



Uncovering investment opportunities with ETFs

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Quant Index Solutions

QIS MISSION

Design and manage proprietary indices covering equity, fixed income, digital asset and multi-asset class structures

Enable shareholders to efficiently gain broad market exposure or carve out unique exposures via factors or themes

Asset management product view

Quant Index Solutions

Dedicated investment team focused on the research and construction of custom indices



**Proprietary equity
and fixed
income indices**

100+ with >\$120B in assets

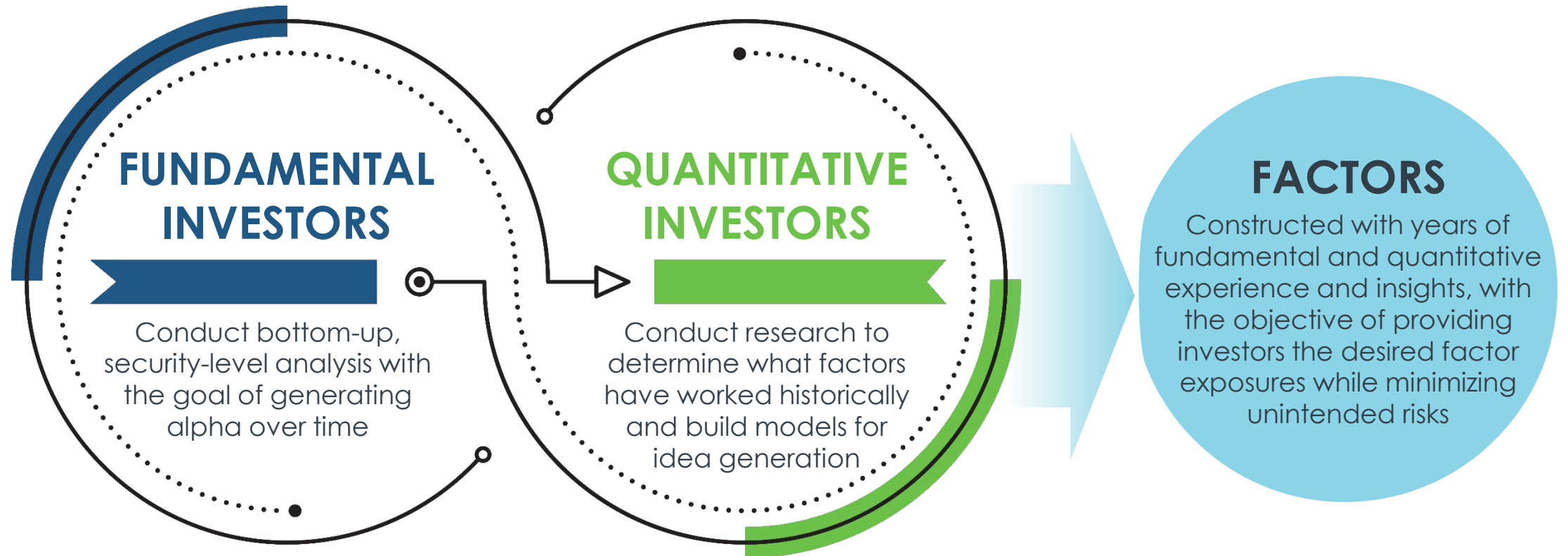


**Thematic and
multi-asset**



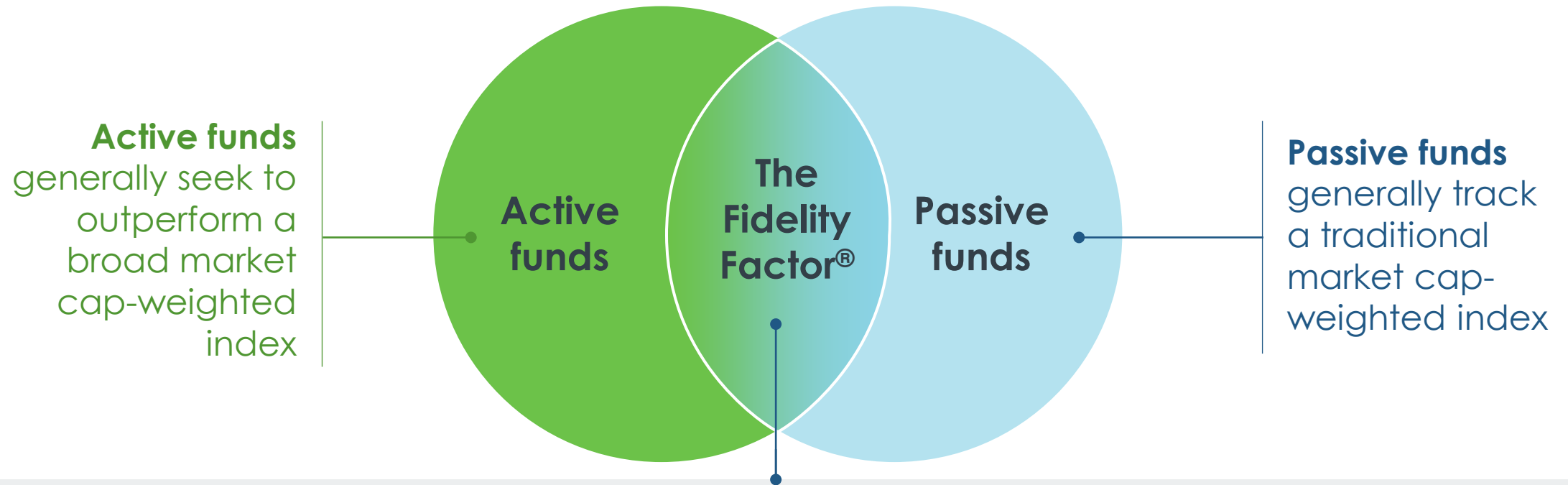
**Crypto and
blockchain**

Factors constructed through a collaboration of Fidelity's fundamental and quantitative investors



The Fidelity Factor™

Active in design, passive in execution



