

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-30B-2

Periodic and interim reports mailed to investment company shareholders (other than annual and semi-annual reports mailed to shareholders pursuant to Rule 30e-1)

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### FILER

#### FIDELITY FINANCIAL TRUST

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CONVERTIBLE SECURITIES  
FUND  
ANNUAL REPORT  
NOVEMBER 30, 1993  
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THIS REPORT AND THE FINANCIAL STATEMENTS CONTAINED HEREIN ARE SUBMITTED FOR THE GENERAL INFORMATION OF THE SHAREHOLDERS OF THE FUND. THIS REPORT IS NOT AUTHORIZED FOR DISTRIBUTION TO PROSPECTIVE INVESTORS IN THE FUND UNLESS PRECEDED OR ACCOMPANIED BY AN EFFECTIVE PROSPECTUS. NEITHER THE FUND NOR FIDELITY DISTRIBUTORS CORPORATION IS A BANK, AND FUND SHARES ARE NOT BACKED OR GUARANTEED BY ANY BANK OR INSURED BY THE FDIC.  
PRESIDENT'S MESSAGE

DEAR SHAREHOLDER:

Once the new year begins, many people start reviewing their finances and calculating their tax bills. No one wants to pay more taxes than they have to. But a recent survey of 500 U.S. households, conducted by Fidelity and Yankelovich Partners, showed that few people have taken steps to reduce their taxes under the new legislation. Many were not even aware that the new tax laws were retroactive to January 1993.

Whether or not you're someone whose tax bill will increase as a result of these changes, it may make sense to consider ways to keep more of what you

earn.  
 First, if your employer offers a 401(k) or 403(b) retirement savings plan, consider enrolling. These plans are set up so you can make regular contributions - before taxes - to a retirement savings plan. They offer a disciplined savings strategy, the ability to accumulate earnings tax-deferred, and immediate tax savings. For example, if you earn \$40,000 a year and contribute 7% of your salary to your 401(k) plan, your annual contribution is \$2,800. That reduces your taxable income to \$37,200 and, if you're in the 28% tax bracket, saves you \$784 in Federal taxes. In addition, you pay no taxes on any earnings until withdrawal.

It may be a good idea to contact your benefits office as soon as possible to find out when you can enroll or increase your contribution. Most employers allow employees to make changes only a few times each year. Second, consider an IRA. Many people are eligible to make an IRA contribution (up to \$2,000) that is fully tax deductible. That includes people who are not covered by company pension plans, or those within certain income brackets. Even if you don't qualify for a fully deductible contribution, any IRA earnings will grow tax-deferred until withdrawal. Third, consider tax-free investments like municipal bonds and municipal bond funds. Often these can provide higher after-tax yields than comparable taxable investments. For example, if you're in the new 36% Federal income tax bracket and invest \$10,000 in a taxable investment yielding 7%, you'll pay \$252 in Federal taxes and receive \$448 in income. That same \$10,000 invested in a tax-free bond fund yielding 5.5% would allow you to keep \$550 in income.

These are three investment strategies that could help lower your tax bill in 1994. If you're interested in learning more, please call us at 1-800-544-8888 or visit a Fidelity Investor Center.

Wishing you a prosperous new year,

Edward C. Johnson 3d, Chairman

PERFORMANCE: THE BOTTOM LINE

There are several ways to evaluate a fund's historical performance. You can look at the 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 securities that have grown in value).

CUMULATIVE TOTAL RETURNS

PERIODS ENDED NOVEMBER 30, 1993	PAST 1 YEAR	PAST 5 YEARS	LIFE OF FUND
Convertible Securities	19.94%	145.22%	167.04%
Merrill Lynch Convertible Securities Index	20.82%	101.24%	n/a
Average Convertible Securities Fund	16.14%	86.32%	n/a

CUMULATIVE TOTAL RETURNS show the fund's performance in percentage terms over a set period - one year, five years, or since the fund started on January 5, 1987. For comparison, you can look at the performance of the Merrill Lynch Convertible Securities Index - a broad measure of the performance of convertible securities. You can also look at the average convertible securities fund, which reflects the performance of 23 convertible securities funds tracked by Lipper Analytical Services. These benchmarks include reinvested dividends and capital gains, if any, and exclude the effects of sales charges.

AVERAGE ANNUAL TOTAL RETURNS

PERIODS ENDED NOVEMBER 30, 1993	PAST 1 YEAR	PAST 5 YEARS	LIFE OF FUND
Convertible Securities	19.94%	19.65%	15.27%

Merrill Lynch Convertible Securities Index 20.82% 15.01% n/a

Average Convertible Securities Fund 16.14% 13.05% n/a

AVERAGE ANNUAL TOTAL RETURNS take the fund's actual (or cumulative) return and show you what would have happened if the fund had performed at a constant rate each year.

\$10,000 OVER LIFE OF FUND

Convertible Securities (308) First Boston Convert. Sec (FB002)		
01/31/87	10,000.00	10,000.00
02/28/87	10,350.20	10,414.00
03/31/87	10,437.75	10,521.26
04/30/87	10,282.10	10,523.37
05/31/87	10,252.92	10,554.94
06/30/87	10,429.22	10,775.54
07/31/87	10,949.70	11,215.18
08/31/87	11,195.21	11,439.48
09/30/87	11,119.15	11,271.32
10/31/87	9,020.63	9,151.19
11/30/87	9,000.74	8,857.43
12/31/87	9,253.19	9,308.28
01/31/88	9,598.15	9,567.05
02/29/88	9,993.85	10,007.13
03/31/88	10,126.04	9,973.11
04/30/88	10,321.56	10,179.55
05/31/88	10,249.53	10,078.77
06/30/88	10,675.20	10,466.80
07/31/88	10,602.15	10,357.95
08/31/88	10,445.63	10,174.61
09/30/88	10,582.76	10,356.74
10/31/88	10,752.08	10,488.27
11/30/88	10,593.34	10,317.31
12/31/88	10,723.60	10,556.67
01/31/89	11,181.78	11,030.67
02/28/89	11,301.78	11,028.46
03/31/89	11,630.81	11,171.83
04/30/89	12,061.99	11,547.21
05/31/89	12,338.38	11,781.61
06/30/89	12,437.47	11,695.61
07/31/89	12,997.21	12,031.27
08/31/89	13,422.61	12,295.96
09/30/89	13,433.81	12,188.99
10/31/89	13,161.96	11,803.81
11/30/89	13,377.18	11,996.22
12/31/89	13,542.00	12,009.41
01/31/90	13,040.01	11,531.44
02/28/90	13,191.78	11,683.65
03/31/90	13,450.80	11,862.41
04/30/90	13,344.42	11,597.88
05/31/90	13,876.30	12,160.38
06/30/90	14,031.24	12,145.78
07/31/90	13,935.54	12,037.69
08/31/90	13,014.48	11,344.32
09/30/90	12,372.24	10,848.57
10/31/90	12,129.89	10,442.83
11/30/90	12,760.01	10,953.49
12/31/90	13,150.08	11,182.42
01/31/91	13,965.01	11,684.51

