

Fidelity Canadian Opportunities Fund

Quarterly Investment Review

December 31, 2022

Contents

OVERVIEW 3

QUARTERLY FUND COMMENTARY 5

ANNUAL FUND COMMENTARY 5

POSITIONING AND OUTLOOK 5

PERFORMANCE ATTRIBUTION 6

FUND POSITIONING 7

INVESTMENT PROCESS 8

Overview

INCEPTION DATE: October 01, 2003
BENCHMARK: S&P/TSX Completion Index
FUND MANAGER: Hugo Lavallée

OBJECTIVE

The Fund aims to achieve long term capital growth by investing primarily in the equity securities of Canadian companies. The Fund may at times have significant exposure to relatively few companies and industries. It may also invest up to 10% of its assets at the time of purchase in the securities of private companies.

APPROACH

- A contrarian strategy that aims to identify value in out-of-favour stocks.
- Focused on small- and mid-capitalization companies.
- Investments focused primarily in Canada.

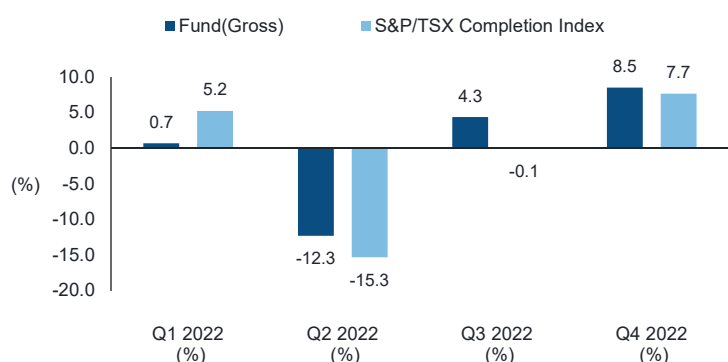
PERFORMANCE RETURNS (%)

	Cumulative					Annualized				
	Q1 2022	Q2 2022	Q3 2022	Q4 2022	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Fidelity Canadian Opportunities Fund - Series O	0.67	(12.32)	4.34	8.50	(0.07)	(0.07)	16.82	15.02	12.83	12.65
S&P/TSX Completion Index	5.21	(15.34)	(0.11)	7.65	(4.22)	(4.22)	5.25	5.08	5.84	6.95
Relative Return	(4.54)	3.02	4.45	0.85	4.15	4.15	11.57	9.94	6.99	5.70

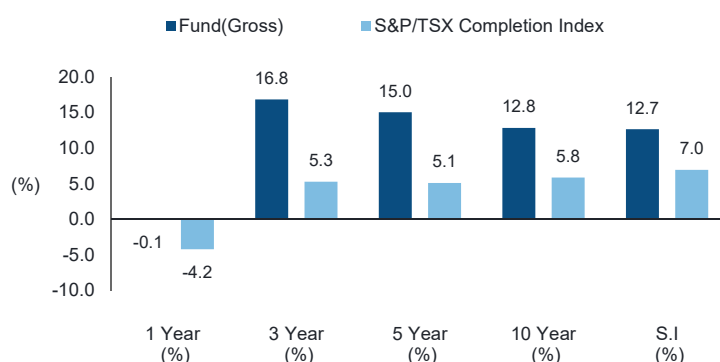
Performance returns are unaudited and time-weighted.

Note: Differences may be due to rounding.

Cumulative Quarterly Performance



Annualized as of December 31, 2022



Overview

PERFORMANCE RETURNS (%): CALENDAR YEAR RETURNS

	Calendar Year Returns									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fidelity Canadian Opportunities Fund - Series O	(0.07)	22.22	30.54	24.59	1.32	5.22	27.46	(6.77)	11.87	18.80
S&P/TSX Completion Index	(4.22)	14.86	5.97	26.12	(12.85)	7.04	20.50	(10.01)	5.74	12.22
Relative Return	4.15	7.36	24.57	(1.53)	14.17	(1.82)	6.96	3.24	6.13	6.58

Performance returns are unaudited and time-weighted.

Note: Differences may be due to rounding.

