

Fidelity® Canada Fund

Key Takeaways

- For the semiannual reporting period ending April 30, 2024, the fund's Retail Class shares gained 16.64%, underperforming the 18.14% return of the benchmark, the S&P/TSX Composite Index of Canada-listed equities.
- After hitting a low in October 2023, Canadian equities rallied solidly the past six months, showing impressive resiliency despite high inflation and interest rates.
- Portfolio Manager Ryan Oldham maintained his focus on high-quality companies that he feels can compound growth over a long-term investment horizon.
- Stock and market selection in consumer staples held back the fund's performance versus the benchmark. Stock choices in financials and materials also hindered the relative result.
- A sizable overweight position in convenience-store operator Alimentation Couche-Tard (+2%) was the biggest individual relative detractor for the period.
- In contrast, stock selection in information technology, energy and consumer discretionary contributed most versus the benchmark.
- Avoiding benchmark component BCE (-8%), a Canadian telecommunication services company, was the biggest individual relative contributor for the six months.
- As of April 30, Ryan is closely watching the impact of interest rates on the Canadian economy and the fund's investments.
- He is cautiously optimistic that the portfolio is well-positioned to weather this unpredictable environment, as most of the holdings exhibit above-average return on invested capital, strong free-cash-flow generation and solid balance sheets, all of which could contribute to the return of excess capital to shareholders.

MARKET RECAP

International (non-U.S.) equities gained 17.80% for the six months ending April 30, 2024, according to the MSCI ACWI (All Country World Index) ex USA Index, as global economic expansion and, perhaps most notably, a slowing in the pace of inflation and a shift to more-dovish monetary policy in some markets provided a favorable backdrop for risk assets. The index's strong performance this period was partly driven by a narrow set of companies in the information technology sector, due to exuberance for generative artificial intelligence. Following historic global monetary tightening in some countries since early 2022, investor sentiment shifted in November 2023 to a view that policy rates had peaked in some markets, and that policymakers would likely cut rates in 2024. This provided support for international stocks, and the index gained 14.50% in the final two months of 2023 before adding 2.89% year to date through April 30. For the full six months, each of six regions in the index advanced, with Europe ex U.K. and Japan (+20% each) leading by the widest margin, while Canada gained 19%. The U.K. finished about on par with the index, whereas emerging markets (+16%) and Asia Pacific ex Japan (+14%) lagged. All 11 sectors advanced, with information technology (+29%) out front, followed by industrials (+26%) and financials (+20%). Conversely, communication services and utilities (+12% each) trailed the index, and consumer staples (+4%) lagged by the most significant margin.



Ryan Oldham
Portfolio Manager

Fund Facts

Trading Symbol:	FICDX
Start Date:	November 17, 1987
Size (in millions):	\$905.70

Investment Approach

- Fidelity® Canada Fund is a country-focused equity strategy that seeks long-term growth of capital by investing primarily in the securities of Canadian issuers and other investments that are tied economically to Canada.
- Our investment approach is rooted in the belief that companies with high and more-stable returns and high payback to shareholders (through dividends and buybacks) should outperform over the long term, if purchased at attractive valuations. We also believe that long-term value is often mispriced by a short-term-focused market. We seek to exploit these opportunities through in-depth fundamental analysis, leveraging Fidelity's global research capabilities.
- Overall, the fund focuses on good businesses at attractive valuations. Typically, these are firms led by strong, shareholder-focused management teams with a history of delivering high investment returns and the capacity to sustain or improve cash payouts to shareholders.
- We target opportunities with potential for 10%-15% annual total shareholder return (capital appreciation plus dividends) trading at a market multiple or less.

Q&A

An interview with Portfolio Manager Ryan Oldham

Q: Ryan, how did the fund perform for the six months ending April 30, 2024?

The fund's Retail Class shares gained 16.64%, lagging the 18.14% advance of the benchmark, the S&P/TSX Composite Index of Canada-listed equities.

Looking slightly longer term, the fund gained 8.73% for the trailing 12 months, outpacing the 7.34% result of the Composite index. The fund also outperformed the benchmark for the three-, five- and 10-year periods ending April 30.

Q: How would you describe the environment for Canadian stocks this period?

After hitting a low in October 2023, Canadian equities rallied solidly the past six months, showing impressive resiliency despite high inflation and interest rates. Canada's economy continued to grow slowly, bolstered by prospects of soon-declining interest rates and easing inflation. Resource-rich Canada also benefited from higher prices for oil and precious metals.

Amid this environment, information technology (+31%), boosted by exuberance about developments in generative artificial intelligence, posted the strongest result among the 11 sectors in the S&P/TSX Composite Index. Health care, though comprising less than 1% of the index, advanced most (+32%), with financials (+23%), the benchmark's largest sector component this period, following most closely behind. In contrast, communication services (-2%) notably lagged, while consumer staples (+8%) and utilities (+9%) also trailed the broader Canadian market.