02/28/91	14,866.38	12,382.07
03/31/91	15,261.64	12,685.43
04/30/91	15,436.49	12,813.55
05/31/91	15,961.03	13,192.84
06/30/91	15,657.98	12,824.76
07/31/91	16,289.35	13,312.10
08/31/91	16,908.09	13,808.64
09/30/91	17,190.33	13,783.78
10/31/91	17,930.53	13,982.27
11/30/91	17,164.81	13,645.30
12/31/91	18,244.09	14,438.09
01/31/92	19,164.97	14,838.02
02/29/92	19,792.24	15,222.33
03/31/92	19,458.45	15,095.98
04/30/92	19,620.15	15,268.08
05/31/92	19,997.46	15,545.96
06/30/92	19,878.15	15,472.89
07/31/92	20,422.38	15,898.39
08/31/92	20,027.81	15,798.23
09/30/92	20,504.91	16,114.20
10/31/92	20,985.60	16,152.87
11/30/92	21,658.57	16,619.69
12/31/92	22,261.35	16,988.65
01/31/93	23,005.78	17,518.69
02/28/93	22,604.93	17,587.02
03/31/93	23,729.83	18,230.70
04/30/93	23,946.74	18,227.05
05/31/93	24,539.62	18,546.03
06/30/93	24,511.54	18,722.22
07/31/93	24,759.72	18,915.05
08/31/93	25,343.67	19,433.33
09/30/93	25,638.10	19,652.92
10/31/93	26,227.48	20,116.73
11/30/93	25,976.99	19,812.97

\$10,000 OVER LIFE OF FUND: Let's say you invested \$10,000 in Fidelity Convertible Securities Fund on January 31, 1987, shortly after the fund started. As the chart shows, by November 30, 1993, the value of your investment would have grown to \$25,977 - a 159.77% increase on your initial investment. For comparison, look at how the First Boston Convertible Securities Index did over the same period. (The Merrill Lynch Convertible Securities Index does not extend as far back as the fund's start date, and therefore is not appropriate for this comparison.) With dividends reinvested, the same \$10,000 investment in the First Boston Convertible Securities Index would have grown to \$19,813 - a 98.13% increase.

#### 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 or 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)

#### FUND TALK: THE MANAGER'S OVERVIEW

## MARKET RECAP

Low inflation, falling interest rates and a gradually improving economy boosted U.S. stocks during the 12 months ended November 30, 1993. The Standard & Poor's 500 Composite Stock Price Index - a broad measure of U.S. stock performance - rose 10.10%, in line with the market's long-term average annual return. Continued poor performance by tobacco, drug and brand-name consumer products stocks was offset by impressive results in other sectors, including technology, although semiconductors gave back part of their gains in October and November. Other market leaders were finance, notably securities brokers; autos; entertainment; and precious metals. Communications stocks soared as traditional telephone utilities, cellular communications companies and entertainment companies scrambled to form strategic alliances. Mergers and acquisitions activity resumed at a pace reminiscent of the 1980s. The NASDAQ Composite Index, which tracks over-the counter stocks, rose 15.57% for the year, compared to 14.73% for the Dow Jones Industrial Average, an index of 30 blue-chip stocks. Both trailed the Morgan Stanley EAFE (Europe, Australia, Far East) index, which rose 24.27%. Two widely watched benchmarks broke records during the period: Slow growth and the prospect of higher taxes helped push the yield on the 30-year Treasury below 6% in early September; meanwhile, the Dow closed above 3700 for the first time in mid-November, and finished the month at 3684.

An interview with Andrew Offit, Portfolio Manager of Fidelity Convertible Securities Fund

Q. HOW HAS THE FUND DONE?

A. Pretty well. It had a total return of 19.94% during the year ended November 30, 1993. According to Lipper Analytical Services, the average convertible securities fund had a return of 16.14% during the period. By comparison, the Merrill Lynch Convertible Securities Index, which largely reflects the performance of larger convertibles such as Ford and Chrysler, returned 20.82%.

Q. SO WHAT HELPED THE FUND BEAT THE AVERAGE DURING THE PAST 12 MONTHS?

A. Overall the fund was helped most by successful individual stock picking. I don't spend much time identifying economic trends or making specific asset-allocation decisions. Instead, I look for individual securities that

offer the prospect of good returns. Once I find them, I make fairly big bets - and this year, many of them paid off. For example, during the past 12 months I invested as much as 14% of the fund in convertibles issued by the corporate parents of domestic airlines such as United, American and Delta, which have been extremely strong performers. The airlines have come through a period of losses, but they're starting to cut costs and boost prices. That has pushed up their share prices, and helped the underlying convertibles.

Q. SINCE TAKING OVER THE FUND IN MARCH 1992 YOU'VE REDUCED COMMON STOCK FROM AROUND 25% OF THE FUND'S INVESTMENTS TO AROUND 11%. WHY?

A. I try to manage the fund so that it's somewhat less exposed to stock market risk than it was in the recent past. By buying more convertibles I try to boost the fund's yield, which helps reduce the fund's overall risk. That allows me to take on other risks within the convertibles sector. For example, I can make big bets on convertible issues that I like, and I can buy potentially volatile convertibles whose prices closely reflect the performance of their underlying stocks.

Q. MANY OF THE FUND'S CONVERTIBLES WERE ISSUED BY COMPANIES WHOSE STOCKS WERE TRADING AT DEPRESSED LEVELS. DID THEY HELP PERFORMANCE?

A. Yes, considerably. About 5%-10% of the fund's investments were "busted convertibles," which means that their underlying stocks had plummeted so far in price that the convertibles traded almost like ordinary bonds. Busted convertibles typically pay high yields, so they can boost the fund's average yield. And if the underlying stock recovers strongly, the bonds can deliver significant price gains. For example, I bought busted convertibles of Centocor, the biotech firm, after its shares had declined from around \$19 to \$6 per share. The bond was paying a very attractive current yield of 12.9%. The stock has since recovered, and the convertibles have climbed from around \$50 to \$85.

Q. WHAT ABOUT THE DANGER THAT A FIRM'S DEPRESSED STOCK WILL CONTINUE TO DECLINE, BRINGING THE PRICE OF THE CONVERTIBLE DOWN?

A. It happens. But usually I'll stick with the issue if I'm confident that there have been no serious changes in the firm's prospects. Advanced Medical is a good example and is one of several issues that make up the fund's 14% stake in health care. I bought the convertibles at \$70. They've since declined sharply. But the firm is restructuring its debt, and its core business continues to generate plenty of cash. Meanwhile, we're currently earning a 15% or so yield on that investment.

Q. NONE OF THE FUND'S TOP 10 HOLDINGS FROM LAST YEAR MADE THE LIST THIS YEAR. WHY NOT?

A. I sold most of them - for example, Maxicare and Greyhound - because their prices rose to levels that met my expectations. I sold CBS convertible preferreds because I underestimated the underlying stock's potential. Since I sold the preferreds, the stock has gone from \$200 to \$317. That was my biggest mistake during the period.

Q. WHAT'S YOUR OUTLOOK FOR THE FUND DURING THE COMING 12 MONTHS?

A. Convertibles have outperformed common stocks during the past five years. As a result, it's getting more difficult to find bargains. But there are still good opportunities among busted and other convertibles issued by out-of-favor companies. I like the convertibles of firms like IBM, Kodak and Bank of Boston that have had heavily publicized problems and are working to correct them. As they address those problems, the stocks could stage solid advances and boost the convertibles' prices. The major risk for shareholders in the fund is the possibility of a sharp rise in interest rates. I don't expect that to occur, but if it does, convertibles and other high-yield investments will probably suffer greater losses than stocks.

