate account. There is a remote possibility that one fund might become liable for any misstatement in the Prospectus about another fund.

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. It includes a number of different subsidiaries and divisions which provide a variety of financial services and products. The funds employ various Fidelity companies to perform activities required for their operation.

Fidelity Management & Research Company, the funds' manager, 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 June 30, 1995, FMR advised funds having approximately 21 million shareholder accounts with a total value of more than \$29.0 billion. FMR U.K., FMR Far East, and FMR Texas are wholly owned subsidiaries of FMR while FIIA is wholly owned by a subsidiary of FMR, Fidelity International Limited (FIL). The sub-advisors provide research, investment advice and portfolio management services for certain funds advised by FMR with respect to foreign securities (FMR U.K., FMR Far East, FIIA) and money market instruments (FMR Texas). Fidelity Distributors Corporation distributes shares for the Fidelity funds.

FMR Corp. is the ultimate parent company of FMR, FMR Texas, FMR U.K., and FMR Far East. Through 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 the composition of the Johnson family group under these circumstances would not result in the termination of the funds' management or distribution contracts and, accordingly, would not require a shareholder vote to continue operation under those contracts. The Johnson family group also owns, directly or indirectly, more than 25% of the voting common stock of FIL.

Margaret L. Eagle is manager of Fidelity Advisor Annuity High Yield Fund. Ms. Eagle also manages Advisor High Yield and several pension fund accounts. Previously, she managed Spartan High Income, and High Income (now Capital & Income). She also managed the bond portion of Puritan. Ms. Eagle joined Fidelity in 1980.

Robert Haber is manager and vice president of Fidelity Advisor Annuity Income & Growth Fund. Mr. Haber also manages Advisor Income & Growth, Balanced and co-manages Global Balanced. Previously, he managed Convertible Securities. Mr. Haber joined Fidelity in 1985.

John R. Hickling is manager of Fidelity Advisor Annuity Overseas Fund. Mr. Hickling also manages Advisor Overseas, Japan, Overseas, VIP: Overseas and International Growth & Income. Previously he managed Emerging Markets, Europe and Pacific Basin. Mr. Hickling joined Fidelity in 1982.

Robert Ives is manager of Fidelity Advisor Annuity Government Investment Fund, which he has managed since February 1995. Mr. Ives also manages Government Securities, Spartan Government Income and Advisor Government Investment. Previously, he managed Ginnie Mae and Spartan Ginnie Mae. Mr. Ives joined Fidelity in 1991, after receiving an M.B.A. from the University of Chicago. Previously, Mr. Ives was a consultant to the U.S. Air Force for MITRE Corp. and an engineer at Bell Labs.

George A. Vanderheiden is manager and vice president of Fidelity Advisor Annuity Growth Opportunities Fund. Mr. Vanderheiden also manages Advisor Growth Opportunities, Destiny I and Destiny II. Mr. Vanderheiden is a managing director of FMR Corp. Mr. Vanderheiden joined Fidelity in 1971.

#### VALUATION

The NAV refers to the worth of one share. NAV is computed by adding the value of each fund's security holdings and other assets, deducting liabilities and dividing the result by the number of shares outstanding. NAV normally is calculated as of the close of business of the NYSE (normally 4:00 p.m. Eastern time). The funds are open for business and NAV is calculated each day the NYSE is open for trading. Money Market Fund's securities are valued on the basis of amortized cost. This means of valuation assumes a steady rate of amortization of any premium or discount from the date of purchase until maturity instead of looking at actual changes in market value. Each of the other fund's securities and other assets are valued primarily on the basis of market quotations furnished by pricing services, or if quotations are not available or if the values have been materially affected by events occurring after the closing of a foreign

market, 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.

#### PURCHASES AND REDEMPTIONS

Investments in each fund may be made only by separate accounts established and maintained by insurance companies for the purpose of funding variable insurance contracts. Please refer to the prospectus of your insurance company's separate account for information on how to invest and redeem from each fund.

Investments by separate accounts in each fund are expressed in terms of full and fractional shares of each fund. Each Participating insurance company receives orders from its variable contract owners to purchase or redeem shares of the funds each Business Day. That night, all orders received by that insurance company on that Business Day are aggregated, and the insurance company places a net purchase or redemption order for shares of one or more funds the morning of the next Business Day. These orders are generally executed at the NAV that was next computed at the close of the previous Business Day in order to provide a match between the variable contract owners' orders to the insurance company and the insurance company's orders to a fund. In some cases, an insurance company's orders for fund shares may be executed at the NAV next computed after the order is actually transmitted to a fund.

The offering of shares of a fund may be suspended for a period of time and each fund reserves the right to reject any purchase order. Purchase orders may be refused if, in FMR's opinion, they are of a size that would disrupt the management of a fund.

Redemption proceeds will normally be wired to the insurance company on the next business day after receipt of the redemption instructions by a fund but in no event later than 7 days following receipt of instructions. Each fund may suspend redemptions or postpone payment dates on days when the NYSE is closed (other than weekend or holidays), when trading on the NYSE is restricted, or as permitted by the Securities and Exchange Commission.

#### PERFORMANCE

Each fund's performance may be quoted in advertising in terms of yield and total return if accompanied by performance of your insurance company's separate account. Performance is based on historical results and not intended to indicate future performance. For additional performance information, contact your insurance company for a free annual report.

Money Market Fund's YIELD refers to the income generated by an investment in the fund over a specified seven day period, expressed as an annual percentage rate. Its EFFECTIVE YIELD is calculated similarly, but assumes that the income earned from investments is reinvested. Money Market Fund's effective yield will tend to be slightly higher than its yield because of this compounding effect.

YIELD is a way of showing the rate of income a fund earns on its investments as a percentage of the fund's share price. To calculate yield, a fund takes the dividend and interest income, if any, it earned from its portfolio of investments for a specified 30-day period (net of expenses), divides it by the number of its shares entitled to receive dividends and expresses the result as an annualized percentage rate based on a fund's share price at the end of the 30-day period. Yields are calculated according to accounting methods that are standardized for all stock and bond funds. Because yield accounting methods differ from the methods used for other accounting purposes, a fund's yield may not equal its distribution rate, the income paid to an account or the income reported in the funds' financial statements.

TOTAL RETURNS are based on the overall dollar or percentage change in value of a hypothetical investment in each fund, including changes in share price (except for Money Market Fund) and assuming each fund's dividends and capital gain distributions, if any, are reinvested. A CUMULATIVE TOTAL RETURN reflects a fund's performance over a stated period of time. An

AVERAGE ANNUAL TOTAL RETURN reflects the hypothetical annually compounded return that would have produced the same cumulative total return if a fund's performance had been constant over the entire period. Because average annual returns tend to smooth out variations in a fund's return, you should recognize that they are not the same as actual year-by-year results. To illustrate the components of overall performance, a fund may separate its cumulative and average annual returns into income results and capital gain or loss.

A fund may quote its ADJUSTED NET ASSET VALUES, including all distributions paid, and may be averaged over specified periods. A fund may use these averages to calculate its MOMENTUM INDICATORS, which track changes in adjusted net asset values over specified periods.

YIELDS AND TOTAL RETURNS QUOTED FOR THE FUNDS INCLUDE THE EFFECT OF DEDUCTING EACH FUND'S EXPENSES, BUT MAY NOT INCLUDE CHARGES AND EXPENSES ATTRIBUTABLE TO ANY PARTICULAR INSURANCE PRODUCT. SINCE SHARES OF THE FUNDS MAY CURRENTLY ONLY BE PURCHASED THROUGH A VARIABLE ANNUITY CONTRACT, YOU SHOULD CAREFULLY REVIEW THE PROSPECTUS OF THE INSURANCE PRODUCT YOU HAVE CHOSEN FOR INFORMATION ON RELEVANT CHARGES AND EXPENSES. Excluding these charges from quotations of each fund's performance has the effect of increasing the performance quoted. You should bear in mind the effect of these charges when comparing a fund's performance to that of other mutual funds.

#### PORTFOLIO TRANSACTIONS

FMR uses various brokerage firms to carry out a fund's equity security transactions. Money market obligations and government securities are generally traded in the over-the-counter market through broker-dealers. A broker-dealer 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 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-advisers, places a large number of transactions, including those of Fidelity's other funds, the funds pay lower commissions than those paid by individual investors, and broker-dealers are willing to work with the funds on a more favorable spread. Certain funds will pay commissions in connection with transactions in futures contracts and options.

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

FMR may also allocate brokerage transactions to a fund's custodian, acting as a broker-dealer, or other broker-dealers, so long as transaction quality and commission rates are comparable to those of other qualified broker-dealers, where the broker-dealer will credit a portion of the commissions paid toward payment of a fund's expenses. These expenses currently include transfer agent fees and custodian fees. The custodian may credit a portion of the commissions paid toward payment of a fund's custodian charges.

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 each fund's assets, as well as assets of other clients.

When consistent with its investment objective, each fixed-income fund may engage in short-term trading. 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 annualized portfolio turnover rates for Overseas, Growth Opportunities, Income & Growth, High Yield and Government Investment are not expected to exceed 50%, 51%, 204%, 126% and 333%, respectively, in the first fiscal period. Because a high turnover rate increases transaction costs, FMR carefully weighs the anticipated benefits of short-term investing against these consequences.

#### APPENDIX

The following paragraphs provide a brief description of securities in which the funds may invest and transactions they may make. The funds are 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 a fund's investment objective and policies.

**MONEY MARKET** refers to the marketplace where short-term, high grade debt securities are traded and includes U.S. government obligations, commercial paper, certificates of deposit and bankers' acceptances, time deposits and short-term corporate obligations. Money market instruments may carry fixed rates of return or have variable or floating interest rates.

**COMMERCIAL PAPER** represents short-term obligations issued by banks, broker-dealers, corporations and other entities for purposes such as financing their current operations.

**CERTIFICATES OF DEPOSIT** represent a commercial bank's obligations to repay funds deposited with it earning specified rates of interest over given periods.

**BANKER'S ACCEPTANCES** are obligations of a bank to pay a draft which has been drawn on it by a customer. These obligations are backed by large banks and usually backed by goods in international trade.

**TIME DEPOSITS** are non-negotiable deposits in a banking institution earning a specified interest rate over a given period of time.

**U.S. GOVERNMENT OBLIGATIONS** are debt securities issued or guaranteed as to principal and interest by the U.S. Treasury or by an agency or instrumentality of the U.S. government. Not all U.S. government obligations are backed by the full faith and credit of the United States. For example, securities issued by the Federal Farm Credit Bank or by the Federal National Mortgage Association are supported by the agency's right to borrow money from the U.S. Treasury under certain circumstances. Securities issued by the Federal Home Loan Bank are supported only by the credit of the agency. There is no guarantee that the government will support these types of securities, and therefore they involve more risk than other government obligations.

**CORPORATE OBLIGATIONS** are bonds and notes issued by corporations and other business organizations in order to finance their long-term credit needs.

**ASSET-BACKED SECURITIES** may include pools of mortgages, loans, receivables or other assets. Payment of principal and interest may be largely dependent upon the cash flows generated by the asset backing the securities.

**DELAYED-DELIVERY TRANSACTIONS.** Securities may be bought and sold 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 a fund's yield. Ordinarily, a fund will not earn interest on securities purchased until they are delivered.

**FOREIGN CURRENCIES.** The value of a fund's investments, and the value of dividends and interest earned by a fund, may be significantly affected by changes in currency exchange rates. Some foreign currency values may be volatile, and there is the possibility of governmental controls on currency exchange or governmental 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 a 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 a 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.

Money Market Fund may not use investment techniques which are inconsistent with the fund's goal of maintaining a stable share price.

CURRENCY MANAGEMENT. The relative performance of foreign currencies is an important factor in a fund's performance. FMR may manage a 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, a fund may enter into forward 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. A fund will use currency forward 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 a fund's assets that may be committed to currency management strategies.

Money Market Fund may not use investment techniques which are inconsistent with the fund's goal of maintaining a stable share price.

FOREIGN INVESTMENTS involve 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 such as the funds. In addition to the political and economic factors that can affect foreign securities, a governmental 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 in making investments for the funds.

The funds 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 a fund from adverse exchange rate changes, they involve a risk of loss if FMR fails to predict foreign currency values correctly.

Money Market Fund may not use investment techniques which are inconsistent with the fund's goal of maintaining a stable share price.

Pursuant to certain state insurance regulations, each fund may not invest more than 20% of its assets in any one foreign country. Each fund may have an additional 15% invested in securities of issuers located in any one (but only one) of the following countries: Australia, Canada, France, Japan, the United Kingdom or Germany.

ILLIQUID INVESTMENTS. Overseas and High Yield fund may invest up to 15%, Growth Opportunities, Income & Growth and Government Investment may invest up to 10% and Money Market will invest less than 10% of its assets in illiquid investments. Under the supervision of the Board of Trustees, FMR determines the liquidity of each 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 a fund to sell them promptly at an acceptable price. INDEXED SECURITIES values are 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 itself.

Money Market Fund may not use investment techniques which are inconsistent with the fund's goal of maintaining a stable share price.

INTERFUND BORROWING PROGRAM. Each fund has received permission from the SEC to lend money to and borrow money from other funds advised by FMR or its affiliates. Interfund loans and borrowings normally will extend overnight, but can have a maximum duration of seven days. The funds will lend through the program only when the returns are higher than those available at the same time from other short-term instruments (such as repurchase agreements), and will borrow through the program only when the costs are equal to or lower than the cost of bank loans. Growth Opportunities, Overseas and Income & Growth Funds each will not lend more than 5% of its assets, High Yield and Government Investment Funds each will not lend more than 7.5% of its assets and Money Market Fund will not lend more than 10% of its assets to other funds, and will not borrow through the program if, after doing so, total outstanding borrowings would exceed 15% of total assets. Loans may be called on one day's notice, and a fund may have to borrow from a bank at a higher interest rate if an interfund loan is called or not renewed. Any delay in repayment to a lending fund could result in a lost investment opportunity or additional borrowing costs.

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 involve the risk of loss in case of default or insolvency of the borrower. Direct debt instruments may offer less legal protection to a fund in the event of fraud or misrepresentations. In addition, loan participations involve a risk of insolvency of the lending bank or other financial intermediary. Direct debt instruments may also include standby financing commitments that obligate a fund to supply additional cash to the borrower on demand.

Money Market Fund may not use investment techniques which are inconsistent with the fund's goal of maintaining a stable share price.

MORTGAGE-BACKED SECURITIES are issued by government entities 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 each fund may invest in them if FMR determines they are consistent with a 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.

OPTIONS AND FUTURES CONTRACTS are bought and sold to manage a fund's 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 a 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. A 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 a fund's return. A 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.

A fund will not hedge more than 25% of its total assets by selling futures, buying puts, and writing calls under normal conditions. In addition each 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.

Money Market Fund may not use investment techniques which are inconsistent with the fund's goal of maintaining a stable share price.

REAL ESTATE BACKED SECURITIES. Real estate industry companies may include among others: real estate investment trusts; brokers or real estate developers; and companies with substantial real estate holdings, such as paper and lumber producers and hotel and entertainment companies. Companies engaged in the real estate industry may be subject to certain risks including: declines in the value of real estate, risks related to general and local conditions, overbuilding and increased competition, increases in property taxes and operating expenses, and variations in rental income.

REPURCHASE AGREEMENTS AND SECURITIES LOANS. In a repurchase agreement, a fund buys a security at one price and simultaneously agrees to sell it back at a higher price. A 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, a 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. A fund (excluding Money Market) may enter into a foreign repurchase agreement 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 risk of default. In all cases, FMR must find the creditworthiness of the other party to the transaction

satisfactory.

RESTRICTED SECURITIES are 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.

REVERSE REPURCHASE AGREEMENTS. In a reverse repurchase agreement, a fund temporarily transfers possession of a portfolio instrument to another party, such as a bank or broker-dealer, in return for cash. At the same time, the fund agrees to repurchase the instrument at an agreed-upon price and time. The funds expect that they will engage in reverse repurchase agreements for temporary purposes such as to fund redemptions or when they are able to invest the cash so acquired at a rate higher than the cost of the agreement, which would increase the income earned by a fund. Reverse repurchase agreements may increase the risk of fluctuation in the market value of a fund's assets or in its yield.

SHORT SALES. A fund may enter into short sales with respect to stocks underlying its convertible security holdings. These transactions may help to hedge against the effect of stock price declines, but may result in losses if a convertible security's price does not track the price of its underlying equity. Convertible securities hedged with short sales are not currently expected to exceed 15% of a fund's total assets under normal conditions.

SWAP AGREEMENTS. As one way of managing exposure to different types of investments, a 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 a fund's investment exposure from one type of investment to another. For example, if a 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 a 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 a 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. A fund may also suffer losses if it is unable to terminate outstanding swap agreements or reduce its exposure through offsetting transactions.

Money Market Fund may not use investment techniques which are inconsistent with the fund's goal of maintaining a stable share price.

VARIABLE OR FLOATING RATE OBLIGATIONS have interest rates that are periodically adjusted either at specific intervals or whenever a benchmark rate changes. Inverse floaters have interest rates that move in the

opposite direction from a benchmark, making the security's market value more volatile.

Money Market Fund may not use investment techniques which are inconsistent with the fund's goal of maintaining a stable share price.

WARRANTS entitle the holder to buy equity securities at a specific price for a specific 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 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, a 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. Government Investment Fund has been advised that the staff of the Division of Investment Management of the SEC does not consider these instruments U.S. government securities as defined by the 1940 Act. Therefore, Government Investment Fund will not treat these obligations as U.S. government securities for purposes of its 65% portfolio composition test.

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. These are considered to be government 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 or a government agency.

#### 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 C 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.

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 rated 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 D 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 Statement of Additional Information, 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 a fund or Fidelity Distributors Corporation. This Prospectus and the related Statement of Additional Information does not constitute an offer by a fund or by Fidelity Distributors Corporation to sell or to buy shares of a fund to any person to whom it is unlawful to make such offer.

#### FIDELITY ADVISOR ANNUITY FUND:

Fidelity Advisor Annuity Overseas Fund, Fidelity Advisor Annuity Growth Opportunities Fund, Fidelity Advisor Annuity Income & Growth Fund, Fidelity Advisor Annuity Government Investment Fund, Fidelity Advisor Annuity High Yield Fund and Fidelity Advisor Annuity Money Market Fund (the funds).

#### STATEMENT OF ADDITIONAL INFORMATION

August 25, 1995

This Statement is not a prospectus but should be read in conjunction with the current Prospectus (dated August 25, 1995) for Fidelity Advisor Annuity Fund (the Trust). Please retain this document for future reference. Additional copies of the Prospectus or Statement of Additional Information are available upon request from Nationwide Life Insurance Company, One Nationwide Plaza, P.O. Box 182610, Columbus, Ohio 43216 or by calling 1-800-573-5775.

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#### INVESTMENT ADVISOR

Fidelity Management & Research Company (FMR)

#### INVESTMENT SUB-ADVISORS

##### Overseas Fund:

Fidelity Management & Research (U.K.) Inc. (FMR U.K.)

Fidelity Management & Research (Far East) Inc. (FMR Far East)

Fidelity International Investment Advisors (FIIA)

Fidelity International Investment Advisors (U.K.) Limited (FIIAL U.K.)

Money Market Fund

FMR Texas Inc. (FMR Texas)

Growth Opportunities Fund, Income & Growth Fund and High Yield Fund

FMR U.K.

FMR Far East

#### DISTRIBUTOR

Fidelity Distributors Corporation (FDC)

#### TRANSFER AGENT

Fidelity Investments Institutional Operations Company (FIIOC)

CUSTODIAN(S)

Money Market Fund: Morgan Guaranty Trust Company of New York;  
High Yield and Government Investment Funds: The Bank of New York;  
Income & Growth and Overseas Funds: The Chase Manhattan Bank, N.A.; and  
Growth Opportunities Fund: Brown Brothers Harriman & Co.

ADV.INS- 0895

#### 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 a fund's assets that may be invested in any security or other assets, or sets forth a policy regarding quality standards, such percentage limitation or standard shall be determined immediately after and as a result of a 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 a fund's investment policies and limitations.

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

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

- (1) purchase the securities of any issuer (other than obligations issued or guaranteed as to principal and interest by the United States, its agencies or instrumentalities) if, as a result, more than 5% of its total assets would be invested in the securities of such issuer, provided, however, that with respect to 25% of its total assets, 10% of its assets may be invested in the securities of any single issuer;
- (2) issue senior securities, except as permitted under the Investment Company Act of 1940;
- (3) borrow money, except that the fund may (i) borrow money for temporary or emergency purposes (not for leveraging or investment) and (ii) engage in reverse repurchase agreements for any purpose; provided that (i) and (ii) in combination do not exceed 33 1/3% of the fund's 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;
- (4) underwrite securities issued by others, except to the extent that the fund may be considered an underwriter within the meaning of the Securities Act of 1933 in the disposition of restricted securities;
- (5) 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, except that the fund will invest more than 25% of its total assets in the financial services industry;
- (6) 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);
- (7) purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments;
- (8) 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; or

(9) invest in companies for the purpose of exercising control or management.

(10) The fund may, notwithstanding any other other fundamental investment policy or limitation, invest all of its assets in the securities of a single open-end management investment company managed by Fidelity Management & Research Company or an affiliate or successor with substantially the same fundamental investment objective, policies, and limitations as the fund.

THE FOLLOWING INVESTMENT LIMITATIONS FOR MONEY MARKET FUND ARE NOT FUNDAMENTAL AND MAY BE CHANGED WITHOUT SHAREHOLDER NOTIFICATION.

(i) The fund does not currently intend to purchase a security (other than a security issued or guaranteed by the U.S. government or any of its agencies or instrumentalities) if, as a result, more than 5% of its total assets would be invested in the securities of a single issuer; provided that the fund may invest up to 10% of its total assets in the first tier securities of a single issuer for up to three business days.

(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 advisor or (b) by engaging in reverse repurchase agreements with any party. The fund will not borrow money in excess of 25% of net assets so long as this limitation is required for certification by certain state insurance departments. The fund will not purchase any security while borrowings (excluding reverse repurchase agreements) 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 10% 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 purchase or sell futures contracts or call options. This limitation does not apply to options attached to, or acquired or traded together with, their underlying securities, and does not apply to securities that incorporate features similar to options or futures contracts.

(vii) The fund does not currently intend to lend assets other than securities to other parties, except by lending money (up to 10% of the fund's net assets) to a registered investment company or portfolio for which FMR or an affiliate serves as investment advisor. (This limit does not apply to purchases of debt securities or to repurchase agreements.)

(viii) 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 received as dividends, through offers of exchange, or as a result of a reorganization, consolidation, or merger.

(ix) The fund does not currently intend to invest in oil, gas, or other



mineral exploration or development programs or leases.

(x) The fund does not currently intend to invest in interests in real estate investment trusts that are not readily marketable, or to invest in interests in real estate limited partnerships that are not listed on the New York Stock Exchange or the American Stock Exchange or traded on the NASDAQ National Market System.

(xi) The fund does not currently intend to invest all of its assets in the securities of a single open-end management investment company managed by Fidelity Management & Research Company or an affiliate or successor with substantially the same fundamental investment objective, policies, and limitations as the fund.

Investments may be made in U.S. dollar-denominated time deposits, certificates of deposit and bankers' acceptances of U.S. banks and their branches located outside of the U.S., U.S. branches and agencies of foreign banks, and foreign branches of foreign banks. The fund may also invest in U.S. dollar-denominated securities issued or guaranteed by other U.S. or foreign issuers, including U.S. and foreign corporations or other business organizations, foreign governments and foreign government agencies or instrumentalities, and U.S. and foreign financial institutions, including savings and loan institutions, insurance companies, mortgage bankers and real estate investment trusts, as well as banks. The fund may purchase obligations of banks, savings and loan institutions and other financial institutions whose creditworthiness might not otherwise meet the fund's standards, provided that (i) the principal amount of the instrument acquired by the fund is insured in full by the Federal Deposit Insurance Corporation and (ii) the aggregate investment made in any one such bank or institution does not exceed \$100,000.

The obligations of foreign branches of U.S. banks may be general obligations of the parent bank in addition to the issuing branch, or may be limited by the terms of a specific obligation and by federal and state regulation. Payment of interest and principal upon these obligations may also be affected by governmental action in the country of domicile of the branch (generally referred to as sovereign risk). In addition, evidences of ownership of portfolio securities may be held outside of the U.S. and the fund may be subject to the risks associated with the holding of such property overseas. Various provisions of federal law governing the establishment and operation of domestic branches do not apply to foreign branches of domestic banks.

Obligations of U.S. branches and agencies of foreign banks may be general obligations of the parent bank in addition to the issuing branch, or may be limited by the terms of a specific obligation and by federal and state regulation as well as by governmental action in the country in which the foreign bank has its head office.

Obligations of foreign issuers also involve certain additional risks. Foreign issuers may be subject to less governmental regulation and supervision than U.S. issuers. Foreign issuers also generally are not bound by uniform accounting, auditing and financial reporting requirements comparable to those applicable to U.S. issuers.

OVERSEAS, GROWTH OPPORTUNITIES, INCOME & GROWTH, GOVERNMENT INVESTMENT AND HIGH YIELD FUNDS

THE FOLLOWING ARE OVERSEAS, GROWTH OPPORTUNITIES, INCOME & GROWTH, GOVERNMENT INVESTMENT AND HIGH YIELD FUNDS' FUNDAMENTAL INVESTMENT LIMITATIONS. EACH FUND MAY NOT:

- (1) with respect to 75% of the fund's total assets, 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,
  - (a) more than 5% of the fund's total assets would be invested in the securities of that issuer, or
  - (b) the fund would hold more than 10% of the outstanding voting securities of that issuer;
- (2) issue senior securities, except as permitted under the Investment Company Act of 1940;
- (3) borrow money, except that the fund (i) may borrow money for temporary

or emergency purposes (not for leveraging or investment) or (ii) engage in reverse repurchase agreements, provided that (i) and (ii) in combination (borrowings) do not exceed 33 1/3% of its total assets (including the amount borrowed) less liabilities (other than borrowings). Any borrowings that come to exceed 33 1/3% of the value of the fund's total assets by reason of a decline in net assets will be reduced within three days (exclusive of Sundays and holidays) to the extent necessary to comply with the 33 1/3% limitation;

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

(5) 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 its total assets would be invested in the securities of companies whose principal business activities are in the same industry;

(6) 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);

(7) 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

(8) 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.

(9) Each fund may, notwithstanding any other 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 objective, policies, and limitations as the fund. THE FOLLOWING INVESTMENT LIMITATIONS FOR OVERSEAS, GROWTH OPPORTUNITIES, INCOME & GROWTH, GOVERNMENT INVESTMENT AND HIGH YIELD FUNDS ARE NOT FUNDAMENTAL AND MAY BE CHANGED WITHOUT SHAREHOLDER NOTIFICATION.

(i) Each 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.

(ii) Each 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.

(iii) Each 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 advisor or (b) by engaging in reverse repurchase agreements with any party (reverse repurchase agreements are treated as borrowings for purposes of fundamental investment limitation (3)). Each fund will not borrow money in excess of 25% of net assets so long as this limitation is required for certification by certain state insurance departments. Any borrowings that come to exceed this amount will be reduced within seven days (not including Sundays and holidays) to the extent necessary to comply with the 25% limitation. Each fund will not purchase any security while borrowings representing more than 5% of its total assets are outstanding. Each 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.

(iv) Each fund does not currently intend to purchase any security if, as a result, more than 10% of Growth Opportunities, Income & Growth and

Government Investment Funds' net assets and 15% of High Yield and Overseas Funds' 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.

(v) Each fund does not currently intend to lend assets other than securities to other parties, except by: (a) lending money (up to 5% of net assets for Growth Opportunities, Income & Growth and Overseas Funds and 7.5% for High Yield and Government Investment Funds' net assets) to a registered investment company or portfolio for which FMR or an affiliate serves as investment advisor or (b) acquiring loans, loan participations, or other forms of direct debt instruments and, in connection therewith, assuming any associated unfunded commitments of the sellers. (This limitation does not apply to purchases of debt securities or to repurchase agreements.)

(vi) Each 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 received as dividends, through offers of exchange, or as a result of a reorganization, consolidation, or merger.

(vii) Each fund does not currently intend to invest in oil, gas, or other mineral exploration or development programs or leases.

(viii) Each fund does not currently intend to invest in interests in real estate investment trusts that are not readily marketable, or to invest in interests in real estate limited partnerships that are not listed on the New York Stock Exchange or the American Stock Exchange or traded on the NASDAQ National Market System.

(ix) Each fund does not currently intend to invest all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objective, policies, and limitations as the fund.

For each fund's limitations on futures and options transactions, see the section entitled "Limitations on Futures and Options Transactions." For each fund's limitations on short sales, see the section entitled "Short Sales."

Higher yielding, fixed-income securities of the type in which High Yield Fund invests will at times be purchased at a discount from or a premium over par value. The total return on such securities includes the potential for a capital gain or loss. High Yield Fund generally does not intend to hold securities for the purpose of achieving capital gains, however, unless current yields on these securities remain attractive. Capital gain or loss may also be realized upon the sale of portfolio securities.

The U.S. government has from time to time in the past imposed restrictions, through taxation and otherwise, on foreign investments by U.S. investors such as the funds. If such restrictions should be reinstated, it might become necessary for Overseas Fund to invest all or substantially all of its assets in U.S. securities. In such event, the Board of Trustees would reevaluate the fund's investment objective and policies.

In accordance with the funds' fundamental investment policies, there are no limitations on the percentage of the funds' assets which may be invested in any one type of instrument. Nor are there limitations (except those imposed by certain state insurance regulations) on the percentage of the funds' assets which may be invested in any foreign country. However, in order to comply with diversification requirements under Section 817(h) of the Internal Revenue Code of 1986, as amended, in connection with FMR serving as investment advisor, each fund has agreed to certain non-fundamental limitations. Please refer to your insurance company's separate account prospectus for more information.

**AFFILIATED BANK TRANSACTIONS.** A fund may engage in transactions with financial institutions that are, or may be considered to be, "affiliated persons" of the fund under the Investment Company Act of 1940. 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.

FUNDS' RIGHTS AS A SHAREHOLDER. Each fund does not intend to direct or administer the day-to-day operations of any company. Each 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 shareholders of a company when FMR determines that such matters could have a significant effect on the value of each fund's investment in the company. The activities that each 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 a 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 each 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 each fund and the risk of actual liability if each fund is involved in litigation. No guarantee can be made, however, that litigation against each fund will not be undertaken or liabilities incurred.

Each fund's investments must be consistent with its investment objective and policies. Accordingly, not all of the security types and investment techniques discussed below are eligible investments for each of the funds. ASSET-BACKED SECURITIES may include interests in pools of mortgages, loans, receivables or other assets. Payment of principal and interest may be largely dependent upon the cash flows generated by the assets backing the securities, and, in certain cases, supported by letters of credit, surety bonds, or other credit enhancements. The value of asset-backed securities may also be affected by the creditworthiness of the servicing agent for the pool, the originator of the loans or receivables, or the financial institution(s) providing the credit support.

VARIABLE OR FLOATING RATE OBLIGATIONS bear variable or floating interest rates and carry rights that permit holders to demand payment of the unpaid principal balance plus accrued interest from the issuers or certain financial intermediaries. Floating rate instruments have interest rates that change whenever there is a change in a designated base rate while variable rate instruments provide for a specified periodic adjustment in the interest rate. These formulas are designed to result in a market value for the instrument that approximates its par value.

A demand instrument with a conditional demand feature must have received both a short-term and a long-term high-quality rating or, if unrated, have been determined to be of comparable quality pursuant to procedures adopted by the Board of Trustees. A demand instrument with an unconditional demand feature may be acquired solely in reliance upon a short-term high-quality rating or, if unrated, upon a finding of comparable short-term quality pursuant to procedures adopted by the Board of Trustees.

Money Market Fund may invest in variable or floating rate instruments that ultimately mature in more than 397 days, if the fund acquires a right to sell the instruments that meets certain requirements set forth in Rule 2a-7. Variable rate instruments (including instruments subject to a demand feature) that mature in 397 days or less and U.S. government securities with a variable rate of interest adjusted no less frequently than 762 days may be deemed to have maturities equal to the period remaining until the next readjustment of the interest rate. Other variable rate instruments

with demand features may be deemed to have a maturity equal to the period remaining until the next adjustment of the interest rate or the period remaining until the principal amount can be recovered through demand. A floating rate instrument subject to a demand feature may be deemed to have a maturity equal to the period remaining until the principal amount can be recovered through demand.

REPURCHASE AGREEMENTS are transactions in which a fund purchases a security and simultaneously commits to sell that security back to the original 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. While it does not presently appear possible to eliminate all risks from these transactions (particularly the possibility that the value of the underlying security will be less than the resale price as well as delays and costs to a fund in connection with bankruptcy proceedings), it is each fund's current policy to engage in repurchase agreement transactions with parties whose creditworthiness has been reviewed and found satisfactory by FMR.

Pursuant to an Exemptive Order issued by the SEC, Money Market Fund, along with other registered investment companies having management contracts with FMR, may invest in a pool of one or more large overnight repurchase agreements. The repurchase agreements' underlying securities are U.S. government securities in which the fund is permitted to invest.

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. However, pursuant to certain state insurance regulations, any foreign repurchase agreements a fund enters into will be secured by collateral consisting of liquid assets having a market value of not less than 102% of the cash or assets transferred to the other party. The value of the security purchased by a 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, a fund may suffer a loss if the value of the security purchased is less than the agreed-upon repurchase price, or if a 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, a 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, a fund will maintain appropriate liquid assets in a segregated custodial account to cover its obligation under the agreement. A fund will enter into reverse repurchase agreements only with parties whose creditworthiness has been reviewed and found satisfactory by FMR. Such transactions may increase fluctuations in the market value of a fund's assets and may be viewed as a form of leverage.

SECURITIES LENDING. Each 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 a 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 a 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).

DELAYED DELIVERY TRANSACTIONS are transactions that involve a commitment by fund to purchase or sell specific securities at a predetermined price and/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. A fund may receive fees for entering into delayed-delivery transactions.

When purchasing securities on a delayed-delivery basis, a fund assumes the rights and risks of ownership, including the risk of price and yield fluctuations. Because a fund is not required to pay for securities until the delivery date, these risks are in addition to the risks associated with a fund's other investments. If a 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, a fund will set aside appropriate liquid assets in a segregated custodial account to cover its purchase obligations. When a fund has sold a security on a delayed-delivery basis, that 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, a fund could miss a favorable price or yield opportunity, or could suffer a loss. A 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.

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 each fund's investments and, through reports from FMR, the Board monitors investments in illiquid instruments. In determining the liquidity of each 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 each fund's rights and obligations relating to the investment).

Investments currently considered by Money Market Fund to be illiquid include repurchase agreements not entitling the holder to payment of principal and interest within seven days. Also, FMR may determine some restricted securities and time deposits to be illiquid. Investments currently considered by each fund other than Money Market 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, and swap agreements to be illiquid. However, with respect to over-the-counter options a 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 each fund may have to close out the option before expiration.

In the absence of market quotations, illiquid investments for Money Market Fund are valued for purposes of monitoring amortized cost valuation at fair value as determined in good faith by a committee appointed by the Board of Trustees. For all other funds, 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, a fund were in a position where more than 10% of Money Market, Income & Growth, Growth Opportunities and Government Investment Funds' net assets and more than 15% of High Yield and Overseas Fund's net assets were invested in illiquid securities, each fund would seek to take appropriate steps to protect liquidity. Money Market Fund will invest less than 10% of its assets in illiquid securities.

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, each 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 each fund may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, each fund might obtain a less favorable price than prevailed when it decided to seek registration of the security. However, in general, Money Market Fund anticipates holding restricted securities to maturity or selling them in an exempt transaction.

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 a fund's exposure to long or short-term interest rates (in the U.S. 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 funds are not limited to any particular form of swap agreement if FMR determines it is consistent with a 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 a fund's investment exposure from one type of investment to another. For example, if a fund agreed to exchange payments in dollars for payments in foreign currency, the swap agreements would tend to decrease the fund's exposure to U.S. interest rates and increase 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 a 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 a fund. If a swap

agreement calls for payments by a fund, it 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. Each fund expects to be able to eliminate 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.

Each fund will maintain appropriate liquid assets in a segregated custodial account to cover its current obligations under swap agreements. If a 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 its accrued obligations under the swap agreement over the accrued amount it is entitled to receive under the agreement. If a 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 its accrued obligations under the agreement.

**INDEXED SECURITIES.** Each 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 U.S. 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. FMR will use its judgment in determining whether indexed securities should be treated as short-term instruments, bonds, stocks, or as a separate asset class for purposes of a fund's investment allocations, depending on the individual characteristics of the securities. Indexed securities may be more volatile than the underlying instruments.

**WARRANTS.** (excludes Money Market Fund) Warrants are securities that give a fund the right to purchase equity securities from the issuer at a specific price (the strike price) for a limited period of time. The strike price of warrants typically is much lower than the current market price of the underlying securities, yet they are subject to similar price fluctuations. As a result, warrants may be more volatile investments than the underlying securities and may offer greater potential for capital appreciation as well as capital loss.

Warrants do not entitle a holder to dividends or voting rights with respect to the underlying securities and do not represent any rights in the assets of the issuing company. 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. These factors can make warrants more speculative than other types of investments.

**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 a 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 a 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 a 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 repay 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 a 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 a fund in the event of fraud or misrepresentation. In the absence of definitive regulatory guidance, a fund relies on FMR's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect a 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, a 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 a 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 a 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, even if the borrower's condition makes it unlikely that the amount will ever be repaid. A fund will set aside appropriate liquid assets in a segregated custodial account to cover its potential obligations under standby financing commitments.

A fund limits the amount of total assets that it will invest in any one issuer or in issuers within the same industry (see limitations 1 and 5). For purposes of these limitations, a 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 a 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 these purposes. Treating a financial intermediary as an issuer of indebtedness may restrict a 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.

**FOREIGN INVESTMENTS.** Foreign investments can involve significant risks in addition to the risks inherent in U.S. investments. The value of securities denominated in or indexed to foreign currencies, and of dividends and interest from such securities, can change significantly when foreign currencies strengthen or weaken relative to the U.S. dollar. Foreign securities markets generally have less trading volume and less liquidity than U.S. markets, and prices on some foreign markets can be highly volatile. Many foreign countries lack uniform accounting and disclosure standards comparable to those applicable to U.S. companies, and it may be more difficult to obtain reliable information regarding an issuer's financial condition and operations. In addition, the costs of foreign investing, including withholding taxes, brokerage commissions, and custodial costs, are generally higher than for U.S. investments.

Foreign markets may offer less protection to investors than U.S. markets. Foreign issuers, brokers, and securities markets may be subject to less government supervision. Foreign security trading practices, including those involving the release of assets in advance of payment, may involve increased risks in the event of a failed trade or the insolvency of a broker-dealer, and may involve substantial delays. It may also be difficult to enforce legal rights in foreign countries.

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.

A fund may invest in foreign securities that impose restrictions on transfer within the U.S. or to U.S. persons. Although securities subject to 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.

American Depositary Receipts and European Depositary Receipts (ADRs and EDRs) 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 following information is of particular importance to Overseas Fund. A 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. A 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. A fund may use currency forward contracts for any purpose consistent with its investment objective. The following discussion summarizes the principal currency management strategies involving forward contracts that could be used by a fund. A fund may also use swap agreements, indexed securities, and options and futures contracts relating to foreign currencies for the same purposes.

When a 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." A 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.

A fund may also use forward contracts to hedge against a decline in the value of existing investments denominated in foreign currency. For example, if a fund owned securities denominated in pounds sterling, it 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. A 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 Deutschmarks 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 would 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.

A 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 a fund held investments denominated in Deutschmarks, the fund could enter into forward contracts to sell Deutschmarks 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 SEC guidelines, a fund will

segregate assets to cover currency forward contracts, if any, whose purpose is essentially speculative. A 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 strategies will depend on FMR's skill in analyzing and predicting currency values. Currency management strategies may substantially change a 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 a fund by selling that currency in exchange for U.S. dollars, the fund would be unable to participate in the currency's appreciation. If FMR hedges currency exposure through proxy hedges, a 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 a 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 a fund or that it will hedge at an appropriate time.

**SHORT SALES "AGAINST THE BOX".** Money Market Fund may sell securities short when it owns or has the right to obtain securities equivalent in kind or amount to the securities sold short. Short sales could be used to protect the net asset value per share of the fund in anticipation of increased interest rates, without sacrificing the current yield of the securities sold short.

**SHORT SALES.** A 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 it 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. Each 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 a fund enters into a short sale or short sale against the box, 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 while the short sale is outstanding. Each fund will incur transaction costs, including interest expense, in connection with opening, maintaining, and closing short sales and short sales against the box.

**LIMITATIONS ON FUTURES AND OPTIONS TRANSACTIONS.** Each fund (other than Money Market Fund) has filed 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. The funds intend to comply with Section 4.5 of the regulations under the Commodity Exchange Act, which limits the extent to which a fund can commit assets to initial margin deposits and option premiums.

In addition, each fund will not: (a) sell futures contracts, purchase put options, or write call options if, as a result, more than 25% of each 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, each 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 each fund would exceed 5% of each fund's total assets. These limitations for each fund 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.

**FUTURES CONTRACTS.** When a fund purchases a futures contract, it agrees to purchase a specified underlying instrument at a specified future date.

When a 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 a 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 Index of municipal bonds. 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 a fund's exposure to positive and negative price fluctuations in the underlying instrument, much as if it had purchased the underlying instrument directly. When a 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 a fund's investment limitations. In the event of the bankruptcy of an FCM that holds margin on behalf of a fund, a 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 a fund.

**PURCHASING PUT AND CALL OPTIONS.** By purchasing a put option, a 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, a 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. A 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, a fund will lose the entire premium it paid. If a fund exercises the option, it completes the sale of the underlying instrument at the strike price. A 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 a 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, a 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 a fund will be required to make margin payments to an FCM as described above for futures contracts. A 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 a fund has written, however, a 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 a 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. Each fund may purchase and write options in combination with each other, or in combination with futures or forward contracts, to adjust the risk and return characteristics of the overall position. For example, each 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 each fund's current or anticipated investments exactly. Each 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 each fund's other investments.

Options and futures prices can also diverge from the prices of their underlying instruments, even if the underlying instruments match each 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. Each 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 each 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 each 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 each fund to continue to hold a position until delivery or expiration regardless of changes in its value. As a result, each 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 options (options not traded on exchanges) generally are established through negotiation with the other party to the option contract. While this type of arrangement allows each 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. Each fund may purchase and sell currency futures and may purchase and write currency options to increase or decrease its exposure to different foreign currencies. Each 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 each fund's investments. A currency hedge, for example, should protect a Yen-denominated security from a decline in the Yen, but will not protect each fund against a price decline resulting from deterioration in the issuer's creditworthiness. Because the value of each 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 each fund's investments exactly over time.

**ASSET COVERAGE FOR FUTURES AND OPTIONS POSITIONS.** Each 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 each fund's assets could impede portfolio management or each fund's ability to meet redemption requests or other current obligations.

#### PORTFOLIO TRANSACTIONS

All orders for the purchase or sale of portfolio securities are placed on behalf of a fund by FMR pursuant to authority contained in each fund's Management Contract. Since FMR has granted investment management authority to the sub-advisors (see the section entitled "Management Contracts"), the sub-advisors 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 advisor. Money market securities purchased and sold by a fund generally will be traded on a net basis (i.e., without commission). In selecting broker-dealers subject to applicable limitations of the federal securities laws, FMR will consider 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; the reasonableness of any commissions; and arrangements for payment of fund expenses. FMR may allocate brokerage transactions to broker-dealers who have entered into arrangements with FMR under which the broker-dealer allocates a portion of the commissions paid by a fund toward payment of a fund's expenses, such as transfer agent fees or custodian fees. The transaction quality must, however, be comparable to those of other qualified broker-dealers. Generally, commissions for foreign investments traded will be higher than for U.S. investments and may not be subject to negotiation.

Each fund may execute portfolio transactions with broker-dealers who provide research and execution services to a 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). FMR maintains a listing of broker-dealers who provide such services on a regular basis. However, as many transactions on behalf of a fund's money market securities are placed with broker-dealers (including broker-dealers on the list) without regard to the furnishing of such services, it is not possible to estimate the proportion of such transactions directed to such broker-dealers solely because such services were provided. The selection of such broker-dealers is generally made by FMR (to the extent possible consistent with execution considerations) in accordance with a ranking of broker-dealers determined periodically by FMR's investment staff based upon the quality of research and execution services provided.

The receipt of research from broker-dealers that execute transactions on behalf of a fund may be useful to FMR in rendering investment management services to a 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 a fund. The receipt of such research has not reduced FMR's normal independent research activities; however, it enables FMR to avoid 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 or execution services. In order to cause a 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 a 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 each 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 Fidelity Brokerage Services, Inc. (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, except if 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 each fund and review the commissions paid by the funds over representative periods of time to determine if they are reasonable in relation to the benefits to the funds.

Because a high turnover rate increases brokerage costs, FMR carefully weighs the added costs of short-term investment against anticipated gain. From time to time the Trustees will review whether the recapture for the benefit of the funds of some portion of the brokerage commissions or similar fees paid by the funds on portfolio transactions is legally permissible and advisable. The funds seek to recapture soliciting broker-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 funds to seek such recapture.

Although the Trustees and officers of each fund are substantially the same as those of other funds managed by FMR, investment decisions for the funds 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 and accounts are managed by the same investment advisor, 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 funds are concerned. In other cases, however, the ability of the funds to participate in volume transactions will produce better executions and prices for the funds. It is the current opinion of the Trustees that the desirability of retaining FMR as investment advisor to the funds outweighs any disadvantages that may be said to exist from exposure to simultaneous transactions.

VALUATION OF FUND SECURITIES

## MONEY MARKET FUND

Like most money market funds, the fund values its investments on the basis of amortized cost. This technique involves initially valuing an instrument at its cost and thereafter assuming a constant amortization to maturity of any discount or premium, regardless of the market value of the instrument. The amortized-cost value of an instrument may be higher or lower than the price the fund would receive if it sold the instrument.

During periods of declining interest rates, the fund's yield based on amortized cost may be higher than a yield based on market prices and estimates of market prices. Under these circumstances, a new investor in the fund would be able to obtain a somewhat higher yield than would result from investment in a fund solely utilizing market quotations to determine its NAV, and existing shareholders would receive less investment income. The converse would apply in a period of rising interest rates.

Valuing the fund's instruments on the basis of amortized cost and use of the term "money market fund" are permitted by Rule 2a-7 under the Investment Company Act of 1940 (the 1940 Act). The fund must adhere to certain conditions under Rule 2a-7.

The Board of Trustees of the fund oversees FMR's adherence to SEC rules concerning money market funds, and has established procedures designed to stabilize the fund's NAV calculated on the basis of amortized cost. At such intervals as they deem appropriate, the Trustees review reports used to determine whether NAV calculated by using available market quotations would deviate from \$1.00. If such a deviation would result in material dilution or otherwise would be unfair to shareholders, the Trustees have agreed to take such corrective action, if any, as they deem necessary and appropriate. This may include selling portfolio instruments prior to maturity to realize capital gains or losses or to shorten average portfolio maturity, withholding dividends, redeeming shares in kind, or establishing NAV by using available market quotations.

## HIGH YIELD AND GOVERNMENT INVESTMENT FUNDS

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. 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 may also be valued on the basis of valuations furnished by a pricing service that uses 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.

Securities not valued by the pricing service, and for which quotations are readily available, are valued at market values determined on the basis of their latest available bid prices as furnished by recognized dealers in such securities.

## GROWTH OPPORTUNITIES, INCOME & GROWTH AND OVERSEAS FUNDS

Portfolio securities are valued by various methods depending on the primary market or exchange on which they trade. Most equity securities for which the primary market is the U.S. are valued at last sale price or, if no sale has occurred, at the closing bid price. Most equity securities for which the primary market is outside the U.S. are valued using the official closing price or the last sale price in the principal market where they are traded. If the last sale price (on the local exchange) is unavailable, the last evaluated quote or last bid price is normally used. Short-term

securities are valued either at amortized cost or at original cost plus accrued interest, both of which approximate current value. Convertible securities and fixed-income securities are valued primarily by a pricing service that uses a vendor security valuation matrix which incorporates both dealer-supplied valuations and electronic data processing techniques. This twofold approach is believed to more accurately reflect fair value because it takes into account appropriate factors such as institutional 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, exchange, or over-the counter prices. Use of pricing services has been approved by the Board of Trustees.

Securities and other assets for which there is no readily available market are valued in good faith by a committee appointed by the Board of Trustees. The procedures set forth above need not be used to determine the value of the securities owned by the fund if, in the opinion of a committee appointed by the Board of Trustees, some other method (e.g., 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 securities.

Generally, the valuation of foreign and domestic equity securities, as well as corporate bonds, U.S. government securities, money market instruments, and repurchase agreements, is substantially completed each day at the close of the NYSE. The values of any such securities held by the fund are determined as of such time for the purpose of computing the fund's net asset value. Foreign security prices are furnished by independent brokers or quotation services which express the value of securities in their local currency. Fidelity Service Co. (FSC) gathers all exchange rates daily at the close of the NYSE using the last quoted price on the local currency and then translates the value of foreign securities from their local currency into U.S. dollars. Any changes in the value of forward contracts due to exchange rate fluctuations and days to maturity are included in the calculation of net asset value. If an extraordinary event that is expected to materially affect the value of a portfolio security occurs after the close of an exchange on which that security is traded, then the security will be valued as determined in good faith by a committee appointed by the Board of Trustees.

#### PERFORMANCE

The funds may quote performance in various ways. All performance information supplied by the funds in advertising is historical and is not intended to indicate future returns. Each fund's share price (except for Money Market Fund), yield and total return fluctuate in response to market conditions and other factors, and the value of fund shares (except for Money Market Fund) when redeemed may be more or less than their original cost.

**YIELD CALCULATIONS.** Yields (except for Money Market Fund) for the funds are computed by dividing a fund's 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 dividends during the period, dividing this figure by the fund's NAV at the end of the period and annualizing the result (assuming compounding of income) in order to arrive at an annual percentage rate. 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 a 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. Capital gains and losses generally are excluded from the calculation as are gains and losses from currency exchange rate fluctuations.

Income calculated for the purpose of determining fund's yield differs from income as determined for other accounting purposes. Because of the different accounting methods used, and because of the compounding assumed in yield calculations, a fund's yield may not equal its distribution rate, the income paid over the same period or the income reported in the funds' financial statements.

In calculating yield, a fund 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 a fund's yield.

To compute Money Market Fund's yield for a period, the net change in value of a hypothetical account containing one share reflects the value of additional shares purchased with dividends from the one original share and dividends declared on both the original share and any additional shares. The net change is then divided by the value of the account at the beginning of the period to obtain a base period return. This base period return is annualized to obtain a current annualized yield. Money Market Fund also may calculate a compound effective yield by compounding the base period return over a one-year period. In addition to the current yield, the fund may quote yields in advertising based on any historical seven-day period(s). Yields for the fund are calculated on the same basis as other money market funds, as required by regulation.

Yield information may be useful in reviewing a fund's performance and in providing a basis for comparison with other investment alternatives. However, yields fluctuate, unlike investments which pay a fixed interest rate for 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. In addition, investors should refer to the insurance company's separate account prospectus for information on fees and charges which may not be reflected in a yield quotation.

