# Why international investing matters

Five timely factors highlight why global investing deserves renewed attention today

Many U.S. investors exhibit a "home bias," often under-allocating to international equities even though global markets represent roughly 40% of total equity capitalization. Increasing international exposure may help strengthen diversification and capture opportunities across different regions and economic cycles.

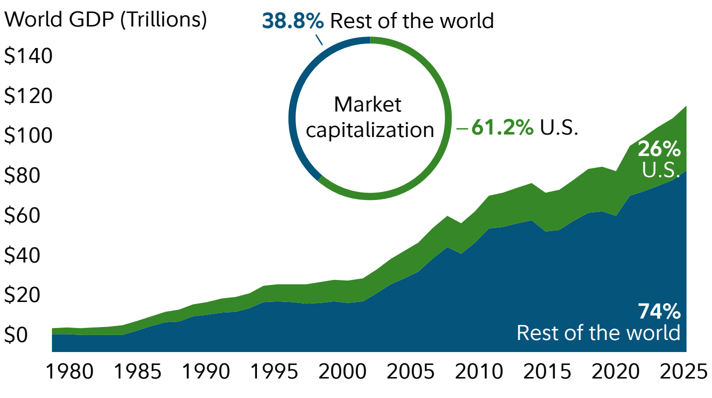
## 5 key drivers of global investing today

### 1. Tap into structural growth across global economies

Emerging markets and select developed economies—such as India, Southeast Asia, and parts of Europe—are experiencing robust economic expansion driven by rising middle-class consumption, infrastructure investment, and digital transformation. These regions also provide exposure to sectors underrepresented in U.S. markets, including renewable energy, advanced industrials, and financial services, which are benefiting from structural reforms and long-term sustainability trends. Given that the U.S. represents only about **4% of the world's population**, expanding globally offers access to growth drivers and consumer bases far beyond domestic markets—potentially reshaping opportunities for diversification and participation in industries positioned for secular growth.

**Greater opportunity set**

Non-U.S. markets represent **74% of the world's gross domestic product (GDP)** but **only 39% of global market capitalization**.




LEFT: Source: (Circle chart) FactSet, using MSCI ACWI IMI data as of 12/31/25; (Graph) International Monetary Fund, World Economic Outlook Database, as of 12/31/25.

RIGHT: Source: FactSet, based on market capitalization of MSCI ACWI Index, as of 12/31/25.

**Broader market landscape**

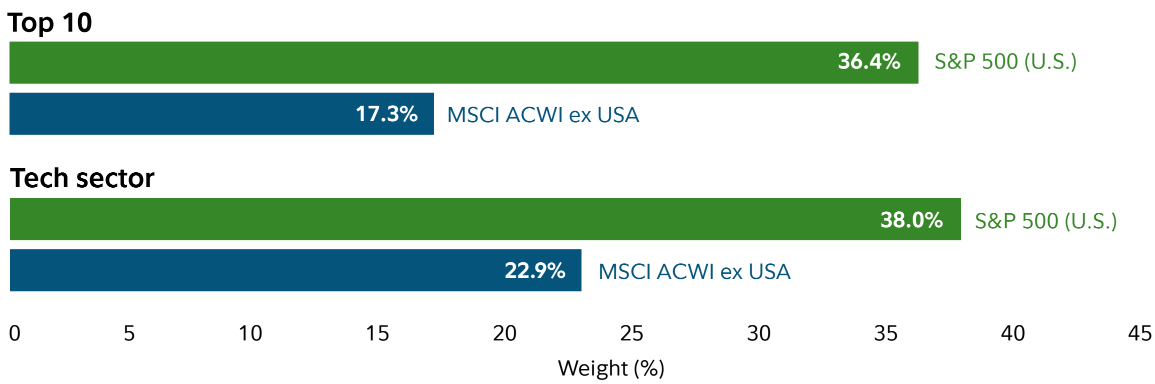
Non-U.S. companies account for **more than half of the 10 largest companies** in the Energy and Materials sectors, playing important roles in other sectors as well.

| Sector | Non-U.S. companies represented within the Top 10 | Top 25 |
|---|---|---|
| Energy | 6 of 10 | 11 of 25 |
| Materials | 6 of 10 | 16 of 25 |
| Consumer discretionary | 4 of 10 | 11 of 25 |
| Utilities | 3 of 10 | 7 of 25 |
| Consumer staples | 4 of 10 | 12 of 25 |
| Financials | 2 of 10 | 10 of 25 |
| Industrials | 4 of 10 | 11 of 25 |
| Health care | 3 of 10 | 7 of 25 |
| Information technology | 3 of 10 | 7 of 25 |
| Communication services | 2 of 10 | 12 of 25 |
| Real estate | 1 of 10 | 7 of 25 |

## 2. Diversify beyond U.S. mega-caps

U.S. markets have become increasingly top-heavy, with leadership concentrated in a handful of mega-cap stocks heavily weighted toward technology. Adding international exposures aims to reduce vulnerability to U.S.-specific downturns by spreading allocations across different sectors and economies.