#### FUND FACTS

GOAL: a high total return  
(income plus changes in  
share price) by investing at  
least 65% of assets in  
convertible  
securities

START DATE: January 5, 1987

SIZE: as of November 30,

1993, over \$1 billion  
MANAGER: Andrew Offit, since  
March 1992; manager, Select  
Health Care, May 1990 -  
March 1992, Select  
Biotechnology, May 1989 -  
May 1990; analyst, 1987 -  
1989

(checkmark)

ANDREW OFFIT ON CHOOSING  
CONVERTIBLE SECURITIES:

"Most of the convertibles in  
the fund's portfolio carry no  
credit ratings, or are rated  
below investment grade by  
agencies such as Standard &  
Poor's. There are risks  
associated with investing in  
these securities, but also  
opportunities. Many money  
managers are forced to buy  
only investment-grade  
convertibles. As a result, I find  
a lot of neglected issues  
among the lower-rated bonds  
that they can't touch. I also  
believe that credit rating  
agencies often  
misunderstand a company's  
financial position. For  
example, I invested over 3%  
of the fund's assets in Stone  
Container convertibles earlier  
this year at \$85, when many  
observers were convinced the  
firm was headed for  
bankruptcy. The bonds  
recently traded at \$120."

(bullet) Roughly 14% of the fund's  
investments were in  
health-related securities as of  
November 30, 1993.

(bullet) The fund has about 25% of  
its investments in small and  
medium-size companies.

DISTRIBUTIONS

The Board of Trustees of  
Convertible Securities Fund  
voted to pay on December 13,  
1993, to shareholders of  
record at the opening of  
business on December 10,  
1993, a distribution of \$1.09  
derived from capital gains  
realized from sales of portfolio  
securities and a dividend of  
\$.25 from net investment  
income.

INVESTMENT CHANGES

TOP TEN INVESTMENTS AS OF NOVEMBER 30, 1993

% OF FUND'S INVESTMENTS	% OF FUND'S INVESTMENTS 6 MONTHS AGO
----------------------------	--

Time Warner, Inc. 8 3/4%, 1/10/15	5.1	0.0
UAL, Inc. (cumulative) 6 1/4%	3.6	4.2
Stone Container Corp. 8 7/8%, 7/15/00	3.4	0.0
AMR Corp. \$3.00	2.3	2.9
Mentor Corp. euro 6 3/4%, 7/22/02	1.9	1.3
Centocor, Inc. 7 1/4%, 2/1/01	1.5	1.4
Bank of Boston Corp. 7 3/4%, 6/15/11	1.4	0.6
Price Co. 6 3/4%, 3/1/01	1.4	0.7
Dell Computer Corp. \$7.00	1.4	0.0
Texas Instruments, Inc. euro 2 3/4%, 9/29/02	1.4	0.0

TOP FIVE INDUSTRIES AS OF NOVEMBER 30, 1993

	% OF FUND'S INVESTMENTS	% OF FUND'S INVESTMENTS 6 MONTHS AGO
Health	13.8	8.3
Media & Leisure	11.9	5.8
Technology	11.0	9.4
Transportation	9.0	16.5
Finance	8.9	11.9

ASSET ALLOCATION

AS OF NOVEMBER 30, 1993\* AS OF MAY 31, 1993\*

Row: 1, Col: 1, Value: 11.6

Row: 1, Col: 2, Value: 76.40000000000001

Row: 1, Col: 3, Value: 1.5

Row: 1, Col: 4, Value: 11.1

Row: 1, Col: 1, Value: 10.1

Row: 1, Col: 2, Value: 84.5

Row: 1, Col: 3, Value: 1.5

Row: 1, Col: 4, Value: 4.7

Common Stocks 11.1%

Nonconvertible

Bonds 0.9%

Convertible

Securities 76.4%

Short-term

investments 11.6%

FOREIGN

INVESTMENTS 5.3%

Common Stocks 4.7%

Nonconvertible

Bonds 0.7%

Convertible

Securities 84.5%

Short-term  
investments 10.1%  
FOREIGN  
INVESTMENTS 2.2%

\*

\*

INVESTMENTS NOVEMBER 30, 1993

Showing Percentage of Total Value of Investment in Securities

COMMON STOCKS - 11.1%

SHARES VALUE (NOTE 1)  
(000S)

CONGLOMERATES - 1.0%

Canadian Pacific Ltd. Ord. 300,000 \$ 4,913 13644030

Litton Industries, Inc. (a) 80,000 5,220 53802110  
10,133

CONSTRUCTION & REAL ESTATE - 0.0%

BUILDING MATERIALS - 0.0%

Bird Corp. 45,000 405 09076310

ENERGY - 0.6%

OIL & GAS - 0.6%

British Petroleum PLC ADR 100,000 5,925 11088940

FINANCE - 0.7%

INSURANCE - 0.3%

Life USA Holding, Inc. 160,000 2,680 53191820

SAVINGS & LOANS - 0.4%

Baltimore Bancorp (a) 329,600 4,614 05902910

TOTAL FINANCE 7,294

HEALTH - 2.4%

DRUGS & PHARMACEUTICALS - 1.7%

Barr Laboratories, Inc. (a) 245,100 5,086 06830610

Pfizer, Inc. 56,200 3,737 71708110

Schering-Plough Corp. 130,000 8,694 80660510  
17,517

MEDICAL EQUIPMENT & SUPPLIES - 0.3%

Laserscope, Inc. (a) 220,000 1,320 51808110

Moore Medical Corp. (a) 116,100 1,568 61579910

Scherer Healthcare, Inc. (a) 10,700 219 80653010  
3,107

MEDICAL FACILITIES MANAGEMENT - 0.4%

Charter Medical Corp. (a) 190,000 4,560 16124170

TOTAL HEALTH 25,184

COMMON STOCKS - CONTINUED

SHARES VALUE (NOTE 1)  
(000S)

INDUSTRIAL MACHINERY & EQUIPMENT - 0.3%

Indresco, Inc. (a) 212,300 \$ 2,946 45590510

MEDIA & LEISURE - 1.7%

BROADCASTING - 0.9%

Home Shopping Network, Inc. (a) 584,000 8,760 43735110

PUBLISHING - 0.8%

Dow Jones & Co Inc. 150,000 5,381 26056110

Tribune Co. 60,000 3,345 89604710  
8,726

TOTAL MEDIA & LEISURE 17,486

PRECIOUS METALS - 1.0%

Agnico Eagle Mines Ltd. 227,000 3,038 00847410

Homestake Mining Co. 230,000 4,312 43761410

Placer Dome Inc. 140,000 3,223 72590610  
10,573

RETAIL & WHOLESALE - 1.1%

GENERAL MERCHANDISE STORES - 0.9%

Sears, Roebuck & Co. 170,000 9,244 81238710

RETAIL & WHOLESALE, MISCELLANEOUS - 0.2%  
 Intertan, Inc. (warrants) (a) (d) 3,000 2,044 46112092  
 TOTAL RETAIL & WHOLESALE 11,288  
 TECHNOLOGY - 1.2%  
 COMPUTERS & OFFICE EQUIPMENT - 1.2%  
 Apple Computer, Inc. 140,000 4,410 03783310  
 Sun Microsystems, Inc. (a) 270,000 7,189 86681010  
 Electro Brain International Corp. (a) 280,000 560 28506220  
 12,159  
 TRANSPORTATION - 0.6%  
 RAILROADS - 0.6%  
 Santa Fe Pacific Corp. 300,000 6,150 80218310  
 COMMON STOCKS - CONTINUED  
 SHARES VALUE (NOTE 1)  
 (000S)  
 UTILITIES - 0.5%  
 CELLULAR - 0.5%  
 Paging Network, Inc. (a) 180,000 \$ 5,175 69554210  
 TOTAL COMMON STOCKS  
 (Cost \$111,545) 114,718  
 PREFERRED STOCKS - 17.4%  
  