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

**TOTAL RETURN CALCULATIONS.** Total returns reflect all aspects of each fund's return, including the effect of reinvesting dividends and capital gain distributions, and any change in each fund's NAV over a stated period. Average annual total returns are calculated by determining the growth or decline in value of a hypothetical historical investment in a fund 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 return of 100% over ten years would produce an average annual return of 7.18%, which is the steady annual rate of 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 a fund's 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 returns are a convenient means of comparing investment alternatives, investors should realize that a fund's performance is not constant over time, but changes from year to year, and that average annual returns represent averaged figures as opposed to the actual year-to-year performance of a fund.

In addition to average annual total returns, the funds may quote unaveraged

or cumulative total returns reflecting the simple change in value of an investment over a stated period. 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, yields and other performance information may be quoted numerically or in a table, graph, or similar illustration.

**NET ASSET VALUE.** Charts and graphs using a fund's net asset values or an insurance company's sub-account unit values, adjusted net asset values, and benchmark indices may be used to exhibit performance. An adjusted NAV includes any distributions paid by a fund and reflects all elements of its return. Unless otherwise indicated, a fund's adjusted NAVs (or an insurance company's sub-account unit values) are not adjusted for sales charges, if any.

**MOVING AVERAGES.** A fund may illustrate performance using moving averages. A long-term moving average is the average of each week's adjusted closing NAV or an insurance company's sub-account unit value for a specified period. A short-term moving average is the average of each day's adjusted closing NAV or an insurance company's sub-account unit value for a specified period. Moving Average Activity Indicators combine adjusted closing NAVs from the last business day of each week with moving averages for a specified period to produce indicators showing when an NAV or sub-account has crossed, stayed above, or stayed below its moving average. The funds are only available for purchase through variable annuity or variable life insurance contracts offering deferral of income taxes on earnings, 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 10 years, assuming tax was deducted at the 31% rate from the deferred earnings at the end of the ten year period. Individuals holding shares of the funds through a variable annuity or variable life insurance contract may receive additional tax benefits from the deferral of income taxes associated with variable contracts. Individuals should consult their tax advisors to determine the effect of holding variable contracts on their individual tax situations.

**YIELDS AND TOTAL RETURNS QUOTED FOR A FUND INCLUDE THE EFFECT OF DEDUCTING THE FUND'S EXPENSES, BUT MAY NOT INCLUDE CHARGES AND EXPENSES ATTRIBUTABLE TO ANY PARTICULAR INSURANCE PRODUCT. SINCE YOU CAN ONLY PURCHASE SHARES OF A FUND THROUGH A VARIABLE ANNUITY AND/OR A VARIABLE LIFE INSURANCE CONTRACT, YOU SHOULD CAREFULLY REVIEW THE PROSPECTUS OF THE INSURANCE PRODUCT YOU HAVE CHOSEN FOR INFORMATION ON RELEVANT CHARGES AND EXPENSES.** Excluding these charges from quotations of a fund's performance has the effect of increasing the performance quoted.

#### GENERAL INFORMATION

A fund's 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 the mutual fund rankings, a fund's performance may be compared to mutual fund performance indices prepared by Lipper. In addition to the mutual fund rankings, a fund's 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. High Yield Fund may compare its performance to the Salomon Brothers High Yield Composite Index, an index of high-yielding utility and corporate bonds with a minimum maturity of seven years and with total debt outstanding of at least \$50 million. Issues included in the index are rated Baa or lower by Moody's Investors Service or BBB or lower by Standard & Poor's Corporation. Overseas Fund may quote its performance in advertising and other types of literature as compared to the performance of the Morgan Stanley Capital International EAFE Index, an unmanaged index of over 820 foreign common stocks. A fund may also compare its performance against the Consumer Price Index (CPI) and the funds in Lipper Annuity & Closed-End Survey (LACES). LACES consists of periodic reports that track the performance of closed-end mutual funds and variable annuities at the separate account level. A fund will compare itself only to annuities, not to closed-end funds in LACES. From time to time, a fund's performance may also be compared to other mutual funds tracked by financial or business publications and periodicals. For example, a fund may quote Morningstar, Inc. 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. A 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, a fund may offer greater liquidity or higher potential returns than CDs, but a fund does not guarantee your principal or your return, and fund shares are not FDIC insured.

Your insurance company 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; materials that describe general principles of investing, such as asset allocation, diversification, risk tolerance, and goal setting; questionnaires designed to help create a personal financial profile; worksheets used to project savings needs based on assumed rates of inflation and hypothetical rates of return; and action plans offering investment alternatives. Materials may also include discussions of Fidelity's other 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 CPI), and combinations of various capital markets. The performance of these capital markets is based on the returns of different indices.

A fund 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 funds. Ibbotson calculates total returns in the same method as the funds. The funds may also compare performance to that of other compilations or indices that may be developed and made available in the future.

Money Market, High Yield and Government Investment Funds each may compare its performance or the performance of securities in which it may invest to averages published by IBC USA (Publications), Inc. of Ashland, Massachusetts. These averages assume reinvestment of distributions. The IBC/Donoghue's MONEY FUND AVERAGES (trademark)/taxable money market funds,

which is reported in the MONEY FUND REPORT(registered trademark), covers money market funds. The Bond Fund Report AverageS(trademark)/taxable bond funds, which is reported in the BOND FUND REPORT(registered trademark), covers 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. Bond funds however, typically invest in longer-term instruments and their share price changes daily in response to a variety of factors.

Each fund may present its fund number, Quotron(trademark) number, and CUSIP number, and discuss or quote its current portfolio manager.

VOLATILITY. A fund may quote various measures of volatility and benchmark correlation in advertising. In addition, a fund may compare these measures to those of other funds. Measures of volatility seek to compare a fund's historical share price fluctuations or total returns 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.

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

The funds may advertise examples of the effects of periodic investment plans, including the principle of dollar cost averaging. In such a program, a policyowner invests a fixed dollar amount in an insurance company's sub-account at periodic intervals which in turn invests in a fund, thereby purchasing fewer units when prices are high and more units when prices are low. While such a strategy does not assure a profit nor guard against loss in a declining market, the policyowner's average cost per unit can be lower than if fixed numbers of units had been purchased at those intervals. In evaluating such a plan, policyowners should consider their ability to continue purchasing units through periods of low price levels.

Each fund has an investment objective similar to an existing Fidelity fund. Fidelity Advisor Annuity Money Market Fund is most similar to Variable Insurance Products Fund: Money Market Portfolio; Fidelity Advisor Annuity High Yield Fund is most similar to Fidelity Advisor High Yield Fund; Fidelity Advisor Annuity Government Investment Fund is most similar to Fidelity Advisor Government Investment Fund; Fidelity Advisor Annuity Overseas Fund is most similar to Fidelity Advisor Overseas Fund; Fidelity Advisor Annuity Growth Opportunities Fund is most similar to Fidelity Advisor Growth Opportunities Fund; and Fidelity Advisor Annuity Income & Growth Fund is most similar to Fidelity Advisor Income & Growth Fund. Performance will differ between the funds and their corresponding retail funds due in part to differences in investment policies and the effect of insurance charges.

#### TRADITION OF PERFORMANCE

Fidelity's tradition of performance is achieved through:

(medium solid bullet) MONEY MANAGEMENT: a proud tradition of money management motivated by the expectation of excellence backed by solid analysis and worldwide resources. Fidelity employs a bottom-up approach to security selection based upon in-depth analysis of the fundamentals of that investment opportunity.

(medium solid bullet) INNOVATION: constant attention to the changing needs of today's investors and vigilance to the opportunities that arise from changing global markets. Research is central to Fidelity's investment decision-making process. Fidelity's greatest resource--over 200 skilled investment professionals--is supported with the most sophisticated technology available.

Fidelity provides:

(medium solid bullet) Global research resources: an opportunity to diversify portfolios and share in the growth of markets outside the United States.

(medium solid bullet) In-house, proprietary bond-rating system, constantly updated, which provides extremely sensitive credit analysis.

(medium solid bullet) Comprehensive chart room with over 1500 exhibits to provide sophisticated charting of worldwide economic, financial, and technical indicators, as well as to provide tracking of over 800 individual stocks for portfolio managers.

(medium solid bullet) State-of-the-art trading desk, with access to over 200 brokerage houses, providing real-time information to achieve the best executions and optimize the value of each transaction.

(medium solid bullet) Use of extensive on-line computer-based research services.

(medium solid bullet) SERVICE: Timely, accurate and complete reporting. Prompt and expert attention when an investor or an investment professional needs it.

As of September 30, 1994, FMR advised over \$65 billion in money market fund assets, \$165 billion in equity fund assets, and \$40 billion in international fund assets. The funds may reference the growth and variety of money market mutual funds and the advisor'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 investment advisor in the United States, making FMR America's leading equity (stock) fund manager.

#### ADDITIONAL PURCHASE AND REDEMPTION INFORMATION

Each fund is open for business and its NAV is calculated each day the NYSE is open for trading. The NYSE has designated the following holiday closings for 1995: New Year's Day (observed), Washington's Birthday (observed), Good Friday, Memorial Day (observed), Independence Day, Labor Day (observed), Thanksgiving Day, and Christmas Day. Although FMR expects the same holiday schedule to be observed in the future, the NYSE may modify its holiday schedule at any time. FSC normally determines each fund's NAV as of the close of the NYSE (normally 4:00 p.m. Eastern time). However, NAV may be calculated earlier if trading on the NYSE is restricted or as permitted by the SEC. To the extent that portfolio securities are traded in other markets on days when the NYSE is closed, a fund's NAV may be affected on days when investors do not have access to the fund to purchase or redeem shares. In addition, trading in some of a fund's portfolio securities may not occur on days when the fund is open for business.

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 a fund's NAV. Shareholders receiving 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.

#### TAXES

For a discussion of tax consequences of variable contracts, please refer to your insurance company's separate account prospectus.

Variable contracts purchased through insurance company separate accounts provide for the accumulation of all earnings from interest, dividends, and capital appreciation without current federal income tax liability to the owner. Depending on the variable contract, distributions from the contract may be subject to ordinary income tax and a 10% penalty tax on distributions before age 59 1/2. Only the portion of a distribution attributable to income is subject to federal income tax. Investors should consult with competent tax advisors for a more complete discussion of possible tax consequences in a particular situation.

Section 817(h) of the Internal Revenue Code provides that the investments of a separate account underlying a variable insurance contract (or the investments of a mutual fund, the shares of which are owned by the variable separate account) must be "adequately diversified" in order for the contract to be treated as an annuity or life insurance for tax purposes. The Treasury Department has issued regulations prescribing these diversification requirements. Each fund intends to comply with these



requirements.

Each fund intends to qualify each year 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, each fund intends to distribute substantially all of its net investment income and net realized capital gains within each calendar year as well as on a fiscal year basis. The funds also intend to comply with other tax rules applicable to regulated investment companies including a requirement that capital gains from the sale of securities held less than three months constitute less than 30% of a 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 a fund's investments in such instruments. Income and capital gain distributions are reinvested in additional shares of each fund. This is done to preserve the tax advantaged status of the variable contracts. Each fund is treated as a separate entity for tax purposes.

MONEY MARKET FUND. This fund may distribute any net realized short-term gains once each year, or more frequently if necessary, in order to maintain the fund's NAV at \$1.00 per share and to comply with tax regulations.

HIGH YIELD AND GOVERNMENT INVESTMENT FUNDS. Income from these funds is primarily derived from interest rather than dividends.

OVERSEAS FUND. Withholding or other taxes that the fund paid to foreign governments (if any), will reduce the fund's dividends. Foreign tax withholding from dividends and interest (if any) is typically at a rate between 10% and 35%. Shareholders will bear the cost of foreign tax withholding, but generally not be able to claim a foreign tax credit or deduction for foreign taxes paid by the fund by reason of the tax-deferred status of investments through separate accounts.

FMR

All of the stock of FMR is owned by FMR Corp., its parent company organized in 1972. 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: FSC, which is the transfer and shareholder servicing agent for certain of the funds advised by FMR; FIIOC, which performs shareholder servicing functions for institutional customers; and funds sold through intermediaries, and Fidelity Investments Retail Marketing Company, which provides marketing services to various companies within the Fidelity organization.

Fidelity investment personnel may invest in securities for their own account pursuant to a code of ethics that sets forth all employees' fiduciary responsibilities regarding the funds, establishes procedures for personal investing and restricts certain transactions. For example, all personal trades in most securities require pre-clearance, and participation in initial public offerings is prohibited. In addition, restrictions on the timing of personal investing relative to trades by Fidelity funds and on short-term trading have been adopted.

TRUSTEES AND OFFICERS

The Trust's Trustees and executive officers 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 Investment Company Act of 1940) by virtue of their affiliation with the Trust 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 (1993) and General Counsel of FMR, Vice President-Legal of FMR Corp., and Vice President and Clerk of FDC.

WILLIAM J. HAYES, Vice President (1994), is Vice President of Fidelity's equity funds; Senior Vice President of FMR; and Managing Director of FMR Corp.

ROBERT A. LAWRENCE, Vice President (1994), is Vice President of Fidelity's high income funds and Senior Vice President of FMR (1993). Prior to joining FMR, Mr. Lawrence was Managing Director of the High Yield Department for Citicorp (1984-1991).

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).

FRED L. HENNING, JR., Vice President (1994), is Vice President of Fidelity's money market funds and Senior Vice President of FMR Texas Inc.

ROBERT H. MORRISON, Manager of Security Transactions of Fidelity's equity funds, is Vice President of FMR.

THOMAS D. MAHER, Assistant Vice President (1990), is Assistant Vice President of Fidelity's money market funds and Vice President and Associate General Counsel of FMR Texas Inc. (1990). Prior to 1990, Mr. Maher was an employee of FMR and Assistant Secretary of all the Fidelity funds (1985-1989).

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 AND OTHER SERVICES

Each fund employs FMR to furnish it with investment advisory and other services. Under FMR's Management Contract with each fund, FMR acts as investment advisor and, subject to the supervision of the Board of Trustees, directs the investments of each fund in accordance with its investment objective, policies and limitations. FMR also provides each fund with all necessary office facilities and personnel for servicing each fund's investments, and compensates all officers of the Trust, all Trustees who are "interested persons" of the Trust or of 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 each fund. These services include providing facilities for maintaining each fund's organization, supervising relations with custodians, transfer and pricing agents, accountants, underwriters and other persons dealing with each fund, preparing all general shareholder communications and conducting shareholder relations, maintaining each fund's records and the registration of each fund's shares under federal and state law, developing management and shareholder services for each fund and furnishing reports, evaluations and analyses on a variety of subjects to the Trust's Board of Trustees.

In addition to the management fee payable to FMR and the fees payable to FSC and FIIOC, each fund pays all its expenses, without limitation, that are not assumed by those parties. Each fund pays for typesetting, printing and mailing its Prospectuses, Statements of Additional Information, reports and proxy material to existing shareholders, legal expenses and the fees of the custodian, auditor and non-interested Trustees. Other charges paid by each fund include interest, taxes, brokerage commissions, each fund's proportionate share of insurance premiums and Investment Company Institute dues, and the costs of registering shares under federal and state securities laws. Each fund is also liable for such nonrecurring expenses as may arise, including costs of litigation to which each fund may be a party and any obligation they may have to indemnify the officers and Trustees of the Trust with respect to litigation.

MONEY MARKET FUND. FMR is the fund's manager pursuant to a Management Contract dated November 18, 1994, and approved by the fund's sole shareholder November 21, 1994. For the services of FMR under the contract, the fund pays FMR a monthly management fee calculated by adding a basic fee, which consists of a group fee rate and an individual fund fee rate

(.03% of the fund's average net assets), to an income-based component of 6% of the fund's gross income in excess of a 5% yield, and multiplying the result by the fund's average net assets. A discussion of the group fee rate is below.

GOVERNMENT INVESTMENT AND HIGH YIELD FUNDS. FMR is Government Investment and High Yield Funds' manager pursuant to Management Contracts each dated November 18, 1994, and approved by each fund's sole shareholder November 21, 1994. For the services of FMR under each Contract, each fund pays FMR a monthly management fee composed of the sum of two elements: a group fee rate and an individual fund fee rate.

THE GROUP FEE RATE. The group fee rate for Money Market, Government Investment and High Yield Funds 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 on the left of the chart below. On the right, the effective fee rate schedule shows the results of cumulatively applying the annualized rates at varying asset levels. For example, the effective annual fee rate at \$270 billion of group net assets--their approximate level for the month of October 1994 was .1561%, which is the weighted average of the respective fee rates for each level of group net assets up to that level.

GROUP FEE RATE SCHEDULE      EFFECTIVE ANNUAL FEE RATES

Asset Levels	Rate	Group Net Assets	Effective Annual Fee Rate
0 - \$ 3 billion	.3700%	\$ 25 billion	.2664%
3 - 6	.3400	50	.2188
6 - 9	.3100	75	.1986
9 - 12	.2800	100	.1869
12 - 15	.2500	125	.1793
15 - 18	.2200	150	.1736
18 - 21	.2000	175	.1690
21 - 24	.1900	200	.1652
24 - 30	.1800	225	.1618
30 - 36	.1750	250	.1587
36 - 42	.1700	275	.1560
42 - 48	.1650	300	.1536
48 - 66	.1600	325	.1514
66 - 84	.1550	350	.1494
84 - 120	.1500	375	.1476

120	-	156	.1450	400	.1459
156	-	192	.1400		
192	-	228	.1350		
228	-	264	.1300		
264	-	300	.1275		
300	-	336	.1250		
336	-	372	.1225		
Over	-	372	.1200		

The individual fund fee rate for Money Market Fund is .03%. Based on the average net assets of funds advised by FMR for October 1994, the basic fee rate would have been calculated as follows:

Group Fee Rate	Individual Fund Fee Rate	Basic Fee Rate
.1561%	+ .03%	= .1861%

If the fund's monthly gross yield is 5% or less, the total management fee is the sum of the group fee and the individual fund fee. If the fund's monthly gross yield is greater than 5%, the management fee that FMR receives includes an income-based component. The income-based component equals 6% of that portion of the fund's gross income that represents a gross yield of more than 5% per year. The maximum income-based component is .24% (annualized) of average net assets, at a fund gross yield of 9% or more. Gross income for this purpose, includes interest accrued and/or discount earned (including both original issue discount and market discount) on portfolio obligations, less amortization of premium. Realized and unrealized gains and losses, if any, are not included in gross income. One twelfth (1/12) of the basic fee plus the income-based component is applied to the fund's average net assets for the current month, giving a dollar amount which is the fee for that month.

The individual fund fee rate for Government Investment Fund is .30%. Based on the average net assets of funds advised by FMR for October 1994, the basic fee rate would have been calculated as follows:

Group Fee Rate	Individual Fund Fee Rate	Management Fee Rate
.1561%	+ .30%	= .4561%

The individual fund fee rate for High Yield Fund is .45%. Based on the average net assets of funds advised by FMR for September 1994, the basic fee rate would be calculated as follows:

Group Fee Rate	Individual Fund Fee Rate	Management Fee Rate
.1561%	+ .45%	= .6061%

One twelfth (1/12) of this annual management fee rate is then applied to each fund's average net assets for the current month, giving a dollar amount which is the fee for that month.

INCOME & GROWTH, GROWTH OPPORTUNITIES AND OVERSEAS FUNDS. FMR is each fund's manager pursuant to Management Contracts each dated November 18, 1994, and approved by each fund's sole shareholder November 21, 1994. For the services of FMR under the Contracts, each fund pays FMR a monthly management fee composed of the sum of two elements: a group fee rate and an individual fund fee rate.

THE GROUP FEE RATE. Each fund's 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 on the left of the chart below. On the right, the effective fee rate schedule shows the results of cumulatively applying the annualized rates at varying asset levels. For example, the effective annual fee rate at \$270 billion of group net assets--their approximate level for the month of October 1994 was .3191%, which is the weighted average of the respective fee rates for each level of group net assets up to that level.

GROUP FEE RATE SCHEDULE\*      EFFECTIVE ANNUAL FEE RATES

Asset Levels	Rate	Group Net Assets	Effective Annual Fee Rate
0 - \$ 3 billion	.520%	\$ 0.5 billion	.5200%
3 - 6	.490	25	.4238
6 - 9	.460	50	.3823
9 - 12	.430	75	.3626
12 - 15	.400	100	.3512
15 - 18	.385	125	.3430
18 - 21	.370	150	.3371
21 - 24	.360	175	.3325
24 - 30	.350	200	.3284
30 - 36	.345	225	.3249
36 - 42	.340	250	.3219
42 - 48	.335	275	.3190
48 - 66	.325	300	.3163
66 - 84	.320	325	.3137
84 - 102	.315	350	.3113
102 - 138	.310	375	.3090
138 - 174	.305	400	.3067
174 - 210	.300		
210 - 246	.295		
246 - 282	.290		
282 - 318	.285		
318 - 354	.280		

354                    390                    .275

Over                    390                    .270

Based on the average net assets of the funds advised by FMR for October 1994, the annual management fee rate would have been calculated as follows: The individual fund fee rate for Income & Growth Fund is .20%.

Group Fee Rate    Individual Fund Fee Rate    Management Fee Rate

.3191%    +    .20%    =    .5191%

The individual fund fee rate for Growth Opportunities Fund is .30%.

Group Fee Rate    Individual Fund Fee Rate    Management Fee Rate

.3191%    +    .30%    =    .6191%

The individual fund fee rate for Overseas Fund is .45%.

Group Fee Rate    Individual Fund Fee Rate    Management Fee Rate

.3191%    +    .45%    =    .7691%

One twelfth (1/12) of this annual management fee rate is then applied to each fund's average net assets for the current month, giving a dollar amount which is the fee for that month.

FMR may, from time to time, agree to voluntarily reimburse each fund for expenses above a specified percentage of average 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. Fee reimbursements by FMR will increase a fund's yield and total return, and repayment by a fund will lower its yield and total return.

FMR has voluntarily agreed to reimburse each fund if, and to the extent that, the fund's aggregate operating expenses (including the management fee, but generally excluding interest, taxes, brokerage commissions, and extraordinary expenses) exceed an annual rate of 1.00% of Money Market, Government Investment and High Yield Funds' average net assets, and 1.50% of Income & Growth, Growth Opportunities and Overseas Funds' average net assets for any fiscal year, or for a portion of such year if FMR's agreement is terminated or revised.

SUB-ADVISORS. On behalf of HIGH YIELD, GROWTH OPPORTUNITIES AND INCOME & GROWTH FUNDS, FMR has entered into sub-advisory agreements with FMR U.K. and FMR Far East. On behalf of OVERSEAS FUND, FMR has entered into sub-advisory agreements with FMR U.K., FMR Far East, and FIIA. FIIA, in turn, has entered into a sub-advisory agreement with FIIAL U.K. Pursuant to the sub-advisory agreements, FMR may receive investment advice and research services outside the United States from the sub-advisors and 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 a fund.

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

FMR U.K. and FMR Far East are wholly owned subsidiaries of FMR. FIIA is a wholly owned subsidiary of Fidelity International Limited (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 throughout the world. Edward C. Johnson 3d, Johnson family members, and various trusts for the benefit of the Johnson family owns, directly or indirectly, more than 25% of the voting common stock of FIL. FIIA was organized in Bermuda in 1983. 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 a fee equal to 30% of FMR's monthly management fee with respect to the average net assets held by a fund for which the sub-advisor has provided FMR with investment advice and research services.

(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-advisors are compensated as follows:

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

FMR entered into the sub-advisory agreements described above with respect to each fund on November 18, 1994.

FMR entered into a sub-advisory agreement with FMR Texas Inc. (FMR Texas), dated November 18, 1994, pursuant to which FMR Texas has primary responsibility for providing investment management services to the MONEY MARKET FUND.

FMR Texas, a wholly owned subsidiary of FMR was formed in 1989 and registered under the Investment Advisers Act of 1940 on June 9, 1989 to provide investment management services to money market mutual funds; to advise FMR generally with respect to money market instruments; and to manage or provide advice with respect to cash flow management.

The sub-advisory agreement provides that FMR and not the fund, will pay fees to FMR Texas equal to 50% of the management fee payable to FMR under its current Management Contract with the fund. The fees paid to FMR Texas are not reduced by any voluntary or mandatory fee waivers or expense reimbursements that may be in effect from time to time.

#### DISTRIBUTION AND SERVICE PLANS

Each fund has adopted a distribution and service plan (the Plans) under Rule 12b-1 under the Investment Company Act of 1940 (the Rule). The Rule provides, in substance, that a mutual fund may not engage directly or indirectly in financing any activity that is primarily intended to result in the sale of shares of the fund except pursuant to a plan adopted by the fund under the Rule. The Trust's Board of Trustees has adopted the Plans to allow each of these funds and FMR to incur certain expenses that might be considered to constitute indirect payment by the funds of distribution expenses. Under the Plans, if the payment by a fund to FMR of management fees should be deemed to be indirect financing by a fund of the distribution of its shares, such payment is authorized by the Plans.

The Plans specifically recognize that FMR, either directly or through FDC, 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 funds. In addition, the Plans provide that FMR may use its resources, including its management fee revenues, to make payments to third parties that provide assistance in selling shares of the funds or to third parties including banks, that render shareholder support services. However, no such payments to third parties are currently contemplated.

Each fund's Plan has been approved by the Trustees. 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 the Plan will benefit the respective fund and its shareholders. In particular, the Trustees noted that the Plan does not authorize payments by the fund other than those made to FMR under the Management Contract with each fund. To the extent that a Plan gives FMR and FDC greater flexibility in connection with the distribution of shares of a fund, additional sales of the fund's shares may result. Additionally, certain shareholder support services may be provided more effectively under a Plan by local entities with whom shareholders have other relationships.

#### CONTRACTS WITH COMPANIES AFFILIATED WITH FMR

Each fund has an agreement with FSC, an affiliate of FMR Corp., under which FSC determines the NAV per share and dividends of each fund and maintains the portfolio and general accounting records of each fund. The fee rates in effect are based on each fund's average net assets as follows: for Money Market Fund, .0175% for the first \$500 million of average net assets and .0075% for average net assets in excess of \$500 million. The fee is limited to a minimum of \$20,000 and a maximum of \$750,000 per year; for High Yield and Government Investment Funds, .04% for the first \$500 million of average net assets and .02% for average net assets in excess of \$500 million. For Income & Growth, Growth Opportunities and Overseas Funds, .06% for the first \$500 million of average net assets and .03% for average net assets in excess of \$500 million. The fee for High Yield, Government Investment, Income & Growth, Growth Opportunities and Overseas Funds is limited to a minimum of \$45,000 and a maximum of \$750,000 per year. Each fund utilizes FIIOC, an affiliate of FMR Corp., to maintain the master accounts of the participating insurance companies. Under the contract, each fund pays a fee of \$95 per shareholder account per year and a fee of \$20 for each monetary transaction. In addition to providing transfer agent and shareholder servicing functions, FIIOC pays all transfer agent out-of-pocket expenses and also pays for typesetting, printing and mailing Prospectuses, Statements of Additional Information, reports, notices and statements to shareholders allocable to the master account of participating insurance companies.

Each fund has a Distribution Agreement with FDC, a Massachusetts corporation organized July 18, 1960. FDC is a broker-dealer registered under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc. The Distribution Agreement calls for FDC to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the funds which are continuously offered at net asset value. Promotional and administrative expenses, in connection with the offer and sale of shares, are paid for by FMR.

#### DESCRIPTION OF THE TRUST

TRUST ORGANIZATION. Money Market Fund, High Yield Fund, Income & Growth Fund, Growth Opportunities Fund, Government Investment Fund and Overseas Fund are funds of Fidelity Advisor Annuity Fund, an open-end management investment company, organized July 15, 1994. The Declaration of Trust permits the Trustees to create additional funds.

Investments in the Trust may be made only by the separate accounts of insurance companies for the purpose of funding variable annuity and variable life insurance contracts issued by insurance companies.

In the event that FMR ceases to be the investment advisor to the Trust or a fund, the right of the Trust or fund to use the identifying name "Fidelity" may be withdrawn. There is a remote possibility that one fund might become liable for any misstatement in its prospectus or statement of additional information about another fund.

The assets of the Trust received for the issue or sale of shares of its funds and all income, earnings, profits, and proceeds thereof, subject only to the rights of creditors, are especially allocated to such fund, and constitute the underlying assets of such fund. The underlying assets of each fund are segregated on the books of account, and are to be charged with the liabilities with respect to such fund and with a share of the

general liabilities of the Trust. Expenses with respect to the Trust are to be allocated in proportion to the asset value of the funds, 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 fund, or which are general or allocable to all of the funds of the Trust. In the event of the dissolution or liquidation of the Trust, shareholders of each fund are entitled to receive as a class the underlying assets of such fund 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 its Trustees shall 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 shareholder held personally liable for the obligations of the fund. The Declaration of Trust also provides that its funds 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 any neglect or wrongdoing, but nothing in the Declaration of Trust protects Trustees against any liability to which they would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of their office.

**VOTING RIGHTS.** Each 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 the Trust or fund may, as set forth in the Declaration of Trust, call meetings of the Trust or fund for any purpose related to the Trust or fund, as the case may be, including, in the case of a meeting of the entire Trust, the purpose of voting on removal of one or more Trustees. The Trust or 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 the fund. If not so terminated, the Trust or fund will continue indefinitely.

**CUSTODIAN.** Morgan Guaranty Trust Company of New York, 60 Wall Street, New York, New York is custodian of Money Market Fund's assets; The Bank of New York, 110 Washington Street, New York New York, is custodian of High Yield and Government Investment Funds' assets; The Chase Manhattan Bank, N.A., 1211 Avenue of the Americas, New York, New York 10036, is custodian of Income & Growth and Overseas Funds' assets; and Brown Brothers Harriman & Co., 40 Water Street, Boston, Massachusetts, is custodian of Growth Opportunities Fund's assets. The custodians take no part in determining the investment policies of the funds or in deciding which securities are purchased or sold by the funds. The funds, however, may invest in obligations of the custodians and may purchase or sell securities from or to the custodians. Investors should understand that the expense ratio for Overseas Fund may be higher than that of investment companies which invest exclusively in domestic securities since the cost of maintaining the

custody of foreign securities is higher.

FMR, its officers and directors and its affiliated companies from time to time have transactions with various banks, including the custodian banks for certain of the funds advised by FMR. The Boston branch of Brown Brothers Harriman & Co. leases its office space from an affiliate of FMR at a lease payment which, when entered into, was consistent with prevailing market rates. Other transactions that have occurred to date include 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. Price Waterhouse LLP, 160 Federal Street, Boston, Massachusetts serves as the Trust's independent accountant, providing audit services including (1) audits of annual financial statements, (2) assistance and consultation in connection with SEC filings and (3) review of the annual federal income tax returns filed on behalf of each fund.

#### FINANCIAL STATEMENTS

Each fund's financial statements and financial highlights for the period January 3, 1995 (commencement of operations) to June 30, 1995, are included in the funds' Semiannual Report, which is a separate report supplied with this Statement of Additional Information and unaudited. Each fund's financial statements and financial highlights are incorporated herein by reference.

#### APPENDIX

The DOLLAR-WEIGHTED AVERAGE MATURITY of a fund's fixed-income holdings is derived by multiplying the value of each fixed-income investment held by a fund by the number of days remaining to its maturity, adding these calculations, and then dividing the total by the value the fund's fixed-income holdings. An obligation's maturity is typically determined on a stated final maturity basis, although there are some exceptions to this rule.

For example, if it is probable that the issuer of an instrument will take advantage of a maturity-shortening device, such as a call, refunding, or redemption provision, the date on which the instrument will probably be called, refunded, or redeemed may be considered to be its maturity date. Also, the maturities of mortgage-backed securities and some asset-backed securities, such as collateralized mortgage obligations, are determined on a weighted average life basis, which is the average time for principal to be repaid. For a mortgage security, this average time is calculated by assuming a constant prepayment rate for the life of the mortgage. The weighted average life of these securities is likely to be substantially shorter than their stated final maturity.

DESCRIPTION OF MOODY'S INVESTORS SERVICE, INC.'S COMMERCIAL PAPER RATINGS: PRIME-1 (or related institutions) have a superior capacity for repayment of short-term

promissory obligations. Prime-1 repayment capacity will normally be evidenced by the following characteristics:

- - Leading market positions in well established industries.
- - High rates of return on funds employed.
- - Conservative capitalization structures with moderate reliance on debt and ample asset protection.
- - Broad margins in earnings coverage of fixed financial charges with high internal cash generation.
- - Well established access to a range of financial markets and assured sources of alternate liquidity.

PRIME-2 (or related supporting institution) have a strong capacity for repayment of short-term promissory obligations. This will normally be evidenced by many of the characteristics cited above but to a lesser degree. Earnings trends and coverage ratios, while sound, will be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

DESCRIPTION OF STANDARD & POOR'S CORPORATION'S COMMERCIAL PAPER RATINGS:

A-1--This designation indicates that the degree of safety regarding timely payment is either overwhelming or very strong. Those issues determined to possess overwhelming safety characteristics will be denoted with a plus (+) sign designation.

A-2--Capacity for timely payment on issues with this designation is strong. However, the relative degree of safety is not as high as for issues designated A-1.

DESCRIPTION OF FITCH INVESTORS SERVICE, INC. COMMERCIAL PAPER RATINGS:

FITCH-1--(Highest Grade) Commercial paper assigned this rating is regarded as having the strongest degree of assurance for timely payment.

FITCH-2--(Very Good Grade) Issues assigned this rating reflect an assurance of timely payment only slightly less in degree than the strongest issues.

DESCRIPTION OF FITCH INVESTORS SERVICE, INC. CORPORATE BOND RATINGS:

AAA--rated bonds are considered to be investment grade and of the highest quality. The obligor has an extraordinary ability to pay interest and repay principal, which is unlikely to be affected by reasonably foreseeable events.

AA--rated bonds are considered to be investment grade and of high quality. The obligor's ability to pay interest and repay principal, while very strong, is somewhat less than for AAA rated securities or more subject to possible change over the term of the issue.

DESCRIPTION OF DUFF & PHELPS INC. COMMERCIAL PAPER RATINGS:

DUFF 1--Very high certainty of timely payment. Liquidity factors are excellent and supported by strong fundamental protection factors. Risk factors are minor.

DUFF 2--Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing internal funds needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

DESCRIPTION OF DUFF & PHELPS INC. CORPORATE BOND RATINGS:

DUFF 1--Highest credit quality. The risk factors are negligible, being only slightly more than for risk-free U.S. Treasury debt.

DUFF 2,3,4--High credit quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

PART C. OTHER INFORMATION

Item 24. Financial Statements and Exhibits

(a) 1. Financial Statements and Financial Highlights, included in the Semiannual Report for Fidelity Advisor Annuity Fund for the fiscal period January 3, 1995 (commencement of operations) through June 30, 1995, are incorporated herein by reference into the fund's Statement of Additional Information and are filed herein as Exhibit 24(a)(1).

(b) Exhibits:

(1) (a) Declaration of Trust, dated July 14, 1994, is incorporated herein by reference to Exhibit 1 to the Registration Statement filed on July 29, 1994.

(2) By-laws for Fidelity Advisor Annuity Fund is incorporated herein by reference to Exhibit 2 to the Registration Statement.

(3) None.

(4) None.

(5) (a) Management Contract between Fidelity Advisor Annuity Overseas Fund and Fidelity Management & Research Company, dated November 18, 1994, is filed herein as Exhibit 5(a).

(b) Management Contract between Fidelity Advisor Annuity Growth Opportunities Fund and Fidelity Management & Research Company, dated November 18, 1994, is filed herein as Exhibit 5(b).

(c) Management Contract between Fidelity Advisor Annuity Income & Growth Fund and Fidelity Management & Research Company, dated November 18, 1994, is filed herein as Exhibit 5(c).

(d) Management Contract between Fidelity Advisor Annuity Government Investment Fund and Fidelity Management & Research Company, dated November 18, 1994, is filed herein as Exhibit 5(d).

(e) Management Contract between Fidelity Advisor Annuity High Yield Fund and Fidelity Management & Research Company, dated November 18, 1994, is filed herein as Exhibit 5(e).

(f) Management Contract between Fidelity Advisor Annuity Money Market Fund and Fidelity Management & Research Company, dated November 18, 1994, is filed herein as Exhibit 5(f).

(g) Sub-Advisory Agreement between Fidelity Management & Research Company and FMR Texas Inc. on behalf of Fidelity Advisor Annuity Money Market Fund, dated November 18, 1994, is filed herein as Exhibit 5(g).

(h) Sub-Advisory Agreement between Fidelity Management & Research Company, Fidelity Management & Research (U.K.) Inc. and Fidelity Advisor Annuity Fund on behalf of Fidelity Advisor Annuity High Yield Fund, dated November 18, 1994, is filed herein as Exhibit 5(h).

(i) Sub-Advisory Agreement between Fidelity Management & Research Company, Fidelity Management & Research (U.K.) Inc. and Fidelity Advisor Annuity Fund on behalf of Fidelity Advisor Annuity Growth Opportunities Fund, dated November 18, 1994, is filed herein as Exhibit 5(i).

(j) Sub-Advisory Agreement between Fidelity Management & Research Company, Fidelity Management & Research (U.K.) Inc. and Fidelity Advisor Annuity Fund on behalf of Fidelity Advisor Annuity Income & Growth Fund, dated November 18, 1994, is filed herein as Exhibit 5(j).

(k) Sub-Advisory Agreement between Fidelity Management & Research Company, Fidelity Management & Research (U.K.) Inc. and Fidelity Advisor Annuity Fund on behalf of Fidelity Advisor Annuity Overseas Fund, dated November 18, 1994, is filed herein as Exhibit 5(k).

(l) Sub-Advisory Agreement between Fidelity Management & Research Company, Fidelity Management & Research (Far East) Inc. and Fidelity Advisor Annuity Fund on behalf of Fidelity Advisor Annuity High Yield Fund, dated November 18, 1994, is filed herein as Exhibit 5(l).

(m) Sub-Advisory Agreement between Fidelity Management & Research Company, Fidelity Management & Research (Far East) Inc. and Fidelity Advisor Annuity Fund on behalf of Fidelity Advisor Annuity Growth Opportunities Fund, dated November 18, 1994, is filed herein as Exhibit 5(m).

(n) Sub-Advisory Agreement between Fidelity Management & Research Company, Fidelity Management & Research (Far East) Inc. and Fidelity Advisor Annuity Fund on behalf of Fidelity Advisor Annuity Income & Growth Fund, dated November 18, 1994, is filed herein as Exhibit 5(n).

(o) Sub-Advisory Agreement between Fidelity Management & Research Company, Fidelity Management & Research (Far East) Inc. and Fidelity Advisor Annuity Fund on behalf of Fidelity Advisor Annuity Overseas Fund, dated November 18, 1994, is filed herein as Exhibit 5(o).

(p) Sub-Advisory Agreement among Fidelity Management & Research Company, Fidelity International Investment Advisors and Fidelity Advisor Annuity Fund on behalf of Fidelity Advisor Annuity Overseas Fund, dated November 18, 1994, is filed herein as Exhibit 5(p).

(q) Sub-Advisory Agreement between Fidelity International Investment Advisors and Fidelity International Investment Advisors (U.K.) Limited on behalf of Fidelity Advisor Annuity Overseas Fund, dated November 18, 1994, is filed herein as Exhibit 5(q).

(6) (a) General Distribution Agreement between Fidelity Advisor Annuity Overseas Fund and Fidelity Distributors Corporation, dated November 18, 1994, is filed herein as Exhibit 6(a).

(b) General Distribution Agreement between Fidelity Advisor Annuity Growth Opportunities Fund and Fidelity Distributors Corporation, dated November 18, 1994, is filed herein as Exhibit 6(b).

(c) General Distribution Agreement between Fidelity Advisor Annuity Income & Growth Fund and Fidelity Distributors Corporation, dated November 18, 1994, is filed herein as Exhibit 6(c).

(d) General Distribution Agreement between Fidelity Advisor Annuity Government Investment Fund and Fidelity Distributors Corporation, dated November 18, 1994, is filed herein as Exhibit 6(d).

(e) General Distribution Agreement between Fidelity Advisor Annuity High Yield Fund and Fidelity Distributors Corporation, dated November 18, 1994, is filed herein as Exhibit 6(e).

(f) General Distribution Agreement between Fidelity Advisor Annuity Money Market Fund and Fidelity Distributors Corporation, dated November 18, 1994, is filed herein as Exhibit 6(f).

(7) Retirement Plan for Non-Interested Person Trustees, Directors or General Partners, effective August 1, 1993, is incorporated herein by reference to Exhibit 7 to Fidelity Union Street Trust's Post-Effective Amendment No. 87 (File No. 2-50318).

(8) (a) Custodian Agreement, Appendix A, and Appendix C, dated December 1, 1994, between Morgan Guaranty Trust Co. of New York and Fidelity Advisor Annuity Fund on behalf of Money Market Fund is incorporated herein by reference to Exhibit 8(c) to Fidelity Hereford Street Trust's Post-Effective Amendment No. 4 (File No. 33-52577).

(b) Appendix B, dated April 20, 1995, to the Custodian Agreement, dated December 1, 1994, between Morgan Guaranty Trust Co. of New York and Fidelity Advisor Annuity Fund on behalf of Money Market Fund is incorporated herein by reference to Exhibit 8(d) to Fidelity Hereford Street Trust's Post-Effective Amendment No. 5 (File No. 33-52577).

(c) Custodian Agreement, Appendix A, and Appendix C, dated December 1, 1994, between The Bank of New York and Fidelity Advisor Annuity Fund on behalf of Government Investment Fund and High Yield Fund is incorporated herein by reference to Exhibit 8(a) to Fidelity Hereford Street Trust's Post-Effective Amendment No. 4 (File No. 33-52577).

(d) Appendix B, dated April 20, 1995, to the Custodian Agreement, dated December 1, 1994, between The Bank of New York and Fidelity Advisor Annuity Fund on behalf of Government Investment Fund and High Yield Fund is incorporated herein by reference to Exhibit 8(b) to Fidelity Hereford Street Trust's Post-Effective Amendment No. 5 (File No. 33-52577).

(e) Custodian Agreement, Appendix A, and Appendix C, dated August 1, 1994, between The Chase Manhattan Bank, N.A. and Fidelity Advisor Annuity Fund on behalf of Income & Growth Fund and Overseas Fund is incorporated herein by reference to Exhibit 8(a) to Fidelity Investment Trust's Post-Effective Amendment No. 59 (File No. 2-90649).

(f) Appendix B, dated April 20, 1995, to the Custodian Agreement, dated August 1, 1994, between The Chase Manhattan Bank, N.A. and Fidelity Advisor Annuity Fund on behalf of Income & Growth Fund and Overseas Fund is incorporated herein by reference to Exhibit 8(b) to Fidelity Investment Trust's Post-Effective Amendment No. 59 (File No. 2-90649).

(g) Custodian Agreement, Appendix A, and Appendix C, dated September 1, 1994, between Brown Brothers Harriman & Company and Fidelity Advisor Annuity Fund on behalf of Growth Opportunities Fund is incorporated herein by reference to Exhibit 8(a) to Fidelity Commonwealth Trust's Post-Effective Amendment No. 56 (File No. 2-52322).

(h) Appendix B, dated December 15, 1994, to the Custodian Agreement, dated September 1, 1994, between Brown Brothers Harriman & Company and Variable Insurance Products Fund II on behalf of Growth Opportunities Fund is incorporated herein by reference to Exhibit 8(b) to Fidelity Commonwealth Trust's Post-Effective Amendment No. 56 (File No. 2-52322).

(9) None.

(10) None.

(11) Consent of Price Waterhouse LLP is filed herein as Exhibit 11.

(12) None.

(13) None.

(14) None.

(15) (a) Distribution and Service Plan pursuant to Rule 12b-1 for Fidelity Advisor Annuity Overseas Fund was filed as Exhibit 15(a) to the Registration Statement.

(b) Distribution and Service Plan pursuant to Rule 12b-1 for Fidelity Advisor Annuity Growth Opportunities Fund was filed as Exhibit 15(b) to the Registration Statement.

(c) Distribution and Service Plan pursuant to Rule 12b-1 for Fidelity Advisor Annuity Income & Growth Fund was filed as Exhibit 15(c) to the Registration Statement.

(d) Distribution and Service Plan pursuant to Rule 12b-1 for Fidelity Advisor Annuity Government Investment Fund was filed as Exhibit 15(d) to the Registration Statement.

(e) Distribution and Service Plan pursuant to Rule 12b-1 for Fidelity Advisor Annuity High Yield Fund was filed as Exhibit 15(e) to the Registration Statement.

(f) Distribution and Service Plan pursuant to Rule 12b-1 for Fidelity Advisor Annuity Money Market Fund was filed as Exhibit 15(f) to the Registration Statement.

(16) Schedule for Computation of performance quotations was filed as Exhibit 16 to the Registration Statement.

(17) Financial Data Schedules are filed herein as Exhibit 17.

(18) Not Applicable.

Item 25. Persons Controlled by or Under Common Control with Registrant

The Board of Trustees of Registrant is the same as the Board of Trustees of other funds advised by Fidelity Management & Research Company ("FMR"). In addition, the officers of these funds are substantially identical.

Registrant takes the position that it is not under common control with any of the above funds since the power residing in the respective companies, boards and officers arises in each instance as the result of an official position with the respective funds.

Item 26. Number of Holders of Securities

June 30, 1995

Title of Class Number of Record Holders

Money Market Fund 1

Government Investment Fund 1

High Yield Fund 1

Income & Growth Fund 1

Growth Opportunities Fund 1

Overseas Fund 1

Item 27. Indemnification

Article XI, Section 2 of the Declaration of Trust sets forth the reasonable and fair means for determining whether indemnification shall be provided to any past or present Trustee or officer. It states that the Registrant shall indemnify any present or past Trustee, or officer to the fullest extent permitted by law against liability and all expenses reasonably incurred by him in connection with any claim, action suit or proceeding in which he is involved by virtue of his service as a trustee, an officer, or both. Additionally, amounts paid or incurred in settlement of such matters are covered by this indemnification. Indemnification will not be provided in certain circumstances, however. These include instances of willful misfeasance, bad faith, gross negligence, and reckless disregard of the duties involved in the conduct of the particular office involved.

Item 28. Business and Other Connections of Investment Adviser

(1) FIDELITY MANAGEMENT & RESEARCH COMPANY

FMR serves as investment adviser to a number of other investment companies. The directors and officers of the Adviser have held, during the past two fiscal years, the following positions of a substantial nature.

<TABLE>

<CAPTION>

<S>

<C>

Edward C. Johnson 3d Chairman of the Executive Committee of FMR; President



and Chief Executive Officer of FMR Corp.; Chairman of the Board and a Director of FMR, FMR Corp., FMR Texas Inc., Fidelity Management & Research (U.K.) Inc., and Fidelity Management & Research (Far East) Inc.; President and Trustee of funds advised by FMR.

J. Gary Burkhead President of FMR; Managing Director of FMR Corp.; President and a Director of FMR Texas Inc., Fidelity Management & Research (U.K.) Inc., and Fidelity Management & Research (Far East) Inc.; Senior Vice President and Trustee of funds advised by FMR.

Peter S. Lynch Vice Chairman and Director of FMR.

Robert Beckwitt Vice President of FMR and of funds advised by FMR.

David Breazzano Vice President of FMR (1993) and of a fund advised by FMR.

Stephan Campbell Vice President of FMR (1993).

Dwight Churchill Vice President of FMR (1993).

William Danoff Vice President of FMR (1993) and of a fund advised by FMR.

Scott DeSano Vice President of FMR (1993).

Penelope Dobkin Vice President of FMR and of a fund advised by FMR.

Larry Domash Vice President of FMR (1993).

George Domolky Vice President of FMR (1993) and of a fund advised by FMR.

Robert K. Duby Vice President of FMR.

Margaret L. Eagle	Vice President of FMR and of a fund advised by FMR.
Kathryn L. Eklund	Vice President of FMR.
Richard B. Fentin	Senior Vice President of FMR (1993) and of a fund advised by FMR.
Daniel R. Frank	Vice President of FMR and of funds advised by FMR.
Michael S. Gray	Vice President of FMR and of funds advised by FMR.
Lawrence Greenberg	Vice President of FMR (1993).
Barry A. Greenfield	Vice President of FMR and of a fund advised by FMR.
William J. Hayes	Senior Vice President of FMR; Equity Division Leader.
Robert Haber	Vice President of FMR and of funds advised by FMR.
Richard Haberman	Senior Vice President of FMR (1993).
Daniel Harmetz	Vice President of FMR and of a fund advised by FMR.
Ellen S. Heller	Vice President of FMR.

</TABLE>

John Hickling	Vice President of FMR (1993) and of funds advised by FMR.
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<TABLE>  
<CAPTION>  
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Robert F. Hill	Vice President of FMR; and Director of Technical
----------------	--

Research.

Stephen P. Jonas                    Treasurer and Vice President of FMR (1993)); Treasurer of FMR Texas Inc. (1993), Fidelity Management & Research (U.K.) Inc. (1993), and Fidelity Management & Research (Far East) Inc. (1993).

David B. Jones                    Vice President of FMR (1993).

Steven Kaye                        Vice President of FMR (1993) and of a fund advised by FMR.

Frank Knox                        Vice President of FMR (1993).

Robert A. Lawrence                Senior Vice President of FMR (1993); and High Income Division Leader.

Alan Leifer                        Vice President of FMR and of a fund advised by FMR.

Harris Leviton                    Vice President of FMR (1993) and of a fund advised by FMR.

Bradford E. Lewis                Vice President of FMR and of funds advised by FMR.

Malcolm W. MacNaught III        Vice President of FMR (1993).

Robert H. Morrison                Vice President of FMR and Director of Equity Trading.

David Murphy                     Vice President of FMR and of funds advised by FMR.

Andrew Offit                      Vice President of FMR (1993).

Judy Pagliuca                     Vice President of FMR (1993).

Jacques Perold	Vice President of FMR.
Anne Punzak	Vice President of FMR and of funds advised by FMR.
Lee Sandwen	Vice President of FMR (1993).
Patricia A. Satterthwaite	Vice President of FMR (1993) and of a fund advised by FMR.
Thomas T. Soviero	Vice President of FMR (1993).
Robert E. Stansky	Senior Vice President of FMR (1993) and of funds advised by FMR.
Gary L. Swayze	Vice President of FMR and of funds advised by FMR; and Tax-Free Fixed-Income Group Leader.
Thomas Sweeney	Vice President of FMR (1993).
Donald Taylor	Vice President of FMR (1993) and of funds advised by FMR.
Beth F. Terrana	Senior Vice President of FMR (1993) and of funds advised by FMR.
Joel Tillinghast	Vice President of FMR (1993) and of a fund advised by FMR.
Robert Tucket	Vice President of FMR (1993).
George A. Vanderheiden	Senior Vice President of FMR; Vice President of funds advised by FMR; and Growth Group Leader.
Jeffrey Vinik	Senior Vice President of FMR (1993) and of a fund advised by FMR.

Guy E. Wickwire	Vice President of FMR and of a fund advised by FMR.
Arthur S. Loring	Senior Vice President (1993), Clerk and General Counsel of FMR; Vice President, Legal of FMR Corp.; and Secretary of funds advised by FMR.

</TABLE>

(2) FIDELITY MANAGEMENT & RESEARCH (U.K.) INC. (FMR U.K.)  
FMR U.K. provides investment advisory services to Fidelity Management & Research Company and Fidelity Management Trust Company. The directors and officers of the Sub-Adviser have held the following positions of a substantial nature during the past two fiscal years.

