



# **Fidelity Concentrated Value Private Pool of the Fidelity Capital Structure Corp.**

**Semi-Annual Financial Statements**  
**May 31, 2024**

*Fidelity Investments Canada ULC, the Manager of the Fund, appoints independent auditors to audit the Fund's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice.*

*The Fund's independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.*

# Fidelity Concentrated Value Private Pool of the Fidelity Capital Structure Corp.

## Financial Statements (Unaudited)

### Statements of Financial Position

Amounts in thousands of Canadian Dollars (except per security amounts)  
As at

May 31, 2024

November 30,  
2023

#### Current assets (Note 3)

Investments at fair value through profit or loss (Note 8)	\$ 811,897	\$ 762,999
Cash	44	31
Receivable for investments sold	250	461
Subscriptions receivable	1,324	1,780
	<u>813,515</u>	<u>765,271</u>

#### Current liabilities (Note 3)

Payable for investments purchased	503	748
Redemptions payable	705	1,162
Distributions and dividends payable (Note 5)	371	332
Management and advisory fees payable (Note 4)	708	650
Other payables to affiliates (Note 4)	100	91
Other payables and accrued expenses (Note 4)	102	94
	<u>2,489</u>	<u>3,077</u>

#### Net assets attributable to securityholders (Notes 3 and 6)

\$ <u>811,026</u>	\$ <u>762,194</u>
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#### Net assets attributable to securityholders per Series and per security (Note 6)

Series B : (\$180,046 and \$167,619, respectively)	\$ <u>25.47</u>	\$ <u>24.37</u>
Series F : (\$494,914 and \$459,262, respectively)	\$ <u>27.81</u>	\$ <u>26.47</u>
Series F5 : (\$38,225 and \$34,622, respectively)	\$ <u>31.64</u>	\$ <u>30.84</u>
Series F8 : (\$26,018 and \$26,534, respectively)	\$ <u>21.66</u>	\$ <u>21.44</u>
Series I : (\$54,796 and \$56,743, respectively)	\$ <u>25.24</u>	\$ <u>24.15</u>
Series I5 : (\$1,413 and \$1,556, respectively)	\$ <u>27.91</u>	\$ <u>27.38</u>
Series I8 : (\$496 and \$481, respectively)	\$ <u>19.16</u>	\$ <u>19.08</u>
Series S5 : (\$7,305 and \$7,247, respectively)	\$ <u>28.31</u>	\$ <u>27.77</u>
Series S8 : (\$7,813 and \$8,130, respectively)	\$ <u>19.46</u>	\$ <u>19.37</u>

The accompanying notes are integral to these financial statements. See Note 1 for the Fund's reporting periods.

**Fidelity Concentrated Value Private Pool of the Fidelity Capital Structure Corp.  
Financial Statements (Unaudited) – continued**

**Statements of Comprehensive Income (Loss)**

Amounts in thousands of Canadian Dollars (except per security amounts)  
For the six-month periods ended May 31,

	2024	2023
<b>Investment income (Note 3)</b>		
Interest	\$ 4	\$ 3
Income distributions from Fidelity managed underlying funds	13,352	8,979
Capital gain distributions from Fidelity managed underlying funds	56,696	44,347
Net gain (loss) on investments		
Net realized gain (loss) on investments	3,788	3,277
Change in net unrealized appreciation (depreciation) on investments	(19,681)	(45,374)
	<u>(15,893)</u>	<u>(42,097)</u>
<b>Total investment income (loss)</b>	<u>54,159</u>	<u>11,232</u>
<b>Operating expenses (Note 4)</b>		
Management and advisory fees	4,226	3,886
Administration fees	589	530
Independent Review Committee fees	-	-
Commissions and other portfolio costs	-	-
Sales tax	565	519
	<u>5,380</u>	<u>4,935</u>
<b>Total operating expenses</b>	<u>5,380</u>	<u>4,935</u>
<b>Net increase (decrease) in net assets attributable to securityholders from operations</b>	<u>\$ 48,779</u>	<u>\$ 6,297</u>
<b>Net increase (decrease) in net assets attributable to securityholders from operations per Series (Note 3)</b>		
Series B	\$ 10,110	\$ 805
Series F	\$ 30,379	\$ 4,436
Series F5	\$ 2,366	\$ 285
Series F8	\$ 1,676	\$ 287
Series I	\$ 3,255	\$ 347
Series I5	\$ 83	\$ 8
Series I8	\$ 28	\$ 2
Series S5	\$ 414	\$ 47
Series S8	\$ 468	\$ 80
<b>Net increase (decrease) in net assets attributable to securityholders from operations per Series per security (Notes 3 and 6)</b>		
Series B	\$ 1.46	\$ .12
Series F	\$ 1.74	\$ .28
Series F5	\$ 2.02	\$ .30
Series F8	\$ 1.37	\$ .24
Series I	\$ 1.44	\$ .14
Series I5	\$ 1.40	\$ .16
Series I8	\$ 1.12	\$ .06
Series S5	\$ 1.63	\$ .19
Series S8	\$ 1.12	\$ .18

The accompanying notes are integral to these financial statements. See Note 1 for the Fund's reporting periods.

**Fidelity Concentrated Value Private Pool of the Fidelity Capital Structure Corp.**  
**Financial Statements (Unaudited) – continued**

**Statements of Changes in Net Assets Attributable to Securityholders**

Amounts in thousands of Canadian Dollars

For the six-month period ended May 31, 2024

	Total	Series B	Series F	Series F5	Series F8	Series I
Net assets attributable to securityholders, beginning of period	\$ 762,194	\$ 167,619	\$ 459,262	\$ 34,622	\$ 26,534	\$ 56,743
Increase (decrease) in net assets attributable to securityholders from operations	48,779	10,110	30,379	2,366	1,676	3,255

**Distributions and dividends to securityholders (Note 5)**

From net investment income	(11,231)	(2,486)	(6,851)	(529)	(364)	(763)
Return of capital	(2,482)	-	-	(887)	(1,039)	-
	(13,713)	(2,486)	(6,851)	(1,416)	(1,403)	(763)

**Security transactions (Note 6)**

Proceeds from sale of securities	96,193	16,846	70,642	4,115	2,136	985
Reinvestment of distributions and dividends	10,565	2,425	6,026	649	462	682
Amounts paid upon redemption of securities	(92,992)	(14,468)	(64,544)	(2,111)	(3,387)	(6,106)
	13,766	4,803	12,124	2,653	(789)	(4,439)

Net assets attributable to securityholders, end of period	\$ 811,026	\$ 180,046	\$ 494,914	\$ 38,225	\$ 26,018	\$ 54,796
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For the six-month period ended May 31, 2024

	Series I5	Series I8	Series S5	Series S8
Net assets attributable to securityholders, beginning of period	\$ 1,556	\$ 481	\$ 7,247	\$ 8,130
Increase (decrease) in net assets attributable to securityholders from operations	83	28	414	468

**Distributions and dividends to securityholders (Note 5)**

From net investment income	(20)	(7)	(102)	(109)
Return of capital	(40)	(19)	(175)	(322)
	(60)	(26)	(277)	(431)

**Security transactions (Note 6)**

Proceeds from sale of securities	223	1	252	993
Reinvestment of distributions and dividends	32	12	127	150
Amounts paid upon redemption of securities	(421)	-	(458)	(1,497)
	(166)	13	(79)	(354)