 CONVERTIBLE PREFERRED STOCKS - 17.4%  
 CONSTRUCTION & REAL ESTATE - 0.5%  
 BUILDING MATERIALS - 0.5%  
 Bird Corp. \$1.85 105,800 1,852 09076330  
 Southdown, Inc. \$.70 (a) 295,000 3,134 84129794  
 4,986  
 DURABLES - 1.3%  
 AUTOS, TIRES, & ACCESSORIES - 0.5%  
 Navistar International Corp., Series G, \$6.00 (a) 100,000 5,500 63890140  
 TEXTILES & APPAREL - 0.8%  
 Fieldcrest Cannon, Inc., Series A, \$3.00 (e) 150,000 8,100 31654920  
 TOTAL DURABLES 13,600  
 ENERGY - 3.2%  
 ENERGY SERVICES - 1.3%  
 Energy Service, Inc. \$1.50 176,400 4,741 29271930  
 Noble Drilling Corp. \$2.25 exchangeable 39,300 1,778 65504220  
 Offshore Pipeline 178,500 7,006 67626920  
 13,525  
 OIL & GAS - 1.9%  
 Diamond Shamrock, Inc. 5% (e) 220,000 12,210 25274730  
 Tosco Corp., Series F, \$4.375 100,600 6,891 89149040  
 19,101  
 TOTAL ENERGY 32,626  
 PREFERRED STOCKS - CONTINUED  
 SHARES VALUE (NOTE 1)  
 (000S)  
 CONVERTIBLE PREFERRED STOCKS - CONTINUED  
 FINANCE - 1.9%  
 BANKS - 1.2%  
 Citicorp \$5.375 (e) 120,000 \$ 12,780 17303451  
 CREDIT & OTHER FINANCE - 0.7%  
 American Express Co. 0% (a) 180,000 7,065 02581613  
 TOTAL FINANCE 19,845  
 HEALTH - 0.3%  
 MEDICAL FACILITIES MANAGEMENT - 0.3%  
 Beverly Enterprises, Inc. \$2.75 31,300 1,772 08785120  
 IVF America, Inc., Series A, \$.80 260,500 945 45070620  
 2,717  
 INDUSTRIAL MACHINERY & EQUIPMENT - 0.4%  
 POLLUTION CONTROL - 0.4%  
 Environmental Systems Co., Series A, \$1.75 206,370 4,076 29408720  
 MEDIA & LEISURE - 0.6%  
 BROADCASTING - 0.6%

Evergreen Media Corp. \$3.00 exchangeable 123,000 6,181 30024820  
 PRECIOUS METALS - 0.8%  
 Newmont Mining Corp. \$1.375 depository shares  
 representing 1/2 pfd. (e) 130,000 8,385 65163930  
 TECHNOLOGY - 1.8%  
 COMPUTERS & OFFICE EQUIPMENT - 1.4%  
 Dell Computer Corp. \$7.00 (e) 120,000 14,520 24702550  
 ELECTRONICS - 0.4%  
 Advanced Micro Devices, Inc. \$3.00 80,000 3,880 00790330  
 TOTAL TECHNOLOGY 18,400  
 PREFERRED STOCKS - CONTINUED  
 SHARES VALUE (NOTE 1)  
 (000S)  
 CONVERTIBLE PREFERRED STOCKS - CONTINUED  
 TRANSPORTATION - 6.2%  
 AIR TRANSPORTATION - 5.8%  
 AMR Corp. \$3.00 (a) (e) 450,000 \$ 23,288 00176588  
 UAL, Inc. (cumulative) 6 1/4% (e) 316,000 37,091 90254930  
 60,379  
 TRUCKING & FREIGHT - 0.4%  
 TNT Ltd. 8% 3,025,000 3,788 93599293  
 TOTAL TRANSPORTATION 64,167  
 UTILITIES - 0.4%  
 GAS - 0.4%  
 Tejas Gas Corp. Delaware \$2.625 91,000 4,527 87907550  
 TOTAL CONVERTIBLE PREFERRED STOCKS 179,510  
 NONCONVERTIBLE PREFERRED STOCKS - 0.0%  
 ENERGY - 0.0%  
 OIL & GAS - 0.0%  
 Gulf Canada Resources Ltd. (a) (d) 2,566 7 40218L92  
 Gulf Canada Resources Ltd. Series 1, adj. rate 89,434 235 40218L40  
 TOTAL NONCONVERTIBLE PREFERRED STOCKS 242  
 TOTAL PREFERRED STOCKS  
 (Cost \$176,010) 179,752  
 CORPORATE BONDS - 59.9%  
 MOODY'S RATINGS (C) PRINCIPAL  
 (UNAUDITED) AMOUNTS (B) (000S)  
 CONVERTIBLE BONDS - 59.0%  
 BASIC INDUSTRIES - 7.1%  
 CHEMICALS & PLASTICS - 1.0%  
 Hercules, Inc. 8%, 8/15/10 A3 \$ 1,500 \$ 3,423 427056AK  
 Park Electrochemical Corp. sinking fund  
 7 1/4%, 6/15/06 B2 6,883 7,038 700416AA  
 10,461  
 CORPORATE BONDS - CONTINUED  
 MOODY'S RATINGS (C) PRINCIPAL VALUE (NOTE 1)  
 (UNAUDITED) AMOUNTS (B) (000S) (000S)  
 CONVERTIBLE BONDS - CONTINUED  
 BASIC INDUSTRIES - CONTINUED  
 IRON & STEEL - 1.5%  
 Allegheny Ludlum Corp. 5 7/8%, 3/15/02 Baa2 \$ 8,000 \$ 10,000 016900AA  
 Trimas Corp. 5%, 8/1/03 Ba3 5,000 5,750 896215AA  
 15,750  
 PAPER & FOREST PRODUCTS - 4.6%  
 International Paper Co. euro  
 5 3/4% 9/23/02 Baa1 5,000 5,400 460146AH  
 Mead Corp. 6 3/4%, 9/15/12 Baa1 5,500 5,706 582834AJ  
 Noranda Forest, Inc. 7 1/4%, 10/30/02 BBB- CAD 538 574 65542LAD  
 Stone Container Corp. 8 7/8%,  
 7/15/00 (e) B2 30,000 35,250 861589AL  
 46,930  
 TOTAL BASIC INDUSTRIES 73,141  
 CONSTRUCTION & REAL ESTATE - 1.8%  
 BUILDING MATERIALS - 0.4%  
 Lafarge Corp. 7%, 7/1/13 Baa2 2,850 3,000 505862AA