<TABLE>

<CAPTION>

<S>

Edward C. Johnson 3d	<C> Chairman and Director of FMR U.K.; Chairman of the Executive Committee of FMR; Chief Executive Officer of FMR Corp.; Chairman of the Board and a Director of FMR, FMR Corp., FMR Texas Inc., and Fidelity Management & Research (Far East) Inc.; President and Trustee of funds advised by FMR.
----------------------	--

J. Gary Burkhead	President and Director of FMR U.K.; President of FMR; Managing Director of FMR Corp.; President and a Director of FMR Texas Inc. and Fidelity Management & Research (Far East) Inc.; Senior Vice President and Trustee of funds advised by FMR.
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Richard C. Habermann	Senior Vice President of FMR U.K.; Senior Vice President of Fidelity Management & Research (Far East) Inc.; Director of Worldwide Research of FMR.
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Rick Spillane	Senior Vice President and Director of Operations and Compliance of FMR U.K. (1993).
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Stephen P. Jonas	Treasurer of FMR U.K. (1993), Fidelity Management & Research (Far East) Inc. (1993), and FMR Texas Inc. (1993); and Treasurer and Vice President of FMR (1993).
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David Weinstein	Clerk of FMR U.K.; Clerk of Fidelity Management & Research (Far East) Inc.; Secretary of FMR Texas Inc.
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</TABLE>

(3) FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC. (FMR Far East)  
FMR Far East provides investment advisory services to Fidelity Management

& Research Company and Fidelity Management Trust Company. The directors and officers of the Sub-Adviser have held the following positions of a substantial nature during the past two fiscal years.

<TABLE>

<CAPTION>

<S>

<C>

Edward C. Johnson 3d Chairman and Director of FMR Far East; Chairman of the Executive Committee of FMR; Chief Executive Officer of FMR Corp.; Chairman of the Board and a Director of FMR, FMR Corp., FMR Texas Inc. and Fidelity Management & Research (U.K.) Inc.; President and Trustee of funds advised by FMR.

J. Gary Burkhead President and Director of FMR Far East; President of FMR; Managing Director of FMR Corp.; President and a Director of FMR Texas Inc. and Fidelity Management & Research (U.K.) Inc.; Senior Vice President and Trustee of funds advised by FMR.

Richard C. Habermann Senior Vice President of FMR Far East; Senior Vice President of Fidelity Management & Research (U.K.) Inc.; Director of Worldwide Research of FMR.

William R. Ebsworth Vice President of FMR Far East.

Bill Wilder Vice President of FMR Far East (1993).

Stephen P. Jonas Treasurer of FMR Far East (1993), Fidelity Management & Research (U.K.) Inc. (1993), and FMR Texas Inc. (1993); and Treasurer and Vice President of FMR (1993).

David C. Weinstein Clerk of FMR Far East; Clerk of Fidelity Management & Research (U.K.) Inc.; Secretary of FMR Texas Inc.

</TABLE>

(4) FMR TEXAS INC. (FMR Texas)

FMR Texas provides investment advisory services to Fidelity Management & Research Company. The directors and officers of the Sub-Adviser have held the following positions of a substantial nature during the past two fiscal years.

<TABLE>

<CAPTION>

<C>

<C>

Edward C. Johnson 3d Chairman and Director of FMR Texas; Chairman of the Executive Committee of FMR; President and Chief Executive Officer of FMR Corp.; Chairman of the Board

and a Director of FMR, FMR Corp., Fidelity Management & Research (Far East) Inc. and Fidelity Management & Research (U.K.) Inc.; President and Trustee of funds advised by FMR.

J. Gary Burkhead President and Director of FMR Texas; President of FMR; Managing Director of FMR Corp.; President and a Director of Fidelity Management & Research (Far East) Inc. and Fidelity Management & Research (U.K.) Inc.; Senior Vice President and Trustee of funds advised by FMR.

Fred L. Henning, Jr. Senior Vice President of FMR Texas; Money Market Division Leader.

Robert Auld Vice President of FMR Texas (1993).

Leland Barron Vice President of FMR Texas and of funds advised by FMR.

Robert Litterst Vice President of FMR Texas and of funds advised by FMR (1993).

Thomas D. Maher Vice President of FMR Texas and Assistant Vice President of funds advised by FMR.

Burnell R. Stehman Vice President of FMR Texas and of funds advised by FMR.

John J. Todd Vice President of FMR Texas and of funds advised by FMR.

Sarah H. Zenoble Vice President of FMR Texas and of funds advised by FMR.

Stephen P. Jonas Treasurer of FMR Texas Inc. (1993), Fidelity Management & Research (U.K.) Inc. (1993), and Fidelity Management & Research (Far East) Inc. (1993); and Treasurer and Vice President of FMR (1993).

David C. Weinstein Secretary of FMR Texas; Clerk of Fidelity Management & Research (U.K.) Inc.; Clerk of Fidelity Management & Research (Far East) Inc.

(5) FIDELITY INTERNATIONAL INVESTMENT ADVISORS

Pembroke Hall, 42 Crow Lane, Pembroke, Bermuda

The directors and officers of Fidelity International Investment Advisors (FIIA) have held, during the past two fiscal years, the following positions of a substantial nature.

</TABLE>

<TABLE>

<CAPTION>

<S>

<C>

Anthony Bolton Director of FIIA and FIIAL (U.K.); Director of Fidelity International Management Holdings Limited.

Martin P. Cambridge Director of FIIA and FIIAL (U.K.); Chief Financial Officer of Fidelity International Ltd. and Fidelity Investment Services Ltd.

Kirk Caza Vice President of FIIA.

Charles T. M. Collis Director and Secretary of FIIA; Partner in Conyers, Dill & Pearman, Hamilton, Bermuda; Secretary to many companies in the Fidelity international group of companies.

Philip de Cristo Vice President and Treasurer of FIIA (1993).

William R. Ebsworth Director of FIIA (1992).

Frank Mutch Assistant Secretary of FIIA.

David J. Saul President, Director, and Controller of FIIA; Director of Fidelity International Limited.

Michael Sommerville Vice President of FIIA; Vice President of Fidelity International Limited.

Toshiaki Wakabayashi Director of FIIA.



</TABLE>

(6) FIDELITY INTERNATIONAL INVESTMENT ADVISORS (U.K.) LIMITED

27-28 Lovat Lane, London, England

The directors and officers of Fidelity International Investment Advisors (U.K.) Limited (FIIAL (U.K.)) have held, during the past two fiscal years, the following positions of a substantial nature.

<TABLE>

<CAPTION>

<C>

<C>

Anthony Bolton Director of FIIAL (U.K.) and FIIA; Director of Fidelity International Management Holdings Limited.

Martin P. Cambridge Director and Secretary of FIIAL (U.K.) and FIIA; Chief Financial Officer of Fidelity Investments Japan Limited, Fidelity International Ltd., and Fidelity Investment Services Ltd.

C. Bruce Johnstone Director of FIIAL (U.K.).

</TABLE>

Item 29. Principal Underwriters

(a) Fidelity Distributors Corporation (FDC) acts as distributor for most funds advised by FMR and the following other funds:

ARK Funds

(b)

Name and Principal Business Address*	Positions and Offices With Underwriter	Positions and Offices With Registrant
Edward C. Johnson 3d	Director	Trustee and President
Nita B. Kincaid	Director	None
W. Humphrey Bogart	Director	None
Kurt A. Lange	President and Treasurer	None
William L. Adair	Senior Vice President	None
Thomas W. Littauer	Senior Vice President	None
Arthur S. Loring	Vice President and Clerk	Secretary

\* 82 Devonshire Street, Boston, MA

(c) Not applicable.

Item 30. Location of Accounts and Records

All accounts, books, and other documents required to be maintained by Section 31a of the 1940 Act and the Rules promulgated thereunder are maintained by Fidelity Management & Research Company or Fidelity Service Co., 82 Devonshire Street, Boston, MA 02109, or the funds' respective custodian: The Bank of New York, 110 Washington Street, New York, N.Y., The Chase Manhattan Bank, 1211 Avenue of the Americas, New York, N.Y., Brown Brothers Harriman & Co., 40 Water Street, Boston, MA., and Morgan Guaranty Trust Company of New York, 61 Wall Street, 37th Floor, New York, N.Y.

Item 31. Management Services - Not applicable.

Item 32. Undertakings

The Registrant undertakes for Fidelity Advisor Annuity Overseas Fund, Fidelity Advisor Annuity Growth Opportunities Fund, Fidelity Advisor Income & Growth Fund, Fidelity Annuity Government Investment Fund, Fidelity Annuity High Yield Fund and Fidelity Advisor Annuity Money Market Fund: (1) to call a meeting of shareholders for the purpose of voting upon the questions of removal of a trustee or trustees, when requested to do so by record holders of not less than 10% of its outstanding shares; and (2) to assist in communications with other shareholders pursuant to Section 16(c) (1) and (2), whenever shareholders meeting the qualifications set forth in Section 16(c) seek the opportunity to communicate with other shareholders with a view toward requesting a meeting.

The Registrant, on behalf of Fidelity Advisor Annuity Overseas Fund, Fidelity Advisor Annuity Growth Opportunities Fund, Fidelity Advisor Income & Growth Fund, Fidelity Annuity Government Investment Fund and Fidelity Annuity High Yield Fund, provided the information required by Item 5A is contained in the annual report, undertakes to furnish to each person to whom a prospectus has been delivered, upon their request and without charge, a copy of the Registrant's latest annual report to shareholders.  
SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for the effectiveness of this Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Post-Effective Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boston, and Commonwealth of Massachusetts, on the 28th day of July 1995.

FIDELITY ADVISOR ANNUITY FUND

By /s/Edward C. Johnson 3d (dagger)

Edward C. Johnson 3d, President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

(Signature) (Title) (Date)

<TABLE>

<CAPTION>

<S>

<C>

<C>

/s/Edward C. Johnson 3d(dagger) President and Trustee July 28, 1995

Edward C. Johnson 3d (Principal Executive Officer)

</TABLE>

/s/Kenneth A. Rathgeber Treasurer July 28, 1995

Kenneth A. Rathgeber

/s/J. Gary Burkhead Trustee July 28, 1995

J. Gary Burkhead

/s/Ralph F. Cox \* Trustee July 28, 1995

Ralph F. Cox

/s/Phyllis Burke Davis \* Trustee July 28, 1995

Phyllis Burke Davis

/s/Richard J. Flynn \* Trustee July 28, 1995

Richard J. Flynn

/s/E. Bradley Jones \* Trustee July 28, 1995

E. Bradley Jones

/s/Donald J. Kirk \* Trustee July 28, 1995

Donald J. Kirk

/s/Peter S. Lynch \* Trustee July 28, 1995

Peter S. Lynch

/s/Edward H. Malone \* Trustee July 28, 1995

Edward H. Malone

/s/Marvin L. Mann \_\_\_\_\_\* Trustee July 28, 1995

Marvin L. Mann

/s/Gerald C. McDonough\* Trustee July 28, 1995

Gerald C. McDonough

/s/Thomas R. Williams \* Trustee July 28, 1995

Thomas R. Williams

(dagger) Signatures affixed by J. Gary Burkhead pursuant to a power of attorney dated December 15, 1994 and filed herewith.

\* Signature affixed by Robert C. Hacker pursuant to a power of attorney dated December 15, 1994 and filed herewith.

POWER OF ATTORNEY

We, the undersigned Directors, Trustees or General Partners, as the case may be, of the following investment companies:

<TABLE>

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<C>

Fidelity Advisor Annuity Fund	Fidelity Income Fund
Fidelity Advisor Series I	Fidelity Institutional Trust
Fidelity Advisor Series II	Fidelity Investment Trust
Fidelity Advisor Series III	Fidelity Magellan Fund
Fidelity Advisor Series IV	Fidelity Massachusetts Municipal Trust
Fidelity Advisor Series V	Fidelity Mt. Vernon Street Trust
Fidelity Advisor Series VI	Fidelity Municipal Trust
Fidelity Advisor Series VII	Fidelity New York Municipal Trust
Fidelity Advisor Series VIII	Fidelity Puritan Trust
Fidelity California Municipal Trust	Fidelity School Street Trust

Fidelity Capital Trust	Fidelity Securities Fund
Fidelity Charles Street Trust	Fidelity Select Portfolios
Fidelity Commonwealth Trust	Fidelity Sterling Performance Portfolio, L.P.
Fidelity Congress Street Fund	Fidelity Summer Street Trust
Fidelity Contrafund	Fidelity Trend Fund
Fidelity Corporate Trust	Fidelity U.S. Investments-Bond Fund, L.P.
Fidelity Court Street Trust	Fidelity U.S. Investments-Government Securities Fund, L.P.
Fidelity Deutsche Mark Performance Portfolio, L.P.	Fidelity Union Street Trust
Fidelity Devonshire Trust	Fidelity Yen Performance Portfolio, L.P.
Fidelity Exchange Fund	Spartan U.S. Treasury Money Market Fund
Fidelity Financial Trust	Variable Insurance Products Fund
Fidelity Fixed-Income Trust	Variable Insurance Products Fund II
Fidelity Government Securities Fund	
Fidelity Hastings Street Trust	

</TABLE>

plus any other investment company for which Fidelity Management & Research Company acts as investment adviser and for which the undersigned individuals serve as Board Members (collectively, the "Funds"), hereby severally constitute and appoint Arthur J. Brown, Arthur C. Delibert, Robert C. Hacker, Richard M. Phillips, Dana L. Platt and Stephanie A. Djinis, each of them singly, our true and lawful attorneys-in-fact, with full power of substitution, and with full power to each of them, to sign for us and in our names in the appropriate capacities, all Pre-Effective Amendments to any Registration Statements of the Funds, any and all subsequent Post-Effective Amendments to said Registration Statements, any Registration Statements on Form N-14, and any supplements or other instruments in connection therewith, and generally to do all such things in our names and behalf in connection therewith as said attorneys-in-fact deem necessary or appropriate, to comply with the provisions of the Securities Act of 1933 and Investment Company Act of 1940, and all related requirements of the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact or their substitutes may do or cause to be done by virtue hereof.

WITNESS our hands on this fifteenth day of December, 1994.

/s/Edward C. Johnson 3d                      /s/Donald J. Kirk

Edward C. Johnson 3d                      Donald J. Kirk

/s/J. Gary Burkhead                      /s/Peter S. Lynch

J. Gary Burkhead                      Peter S. Lynch

/s/Ralph F. Cox                      /s/Marvin L. Mann

Ralph F. Cox                      Marvin L. Mann

/s/Phyllis Burke Davis                      /s/Edward H. Malone

Phyllis Burke Davis

Edward H. Malone

/s/Richard J. Flynn

/s/Gerald C. McDonough

Richard J. Flynn

Gerald C. McDonough

/s/E. Bradley Jones

/s/Thomas R. Williams

E. Bradley Jones

Thomas R. Williams

POWER OF ATTORNEY

I, the undersigned President and Director, Trustee or General Partner, as the case may be, of the following investment companies:

<TABLE>

<CAPTION>

<S>

<C>

Fidelity Advisor Annuity Fund	Fidelity Institutional Trust
Fidelity Advisor Series I	Fidelity Investment Trust
Fidelity Advisor Series II	Fidelity Magellan Fund
Fidelity Advisor Series III	Fidelity Massachusetts Municipal Trust
Fidelity Advisor Series IV	Fidelity Money Market Trust
Fidelity Advisor Series V	Fidelity Mt. Vernon Street Trust
Fidelity Advisor Series VI	Fidelity Municipal Trust
Fidelity Advisor Series VII	Fidelity New York Municipal Trust
Fidelity Advisor Series VIII	Fidelity Puritan Trust
Fidelity California Municipal Trust	Fidelity School Street Trust
Fidelity Capital Trust	Fidelity Securities Fund
Fidelity Charles Street Trust	Fidelity Select Portfolios
Fidelity Commonwealth Trust	Fidelity Sterling Performance Portfolio, L.P.
Fidelity Congress Street Fund	Fidelity Summer Street Trust
Fidelity Contrafund	Fidelity Trend Fund
Fidelity Corporate Trust	Fidelity U.S. Investments-Bond Fund, L.P.
Fidelity Court Street Trust	Fidelity U.S. Investments-Government Securities Fund, L.P.
Fidelity Destiny Portfolios	Fidelity Union Street Trust
Fidelity Deutsche Mark Performance Portfolio, L.P.	Fidelity Yen Performance Portfolio, L.P.
Fidelity Devonshire Trust	Spartan U.S. Treasury Money Market Fund
Fidelity Exchange Fund	Variable Insurance Products Fund
Fidelity Financial Trust	Variable Insurance Products Fund II
Fidelity Fixed-Income Trust	
Fidelity Government Securities Fund	
Fidelity Hastings Street Trust	
Fidelity Income Fund	

</TABLE>

plus any other investment company for which Fidelity Management & Research Company acts as investment adviser and for which the undersigned individual serves as President and Board Member (collectively, the "Funds"), hereby severally constitute and appoint J. Gary Burkhead, my true and lawful attorney-in-fact, with full power of substitution, and with full power to sign for me and in my name in the appropriate capacity, all Pre-Effective

Amendments to any Registration Statements of the Funds, any and all subsequent Post-Effective Amendments to said Registration Statements, any Registration Statements on Form N-14, and any supplements or other instruments in connection therewith, and generally to do all such things in my name and behalf in connection therewith as said attorney-in-fact deem necessary or appropriate, to comply with the provisions of the Securities Act of 1933 and Investment Company Act of 1940, and all related requirements of the Securities and Exchange Commission. I hereby ratify and confirm all that said attorneys-in-fact or their substitutes may do or cause to be done by virtue hereof.

WITNESS my hand on the date set forth below.

/s/Edward C. Johnson 3d     December 15, 1994

Edward C. Johnson 3d

(2\_FIDELITY\_LOGOS)  
 FIDELITY ADVISOR ANNUITY  
 FUND  
 MONEY MARKET FUND  
 GOVERNMENT INVESTMENT FUND  
 HIGH YIELD FUND  
 INCOME & GROWTH FUND  
 GROWTH OPPORTUNITIES FUND  
 OVERSEAS FUND  
 SEMIANNUAL REPORT  
 JUNE 30, 1995  
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THIS REPORT AND THE FINANCIAL STATEMENTS CONTAINED HEREIN ARE SUBMITTED FOR THE GENERAL INFORMATION OF THE SHAREHOLDERS OF THE FUNDS. THIS REPORT IS NOT AUTHORIZED FOR DISTRIBUTION TO PROSPECTIVE INVESTORS IN THE FUNDS UNLESS PRECEDED OR ACCOMPANIED BY AN EFFECTIVE PROSPECTUS. 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. NEITHER THE FUNDS NOR FIDELITY DISTRIBUTORS CORPORATION IS A BANK. FIDELITY ADVISOR ANNUITY FUND: MONEY MARKET FUND PERFORMANCE

To measure a money market fund's performance, you can look at either total return or yield. Total return reflects both the change in a fund's share price over a given period, and reinvestment of its dividends (or income). Yield measures the income paid by a fund. Since a money market fund tries to maintain a \$1 share price, yield is an important measure of performance.

CUMULATIVE TOTAL RETURNS PERIOD ENDED JUNE 30, 1995	LIFE OF FUND
MONEY MARKET	2.59%
Consumer Price Index	1.87%

CUMULATIVE TOTAL RETURNS show the fund's performance in percentage terms over a set period - in this case, since the fund started on January 3, 1995.

Comparing the fund's performance to the consumer price index (CPI) helps show how your investment did compared to inflation. (The periods covered by the CPI numbers are the closest available match to those covered by the fund.)

If the advisor had not reimbursed certain fund expenses during the period shown, the total return would have been lower. Yield will vary.

PERFORMANCE NUMBERS ARE NET OF ALL FUND OPERATING EXPENSES, BUT DO NOT INCLUDE ANY INSURANCE CHARGES IMPOSED BY YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. IF PERFORMANCE INFORMATION INCLUDED THE EFFECT OF THESE ADDITIONAL CHARGES, IT WOULD HAVE BEEN LOWER.

Past performance is no guarantee of future results.

#### YIELD

Row: 1, Col: 1, Value: 3.24  
Row: 1, Col: 2, Value: 2.34  
Row: 2, Col: 1, Value: 3.47  
Row: 2, Col: 2, Value: 2.29

#### Money Market

##### MMDA

6% -  
5% -  
4% -  
3% -  
2% -  
1% -  
0%

3/29/95 6/28/95

Money Market 4.95% 4.99%

MMDA 2.89% 2.87%

YIELD refers to the income paid by the fund over a given period. Yields for money market funds are usually for seven-day periods, expressed as annual percentage rates. A yield that assumes income earned is reinvested or compounded is called an effective yield. The chart above shows the fund's current seven-day yield at quarterly intervals over the past six months. This is compared to similar yields for the average bank money market deposit account (MMDA). The MMDA average is supplied by BANK RATE MONITOR. (Trademark)

#### COMPARING PERFORMANCE

There are some important differences between a bank money market deposit account (MMDA) and a money market fund. First, the U.S. government neither insures nor guarantees a money market fund. In fact, there is no assurance that a money fund will maintain a \$1 share price. Second, a money market fund returns to its shareholders income earned by the fund's investments after expenses. This is in contrast to banks, which set their MMDA rates periodically based on current interest rates, competitors' rates, and internal criteria. (checkmark)

An interview with Bob Litterst, Portfolio Manager of Advisor Annuity Money Market Fund

Q. BOB, CAN YOU BRING US UP TO DATE ON MARKET CONDITIONS?

A. Sure. The economic growth rate has slowed down dramatically during the past six months. During the fourth quarter of 1995, the gross domestic product expanded at a rate of 5.1%, a very strong showing. Moreover, final sales rose 5.7%, meaning sales exceeded production and depleted inventories. Those signs of growth, along with disturbing trends in such leading indicators of inflation as unemployment and capacity utilization, prompted the Federal Reserve to raise the federal funds rate - the rate banks charge each other for overnight loans - another one-half percentage point in February.

Q. HOW HAS THE INTEREST-RATE ENVIRONMENT CHANGED SINCE THEN?

A. Even as the Fed was tightening credit for the seventh time in a little more than a year, there were signs that the economy was beginning to lose steam. Led by softening consumer activity and weakness in interest-sensitive sectors such as housing and autos, the growth rate during the first quarter of 1995 slowed to 2.7%. Currently, most economists have long since stopped worrying about the economy overheating. Now they have an altogether different concern: that we might be headed for another recession. By the end of June, it was clear to all that the latest cycle of interest-rate increases was over. Instead, speculation centered on when the Fed might feel compelled to lower rates.

Q. HOW DID YOU RESPOND TO CHANGING CONDITIONS?

A. The fund only began operating in January. For the first several months until I had enough assets to satisfy the SEC's diversification requirements I invested only in overnight repurchase agreements. Eventually, though, as the asset base became large enough, I began making investments in the one-to six-month maturity range. By the end of June, the fund's average maturity was around 40 days. Ideally it would have been longer than that but with only about \$7 million in assets to work with at the end of the period, our investment alternatives were quite limited. That's normal for a new fund, and should be less of a factor going forward.

Q. TO DATE, HOW HAVE YOU STRUCTURED THE FUND?



A. As can be seen on the accompanying schedule of investments, I've focused primarily on the commercial paper market. This market is extremely flexible in terms of the dollar amount and maturity date of investments, important considerations for a new fund with a relatively small asset base. In addition, I continued to utilize repurchase agreements to provide liquidity and a competitive yield. Over time, I expect to manage the fund with a broad mix of traditional money market instruments, such as bank certificates of deposit, commercial paper, Treasury and agency securities and short-term floating rate instruments. The fund's average maturity will depend on my outlook for short-term rates, but will typically fall in a range between 40 and 75 days.

Q. WHAT'S THE OUTLOOK?

A. The next few months should be interesting. With the information currently available, it appears that growth during the second quarter of 1995 will be quite weak. And we know now that on July 6, shortly after the period ended, the Fed lowered the federal funds rate one-quarter percentage point. As we look ahead, though, much uncertainty remains. Some market participants believe that we're in the early stages of an extended downturn. Others believe that what's happening is merely a brief but severe inventory correction, and that the economy will resume growing at its long-term trend rate of around 2.5% once the temporary buildup in inventories sells off.

Q. WHAT'S YOUR VIEW?

A. I tend to side with those in the latter camp. The typical prerequisites for a recession including high inflation and tight bank lending standards simply don't exist. That said, I'm concerned that if this springs weakness in the labor market persists, it could evolve into a self-reinforcing slowdown, forcing the Fed to continue lowering rates. While I don't think that will happen, I have to respect the possibility of such a development. I'm targeting an average maturity of between 50 to 65 days, assuming sufficient growth in the fund's assets.

#### FUND FACTS

GOAL: Income and share price stability by investing in high-quality, short-term investments

START DATE: January 3, 1995

SIZE: as of June 30, 1995, more than \$8 million

MANAGER: Robert Litterst, since January 1995; joined Fidelity in 1992 (checkmark)

FIDELITY ADVISOR ANNUITY: MONEY MARKET FUND

INVESTMENTS JUNE 30, 1995 (UNAUDITED)

Showing Percentage of Total Value of Investment in Securities

BANKERS' ACCEPTANCES - 4.6%

ANNUALIZED YIELD

DUE AT TIME OF PRINCIPAL VALUE

DATE PURCHASE AMOUNT (NOTE 1)

DOMESTIC BANKERS' ACCEPTANCES

Chemical Bank

10/26/95 6.37% \$ 146,766 \$ 143,827

NationsBank of Georgia

8/1/95 6.00 200,000 198,975

TOTAL BANKERS' ACCEPTANCES 342,802

COMMERCIAL PAPER - 87.3%

ANZ (DE), Inc.

8/8/95 6.03 280,000 278,233

American Express Credit Corp.

7/17/95 6.00 150,000 149,603

American Home Food Products, Inc.

7/19/95 6.06 155,000 154,535

Asset Securitization Cooperative Corp.

9/7/95 5.95 300,000 296,668

BHF Finance (Delaware), Inc.

7/18/95 6.02 150,000 149,576

Banc One Corp.

8/31/95 5.96 294,000 291,061

CIESCO, L.P.

7/11/95 6.16 350,000 349,402

Campbell Soup Co.

11/6/95 6.07 190,000 186,014

Cheltenham & Gloucester Building Society

7/18/95 6.12 300,000 299,136

Chevron Corp.

7/14/95 6.27 360,000 359,188

Commerzbank U.S. Finance, Inc.

9/29/95 6.30 150,000 147,705

12/15/95 5.76 130,000 126,623

Cooper Industries, Inc.

7/5/95 6.41 350,000 349,751

Dayton Hudson Corp.  
7/21/95 6.03 200,000 199,337  
Exxon Imperial U.S., Inc.  
10/6/95 6.02 220,000 216,491  
12/28/95 5.75 150,000 145,815  
General Electric Capital Corp.  
8/1/95 5.94 230,000 228,835  
General Motors Acceptance Corp.  
7/17/95 6.18 165,000 164,553  
Hewlett-Packard Co.  
7/18/95 6.00 200,000 199,437  
Kredietbank, N.A. Finance Corp.  
9/1/95 6.22 152,000 150,408  
MetLife Funding, Inc.  
7/28/95 6.07 200,000 199,100  
Monsanto Co.  
7/24/95 6.08 175,000 174,329  
National Rural Util. Coop. Fin. Corp.  
11/16/95 5.91 250,000 244,475  
National & Provincial Building Society  
10/16/95 5.89 250,000 245,713  
Norwest Corp.  
9/19/95 5.99 200,000 197,388

ANNUALIZED YIELD

DUE AT TIME OF PRINCIPAL VALUE  
DATE PURCHASE AMOUNT (NOTE 1)  
Penny (JC) Funding Corp.  
7/12/95 6.16% \$ 100,000 \$ 99,812  
Prospect Street Senior Portfolio LP  
8/24/95 6.11 367,000 363,669  
Prudential Funding Corp.  
8/23/95 6.06 280,000 277,527  
Transamerica Finance Corp.  
8/7/95 6.03 280,000 278,279  
TOTAL COMMERCIAL PAPER 6,522,663  
FEDERAL AGENCIES - 3.3%

FEDERAL HOME LOAN BANK - DISCOUNT NOTES - 3.3%  
2/26/96 6.06 100,000 96,147  
4/1/96 6.09 155,000 148,168  
TOTAL FEDERAL AGENCIES 244,315  
MEDIUM-TERM NOTES (A) - 2.3%

Dean Witter, Discover & Co.  
7/15/95 6.10 175,000 175,158  
REPURCHASE AGREEMENTS - 2.5%

MATURITY  
AMOUNT

In a joint trading account  
(U.S. Government Obligations)  
dated 6/30/95 due 7/3/95:  
At 6.28% \$ 184,096 184,000  
TOTAL INVESTMENTS - 100% \$ 7,468,938

Total Cost for Income Tax Purposes - \$7,468,938  
(f) The coupon rate shown on floating or adjustable rate securities represents the rate at period end. The due date on these types of securities reflects the next interest rate reset date or, when applicable, the final maturity date.

FIDELITY ADVISOR ANNUITY FUND: MONEY MARKET FUND  
FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

<TABLE>  
<CAPTION>  
<S> <C> <C>

JUNE 30, 1995 (UNAUDITED)

ASSETS

Investment in securities, at value (including repurchase agreements of \$184,000) - See accompanying schedule	\$ 7,468,938
Cash	726,336
Interest receivable	1,177

Receivable from investment adviser for expense reductions		1,879
TOTAL ASSETS		8,198,330
LIABILITIES		
Accrued management fee		\$ 1,190
Other payables and accrued expenses		14,357
TOTAL LIABILITIES		15,547
NET ASSETS		\$ 8,182,783
Net Assets consist of:		
Paid in capital		\$ 8,182,783
NET ASSETS, for 8,182,783 shares outstanding		\$ 8,182,783
NET ASSET VALUE, offering price and redemption price per share (\$8,182,783 (divided by) 8,182,783 shares)		\$1.00

</TABLE>

STATEMENT OF OPERATIONS  
JANUARY 3, 1995  
(COMMENCEMENT OF OPERATIONS)  
TO JUNE 30, 1995 (UNAUDITED)

INTEREST INCOME		\$ 83,439
EXPENSES		
Management fee	\$ 3,437	
Transfer agent fees	942	
Accounting fees and expenses	9,841	
Custodian fees and expenses	7,539	
Registration fees	1,399	
Audit	9,038	
Miscellaneous	121	
Total expenses before reductions	32,317	
Expense reductions	(18,819 )	13,498
NET INTEREST INCOME		69,941
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ 69,941

STATEMENT OF CHANGES IN NET ASSETS  
JANUARY 3, 1995  
(COMMENCEMENT OF OPERATIONS)  
TO JUNE 30, 1995  
(UNAUDITED)

<TABLE>		
<CAPTION>		
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INCREASE (DECREASE) IN NET ASSETS		
Operations		\$ 69,941
Net interest income		
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		69,941

Distributions to shareholders from net interest income	(69,941)
	)
Share transactions at net asset value of \$1.00 per share	9,527,342
Proceeds from sales of shares	
Reinvestment of distributions from net interest income	69,941
Cost of shares redeemed	(1,414,500)
	)
NET INCREASE (DECREASE) IN NET ASSETS AND SHARES RESULTING FROM SHARE TRANSACTIONS	8,182,783
TOTAL INCREASE (DECREASE) IN NET ASSETS	8,182,783
NET ASSETS	
Beginning of period	-
End of period	\$ 8,182,783

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

</TABLE>

#### FINANCIAL HIGHLIGHTS

<TABLE>

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JANUARY 3, 1995  
(COMMENCEMENT  
OF OPERATIONS) TO  
JUNE 30, 1995  
(UNAUDITED)

#### SELECTED PER-SHARE DATA

Net asset value, beginning of period	\$ 1.000
Income from Investment Operations	.026
Net interest income	
Less Distributions	(.026)
From net interest income	
Net asset value, end of period	\$ 1.000
TOTAL RETURN B	2.59%

#### RATIOS AND SUPPLEMENTAL DATA

Net assets, end of period (000 omitted)	\$ 8,183
Ratio of expenses to average net assets	1.00%A
Ratio of expenses to average net assets before expense reductions	2.38%A
Ratio of net interest income to average net assets	5.15%A

</TABLE>

#### A ANNUALIZED

B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED. TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIOD SHOWN.

FIDELITY ADVISOR ANNUITY FUND: GOVERNMENT INVESTMENT FUND  
PERFORMANCE AND INVESTMENT SUMMARY

#### PERFORMANCE

There are several ways to evaluate a fund's historical performance: total percentage change in value, the average annual percentage change, or the growth of a hypothetical \$10,000 investment. Each performance figure includes changes in a fund's share price, plus reinvestment of any dividends (income) and capital gains (the profits the fund earns when it sells bonds that have grown in value). If Fidelity had not reimbursed certain fund expenses during the period shown, the total return would have been lower.

CUMULATIVE TOTAL RETURNS  
PERIOD ENDED JUNE 30, 1995

LIFE OF  
FUND

GOVERNMENT INVESTMENT 10.10%

Lehman Brothers Government Bond Index	n/a
Salomon Brothers Treasury/Agency Index	n/a
Consumer Price Index	1.87%

CUMULATIVE TOTAL RETURNS show the fund's performance in percentage terms over a set period - in this case, since the fund started on January 3, 1995.

UNDERSTANDING PERFORMANCE

How a fund did yesterday is no guarantee of how it will do tomorrow. Bond prices, for example, generally move in the opposite direction of interest rates. In turn, the share price, return, and yield of a fund that invests in bonds will vary. That means if you sell your shares during a market downturn, you might lose money. But if you can ride out the market's ups and downs, you may have a gain.

(checkmark)

You can compare the fund's return to the Lehman Brothers Government Bond Index and the Salomon Brothers Treasury/Agency Index - both broad measures of the performance of U.S. government bonds. These benchmarks includes reinvested dividends and capital gains, if any, and exclude the effects of sales charges. Comparing the fund's performance to the consumer price index (CPI) helps show how your fund did compared to inflation. (The CPI returns begin on the month end closest to the fund's start date.)

PERFORMANCE NUMBERS ARE NET OF ALL FUND OPERATING EXPENSES, BUT DO NOT INCLUDE ANY INSURANCE CHARGES IMPOSED BY YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. IF PERFORMANCE INFORMATION INCLUDED THE EFFECT OF THESE ADDITIONAL CHARGES, IT WOULD HAVE BEEN LOWER.

Past performance is no guarantee of future results. Principal and investment return will vary and you may have a gain or loss when you withdraw your money.

\$10,000 OVER LIFE OF FUND

	FA Annuity	Govt.Salomon	Brothers T
01/31/95	10000.00		10000.00
02/28/95	10217.18		10210.00
03/31/95	10276.41		10270.24
04/30/95	10394.87		10402.73
05/31/95	10799.61		10829.24
06/30/95	10868.71		10911.54

Let's say you invested \$10,000 in Government Investment Fund on January 31, 1995, shortly after the fund started. By June 30, 1995, your investment would have grown to \$10,869 - an 8.69% increase. With reinvested dividends and capital gains, if any, a \$10,000 investment in the Salomon Brothers Treasury/Agency Index would have grown to \$10,912 over the same period - a 9.12% increase.

INVESTMENT SUMMARY

COUPON DISTRIBUTION AS OF JUNE 30, 1995

<TABLE>

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% OF FUND'S  
INVESTMENTS

Under 6%	17.9
6 - 6.99%	24.6
7 - 7.99%	32.9
8 - 8.99%	11.3
9 - 9.99%	2.2
Over 10%	5.4

COUPON DISTRIBUTION SHOWS THE RANGE OF STATED INTEREST RATES ON THE FUND'S INVESTMENTS, EXCLUDING REPURCHASE AGREEMENTS.

</TABLE>

AVERAGE YEARS TO MATURITY AS OF JUNE 30, 1995

<TABLE>

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Years

AVERAGE YEARS TO MATURITY IS BASED ON THE AVERAGE TIME UNTIL PRINCIPAL PAYMENTS ARE EXPECTED FROM EACH OF THE FUND'S BONDS, WEIGHTED BY DOLLAR AMOUNT.

</TABLE>

DURATION AS OF JUNE 30, 1995

<TABLE>

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Years

DURATION SHOWS HOW MUCH A BOND FUND'S PRICE FLUCTUATES WITH CHANGES IN COMPARABLE INTEREST RATES. IF RATES RISE 1%, FOR EXAMPLE, A FUND WITH A FIVE-YEAR DURATION IS LIKELY TO LOSE ABOUT 5% OF ITS VALUE. OTHER FACTORS ALSO CAN INFLUENCE A BOND FUND'S PERFORMANCE AND SHARE PRICE. ACCORDINGLY, A BOND FUND'S ACTUAL PERFORMANCE MAY DIFFER FROM THIS EXAMPLE.

</TABLE>

FIDELITY ADVISOR ANNUITY FUND: GOVERNMENT INVESTMENT FUND  
FUND TALK: THE MANAGER'S OVERVIEW

An interview with  
Robert Ives, Portfolio Manager of Fidelity  
Advisor Annuity Government Investment Fund

Q. BOB, HOW DID THE FUND DO?

A. It's difficult to make a meaningful performance comparison, since the fund has been in existence only for a short time. However, for the six months ended June 10, 1995, the fund slightly trailed the Salomon Brothers Treasury/Agency Index, which returned 11.25%.

Q. WHAT HAS THE BOND INVESTING ENVIRONMENT BEEN LIKE?

A. The bond market has had a pretty dramatic rally over the past six months, largely a reversal of the losses bond investors saw in 1994. Interest rates have dropped and prices have risen. Interest rates dropped for two reasons. First, there were quite a few signs that the economy was weakening, including slower growth in jobs and weakness in auto sales and housing sales. Second, investors saw signs that inflation had remained pretty much under control. These two factors helped fuel the rally in the bond market.

Q. DO YOU TRY TO POSITION THE FUND TO TAKE ADVANTAGE OF RISING OR FALLING INTEREST RATES?

A. No. Instead, I keep the fund's duration - a measure of how sensitive its share price is to changes in interest rates - in line with the fund's benchmark index - the Salomon Brothers Treasury/Agency Index. In my view, finding sectors - and individual issues within those sectors - that offer the best value is the most prudent way to achieve total return. With this strategy I try to buy securities when they are inexpensive - based on what I believe to be their actual value - before the market comes to the same conclusion. I look for opportunities with good risk/reward trade-offs - those situations where I feel there is a combination of low risk and high potential for gain. I also seek to diversify my investments, so that the fund's performance is not overly dependent on the performance of a particular type or class of security.

Q. AT THE SAME TIME, THOUGH, THE FUND IS HEAVILY WEIGHTED IN TREASURY SECURITIES . . .

A. True. That's largely a result of the newness of the fund. I'm continuing to develop the structure of the fund as time goes on. I'll seek to diversify the fund's investments by adding to the agency and mortgage weightings, although at the moment there aren't many attractive opportunities in the mortgage market. At the same time, I'm interested in investing in more agency issues. That's because I believe the extra yield they offer more than compensates for whatever small additional risk they bring to the portfolio.

Q. HOW HAVE YOU POSITIONED THE FUND IN TERMS OF BOND MATURITIES?

A. It's had a relatively bullet structure by focusing on intermediate bonds with maturities of seven to 10 years. This has been a positive structure, because it is one that does well in the environment of economic weakening and rate drops that we've seen. Going forward, however, the fund probably will be set up in a more laddered structure - with the bonds spaced fairly evenly along the maturity spectrum - because the market already anticipates that the Federal Reserve Board will ease short-term interest rates. In fact, shortly after the period, the Fed dropped the Fed funds rate - a key short-term interest rate - by 0.25%. Since further easing is fully priced into the market, the fund is unlikely to benefit further from its bullet structure.

Q. WHAT'S YOUR OUTLOOK FOR THE NEXT SIX MONTHS?

A. From an economic perspective, the second half of the year should be very interesting. The market is anticipating further drops in interest rates. It also seems to be anticipating a further economic slowdown, though some economists think the economy will pick up in the latter half of the year, which would hurt the bond market. That being said, I don't manage the fund with an eye toward where I think rates or the market will go. In managing against the index, I'll look to ladder the fund's maturity structure IN CASE there is a disappointment from the economic data. Beyond that, I'll look to the mortgage sector for opportunities, and seek to increase the fund's investments in agency bonds.

#### FUND FACTS

GOAL: high current income by investing primarily in obligations issued or guaranteed by the U.S. Government

START DATE: January 3, 1995

SIZE: as of June 30, 1995, more than \$4 million

MANAGER: Robert Ives, since February 1995; joined Fidelity in 1991

(checkmark)

FIDELITY ADVISOR ANNUITY FUND: GOVERNMENT INVESTMENT FUND INVESTMENTS JUNE 30, 1995

Showing Percentage of Total Value of Investments

#### U.S. GOVERNMENT AND

GOVERNMENT AGENCY OBLIGATIONS - 88.8%

MOODY'S PRINCIPAL

RATINGS (C) AMOUNT (B)

U.S. TREASURY OBLIGATIONS - 82.0%

8%, 10/15/96 \$ 348,000 \$ 357,243

4 3/8%, 11/15/96 310,000 304,237

5 5/8%, 1/31/98 50,000 49,664

5 1/8%, 6/30/98 20,000 19,572

4 3/4%, 8/31/98 30,000 28,969

7 3/4%, 12/31/99 750,000 800,745

6 1/4%, 2/15/03 985,000 987,620

10 3/4%, 5/15/03 10,000 12,783

11 7/8%, 11/15/03 70,000 95,386

7 1/4%, 5/15/04 104,000 111,037

9%, 11/15/18 30,000 37,927

8 7/8%, 2/15/19 70,000 87,511

12%, 8/15/23 80,000 118,000

7 1/2%, 11/15/24 385,000 425,968

3,436,662

U.S. GOVERNMENT AGENCY OBLIGATIONS - 6.8%

Federal Agricultural Mortgage Corp.

7.01%, 2/10/05 10,000 10,389

Federal Home Loan Mortgage Corp.:

4.78%, 2/10/97 (callable) 10,000 9,802

6.47%, 7/7/97 20,000 20,159

Federal National Mortgage Association:

4.38%, 10/23/98 (callable) (a) 10,000 9,656

4.94%, 10/30/98 (callable) 50,000 47,953

Government Trust Certificates

(assets of the Trust guaranteed by

U.S. Government through Defense

Security Assistance Agency):

8.55%, 11/15/97 6,957 7,120

9 1/4%, 11/15/01 50,000 55,076

Guaranteed Export Trust 6.28%,

6/15/04 20,000 19,914

Private Export Funding Corp.:

5.65%, 3/15/03 36,000 34,973

8 3/4%, 6/30/03 10,000 11,407

State of Israel (guaranteed by U.S.

Government through Agency for

International Development):

4 7/8%, 9/15/98 30,000 28,903

5 3/4%, 3/15/00 20,000 19,563

8 1/2%, 4/1/06 10,000 11,100

286,015

TOTAL U.S. GOVERNMENT AND GOVERNMENT

AGENCY OBLIGATIONS

(Cost \$3,616,200) 3,722,677

U.S. GOVERNMENT AGENCY -

MORTGAGE-BACKED SECURITIES - 0.1%

FEDERAL NATIONAL MORTGAGE ASSOCIATION - 0.1%

6.50%, 2/15/10 (Cost \$2,740) 2,761 2,728

COLLATERALIZED MORTGAGE OBLIGATIONS - 4.7%

MOODY'S PRINCIPAL

RATINGS (C) AMOUNT (B)

U.S. GOVERNMENT AGENCY - 4.7%

Federal Home Loan Mortgage Corp.

planned amortization class, Class 1496-C,  
5%, 4/15/11 \$ 20,000 \$ 19,650

Federal National Mortgage Association

planned amortization class:

Series 1992 Class 1993-D,  
5 3/4%, 12/25/01 35,000 34,409  
Series 1993 Class 18-PC,  
5 1/2%, 3/25/01 35,000 34,584  
Series 1993 Class 72-B,  
5%, 1/25/02 29,468 28,943  
Series 1993 Class 135-PC,  
5 1/2%, 7/25/02 30,000 29,325  
Series 1993 Class 196-CA,  
5%, 2/25/03 50,000 48,594

TOTAL COLLATERALIZED

MORTGAGE OBLIGATIONS

(Cost \$194,518) 195,505

COMMERCIAL MORTGAGE SECURITIES - 0.7%

Federal National Mortgage Association

commercial Series 1994-M3 Class A,  
7.71%, 4/1/06 (Cost \$29,825) 29,727 30,672

REPURCHASE AGREEMENTS - 5.7%

MATURITY VALUE (NOTE 1)

AMOUNT

Investments in repurchase agreements

(U.S. Treasury obligations), in a joint

trading account at 6.22% dated

6/30/95 due 7/3/95 \$239,124 239,000

TOTAL INVESTMENT IN SECURITIES - 100%

(Cost \$4,082,283) \$ 4,190,582

LEGEND

(g) Debt obligation initially issued at one coupon which converts to a higher coupon at a specified date.

OTHER INFORMATION

Purchases and sales of long-term U.S. government and government agency obligations aggregated \$9,649,890 and \$5,882,970, respectively.

INCOME TAX INFORMATION

At June 30, 1995, the aggregate cost of investment securities for income tax purposes was \$4,082,283. Net unrealized appreciation aggregated \$108,299, of which \$114,824 related to appreciated investment securities and \$6,525 related to depreciated investment securities.

FIDELITY ADVISOR ANNUITY FUND: GOVERNMENT INVESTMENT FUND

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

<TABLE>

<CAPTION>

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<C>

<C>

JUNE 30, 1995 (UNAUDITED)

ASSETS

Investment in securities, at value (including repurchase agreements of \$239,000) (cost \$4,082,283) - See accompanying schedule \$ 4,190,582

Cash 35,023

Interest receivable 49,180

Receivable from investment adviser for expense reductions 995

TOTAL ASSETS 4,275,780

LIABILITIES

Accrued management fee \$ 1,486

Other payables and accrued expenses 11,830

TOTAL LIABILITIES 13,316

NET ASSETS \$ 4,262,464

Net Assets consist of:

Paid in capital \$ 4,001,540

Undistributed net investment income 76,262

Accumulated undistributed net realized gain (loss) on investments 76,363

Net unrealized appreciation (depreciation) on investments 108,299



NET ASSETS, for 387,057 shares outstanding

\$ 4,262,464

NET ASSET VALUE, offering price and redemption price per share (\$4,262,464 (divided by) 387,057 shares)

\$11.01

</TABLE>

STATEMENT OF OPERATIONS

<TABLE>

<CAPTION>

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<C>

JANUARY 3, 1995  
(COMMENCEMENT OF OPERATIONS)  
TO JUNE 30, 1995 (UNAUDITED)

INVESTMENT INCOME		\$ 89,553
Interest		
EXPENSES		
Management fee	\$ 6,065	
Transfer agent fees	1,296	
Accounting fees and expenses	22,137	
Custodian fees and expenses	863	
Audit	7,531	
Miscellaneous	7	
Total expenses before reductions	37,899	
Expense reductions	(24,608 )	13,291
NET INVESTMENT INCOME		76,262
REALIZED AND UNREALIZED GAIN (LOSS)		76,363
Net realized gain (loss) on investment securities		
Change in net unrealized appreciation (depreciation) on investment securities		108,299
NET GAIN (LOSS)		184,662
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		\$ 260,924

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

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<C>

JANUARY 3, 1995  
(COMMENCEMENT  
OF OPERATIONS) TO  
JUNE 30, 1995  
(UNAUDITED)

INCREASE (DECREASE) IN NET ASSETS		
Operations	\$ 76,262	
Net investment income		
Net realized gain (loss)	76,363	
Change in net unrealized appreciation (depreciation)	108,299	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	260,924	
Share transactions	4,061,567	
Net proceeds from sales of shares		
Cost of shares redeemed	(60,027)	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	4,001,540	
TOTAL INCREASE (DECREASE) IN NET ASSETS	4,262,464	
NET ASSETS		
Beginning of period	-	

End of period (including undistributed net investment income of \$76,262) \$ 4,262,464

OTHER INFORMATION

Shares

Sold	392,658
Redeemed	(5,601)
Net increase (decrease)	387,057

</TABLE>

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

FINANCIAL HIGHLIGHTS

<TABLE>

<CAPTION>

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<C>

JANUARY 3, 1995  
(COMMENCEMENT  
OF OPERATIONS) TO  
JUNE 30, 1995  
(UNAUDITED)

SELECTED PER-SHARE DATA

Net asset value, beginning of period	\$ 10.000
Income from Investment Operations	.197
Net investment income	
Net realized and unrealized gain (loss)	.813
Total from investment operations	1.010
Net asset value, end of period	\$ 11.010
TOTAL RETURN B, C	10.10%

RATIOS AND SUPPLEMENTAL DATA

Net assets, end of period (000 omitted)	\$ 4,262
Ratio of expenses to average net assets	1.00% A
Ratio of expenses to average net assets before expense reductions	2.50% A, D
Ratio of net investment income to average net assets	5.74% A
Portfolio turnover rate	504% A

</TABLE>

A ANNUALIZED

B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED.

C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIOD SHOWN (SEE NOTE 6 OF NOTES TO FINANCIAL STATEMENTS).

D LIMITED IN ACCORDANCE WITH A STATE EXPENSE LIMITATION.

FIDELITY ADVISOR ANNUITY FUND: HIGH YIELD FUND

PERFORMANCE AND INVESTMENT SUMMARY

PERFORMANCE

There are several ways to evaluate a fund's historical performance: total percentage change in value, the average annual percentage change, or the growth of a hypothetical \$10,000 investment. Each performance figure includes changes in a fund's share price, plus reinvestment of any dividends (income) and capital gains (the profits the fund earns when it sells stocks that have grown in value). If Fidelity had not reimbursed certain fund expenses during the period shown, the total return would have been lower.

CUMULATIVE TOTAL RETURNS

PERIOD ENDED JUNE 30, 1995	LIFE OF FUND
HIGH YIELD	11.20%
Merrill Lynch High Yield Master	12.76%
Consumer Price Index	1.87%

CUMULATIVE TOTAL RETURNS show the fund's performance in percentage terms

over a set period - in this case, since the fund started on January 3, 1995.

UNDERSTANDING PERFORMANCE

How a fund did yesterday is no guarantee of how it will do tomorrow. Bond prices, for example, generally move in the opposite direction of interest rates. In turn, the share price, return, and yield of a fund that invests in bonds will vary. That means if you sell your shares during a market downturn, you might lose money. But if you can ride out the market's ups and downs, you may have a gain.

(checkmark)

You can compare the fund's return to that of the Merrill Lynch High Yield Master Index - a broad measure of the high yield bond market. This benchmark includes reinvested dividends and capital gains, if any. Comparing the fund's performance to the consumer price index (CPI) helps show how your fund did compared to inflation. (The CPI returns begin on the month end closest to the fund's start date.)

PERFORMANCE NUMBERS ARE NET OF ALL FUND OPERATING EXPENSES, BUT DO NOT INCLUDE ANY INSURANCE CHARGES IMPOSED BY YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. IF PERFORMANCE INFORMATION INCLUDED THE EFFECT OF THESE ADDITIONAL CHARGES, IT WOULD HAVE BEEN LOWER.

Past performance is no guarantee of future results. Principal and investment return will vary and you may have a gain or loss when you withdraw your money. The fund includes high yielding, lower-rated securities which are subject to greater price volatility and may involve greater risk of default. The market for these securities may be less liquid.

\$10,000 OVER LIFE OF FUND

	FA Annuity High	High Yield Master
01/03/95	10000.00	10000.00
01/31/95	9960.00	10141.30
02/28/95	10350.00	10457.72
03/31/95	10500.00	10603.26
04/30/95	10920.00	10851.52
05/31/95	11160.00	11190.55
06/30/95	11120.00	11276.02

Let's say you invested \$10,000 in High Yield Fund on January 3, 1995, when the fund started. By June 30, 1995, your investment would have grown to \$11,120 - an 11.20% increase. That compares to \$10,000 invested in the Merrill Lynch High Yield Master Index, which would have grown to \$11,276 over the same period - a 12.76% increase.

