



# Fidelity Canadian Opportunities Fund

## Quarterly Investment Review

December 31, 2025

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## Overview

**INCEPTION DATE:** October 01, 2003  
**BENCHMARK:** S&P/TSX Completion Index  
**FUND MANAGER:** Hugo Lavallée

### OBJECTIVE

The Fund aims to achieve long term capital growth by investing primarily in the equity securities of Canadian companies. The Fund may at times have significant exposure to relatively few companies and industries. It may also invest up to 10% of its assets at the time of purchase in the securities of private companies.

### APPROACH

- A contrarian strategy that aims to identify value in out-of-favour stocks.
- Focused on small- and mid-capitalization companies.
- Investments focused primarily in Canada.

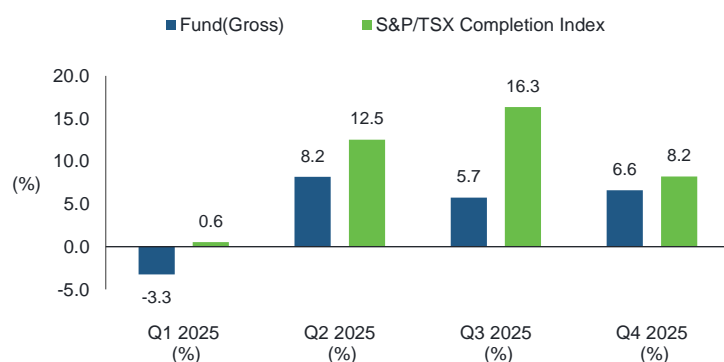
### PERFORMANCE RETURNS (%)

	Cumulative					Annualized				
	Q1 2025	Q2 2025	Q3 2025	Q4 2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Fidelity Canadian Opportunities Fund - Series O	(3.26)	8.17	5.74	6.60	17.94	17.94	17.30	14.54	15.85	13.27
S&P/TSX Completion Index	0.55	12.53	16.34	8.23	42.47	42.47	25.05	16.56	12.45	9.23
Relative Return	(3.81)	(4.36)	(10.60)	(1.63)	(24.53)	(24.53)	(7.75)	(2.02)	3.40	4.04

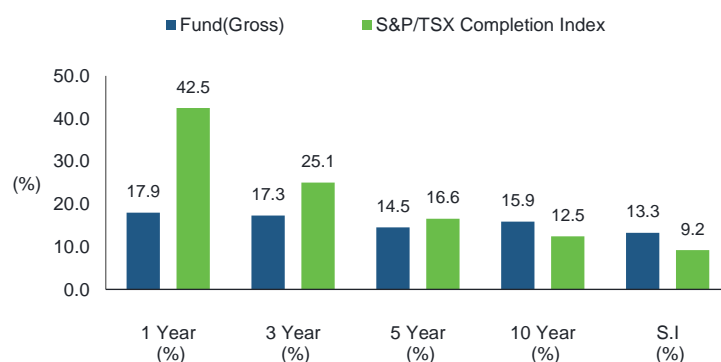
Performance returns are unaudited and time-weighted.

Note: Differences may be due to rounding.

### Cumulative Quarterly Performance



### Annualized as of December 31, 2025



Overview

PERFORMANCE RETURNS (%): CALENDAR YEAR RETURNS										
	Calendar Year Returns									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fidelity Canadian Opportunities Fund - Series O	17.94	13.18	20.90	(0.07)	22.22	30.54	24.59	1.32	5.22	27.46
S&P/TSX Completion Index	42.47	24.27	10.44	(4.22)	14.86	5.97	26.12	(12.85)	7.04	20.50
Relative Return	(24.53)	(11.09)	10.46	4.15	7.36	24.57	(1.53)	14.17	(1.82)	6.96

Performance returns are unaudited and time-weighted.  
Note: Differences may be due to rounding.

## Quarterly Fund Commentary

- The Fund's investments in materials and information technology were the primary relative sector detractors.
- In materials, out-of-benchmark exposure to Franco-Nevada and Agnico Eagle Mines weighed on performance. In information technology, lack of exposure to a Canada-based supply chain electronics solutions company and out-of-benchmark exposure to Teledyne Technologies detracted from relative returns. In other sectors, notable detractors included holdings in Onex and Boyd Group.
- The Fund's underweight exposure to, and investments in the utilities sector, along with investments in the industrials sector, contributed the most to relative returns.
- In utilities, lack of exposure to Canada-based global power producer and Canada-based independent power generation company contributed to performance. In industrials, underweight exposure to Stantec and lack of exposure to a Canadian waste management company contributed. In other sectors, holdings in Ero Copper and IAMGOLD contributed.