Nortek, Inc. sinking fund 7 1/2%, 5/1/06 Caa 2,000 1,440 656559AM  
 4,440  
 CONSTRUCTION - 1.4%  
 Continental Homes Holding Corp.  
 6 7/8%, 3/15/02 B3 6,150 6,626 21148CAB  
 Schuler Homes, Inc. 6 1/2%, 1/15/03 B2 4,000 5,240 808188AA  
 U.S. Home Corp. 4 7/8%, 11/1/05 B2 2,000 1,940 911920AC  
 13,806  
 TOTAL CONSTRUCTION & REAL ESTATE 18,246  
 DURABLES - 0.4%  
 CONSUMER ELECTRONICS - 0.4%  
 Whirlpool Corp. liquid yield option notes  
 0%, 5/14/11 Baa1 10,000 4,300 963320AJ  
 ENERGY - 1.9%  
 INDEPENDENT POWER - 0.4%  
 California Energy, Inc. 5%, 7/31/00 (e) Ba3 4,000 4,200 130190AB  
 CORPORATE BONDS - CONTINUED  
 MOODY'S RATINGS (C) PRINCIPAL VALUE (NOTE 1)  
 (UNAUDITED) AMOUNTS (B) (000S) (000S)  
 CONVERTIBLE BONDS - CONTINUED  
 ENERGY - CONTINUED  
 OIL & GAS - 1.5%  
 Alaska Intermediate 8 1/4%, 12/1/95 - \$ 1,217 \$ 1,214 9047889B  
 Box Energy Corp. 8 1/4%, 12/1/02 B3 5,100 6,553 103168AA  
 Presidio Oil Co. 9%, 3/15/15 Ca 9,735 7,885 741016AB  
 15,652  
 TOTAL ENERGY 19,852  
 FINANCE - 6.3%  
 BANKS - 3.6%  
 Bank of Boston Corp. 7 3/4%, 6/15/11 Baa2 13,500 14,749 060716AF  
 Bank of New York Co., Inc.  
 7 1/2%, 8/15/01 Baa1 7,000 10,867 064057AK  
 C.S. Holdings euro 4 7/8%, 11/19/02 A2 2,000 2,970 175997AC  
 Midlantic Banks, Inc. 8 1/4%, 7/1/01 B1 6,550 6,616 597806AK  
 Societe Generale 3 1/2%, 1/1/00 Aa1 FRF 9,900 2,036 833991SG  
 37,238  
 CREDIT & OTHER FINANCE - 0.9%  
 Elan International Finance, Ltd.  
 liquid yield option notes 0%, 10/16/12 Ba2 18,000 8,685 283903AA  
 INSURANCE - 1.5%  
 Axa SA 6%, 1/1/01 - FRF 7 2,042 052997AA  
 Pioneer Financial Services 8%, 7/15/00 - 4,000 4,460 723672AB  
 Travelers Co. 8.32%, 3/10/15 Baa2 9,100 9,236 894180AD  
 15,738  
 SECURITIES INDUSTRY - 0.3%  
 American Capital Bond Fund 8 1/2%, 1/1/95 AAA 3,000 3,165 024902AA  
 TOTAL FINANCE 64,826  
 HEALTH - 11.1%  
 DRUGS & PHARMACEUTICALS - 3.0%  
 Centocor, Inc. 7 1/4%, 2/1/01 Caa 18,000 15,570 152342AA  
 IVAX Corp. 6 1/2%, 11/15/01 (e) - 10,000 10,200 465823AA  
 Roche Holdings, Inc. 0%, 9/23/08 (e) - 10,000 5,213 771196AA  
 30,983  
 CORPORATE BONDS - CONTINUED  
 MOODY'S RATINGS (C) PRINCIPAL VALUE (NOTE 1)  
 (UNAUDITED) AMOUNTS (B) (000S) (000S)  
 CONVERTIBLE BONDS - CONTINUED  
 HEALTH - CONTINUED  
 MEDICAL EQUIPMENT & SUPPLIES - 4.7%  
 Advanced Medical, Inc. 7 1/4%, 1/15/02 CCC- \$ 19,977 \$ 9,789 00754CAA  
 Cabot Medical Corp. 7 1/2%, 3/1/99 - 4,490 3,973 127095AA  
 MEDIQ Inc. 7 1/4%, 6/1/06 B3 4,145 3,710 584906AD  
 Medco Containment Services, Inc. 6%, 9/1/01 AAA 8,000 11,160 583905AC  
 Mentor Corp. euro 6 3/4%, 7/22/02 - 18,500 19,980 587188AA  
 48,612

MEDICAL FACILITIES MANAGEMENT - 3.4%

Abbey Healthcare Group, Inc.:

euro 6 1/2%, 12/1/02 - 2,000 2,650 0027869A

6 1/2%, 12/1/02 (e) B2 5,570 7,380 002786AA

Greenery Rehabilitation Group, Inc.

6 1/2%, 6/15/11 - 10,630 7,016 394797AA

Hillhaven Corp. 7 3/4%, 11/1/02 B3 5,000 6,775 431576AA

Horizon Healthcare Corp. 6 3/7%, 2/1/02 B3 3,475 4,830 44042HAA

Physicians Clinical Lab, Inc.

7 1/2%, 8/15/00 (e) - 6,000 6,780 71940RAA

35,431

TOTAL HEALTH 115,026

INDUSTRIAL MACHINERY & EQUIPMENT - 2.0%

ELECTRICAL EQUIPMENT - 1.0%

Willcox & Gibbs, Inc. 7%, 8/1/14 B2 6,500 6,370 969207AC

Zenith Electronics Corp. 8 1/2%, 11/19/00 (e) - 4,000 4,000

10,370

INDUSTRIAL MACHINERY & EQUIPMENT - 0.3%

SKF AB euro 0%, 7/26/02 Baa3 XEU 6,000 3,496 7843759B

POLLUTION CONTROL - 0.7%

OHM Corp. 8%, 10/1/06 B2 4,993 4,843 670839AA

Sanifill, Inc. 7 1/2%, 6/1/06 B2 2,300 2,266 801018AA

7,109

TOTAL INDUSTRIAL MACHINERY & EQUIPMENT 20,975

CORPORATE BONDS - CONTINUED

MOODY'S RATINGS (C) PRINCIPAL VALUE (NOTE 1)

(UNAUDITED) AMOUNTS (B) (000S) (000S)

CONVERTIBLE BONDS - CONTINUED

MEDIA & LEISURE - 9.6%

BROADCASTING - 5.1%

Time Warner, Inc. 8 3/4%, 1/10/15 Ba3 \$ 50,000 \$ 53,000 887315AQ

ENTERTAINMENT - 1.6%

All American Communications, Inc.

6 1/2%, 10/1/03 (e) - 6,200 6,014 016480AA

Carnival Cruise Lines, Inc. 4 1/2%, 7/1/97 Baa2 3,000 4,500 143658AB

Savoy Pictures Entertainment 7%, 7/1/03 B2 5,000 6,125 805375AA

16,639

LODGING & GAMING - 1.3%

WMS Industries, Inc. 5 3/4%, 12/1/02 B1 10,000 13,000 929297AB

PUBLISHING - 1.6%

Nelson Thomas, Inc. 5 3/4%,

11/30/99 (e) - 3,000 3,660 640376AA

Score Board, Inc.:

9%, 9/1/02 (e) - 3,500 7,551

9%, 2/1/03 - 3,000 5,438 8091739B

16,649

TOTAL MEDIA & LEISURE 99,288

NONDURABLES - 0.8%

FOODS - 0.8%

Chock Full-O-Nuts Corporation

7%, 4/1/12 B2 8,020 8,501 170268AC

PRECIOUS METALS - 0.4%

Canyon Resources Corp. 6%, 6/1/98 (e) - 1,300 1,495 138869AA

Coeur D'Alene Mines Corp. Idaho

7%, 11/30/02 B2 2,000 2,660 192108AC

4,155

RETAIL & WHOLESALE - 5.4%

APPAREL STORES - 1.3%

Baker (J.), Inc. 7%, 6/1/02 B2 7,075 9,622 057232AA

Petrie Stores Corp. sinking fund

8%, 12/15/10 Ba2 3,250 4,290 716434AC

13,912

CORPORATE BONDS - CONTINUED

MOODY'S RATINGS (C) PRINCIPAL VALUE (NOTE 1)

(UNAUDITED) AMOUNTS (B) (000S) (000S)

CONVERTIBLE BONDS - CONTINUED

RETAIL & WHOLESALE - CONTINUED

GROCERY STORES - 1.0%

American Stores Co. 7 1/4%, 9/15/01 Ba1 \$ 1,500 \$ 1,658 030096AC  
 Kroger Co. 8 1/4%, 4/15/11 B3 6,000 5,880 501044AV  
 Promodes 5 1/2%, 1/1/00 - FRF 15,800 3,106 74699693  
 10,644

