



# **Fidelity Developed International Bond Multi-Asset Base Fund**

**Annual Management  
Report of Fund  
Performance**  
March 31, 2024

## Caution Regarding Forward-looking Statements

Certain portions of this report, including, but not limited to, “Results of Operations” and “Recent Developments”, may contain forward-looking statements about the Fund, including its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

It should be stressed that the above-mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

# Annual Management Report of Fund Performance as at March 31, 2024

## Fidelity Developed International Bond Multi-Asset Base Fund

*This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements for the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-800-263-4077, by writing to us at Fidelity Investments, 483 Bay St. Suite 300, Toronto ON M5G 2N7 or by visiting our website at [www.fidelity.ca](http://www.fidelity.ca) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).*

*Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure relating to the investment fund.*

## Management Discussion of Fund Performance

### Investment Objective and Strategies

**Investment Objective:** Fidelity Developed International Bond Multi-Asset Base Fund (Fund) aims to provide a steady flow of income and the potential for capital gains. It invests primarily in non-Canadian/non-U.S. fixed income securities including government and non-government bonds and corporate bonds.

**Strategies:** The portfolio management team allocates assets among different market sectors, industries, and maturities based on the portfolio managers' view of the relative value of each sector, industry, or maturity. The portfolio management team of the Fund combines top-down perspectives with bottom-up security selection and emphasizes factors that shape the fixed income markets, such as government and central banking policies, fiscal dynamics, demographic factors, trade policy, currency management, default cycle, inflation, and business cycle dynamics. Top-down perspectives are also used to help shape the sector allocation, quality, yield curve positioning and duration of the portfolio. In considering the duration of the Fund, the portfolio management team has the flexibility to vary the duration in response to prevailing market conditions. When buying and selling fixed income securities, the portfolio managers analyze each security's features, its price compared to estimated long-term value, the credit quality of the issuer, current yield, balance sheet strength, financial leverage, and short-term trading opportunities resulting from market inefficiencies. The non-government bond portion of the portfolio includes bonds issued by government agencies and supranational entities. The Fund may invest in fixed income securities of any quality or term. At times, the Fund may have substantial exposure to derivative instruments and may also hold cash. The Fund may, from time to time, invest in asset-backed securities and mortgage-backed securities. Currently, the portfolio managers use derivatives to hedge various portfolio risks. Derivatives may include credit default swaps, currency forward contracts, non-deliverable forwards, future contracts, interest rate swaps and options.

### Risk

The risks associated with investing in this Fund remain as discussed in the prospectus. Any changes to the Fund over the period have not affected the overall level of risk of the Fund.

The Fund is suitable for medium-term investors who want to seek income from their investment. The Fund is not an appropriate investment for investors with a short-term investment horizon. To invest in the Fund, investors should be willing to accept a low to medium level of risk. The suitability of the investment has not changed from what has been disclosed in the prospectus.

### Results of Operations

Securities of this Fund are only available for purchase by other funds and accounts managed or advised by Fidelity, and are not available for public purchase.

Fidelity Developed International Bond Multi-Asset Base Fund, Series O, returned 1.0% since the commencement of operations on January 29, 2024, to March 31, 2024. Global fixed-income markets, as represented by the Bloomberg Global Aggregate Bond Index, returned 0.6% (in Canadian dollar terms) for the same period.

Market overview:

Global investment-grade bonds, as broadly represented by the Bloomberg Global Aggregate Bond Index, returned 0.5% in Canadian dollar terms and 0.5% in U.S. dollar terms, for the one-year period ended March 31, 2024.