Net assets attributable to securityholders, end of period	\$ 1,413	\$ 496	\$ 7,305	\$ 7,813
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For the six-month period ended May 31, 2023

	Total	Series B	Series F	Series F5	Series F8	Series I
Net assets attributable to securityholders, beginning of period	\$ 675,227	\$ 149,563	\$ 393,793	\$ 28,026	\$ 25,752	\$ 58,950
Increase (decrease) in net assets attributable to securityholders from operations	6,297	805	4,436	285	287	347

**Distributions and dividends to securityholders (Note 5)**

From net investment income	(8,768)	(2,018)	(5,114)	(399)	(338)	(690)
From net realized gains	(33,334)	(6,388)	(20,902)	(1,492)	(1,382)	(2,359)
Return of capital	(2,202)	-	-	(638)	(994)	-
	(44,304)	(8,406)	(26,016)	(2,529)	(2,714)	(3,049)

**Security transactions (Note 6)**

Proceeds from sale of securities	104,303	28,110	62,880	6,482	3,907	1,357
Reinvestment of distributions and dividends	38,767	8,168	23,006	1,973	1,796	2,713
Amounts paid upon redemption of securities	(56,965)	(11,158)	(35,578)	(1,562)	(1,354)	(3,921)
	86,105	25,120	50,308	6,893	4,349	149

Net assets attributable to securityholders, end of period	\$ 723,325	\$ 167,082	\$ 422,521	\$ 32,675	\$ 27,674	\$ 56,397
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The accompanying notes are integral to these financial statements. See Note 1 for the Fund's reporting periods.

**Fidelity Concentrated Value Private Pool of the Fidelity Capital Structure Corp.  
Financial Statements (Unaudited) – continued**

**Statements of Changes in Net Assets Attributable to Securityholders – continued**

For the six-month period ended May 31, 2023

	Series I5	Series I8	Series S5	Series S8
<b>Net assets attributable to securityholders, beginning of period</b>	\$ <u>1,577</u>	\$ <u>1,230</u>	\$ <u>7,151</u>	\$ <u>9,185</u>
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<u>8</u>	<u>2</u>	<u>47</u>	<u>80</u>
<b>Distributions and dividends to securityholders (Note 5)</b>				
From net investment income	(19)	(9)	(83)	(98)
From net realized gains	(63)	(62)	(288)	(398)
Return of capital	(36)	(43)	(159)	(332)
	<u>(118)</u>	<u>(114)</u>	<u>(530)</u>	<u>(828)</u>
<b>Security transactions (Note 6)</b>				
Proceeds from sale of securities	6	334	219	1,008
Reinvestment of distributions and dividends	98	72	392	549
Amounts paid upon redemption of securities	(5)	(762)	(611)	(2,014)
	<u>99</u>	<u>(356)</u>	<u>-</u>	<u>(457)</u>
<b>Net assets attributable to securityholders, end of period</b>	\$ <u><u>1,566</u></u>	\$ <u><u>762</u></u>	\$ <u><u>6,668</u></u>	\$ <u><u>7,980</u></u>

The accompanying notes are integral to these financial statements. See Note 1 for the Fund's reporting periods.

**Fidelity Concentrated Value Private Pool of the Fidelity Capital Structure Corp.  
Financial Statements (Unaudited) – continued**

**Statements of Cash Flows**

**Amounts in thousands of Canadian Dollars**

**For the six-month periods ended May 31,**

**Cash flows from (used in) operating activities: (Note 3)**

Purchases of investments and derivatives

	<b>2024</b>	<b>2023</b>
\$	(41,699)	\$ (63,806)

Proceeds from sale and maturity of investments and derivatives

46,923 26,645

Cash receipts from interest income

4 3

Cash paid for operating expenses

(5,305) (4,814)

**Net cash from (used in) operating activities**

(77) (41,972)

**Cash flows from (used in) financing activities: (Note 3)**

Distributions and dividends to securityholders net of reinvestments

(3,109) (5,489)

Proceeds from sales of securities

85,226 92,210

Amounts paid upon redemption of securities

(82,027) (44,743)

**Net cash from (used in) financing activities**

90 41,978

**Net change in cash**

13 6

**Cash, beginning of period**

31 28

**Cash, end of period**

\$ 44 \$ 34

*The accompanying notes are integral to these financial statements. See Note 1 for the Fund's reporting periods.*

# Fidelity Concentrated Value Private Pool of the Fidelity Capital Structure Corp. Schedule of Investments May 31, 2024 (Unaudited)

Showing Percentage of Net Assets Attributable to Securityholders (Net Assets)

Underlying Funds – 100.1%			
	Shares/Units (000s)	Cost (\$) (000s)	Fair Value \$(000s)
Fidelity Concentrated Value Investment Trust - Series O	48,492	<u>735,192</u>	<u>811,897</u>
<b>TOTAL INVESTMENT IN SECURITIES – 100.1%</b>		<u><b>735,192</b></u>	<b>811,897</b>
<b>NET OTHER ASSETS (LIABILITIES) – (0.1)%</b>			<u><b>(871)</b></u>
<b>NET ASSETS – 100%</b>			<u><u><b>811,026</b></u></u>

## Presentation Notes

Cost amount includes broker commissions and other trading expenses, if any.

The accompanying notes are integral to these financial statements. See Note 1 for the Fund's reporting periods.



# Fidelity Concentrated Value Private Pool of the Fidelity Capital Structure Corp. Fund Specific Notes to Financial Statements

For the period ended May 31, 2024 (Unaudited)

(Amounts in thousands of Canadian dollars/thousands of securities unless otherwise stated)

## Formation of the Corporation (Note 1)

The inception date of Fidelity Concentrated Value Private Pool of the Fidelity Capital Structure Corp. (Fund) was April 30, 2012 and the Fund commenced offering its Series of securities for sale on the following dates:

Series	Commencement of Operations	Series	Commencement of Operations
B	May 9, 2012	I5	May 9, 2012
F	May 9, 2012	I8	May 9, 2012
F5	May 9, 2012	S5	May 9, 2012
F8	May 9, 2012	S8	May 9, 2012
I	May 9, 2012		

An investment in a Fidelity managed underlying fund or externally managed ETF is referred to as an Underlying Fund.

The Fund aims to seek long-term capital appreciation and seeks a similar return to its Underlying Fund, Fidelity Concentrated Value Investment Trust, by investing substantially all of its assets in securities of the Underlying Fund. The Fund's and the Underlying Fund's benchmark is composed of 70.0% S&P/TSX 60 Capped Index and 30.0% S&P 500 Index.

The Underlying Fund seeks long-term capital appreciation by investing primarily in equity securities of Canadian and foreign companies and tends to focus on large companies.

## Investment and Derivative Valuation (Note 3)

The Fund categorizes the inputs to valuation techniques used to fair value its investments and derivatives into a disclosure hierarchy consisting of three levels as shown below. In addition, transfers between Level 1 and Level 2, if applicable, are presented for the periods indicated. For any investments identified as using Level 3 inputs at either the beginning or the end of the current fiscal period, reconciliations are presented for any activity which occurred in the periods indicated below.

### Valuation Inputs at May 31, 2024:

Description (Amounts in thousands)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
<u>Investments in Securities:</u>				
Underlying Funds	811,897	811,897	-	-
<b>Total Investments in Securities:</b>	<u>811,897</u>	<u>811,897</u>	<u>-</u>	<u>-</u>

### Valuation Inputs at November 30, 2023:

Description (Amounts in thousands)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
<u>Investments in Securities:</u>				
Underlying Funds	762,999	762,999	-	-
<b>Total Investments in Securities:</b>	<u>762,999</u>	<u>762,999</u>	<u>-</u>	<u>-</u>

Transfers from Level 1 to Level 2 and from Level 2 to Level 1 were \$- and \$-, respectively, during the period (\$- and \$- respectively, in the prior period).