INVESTMENT SUMMARY

TOP FIVE HOLDINGS AS OF JUNE 30, 1995

(BY ISSUER, EXCLUDING REPURCHASE AGREEMENTS)	% OF FUND'S INVESTMENTS
International Wire Group, Inc. 11 3/4%, 6/1/05	5.7
Transamerican Refining Corp. 16 1/2%, 2/15/02	4.4
Players International, Inc. 10 7/8%, 4/15/05	4.4
Republic Engineered Steels, Inc. 9 7/8%, 12/15/01	3.8
Revlon Consumer Products Corp. 10 1/2%, 2/15/03	3.5

TOP FIVE MARKET SECTORS AS OF JUNE 30, 1995

	% OF FUND'S INVESTMENTS
Media & Leisure	19.0
Basic Industries	16.5
Energy	8.7
Utilities	7.5
Nondurables	6.3

QUALITY DIVERSIFICATION AS OF JUNE 30, 1995

(MOODY'S RATINGS)	% OF FUND'S INVESTMENTS
Aaa, Aa, A	0.0
Baa	0.0
Ba	7.0
B	47.9

Caa, Ca, C 17.1

Nonrated 0.8

TABLE EXCLUDES SHORT-TERM INVESTMENTS.  
FIDELITY ADVISOR ANNUITY FUND: HIGH YIELD FUND  
FUND TALK: THE MANAGER'S OVERVIEW

An interview with Margaret Eagle, Portfolio Manager of Fidelity Advisor Annuity High Yield Fund

Q. MARGARET, HOW DID THE FUND DO?

A. It's difficult to make a meaningful performance comparison, since the fund has been in existence only for a short time. However, for the six months ended June 30, 1995, the fund slightly trailed the Merrill Lynch High Yield Master Index, which returned 12.76%.

Q. WHAT HAS THE INVESTING ENVIRONMENT BEEN LIKE FOR HIGH-YIELD BONDS?

A. For the most part, the high-yield market has been strong, largely due to the forces of supply and demand. Demand has been very strong, influenced by the fact that interest rates, in general, dropped in the first half of the year, making the investments in the high yield market more attractive. At the same time, there has been a paucity of new issues, for two reasons. One is that banks have been very aggressive lenders, so that many companies that may have come to the high yield market turned to them instead. The other reason was that the strong stock market encouraged companies to finance through equity offerings. In the last part of the period, through parts of May and June, this situation reversed itself. Demand softened as data suggested the possibility of a recession, an economic environment unfriendly for high-yield issues. In addition, new issues came to market in May and June. By the end of the period, however, this negative backdrop subsided and the outlook turned positive again.

Q. WHAT SORT OF STRATEGY HAVE YOU PURSUED?

A. I invest from the bottom up. That is, I don't follow broad investing themes. Instead, I invest credit by credit, company by company, looking for high total return. In looking for new investments, my preference has been and will continue to be high current yield bonds from companies where I see either stable or improving credit quality. The fund does have some investments in zero coupon bonds - bonds which make no periodic payments, but are sold at a discount to their face value, with the buyer receiving the rate of return by gradual appreciation of the security. But most of the fund's investments are in high current coupon bonds. I've also tried to select a collection of higher-quality securities within the junk bond universe.

Q. CAN YOU GIVE US SOME EXAMPLES OF INVESTMENTS THAT HAVE DONE WELL?

A. Viacom is an example of a company whose credit quality is improving. The company acquired Paramount and Blockbuster Video, and as it has consolidated its operations, it has shown improvement. It has been selling assets such as Madison Square Garden and using the proceeds to pay down debt, causing the credit quality to improve. Nextel has been another positive performer. I bought Nextel securities when they were selling at very cheap levels, after a deal in which MCI was going to make an equity infusion into the company fell through. Nextel has since rebounded, as a result of an equity infusion by Craig McCaw, a well-known communications investor with a proven track record. Kaiser Aluminum bonds are paying a high current coupon. The outlook for aluminum is quite good, so the company should benefit from stronger cash flows that will allow it to pay back debt and improve its credit.

Q. THERE MUST HAVE BEEN SOME DISAPPOINTMENTS DURING THE PERIOD . . .

A. Yes. The direct broadcast equipment provider Echo Star suffered when the Chinese company it planned to use to launch its satellite experienced difficulty launching a similar model. The bonds have bounced back, although with less impact because the position makes up a smaller proportion of this growing portfolio. Star Market also underperformed. Even though Star is making strides in its fundamental strategy of adding new stores and improving the quality of its produce and deli sections, its wholesale business had a disappointing quarter in terms of earnings.

Q. WHAT'S YOUR OUTLOOK FOR THE NEXT SIX MONTHS?

A. I'm cautiously optimistic. The economy may strengthen through the second half, for two reasons. First, the lower interest rates we've seen over the past few months will start to have a stimulating effect. Also, Mexico, one of our biggest trading partners, has been in recession since the beginning of the year. A stabilization of that situation would have a beneficial effect on corporate earnings in the U.S. At the same time, there's a possibility that interest rates could rise, so I'll try to avoid bonds that are interest rate-sensitive. I'll invest in cyclical companies - those that are economically sensitive - provided they use their cash flow to pay down debt. And even though I'm looking to limit the fund's investments in zero coupon bonds, I will still buy zeros of companies that I perceive have a big potential for credit improvement. And I'll continue to look for high current coupon bonds of companies with stable or improving credit quality.

FUND FACTS

GOAL: to provide a high level of income and

the potential for capital gains by investing primarily in high-yield bonds  
START DATE: January 3, 1995  
SIZE: as of June 30, 1995, more than \$10 million  
MANAGER: Margaret Eagle, since January 1995; joined Fidelity in 1980 (checkmark)  
FIDELITY ADVISOR ANNUITY FUND: HIGH YIELD FUND INVESTMENTS JUNE 30, 1995 (UNAUDITED)

Showing Percentage of Total Value of Investment in Securities

NONCONVERTIBLE BONDS - 72.1%  
MOODY'S PRINCIPAL RATINGS (C) AMOUNT (B)  
BASIC INDUSTRIES - 15.6%  
CHEMICALS & PLASTICS - 1.7%  
G-I Holdings, Inc., Series B, 0%, 10/1/98 Ba3 \$ 160,000 \$ 108,000  
NL Industries, Inc. 11 3/4%, 10/15/03 B1 90,000 93,825  
201,825  
IRON & STEEL - 3.8%  
Republic Engineered Steels, Inc. 9 7/8%, 12/15/01 B2 500,000 456,250  
METALS & MINING - 6.5%  
International Wire Group, Inc. 11 3/4%, 6/1/05 B3 680,000 684,250  
Kaiser Aluminum & Chemical Corp. 12 3/4%, 2/1/03 B2 80,000 86,000  
770,250  
PAPER & FOREST PRODUCTS - 3.6%  
Repap New Brunswick, Inc. yankee 10 5/8%, 4/15/05 B2 100,000 100,750  
Stone Container Corp. 11 1/2%, 10/1/04 B1 90,000 94,950  
Tjiwi Kimia International Finance Co. 13 1/4%, 8/1/01 B1 220,000 233,200  
428,900  
TOTAL BASIC INDUSTRIES 1,857,225  
CONSTRUCTION & REAL ESTATE - 1.7%  
BUILDING MATERIALS - 1.7%  
MVE, Inc. Unit 12 1/2%, 2/15/02 B3 200,000 208,000  
ENERGY - 8.7%  
ENERGY SERVICES - 3.4%  
Transtexas Gas Corp. 11 1/2%, 6/15/02 B2 400,000 409,000  
OIL & GAS - 5.3%  
Flores & Rucks, Inc. 13 1/2%, 12/1/04 B3 90,000 101,250  
Transamerican Refining Corp. 16 1/2%, 2/15/02 (c) Caa 500,000 528,750  
630,000  
TOTAL ENERGY 1,039,000  
FINANCE - 1.9%  
CREDIT & OTHER FINANCE - 1.2%  
Mesa Capital Corp. secured 12 3/4%, 6/30/98 (d) Caa 160,000 145,200  
INSURANCE - 0.7%  
I.C.H. Corp. 11 1/4%, 12/1/1996 C 100,000 79,500  
TOTAL FINANCE 224,700  
INDUSTRIAL MACHINERY & EQUIPMENT - 2.2%  
POLLUTION CONTROL - 2.2%  
Envirosource, Inc. 9 3/4%, 6/15/03 B3 300,000 267,000  
  
MOODY'S PRINCIPAL RATINGS (C) AMOUNT (B)  
MEDIA & LEISURE - 17.0%  
BROADCASTING - 7.6%  
Allbritton Communications Co. 11 1/2%, 8/15/20 B3 \$ 150,000 \$ 159,000  
Chancellor Broadcasting 12 1/2%, 10/1/04 B3 150,000 149,625  
Diamond Cable Communications PLC 0%, 9/30/04 (d) B3 300,000 196,500  
Peoples Choice TV Corp. Unit 0%, 6/1/04 (d) Caa 800,000 387,000  
Viacom, Inc. 8%, 7/7/06 B1 10,000 9,725  
901,850  
ENTERTAINMENT - 4.4%  
Players International, Inc.

10 7/8%, 4/15/05 Ba3 530,000 522,050  
 LODGING & GAMING - 1.7%  
 HMM Properties, Inc. 9 1/2%,  
 5/15/05 B1 210,000 203,700  
 RESTAURANTS - 3.3%  
 Flagstar Corp. 11 1/4%,  
 11/1/04 Caa 260,000 202,800  
 Host Marriott Travel Plazas, Inc.  
 9 1/2%, 5/15/05 B1 200,000 191,000  
 393,800  
 TOTAL MEDIA & LEISURE 2,021,400  
 NONDURABLES - 6.3%  
 BEVERAGES - 1.7%  
 Cott Corp. Quebec 9 3/8%,  
 7/1/05 Ba3 200,000 200,500  
 HOUSEHOLD PRODUCTS - 4.6%  
 Revlon Consumer Products Corp.  
 10 1/2%, 2/15/03 B3 420,000 412,650  
 Revlon Worldwide Corp.  
 secured 0%, 3/15/98 B3 190,000 130,625  
 543,275  
 TOTAL NONDURABLES 743,775  
 RETAIL & WHOLESALE - 4.7%  
 APPAREL STORES - 1.3%  
 Apparel Retailers, Inc.  
 0%, 8/15/05 (d) Caa 250,000 147,500  
 DRUG STORES - 1.0%  
 Thrifty Payless, Inc.  
 12 1/4%, 4/15/04 B3 120,000 123,600  
 GENERAL MERCHANDISE STORES - 0.1%  
 Parisian, Inc. 9 7/8%,  
 7/15/03 Caa 20,000 15,400  
 GROCERY STORES - 2.3%  
 Dominicks Fine Foods 10 7/8%,  
 5/1/05 B3 200,000 202,500  
 Star Markets, Inc. 13%,  
 11/1/04 B3 70,000 69,300  
 271,800  
 TOTAL RETAIL & WHOLESALE 558,300  
 NONCONVERTIBLE BONDS - CONTINUED  
 MOODY'S PRINCIPAL  
 RATINGS (C) AMOUNT (B)  
 SERVICES - 3.3%  
 ADVERTISING - 2.4%  
 Outdoor Systems, Inc.  
 10 3/4%, 8/15/03 B2 \$ 290,000 \$ 278,400  
 LEASING & RENTAL - 0.9%  
 GPA Delaware, Inc. gtd. notes  
 8 3/4%, 12/15/98 Caa 130,000 109,200  
 TOTAL SERVICES 387,600  
 TECHNOLOGY - 1.9%  
 COMMUNICATIONS EQUIPMENT - 0.9%  
 Echostar Communications Corp.  
 Unit 0%, 6/1/04 Caa 190,000 104,500  
 COMPUTERS & OFFICE EQUIPMENT - 1.0%  
 Bell & Howell Holdings Co.  
 0%, 3/1/05 (d) B3 200,000 116,000  
 TOTAL TECHNOLOGY 220,500  
 TRANSPORTATION - 1.3%  
 AIR TRANSPORTATION - 1.3%  
 US Air, Inc.:  
 9 5/8%, 2/1/01 B3 120,000 103,800  
 10%, 7/1/03 B3 60,000 50,850  
 TOTAL TRANSPORTATION 154,650  
 UTILITIES - 7.5%  
 CELLULAR - 4.2%  
 Dial Page, Inc.  
 12 1/4%, 2/15/00 Caa 120,000 124,500  
 Horizon Cellular Telephone  
 0%, 10/1/00 (d) Caa 250,000 196,250  
 Nextel Communications, Inc.  
 0%, 8/15/04 (d) B3 370,000 177,138  
 497,888  
 GAS - 3.3%  
 Columbia Gas Systems, Inc.:  
 7 1/2%, 6/1/97 B3 150,000 198,000  
 7 1/2%, 10/1/97 B3 150,000 200,250  
 398,250  
 TOTAL UTILITIES 896,138  
 TOTAL NONCONVERTIBLE BONDS  
 (Cost \$8,489,713) 8,578,288  
 COMMERCIAL MORTGAGE SECURITIES - 0.8%  
 Lennar Central Partners LP  
 commercial Series 1995-1  
 Class F, 11.70%,

5/15/05 (Cost \$99,481) - 100,000 99,500

COMMON STOCKS - 0.2%

SHARES VALUE (NOTE 1)

HOLDING COMPANIES - 0.2%

SDW Holdings Corp. (warrants)

(Cost \$17,898) (a) 3,750 \$ 22,500

NONCONVERTIBLE PREFERRED STOCKS - 4.3%

BASIC INDUSTRIES - 0.9%

PAPER & FOREST PRODUCTS - 0.9%

S D Warren Co. exchangeable

pay-in-kind 3,750 105,000

FINANCE - 1.4%

SAVINGS & LOANS - 1.4%

First Nationwide Bank 11 1/2%, 108 11,664

Greater New York Savings Bank

Series B, 12% 5,660 155,650

167,314

MEDIA & LEISURE - 2.0%

BROADCASTING - 2.0%

Panamsat Corp. 12 3/4% 238 241,570

TOTAL NONCONVERTIBLE PREFERRED STOCKS

(Cost \$483,873) 513,884

REPURCHASE AGREEMENTS - 22.6%

MATURITY VALUE (NOTE 1)

AMOUNT

Investments in repurchase agreements

(U.S. Treasury obligations), in a joint

trading account at 6.22% dated

6/30/95 due 7/3/95 (Note 3) \$ 2,695,396 2,694,000

TOTAL INVESTMENT IN SECURITIES - 100%

(Cost \$11,784,965) \$ 11,908,172

LEGEND

(a) Non-income producing

(b) Standard & Poor's Corporation credit ratings are used in the absence of a rating by Moody's Investors Service, Inc.

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

(d) Debt obligation initially issued at one coupon which converts to a higher coupon at a specified date.

OTHER INFORMATION

Purchases and sales of securities, other than short-term securities, aggregated \$10,710,941 and \$1,723,645, respectively.

The composition of long-term debt holdings as a percentage of total value of investment in securities, is as follows (ratings are unaudited):

MOODY'S RATINGS S&P RATINGS

Aaa, Aa, A 0.0% AAA, AA, A 0.0%

Baa 0.0% BBB 0.0%

Ba 7.0% BB 14.9%

B 47.9% B 40.3%

Caa 16.5% CCC 11.4%

Ca, C 0.7% CC, C 0.0%

D 1.7%

INCOME TAX INFORMATION

At June 30, 1995, the aggregate cost of investment securities for income tax purposes was \$11,784,965. Net unrealized appreciation aggregated \$123,207, of which \$209,868 related to appreciated investment securities and \$86,661 related to depreciated investment securities.

FIDELITY ADVISOR ANNUITY FUND: HIGH YIELD FUND

FINANCIAL STATEMENTS

#### STATEMENT OF ASSETS AND LIABILITIES

<TABLE>

<CAPTION>

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<C>

JUNE 30, 1995 (UNAUDITED)

#### ASSETS

Investment in securities, at value (including repurchase agreements of \$2,694,000) (cost \$11,784,965) - See accompanying schedule \$ 11,908,172

Cash 268,895

Dividends receivable 5,075

Interest receivable 155,299

Receivable from investment adviser for expense reductions 4,190

TOTAL ASSETS 12,341,631

## LIABILITIES

Payable for investments purchased	\$ 1,405,326
Accrued management fee	4,372
Other payables and accrued expenses	12,393
TOTAL LIABILITIES	1,422,091
NET ASSETS	\$ 10,919,540
Net Assets consist of:	
Paid in capital	\$ 10,540,716
Undistributed net investment income	200,362
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions	55,255
Net unrealized appreciation (depreciation) on investments	123,207
NET ASSETS, for 981,634 shares outstanding	\$ 10,919,540
NET ASSET VALUE, offering price and redemption price per share (\$10,919,540 (divided by) 981,634 shares)	\$11.12

&lt;/TABLE&gt;

## STATEMENT OF OPERATIONS

<TABLE>		
<CAPTION>		
<S>		
JANUARY 3, 1995	<C>	<C>
(COMMENCEMENT OF OPERATIONS)		
TO JUNE 30, 1995 (UNAUDITED)		
INVESTMENT INCOME		\$ 19,670
Dividends		
Interest		202,004
TOTAL INCOME		221,674
EXPENSES		
Management fee	\$ 12,918	
Transfer agent fees	1,648	
Accounting fees and expenses	22,137	
Custodian fees and expenses	2,428	
Audit	7,501	
Miscellaneous	84	
Total expenses before reductions	46,716	
Expense reductions	(25,404	21,312
	)	
NET INVESTMENT INCOME		200,362
REALIZED AND UNREALIZED GAIN (LOSS)		55,255
Net realized gain (loss) on investment securities		
Change in net unrealized appreciation (depreciation) on investment securities		123,207
NET GAIN (LOSS)		178,462
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		\$ 378,824

&lt;/TABLE&gt;

## STATEMENT OF CHANGES IN NET ASSETS

JANUARY 3, 1995  
(COMMENCEMENT  
OF OPERATIONS) TO  
JUNE 30, 1995  
(UNAUDITED)

&lt;TABLE&gt;



<CAPTION>	
<S>	<C>
INCREASE (DECREASE) IN NET ASSETS	
Operations	\$ 200,362
Net investment income	
Net realized gain (loss)	55,255
Change in net unrealized appreciation (depreciation)	123,207
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	378,824
Share transactions	10,793,882
Net proceeds from sales of shares	
Cost of shares redeemed	(253,166)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	10,540,716
TOTAL INCREASE (DECREASE) IN NET ASSETS	10,919,540
NET ASSETS	
Beginning of period	-
End of period (including undistributed net investment income of \$200,362)	\$ 10,919,540
OTHER INFORMATION	
Shares	
Sold	1,004,392
Redeemed	(22,758)
Net increase (decrease)	981,634

</TABLE>

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

FINANCIAL HIGHLIGHTS  
JANUARY 3, 1995  
(COMMENCEMENT  
OF OPERATIONS) TO  
JUNE 30, 1995  
(UNAUDITED)

SELECTED PER-SHARE DATA

Net asset value, beginning of period	\$ 10.000
Income from Investment Operations	.204
Net investment income	
Net realized and unrealized gain (loss)	.916
Total from investment operations	1.120
Net asset value, end of period	\$ 11.120
TOTAL RETURN B, C	11.20%

RATIOS AND SUPPLEMENTAL DATA

Net assets, end of period (000 omitted)	\$ 10,920
Ratio of expenses to average net assets	1.00% A
Ratio of expenses to average net assets before expense reductions	2.19% A
Ratio of net investment income to average net assets	9.40% A
Portfolio turnover rate	90% A

A ANNUALIZED

B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED.

C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIOD SHOWN (SEE NOTE 6 OF NOTES TO FINANCIAL STATEMENTS).

FIDELITY ADVISOR ANNUITY FUND: INCOME & GROWTH FUND  
PERFORMANCE AND INVESTMENT SUMMARY

PERFORMANCE

There are several ways to evaluate a fund's historical performance: total percentage change in value, the average annual percentage change, or the growth of a hypothetical \$10,000 investment. Each performance figure includes changes in a fund's share price, plus reinvestment of any dividends (income) and capital gains (the profits the fund earns when it sells stocks that have grown in value). If Fidelity had not reimbursed certain fund expenses during the period shown, the total return would have been lower.

CUMULATIVE TOTAL RETURNS PERIOD ENDED JUNE 30, 1995	LIFE OF FUND
INCOME & GROWTH FUND	7.40%
S&P 500	20.21%
Lehman Brothers Aggregate Bond Index	11.44%

CUMULATIVE TOTAL RETURNS show the fund's performance in percentage terms over a set period - in this case, since the fund started on January 3, 1995.

#### UNDERSTANDING PERFORMANCE

How a fund did yesterday is no guarantee of how it will do tomorrow. The stock market, for example, has a history of growth in the long run and volatility in the short run. In turn, the share price and return of a fund that invests in stocks will vary. That means if you sell your shares during a market downturn, you might lose money. But if you can ride out the market's ups and downs, you may have a gain.

(checkmark)

You can compare the fund's return to the performance of the Standard & Poor's Composite Index of 500 stocks- a common proxy for the U.S. stock market - and the performance of the Lehman Brothers Aggregate Bond Index, a broad measure of the bond market. These benchmarks includes reinvested dividends and capital gains, if any.

PERFORMANCE NUMBERS ARE NET OF ALL FUND OPERATING EXPENSES, BUT DO NOT INCLUDE ANY INSURANCE CHARGES IMPOSED BY YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. IF PERFORMANCE INFORMATION INCLUDED THE EFFECT OF THESE ADDITIONAL CHARGES, IT WOULD HAVE BEEN LOWER.

Past performance is no guarantee of future results. Principal and investment return will vary and you may have a gain or loss when you withdraw your money.

#### \$10,000 OVER LIFE OF FUND

	FA Annuity Inc	GStandard & Poor's
01/03/95	10000.00	10000.00
01/31/95	9990.00	10259.30
02/28/95	10190.00	10659.10
03/31/95	10260.00	10973.66
04/30/95	10390.00	11296.83
05/31/95	10610.00	11748.36
06/30/95	10740.00	12021.28

Let's say you invested \$10,000 in Income & Growth Fund on January 3, 1995, when the fund started. By June 30, 1995, your investment would have grown to \$10,740 - a 7.40% increase. For comparison, look at how both the S&P 500 and Lehman Brothers Aggregate Bond Index did over the same period. With dividends reinvested, the same \$10,000 investment in the S&P 500 would have grown to 12,021 - a 20.12% increase. If you had put \$10,000 in the bond index, it would have grown to \$11,440 - a 11.44% increase.

#### INVESTMENT SUMMARY

##### TOP FIVE STOCKS AS OF JUNE 30, 1995 % OF FUND'S INVESTMENTS

Apple Computer Inc.	1.6
Union Camp Corp.	1.5
Wal-Mart Stores Inc.	1.1
IBM France 5 3/4%	1.0
International Paper Co.	1.0

##### TOP FIVE MARKET SECTORS AS OF JUNE 30, 1995 % OF FUND'S INVESTMENTS

Basic Industries	9.7
Technology	6.1

Energy	5.0
Utilities	3.4
Durables	3.2

ASSET ALLOCATION AS OF JUNE 30, 1995\*

Row: 1, Col: 1, Value: 22.5

Row: 1, Col: 2, Value: 46.6

Row: 1, Col: 3, Value: 30.9

Stocks 30.9%

Bonds 46.6%

Short-term investments 22.5%

FOREIGN INVESTMENTS 17.4%

\*

FIDELITY ADVISOR ANNUITY FUND: INCOME & GROWTH FUND

FUND TALK: THE MANAGER'S OVERVIEW

An interview with Robert Haber, Portfolio Manager of Fidelity Advisor Annuity Income & Growth Fund

Q. BOB, HOW DID THE FUND DO?

A. Because the fund invests in both stocks and bonds, in theory, its total return should fall somewhere between its two benchmark indexes, the Standard & Poor's Composite Index of 500 Stocks and the Lehman Brothers Aggregate Bond Index - a broad measure of the performance of U.S. taxable bonds. However, the fund's total return from its inception on January 3, 1995, through June 30, 1995, trailed both the S&P 500, which returned 20.21% during the same period, and the Lehman Brothers bond index, which returned 11.44%.

Q. WHAT INFLUENCED THE FUND'S PERFORMANCE?

A. First, it's important to note that relatively few mutual funds that invest primarily in stocks topped the performance of the S&P 500 over the past six months, let alone balanced funds like this one. That's because this recent market rally was led by the very large-cap growth stocks that make up most of the index. That said, there were two key factors that influenced the fund's performance. First, the fund emphasized cyclical stocks - those that tend to rise and fall with the economy - based on my belief that strong worldwide demand for commodities such as aluminum, chemicals and paper would translate into excellent earnings growth for well-run cyclical companies. As it turned out, I was correct on most of my earnings estimates for these companies; earnings were strong. However, early in 1995, many investors worried that 1994's interest rate hikes would slow the economy, which, in turn, might slow the profits of cyclical companies. That led to a broad market shift away from cyclicals toward the stocks of companies that might have more predictable earnings growth in the face of higher rates. These included consumer nondurables in groups such as beverages, food and tobacco.

Q. AND THE OTHER FACTOR?

A. The second factor had to do with asset allocation. In January, I felt that bonds generally offered better risk/reward prospects than stocks. Stock valuations - prices relative to other measures such as earnings - still were historically high, while bonds appeared to be oversold after their worst period of performance in decades. For those reasons I kept the portfolio relatively overweighted in bonds and underweighted in stocks. As 1995 progressed, bonds did rally in the U.S. and in many overseas countries. However, U.S. stocks were the big winners. Continued strong earnings and a favorable interest rate environment propelled the market to record highs.

Q. CONCERNING THE FUND'S EMPHASIS ON CYCLICAL STOCKS, HAVE YOU SHIFTED YOUR STRATEGY AT ALL?

A. I've made small shifts here and there, but my overall strategy with regard to cyclicals hasn't changed. I still believe that many world economies - including those in Europe and Japan - are showing signs of strengthening. In addition, many cyclical companies effectively cut costs when times were lean a few years back. Now that the supply-demand environment has improved for most cyclical industries, earnings growth has been strong, which I expect will continue. If it does, I believe that the market, at some point, will have to reward the strong earnings growth of cyclical companies with higher stock prices. A few of the fund's largest cyclical stock investments include paper manufacturers Union Camp and International Paper, and chemical company Olin.

Q. LOOKING BEYOND THESE BASIC INDUSTRIES STOCKS, THE FUND'S NEXT LARGEST SECTORS ARE TECHNOLOGY AND ENERGY. WHERE HAVE YOU FOUND OPPORTUNITIES IN THOSE GROUPS?

A. These two groups have produced some of the fund's best performing stock investments in 1995. On the technology side, computer hardware manufacturers IBM and Apple Computer benefited from increasing demand for their products, which helped both companies produce strong earnings growth. As for energy stocks, rising oil prices and an effective multi-year restructuring effort have resulted in strong earnings for British Petroleum, which was among the fund's top energy stock investments on June 30.

Q. BOB, WHAT'S YOUR OUTLOOK FOR THE NEXT SIX MONTHS?

A. Stock valuations are certainly higher than they were six months ago, which is worrisome. However, corporate earnings continue to be very strong. Assuming interest rates remain relatively stable and economic growth remains steady, albeit slower, stocks could do well. In that type of environment, I believe positive market sentiment would have to broaden to include cyclical stocks. The big risk for stocks is if interest rates have slowed the economy enough to trigger a recession. As for bonds, the key is inflation. Bond valuations remain relatively attractive, so if the economy can indeed grow without triggering higher inflation, bonds could continue to do well. However, if the economy should get a second wind and strengthen through the rest of the year, bonds could be at risk.

FUND FACTS

GOAL: to provide income and growth of capital by investing in a diversified portfolio of stocks and bonds

START DATE: January 3, 1995

SIZE: as of June 30, 1995, more than \$11 million

MANAGER: Robert Haber, since January 1995;

joined Fidelity in 1985

(checkmark)

FIDELITY ADVISOR ANNUITY FUND: INCOME & GROWTH FUND

INVESTMENTS JUNE 30, 1995 (UNAUDITED)

Showing Percentage of Total Value of Investment in Securities

COMMON STOCKS - 26.7%

SHARES VALUE (NOTE 1)

AEROSPACE & DEFENSE - 0.3%

DEFENSE ELECTRONICS - 0.3%

Litton Industries, Inc. 700 \$ 25,847

Tech-Sym Corp. 300 8,237

TOTAL AEROSPACE & DEFENSE 34,084

BASIC INDUSTRIES - 8.1%

CHEMICALS & PLASTICS - 1.3%

International Specialty Products, Inc. 800 6,800

Kemira OY 4,600 38,284

Methanex Corp. (a) 200 1,694

Olin Corp. 900 46,350

Union Carbide Corp. 1,500 50,063

Vigoro Corp. 300 12,450

155,641

IRON & STEEL - 0.2%

Huntco, Inc. Class A 100 1,625

Material Sciences Corp. 1,000 20,375

22,000

METALS & MINING - 1.3%

Aluminum Co. of America 1,100 55,138

Alcan Australia Ltd. 15,700 28,285

Comalco Ltd. 2,800 10,109

IMCO Recycling, Inc. 200 3,750

Reynolds Metals Co. 1,100 56,925

154,207

PAPER & FOREST PRODUCTS - 5.3%

Aracruz Celulose SA ADR 3,966 46,601

Boise Cascade Corp. 2,700 109,350

Cascades, Inc. (a) 6,500 34,927

Consolidated Papers, Inc. 800 46,100

Georgia-Pacific Corp. 200 17,350

Harmac Pacific, Inc.

(2nd Installment Receipt) 1,400 14,918

International Paper Co. 1,400 120,050

Mead Corp. 1,100 65,313

Pope & Talbot, Inc. 200 3,250

Smurfit (Jefferson) Group PLC 400 1,202

Union Camp Corp. 3,200 185,200

644,261

TOTAL BASIC INDUSTRIES 976,109

CONGLOMERATES - 0.9%

Harris Corp. 500 25,813

Tyco International Ltd. 1,600 86,400

112,213

CONSTRUCTION & REAL ESTATE - 0.4%

BUILDING MATERIALS - 0.1%

Vulcan Materials Co. 200 10,900

REAL ESTATE INVESTMENT TRUSTS - 0.3%

Glimcher Realty Trust 100 2,075

National Golf Properties, Inc. 400 8,397

Shurgard Storage Centers, Inc. 400 9,150

Sovran Self Storage 100 2,300

Speiker Properties, Inc. 400 8,950

Starwood Lodging Trust combined

certificate (SBI) 100 2,300

33,172

## SHARES VALUE (NOTE 1)

DURABLES - 2.5%  
 AUTOS, TIRES, & ACCESSORIES - 2.2%  
 Bandag, Inc. 300 \$ 18,750  
 Borg-Warner Automotive, Inc. 500 14,250  
 Chrysler Corp. 1,100 52,663  
 Goodyear Tire & Rubber Co. 600 24,750  
 Johnson Controls, Inc. 600 33,900  
 Michelin SA Cie Generale des  
 Etablissements, Class B 900 39,948  
 Snap-on Tools Corp. 700 27,125  
 Suzuki Motor Corp. 1,000 11,164  
 TRW, Inc. 500 39,938  
 262,488  
 HOME FURNISHINGS - 0.0%  
 Heilig-Meyers Co. 100 2,477  
 TEXTILES & APPAREL - 0.3%  
 Galey & Lord, Inc. 100 1,388  
 Unifi, Inc. 1,500 36,000  
 37,388  
 TOTAL DURABLES 302,353  
 ENERGY - 2.6%  
 ENERGY SERVICES - 0.3%  
 Transocean Drilling AS 2,700 36,845  
 OIL & GAS - 2.3%  
 Amerada Hess Corp. 500 24,438  
 Atlantic Richfield Co. 300 32,925  
 Berry Petroleum Co. Class A 300 2,925  
 British Petroleum PLC ADR 900 77,063  
 Coastal Corp. (The) 1,200 36,450  
 Imperial Oil Ltd. 600 22,295  
 Morrison Petroleums Ltd. 200 1,403  
 PanCanadian Petroleum Ltd. 1,300 44,517  
 Santa Fe Energy Resources, Inc. 700 6,650  
 Wascana Energy, Inc. 3,500 30,282  
 278,948  
 TOTAL ENERGY 315,793  
 FINANCE - 0.9%  
 BANKS - 0.9%  
 Deutsche Bank AG 2,300 111,882  
 HEALTH - 0.1%  
 MEDICAL EQUIPMENT & SUPPLIES - 0.1%  
 AMSCO International, Inc. 900 12,488  
 INDUSTRIAL MACHINERY & EQUIPMENT - 1.8%  
 ELECTRICAL EQUIPMENT - 0.5%  
 California Microwave Corp. 100 2,513  
 Mitsubishi Electric Co. Ord. 3,000 21,122  
 Omron Corp. 2,000 38,275  
 61,910  
 INDUSTRIAL MACHINERY & EQUIPMENT - 1.1%  
 Caterpillar, Inc. 1,700 109,225  
 Varlen Corp. 1,210 28,435  
 137,660  
 POLLUTION CONTROL - 0.2%  
 WMX Technologies, Inc. 400 11,350  
 Wheelabrator Technologies, Inc. 500 7,688  
 19,038  
 TOTAL INDUSTRIAL MACHINERY & EQUIPMENT 218,608  
 COMMON STOCKS - CONTINUED  
 SHARES VALUE (NOTE 1)  
 MEDIA & LEISURE - 0.1%  
 LEISURE DURABLES & TOYS - 0.1%  
 Hasbro, Inc. 300 \$ 9,525  
 NONDURABLES - 0.1%  
 FOODS - 0.0%  
 Flowers Industries, Inc. 200 3,950  
 HOUSEHOLD PRODUCTS - 0.1%  
 Clorox Co. 100 6,525  
 TOTAL NONDURABLES 10,475  
 PRECIOUS METALS - 0.2%  
 Battle Mountain Gold Co. 1,000 9,625  
 Free State Consolidated Gold Mines Ltd.  
 Ord. 600 7,675  
 ADR 1,000 12,375  
 29,675  
 RETAIL & WHOLESALE - 1.9%  
 APPAREL STORES - 0.1%  
 Claire's Stores, Inc. 400 7,250  
 GENERAL MERCHANDISE STORES - 1.4%  
 Consolidated Stores Corp. 700 14,613  
 Mac Frugals Bargains Co., Inc. 900 15,750  
 Wal-Mart Stores, Inc. 5,100 136,425  
 166,788

GROCERY STORES - 0.3%  
Great Atlantic & Pacific Tea Co., Inc. 300 7,913  
Vons Companies, Inc. 1,500 30,188  
38,101  
RETAIL & WHOLESALE, MISCELLANEOUS - 0.1%  
Pier 1 Imports, Inc. 1,100 10,175  
TOTAL RETAIL & WHOLESALE 222,314  
SERVICES - 0.2%  
BET PLC Ord. 14,600 28,634  
TECHNOLOGY - 4.2%  
COMPUTER SERVICES & SOFTWARE - 0.2%  
Policy Management Systems Corp. 300 13,875  
SHL Systemhouse, Inc. 1,700 12,077  
25,952  
COMPUTERS & OFFICE EQUIPMENT - 2.0%  
Apple Computer, Inc. 4,200 195,038  
Tandem Computers, Inc. (a) 2,800 45,150  
240,188  
ELECTRONICS - 2.0%  
Dallas Semiconductor Corp. 1,200 24,600  
Hitachi Ltd. 7,000 69,876  
Kyocera Corp. 1,000 82,457  
Marshall Industries 600 20,100  
Methode Electronics, Inc. Class A 700 13,650  
Nitto Denko Corp. 2,000 31,187  
241,870  
TOTAL TECHNOLOGY 508,010

SHARES VALUE (NOTE 1)  
UTILITIES - 2.4%  
ELECTRIC UTILITY - 0.1%  
Fuji Electric Co. Ltd. 3,000 \$ 15,133  
TELEPHONE SERVICES - 2.1%  
Ameritech Corp. 100 4,400  
Bell Atlantic Corp. 2,000 112,000  
BellSouth Corp. 300 19,050  
Koninklijke PPT Nederland 1,900 68,379  
NYNEX Corp. 800 32,200  
Southern New England  
Telecommunications Corp. 500 17,625  
253,654  
WATER - 0.2%  
Yorkshire Water Ord. 2,600 23,879  
TOTAL UTILITIES 292,666  
TOTAL COMMON STOCKS  
(Cost \$3,119,650) 3,228,901  
CONVERTIBLE PREFERRED STOCKS - 4.2%  
BASIC INDUSTRIES - 0.8%  
METALS & MINING - 0.8%  
Alumax, Inc., Series A, \$4.00 200 26,600  
Kaiser Aluminum Corp. depository  
shares representing 1/10 share,  
Series A, \$.65 3,200 30,800  
Kaiser Aluminum Corp. \$0.96 1,200 16,200  
Reynolds Metals Co. \$3.31 500 24,125  
TOTAL BASIC INDUSTRIES 97,725  
DURABLES - 0.4%  
AUTOS, TIRES, & ACCESSORIES - 0.4%  
Ford Motor Co. (Del.), Series A, \$4.20 500 48,563  
ENERGY - 1.8%  
OIL & GAS - 1.8%  
Occidental Petroleum Corp.  
Indexed \$3.00 2,000 118,500  
Santa Fe Energy Resources, Inc. \$.732 1,100 10,588  
Unocal Corp. \$3.50 (b) 1,600 86,400  
TOTAL ENERGY 215,488  
INDUSTRIAL MACHINERY & EQUIPMENT - 0.2%  
ELECTRICAL EQUIPMENT - 0.2%  
Westinghouse Electric Corp. \$1.30 (b) 1,400 20,475  
PRECIOUS METALS - 0.0%  
Newmont Mining Corp. depository  
shares representing 1/2 share,  
\$1.375 (b) 100 5,800  
TECHNOLOGY - 1.0%  
COMPUTERS & OFFICE EQUIPMENT - 1.0%  
IBM France 5 3/4% 1,200 126,600  
TOTAL CONVERTIBLE PREFERRED STOCKS  
(Cost \$478,421) 514,651  
CONVERTIBLE BONDS - 5.3%  
MOODY'S PRINCIPAL  
RATINGS (C) AMOUNT (B)  
BASIC INDUSTRIES - 0.8%  
PAPER & FOREST PRODUCTS - 0.8%  
Domtar, Inc. 8%, 3/18/03 - \$ 30,000 \$ 44,372  
Harmac Pacific, Inc. 8%,

10/5/04 - 16,000 14,747  
 Stone Container Corp.  
 8 7/8%, 7/15/00 (b) B2 20,000 39,600  
 TOTAL BASIC INDUSTRIES 98,719  
 CONSTRUCTION & REAL ESTATE - 0.2%  
 BUILDING MATERIALS - 0.1%  
 BPB Industries 7 1/4%,  
 8/25/08 - 11,000 22,275  
 REAL ESTATE INVESTMENT TRUSTS - 0.1%  
 Liberty Property LP  
 8%, 7/1/01 - 11,000 10,780  
 TOTAL CONSTRUCTION & REAL ESTATE 33,055  
 DURABLES - 0.3%  
 CONSUMER ELECTRONICS - 0.3%  
 Whirlpool Corp. liquid  
 yield option notes 0%,  
 5/14/11 Baa1 94,000 38,540  
 ENERGY - 0.6%  
 OIL & GAS - 0.6%  
 Horsham Corp. 3 1/4%,  
 12/10/18 Ba2 83,000 73,870  
 FINANCE - 1.3%  
 BANKS - 0.1%  
 Bangkok Bank Public Ltd.  
 euro 3 1/4%, 3/3/04 (b) - 22,000 22,330  
 CREDIT & OTHER FINANCE - 0.1%  
 Huntingdon International  
 Holdings PLC 7 1/2%,  
 9/25/06 - 10,000 6,950  
 INSURANCE - 1.1%  
 Axa SA 6%, 1/1/01 - 300 94,000  
 Royal Insurance Holdings  
 PLC euro 7 1/4%,  
 12/12/07 - 20,000 34,742  
 128,742  
 TOTAL FINANCE 158,022  
 HEALTH - 0.5%  
 DRUGS & PHARMACEUTICALS - 0.5%  
 Roche Holdings, Inc. liquid  
 yield option notes 0%,  
 4/20/10 (b) - 140,000 56,000  
 MEDIA & LEISURE - 0.2%  
 PUBLISHING - 0.2%  
 Daily Mail General Trust PLC  
 8 3/4%, 9/27/05 - 7,000 18,193  
 TECHNOLOGY - 0.9%  
 COMPUTERS & OFFICE EQUIPMENT - 0.6%  
 NEC Corp. 1.90%, 3/30/01 A3 6,000,000 73,928

MOODY'S PRINCIPAL RATINGS (C) AMOUNT (B)

ELECTRONICS - 0.3%  
 Nitto Denko Corp.  
 3.90% 3/30/ 01 Baa1 \$ 2,000,000 \$ 27,100  
 United Microelectronics Corp.  
 1 1/4%, 6/8/04 - 4,000 6,800  
 33,900  
 TOTAL TECHNOLOGY 107,828  
 TRANSPORTATION - 0.4%  
 AIR TRANSPORTATION - 0.4%  
 Alaska Air Group, Inc.  
 6 1/2%, 6/15/05 Ba3 50,000 51,625  
 UTILITIES - 0.1%  
 WATER - 0.1%  
 Yorkshire Water PLC 6 3/4%  
 euro 9/23/08 - 7,000 11,494  
 TOTAL CONVERTIBLE BONDS  
 (Cost \$629,539) 647,346  
 U.S. GOVERNMENT AND  
 GOVERNMENT AGENCY OBLIGATIONS - 35.9%  
 U.S. TREASURY OBLIGATIONS - 32.0%  
 U.S. Treasury Bills, yields at date  
 of purchase 5.37% to 5.75%,  
 7/20/95 to 8/31/95 Aaa 915,000 909,290  
 7 1/4%, 11/15/96 Aaa 141,000 143,732  
 6 3/4%, 6/30/99 Aaa 120,000 123,094  
 7 1/8%, 9/30/99 Aaa 370,000 385,263  
 7 3/4%, 12/31/99 Aaa 60,000 64,060  
 6 1/4%, 2/15/03 Aaa 1,017,000 1,019,705  
 9%, 11/15/18 Aaa 267,000 337,547  
 8 7/8%, 2/15/19 Aaa 100,000 125,016  
 8 1/8%, 8/15/19 Aaa 642,000 746,928  
 7 1/2%, 11/15/24 Aaa 15,000 16,596  
 3,871,231  
 U.S. GOVERNMENT AGENCY OBLIGATIONS - 3.9%

Federal Home Loan Bank  
discount 0%, 7/5/95 Aaa 100,000 100,000  
Federal National Mortgage  
Association discount 0%,  
7/19/95 Aaa 380,000 379,091  
479,091  
TOTAL U.S. GOVERNMENT AND  
GOVERNMENT AGENCY OBLIGATIONS  
(Cost \$4,276,693) 4,350,322  
FOREIGN GOVERNMENT OBLIGATIONS (C) - 5.4%  
French Government OAT  
7 3/4%, 10/25/05 Aaa 450,000 93,616  
Republic of France  
8 1/2%, 10/25/08 Aaa 370,000 80,595  
Treuhandanstalt:  
6 5/8%, 7/9/03 Aaa 75,000 52,928  
7 1/2%, 9/9/04 Aaa 190,000 141,236  
FOREIGN GOVERNMENT OBLIGATIONS (C) - CONTINUED  
MOODY'S PRINCIPAL  
RATINGS (C) AMOUNT (B)  
United Kingdom, Great  
Britain & Northern Ireland  
9%, 10/13/08 Aaa \$ 170,000 \$ 281,908  
TOTAL FOREIGN GOVERNMENT OBLIGATIONS  
(Cost \$670,502) 650,283  
REPURCHASE AGREEMENTS - 22.5%  
MATURITY VALUE (NOTE 1)  
AMOUNT  
Investments in repurchase agreements  
(U.S. Treasury obligations), in a joint  
trading account at 6.22% dated  
6/30/95 due 7/3/95 (Note 3) \$ 2,724,411 2,723,000  
TOTAL INVESTMENT IN SECURITIES - 100%  
(Cost \$11,897,805) \$ 12,114,503  
FORWARD FOREIGN CURRENCY CONTRACTS  
SETTLEMENT UNREALIZED  
DATE(S) VALUE GAIN/(LOSS)  
CONTRACTS TO BUY  
2,069 AUD 9/7/95 \$ 1,463 \$ (36)  
149,743 CAD 8/3/95 to 8/15/95 108,992 449  
22,941 CHF 9/7/95 20,069 213  
483,171 DEM 8/31/95 to 9/5/95 350,706 5,207  
862,133 FRF 8/3/95 to 8/23/95 177,810 4,205  
44,252,285 ITL 6/7/95 26,964 223  
23,950,061 JPY 7/26/95 to 9/7/95 284,739 (883)  
TOTAL CONTRACTS TO BUY  
(Payable amount \$961,365) \$ 970,743 9,378  
THE VALUE OF CONTRACTS TO BUY AS A PERCENTAGE OF TOTAL INVESTMENT IN  
SECURITIES - 8.0%  
CONTRACTS TO SELL  
47,754 AUD 9/7/95 \$ 33,773 237  
379,030 CAD 8/3/95 to 8/15/95 275,897 274  
22,941 CHF 9/7/95 20,069 (69)  
483,171 DEM 8/31/95 to 9/5/95 350,706 (5,403)  
862,133 FRF 8/3/95 to 8/23/95 177,810 (9,131)  
44,252,285 ITL 8/10/95 26,964 61  
23,950,061 JPY 7/26/95 to 9/7/95 284,739 (2,120)  
TOTAL CONTRACTS TO SELL  
(Receivable amount \$1,153,807) \$ 1,169,958 (16,151)  
THE VALUE OF CONTRACTS TO SELL AS A PERCENTAGE OF TOTAL INVESTMENT IN  
SECURITIES - 9.7%  
\$ (6,773)  
CURRENCY ABBREVIATIONS  
AUD - Australian dollar  
CAD - Canadian dollar  
CHF - Swiss franc  
DEM - German deutsche mark  
FRF - French franc  
ITL - Italian lira  
JPY - Japanese yen  
LEGEND  
(a) Non-income producing  
(b) Security exempt from registration under Rule 144A of the Securities Act  
of 1933. These securities may be resold in transactions exempt from  
registration, normally to qualified institutional buyers. At the period  
end, the value of these securities amounted to \$230,605 or 1.9% of net  
assets.  
(c) Some foreign government obligations have not been individually rated by  
S&P or Moody's. The ratings listed are assigned to securities by FMR, the  
fund's investment adviser, based principally on S&P and Moody's ratings of  
the sovereign credit of the issuing government.  
OTHER INFORMATION  
Purchases and sales of securities, other than short-term securities,  
aggregated \$12,887,112 and \$5,164,750, respectively, of which U.S.  
government and government agency obligations aggregated \$5,550,639 and



\$2,696,534, respectively.

The composition of long-term debt holdings as a percentage of total value of investment in securities, is as follows (ratings are unaudited):

MOODY'S RATINGS	S&P RATINGS	
Aaa, Aa, A	28.1% AAA, AA, A	26.1%
Baa	0.5% BBB	0.0%
Ba	1.0% BB	0.0%
B	0.3% B	0.7%
Caa	0.0% CCC	0.0%
Ca, C	0.0% CC, C	0.0%
D	0.0%	

For some foreign government obligations, FMR has assigned the ratings of the sovereign credit of the issuing government. The percentage not rated by either S&P or Moody's amounted to 1.8%.

Distribution of investments by country of issue, as a percentage of total value of investment in securities, is as follows:

United States	82.9%
United Kingdom	4.0
Japan	3.1
France	2.8
Germany	2.5
Canada	2.4
Others (individually less than 1%)	2.3
TOTAL	100.0%

#### INCOME TAX INFORMATION

At June 30, 1995, the aggregate cost of investment securities for income tax purposes was \$11,897,805. Net unrealized appreciation aggregated \$216,698, of which \$286,418 related to appreciated investment securities and \$69,719 related to depreciated investment securities.

FIDELITY ADVISOR ANNUITY FUND: INCOME & GROWTH FUND  
FINANCIAL STATEMENTS

#### STATEMENT OF ASSETS AND LIABILITIES

<TABLE>

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JUNE 30, 1995 (UNAUDITED)

#### ASSETS

Investment in securities, at value (including repurchase agreements of \$2,723,000) (cost \$11,897,805) - See accompanying schedule	\$ 12,114,503
---	---------------

Cash	830
------	-----

Receivable for investments sold	333,419
---------------------------------	---------

Unrealized appreciation on foreign currency contracts	11,771
---	--------

Receivable for closed foreign currency contracts	1,300
--	-------

Receivable for fund shares sold	196,439
---------------------------------	---------

Dividends receivable	8,996
----------------------	-------

Interest receivable	88,675
---------------------	--------

TOTAL ASSETS	12,755,933
--------------	------------

#### LIABILITIES

Payable for investments purchased	\$ 629,863
-----------------------------------	------------

Unrealized depreciation on foreign currency contracts	18,544
---	--------

Payable for closed foreign currency contracts	494
---	-----

Accrued management fee	4,152
------------------------	-------

Other payables and accrued expenses	20,472
-------------------------------------	--------

TOTAL LIABILITIES	673,525
-------------------	---------

NET ASSETS	\$ 12,082,408
------------	---------------

Net Assets consist of:

Paid in capital	\$ 11,735,208
-----------------	---------------

Undistributed net investment income	73,553
-------------------------------------	--------

Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions	63,443
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies	210,204
NET ASSETS, for 1,124,562 shares outstanding	\$ 12,082,408
NET ASSET VALUE, offering price and redemption price per share (\$12,082,408 (divided by) 1,124,562 shares)	\$10.74

</TABLE>

STATEMENT OF OPERATIONS

<TABLE>

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JANUARY 3, 1995  
(COMMENCEMENT OF OPERATIONS)  
TO JUNE 30, 1995 (UNAUDITED)

INVESTMENT INCOME		\$ 16,211
Dividends		
Interest		88,239
TOTAL INCOME		104,450
EXPENSES		
Management fee	\$ 10,430	
Transfer agent fees	1,263	
Accounting fees and expenses	22,322	
Custodian fees and expenses	8,325	
Registration fees	4,047	
Audit	7,595	
Miscellaneous	25	
Total expenses before reductions	54,007	
Expense reductions	(23,110	30,897
	)	
NET INVESTMENT INCOME		73,553
REALIZED AND UNREALIZED GAIN (LOSS)		
Net realized gain (loss) on:		
Investment securities	69,311	
Foreign currency transactions	(5,868	63,443
	)	
Change in net unrealized appreciation (depreciation) on:		
Investment securities	216,698	
Assets and liabilities in foreign currencies	(6,494	210,204
	)	
NET GAIN (LOSS)		273,647
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		\$ 347,200

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

JANUARY 3, 1995  
(COMMENCEMENT  
OF OPERATIONS) TO  
JUNE 30, 1995  
(UNAUDITED)

<TABLE>

<CAPTION>

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INCREASE (DECREASE) IN NET ASSETS

Operations		\$ 73,553
Net investment income		

Net realized gain (loss)	63,443
Change in net unrealized appreciation (depreciation)	210,204
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	347,200
Share transactions	11,735,405
Net proceeds from sales of shares	
Cost of shares redeemed	(197)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	11,735,208
TOTAL INCREASE (DECREASE) IN NET ASSETS	12,082,408
NET ASSETS	
Beginning of period	-
End of period (including undistributed net investment income of \$73,553)	\$ 12,082,408
OTHER INFORMATION	
Shares	
Sold	1,124,581
Redeemed	(19)
Net increase (decrease)	1,124,562

</TABLE>

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

FINANCIAL HIGHLIGHTS

JANUARY 3, 1995  
(COMMENCEMENT  
OF OPERATIONS) TO  
JUNE 30, 1995  
(UNAUDITED)

<TABLE>

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SELECTED PER-SHARE DATA

Net asset value, beginning of period	\$ 10.00
Income from Investment Operations	
Net investment income	.07
Net realized and unrealized gain (loss)	.67
Total from investment operations	.74
Net asset value, end of period	\$ 10.74
TOTAL RETURN B, C	7.40%

RATIOS AND SUPPLEMENTAL DATA

Net assets, end of period (000 omitted)	\$ 12,082
Ratio of expenses to average net assets	1.50% A
Ratio of expenses to average net assets before expense reductions	2.50% A, D
Ratio of net investment income to average net assets	3.54% A
Portfolio turnover rate	367% A

</TABLE>

A ANNUALIZED

B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED.