RETAIL & WHOLESALE, MISCELLANEOUS - 3.1%

Ben Franklin Retail Stores, Inc.  
 7 1/2%, 6/1/03 B- 3,750 3,675 081499AA  
 Lowe's Companies, Inc. 3%, 7/22/03 Baa1 12,000 13,230 548661AC  
 Price Co. 6 3/4%, 3/1/01 Baa1 14,000 14,630 741440AC  
 31,535

TOTAL RETAIL & WHOLESALE 56,091

SERVICES - 1.3%

ADVERTISING - 0.6%

Regal Communications Corp.  
 10%, 6/15/08 - 5,475 5,694 758756AA

SERVICES - 0.7%

ADT Ltd. euro 6%, 10/3/02 - 5,500 7,370 001999AD  
 TOTAL SERVICES 13,064

TECHNOLOGY - 8.0%

COMMUNICATIONS EQUIPMENT - 1.0%

M/A-Com, Inc. 9 1/4%, 5/15/06 B2 7,150 7,257 552618AA  
 Porta Systems Corp. euro 6%, 7/1/02 - 3,910 2,913 7356479A  
 10,170

COMPUTERS & OFFICE EQUIPMENT - 1.3%

IBM France 5 3/4%, 1/1/98 - FRF 193,000 13,875 45499D22

COMPUTER SERVICES & SOFTWARE - 0.7%

Ceridian Corp. 8 1/2%, 6/15/11 - 6,774 6,909 15677TAA

ELECTRONIC INSTRUMENTS - 0.7%

Fisher Scientific International, Inc.  
 4 3/4%, 3/1/03 Ba2 6,500 7,573 338032AA

CORPORATE BONDS - CONTINUED

MOODY'S RATINGS (C) PRINCIPAL VALUE (NOTE 1)  
 (UNAUDITED) AMOUNTS (B) (000S) (000S)

CONVERTIBLE BONDS - CONTINUED

TECHNOLOGY - CONTINUED

ELECTRONICS - 2.9%

Computer Products, Inc. 9 1/2%, 5/15/07 B3 \$ 7,594 \$ 7,784 205300AA  
 Storage Technology Corp. 8%, 5/31/15 B2 8,000 8,600 862111AG  
 Texas Instruments, Inc. euro  
 2 3/4%, 9/29/02 Baa1 14,000 14,070 8825089A  
 30,454

PHOTOGRAPHIC EQUIPMENT - 1.4%

Eastman Kodak Co. liquid yield option notes  
 0%, 10/15/11 Baa1 40,000 14,050 277461BA

TOTAL TECHNOLOGY 83,031

TRANSPORTATION - 2.2%

AIR TRANSPORTATION - 1.7%

Air Wisconsin Services, Inc.  
 7 3/4%, 6/15/10 B3 4,530 4,100 009236AA  
 Delta Air Lines, Inc. 3.23%, 6/15/03 Ba3 16,000 13,720 247361YA  
 17,820

SHIPPING - 0.5%

Seacor Holdings, Inc. 6%, 7/15/03 (e) B3 4,000 4,400 811904AA  
 TOTAL TRANSPORTATION 22,220

UTILITIES - 0.7%

CELLULAR - 0.5%

Cellular Puerto Rico 8 1/4%, 8/1/00 Caa 3,500 5,250 150919AA

TELEPHONE SERVICES - 0.2%

CAM-NET Communications Network  
 10%, 8/15/97 - 1,750 1,751 13173M9A

TOTAL UTILITIES 7,001

TOTAL CONVERTIBLE BONDS 609,717

CORPORATE BONDS - CONTINUED

MOODY'S RATINGS (C) PRINCIPAL VALUE (NOTE 1)  
(UNAUDITED) AMOUNTS (B) (000S) (000S)

NONCONVERTIBLE BONDS - 0.9%

BASIC INDUSTRIES - 0.7%

PAPER & FOREST PRODUCTS - 0.7%

Stone Container Corp.:

10 3/4%, 6/15/97 B2 \$ 4,000 \$ 3,600 861589AG

11 1/2%, 9/1/99 B2 4,000 3,600 861589AC

7,200

TRANSPORTATION - 0.0%

AIR TRANSPORTATION - 0.0%

NWA Inc., 8 5/8%, 8/1/96 Caa 375 311 62945JAB

UTILITIES - 0.2%

GAS - 0.2%

SFP Pipeline Holdings, Inc. exchangeable

0%, 8/15/10 (f) Baa3 1,000 1,290 784163AA

TOTAL NONCONVERTIBLE BONDS 8,801

TOTAL CORPORATE BONDS

(Cost \$578,327) 618,518

REPURCHASE AGREEMENTS - 11.6%

MATURITY

AMOUNT

(000S)

Investments in repurchase agreements

(U.S. Treasury obligations), in a

joint trading account at 3.24%

dated 11/30/93 due 12/1/93 \$ 119,854 119,843

TOTAL INVESTMENT IN SECURITIES - 100%

(Cost \$985,725) \$ 1,032,831

CURRENCY ABBREVIATIONS

CAD - Canadian dollar

XEU - European currency unit

FRF - French franc

LEGEND

1. Non-income producing

2. Principal amount is stated in United States dollars unless otherwise noted.

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

4. Restricted securities - investment in securities not registered under the Securities Act of 1933 (see Note 2 of Notes to Financial Statements).

Additional information on each holding is as follows:

ACQUISITION ACQUISITION

SECURITY DATE COST

Gulf Canada

Resources Ltd. 10/15/93 \$ 6,000

Intertan, Inc.

(warrants) 9/17/93 \$ 2,272,000

5. 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 \$212,517,000 or 20.1% of net assets.

6. The coupon rate shown on floating or adjustable rate securities represents the rate at period end.

OTHER INFORMATION

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 .8% AAA, AA, A 6.4%

Baa 12.4% BBB 9.0%

Ba 9.5% BB 6.5%

B 18.5% B 17.3%

Caa 2.2% CCC 4.7%

Ca, C 0.8% CC, C 0.0%

D 0.0%

The percentage not rated by either S&P or Moody's amounted to 11.3%

#### INCOME TAX INFORMATION

At November 30, 1993, the aggregate cost of investment securities for income tax purposes was \$989,415,000. Net unrealized appreciation aggregated \$43,416,000, of which \$58,145,000 related to appreciated investment securities and \$14,729,000 related to depreciated investment securities.

The fund hereby designates \$11,423,000 as a capital gain dividend for the purpose of the dividend paid deduction.

