FIDELITY FUNDS

QUARTERLY PERFORMANCE REVIEW

EMERGING MARKET CORPORATE DEBT FUND Y-ACC-USD

30 SEPTEMBER 2018

Portfolio manager: Eric Wong, Steve Ellis

Performance over quarter in USD (%)

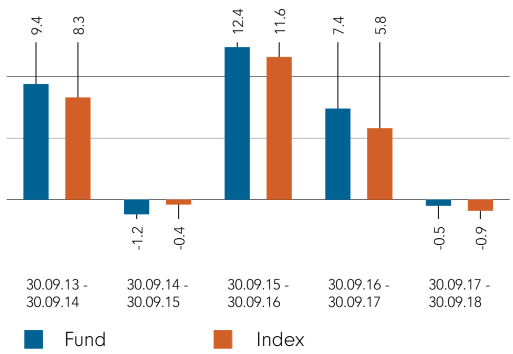
Fund	1.8
Market index	1.3

JP Morgan Corporate Emerging Market Bond Index Broad Diversified

Market index is for comparative purposes only.

Source of fund performance is Fidelity. Basis: nav-nav with income reinvested, in USD, net of fees. Other share classes may be available. Please refer to the prospectus for more details.

Performance for 12 month periods in USD (%)



Market Environment

Emerging market bonds posted mixed returns over the quarter, with local currency bonds underperforming hard currency bonds. Most emerging market currencies continued to lose ground against the US dollar and emerging market spreads tightened over the period. After posting poor performance in the second quarter, emerging market debt staged a recovery at the start of the quarter. The market was supported by technical factors and proactive interest rate hikes from several emerging market central banks. However, the rebound did not last long and the asset class came back under pressure in August, on country-specific stories led by Turkey and Argentina. Both countries have hefty current account deficits, high inflation, loose fiscal policy, low foreign currency reserves and large external financing requirements. Markets recovered again towards the end of the quarter, supported by inflows into the asset class. Within hard currency sovereign debt, Ecuador was one of the key outperformers as its turn towards more market friendly economic policies buoyed investor sentiment. However, Zambia was the biggest laggard. Moody’s downgraded Zambia to Caa1 from B3 over ongoing fiscal consolidation challenges, pointing to an increasing government debt burden. Within emerging market currencies, the Mexican peso strengthened the most against the US dollar following Andres Manuel Lopez Obrador’s election victory. The peso was further supported by higher crude oil prices and optimism about the ongoing negotiations between the US and Canada regarding the North American Free Trade Association (NAFTA). Conversely, the Turkish lira and Argentine peso weakened the most against the US dollar. Elsewhere, emerging market Purchasing Managers’ Index (PMI) decelerated in September and declined faster than developed market PMI. Oil prices rose amid looming concerns around sanctions against Iran.

Fund Performance

The fund posted positive returns and outperformed the index over the quarter. Credit selection and higher coupon income were the primary contributors to performance.

Credit selection contributed to performance
The exposure to Westpac Banking, Ecuador and Oman government bonds contributed the most to returns. Westpac Banking’s financial results for the first half of 2018 remained strong, as its net profit was supported by broad-based growth across operating divisions. The Oman government bonds benefited from higher oil prices. The allocation to Braskem also added value as it posted higher earnings in the first quarter of 2018. Conversely, the slight overweight positions in Petropavlovsk and IL&FS Transportation Networks detracted from returns. Russian gold miner Petropavlovsk lowered production guidance. IL and FS suffered as Indian onshore rating agencies downgraded the issuer. Across the rating spectrum, the exposure to BB and B rated bonds contributed the most to performance.

Term structure detracted from returns
US dollar duration detracted from performance due to the rise in US Treasury yields. As widely expected, the US Federal Reserve (Fed) raised interest rates in September and retained a slight tightening bias for the next year, pushing yields across the US Treasury curve higher.

Fund Positioning

Hard currency emerging market corporate debt continues to represent a valid alternative for investors who wish to remain invested in one of the higher yielding areas of the fixed income market, while benefiting from a much lower duration than hard currency emerging market sovereign debt or other global corporate markets. We seek to diversify the portfolio across sectors and regions, including banks and brokers, consumer non-cyclicals and capital goods names. The portfolio currently has an overweight position in China, Turkey and Brazil, and is underweight in Chile and Israel. For higher yielding securities, we continue to view valuations as generally good compensation for company-specific risks. We remain committed to undertaking rigorous fundamental bottom-up analysis of emerging market corporates to uncover strong investment stories.

Tactical credit beta position
The fund maintains a flexible approach to its credit spread positioning and currently has an overweight credit beta (sensitivity to changes in credit spreads) position. From a ratings perspective, the fund is overweight in BBB, BB and B rated names, while it is underweight in A rated bonds.

Interest rate strategy
The fund has an overweight US dollar duration position relative to the index, and is biased towards the 5–10 years maturity period.

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