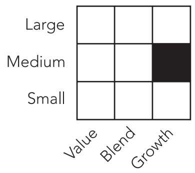
# AMERICAN GROWTH FUND

30 APRIL 2002

## FUND APPROACH AND STYLE

Morningstar Style Box ®




as at 31.03.02

Fidelity Funds American Growth Fund seeks to perform better than the benchmark index, S&P500, by being invested in a portfolio primarily composed of smaller and medium sized US companies. The fund is aimed at investors who want to diversify their US exposure. The fund is appropriate for those investors who are willing to be patient, accept a higher degree of volatility and see out stock market fluctuations in pursuit of high long-term returns.

The fund manager adopts a unique approach to stock selection. He focuses on identifying future beneficiaries of social and economic change. Research is undertaken to examine changes or trends in social attitudes, legislative actions, economic activity, product innovation, demographics and other factors. Based on the interpretation of these trends, the fund manager identifies the industries and companies that may benefit and then undertakes fundamental research on each potential investment.

Success is based on anticipating these trends before they become common market knowledge and investing in companies that benefit from them. The fund manager believes such companies have the potential to achieve above average profits growth. There is also an emphasis on industries that are undervalued or out-of-favour.

The fund manager selects stocks with the following characteristics: Proven management team positioned to exploit marketing opportunities; superior future earnings outlook; strong fundamentals; relatively attractive share valuations.

The fund manager sells holdings if: Operating environment is compromised; management fails to execute the projected business strategy; growth objectives are met or the target price achieved; stock trades ahead of fundamentals.

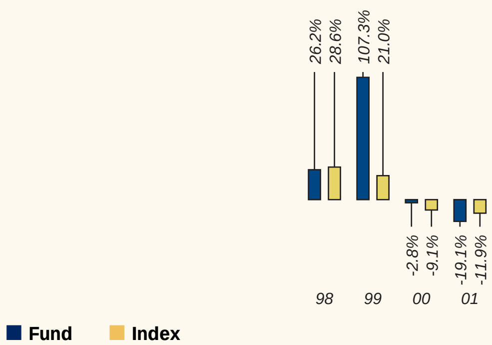
The source of investment ideas is varied and includes trade magazines and trade seminars as well as Fidelity's own research. The fund manager works with Fidelity's analysts to discuss ideas. Company visits are an integral part of the investment process in order to assess the quality of companies' management, which in turn is of crucial importance in order to understand the company thoroughly.

The investment strategy adopted by Neal Miller leads to a bias towards small and medium sized companies, which carry more risk than larger companies. Generally, smaller companies rely on limited product lines and markets, and have limited financial resources. This may make them more susceptible to setbacks or economic downturns. For this reason there tends to be a large number of holdings in the fund, generally between 200 and 300.

## QUARTERLY UPDATE

- The fund underperformed the benchmark index by 1.8% in the first quarter. An overweight position in the technology sector hurt performance as a number of technology sub-sectors produced negative returns. However, some stock-picking decisions in the technology sector were positive. Qlogic, which produces components for data storage area networks, was the fund's largest holding at quarter end and was a key positive contributor to performance.
- The manager's stock picking in a number of sectors had a positive impact on returns, but failed to outweigh the negative impact of other holdings. Overweight positions in the energy equipment and services, semiconductor equipment and products, and hotels, restaurants and leisure sectors were all positive. Underweight positions in industrial conglomerates and diversified telecoms also benefited performance. The fund's overweight position in the technology sector and underweight position in banks and diversified financials were the main detractors from performance.

