



# **Fidelity Canadian Short Term Corporate Bond ETF**

**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 Canadian Short Term Corporate Bond ETF

*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 Canadian Short Term Corporate Bond ETF (Fund) aims to provide a steady flow of income by investing primarily in Canadian fixed income securities, usually with an average term to maturity of five years or less. The Fund can invest in these securities either directly or indirectly through investments in other underlying funds.

Strategies: In order to achieve its investment objective, the Fidelity Canadian Short Term Corporate Bond ETF invests primarily in investment grade fixed income securities. Assets of the Fund are allocated among issuers of different market sectors, industries, and maturities, based on the view of the relative value of each sector, industry, asset class or maturity. When buying and selling investment grade fixed income securities, factors such as the security's features, price compared to estimated long-term value, credit quality of the issuer, current yield, balance sheet strength, financial leverage and any short-term trading opportunities resulting from market inefficiencies are considered.

The Fund may also invest up to 10% of its net assets in foreign securities. In addition, the Fund may invest in maple bonds (bonds denominated in Canadian dollars and sold in Canada by foreign issuers), high-yield securities, asset-backed securities, mortgage-backed securities, floating rate debt instruments, emerging market debt instruments and convertible securities.

### Risk

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

The Fund is suitable for short- to medium-term investors who seek to gain exposure to investment grade fixed income securities and can handle the volatility of returns generally associated with investments and who are willing to accept a low level of risk. The suitability of the Fund has not changed from what has been disclosed in the prospectus.

### Results of Operations

Fidelity Canadian Short Term Corporate Bond ETF returned 5.8%, after fees and expenses, for the one-year period ended March 31, 2024. In comparison, the FTSE Canada Universe Bond Index, broadly representative of the Canadian investment-grade bond market, returned 2.1% (in Canadian dollar terms) for the same period.

Market overview:

Canadian investment-grade bonds, as broadly represented by the FTSE Canada Universe Bond Index, returned 2.1% for the one-year period ended March 31, 2024.

Canadian investment-grade bonds rose over the period under review. In response to concerns about a tight labour market and a resilient economy, the Bank of Canada (the BoC) announced two consecutive 25-basis point rate hikes in June and July 2023, ultimately setting the policy rate at 5.0% in July 2023. Against this backdrop, inflationary pressures in Canada continued to moderate, with annual headline inflation coming in at 2.8% in February 2024. Despite the Governor of the BoC, Tiff Macklem, noting the weaker economic growth and easing inflation, the policy rate remained unchanged at 5.0% in the most recent policy meeting. The BoC remained concerned about the outlook for inflation moving toward the 2% target given the persistence in underlying inflationary pressures, as it is anticipated that annualized inflation will remain close to 3% for the first half of 2024. Consequently, the yield on the Government of Canada 10-year bond demonstrated an overall upward trend throughout the review period, briefly experiencing a sharp decline in November and December before resuming its ascent.

Factors affecting performance:

During the review period, the Fund's benchmark, the FTSE Canada Short Term Corporate Bond 5% Capped Index, returned 5.6%. The Fund outperformed its benchmark. The Fund's security selection in the financials sector, particularly among auto finance, banks and insurance companies, contributed to relative performance. The Fund's exposure to certain holdings in the real estate sector and an out-of-benchmark exposure to commercial mortgage-backed securities also contributed to relative performance. In contrast, exposure to certain holdings in the consumer sector detracted from relative performance.

## **Fidelity Canadian Short Term Corporate Bond ETF**

### **Management Discussion of Fund Performance – continued**

Portfolio changes:

At the sector level, compared with the FTSE Canada Short Term Corporate Bond 5% Capped Index, the Fund had its highest relative weighting in the real estate sector and its lowest relative exposures to the industrials and communications sectors. The Fund also continues to hold investments in commercial mortgage-backed securities that are not represented in the benchmark.

### **Recent Developments**

The Fund's portfolio managers, Sri Tella and Lee Ormiston, believe that Canadian economic growth is running below trend, labour markets have moved into better balance, and consumption growth has slowed as higher costs and higher interest rates have begun to have an impact. Inflation has recently moved into the Bank of Canada's target range, although food and shelter inflation remain sticky, according to the portfolio managers. In the portfolio managers' view, as central banks begin to pivot, the near-term outlook for fixed income and risk assets appears positive. However, the portfolio managers also believe risk markets have significantly discounted the risk of a hard landing. Current rate levels warrant increased exposure to fixed income, although the uncertainty regarding lagged effects of higher rates, fiscal concerns and geopolitical risks warrant caution, according to the portfolio managers.

Effective after close of business on March 27, 2024, Fidelity changed the primary listing venue for the ETF from the Toronto Stock Exchange ("TSX") to Cboe Canada Inc. ("Cboe CA").

Effective September 19, 2023, Anne Bell of Mississauga, Ontario, became a member of the Independent Review Committee (IRC).