Global investment-grade bonds advanced modestly in Canadian and U.S. dollar terms over the period under review. Following historic global monetary tightening in some countries throughout 2022 and for most of 2023, investor sentiment shifted in the fourth quarter of 2023 to a view that policy rates had peaked, and policymakers may cut rates in 2024. This bolstered the global investment-grade and sovereign bonds market. Robust earnings, a slowing in the pace of inflation and resilient late-cycle expansion of the U.S. economy aided risk assets, including high-yield bonds which outperformed investment-grade bonds. Earlier in the review period, leading central banks in developed markets raised interest rates to combat rising inflation. Consequently, inflation declined at a steady pace across most of the developed world, falling from 5.0% in March 2023 to 3.2% in February 2024 in the U.S., and from 7.0% in April 2023 to 2.6% in February 2024 in Europe, prompting the U.S. Federal Reserve (the Fed) and European Central Bank (the ECB) officials to signal their willingness to lower interest rates. Elsewhere, the Bank of Japan remained an outlier and maintained its negative interest rate policy for most of the review period. However, it ended negative rates policy and enacted the first rate increase in 17-years, raising the interest rate from -0.1% to a target range of 0%-0.1% in March 2024. In contrast, the People's Bank of China reduced its benchmark lending rates and announced supportive policy measures to stimulate the economy which has experienced a prolonged real estate crisis, weak consumer spending and tumbling credit growth.

Factors affecting performance:

During the review period, the Fund's benchmark, the Bloomberg Global Aggregate Developed Markets Ex-USD, Ex-CAD, JGP 10% Capped Index, returned 0.7%. The Fund's return figures refer to a short period of time and are therefore not indicative of the success of the investment strategy employed by the Fund.

Portfolio changes:

From the commencement of operations on January 29, 2024, the Fund initiated all positions required to establish the portfolio.

### Recent Developments

The portfolio managers Michael Foggin, Andrew Lewis, and Lisa Easterbrook note that they are less concerned about global growth in 2024 than they were, though they believe some

## **Fidelity Developed International Bond Multi-Asset Base Fund Management Discussion of Fund Performance – continued**

countries' recoveries remain fragile. The portfolio managers believe the European Central Bank is likely to start cutting rates this year due to falling inflation, and if a recession occurs, that could point to larger cuts. In the U.S., the managers note that the economy has been remarkably resilient, but falling inflation means we may see rate cuts in 2024, although some inflation stickiness could remain, in their view. The managers remain overweight in these two regions and continue to have underweight exposure to China, where they believe economic challenges will persist. In terms of risks, the managers observe that should there be a combination of slowing growth and rising yields, this could pressure certain sectors, including property companies and smaller U.S. banks.

The portfolio managers Ario Emami Nejad, Rick Patel and Daniel Ushakov believe that the ECB has maintained interest rates at historically high levels over the first quarter of 2024 and acknowledge that the case for considering interest rate cuts has been gaining strength, given the downward trajectory of inflation toward the 2.0% target. The ECB has lowered its inflation forecast to 2.3% for this year, which the managers believe is a more realistic expectation. With disinflation and steady growth, according to the portfolio managers, the likelihood of a hard landing has receded, and risks to growth appear to be broadly balanced. The managers believe that this may lead the ECB to start cutting rates soon, to support growth. Accordingly, the managers believe that the value proposition for euro investment-grade credit remains attractive, and valuations remain comparatively cheap, because spreads are still pricing in the fact that this asset class is at the greatest risk of a recession. The managers also believe that high-quality investment-grade credits will remain resilient because of their easy access to funding markets.

Fidelity Global Income Portfolio, Fidelity Global Balanced Portfolio, Fidelity Global Income Class Portfolio and Fidelity Global Balanced Class Portfolio became holders of more than 10% of the outstanding securities of the Fund in the period ending March 31, 2024.

### **Related Party Transactions**

#### **Manager and Portfolio Adviser**

The Fund is managed by Fidelity Investments Canada ULC (Fidelity). Fidelity is part of a broader collection of companies collectively known as Fidelity Investments.

Fidelity provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, bookkeeping, record-keeping and other administrative services for the Fund.

Fidelity is the portfolio adviser to the Fund and it provides investment advisory services to the Fund. Fidelity has entered into sub-advisory agreements with a number of entities including FIL Limited, Fidelity Management & Research LLC, Fidelity Management & Research (Canada) ULC and FMR Investment Management (UK) Limited, to provide investment advice with respect to all or a portion of the investments of the Fund. The sub-advisors arrange for acquisition and disposition of portfolio investments, including all necessary brokerage arrangements. The Fund is only offered in Series O securities and is 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. The Fund does not pay management and advisory fees, or other operating expenses, other than certain specified fund costs, including taxes, brokerage commissions and interest charges.

