

Stay the course; stay invested.

Case study on Mark Schmehl

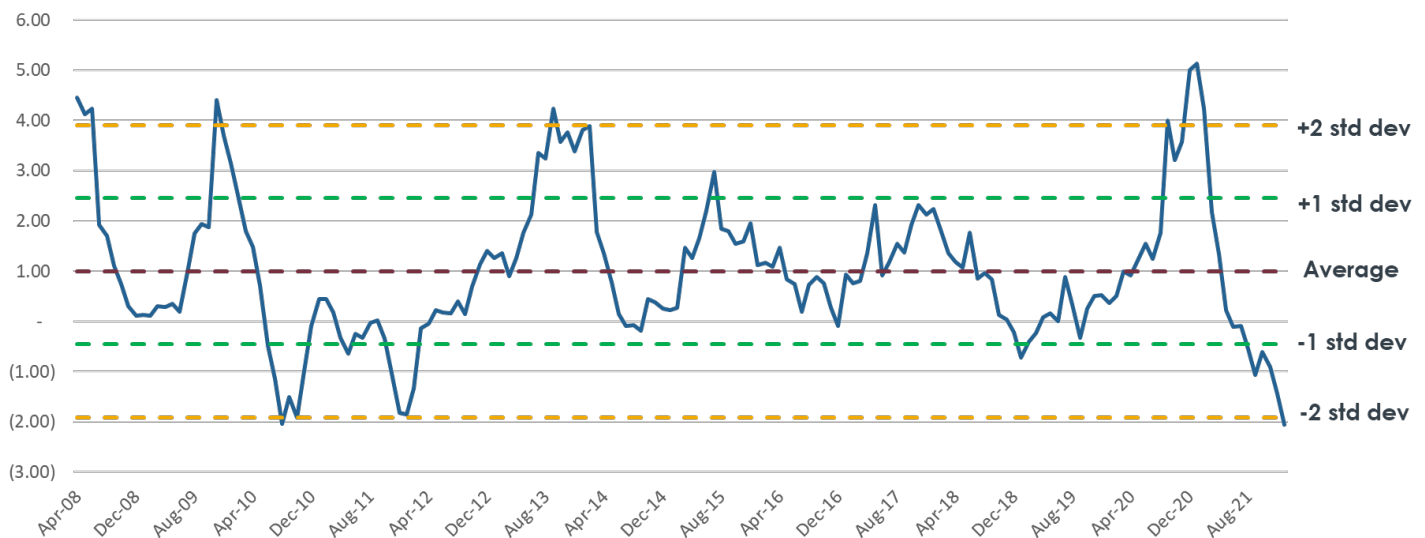
Over longer time horizons, time in the market tends to be better than timing the market. Attempts to perfectly time market movements can often be detrimental to longer-term capital appreciation. There have been many periods of increased volatility in the past, but in hindsight, a strong long-term decision has often been to **stay the course and stay invested***.

Portfolio Manager Mark Schmehl's strategies have recently faced some performance headwinds. The following analysis is a case study looking primarily into Fidelity Special Situations Fund to further emphasize that it is important to consider the power of **staying invested with Mark**.

Rolling information ratio

The following graph illustrates the 1-year rolling information ratio for Fidelity Special Situations Fund since inception. This measures the Fund's active return compared to the volatility of those active returns. The graph includes the average 1-year information ratio, along with a range for +/-1 and +/-2 standard deviations away from the mean.

As seen below, there has historically been a regression to the mean after it reaches either extreme. The most recent period is a **-2 standard deviation event for the Fund**; this behaviour only statistically occurs approximately 2.5% of the time. Historically this has marked the lows which have been followed by a significant rebound in risk-adjusted performance.



Source: Fidelity Investments Canada ULC. Since inception to January 31, 2022. Returns are based on series F, net of fees. Benchmark is 70% S&P/TSX Completion Index and 30% Russell 2500 Index. Rolling period is monthly. Inception date of Fidelity Special Situations Fund: April 18, 2007.