The Fund did not hold any significant positions of Level 3 Investments at the beginning of, or end of, the period.

## Management and Advisory Fee (Note 4)

Fidelity provides investment advice with respect to the Fund's investment portfolio and arranges for the acquisition and disposition of portfolio investments, including all necessary brokerage arrangements.

# Fidelity Concentrated Value Private Pool of the Fidelity Capital Structure Corp. Fund Specific Notes to Financial Statements – continued

For the period ended May 31, 2024 (Unaudited)

(Amounts in thousands of Canadian dollars/thousands of securities unless otherwise stated)

The annual management fee rates for each Series were as follows:

	Rate (%)		Rate (%)
Series B	1.750	Series I5	1.750
Series F	0.750	Series I8	1.750
Series F5	0.750	Series S5	1.750
Series F8	0.750	Series S8	1.750
Series I	1.750		

## Administration Fee (Note 4)

The Fund pays an annual administration fee rate of 0.15%.

## Security Transactions and Affiliated Ownership (Notes 3 and 6)

**Security Transactions** - Security transactions and weighted average securities for each Series were as follows:

	Securities Outstanding, Beginning of Period	Issued	Reinvested	Redeemed	Securities Outstanding, End of Period	Weighted Average Securities
<b>Period ended May 31, 2024</b>						
Series B	6,877	675	96	(578)	7,070	6,930
Series F	17,351	2,578	219	(2,354)	17,794	17,441
Series F5	1,123	131	21	(67)	1,208	1,171
Series F8	1,238	99	21	(157)	1,201	1,222
Series I	2,351	39	27	(245)	2,172	2,262
Series I5	57	8	1	(15)	51	59
Series I8	25	-	1	-	26	25
Series S5	261	8	5	(16)	258	255
Series S8	420	50	8	(76)	402	417
<b>Period ended May 31, 2023</b>						
Series B	6,040	1,152	344	(459)	7,077	6,613
Series F	14,634	2,387	900	(1,348)	16,573	15,687
Series F5	857	205	64	(49)	1,077	946
Series F8	1,097	173	81	(61)	1,290	1,207
Series I	2,403	57	115	(163)	2,412	2,400
Series I5	54	-	4	-	58	56
Series I8	59	16	4	(39)	40	60
Series S5	242	7	14	(21)	242	246
Series S8	432	48	27	(98)	409	442

## Financial Instrument Risk (Note 7)

**Credit Risk** — Other than outlined in Note 3 in the Notes to Financial Statements, there were no significant concentrations of credit risk to counterparties as at each reporting period end.

**Concentration Risk** — Refer to the Derivative Exposure, Geographic Mix, Sector Mix, Asset Mix and Market Capitalization tables, as applicable, in the "Summary of Investment Portfolio" of the Fund's Semi-Annual Management Report of Fund Performance as at May 31, 2024, which summarize the investment concentration risks that are relevant for the Fund.

**Other Price Risk** — If the benchmark had increased or decreased by 5% on May 31, 2024 and on November 30, 2023, with all other variables held constant, the net assets attributable to securityholders of the Fund would have increased or decreased by approximately \$12,584 (November 30, 2023: \$13,734). This change is estimated using the Fund's beta which is calculated based on the historical correlation between the return of the Fund as compared to the return of the benchmark. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

# Fidelity Concentrated Value Private Pool of the Fidelity Capital Structure Corp.

## Fund Specific Notes to Financial Statements – continued

For the period ended May 31, 2024 (Unaudited)

*(Amounts in thousands of Canadian dollars/thousands of securities unless otherwise stated)*

**Interest Rate Risk** — The majority of the Fund's financial instrument exposure is non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

**Currency Risk** - As at May 31, 2024 and November 30, 2023, the majority of the Fund's monetary assets and liabilities are denominated in Canadian dollars. As a result, the Fund is not subject to significant amounts of currency risk.

### Investment in Structured Entities (Note 8)

The following tables present additional information that is relevant to the Fund's investment in Fidelity managed underlying funds.

<b>May 31, 2024</b>	<b>Total Net Assets (\$)</b>	<b>Fair Value of Investment (\$)</b>	<b>November 30, 2023</b>	<b>Total Net Assets (\$)</b>	<b>Fair Value of Investment (\$)</b>
Fidelity Concentrated Value Investment Trust	1,405,299	811,897	Fidelity Concentrated Value Investment Trust	1,327,406	762,999

*Names presented in the tables reflect names in effect as at the dates shown.*

# Notes to Financial Statements

For the period ended May 31, 2024 (Unaudited)

(Amounts in thousands of Canadian dollars unless otherwise stated)

## 1. Formation of the Corporation

Fidelity Capital Structure Corp. (Corporation) is a mutual fund corporation incorporated under the laws of Alberta on August 30, 2001. The authorized capital of the Corporation consists of an unlimited number of Class A voting securities and 300 classes of redeemable mutual fund special securities. Currently, 89 classes of the redeemable mutual fund special securities are available and each of these classes is a separate reporting entity (collectively the Funds). Fidelity Investments Canada ULC (Fidelity) is the Funds' investment manager (Manager) and is responsible for the day-to-day operations and provides all general management and administrative services. Fidelity, as also the investment advisor, is responsible for the investment management of the Funds' portfolios. The registered office of the Corporation is located at 407 2nd Street S.W., Suite 820, Calgary, Alberta, T2P 2Y3.

The financial statements of the classes of the Corporation present financial information of each class as its own reporting entity. If the Corporation cannot satisfy its obligations related to one class, it may be required to satisfy them using assets attributable to other classes. Fidelity believes that the risk of such cross-class liability is remote.

Currently, Fidelity mutual funds are offered in the following Series:

Series A, C, T5 and T8 securities were available to all investors in a deferred sales charge (DSC) option through to the close of business on May 31, 2022 and as a result of regulatory changes Fidelity stopped offering these securities at that time. If securityholders bought securities of the funds with a DSC option (including low load and load 2 DSC options) prior to June 1, 2022, their DSC schedule will continue to apply as described in the simplified prospectus and, with the exception of Series C securities, securityholders will be able to switch their existing Series A, T5 or T8 securities to the same securities of another fund. For Series C securities, which are held as part of Fidelity's ClearPlan custom portfolio service program, securityholders will be able to switch their existing Series C securities to Series A securities of another fund. Series A, T5 and T8 securities will be automatically switched to the front-end Series B, S5 and S8 securities, respectively, one year after completion of their redemption schedule. Series B, D, S5 and S8 securities are available to all investors in an initial sales charge (ISC) option. Series C and D securities are available to investors who have enrolled in the rebalancing service. Series F, F5 and F8 securities are usually only available to investors who have fee-based accounts with dealers who have signed an eligibility agreement with Fidelity. Series O securities are only available to: (i) institutional investors who may be individuals or financial institutions who have been approved by Fidelity and have entered into Series O fund purchase agreements with Fidelity; or (ii) other funds and accounts managed or advised by Fidelity. Series Q securities are only available to dealers that, on behalf of their clients who have granted them discretionary investment authority, use proprietary model portfolios or similar investment products. Dealers that want to purchase Series Q for their clients must enter into an appropriate eligibility agreement with Fidelity. Series I, I5 and I8 securities are available to all investors who have entered into a Series I Agreement with Fidelity and are available to all investors in an initial sales charge (ISC) option. Private Wealth Series (Series PWS) securities are only available to the Private Wealth Portfolio Managers that act on behalf of their clients who have granted them discretionary authority. Series PWS investors must enter into an appropriate investment management agreement with Fidelity. Exchange-traded fund (ETF) Series are available to investors on Cboe Canada or another exchange or marketplace through registered brokers and ETF dealers in the province or territory where the investor resides. Series INV securities are only available to Investly™ Portfolio Managers that act on behalf of individual retail investors who have granted them discretionary investment authority, use investment funds, proprietary model portfolios or similar investment products.