- Tracks the performance of tailor-made indexes constructed by Fidelity Product Services LLC ("FPS")
- Transparent methodologies designed to provide investors with exposure to targeted factors that may outperform over the long term

What is a factor?

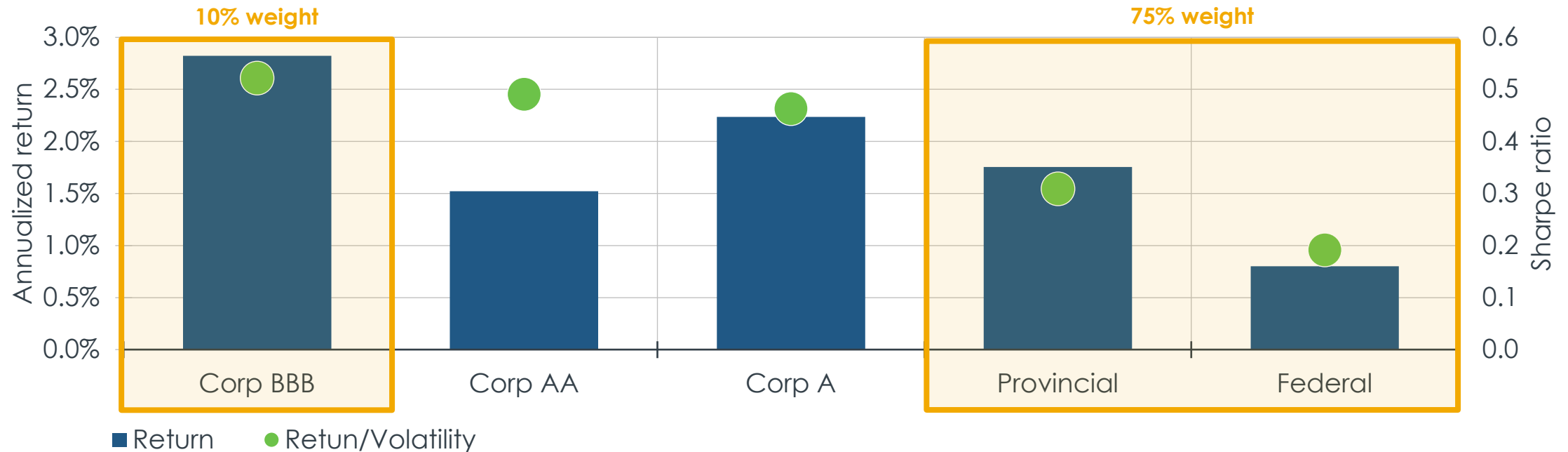
Factors are characteristics that can help explain risk and return

STYLE FACTORS						
Help explain risk and return within asset classes						
	Dividend yield	Low volatility	Quality	Value	Momentum	Size
WHAT IT IS	Securities that pay higher dividends	Lower-risk securities	Financially healthy companies	Securities that are inexpensive relative to fundamentals	Positively trending securities	Smaller, potentially more agile companies
HOW IT CAN BE DEFINED	Dividend yield, dividend growth	Price volatility	Return on invested capital, free cash-flow margin and stability	Price to book, price to earnings, option-adjusted spreads	Price momentum	Market capitalization