### **Related Party Transactions**

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

The Fund is managed by Fidelity Investments Canada ULC (Fidelity). Fidelity is part of a broader group 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 Fidelity Management & Research Company LLC, to provide investment advice with respect to all or a portion of the investments of the Fund. The sub-advisors arrange for the acquisition and disposition of portfolio investments, including all necessary brokerage arrangements.

The Fund pays Fidelity a monthly management and advisory fee for their services, based on the net asset value of each Series, calculated daily and payable monthly. The Fund paid Fidelity management and advisory fees of \$523,000 for the period ended March 31, 2024.

### **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 Fund, investment fund 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

## **Fidelity Canadian Short Term Corporate Bond ETF**

### **Management Discussion of Fund Performance – continued**

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.

### **Brokerage Commissions**

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of Fidelity Investments, including National Financial Services LLC, 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. Commissions paid to brokerage firms that are affiliates of Fidelity Investments were \$0 for the period ended March 31, 2024. Fidelity receives standing instructions from the IRC in respect of policies and procedures governing best execution of transactions with affiliates, which includes brokers affiliated to Fidelity Investments, at least once per year.

# 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 Canadian Short Term Corporate Bond ETF Series L					
	Period ended March 31, 2024	Period ended March 31, 2023	Period ended March 31, 2022	Period ended March 31, 2021	Period ended March 31, 2020 <sup>A</sup>
<b>The Series' Net Assets per Security<sup>B</sup></b>					
Net Assets, beginning of the period <sup>C</sup>	\$ 24.19	\$ 24.56	\$ 25.84	\$ 24.46	\$ 25.01
<b>Increase (decrease) from operations:</b>					
Total revenue	.94	.67	.46	.69	.41
Total expenses (excluding distributions)	(.11)	(.11)	(.11)	(.11)	(.06)
Realized gains (losses)	(.36)	(.64)	(.05)	(.07)	(.03)
Unrealized gains (losses)	.92	.21	(1.07)	.75	(1.07)
<b>Total Increase (decrease) from operations<sup>C</sup></b>	1.39	.13	(.77)	1.26	(.75)
<b>Distributions:</b>					
From net investment income (excluding dividends)	(.82)	(.57)	(.40)	(.57)	(.23)
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
<b>Total Distributions<sup>C, D</sup></b>	(.82)	(.57)	(.40)	(.57)	(.23)
<b>Net Assets, end of the period<sup>C</sup></b>	\$ 24.75	\$ 24.19	\$ 24.56	\$ 25.84	\$ 24.46
<b>Ratios and Supplemental Data</b>					
Net asset value (000s) <sup>E</sup>	\$143,566	\$140,302	\$170,667	\$235,101	\$ 97,830
Securities outstanding <sup>E</sup>	5,800	5,800	6,950	9,100	4,000
Management expense ratio <sup>F</sup>	.45%	.44%	.44%	.43%	.45%
Management expense ratio before waivers or absorptions <sup>F</sup>	.45%	.44%	.44%	.43%	.45%
Trading expense ratio <sup>G</sup>	—%	—%	—%	—%	—%
Portfolio turnover rate <sup>H</sup>	36.04%	52.03%	57.84%	37.22%	36.07%
Net asset value per security, end of period	\$24.7527	\$24.1900	\$24.5564	\$25.8353	\$24.4574

<sup>A</sup> For the period August 28, 2019 (inception date) to March 31, 2020.

<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. For reporting periods ending after January 1, 2017 per security comparative figures (except for net asset value per security, end of period) have been conformed to the current rounding presentation of two decimal places.

<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> Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset values during the period, including the Fund's pro-rata share of estimated expenses incurred in any underlying investment fund, if applicable.

<sup>G</sup> The trading expense ratio represents total commissions and other portfolio transaction costs 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>H</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 the portfolio securities, excluding short-term securities. For periods greater than six months, but less than a full fiscal year, the portfolio turnover rate is annualized.

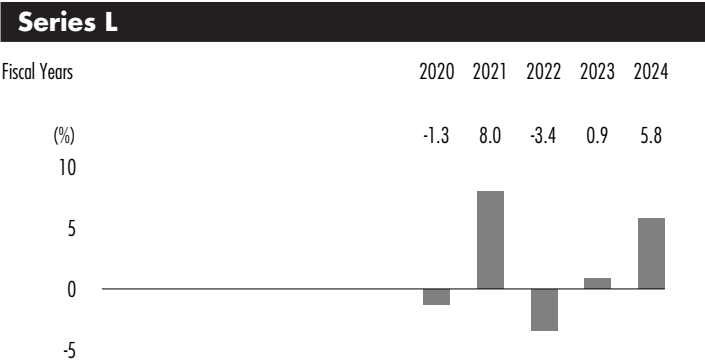
# Fidelity Canadian Short Term Corporate Bond ETF

## 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 September 20, 2019.

### Annual Compound Returns

This table shows the Fund's historical annual compound total returns for the periods indicated, compared with a broad-based index, the FTSE Canada Universe Bond Index, and the Fund's benchmark, the FTSE Canada Short Term Corporate Bond 5% Capped Index, as described below.