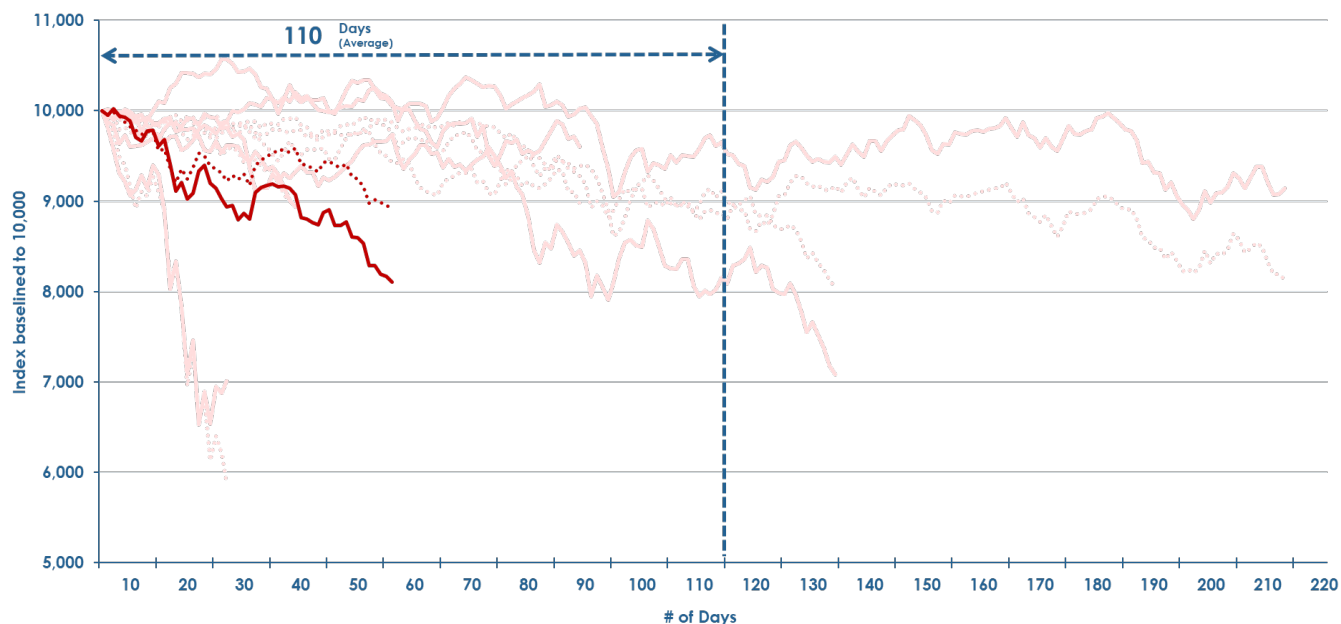
*<https://www.fidelity.ca/fidca/en/investor/timethemarket>