## Annual Fund Commentary

- The Fund's investments in, and lower-than-benchmark exposure to materials and holdings in the information technology sector detracted from relative returns.
- In materials, lack of exposure to Canada-based gold mining company and underweight position in Alamos Gold detracted from performance. In information technology, the Fund's underweight to Celestica and investments in Lightspeed Commerce detracted. In other sectors, notable detractors included an investment in TFI International and Alimentation Couche-Tard.
- The Fund's lower-than-benchmark exposure to utilities and real estate contributed to relative performance.
- In utilities, lack of exposure to Canada-based independent power generation company and Canada-based electricity power generator and marketer contributed to relative returns. In real estate, lack of exposure to a Canada-based real estate investment trust and Canada-based urban office space REIT contributed to performance. In other sectors, notable contributors included out-of-benchmark exposure to Agnico Eagle Mines and Franco-Nevada.

## Positioning and Outlook

- According to Portfolio Manager Hugo Lavallée, investors can essentially take two paths to generate returns.
1. Betting on change by finding companies that will thrive because its future is fundamentally different from the past.
  2. Focusing on continuity by identifying solid businesses facing temporary headwinds, with the conviction that their future will once again resemble their strong past.
- Hugo's contrarian style leans towards the latter: looking beyond short-term challenges to uncover potential long-term opportunities.
  - After a decade-long bear market, commodities have entered a new phase driven by structural shifts: reversing globalization, chronic underinvestment, and financial repression. These dynamics weaken supply chain resilience and increase systemic vulnerability, while governments aim to lower borrowing costs. Lavallée anticipates monetary easing and yield curve control to dominate 2026 headlines, reinforcing gold's role as a hedge. Canadian equities, long underperforming U.S. markets, recently signal reversal, supported by Canada's resource-rich economy and cyclical tailwinds.
  - Looking beyond the narrow tide of expensive market leaders, Hugo focuses on "old economy" themes with compressed margins, poised to benefit from a potential recovery. As gold record highs reinforce its role as a haven, he is pursuing derivative plays tied to mine expansions and drilling.
  - Separately, the ISM U.S. Manufacturing PMI, tracking the overall health of the U.S. manufacturing sector, has been signaling contraction for the past three years, reflecting persistent weakness in manufacturers' outlooks. Historically, it has shown a strong correlation with the industrials sector, particularly within transportation - a long-standing theme in the portfolio. The transportation industry is facing recessionary conditions, in Hugo's opinion, marked by a significant decline in intermodal freight activity. Hugo is strategically investing ahead of the crowd, positioning in companies poised for potential recovery before it's fully recognized by the market.

## Performance Attribution

### SECTOR ATTRIBUTION SUMMARY - 3 MONTHS

Sector	Average Fund Weight (%)	Average Benchmark Weight (%)	Relative Weight (%)	Fund Return (%)	Benchmark Return (%)	Relative Return (%)	Security Selection (bps)	Sector Selection (bps)	Total Relative Contribution (bps)
UTILITIES	1.75	6.09	(4.34)	4.30	(3.62)	7.93	17	50	66
INDUSTRIALS	21.40	19.22	2.18	3.65	0.35	3.30	75	(19)	55
REAL ESTATE	1.23	5.89	(4.67)	(7.10)	(3.01)	(4.09)	(6)	54	48
CONSUMER STAPLES	5.83	1.76	4.06	11.44	(2.68)	14.11	87	(47)	40
HEALTH CARE	0.00	1.30	(1.30)	-	1.36	-	0	10	10
COMMUNICATION SERVICES	0.00	1.02	(1.02)	-	15.81	-	0	(7)	(7)
CONSUMER DISCRETIONARY	1.66	1.95	(0.30)	17.29	20.80	(3.51)	(8)	(1)	(9)
ENERGY	13.24	13.41	(0.17)	6.38	7.00	(0.62)	(5)	(6)	(11)
FINANCIALS	14.09	12.71	1.38	4.48	7.39	(2.91)	(35)	(11)	(46)
INFORMATION TECHNOLOGY	6.43	6.88	(0.45)	(4.16)	7.10	(11.26)	(114)	26	(88)
MATERIALS	33.05	29.77	3.29	10.46	19.63	(9.17)	(281)	63	(218)
<b>SUBTOTAL</b>	<b>98.68</b>	<b>100.00</b>	<b>(1.32)</b>	<b>6.67</b>	<b>8.23</b>	<b>(1.56)</b>	<b>(271)</b>	<b>110</b>	<b>(161)</b>
CASH AND OTHER	1.32	-	-	-	-	-	-	-	(2)
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>6.60</b>	<b>8.23</b>	<b>(1.63)</b>	<b>-</b>	<b>-</b>	<b>(163)</b>