C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIOD SHOWN (SEE NOTE 7 OF NOTES TO FINANCIAL STATEMENTS).

D LIMITED IN ACCORDANCE WITH A STATE EXPENSE LIMITATION.

FIDELITY ADVISOR ANNUITY FUND: GROWTH OPPORTUNITIES FUND

PERFORMANCE AND INVESTMENT SUMMARY

PERFORMANCE

There are several ways to evaluate a fund's historical performance: total percentage change in value, the average annual percentage change, or the growth of a hypothetical \$10,000 investment. Each performance figure includes changes in a fund's share price, plus reinvestment of any dividends (income) and capital gains (the profits the fund earns when it sells stocks that have grown in value). If Fidelity had not reimbursed certain fund expenses during the period shown, the total return would have been lower.

CUMULATIVE TOTAL RETURNS

PERIOD ENDED JUNE 30, 1995	LIFE OF FUND
GROWTH OPPORTUNITIES	17.90%
S&P 500	20.21%

CUMULATIVE TOTAL RETURNS show the fund's performance in percentage terms over a set period - in this case, since the fund started on January 3, 1995.

UNDERSTANDING PERFORMANCE

How a fund did yesterday is no guarantee of how it will do tomorrow. The stock market, for example, has a history of growth in the long run and volatility in the short run. In turn, the share price and return of a fund that invests in stocks will vary. That means if you sell your shares during a market downturn, you might lose money. But if you can ride out the market's ups and downs, you may have a gain.

(checkmark)

You can compare the fund's return to the performance of the Standard & Poor's Composite Index of 500 Stocks- a common proxy for the U.S. stock market. This benchmark includes reinvested dividends and capital gains, if any, and excludes the effects of sales charges.

PERFORMANCE NUMBERS ARE NET OF ALL FUND OPERATING EXPENSES, BUT DO NOT INCLUDE ANY INSURANCE CHARGES IMPOSED BY YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. IF PERFORMANCE INFORMATION INCLUDED THE EFFECT OF THESE ADDITIONAL CHARGES, IT WOULD HAVE BEEN LOWER.

Past performance is no guarantee of future results. Principal and investment return will vary and you may have a gain or loss when you withdraw your money.

\$10,000 OVER LIFE OF FUND

	FA Annuity Growth	Standard & Poor's
01/03/95	10000.00	10000.00
01/31/95	10060.00	10259.30
02/28/95	10370.00	10659.10
03/31/95	10560.00	10973.66
04/30/95	10930.00	11296.83
05/31/95	11440.00	11748.36
06/30/95	11790.00	12021.28

Let's say you invested \$10,000 in Growth Opportunities Fund on January 3, 1995, when the fund started. By June 30, 1995, your investment would have grown to \$11,790 - a 17.90% increase. That compares to \$10,000 invested in the S&P 500, which would have grown to \$12,021 over the same period - a 20.21% increase.

INVESTMENT SUMMARY

TOP FIVE STOCKS AS OF JUNE 30, 1995

	% OF FUND'S INVESTMENTS
Philip Morris Companies, Inc.	4.6
General Motors Corp.	3.9
Intel Corp.	3.9
Compaq Computer Corp.	3.7
Chrysler Corp.	2.6

TOP FIVE MARKET SECTORS AS OF JUNE 30, 1995

	% OF FUND'S INVESTMENTS
Technology	15.2
Finance	14.6
Durables	8.5
Utilities	6.4

ASSET ALLOCATION AS OF JUNE 30, 1995

Row: 1, Col: 1, Value: 18.2

Row: 1, Col: 2, Value: 10.6

Row: 1, Col: 3, Value: 50.0

Row: 1, Col: 4, Value: 21.2

Stocks 71.2%

Bonds 10.6%

Short-term investments 18.2%

FIDELITY ADVISOR ANNUITY FUND: GROWTH OPPORTUNITIES FUND

FUND TALK: THE MANAGER'S OVERVIEW

An interview with

George A. Vanderheiden, Portfolio Manager of Fidelity Advisor Annuity Growth Opportunities Fund

Q. GEORGE, HOW HAS THE FUND PERFORMED?

A. Since the fund's inception on January 3, 1995, the S&P 500 Index had a total return of 20.21. The fund's performance slightly trailed the index during the period. For the six months ended June 30, 1995, the Standard & Poor's 500 index had a total return of 20.01% and the fund's performance slightly trailed the index during the period.

Q. WHAT ARE SOME OF THE FUND'S GROWTH POSITIONS?

A. In the technology sector the fund has important positions in personal computer stocks including Compaq, Intel and Microsoft. Compaq is among the lowest cost manufacturers of personal computers, and has rapidly grown market share over the past few years. It has a debt-free balance sheet and is selling at a modest price-earnings ratio of around 11 times trailing earnings versus the S&P 500 ratio of 17 times. While Compaq assembles the PC, Intel makes the brains of the machine - the microprocessor. Intel is now distributing its fifth generation of microprocessors, the Pentium, and it should provide a boost to earnings. As Intel is the dominant supplier of microprocessors, Microsoft is the dominant supplier of PC software. Other important growth positions Vodafone, the largest cellular phone company outside North America; Motorola, the largest supplier of cellular equipment; and Wal-Mart.

Q. WHAT ABOUT THE FUND'S POSITION IN AUTOS?

A. I lately have re-acquired a large position in two auto stocks, GM and Chrysler. The stocks have declined over the past year and are already anticipating a decline in auto sales. If this economic cycle does in fact turn into an extended cycle like I think it will, auto sales will plateau at a high level and the auto companies should be able to generate substantial excess cash flow over the next two years. They will use this cash to increase dividends and repurchase stock.

Q. HAVE YOU UNCOVERED ANY OVERALL THEMES IN THE MARKET?

A. Yes. Something's happening to corporate income statements and balance sheets that was not fully anticipated. Cash flow is going through the roof. As a result of two trends - namely the right-sizing of factories during the past recession and better working capital management - earnings and cash flow have exploded in this recovery. Liquidity is also surging in banks. In fact, the banks used their excess liquidity to make record share repurchases last year. There were 134 buyback announcements for a total of \$9.4 billion in stock. This is why I think the capital spending theme is not over - companies have lots of cash and instead of letting it pile up on the balance sheet and attract unwanted attention, they will increasingly be inclined to use it to buy back shares and to expand capacity. I continue to think that this is the decade that capital goods stocks will excel at the expense of consumer goods stocks.

Q. SOME MARKET COMMENTATORS SAY THAT THE MARKET IS DANGEROUSLY HIGH, SELLING AT 37 TIMES DIVIDENDS. THE ONLY OTHER TIME THIS HAPPENED WAS IN 1973 AND 1987, AND WAS FOLLOWED BY LARGE DECLINES.

A. I admit dividend yields are low and this is troublesome - troublesome if you only look at dividend yields. The truth of the matter is that dividends are paid out of earnings and earnings are very healthy. Over the past 70 years, companies have paid out 40%-60% of their earnings in dividends, averaging about 55% in recent years. The current dividend payout rate is about 41% - at the bottom of the range. The other two periods when the dividend yield was low, 1973 and 1987, payout ratios were over 50% and are not comparable to current payout ratios. Instead of using excess earnings to reward shareholders with larger dividends, corporations are using the cash to enhance shareholder value by repurchasing their stocks. Yes, dividend yields are low, but price-earnings ratios are also low. As long as earnings continue to grow, I'm not overly worried about the dividend yield. Remember, it's a market of stocks, and opportunities are always available as long as one chooses to seek them out.

Q. WHAT'S YOUR OUTLOOK FOR THE NEXT SIX MONTHS?

A. Given that the market has soared during the past six months, its logical to expect some consolidation over the coming months. I will use this period to reduce holding in non-cyclical stocks and increase weightings in economy-sensitive stocks, especially those that are poised for growth. However, over the long term I expect the economy and corporate earnings to

continue growing at slower but more sustainable rates. I also expect inflation to remain subdued as inventory accumulation abates and reverses.

#### FUND FACTS

GOAL: to increase the value of the fund's shares by investing primarily in common stocks with above-average growth potential  
START DATE: January 3, 1995  
SIZE: as of June 30, 1995, more than \$38 million  
MANAGER: George Vanderheiden, since January, 1995; manager, Advisor Growth Opportunities since 1987; also manages Destiny I and Destiny II funds; joined Fidelity in 1971 (checkmark)  
FIDELITY ADVISOR ANNUITY FUND: GROWTH OPPORTUNITIES FUND  
INVESTMENTS JUNE 30, 1995 (UNAUDITED)

#### Showing Percentage of Total Value of Investment in Securities

##### COMMON STOCKS - 71.2%

SHARES VALUE (NOTE 1)

AEROSPACE & DEFENSE - 1.5%

AEROSPACE & DEFENSE - 0.6%

Boeing Co. 3,600 \$ 225,435

DEFENSE ELECTRONICS - 0.9%

Loral Corp. 1,100 56,925

Raytheon Co. 4,000 310,500

367,425

TOTAL AEROSPACE & DEFENSE 592,860

BASIC INDUSTRIES - 2.3%

CHEMICALS & PLASTICS - 0.6%

Raychem Corp. 6,200 237,925

METALS & MINING - 0.8%

Reynolds Metals Co. 6,100 315,675

PACKAGING & CONTAINERS - 0.9%

Corning, Inc. 3,400 111,350

Owens-Illinois, Inc. 17,100 222,300

333,650

TOTAL BASIC INDUSTRIES 887,250

CONSTRUCTION & REAL ESTATE - 0.7%

BUILDING MATERIALS - 0.4%

Armstrong World Industries, Inc. 1,600 80,200

Tecumseh Products Co. Class A 1,800 79,200

159,400

ENGINEERING - 0.3%

Fluor Corp. 2,000 104,000

TOTAL CONSTRUCTION & REAL ESTATE 263,400

DURABLES - 8.5%

AUTOS, TIRES, & ACCESSORIES - 8.0%

Chrysler Corp. 21,200 1,014,950

Dana Corp. 4,700 134,538

Discount Auto Parts, Inc. 2,700 68,513

Eaton Corp. 1,900 110,438

Ford Motor Co. 3,400 101,150

General Motors Corp. 32,800 1,537,500

Magna International, Inc. Class A 4,300 190,719

3,157,808

CONSUMER ELECTRONICS - 0.5%

Black & Decker Corp. 1,700 52,488

Whirlpool Corp. 2,400 132,000

184,488

TOTAL DURABLES 3,342,296

ENERGY - 5.5%

ENERGY SERVICES - 0.5%

Schlumberger Ltd. 3,100 192,588

OIL & GAS - 5.0%

Amerada Hess Corp. 3,800 185,725

Amoco Corp. 2,000 133,250

Atlantic Richfield Co. 1,300 142,675

British Petroleum PLC ADR 5,904 505,530

Burlington Resources, Inc. 6,400 236,000

Canada Occidental Petroleum Ltd. 2,300 71,430

Kerr-McGee Corp. 2,600 139,425

Louisiana Land & Exploration Co. 4,300 171,463

Texaco, Inc. 1,100 72,188

Tosco Corp. 3,700 117,938

Unocal Corp. 6,900 190,613

1,966,237

TOTAL ENERGY 2,158,825

SHARES VALUE (NOTE 1)

FINANCE - 14.6%

BANKS - 5.8%

Bank of Boston Corp. 3,100 \$ 116,250

Barnett Banks, Inc. 3,000 153,750  
 Comerica, Inc. 2,700 86,738  
 First Union Corp. 5,700 257,925  
 Fleet Financial Group, Inc. 17,700 657,113  
 Keycorp 2,900 90,988  
 NationsBank Corp. 4,500 241,313  
 Shawmut National Corp. 18,600 592,875  
 State Street Boston Corp. 2,100 77,438  
 2,274,390  
 FEDERAL SPONSORED CREDIT - 6.6%  
 Federal Home Loan Mortgage  
 Corporation 6,400 440,000  
 Federal National Mortgage Association 23,000 2,170,625  
 2,610,625  
 INSURANCE - 1.4%  
 Allstate Corp. 6,500 192,563  
 General Re Corp. 1,700 227,588  
 Providian Corp. 1,800 65,250  
 Torchmark Corp. 2,200 83,050  
 568,451  
 SAVINGS & LOANS - 0.3%  
 Ahmanson (H.F.) & Co. 4,600 101,200  
 SECURITIES INDUSTRY - 0.5%  
 Merrill Lynch & Co., Inc. 1,100 57,750  
 Nomura Securities Co. Ltd. 6,000 104,903  
 Salomon, Inc. 1,300 52,163  
 214,816  
 TOTAL FINANCE 5,769,482  
 HEALTH - 1.8%  
 DRUGS & PHARMACEUTICALS - 0.4%  
 Elan Corp. PLC ADR 2,800 114,100  
 Schering-Plough Corp. 1,300 57,363  
 171,463  
 MEDICAL EQUIPMENT & SUPPLIES - 0.4%  
 Baxter International, Inc. 4,000 145,500  
 MEDICAL FACILITIES MANAGEMENT - 1.0%  
 Columbia/HCA Healthcare Corp. (a) 9,100 393,575  
 TOTAL HEALTH 710,538  
 INDUSTRIAL MACHINERY & EQUIPMENT - 2.4%  
 ELECTRICAL EQUIPMENT - 0.6%  
 General Electric Co. 1,900 107,113  
 Mitsubishi Electric Co. Ord. 17,000 119,693  
 226,806  
 INDUSTRIAL MACHINERY & EQUIPMENT - 1.8%  
 Caterpillar, Inc. 5,800 372,650  
 Deere & Co. 3,900 333,938  
 706,588  
 TOTAL INDUSTRIAL MACHINERY & EQUIPMENT 933,394  
 MEDIA & LEISURE - 1.0%  
 BROADCASTING - 0.2%  
 Tele-Communications, Inc. Class A 3,100 72,656  
 ENTERTAINMENT - 0.1%  
 Royal Carribean Cruises Ltd. 1,900 41,800  
 COMMON STOCKS - CONTINUED  
 SHARES VALUE (NOTE 1)  
 MEDIA & LEISURE - CONTINUED  
 LEISURE DURABLES & TOYS - 0.4%  
 Fleetwood Enterprises, Inc. 8,400 \$ 165,900  
 RESTAURANTS - 0.3%  
 McDonald's Corp. 3,200 125,200  
 TOTAL MEDIA & LEISURE 405,556  
 NONDURABLES - 5.7%  
 HOUSEHOLD PRODUCTS - 0.1%  
 Tambrands, Inc. 1,100 47,025  
 TOBACCO - 5.6%  
 Philip Morris Companies, Inc. 24,200 1,799,875  
 RJR Nabisco Holdings Corp. 14,760 411,435  
 2,211,310  
 TOTAL NONDURABLES 2,258,335  
 PRECIOUS METALS - 0.1%  
 Santa Fe Pacific Gold Corp. 4,300 52,138  
 RETAIL & WHOLESALE - 4.1%  
 GENERAL MERCHANDISE STORES - 2.3%  
 Federated Department Stores, Inc. (a) 4,200 108,150  
 Sears, Roebuck & Co. 3,300 197,588  
 Wal-Mart Stores, Inc. 21,800 583,150  
 888,888  
 RETAIL & WHOLESALE, MISC - 1.8%  
 Best Buy Co., Inc. 5,200 138,450  
 Circuit City Stores, Inc. 4,800 151,800  
 Home Depot, Inc. 4,900 199,063  
 Office Depot, Inc. 2,800 78,750  
 Officemax, Inc. 2,900 80,838  
 Toys "R" Us, Inc. (a) 1,800 52,650  
 701,551

TOTAL RETAIL & WHOLESALE 1,590,439  
 TECHNOLOGY - 15.2%  
 COMPUTER SERVICES & SOFTWARE - 0.9%  
 Microsoft Corp. 4,000 361,500  
 COMPUTERS & OFFICE EQUIPMENT - 8.0%  
 Bay Networks, Inc. 5,200 215,150  
 Compaq Computer Corp. 32,200 1,461,075  
 Digital Equipment Corp. 2,500 101,875  
 Hewlett-Packard Co. 3,200 238,400  
 International Business Machines Corp. 10,300 988,800  
 SCI Systems, Inc. 100 2,500  
 Sun Microsystems, Inc. 2,400 116,400  
 3,124,200  
 ELECTRONICS - 6.3%  
 Hitachi Ltd. 13,000 129,770  
 Intel Corp. 24,000 1,519,500  
 Methode Electronics, Inc. Class A 12,100 235,950  
 Motorola, Inc. 3,700 248,363  
 Sollectron Corp. (a) 9,900 337,838  
 2,471,421  
 TOTAL TECHNOLOGY 5,957,121  
 TRANSPORTATION - 1.4%  
 RAILROADS - 1.4%  
 Burlington Northern, Inc. 1,800 114,075  
 CSX Corp. 2,200 165,275

SHARES VALUE (NOTE 1)

Canadian Pacific Ltd. Ord. 4,600 \$ 79,180  
 Southern Pacific Rail Corp. 11,800 185,850  
 544,380

UTILITIES - 6.4%  
 CELLULAR - 2.7%  
 AirTouch Communications, Inc. 5,000 142,500  
 Vodafone Group PLC sponsored ADR 24,100 912,788  
 1,055,288

ELECTRIC UTILITY - 0.1%  
 Consolidated Edison Co. of  
 New York, Inc. 1,400 41,300  
 TELEPHONE SERVICES - 3.6%  
 Ameritech Corp. 6,800 299,200  
 Bell Atlantic Corp. 3,300 184,800  
 BellSouth Corp. 3,800 241,300  
 NYNEX Corp. 3,800 152,950  
 SBC Communications, Inc. 9,100 433,388  
 Telefonos de Mexico SA sponsored ADR  
 representing shares Ord. Class L 3,100 91,838  
 1,403,476

TOTAL UTILITIES 2,500,064

TOTAL COMMON STOCKS

(Cost \$26,250,903) 27,966,078

U.S. TREASURY OBLIGATIONS - 10.6%

PRINCIPAL

AMOUNT

U.S. Treasury Bonds:

8 1/8%, 8/15/19 \$ 3,435,000 3,996,416  
 stripped principal 0%, 8/15/19 827,000 158,065

TOTAL U.S. TREASURY OBLIGATIONS

(Cost \$3,954,478) 4,154,481

REPURCHASE AGREEMENTS - 18.2%

MATURITY VALUE (NOTE 1)

AMOUNT

Investments in repurchase agreements

(U.S. Treasury obligations), in a joint  
 trading account at 6.22% dated  
 6/30/95 due 7/3/95 \$ 7,168,714 7,165,000

TOTAL INVESTMENT IN SECURITIES - 100%

(Cost \$37,370,381) \$ 39,285,559

LEGEND

(a) Non-income producing

OTHER INFORMATION

Purchases and sales of securities, other than short-term securities,  
 aggregated \$30,778,340 and \$711,841, respectively, of which U.S. government  
 and government agency obligations aggregated \$3,951,280 and \$0,  
 respectively.

INCOME TAX INFORMATION

At June 30, 1995, the aggregate cost of investment securities for income  
 tax purposes was \$37,370,381. Net unrealized appreciation aggregated  
 \$1,915,178, of which \$2,174,471 related to appreciated investment  
 securities and \$259,293 related to depreciated investment securities.

FIDELITY ADVISOR ANNUITY FUND: GROWTH OPPORTUNITIES FUND

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES



<TABLE>		
<CAPTION>		
<S>		
	<C>	<C>
JUNE 30, 1995 (UNAUDITED)		
ASSETS		
Investment in securities, at value (including repurchase agreements of \$7,165,000) (cost \$37,370,381) - See accompanying schedule		\$ 39,285,559
Cash		56
Receivable for fund shares sold		922,466
Dividends receivable		60,716
Interest receivable		104,082
TOTAL ASSETS		40,372,879
LIABILITIES		
Payable for investments purchased	\$ 2,035,302	
Accrued management fee	15,090	
Other payables and accrued expenses	40,683	
TOTAL LIABILITIES		2,091,075
NET ASSETS		\$ 38,281,804
Net Assets consist of:		
Paid in capital		\$ 36,094,929
Undistributed net investment income		135,921
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions		135,775
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies		1,915,179
NET ASSETS, for 3,246,549 shares outstanding		\$ 38,281,804
NET ASSET VALUE, offering price and redemption price per share (\$38,281,804 (divided by) 3,246,549 shares)		\$11.79

</TABLE>		
STATEMENT OF OPERATIONS		
<TABLE>		
<CAPTION>		
<S>		
	<C>	<C>
JANUARY 3, 1995		
(COMMENCEMENT OF OPERATIONS)		
TO JUNE 30, 1995 (UNAUDITED)		
INVESTMENT INCOME		
Dividends		\$ 96,750
Interest		121,644
TOTAL INCOME		218,394
EXPENSES		
Management fee	\$ 32,926	
Transfer agent fees	2,753	
Accounting fees and expenses	24,419	
Custodian fees and expenses	9,342	
Registration fees	12,447	
Audit	9,113	
Miscellaneous	5	
Total expenses before reductions	91,005	
Expense reductions	(8,532)	82,473

NET INVESTMENT INCOME		135,921
REALIZED AND UNREALIZED GAIN (LOSS)		135,775
Net realized gain (loss) on investment securities		
Change in net unrealized appreciation (depreciation) on:		
Investment securities	1,915,178	
Assets and liabilities in foreign currencies	1	1,915,179
NET GAIN (LOSS)		2,050,954
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		\$ 2,186,875

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS  
JANUARY 3, 1995  
(COMMENCEMENT  
OF OPERATIONS) TO  
JUNE 30, 1995  
(UNAUDITED)

<TABLE>	
<CAPTION>	
<S>	
<C>	
INCREASE (DECREASE) IN NET ASSETS	
Operations	\$ 135,921
Net investment income	
Net realized gain (loss)	135,775
Change in net unrealized appreciation (depreciation)	1,915,179
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	2,186,875
Share transactions	36,094,929
Net proceeds from sales of shares	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	36,094,929
TOTAL INCREASE (DECREASE) IN NET ASSETS	38,281,804
NET ASSETS	
Beginning of period	-
End of period (including undistributed net investment income of \$135,921)	\$ 38,281,804
OTHER INFORMATION	3,246,549
Shares sold	

</TABLE>

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

FINANCIAL HIGHLIGHTS  
JANUARY 3, 1995  
(COMMENCEMENT  
OF OPERATIONS) TO  
JUNE 30, 1995  
(UNAUDITED)

SELECTED PER-SHARE DATA	
Net asset value, beginning of period	\$ 10.00
Income from Investment Operations	
Net investment income	.04
Net realized and unrealized gain (loss)	1.75
Total from investment operations	1.79
Net asset value, end of period	\$ 11.79
TOTAL RETURN B, C	17.90%

RATIOS AND SUPPLEMENTAL DATA

Net assets, end of period (000 omitted)	\$ 38,282
Ratio of expenses to average net assets	1.49% A
Ratio of expenses to average net assets before expense reductions	1.65% A
Ratio of net investment income to average net assets	2.46% A
Portfolio turnover rate	14% A

A ANNUALIZED

B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED.

C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIOD SHOWN (SEE NOTE 6 OF NOTES TO FINANCIAL STATEMENTS).

FIDELITY ADVISOR ANNUITY FUND: OVERSEAS FUND  
PERFORMANCE AND INVESTMENT SUMMARY

PERFORMANCE

There are several ways to evaluate a fund's historical performance: total percentage change in value, the average annual percentage change, or the growth of a hypothetical \$10,000 investment. Each performance figure includes changes in a fund's share price, plus reinvestment of any dividends (income) and capital gains (the profits the fund earns when it sells stocks that have grown in value). If Fidelity had not reimbursed certain fund expenses during the period shown, the total return would be lower.

CUMULATIVE TOTAL RETURNS

PERIOD ENDED JUNE 30, 1995	LIFE OF FUND
OVERSEAS	6.10%
Morgan Stanley EAFE Index	2.60%

CUMULATIVE TOTAL RETURNS show the fund's performance in percentage terms over a set period - in this case, since the fund started on January 3, 1995.

UNDERSTANDING PERFORMANCE

Many markets around the globe offer the potential for significant growth over time; however, investing in foreign markets means assuming greater risks than investing in the United States. Factors like changes in a country's financial markets, its local political and economic climate, and the fluctuating value of its currency create these risks. For these reasons an international fund's performance may be more volatile than a fund that invests exclusively in the United States.

(checkmark)

You can compare the fund's return to the performance of the Morgan Stanley EAFE index - a broad measure of the performance of stocks in Europe, Australia, and the Far East. This benchmark includes reinvested dividends and capital gains, if any, and excludes the effects of sales charges.

PERFORMANCE NUMBERS ARE NET OF ALL FUND OPERATING EXPENSES, BUT DO NOT INCLUDE ANY INSURANCE CHARGES IMPOSED BY YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. IF PERFORMANCE INFORMATION INCLUDED THE EFFECT OF THESE ADDITIONAL CHARGES, IT WOULD HAVE BEEN LOWER.

Past performance is no guarantee of future results. Principal and investment return will vary and you may have a gain or loss when you withdraw your money. Foreign investments involve greater risks and potential rewards than U.S. investments. These risks include political and economic uncertainties of foreign countries, as well as the risk of currency fluctuations.

\$10,000 OVER LIFE OF FUND

	FA Annuity	Overseas	Europe, Australia
01/03/95	10000.00	10000.00	
01/31/95	9920.00	9615.85	
02/28/95	9930.00	9588.25	
03/31/95	10230.00	10186.28	
04/30/95	10460.00	10569.37	
05/31/95	10470.00	10443.38	
06/30/95	10610.00	10260.24	

Let's say you invested \$10,000 in Overseas Fund on January 3, 1995, when the fund started. By June 30, 1995, your investment would have grown to \$10,610 - a 6.10% increase. That compares to \$10,000 invested in the Morgan Stanley EAFE Index, which would have grown to \$10,260 over the same period - a 2.60% increase.

INVESTMENT SUMMARY

TOP FIVE STOCKS AS OF JUNE 30, 1995  
% OF FUND'S  
INVESTMENTS

Nestle SA (Reg.)	1.7
Canon, Inc.	1.6
CIBA-GEIGY AG (Reg.)	1.3
Deutsche Bank AG	1.3
C.S. Holdings (Reg.)	1.2

TOP FIVE MARKET SECTORS AS OF JUNE 30, 1995  
% OF FUND'S  
INVESTMENTS

Finance	19.2
Nondurables	6.9
Durables	6.6
Technology	6.4
Utilities	6.3

GEOGRAPHIC DIVERSIFICATION AS OF JUNE 30, 1995  
(BY LOCATION OF ISSUER) % OF FUND'S  
INVESTMENTS

Japan	16.8
United Kingdom	8.4
Switzerland	7.9
Germany	7.0
France	5.2

FIDELITY ADVISOR ANNUITY FUND: OVERSEAS FUND  
FUND TALK: THE MANAGER'S OVERVIEW

An interview with

John Hickling, Portfolio Manager of Fidelity Advisor Annuity Overseas Fund

Q. JOHN, HOW HAS THE FUND PERFORMED?

A. For the six months ended June 30, 1995, the fund's performance topped that of the Morgan Stanley EAFE index - a broad measure of stocks in Europe, Australia and the Far East. The index had a total return of 2.60% for the six-month period.

Q. WHAT WERE THE KEYS TO THE FUND'S PERFORMANCE?

A. First of all, I kept the fund fully invested through much of the period. Second, some of the stocks I picked in Japan and Europe fared well. And finally, the fund was able to benefit from new positions in emerging market investments.

Q. GRANTED, THE FUND PERFORMED BETTER THAN THE INDEX. AT THE SAME TIME, WHY DID THE EAFE INDEX OFFER A RELATIVELY LOW RETURN?

A. While the European markets have fared relatively well - though not as well as the U.S. market - emerging markets and Japan have not. Japan was affected by a number of factors that dampened investor enthusiasm during the period, even though some of them may have occurred before it - the Barings debacle, the Kobe earthquake and the subway gas attack. Alone, these occurrences would have had fleeting impact, but together they set a negative tone. The Japanese market also was hurt by the strength of the yen versus the dollar. On the heels of Mexico's devaluation of the peso in late 1994, emerging markets also struggled, although they appear to have pretty much bottomed out.

Q. WHAT'S THE STORY BEHIND THE FUND'S INVESTMENTS IN JAPAN?

A. Even though Japan has the highest country representation in the fund, I've kept the fund underweighted there, relative to the index. I've focused much of the fund's investments on technology, including consumer electronic companies - such as Toshiba and Hitachi - and other manufacturers and exporters that are poised to take advantage of economic activity both in Japan and globally. While the technology sector has done well in the U.S., it has been weak in Japan, where I found valuations to be attractive. The sector recently has shown some strong gains. In addition, I've targeted some financial stocks, such as Nomura Securities and Sumitomo Trust. The Japanese market has started to pick up a bit lately, and Nomura is poised to take advantage because it has been cutting costs aggressively. It appears the trust banks will be able to improve interest margins - the difference between what they charge for loans and what they pay to

depositors - because of changing regulations.

Q. THE FUND IS OVERWEIGHTED IN EUROPE, RELATIVE TO THE INDEX. WHERE HAVE YOU FOUND OPPORTUNITIES THERE?

A. Mainly in financial and consumer nondurable stocks, as well as interest rate-sensitive issues - because European bond markets have been rallying - and cyclical - those that tend to rise and fall with the economy. The European markets have rallied lately, mainly on the strength of the technology sector. In the short run, I've missed some opportunity there, because I found the tech stocks to be too expensive and risky, and thus didn't own them. Some of the appealing consumer nondurable names have been Guinness, Cadbury-Schweppes, Bass and Nestle. Barclay's, National Westminster, Swiss Bank and C.S. Holdings were among the fund's financial stock investments. I've added investments in cyclical stocks because they got cheap, such as paper companies Mo Och Domsjoe and Svenska Cellulosa; auto stocks Volvo and Porsche; and tire companies such as Michelin.

Q. WHAT ABOUT THE FUND'S EMERGING MARKET INVESTMENTS?

A. I've been more active there because, as I said, I felt they had hit bottom, and there were a lot of very interesting stocks. Among the stocks that have caught my eye have been Hong Kong/Shanghai Bank (HSBC) and Hong Kong Land Holdings; Philippine Long Distance Telephone; cigarette manufacturer Gudang Garam in Indonesia; Krung Thai Bank; Telecom Argentina; and Mexican companies Bancomer, Telmex, Cemex and Grupo Carso.

Q. WHAT'S YOUR OUTLOOK GOING FORWARD?

A. Several factors are important to consider. First of all, it seems most stock markets reflect the sentiment that any worldwide recession will stay pretty shallow and that growth will resume. Of course, this is the best possible scenario, with interest rates coming down, inflation under control and earnings progressing. At the same time, if the U.S. market stumbles, one would expect there to be a drop in foreign markets. In such a scenario, I believe overseas markets wouldn't drop as far as the U.S., because they haven't gained as much, but it's impossible to say for sure. How the dollar does also will be important. Going forward, I'll stay with my usual game plan, looking for opportunities in any markets that appear to have excellent value.

#### FUND FACTS

GOAL: to increase the value of the fund's shares by investing mainly in stocks in Europe, the Far East, and the Pacific Basin  
START DATE: January 3, 1995  
SIZE: as of June 30, 1995, more than \$5 million  
MANAGER: John Hickling, since January 1995; joined Fidelity in 1982  
(checkmark)

FIDELITY ADVISOR ANNUITY FUND: OVERSEAS FUND  
INVESTMENTS JUNE 30, 1995 (UNAUDITED)

Showing Percentage of Total Value of Investment in Securities

COMMON STOCKS - 67.2%

SHARES VALUE (NOTE 1)

ARGENTINA - 0.5%

Telecom Argentina sponsored ADR

Class B 400 \$ 18,200

YPF Sociedad Anonima sponsored ADR

representing Class D shares 400 7,552

25,752

AUSTRALIA - 0.6%

Brambles Industries Ltd. 2,000 18,924

Westpac Banking Corp. 2,800 10,129

29,053

BELGIUM - 0.8%

Bekaert SA 35 27,945

Delhaize Freres & Cie Le Lion SA 250 11,426

39,371

CANADA - 0.2%

Midland Walwyn, Inc. 1,000 7,832

CHILE - 0.2%

Vina Concha Stet y Toro SA

sponsored ADR 600 11,625

FINLAND - 1.6%

Kymmene Corp. 400 12,472

Pohjola Class B 3,000 47,122

Valmet Corp. OY Ord. 1,000 22,623

82,217

FRANCE - 5.2%

Accor SA 90 12,009

Axa SA 808 43,725

BQE National Paris Ord. 720 34,799

Club Mediterranee SA Ord. 400 40,855

Compagnie Bancaire Ord. 110 13,178

Elf Aquitaine 200 14,809

Generale des Eaux 300 33,461

IMETAL SA Ord. 100 11,773  
 L'Oreal Co. Ord. 50 12,568  
 Michelin SA Cie Generale des  
 Etablissements, Class B 700 31,071  
 Total SA Class B 270 16,284  
 264,532  
 GERMANY - 5.5%  
 Asko 50 31,271  
 Bayerische Vereinsbank AG Ord. 100 30,367  
 Continental Gummi-Werke AG 100 14,535  
 Deutsche Bank AG 1,400 68,102  
 Duerr Beteiligungs AG (RFD) 30 10,663  
 Hoechst, AG Ord. 100 21,629  
 Karstadt AG 100 43,939  
 Kaufhof Holding AG 130 46,487  
 Veba AG Ord. 30 11,803  
 278,796  
 HONG KONG - 1.5%  
 Consolidated Electric Power Asia Ltd. 4,000 9,279  
 HSBC Holdings PLC 1,100 14,109  
 Hong Kong Land Holdings Ltd. 5,000 9,100  
 Peregrine Investments Holdings Ltd. 20,000 28,432  
 Sun Hung Kai Properties Ltd. 2,000 14,798  
 75,718  
  
 SHARES VALUE (NOTE 1)  
 INDONESIA - 0.9%  
 Gudang Garam PT Perusahaan 4,000 \$ 30,714  
 Sampoerna Hanjaya Mandala  
 (For. Reg.) 2,000 15,716  
 46,430  
 IRELAND - 1.2%  
 Aran Energy (a) 15,000 9,447  
 Bank of Ireland U.S. Holdings, Inc. 3,800 21,813  
 Fyffes PLC 10,000 18,257  
 Waterford Wedgwood PLC Unit 16,400 13,990  
 63,507  
 ITALY - 0.7%  
 Fiat Spa 5,000 17,687  
 Italgas Spa 7,500 19,539  
 37,226  
 JAPAN - 16.8%  
 Aida Engineering Ltd. Ord. 4,000 27,265  
 Amada Metreco Co. Ltd. 1,000 12,877  
 Bridgestone Corp. 1,000 14,767  
 Canon, Inc. 5,000 81,512  
 East Japan Railway Co. Ord. 4 20,555  
 Fuji Photo Film Co. Ltd. 1,000 23,745  
 Fujitsu Ltd. 2,000 19,965  
 Hitachi Ltd. 5,000 49,911  
 Honda Motor Co. Ltd. 3,000 46,072  
 Mitsubishi Trust & Banking Corp. 1,000 14,176  
 Mori Seiki Co. Ltd. Ord. 1,000 17,838  
 Murata Mfg. Co. Ltd. 1,000 37,921  
 Nikko Securities Co. Ltd. 1,000 8,128  
 Nippon Telegraph & Telephone  
 Corp. Ord. 2 16,775  
 Nitto Denko Corp. 1,000 15,594  
 Nomura Securities Co. Ltd. 2,000 34,968  
 Omron Corp. 2,000 38,275  
 Orix Corp. 1,000 33,314  
 Rohm Co. Ltd. 1,000 51,742  
 Sankyo Co. Ltd. 1,000 23,272  
 Sony Corp. 700 33,656  
 Sumitomo Marine and  
 Fire Insurance Co. Ltd. 2,000 15,901  
 Sumitomo Realty & Development Co. Ltd. 3,000 17,933  
 Sumitomo Trust & Banking Co. Ltd. 1,000 12,168  
 Tadano Ltd. 2,000 14,861  
 Takeda Chemical Industries Ltd. 3,000 39,693  
 Tokio Marine & Fire Insurance Co.  
 Ltd. (The) 3,000 34,448  
 Toshiba Corp. 8,000 50,750  
 Toyota Motor Corp. 1,000 19,846  
 Yamanouchi Pharmaceutical Co. Ltd. 1,000 22,564  
 850,492  
 MEXICO - 1.8%  
 Banacci SA de CV:  
 Class B 1,000 1,536  
 Class L 50 76  
 Cemex SA, Series B 1,900 6,852  
 Cifra SA Class C 8,000 10,547  
 COMMON STOCKS - CONTINUED  
 SHARES VALUE (NOTE 1)  
 MEXICO - CONTINUED

Empresas Ica Sociedad Controladora  
 SA de CV sponsored ADR  
 representing Ord. (Part. Cert.) 3,500 \$ 35,875  
 Grupo Carso SA de CV Class A-1 (a) 2,000 10,944  
 Grupo Financiero Bancomer, SA de C.V.:  
 Series B 60,000 17,568  
 Series L 2,222 587  
 Telefonos de Mexico SA sponsored ADR  
 representing shares Ord. Class L 200 5,925  
 89,910  
 MALAYSIA - 0.2%  
 Tenaga Nasional BHD 2,000 8,162  
 NETHERLANDS - 4.5%  
 AKZO NV Ord. 300 35,898  
 Heineken NV 70 10,606  
 International Nederlanden Groep NV 912 50,500  
 Koninklijke PPT Nederland 500 17,994  
 Oce Van der Grinten NV 500 28,235  
 Pirelli Tyre Holdings NV Ord. 3,500 23,519  
 Royal Dutch Petroleum Co. Ord. 90 11,002  
 Unilever NV Ord. 390 50,801  
 228,555  
 NORWAY - 0.8%  
 Bergesen Group Class A 400 9,098  
 Christiania Bank Free shares Ord. 5,000 11,616  
 Den Norske Bank Class A Free shares 3,700 10,038  
 Petroleum Geo-Services AS (ADR) (a) 400 11,500  
 42,252  
 PHILIPPINES - 0.6%  
 Philippine Long Distance Telephone Co.  
 sponsored ADR 400 28,700  
 SPAIN - 3.4%  
 Argentaria Corporacion Bancaria  
 de Espana SA 800 29,642  
 Banco Bilbao Vizcaya SA Ord. (Reg.) 1,200 34,726  
 Corporacion Mapfre Internacional  
 de Reaseguros SA (Reg.) 500 24,633  
 el Aguila SA (a) 1,300 9,741  
 Repsol SA Ord. 300 9,464  
 Tabacalera SA, Series A 300 11,252  
 Telefonica de Espana SA Ord. 800 10,333  
 Union Electrica Fenosa SA 8,500 39,975  
 169,766  
 SWEDEN - 3.0%  
 Investor AB Class B Free shares 800 23,128  
 Mo Och Domsjoe (MoDo) Class B  
 Free shares 400 23,100  
 SKF AB Ord. 1,000 20,237  
 Svenska Cellulosa AB SCA  
 Class B Ord. 1,500 27,877  
 Volvo AB Class B 3,000 57,200  
 151,542  
 SWITZERLAND - 7.9%  
 Adia SA (Bearer) (a) 160 33,296  
 Baloise Holding (Reg.) 20 45,712  
 CIBA-GEIGY AG (Reg.) 100 73,487  
 SHARES VALUE (NOTE 1)  
 C. S. Holdings (Reg.) 640 \$ 58,790  
 Nestle SA (Reg.) 81 84,562  
 Roche Holdings Ltd. (part. certs.) 2 12,930  
 Surveillance, Societe Generale (Bearer) 7 12,190  
 Swiss Bank Corp. (Bearer) 100 35,525  
 Zurich Versicherung (Reg.) 160 40,317  
 396,809  
 THAILAND - 0.5%  
 Krung Thai Bank (For. Reg.) 3,410 13,814  
 Siam City Bank PCL (For. Reg.) 7,700 10,606  
 24,420  
 TURKEY - 0.4%  
 Aksigorta 50,100 9,745  
 Tofas Turk Otomobil Fabrikasi AS (a) 13,000 11,467  
 21,212  
 UNITED KINGDOM - 8.4%  
 BTR PLC Ord. 3,000 15,283  
 Barclays PLC Ord. 2,000 21,542  
 Bass PLC Ord. 1,000 9,591  
 Berkeley Group PLC 4,200 23,807  
 Booker PLC 3,000 19,899  
 British Land Ord. 3,800 24,206  
 Burmah Oil 800 11,614  
 Cadbury-Schweppes PLC Ord. 1,500 10,978  
 Commercial Union PLC 2,500 23,320  
 De La Rue PLC 600 8,955  
 Forte PLC 2,600 9,431

Glaxo Holdings PLC Ord. 1,400 17,222  
 Guinness PLC Ord. 1,500 11,313  
 Iceland Group PLC 4,000 11,480  
 Lasmo PLC 4,000 10,938  
 Lloyds Abbey Life PLC 2,000 12,469  
 National Westminster Bank PLC Ord. 3,000 26,142  
 Prudential Corp. PLC 2,000 10,651  
 Redland PLC Ord. 2,700 17,716  
 Royal Insurance Holdings PLC 5,000 24,635  
 Scottish Hydro-Electric PLC Ord. 3,000 15,259  
 Scottish Power PLC ADR 3,000 15,475  
 Shell Transport & Trading PLC 1,400 16,776  
 Unigate Ltd. Ord. 2,000 12,931  
 Vodafone Group PLC 3,500 13,031  
 Whitbread Co. PLC Class A 3,100 29,658

424,322  
 TOTAL COMMON STOCKS  
 (Cost \$3,286,879) 3,398,201  
 NONCONVERTIBLE PREFERRED STOCKS - 2.4%  
 GERMANY - 1.5%  
 Henkel KGAA 80 30,866  
 Porsche AG Ord. 100 43,614

74,480  
 ITALY - 0.9%  
 Stet (Societa Finanziaria Telefonica) Spa 22,000 48,887  
 TOTAL NONCONVERTIBLE PREFERRED STOCKS  
 (Cost \$122,106) 123,367

REPURCHASE AGREEMENTS - 30.4%  
 MATURITY VALUE (NOTE 1)  
 AMOUNT

Investments in repurchase agreements  
 (U.S. Treasury obligations), in a joint  
 trading account at 6.22% dated  
 6/30/95 due 7/3/95 (Note 3) \$ 1,535,796 \$ 1,535,000  
 TOTAL INVESTMENT IN SECURITIES - 100%  
 (Cost \$4,943,985) \$ 5,056,568

LEGEND  
 (a) Non-income producing  
 OTHER INFORMATION

Purchases and sales of securities, other than short-term securities,  
 aggregated \$3,496,567 and \$85,541, respectively.

INCOME TAX INFORMATION  
 At June 30, 1995, the aggregate cost of investment securities for income  
 tax purposes was \$4,943,985. Net unrealized appreciation aggregated  
 \$112,583, of which \$175,617 related to appreciated investment securities  
 and \$63,034 related to depreciated investment securities.

INDUSTRY DIVERSIFICATION  
 As a Percentage of Total Value of Investment in Securities

Basic Industries 3.7%  
 Conglomerates 0.2  
 Construction & Real Estate 3.1  
 Durables 6.6  
 Energy 2.0  
 Finance 19.2  
 Health 3.7  
 Holding Companies 0.3  
 Industrial Machinery & Equipment 3.8  
 Media & Leisure 1.2  
 Nondurables 6.9  
 Retail & Wholesale 3.4  
 Services 1.8  
 Repurchase Agreements 30.4  
 Technology 6.4  
 Transportation 1.0  
 Utilities 6.3  
 100.0%

FIDELITY ADVISOR ANNUITY FUND: OVERSEAS FUND  
 FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

<TABLE>  
 <CAPTION>  
 <S> <C> <C>  
 JUNE 30, 1995 (UNAUDITED)

ASSETS

Investment in securities, at value (including repurchase agreements of \$1,535,000) (cost \$4,943,985) - See \$ 5,056,568  
 accompanying schedule

Cash 261



Receivable for investments sold		40,195
Receivable for fund shares sold		118,593
Dividends receivable		9,834
Receivable from investment adviser for expense reductions		5,348
TOTAL ASSETS		5,230,799
LIABILITIES		
Payable for investments purchased	\$ 171,304	
Accrued management fee	2,739	
Other payables and accrued expenses	18,788	
TOTAL LIABILITIES		192,831
NET ASSETS		\$ 5,037,968
Net Assets consist of:		
Paid in capital		\$ 4,889,395
Undistributed net investment income		37,981
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions		(2,053 )
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies		112,645
NET ASSETS, for 474,799 shares outstanding		\$ 5,037,968
NET ASSET VALUE, offering price and redemption price per share (\$5,037,968 (divided by) 474,799 shares)		\$10.61

</TABLE>

#### STATEMENT OF OPERATIONS

<TABLE>

<CAPTION>

<S>

JANUARY 3, 1995  
(COMMENCEMENT OF OPERATIONS)  
TO JUNE 30, 1995 (UNAUDITED)

	<C>	<C>
INVESTMENT INCOME		\$ 31,795
Dividends		
Interest		29,962
		61,757
Less foreign taxes withheld		(6,614 )
TOTAL INCOME		55,143
EXPENSES		
Management fee	\$ 8,614	
Transfer agent fees	893	
Accounting fees and expenses	22,322	
Custodian fees and expenses	14,487	
Audit	9,114	
Miscellaneous	24	
Total expenses before reductions	55,454	
Expense reductions	(38,292 )	17,162
NET INVESTMENT INCOME		37,981
REALIZED AND UNREALIZED GAIN (LOSS)		
Net realized gain (loss) on:		

Investment securities	(2,041	)
Foreign currency transactions	(12	(2,053
	)	)
Change in net unrealized appreciation (depreciation) on:		
Investment securities	112,583	
Assets and liabilities in foreign currencies	62	112,645
NET GAIN (LOSS)		110,592
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		\$ 148,573

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS  
JANUARY 3, 1995  
(COMMENCEMENT  
OF OPERATIONS) TO  
JUNE 30, 1995  
(UNAUDITED)

<TABLE>		
<CAPTION>		
<S>		
<C>		
INCREASE (DECREASE) IN NET ASSETS		
Operations		\$ 37,981
Net investment income		
Net realized gain (loss)	(2,053)	
Change in net unrealized appreciation (depreciation)	112,645	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	148,573	
Share transactions		5,224,992
Net proceeds from sales of shares		
Cost of shares redeemed	(335,597)	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	4,889,395	
TOTAL INCREASE (DECREASE) IN NET ASSETS	5,037,968	
NET ASSETS		
Beginning of period		-
End of period (including undistributed net investment income of \$37,981)		\$ 5,037,968
OTHER INFORMATION		
Shares		
Sold	506,794	
Redeemed	(31,995)	
Net increase (decrease)	474,799	

</TABLE>

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

FINANCIAL HIGHLIGHTS  
JANUARY 3, 1995  
(COMMENCEMENT  
OF OPERATIONS) TO  
JUNE 30, 1995  
(UNAUDITED)

SELECTED PER-SHARE DATA

Net asset value, beginning of period	\$ 10.00
Income from Investment Operations	
Net investment income	.08
Net realized and unrealized gain (loss)	.53

Total from investment operations	.61
Net asset value, end of period	\$ 10.61
TOTAL RETURN B, C	17.90%
RATIOS AND SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	\$ 5,038
Ratio of expenses to average net assets	1.50% A
Ratio of expenses to average net assets before expense reductions	2.60% A, D
Ratio of net investment income to average net assets	3.32% A
Portfolio turnover rate	12% A

A ANNUALIZED

B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED.

C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIOD SHOWN (SEE NOTE 6 OF NOTES TO FINANCIAL STATEMENTS).

D LIMITED IN ACCORDANCE WITH A STATE EXPENSE LIMITATION.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 1995 (Unaudited)

a SIGNIFICANT ACCOUNTING POLICIES.

The Money Market Fund, Government Investment Fund, High Yield Fund, Income & Growth Fund, Growth Opportunities Fund and Overseas Fund (the funds) are funds of Fidelity Advisor Annuity Fund (the trust). The trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust. Each fund is authorized to issue an unlimited number of shares. Shares of each fund may be purchased only by certain separate accounts of Nationwide Life Insurance Company to serve as the underlying investment vehicles for variable annuity policies issued by Nationwide Life Insurance Company. The following summarizes the significant accounting policies of the funds:

SECURITY VALUATION:

MONEY MARKET FUND. As permitted under Rule 2a-7 of the 1940 Act, and certain conditions therein, securities are valued initially at cost and thereafter assume a constant amortization to maturity of any discount or premium.

GOVERNMENT INVESTMENT FUND AND HIGH YIELD FUND. Securities are valued based upon a computerized matrix system and/or appraisals by a pricing service, both of which consider market transactions and dealer-supplied valuations. Short-term securities maturing within sixty days of their purchase date are valued either at amortized cost or original cost plus accrued interest, both of which approximate current value. Securities for which quotations are not readily available through the pricing service are valued at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Board of Trustees. Short-term securities maturing within sixty days of their purchase date are valued at amortized cost or original cost plus accrued interest, both of which approximate current value.

INCOME & GROWTH FUND AND GROWTH OPPORTUNITIES FUND. Securities for which exchange quotations are readily available are valued at the last sale price, or if no sale price, at the closing bid price. Securities (including restricted securities) for which exchange quotations are not readily available (and in certain cases debt securities which trade on an exchange), are valued primarily using dealer-supplied valuations or at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Board of Trustees. Short-term securities maturing within sixty days of their purchase date are valued at amortized cost or original cost plus accrued interest, both of which approximate current value.

OVERSEAS FUND. Securities for which quotations are readily available are valued at the last sale price, or if no sale price, at the closing bid price in the principal market in which such securities are normally traded. Securities (including restricted securities) for which quotations are not readily available are valued primarily using dealer-supplied valuations or at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Board of Trustees. Short-term securities maturing within sixty days of their purchase date are valued at amortized cost or original cost plus accrued interest, both of which approximate current value.

FOREIGN CURRENCY TRANSLATION. The accounting records of the funds are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing rates of exchange at period end. Purchases and sales of securities, income receipts, and expense payments are translated

into U.S. dollars at the prevailing exchange rate on the respective dates of the transactions.