In addition, Series F5, F8, I5, I8, T5, T8, S5 and S8 securities distribute an amount comprised of net income and/or return of capital monthly, if available.

Each Fund meets the definition of an investment entity as its purpose is to invest its net assets for capital growth and/or investment income for the benefit of its securityholders, and its investment performance is measured on a fair value basis.

The Statements of Financial Position are as at May 31, 2024 and November 30, 2023, as applicable, and the Statements of Comprehensive Income (Loss), Changes in Net Assets Attributable to Securityholders and Cash Flows are for the six-month periods ended May 31, 2024 and May 31, 2023, as applicable. For newly created Funds in either the current or prior period, the information presented is for the period from the Fund's inception date to May 31, 2024 or May 31, 2023, as applicable. Each Fund's inception date is disclosed in the Fund Specific Notes to Financial Statements. The Schedule of Investments for each of the Funds is as at May 31, 2024. Throughout this document, reference to the periods refers to the reporting periods described above.

## 2. Basis of Accounting

**Statement of Compliance** - These interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards) and as applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting. The accounting policies set out below have been applied consistently unless otherwise stated.

The policies applied in these interim financial statements are based on IFRS Accounting Standards issued as of July 11, 2024, which is the date on which the interim financial statements were authorized for issue by the Corporation's Board of Directors. Any subsequent changes to IFRS Accounting Standards that are given effect in a Fund's annual financial statements for the period ending November 30, 2024 could result in restatement of these interim financial statements.

**Functional and Presentation Currency** - These financial statements are presented in Canadian dollars, which is each Fund's functional currency.

**Fund Specific Notes to Financial Statements** - Each Fund presents financial disclosure information that is relevant to its financial statements in its Fund Specific Notes to Financial

## Notes to Financial Statements - Continued

For the period ended May 31, 2024 (Unaudited)

(Amounts in thousands of Canadian dollars unless otherwise stated)

Statements. These disclosures can be found immediately following a Fund's Schedule of Investments and are to be read in conjunction with these Notes to Financial Statements.

### 3. Material Accounting Policy Information

**Basis of Measurement** - These financial statements have been prepared on the historical cost basis except for investments and derivatives which are measured at fair value in the Statements of Financial Position.

**Use of Estimates and Judgments** - Under IFRS Accounting Standards, management is required to make certain estimates and judgments at the date of the financial statements. The principal financial statement components subject to significant accounting estimates and judgments include:

*Fair value measurements* - A Fund may invest in financial instruments that are not quoted in an active market. Where applicable, these instruments are categorized in Level 2 and Level 3 of the fair value hierarchy explained below. When current market prices or quotations are not readily available or reliable, valuation techniques will be applied in good faith and in accordance with procedures adopted by the Manager. Factors used in determining fair value may include, but are not limited to, broker quotes from reputable pricing sources, market or security specific events, changes in interest rates and credit quality. Fair value models use observable data, to the extent practical; however, the Manager is required from time to time to make estimates and assumptions that are based on the best information available at that particular time. Changes in these estimates could impact the fair values of the financial instruments, and the impact could be material.

*Classification and measurement of financial instruments* - Fidelity has made significant judgments when determining the classification and measurement of a Fund's financial instruments under IFRS 9 - Financial Instruments (IFRS 9). These judgments centre upon a cash flow characteristic and business model analysis. This analysis results in a Fund's financial assets being measured at fair value through profit or loss due to factors including performance evaluation and management of a Fund on a fair value basis.

*Presentation of financial instruments* - Fidelity has made significant judgments when determining the classification of a Fund's redeemable securities as financial liabilities in accordance with IAS 32 - Financial Instruments - Presentation (IAS 32).

Each Fund's securities are classes in the Corporation. The classes will not participate pro rata in the residual net assets of the Corporation in the event of the Corporation's liquidation and they do not have identical features where they are offered in multiple series. Consequently, each Fund's outstanding redeemable securities are classified as financial liabilities in accordance with the requirements of IAS 32.

*Determination of Relationship with Fidelity Managed Underlying Funds* - Fidelity has made significant judgments when determining the ability of a Fund to control or significantly influence a Fidelity managed underlying fund in accordance with IFRS 10 - Consolidated financial statements (IFRS 10) and IAS 28 - Investment in associates and joint ventures (IAS 28). In both determinations, Fidelity looks at the relevant activities such as voting rights, participation in policy choices and material cash flows such as subscription and redemption proceeds. Fidelity has determined that a Fund does not have the ability to control nor exercise significant influence on any Fidelity managed underlying fund due to the Fund's inability to exercise its voting rights and direct or participate in the financial and operating policy decisions.

**Investment and Derivative Valuation** - Investments, including derivatives, are categorized at fair value through profit or loss in accordance with IFRS 9 and measured at fair value.

Each Fund categorizes the inputs to valuation techniques used to fair value its investments and derivatives into a disclosure hierarchy consisting of three levels as shown below:

Level 1 - quoted prices in active markets for identical investments

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, etc.)

Level 3 - unobservable inputs (including the Fund's own assumptions based on the best information available)

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Transfers between any levels are assumed to have occurred at the beginning of the period. Transfers between Level 1 and Level 2 are primarily attributable to the valuation technique used for foreign equity securities. Transfers into Level 3 are attributable to a lack of observable market data resulting from decreases in market activity, decreases in liquidity, security restructurings or corporate actions. Transfers out of Level 3 are attributable to observable market data becoming available for those securities.

Valuation techniques used to value a Fund's investments and derivatives by major category are as follows:

Equity securities, including restricted equity securities and Exchange-traded funds (ETFs) for which market quotations are readily available, are valued at the last sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy. In the event that the last sales price or official closing price is not readily available, or is outside the bid-ask spread, the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances will be used. For foreign equity securities, when significant market or security specific events arise, comparisons to the valuation of American Depositary Receipts (ADRs), futures contracts, ETFs and certain indexes as well as quoted prices for similar securities are used and are categorized as Level 2 in the hierarchy in these circumstances. Utilizing these

## Notes to Financial Statements - Continued

For the period ended May 31, 2024 (Unaudited)

(Amounts in thousands of Canadian dollars unless otherwise stated)

techniques may result in transfers between Level 1 and Level 2. For equity securities, including restricted equity securities, where observable inputs are limited, assumptions about market activity and risk are used and these securities may be categorized as Level 3 in the hierarchy.

Debt securities, including restricted debt securities, are valued based on prices received from independent pricing services or from dealers who make markets in such securities. Pricing services utilize matrix pricing which considers yield or price of bonds of comparable quality, coupon, maturity and type, prepayment speed assumptions, attributes of the collateral as well as dealer supplied prices and are generally categorized as Level 2 in the hierarchy, but may be categorized as Level 3.

