

Fidelity Europe Fund

Quarterly Investment Review

September 30, 2023

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Overview

INCEPTION DATE: January 02, 2001
BENCHMARK: MSCI Europe Index
FUND MANAGER: Matthew Siddle

OBJECTIVE

The Fund seeks to achieve long-term capital growth by investing primarily in equity securities of companies located mainly in the United Kingdom and Continental Europe, including the European Union and the European Free Trade Association.

APPROACH

- A regional equity strategy that aims to offer exposure to companies in the European market.
- Leverages Fidelity's dedicated "on the ground" investment team and global resources.

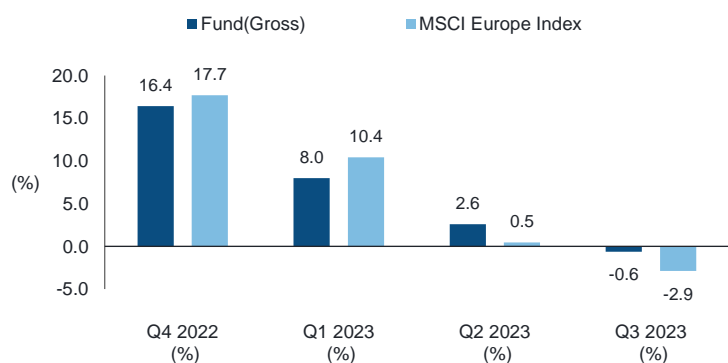
PERFORMANCE RETURNS (%)

	Cumulative					Annualized				
	Q4 2022	Q1 2023	Q2 2023	Q3 2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Fidelity Europe Fund - Series O	16.41	7.98	2.59	(0.63)	10.08	28.15	6.60	3.40	5.97	4.98
MSCI Europe Index	17.69	10.43	0.45	(2.89)	7.72	26.78	7.66	4.89	6.71	3.64
Relative Return	(1.28)	(2.45)	2.14	2.26	2.36	1.37	(1.06)	(1.49)	(0.74)	1.34

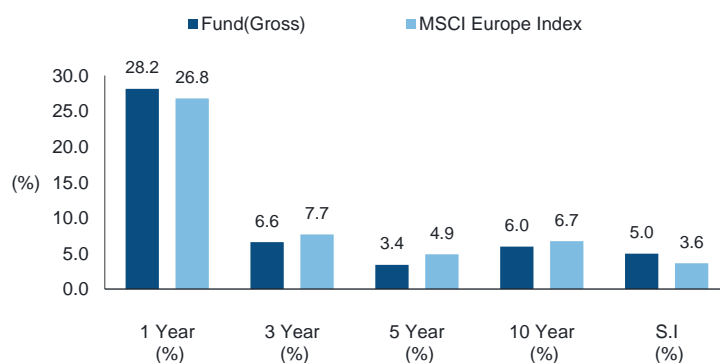
Performance returns are unaudited and time-weighted.

Note: Differences may be due to rounding.

Cumulative Quarterly Performance



Annualized as of September 30, 2023



Overview

PERFORMANCE RETURNS (%): CALENDAR YEAR RETURNS

	Calendar Year Returns									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fidelity Europe Fund - Series O	(10.90)	12.60	(0.13)	17.74	(6.52)	18.83	(8.79)	21.85	(1.63)	34.47
MSCI Europe Index	(8.89)	15.31	3.53	17.52	(7.20)	17.26	(3.85)	16.52	2.28	33.64
Relative Return	(2.01)	(2.71)	(3.66)	0.22	0.68	1.57	(4.94)	5.33	(3.91)	0.83

Performance returns are unaudited and time-weighted.

Note: Differences may be due to rounding.

