

Portfolio manager: Fabio Riccelli, Karoline Rosenberg

Performance for 12 month periods in EUR (%)

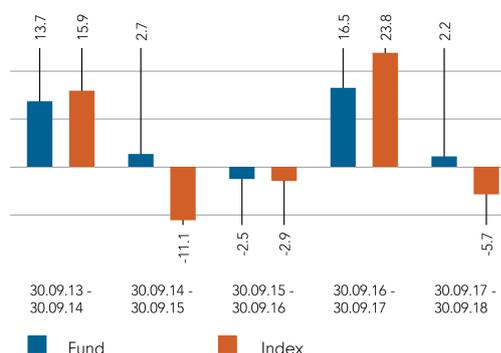
Performance over quarter in EUR (%)

Fund	-0.9
Market index	-1.5

80% MSCI SPAIN (N); 20% MSCI PORTUGAL (N)

Market index is for comparative purposes only.

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



Market Environment

Iberian equities generated negative returns in the third quarter. Markets started the period on a positive note, aided by easing trade tensions between the US and Europe, and strong corporate earnings. The European Central Bank's (ECB) continued accommodative monetary policy stance also supported equities. Later in the quarter, there were intermittent periods of volatility, primarily due to continued concerns over a trade war between the US and China, as well as the banking crisis in Turkey. Italy's higher than expected budget deficit target also hampered sentiment, as investors feared that the anti-establishment government lacks the commitment to address the country's high debt load. Economic data releases show that the Spanish economy slowed in the second quarter and grew by 0.6% quarter-on-quarter, compared to 0.7% in the first quarter. While the strong labour market continued to support consumption, an uncertain political landscape, ongoing trade worries and a slowdown in Spain's main export markets hampered the pace of growth. The Bank of Spain lowered its growth forecast for 2018 to 2.6%, from previous estimates of 2.7%. The central bank projects that the economy will grow by 2.2% in 2019 and by 2% in 2020.

Fund Performance

The fund outperformed the index over the quarter. Favourable positioning in financials, coupled with strong stock selection contributed significantly to returns. An overweight allocation to information technology (IT) added relative value. Health care companies generated mixed returns, as gains from strong security selection were partially offset by unfavourable sector positioning. Conversely, the lack of exposure to energy proved unfavourable, as these stocks benefited from a rally in oil prices.

Positioning in financials helped

Not holding BBVA added significant relative value as its shares came under pressure due to the banking crisis in Turkey, a key market for the bank. An underweight allocation to Banco Santander also supported relative returns. Meanwhile, the position in Caixabank benefited from strong second quarter results in July, driven by better than expected revenue growth and lower loan loss provisions.

Certain health care and IT positions added value

In health care, Almirall rallied after it entered into an agreement to acquire Allergan's dermatology portfolio in a US\$550 million deal. The acquisition will add scale and a number of interesting products to its loss-making US operations. The company is well-placed to benefit from the launch of new products, further mergers and acquisitions, and ongoing cost saving initiatives. Within IT, travel technology solutions provider Amadeus IT Group gained as it continued to deliver earnings growth.

Not holding energy stocks pared gains

The lack of exposure to oil and gas businesses Galp Energia and Repsol held back returns. Both these stocks benefited from the strength in oil prices amid supply disruptions.

Fund Positioning

The fund remains well diversified, with a preference for long-term structural growth businesses, beneficiaries of health care/demographics, renewables companies and attractively valued consumer plays in Spain. At a sector level, the fund holds a large overweight in industrials, health care and consumer discretionary. It is underweight in energy, financials and utilities. Although there are sometimes stock specific opportunities to invest in these sectors, they are generally more susceptible to macroeconomic or regulatory influences.

Identify structural growth stocks

I focus on identifying companies that are undervalued and are likely to benefit from structural growth drivers such as Grifols and Inditex. Amadeus IT Group is a core holding in the portfolio as it has good growth prospects and opportunities to expand in adjacent markets such as hotel room or train seat inventory management. However, I took some profits following its strong share price performance.

Prefer strong business franchises

I continue to hold domestically focused companies that can take advantage of an improving economic landscape in the region. For instance, media companies Mediaset Espana and Atrismedias have taken advantage of the weak state-owned TV station to increase audience share, while also focusing on cost controls.

New positions added in attractive businesses

I bought a new holding in a security services provider that has a good business with the potential for organic revenue growth. I also purchased a new position in a media holding company that continues to grow in a stable market. The company enjoys high market share and significant long-term margin opportunity.

Important Information

Past performance is not a reliable indicator of future results. The fund's returns can be affected by fluctuations in currency exchange rates.

The value of investments and any income from them may go down as well as up and an investor may not get back the amount invested. The use of financial derivative instruments may result in increased gains or losses within the fund. This fund invests in smaller markets which can make it more volatile than funds investing in larger markets.

Attribution

Performance attribution is produced in the currency shown below. For funds with multiple share classes, the attribution return reflects the aggregate performance across all the share classes. It may therefore deviate from the published return for a particular share class. When using the analysis for hedged share classes, please consider that the attribution is shown before the impact of hedging.

