# Dreyfus Premier Emerging Markets Fund

**ANNUAL REPORT**
September 30, 1999

The views expressed herein are current to the date of this report. These views and the composition of the fund's portfolio are subject to change at any time based on market and other conditions.

- Not FDIC-Insured
- Not Bank-Guaranteed
- May Lose Value

## Year 2000 Issues (Unaudited)

The fund could be adversely affected if the computer systems used by The Dreyfus Corporation and the fund's other service providers do not properly process and calculate date-related information from and after January 1, 2000. The Dreyfus Corporation is working to avoid Year 2000-related problems in its systems and to obtain assurances from other service providers that they are taking similar steps. In addition, issuers of securities in which the fund invests may be adversely affected by Year 2000-related problems. This could have an impact on the value of the fund's investments and its share price.

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## THE FUND



## FOR MORE INFORMATION

## LETTER FROM THE PRESIDENT

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Premier Emerging Markets Fund, covering the 12-month period from October 1, 1998 through September 30, 1999. Inside, you'll find valuable information about how the fund was managed during the reporting period, including a discussion with the fund's portfolio manager, Daniel Beneat.

When the reporting period began, much of the world was in the midst of a global currency and credit crisis. In response, many of the world's central banks lowered key short-term interest rates last fall to stimulate economic growth. This strategy appears to have been effective. Soon after 1999 began, evidence emerged that less restrictive monetary policies had helped prevent further economic deterioration in Japan and the emerging markets of Asia, Latin America and Eastern Europe.

These economic conditions produced particularly good results for emerging market stocks. Stocks in Southeast Asia began to recover in 1999, showing their first signs of real strength in over a year. Latin America provided good results after concerns about Brazil's currency devaluation abated. Even selected markets in Eastern Europe performed well, despite ongoing financial problems in Russia.

We appreciate your confidence over the past year, and we look forward to your continued participation in Dreyfus Premier Emerging Markets Fund.

Sincerely,

Stephen E. Canter
President and Chief Investment Officer
The Dreyfus Corporation
October 15, 1999

## DISCUSSION OF FUND PERFORMANCE

Daniel Beneat, Portfolio Manager

### How did Dreyfus Premier Emerging Markets Fund perform relative to its benchmark?

For the 12-month period ended September 30, 1999, Dreyfus Premier Emerging Markets Fund produced the following total returns: Class A shares, 63.71%; Class B shares, 62.29%; Class C shares, 62.59%; and Class R shares, 64.01%.[1] This compares with the 56.55% total return provided by the Morgan Stanley Capital International Emerging Markets Free Index (MSCI/EMF) for the same period.[2]

For the 3-month period ended September 30, 1999, Dreyfus Premier Emerging Markets Fund produced the following total returns: Class A shares, –1.59%; Class B shares, –1.85%; Class C shares, –1.77%; and Class R shares, –1.59%.[1] This compares with the –5.15% total return provided by the Morgan Stanley Capital International Emerging Markets Free Index (MSCI/EMF) for the same 3-month period.[2]

We attribute the fund's 12-month total returns to the strong recovery that took place in emerging markets over the past year, as well as the success of our individual stock selection strategy within those markets. It is important to note that such total returns were produced with considerable volatility within each quarter. The fund's positive total returns were generated in the first, second and third fiscal quarters, while the fourth fiscal quarter witnessed negative total returns. This short-term performance demonstrates that investing in this segment of the market can be volatile and that it can be important for investors to maintain a long-term perspective.

### What is the fund's investment approach?

The fund seeks to achieve long-term capital growth by investing in the stocks of companies organized, or with a majority of their assets or businesses, in emerging market countries. Normally, the fund will not invest more than 25% of its total assets in the securities of companies in any single emerging market country.

When selecting stocks for the fund, we use a macroeconomic, "top-down" country allocation approach. We strive to identify and forecast key trends in global economic variables, such as gross domestic product, inflation and interest rates; investment themes, such as the impact of new technologies and the globalization of industries and brands; relative values of equity securities, bonds and cash; and long-term trends in currency movements.

In addition, we use a "bottom-up" approach to company and sector analysis which focuses on companies that exhibit strong growth and are reasonably valued. The "bottom-up" approach evaluates growth factors for each company such as revenue prospects, operating cash flow, ability to achieve consistent earnings and management's ability to achieve higher operating margins.

## What other factors influenced the fund's performance?

Emerging market countries have experienced a remarkable turnaround over the past year. In many cases, the countries that performed the worst last year were the strongest this year. This was most evident in South Korea and Singapore and, to a lesser degree, in Thailand and Indonesia. Stocks in other emerging market countries also performed well, including those in Greece, Brazil and Mexico.

In Asia, we have begun to see signs of economic improvement. This is particularly true in Japan, whose economy was spurred by government spending aimed at stimulating the domestic economy. With currencies in many Southeast Asian countries still down almost 50% from their highs last year, many investors have determined that this region has once again become a competitive producer of goods. As investment capital flowed into Southeast Asia as a result, the stocks of many companies have exhibited strong returns.

Europe has also exhibited signs of economic growth during the past year. However, it's important to remember that the European economy was not nearly as depressed as Asia's economy at this time last year, and therefore did not have as much ground to regain. Low inflation has resulted in unchanged interest rates in Europe over the past 12 months, with the exception of the U.K.

## What is the fund's current strategy?

Over the past year, we have focused primarily on the Pacific Basin region — particularly in South Korea and Singapore — because we believed the region presented many compelling investment opportunities in the wake of last year's financial crisis. As a result, we received strong returns from our investments in Trigem Computer and Korea Data Systems, two South Korean technology companies that benefited from the high growth rate of lower priced personal computers. In Singapore, our holdings in City Development, a property management company, and DBS Group, a large development bank, generated positive returns.

In Latin America, we maintained a slight overweight to Brazil at the beginning of the period. By March, however, when performance became flat, we began paring back our investments. We also enjoyed successes from our investments in the United Kingdom, most notably from Antofagasta Holdings, a diversified company with interests in mining, railroad transportation and forestry.

On the other hand, the fund's large exposure to Hungary, a country whose stocks disappointed throughout most of the period, hurt performance. In addition, we trimmed our exposure to Greece because we believed the valuations of many of these companies were too high. As it turned out, the Greek stock market performed exceptionally well this year, and our limited exposure there hurt performance.

We are pleased with the returns that we have seen in emerging market countries this past year. We currently plan to maintain our strategy of diversifying the portfolio across numerous countries and sectors in an effort to seek long-term capital growth for our shareholders.

October 15, 1999

1 *Total return includes reinvestment of dividends and any capital gains paid, and does not take into consideration the maximum initial sales charge in the case of Class A shares, or the applicable contingent deferred sales charge imposed on redemptions in the case of Class B and Class C shares. Had these charges been reflected, returns would have been lower. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption fund shares may be worth more or less than their original cost.*

2 *SOURCE: LIPPER ANALYTICAL SERVICES, INC. — Reflects the reinvestment of income dividends and, where applicable, capital gain distributions. The Morgan Stanley Capital International Emerging Markets Free Index (MSCI/EMF), which is the property of Morgan Stanley & Co., Incorporated, is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America and the Pacific Basin, and includes gross dividends reinvested. The MSCI/EMF Index excludes closed markets and those shares in otherwise free markets which are not purchasable by foreigners.*