Swaps are marked-to-market daily based on valuations from independent pricing services or dealer-supplied valuations and changes in value are recorded as unrealized appreciation (depreciation). Pricing services utilize matrix pricing which considers comparisons to interest rate curves, credit spread curves, default possibilities and recovery rates and, as a result, swaps are generally categorized as Level 2 in the hierarchy.

When independent prices are unavailable or unreliable, debt securities and swaps may be valued utilizing pricing matrices which consider similar factors that would be used by independent pricing services. These are generally categorized as Level 2 in the hierarchy but may be Level 3 depending on the circumstances. Independent prices obtained from a single source or broker are evaluated by management and may be categorized as Level 3 in the hierarchy.

The Canadian dollar value of forward foreign currency contracts is determined using the closing foreign currency exchange rates and are categorized as Level 2 in the hierarchy. Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded and are categorized as Level 1 in the hierarchy. Exchange-traded options are valued using the last sales price or, in the absence of a sale, the last offering price and are categorized as Level 1 in the hierarchy. Options traded over-the-counter are valued using dealer-supplied valuations and are categorized as Level 2 in the hierarchy.

Fidelity managed underlying funds are valued at their closing net asset value per security (NAVPS) each business day. Fidelity managed underlying ETFs are valued at the primary exchange closing price. Fidelity managed underlying funds and Fidelity managed ETFs are categorized as Level 1 in the fair value hierarchy.

Short-term securities for which quotations are not readily available are valued at amortized cost, which approximates fair value and are categorized as Level 2 in the hierarchy.

Securities pledged as collateral or deposited to meet margin requirements follow the fair value policies outlined above and are identified in the Schedule of Investments. In addition, these securities are included in "Investments at fair value through profit or loss" in the Statements of Financial Position.

**Cash** - Cash, including foreign currency, is comprised of cash on deposit with the custodian.

**Cash Collateral** - Cash collateral is comprised of cash deposited to meet margin requirements or posted as collateral for open derivative contracts.

**Impairment of Financial Assets** - At each reporting date, each Fund measures the loss allowance for financial assets carried at amortized cost. If, at the reporting date, the credit risk has increased significantly since initial recognition, each Fund shall measure the loss allowance at an amount equal to the lifetime expected credit losses. If, at the reporting date, the credit risk has not increased significantly since initial recognition, each Fund shall measure the loss allowance at an amount equal to 12 - month expected credit losses. Significant financial difficulties and probability that the counterparty may default in payments are considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

**Other Assets and Liabilities** - Other assets and liabilities may include amounts due to or from the custodian, affiliates or other counterparties for accrued income, investment transactions, a Fund's security transactions, accrued expenses and other unsettled transactions at period end. These amounts are carried at amortized cost, which approximates fair value due to their short-term nature.

**Offsetting Financial Instruments** - Financial assets and liabilities are offset and the net amount is reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**Measurement of redeemable securities issued by the Funds** - A Fund's obligation for net assets attributable to securityholders is recorded at the redemption amount. As at May 31, 2024 and November 30, 2023, a Fund's NAVPS may differ by less than \$0.01 (unrounded) from its net assets attributable to securityholders per Series per security calculated in accordance with IFRS Accounting Standards as a result of normal reporting period end procedures to close off the books and records. Any differences between NAVPS and net assets attributable to securityholders of \$0.01 (unrounded) or more will be detailed in each fund's Fund Specific Notes to Financial Statements.

**Investment Transactions, Income Recognition and Transaction Costs** - Regular way purchases and sales of financial assets are recognized at their trade date. The cost of investments is determined on an average cost basis, excluding commissions and other portfolio transaction costs. Net realized gains and losses from the sale of investments (which may include proceeds received from litigation) and change in net unrealized appreciation (depreciation) on investments are calculated with reference to average cost of the related investment securities.

## Notes to Financial Statements - Continued

For the period ended May 31, 2024 (Unaudited)

(Amounts in thousands of Canadian dollars unless otherwise stated)

Interest income includes coupon interest and accretion of discount and amortization of premium on debt securities using the effective interest rate. This is the rate that exactly discounts the estimated future cash receipts through the expected life of the relevant debt securities, to their net carrying amounts. The principal value on inflation-indexed securities is periodically adjusted to the rate of inflation and interest is accrued based on the principal value. The adjustments to principal due to inflation are reflected as increases or decreases to interest income even though the principal is not received until maturity. Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivables when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is reasonably assured. Dividend income, including income received from third party ETFs, is recognized on the ex-dividend date except for certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the ex-dividend date is known to Fidelity. Distributions received from Fidelity managed investment trusts are recorded as income, capital gains or a return of capital based on the best information available. Due to the nature of these investments, actual allocations could vary from this information. Distributions from Fidelity managed investment trusts treated as a return of capital reduce the average cost of the underlying Fidelity managed investment trusts.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of investment securities by a Fund are recognized as "Commissions and other portfolio costs" in the Statements of Comprehensive Income (Loss).

**Foreign Currency Translation** - Securities and other assets and liabilities denominated in a foreign currency are translated into the functional currency of a Fund at the period-end exchange rates. Purchases and sales of securities, income and expenses denominated in foreign currencies are translated into the functional currency at the exchange rate on the date of the respective transaction. The effects of exchange rate fluctuations on investments are included in the "Net realized gain (loss) on investments" and "Change in net unrealized appreciation (depreciation) on investments" and exchange rate fluctuations on other foreign currency transactions are included in the "Net realized gain (loss) on foreign currency transactions" and "Change in net unrealized appreciation (depreciation) on other net assets in foreign currencies" in the Statements of Comprehensive Income (Loss).

**Reverse Repurchase Agreements** - Uninvested cash balances may be transferred into one or more joint trading accounts with other Fidelity managed funds, where these balances are invested in reverse repurchase transactions. In reverse repurchase transactions, U.S. or Canadian Government securities are purchased from a counterparty who agrees to repurchase the securities at a higher price at a specified future date. The difference in price is reported as interest income. Credit risk arises from the potential for a counterparty to default on its obligation to repurchase the security. The risk is managed by the use of counterparties acceptable to Fidelity and by the receipt of the securities as collateral. The value of the collateral must be at least 102% of the daily fair value of the cash invested. Any reverse repurchase agreements open at period end are included in the Schedule of Investments. There were no reverse repurchase agreements open as of period end. The Funds may have exposure to reverse repurchase agreements through their investment in the following Fidelity managed underlying funds: Fidelity Canadian Money Market Investment Trust or Fidelity U.S. Money Market Investment Trust.

**Securities Lending** - A Fund may lend portfolio securities from time to time in order to earn additional income. Fidelity Monthly Income Class of the Fidelity Capital Structure Corp. has entered into a securities lending program with State Street Bank and Trust Company (SSB) to act as its Securities Lending agent.

The aggregate market value of all securities loaned under securities lending transactions or sold in repurchase transactions cannot exceed 50% of the net asset value of a Fund. SSB is entitled to receive payments out of the gross amount generated from the securities lending transactions of a Fund and bear all operational costs directly related to securities lending as well as the cost of borrower default indemnification. A Fund receives collateral (in the form of obligations of, or guaranteed by, the Government of Canada, or a province thereof, or by the United States government or its agencies) against the loaned securities and maintains collateral in an amount of at least 105% of the market value of the loaned securities during the period of the loan. The market value of the loaned securities is determined daily at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day.