Q: What factors contributed to the fund's underperformance of the benchmark?

Generally speaking, I maintained an emphasis on high-quality companies that are reasonably priced and that I believe can compound growth over the longer term. My investment strategy is designed to generate an excess return in a down market while trying to keep pace with the benchmark in a rising market. Looking at this six-month snapshot, while the portfolio lagged the benchmark in an up market, I believe the fund's longer-term results demonstrate that this strategy has worked well over time.

By sector, stock and market selection in consumer staples held back the fund's performance versus the benchmark. Stock choices in financials and materials also hindered the relative result.

Looking at individual stocks, the fund's notably larger-than-index position in Alimentation Couche-Tard, a core portfolio holding, hurt most. This convenience-store operator is a solid, representative example of the type of company I emphasize in my investment process. I consider it to be a high-quality firm with a competitive moat that can benefit from continued strength in consumer spending. In my opinion, it is one of the best-run companies in Canada, consistently compounding its returns over the past 30 years.

That said, the past six months, the shares gained a lackluster 2%, making the fund's overweight position our biggest relative detractor. Though the company continued to execute well, helped by strong margins for fuel as the price of oil increased and solid traffic at its stores, exuberance in other areas of the market – especially information technology – made the stock less attractive this period. I trimmed the position slightly, but given that the company's fundamentals remain solid, from my standpoint, the stock was the fund's fifth-largest holding as of April 30.

In materials, an outsized position in precious metal company Franco-Nevada (0%) also detracted. Franco-Nevada is a longtime fund holding, one which I find appealing because it is not a mining firm and doesn't have the overhang of high capital expenses that miners have. Instead, Franco-Nevada collects royalties on gold and silver, among other commodities.

In November, however, the company encountered a major stumbling block, as its largest mining investment, Cobre Panama, was closed due to social, legal and regulatory issues. This mine, which was operated by the Canadian firm First Quantum Minerals, accounted for roughly 20% of Franco-Nevada's royalty revenue in 2023.

While Cobre Panama's closure is concerning in the near term, I am willing to be patient with the stock based on the strength of Franco-Nevada's other assets and my confidence in its management team to work through this temporary hurdle.

Lastly, I'll mention insurance firm Manulife Financial. Shares of Manulife gained 38% this period, helped by higher interest rates, which tend to enhance returns in life insurers' investment portfolios.

But I consider Manulife to be a complex company comprised of many assets and sources of revenue, the performance of which can be difficult or impossible to predict. While the stock posted a solid result this period, I chose to avoid it and focus on other firms where I have more conviction in their abilities to compound growth over the longer term.

Q: What notably helped this period?

By sector, stock selection in information technology, energy and consumer discretionary added the most value.

In communication services, avoiding index component BCE (-8%), Canada's largest telecom services company, was the biggest individual relative contributor. In a high-interest-rate environment, the company's leveraged balance sheet and slowing growth hindered its results. The company did not fit my investment process, so I steered clear of the stock.

The fund's position in Dye & Durham (+83%), which provides software for legal and regulatory compliance professionals, also contributed. Recent acquisitions that contributed to higher debt had weighed on the stock price coming into the period. However, as the market began to appreciate the company's sticky sources of revenue, the shares gained solidly. I believe Dye & Durham's prospects appear healthy, and that these acquisitions will add value in the longer term.

Q: Ryan, any closing thoughts for shareholders as of April 30?

One factor I'm watching as 2024 progresses is the lagging impact of high interest rates. Generally speaking, rising rates have a more pronounced impact on the Canadian economy than in the U.S., mainly due to the structure of the Canadian mortgage market, which has shorter terms on mortgages – roughly five years compared with 30 in the U.S. Higher rates translate to higher costs for many Canadian homeowners, which could bite into discretionary spending more over the coming months than it has to date.

If the Canadian central bank looks to cut rates before the U.S. to ease its consumer environment, it could weaken the Canadian dollar, making U.S.-dollar-exposed Canadian businesses more valuable and keeping inflation for imported goods higher in Canada. This situation would bode well for many of the fund's investments, as numerous core holdings have exposure to the U.S. economy. This possibility is also why I have underweighted Canadian banks, which could be hurt by a weakening Canadian consumer. And it's why I am continuing to emphasize high-quality businesses in other areas of the market that are reasonably valued, with the opportunity to compound growth over the long term.

I'm cautiously optimistic that the fund is well-positioned to weather this uncertain macro environment, as most of the holdings exhibit above-average return on invested capital, strong free-cash-flow generation and solid balance sheets, all of which could contribute to flexibility and the potential return of excess capital to shareholders.