**Concentration vs. Diversification: U.S. vs. International (Ex-U.S.)**



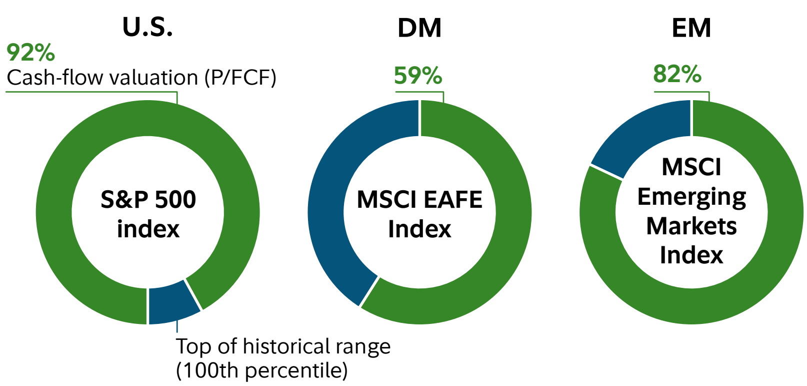

Source: Fidelity Investments, as of 6/30/26.

## 3. International markets offer compelling entry points

International markets trade at meaningfully lower valuations than U.S. equities. While the S&P 500 is elevated at 20.4x consensus next-twelve-month P/E, the MSCI EAFE Index is 15.5x and the MSCI EM Index is 11.7x—a notable gap that offers more compelling entry points. These differences could provide a margin of safety and potential for stronger long-term returns as global growth and valuation normalization trends play out. (Source: FactSet, as of 6/30/26.)

On forward earnings, EBITDA, book value, and free cash flow, developed ex-U.S. and emerging markets trade at a meaningful discount to the U.S., indicating lower entry valuations across core measures.

**Developed and emerging vs. U.S. valuations: Current percentile ranking relative to history**



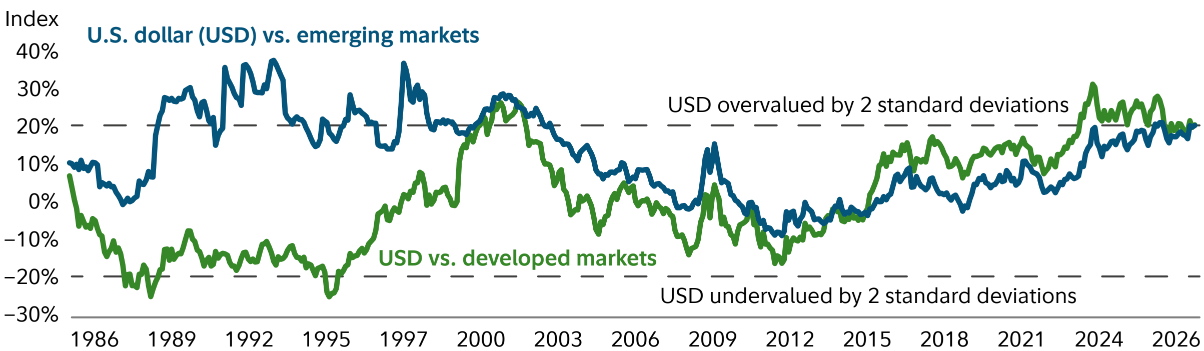

| | S&P 500 Index | MSCI EAFE Index | MSCI Emerging Markets Index |
|---|---|---|---|
| Forward earnings valuation (P/E NTM) | 84% | 92% | 46% |

Source: FactSet, as of 6/30/26.