**Forward Foreign Currency Contracts** - A Fund may use forward foreign currency contracts to facilitate transactions in foreign-denominated securities and to manage its currency exposure. Contracts to sell generally are used to mitigate the risk of the Fund's investments against currency fluctuations, while contracts to buy generally are used to offset a previous contract to sell. Also, a contract to buy can be used to acquire exposure to foreign currencies and a contract to sell can be used to offset a previous contract to buy. These contracts involve market risk in excess of the unrealized gain or loss reflected in the Statements of Financial Position. Fidelity monitors the credit rating of each counterparty with which it does business. All counterparties have a credit rating of at least A, as determined by Moody's Investor Services, Inc. or S&P® at the date of purchase. A Fund may be required to pledge securities or cash as collateral to a counterparty, in an amount not less than the Fund's unrealized loss on outstanding forward foreign currency contracts with that counterparty, subject to certain minimum transfer provisions. The Canadian dollar value of any currencies a Fund has committed to buy or sell is shown in the Schedule of Investments under the caption "Forward Foreign Currency Contracts." This amount represents the aggregate exposure to each currency the Fund has acquired or sold through currency contracts at period end. Losses may arise from changes in the value of foreign currency or if the counterparties do not perform under the contracts' terms.

Purchases and sales of forward foreign currency contracts having the same currency, settlement date and broker are offset and any realized gain (loss) is recognized on settlement date and settled with the counterparty on a net basis.

**Futures Contracts** - A Fund may invest in futures contracts to manage its exposure to the markets. Upon entering into a futures contract, a Fund is required to deposit with the clearing broker, no later than the following business day, an amount (initial margin) equal to a certain percentage of the face value of the contract. The initial margin may be in the form of cash or securities and is transferred to a segregated account on the settlement date. Subsequent payments (variation margin) are made or received depending on the daily fluctuations in the value of the futures contract and are accounted for as "Change in net unrealized appreciation (depreciation) on derivatives" in the Statements of Comprehensive Income (Loss). Upon the

## Notes to Financial Statements - Continued

For the period ended May 31, 2024 (Unaudited)

(Amounts in thousands of Canadian dollars unless otherwise stated)

expiration or closing of the futures contract, realized gains or losses are recognized, and are recorded in the Statements of Comprehensive Income (Loss) as "Net realized gain (loss) on derivatives." Futures contracts involve, to varying degrees, risk of loss in excess of the futures variation margin reflected in the Statements of Financial Position. The underlying face amount at value of any open futures contracts at period end is shown in the Schedule of Investments under the caption "Futures Contracts." This amount reflects each contract's exposure to the underlying instrument at period end. Losses may arise from changes in the value of the underlying instruments or if the counterparties do not perform under the contracts' terms.

**Valuation of Series** - Net assets attributable to securityholders is calculated for each Series of securities of a Fund. The net assets attributable to securityholders of a Series is computed by calculating the Series' proportionate share of the assets and liabilities of the Fund common to all Series, adjusted for the assets and liabilities of the Fund attributable only to that Series. Expenses directly attributable to a Series are charged to that Series. Investment income and operating expenses are allocated proportionately to each Series based upon the relative net assets attributable to securityholders of each Series, except for items that can be specifically attributed to one or more Series.

**Per Security from Operations** - The increase (decrease) in net assets attributable to securityholders resulting from operations per security in the Statements of Comprehensive Income (Loss) represent the operational increase (decrease) for each Series of a Fund, divided by the relevant weighted average securities outstanding during the period.

**Statements of Cash Flows** - When preparing the Statements of Cash Flows, a Fund nets the rollover activity of its short-term investments, and includes only the net cash flow impact in "Purchases of investments and derivatives" or "Proceeds from sale and maturity of investments and derivatives", as applicable. Additionally, in accordance with IFRS Accounting Standards, a Fund's Statements of Cash Flows excludes non-cash transactions from its operating and financing activities.

## 4. Expenses and Other Related Party Transactions

**Management and Advisory Fee** - Fidelity serves as manager of the Funds. Fidelity is part of a broader collection of companies collectively known as Fidelity Investments. The Funds pay Fidelity a monthly management fee for its services and the provision of key management personnel to the Funds, based on the net asset value of each Series, calculated daily and payable monthly. To avoid duplication of management fees, Series O and Series PWS of Fidelity managed underlying funds are not subject to management fees. Where a Fund invests in a Fidelity managed underlying fund, whose series have management fees (non-Series O and non-Series PWS), Fidelity will make adjustments to ensure there is no duplication of management fees.

**Administration Fee** - Fidelity charges the Funds a fixed administration fee in place of certain variable and administrative expenses, including the provision of key administrative personnel to the Funds. Fidelity, in turn, pays all of the operating expenses of the Funds, other than certain specified fund costs, including the fees and expenses of the Independent Review Committee, taxes, brokerage commissions and interest charges. The administration fee is in addition to the management fee and is based on the net asset value of each Series, calculated daily and payable monthly. To avoid duplication of fees, Series O, Series PWS and Series INV securities of any Fidelity managed underlying fund are not subject to the Administration fee.

**Independent Review Committee Fees** - The Independent Review Committee (IRC), as required under National Instrument 81-107, reviews conflict of interest matters referred to it by the Manager and provides recommendations or approves actions, as appropriate, that are in the best interest of the Funds. There are currently four members of the IRC who are independent of Fidelity and its affiliates. IRC members are compensated by way of an annual retainer fee and a per meeting attendance fee, as well as reimbursed for expenses associated with IRC duties. These costs are allocated among the Funds proportionately by assets.

**Sales Tax** - Certain provinces have harmonized their Provincial Sales Tax (PST) with the federal Goods and Services Tax (GST). The Harmonized Sales Tax (HST) combines the GST rate of 5% with the PST rate of certain provinces. The Provincial GST/HST liability or refund is calculated using the residency of securityholders and the value of their interests in a Fund as at specific times, rather than the physical location of a Fund. The effective GST/HST rate charged to each Series of a Fund is based on the securityholders' proportionate investments by province, using each province's HST rate or GST rate in the case of non-participating provinces. All amounts are included in the Statements of Comprehensive Income (Loss) as "Sales tax".

**Other Expenses** - Other operating expenses represents fund costs attributable to a Fund that are not otherwise covered by the management fee or fixed administration fee as outlined in each Fund's simplified prospectus, and are not otherwise disclosed separately on the Statements of Comprehensive Income (Loss). Each Series of a Fund, other than Series O, Series PWS and Series INV of a Fund, is responsible for its proportionate share of common fund costs in addition to expenses that it alone incurs. Series O, Series PWS and Series INV of a Fund is responsible for its share of certain fund costs as outlined in the Fund's simplified prospectus.

**Expenses Waived** - Fidelity may absorb or waive certain expenses at its sole discretion and can terminate the absorption or waiver at any time. Any such waivers are disclosed as "Expenses waived" in the Statements of Comprehensive Income (Loss).

**Commissions and Other Portfolio Costs** - "Commissions and other portfolio costs" in the Statements of Comprehensive Income (Loss) are net of any reimbursements from brokers who reimbursed a portion of their commissions.

A portion of commissions may be paid for research. Amounts paid for research provided to the Funds by executing brokers are estimates made by Fidelity. Fidelity has established procedures to assist them in making a good faith determination that the Funds received a reasonable benefit considering the value of research goods and services and the amount of brokerage commissions paid.