#### **Independent Review Committee, Cross-Trading and In specie Transactions**

##### **Independent Review Committee**

Fidelity has established an independent review committee (IRC) that acts as an impartial and independent committee to review and provide recommendations or, if appropriate, approvals respecting conflict of interest matters referred to it by Fidelity. The IRC prepares, at least annually, a report of its activities for securityholders of the Fund. The report is available at [www.fidelity.ca](http://www.fidelity.ca) or at the securityholder's request at no cost by contacting Fidelity, using the contact information available on the final page of this document.

##### **Cross-Trading and In specie Transactions**

The Fund received the approval and standing instructions from the IRC in order to:

- (i) engage in cross-trading, which is a form of interfund trading. A cross-trade occurs when the Fund purchases or sells portfolio securities from or to another Fund, a U.S. fund or a separately managed account, through a broker;
- (ii) permit the Fund, in certain circumstances, to purchase and redeem Fund securities in consideration for securities rather than cash of another investment fund not governed by NI 81-102, or a separately managed account, managed by Fidelity.

For each of the transactions in (i) and (ii) above, the IRC's standing instructions require Fidelity to act in accordance with its associated policies and procedures and applicable law, and comply with the conditions in each of the exemptive relief orders received, which, in the case of cross-trading, requires additional periodic reporting to the Ontario Securities Commission. The standing instructions also require that investment decisions in respect of these transactions (a) are free from any influence by an entity related to Fidelity and without taking into account any consideration relevant to an entity related to Fidelity; (b) represent the business judgment of Fidelity uninfluenced by considerations other than the best interests of the Fund; (c) comply with the applicable policies and procedures of Fidelity; and (d) achieve a fair and reasonable result for the Fund.

# Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period end of the years shown. This information is derived from the Fund's audited annual and/or unaudited semi-annual financial statements. Please see the front page for information about how you can obtain the Fund's annual or semi-annual financial statements.

## Fidelity Developed International Bond Multi-Asset Base Fund Series O

Periods ended March 31, The Series' Net Assets per Security <sup>B</sup>	2024 <sup>A</sup>
Net assets, beginning of period <sup>C</sup>	\$ 10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	.05
Total expenses (excluding distributions)	—
Realized gains (losses)	(.01)
Unrealized gains (losses)	.07
<b>Total increase (decrease) from operations <sup>C</sup></b>	<b>.11</b>
<b>Distributions:</b>	
From net investment income (excluding dividends)	(.04)
From dividends	—
From capital gains	—
Return of capital	—
<b>Total distributions <sup>C,D</sup></b>	<b>(.04)</b>
<b>Net assets, end of period <sup>C</sup></b>	<b>\$ 10.06</b>
<b>Ratios and Supplemental Data</b>	
Net asset value (000s) <sup>E</sup>	\$ 1,396,855
Securities outstanding <sup>E</sup>	138,833,557
Management expense ratio	—%
Management expense ratio before waivers or absorptions	—%
Trading expense ratio <sup>F</sup>	—%
Portfolio turnover rate <sup>G</sup>	15.49%
Net asset value per security, end of period	\$ 10.0584

<sup>A</sup> For the period January 19, 2024 (inception date) to March 31, 2024.

<sup>B</sup> This information is derived from the Fund's audited annual and/or unaudited interim financial statements. The net assets attributable to securityholders per security presented in the financial statements may differ from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to financial statements.

<sup>C</sup> Net assets and distributions are based on the actual number of securities outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of securities outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per security.

<sup>D</sup> Distributions were paid in cash or reinvested in additional securities of the Fund, or both, and excludes any applicable distributions of management fee reduction to securityholders. Distributions are presented based on management's best estimate of the tax character.

<sup>E</sup> This information is provided as at period end of the year shown.

<sup>F</sup> The trading expense ratio represents total commissions, other portfolio transaction costs and dividends and interest expense on securities sold short expressed as an annualized percentage of daily average net asset value during the period, including the Fund's pro-rata share of estimated trading costs incurred in any underlying investment fund, if applicable.

<sup>G</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Fund. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of portfolio securities owned by the Fund, excluding short-term securities. The portfolio turnover rate includes any proceeds from a short sale in the value of sales of securities and the cost of covering a short sale in the value of purchases of securities. For periods greater than six months, but less than a full fiscal year, the portfolio turnover rate is annualized. The portfolio turnover rate excludes any adjustment for in-kind transactions.