The contributions shown in the tables are before the impact of charges. If charges are applied, their effect is captured in the "Other" category in the tables and will also be reflected in the fund return.

All investments, including derivatives, linked to a particular issuing company have been combined to form a total percentage for each issuing company.

The sector/industry and country contribution tables (where relevant) display a maximum of eleven individual sectors/industries or countries. For funds investing in more than eleven sectors/industries or countries, only top five and bottom five are listed, with the contribution from other sectors/industries or countries shown in the "Other Sectors" or "Other Countries" category.

Currency of attribution	Euro (EUR)
Three month return (%)	-0.41

Position Contribution (%)

3 months

TOP 10 POSITIONS RANKED BY ABSOLUTE PERFORMANCE CONTRIBUTION

	Average Fund Weight	Performance Contribution
AMADEUS IT GROUP SA	9.9	1.69
ALMIRALL SA	1.8	0.74
CAIXABANK SA	4.5	0.27
AIRBUS SE	2.4	0.18
APPLUS SERVICES SA	2.2	0.17
CIE AUTOMOTIVE SA	2.3	0.15
ACTIVIDADES DE CONST Y SERV SA	2.3	0.13
FERROVIAL SA	3.4	0.05
PROSEGUR CASH SA	0.0	0.04
CIA DE DISTRIBUCION INTEGRAL LOGISTA	2.5	0.03

BOTTOM 10 POSITIONS RANKED BY ABSOLUTE PERFORMANCE CONTRIBUTION

	Average Fund Weight	Performance Contribution
INDUSTRIA DE DISENO TXTL IN SA	9.5	-1.09
GRIFOLS SA	8.1	-0.52
PARQUES REUNIDOS SERVICIOS CENTRALES	2.1	-0.33
ATRESMEDIA CORPO MEDIOS DE SA	0.9	-0.27
BANCO DE SABADELL SA	3.6	-0.26
BANCO SANTANDER SA	4.3	-0.19
IMPERIAL BRANDS PLC	3.3	-0.17
PROSEGUR COMP SEGURIDAD SA	3.7	-0.16
MEDIASET ESPANA COMUNICACION SA	1.0	-0.13
TELEPIZZA GROUP SAU	1.1	-0.13

Positions in other funds - including ETFs (Exchange Traded Funds) - can appear in this table, but index derivatives form part of an "Index / Unclassified" category which will appear in the table(s) below when relevant.

Sector/Industry Contribution (%)

3 months

RANKED BY ABSOLUTE PERFORMANCE CONTRIBUTION

GICS Sector	Average Fund Weight	Performance Contribution
Information Technology	9.9	1.67
Health Care	11.1	0.24
Industrials	23.2	0.19
Energy	0.0	0.00
Materials	4.8	-0.03
Real Estate	2.2	-0.13
Utilities	10.0	-0.17
Consumer Staples	3.3	-0.17
Financials	16.4	-0.23
Communication Services	2.2	-0.39
Consumer Discretionary	15.0	-1.40
Total Primary Assets	98.1	-0.41
Other*	1.9	0.00
TOTAL	100.0	-0.41

*Other includes portfolio components not already listed such as cash, expenses and other miscellaneous items.

Important Information

This information must not be reproduced or circulated without prior permission. Fidelity International refers to the group of companies which form the global investment management organisation that provides information on products and services in designated jurisdictions outside of North America. Fidelity only offers information on its own products and services and does not provide investment advice based on individual circumstances. This communication is not directed at, and must not be acted upon by persons inside the United States and is otherwise only directed at persons residing in jurisdictions where the relevant funds are authorised for distribution or where no such authorisation is required. Unless otherwise stated all products and services are provided by Fidelity International, and all views expressed are those of Fidelity International. Fidelity, Fidelity International, the Fidelity International logo and F symbol are registered trademarks of FIL Limited.

Morningstar annualised growth rates, total return, sector median performance and ranks - Data Source - © 2018 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Before investing you should read the key information document, which is available in your local language through the website www.fidelityinternational.com or from your distributor.

Austria: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from our European Service Centre in Luxembourg, FIL (Luxembourg) S.A. 2a, rue Albert Borschette BP 2174 L-1021 Luxembourg as well as with the Austrian paying agent UniCredit Bank Austria AG, Schottengasse 6-8, 1010 Wien, FIL (Luxembourg) S.A. - Zweigniederlassung Wien, Mariahilfer Strasse 36, 1070 Wien or www.fidelity.at. Issued by FIL (Luxembourg) S.A.

Chile: Neither the issuer nor the securities have been registered with the Superintendencia de Valores y Seguros pursuant to law no. 18,045, the Ley de Mercado de Valores, and regulations thereunder. This document does not constitute an offer of, or an invitation to subscribe for or purchase, the securities in the republic of Chile, other than to individually identified buyers pursuant to a private offering within the meaning of article 4 of the Ley de Mercado de Valores (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

Czech Republic: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available in your local language along with the current annual and semi-annual reports free of charge from our paying agent UniCredit Bank Czech Republic a.s., Zeletovska 1525/1, 14092 Prag 4 - Michle, Czech Republic. Issued by FIL (Luxembourg) S.A.

