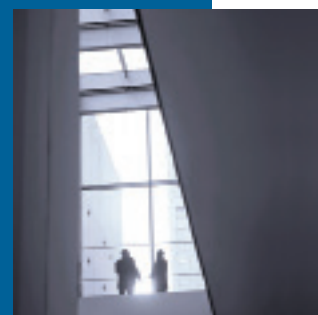


Interim Report and Financial Statements

For the six month period ended
31 March 2023



Fidelity Investment Funds 2 Interim Report and Financial Statements for the six month period ended 31 March 2023

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* These collectively comprise the Authorised Corporate Director's (ACD) report.

Fidelity Investment Funds 2 Interim Report and Financial Statements for the six month period ended 31 March 2023

Director's Report

We are pleased to present the interim report and financial statements for Fidelity Investment Funds 2 ("the Company"), covering the six month period to 31 March 2023.

Reference in this document to specific securities should not be construed as a recommendation to buy or sell these securities; but is included for the purpose of illustration only. Investors should also note that the views expressed may no longer be current and may already have been acted upon by Fidelity.

Company and Status

The Company is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC993 and authorised by the Financial Conduct Authority (FCA) on 4 December 2013. The Company has an unlimited duration.

The Company is structured as an umbrella company currently comprising one fund in which shares are available, the Fidelity UK Opportunities Fund.

The Company ceased to be recognised as UCITS under EU regulation after 31 January 2020 and as a result is classified as an Alternative Investment Fund (AIF) outside of the UK. The UK regulator categorises former UCITS as UK UCITS.

In the future additional funds or new classes of shares within the existing fund may be launched by the ACD.

The fund has the investment powers equivalent to those of an Undertaking for Collective Investment in Transferable Securities (a UK UCITS) scheme as per the Prospectus.

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after they have paid the price on purchase of the shares.

The Company is governed by the requirements of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("OEIC Regulations") and the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL). As permitted by the COLL, the Company does not hold Annual General Meetings.

Objectives

The broad aim of the Company is to provide access to the global research resources and stock picking skills of Fidelity's investment management teams throughout the world.

The investment objective and a review of the investment activities of the fund during the period under review are included within the Fund Manager's review.

Changes to the Prospectus

For the six month period ended 31 March 2023, no significant changes were made to the Prospectus or Instrument of Incorporation.

Holdings in other sub-funds within the same company

There were no such holdings. The Company has only one fund as at 31 March 2023.

Statement of Authorised Corporate Director's (ACD) Responsibilities in relation to the Interim Report and Financial Statements of the Company

The Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) and the Collective Investment Schemes sourcebook (COLL) require the ACD to prepare financial statements for each annual and half-yearly accounting period which give a true and fair view of the financial position of the Company and of its net revenue or expenses and the net capital gains or losses on the property of the Company for the period. In preparing the financial statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the UK Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Association (IA) in May 2014, as amended June 2017, the COLL, the Prospectus and the Instrument of Incorporation;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Company will continue in operation;
- take reasonable steps for the prevention and detection of fraud or other irregularities.

Certification of the Interim Report and Financial Statements by Directors of the ACD

In accordance with the requirements of the COLL as issued and amended by the Financial Conduct Authority, the report and financial statements are approved on behalf of the Directors of FIL Investment Services (UK) Limited, the ACD.



John Clougherty
Director



Peter Brookman
Director

FIL Investment Services (UK) Limited
24 May 2023

Accounting Policies of Fidelity Investment Funds 2 and its sub-fund

(Unaudited)

1. Accounting policies

- a) Basis of preparation - The financial statements of the sub-fund have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The financial statements are also prepared in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice (SORP) for UK Authorised Funds issued by the Investment Association (IA) in May 2014, as amended June 2017.
- b) All other accounting policies applied in the interim financial statements of the sub-fund have been prepared on the same basis as the audited financial statements for the year ended 30 September 2022.

Fund Manager's Review

Investment Objective and Policy

The fund aims to increase the value of your investment over a period of 5 years or more.

The fund will invest at least 70% in equities (and their related securities) of UK companies (those domiciled, incorporated or having significant business in the UK). The fund may also invest a proportion of its assets in global companies listed in the UK. The Investment Manager will actively select companies based on their potential to generate capital growth. It is not restricted in terms of industry and size.

The fund is actively managed without reference to a benchmark.

The fund may also invest in other transferable securities, collective investment schemes, money market instruments, cash and deposits and is also able to use derivatives for efficient portfolio management. There is no policy to restrict investment to any particular economic or industrial sector.