## Notes to Financial Statements - Continued

For the period ended May 31, 2024 (Unaudited)

(Amounts in thousands of Canadian dollars unless otherwise stated)

In addition, a portion of a Fund's portfolio transactions may be placed with brokerage firms which are affiliates of Fidelity Investments, provided it determines that these affiliates' trade execution abilities and costs are comparable to those of non-affiliated, qualified brokerage firms, on an execution-only basis.

### 5. Taxation and Dividends

The Corporation qualifies as a mutual fund corporation under the provisions of the Income Tax Act (Canada). The Corporation is a single legal entity for tax purposes and is not taxed on a class by class basis. The Corporation has a taxation year-end of November 30 and will pay all Canadian dividends, if any, earned in the year on or about November 30. In addition, the Corporation will pay, if necessary, capital gains dividends within 60 days of year-end, to ensure the Corporation is not subject to income tax on its net realized capital gains earned during the year. As a result, the Corporation does not record a provision for current or deferred income taxes in respect of Canadian dividends and net realized or unrealized capital gains and/or losses.

The Corporation is liable to pay tax at corporate rates applicable to a mutual fund corporation on income from other sources, such as interest, certain derivative income and foreign source income. The Corporation tries to eliminate this tax liability by reducing taxable income through using deductible expenses and tax deductions/credits. Given the investment and dividend policy of the Corporation and taking into account the deduction of anticipated expenses, for the period covered by these statements, the Corporation is not subject to non-refundable Canadian income tax. Income taxes, if any, are allocated to each relevant Fund of the Corporation in a manner that, in Fidelity's view, is both consistent and fair to investors. The amount of the ordinary dividends and capital gains dividends that is paid to investors by each Fund, and the amount of tax liability that is allocated and paid by each Fund, if any, are determined in accordance with an allocation policy that has been approved by the Board of Directors of the Corporation. Any income tax expense allocated to the Fund are included in "Income tax" on the Statements of Comprehensive Income (Loss).

Foreign withholding taxes are imposed by certain countries on investment income and are estimated based on the tax rules and actual rates that exist in the foreign markets. Investment income is recorded gross of foreign taxes withheld. Foreign withholding taxes are accrued for in conjunction with the accrual for the related investment income and are included in "Foreign taxes withheld" on the Statements of Comprehensive Income (Loss) and "Other payables and accrued expenses" on the Statements of Financial Position.

Dividends, if any, are declared separately for each Series.

Capital losses of the Corporation may be applied against the capital gains attributable to the Corporation as a whole irrespective of the class from which the gains or losses arise. Non-capital losses attributable to any particular series of a Fund may be applied against income or taxable income attributable to any series of a fund. As at the last taxation year-end, the Corporation had no capital losses and no non-capital losses available for future taxation years.

### 6. Capital Risk Management

Securities issued and outstanding are considered to be the capital of a Fund. The capital of each series of a Fund is divided into an unlimited number of securities of equal value, with no par value. All securities in a series of a Fund rank equally with respect to dividends. A securityholder of a Fund is entitled to one vote for each one dollar in value of securities owned. Fractional securities are proportionately entitled to these rights. A Fund generally has no restrictions or specific capital requirements on the subscriptions and redemptions of securities other than minimum subscription requirements; although, on rare occasions, Fidelity may temporarily suspend securityholders' right to redeem securities and postpone paying sale proceeds. The relevant movements attributable to securityholders are shown in the Statements of Changes in Net Assets Attributable to Securityholders of each Fund. In accordance with the objectives and the risk management policies, Fidelity endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions. Such liquidity is managed by investing the majority of assets in investments that can be readily disposed and via a Fund's ability to borrow up to 5% of its net asset value.

### 7. Financial Instruments Risk

A Fund's activities expose it to a variety of financial instruments risks: credit risk, concentration risk, liquidity risk, other price risk, interest rate risk, currency risk and emerging market risk. Fidelity seeks to minimize potential adverse effects of these performance risks by employing professional, experienced portfolio advisors, by daily monitoring of positions and market events, and by diversifying the investment portfolio within the constraints of the investment mandate. Derivative financial instruments may be used to moderate certain risk exposures.

Portfolio risk is monitored daily and reviewed monthly by an investment compliance group. In addition, there is a formal quarterly review of each Fund. The investment compliance group, portfolio managers and the senior analysts attend a quarterly portfolio review. Portfolios within each strategy are reviewed relative to each other and to their benchmark. Active industry and security allocations are analyzed.

**Credit Risk** - Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with a Fund. A Fund's own credit risk in the case of financial liabilities and a counterparty's credit risk, both indirect and direct, are considered, where applicable, in determining the fair value of financial assets and financial liabilities. The carrying amount of investments and other assets represents the maximum credit risk exposure as at each reporting period end.

## Notes to Financial Statements - Continued

For the period ended May 31, 2024 (Unaudited)

(Amounts in thousands of Canadian dollars unless otherwise stated)

A Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or on a low quality credit standing. Any contractual payment which is more than 90 days past due is considered credit impaired. As at May 31, 2024 and November 30, 2023, all amounts receivable for investments sold, cash or short term deposits are held with high credit quality counterparties. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 - month expected credit losses as any such impairment would be wholly insignificant to a Fund.

Non-investment grade commercial mortgage-backed securities (MBS) and high yield real estate fixed-income securities tend to be riskier than investment grade securities. If there are changes in the market's perception of the issuers of these types of securities, in the credit worthiness of the underlying borrowers or in the assets backing the pools, then the value of the securities may be affected. There is risk that the underlying loans may not be repaid in full, which could lead to holders of MBS not receiving full repayment. A Fund may from time to time invest in securities that may be less liquid. This can make a Fund riskier than if it had invested with greater diversification and in more liquid investments.

Collateralized reverse repurchase agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The risk is managed by the receipt of the underlying securities as collateral and use of counterparties whose credit worthiness is considered sufficient based on Fidelity's independent review.

Credit risk exposure for derivative instruments is based on a Fund's unrealized gain on the contractual obligations with the counterparty as at the reporting date. A Fund restricts its exposure to credit losses on derivative instruments by limiting its exposure to any one counterparty and by entering into transactions with counterparties who meet the minimum approved credit rating under securities regulations and other pre-set financial and non- financial criteria.

**Concentration Risk** - A Fund may be exposed to risk, both indirect and direct, based on the concentration levels of its financial instruments in various sectors, geographic regions, asset weightings and market capitalization, as applicable. Fidelity analyzes and monitors these concentration risks regularly.

**Liquidity Risk** - Liquidity risk is defined as the risk that a Fund may not be able to settle or meet its obligations on time or at a reasonable price. A Fund is exposed to daily cash redemptions of its redeemable securities. Redeemable securities are redeemed on demand at the securityholder's option based on a Fund's NAVPS at the time of redemption. A Fund may be exposed to indirect liquidity risk through its investments.

From time to time, securities that are not traded in an active market may be invested in and may be illiquid. Private and/or restricted securities held, if any, are identified in the Schedule of Investments.

In accordance with securities regulations, investment funds must maintain at least 90% of assets in liquid investments; investments that are traded in an active market and can be readily disposed of. In addition, a Fund aims to retain sufficient cash and short-term investments to maintain liquidity, and has the ability to borrow up to 5% of its net asset value from the custodian for the purpose of funding redemptions. The liquidity position is monitored on a daily basis.

As at each reporting period end, the Funds did not have financial liabilities with maturities greater than 3 months.