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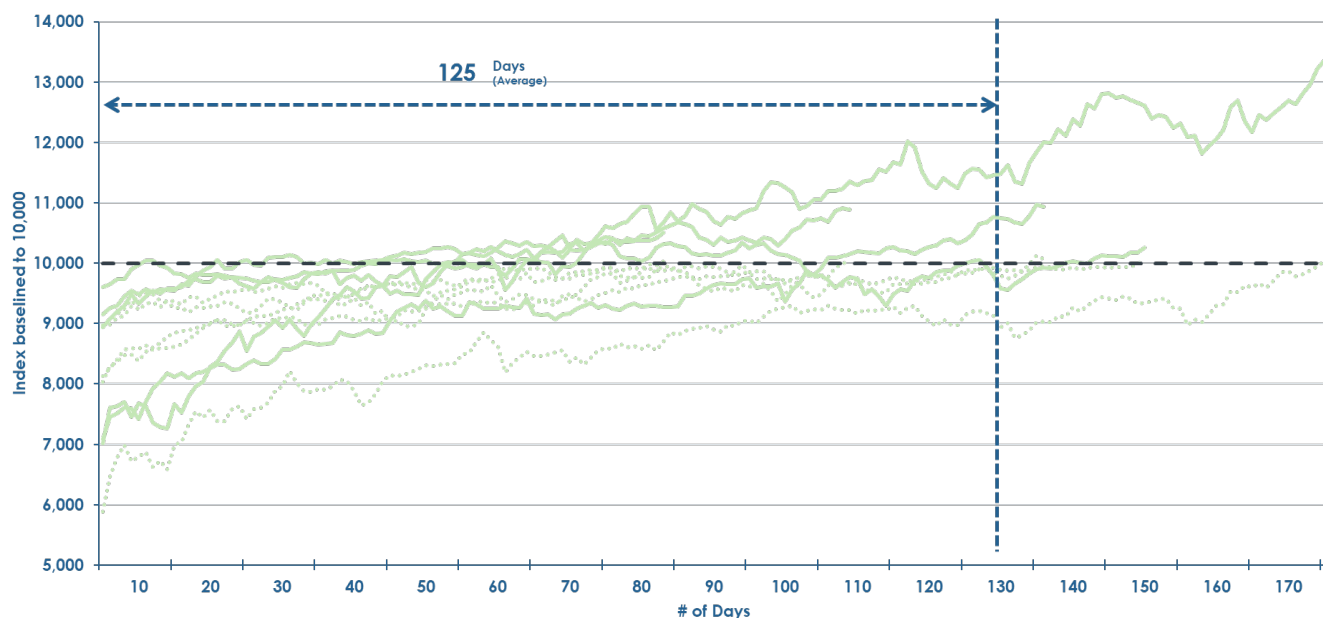
Drawdowns & recoveries

The following graphs focus on Fidelity Special Situations Fund and its benchmark to isolate how Mark has performed during periods of major market drawdowns and subsequent recoveries over the past decade. The analysis is focusing on periods where the benchmark is down 10% or more, which is highlighted by the dotted lines; the solid lines represent how Fidelity Special Situations Fund has performed during these drawdowns and recoveries. There have been 6 periods with drawdowns greater than 10% over the past 10 years, including the most recent period in the bolded red lines (Nov. 12, 2021 - Jan. 27, 2022). These major drawdowns have lasted an average of 110 days*. The average recovery period has been 125 days.

Drawdowns



Recoveries



Source: Fidelity Investments Canada ULC, as at January 31, 2022. *The day count is an approximation focused on business days, excluding weekends and holidays. Daily periods between January 31, 2012 and January 31, 2022. Returns are based on series F, net of fees. Benchmark is 70% S&P/TSX Completion Index and 30% Russell 2500 Index.

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The tables below show the performance of the three Funds that Mark Schmehl manages compared with their respective benchmarks, in periods when their benchmarks declined by 10% or more, reached a bottom and then recovered to its previous high.

Fidelity Special Situations Fund vs benchmark¹ over the past 10 years

Drawdown Start Date	Drawdown End Date	Recovery Date	BM Max Drawdown %	BM Recovery %	Fund Max Drawdown %	Fund Recovery %
Feb 24, 2012	Jun 25, 2012	Jan 02, 2013	-10.2%	12.8%	-4.0%	14.3%
Aug 26, 2014	Oct 15, 2014	Feb 05, 2015	-10.6%	12.3%	-10.6%	17.6%
Apr 15, 2015	Feb 11, 2016	Jul 12, 2016	-18.7%	23.4%	-8.5%	19.0%
Jun 20, 2018	Dec 24, 2018	Jul 24, 2019	-19.6%	25.1%	-29.2%	44.8%
Feb 20, 2020	Mar 23, 2020	Nov 24, 2020	-41.2%	70.5%	-29.9%	90.6%
Nov 12, 2021	Jan 27, 2022		-11.0%		-18.9%	

Source: Fidelity Investments Canada ULC. Performance is for series F, net of fees. Daily periods between January 31, 2012 and January 31, 2022. ¹Benchmark is 70% S&P/TSX Completion Index and 30% Russell 2500 Index.