Quarterly Fund Commentary

- The Fund's holdings in the materials sector contributed to relative returns, as did its overweight exposure to, and holdings in, communication services.
- In materials, investments in Major Drilling Group International and First Quantum Minerals contributed the most.
- In communication services, Rogers Communications was the primary contributor.
- In other sectors, notable contributors included investments in Finning International, Boyd Group Services and Precision Drilling.
- The Fund's holdings in the financials sector and underweight exposure to energy detracted.
- In financials, underweight exposure to Fairfax Financial Holdings weighed on relative returns.
- In other sectors, notable detractors included investments in Lightspeed Commerce, Ritchie Bros. Auctioneers and Dollarama.

Annual Fund Commentary

- The Fund's holdings in the materials sector were the primary contributors to relative performance. Holdings in industrials also added value.
- In materials, investments in Major Drilling Group International and Franco Nevada made the primary contributions.
- In industrials, an allocation to Boyd Group Services added value.
- In other sectors, investments in Dollarama and Five Below contributed.
- The Fund's underweight exposure to, and holdings in, the energy sector detracted the most from relative returns. Additionally, overweight exposure to information technology modestly weighed on relative performance.
- In energy, underweight exposure to several energy companies detracted.
- In information technology, investments in ironSource and Lightspeed Commerce were the primary detractors.
- In other sectors, notable detractors included an investment in Colliers International Group and underweight exposure to Fairfax Financial Holdings.

Positioning and Outlook

- Portfolio manager Hugo Lavallée remains selective when investing in the Canadian small- to mid-capitalization market, evaluating investment opportunities stock by stock.
- He observes that the market backdrop remains fluid and highly uncertain, which highlights the need to remain flexible and tactical in managing the Fund. He notes that some parts of the economy might face additional headwind as rising interest rates filter through the system. Consequently, sentiment has been poor and share prices have fallen for companies that have exposure to these areas.
- Despite the short-term challenges, Hugo believes there are reasons to be more optimistic about these companies as behavioural changes have started to become apparent across management teams, putting more emphasis on profitability and earnings. This could present attractive opportunities.
- The manager continues to find interesting ideas in the information technology sector, noting that many stocks faced significant valuation compression last year. Some of these companies have good balance sheets with sufficient cash, as well as niche products, which Hugo believes could offer a good risk/reward scenario over the long term. In his opinion, there are opportunities for these companies to optimize existing operations, reducing costs.
- Additionally, Hugo is taking a closer look at the industrials sector, especially companies that face challenges due to the pandemic, supply chain disruptions or rising cost pressures. Hugo believes that the valuations of some of these companies look attractive and their risk/reward profile is appealing over a longer horizon.
- Overall, Hugo remains disciplined in his contrarian approach to investing.

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)
MATERIALS	15.71	17.94	(2.23)	17.74	12.51	5.23	81	(14)	67
UTILITIES	2.68	8.82	(6.14)	(19.02)	(7.20)	(11.82)	(37)	102	65
COMMUNICATION SERVICES	6.16	1.09	5.07	19.07	14.87	4.20	27	36	63
INDUSTRIALS	17.41	17.82	(0.41)	10.08	8.33	1.74	32	3	35
HEALTH CARE	1.46	2.14	(0.68)	(5.49)	(10.90)	5.41	4	16	20
INFORMATION TECHNOLOGY	12.49	4.97	7.53	2.47	(5.02)	7.49	107	(88)	19
CONSUMER DISCRETIONARY	13.13	3.16	9.98	7.89	8.24	(0.35)	(3)	9	5
CONSUMER STAPLES	3.42	3.06	0.35	6.04	8.34	(2.29)	(2)	(2)	(4)
REAL ESTATE	5.25	10.40	(5.15)	4.13	8.43	(4.30)	(22)	(4)	(26)
ENERGY	4.15	17.45	(13.30)	13.21	11.91	1.31	3	(53)	(49)
FINANCIALS	10.66	13.15	(2.49)	6.78	13.01	(6.23)	(65)	(13)	(78)
SUBTOTAL	92.54	100.00	(7.46)	8.98	7.65	1.33	124	(8)	117
CASH AND OTHER	7.46	-	-	-	-	-	-	-	(32)
TOTAL	100.00	100.00	0.00	8.50	7.65	0.85	-	-	85

Note: Differences may be due to rounding.

