Fidelity® Emerging Markets Fund

Key Takeaways

- For the fiscal year ending October 31, 2017, the fund's Retail Class shares gained 30.21%, topping the 26.91% advance of the benchmark MSCI Emerging Markets Index.
- After a rocky start to the period, emerging markets rallied strongly amid improving economic outlooks for many benchmark countries, coupled with more-favorable investor sentiment and a weaker U.S. dollar for much of the period. This provided a good environment for Portfolio Manager Sammy Simnegar's focus on high-quality businesses with favorable stock-price momentum.
- Versus the benchmark, stock picking accounted for all of the fund's outperformance, especially in the consumer discretionary sector; an underweighting in telecommunication services and positioning in financials also helped. Overall, active management added value in nine of 11 market sectors this period.
- Materials and real estate were the only two sectors that detracted from relative performance. A small cash position also dampened the fund's results in a strong market environment.
- Geographically, China, India and South Africa stood out due to favorable stock picking, as did out-of-benchmark Netherlands. Conversely, positioning in Mexico and Korea held back results.
- At period end, Sammy is encouraged by signs of acceleration in global economies, and he has increased the fund's exposure to more-cyclical names to take advantage of this development.

MARKET RECAP

The MSCI ACWI (All Country World Index) ex USA Index returned 23.85% for the 12 months ending October 31, 2017, helped partly by a generally weak U.S. dollar. Some favorable election results in continental Europe (+30%) suggested ebbing political uncertainty and near-term risk there, but the U.K. (+20%) faced more-mixed conditions ahead of its expected exit from the European Union. Despite central-bank easing – and pressured recently by yen strength – Japan (+18%) lagged the rest of the Asia-Pacific group (+22%). Commodity-price volatility slowed Canada (+17%), but the emerging-markets group (+26%) sped ahead. Sector-wise, information technology (+47%) was driven by a surge among several Chinese internet-related names. Financials (+27%) rode rising interest rates that, at the same time, weighed on real estate (+17%), utilities (+16%), consumer staples (+14%) and telecommunication services (+9%) – so-called "bond proxy" sectors. Materials (+28%) and industrials (+27%) responded to demand from China and price gains for certain commodities. In the energy sector (+20%), oil prices lost ground in the spring before rebounding through October 31 to end well above where they started 12 months ago. Lastly, health care (+14%) was hurt by early-period turmoil around drug pricing and health care legislation.

Sammy Simnegar
Portfolio Manager

Fund Facts

Trading Symbol:	FEMKX
Start Date:	November 01, 1990
Size (in millions):	$4,850.19

Investment Approach

- Fidelity® Emerging Markets Fund is a diversified emerging-markets equity strategy that seeks capital appreciation.
- Our investment approach focuses on "best of breed" growth stocks that are underappreciated by the market. We favor dominant franchises and industry leaders that exhibit strong balance sheets, secular-growth tailwinds, rising earnings-per-share growth, attractive industry structures with high return on invested capital, and shareholder-oriented management.
- We seek to mitigate some of the risk inherent to emerging-markets stocks by limiting active position sizes and by emphasizing high-quality, stable-growing companies that generate strong free cash flow and don't need to access the debt markets to fund their growth.
- We strive to uncover these companies through in-depth fundamental analysis, working in concert with Fidelity's global research organization, which includes a team of dedicated "on-the-ground" emerging-markets specialists.

Q&A

An interview with Portfolio Manager Sammy Simnegar

Q: Sammy, how did the fund perform for the fiscal year ending October 31, 2017?

The fund's Retail Class shares gained 30.21%, topping the 26.91% advance of the benchmark MSCI Emerging Markets (EM) Index. The fund outpaced its peer group average by an even greater margin. Overall, the environment the past 12 months proved favorable for my focus on high-quality businesses with positive stock-price momentum.

Q: What was especially noteworthy about the investment environment this period?

EM stocks kicked off the one-year period in the red, as the U.S. dollar rallied sharply following Donald Trump's victory in the November 2016 presidential election and capital flowed into the U.S. in anticipation of measures expected to jump-start the economy there.

However, the dollar peaked around the end of 2016 and spent most of the rest of the period declining, which helped stocks in emerging markets. At the same time, confidence in key markets such as China, India and Brazil rebounded amid better-than-expected performance of those economies. Additionally, the price of crude oil, although weak in the second quarter of 2017, rose for the period overall, which helped Russia, Brazil and other economies dependent on oil revenue.

In fact, this was the first time since the end of the Great Recession of 2007–2009 that we observed such a widespread, simultaneous upswing in economic activity. I responded by increasing the fund's stake in more-cyclical sectors such as information technology and consumer discretionary, and by lessening our allocation to consumer staples and health care, two defensive sectors.

Q: How was the fund able to outpace the benchmark this past year?