Fidelity Canadian Growth Company Fund vs benchmark² over the past 10 years

Drawdown Start Date	Drawdown End Date	Recovery Date	BM Max Drawdown %	BM Recovery %	Fund Max Drawdown %	Fund Recovery %
Apr 10, 2015	Feb 11, 2016	Jul 11, 2016	-14.4%	17.7%	-9.5%	17.2%
Aug 27, 2018	Dec 24, 2018	Mar 12, 2019	-15.0%	17.7%	-24.9%	29.1%
Feb 20, 2020	Mar 23, 2020	Nov 23, 2020	-34.1%	52.3%	-30.5%	81.8%

Source: Fidelity Investments Canada ULC. Performance is for series F, net of fees. Daily periods between January 31, 2012 and January 31, 2022. ²Benchmark is 70% S&P/TSX Capped Composite Index and 30% S&P 500 Index.

Fidelity Global Innovators Class vs Nasdaq Composite Index since inception

Drawdown Start Date	Drawdown End Date	Recovery Date	BM Max Drawdown %	BM Recovery %	Fund Max Drawdown %	Fund Recovery %
Sep 04, 2018	Dec 24, 2018	Apr 05, 2019	-20.7%	26.5%	-29.1%	36.7%
Feb 19, 2020	Mar 16, 2020	May 20, 2020	-25.6%	35.2%	-29.9%	53.1%
Feb 12, 2021	May 12, 2021	Jun 28, 2021	-11.6%	13.4%	-22.1%	9.9%
Nov 19, 2021	Jan 27, 2022		-16.1%		-25.1%	

Source: Fidelity Investments Canada ULC. Performance is for series F, net of fees. Daily periods between January 31, 2012 and January 31, 2022. Benchmark is Nasdaq Composite Index. Inception: Fidelity Global Innovators Class - November 1, 2017.

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Mark remains constructive on the overall market and committed to his investment philosophy: **focusing on finding positive change**. This flexible approach has generated competitive results over time for Fidelity Special Situations Fund, Fidelity Canadian Growth Company Fund and Fidelity Global Innovators Class.

As at January 31, 2022	YTD	1Y	2Y	3Y	4Y	5Y	10Y	Since Inception*
Fidelity Special Situations Fund	(7.3)	(9.3)	20.8	20.3	12.5	15.6	17.1	15.3
Blended benchmark ¹	(3.2)	10.6	10.5	11.9	8.6	8.5	9.0	6.4
Fidelity Canadian Growth Company Fund	(7.3)	(3.7)	18.4	18.3	12.6	14.9	17.3	10.4
Blended benchmark ²	(1.7)	24.4	15.1	15.8	12.1	11.8	11.5	7.5
Fidelity Global Innovators Class	(11.7)	(13.8)	29.7	31.0	22.3	-	-	23.6
Nasdaq Composite Index	(8.3)	9.2	23.3	24.8	19.9	-	-	20.1

Source: Fidelity Investments Canada ULC. Data shown for series F, net of fees. Past performance is no guarantee of future performance. Periods greater than one year have been annualized.

*Since inception: Fidelity Special Situations Fund - April 18, 2007; Fidelity Canadian Growth Company Fund - October 10, 2000; Fidelity Global Innovators Class - November 1, 2017.

¹Blended benchmark: 70% S&P/TSX Completion Index and 30% Russell 2500 Index.

²Blended benchmark: 70% S&P/TSX Capped Composite Index and 30% S&P 500 Index.

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A fund's volatility is determined using a statistical measure called "standard deviation". Standard deviation is a statistical measure of how much a return varies over an extended period of time. The more variable the returns, the larger the standard deviation. Investors may examine historical standard deviation in conjunction with historical returns to decide whether an investment's volatility would have been acceptable given the returns it would have produced. A higher standard deviation indicates a wider dispersion of past returns and thus greater historical volatility. Standard deviation does not indicate how an investment actually performed, but it does indicate the volatility of its returns over time. Standard deviation is annualized. The returns used for this calculation are not load-adjusted. Standard deviation does not predict the future volatility of a fund.

The index returns are shown for comparative purposes only. Indexes are unmanaged, and their returns do not include any sales charges or fees as such costs would lower performance. It is not possible to invest directly in an index.

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