Note: Differences may be due to rounding.

### SECTOR ATTRIBUTION SUMMARY - 1 YEAR

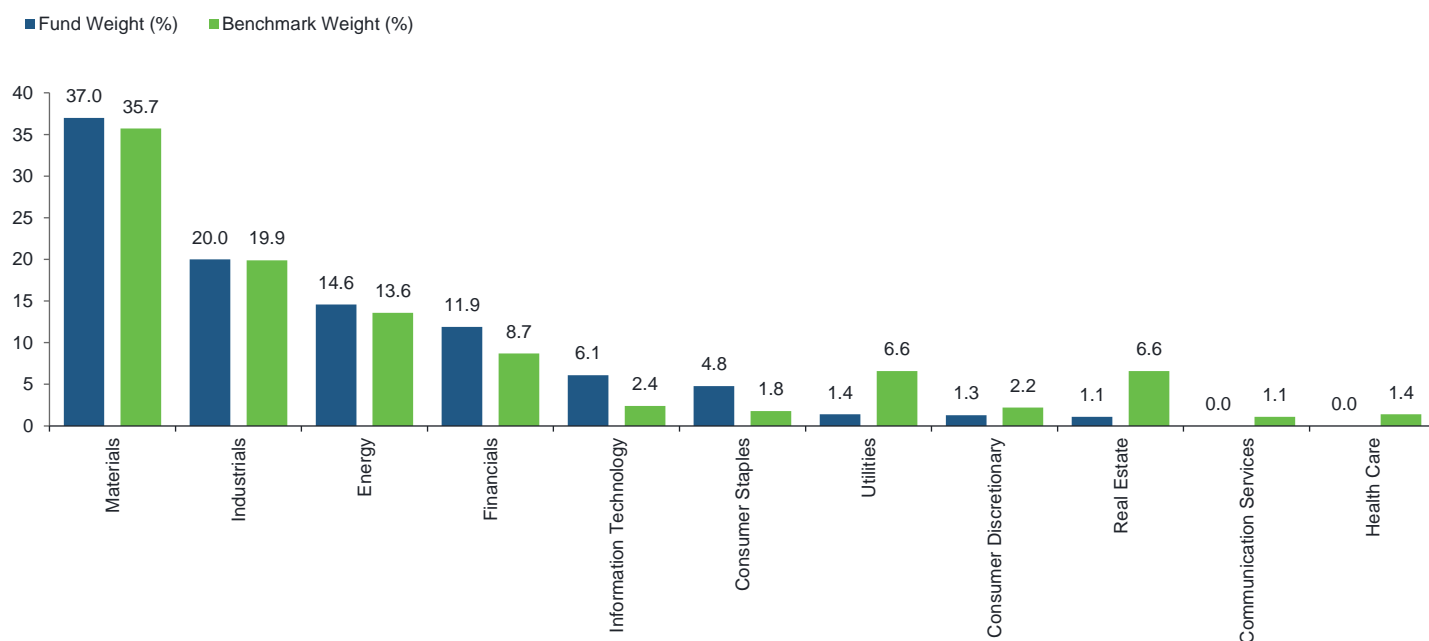
Sector	Average Fund Weight (%)	Average Benchmark Weight (%)	Relative Weight (%)	Fund Return (%)	Benchmark Return (%)	Relative Return (%)	Security Selection (bps)	Sector Selection (bps)	Total Relative Contribution (bps)
UTILITIES	1.92	6.63	(4.70)	23.63	13.13	10.49	27	137	163
REAL ESTATE	2.03	6.74	(4.72)	5.34	11.24	(5.90)	(9)	141	132
HEALTH CARE	0.00	1.32	(1.32)	-	0.38	-	0	62	62
COMMUNICATION SERVICES	0.00	1.06	(1.06)	-	50.84	-	0	(8)	(8)
CONSUMER DISCRETIONARY	5.27	1.80	3.47	31.20	63.56	(32.37)	(166)	49	(116)
ENERGY	13.56	15.06	(1.51)	13.81	24.20	(10.39)	(145)	26	(119)
FINANCIALS	16.53	15.23	1.30	22.80	29.10	(6.30)	(98)	(70)	(168)
CONSUMER STAPLES	7.60	2.04	5.56	13.17	16.39	(3.22)	(66)	(103)	(169)
INDUSTRIALS	21.26	18.97	2.29	3.33	17.36	(14.03)	(306)	(92)	(397)
INFORMATION TECHNOLOGY	7.87	6.46	1.41	(21.05)	62.30	(83.36)	(839)	105	(734)
MATERIALS	21.43	24.69	(3.26)	50.14	109.11	(58.97)	(919)	(121)	(1,040)
<b>SUBTOTAL</b>	<b>97.48</b>	<b>100.00</b>	<b>(2.52)</b>	<b>17.96</b>	<b>42.47</b>	<b>(24.51)</b>	<b>(2,521)</b>	<b>127</b>	<b>(2,395)</b>
CASH AND OTHER	2.52	-	-	-	-	-	-	-	(58)
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>17.94</b>	<b>42.47</b>	<b>(24.53)</b>	<b>-</b>	<b>-</b>	<b>(2,453)</b>