Quarterly Fund Commentary

- From a sector perspective, the Fund's outperformance was driven largely by strong stock selection in, and overweight allocations to, the consumer discretionary and information technology sectors.
- In consumer discretionary, lack of exposure to a France-based luxury goods company and an investment in Sweden-based automotive safety supplier Autoliv contributed to relative returns. In information technology, lack of exposure to a Netherlands-based semiconductor company and an investment in U.K.-based software company Sage Group contributed to relative returns. In other sectors, investments in Germany-based real estate company Vonovia and U.K.-based insurance company Direct Line Insurance Group contributed.
- Stock selection in the health care and financials sectors detracted from relative returns.
- In health care, lack of exposure to a Denmark-based pharmaceutical company and an investment in Switzerland-based health care company Roche Holding detracted from relative returns. In financials, investments in U.K.-based insurance company Prudential Financial and U.K.-based investment management company St. James's Place detracted from relative performance. In other sectors, an investment in Jersey-based airline Wizz Air Holdings and lack of exposure to a U.K.-based oil and gas company detracted.

12 Month Fund Commentary

- Investments in the consumer staples sector contributed to relative returns, as did lower-than-benchmark exposure to, and investments in, the consumer discretionary sector.
- In consumer staples, an investment in U.K.-based food processing and retailing company Associated British Foods added to relative gains, as did lack of exposure to a Switzerland-based multinational food and drink processing company. In consumer discretionary, investments in Spain-based clothing company Industria de Diseño Textil (Inditex) and Sweden-based automotive safety supplier Autoliv contributed to relative returns. In other sectors, investments in France-based insurance company SCOR and Germany-based software producer SAP contributed.
- Investments in the financials and health care sectors detracted from relative returns.
- In financials, an investment in U.K.-based investment management company St. James's Place detracted from relative performance, as did lack of exposure to a U.K.-based financial services company. In health care, lack of exposure to a Denmark-based pharmaceutical company and an investment in Switzerland-based health care company Roche Holding detracted from relative returns. In other sectors, investments in U.K.-based British American Tobacco and Sweden-based telecommunications company Telefonaktiebolaget LM Ericsson detracted.

Positioning and Outlook

- Overall, Fund managers Helen Powell and Matt Siddle prefer quality companies that are trading at attractive valuations. The Fund typically does well when the valuation gap between the most and least expensive stocks narrows, given that the Fund tends not to own the priciest companies in the market.
- Among cyclical holdings, the portfolio managers see mixed opportunities, with some companies trading at attractive valuations following the fears of recession that arose in 2022. Among defensive holdings, the portfolio is overweight in consumer staples because the sector has lots of good-quality businesses.
- The portfolio remains well positioned to benefit from its lower exposure, compared with growth peers, to the most expensive, highest-growth stocks, which will come under the most pressure as interest rates rise. The team is focused on finding quality companies trading below their intrinsic value and likes businesses for which the growth outlook does not depend on macroeconomic variables such as a lower interest rate environment.
- The management team expects the impact of higher interest rates on the portfolio to be limited, given that the managers already focus on structurally growing businesses whose fundamentals do not rely on the macroeconomic environment. The Fund also benefits from high exposure to companies with good earnings stability, so the managers are confident in the Fund's ability to weather an economic downturn with more resilience than the market as a whole.

Performance Attribution

SECTOR ATTRIBUTION SUMMARY - 3 MONTHS

Sector	Average Fund Weight (%)	Average Benchmark Weight (%)	Relative Weight (%)	Fund Return (%)	Benchmark Return (%)	Relative Return (%)	Security Selection (bps)	Sector Selection (bps)	Total Relative Contribution (bps)
CONSUMER DISCRETIONARY	11.55	11.41	0.14	1.73	(11.71)	13.44	113	45	158
INFORMATION TECHNOLOGY	10.23	6.72	3.50	(2.31)	(10.91)	8.60	20	41	62
CONSUMER STAPLES	23.03	12.41	10.62	(1.75)	(4.98)	3.23	62	(12)	49
REAL ESTATE	2.12	0.78	1.34	26.96	8.07	18.89	14	31	46
UTILITIES	3.91	4.25	(0.34)	(7.14)	(8.31)	1.18	(12)	22	10
INDUSTRIALS	6.33	15.00	(8.67)	(6.78)	(4.65)	(2.13)	21	(16)	5
MATERIALS	1.17	6.96	(5.79)	14.19	(0.11)	14.30	1	1	1
COMMUNICATION SERVICES	2.96	3.13	(0.17)	(2.48)	0.06	(2.54)	(21)	13	(8)
ENERGY	4.37	5.88	(1.51)	16.98	14.42	2.56	11	(26)	(15)
FINANCIALS	20.02	17.52	2.50	(1.24)	1.97	(3.21)	(85)	33	(53)
HEALTH CARE	12.18	15.93	(3.75)	(4.30)	0.79	(5.09)	(70)	(4)	(74)
SUBTOTAL	97.87	100.00	(2.13)	(0.69)	(2.89)	2.20	53	129	182
CASH AND OTHER	2.13	-	-	-	-	-	-	-	44
TOTAL	100.00	100.00	0.00	(0.63)	(2.89)	2.26	-	-	226