Thank you for your continued confidence in my stewardship of the fund. ■

Portfolio Manager Ryan Oldham on the fund's energy exposure:

"Even as the world increasingly looks to renewable energy sources, I believe oil will remain relevant and vital to global economies, and it will take many years to flatten demand for this essential resource. As such, about 18% of the fund's assets remain invested in the energy sector as of April 30, which is roughly in line with the benchmark S&P/TSX Composite index.

"Among the fund's energy investments, I have chosen to overweight oil producers and high-quality service providers over Canada's pipeline-related stocks.

"The recent Trans Mountain Pipeline Expansion Project has enhanced Canada's ability to transfer crude oil, bolstering the country's economy and its oil industry's global reach.

"The project, which is nearing completion, will provide an additional 980 kilometers of pipeline, running parallel to the original pipeline that opened in the 1950s. This will almost triple the Trans Mountain pipeline's capacity, from 300,000 barrels per day to an estimated 890,000.

"This expanded pipeline is expected to alleviate the bottleneck in Canada's oil transportation network, and as a result could help upstream operators by reducing their transportation costs and allowing them access to a broader range of buyers, which in turn could allow them to sell their products at higher rates, rather than at discounts.

"Overall, the Trans Mountain Pipeline Expansion Project is poised to stoke higher revenues for Canadian oil exports, which I believe should help financial results for oil producers and higher-quality service providers.

"As of April 30, the fund holds investments in Canadian Natural Resources, Suncor and PrairieSky Royalty – each of which is a top-10 portfolio position – as well as a newly established stake in MEG Energy. I believe each of these firms stand to benefit from the expansion of the Trans Mountain pipeline."

LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
BCE, Inc.	Communication Services	-1.55%	44
Dye & Durham Ltd.	Information Technology	0.79%	32
Lundin Mining Corp.	Materials	0.58%	32
Constellation Software, Inc.	Information Technology	2.94%	28
Tourmaline Oil Corp.	Energy	-0.67%	20

* 1 basis point = 0.01%.

LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Alimentation Couche-Tard, Inc. Class A (multi-vtg.)	Consumer Staples	3.82%	-64
Franco-Nevada Corp.	Materials	2.21%	-46
Manulife Financial Corp.	Financials	-1.80%	-32
Canadian Imperial Bank of Commerce	Financials	-1.89%	-30
Metro, Inc.	Consumer Staples	1.57%	-28

* 1 basis point = 0.01%.

ASSET ALLOCATION

Asset Class	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
International Equities	98.85%	99.92%	-1.07%	-2.54%
Developed Markets	98.85%	99.92%	-1.07%	-2.54%
Emerging Markets	0.00%	0.00%	0.00%	0.00%
Tax-Advantaged Domiciles	0.00%	0.00%	0.00%	0.00%
Domestic Equities	0.00%	0.08%	-0.08%	1.70%
Bonds	0.19%	0.00%	0.19%	-0.09%
Cash & Net Other Assets	0.96%	0.00%	0.96%	0.93%

Net Other Assets can include fund receivables, fund payables, and offsets to other derivative positions, as well as certain assets that do not fall into any of the portfolio composition categories. Depending on the extent to which the fund invests in derivatives and the number of positions that are held for future settlement, Net Other Assets can be a negative number.

"Tax-Advantaged Domiciles" represent countries whose tax policies may be favorable for company incorporation.

MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Financials	26.05%	30.41%	-4.36%	-0.53%
Energy	18.41%	18.55%	-0.14%	0.46%
Industrials	14.05%	13.78%	0.27%	-0.53%
Materials	11.23%	11.94%	-0.71%	-0.61%
Information Technology	9.89%	8.26%	1.63%	0.66%
Consumer Staples	8.64%	4.12%	4.52%	-0.86%
Consumer Discretionary	6.90%	3.58%	3.32%	0.20%
Communication Services	3.10%	3.18%	-0.08%	0.11%
Health Care	0.78%	0.32%	0.46%	0.01%
Utilities	0.00%	3.69%	-3.69%	0.09%
Real Estate	0.00%	2.17%	-2.17%	0.08%
Other	0.00%	0.00%	0.00%	0.00%

COUNTRY DIVERSIFICATION

Country	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Six Months Ago
Canada	99.79%	99.92%	-0.13%	-1.88%
Other Countries	0.00%	N/A	N/A	N/A
Cash & Net Other Assets	0.21%	0.00%	0.21%	0.18%