**Other Price Risk** - Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk on monetary instruments), whether caused by factors specific to an individual investment, its issuer, or other factors affecting all instruments traded in a market or market segment. All financial instruments present a risk of loss of capital. This risk is moderated through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value except for possible losses from options written and future contracts which can be unlimited. Investments and derivatives are susceptible to other price risk arising from uncertainties about future prices of the instruments.

In determining a Fund's impact from exposure to other price risk, both indirect and direct, a beta may be used when applicable. Beta, a measure of the volatility of a security or a portfolio in comparison to the market as a whole, is derived from comparing 36 months of returns between the benchmark and a Fund. As such, beta inherently includes effects reflected in interest rate and currency risks. A beta of 1 indicates the security's price will move with the market. A beta of less than 1 means the security will be less volatile than the market. A beta of greater than 1 indicates the security's price will be more volatile than the market. For example, if a stock's beta is 1.2, it's theoretically 20% more volatile than the market. Beta may not be representative of future beta.

**Interest Rate Risk** - Interest rate risk arises on interest-bearing financial instruments held directly or indirectly in the investment portfolio such as bonds. A Fund is exposed to the risk that the fair value or the future cash flows of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Any excess cash may be invested in short-term investments at market interest rates.

The fixed income investment strategy for a Fund with exposure to investment grade bonds adheres to independent quantitative understanding of all benchmark and portfolio risk and return characteristics with an explicit understanding of all active exposures relative to the investment benchmark. Interest rate anticipation is not a significant component of the fixed income investment strategy.

## Notes to Financial Statements - Continued

For the period ended May 31, 2024 (Unaudited)

(Amounts in thousands of Canadian dollars unless otherwise stated)

High yield securities, including, but not limited to, security types commonly known as: high yield bonds, floating rate debt instruments, floating rate loans, senior secured debt obligations, convertible securities, high yield commercial MBS as well as some fixed income securities issued by corporations and governments in emerging market economies, may be more or less sensitive to changes in market interest rates, depending upon the securities' coupon rates, terms to maturity and other factors. However, the volatility associated with these high yield securities is not a result of interest rate risk; in fact, the interest rate risk of these securities tends to be lower than the investment grade bonds, which generally pay lower coupon rates and/or offer lower yields. High yield securities typically are issued by companies that tend to be less creditworthy than investment grade bond issuers. As such, they carry greater default risk than investment grade bonds and accordingly offer higher coupon payments to compensate investors for this additional risk.

**Currency Risk** - Currency risk arises from financial instruments that are denominated in a currency other than a Fund's functional currency. A Fund is exposed to the risk, both indirect and direct, that the value of financial instruments will fluctuate due to changes in exchange rates. Currency risk is not considered to arise from financial instruments that are non-monetary items such as equity investments, or forward foreign exchange contracts related to such non-monetary items. Foreign exchange exposure relating to non-monetary assets and liabilities is considered to be a component of other price risk, not foreign currency risk. Management monitors the exposure on all foreign currency denominated assets and liabilities, and may enter into forward foreign currency contracts to manage a Fund's exposure to foreign exchange movements (such as the U.S. dollar, the Euro or the Yen). Generally, the use of forward contracts to hedge currency fluctuations as completely as possible will not result in the impact of currency fluctuations being eliminated altogether. Furthermore, during times of extreme market stress or volatility, a Fund may not be able to prevent losses from exposure to foreign currencies.

**Emerging Market Risk** - A Fund's indirect and direct exposure in countries with limited or developing capital markets may involve greater risks than investments in more developed markets, and the prices of such investments may be volatile due to the consequences of political, social, or economic changes.

### 8. Investment in Structured Entities

A Fund's investment in a Fidelity managed underlying fund represents an interest in a structured entity. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements such as those agreements executed by a Fund with its Manager and portfolio advisor.

A Fidelity managed underlying fund is financed through the issuance of its redeemable trust securities and its purpose is to invest its net assets for capital growth and/or investment income for the benefit of its securityholders.

A Fund does not control nor significantly influence these structured entities, as defined by IFRS 10 and IAS 28, due to the Fund's inability to exercise its voting rights and direct or participate in the financial and operating policy decisions.

The maximum risk of loss in an investment in a structured entity is equal to its fair value and carrying value which is included in "Investments at fair value through profit or loss" on the Statements of Financial Position. There is no difference between the maximum risk of loss and the carrying amounts of the assets and liabilities of a Fidelity managed underlying fund that relate to a Fund's interests. There are additional risks associated with these investments. Refer to Note 7 for further discussion.

In the normal course of operations to fulfill its investment objective, a Fund will, from time to time, subscribe for additional securities or redeem securities of a Fidelity managed underlying fund. However, a Fund does not have any obligation or intention to provide financial support. In addition, a Fund may receive a distribution of income and/or capital gains from its investment as described above in Note 3.

ETFs may also be considered unconsolidated structured entities. The carrying value and maximum exposure to losses of such ETF holdings is equal to their fair value, which is included in the Statements of Financial Position. The change in fair value of these ETF holdings is included in the Statements of Comprehensive Income (Loss) in "Change in net unrealized appreciation (depreciation) on investments." Any ownership of externally managed ETFs that is 1% or greater is detailed in each applicable fund's Fund Specific Notes to Financial Statements.

In addition, MBS or asset-backed securities (ABS) are considered to be unconsolidated structured entities. MBS are formed by pooling various types of mortgages while ABS are formed by pooling assets such as auto loans, credit card receivables or student loans. An interest or claim to this future cash flow (interest and principal) is then sold in the form of debt or equity securities, which could be held by a Fund. A Fund accounts for these investments at fair value. The fair value of such securities, as disclosed in the Schedule of Investments, represents the maximum exposure to losses at that date.

# Management Responsibility for Financial Reporting

The accompanying financial statements of each of the Funds have been prepared by Fidelity Investments Canada ULC (Fidelity), as Manager of the Funds. Fidelity is responsible for the information and representations contained in these financial statements. The Board of Directors of Fidelity Capital Structure Corp. is responsible for reviewing and approving these financial statements.

Fidelity maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts and disclosures that are based on estimates and judgments. The material accounting policy information, which management believes is appropriate for the Fund, are described in Note 3 to the financial statements.

Kathryn Black

Chief Financial Officer  
Fidelity Capital Structure Corp.  
July 11, 2024

Gordon Thomson

Chief Executive Officer  
Fidelity Capital Structure Corp.  
July 11, 2024









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Fidelity's mutual funds are sold by registered Investment Professionals. Each Fund has a simplified prospectus, which contains important information on the Fund, including its investment objective, purchase options, and applicable charges. Please obtain a copy of the prospectus, read it carefully, and consult your Investment Professional before investing. As with any investment, there are risks to investing in mutual funds. There is no assurance that any Fund will achieve its investment objective, and its net asset value, yield, and investment return will fluctuate from time to time with market conditions. Investors may experience a gain or loss when they sell their securities in any Fidelity Fund. Fidelity Global Funds may be more volatile than other Fidelity Funds as they concentrate investments in one sector and in fewer issuers; no single Fund is intended to be a complete diversified investment program. Past performance is no assurance or indicator of future returns. There is no assurance that either Fidelity Canadian Money Market Fund, Fidelity Canadian Money Market Investment Trust, Fidelity U.S. Money Market Fund or Fidelity U.S. Money Market Investment Trust will be able to maintain its net asset value at a constant amount. The breakdown of Fund investments is presented to illustrate the way in which a Fund may invest, and may not be representative of a Fund's current or future investments. A Fund's investments may change at any time.

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