

# Three reasons to protect against currency risk

## Fidelity's currency neutral offerings help reduce currency risk.

Protecting your portfolio against adverse currency movements is an important part of investing. Here are three reasons you may want to protect against an appreciating Canadian dollar or falling foreign currencies.

### REASON NO. 1

#### The Canadian dollar has a history of volatility vs. the U.S. dollar.

The Canadian dollar's appreciation vs. the U.S. dollar has a negative impact on U.S. dollar-denominated investments. The long and volatile history of the two currencies shows how U.S. investments are exposed to currency risk.\*

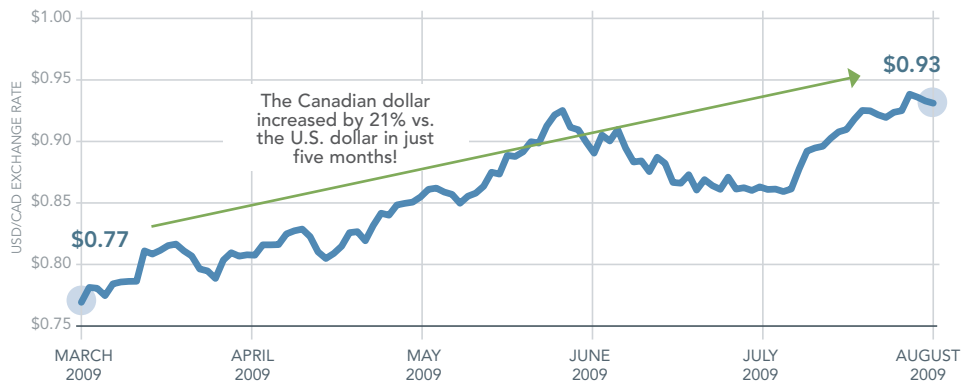


Source: Federal Reserve and Datastream. As at November 30, 2019.

### REASON NO. 2

#### Volatility in foreign currency can have a significant negative impact on short-term portfolio returns.

For example, short-term currency volatility between the Canadian and U.S. dollar can be extreme, and the effects may have severe implications for investors. Those with shorter-term investment horizons, like investors in or near retirement, may be especially sensitive to these effects.\*



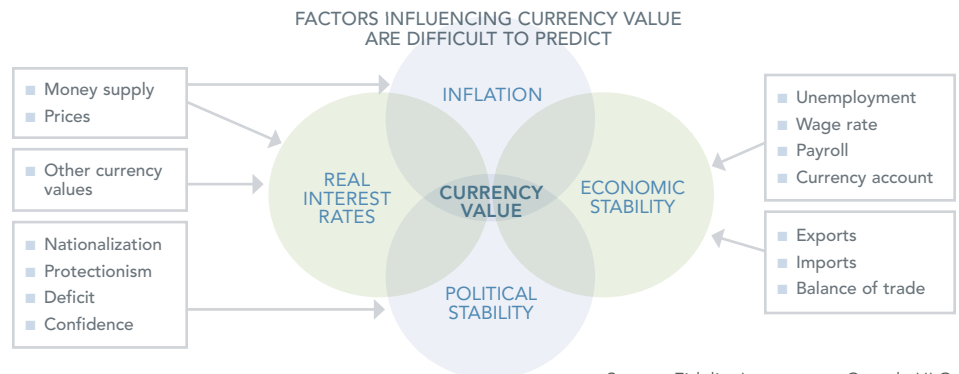
Source: FactSet; Fidelity Investments Canada ULC.

\*These charts are used solely to illustrate the historical volatility of the Canadian dollar versus the U.S. dollar. Fidelity's currency neutral funds use derivatives to mitigate the funds' developed market currency exposure. The investment approach used by the funds, while effective in reducing exchange rate risk, will not completely eliminate the impact of currency fluctuations. The funds' returns will differ from the local currency returns of their underlying investments.

### REASON NO. 3

#### Making successful currency bets can be difficult to do well over the long-term.

Forecasting exchange rates is difficult to do with consistency over time and getting it wrong can have a negative impact on portfolio returns.