Average Annual Total Return	Past 1 year	Past 3 years	Since Inception
Series L	5.8%	1.0%	2.1%
FTSE Canada Short Term Corporate Bond 5% Capped Index	5.6%	1.0%	2.0%
FTSE Canada Universe Bond Index	2.1%	(1.5)%	(0.5)%

A discussion of the performance of the Fund can be found in the Results of Operations section of this report.

The FTSE Canada Universe Bond Index is capitalization-weighted, with more than 950 Canadian bonds, and includes the highest quality bonds with terms-to-maturity of one to thirty years, designed to reflect the Canadian bond market. The FTSE Canada Universe Bond Index is the broadest and most widely used measure of Canadian bond market performance in the world. The Fund is not sponsored, endorsed, sold, or promoted by Fidelity Product Services LLC. Fidelity Product Services LLC makes no representation regarding the advisability of investing in the Fund. The Prospectus contains a more detailed description of the limited relationship Fidelity Product Services LLC has with Fidelity Investments and any related funds.

The FTSE Canada Short Term Corporate Bond 5% Capped Index comprises semi-annual-pay fixed-rate corporate bonds used domestically in Canada and denominated in Canadian dollars, with investment-grade rating and remaining effective terms greater than one year and less than or equal to five years. With a 5.0% cap, the Index will see a maximum benchmark weighting of 5.0% for all single issuers in the Index.

Effective April 12, 2019, the FTSE TMX Canada indices were renamed as FTSE Canada indices as a result of FTSE Russell's acquisition of FTSE TMX Global Debt Capital Markets Limited. The FTSE TMX Canada Universe Bond Index is renamed FTSE Canada Universe Bond Index.

# Fidelity Canadian Short Term Corporate Bond ETF

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

### Sector Mix

	% of Fund's Net Assets as at 3/31/24	% of Fund's Net Assets as at 3/31/23
Corporate	75.6	79.3
Foreign	20.6	18.7
Provincial	1.2	0.0
Others (Individually Less Than 1%)	0.0	0.7
Cash and Cash Equivalents	2.2	0.4
Net Other Assets (Liabilities)	0.4	0.9

Comparative balances, as applicable, have been reclassified to align with current period presentation.

### Maturity Diversification

	% of Fund's Net Assets as at 3/31/24	% of Fund's Net Assets as at 3/31/23
0 – 1	0.8	1.4
1 – 3	32.7	29.6
3 – 5	41.5	38.0
Over 5	22.4	29.7

### Quality Diversification

	% of Fund's Net Assets as at 3/31/24	% of Fund's Net Assets as at 3/31/23
AAA	1.3	4.9
AA	0.9	5.9
A	38.6	26.0
BBB	40.8	52.5
BB and below	4.9	4.1
Not Rated	10.9	5.3
Short-Term Investments and Net Other Assets	2.6	1.3

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.

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

Comparative balances, as applicable, have been reclassified from country of incorporation to country of risk to align with current period presentation.

All tables within the Summary of Investment Portfolio section, except the Top Issuers table, contain audited 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, ETF facts document or 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).

### Top Issuers

	% of Fund's Net Assets
1. Royal Bank of Canada	5.9
2. Canadian Imperial Bank of Commerce	5.6
3. Bank of Montreal	5.4
4. The Toronto-Dominion Bank	5.3
5. Bank of Nova Scotia	4.6
6. Enbridge, Inc.	3.6
7. Bruce Power LP	2.5
8. National Bank of Canada	2.4
9. VW Credit Canada, Inc.	2.3
10. Allied Properties (REIT)	2.3
11. Fidelity Canadian Money Market Investment Trust - Series O	2.2
12. Ford Credit Canada Co.	2.2
13. Rogers Communications, Inc.	2.2
14. Bank of America Corp.	2.0
15. JPMorgan Chase & Co.	2.0
16. H&R (REIT)	2.0
17. General Motors Financial of Canada Ltd.	1.9
18. TransCanada Pipelines Ltd.	1.9
19. Gibson Energy, Inc.	1.7
20. First Capital (REIT)	1.5
21. Real Estate Asset Liquidity Trust	1.4
22. Choice Properties (REIT)	1.4
23. Daimler Truck Finance Canada, Inc.	1.4
24. CT (REIT)	1.3
25. Federation des Caisses Desjardins du Quebec	1.3
	<u>66.3</u>

Total Fund Net Assets \$143,566,000



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### **Manager**

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### **Custodian, Transfer Agent and Registrar**

State Street Trust Company of Canada  
Toronto, Ontario

### **Portfolio Adviser**

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Toronto, Ontario

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

Fidelity's ETFs are sold by registered brokers and dealers. Each ETF has a prospectus, which contains important information on the ETF, including its investment objective and applicable fees. Please obtain a copy of the prospectus, read it carefully, and consult your registered broker or dealer before investing. As with any investment, there are risks to investing in ETFs. There is no assurance that any ETF 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 ETF. Past performance is no assurance or indicator of future returns. The breakdown of ETF investments is presented to illustrate the way in which an ETF may invest, and may not be representative of an ETF's current or future investments. An ETF's investments may change at any time.

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