Bond indexes are inefficient

Characteristics of the ICE BofA Canada Broad Market Index

Return of sectors within bond universe



MISMATCH

Least weight in best sector

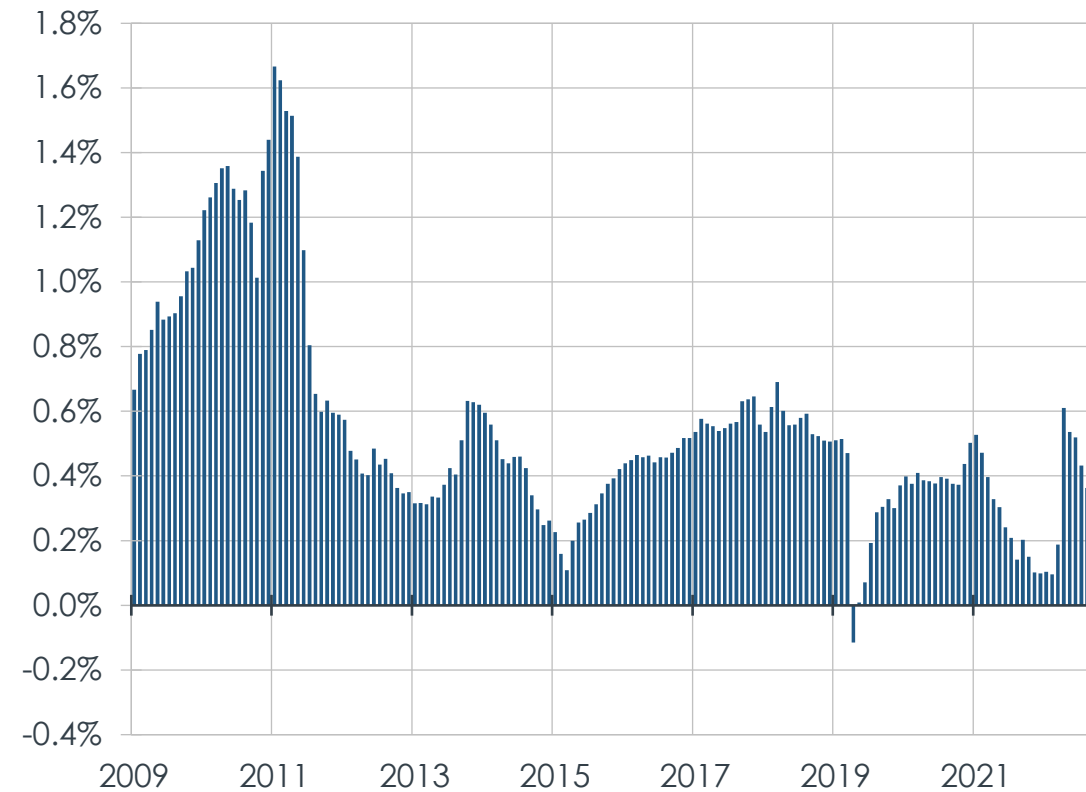
Highest weight in worst sector

Source: ICE and Fidelity Investments Canada, as of December 31, 2022.

Fidelity Systematic Canadian Bond Index

Thoughtful reallocation to sectors yields higher, more consistent returns over time