Source: Fidelity Investments Canada ULC.



# Currency neutral options from Fidelity

## Currency neutrality helps shift the focus to Fidelity's strength – security selection.

Fidelity offers currency neutral investment options for investors who want to reduce currency risk. Fidelity uses a passive currency overlay that hedges developed market foreign currencies\* back to the Canadian dollar, allowing Fidelity to focus on what it does best – adding value through security selection.

### EQUITY MUTUAL FUNDS

Fidelity American Disciplined Equity® Currency Neutral Class  
Fidelity American Equity Currency Neutral Class  
Fidelity CanAm Opportunities Currency Neutral Class  
Fidelity Event Driven Opportunities Currency Neutral Class  
Fidelity Founders™ Currency Neutral Class  
Fidelity Global Concentrated Equity Currency Neutral Fund  
Fidelity Global Disciplined Equity® Currency Neutral Class  
Fidelity Global Growth and Value Currency Neutral Class  
Fidelity Global Innovators Currency Neutral Class  
Fidelity Global Intrinsic Value Currency Neutral Class  
Fidelity Global Large Cap Currency Neutral Class  
Fidelity Insights Currency Neutral Class  
Fidelity International Concentrated Equity Currency Neutral Fund  
Fidelity International Disciplined Equity® Currency Neutral Class  
Fidelity NorthStar® Currency Neutral Class  
Fidelity Small Cap America Currency Neutral Class  
Fidelity U.S. All Cap Currency Neutral Class  
Fidelity U.S. Dividend Currency Neutral Fund  
Fidelity U.S. Focused Stock Currency Neutral Class

### ASSET ALLOCATION AND BALANCED MUTUAL FUNDS

Fidelity American Balanced Currency Neutral Fund  
Fidelity Global Monthly Income Currency Neutral Fund  
Fidelity Northstar® Balanced Currency Neutral Fund  
Fidelity Tactical High Income Currency Neutral Fund  
Fidelity U.S. Monthly Income Currency Neutral Fund

### FIXED-INCOME MUTUAL FUNDS

Fidelity American High Yield Currency Neutral Fund  
Fidelity Floating Rate High Income Currency Neutral Fund  
Fidelity Global Bond Currency Neutral Fund  
Fidelity Investment Grade Total Bond Currency Neutral Fund  
Fidelity Multi-Sector Bond Currency Neutral Fund  
Fidelity Strategic Income Currency Neutral Fund

### PRIVATE INVESTMENT POOLS

Fidelity Asset Allocation Currency Neutral Private Pool  
Fidelity Balanced Currency Neutral Private Pool  
Fidelity Balanced Income Currency Neutral Private Pool  
Fidelity Global Asset Allocation Currency Neutral Private Pool  
Fidelity Global Equity Currency Neutral Private Pool  
Fidelity International Equity Currency Neutral Private Pool  
Fidelity U.S. Equity Currency Neutral Private Pool

### ETFs (ALSO AVAILABLE AS MUTUAL FUNDS)

Fidelity Systematic U.S. High Yield Bond Currency Neutral ETF  
Fidelity U.S. Dividend for Rising Rates Currency Neutral Index ETF  
Fidelity U.S. High Dividend Currency Neutral Index ETF  
Fidelity U.S. High Quality Currency Neutral Index ETF  
Fidelity U.S. Low Volatility Currency Neutral Index ETF

For more information about Fidelity's currency neutral solutions, talk to your financial advisor or visit [fidelity.ca](https://www.fidelity.ca)



\*The Funds do not hedge emerging market currency exposure.

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

A fund's volatility is determined using a statistical measure called "standard deviation." Standard deviation measures the amount of variability of returns that has historically occurred relative to the average return. The higher the standard deviation of a fund, the greater the range of returns it has experienced in the past. Other types of risk, both measurable and non-measurable, exist. In addition, just as historical performance may not be indicative of future returns, a fund's historical volatility may not be indicative of its future volatility.



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