#### FINANCIAL STATEMENTS

#### STATEMENT OF ASSETS AND LIABILITIES

<TABLE>

<CAPTION>

<S>

<C>

<C>

AMOUNTS IN THOUSANDS (EXCEPT PER-SHARE AMOUNTS) NOVEMBER 30, 1993

#### ASSETS

Investment in securities, at value (including repurchase agreements of \$119,843) (cost \$985,725) (Notes 1 and 2) - See accompanying schedule		\$ 1,032,831
Cash		2,588
Receivable for investments sold		106,951
Receivable for fund shares sold		4,037
Dividends receivable		1,205
Interest receivable		11,483
Other receivables		36
TOTAL ASSETS		1,159,131

#### LIABILITIES

Payable for investments purchased	\$ 99,122	
Payable for fund shares redeemed	2,417	
Accrued management fee	461	
Other payables and accrued expenses	506	
Collateral on securities loaned, at value (Note 5)	343	
TOTAL LIABILITIES		102,849

NET ASSETS \$ 1,056,282

Net Assets consist of:

Paid in capital	\$ 916,138
Undistributed net investment income	9,921
Accumulated undistributed net realized gain (loss) on investments	83,117

Net unrealized appreciation (depreciation) on investment securities	47,106
NET ASSETS, for 59,906 shares outstanding	\$ 1,056,282
NET ASSET VALUE, offering price and redemption price per share (\$1,056,282 (divided by) 59,906 shares)	\$17.63

</TABLE>

STATEMENT OF OPERATIONS

<TABLE>

<CAPTION>

<S>

<C>

<C>

AMOUNTS IN THOUSANDS YEAR ENDED NOVEMBER 30, 1993

INVESTMENT INCOME		\$ 13,608
Dividends		
Interest (including security lending fees of \$33) (Note 5)		29,744
TOTAL INCOME		43,352
EXPENSES		
Management fee (Note 4)	\$ 4,131	
Transfer agent fees (Note 4)	2,183	
Accounting and security lending fees (Note 4)	388	
Non-interested trustees' compensation	5	
Custodian fees and expenses	77	
Registration fees	257	
Audit	53	
Legal	7	
Reports to shareholders	96	
Miscellaneous	7	
Total expenses before reductions	7,204	
Expense reductions (Note 6)	(12)	7,192
NET INVESTMENT INCOME		36,160
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS (NOTES 1, 2 AND 3)		
Net realized gain (loss) on:		
Investment securities	80,620	
Short sales	(3,865)	76,755
Change in net unrealized appreciation (depreciation) on investment securities		16,159
NET GAIN (LOSS)		92,914

NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM  
OPERATIONS

\$ 129,074

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

<S>

AMOUNTS IN THOUSANDS

<C>

YEARS ENDED NOVEMBER 30,

<C>

1993

1992

INCREASE (DECREASE) IN NET ASSETS

Operations

\$ 36,160

\$ 12,242

Net investment income

Net realized gain (loss) on investments

76,755

14,298

Change in net unrealized appreciation (depreciation)  
on investments

16,159

25,215

NET INCREASE (DECREASE) IN NET ASSETS RESULTING  
FROM OPERATIONS

129,074

51,755

Distributions to shareholders from:

(30,010)

(9,558)

Net investment income

Net realized gain

(10,919)

(3,348)

Share transactions

999,266

457,959

Net proceeds from sales of shares

Reinvestment of distributions from:

27,360

8,938

Net investment income

Net realized gain

10,468

3,195

Cost of shares redeemed

(481,320)

(222,808)

Net increase (decrease) in net assets resulting from  
share transactions

555,774

247,284

TOTAL INCREASE (DECREASE) IN NET ASSETS

643,919

286,133

NET ASSETS

Beginning of period

412,363

126,230

End of period (including undistributed net investment  
income of \$9,921 and \$3,771, respectively)

\$ 1,056,282

\$ 412,363

OTHER INFORMATION

Shares

Sold

60,275

31,078

Issued in reinvestment of distributions from:

1,677

629

Net investment income

Net realized gain

682

248

Redeemed	(28,876)	(15,192)
Net increase (decrease)	33,758	16,763

</TABLE>

FINANCIAL HIGHLIGHTS

<TABLE>

<CAPTION>

<S>

	<C> YEARS ENDED NOVEMBER 30,	<C>	<C>	<C>	<C>
	1993	1992	1991	1990	1989

SELECTED PER-SHARE DATA

Net asset value, beginning of period	\$ 15.77	\$ 13.45	\$ 10.53	\$ 11.81	\$ 10.01
--------------------------------------	----------	----------	----------	----------	----------

Income from Investment Operations

Net investment income	.75	.67	.60	.64	.80
-----------------------	-----	-----	-----	-----	-----

Net realized and unrealized	2.24	2.66	2.94	(1.15)	1.72
-----------------------------	------	------	------	--------	------

gain (loss) on investments

Total from investment operations	2.99	3.33	3.54	(.51)	2.52
----------------------------------	------	------	------	-------	------

Less Distributions

From net investment income	(.73)	(.64)	(.62)	(.77)	(.72)
----------------------------	-------	-------	-------	-------	-------

From net realized gain	(.40)	(.37)	-	-	-
------------------------	-------	-------	---	---	---

Total distributions	(1.13)	(1.01)	(.62)	(.77)	(.72)
---------------------	--------	--------	-------	-------	-------

Net asset value, end of period	\$ 17.63	\$ 15.77	\$ 13.45	\$ 10.53	\$ 11.81
--------------------------------	----------	----------	----------	----------	----------

TOTAL RETURN	19.94%	26.18%	34.52%	(4.61)%	26.28%
--------------	--------	--------	--------	---------	--------

RATIOS AND SUPPLEMENTAL DATA

Net assets, end of period (in millions)	\$ 1,056	\$ 412	\$ 126	\$ 57	\$ 60
---	----------	--------	--------	-------	-------

Ratio of expenses to average net assets*	.92%	.96%	1.17%	1.31%	1.38%
--	------	------	-------	-------	-------

Ratio of net investment income to average net assets	4.62%	4.82%	4.99%	5.63%	7.48%
--	-------	-------	-------	-------	-------

Portfolio turnover rate	312%	258%	152%	223%	207%
-------------------------	------	------	------	------	------

</TABLE>

\* SEE NOTE 6 OF NOTES TO FINANCIAL STATEMENTS.

NOTES TO FINANCIAL STATEMENTS

For the period ended November 30, 1993

1. SIGNIFICANT ACCOUNTING  
POLICIES.

Fidelity Convertible Securities Fund (the fund) is a fund of Fidelity Financial Trust (the trust) and is authorized to issue an unlimited number of shares. 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. The following summarizes the significant accounting policies of the fund:

SECURITY VALUATION. 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 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 fund are maintained in U.S. dollars. Investment securities, other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the current exchange rate. Purchases and sales of securities, income receipts and expense payments are translated into U.S. dollars at the exchange rate on the dates of the transactions.

It is not practical to identify the portion of each amount shown in the fund's Statement of Operations under the caption "Realized and Unrealized Gain (Loss) on Investments" that arises from changes in foreign currency exchange rates. Investment income includes net realized and unrealized currency gains and losses recognized between accrual and payment dates.

INCOME TAXES. As a qualified regulated investment company under Subchapter M of the Internal Revenue Code, the fund is not subject to income taxes to the extent that it distributes all of its taxable income for its fiscal year. The schedule of investments includes information regarding income taxes under the caption "Income Tax Information."

INVESTMENT INCOME. 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 fund is informed of the ex-dividend date. Interest income, which includes accretion of original issue discount, is accrued as earned. Dividend and interest income is recorded net of foreign taxes where recovery of such taxes is not assured.

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. Distributions are recorded on the ex-dividend date.

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.

2. OPERATING POLICIES.

FORWARD FOREIGN CURRENCY CONTRACTS. The fund may enter into forward foreign currency contracts. These contracts involve market risk in excess of the amount reflected in the fund's Statement of Assets and Liabilities. The face or contract amount in U.S. dollars reflects the total exposure the fund has in that particular currency contract. The U.S. dollar value of forward foreign currency contracts is determined using forward currency

exchange rates supplied by a quotation service. Losses may arise due to changes in the value of the foreign currency or if the counterparty does not perform under the contract.

Purchases and sales of forward foreign currency contracts having the same settlement date and broker are offset and presented net on the Statement of Assets and Liabilities. Gain (loss) on the purchase or sale of forward foreign currency contracts having the same settlement date and broker is recognized on the date of offset, otherwise gain (loss) is recognized on settlement date.

