

# Identifying opportunities in volatile periods

**Daniel Dupont**

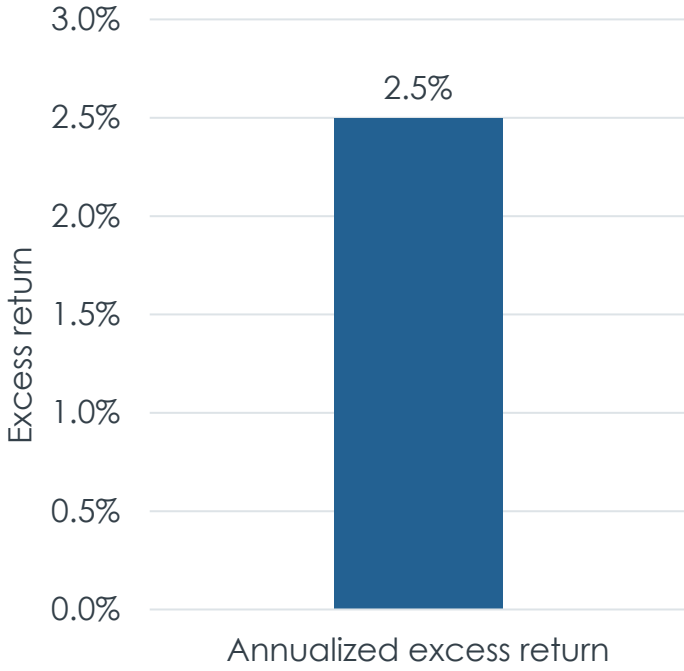
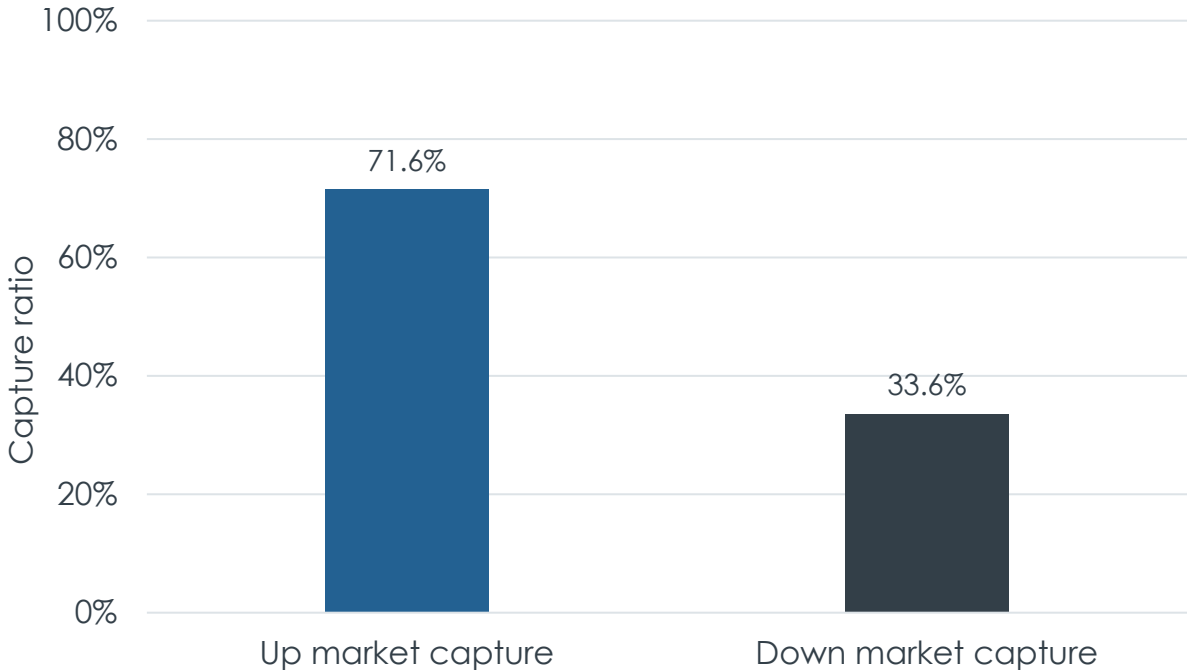
Portfolio Manager

December 2022

# Fidelity Canadian Large Cap Fund

## Upside/downside capture ratio

### Portfolio manager's tenure, April 2011 to October 2022\*



\*Daniel Dupont took over full portfolio management responsibilities for Fidelity Canadian Large Cap Fund on March 25, 2011. Source: Fidelity Investments Canada ULC. The upside/downside capture ratio measures performance in up/down markets relative to the Fund's benchmark (as defined by a blended index comprising 70% S&P/TSX 60 Capped Index and 30% S&P 500 Index). Upside/downside capture ratios were calculated using full calendar months starting with April 2011. They are calculated by compounding and annualizing the monthly returns for the Fund and the Index in periods when the Index was up/down. The annualized return of the Fund is divided by the annualized return of the Index to produce the capture ratio for corresponding up/down market performance periods. A total of 139 monthly returns were analyzed; of those, 92 were up markets, while 47 were down markets. Performance is based on Series F returns, net of fees, in Canadian dollars. Series F is available only to investors who are eligible to buy this series. Investors who buy Series F pay investment management fees and expenses to Fidelity. Investors will also pay their dealer a fee for financial advice services in addition to the Series F fees charged by Fidelity.

