

FUND MANAGER'S COMMENTARY

MARKET REVIEW

UK economic growth accelerated as higher consumer spending more than offset a drop in business investment over the review period. GDP grew by 0.7% in the second quarter of 2013, improving on the 0.4% expansion reported the previous quarter. This marked the first two successive quarters of rising GDP since 2011. Importantly, economic data releases in the third quarter underlined the progress seen in GDP growth earlier this year. Unemployment fell 0.1% to 7.7% in July, house prices rose, manufacturing production increased and business surveys indicated an increasingly positive outlook. Meanwhile, inflationary pressures remain benign. Annual core Consumer Price Index (CPI) inflation was reported at 2.0% and the Producer Price Index came in lower than expected in August. The Bank of England (BoE) maintained its interest rate at 0.5% and its asset purchase facility at £375 billion. However, the BoE introduced forward guidance in an attempt to increase transparency on its monetary policy. The BoE said it will not consider raising interest rates until unemployment falls to 7.0%, subject to caveats on inflation and financial stability.

PORTFOLIO ACTIVITY

I continue to focus on enhancing yield by increasing exposure to preferred issuers, whilst adhering to the fund's strict credit quality and liquidity criteria. As a result, the fund's weighted average maturity (WAM) (the length of time until the average security in a fund will mature or be redeemed by its issuer) has trended upward. The exposure to instruments maturing beyond 30 days was increased. However, short term liquidity remains high, with approximately 20% of the portfolio maturing within 7 days. Investments of an exceptionally high credit quality remain a priority, with 34.2% of the portfolio invested in issues rated Aa3 (high quality and very low credit risk) or higher. Furthermore, I continue to diversify the portfolio across regions. During the period, I extended the exposure to high quality Dutch banks. For example, a new position was purchased in AAA rated public sector lender Nederlandse Waterschapsbank and the allocation to AA rated Rabobank London was increased.

OUTLOOK

Whilst the UK economic recovery is gathering momentum, key structural problems remain. Progress towards reducing gross debt levels and rebalancing the economy towards net exports and investment has been slow. Consequently, the recovery is likely to remain weak by historical standards. With core inflation steady, the BoE continues to adopt a cautious approach with its monetary policy. However, headline inflation remains uncomfortably above the BoE's 2% target, which gives the BoE less room to continue with its easy monetary policy. Against this backdrop, money market rates are likely to remain at low levels at the very short end of the yield curve (i.e. instruments with less than 6 month maturity) in the near term. A yield curve shows the range of interest rates over different periods.

Tim Foster
Fund Manager
30 September 2013

PERFORMANCE RECORD

PERFORMANCE OVER 6 MONTHS

Over the six month review period, the Trust returned 0.03% net of fees.

DISCRETE 1 YEAR PERFORMANCE OVER THE LAST 5 YEARS TO:

	30/09/09	30/09/10	30/09/11	30/09/12	30/09/13
% Trust Performance	1.22	0.15	0.30	0.24	0.07

Source: Fidelity, UK£, net income reinvested. Performance is shown on a net of fees basis, excluding initial charge.

Past performance is not a reliable indicator of future results.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Trust is to maintain capital value whilst producing income. The Manager's policy is to invest in a diversified range of money market instruments, other short term investments and transferable securities.

RISK PROFILE

The Trust invests in cash and other instruments as set out in the "Permitted Investments" section in the Scheme Particulars. The investments are selected to provide a high degree of security and, as such, the Trust represents a low risk investment for sterling based investors. Although the Trust seeks to maintain capital value and liquidity whilst producing a return in line with money market rates, the Fund does not guarantee a stable Net Asset Value.

FUND FACTS

DISTRIBUTIONS/ACCUMULATIONS (pence per unit)

	Aggregate monthly net distribution rate	Aggregate monthly net accumulation rate
From 6 April to 30 April 2013	0.0047	0.0088
From 1 May to 31 May 2013	0.0059	0.0112
From 1 June to 30 June 2013	0.0058	0.0107
From 1 July to 31 July 2013	0.0056	0.0109
From 1 August to 31 August 2013	0.0062	0.0114
From 1 September to 30 September 2013	0.0058	0.0112

The distributions and accumulations are shown on an aggregated basis. However, the Trust distributes and accumulates daily to individual unitholders.

ONGOING CHARGES (%)

	Income units	Accumulation units
30/09/13	0.40	0.40
30/09/12	0.40	0.40

The ongoing charges figure is the ratio of total operating costs to average net assets.

FUND SIZE

	Income units			Accumulation units		
	Total net assets (£m)	Net asset value per unit (p)	Units in issue	Total net assets (£m)	Net asset value per unit (p)	Units in issue
30/09/13	120.0	100.00	120,041,633	64.3	186.01	34,540,680

Figures for the six month period to 30 September 2013 are unaudited.

TOP HOLDINGS

The top ten holdings in the Trust as at 30 September 2013 and at the previous year end are shown below.

Top holdings as at 30/09/13	% of total net assets
Natixis 0.44% 01/10/2013	5.10
ING Bank 0.50% 01/10/2013	4.34
BFCM Paris 0.57% 02/12/2013	4.34
Nederlandse Waterschapsbank 2.375% 10/12/2013 Reg S	4.24
Dexia Credit 0.00% 15/11/2013	3.80
BNP Paribas 0.00% 11/12/2013	3.79
Bank Nederlandse GE 2.625% 10/12/2013	3.53
Credit Suisse First Boston 0.50% 19/12/2013	3.52
Rabobank London 0.66% 30/01/2014	3.26
Standard Chartered Bank 0.50% 22/11/2013	3.26

Top holdings as at 05/04/13	% of total net assets
ING Bank 0.48% 11/04/2013	7.37
Sumitomo Mitsui Banking Corporation 0.475% 25/04/2013	4.67
Credit Agricole 0.45% 19/04/2013	4.42
Mizuho 0.00% 08/04/2013	4.42
Comaus 0.42% 11/04/2013	3.93
BFCM Paris 0.52% 17/06/2013	3.93
Honda Finance 0.49% 18/04/2013	3.44
BNG (ND Gem) 0.44% 04/06/2013	3.44
Credit Suisse First Boston 0.47% 18/06/2013	3.44
Sumitomo Mitsui Banking Corporation 0.46% 15/04/2013	2.95

GENERAL INFORMATION

In order to provide the unitholders with regular and relevant information about the progress of the Trust, the Financial Conduct Authority requires the Manager to send a short report to all unitholders.

This document is a short report of the Fidelity Cash Fund covering the six month period ended 30 September 2013. The information in this report is designed to inform unitholders on the activities of the Trust during the period it covers and the result of those activities at the end of the period.

A more detailed long form version of the report is available free of charge on request to the Manager. The independent Auditors' report on the annual report of the Trust for the year ended 5 April 2013 was unqualified.

For more information about the activities and performance of the Trust, during this and the previous period, please contact the Manager.

AUTHORISED FUND MANAGER

FIL Investment Services (UK) Limited
Oakhill House
130 Tonbridge Road
Hildenborough
Kent TN11 9DZ
United Kingdom

The value of investments and the income from them may go down as well as up, and an investor may not get back the amount invested. The yield will fluctuate with changes in interest rates. The value of your investment may also be adversely affected if any of the institutions with which the cash is deposited suffers insolvency or other financial difficulties.

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