Rolling three-year annualized excess return



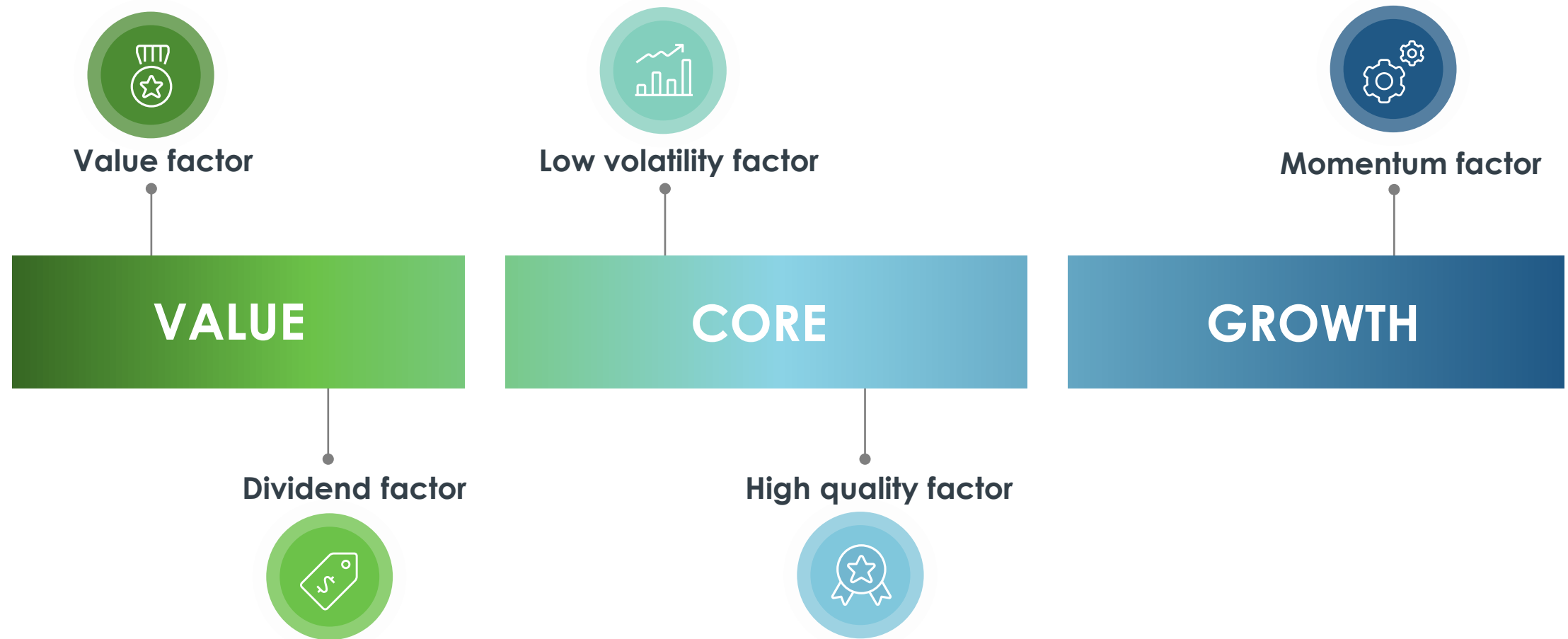
Rolling three-year return/volatility improvement




Source: Fidelity Investments Canada, as of August 31, 2023. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged.

Fidelity Factor ETFs offer a range of options for all styles

Available in Canada, U.S., U.S. currency neutral, and international



For illustrative purposes only. Not based on actual holdings information.