Net realized gains and losses on foreign currency transactions represent net gains and losses from sales and maturities of forward currency contracts, disposition of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The effects of changes in foreign currency exchange rates on investments in securities are included with the net realized and unrealized gain or loss on investment securities.

**INCOME TAXES.** Each fund intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code. By so qualifying, each fund will not be subject to income taxes to the extent that each distributes substantially all of its taxable income for its fiscal year. The schedules of investments include information regarding income taxes under the caption "Income Tax Information."

**INVESTMENT INCOME:**

**MONEY MARKET FUND.** Interest income, which includes amortization of premium and accretion of original issue discount, is accrued as earned.

**GOVERNMENT INVESTMENT, HIGH YIELD, INCOME & GROWTH, GROWTH OPPORTUNITIES, AND OVERSEAS FUNDS.** Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, are recorded as soon as the funds are informed of the ex-dividend date. Interest income, which includes accretion of original issue discount, is accrued as earned. Investment income is recorded net of foreign taxes withheld where recovery of such taxes is uncertain.

**EXPENSES.** Most expenses of the trust can be directly attributed to a fund. Expenses which cannot be directly attributed are apportioned between the funds in the trust.

**1. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**DISTRIBUTIONS TO SHAREHOLDERS.** Dividends are declared daily and paid monthly from net interest income for the Money Market Fund. Distributions are recorded on the ex-dividend date for all other funds.

Income and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences may result in distribution reclassifications. Permanent book and tax basis differences relating to shareholder

distributions will result in reclassifications to paid in capital and may affect the per-share allocation between net investment income and realized and unrealized gain (loss). Undistributed net investment income (loss) and accumulated undistributed net realized gain (loss) on investments and foreign currency transactions may include temporary book and tax basis differences which will reverse in a subsequent period. Any taxable income or gain remaining at fiscal year end is distributed in the following year.

**SECURITY TRANSACTIONS.** Security transactions are accounted for as of trade date. Gains and losses on securities sold are determined on the basis of identified cost.

**b OPERATING POLICIES.**

**FORWARD FOREIGN CURRENCY CONTRACTS.** Each fund, except for the Money Market Fund, may use foreign currency contracts to facilitate transactions in foreign securities and to manage the fund's currency exposure. Contracts to buy generally are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the fund's investments against currency fluctuations. Also, a contract to buy or sell can offset a previous contract. These contracts involve market risk in excess of the unrealized gain or loss reflected in the fund's Statement of Assets and Liabilities. The U.S. dollar value of the currencies the fund has committed to buy or sell is shown in the schedule of investments under the caption "Forward Foreign Currency Contracts." This amount represents the aggregate exposure to each currency the fund has acquired or hedged through currency contracts at period end. Losses may arise from changes in the value of the foreign currency or if the counterparties do not perform under the contracts' terms.

The U.S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service. Purchases and sales of forward foreign currency contracts having the same settlement date and broker are offset and any realized gain (loss) is recognized on the date of offset; otherwise, gain (loss) is recognized on settlement date. Contracts that have been offset with different counterparties are reflected as both a contract to buy and a contract to sell in the schedules of investments under the caption "Forward Foreign Currency Contracts."

**JOINT TRADING ACCOUNT.** Pursuant to an Exemptive Order issued by the Securities and Exchange Commission (the SEC), the funds, along with other affiliated entities of Fidelity Management & Research Company (FMR), may transfer uninvested cash balances into one or more joint trading accounts. These balances are invested in one or more repurchase agreements that mature in 60 days or less from the date of purchase, and are collateralized by U.S. Treasury or Federal Agency obligations.

**REPURCHASE AGREEMENTS.** The funds, through their custodian, receive delivery of the underlying securities, whose market value is required to be at least 102% of the resale price at the time of purchase. FMR, the funds' investment adviser, is responsible for determining that the value of these underlying securities remains at least equal to the resale price.

**FUTURES CONTRACTS AND OPTIONS.** Each fund, except for the Money Market Fund,

may use futures and options contracts to manage its exposure to the stock and bond markets and to fluctuations in interest rates and currency values. Buying futures, writing puts, and buying calls tend to increase the fund's exposure to the underlying instrument. Selling futures, buying puts, and writing calls tend to decrease the fund's exposure to the underlying instrument, or hedge other fund investments. Losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, or if the counterparties do not perform under the contracts' terms.

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded. Exchange-traded options are valued using the last sale price or, in the absence of a sale, the last offering price. Options traded over-the-counter are valued using dealer-supplied valuations.

c JOINT TRADING ACCOUNT.

At the end of the period, the following funds had 20% or more of their total investments in repurchase agreements through a joint trading account. These repurchase agreements were with entities whose creditworthiness has been reviewed and found satisfactory by FMR. The repurchase agreements were dated June 30, 1995 and due July 3, 1995. The maturity values of the joint trading account investments were \$2,694,000, \$2,723,000 and \$1,535,000 at 6.22% for High Yield Fund, Income & Growth Fund and Overseas Fund, respectively. The investments in repurchase agreements through the joint trading account are summarized as follows:

SUMMARY OF JOINT TRADING

Number of dealers or banks 5

Maximum amount with one dealer or bank 70.6%

Aggregate principal amount of agreements \$1,282,110,000

Aggregate maturity amount of agreements \$1,282,775,069

Aggregate market value of collateral \$1,308,691,809

Coupon rates of collateral 0% to 11 5/8%

Maturity dates of collateral 7/31/95 to 2/15/25

d PURCHASES AND SALES OF INVESTMENTS.

Information regarding purchases and sales of securities (other than short-term securities) is included under the caption "Other Information" at the end of each applicable fund's schedule of investments.

e FEES AND OTHER TRANSACTIONS WITH AFFILIATES.

MANAGEMENT FEE. As each fund's investment adviser, Fidelity Management & Research Company (FMR) receives a monthly fee.

For the Money Market Fund, FMR receives a monthly fee that is calculated on the basis of a basic fund fee rate of .03% of the fund's average net assets, plus a fixed income group fee rate and an income based fee. The group fee rate is the weighted average of a series of rates ranging from .1200% to .3700% and is based on the monthly average net assets of all the mutual funds advised by FMR. The income-based fee is added only when the fund's gross yield exceeds 5%. At that time the income-based fee would equal 6% of that portion of the fund's gross income that represents a gross yield of more than 5% per year. The maximum income based component is .24% of average net assets. For the period, the management fee was equivalent to an annualized rate of .25% of average net assets.

For all other funds, FMR receives a monthly fee that is calculated on the basis of a group fee rate plus a fixed individual fund fee rate applied to the average net assets of each fund. The group fee rate is the weighted average of a series of rates and is based on the monthly average net assets of all the mutual funds advised by FMR. For the period, the rates ranged from .2700% to .5200% for the Income & Growth, Growth Opportunities and Overseas Funds. The rates ranged from .1200% to .3700% for the period, for the Government Investment and High Yield Funds. In the event that these rates were lower than the contractual rates in effect during those periods, FMR voluntarily implemented the above rates, as they resulted in the same or a lower management fee. The annual individual fund fee rate is .20% for the Income & Growth Fund, .30% for the Government Investment and Growth Opportunities Funds, and .45% for the High Yield and Overseas Funds, respectively. For the period, the management fees were equivalent to annualized rates of .46%, .61%, .50%, .60%, and .75%, of average net assets, for the Government Investment, High Yield, Income & Growth, Growth Opportunities, and Overseas Funds, respectively.

SUB-ADVISER FEE. As the Money Market Fund's investment sub-adviser, FMR Texas Inc., a wholly owned subsidiary of FMR, receives a fee from FMR of 50% of the management fee payable to FMR. The fee is paid prior to any voluntary expense reimbursements which may be in effect, and after reducing the fee for any payments by FMR pursuant to the fund's Distribution and Service Plan.

FMR, on behalf of the High Yield, Income & Growth, Growth Opportunities, and Overseas Funds, entered into sub-advisory agreements with affiliates of FMR. In addition, one of the sub-advisers, Fidelity International Investment Advisors (FIIA), entered into a sub-advisory agreement with its subsidiary, Fidelity International Investment Advisors (U.K.) Limited (FIIAL U.K.). Under the sub-advisory arrangements, FMR may receive investment advice and research services and may grant the sub-advisers investment management authority to buy and sell securities. FMR pays its sub-advisers either a portion of its management fee or a fee based on costs incurred for these services. FIIA pays FIIAL U.K. a fee based on costs incurred for either service.

TRANSFER AGENT FEES. Fidelity Investments Institutional Operations Company

(FIIOC), an affiliate of FMR, is the funds' transfer, dividend disbursing and shareholder servicing agent. FIIOC receives account fees and asset-based fees that vary according to account size and type of account. FIIOC pays for typesetting, printing and mailing of all shareholder reports, except proxy statements.

ACCOUNTING AND SECURITY LENDING FEES. Fidelity Service Co. (FSC), an affiliate of FMR, maintains the funds' accounting records. The accounting fee is based on the level of average net assets for the month plus out-of-pocket expenses.

BROKERAGE COMMISSIONS. Certain funds placed a portion of their portfolio transactions with brokerage firms which are affiliates of FMR. The commissions paid to these affiliated firms are shown under the caption "Other Information" at the end of each applicable fund's schedule of investments.

f EXPENSE REDUCTIONS.

FMR voluntarily agreed to reimburse the fund's operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) above an annual rate of 1.00% of the respective average net assets for the Money Market, High Yield, and Government Investment Funds, and 1.50% of the respective average net assets for the Income & Growth, Growth Opportunities, and Overseas Funds. For the period, the reimbursement under this arrangement reduced expenses by \$18,819, \$24,608, \$25,404, \$23,110, \$8,532, and \$38,292 for Money Market, Government Investment, High Yield, Income & Growth, Growth Opportunities, and Overseas Funds, respectively.

g BENEFICIAL INTEREST

At the end of the period, certain unaffiliated insurance companies were record owners of approximately 10% or more of the total outstanding shares of the following funds:

BENEFICIAL INTEREST

NUMBER OF  
UNAFFILIATED INSURANCE PERCENT  
FUND COMPANIES OF OWNERSHIP

Money Market 1 86  
Government Investment 1 48  
High Yield 1 79  
Income & Growth 1 91  
Growth Opportunities 1 97  
Overseas 1 78

INVESTMENT ADVISER

Fidelity Management & Research Company  
Boston, MA

INVESTMENT SUB-ADVISERS

FMR Texas Inc., Irving, TX

MONEY MARKET FUND

Fidelity Management & Research (U.K.) Inc.,  
London, England

INCOME & GROWTH, GROWTH OPPORTUNITIES,  
HIGH YIELD AND OVERSEAS FUNDS

Fidelity Management & Research (Far East) Inc.,  
Tokyo, Japan

INCOME & GROWTH, GROWTH OPPORTUNITIES,  
HIGH YIELD AND OVERSEAS FUNDS

Fidelity International Investment Advisors  
OVERSEAS FUND

OFFICERS

Edward C. Johnson 3d, PRESIDENT  
J. Gary Burkhead, SENIOR VICE PRESIDENT  
William J. Hayes, VICE PRESIDENT  
Fred L. Henning, Jr., VICE PRESIDENT, MONEY MARKET FUND  
Robert A. Lawrence, VICE PRESIDENT  
Robert Haber, VICE PRESIDENT  
George A. Vanderheiden, VICE PRESIDENT  
Arthur S. Loring, SECRETARY  
Stephen P. Jonas, TREASURER  
Robert H. Morrison, MANAGER, SECURITY TRANSACTIONS  
Michael D. Conway, ASSISTANT TREASURER, MONEY MARKET FUND  
John H. Costello, ASSISTANT TREASURER  
Leonard M. Rush, ASSISTANT TREASURER

BOARD OF TRUSTEES

J. Gary Burkhead  
Ralph F. Cox  
Phyllis Burke Davis  
Richard J. Flynn  
Edward C. Johnson 3d  
E. Bradley Jones  
Donald J. Kirk  
Peter S. Lynch  
Edward H. Malone  
Marvin L. Mann  
Gerald C. McDonough  
Thomas R. Williams  
GENERAL DISTRIBUTOR  
Fidelity Distributors Corporation  
Boston, MA

TRANSFER AND SHAREHOLDER  
SERVICING AGENT  
Fidelity Investments Institutional Operations Co.  
Boston, MA  
CUSTODIANS  
Morgan Guaranty Trust Company of New York,  
New York, NY  
MONEY MARKET FUND  
The Bank of New York, New York, NY  
GOVERNMENT INVESTMENT AND HIGH YIELD FUNDS  
The Chase Manhattan Bank, N.A., New York, NY  
INCOME & GROWTH AND OVERSEAS FUNDS  
Brown Brothers Harriman & Co., Boston, MA  
GROWTH OPPORTUNITIES FUND  
AVA-SANN0895  
2682

EXHIBIT 5(a)  
MANAGEMENT CONTRACT

between

FIDELITY ADVISOR ANNUITY FUND:  
FIDELITY ADVISOR ANNUITY OVERSEAS FUND

and

FIDELITY MANAGEMENT & RESEARCH COMPANY

AGREEMENT made this 18th day of November 1994, by and between Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Fund"), on behalf of Fidelity Advisor Annuity Overseas Fund (hereinafter called the "Portfolio"), and Fidelity Management & Research Company, a Massachusetts corporation (hereinafter called the "Adviser").

1. (a) Investment Advisory Services. The Adviser undertakes to act as investment adviser of the Portfolio and shall, subject to the supervision of the Fund's Board of Trustees, direct the investments of the Portfolio in accordance with the investment objective, policies and limitations as provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 and rules thereunder, as amended from time to time (the "1940 Act"), and such other limitations as the Portfolio may impose by notice in writing to the Adviser. The Adviser shall also furnish for the use of the Portfolio office space and all necessary office facilities, equipment and personnel for servicing the investments of the Portfolio; and shall pay the salaries and fees of all officers of the Fund, of all Trustees of the Fund who are "interested persons" of the Fund or of the Adviser and of all personnel of the Fund or the Adviser performing services relating to research, statistical and investment activities. The Adviser is authorized, in its discretion and without prior consultation with the Portfolio, to buy, sell, lend and otherwise trade in any stocks, bonds and other securities and investment instruments on behalf of the Portfolio. The investment policies and all other actions of the Portfolio are and shall at all times be subject to the control and direction of the Fund's Board of Trustees.

(b) Management Services. The Adviser shall perform (or arrange for the performance by its affiliates of) the management and administrative services necessary for the operation of the Fund. The Adviser shall, subject to the supervision of the Board of Trustees, perform various services for the Portfolio, including but not limited to: (i) providing the Portfolio with office space, equipment and facilities (which may be its own) for maintaining its organization; (ii) on behalf of the Portfolio, supervising relations with, and monitoring the performance of, custodians, depositories, transfer and pricing agents, accountants, attorneys, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable; (iii) preparing all general shareholder communications, including shareholder reports; (iv) conducting shareholder relations; (v) maintaining the Fund's existence and its



records; (vi) during such times as shares are publicly offered, maintaining the registration and qualification of the Portfolio's shares under federal and state law; and (vii) investigating the development of and developing and implementing, if appropriate, management and shareholder services designed to enhance the value or convenience of the Portfolio as an investment vehicle.

The Adviser shall also furnish such reports, evaluations, information or analyses to the Fund as the Fund's Board of Trustees may request from time to time or as the Adviser may deem to be desirable. The Adviser shall make recommendations to the Fund's Board of Trustees with respect to Fund policies, and shall carry out such policies as are adopted by the Trustees. The Adviser shall, subject to review by the Board of Trustees, furnish such other services as the Adviser shall from time to time determine to be necessary or useful to perform its obligations under this Contract.

(c) The Adviser shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Adviser, which may include brokers or dealers affiliated with the Adviser. The Adviser shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or the other accounts over which the Adviser or its affiliates exercise investment discretion. The Adviser is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Adviser and its affiliates have with respect to accounts over which they exercise investment discretion. The Trustees of the Fund shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

The Adviser shall, in acting hereunder, be an independent contractor. The Adviser shall not be an agent of the Portfolio.

2. It is understood that the Trustees, officers and shareholders of the Fund are or may be or become interested in the Adviser as directors, officers or otherwise and that directors, officers and stockholders of the Adviser are or may be or become similarly interested in the Fund, and that the Adviser may be or become interested in the Fund as a shareholder or otherwise.

3. The Adviser will be compensated on the following basis for the services and facilities to be furnished hereunder. The Adviser shall receive a monthly management fee, payable monthly as soon as practicable after the last day of each month, composed of a Group Fee and an Individual Fund Fee.

(a) Group Fee Rate. The Group Fee Rate shall be based upon the monthly

average of the net assets of the registered investment companies having Advisory and Service or Management Contracts with the Adviser (computed in the manner set forth in the Fund's Declaration of Trust or other organizational document) determined as of the close of business on each business day throughout the month. The Group Fee Rate shall be determined on a cumulative basis pursuant to the following schedule:

Average Net Assets      Annualized Fee Rate (for each level)

0	-	\$ 3 billion	.5200%
3	-	6	.4900%
6	-	9	.4600%
9	-	12	.4300%
12	-	15	.4000%
15	-	18	.3850%
18	-	21	.3700%
21	-	24	.3600%
24	-	30	.3500%
30	-	36	.3450%
36	-	42	.3400%
42	-	48	.3350%
48	-	66	.3250%
66	-	84	.3200%
84	-	102	.3150%
102	-	138	.3100%
138	-	174	.3050%
174	-	210	.3000%
210	-	246	.2950%
246	-	282	.2900%
282	-	318	.2850%
318	-	354	.2800%

354 - 390 .2750%

Over 390 .2700%

(b) Individual Fund Fee Rate. The Individual Fund Fee Rate shall be .45%. The sum of the Group Fee Rate, calculated as described above to the nearest millionth, and the Individual Fund Fee Rate shall constitute the Annual Management Fee Rate. One-twelfth of the Annual Management Fee Rate shall be applied to the average of the net assets of the Portfolio (computed in the manner set forth in the Fund's Declaration of Trust or other organizational document) determined as of the close of business on each business day throughout the month.

(c) In case of termination of this Contract during any month, the fee for that month shall be reduced proportionately on the basis of the number of business days during which it is in effect, and the fee computed upon the average net assets for the business days it is so in effect for that month.

4. It is understood that the Portfolio will pay all its expenses, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Fund's Trustees other than those who are "interested persons" of the Fund or the Adviser; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Fund and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefor; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Adviser, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Fund's Trustees and officers with respect thereto.

5. The services of the Adviser to the Portfolio are not to be deemed exclusive, the Adviser being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Contract, interfere, in a material manner, with the Adviser's ability to meet all of its obligations with respect to rendering services to the Portfolio hereunder. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Adviser, the Adviser shall not be subject to liability to the Portfolio or to any

shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

6. (a) Subject to prior termination as provided in sub-paragraph (d) of this paragraph 6, this Contract shall continue in force until July 31, 1995 and indefinitely thereafter, but only so long as the continuance after such date shall be specifically approved at least annually by vote of the Trustees of the Fund or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Contract may be modified by mutual consent, such consent on the part of the Fund to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of sub-paragraphs (a) and (b) of this paragraph 6, the terms of any continuance or modification of this Contract must have been approved by the vote of a majority of those Trustees of the Fund who are not parties to the Contract or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either party hereto may, at any time on sixty (60) days' prior written notice to the other, terminate this Contract, without payment of any penalty, by action of its Trustees or Board of Directors, as the case may be, or with respect to the Portfolio by vote of a majority of the outstanding voting securities of the Portfolio. This Contract shall terminate automatically in the event of its assignment.

7. The Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Fund's Declaration of Trust or other organizational document and agrees that the obligations assumed by the Fund pursuant to this Contract shall be limited in all cases to the Portfolio and its assets, and the Adviser shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio or any other Portfolios of the Fund. In addition, the Adviser shall not seek satisfaction of any such obligations from the Trustees or any individual Trustee. The Adviser understands that the rights and obligations of any Portfolio under the Declaration of Trust or other organizational document are separate and distinct from those of any and all other Portfolios.

8. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act, as now in effect or as hereafter amended, and subject to such orders as may be granted by the Securities and Exchange Commission.

IN WITNESS WHEREOF the parties have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY ADVISOR ANNUITY FUND

on behalf of Fidelity Advisor Annuity Overseas Fund

By /s/ J. Gary Burkhead

Senior Vice President

FIDELITY MANAGEMENT & RESEARCH COMPANY

By /s/ J. Gary Burkhead

President

EXHIBIT 5 (b)

MANAGEMENT CONTRACT

between

FIDELITY ADVISOR ANNUITY FUND:

FIDELITY ADVISOR ANNUITY GROWTH OPPORTUNITIES FUND

and

FIDELITY MANAGEMENT & RESEARCH COMPANY

AGREEMENT made this 18th day of November 1994, by and between Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Fund"), on behalf of Fidelity Advisor Annuity Growth Opportunities Fund (hereinafter called the "Portfolio"), and Fidelity Management & Research Company, a Massachusetts corporation (hereinafter called the "Adviser").

1. (a) Investment Advisory Services. The Adviser undertakes to act as investment adviser of the Portfolio and shall, subject to the supervision of the Fund's Board of Trustees, direct the investments of the Portfolio in accordance with the investment objective, policies and limitations as provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 and rules thereunder, as amended from time to time (the "1940 Act"), and such other limitations as the Portfolio may impose by notice in writing to the Adviser. The Adviser shall also furnish for the use of the Portfolio office space and all necessary office facilities, equipment and personnel for servicing the investments of the Portfolio; and shall pay the salaries and fees of all officers of the Fund, of all Trustees of the Fund who are "interested persons" of the Fund or of the Adviser and of all personnel of the Fund or the Adviser performing services relating to research, statistical and investment activities. The Adviser is authorized, in its discretion and without prior consultation with the Portfolio, to buy, sell, lend and otherwise trade in any stocks, bonds and other securities and investment instruments on behalf of the Portfolio. The investment policies and all other actions of the Portfolio are and shall at all times be subject to the control and direction of the Fund's Board of Trustees.

(b) Management Services. The Adviser shall perform (or arrange for the performance by its affiliates of) the management and administrative services necessary for the operation of the Fund. The Adviser shall, subject to the supervision of the Board of Trustees, perform various services for the Portfolio, including but not limited to: (i) providing the Portfolio with office space, equipment and facilities (which may be its own) for maintaining its organization; (ii) on behalf of the Portfolio, supervising relations with, and monitoring the performance of, custodians, depositories, transfer and pricing agents, accountants, attorneys, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable; (iii) preparing all general shareholder communications, including shareholder reports; (iv) conducting shareholder relations; (v) maintaining the Fund's existence and its

records; (vi) during such times as shares are publicly offered, maintaining the registration and qualification of the Portfolio's shares under federal and state law; and (vii) investigating the development of and developing and implementing, if appropriate, management and shareholder services designed to enhance the value or convenience of the Portfolio as an investment vehicle.

The Adviser shall also furnish such reports, evaluations, information or analyses to the Fund as the Fund's Board of Trustees may request from time to time or as the Adviser may deem to be desirable. The Adviser shall make recommendations to the Fund's Board of Trustees with respect to Fund policies, and shall carry out such policies as are adopted by the Trustees. The Adviser shall, subject to review by the Board of Trustees, furnish such other services as the Adviser shall from time to time determine to be necessary or useful to perform its obligations under this Contract.

(c) The Adviser shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Adviser, which may include brokers or dealers affiliated with the Adviser. The Adviser shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or the other accounts over which the Adviser or its affiliates exercise investment discretion. The Adviser is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Adviser and its affiliates have with respect to accounts over which they exercise investment discretion. The Trustees of the Fund shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

The Adviser shall, in acting hereunder, be an independent contractor. The Adviser shall not be an agent of the Portfolio.

2. It is understood that the Trustees, officers and shareholders of the Fund are or may be or become interested in the Adviser as directors, officers or otherwise and that directors, officers and stockholders of the Adviser are or may be or become similarly interested in the Fund, and that the Adviser may be or become interested in the Fund as a shareholder or otherwise.

3. The Adviser will be compensated on the following basis for the services and facilities to be furnished hereunder. The Adviser shall receive a monthly management fee, payable monthly as soon as practicable after the last day of each month, composed of a Group Fee and an Individual Fund Fee.

(a) Group Fee Rate. The Group Fee Rate shall be based upon the monthly

average of the net assets of the registered investment companies having Advisory and Service or Management Contracts with the Adviser (computed in the manner set forth in the Fund's Declaration of Trust or other organizational document) determined as of the close of business on each business day throughout the month. The Group Fee Rate shall be determined on a cumulative basis pursuant to the following schedule:

Average Net Assets      Annualized Fee Rate (for each level)

0	-	\$ 3 billion	.5200%
3	-	6	.4900%
6	-	9	.4600%
9	-	12	.4300%
12	-	15	.4000%
15	-	18	.3850%
18	-	21	.3700%
21	-	24	.3600%
24	-	30	.3500%
30	-	36	.3450%
36	-	42	.3400%
42	-	48	.3350%
48	-	66	.3250%
66	-	84	.3200%
84	-	102	.3150%
102	-	138	.3100%
138	-	174	.3050%
174	-	210	.3000%
210	-	246	.2950%
246	-	282	.2900%
282	-	318	.2850%
318	-	354	.2800%



354 - 390 .2750%

Over 390 .2700%

(b) Individual Fund Fee Rate. The Individual Fund Fee Rate shall be .30%. The sum of the Group Fee Rate, calculated as described above to the nearest millionth, and the Individual Fund Fee Rate shall constitute the Annual Management Fee Rate. One-twelfth of the Annual Management Fee Rate shall be applied to the average of the net assets of the Portfolio (computed in the manner set forth in the Fund's Declaration of Trust or other organizational document) determined as of the close of business on each business day throughout the month.

(c) In case of termination of this Contract during any month, the fee for that month shall be reduced proportionately on the basis of the number of business days during which it is in effect, and the fee computed upon the average net assets for the business days it is so in effect for that month.

4. It is understood that the Portfolio will pay all its expenses, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Fund's Trustees other than those who are "interested persons" of the Fund or the Adviser; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Fund and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefor; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Adviser, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Fund's Trustees and officers with respect thereto.

5. The services of the Adviser to the Portfolio are not to be deemed exclusive, the Adviser being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Contract, interfere, in a material manner, with the Adviser's ability to meet all of its obligations with respect to rendering services to the Portfolio hereunder. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Adviser, the Adviser shall not be subject to liability to the Portfolio or to any

shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

6. (a) Subject to prior termination as provided in sub-paragraph (d) of this paragraph 6, this Contract shall continue in force until July 31, 1995 and indefinitely thereafter, but only so long as the continuance after such date shall be specifically approved at least annually by vote of the Trustees of the Fund or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Contract may be modified by mutual consent, such consent on the part of the Fund to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of sub-paragraphs (a) and (b) of this paragraph 6, the terms of any continuance or modification of this Contract must have been approved by the vote of a majority of those Trustees of the Fund who are not parties to the Contract or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either party hereto may, at any time on sixty (60) days' prior written notice to the other, terminate this Contract, without payment of any penalty, by action of its Trustees or Board of Directors, as the case may be, or with respect to the Portfolio by vote of a majority of the outstanding voting securities of the Portfolio. This Contract shall terminate automatically in the event of its assignment.

7. The Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Fund's Declaration of Trust or other organizational document and agrees that the obligations assumed by the Fund pursuant to this Contract shall be limited in all cases to the Portfolio and its assets, and the Adviser shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio or any other Portfolios of the Fund. In addition, the Adviser shall not seek satisfaction of any such obligations from the Trustees or any individual Trustee. The Adviser understands that the rights and obligations of any Portfolio under the Declaration of Trust or other organizational document are separate and distinct from those of any and all other Portfolios.

8. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act, as now in effect or as hereafter amended, and subject to such orders as may be granted by the Securities and Exchange Commission.

IN WITNESS WHEREOF the parties have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY ADVISOR ANNUITY FUND

on behalf of Fidelity Advisor Annuity Growth Opportunities Fund

By /s/ J. Gary Burkhead  
Senior Vice President  
FIDELITY MANAGEMENT & RESEARCH COMPANY  
By /s/ J. Gary Burkhead  
President

EXHIBIT 5(c)  
MANAGEMENT CONTRACT

between

FIDELITY ADVISOR ANNUITY FUND:

FIDELITY ADVISOR ANNUITY INCOME & GROWTH FUND

and

FIDELITY MANAGEMENT & RESEARCH COMPANY

AGREEMENT made this 18th day of November 1994, by and between Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Fund"), on behalf of Fidelity Advisor Annuity Income & Growth Fund (hereinafter called the "Portfolio"), and Fidelity Management & Research Company, a Massachusetts corporation (hereinafter called the "Adviser").

1. (a) Investment Advisory Services. The Adviser undertakes to act as investment adviser of the Portfolio and shall, subject to the supervision of the Fund's Board of Trustees, direct the investments of the Portfolio in accordance with the investment objective, policies and limitations as provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 and rules thereunder, as amended from time to time (the "1940 Act"), and such other limitations as the Portfolio may impose by notice in writing to the Adviser. The Adviser shall also furnish for the use of the Portfolio office space and all necessary office facilities, equipment and personnel for servicing the investments of the Portfolio; and shall pay the salaries and fees of all officers of the Fund, of all Trustees of the Fund who are "interested persons" of the Fund or of the Adviser and of all personnel of the Fund or the Adviser performing services relating to research, statistical and investment activities. The Adviser is authorized, in its discretion and without prior consultation with the Portfolio, to buy, sell, lend and otherwise trade in any stocks, bonds and other securities and investment instruments on behalf of the Portfolio. The investment policies and all other actions of the Portfolio are and shall at all times be subject to the control and direction of the Fund's Board of Trustees.

(b) Management Services. The Adviser shall perform (or arrange for the performance by its affiliates of) the management and administrative services necessary for the operation of the Fund. The Adviser shall, subject to the supervision of the Board of Trustees, perform various services for the Portfolio, including but not limited to: (i) providing the Portfolio with office space, equipment and facilities (which may be its own) for maintaining its organization; (ii) on behalf of the Portfolio, supervising relations with, and monitoring the performance of, custodians, depositories, transfer and pricing agents, accountants, attorneys, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable; (iii) preparing all general shareholder communications, including shareholder reports; (iv) conducting shareholder relations; (v) maintaining the Fund's existence and its

records; (vi) during such times as shares are publicly offered, maintaining the registration and qualification of the Portfolio's shares under federal and state law; and (vii) investigating the development of and developing and implementing, if appropriate, management and shareholder services designed to enhance the value or convenience of the Portfolio as an investment vehicle.

The Adviser shall also furnish such reports, evaluations, information or analyses to the Fund as the Fund's Board of Trustees may request from time to time or as the Adviser may deem to be desirable. The Adviser shall make recommendations to the Fund's Board of Trustees with respect to Fund policies, and shall carry out such policies as are adopted by the Trustees. The Adviser shall, subject to review by the Board of Trustees, furnish such other services as the Adviser shall from time to time determine to be necessary or useful to perform its obligations under this Contract.

(c) The Adviser shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Adviser, which may include brokers or dealers affiliated with the Adviser. The Adviser shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or the other accounts over which the Adviser or its affiliates exercise investment discretion. The Adviser is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Adviser and its affiliates have with respect to accounts over which they exercise investment discretion. The Trustees of the Fund shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

The Adviser shall, in acting hereunder, be an independent contractor. The Adviser shall not be an agent of the Portfolio.

2. It is understood that the Trustees, officers and shareholders of the Fund are or may be or become interested in the Adviser as directors, officers or otherwise and that directors, officers and stockholders of the Adviser are or may be or become similarly interested in the Fund, and that the Adviser may be or become interested in the Fund as a shareholder or otherwise.

3. The Adviser will be compensated on the following basis for the services and facilities to be furnished hereunder. The Adviser shall receive a monthly management fee, payable monthly as soon as practicable after the last day of each month, composed of a Group Fee and an Individual Fund Fee.

(a) Group Fee Rate. The Group Fee Rate shall be based upon the monthly

average of the net assets of the registered investment companies having Advisory and Service or Management Contracts with the Adviser (computed in the manner set forth in the Fund's Declaration of Trust or other organizational document) determined as of the close of business on each business day throughout the month. The Group Fee Rate shall be determined on a cumulative basis pursuant to the following schedule:

Average Net Assets      Annualized Fee Rate (for each level)

0	-	\$ 3 billion	.5200%
3	-	6	.4900%
6	-	9	.4600%
9	-	12	.4300%
12	-	15	.4000%
15	-	18	.3850%
18	-	21	.3700%
21	-	24	.3600%
24	-	30	.3500%
30	-	36	.3450%
36	-	42	.3400%
42	-	48	.3350%
48	-	66	.3250%
66	-	84	.3200%
84	-	102	.3150%
102	-	138	.3100%
138	-	174	.3050%
174	-	210	.3000%
210	-	246	.2950%
246	-	282	.2900%
282	-	318	.2850%
318	-	354	.2800%

354 - 390 .2750%

Over 390 .2700%

(b) Individual Fund Fee Rate. The Individual Fund Fee Rate shall be .20%. The sum of the Group Fee Rate, calculated as described above to the nearest millionth, and the Individual Fund Fee Rate shall constitute the Annual Management Fee Rate. One-twelfth of the Annual Management Fee Rate shall be applied to the average of the net assets of the Portfolio (computed in the manner set forth in the Fund's Declaration of Trust or other organizational document) determined as of the close of business on each business day throughout the month.

(c) In case of termination of this Contract during any month, the fee for that month shall be reduced proportionately on the basis of the number of business days during which it is in effect, and the fee computed upon the average net assets for the business days it is so in effect for that month.

4. It is understood that the Portfolio will pay all its expenses, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Fund's Trustees other than those who are "interested persons" of the Fund or the Adviser; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Fund and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefor; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Adviser, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Fund's Trustees and officers with respect thereto.

5. The services of the Adviser to the Portfolio are not to be deemed exclusive, the Adviser being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Contract, interfere, in a material manner, with the Adviser's ability to meet all of its obligations with respect to rendering services to the Portfolio hereunder. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Adviser, the Adviser shall not be subject to liability to the Portfolio or to any

shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

6. (a) Subject to prior termination as provided in sub-paragraph (d) of this paragraph 6, this Contract shall continue in force until July 31, 1995 and indefinitely thereafter, but only so long as the continuance after such date shall be specifically approved at least annually by vote of the Trustees of the Fund or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Contract may be modified by mutual consent, such consent on the part of the Fund to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of sub-paragraphs (a) and (b) of this paragraph 6, the terms of any continuance or modification of this Contract must have been approved by the vote of a majority of those Trustees of the Fund who are not parties to the Contract or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either party hereto may, at any time on sixty (60) days' prior written notice to the other, terminate this Contract, without payment of any penalty, by action of its Trustees or Board of Directors, as the case may be, or with respect to the Portfolio by vote of a majority of the outstanding voting securities of the Portfolio. This Contract shall terminate automatically in the event of its assignment.

7. The Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Fund's Declaration of Trust or other organizational document and agrees that the obligations assumed by the Fund pursuant to this Contract shall be limited in all cases to the Portfolio and its assets, and the Adviser shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio or any other Portfolios of the Fund. In addition, the Adviser shall not seek satisfaction of any such obligations from the Trustees or any individual Trustee. The Adviser understands that the rights and obligations of any Portfolio under the Declaration of Trust or other organizational document are separate and distinct from those of any and all other Portfolios.

8. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act, as now in effect or as hereafter amended, and subject to such orders as may be granted by the Securities and Exchange Commission.

IN WITNESS WHEREOF the parties have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY ADVISOR ANNUITY FUND

on behalf of Fidelity Advisor Annuity Income & Growth Fund



By /s/ J. Gary Burkhead  
Senior Vice President  
FIDELITY MANAGEMENT & RESEARCH COMPANY  
By /s/ J. Gary Burkhead  
President

EXHIBIT 5 (d)  
MANAGEMENT CONTRACT

between

FIDELITY ADVISOR ANNUITY FUND:

FIDELITY ADVISOR ANNUITY GOVERNMENT INVESTMENT FUND

and

FIDELITY MANAGEMENT & RESEARCH COMPANY

AGREEMENT made this 18th day of November 1994, by and between Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Fund"), on behalf of Fidelity Advisor Annuity Government Investment Fund (hereinafter called the "Portfolio"), and Fidelity Management & Research Company, a Massachusetts corporation (hereinafter called the "Adviser").

1. (a) Investment Advisory Services. The Adviser undertakes to act as investment adviser of the Portfolio and shall, subject to the supervision of the Fund's Board of Trustees, direct the investments of the Portfolio in accordance with the investment objective, policies and limitations as provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 and rules thereunder, as amended from time to time (the "1940 Act"), and such other limitations as the Portfolio may impose by notice in writing to the Adviser. The Adviser shall also furnish for the use of the Portfolio office space and all necessary office facilities, equipment and personnel for servicing the investments of the Portfolio; and shall pay the salaries and fees of all officers of the Fund, of all Trustees of the Fund who are "interested persons" of the Fund or of the Adviser and of all personnel of the Fund or the Adviser performing services relating to research, statistical and investment activities. The Adviser is authorized, in its discretion and without prior consultation with the Portfolio, to buy, sell, lend and otherwise trade in any stocks, bonds and other securities and investment instruments on behalf of the Portfolio. The investment policies and all other actions of the Portfolio are and shall at all times be subject to the control and direction of the Fund's Board of Trustees.

(b) Management Services. The Adviser shall perform (or arrange for the performance by its affiliates of) the management and administrative services necessary for the operation of the Fund. The Adviser shall, subject to the supervision of the Board of Trustees, perform various services for the Portfolio, including but not limited to: (i) providing the Portfolio with office space, equipment and facilities (which may be its own) for maintaining its organization; (ii) on behalf of the Portfolio, supervising relations with, and monitoring the performance of, custodians, depositories, transfer and pricing agents, accountants, attorneys, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable; (iii) preparing all general shareholder communications, including shareholder reports; (iv) conducting shareholder relations; (v) maintaining the Fund's existence and its

records; (vi) during such times as shares are publicly offered, maintaining the registration and qualification of the Portfolio's shares under federal and state law; and (vii) investigating the development of and developing and implementing, if appropriate, management and shareholder services designed to enhance the value or convenience of the Portfolio as an investment vehicle.

The Adviser shall also furnish such reports, evaluations, information or analyses to the Fund as the Fund's Board of Trustees may request from time to time or as the Adviser may deem to be desirable. The Adviser shall make recommendations to the Fund's Board of Trustees with respect to Fund policies, and shall carry out such policies as are adopted by the Trustees. The Adviser shall, subject to review by the Board of Trustees, furnish such other services as the Adviser shall from time to time determine to be necessary or useful to perform its obligations under this Contract.

(c) The Adviser shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Adviser, which may include brokers or dealers affiliated with the Adviser. The Adviser shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or the other accounts over which the Adviser or its affiliates exercise investment discretion. The Adviser is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Adviser and its affiliates have with respect to accounts over which they exercise investment discretion. The Trustees of the Fund shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

The Adviser shall, in acting hereunder, be an independent contractor. The Adviser shall not be an agent of the Portfolio.

2. It is understood that the Trustees, officers and shareholders of the Fund are or may be or become interested in the Adviser as directors, officers or otherwise and that directors, officers and stockholders of the Adviser are or may be or become similarly interested in the Fund, and that the Adviser may be or become interested in the Fund as a shareholder or otherwise.

3. The Adviser will be compensated on the following basis for the services and facilities to be furnished hereunder. The Adviser shall receive a monthly management fee, payable monthly as soon as practicable after the last day of each month, composed of a Group Fee and an Individual Fund Fee.

(a) Group Fee Rate. The Group Fee Rate shall be based upon the monthly

average of the net assets of the registered investment companies having Advisory and Service or Management Contracts with the Adviser (computed in the manner set forth in the Fund's Declaration of Trust or other organizational document) determined as of the close of business on each business day throughout the month. The Group Fee Rate shall be determined on a cumulative basis pursuant to the following schedule:

Average Net Assets      Annualized Fee Rate (for each level)

0	-	\$ 3 billion	.3700%
3	-	6	.3400
6	-	9	.3100
9	-	12	.2800
12	-	15	.2500
15	-	18	.2200
18	-	21	.2000
21	-	24	.1900
24	-	30	.1800
30	-	36	.1750
36	-	42	.1700
42	-	48	.1650
48	-	66	.1600
66	-	84	.1550
84	-	120	.1500
120	-	156	.1450
156	-	192	.1400
192	-	228	.1350
228	-	264	.1300
264	-	300	.1275
300	-	336	.1250
336	-	372	.1225

(b) Individual Fund Fee Rate. The Individual Fund Fee Rate shall be .30%. The sum of the Group Fee Rate, calculated as described above to the nearest millionth, and the Individual Fund Fee Rate shall constitute the Annual Management Fee Rate. One-twelfth of the Annual Management Fee Rate shall be applied to the average of the net assets of the Portfolio (computed in the manner set forth in the Fund's Declaration of Trust or other organizational document) determined as of the close of business on each business day throughout the month.

(c) In case of termination of this Contract during any month, the fee for that month shall be reduced proportionately on the basis of the number of business days during which it is in effect, and the fee computed upon the average net assets for the business days it is so in effect for that month.

4. It is understood that the Portfolio will pay all its expenses, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Fund's Trustees other than those who are "interested persons" of the Fund or the Adviser; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Fund and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefor; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Adviser, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Fund's Trustees and officers with respect thereto.

5. The services of the Adviser to the Portfolio are not to be deemed exclusive, the Adviser being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Contract, interfere, in a material manner, with the Adviser's ability to meet all of its obligations with respect to rendering services to the Portfolio hereunder. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Adviser, the Adviser shall not be subject to liability to the Portfolio or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be

sustained in the purchase, holding or sale of any security.

6. (a) Subject to prior termination as provided in sub-paragraph (d) of this paragraph 6, this Contract shall continue in force until June 30, 1995 and indefinitely thereafter, but only so long as the continuance after such date shall be specifically approved at least annually by vote of the Trustees of the Fund or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Contract may be modified by mutual consent, such consent on the part of the Fund to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of sub-paragraphs (a) and (b) of this paragraph 6, the terms of any continuance or modification of this Contract must have been approved by the vote of a majority of those Trustees of the Fund who are not parties to the Contract or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either party hereto may, at any time on sixty (60) days' prior written notice to the other, terminate this Contract, without payment of any penalty, by action of its Trustees or Board of Directors, as the case may be, or with respect to the Portfolio by vote of a majority of the outstanding voting securities of the Portfolio. This Contract shall terminate automatically in the event of its assignment.

7. The Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Fund's Declaration of Trust or other organizational document and agrees that the obligations assumed by the Fund pursuant to this Contract shall be limited in all cases to the Portfolio and its assets, and the Adviser shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio or any other Portfolios of the Fund. In addition, the Adviser shall not seek satisfaction of any such obligations from the Trustees or any individual Trustee. The Adviser understands that the rights and obligations of any Portfolio under the Declaration of Trust or other organizational document are separate and distinct from those of any and all other Portfolios.

8. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act, as now in effect or as hereafter amended, and subject to such orders as may be granted by the Securities and Exchange Commission.

IN WITNESS WHEREOF the parties have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY ADVISOR ANNUITY FUND

on behalf of Fidelity Advisor Annuity Government Investment Fund

By /s/ J. Gary Burkhead

Senior Vice President

FIDELITY MANAGEMENT & RESEARCH COMPANY  
By /s/ J. Gary Burkhead  
President

EXHIBIT 5(e)  
MANAGEMENT CONTRACT

between

FIDELITY ADVISOR ANNUITY FUND:  
FIDELITY ADVISOR ANNUITY HIGH YIELD FUND

and

FIDELITY MANAGEMENT & RESEARCH COMPANY

AGREEMENT made this 18th day of November 1994, by and between Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Fund"), on behalf of Fidelity Advisor Annuity High Yield Fund (hereinafter called the "Portfolio"), and Fidelity Management & Research Company, a Massachusetts corporation (hereinafter called the "Adviser").

1. (a) Investment Advisory Services. The Adviser undertakes to act as investment adviser of the Portfolio and shall, subject to the supervision of the Fund's Board of Trustees, direct the investments of the Portfolio in accordance with the investment objective, policies and limitations as provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 and rules thereunder, as amended from time to time (the "1940 Act"), and such other limitations as the Portfolio may impose by notice in writing to the Adviser. The Adviser shall also furnish for the use of the Portfolio office space and all necessary office facilities, equipment and personnel for servicing the investments of the Portfolio; and shall pay the salaries and fees of all officers of the Fund, of all Trustees of the Fund who are "interested persons" of the Fund or of the Adviser and of all personnel of the Fund or the Adviser performing services relating to research, statistical and investment activities. The Adviser is authorized, in its discretion and without prior consultation with the Portfolio, to buy, sell, lend and otherwise trade in any stocks, bonds and other securities and investment instruments on behalf of the Portfolio. The investment policies and all other actions of the Portfolio are and shall at all times be subject to the control and direction of the Fund's Board of Trustees.

(b) Management Services. The Adviser shall perform (or arrange for the performance by its affiliates of) the management and administrative services necessary for the operation of the Fund. The Adviser shall, subject to the supervision of the Board of Trustees, perform various services for the Portfolio, including but not limited to: (i) providing the Portfolio with office space, equipment and facilities (which may be its own) for maintaining its organization; (ii) on behalf of the Portfolio, supervising relations with, and monitoring the performance of, custodians, depositories, transfer and pricing agents, accountants, attorneys, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable; (iii) preparing all general shareholder communications, including shareholder reports; (iv) conducting shareholder relations; (v) maintaining the Fund's existence and its



records; (vi) during such times as shares are publicly offered, maintaining the registration and qualification of the Portfolio's shares under federal and state law; and (vii) investigating the development of and developing and implementing, if appropriate, management and shareholder services designed to enhance the value or convenience of the Portfolio as an investment vehicle.

The Adviser shall also furnish such reports, evaluations, information or analyses to the Fund as the Fund's Board of Trustees may request from time to time or as the Adviser may deem to be desirable. The Adviser shall make recommendations to the Fund's Board of Trustees with respect to Fund policies, and shall carry out such policies as are adopted by the Trustees. The Adviser shall, subject to review by the Board of Trustees, furnish such other services as the Adviser shall from time to time determine to be necessary or useful to perform its obligations under this Contract.

(c) The Adviser shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Adviser, which may include brokers or dealers affiliated with the Adviser. The Adviser shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or the other accounts over which the Adviser or its affiliates exercise investment discretion. The Adviser is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Adviser and its affiliates have with respect to accounts over which they exercise investment discretion. The Trustees of the Fund shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

The Adviser shall, in acting hereunder, be an independent contractor. The Adviser shall not be an agent of the Portfolio.

2. It is understood that the Trustees, officers and shareholders of the Fund are or may be or become interested in the Adviser as directors, officers or otherwise and that directors, officers and stockholders of the Adviser are or may be or become similarly interested in the Fund, and that the Adviser may be or become interested in the Fund as a shareholder or otherwise.

3. The Adviser will be compensated on the following basis for the services and facilities to be furnished hereunder. The Adviser shall receive a monthly management fee, payable monthly as soon as practicable after the last day of each month, composed of a Group Fee and an Individual Fund Fee.

(a) Group Fee Rate. The Group Fee Rate shall be based upon the monthly

average of the net assets of the registered investment companies having Advisory and Service or Management Contracts with the Adviser (computed in the manner set forth in the Fund's Declaration of Trust or other organizational document) determined as of the close of business on each business day throughout the month. The Group Fee Rate shall be determined on a cumulative basis pursuant to the following schedule:

Average Net Assets      Annualized Fee Rate (for each level)

0	-	\$ 3 billion	.3700%
3	-	6	.3400
6	-	9	.3100
9	-	12	.2800
12	-	15	.2500
15	-	18	.2200
18	-	21	.2000
21	-	24	.1900
24	-	30	.1800
30	-	36	.1750
36	-	42	.1700
42	-	48	.1650
48	-	66	.1600
66	-	84	.1550
84	-	120	.1500
120	-	156	.1450
156	-	192	.1400
192	-	228	.1350
228	-	264	.1300
264	-	300	.1275
300	-	336	.1250
336	-	372	.1225

(b) Individual Fund Fee Rate. The Individual Fund Fee Rate shall be .45%. The sum of the Group Fee Rate, calculated as described above to the nearest millionth, and the Individual Fund Fee Rate shall constitute the Annual Management Fee Rate. One-twelfth of the Annual Management Fee Rate shall be applied to the average of the net assets of the Portfolio (computed in the manner set forth in the Fund's Declaration of Trust or other organizational document) determined as of the close of business on each business day throughout the month.

(c) In case of termination of this Contract during any month, the fee for that month shall be reduced proportionately on the basis of the number of business days during which it is in effect, and the fee computed upon the average net assets for the business days it is so in effect for that month.

4. It is understood that the Portfolio will pay all its expenses, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Fund's Trustees other than those who are "interested persons" of the Fund or the Adviser; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Fund and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefor; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Adviser, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Fund's Trustees and officers with respect thereto.

5. The services of the Adviser to the Portfolio are not to be deemed exclusive, the Adviser being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Contract, interfere, in a material manner, with the Adviser's ability to meet all of its obligations with respect to rendering services to the Portfolio hereunder. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Adviser, the Adviser shall not be subject to liability to the Portfolio or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be

sustained in the purchase, holding or sale of any security.

6. (a) Subject to prior termination as provided in sub-paragraph (d) of this paragraph 6, this Contract shall continue in force until June 30, 1995 and indefinitely thereafter, but only so long as the continuance after such date shall be specifically approved at least annually by vote of the Trustees of the Fund or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Contract may be modified by mutual consent, such consent on the part of the Fund to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of sub-paragraphs (a) and (b) of this paragraph 6, the terms of any continuance or modification of this Contract must have been approved by the vote of a majority of those Trustees of the Fund who are not parties to the Contract or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either party hereto may, at any time on sixty (60) days' prior written notice to the other, terminate this Contract, without payment of any penalty, by action of its Trustees or Board of Directors, as the case may be, or with respect to the Portfolio by vote of a majority of the outstanding voting securities of the Portfolio. This Contract shall terminate automatically in the event of its assignment.

7. The Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Fund's Declaration of Trust or other organizational document and agrees that the obligations assumed by the Fund pursuant to this Contract shall be limited in all cases to the Portfolio and its assets, and the Adviser shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio or any other Portfolios of the Fund. In addition, the Adviser shall not seek satisfaction of any such obligations from the Trustees or any individual Trustee. The Adviser understands that the rights and obligations of any Portfolio under the Declaration of Trust or other organizational document are separate and distinct from those of any and all other Portfolios.

8. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act, as now in effect or as hereafter amended, and subject to such orders as may be granted by the Securities and Exchange Commission.

IN WITNESS WHEREOF the parties have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY ADVISOR ANNUITY FUND

on behalf of Fidelity Advisor Annuity High Yield Fund

By /s/ J. Gary Burkhead

Senior Vice President

FIDELITY MANAGEMENT & RESEARCH COMPANY  
By /s/ J. Gary Burkhead  
President

EXHIBIT 5(f)  
MANAGEMENT CONTRACT

between

FIDELITY ADVISOR ANNUITY FUND:

FIDELITY ADVISOR ANNUITY MONEY MARKET FUND

and

FIDELITY MANAGEMENT & RESEARCH COMPANY

AGREEMENT made this 18th day of November 1994, by and between Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Fund"), on behalf of Fidelity Advisor Annuity Money Market Fund (hereinafter called the "Portfolio"), and Fidelity Management & Research Company, a Massachusetts corporation (hereinafter called the "Adviser").

