Fidelity Investments Canada launches Fidelity Equity Premium Yield ETF

Fidelity ETF aims to generate cash flow and long-term capital growth

TORONTO, September 26, 2024 – Today, Fidelity Investments Canada ULC (Fidelity) launched Fidelity Equity Premium Yield ETF. This ETF further strengthens Fidelity's extensive ETF product lineup, providing an option for investors who are seeking cash flow and to potentially achieve long-term growth while mitigating portfolio volatility. Fidelity Equity Premium Yield ETF will begin trading with the ticker FEPY this morning.

Fidelity's ETF offerings, including the All-in-one ETF suite, continue to gain momentum, with assets reaching $8.5B in AUM (as at August 31, 2024).

Why consider this fund:

Fidelity Equity Premium Yield ETF offers exposure to an equity and options-based investment strategy that can generate potentially higher levels of cash flow compared to equity-only strategies.

Employing Fidelity's extensive research capabilities, this ETF uses a fundamental, quantitative and derivatives strategy to create a portfolio that can provide enhanced cash flow, long term capital appreciation and reduced portfolio volatility.

How it works

The ETF invests in stocks, such as companies in the S&P 500 or Russell 1000. At the same time, it sells call options on a stock index representative of the stocks in the portfolio. When the ETF sells these call options, it collects premiums to help generate cash flow. How much cash flow it generates depends on the implementation of the call writing strategy. The portfolio manager selects which call options to sell, choosing different ones with distinct prices and expiration dates. This strategy helps to spread out the risk and aims to increase potential returns.

This strategy has three main benefits:

1. The premiums received from selling call options can help provide cash flow.

2. Potential capital appreciation over the long term from underlying stock investments.

3. Cash flow can help mitigate portfolio losses during volatile markets.

“Our ETF product lineup has seen growing interest from advisors and investors, and this new offering provides another option for those looking to enhance their cash flow opportunities and diversify their investment choices,” said Kelly Creelman, Senior Vice President, Products and Marketing, Fidelity. “The ETF offers the potential for enhanced cash flow opportunities with reduced portfolio volatility compared to an equity-only strategy.”

Learn more about the ETF and get expert insights

- **Advisors:** tune into FidelityConnects at 11:30 a.m. EST to learn more about the launch from portfolio managers Mitch Livstone and Eric Granat, and Director of ETFs Andrei Bruno
- **Advisors and investors:** join Andrei Bruno for a Reddit AMA on October 9 @ 12:00 p.m. EST. on r/fidelitycanada

About Fidelity Investments Canada ULC

At Fidelity Investments Canada, our mission is to build a better future for our clients. Our diversified business serves financial advisors, wealth management firms, employers, institutions and individuals. As the marketplace evolves, we are constantly innovating and offering our clients choice of investment and wealth management products, services and technological solutions all backed by the global strength and scale of Fidelity. With assets under management of $259 billion (as at September 16, 2024), Fidelity Investments Canada is privately held and committed to helping our diverse clients meet their goals over the long term. Fidelity funds are available through financial advisors and online trading platforms.

Commissions, trailing commissions, management fees, brokerage fees and expenses may be associated with investments in mutual funds and ETFs. Please read the mutual fund’s or ETF’s prospectus, which contains detailed investment information, before investing. Mutual funds and ETFs are not guaranteed. Their values change frequently, and investors may experience a gain or a loss. Past performance may not be repeated.

Fidelity Equity Premium Yield ETF aims to provide income and long-term capital growth. In implementing an options-based strategy that aims to enhance cash flow and mitigate overall portfolio volatility, the ETF sells (writes) call options on an index representing the performance of companies with large market capitalizations, such as the S&P 500 Index. The ETF’s ability to provide distributions to unitholders will depend on the yield available on the equity securities held by the ETF and the premiums received with respect to its written call options. There is no guarantee that the ETF will make regular distributions to its unitholders or that distributions to unitholders will remain consistent, and the amounts distributed to unitholders could vary based on the market or economic environment and other factors. Distributions in excess of the ETF’s current and accumulated earnings and profits will be treated as a return of capital, which is a distribution from the unitholder’s investment principal rather than net profits from the ETF's returns. Therefore, any portion of a distribution that is characterized as a return of capital should not be confused with the ETF's "yield" or "income." Writing call options also involves risks, including that the ETF may be required to sell the underlying asset or settle in cash an amount of equal value at a price below the market price at the time of exercise of an option. The premiums associated with writing covered call options may not exceed the returns that would have resulted if the ETF had remained directly invested in the securities subject to call options. Please read the ETF's prospectus for more details of these and other risks.

For more information, please contact:

Chris Pepper,
Vice-President, Corporate Affairs
Fidelity Investments Canada ULC
M: (416) 795-7762
E: *chris.pepper@fidelity.ca*

Find us on social media @FidelityCanada

www.fidelity.ca
Listen to FidelityConnects on Apple or Spotify

2085889-v2024923