Three approaches to factor investing

1

Strategic exposure

2

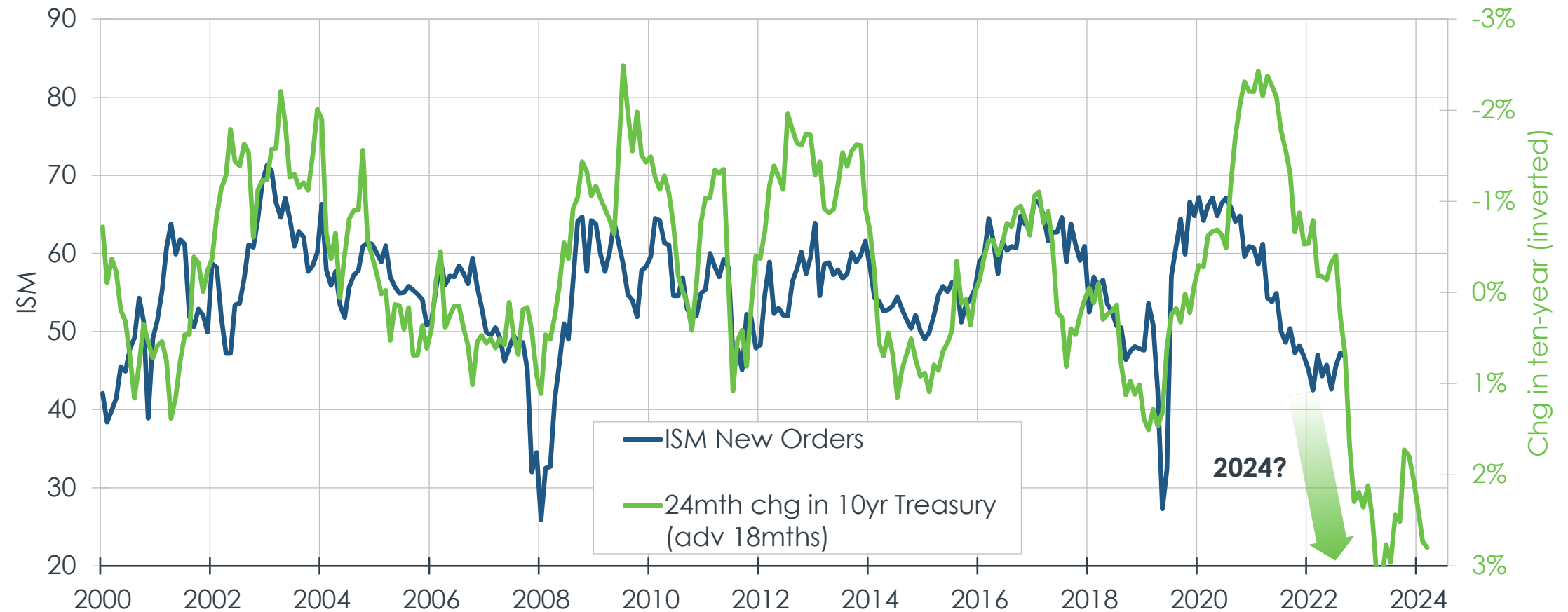
Cyclical exposure

3

Risk management

The cost of money impacts economic activity

ISM new orders vs. change in ten-year Treasury

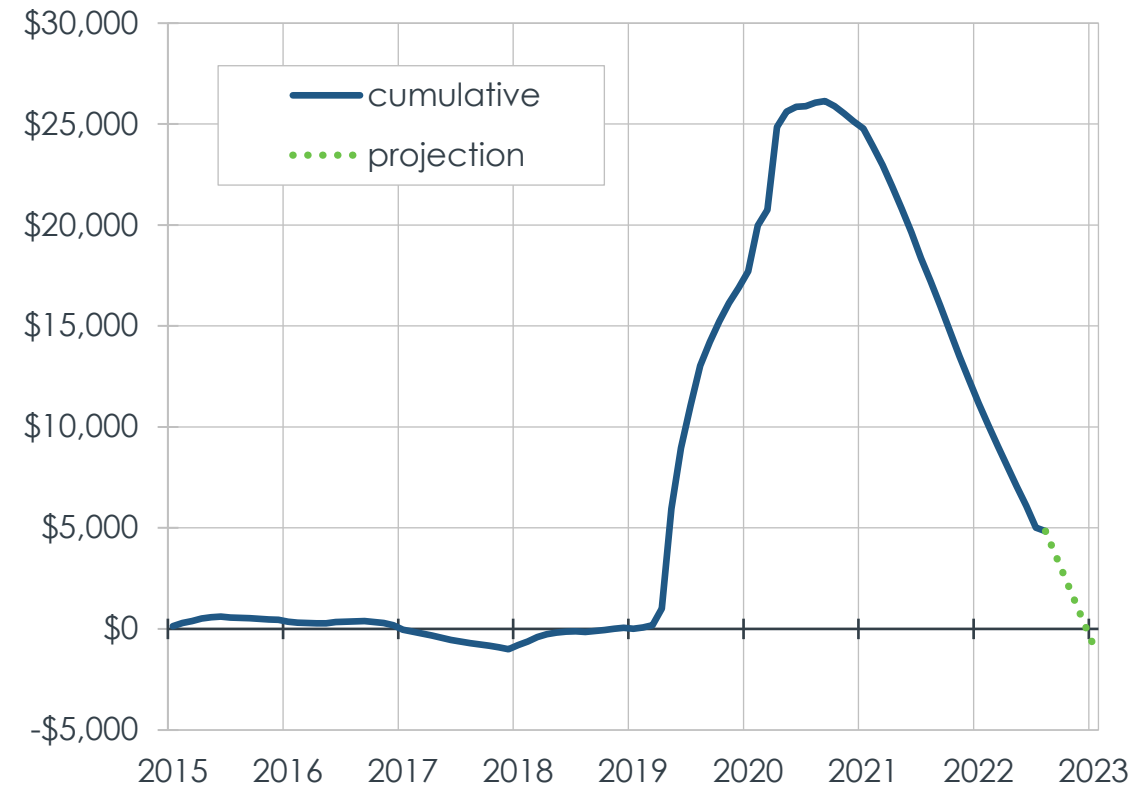


Source: Bloomberg, FactSet and the Bureau of Labor Statistics.