Note: Differences may be due to rounding.

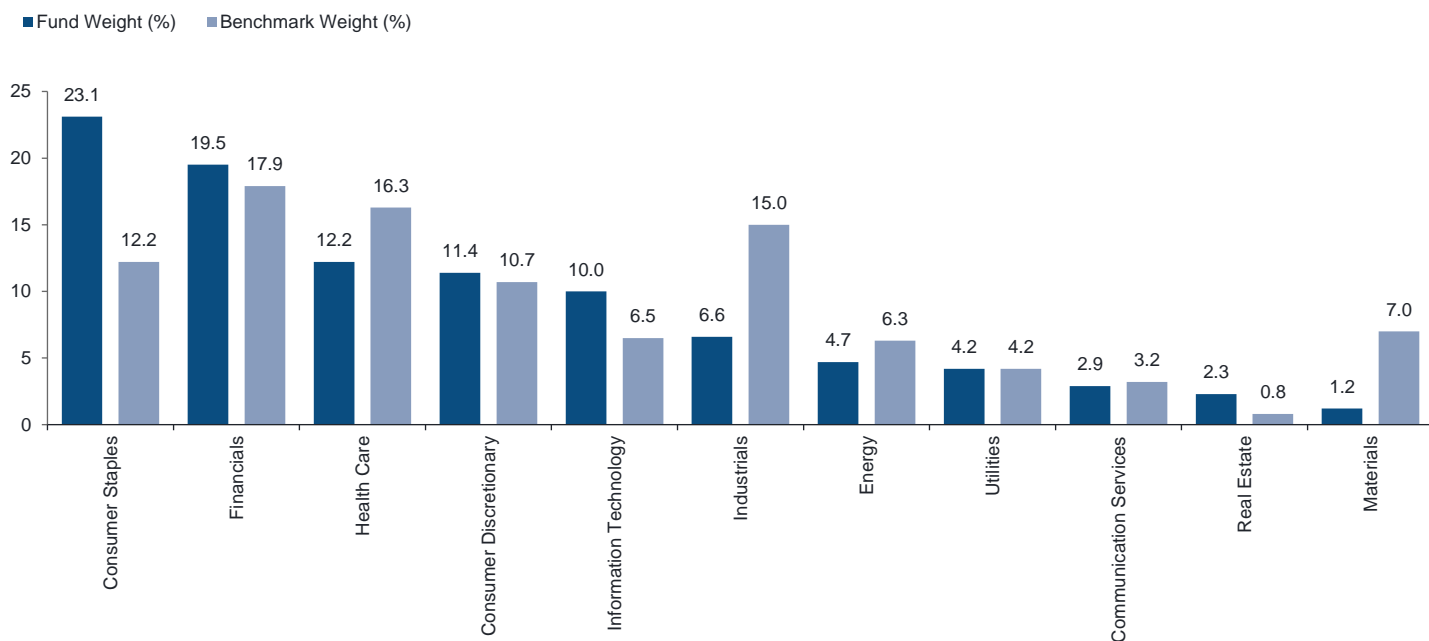
SECTOR ATTRIBUTION SUMMARY - 1 YEAR

Sector	Average Fund Weight (%)	Average Benchmark Weight (%)	Relative Weight (%)	Fund Return (%)	Benchmark Return (%)	Relative Return (%)	Security Selection (bps)	Sector Selection (bps)	Total Relative Contribution (bps)
CONSUMER STAPLES	22.91	12.81	10.10	21.14	8.75	12.39	278	(132)	146
CONSUMER DISCRETIONARY	10.17	11.17	(1.00)	47.96	32.35	15.61	62	76	138
COMMUNICATION SERVICES	3.49	3.30	0.19	46.82	19.22	27.61	31	85	116
MATERIALS	0.58	7.14	(6.55)	(0.48)	20.22	(20.70)	(3)	52	49
UTILITIES	3.79	4.26	(0.47)	29.30	21.36	7.93	(31)	74	42
INFORMATION TECHNOLOGY	10.44	6.52	3.92	32.66	32.29	0.37	73	(45)	29
ENERGY	5.68	6.17	(0.50)	40.25	32.84	7.41	77	(51)	26
REAL ESTATE	2.11	0.83	1.28	13.61	12.97	0.64	7	(23)	(17)
INDUSTRIALS	6.75	14.74	(7.99)	35.43	35.21	0.22	95	(156)	(60)
HEALTH CARE	11.89	15.78	(3.90)	14.08	23.09	(9.01)	(160)	57	(103)
FINANCIALS	18.29	17.28	1.02	32.89	37.74	(4.85)	(104)	0	(105)
SUBTOTAL	96.10	100.00	(3.90)	29.51	26.78	2.73	325	(64)	260
CASH AND OTHER	3.90	-	-	-	-	-	-	-	(123)
TOTAL	100.00	100.00	0.00	28.15	26.78	1.37	-	-	137

Note: Differences may be due to rounding.

Fund Positioning

SECTOR ALLOCATION



Sector breakdowns are only applied to equities and convertibles and the allocation percentages may not add to 100%.

Fund and benchmark weights are based on end weights as at each quarter end.

TOP 10 HOLDINGS

Holding	Sector
ROCHE HOLDING AG	HEALTH CARE
RECKITT BENCKISER GROUP PLC	CONSUMER STAPLES
SAP SE	INFORMATION TECHNOLOGY
ASSOCIATED BRITISH FOODS PLC	CONSUMER STAPLES
INDITEX SA	CONSUMER DISCRETIONARY
SANOFI	HEALTH CARE
NATIONAL GRID PLC	UTILITIES
BRITISH AMERICAN TOBACCO PLC	CONSUMER STAPLES
BARCLAYS PLC ORD	FINANCIALS
SCOR SE	FINANCIALS