Market Review

UK equities rose sharply over the six-month period. Tentative signs of moderating inflationary pressures along with better-than-expected corporate earnings drove stocks higher, as investors held out hopes for fewer interest rate rises. China also took measures to ease its stringent COVID-19 control policy, which boosted hopes that growth in the world's second largest economy could improve next year. Meanwhile, UK authorities continued to rebuild credibility, with the market taking chancellor Jeremy Hunt's Autumn statement in its stride, in stark contrast to the volatility seen around his predecessor's mini budget in September. However, a series of strong economic reports later in the period showed that many Western economies were performing better than anticipated, which led to concerns that central banks may keep rates elevated for longer than expected. The Bank of England, despite acknowledging that more work needed to be done, remained more conservative in its commentary but continued to raise interest rates, taking its policy rate to 4.25% in March, hitting the highest level since 2008. Volatility returned in March, following the sudden collapse of US-based Silicon Valley Bank and Signature Bank, as well as the subsequent turmoil involving Credit Suisse in Europe, igniting concerns around the stability of the financial system.

Performance and Portfolio Activity

The fund generated strong positive returns over the review period, largely led by stocks with actual news flow or trading statements, in contrast to much of 2022, which was driven by macroeconomic concerns. Holdings such as Jet2, Spectris and Tate & Lyle have all had positive trading statements, with reassuring earnings upgrades following strong share movements. Conversely, oil stocks Harbour Energy and Serica were under pressure due to the extended windfall tax on oil & gas profits in the UK and falling energy prices.

A new position was bought in oil and gas producer Harbour Energy in an attempt to reduce the oil underweight. We sold the position in Serica Energy to focus on our holdings in Energean, Tullow Oil and Harbour Energy, while also attempting to reduce the overall exposure to the smallest companies. I also sold the position in high-performance plastics maker Victrex to focus on Synthomer, which I added to on weakness. A new holding was purchased in Dechra Pharmaceuticals, a high-quality vet pharmaceuticals business that is growing strongly in Europe and the US post a recent acquisition. Conversely, I sold the position in Pets at Home into both absolute and relative strength.

Outlook

Despite the recent turbulence, UK equities continue to offer good value. While inflation remains a concern, I am focussing on ensuring that the fund is invested in strong companies that have a low risk of missing their earnings expectations.

Leigh Himsworth
Fund Manager
31 March 2023

Risk and Reward Indicator

	SRRI
A Income Shares	6
W Accumulation Shares	6
W Income Shares	6



The risk category was calculated using historical volatility data, based upon the methods set by European Union rules. Volatility is influenced by changes in the stock market prices, currencies and interest rates which can be affected unpredictably by diverse factors including political and economic events.

- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- The fund may invest in instruments denominated in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the value of your investment.

Statement of Total Return

for the six month period ended 31 March 2023
(unaudited)

	31/03/23		31/03/22	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		32,617		(31,750)
Revenue	6,248		8,420	
Expenses	(1,618)		(2,085)	
Interest payable and similar charges	(2)		-	
Net revenue/(expense) before taxation	4,628		6,335	
Taxation	19		-	
Net revenue/(expense) after taxation		4,647		6,335
Total return before distributions		37,264		(25,415)
Distributions		(4,648)		(6,334)
Change in net assets attributable to shareholders from investment activities		<u>32,616</u>		<u>(31,749)</u>

Statement of Change in Net Assets Attributable to Shareholders

for the six month period ended 31 March 2023
(unaudited)

	31/03/23		31/03/22	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		439,753		582,252
Movement due to sales and repurchases of shares				
Amounts receivable on issue of shares	8,227		54,683	
Amounts payable on cancellation of shares	(45,970)		(16,304)	
		(37,743)		38,379
Swing price adjustment		70		134
Change in net assets attributable to shareholders from investment activities (see above)		32,616		(31,749)
Retained distribution on accumulation shares		971		1,338
Closing net assets attributable to shareholders		<u>435,667</u>		<u>590,354</u>

Balance Sheet

as at 31 March 2023
(unaudited)

	31/03/23		30/09/22	
	£'000	£'000	£'000	£'000
Assets				
Investments		437,589		442,506
Current assets:				
Debtors	2,697		1,289	
Cash and bank balances	3		-	
Total other assets		2,700		1,289
Total assets		<u>440,289</u>		<u>443,795</u>
Liabilities:				
Creditors				
Bank overdrafts	-		(729)	
Distribution payable	(2,822)		(1,089)	
Other creditors	(1,800)		(2,224)	
Total other liabilities		(4,622)		(4,042)
Total liabilities		<u>(4,622)</u>		<u>(4,042)</u>
Net assets attributable to shareholders		<u>435,667</u>		<u>439,753</u>