## 4. Dollar weakness provides potential boost for global investors

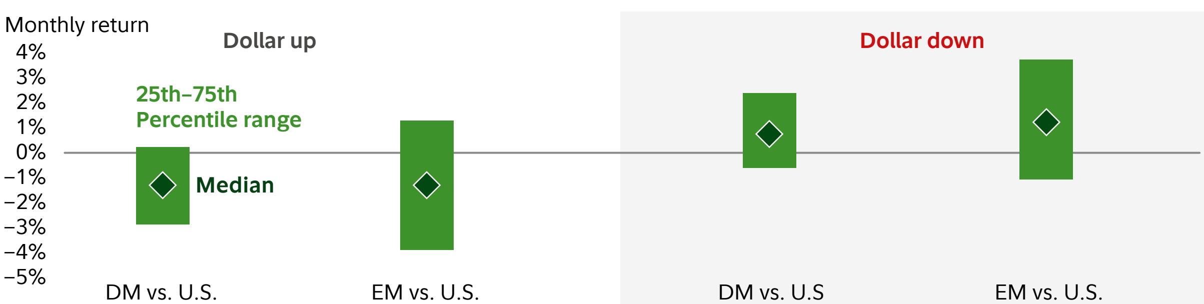
The U.S. dollar's recent weakness against major global currencies provides a tailwind for U.S.-based investors in international markets. When the dollar declines, returns from foreign assets translate into higher gains once converted back to dollars, potentially amplifying portfolio performance. This dynamic can be particularly impactful for investors seeking global diversification, as currency movements often compound the benefits of attractive valuations and income opportunities abroad.

### U.S. dollar valuations (1985–2026)




Source: U.S. Dollar Index is DXY, which measures the dollar against a basket of six currencies (euro, Japanese yen, British pound, Canadian dollar, Swedish krona, and Swiss franc). Source: Bloomberg, EPFR, Macrobond, and Fidelity Investments (AART), as of 6/30/26.

### Relative regional equity performance by U.S dollar changes, 2003–2026




Source: DM is represented by MSCI EAFE Net Total Return USD Index. EM is MSCI Emerging Net Total Return USD Index. U.S. is S&P 500. The dollar is represented by the Bloomberg Dollar Spot Index. Source: MSCI Company, S&P Global, Bloomberg, Macrobond, and Fidelity Investments (AART), as of 6/30/26.

## 5. Market leadership can be cyclical

After a decade dominated by U.S. mega-cap growth, international markets have begun to show relative strength in 2025, hinting at a possible shift. History shows that non-U.S. markets often lead during different phases of the economic cycle, supported by factors such as valuation gaps, currency trends, and sector composition. Combined with historically lower valuations abroad, these developments underscore why now may be an opportune time to increase global exposure.

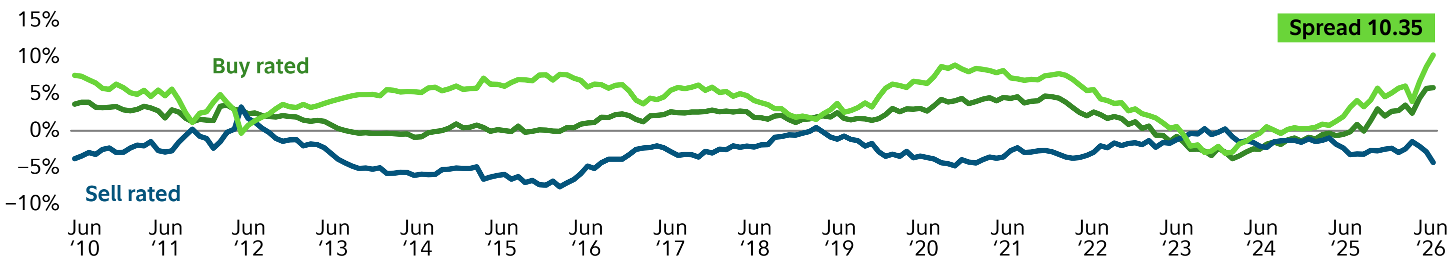
## Why Fidelity: Better insights through global research

International markets are complex, shaped by differing economic cycles, regulations, and governance standards. Passive strategies can overlook these nuances, while active managers seek to identify mispricing and manage risk. Fidelity's globally diverse teams bring varied perspectives grounded in decades of international investing experience since 1963.