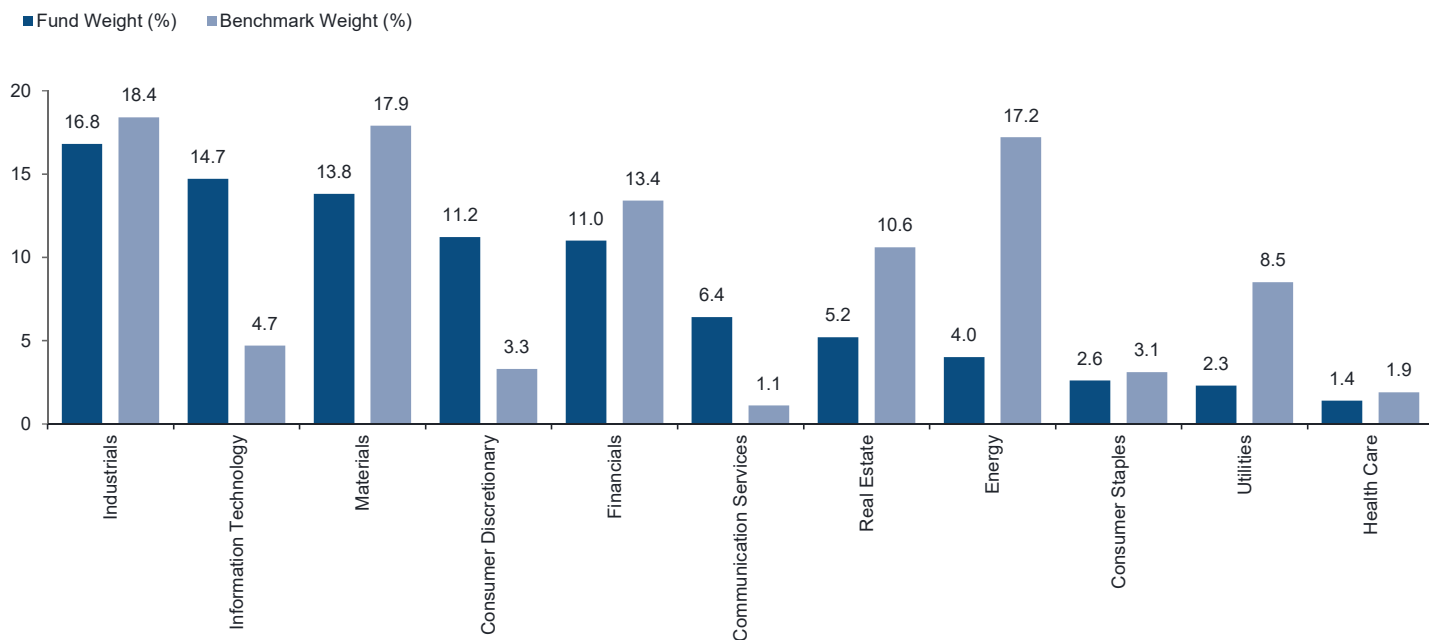
SECTOR ATTRIBUTION SUMMARY - 1 YEAR

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)
MATERIALS	14.71	18.39	(3.68)	10.03	(3.88)	13.91	220	28	248
INDUSTRIALS	16.82	16.21	0.60	0.01	(9.52)	9.54	167	29	196
CONSUMER DISCRETIONARY	12.76	2.93	9.83	5.40	(19.01)	24.41	337	(183)	154
CONSUMER STAPLES	5.45	3.10	2.36	9.95	(11.83)	21.79	126	(13)	113
HEALTH CARE	0.90	1.77	(0.87)	(18.95)	(49.66)	30.71	36	69	105
REAL ESTATE	5.88	10.96	(5.08)	(23.20)	(19.41)	(3.79)	(24)	90	66
COMMUNICATION SERVICES	4.08	1.21	2.87	2.77	(5.99)	8.76	53	12	65
UTILITIES	3.43	9.05	(5.61)	(21.09)	(4.24)	(16.85)	(41)	25	(15)
FINANCIALS	12.22	13.47	(1.25)	0.26	2.70	(2.44)	(17)	0	(17)
INFORMATION TECHNOLOGY	12.75	5.39	7.37	(21.86)	(41.50)	19.64	340	(364)	(24)
ENERGY	4.08	17.52	(13.43)	25.93	48.19	(22.26)	(57)	(513)	(569)
SUBTOTAL	93.09	100.00	(6.91)	(0.42)	(4.22)	3.80	1,139	(818)	320
CASH AND OTHER	6.91	-	-	-	-	-	-	-	95
TOTAL	100.00	100.00	0.00	(0.07)	(4.22)	4.15	-	-	415