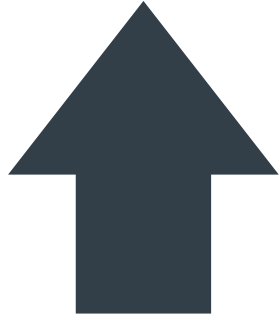
# Merger arbitrage

**Merger arbitrage speculates on the successful completion of mergers and acquisitions.**

This is a type of event-driven investing, in that it attempts to capitalize on mispricing caused by corporate events.



# Identifying long vs. short opportunities

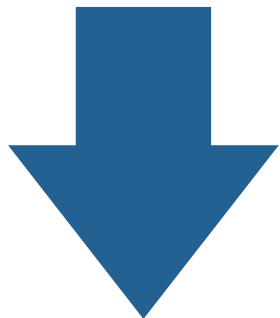


## Long opportunities

Quality companies

Sustainable businesses

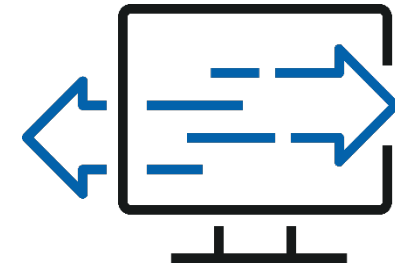
Don't overpay for the stock



## Short opportunities

Merger arbitrage

Opportunistic shorts



# Dan Dupont's stand-alone mandates

## Liquid alternative vs. traditional mutual funds

	Global Value Long/Short	Canadian Large Cap/Concentrated Value
<b>Regional focus</b>	Global (up to 100% foreign)	Canadian focused (up to 49% foreign)
<b>Market cap focus</b>	All cap	Large cap
<b>Leverage</b>	May use leverage through the use of cash borrowings or short sales, typically no more than 200% gross exposure*	None
<b>Stock selection approach</b>	Fundamental bottom-up analysis	Fundamental bottom-up analysis
<b>Attributes in security selection</b>	<b>Long:</b> Positive free cash flow, high earnings visibility, stable sales growth, low P/E, high ROE <b>Short:</b> Merger arbitrage and opportunistic shorting	Positive free cash flow, high earnings visibility, stable sales growth, low P/E, high ROE

\*Gross exposure refers to the sum of long and short positions in relation to net asset value.

# Fidelity Canadian Large Cap Fund

## Performance - Series F, net of fees (%)

As at October 31, 2022	3-Month	Year-to-date	1 Year	3 Year	5 Year	10 Year
Fidelity Canadian Large Cap Fund	4.7	11.5	16.6	15.8	11.0	12.5
Benchmark*	0.0	-7.7	-4.6	10.1	9.0	10.9
Excess return	4.7	19.2	21.2	5.7	2.0	1.6

\* Benchmark consist of 70% S&P/TSX 60 Capped Index and 30% S&P 500 Index.

Source: Fidelity Investments Canada ULC. Performance shows returns as at October 31, 2022 (Series F), net of fees, in Canadian dollars. Periods greater than one year have been annualized. Past performance is no guarantee of future performance.

# Fidelity Global Value Long/Short Fund

## Performance - Series F, net of fees (%)

As at October 31, 2022	3-Month	Year-to-date	1 Year	2 Year	Since inception*
Fidelity Global Value Long/Short Fund	12.3	55.7	77.0	32.5	29.7
MSCI World Index	-0.8	-13.7	-10.3	8.2	5.3
Excess return	13.2	69.3	87.3	24.3	24.4

\* Inception Date: October 16, 2020

Source: Fidelity Investments Canada ULC. Performance shows returns as at October 31, 2022 (Series F), net of fees, in Canadian dollars. Periods greater than one year have been annualized. Past performance is no guarantee of future performance.

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Fidelity Global Value Long/Short Fund is an alternative mutual fund. It has the ability to invest in asset classes or use investment strategies that are not permitted for conventional mutual funds. The specific strategies that differentiate this Fund from conventional mutual funds may include increased use of derivatives for hedging and non-hedging purposes, increased ability to sell securities short and the ability to borrow cash to use for investment purposes. If undertaken, these strategies will be used in accordance with the Fund's objectives and strategies and, during certain market conditions, may accelerate the pace at which the Fund decreases in value.

Read the Fund's Simplified Prospectus before investing. Commissions, trailing commissions, management fees, brokerage fees and expenses may be associated with investments in the Fund. The Fund is not guaranteed. Its values change frequently. Past performance may not be repeated.

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