Versus the benchmark, stock picking accounted for all of the fund's outperformance, especially in the consumer discretionary sector. Underweighting telecommunication services and our positioning in financials also helped. Overall, active management added value in nine of 11 market sectors this period. Geographically, China, India and South Africa stood out due to favorable stock picking, as did out-of-benchmark exposure to the Netherlands.

As usual, I tried to focus on companies I consider beneficiaries of dominant market share, sustainable margins, high barriers to entry, "best-in-class" returns on invested capital, recurring revenue and properly incentivized management teams.

These are all indicators of quality, a key part of my approach to stock picking. The other factor I watch closely is a stock's price momentum. I discuss these two factors in more detail later.

Q: Which stocks were notable contributors versus the benchmark?

Avoiding two weak-performing benchmark components – both of them state-owned enterprises (SOEs) – helped relative performance. Wireless-services provider China Mobile was our top relative contributor, while Brazil-based energy giant Petroleo Brasileiro, also known as Petrobras, occupied the seventh slot. Most SOEs don't meet my standards for transparency and shareholder-friendly behavior. In addition to avoiding Petrobras because of its state-owned status, the company is part of the energy sector, where I was extremely selective.

In my view, energy and telecom services are two sectors in which many businesses are highly commoditized, meaning I often see little opportunity for firms to distinguish themselves from competitors. As a result, the fund tends to carry substantial underweightings in these groups.

An out-of-benchmark stake in for-profit educator Estacio Participacoes (+104%), based in Brazil, also stood out. The stock was relatively inexpensive when I established the position in July 2017, having fallen the previous month after antitrust officials in Brazil blocked a merger with rival education firm Kroton Educacional. At that point, many analysts had given up on the stock.

We maintained close contact with Estacio's management and liked their plan to roughly double the firm's profit margin, even without a merger. The company went on to beat earnings estimates, with the stock also benefiting from overall improvement in investor sentiment toward Brazil.

A non-benchmark position in Hangzhou Hikvision Digital Technology, the world's largest manufacturer of security cameras, further lifted our relative result. This stock was a new position for the fund this period, as my research revealed that the company was taking market share both in its home market of China and abroad. The ongoing threat of global terrorism and crime drove this firm's improving fortunes, boosting our position here to a gain of 115%. In addition to its global security-camera business, the company also was making inroads in applications related to machine vision – also known as industrial image processing – and artificial intelligence in China.

Q: What about detractors?

Avoiding shares of South Korea-based index constituent SK Hynix hurt us, finishing as the fund's largest relative detractor. Aided by strong global demand and tightening supply for certain types of semiconductors, shares of Korea's No. 2 memory-chip maker after Samsung more than doubled in value this period. With that said, as of period end I continue to view the company as a "one-trick pony" in a highly cyclical and capital-intensive industry.

Untimely ownership of strong-performing index name JD.com, a China-based e-tailer akin to Amazon.com in the United States, further worked against us. Although in general I like Chinese internet companies, I'd been reluctant to invest in this one because, until recently, the company had negative free cash flow. However, when the company's free cash flow turned positive in the first quarter of 2017, I began buying, and the stock was our twelfth-largest holding by period end. Unfortunately, the stock peaked in August, which – together with missing some of the advance that occurred early in the period – hampered our position's return.

Q: What's your outlook at period end, Sammy?

I'm encouraged by signs of simultaneous acceleration among global economies. I especially like how well China has managed its transition to a consumer-driven economy. Although this process has much further to go – and I would prefer to see more of a free-market approach in China – I think the government there has done a good job so far.

The outlook for the major developed markets also appears favorable to me at present, with the U.S. doing well and Europe and Japan benefiting from a combination of decent economic growth, low inflation and accommodative monetary policy – all of which should benefit emerging markets, in my view. ■

Sammy Simnegar on quality, momentum and fund performance:

"One way to look at a mutual fund's performance is to measure how well it has done versus its benchmark in both up and down markets – often referred to as 'upside capture' and 'downside capture.' For example, if a fund has an upside capture of 78% for a certain period of time, this means it captured 78% of the benchmark's gains during that period.

"The goal of my management style is to roughly keep pace with the benchmark in advancing markets and outperform in declining markets. I try to do this by focusing on two factors: quality and momentum.

"Historically, my emphasis on quality has tended to help the fund amid falling share prices, as investors typically seek out companies with lower debt, better cash flow, stronger competitive moats and other quality markers during difficult times. When the system works as intended, it gives the fund's shareholders a somewhat smoother ride during the market's rough patches.

"On the other hand, when the market has been strong, momentum has often kept the fund roughly in sync with the benchmark. That's because looking at momentum helps keep me focused on stocks that are participating in the rally and avoiding those that, although perhaps attractive in other ways, are responding less favorably for some reason.