1. (a) Investment Advisory Services. The Adviser undertakes to act as investment adviser of the Portfolio and shall, subject to the supervision of the Fund's Board of Trustees, direct the investments of the Portfolio in accordance with the investment objective, policies and limitations as provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 and rules thereunder, as amended from time to time (the "1940 Act"), and such other limitations as the Portfolio may impose by notice in writing to the Adviser. The Adviser shall also furnish for the use of the Portfolio office space and all necessary office facilities, equipment and personnel for servicing the investments of the Portfolio; and shall pay the salaries and fees of all officers of the Fund, of all Trustees of the Fund who are "interested persons" of the Fund or of the Adviser and of all personnel of the Fund or the Adviser performing services relating to research, statistical and investment activities. The Adviser is authorized, in its discretion and without prior consultation with the Portfolio, to buy, sell, lend and otherwise trade in any stocks, bonds and other securities and investment instruments on behalf of the Portfolio. The investment policies and all other actions of the Portfolio are and shall at all times be subject to the control and direction of the Fund's Board of Trustees.

(b) Management Services. The Adviser shall perform (or arrange for the performance by its affiliates of) the management and administrative services necessary for the operation of the Fund. The Adviser shall, subject to the supervision of the Board of Trustees, perform various services for the Portfolio, including but not limited to: (i) providing the Portfolio with office space, equipment and facilities (which may be its own) for maintaining its organization; (ii) on behalf of the Portfolio, supervising relations with, and monitoring the performance of, custodians, depositories, transfer and pricing agents, accountants, attorneys, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable; (iii) preparing all general shareholder communications, including shareholder reports; (iv) conducting shareholder relations; (v) maintaining the Fund's existence and its

records; (vi) during such times as shares are publicly offered, maintaining the registration and qualification of the Portfolio's shares under federal and state law; and (vii) investigating the development of and developing and implementing, if appropriate, management and shareholder services designed to enhance the value or convenience of the Portfolio as an investment vehicle.

The Adviser shall also furnish such reports, evaluations, information or analyses to the Fund as the Fund's Board of Trustees may request from time to time or as the Adviser may deem to be desirable. The Adviser shall make recommendations to the Fund's Board of Trustees with respect to Fund policies, and shall carry out such policies as are adopted by the Trustees. The Adviser shall, subject to review by the Board of Trustees, furnish such other services as the Adviser shall from time to time determine to be necessary or useful to perform its obligations under this Contract.

(c) The Adviser shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Adviser, which may include brokers or dealers affiliated with the Adviser. The Adviser shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or the other accounts over which the Adviser or its affiliates exercise investment discretion. The Adviser is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Adviser and its affiliates have with respect to accounts over which they exercise investment discretion. The Trustees of the Fund shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

The Adviser shall, in acting hereunder, be an independent contractor. The Adviser shall not be an agent of the Portfolio.

2. It is understood that the Trustees, officers and shareholders of the Fund are or may be or become interested in the Adviser as directors, officers or otherwise and that directors, officers and stockholders of the Adviser are or may be or become similarly interested in the Fund, and that the Adviser may be or become interested in the Fund as a shareholder or otherwise.

3. The Adviser will be compensated on the following basis for the services and facilities to be furnished hereunder. The Adviser shall receive a monthly management fee, payable monthly as soon as practicable after the last day of each month, composed of a Group Fee, an Individual Fund Fee, and an Income Component.

(a) Group Fee Rate. The Group Fee Rate shall be based upon the monthly average of the net assets of the registered investment companies having Advisory and Service or Management Contracts with the Adviser (computed in the manner set forth in the fund's Declaration of Trust or other organizational document) determined as of the close of business on each business day throughout the month. The Group Fee Rate shall be determined on a cumulative basis pursuant to the following schedule:

Average Net Assets      Annualized Fee Rate (for each level)

0	-	\$ 3 billion	.3700%
3	-	6	.3400
6	-	9	.3100
9	-	12	.2800
12	-	15	.2500
15	-	18	.2200
18	-	21	.2000
21	-	24	.1900
24	-	30	.1800
30	-	36	.1750
36	-	42	.1700
42	-	48	.1650
48	-	66	.1600
66	-	84	.1550
84	-	120	.1500
120	-	156	.1450
156	-	192	.1400
192	-	228	.1350
228	-	264	.1300
264	-	300	.1275
300	-	336	.1250



336 - 372 .1225

Over 372 .1200

(b) Individual Fund Fee Rate. The Individual Fund Fee Rate shall be .03%. One-twelfth of the Group Fee Rate (calculated as described above to the nearest millionth) and of the Individual Fund Fee Rate shall be applied to the average net assets of the Portfolio (computed in the manner set forth in the Fund's Declaration of Trust or other organizational document) determined as of the close of business on each business day throughout the month to determine the Group Fee and the Individual Fee for such month.

(c) The Income Component. The Adviser shall receive a monthly payment computed on the basis of the Portfolio's gross income. With respect to that amount of the Portfolio's monthly gross income which is in excess of that amount which is equivalent to an annualized yield of 5%, the Adviser shall receive 6% of the amount of such excess. Gross income, for this purpose, includes interest accrued and/or discount earned (including both original issue discount and market discount) on portfolio obligations, less amortization of premium on portfolio obligations computed in accordance with generally accepted accounting practices. Annualized yield shall be determined by dividing the Portfolio's gross income for the month by average daily net assets of the Portfolio for the month and dividing the result by the number of days in the month over 365 days.

(Gross Income for the Month) (divided by) (Days in the Month)

(Average Daily Net Assets for the Month) (365 Days)

Notwithstanding the foregoing, in no event shall the Adviser be entitled to receive an income component for any month that is in excess of an amount equal to 0.24% of the Portfolio's average net assets for such month.

(d) In case of termination of this Contract during any month, the fee for that month shall be reduced proportionately on the basis of the number of business days during which it is in effect, and the fee computed upon the average net assets for the business days it is so in effect for that month.

4. It is understood that the Portfolio will pay all its expenses, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Fund's Trustees other than those who are "interested persons" of the Fund or the Adviser; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Fund and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefor; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Adviser, of 50% of insurance premiums for fidelity and other

coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Fund's Trustees and officers with respect thereto.

5. The services of the Adviser to the Portfolio are not to be deemed exclusive, the Adviser being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Contract, interfere, in a material manner, with the Adviser's ability to meet all of its obligations with respect to rendering services to the Portfolio hereunder. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Adviser, the Adviser shall not be subject to liability to the Portfolio or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

6. (a) Subject to prior termination as provided in sub-paragraph (d) of this paragraph 6, this Contract shall continue in force until May 31, 1995 and indefinitely thereafter, but only so long as the continuance after such date shall be specifically approved at least annually by vote of the Trustees of the Fund or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Contract may be modified by mutual consent, such consent on the part of the Fund to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of sub-paragraphs (a) and (b) of this paragraph 6, the terms of any continuance or modification of this Contract must have been approved by the vote of a majority of those Trustees of the Fund who are not parties to the Contract or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either party hereto may, at any time on sixty (60) days' prior written notice to the other, terminate this Contract, without payment of any penalty, by action of its Trustees or Board of Directors, as the case may be, or with respect to the Portfolio by vote of a majority of the outstanding voting securities of the Portfolio. This Contract shall terminate automatically in the event of its assignment.

7. The Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Fund's Declaration of Trust or other organizational document and agrees that the obligations assumed by the Fund pursuant to this Contract shall be limited in all cases to the Portfolio and its assets, and the Adviser shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio or any other Portfolios of the Fund. In addition, the Adviser shall not seek satisfaction of any such obligations from the Trustees or any individual Trustee. The Adviser understands that the rights and

obligations of any Portfolio under the Declaration of Trust or other organizational document are separate and distinct from those of any and all other Portfolios.

8. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act, as now in effect or as hereafter amended, and subject to such orders as may be granted by the Securities and Exchange Commission.

IN WITNESS WHEREOF the parties have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY ADVISOR ANNUITY FUND

on behalf of Fidelity Advisor Annuity Money Market Fund

By /s/ J. Gary Burkhead  
Senior Vice President

FIDELITY MANAGEMENT & RESEARCH COMPANY

By /s/ J. Gary Burkhead  
President

EXHIBIT 5(g)  
SUB-ADVISORY AGREEMENT  
between  
FMR TEXAS INC.  
and

FIDELITY MANAGEMENT & RESEARCH COMPANY

AGREEMENT made this 18th day of November, 1994, by and between FMR Texas Inc., a Texas corporation with principal offices at 400 East Las Colinas Boulevard, Irving, Texas (hereinafter called the "Sub-Adviser") and Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Adviser").

WHEREAS the Adviser has entered into a Management Contract with Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Fund"), on behalf of Fidelity Advisor Annuity Money Market Fund (hereinafter called the "Portfolio"), pursuant to which the Adviser is to act as investment manager and adviser to the Portfolio, and

WHEREAS the Sub-Adviser was formed for the purpose of providing investment management of money market mutual funds, both taxable and tax-exempt, advising generally with respect to money market instruments, and managing or providing advice with respect to cash management.

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Adviser and the Sub-Adviser agree as follows:

1. (a) The Sub-Adviser shall, subject to the supervision of the Adviser, direct the investments of the Portfolio in accordance with the investment objective, policies and limitations as provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 and rules thereunder, as amended from time to time (the "1940 Act"), and such other limitations as the Portfolio may impose by notice in writing to the Adviser or Sub-Adviser. The Sub-Adviser shall also furnish for the use of the Portfolio office space and all necessary office facilities, equipment and personnel for servicing the investments of the Portfolio; and shall pay the salaries and fees of all personnel of the Sub-Adviser performing services for the Portfolio relating to research, statistical and investment activities. The Sub-Adviser is authorized, in its discretion and without prior consultation with the Portfolio or the Adviser, to buy, sell, lend and otherwise trade in any stocks, bonds and other securities and investment instruments on behalf of the Portfolio. The investment policies and all other actions of the Portfolio are and shall at all times be subject to the control and direction of the Fund's Board of Trustees.

(b) The Sub-Adviser shall also furnish such reports, evaluations, information or analyses to the Fund and the Adviser as the Fund's Board of Trustees or the Adviser may request from time to time or as the Sub-Adviser may deem to be desirable. The Sub-Adviser shall make recommendations to the Fund's Board of Trustees with respect to Portfolio policies, and shall

carry out such policies as are adopted by the Trustees. The Sub-Adviser shall, subject to review by the Board of Trustees, furnish such other services as the Sub-Adviser shall from time to time determine to be necessary or useful to perform its obligations under this Agreement and which are not otherwise furnished by the Adviser.

(c) The Sub-Adviser shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Adviser, which may include brokers or dealers affiliated with the Adviser or Sub-Adviser. The Sub-Adviser shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or the other accounts over which the Sub-Adviser, Adviser or their affiliates exercise investment discretion. The Sub-Adviser is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Adviser and its affiliates have with respect to accounts over which they exercise investment discretion. The Trustees of the Fund shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

2. The Sub-Adviser will be compensated by the Adviser on the following basis for the services to be furnished hereunder: the Adviser agrees to pay the Sub-Adviser a monthly fee equal to 50% of the management fee which the Portfolio is obligated to pay the Adviser under the Portfolio's Management Contract with the Adviser. Such fee shall not be reduced to reflect expense reimbursements or fee waivers by the Adviser, if any, in effect from time to time.

3. It is understood that Trustees, officers, and shareholders of the Fund are or may be or become interested in the Adviser or the Sub-Adviser as directors, officers or otherwise and that directors, officers and stockholders of the Adviser or the Sub-Adviser are or may be or become similarly interested in the Fund, and that the Adviser or the Sub-Adviser may be or become interested in the Fund as a shareholder or otherwise.

4. It is understood that the Portfolio will pay all its expenses other than those expressly stated to be payable by the Sub-Adviser hereunder or by the Adviser under the Management Contract with the Portfolio, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Fund's Trustees other than those who are "interested persons" of the Fund, the Sub-Adviser or the

Adviser; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Fund and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefor; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Adviser, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Fund's Trustees and officers with respect thereto.

5. The Services of the Sub-Adviser to the Adviser are not to be deemed to be exclusive, the Sub-Adviser being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Adviser's ability to meet all of its obligations with respect to rendering investment advice hereunder. The Sub-Adviser shall for all purposes be an independent contractor and not an agent or employee of the Adviser or the Fund. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Adviser, the Sub-Adviser shall not be subject to liability to the Adviser, the Fund or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

6. (a) Subject to prior termination as provided in sub-paragraph (d) of this paragraph 6, this Agreement shall continue in force until May 30, 1995 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the Fund's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Adviser, the Sub-Adviser and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of sub-paragraphs (a) and (b) of this paragraph 6, the terms of any continuance or modification of the Agreement must have been approved by the vote of a majority of those Trustees of the Fund who are not parties to such Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Adviser, the Sub-Adviser or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate

this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

7. The Sub-Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Fund and agrees that any obligations of the Fund or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Adviser shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Adviser seek satisfaction of any such obligation from the Trustees or any individual Trustee.

8. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS, WITHOUT GIVING EFFECT TO THE CHOICE OF LAWS PROVISIONS THEREOF.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FMR TEXAS INC.

By /s/ Stephen Jonas

Treasurer

FIDELITY MANAGEMENT & RESEARCH COMPANY

By /s/ J. Gary Burkhead

President

LG912940.008

EXHIBIT 5 (h)  
SUB-ADVISORY AGREEMENT  
BETWEEN  
FIDELITY MANAGEMENT & RESEARCH COMPANY  
AND  
FIDELITY MANAGEMENT & RESEARCH (U.K.) INC.  
AND  
FIDELITY ANNUITY ADVISOR FUND ON BEHALF OF  
FIDELITY ADVISOR ANNUITY HIGH YIELD FUND

AGREEMENT made this 18th day of November, 1994, by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity Management & Research (U.K.) Inc. (hereinafter called the "Sub-Advisor"); and Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Fidelity Advisor Annuity High Yield Fund (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor, the Sub-Advisor shall, subject to the supervision of the Advisor, manage



all or a portion of the investments of the Portfolio in accordance with the investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) **SUBSIDIARIES AND AFFILIATES:** The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. **Information to be Provided to the Trust and the Advisor:** The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. **Brokerage:** In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Advisor determines in good faith that

such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to 110% of the Sub-Advisor's costs incurred in connection with rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers or reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph (1) for the same portion of the investments of the Portfolio for the same period, the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the

Portfolio, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefore; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until June 30, 1995 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the

Trust's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY MANAGEMENT & RESEARCH (U.K.) INC.

BY: /s/ Stephen Jonas

Title

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

Title

FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF

FIDELITY ADVISOR ANNUITY HIGH YIELD FUND

BY: /s/ J. Gary Burkhead

Title

EXHIBIT 5(i)  
SUB-ADVISORY AGREEMENT  
BETWEEN  
FIDELITY MANAGEMENT & RESEARCH COMPANY  
AND  
FIDELITY MANAGEMENT & RESEARCH (U.K.) INC.  
AND  
FIDELITY ANNUITY ADVISOR FUND ON BEHALF OF  
FIDELITY ADVISOR ANNUITY GROWTH OPPORTUNITIES FUND

AGREEMENT made this 18th day of November, 1994, by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity Management & Research (U.K.) Inc. (hereinafter called the "Sub-Advisor"); and Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Fidelity Advisor Annuity Growth Opportunities Fund (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor, the Sub-Advisor shall, subject to the supervision of the Advisor, manage

all or a portion of the investments of the Portfolio in accordance with the investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) **SUBSIDIARIES AND AFFILIATES:** The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. **Information to be Provided to the Trust and the Advisor:** The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. **Brokerage:** In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Advisor determines in good faith that

such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to 110% of the Sub-Advisor's costs incurred in connection with rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers or reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph (1) for the same portion of the investments of the Portfolio for the same period, the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the

Portfolio, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefore; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until July 31, 1995 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the



Trust's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY MANAGEMENT & RESEARCH (U.K.) INC.

BY: /s/ Stephen Jonas

Title

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

Title

FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF

FIDELITY ADVISOR ANNUITY GROWTH OPPORTUNITIES FUND

BY: /s/ J. Gary Burkhead

Title

EXHIBIT 5(j)  
SUB-ADVISORY AGREEMENT  
BETWEEN  
FIDELITY MANAGEMENT & RESEARCH COMPANY  
AND  
FIDELITY MANAGEMENT & RESEARCH (U.K.) INC.  
AND  
FIDELITY ANNUITY ADVISOR FUND ON BEHALF OF  
FIDELITY ADVISOR ANNUITY INCOME & GROWTH FUND

AGREEMENT made this 18th day of November, 1994, by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity Management & Research (U.K.) Inc. (hereinafter called the "Sub-Advisor"); and Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Fidelity Advisor Annuity Income & Growth Fund (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor, the Sub-Advisor shall, subject to the supervision of the Advisor, manage

all or a portion of the investments of the Portfolio in accordance with the investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) **SUBSIDIARIES AND AFFILIATES:** The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. **Information to be Provided to the Trust and the Advisor:** The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. **Brokerage:** In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Advisor determines in good faith that

such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to 110% of the Sub-Advisor's costs incurred in connection with rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers or reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph (1) for the same portion of the investments of the Portfolio for the same period, the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the

Portfolio, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefore; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until July 31, 1995 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the

Trust's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY MANAGEMENT & RESEARCH (U.K.) INC.

BY: /s/ Stephen Jonas

Title

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

Title

FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF

FIDELITY ADVISOR ANNUITY INCOME & GROWTH FUND

BY: /s/ J. Gary Burkhead

Title

EXHIBIT 5(k)  
SUB-ADVISORY AGREEMENT  
BETWEEN  
FIDELITY MANAGEMENT & RESEARCH COMPANY  
AND  
FIDELITY MANAGEMENT & RESEARCH (U.K.) INC.  
AND  
FIDELITY ANNUITY ADVISOR FUND ON BEHALF OF  
FIDELITY ADVISOR ANNUITY OVERSEAS FUND

AGREEMENT made this 18th day of November, 1994, by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity Management & Research (U.K.) Inc. (hereinafter called the "Sub-Advisor"); and Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Fidelity Advisor Annuity Overseas Fund (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor, the Sub-Advisor shall, subject to the supervision of the Advisor, manage

all or a portion of the investments of the Portfolio in accordance with the investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) SUBSIDIARIES AND AFFILIATES: The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. Information to be Provided to the Trust and the Advisor: The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. Brokerage: In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Advisor determines in good faith that



such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to 110% of the Sub-Advisor's costs incurred in connection with rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers or reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph (1) for the same portion of the investments of the Portfolio for the same period, the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the

Portfolio, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefore; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until July 31, 1995 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the

Trust's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY MANAGEMENT & RESEARCH (U.K.) INC.

BY: /s/ Stephen Jonas

Title

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

Title

FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF

FIDELITY ADVISOR ANNUITY OVERSEAS FUND

BY: /s/ J. Gary Burkhead

Title

EXHIBIT 5(1)  
SUB-ADVISORY AGREEMENT  
BETWEEN  
FIDELITY MANAGEMENT & RESEARCH COMPANY  
AND  
FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC.  
AND  
FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF  
FIDELITY ADVISOR ANNUITY HIGH YIELD FUND

AGREEMENT made this 18th day of November, 1994, by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity Management & Research (Far East) Inc. (hereinafter called the "Sub-Advisor"); and Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Fidelity Advisor Annuity High Yield Fund (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor, the Sub-Advisor shall, subject to the supervision of the Advisor, manage

all or a portion of the investments of the Portfolio in accordance with the investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money, or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) **SUBSIDIARIES AND AFFILIATES:** The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. **Information to be Provided to the Trust and the Advisor:** The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. **Brokerage:** In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Advisor determines in good faith that

such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to 105% of the Sub-Advisor's costs incurred in connection with rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers and reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph 1 for the same portion of the investments of the Portfolio for the same period, the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the

Portfolio, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefore; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until June 30, 1995 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the

Trust's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC.

BY: /s/ Stephen Jonas

Title

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

Title

FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF

FIDELITY ADVISOR ANNUITY HIGH YIELD FUND

BY: /s/ J. Gary Burkhead

Title



EXHIBIT 5 (m)  
SUB-ADVISORY AGREEMENT  
BETWEEN  
FIDELITY MANAGEMENT & RESEARCH COMPANY  
AND  
FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC.  
AND  
FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF  
FIDELITY ADVISOR ANNUITY GROWTH OPPORTUNITIES FUND

AGREEMENT made this 18th day of November, 1994, by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity Management & Research (Far East) Inc. (hereinafter called the "Sub-Advisor"); and Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Fidelity Advisor Annuity Growth Opportunities Fund (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor, the Sub-Advisor shall, subject to the supervision of the Advisor, manage

all or a portion of the investments of the Portfolio in accordance with the investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money, or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) SUBSIDIARIES AND AFFILIATES: The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. Information to be Provided to the Trust and the Advisor: The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. Brokerage: In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Advisor determines in good faith that

such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to 105% of the Sub-Advisor's costs incurred in connection with rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers and reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph 1 for the same portion of the investments of the Portfolio for the same period, the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the

Portfolio, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefore; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until July 31, 1995 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the

Trust's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC.

BY: /s/ Stephen Jonas

Title

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

Title

FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF

FIDELITY ADVISOR ANNUITY GROWTH OPPORTUNITIES FUND

BY: /s/ J. Gary Burkhead

Title

EXHIBIT 5(n)  
SUB-ADVISORY AGREEMENT  
BETWEEN  
FIDELITY MANAGEMENT & RESEARCH COMPANY  
AND  
FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC.  
AND  
FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF  
FIDELITY ADVISOR ANNUITY INCOME & GROWTH FUND

AGREEMENT made this 18th day of November, 1994, by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity Management & Research (Far East) Inc. (hereinafter called the "Sub-Advisor"); and Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Fidelity Advisor Annuity Income & Growth Fund (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor, the Sub-Advisor shall, subject to the supervision of the Advisor, manage

all or a portion of the investments of the Portfolio in accordance with the investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money, or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) SUBSIDIARIES AND AFFILIATES: The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. Information to be Provided to the Trust and the Advisor: The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. Brokerage: In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Advisor determines in good faith that

such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to 105% of the Sub-Advisor's costs incurred in connection with rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers and reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph 1 for the same portion of the investments of the Portfolio for the same period, the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the



Portfolio, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefore; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until July 31, 1995 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the

Trust's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC.

BY: /s/ Stephen Jonas

Title

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

Title

FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF

FIDELITY ADVISOR ANNUITY INCOME & GROWTH FUND

BY: /s/ J. Gary Burkhead

Title

EXHIBIT 5 (o)  
SUB-ADVISORY AGREEMENT  
BETWEEN  
FIDELITY MANAGEMENT & RESEARCH COMPANY  
AND  
FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC.  
AND  
FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF  
FIDELITY ADVISOR ANNUITY OVERSEAS FUND

AGREEMENT made this 18th day of November, 1994, by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity Management & Research (Far East) Inc. (hereinafter called the "Sub-Advisor"); and Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Fidelity Advisor Annuity Overseas Fund (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor, the Sub-Advisor shall, subject to the supervision of the Advisor, manage

all or a portion of the investments of the Portfolio in accordance with the investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money, or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) **SUBSIDIARIES AND AFFILIATES:** The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. **Information to be Provided to the Trust and the Advisor:** The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. **Brokerage:** In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Advisor determines in good faith that

such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to 105% of the Sub-Advisor's costs incurred in connection with rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers and reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph 1 for the same portion of the investments of the Portfolio for the same period, the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the

Portfolio, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefore; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until July 31, 1995 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the

Trust's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC.

BY: /s/ Stephen Jonas

Title

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

Title

FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF

FIDELITY ADVISOR ANNUITY OVERSEAS FUND

BY: /s/ J. Gary Burkhead

Title

EXHIBIT 5 (p)  
SUB-ADVISORY AGREEMENT  
BETWEEN  
FIDELITY INTERNATIONAL INVESTMENT ADVISORS  
AND  
FIDELITY MANAGEMENT & RESEARCH COMPANY  
AND  
FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF  
FIDELITY ADVISOR ANNUITY OVERSEAS FUND

AGREEMENT made this 18th day of November, 1994 by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity International Investment Advisors, a Bermuda company with principal offices at Pembroke Hall, Pembroke, Bermuda (hereinafter called the "Sub-Advisor"); and Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Fidelity Advisor Annuity Overseas Fund (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor,



the Sub-Advisor shall, subject to the supervision of the Advisor, manage all or a portion of the investments of the Portfolio in accordance with the investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money, or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) SUBSIDIARIES AND AFFILIATES: The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. Information to be Provided to the Trust and the Advisor: The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. Brokerage: In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for

effecting that transaction if the Sub-Advisor determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to: (i) 30% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment advice divided by the net assets of the Portfolio for that month. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers and reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph 1 for the same portion of the investments of the Portfolio for the same period,

the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the Portfolio, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefor; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until July 31, 1995 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the Trust's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY INTERNATIONAL INVESTMENT ADVISORS

BY: /s/ Anthony Bolton

Director

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

President

FIDELITY ADVISOR ANNUITY FUND ON BEHALF OF

FIDELITY ADVISOR ANNUITY OVERSEAS FUND

BY: /s/ J. Gary Burkhead

Senior Vice President

EXHIBIT 5 (q)

SUB-ADVISORY AGREEMENT

BETWEEN

FIDELITY INTERNATIONAL INVESTMENT ADVISORS (U.K.) LIMITED

AND

FIDELITY INTERNATIONAL INVESTMENT ADVISORS

AGREEMENT made this 18th day of November, 1994, by and between Fidelity International Investment Advisors (U.K.) Limited, 27-28 Lovat Lane, London, England (hereinafter called the "U.K. Sub-Advisor") and Fidelity International Investment Advisors, a Bermuda company with principal offices at Pembroke Hall, Pembroke, Bermuda (hereinafter called the "Sub-Advisor").

WHEREAS Fidelity Management & Research Company, a Massachusetts corporation (hereinafter called the "Advisor"), has entered into a Management Contract with Fidelity Advisor Annuity Fund, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust"), on behalf of Fidelity Advisor Annuity Overseas Fund (hereinafter called the "Portfolio"), pursuant to which the Advisor is act as investment advisor to the Portfolio, and

WHEREAS, the Sub-Advisor has entered into a Sub-Advisory Agreement with the Advisor (the "Sub-Advisory Agreement") pursuant to which the Sub-Advisor, directly or through certain of its subsidiaries or other affiliated persons, shall provide investment advice or investment management and order execution services to the Portfolio, and

WHEREAS the U.K. Sub-Advisor has personnel in Western Europe and has been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located outside of North America, principally in the U.K. and Europe.

NOW THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Sub-Advisor and the U.K. Sub-Advisor agree as follows:

1. Duties: The Sub-Advisor may, in its discretion, appoint the U.K. Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio, in connection with the Sub-Advisor's duties under the Sub-Advisory Agreement. The services and the portion of the investments of the Portfolio advised or managed by the U.K. Sub-Advisor shall be as agreed upon from time to time by the Sub-Advisor and the U.K. Sub-Advisor. The U.K. Sub-Advisor shall pay the salaries and fees of all personnel of the U.K. Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Sub-Advisor, the U.K. Sub-Advisor shall provide investment advice to the Sub-Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Sub-Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral

reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Sub-Advisor, the U.K. Sub-Advisor shall manage all or a portion of the investments of the Portfolio in accordance with the investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the U.K. Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the U.K. Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the U.K. Sub-Advisor may select. The U.K. Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money or lending securities on behalf of the Portfolio. All investment management and any other activities of the U.K. Sub-Advisor shall at all times be subject to the control and direction of the Sub-Advisor, the Advisor and the Trust's Board of Trustees.

2. Information to be Provided to the Trust and the Advisor: The U.K. Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust, the Advisor, and the Sub-Advisor as the Trust's Board of Trustees, the Advisor or the Sub-Advisor may reasonably request from time to time, or as the U.K. Sub-Advisor may deem to be desirable.

3. Brokerage: In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the U.K. Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the U.K. Sub-Advisor, which may include brokers or dealers affiliated with the Advisor, Sub-Advisor or U.K. Sub-Advisor. The U.K. Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the U.K. Sub-Advisor, the Sub-Advisor or Advisor exercise investment discretion. The U.K. Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the U.K. Sub-Advisor determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the U.K. Sub-Advisor and the

Sub-Advisor have with respect to accounts over which they exercise investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Sub-Advisor shall compensate the U.K. Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Sub-Advisor agrees to pay the U.K. Sub-Advisor a monthly U.K. Sub-Advisory Fee. The U.K. Sub-Advisory Fee shall be equal to 110% of the U.K. Sub-Advisor's costs incurred in connection rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The U.K. Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Sub-Advisor or Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor agrees to pay the U.K. Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to 110% of the U.K. Sub-Advisor's costs incurred in connection rendering the services referred to in subparagraph (b) of paragraph 1 of this Agreement. The U.K. Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Sub-Advisor or Advisor, if any, in effect from time to time.

(c) PROVISION OF MULTIPLE SERVICES: If the U.K. Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph 1 for the same portion of the investments of the Portfolio for the same period, the fees paid to the U.K. Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the U.K. Sub-Advisor hereunder, by the Sub-Advisor under the Sub-Advisory Agreement or by the Advisor under the Management Contract with the Portfolio.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor, the Sub-Advisor or the U.K. Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor, the Sub-Advisor or the U.K. Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor, the Sub-Advisor or the U.K. Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The Services of the U.K. Sub-Advisor to the Sub-Advisor are not to be deemed to be exclusive, the U.K. Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the U.K. Sub-Advisor's ability to meet all of its obligations hereunder. The U.K. Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor, the Sub-Advisor or the Trust.



8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the U.K. Sub-Advisor, the U.K. Sub-Advisor shall not be subject to liability to the Sub-Advisor, the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until July 31, 1995 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the Trust's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the U.K. Sub-Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor, the U.K. Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The U.K. Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the U.K. Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the U.K. Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of

the date written above.

FIDELITY INTERNATIONAL INVESTMENT ADVISORS (U.K.) LIMITED

BY: /s/Anthony Bolton

Anthony Bolton

Director

FIDELITY INTERNATIONAL INVESTMENT ADVISORS

BY: /s/Anthony Bolton

Anthony Bolton

Director

EXHIBIT 6(a)  
GENERAL DISTRIBUTION AGREEMENT

between

FIDELITY ADVISOR ANNUITY FUND

and

FIDELITY DISTRIBUTORS CORPORATION

Agreement made this 18th day of November, 1994, between Fidelity Advisor Annuity Fund, a Massachusetts business trust having its principal place of business in Boston, Massachusetts and which may issue one or more series of beneficial interest ("Issuer"), with respect to shares of Fidelity Advisor Annuity Overseas Fund, a series of the Issuer, and Fidelity Distributors Corporation, a Massachusetts corporation having its principal place of business in Boston, Massachusetts ("Distributors").

In consideration of the mutual promises and undertakings herein contained, the parties agree as follows:

1. Sale of Shares - The Issuer grants to Distributors the right to sell shares on behalf of the Issuer during the term of this Agreement and subject to the registration requirements of the Securities Act of 1933, as amended ("1933 Act"), and of the laws governing the sale of securities in the various states ("Blue Sky Laws") under the following terms and conditions: Distributors (i) shall have the right to sell, as agent on behalf of the Issuer, shares authorized for issue and registered under the 1933 Act, and (ii) may sell shares under offers of exchange, if available, between and among the funds advised by Fidelity Management & Research Company ("FMR").
2. Sale of Shares by the Issuer - The rights granted to Distributors shall be nonexclusive in that the Issuer reserves the right to sell its shares to investors on applications received and accepted by the Issuer. Further, the Issuer reserves the right to issue shares in connection with the merger or consolidation, or acquisition by the Issuer through purchase or otherwise, with any other investment company, trust, or personal holding company.
3. Shares Covered by this Agreement - This Agreement shall apply to unissued shares of the Issuer, shares of the Issuer held in its treasury in the event that in the discretion of the Issuer treasury shares shall be sold, and shares of the Issuer repurchased for resale.
4. Public Offering Price - Except as otherwise noted in the Issuer's current Prospectus and/or Statement of Additional Information, all shares sold to investors by Distributors or the Issuer will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per share, as determined in the manner described in the Issuer's current Prospectus and/or Statement of Additional Information, plus a sales charge (if any) described in the Issuer's current Prospectus and/or Statement of Additional Information. The Issuer shall in all cases receive the net asset value per share on all sales. If a sales charge is in effect, Distributors shall have the right subject to such

rules or regulations of the Securities and Exchange Commission as may then be in effect pursuant to Section 22 of the Investment Company Act of 1940 to pay a portion of the sales charge to dealers who have sold shares of the Issuer. If a fee in connection with shareholder redemptions is in effect, the Issuer shall collect the fee on behalf of Distributors and, unless otherwise agreed upon by the Issuer and Distributors, Distributors shall be entitled to receive all of such fees.

5. Suspension of Sales - If and whenever the determination of net asset value is suspended and until such suspension is terminated, no further orders for shares shall be processed by Distributors except such unconditional orders as may have been placed with Distributors before it had knowledge of the suspension. In addition, the Issuer reserves the right to suspend sales and Distributors' authority to process orders for shares on behalf of the Issuer if, in the judgment of the Issuer, it is in the best interests of the Issuer to do so. Suspension will continue for such period as may be determined by the Issuer.

6. Solicitation of Sales - In consideration of these rights granted to Distributors, Distributors agrees to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the Issuer. This shall not prevent Distributors from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers. This does not obligate Distributors to register as a broker or dealer under the Blue Sky Laws of any jurisdiction in which it is not now registered or to maintain its registration in any jurisdiction in which it is now registered. If a sales charge is in effect, Distributors shall have the right to enter into sales agreements with dealers of its choice for the sale of shares of the Issuer to the public at the public offering price only and fix in such agreements the portion of the sales charge which may be retained by dealers, provided that the Issuer shall approve the form of the dealer agreement and the dealer discounts set forth therein and shall evidence such approval by filing said form of dealer agreement and amendments thereto as an exhibit to its currently effective Registration Statement under the 1933 Act.

7. Authorized Representations - Distributors is not authorized by the Issuer to give any information or to make any representations other than those contained in the appropriate registration statements or Prospectuses and Statements of Additional Information filed with the Securities and Exchange Commission under the 1933 Act (as these registration statements, Prospectuses and Statements of Additional Information may be amended from time to time), or contained in shareholder reports or other material that may be prepared by or on behalf of the Issuer for Distributors' use. This shall not be construed to prevent Distributors from preparing and distributing sales literature or other material as it may deem appropriate.

8. Portfolio Securities - Portfolio securities of the Issuer may be bought or sold by or through Distributors, and Distributors may participate directly or indirectly in brokerage commissions or "spreads" for transactions in portfolio securities of the Issuer.

9. Registration of Shares - The Issuer agrees that it will take all action necessary to register shares under the 1933 Act (subject to the necessary approval of its shareholders) so that there will be available for sale the number of shares Distributors may reasonably be expected to sell. The

Issuer shall make available to Distributors such number of copies of its currently effective Prospectus and Statement of Additional Information as Distributors may reasonably request. The Issuer shall furnish to Distributors copies of all information, financial statements and other papers which Distributors may reasonably request for use in connection with the distribution of shares of the Issuer.

10. Expenses - The Issuer shall pay all fees and expenses (a) in connection with the preparation, setting in type and filing of any registration statement, Prospectus and Statement of Additional Information under the 1933 Act and amendments for the issue of its shares, (b) in connection with the registration and qualification of shares for sale in the various states in which the Board of Trustees of the Issuer shall determine it advisable to qualify such shares for sale (including registering the Issuer as a broker or dealer or any officer of the Issuer as agent or salesman in any state), (c) of preparing, setting in type, printing and mailing any report or other communication to shareholders of the Issuer in their capacity as such, and (d) of preparing, setting in type, printing and mailing Prospectuses, Statements of Additional Information and any supplements thereto sent to existing shareholders.

As provided in the Distribution and Service Plan adopted by the Issuer, it is recognized by the Issuer that FMR may reimburse Distributors for any direct expenses incurred in the distribution of shares of the Issuer from any source available to it, including advisory and service or management fees paid to it by the Issuer.

11. Indemnification - The Issuer agrees to indemnify and hold harmless Distributors and each of its directors and officers and each person, if any, who controls Distributors within the meaning of Section 15 of the 1933 Act against any loss, liability, claim, damages or expense (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damages, or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the ground that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading under the 1933 Act, or any other statute or the common law. However, the Issuer does not agree to indemnify Distributors or hold it harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of the Issuer in favor of Distributors or any person indemnified to be deemed to protect Distributors or any person against any liability to the Issuer or its security holders to which Distributors or such person would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Issuer to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against Distributors or any person indemnified unless Distributors or person, as the case may be, shall have notified the Issuer in writing of the claim within a reasonable

time after the summons or other first written notification giving information of the nature of the claim shall have been served upon Distributors or any such person (or after Distributors or such person shall have received notice of service on any designated agent). However, failure to notify the Issuer of any claim shall not relieve the Issuer from any liability which it may have to Distributors or any person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Issuer shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, but if the Issuer elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to Distributors or person or persons, defendant or defendants in the suit. In the event the Issuer elects to assume the defense of any suit and retain counsel, Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them. If the Issuer does not elect to assume the defense of any suit, it will reimburse Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Issuer agrees to notify Distributors promptly of the commencement of any litigation or proceedings against it or any of its officers or trustees in connection with the issuance or sale of any of the shares.

Distributors also covenants and agrees that it will indemnify and hold harmless the Issuer and each of its Board members and officers and each person, if any, who controls the Issuer within the meaning of Section 15 of the 1933 Act, against any loss, liability, damages, claim or expense (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claim or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the 1933 Act or any other statute or common law, alleging any wrongful act of Distributors or any of its employees or alleging that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of Distributors in favor of the Issuer or any person indemnified to be deemed to protect the Issuer or any person against any liability to which the Issuer or such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is Distributors to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Issuer or any person indemnified unless the Issuer or person, as the case may be, shall have notified Distributors in writing of the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Issuer or any such

person (or after the Issuer or such person shall have received notice of service on any designated agent). However, failure to notify Distributors of any claim shall not relieve Distributors from any liability which it may have to the Issuer or any person against whom the action is brought otherwise than on account of its indemnity agreement contained in this paragraph. In the case of any notice to Distributors, it shall be entitled to participate, at its own expense, in the defense or, if it so elects, to assume the defense of any suit brought to enforce the claim, but if Distributors elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Issuer, to its officers and Board and to any controlling person or persons, defendant or defendants in the suit. In the event that Distributors elects to assume the defense of any suit and retain counsel, the Issuer or controlling persons, defendant or defendants in the suit, shall bear the fees and expense of any additional counsel retained by them. If Distributors does not elect to assume the defense of any suit, it will reimburse the Issuer, officers and Board or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. Distributors agrees to notify the Issuer promptly of the commencement of any litigation or proceedings against it in connection with the issue and sale of any of the shares.

12. Effective Date - This agreement shall be effective upon its execution, and unless terminated as provided, shall continue in force until January 31, 1995 and thereafter from year to year, provided continuance is approved annually by the vote of a majority of the Board members of the Issuer, and by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and, if a plan under Rule 12b-1 under the Investment Company Act of 1940 is in effect, by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and who are not parties to the Distribution and Service Plan or this Agreement and have no financial interest in the operation of the Distribution and Service Plan or in any agreements related to the Distribution and Service Plan, cast in person at a meeting called for the purpose of voting on the approval. This Agreement shall automatically terminate in the event of its assignment. As used in this paragraph, the terms "assignment" and "interested persons" shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended. In addition to termination by failure to approve continuance or by assignment, this Agreement may at any time be terminated by either party upon not less than sixty days' prior written notice to the other party.

13. Notice - Any notice required or permitted to be given by either party to the other shall be deemed sufficient if sent by registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at the last address furnished by the other party to the party giving notice: if to the Issuer, at 82 Devonshire Street, Boston, Massachusetts, and if to Distributors, at 82 Devonshire Street, Boston, Massachusetts.

14. Limitation of Liability - Distributors is expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Issuer and agrees that the obligations assumed by the Issuer under this contract shall be limited in all cases to the Issuer and its assets. Distributors shall not seek

satisfaction of any such obligation from the shareholders or any shareholder of the Issuer. Nor shall Distributors seek satisfaction of any such obligation from the Trustees or any individual Trustee of the Issuer. Distributors understands that the rights and obligations of each series of shares of the Issuer under the Issuer's Declaration of Trust or other organizational document are separate and distinct from those of any and all other series.

15. This agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

IN WITNESS WHEREOF, the Issuer has executed this instrument in its name and behalf, and its seal affixed, by one of its officers duly authorized, and Distributors has executed this instrument in its name and behalf by one of its officers duly authorized, as of the day and year first above written.

FIDELITY ADVISOR ANNUITY FUND

By /s/ J. Gary Burkhead

FIDELITY DISTRIBUTORS CORPORATION

By /s/ Kurt A. Lange



EXHIBIT 6(b)  
GENERAL DISTRIBUTION AGREEMENT

between

FIDELITY ADVISOR ANNUITY FUND

and

FIDELITY DISTRIBUTORS CORPORATION

Agreement made this 18th day of November, 1994, between Fidelity Advisor Annuity Fund, a Massachusetts business trust having its principal place of business in Boston, Massachusetts and which may issue one or more series of beneficial interest ("Issuer"), with respect to shares of Fidelity Advisor Annuity Growth Opportunities Fund, a series of the Issuer, and Fidelity Distributors Corporation, a Massachusetts corporation having its principal place of business in Boston, Massachusetts ("Distributors").

In consideration of the mutual promises and undertakings herein contained, the parties agree as follows:

1. Sale of Shares - The Issuer grants to Distributors the right to sell shares on behalf of the Issuer during the term of this Agreement and subject to the registration requirements of the Securities Act of 1933, as amended ("1933 Act"), and of the laws governing the sale of securities in the various states ("Blue Sky Laws") under the following terms and conditions: Distributors (i) shall have the right to sell, as agent on behalf of the Issuer, shares authorized for issue and registered under the 1933 Act, and (ii) may sell shares under offers of exchange, if available, between and among the funds advised by Fidelity Management & Research Company ("FMR").
2. Sale of Shares by the Issuer - The rights granted to Distributors shall be nonexclusive in that the Issuer reserves the right to sell its shares to investors on applications received and accepted by the Issuer. Further, the Issuer reserves the right to issue shares in connection with the merger or consolidation, or acquisition by the Issuer through purchase or otherwise, with any other investment company, trust, or personal holding company.
3. Shares Covered by this Agreement - This Agreement shall apply to unissued shares of the Issuer, shares of the Issuer held in its treasury in the event that in the discretion of the Issuer treasury shares shall be sold, and shares of the Issuer repurchased for resale.
4. Public Offering Price - Except as otherwise noted in the Issuer's current Prospectus and/or Statement of Additional Information, all shares sold to investors by Distributors or the Issuer will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per share, as determined in the manner described in the Issuer's current Prospectus and/or Statement of Additional Information, plus a sales charge (if any) described in the Issuer's current Prospectus and/or Statement of Additional Information. The Issuer shall in all cases receive the net asset value per share on all sales. If a sales charge is in effect, Distributors shall have the right subject to such

rules or regulations of the Securities and Exchange Commission as may then be in effect pursuant to Section 22 of the Investment Company Act of 1940 to pay a portion of the sales charge to dealers who have sold shares of the Issuer. If a fee in connection with shareholder redemptions is in effect, the Issuer shall collect the fee on behalf of Distributors and, unless otherwise agreed upon by the Issuer and Distributors, Distributors shall be entitled to receive all of such fees.

5. Suspension of Sales - If and whenever the determination of net asset value is suspended and until such suspension is terminated, no further orders for shares shall be processed by Distributors except such unconditional orders as may have been placed with Distributors before it had knowledge of the suspension. In addition, the Issuer reserves the right to suspend sales and Distributors' authority to process orders for shares on behalf of the Issuer if, in the judgment of the Issuer, it is in the best interests of the Issuer to do so. Suspension will continue for such period as may be determined by the Issuer.

6. Solicitation of Sales - In consideration of these rights granted to Distributors, Distributors agrees to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the Issuer. This shall not prevent Distributors from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers. This does not obligate Distributors to register as a broker or dealer under the Blue Sky Laws of any jurisdiction in which it is not now registered or to maintain its registration in any jurisdiction in which it is now registered. If a sales charge is in effect, Distributors shall have the right to enter into sales agreements with dealers of its choice for the sale of shares of the Issuer to the public at the public offering price only and fix in such agreements the portion of the sales charge which may be retained by dealers, provided that the Issuer shall approve the form of the dealer agreement and the dealer discounts set forth therein and shall evidence such approval by filing said form of dealer agreement and amendments thereto as an exhibit to its currently effective Registration Statement under the 1933 Act.

7. Authorized Representations - Distributors is not authorized by the Issuer to give any information or to make any representations other than those contained in the appropriate registration statements or Prospectuses and Statements of Additional Information filed with the Securities and Exchange Commission under the 1933 Act (as these registration statements, Prospectuses and Statements of Additional Information may be amended from time to time), or contained in shareholder reports or other material that may be prepared by or on behalf of the Issuer for Distributors' use. This shall not be construed to prevent Distributors from preparing and distributing sales literature or other material as it may deem appropriate.

8. Portfolio Securities - Portfolio securities of the Issuer may be bought or sold by or through Distributors, and Distributors may participate directly or indirectly in brokerage commissions or "spreads" for transactions in portfolio securities of the Issuer.

9. Registration of Shares - The Issuer agrees that it will take all action necessary to register shares under the 1933 Act (subject to the necessary approval of its shareholders) so that there will be available for sale the number of shares Distributors may reasonably be expected to sell. The

Issuer shall make available to Distributors such number of copies of its currently effective Prospectus and Statement of Additional Information as Distributors may reasonably request. The Issuer shall furnish to Distributors copies of all information, financial statements and other papers which Distributors may reasonably request for use in connection with the distribution of shares of the Issuer.

10. Expenses - The Issuer shall pay all fees and expenses (a) in connection with the preparation, setting in type and filing of any registration statement, Prospectus and Statement of Additional Information under the 1933 Act and amendments for the issue of its shares, (b) in connection with the registration and qualification of shares for sale in the various states in which the Board of Trustees of the Issuer shall determine it advisable to qualify such shares for sale (including registering the Issuer as a broker or dealer or any officer of the Issuer as agent or salesman in any state), (c) of preparing, setting in type, printing and mailing any report or other communication to shareholders of the Issuer in their capacity as such, and (d) of preparing, setting in type, printing and mailing Prospectuses, Statements of Additional Information and any supplements thereto sent to existing shareholders.

As provided in the Distribution and Service Plan adopted by the Issuer, it is recognized by the Issuer that FMR may reimburse Distributors for any direct expenses incurred in the distribution of shares of the Issuer from any source available to it, including advisory and service or management fees paid to it by the Issuer.

11. Indemnification - The Issuer agrees to indemnify and hold harmless Distributors and each of its directors and officers and each person, if any, who controls Distributors within the meaning of Section 15 of the 1933 Act against any loss, liability, claim, damages or expense (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damages, or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the ground that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading under the 1933 Act, or any other statute or the common law. However, the Issuer does not agree to indemnify Distributors or hold it harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of the Issuer in favor of Distributors or any person indemnified to be deemed to protect Distributors or any person against any liability to the Issuer or its security holders to which Distributors or such person would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Issuer to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against Distributors or any person indemnified unless Distributors or person, as the case may be, shall have notified the Issuer in writing of the claim within a reasonable

time after the summons or other first written notification giving information of the nature of the claim shall have been served upon Distributors or any such person (or after Distributors or such person shall have received notice of service on any designated agent). However, failure to notify the Issuer of any claim shall not relieve the Issuer from any liability which it may have to Distributors or any person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Issuer shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, but if the Issuer elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to Distributors or person or persons, defendant or defendants in the suit. In the event the Issuer elects to assume the defense of any suit and retain counsel, Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them. If the Issuer does not elect to assume the defense of any suit, it will reimburse Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Issuer agrees to notify Distributors promptly of the commencement of any litigation or proceedings against it or any of its officers or trustees in connection with the issuance or sale of any of the shares.

Distributors also covenants and agrees that it will indemnify and hold harmless the Issuer and each of its Board members and officers and each person, if any, who controls the Issuer within the meaning of Section 15 of the 1933 Act, against any loss, liability, damages, claim or expense (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claim or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the 1933 Act or any other statute or common law, alleging any wrongful act of Distributors or any of its employees or alleging that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of Distributors in favor of the Issuer or any person indemnified to be deemed to protect the Issuer or any person against any liability to which the Issuer or such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is Distributors to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Issuer or any person indemnified unless the Issuer or person, as the case may be, shall have notified Distributors in writing of the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Issuer or any such

person (or after the Issuer or such person shall have received notice of service on any designated agent). However, failure to notify Distributors of any claim shall not relieve Distributors from any liability which it may have to the Issuer or any person against whom the action is brought otherwise than on account of its indemnity agreement contained in this paragraph. In the case of any notice to Distributors, it shall be entitled to participate, at its own expense, in the defense or, if it so elects, to assume the defense of any suit brought to enforce the claim, but if Distributors elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Issuer, to its officers and Board and to any controlling person or persons, defendant or defendants in the suit. In the event that Distributors elects to assume the defense of any suit and retain counsel, the Issuer or controlling persons, defendant or defendants in the suit, shall bear the fees and expense of any additional counsel retained by them. If Distributors does not elect to assume the defense of any suit, it will reimburse the Issuer, officers and Board or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. Distributors agrees to notify the Issuer promptly of the commencement of any litigation or proceedings against it in connection with the issue and sale of any of the shares.

12. Effective Date - This agreement shall be effective upon its execution, and unless terminated as provided, shall continue in force until January 31, 1995 and thereafter from year to year, provided continuance is approved annually by the vote of a majority of the Board members of the Issuer, and by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and, if a plan under Rule 12b-1 under the Investment Company Act of 1940 is in effect, by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and who are not parties to the Distribution and Service Plan or this Agreement and have no financial interest in the operation of the Distribution and Service Plan or in any agreements related to the Distribution and Service Plan, cast in person at a meeting called for the purpose of voting on the approval. This Agreement shall automatically terminate in the event of its assignment. As used in this paragraph, the terms "assignment" and "interested persons" shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended. In addition to termination by failure to approve continuance or by assignment, this Agreement may at any time be terminated by either party upon not less than sixty days' prior written notice to the other party.

13. Notice - Any notice required or permitted to be given by either party to the other shall be deemed sufficient if sent by registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at the last address furnished by the other party to the party giving notice: if to the Issuer, at 82 Devonshire Street, Boston, Massachusetts, and if to Distributors, at 82 Devonshire Street, Boston, Massachusetts.

14. Limitation of Liability - Distributors is expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Issuer and agrees that the obligations assumed by the Issuer under this contract shall be limited in all cases to the Issuer and its assets. Distributors shall not seek

satisfaction of any such obligation from the shareholders or any shareholder of the Issuer. Nor shall Distributors seek satisfaction of any such obligation from the Trustees or any individual Trustee of the Issuer. Distributors understands that the rights and obligations of each series of shares of the Issuer under the Issuer's Declaration of Trust or other organizational document are separate and distinct from those of any and all other series.

15. This agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

IN WITNESS WHEREOF, the Issuer has executed this instrument in its name and behalf, and its seal affixed, by one of its officers duly authorized, and Distributors has executed this instrument in its name and behalf by one of its officers duly authorized, as of the day and year first above written.