Fidelity Developed International Bond Multi-Asset Base Fund

Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart shows the Fund’s annual performance for each of the years shown, and illustrates how the Fund’s performance was changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



Commencement of Operations is January 29, 2024

Annual Compound Returns

The Fund and its benchmark’s average annual returns will be available when the Fund completes one full year of operation, as described below.

A discussion of Fund performance can be found in the Results of Operations section of this report. The Bloomberg Global Aggregate Bond Index covers the most liquid portion of the global investment grade fixed-rate bond market, including government, credit and collateralized securities. The Bloomberg Global Aggregate Developed Markets Ex-USD, Ex-CAD, JGB 10% Capped Index covers the most liquid portion of the global, developed investment grade fixed-rate bond market, including government, credit, and collateralized securities, and excluding U.S. dollar- and Canadian dollar-denominated securities.

# Fidelity Developed International Bond Multi-Asset Base Fund

## Summary of Investment Portfolio as at March 31, 2024

### Geographic Mix

	% of Fund's Net Assets as at March 31, 2024
Germany	38.9
United Kingdom	14.9
France	5.0
United States of America	4.8
Japan	4.3
Spain	3.5
Australia	3.3
Italy	2.9
Netherlands	2.5
Multi-National	2.4
Luxembourg	2.1
Switzerland	1.9
Others (Individually Less Than 1%)	4.2
Cash and Cash Equivalents	6.1
Net Other Assets (Liabilities)	3.2

### Maturity Diversification

Years	% of Fund's Net Assets as at March 31, 2024
0 – 1	10.5
1 – 3	0.8
3 – 5	9.9
Over 5	73.4

### Derivative Exposure

	% of Fund's Net Assets as at March 31, 2024
Forward Foreign Currency Contracts	0.0

Forward Foreign Currency Contracts percentage is calculated by dividing the net unrealized gain/loss of all contracts held by total net assets.

### Quality Diversification

	% of Fund's Net Assets as at March 31, 2024
AAA	9.3
AA	2.7
A	9.6
BBB	22.7
BB and Below	1.7
Not Rated	44.7
Short-Term Investments and Net Other Assets	9.3

We have used ratings from Moody's Investors Service, Inc. Where Moody's® ratings are not available, we have used S&P® ratings. All ratings are as of the date indicated and do not reflect subsequent changes.

### Top Issuers

	% of Fund's Net Assets
1. German Federal Republic	30.2
2. United Kingdom, Great Britain and Northern Ireland	8.5
3. Fidelity Canadian Money Market Investment Trust – Series O	6.0
4. Japan Government	4.3
5. Australian Commonwealth	3.0
6. Italian Republic	2.4
7. Spanish Kingdom	1.8
8. Barclays PLC	1.7
9. Deutsche Bank AG	1.6
10. KfW	1.6
11. European Investment Bank	1.4
12. UBS Group AG	1.3
13. ASR Nederland NV	1.2
14. French Government	1.1
15. Prologis International Funding II SA	1.1
16. Volkswagen International Finance NV *	1.1
17. European Union	1.0
18. NatWest Group PLC	0.9
19. BP Capital Markets BV	0.9
20. Bayer AG	0.8
21. Bouygues SA	0.8
22. McDonald's Corp.	0.7
23. Banco Santander SA	0.7
24. HSBC Holdings PLC	0.6
25. EnBW International Finance BV	0.6
	<u>75.3</u>

\* Equity Issuer

Total Fund Net Assets \$1,396,855,000

Where applicable, the information in the above tables includes the Fund's pro-rata share of the investment in any Fidelity managed underlying fund.

All tables within the Summary of Investment Portfolio section, except the Top Issuers table, contain audited annual information.

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. The most recent annual report, semi-annual report, quarterly report, fund facts document or simplified prospectus for the investment fund and/or underlying fund is available at no cost, by calling 1-800-263-4077, by writing to us at Fidelity Investments Canada ULC, 483 Bay St. Suite 300, Toronto ON M5G 2N7 or by visiting our web site at [www.fidelity.ca](http://www.fidelity.ca) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).



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**Portfolio Adviser**

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or call Fidelity Client Services  
at 1-800-263-4077

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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