"Although the system isn't perfect, it's worked fairly well for me over time. For the five years ending October 31, 2017 – a reasonably long period reflecting the methods I currently use – the fund exhibited an upside capture of roughly 96% and a downside capture of about 79%, resulting in meaningful outperformance overall."

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
China Mobile Ltd.	Telecommunication Services	-1.48%	56
Estacio Participacoes SA	Consumer Discretionary	0.18%	43
Hangzhou Hikvision Digital Technology Co. Ltd. Class A	Information Technology	0.36%	42
NMC Health PLC	Health Care	0.53%	37
Godrej Consumer Products Ltd.	Consumer Staples	0.52%	36

** 1 basis point = 0.01%.*

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
SK Hynix, Inc.	Information Technology	-0.65%	-41
JD.com, Inc. sponsored ADR	Consumer Discretionary	-0.16%	-35
Evergrande Real Estate Group Ltd.	Real Estate	-0.13%	-29
Amara Raja Batteries Ltd.	Industrials	0.44%	-29
NAVER Corp.	Information Technology	0.34%	-28

** 1 basis point = 0.01%.*

MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Information Technology	30.69%	27.39%
Financials	17.77%	16.09%
Consumer Discretionary	16.30%	13.03%
Industrials	7.32%	7.48%
Consumer Staples	7.30%	12.35%
Materials	6.10%	9.48%
Health Care	2.85%	5.60%
Utilities	2.58%	1.69%
Energy	2.49%	2.47%
Telecommunication Services	2.35%	1.15%
Real Estate	2.28%	1.20%
Other	0.00%	0.00%

COUNTRY DIVERSIFICATION

Country	Portfolio Weight	Portfolio Weight Six Months Ago
China	18.60%	12.35%
India	13.95%	11.67%
Hong Kong	8.54%	6.78%
United States	7.73%	9.67%
South Africa	6.04%	6.92%
Korea (South)	5.86%	8.09%
Brazil	5.64%	9.66%
Taiwan	5.49%	5.43%
Mexico	4.66%	6.40%
Philippines	2.64%	2.89%
United Kingdom	2.47%	3.12%
Indonesia	2.34%	2.47%
France	2.23%	1.55%
Turkey	2.16%	--
Netherlands	1.53%	1.07%
Israel	1.51%	1.13%
Argentina	1.46%	--
Russia	1.16%	3.14%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Samsung Electronics Co. Ltd.	Information Technology	5.86%	5.34%
Tencent Holdings Ltd.	Information Technology	5.33%	4.48%
Alibaba Group Holding Ltd. sponsored ADR	Information Technology	4.50%	3.37%
Taiwan Semiconductor Manufacturing Co. Ltd.	Information Technology	4.35%	3.99%
Naspers Ltd. Class N	Consumer Discretionary	2.53%	2.36%
Baidu.com, Inc. sponsored ADR	Information Technology	1.75%	--
Ping An Insurance (Group) Co. of China Ltd. (H Shares)	Financials	1.40%	--
Reliance Industries Ltd.	Energy	1.28%	1.11%
Itau Unibanco Holding SA	Financials	1.27%	1.36%
Housing Development Finance Corp. Ltd.	Financials	1.25%	1.35%
10 Largest Holdings as a % of Net Assets		**29.52%**	**25.65%**
Total Number of Holdings		**135**	**136**

The 10 largest holdings are as of the end of the reporting period, and may not be representative of the fund's current or future investments. Holdings do not include money market investments.

ASSET ALLOCATION

Asset Class	Portfolio Weight	Portfolio Weight Six Months Ago
International Equities	92.20%	90.25%
Emerging Markets	83.57%	81.39%
Developed Markets	8.63%	8.86%
Tax-Advantaged Domiciles	0.00%	0.00%
Domestic Equities	5.83%	7.68%
Bonds	0.00%	0.00%
Cash & Net Other Assets	1.97%	2.07%

Net Other Assets can include fund receivables, fund payables, and offsets to other derivative positions, as well as certain assets that do not fall into any of the portfolio composition categories. Depending on the extent to which the fund invests in derivatives and the number of positions that are held for future settlement, Net Other Assets can be a negative number.

"Tax-Advantaged Domiciles" represent countries whose tax policies may be favorable for company incorporation.

FISCAL PERFORMANCE SUMMARY: Periods ending October 31, 2017

	Cumulative		Annualized			
	6 Month	**YTD**	**1 Year**	**3 Year**	**5 Year**	**10 Year/ LOF[1]**
Fidelity Emerging Markets Fund Gross Expense Ratio: 1.01%[2]	18.78%	40.61%	30.21%	7.89%	7.91%	-0.43%
MSCI Emerging Markets Index (Gross)	16.40%	32.64%	26.91%	6.08%	5.21%	0.93%
Morningstar Fund Diversified Emerging Mkts	13.34%	29.01%	22.97%	4.34%	4.59%	0.54%
% Rank in Morningstar Category (1% = Best)	--	--	11%	8%	8%	76%
# of Funds in Morningstar Category	--	--	794	637	452	187

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 11/01/1990.

