

Portfolio manager: Andrei Gorodilov, James Durance

Performance for 12 month periods in EUR (%)

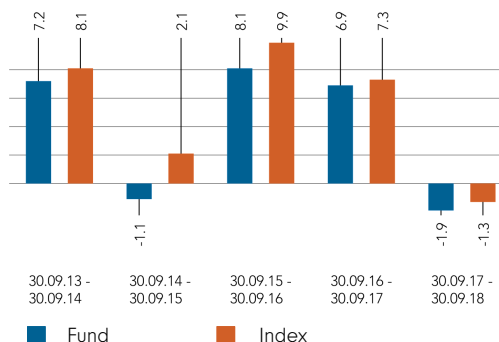
Performance over quarter in EUR (%)

| | |
|--------------|-----|
| Fund | 0.8 |
| Market index | 0.9 |

BofA ML Global High Yield European Issuers Constrained Index (Level 4 20% Capped) Hedged to EUR

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

European bonds posted mixed returns, with corporate bonds outperforming core government bonds. Demand for European government bonds remained subdued due to concerns around Italy's budget crisis and the trade war between the US and China. Furthermore, most economic parameters in Europe declined, led by inflation and consumer confidence. Consumer confidence slid sharply to -2.9 in September compared to -0.6 at the end of June 2018, the lowest level in more than a year. Meanwhile, lower composite Purchasing Managers' Index (PMI) readings and waning industrial metrics point to a weakness in the economy, which could be exacerbated by the pullback in global demand and uncertainty over the region's trade relationship with the US. On the political front, the prospect of a chaotic Brexit grew following an informal summit in Austria, during which a number of the UK's proposals were dismissed by the European Union. Risk sentiment took a hit towards the end of the quarter as the Italian government announcement that it would maintain its deficit target at 2.4%, well above market expectations. German business confidence fell slightly in September to 103.7, due to mounting concerns over export-oriented companies given the ongoing trade war between the US and China.

Fund Performance

The fund posted positive absolute returns but underperformed the index over the quarter.

Exposure to emerging markets weighed on returns

The allocation to Turkish companies hampered performance, as the country continues to deal with a crisis of confidence. Turkish authorities have refrained from imposing unpopular but urgently needed policies to put the economy back on track. Against this backdrop, the overweight position in Turkish *Turkiye Is Bankasi* was among the top detractors from returns. Elsewhere, the bias towards Russian gold exploration company *Petropavlovsk* held back gains.

Bias towards debt collectors added value

The overweight position in International Personal Finance was the top contributor to returns. From a country perspective, sterling credits underperformed their European peers given concerns around Brexit.

Fund Positioning

Volatility in emerging markets remains a dominant theme, particularly with regards to Turkey, where many credits remain oversold despite strong fundamentals. In core Europe, political risks in Italy and fears over Brexit negotiations, as well as the European Central Bank's (ECB) decision to withdraw quantitative easing measures are also a cause for concern. However, the market has strong fundamental and technical characteristics, including a benign default outlook, solid earnings and a manageable new issue pipeline. Going forward, increased dispersion within this universe and market volatility will offer opportunities for credit selection.

High conviction and fundamentally strong corporate bonds

We continue to monitor oversold issuers and look to add positions at attractive levels. For instance, we bought holdings in high conviction credits such as *Adler Real Estate* and *Wind Tre*. Within emerging markets, we retained the position in Turkish bank *Akbank* given its strong capital cushion. We also maintained the holding in state-run bank *Turkiye Vakiflar Bankasi* in light of its early recapitalisation initiatives, and increased the exposure to Turkish state-lender *Turkiye Halk Bank*.

Underweight in structurally and cyclically challenged sectors

Declining consumer confidence is a cause for concern. This, coupled with technological disruption and the entry of large online players in the retail space, leads us to maintain an underweight position in the consumer cyclicals sector. Most of the underweight allocation is in the UK, where Brexit related uncertainties are likely to negatively impact consumer sentiment.

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. Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be difficult to sell. There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall. The investment policy of this fund means it can be more than 35% invested in Government and public securities. These can be issued or guaranteed by other countries and Governments. For a full list please refer to the fund's prospectus.



Fidelity
INTERNATIONAL

EUROPEAN HIGH YIELD FUND A-EURO

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