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
LIGHTSPEED COMMERCE INC	INFORMATION TECHNOLOGY
ROGERS COMM INC CL B NON VTG	COMMUNICATION SERVICES
CGI INC CL A SUB VTG	INFORMATION TECHNOLOGY
BOYD GROUP SVCS INC	INDUSTRIALS
COLLIERS INTERNATIONAL GRP INC	REAL ESTATE
DOLLARAMA INC	CONSUMER DISCRETIONARY
FRANCO-NEVADA CORP (CANA)	MATERIALS
FINNING LTD	INDUSTRIALS
WSP GLOBAL INC	INDUSTRIALS
SNC-LAVALIN GRP INC	INDUSTRIALS

Investment Process

Sources of information and investment ideas

- Notes from internal research (Team Canada & Global Sector Analysts), meetings with company management, conferences, broker research, Bloomberg, Newswire, trade publications, magazines, daily newspapers

Investment style and portfolio construction

- Fundamental, bottom-up stock selection is the primary driver of portfolio construction and performance.
- The Fund has a small-mid cap bias with a primary focus on Canadian stocks
- Employs a contrarian style, seeking value in out-of-favour stocks while also aiming to mitigate downside risk and manage fund volatility

Types of stocks targeted in the Fund:

1. Companies where the operating margin is bottoming and has lots of potential to expand and drive earnings higher
2. Companies with high substantial ROIC, where the stocks are cheap on EV/EBIT
 - Other key company fundamentals include positive earnings growth, and strong balance sheets and cash flow/ sales ratio
 - Considers the quality of management and management track record
 - Looks for companies with a competitive advantage in industry/sector
 - Emphasis on companies with valuation metrics which support downside protection
 - Key catalyst supporting future growth is not required
 - Will also actively pursue new opportunities in major secular trends and turnaround stories (e.g. secular growth stories with solid growth potential but also looks to take shorter term advantage of mispriced securities)
 - Employs a gradualist approach, tends to buy small positions and build as conviction in thesis increases
 - Sector weights result from bottom up stock selection
 - An element of top down enters the construction equation when assessing the attractiveness of the cyclical sectors
 - Within these cyclical sectors, bottom-up analysis is a primary decision making tool
 - Benchmark weights are a secondary consideration in the construction process
 - Buy/sell decisions are purely a function of relative valuation and company fundamentals; improvement/deterioration in fundamentals will trigger trading decisions
 - Target portfolio turnover is expected to be moderate
 - Comfortable being naked a sector or substantially overweight if conviction is high
 - Foreign exposure will typically be 10% or less (will utilize Fidelity's global research capabilities)
 - Will own attractive private company investments deemed to be approaching IPO status
 - Typical number of holdings: 75-100 stocks

Risk Control

- Looks for stocks offering the best risk/reward profile (upside/downside potential)
- Thoroughness of analysis is the key risk control measure
- Manager runs a diversified portfolio but is willing to have significant under/overweights at stock or sector level; position size is a function of conviction and is considered in relative terms
- Fund concentration is driven by market conditions and manager conviction
- Shifts portfolio beta based on market environment and whether market will pay for taking on a higher level of stock or portfolio risk
- Potentially wide sector deviations which may be driven by macro/sector views
- Up to 10% of Fund assets may be invested in private placements
- When there is a complete lack of attractive investment opportunities, cash position may build to a 30% maximum