10 LARGEST HOLDINGS

Holding	Market Segment	Portfolio Weight	Portfolio Weight Six Months Ago
Royal Bank of Canada	Financials	7.38%	7.09%
The Toronto-Dominion Bank	Financials	6.38%	6.99%
Canadian Pacific Kansas City Ltd.	Industrials	6.26%	6.59%
Canadian Natural Resources Ltd.	Energy	5.63%	5.65%
Alimentation Couche-Tard, Inc. Class A (multi-vtg.)	Consumer Staples	5.31%	6.48%
Constellation Software, Inc.	Information Technology	5.15%	4.65%
PrairieSky Royalty Ltd.	Energy	3.90%	3.96%
Suncor Energy, Inc.	Energy	3.81%	4.31%
Franco-Nevada Corp.	Materials	3.37%	3.77%
Shopify, Inc. Class A	Information Technology	3.14%	2.46%
10 Largest Holdings as a % of Net Assets		50.33%	52.68%
Total Number of Holdings		60	61

The 10 largest holdings are as of the end of the reporting period, and may not be representative of the fund's current or future investments. Holdings do not include money market investments.

FISCAL PERFORMANCE SUMMARY:

Periods ending April 30, 2024

	Cumulative		Annualized			
	6 Month	YTD	1 Year	3 Year	5 Year	10 Year/LOF ¹
Fidelity Canada Fund Gross Expense Ratio: 1.00% ²	16.64%	1.57%	8.73%	6.66%	9.22%	5.54%
S&P/TSX Composite Index	18.14%	0.47%	7.34%	3.70%	8.40%	4.84%

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 11/17/1987.

² This expense ratio is from the prospectus in effect as of the date shown above and generally is based on amounts incurred during that fiscal year, or estimated amounts for the current fiscal year in the case of a newly launched fund. It does not include any fee waivers or reimbursements, which would be reflected in the fund's net expense ratio.

Past performance 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 the performance stated. Performance shown is that of the fund's Retail Class shares (if multiclass). You may own another share class of the fund with a different expense structure and, thus, have different returns. To learn more or to obtain the most recent month-end or other share-class performance, visit [fidelity.com/performance](https://www.fidelity.com/performance), institutional. [fidelity.com](https://www.fidelity.com), or [401k.com](https://www.401k.com). Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Please see the last page(s) of this Q&A document for most-recent calendar-quarter performance.

Definitions and Important Information

immediately under the fund name in the Performance Summary.

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FUND RISKS

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. The risks are particularly significant for funds that focus on a single country or region.

IMPORTANT FUND INFORMATION

Relative positioning presented in this commentary is based on the fund's primary benchmark (index) unless a secondary benchmark is provided to assess performance.

INDICES

It is not possible to invest directly in an index. All indices represented are unmanaged. All indices include reinvestment of dividends and interest income unless otherwise noted.

S&P/TSX Composite Index is a broad-based, market-capitalization-weighted index designed to measure the performance of the Canadian equity market. Eligible securities must be listed on the Toronto Stock Exchange and issued by companies incorporated in Canada.

MSCI ACWI (All Country World Index) ex USA Index is a market capitalization-weighted index designed to measure the investable equity market performance for global investors of large and mid-cap stocks in developed and emerging markets, excluding the United States.

MARKET-SEGMENT WEIGHTS

Market-segment weights illustrate examples of sectors or industries in which the fund may invest, and may not be representative of the fund's current or future investments. They should not be construed or used as a recommendation for any sector or industry.

RELATIVE WEIGHTS

Relative weights represents the % of fund assets in a particular market segment, asset class or credit quality relative to the benchmark. A positive number represents an overweight, and a negative number is an underweight. The fund's benchmark is listed

Manager Facts

Ryan Oldham is a portfolio manager in the Equity division at Fidelity Investments. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals.

In this role, Mr. Oldham is responsible for managing Fidelity Canada Fund and Fidelity Series Canada Fund.

Prior to assuming his current position, Mr. Oldham was responsible for research that opportunistically searched for best ideas across the Canadian market. Previously, Mr. Oldham served as co-manager of Fidelity Select Natural Gas Portfolio from 2012 to 2013, and as manager of the fund from 2010 to 2012. He also covered research of large-cap domestic and Canadian/International exploration and production companies.

Prior to joining Fidelity in 2007, Mr. Oldham served in various roles at Scotiabank. He has been in the financial industry since 2003.

Mr. Oldham earned his bachelor of commerce degree from Concordia University's John Molson School of Business and his master of business administration degree from McGill University. He is also a CFA® charterholder.

PERFORMANCE SUMMARY:
Quarter ending March 31, 2024

	Annualized			
	1 Year	3 Year	5 Year	10 Year/ LOF ¹
Fidelity Canada Fund Gross Expense Ratio: 1.00% ²	14.26%	9.01%	10.53%	6.09%

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 11/17/1987.

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Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges, and expenses. For this and other information, call or write Fidelity for a free prospectus or, if available, a summary prospectus. Read it carefully before you invest.

Past performance is no guarantee of future results.

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Diversification does not ensure a profit or guarantee against a loss.

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