Denmark: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available in your local language along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank or from www.fidelity.dk. Issued by FIL (Luxembourg) S.A.

Finland: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank and from www.fidelity.fi. Issued by FIL (Luxembourg) S.A.

France: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank or visit the Fidelity website. Issued by FIL Gestion, a portfolio management company approved by the AMF under the number GP03-004, 29 rue de Berri, 75008 Paris.

Germany: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from FIL Investment Services GmbH, Postfach 200237, 60606 Frankfurt/Main or www.fidelity.de. Issued by FIL Investment Services GmbH.

Hungary: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from our distributor Raiffeisenbank Zentralbank Österreich AG, Akademia u. 6, 1054 Budapest. Issued by FIL (Luxembourg) S.A.

Iceland: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank. Issued by FIL (Luxembourg) S.A.

Italy: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank. Issued by FIL (Luxembourg) S.A.

Luxembourg: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from our distributors or www.fidelity.lu. Issued by FIL (Luxembourg) S.A.

Malta: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from Growth Investments Limited (which is licensed by the MFSA). Fidelity Funds are promoted in Malta by Growth Investments Ltd in terms of the EU UCITS Directive and Legal Notices 207 and 309 of 2004. The Funds are regulated in Luxembourg by the Commission de Surveillance du Secteur Financier. Issued by FIL (Luxembourg) S.A.

Netherlands: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from FIL (Luxembourg) S.A., Netherlands Branch (registered with the AFM), World Trade Centre, Tower H, 6th Floor, Zuidplein 52, 1077 XV Amsterdam (tel. 0031 20 79 77 100) or from www.fidelity.nl. Fidelity Funds is authorised to offer participation rights in The Netherlands pursuant to article 2:66 (3) in conjunction with article 2:71 and 2:72 Financial Supervision Act. Issued by FIL (Luxembourg) S.A.

Norway: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank or from www.fidelity.no. Issued by FIL (Luxembourg) S.A.

Peru: Fidelity Funds SICAV has not been registered before the Superintendencia del Mercado de Valores (SMV) and are being placed by means of a private offer. SMV has not reviewed the information provided to the investor. This document is only for the exclusive use of institutional investors in Peru and is not for public distribution.

Portugal: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge. Fidelity Funds is registered with the CMVM and the legal documents can be obtained from locally authorised distributors. Issued by FIL (Luxembourg) S.A.

Slovakia: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from our paying agent UniCredit Bank Slovakia, a.s., Sancova 1/A 81333, Slovakia. Issued by FIL (Luxembourg) S.A.

Spain: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge. For the purposes of distribution in Spain, Fidelity Funds is registered with the CNMV Register of Foreign Collective Investment Schemes under registration number 124, where complete information is available from Fidelity Funds authorised distributors. The purchase of or subscription for shares in Fidelity Funds shall be made on the basis of the KIID that investors shall receive in advance. The KIID is available for inspection at the offices of locally authorised distributors as well as at the CNMV. Issued by FIL (Luxembourg) S.A.

Sweden: Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from your financial advisor or from the branch of your bank, from our European Service Centre in Luxembourg, FIL (Luxembourg) S.A. 2a, rue Albert Borschette BP 2174 L-1021 Luxembourg or from www.fidelity.se. Issued by FIL (Luxembourg) S.A.

Switzerland: Investments should be made on the basis of the current prospectus and KIID (key investor information document), which are available along with the current annual and semi-annual reports free of charge from our distributors, from FIL Luxembourg S.A. and from our legal representative and paying agent in Switzerland: BNP Paribas Securities Services, Paris, succursale de Zurich, Selnastrasse 16, 8002 Zurich. Issued by FIL Investment Switzerland AG authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority FINMA.

United Kingdom: Investments should be made on the basis of the KIID (key investor information document) which is available at www.fidelity.co.uk. The full prospectus may also be obtained from Fidelity. Please note that not all funds in the SICAV fund range are suitable for UK investors and tax advice should be sought before investing. Fidelity Funds is recognised under section 264 of the Financial Services and Markets Act 2000. Investors should note that loss caused by such recognised funds will not be covered by the provisions of the Financial Services Compensation Scheme (or by any similar scheme in Luxembourg) if the fund is unable to meet its obligations, however claims for loss in regards to such recognised funds against a Financial Conduct Authority authorised firm such as Fidelity will be. Issued by FIL Pensions Management, authorised and regulated by the Financial Conduct Authority and Financial Administration Services Limited, authorised and regulated by the Financial Conduct Authority.

United Arab Emirates: For the United Arab Emirates, the DIFC branch of FIL Distributors International Limited, is regulated by the DFSA for the provision of Arranging Deals in Investments only. All communications and services are directed at Professional Clients only. Persons other than Professional Clients, such as Retail Clients, are NOT the intended recipients of our communications or services. Investments should be made on the basis of the current prospectus and KIID (key investor information document), which are available along with the current annual and semi-annual reports free of charge from our distributors.

CI3631 CL1305203/NA English 12a