Portfolio Statement

as at 31 March 2023

Holdings/ Holdings Equivalent	Portfolio of investments	Market value/ Unrealised gain/(loss) £'000	Percentage of total net assets %
	Financials - (24.17%)		
3,550,000	HSBC Holdings	19,666	4.51
799	Fidelity Institutional Liquidity Fund - Sterling A Accumulation shares	17,163	3.94
9,500,000	Barclays	13,892	3.19
1,400,000	Gresham House	10,500	2.41
947,430	Prudential	10,488	2.41
14,000,000	IP Group	7,672	1.76
1,800,000	Aviva	7,274	1.67
1,175,000	Mattioli Woods	6,698	1.54
2,125,000	Man Group	5,045	1.16
175,000	Rathbone Brothers	3,346	0.77
300,000	Liontrust Asset Management	3,030	0.70
525,000	Lancashire Holdings	2,856	0.66
175,000	Intermediate Capital Group	2,094	0.48
275,000	Standard Chartered	1,693	0.39
89,191	Brooks MacDonald Group	1,605	0.37
		113,022	25.94
	Industrials - (13.79%)		
360,000	Spectris	13,212	3.03
1,425,000	Electrocomponents	12,960	2.97
1,250,000	Smart Metering Systems	9,400	2.16
400,000	XP Power	7,808	1.79
425,000	IMI	6,532	1.50
1,850,000	QinetiQ Group	5,998	1.38
450,000	Mondi Group	5,769	1.32
83,823	Oxford Instruments Group	2,100	0.48
5,618,421	Invinity Energy Systems	1,798	0.41
110,000	Inchcape	857	0.20
		66,434	15.25
	Basic Materials - (11.58%)		
310,000	Rio Tinto	16,867	3.87
620,000	Anglo American	16,473	3.78
4,750,000	Synthomer	5,501	1.26
715,000	Treatt	4,133	0.95
557,212	Yellow Cake	2,069	0.47
90,000	Endeavour Mining	1,811	0.42
72,629	Zotefoams	277	0.06
		47,131	10.82
	Consumer Discretionary - (11.34%)		
855,000	WHSmith	12,825	2.94
750,000	Jet2	9,953	2.28
7,500,000	National Express Group	9,000	2.07
12,000,000	Restaurant Group	4,843	1.11
300,000	WPP	2,864	0.66
110,000	Bellway	2,461	0.56
42,500	InterContinental Hotels Group	2,214	0.51
1,250,000	Marks & Spencer Group	2,091	0.48
		46,251	10.62
	Health Care - (7.55%)		
1,000,000	GSK	14,312	3.29
385,000	Genus	11,142	2.56

Portfolio Statement

as at 31 March 2023

Holdings/ Holdings Equivalent	Portfolio of investments	Market value/ Unrealised gain/(loss) £'000	Percentage of total net assets %
825,000	Smith & Nephew	9,158	2.10
210,000	Dechra Pharmaceuticals	5,502	1.26
		40,114	9.21
	Energy - (7.93%)		
32,500,000	Tullow Oil	10,140	2.33
2,300,000	Ceres Power	8,860	2.03
500,000	Energiean	6,505	1.49
2,150,000	Harbour Energy	5,829	1.34
10,000,000	AFC Energy	2,142	0.49
		33,476	7.68
	Consumer Staples - (6.29%)		
1,680,000	Tate & Lyle	13,134	3.01
400,000	Cranwick	12,136	2.79
		25,270	5.80
	Real Estate - (5.01%)		
12,750,000	Newriver (REIT)	10,009	2.30
325,000	Derwent London	7,612	1.75
4,504,595	Capital & Counties Property	5,126	1.18
		22,747	5.22
	Utilities - (4.46%)		
1,950,000	Drax Group	11,759	2.70
550,000	SSE	9,873	2.27
		21,632	4.97
	Technology - (4.95%)		
565,000	Computacenter	11,865	2.72
525,000	Auto Trader Group	3,184	0.73
475,000	Gooch & Housego	2,114	0.49
750,000	Darktrace	1,878	0.43
		19,041	4.37
	Telecommunications - (3.55%)		
2,750,000	Vodafone Group	2,465	0.57
		2,465	0.57
	Warrants - (0.00%)		
2,847,806	Invinity Energy Systems (Warrants 15/09/2022)	3	0.00
2,847,806	Invinity Energy Systems (Warrants 16/12/2024)	3	0.00
		6	0.00
	Portfolio of investments	437,589	100.45
	Cash and other net assets/(liabilities)	(1,922)	(0.45)
	Net assets	435,667	100.00

The figures in brackets represent the sector distributions at 30 September 2022. Where securities are reclassified in the current period comparative percentages have been restated.