Note: Differences may be due to rounding.



## Fund Positioning

### SECTOR ALLOCATION



Sector breakdowns are only applied to equities and convertibles and the allocation percentages may not add to 100%.

Fund and benchmark weights are based on end weights as at each quarter end.

### TOP 10 HOLDINGS

Holding	Sector
FRANCO-NEVADA CORP (CANA)	MATERIALS
FINNING INTERNATIONAL INC	INDUSTRIALS
PAN AM SILVER CORP	MATERIALS
ONEX CORP SUB-VTG	FINANCIALS
TFI INTERNATIONAL INC	INDUSTRIALS
IAMGOLD CORP	MATERIALS
TOPAZ ENERGY CORP	ENERGY
TOROMONT INDUSTRIES LTD	INDUSTRIALS
TERRAVEST INDUSTRIES INC	ENERGY
IA FINANCIAL CORP INC	FINANCIALS

## Investment Process

### Sources of information and investment ideas

- Notes from internal research (Team Canada & Global Sector Analysts), meetings with company management, conferences, broker research, Bloomberg, Newswire, trade publications, magazines, daily newspapers

### Investment style and portfolio construction

- Fundamental, bottom-up stock selection is the primary driver of portfolio construction and performance.
- The Fund has a small-mid cap bias with a primary focus on Canadian stocks
- Employs a contrarian style, seeking value in out-of-favour stocks while also aiming to mitigate downside risk and manage fund volatility

Types of stocks targeted in the Fund:

1. Companies where the operating margin is bottoming and has lots of potential to expand and drive earnings higher
2. Companies with high substantial ROIC, where the stocks are cheap on EV/EBIT
  - Other key company fundamentals include positive earnings growth, and strong balance sheets and cash flow/ sales ratio
  - Considers the quality of management and management track record
  - Looks for companies with a competitive advantage in industry/sector
  - Emphasis on companies with valuation metrics which support downside protection
  - Key catalyst supporting future growth is not required
  - Will also actively pursue new opportunities in major secular trends and turnaround stories (e.g. secular growth stories with solid growth potential but also looks to take shorter term advantage of mispriced securities)
  - Employs a gradualist approach, tends to buy small positions and build as conviction in thesis increases
  - Sector weights result from bottom up stock selection
  - An element of top down enters the construction equation when assessing the attractiveness of the cyclical sectors
  - Within these cyclical sectors, bottom-up analysis is a primary decision making tool
  - Benchmark weights are a secondary consideration in the construction process
  - Buy/sell decisions are purely a function of relative valuation and company fundamentals; improvement/deterioration in fundamentals will trigger trading decisions
  - Target portfolio turnover is expected to be moderate
  - Comfortable being naked a sector or substantially overweight if conviction is high
  - Foreign exposure will typically be 10% or less (will utilize Fidelity's global research capabilities)
  - Will own attractive private company investments deemed to be approaching IPO status
  - Typical number of holdings: 75-100 stocks