FIDELITY ADVISOR ANNUITY FUND

By /s/ J. Gary Burkhead

FIDELITY DISTRIBUTORS CORPORATION

By /s/ Kurt A. Lange

EXHIBIT 6(c)  
GENERAL DISTRIBUTION AGREEMENT

between

FIDELITY ADVISOR ANNUITY FUND

and

FIDELITY DISTRIBUTORS CORPORATION

Agreement made this 18th day of November, 1994, between Fidelity Advisor Annuity Fund, a Massachusetts business trust having its principal place of business in Boston, Massachusetts and which may issue one or more series of beneficial interest ("Issuer"), with respect to shares of Fidelity Advisor Annuity Income & Growth Fund, a series of the Issuer, and Fidelity Distributors Corporation, a Massachusetts corporation having its principal place of business in Boston, Massachusetts ("Distributors").

In consideration of the mutual promises and undertakings herein contained, the parties agree as follows:

1. Sale of Shares - The Issuer grants to Distributors the right to sell shares on behalf of the Issuer during the term of this Agreement and subject to the registration requirements of the Securities Act of 1933, as amended ("1933 Act"), and of the laws governing the sale of securities in the various states ("Blue Sky Laws") under the following terms and conditions: Distributors (i) shall have the right to sell, as agent on behalf of the Issuer, shares authorized for issue and registered under the 1933 Act, and (ii) may sell shares under offers of exchange, if available, between and among the funds advised by Fidelity Management & Research Company ("FMR").
2. Sale of Shares by the Issuer - The rights granted to Distributors shall be nonexclusive in that the Issuer reserves the right to sell its shares to investors on applications received and accepted by the Issuer. Further, the Issuer reserves the right to issue shares in connection with the merger or consolidation, or acquisition by the Issuer through purchase or otherwise, with any other investment company, trust, or personal holding company.
3. Shares Covered by this Agreement - This Agreement shall apply to unissued shares of the Issuer, shares of the Issuer held in its treasury in the event that in the discretion of the Issuer treasury shares shall be sold, and shares of the Issuer repurchased for resale.
4. Public Offering Price - Except as otherwise noted in the Issuer's current Prospectus and/or Statement of Additional Information, all shares sold to investors by Distributors or the Issuer will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per share, as determined in the manner described in the Issuer's current Prospectus and/or Statement of Additional Information, plus a sales charge (if any) described in the Issuer's current Prospectus and/or Statement of Additional Information. The Issuer shall in all cases receive the net asset value per share on all sales. If a sales charge is in effect, Distributors shall have the right subject to such

rules or regulations of the Securities and Exchange Commission as may then be in effect pursuant to Section 22 of the Investment Company Act of 1940 to pay a portion of the sales charge to dealers who have sold shares of the Issuer. If a fee in connection with shareholder redemptions is in effect, the Issuer shall collect the fee on behalf of Distributors and, unless otherwise agreed upon by the Issuer and Distributors, Distributors shall be entitled to receive all of such fees.

5. Suspension of Sales - If and whenever the determination of net asset value is suspended and until such suspension is terminated, no further orders for shares shall be processed by Distributors except such unconditional orders as may have been placed with Distributors before it had knowledge of the suspension. In addition, the Issuer reserves the right to suspend sales and Distributors' authority to process orders for shares on behalf of the Issuer if, in the judgment of the Issuer, it is in the best interests of the Issuer to do so. Suspension will continue for such period as may be determined by the Issuer.

6. Solicitation of Sales - In consideration of these rights granted to Distributors, Distributors agrees to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the Issuer. This shall not prevent Distributors from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers. This does not obligate Distributors to register as a broker or dealer under the Blue Sky Laws of any jurisdiction in which it is not now registered or to maintain its registration in any jurisdiction in which it is now registered. If a sales charge is in effect, Distributors shall have the right to enter into sales agreements with dealers of its choice for the sale of shares of the Issuer to the public at the public offering price only and fix in such agreements the portion of the sales charge which may be retained by dealers, provided that the Issuer shall approve the form of the dealer agreement and the dealer discounts set forth therein and shall evidence such approval by filing said form of dealer agreement and amendments thereto as an exhibit to its currently effective Registration Statement under the 1933 Act.

7. Authorized Representations - Distributors is not authorized by the Issuer to give any information or to make any representations other than those contained in the appropriate registration statements or Prospectuses and Statements of Additional Information filed with the Securities and Exchange Commission under the 1933 Act (as these registration statements, Prospectuses and Statements of Additional Information may be amended from time to time), or contained in shareholder reports or other material that may be prepared by or on behalf of the Issuer for Distributors' use. This shall not be construed to prevent Distributors from preparing and distributing sales literature or other material as it may deem appropriate.

8. Portfolio Securities - Portfolio securities of the Issuer may be bought or sold by or through Distributors, and Distributors may participate directly or indirectly in brokerage commissions or "spreads" for transactions in portfolio securities of the Issuer.

9. Registration of Shares - The Issuer agrees that it will take all action necessary to register shares under the 1933 Act (subject to the necessary approval of its shareholders) so that there will be available for sale the number of shares Distributors may reasonably be expected to sell. The



Issuer shall make available to Distributors such number of copies of its currently effective Prospectus and Statement of Additional Information as Distributors may reasonably request. The Issuer shall furnish to Distributors copies of all information, financial statements and other papers which Distributors may reasonably request for use in connection with the distribution of shares of the Issuer.

10. Expenses - The Issuer shall pay all fees and expenses (a) in connection with the preparation, setting in type and filing of any registration statement, Prospectus and Statement of Additional Information under the 1933 Act and amendments for the issue of its shares, (b) in connection with the registration and qualification of shares for sale in the various states in which the Board of Trustees of the Issuer shall determine it advisable to qualify such shares for sale (including registering the Issuer as a broker or dealer or any officer of the Issuer as agent or salesman in any state), (c) of preparing, setting in type, printing and mailing any report or other communication to shareholders of the Issuer in their capacity as such, and (d) of preparing, setting in type, printing and mailing Prospectuses, Statements of Additional Information and any supplements thereto sent to existing shareholders.

As provided in the Distribution and Service Plan adopted by the Issuer, it is recognized by the Issuer that FMR may reimburse Distributors for any direct expenses incurred in the distribution of shares of the Issuer from any source available to it, including advisory and service or management fees paid to it by the Issuer.

11. Indemnification - The Issuer agrees to indemnify and hold harmless Distributors and each of its directors and officers and each person, if any, who controls Distributors within the meaning of Section 15 of the 1933 Act against any loss, liability, claim, damages or expense (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damages, or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the ground that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading under the 1933 Act, or any other statute or the common law. However, the Issuer does not agree to indemnify Distributors or hold it harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of the Issuer in favor of Distributors or any person indemnified to be deemed to protect Distributors or any person against any liability to the Issuer or its security holders to which Distributors or such person would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Issuer to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against Distributors or any person indemnified unless Distributors or person, as the case may be, shall have notified the Issuer in writing of the claim within a reasonable

time after the summons or other first written notification giving information of the nature of the claim shall have been served upon Distributors or any such person (or after Distributors or such person shall have received notice of service on any designated agent). However, failure to notify the Issuer of any claim shall not relieve the Issuer from any liability which it may have to Distributors or any person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Issuer shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, but if the Issuer elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to Distributors or person or persons, defendant or defendants in the suit. In the event the Issuer elects to assume the defense of any suit and retain counsel, Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them. If the Issuer does not elect to assume the defense of any suit, it will reimburse Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Issuer agrees to notify Distributors promptly of the commencement of any litigation or proceedings against it or any of its officers or trustees in connection with the issuance or sale of any of the shares.

Distributors also covenants and agrees that it will indemnify and hold harmless the Issuer and each of its Board members and officers and each person, if any, who controls the Issuer within the meaning of Section 15 of the 1933 Act, against any loss, liability, damages, claim or expense (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claim or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the 1933 Act or any other statute or common law, alleging any wrongful act of Distributors or any of its employees or alleging that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of Distributors in favor of the Issuer or any person indemnified to be deemed to protect the Issuer or any person against any liability to which the Issuer or such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is Distributors to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Issuer or any person indemnified unless the Issuer or person, as the case may be, shall have notified Distributors in writing of the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Issuer or any such

person (or after the Issuer or such person shall have received notice of service on any designated agent). However, failure to notify Distributors of any claim shall not relieve Distributors from any liability which it may have to the Issuer or any person against whom the action is brought otherwise than on account of its indemnity agreement contained in this paragraph. In the case of any notice to Distributors, it shall be entitled to participate, at its own expense, in the defense or, if it so elects, to assume the defense of any suit brought to enforce the claim, but if Distributors elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Issuer, to its officers and Board and to any controlling person or persons, defendant or defendants in the suit. In the event that Distributors elects to assume the defense of any suit and retain counsel, the Issuer or controlling persons, defendant or defendants in the suit, shall bear the fees and expense of any additional counsel retained by them. If Distributors does not elect to assume the defense of any suit, it will reimburse the Issuer, officers and Board or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. Distributors agrees to notify the Issuer promptly of the commencement of any litigation or proceedings against it in connection with the issue and sale of any of the shares.

12. Effective Date - This agreement shall be effective upon its execution, and unless terminated as provided, shall continue in force until January 31, 1995 and thereafter from year to year, provided continuance is approved annually by the vote of a majority of the Board members of the Issuer, and by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and, if a plan under Rule 12b-1 under the Investment Company Act of 1940 is in effect, by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and who are not parties to the Distribution and Service Plan or this Agreement and have no financial interest in the operation of the Distribution and Service Plan or in any agreements related to the Distribution and Service Plan, cast in person at a meeting called for the purpose of voting on the approval. This Agreement shall automatically terminate in the event of its assignment. As used in this paragraph, the terms "assignment" and "interested persons" shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended. In addition to termination by failure to approve continuance or by assignment, this Agreement may at any time be terminated by either party upon not less than sixty days' prior written notice to the other party.

13. Notice - Any notice required or permitted to be given by either party to the other shall be deemed sufficient if sent by registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at the last address furnished by the other party to the party giving notice: if to the Issuer, at 82 Devonshire Street, Boston, Massachusetts, and if to Distributors, at 82 Devonshire Street, Boston, Massachusetts.

14. Limitation of Liability - Distributors is expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Issuer and agrees that the obligations assumed by the Issuer under this contract shall be limited in all cases to the Issuer and its assets. Distributors shall not seek

satisfaction of any such obligation from the shareholders or any shareholder of the Issuer. Nor shall Distributors seek satisfaction of any such obligation from the Trustees or any individual Trustee of the Issuer. Distributors understands that the rights and obligations of each series of shares of the Issuer under the Issuer's Declaration of Trust or other organizational document are separate and distinct from those of any and all other series.

15. This agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

IN WITNESS WHEREOF, the Issuer has executed this instrument in its name and behalf, and its seal affixed, by one of its officers duly authorized, and Distributors has executed this instrument in its name and behalf by one of its officers duly authorized, as of the day and year first above written.

FIDELITY ADVISOR ANNUITY FUND

By /s/ J. Gary Burkhead

FIDELITY DISTRIBUTORS CORPORATION

By /s/ Kurt A. Lange

EXHIBIT 6(d)  
GENERAL DISTRIBUTION AGREEMENT

between

FIDELITY ADVISOR ANNUITY FUND

and

FIDELITY DISTRIBUTORS CORPORATION

Agreement made this 18th day of November, 1994, between Fidelity Advisor Annuity Fund, a Massachusetts business trust having its principal place of business in Boston, Massachusetts and which may issue one or more series of beneficial interest ("Issuer"), with respect to shares of Fidelity Advisor Annuity Government Investment Fund, a series of the Issuer, and Fidelity Distributors Corporation, a Massachusetts corporation having its principal place of business in Boston, Massachusetts ("Distributors").

In consideration of the mutual promises and undertakings herein contained, the parties agree as follows:

1. Sale of Shares - The Issuer grants to Distributors the right to sell shares on behalf of the Issuer during the term of this Agreement and subject to the registration requirements of the Securities Act of 1933, as amended ("1933 Act"), and of the laws governing the sale of securities in the various states ("Blue Sky Laws") under the following terms and conditions: Distributors (i) shall have the right to sell, as agent on behalf of the Issuer, shares authorized for issue and registered under the 1933 Act, and (ii) may sell shares under offers of exchange, if available, between and among the funds advised by Fidelity Management & Research Company ("FMR").
2. Sale of Shares by the Issuer - The rights granted to Distributors shall be nonexclusive in that the Issuer reserves the right to sell its shares to investors on applications received and accepted by the Issuer. Further, the Issuer reserves the right to issue shares in connection with the merger or consolidation, or acquisition by the Issuer through purchase or otherwise, with any other investment company, trust, or personal holding company.
3. Shares Covered by this Agreement - This Agreement shall apply to unissued shares of the Issuer, shares of the Issuer held in its treasury in the event that in the discretion of the Issuer treasury shares shall be sold, and shares of the Issuer repurchased for resale.
4. Public Offering Price - Except as otherwise noted in the Issuer's current Prospectus and/or Statement of Additional Information, all shares sold to investors by Distributors or the Issuer will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per share, as determined in the manner described in the Issuer's current Prospectus and/or Statement of Additional Information, plus a sales charge (if any) described in the Issuer's current Prospectus and/or Statement of Additional Information. The Issuer shall in all cases receive the net asset value per share on all sales. If a sales charge is in effect, Distributors shall have the right subject to such

rules or regulations of the Securities and Exchange Commission as may then be in effect pursuant to Section 22 of the Investment Company Act of 1940 to pay a portion of the sales charge to dealers who have sold shares of the Issuer. If a fee in connection with shareholder redemptions is in effect, the Issuer shall collect the fee on behalf of Distributors and, unless otherwise agreed upon by the Issuer and Distributors, Distributors shall be entitled to receive all of such fees.

5. Suspension of Sales - If and whenever the determination of net asset value is suspended and until such suspension is terminated, no further orders for shares shall be processed by Distributors except such unconditional orders as may have been placed with Distributors before it had knowledge of the suspension. In addition, the Issuer reserves the right to suspend sales and Distributors' authority to process orders for shares on behalf of the Issuer if, in the judgment of the Issuer, it is in the best interests of the Issuer to do so. Suspension will continue for such period as may be determined by the Issuer.

6. Solicitation of Sales - In consideration of these rights granted to Distributors, Distributors agrees to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the Issuer. This shall not prevent Distributors from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers. This does not obligate Distributors to register as a broker or dealer under the Blue Sky Laws of any jurisdiction in which it is not now registered or to maintain its registration in any jurisdiction in which it is now registered. If a sales charge is in effect, Distributors shall have the right to enter into sales agreements with dealers of its choice for the sale of shares of the Issuer to the public at the public offering price only and fix in such agreements the portion of the sales charge which may be retained by dealers, provided that the Issuer shall approve the form of the dealer agreement and the dealer discounts set forth therein and shall evidence such approval by filing said form of dealer agreement and amendments thereto as an exhibit to its currently effective Registration Statement under the 1933 Act.

7. Authorized Representations - Distributors is not authorized by the Issuer to give any information or to make any representations other than those contained in the appropriate registration statements or Prospectuses and Statements of Additional Information filed with the Securities and Exchange Commission under the 1933 Act (as these registration statements, Prospectuses and Statements of Additional Information may be amended from time to time), or contained in shareholder reports or other material that may be prepared by or on behalf of the Issuer for Distributors' use. This shall not be construed to prevent Distributors from preparing and distributing sales literature or other material as it may deem appropriate.

8. Portfolio Securities - Portfolio securities of the Issuer may be bought or sold by or through Distributors, and Distributors may participate directly or indirectly in brokerage commissions or "spreads" for transactions in portfolio securities of the Issuer.

9. Registration of Shares - The Issuer agrees that it will take all action necessary to register shares under the 1933 Act (subject to the necessary approval of its shareholders) so that there will be available for sale the number of shares Distributors may reasonably be expected to sell. The

Issuer shall make available to Distributors such number of copies of its currently effective Prospectus and Statement of Additional Information as Distributors may reasonably request. The Issuer shall furnish to Distributors copies of all information, financial statements and other papers which Distributors may reasonably request for use in connection with the distribution of shares of the Issuer.

10. Expenses - The Issuer shall pay all fees and expenses (a) in connection with the preparation, setting in type and filing of any registration statement, Prospectus and Statement of Additional Information under the 1933 Act and amendments for the issue of its shares, (b) in connection with the registration and qualification of shares for sale in the various states in which the Board of Trustees of the Issuer shall determine it advisable to qualify such shares for sale (including registering the Issuer as a broker or dealer or any officer of the Issuer as agent or salesman in any state), (c) of preparing, setting in type, printing and mailing any report or other communication to shareholders of the Issuer in their capacity as such, and (d) of preparing, setting in type, printing and mailing Prospectuses, Statements of Additional Information and any supplements thereto sent to existing shareholders.

As provided in the Distribution and Service Plan adopted by the Issuer, it is recognized by the Issuer that FMR may reimburse Distributors for any direct expenses incurred in the distribution of shares of the Issuer from any source available to it, including advisory and service or management fees paid to it by the Issuer.

11. Indemnification - The Issuer agrees to indemnify and hold harmless Distributors and each of its directors and officers and each person, if any, who controls Distributors within the meaning of Section 15 of the 1933 Act against any loss, liability, claim, damages or expense (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damages, or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the ground that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading under the 1933 Act, or any other statute or the common law. However, the Issuer does not agree to indemnify Distributors or hold it harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of the Issuer in favor of Distributors or any person indemnified to be deemed to protect Distributors or any person against any liability to the Issuer or its security holders to which Distributors or such person would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Issuer to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against Distributors or any person indemnified unless Distributors or person, as the case may be, shall have notified the Issuer in writing of the claim within a reasonable

time after the summons or other first written notification giving information of the nature of the claim shall have been served upon Distributors or any such person (or after Distributors or such person shall have received notice of service on any designated agent). However, failure to notify the Issuer of any claim shall not relieve the Issuer from any liability which it may have to Distributors or any person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Issuer shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, but if the Issuer elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to Distributors or person or persons, defendant or defendants in the suit. In the event the Issuer elects to assume the defense of any suit and retain counsel, Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them. If the Issuer does not elect to assume the defense of any suit, it will reimburse Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Issuer agrees to notify Distributors promptly of the commencement of any litigation or proceedings against it or any of its officers or trustees in connection with the issuance or sale of any of the shares.

Distributors also covenants and agrees that it will indemnify and hold harmless the Issuer and each of its Board members and officers and each person, if any, who controls the Issuer within the meaning of Section 15 of the 1933 Act, against any loss, liability, damages, claim or expense (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claim or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the 1933 Act or any other statute or common law, alleging any wrongful act of Distributors or any of its employees or alleging that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of Distributors in favor of the Issuer or any person indemnified to be deemed to protect the Issuer or any person against any liability to which the Issuer or such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is Distributors to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Issuer or any person indemnified unless the Issuer or person, as the case may be, shall have notified Distributors in writing of the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Issuer or any such



person (or after the Issuer or such person shall have received notice of service on any designated agent). However, failure to notify Distributors of any claim shall not relieve Distributors from any liability which it may have to the Issuer or any person against whom the action is brought otherwise than on account of its indemnity agreement contained in this paragraph. In the case of any notice to Distributors, it shall be entitled to participate, at its own expense, in the defense or, if it so elects, to assume the defense of any suit brought to enforce the claim, but if Distributors elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Issuer, to its officers and Board and to any controlling person or persons, defendant or defendants in the suit. In the event that Distributors elects to assume the defense of any suit and retain counsel, the Issuer or controlling persons, defendant or defendants in the suit, shall bear the fees and expense of any additional counsel retained by them. If Distributors does not elect to assume the defense of any suit, it will reimburse the Issuer, officers and Board or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. Distributors agrees to notify the Issuer promptly of the commencement of any litigation or proceedings against it in connection with the issue and sale of any of the shares.

12. Effective Date - This agreement shall be effective upon its execution, and unless terminated as provided, shall continue in force until January 31, 1995 and thereafter from year to year, provided continuance is approved annually by the vote of a majority of the Board members of the Issuer, and by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and, if a plan under Rule 12b-1 under the Investment Company Act of 1940 is in effect, by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and who are not parties to the Distribution and Service Plan or this Agreement and have no financial interest in the operation of the Distribution and Service Plan or in any agreements related to the Distribution and Service Plan, cast in person at a meeting called for the purpose of voting on the approval. This Agreement shall automatically terminate in the event of its assignment. As used in this paragraph, the terms "assignment" and "interested persons" shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended. In addition to termination by failure to approve continuance or by assignment, this Agreement may at any time be terminated by either party upon not less than sixty days' prior written notice to the other party.

13. Notice - Any notice required or permitted to be given by either party to the other shall be deemed sufficient if sent by registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at the last address furnished by the other party to the party giving notice: if to the Issuer, at 82 Devonshire Street, Boston, Massachusetts, and if to Distributors, at 82 Devonshire Street, Boston, Massachusetts.

14. Limitation of Liability - Distributors is expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Issuer and agrees that the obligations assumed by the Issuer under this contract shall be limited in all cases to the Issuer and its assets. Distributors shall not seek

satisfaction of any such obligation from the shareholders or any shareholder of the Issuer. Nor shall Distributors seek satisfaction of any such obligation from the Trustees or any individual Trustee of the Issuer. Distributors understands that the rights and obligations of each series of shares of the Issuer under the Issuer's Declaration of Trust or other organizational document are separate and distinct from those of any and all other series.

15. This agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

IN WITNESS WHEREOF, the Issuer has executed this instrument in its name and behalf, and its seal affixed, by one of its officers duly authorized, and Distributors has executed this instrument in its name and behalf by one of its officers duly authorized, as of the day and year first above written.

FIDELITY ADVISOR ANNUITY FUND

By /s/ J. Gary Burkhead

FIDELITY DISTRIBUTORS CORPORATION

By /s/ Kurt A. Lange

EXHIBIT 6(e)  
GENERAL DISTRIBUTION AGREEMENT

between

FIDELITY ADVISOR ANNUITY FUND

and

FIDELITY DISTRIBUTORS CORPORATION

Agreement made this 18th day of November, 1994, between Fidelity Advisor Annuity Fund, a Massachusetts business trust having its principal place of business in Boston, Massachusetts and which may issue one or more series of beneficial interest ("Issuer"), with respect to shares of Fidelity Advisor Annuity High Yield Fund, a series of the Issuer, and Fidelity Distributors Corporation, a Massachusetts corporation having its principal place of business in Boston, Massachusetts ("Distributors").

In consideration of the mutual promises and undertakings herein contained, the parties agree as follows:

1. Sale of Shares - The Issuer grants to Distributors the right to sell shares on behalf of the Issuer during the term of this Agreement and subject to the registration requirements of the Securities Act of 1933, as amended ("1933 Act"), and of the laws governing the sale of securities in the various states ("Blue Sky Laws") under the following terms and conditions: Distributors (i) shall have the right to sell, as agent on behalf of the Issuer, shares authorized for issue and registered under the 1933 Act, and (ii) may sell shares under offers of exchange, if available, between and among the funds advised by Fidelity Management & Research Company ("FMR").
2. Sale of Shares by the Issuer - The rights granted to Distributors shall be nonexclusive in that the Issuer reserves the right to sell its shares to investors on applications received and accepted by the Issuer. Further, the Issuer reserves the right to issue shares in connection with the merger or consolidation, or acquisition by the Issuer through purchase or otherwise, with any other investment company, trust, or personal holding company.
3. Shares Covered by this Agreement - This Agreement shall apply to unissued shares of the Issuer, shares of the Issuer held in its treasury in the event that in the discretion of the Issuer treasury shares shall be sold, and shares of the Issuer repurchased for resale.
4. Public Offering Price - Except as otherwise noted in the Issuer's current Prospectus and/or Statement of Additional Information, all shares sold to investors by Distributors or the Issuer will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per share, as determined in the manner described in the Issuer's current Prospectus and/or Statement of Additional Information, plus a sales charge (if any) described in the Issuer's current Prospectus and/or Statement of Additional Information. The Issuer shall in all cases receive the net asset value per share on all sales. If a sales charge is in effect, Distributors shall have the right subject to such

rules or regulations of the Securities and Exchange Commission as may then be in effect pursuant to Section 22 of the Investment Company Act of 1940 to pay a portion of the sales charge to dealers who have sold shares of the Issuer. If a fee in connection with shareholder redemptions is in effect, the Issuer shall collect the fee on behalf of Distributors and, unless otherwise agreed upon by the Issuer and Distributors, Distributors shall be entitled to receive all of such fees.

5. Suspension of Sales - If and whenever the determination of net asset value is suspended and until such suspension is terminated, no further orders for shares shall be processed by Distributors except such unconditional orders as may have been placed with Distributors before it had knowledge of the suspension. In addition, the Issuer reserves the right to suspend sales and Distributors' authority to process orders for shares on behalf of the Issuer if, in the judgment of the Issuer, it is in the best interests of the Issuer to do so. Suspension will continue for such period as may be determined by the Issuer.

6. Solicitation of Sales - In consideration of these rights granted to Distributors, Distributors agrees to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the Issuer. This shall not prevent Distributors from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers. This does not obligate Distributors to register as a broker or dealer under the Blue Sky Laws of any jurisdiction in which it is not now registered or to maintain its registration in any jurisdiction in which it is now registered. If a sales charge is in effect, Distributors shall have the right to enter into sales agreements with dealers of its choice for the sale of shares of the Issuer to the public at the public offering price only and fix in such agreements the portion of the sales charge which may be retained by dealers, provided that the Issuer shall approve the form of the dealer agreement and the dealer discounts set forth therein and shall evidence such approval by filing said form of dealer agreement and amendments thereto as an exhibit to its currently effective Registration Statement under the 1933 Act.

7. Authorized Representations - Distributors is not authorized by the Issuer to give any information or to make any representations other than those contained in the appropriate registration statements or Prospectuses and Statements of Additional Information filed with the Securities and Exchange Commission under the 1933 Act (as these registration statements, Prospectuses and Statements of Additional Information may be amended from time to time), or contained in shareholder reports or other material that may be prepared by or on behalf of the Issuer for Distributors' use. This shall not be construed to prevent Distributors from preparing and distributing sales literature or other material as it may deem appropriate.

8. Portfolio Securities - Portfolio securities of the Issuer may be bought or sold by or through Distributors, and Distributors may participate directly or indirectly in brokerage commissions or "spreads" for transactions in portfolio securities of the Issuer.

9. Registration of Shares - The Issuer agrees that it will take all action necessary to register shares under the 1933 Act (subject to the necessary approval of its shareholders) so that there will be available for sale the number of shares Distributors may reasonably be expected to sell. The

Issuer shall make available to Distributors such number of copies of its currently effective Prospectus and Statement of Additional Information as Distributors may reasonably request. The Issuer shall furnish to Distributors copies of all information, financial statements and other papers which Distributors may reasonably request for use in connection with the distribution of shares of the Issuer.

10. Expenses - The Issuer shall pay all fees and expenses (a) in connection with the preparation, setting in type and filing of any registration statement, Prospectus and Statement of Additional Information under the 1933 Act and amendments for the issue of its shares, (b) in connection with the registration and qualification of shares for sale in the various states in which the Board of Trustees of the Issuer shall determine it advisable to qualify such shares for sale (including registering the Issuer as a broker or dealer or any officer of the Issuer as agent or salesman in any state), (c) of preparing, setting in type, printing and mailing any report or other communication to shareholders of the Issuer in their capacity as such, and (d) of preparing, setting in type, printing and mailing Prospectuses, Statements of Additional Information and any supplements thereto sent to existing shareholders.

As provided in the Distribution and Service Plan adopted by the Issuer, it is recognized by the Issuer that FMR may reimburse Distributors for any direct expenses incurred in the distribution of shares of the Issuer from any source available to it, including advisory and service or management fees paid to it by the Issuer.

11. Indemnification - The Issuer agrees to indemnify and hold harmless Distributors and each of its directors and officers and each person, if any, who controls Distributors within the meaning of Section 15 of the 1933 Act against any loss, liability, claim, damages or expense (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damages, or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the ground that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading under the 1933 Act, or any other statute or the common law. However, the Issuer does not agree to indemnify Distributors or hold it harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of the Issuer in favor of Distributors or any person indemnified to be deemed to protect Distributors or any person against any liability to the Issuer or its security holders to which Distributors or such person would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Issuer to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against Distributors or any person indemnified unless Distributors or person, as the case may be, shall have notified the Issuer in writing of the claim within a reasonable

time after the summons or other first written notification giving information of the nature of the claim shall have been served upon Distributors or any such person (or after Distributors or such person shall have received notice of service on any designated agent). However, failure to notify the Issuer of any claim shall not relieve the Issuer from any liability which it may have to Distributors or any person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Issuer shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, but if the Issuer elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to Distributors or person or persons, defendant or defendants in the suit. In the event the Issuer elects to assume the defense of any suit and retain counsel, Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them. If the Issuer does not elect to assume the defense of any suit, it will reimburse Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Issuer agrees to notify Distributors promptly of the commencement of any litigation or proceedings against it or any of its officers or trustees in connection with the issuance or sale of any of the shares.

Distributors also covenants and agrees that it will indemnify and hold harmless the Issuer and each of its Board members and officers and each person, if any, who controls the Issuer within the meaning of Section 15 of the 1933 Act, against any loss, liability, damages, claim or expense (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claim or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the 1933 Act or any other statute or common law, alleging any wrongful act of Distributors or any of its employees or alleging that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of Distributors in favor of the Issuer or any person indemnified to be deemed to protect the Issuer or any person against any liability to which the Issuer or such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is Distributors to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Issuer or any person indemnified unless the Issuer or person, as the case may be, shall have notified Distributors in writing of the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Issuer or any such

person (or after the Issuer or such person shall have received notice of service on any designated agent). However, failure to notify Distributors of any claim shall not relieve Distributors from any liability which it may have to the Issuer or any person against whom the action is brought otherwise than on account of its indemnity agreement contained in this paragraph. In the case of any notice to Distributors, it shall be entitled to participate, at its own expense, in the defense or, if it so elects, to assume the defense of any suit brought to enforce the claim, but if Distributors elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Issuer, to its officers and Board and to any controlling person or persons, defendant or defendants in the suit. In the event that Distributors elects to assume the defense of any suit and retain counsel, the Issuer or controlling persons, defendant or defendants in the suit, shall bear the fees and expense of any additional counsel retained by them. If Distributors does not elect to assume the defense of any suit, it will reimburse the Issuer, officers and Board or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. Distributors agrees to notify the Issuer promptly of the commencement of any litigation or proceedings against it in connection with the issue and sale of any of the shares.

12. Effective Date - This agreement shall be effective upon its execution, and unless terminated as provided, shall continue in force until January 31, 1995 and thereafter from year to year, provided continuance is approved annually by the vote of a majority of the Board members of the Issuer, and by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and, if a plan under Rule 12b-1 under the Investment Company Act of 1940 is in effect, by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and who are not parties to the Distribution and Service Plan or this Agreement and have no financial interest in the operation of the Distribution and Service Plan or in any agreements related to the Distribution and Service Plan, cast in person at a meeting called for the purpose of voting on the approval. This Agreement shall automatically terminate in the event of its assignment. As used in this paragraph, the terms "assignment" and "interested persons" shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended. In addition to termination by failure to approve continuance or by assignment, this Agreement may at any time be terminated by either party upon not less than sixty days' prior written notice to the other party.

13. Notice - Any notice required or permitted to be given by either party to the other shall be deemed sufficient if sent by registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at the last address furnished by the other party to the party giving notice: if to the Issuer, at 82 Devonshire Street, Boston, Massachusetts, and if to Distributors, at 82 Devonshire Street, Boston, Massachusetts.

14. Limitation of Liability - Distributors is expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Issuer and agrees that the obligations assumed by the Issuer under this contract shall be limited in all cases to the Issuer and its assets. Distributors shall not seek

satisfaction of any such obligation from the shareholders or any shareholder of the Issuer. Nor shall Distributors seek satisfaction of any such obligation from the Trustees or any individual Trustee of the Issuer. Distributors understands that the rights and obligations of each series of shares of the Issuer under the Issuer's Declaration of Trust or other organizational document are separate and distinct from those of any and all other series.

15. This agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

IN WITNESS WHEREOF, the Issuer has executed this instrument in its name and behalf, and its seal affixed, by one of its officers duly authorized, and Distributors has executed this instrument in its name and behalf by one of its officers duly authorized, as of the day and year first above written.

FIDELITY ADVISOR ANNUITY FUND

By /s/ J. Gary Burkhead

FIDELITY DISTRIBUTORS CORPORATION

By /s/ Kurt A. Lange



EXHIBIT 6(f)  
GENERAL DISTRIBUTION AGREEMENT

between

FIDELITY ADVISOR ANNUITY FUND

and

FIDELITY DISTRIBUTORS CORPORATION

Agreement made this 18th day of November, 1994, between Fidelity Advisor Annuity Fund, a Massachusetts business trust having its principal place of business in Boston, Massachusetts and which may issue one or more series of beneficial interest ("Issuer"), with respect to shares of Fidelity Advisor Annuity Money Market Fund, a series of the Issuer, and Fidelity Distributors Corporation, a Massachusetts corporation having its principal place of business in Boston, Massachusetts ("Distributors").

In consideration of the mutual promises and undertakings herein contained, the parties agree as follows:

1. Sale of Shares - The Issuer grants to Distributors the right to sell shares on behalf of the Issuer during the term of this Agreement and subject to the registration requirements of the Securities Act of 1933, as amended ("1933 Act"), and of the laws governing the sale of securities in the various states ("Blue Sky Laws") under the following terms and conditions: Distributors (i) shall have the right to sell, as agent on behalf of the Issuer, shares authorized for issue and registered under the 1933 Act, and (ii) may sell shares under offers of exchange, if available, between and among the funds advised by Fidelity Management & Research Company ("FMR").
2. Sale of Shares by the Issuer - The rights granted to Distributors shall be nonexclusive in that the Issuer reserves the right to sell its shares to investors on applications received and accepted by the Issuer. Further, the Issuer reserves the right to issue shares in connection with the merger or consolidation, or acquisition by the Issuer through purchase or otherwise, with any other investment company, trust, or personal holding company.
3. Shares Covered by this Agreement - This Agreement shall apply to unissued shares of the Issuer, shares of the Issuer held in its treasury in the event that in the discretion of the Issuer treasury shares shall be sold, and shares of the Issuer repurchased for resale.
4. Public Offering Price - Except as otherwise noted in the Issuer's current Prospectus and/or Statement of Additional Information, all shares sold to investors by Distributors or the Issuer will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per share, as determined in the manner described in the Issuer's current Prospectus and/or Statement of Additional Information, plus a sales charge (if any) described in the Issuer's current Prospectus and/or Statement of Additional Information. The Issuer shall in all cases receive the net asset value per share on all sales. If a sales charge is in effect, Distributors shall have the right subject to such

rules or regulations of the Securities and Exchange Commission as may then be in effect pursuant to Section 22 of the Investment Company Act of 1940 to pay a portion of the sales charge to dealers who have sold shares of the Issuer. If a fee in connection with shareholder redemptions is in effect, the Issuer shall collect the fee on behalf of Distributors and, unless otherwise agreed upon by the Issuer and Distributors, Distributors shall be entitled to receive all of such fees.

5. Suspension of Sales - If and whenever the determination of net asset value is suspended and until such suspension is terminated, no further orders for shares shall be processed by Distributors except such unconditional orders as may have been placed with Distributors before it had knowledge of the suspension. In addition, the Issuer reserves the right to suspend sales and Distributors' authority to process orders for shares on behalf of the Issuer if, in the judgment of the Issuer, it is in the best interests of the Issuer to do so. Suspension will continue for such period as may be determined by the Issuer.

6. Solicitation of Sales - In consideration of these rights granted to Distributors, Distributors agrees to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the Issuer. This shall not prevent Distributors from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers. This does not obligate Distributors to register as a broker or dealer under the Blue Sky Laws of any jurisdiction in which it is not now registered or to maintain its registration in any jurisdiction in which it is now registered. If a sales charge is in effect, Distributors shall have the right to enter into sales agreements with dealers of its choice for the sale of shares of the Issuer to the public at the public offering price only and fix in such agreements the portion of the sales charge which may be retained by dealers, provided that the Issuer shall approve the form of the dealer agreement and the dealer discounts set forth therein and shall evidence such approval by filing said form of dealer agreement and amendments thereto as an exhibit to its currently effective Registration Statement under the 1933 Act.

7. Authorized Representations - Distributors is not authorized by the Issuer to give any information or to make any representations other than those contained in the appropriate registration statements or Prospectuses and Statements of Additional Information filed with the Securities and Exchange Commission under the 1933 Act (as these registration statements, Prospectuses and Statements of Additional Information may be amended from time to time), or contained in shareholder reports or other material that may be prepared by or on behalf of the Issuer for Distributors' use. This shall not be construed to prevent Distributors from preparing and distributing sales literature or other material as it may deem appropriate.

8. Portfolio Securities - Portfolio securities of the Issuer may be bought or sold by or through Distributors, and Distributors may participate directly or indirectly in brokerage commissions or "spreads" for transactions in portfolio securities of the Issuer.

9. Registration of Shares - The Issuer agrees that it will take all action necessary to register shares under the 1933 Act (subject to the necessary approval of its shareholders) so that there will be available for sale the number of shares Distributors may reasonably be expected to sell. The

Issuer shall make available to Distributors such number of copies of its currently effective Prospectus and Statement of Additional Information as Distributors may reasonably request. The Issuer shall furnish to Distributors copies of all information, financial statements and other papers which Distributors may reasonably request for use in connection with the distribution of shares of the Issuer.

10. Expenses - The Issuer shall pay all fees and expenses (a) in connection with the preparation, setting in type and filing of any registration statement, Prospectus and Statement of Additional Information under the 1933 Act and amendments for the issue of its shares, (b) in connection with the registration and qualification of shares for sale in the various states in which the Board of Trustees of the Issuer shall determine it advisable to qualify such shares for sale (including registering the Issuer as a broker or dealer or any officer of the Issuer as agent or salesman in any state), (c) of preparing, setting in type, printing and mailing any report or other communication to shareholders of the Issuer in their capacity as such, and (d) of preparing, setting in type, printing and mailing Prospectuses, Statements of Additional Information and any supplements thereto sent to existing shareholders.

As provided in the Distribution and Service Plan adopted by the Issuer, it is recognized by the Issuer that FMR may reimburse Distributors for any direct expenses incurred in the distribution of shares of the Issuer from any source available to it, including advisory and service or management fees paid to it by the Issuer.

11. Indemnification - The Issuer agrees to indemnify and hold harmless Distributors and each of its directors and officers and each person, if any, who controls Distributors within the meaning of Section 15 of the 1933 Act against any loss, liability, claim, damages or expense (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damages, or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the ground that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading under the 1933 Act, or any other statute or the common law. However, the Issuer does not agree to indemnify Distributors or hold it harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of the Issuer in favor of Distributors or any person indemnified to be deemed to protect Distributors or any person against any liability to the Issuer or its security holders to which Distributors or such person would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Issuer to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against Distributors or any person indemnified unless Distributors or person, as the case may be, shall have notified the Issuer in writing of the claim within a reasonable

time after the summons or other first written notification giving information of the nature of the claim shall have been served upon Distributors or any such person (or after Distributors or such person shall have received notice of service on any designated agent). However, failure to notify the Issuer of any claim shall not relieve the Issuer from any liability which it may have to Distributors or any person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Issuer shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, but if the Issuer elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to Distributors or person or persons, defendant or defendants in the suit. In the event the Issuer elects to assume the defense of any suit and retain counsel, Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them. If the Issuer does not elect to assume the defense of any suit, it will reimburse Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Issuer agrees to notify Distributors promptly of the commencement of any litigation or proceedings against it or any of its officers or trustees in connection with the issuance or sale of any of the shares.

Distributors also covenants and agrees that it will indemnify and hold harmless the Issuer and each of its Board members and officers and each person, if any, who controls the Issuer within the meaning of Section 15 of the 1933 Act, against any loss, liability, damages, claim or expense (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claim or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the 1933 Act or any other statute or common law, alleging any wrongful act of Distributors or any of its employees or alleging that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of Distributors in favor of the Issuer or any person indemnified to be deemed to protect the Issuer or any person against any liability to which the Issuer or such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is Distributors to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Issuer or any person indemnified unless the Issuer or person, as the case may be, shall have notified Distributors in writing of the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Issuer or any such

person (or after the Issuer or such person shall have received notice of service on any designated agent). However, failure to notify Distributors of any claim shall not relieve Distributors from any liability which it may have to the Issuer or any person against whom the action is brought otherwise than on account of its indemnity agreement contained in this paragraph. In the case of any notice to Distributors, it shall be entitled to participate, at its own expense, in the defense or, if it so elects, to assume the defense of any suit brought to enforce the claim, but if Distributors elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Issuer, to its officers and Board and to any controlling person or persons, defendant or defendants in the suit. In the event that Distributors elects to assume the defense of any suit and retain counsel, the Issuer or controlling persons, defendant or defendants in the suit, shall bear the fees and expense of any additional counsel retained by them. If Distributors does not elect to assume the defense of any suit, it will reimburse the Issuer, officers and Board or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. Distributors agrees to notify the Issuer promptly of the commencement of any litigation or proceedings against it in connection with the issue and sale of any of the shares.

12. Effective Date - This agreement shall be effective upon its execution, and unless terminated as provided, shall continue in force until January 31, 1995 and thereafter from year to year, provided continuance is approved annually by the vote of a majority of the Board members of the Issuer, and by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and, if a plan under Rule 12b-1 under the Investment Company Act of 1940 is in effect, by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and who are not parties to the Distribution and Service Plan or this Agreement and have no financial interest in the operation of the Distribution and Service Plan or in any agreements related to the Distribution and Service Plan, cast in person at a meeting called for the purpose of voting on the approval. This Agreement shall automatically terminate in the event of its assignment. As used in this paragraph, the terms "assignment" and "interested persons" shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended. In addition to termination by failure to approve continuance or by assignment, this Agreement may at any time be terminated by either party upon not less than sixty days' prior written notice to the other party.

13. Notice - Any notice required or permitted to be given by either party to the other shall be deemed sufficient if sent by registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at the last address furnished by the other party to the party giving notice: if to the Issuer, at 82 Devonshire Street, Boston, Massachusetts, and if to Distributors, at 82 Devonshire Street, Boston, Massachusetts.

14. Limitation of Liability - Distributors is expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Issuer and agrees that the obligations assumed by the Issuer under this contract shall be limited in all cases to the Issuer and its assets. Distributors shall not seek

satisfaction of any such obligation from the shareholders or any shareholder of the Issuer. Nor shall Distributors seek satisfaction of any such obligation from the Trustees or any individual Trustee of the Issuer. Distributors understands that the rights and obligations of each series of shares of the Issuer under the Issuer's Declaration of Trust or other organizational document are separate and distinct from those of any and all other series.

15. This agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

IN WITNESS WHEREOF, the Issuer has executed this instrument in its name and behalf, and its seal affixed, by one of its officers duly authorized, and Distributors has executed this instrument in its name and behalf by one of its officers duly authorized, as of the day and year first above written.

FIDELITY ADVISOR ANNUITY FUND

By /s/ J. Gary Burkhead

FIDELITY DISTRIBUTORS CORPORATION

By /s/ Kurt A. Lange

EXHIBIT 11

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the reference to our Firm under the heading "Auditor" in the Statement of Additional Information constituting part of Post-Effective Amendment No. 1 to the Registration Statement on Form N-1A of Fidelity Advisor Annuity Fund.

/s/PRICE WATERHOUSE LLP

PRICE WATERHOUSE LLP

Boston, Massachusetts

July 25, 1995

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<PERIOD-END> jun-30-1995

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<PERIOD-END> jun-30-1995

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<PAID-IN-CAPITAL-COMMON> 11,735

<SHARES-COMMON-STOCK> 1,125

<SHARES-COMMON-PRIOR> 0

<ACCUMULATED-NII-CURRENT> 74

<OVERDISTRIBUTION-NII>	0
<ACCUMULATED-NET-GAINS>	63
<OVERDISTRIBUTION-GAINS>	0
<ACCUM-APPREC-OR-DEPREC>	210
<NET-ASSETS>	12,082
<DIVIDEND-INCOME>	16
<INTEREST-INCOME>	88
<OTHER-INCOME>	0
<EXPENSES-NET>	30
<NET-INVESTMENT-INCOME>	74
<REALIZED-GAINS-CURRENT>	63
<APPREC-INCREASE-CURRENT>	210
<NET-CHANGE-FROM-OPS>	347
<EQUALIZATION>	0
<DISTRIBUTIONS-OF-INCOME>	0
<DISTRIBUTIONS-OF-GAINS>	0
<DISTRIBUTIONS-OTHER>	0
<NUMBER-OF-SHARES-SOLD>	1,125
<NUMBER-OF-SHARES-REDEEMED>	0
<SHARES-REINVESTED>	0
<NET-CHANGE-IN-ASSETS>	12,082
<ACCUMULATED-NII-PRIOR>	0
<ACCUMULATED-GAINS-PRIOR>	0
<OVERDISTRIB-NII-PRIOR>	0
<OVERDIST-NET-GAINS-PRIOR>	0
<GROSS-ADVISORY-FEES>	10

<INTEREST-EXPENSE>	0
<GROSS-EXPENSE>	54
<AVERAGE-NET-ASSETS>	4,153
<PER-SHARE-NAV-BEGIN>	10.000
<PER-SHARE-NII>	.070
<PER-SHARE-GAIN-APPREC>	.670
<PER-SHARE-DIVIDEND>	0
<PER-SHARE-DISTRIBUTIONS>	0
<RETURNS-OF-CAPITAL>	0
<PER-SHARE-NAV-END>	10.740
<EXPENSE-RATIO>	150
<AVG-DEBT-OUTSTANDING>	0
<AVG-DEBT-PER-SHARE>	0

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<CIK> 0000927384

<NAME> Fidelity Advisor Annuity Fund

<SERIES>

<NUMBER> 51

<NAME> Fidelity Advisor Annuity Growth Opportunities Fund

<MULTIPLIER> 1,000

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<PERIOD-TYPE> 6-mos

<FISCAL-YEAR-END> dec-31-1995

<PERIOD-END> jun-30-1995

<INVESTMENTS-AT-COST> 37,370

<INVESTMENTS-AT-VALUE> 39,286

<RECEIVABLES> 1,087

<ASSETS-OTHER> 0

<OTHER-ITEMS-ASSETS> 0

<TOTAL-ASSETS> 40,373

<PAYABLE-FOR-SECURITIES> 2,035

<SENIOR-LONG-TERM-DEBT> 0

<OTHER-ITEMS-LIABILITIES> 56

<TOTAL-LIABILITIES> 2,091

<SENIOR-EQUITY> 0

<PAID-IN-CAPITAL-COMMON> 36,095

<SHARES-COMMON-STOCK> 3,247

<SHARES-COMMON-PRIOR> 0

<ACCUMULATED-NII-CURRENT> 136

<OVERDISTRIBUTION-NII>	0
<ACCUMULATED-NET-GAINS>	136
<OVERDISTRIBUTION-GAINS>	0
<ACCUM-APPREC-OR-DEPREC>	1,915
<NET-ASSETS>	38,282
<DIVIDEND-INCOME>	97
<INTEREST-INCOME>	122
<OTHER-INCOME>	0
<EXPENSES-NET>	83
<NET-INVESTMENT-INCOME>	136
<REALIZED-GAINS-CURRENT>	136
<APPREC-INCREASE-CURRENT>	1,915
<NET-CHANGE-FROM-OPS>	2,187
<EQUALIZATION>	0
<DISTRIBUTIONS-OF-INCOME>	0
<DISTRIBUTIONS-OF-GAINS>	0
<DISTRIBUTIONS-OTHER>	0
<NUMBER-OF-SHARES-SOLD>	3,247
<NUMBER-OF-SHARES-REDEEMED>	0
<SHARES-REINVESTED>	0
<NET-CHANGE-IN-ASSETS>	38,282
<ACCUMULATED-NII-PRIOR>	0
<ACCUMULATED-GAINS-PRIOR>	0
<OVERDISTRIB-NII-PRIOR>	0
<OVERDIST-NET-GAINS-PRIOR>	0
<GROSS-ADVISORY-FEES>	33

<INTEREST-EXPENSE>	0
<GROSS-EXPENSE>	91
<AVERAGE-NET-ASSETS>	11,040
<PER-SHARE-NAV-BEGIN>	10.000
<PER-SHARE-NII>	.040
<PER-SHARE-GAIN-APPREC>	1.750
<PER-SHARE-DIVIDEND>	0
<PER-SHARE-DISTRIBUTIONS>	0
<RETURNS-OF-CAPITAL>	0
<PER-SHARE-NAV-END>	11.790
<EXPENSE-RATIO>	150
<AVG-DEBT-OUTSTANDING>	0
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<NAME> Fidelity Advisor Annuity Fund

<SERIES>

<NUMBER> 61

<NAME> Fidelity Advisor Annuity Overseas Fund

<MULTIPLIER> 1,000

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<PERIOD-TYPE> 6-mos

<FISCAL-YEAR-END> dec-31-1995

<PERIOD-END> jun-30-1995

<INVESTMENTS-AT-COST> 4,944

<INVESTMENTS-AT-VALUE> 5,057

<RECEIVABLES> 174

<ASSETS-OTHER> 0

<OTHER-ITEMS-ASSETS> 0

<TOTAL-ASSETS> 5,231

<PAYABLE-FOR-SECURITIES> 171

<SENIOR-LONG-TERM-DEBT> 0

<OTHER-ITEMS-LIABILITIES> 22

<TOTAL-LIABILITIES> 193

<SENIOR-EQUITY> 0

<PAID-IN-CAPITAL-COMMON> 4,889

<SHARES-COMMON-STOCK> 475

<SHARES-COMMON-PRIOR> 0

<ACCUMULATED-NII-CURRENT> 38

<OVERDISTRIBUTION-NII>	0
<ACCUMULATED-NET-GAINS>	(2)
<OVERDISTRIBUTION-GAINS>	0
<ACCUM-APPREC-OR-DEPREC>	113
<NET-ASSETS>	5,038
<DIVIDEND-INCOME>	32
<INTEREST-INCOME>	30
<OTHER-INCOME>	(7)
<EXPENSES-NET>	17
<NET-INVESTMENT-INCOME>	38
<REALIZED-GAINS-CURRENT>	(2)
<APPREC-INCREASE-CURRENT>	113
<NET-CHANGE-FROM-OPS>	149
<EQUALIZATION>	0
<DISTRIBUTIONS-OF-INCOME>	0
<DISTRIBUTIONS-OF-GAINS>	0
<DISTRIBUTIONS-OTHER>	0
<NUMBER-OF-SHARES-SOLD>	507
<NUMBER-OF-SHARES-REDEEMED>	32
<SHARES-REINVESTED>	0
<NET-CHANGE-IN-ASSETS>	5,038
<ACCUMULATED-NII-PRIOR>	0
<ACCUMULATED-GAINS-PRIOR>	0
<OVERDISTRIB-NII-PRIOR>	0
<OVERDIST-NET-GAINS-PRIOR>	0
<GROSS-ADVISORY-FEES>	9



<INTEREST-EXPENSE>	0
<GROSS-EXPENSE>	55
<AVERAGE-NET-ASSETS>	2,288
<PER-SHARE-NAV-BEGIN>	10.000
<PER-SHARE-NII>	.080
<PER-SHARE-GAIN-APPREC>	.530
<PER-SHARE-DIVIDEND>	0
<PER-SHARE-DISTRIBUTIONS>	0
<RETURNS-OF-CAPITAL>	0
<PER-SHARE-NAV-END>	10.610
<EXPENSE-RATIO>	150
<AVG-DEBT-OUTSTANDING>	0
<AVG-DEBT-PER-SHARE>	0