The percentage of net assets disclosed above is subject to rounding.

Unless otherwise stated, all holdings are on an official stock exchange listing or are permitted collective investment schemes.

Where the holdings/holdings equivalent value is reported to be nil this is due to a fractional share position.

Fidelity Investment Funds 2 Interim Report and Financial Statements for the six month period ended 31 March 2023

Summary of NAV and Shares as at 31 March 2023

Fund Name	Share Class	Net asset value per share (£)	Shares in Issue
Fidelity UK Opportunities Fund	A Income Shares	1.03	31,293,437
	W Accumulation Shares	2.43	36,538,072
	W Income Shares	1.21	258,969,120

Total Purchases and Sales for the period

Fund Name	Purchases		Sales	
	31/03/23 £'000	31/03/22 £'000	31/03/23 £'000	31/03/22 £'000
Fidelity UK Opportunities Fund	171,478	366,143	212,083	339,355

Further Information

Fidelity Investment Funds 2

Registered Office:

Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP
United Kingdom
www.fidelity.co.uk

Authorised and regulated in the UK by the Financial Conduct Authority.

Authorised Corporate Director (ACD), Investment Manager, General Distributor, Administrator and Registrar

FIL Investment Services (UK) Limited

Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP
United Kingdom

The ACD is FIL Investment Services (UK) Limited and is the sole director.

Authorised and regulated in the UK by the Financial Conduct Authority.

Registered in England and Wales No 2016555.

Depository

J.P. Morgan Europe Limited

Registered Office:

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Head Office:

Chaseside
Bournemouth
Dorset BH7 7DA
United Kingdom

Authorised and regulated in the UK by the Financial Conduct Authority.

Independent Auditors

Deloitte LLP
1 New Street Square
London EC4A 3HQ
United Kingdom

Further Information

- All Fidelity employees are subject to a Code of Ethics which, among other things, sets out procedures for personal account dealings in securities. These procedures, which are rigorously monitored, are designed to ensure that there is no conflict between personal account dealing by Fidelity staff and the interests of Fidelity's customers.

The two basics of the Code of Ethics require that deals have to be pre-authorised before an individual may undertake them, and they must afterwards be reported to the Compliance Department. Individuals are required to use specified brokers which enables this process to be checked on a continual basis.

In addition, there are specific provisions to ensure that any investment idea is first acted upon by the funds Fidelity manages, and that fund managers may not deal within a defined period either side of a fund (for which they are responsible) dealing in that stock.

- The Report and Financial Statements of the Company, the instrument of incorporation and the Value Assessment Report may be inspected free of charge between 9.00 a.m. and 5.00 p.m. on every business day at the offices of the Authorised Corporate Director (ACD) at Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP, United Kingdom.

Shareholders may obtain copies of the above documents, including long form accounts, free of charge from the same address, or alternatively from our website www.fidelity.co.uk.

It is possible to receive up to date information about the full holdings of the funds in which you invest. This is available on request, and may, at our discretion, be subject to you entering into an agreement with us to keep the information confidential. If you wish to receive full holdings information in accordance with the policy, please put your request in writing to: Data Policy Fund Holdings, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, KT20 6RP, United Kingdom, quoting your name, address and account number or client reference number.

- The Task Force on Climate-related Financial Disclosures (TCFD) is an advisory body set up by the G20 to address concerns around insufficient disclosure of climate-related risks and opportunities for businesses. Fidelity International is conscious of its role and responsibilities towards the clients and has published a report on the four pillars of TCFD: Governance, Strategy, Risk Management and Metrics and Targets. The report can be found at <https://www.fidelity.co.uk/investing-fidelity-funds>.

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Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and an investor may not get back the original amount invested. Unless otherwise stated all products are provided by Fidelity International, and all views expressed are those of Fidelity International.

In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere. There may also be limited opportunities to find alternative ways of managing cash flows especially where the focus of investment is on small and medium sized firms. For funds specialising in such countries and investment types, transactions, particularly those large in size, are likely to have a greater impact on the costs of running a fund than similar transactions in larger funds. Prospective investors should bear this in mind in selecting funds.

Issued by FIL Investment Services (UK) Limited (FCA registered number 121939) a firm authorised and regulated by the Financial Conduct Authority.

FIL Investment Services (UK) Limited is a member of the Fidelity International group of companies and is registered in England and Wales under the company number 2016555. The registered office of the company is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP, United Kingdom. FIL Investment Management Limited VAT group identification number is 395 3090 35.



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