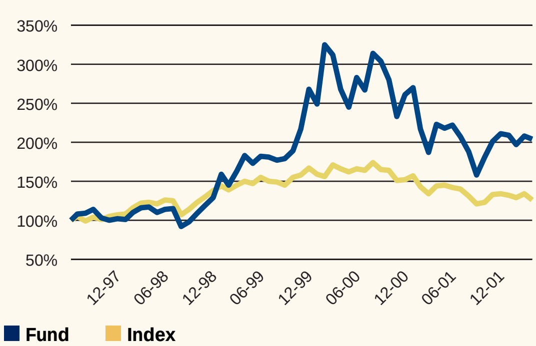
## PERFORMANCE YEAR BY YEAR




## PERFORMANCE in fund currency

| | YTD | 6 mnths | 1 yr | 3 yrs | 5 yrs | 10 yrs | Since 07.07.97 |
|---|---|---|---|---|---|---|---|
| *Fund cumulative growth* | -3.6% | 12.3% | -8.6% | 11.1% | - | - | 103.5% |
| *Index cumulative growth* | -5.8% | 2.3% | -12.6% | -16.3% | - | - | 26.0% |
| *Fund annualised growth* | - | - | -8.6% | 3.6% | - | - | 15.9% |
| *Index annualised growth* | - | - | -12.6% | -5.7% | - | - | 4.9% |
| *Value of $2,500 invested* | 2,290 | 2,668 | 2,171 | 2,640 | - | - | 4,834 |
| **Ranking within USA & North America Equity Funds Sector** | | | | | | | |
| *Position of fund* | 43 | 6 | 26 | 9 | - | - | 3 |
| *Total number of funds* | 210 | 208 | 190 | 118 | - | - | 83 |
| *Quartile ranking* | 1 | 1 | 1 | 1 | - | - | 1 |

## PERFORMANCE SINCE 07.07.97



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## INDUSTRY BREAKDOWN

**as at 31.03.02**
**(as at 31.12.01 in brackets)**

| | % TNA | | Deviation from index |
|---|---|---|---|
| *Information Technology* | *36.2%* | *(41.1%)* | *19.9%* |
| *Consumer Discretionary* | *22.6%* | *(17.5%)* | *9.2%* |
| *Health Care* | *14.7%* | *(14.5%)* | *0.5%* |
| *Industrials* | *7.6%* | *(6.6%)* | *-3.5%* |
| *Energy* | *6.7%* | *(7.5%)* | *-0.2%* |
| *Financials* | *4.4%* | *(4.8%)* | *-14.1%* |
| *Consumer Staples* | *1.7%* | *(0.9%)* | *-7.2%* |
| *Materials* | *1.5%* | *(1.1%)* | *-1.4%* |
| *Utilities* | *0.1%* | | *-3.1%* |
| *Cash* | *4.5%* | *(5.3%)* | *4.5%* |

## GEOGRAPHIC BREAKDOWN

**as at 31.03.02**
**(as at 31.12.01 in brackets)**

| | % TNA | | Deviation from index |
|---|---|---|---|
| *USA* | *94.4%* | *(91.0%)* | *-3.5%* |
| *Other* | *1.1%* | *(1.7%)* | *-1.0%* |
| *Cash* | *4.5%* | *(5.3%)* | *4.5%* |

*Index data provided from S&P500™*

## FUND FACTS

**Fund manager:**
*Neal Miller*

**Location:**
*Boston*

**Appointed to fund:**
*07.07.97*

**Years at Fidelity:**
*14*

**Launch date:**
*30.06.97*

**Currency:**
*US Dollar*

**NAV price:**
*$ 20.35*

**12mnth NAV high:**
*$ 23.31*

**12mnth NAV low:**
*$ 15.07*

**Fund size:**
*$ 935m*

**Benchmark index:**
*Standard & Poor's 500 Index*

**WK-Nummer:**
*907047*

**Bloomberg code:**
*FIDFAMG*

**Code sicovam:**
*93118*

**ISIN code:**
*LU0077335932*

**SEDOL number:**
*5261567*

## TOP HOLDINGS

| **as at 31.03.02** | **% TNA** |
|---|---|
| *QLOGIC* | *5.2%* |
| *EMULEX CORP* | *4.2%* |
| *MICRON TECHNOLOGY* | *3.9%* |
| *MICROSOFT* | *3.4%* |
| *STANLEY WORKS* | *3.3%* |
| *MCKESSON* | *2.5%* |
| *ENSCO INTERNATIONAL* | *2.3%* |
| *MEDTRONIC* | *2.2%* |
| *SMITH INTERNATIONAL* | *2.1%* |
| *INTEL* | *2.1%* |

## RATINGS

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

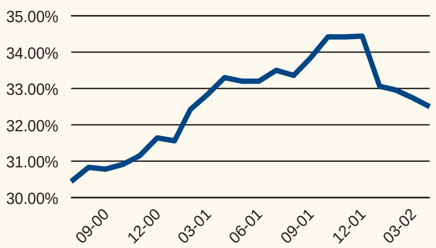
## VOLATILITY AND RISK

**Risk/return rating:**

1 2 3 4 5 6 **7**

| | |
|---|---|
| **Relative volatility:** | *2.44* |
| **Sharpe ratio:** | *0.17* |
| **Alpha:** | *1.57* |
| **Beta:** | *1.63* |
| **$R^2$:** | *0.44* |
| **Tracking error:** | *32.5* |

**Tracking error**




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