Investment Process

Investment process

- Bottom-up analysis, fundamentally driven approach
- Focus on top third of European companies by market cap
- Employs a wide range of resources: extensive company meetings, Fidelity Research, and proprietary framework

Investment style

- Portfolio manager Matt Siddle follows a “Quality at an attractive price” investment style

Quality focus

- look to invest in high return, cash generative businesses
- focus on quality of business, not short-term EPS growth

Valuation discipline: Look for attractive value on a cross-cycle basis

- Choose best opportunities based on quality/value matrix
- Monitor momentum to size positions and avoid excessive risk

Risk management

Regular use of Barra, Factset and Style Research to analyze portfolio

Proprietary tools to further analyze exposure

- Stock by stock analysis of key factor exposures
- Measure risk versus fundamental exposures, not arbitrary sector or country of listing classifications
- Identify and measure exposures that stock picking has driven
- Ensure portfolio remains true to investment approach

Portfolio construction

- Generally 60-90 holdings
- Exposures monitored at the style, factor, sector and fundamental macro economic level to ensure stock selection and quality bias remain key drivers of risk and return.
- Max stock positions 10% at cost and max 10% contribution to tracking error

Buy discipline

- Focus on companies with high quality franchises
- Identify stocks where valuation is attractive for the quality of the franchise
- Assess risk profile investing in the company, and the impact on the portfolio

Sell discipline

- The long-term outlook for the business deteriorates
- Valuation no longer provides an attractive risk/reward payoff
- Replaced by a better idea