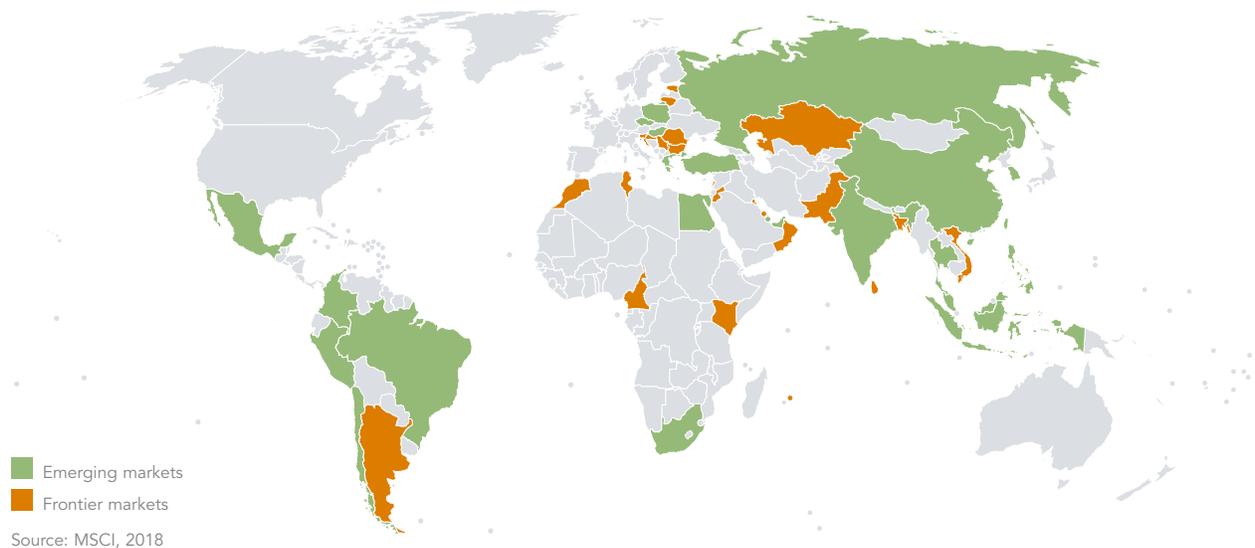
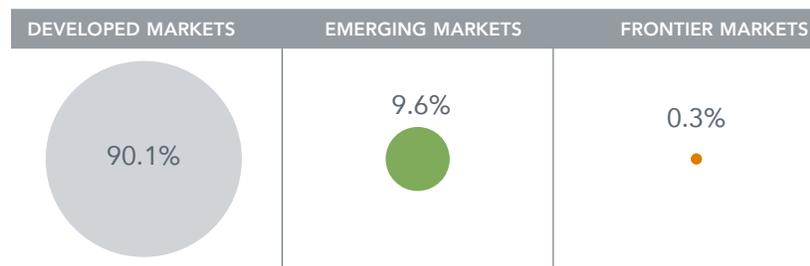


What are the differences between emerging and frontier markets?



Market cap of securities as portion of total world market cap:



Source: MSCI, 2018

	EMERGING	FRONTIER
Positioning	"Mid Cap"	"Small Cap"
Risk/Reward	Average Growth and Volatility	Higher Growth and Volatility
Countries	24	28
Stocks > \$100m	4300	750
Largest Country	China	Philippines
Largest Sector	Financials	Financials

Source: Fidelity Investments, Credit Suisse, as at March 15, 2018

KEY TAKEAWAYS:

- **Growth**
 Frontier markets have the potential for higher growth compared to emerging markets
- **Volatility**
 Frontier markets have the potential to be more volatile than emerging markets
- **Value Chain**
 Frontier markets are generally less developed than emerging markets, are more labour-driven and focus on price to be competitive

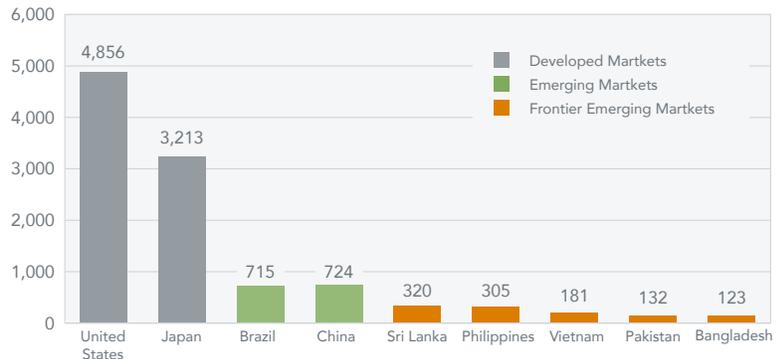
Emerging and Frontier Markets

Labour costs

- Frontier markets have lower labour costs compared to emerging markets.
- Vietnam and Bangladesh have become the new low cost producers in Asia.

Source: WorldData.info, 2018

2017 Monthly Wages in (US\$)



Emerging and Frontier Market Updates

Emerging

- **Middle East:** Gulf countries generally have stronger economic fundamentals, such as sound fiscal balances, low debt to GDP ratios and substantial foreign currency reserves. This provides them with opportunities to diversify their economies away from oil and gas and undertake large infrastructure projects.
- **Turkey:** Having witnessed significant investment in infrastructure it is also viewed as an easy location for occupiers to acquire property. The country is expected to benefit from lower commodity prices due to its superior trade routes as it sits at the crossroads of Europe, Asia, Russia and Africa.

Frontier

- **Africa:** Chinese firms have been willing to fund construction costs for infrastructure developments and tap into the commodities on offer. As their demand for local commodities wanes, infrastructure quality, which has remained a key consideration for many occupiers considering Africa, might be subject to investment shortfalls.
- **Thailand:** The setting up of the ASEAN Economic Community (AEC) in 2015 has improved regional connectivity in terms of investment in infrastructure and enhanced the growth of the local urban development.

Source: Cushman & Wakefield, Emerging and Frontier Markets, 2015

	SERIES A			SERIES B	SERIES F
FUND CODES	DSC	LL	LL2	ISC	NL
Fidelity Emerging Markets Fund	575	875	075	275	675
Fidelity Frontier Emerging Markets Fund	551	851	051	251	651

Emerging and Frontier Markets

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