### Risk Control

- Looks for stocks offering the best risk/reward profile (upside/downside potential)
- Thoroughness of analysis is the key risk control measure
- Manager runs a diversified portfolio but is willing to have significant under/overweights at stock or sector level; position size is a function of conviction and is considered in relative terms
- Fund concentration is driven by market conditions and manager conviction
- Shifts portfolio beta based on market environment and whether market will pay for taking on a higher level of stock or portfolio risk
- Potentially wide sector deviations which may be driven by macro/sector views
- Up to 10% of Fund assets may be invested in private placements
- When there is a complete lack of attractive investment opportunities, cash position may build to a 30% maximum



## Disclosure

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### Risks

Past performance is no guarantee of future results. An investment may be risky and may not be suitable for an investor's goals, objectives and risk tolerance. Investors should be aware that an investment's value may be volatile and any investment involves the risk that you may lose money.

Performance results for individual accounts will differ from performance results for composites and representative accounts due to factors such as portfolio size, especially if currently only funded with affiliated fee paying seed capital, timing of investments, market conditions, account objectives and restrictions, and factors specific to a particular investment structure.

The value of a strategy's investments will vary day to day in response to many factors, including in response to adverse issuer, political, regulatory, market or economic developments. The value of an individual security or a particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. Nearly all accounts are subject to volatility in foreign exchange markets.

The performance of fixed income strategies will change daily based on changes in interest rates and market conditions and in response to other economic, political or financial developments. Debt securities are sensitive to changes in interest rates depending on their maturity, and may involve the risk that their prices may decline if interest rates rise or, conversely, if interest rates decline, their prices may increase. Debt securities carry the risk of default, prepayment risk and inflation risk. Changes specific to an issuer, which may involve its financial condition or economic environment, can affect the credit quality or value of an issuer's securities. Lower-quality debt securities (those of less than investment grade quality, also referred to as high yield debt securities) and certain types of other securities are more volatile and are often considered to be speculative and involve greater risk due to increased sensitivity to adverse issuer, political, regulatory and market developments, especially in periods of general economic difficulty. The value of mortgage securities may change due to shifts in the market's perception of issuers, changes in interest rates, or regulatory or tax changes.

Derivatives may be volatile and involve significant risk, such as, credit risk, currency risk, leverage risk, counterparty risk and liquidity risk. Using derivatives can disproportionately increase losses and reduce opportunities for gains in certain circumstances. Derivatives may have limited liquidity and may be harder to value, especially in declining markets. Derivatives involve leverage because they can provide investment exposure in an amount exceeding the initial investment. Leverage can magnify investment risks and cause losses to be realized more quickly. A small change in the value of an underlying asset, instrument, or index can lead to a significant loss. Assets segregated to cover these transactions may decline in value and are not available to meet redemptions. Government legislation or regulation could affect the use of these transactions and could limit the ability to pursue such investment strategies.

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The securities, derivatives and currency markets of emerging market countries are generally smaller, less developed, less liquid, and more volatile than the securities, derivatives and currency markets of the United States and other developed markets and disclosure and regulatory standards in many respects are less stringent. There also may be a lower level of monitoring and regulation of markets in emerging market countries and the activities of investors in such markets and enforcement of existing regulations may be extremely limited. Government enforcement of existing market regulations may be limited, and any enforcement may be arbitrary and the results may be difficult to predict. Emerging market countries are more likely than developed market countries to experience political uncertainty and instability, due to factors such as war, terrorism, nationalization, limitations on the removal of funds or other assets, or diplomatic developments that affect investments in these countries. In many cases, governments of emerging market countries continue to exercise significant control over their economies. In addition, there is a heightened possibility of expropriation or confiscatory taxation, imposition of withholding taxes on interest payments, or other similar developments that could affect investments in those countries.

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