The consumer is the economy

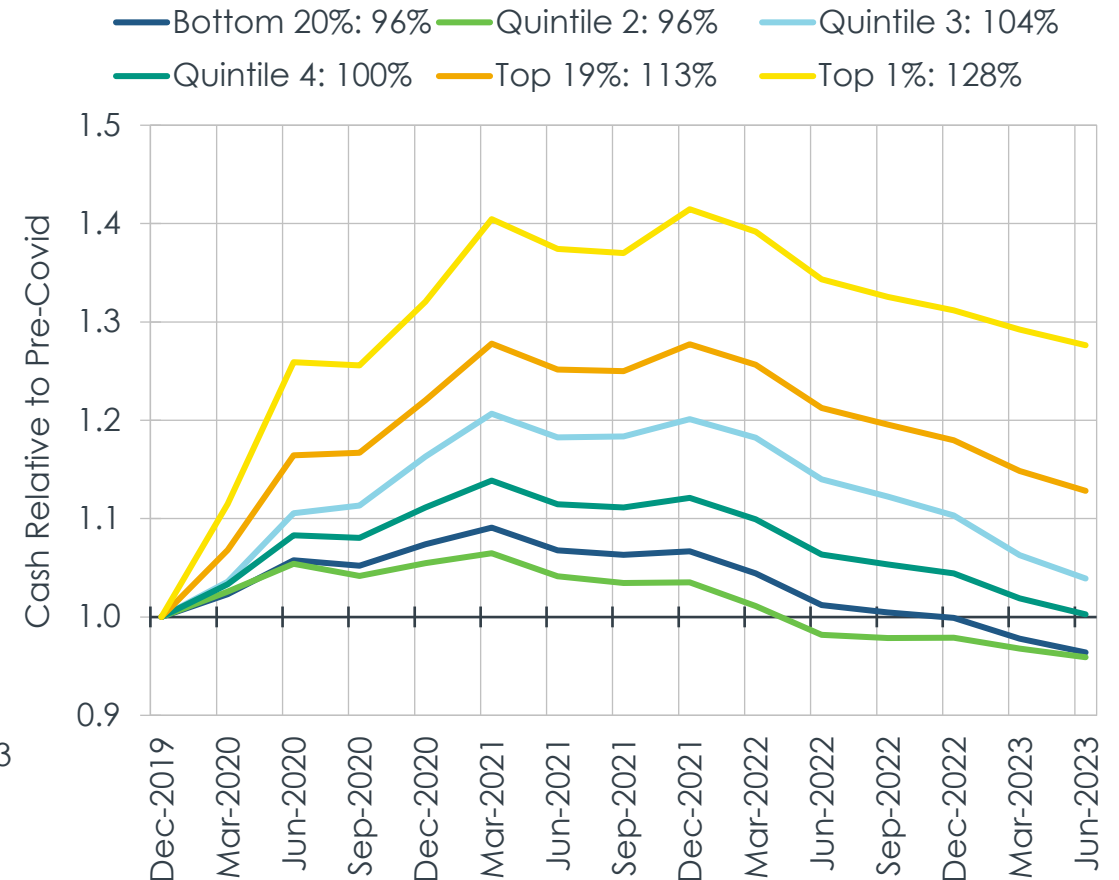
Keeping an eye on the consumer – Savings

Excess savings



Source: Federal Reserve Economic Data.