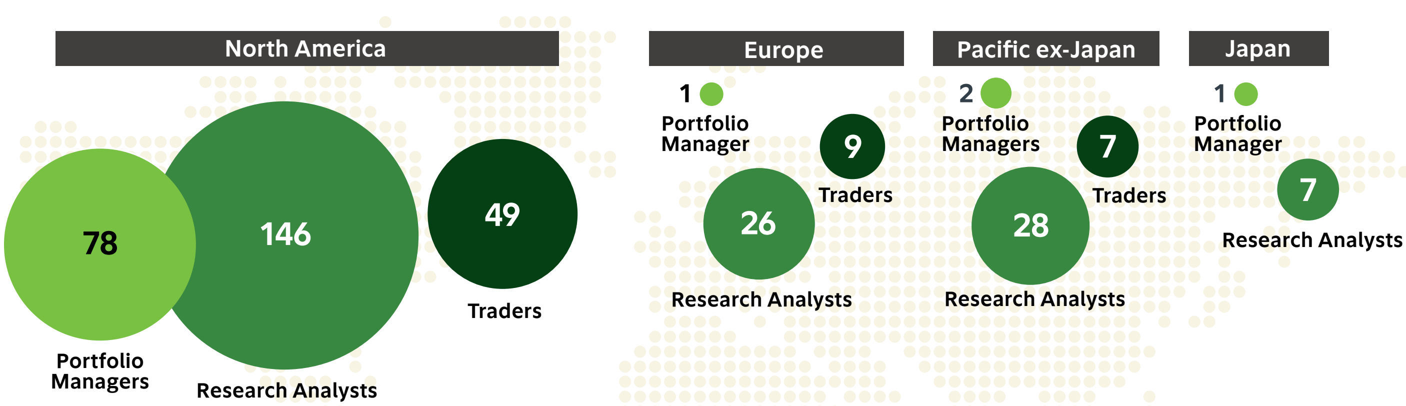
With their customary rigor, Fidelity analysts rated stocks within the MSCI ACWI ex U.S. The chart below illustrates the returns of their buy- and sell-rated stocks relative to the MSCI EAFE Index.

The resulting spread highlights the potential value of owning buy-rated stocks while avoiding sell-rated ones—demonstrating the impact of informed, research-driven decisions.

**Rolling 3-year annualized cap-weighted hypothetical measurement of FMR-rated stocks vs. MSCI EAFE**




**Global interconnectivity and depth of research coverage**




**Past performance is no guarantee of future results.**

Top chart: Fidelity is defined as Fidelity Management Research (FMR). To determine the hypothetical measurement of FMR equity ratings during this period, FMR ratings were organized into three groupings: first, benchmark constituents—in this case, the MSCI EAFE Index; second, stocks within the benchmark rated "Buy" by FMR; and third, stocks within the benchmark rated "Sell" by FMR. Each grouping was rebalanced daily using published benchmark constituents and the ratings assigned to covered securities at the start of the day; ratings changes made during the day are applied the following day. The hypothetical measurement shown does not reflect actual transactions nor any actual portfolio and, as such, is not indicative of the performance of any investible portfolio strategy. It does not include the impact of brokerage commissions, advisory fees, transaction costs, or other expenses of any kind. The universe of stocks rated by FMR Equity analysts fluctuated from time to time based on a variety of factors, including changes in coverage, and the chart only includes stocks that were actively rated. Not all securities in the benchmark are rated by FMR. Please see the FMR Ratings Effectiveness Important Information on the second-to-last page for additional disclosure and methodology. Hypothetical data has inherent limitations and is speculative and of extremely limited use to any investor and should not be relied upon in any way. Stockpicking universe: MSCI ACWI ex US Index. January 2007 used as the starting point for annualized excess returns when department began a steady level of coverage of the MSCI EAFE Index. Source: FMR Co., as of 6/30/26. Bottom chart: Some analysts may also have money management responsibilities, and some PMs may post some research. Source: Fidelity Investments, as of 6/30/26. Data is unaudited.