[2] This expense ratio is from the prospectus in effect as of the date shown above and generally is based on amounts incurred during that fiscal year.

This fund has a short term trading fee – 1.50% for shares held less than 90 days.

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. Performance shown is that of the fund's Retail Class shares (if multiclass). You may own another share class of the fund with a different expense structure and, thus, have different returns. To learn more or to obtain the most recent month-end or other share-class performance, visit fidelity.com/performance, institutional.fidelity.com, or 401k.com. *Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated.* ***Please see the last page(s) of this Q&A document for most-recent calendar-quarter performance.***

Definitions and Important Information

Unless otherwise disclosed to you, in providing this information, Fidelity is not undertaking to provide impartial investment advice, act as an impartial adviser, or to give advice in a fiduciary capacity.

FUND RISKS

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.

IMPORTANT FUND INFORMATION

Relative positioning data presented in this commentary is based on the fund's primary benchmark (index) unless a secondary benchmark is provided to assess performance.

Effective 12/18/17, the fund's redemption fee has been removed.

INDICES

It is not possible to invest directly in an index. All indices represented are unmanaged. All indices include reinvestment of dividends and interest income unless otherwise noted.

MSCI Emerging Markets Index (Gross) is a market-capitalization-weighted index that is designed to measure the investable equity market performance for global investors of emerging markets.

MSCI ACWI (All Country World Index) ex USA Index is a market-capitalization-weighted index that is designed to measure the investable equity market performance for global investors of developed and emerging markets, excluding the United States.

MARKET-SEGMENT WEIGHTS

Market-segment weights illustrate examples of sectors or industries in which the fund may invest, and may not be representative of the fund's current or future investments. Should not be construed or used as a recommendation for any sector or industry.

RANKING INFORMATION

% Rank in Morningstar Category is the fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1%. % Rank in Morningstar Category is based on total returns which include reinvested dividends and capital gains, if any, and exclude sales charges. Multiple share classes of a fund have a common portfolio but impose different expense structures.

RELATIVE WEIGHTS

Relative weights represents the % of fund assets in a particular market segment, asset class or credit quality relative to the benchmark. A positive number represents an overweight, and a negative number is an underweight. The fund's benchmark is listed immediately under the fund name in the Performance Summary.

Manager Facts

Sammy Simnegar is a portfolio manager at Fidelity Management & Research Company (FMRCo), the investment advisor for Fidelity's family of mutual funds. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing and other financial products and services to more than 20 million individuals, institutions and financial intermediaries.

In this role, he is responsible for managing Fidelity and Fidelity Advisor International Capital Appreciation Fund (since 2008), Fidelity and Fidelity Advisor Emerging Markets Fund (since 2012), and Fidelity and Fidelity Advisor Total International Equity Fund (since 2014).

Prior to assuming his current position in January 2008, Mr. Simnegar was an equity analyst at Fidelity Management & Research Company (FMRCo), focusing on Emerging Markets energy, materials, and industrials from 2003 to 2007, U.S. Regional Banks from 2001 to 2003, and real estate, hotels, and emerging telecom from 1998 to 2001. Before joining Fidelity in 1998, Mr. Simnegar worked as an equity analyst at JPMorgan from 1997 to 1998, and as a senior trade analyst at Trans Alliance Group, Inc. from 1994 to 1996. He has been in the investments industry since 1997.

Mr. Simnegar earned his bachelor of arts degree in history from the University of California and his master of business administration degree in international finance from Columbia Business School.

PERFORMANCE SUMMARY:
Quarter ending March 31, 2018

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF[1]
Fidelity Emerging Markets Fund Gross Expense Ratio: 0.97%[2]	30.89%	10.32%	7.38%	2.17%

[1] Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 11/01/1990.
[2] This expense ratio is from the prospectus in effect as of the date shown above and generally is based on amounts incurred during that fiscal year.

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Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges, and expenses. For this and other information, call or write Fidelity for a free prospectus or, if available, a summary prospectus. Read it carefully before you invest.

Past performance is no guarantee of future results.

Views expressed are through the end of the period stated and do not necessarily represent the views of Fidelity. Views are subject to change at any time based upon market or other conditions and Fidelity disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Fidelity fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Fidelity fund. The securities mentioned are not necessarily holdings invested in by the portfolio manager(s) or FMR LLC. References to specific company securities should not be construed as recommendations or investment advice.

Diversification does not ensure a profit or guarantee against a loss.

Information included on this page is as of the most recent calendar quarter.