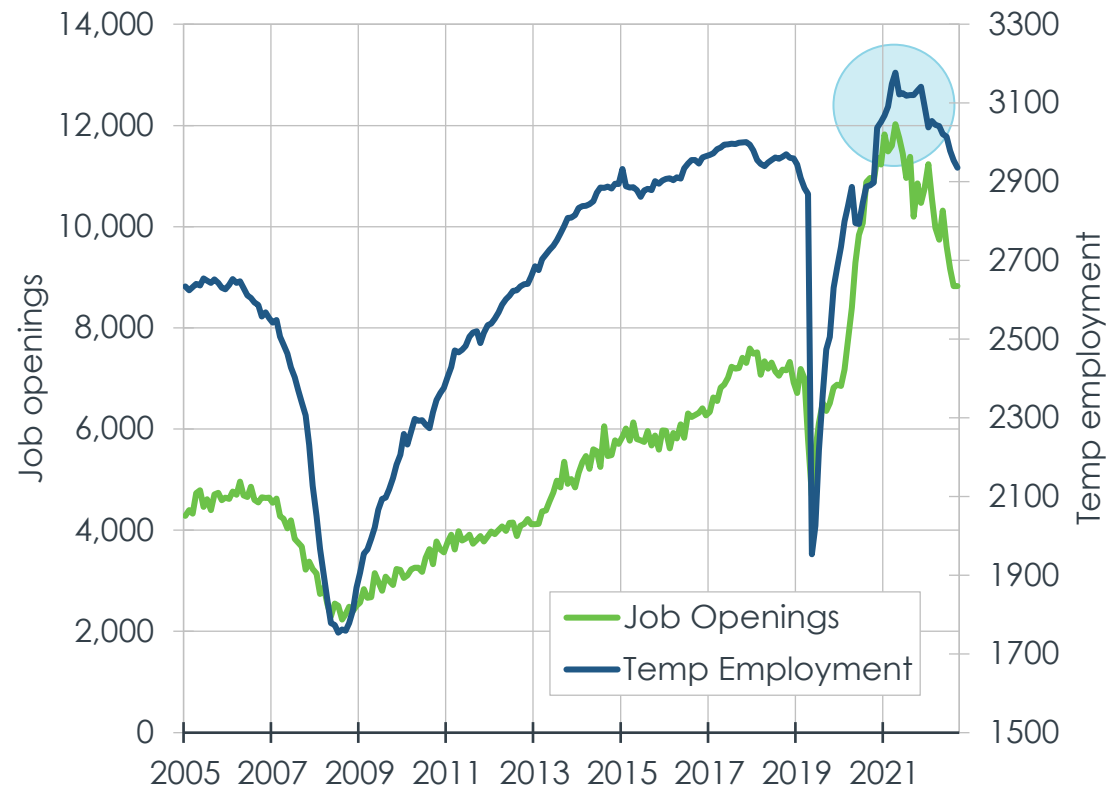
Excess savings by income cohort



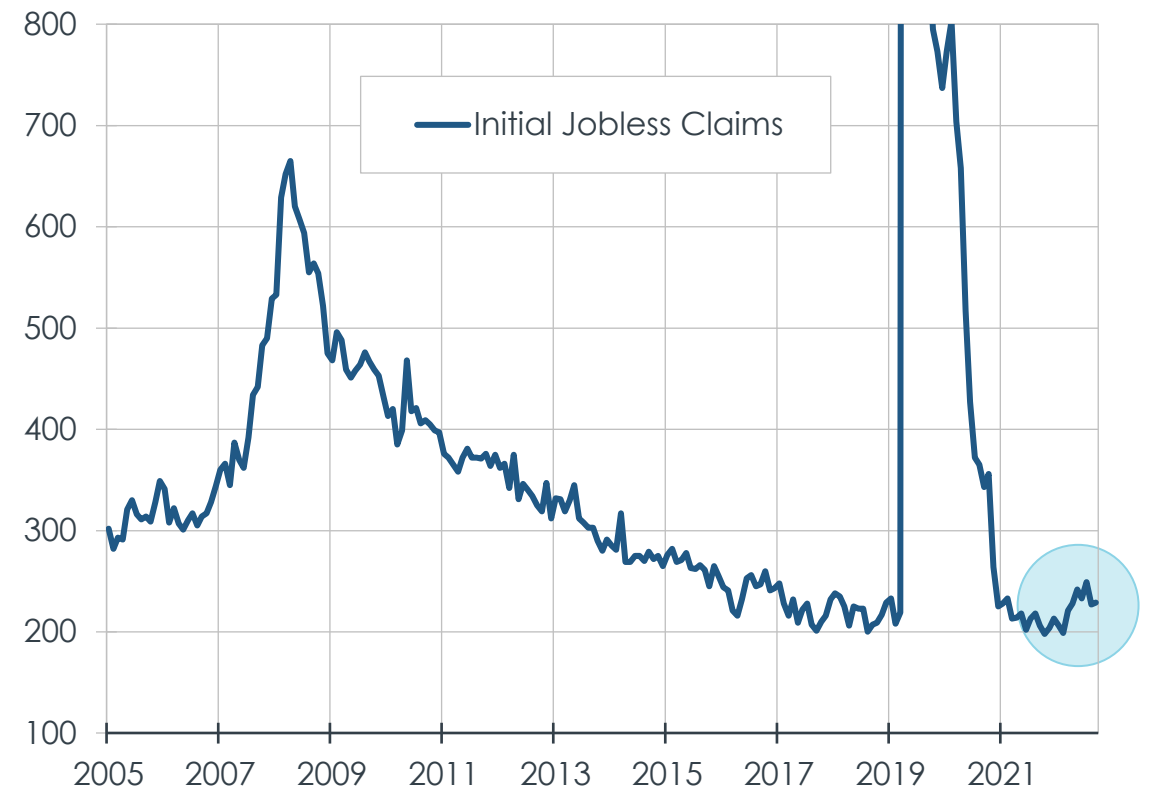
The consumer is the economy

Keeping an eye on the consumer – Jobs

Job openings and temp hiring



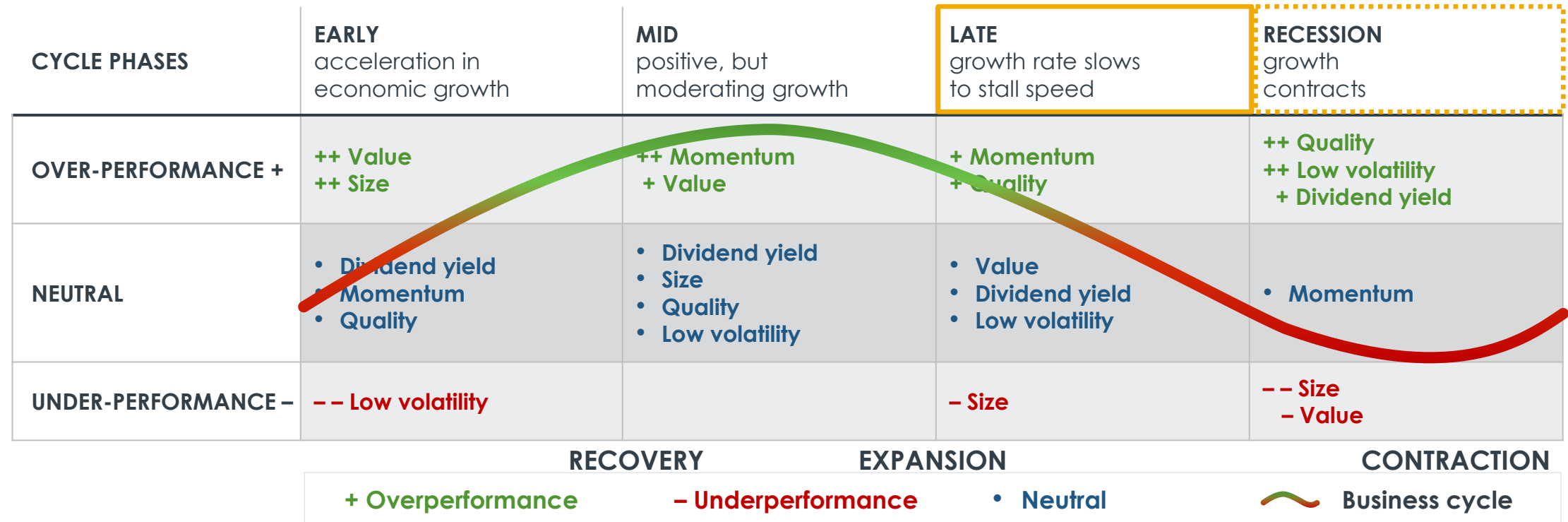
Initial jobless claims



Source: Source: Bloomberg, FactSet and the Bureau of Labor Statistics.

Factors and the business cycle

Certain factors have tended to perform well in varying market environments



Note: This is a hypothetical illustration of a typical business cycle. The above business cycle framework is based on a combination of quantitative and qualitative inputs. There is not always a chronological progression in this order, and there have been cycles in which the economy has skipped a phase or retraced an earlier one. Dark-grey portions above suggest no clear pattern of over- or underperformance vs. the broader market. Double +/- signs indicate that the factor is showing a consistent signal across all three metrics: full-phase average performance, median monthly difference and cycle hit rate. A single +/- indicates a mixed or less consistent signal. Analysis based on historical factor performance during business cycles since 1986. Factor performance patterns may vary in future cycles. Size (small cap) returns are annualized returns of the equal-weighted bottom quintile (by market capitalization) of the Russell 1000 Index. Value composite returns are annualized returns of a combined average ranking of stocks in the equal-weighted top quintile (by book/price ratio) and stocks in the equal-weighted top quintile (by earnings yield) of the Russell 1000 Index. Momentum returns are annualized returns of the equal-weighted top quintile (by trailing 12-month returns) of the Russell 1000 Index. Quality returns are annualized returns of the equal-weighted top quintile (by return on equity) of the Russell 1000 Index. Return on equity is a measure of profitability that calculates the dollars of profit a company generates with each dollar of shareholders' equity. Low-volatility returns are annualized returns of the equal-weighted bottom quintile (by standard deviation of weekly price returns) of the Russell 1000 Index. A portfolio with a lower standard deviation exhibits less return volatility. Dividend yield returns are annualized returns of the equal-weighted top quintile (by dividend yield) of the Russell 1000 Index.

Source: Fidelity Investments (Asset Allocation Research Team).

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