## Fidelity's breadth of international offerings

| Fidelity Advisor International Value Fund Class I \| FIVQX | Fidelity Advisor Total International Equity Fund Class I \| FTEIX | Fidelity Enhanced International ETF FENI | Fidelity Advisor International Capital Appreciation Fund Class I \| FCPIX | Fidelity Advisor Diversified International Fund Class I \| FDVIX | Fidelity Advisor Emerging Markets Fund Class I \| FECMX |
|---|---|---|---|---|---|
| **Portfolio manager tenure on strategy** | | | | | |
| **Alex Zavratsky** 9/6/11 | **Jed Weiss** 11/1/07 **Alex Zavratsky** 9/6/11 **Sam Polyak** 2/22/19 **Ryan Oldham** 2/3/25 **Patrick Drouot** 3/6/26 | **Anna Lester** 11/17/23 **Shashi Naik** 11/17/23 **George Liu** 12/30/23 | **Sammy Simnegar** 1/1/08 | **Bill Bower** 2/4/09 | **John Dance** 2/22/19 |
| **Fund AUM as of 6/30/26** | | | | | |
| $4,720M | $2,441M | $10,289M | $18,500M | $1,871M | $11,652M |
| **Target number of holdings** | | | | | |
| 100–125 | 200–300 | 150–350 | 50–100 | 100–200 | 75–120 |
| **Benchmark** | | | | | |
| MSCI EAFE Value | MSCI ACWI ex USA | MSCI EAFE | MSCI ACWI ex USA | MSCI EAFE | MSCI EM |
| **Morningstar category** | | | | | |
| Foreign Large Value | Foreign Large Blend | Foreign Large Blend | Foreign Large Growth | Foreign Large Growth | Diversified Emerging Markets |
| **Overall Morningstar rating** | | | | | |
| ★★★ | ★★★★★ | ★★★★ | ★★★★ | ★★★★ | ★★★ |
| **Investment approach** | | | | | |
| • Targets strong companies with solid balance sheets, stable returns, and the ability to generate sustainable free cash flow. • Investments generally fall into three categories: stable compounders, cyclically out-of-favor value stocks, and special situations. | • Leverages the style-specific expertise of portfolio managers to provide investors with "one-stop" international exposure. • Structured into five subportfolios with dedicated exposure across a broad range of market capitalizations, investment styles, and geographies. | • Actively managed core equity exposure serving as a thoughtful alternative to passive investing. • Seeks attractive stocks leveraging a diverse set of alpha insights through a quantitative investment process. • Disciplined portfolio construction and risk management framework engineered to seek consistent exposure and repeatable outcomes. | • Seeks to identify high-quality growth stocks that may benefit from long-term mega-trends. • Uses fundamental analysis to identify the three "Bs"—brands, barriers to entry, and "best in class" management teams. • Aims to maintain an equal overweight position size for all holdings. | • Focuses on high-quality businesses with durable or improving growth prospects that are structured to achieve consistent profitability. • Values strong balance sheets, proven track records, high returns on capital, and solid management teams whose interests are aligned with those of shareholders. | • Focuses on companies with high potential for structural growth, solid free cash flow, and consistently high returns driven by strong business models and capable, focused management teams. |

**For investment professional use only.**
**Past performance does not guarantee future results.**
The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics, as of 6/30/26, which are based on risk-adjusted returns. Multiple share classes of a fund have a common portfolio but impose different expense structures. The Morningstar Rating™ for funds, or "star rating," is calculated for funds with at least a three-year history. (Exchange-traded funds and open-end mutual funds are considered a single population for comparative purposes.) It is calculated based on a Morningstar risk-adjusted return measure that accounts for variation in a fund's monthly excess performance (excluding the effect of sales charges, if any), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each fund category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. Morningstar Rating is for the indicated share class only; other classes may have different performance characteristics. As of 6/30/26, FIVQX received an overall 3-star rating among 325, 314, and 244 in the Foreign Large Value category for the overall 3-, 5-, and 10-year periods, respectively. As of 6/30/26, FTEIX received an overall 5-star rating among 645, 606, and 479 in the Foreign Large Blend category for the overall 3-, 5-, and 10-year periods, respectively. As of 6/30/26, FENI received an overall 4-star rating among 645, 606, and 479 in the Foreign Large Blend category for the overall 3-, 5-, and 10-year periods, respectively. As of 6/30/26, FCPIX received an overall 4-star rating among 350, 333, and 223 in the Foreign Large Growth category for the overall 3-, 5-, and 10-year periods, respectively. As of 6/30/26, FDVIX received an overall 4-star rating among 350, 333, and 223 in the Foreign Large Growth category for the overall 3-, 5-, and 10-year periods, respectively. As of 6/30/26, FECMX received an overall 3-star rating among 688, 626, and 464 in the Diversified Emerging Markets category for the overall 3-, 5-, and 10-year periods, respectively.