REPURCHASE AGREEMENTS. The fund, through its custodian, receives delivery of the underlying securities, whose market value is required to be at least 102% of the resale price at the time of purchase. The fund's investment adviser, Fidelity Management & Research Company (FMR), is responsible for determining that the value of these underlying securities remains at least equal to the resale price.

JOINT TRADING ACCOUNT. Pursuant to an Exemptive Order issued by the Securities and Exchange Commission (the SEC), the fund, along with other registered investment companies having management contracts with FMR, may transfer uninvested cash balances into a joint trading account. These balances are invested in one or more repurchase agreements that are collateralized by U.S. Treasury or Federal Agency obligations.

SHORT SALES AGAINST THE BOX. The fund may hedge its investments against changes in value by engaging in short sales against the box. In a short sale against the box, the fund sells a borrowed security, while at the same time either owning an identical security or having the right to obtain such a security. By selling short against the box the equity underlying one of its convertible holdings, the fund would seek to offset the effect that a decline in the underlying equity might have on the value of the convertible security. While the short sale is outstanding, the fund will not dispose of the security hedged by the short sale.

## 2. OPERATING POLICIES - CONTINUED.

RESTRICTED SECURITIES. The fund is permitted to invest in privately placed restricted securities. These securities may be resold in transactions exempt from registration or to the public if the securities are registered. Disposal of these securities may involve time-consuming negotiations and expense, and prompt sale at an acceptable price may be difficult. At the end of the period, restricted securities (excluding 144A issues) amounted to \$2,051,000 or .2% of net assets.

## 3. PURCHASES AND SALES OF INVESTMENTS

Purchases and sales of securities, other than short-term securities, aggregated \$2,606,858,000 and \$2,148,735,000, respectively.

## 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES.

MANAGEMENT FEE. As the fund's investment adviser, FMR receives a monthly basic 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 the fund. The group fee rate is the weighted average of a series of rates ranging from .30% to .52% and is based on the monthly average net assets of all the mutual funds advised by FMR. The annual individual fund fee rate is .20%. Effective November 1, 1994, the basic fee will be subject to a performance adjustment (up to a maximum of + or - .15%) based on the fund's investment performance as compared to the appropriate index over a specified period of time. For the period, the management fee was equivalent to an annual rate of .53% of average net assets.

The Board of Trustees approved a new group fee rate schedule with rates ranging from .2850% to .5200%. Effective November 1, 1993, FMR has voluntarily agreed to implement this new group fee rate schedule as it results in the same or a lower management fee.

DISTRIBUTION AND SERVICE PLAN. Pursuant to the Distribution and Service Plan (the Plan), and in accordance with Rule 12b-1 of the 1940 Act, FMR or the fund's distributor, Fidelity Distributors Corporation (FDC), an affiliate of FMR, may use their resources to pay administrative and promotional expenses related to the sale of the fund's shares. Subject to the approval of the Board of Trustees, the Plan also authorizes payments to

third parties that assist in the sale of the fund's shares or render shareholder support services. FMR or FDC has informed the fund that payments made to third parties under the Plan amounted to \$40,000 for the period.

TRANSFER AGENT FEE. Fidelity Service Co. (FSC), an affiliate of FMR, is the fund's transfer, dividend disbursing and shareholder servicing agent. FSC receives fees based on the type, size, number of accounts and the number of transactions made by shareholders. FSC pays for typesetting, printing and mailing of all shareholder reports, except proxy statements.

4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES - CONTINUED

ACCOUNTING AND SECURITY LENDING FEES. FSC maintains the fund's accounting records and administers the security lending program. The security lending fee is based on the number and duration of lending transactions. The accounting fee is based on the level of average net assets for the month plus out-of-pocket expenses.

BROKERAGE COMMISSIONS. The fund placed a portion of its portfolio transactions with brokerage firms which are affiliates of FMR. The commissions paid to these affiliated firms were \$374,000 for the period.

5. SECURITY LENDING.

The fund loaned securities to certain brokers who paid the fund negotiated lenders' fees. These fees are included in interest income. The fund receives U.S. Treasury obligations and/or cash as collateral against the loaned securities, in an amount at least equal to 102% of the market value of the loaned securities at the inception of each loan. This collateral must be maintained at not less than 100% of the market value of the loaned securities during the period of the loan. At period end, the value of the securities loaned and the value of collateral amounted to \$332,000 and \$343,000, respectively.

6. EXPENSE REDUCTIONS.

FMR has directed certain portfolio trades to brokers who paid a portion of the fund's expenses. For the period, the fund's expenses were reduced by \$12,000 under this arrangement.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Trustees of Fidelity Financial Trust and the Shareholders of Fidelity Convertible Securities Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments except for Moody's and Standard & Poor's ratings, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Fidelity Convertible Securities Fund (a fund of Fidelity Financial Trust) at November 30, 1993, the results of its operations for the year then ended, the changes in its net assets and the financial highlights for the periods indicated in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fidelity Convertible Securities Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities owned at November 30, 1993 by correspondence with the custodian and brokers and the application of alternative auditing procedures where confirmations from brokers were not received, provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE

Boston, Massachusetts

January 6, 1994

INVESTMENT ADVISER

Fidelity Management & Research Company

Boston, MA

OFFICERS

Edward C. Johnson 3d, President

J. Gary Burkhead, Senior Vice President

Gary L. French, Treasurer

John H. Costello, Assistant Treasurer

Arthur S. Loring, Secretary

Robert H. Morrison, Manager,

Security Transactions

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GENERAL DISTRIBUTOR

Fidelity Distributors Corporation

Boston, MA

TRANSFER AND SHAREHOLDER

SERVICING AGENT

Fidelity Service Co.

Boston, MA

CUSTODIAN

Brown Brothers Harriman & Co.

Boston, MA

FIDELITY'S GROWTH AND INCOME FUNDS

Balanced Fund

Convertible Securities Fund

Equity-Income Fund

Equity-Income II Fund

Fidelity Fund

Global Balanced Fund

Growth & Income Portfolio

Market Index Fund

Puritan Fund

Real Estate Portfolio

Utilities Income Fund

THE FIDELITY

TELEPHONE CONNECTION

MUTUAL FUND 24-HOUR SERVICE

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Exchanges/Redemptions 1-800-544-7777

Mutual Fund Quotes 1-800-544-8544

Account Assistance 1-800-544-6666

Product Information 1-800-544-8888

Retirement Accounts 1-800-544-4774

(8 a.m. - 9 p.m.)

TDD Service 1-800-544-0118

for the deaf and hearing impaired

(9 a.m. - 9 p.m. Eastern time)

\* INDEPENDENT TRUSTEES

AUTOMATED LINES FOR QUICKEST SERVICE

FIDELITY CONVERTIBLE SECURITIES FUND

82 DEVONSHIRE STREET

BOSTON, MASSACHUSETTS 02109

TO THE SHAREHOLDERS:

The Board of Trustees of Fidelity Convertible Securities Fund voted to pay on January 10, 1994, to shareholders of record at the opening of business on January 7, 1994, a distribution of \$\_\_\_\_\_ derived from capital gains realized from sales of portfolio securities and \$\_\_\_\_\_ derived from net investment income.

In the opinion of management, regardless of whether you took payments in cash or in additional shares, the distribution will be reportable for tax purposes for the year 1994. You will be notified at a later date as to the tax treatment of this distribution.

If your account is a Fidelity prototype retirement plan such as an Individual Retirement Account (IRA), a Keogh Plan, a 403(b), or a qualified pension or profit sharing plan, the above information is provided for informational purposes only and is not reportable for tax purposes in 1994.

FIDELITY CONVERTIBLE SECURITIES FUND

January 7, 1994