## Performance

Focusing on investors means focusing on results—and results are driven by the quality of decisions behind every portfolio. Fidelity combines disciplined portfolio construction with scale, data-driven insights, and proprietary research capabilities, including our Governance and Forensic Research team. These results reflect the value of this integrated, research-driven approach.

| | Average annualized total returns (%) | | | | |
|---|---|---|---|---|---|
| **As of June 30, 2026** | **1-year** | **3-year** | **5-year** | **10-year** | **Gross expense ratio** |
| Fidelity Advisor International Value CL–I | 20.95 | 20.65 | 13.11 | 9.96 | 0.84% |
| Fidelity Advisor Total International Equity CL–I | 27.10 | 19.43 | 9.46 | 11.18 | 0.96% |
| Fidelity Enhanced International ETF NAV | 24.29 | 19.82 | 10.88 | 10.53 | 0.28% |
| Fidelity Advisor International Capital Appreciation CL–I | 11.66 | 15.72 | 7.41 | 10.75 | 0.89% |
| Fidelity Advisor Diversified International Fund CL–I | 22.26 | 16.99 | 7.99 | 10.33 | 0.86% |
| Fidelity Advisor Emerging Markets Fund CL–I | 45.37 | 22.06 | 6.69 | 11.95 | 0.87% |
| MSCI EAFE Val (Net MA) Index | 27.39 | 21.93 | 13.52 | 10.76 | – |
| MSCI ACWI ex-USA Index | 27.87 | 19.03 | 8.98 | 10.11 | – |
| MSCI EAFE (Net MA) Index | 20.54 | 16.74 | 9.31 | 9.90 | – |
| MSCI EM (Net MA) Index | 43.49 | 23.02 | 7.20 | 10.09 | – |

Other share classes and vehicles available. Performance data shown represents past performance and 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 that quoted. To learn more or to obtain the most recent month-end or other share-class performance, visit fidelity.com, institutional.fidelity.com, or 401k.com.

It is not possible to invest directly in an index. All market indices are unmanaged. Index performance is not meant to represent that of any Fidelity mutual fund.

Gross Expense Ratio before reductions is the total annual class operating expense ratio from the most recent prospectus and generally is based on amounts incurred during the most recent fiscal year.

**Important Information**

**For investment professional use only.**

**FMR Ratings Effectiveness**

Three hypothetical groupings are created for each of the following: Universe constituents ("Benchmark"), stocks rated "Buy" within the Benchmark ("Buy Rated"), and stocks rated "Sell" within the Benchmark ("Sell Rated"). Not all securities in the Benchmark are rated by FMR. Coverage model results in stock coverage that is approximately 60% of the MSCI EAFE Index. All portfolios are rebalanced daily using published index constituents and the ratings assigned to covered securities at the start of the day based on FMR's fundamental analysis (i.e., neither quantitative nor technical signals influence the rating) ("Fundamental Ratings"). Any Fundamental Ratings changes made during the day are applied the following day. In order to accommodate multiple ratings for a security, among other considerations, the Performance Attribution implemented "ratings views." A view can be either a single research team's ratings or a hierarchy of teams. Hierarchy Methodology: Proceed down the hierarchy of teams until a current rating is found. If no other rating is found then look to the first instance of a stale rating (180 days, in this case) and base the stale rating on that team.

**Methodology**

Construct a cap-weighted "BUY Rated" grouping of all BUY-rated stocks in the universe (say MSCI EAFE) with daily rebalancing and no lag in ratings. Construct a cap-weighted "SELL Rated" grouping of all SELL-rated stocks in the universe (say MSCI EAFE) with daily rebalancing and no lag in ratings.

On a monthly basis, compute the relative performance of the two equal-weighted "BUY Rated" and "SELL Rated" groupings (using daily data) versus the appropriate index for each market or stockpicking universe.

**The hypothetical measurement shown does not reflect actual transactions nor any actual portfolio and, as such, is not indicative of the performance of any investible portfolio strategy. It does not include the impact of brokerage commissions, advisory fees, transaction costs, or other expenses of any kind.**

The universe of stocks rated by FMR Equity analysts fluctuated from time to time based on a variety of factors, including changes in coverage, and the effectiveness charts only include stocks that were actively rated.

Prior to 2014, FMR analysts rated stocks on a 5-point scale: Strong Buy/Buy/Hold/Sell/Strong Sell. There were no "weak" ratings, and therefore no stocks received a 0.5x multiplier. Beginning in 2014, ratings were made on a 6-point scale: Strong Buy/Buy/Weak Buy/Weak Sell/Sell/Strong Sell.

Prior to April 2020, the cap-weighted BUY and SELL portfolios included research team sentiment, that is, allocate 1.5x weight to "Strong Buy" rated stocks, 1x weight to "Buy" rated stocks, and 0.5x weight to "Weak Buy."

Note: FMR Fundamental Ratings are considered active for 180 days.

1251373.2.0 FIDELITY DISTRIBUTORS COMPANY LLC, 900 SALEM STREET, SMITHFIELD, RI 02917 1.9922461.101
0826