

CAN Fidelity NorthStar 75/100

April 30, 2026

Q1 2026 Fund Commentary

Commentary and opinions are provided by Fidelity Investments Canada ULC.

Market commentary

Global equities broadly declined during the first quarter of 2026. Markets shifted from expectations of interest rate cuts and earnings strength toward concerns about inflation risks, higher-for-longer rates and slowing global growth. Escalating geopolitical tensions added to inflation pressures, dampened risk appetite and reshaped expectations for global growth. The conflict in the Middle East in late February drove oil prices sharply higher and raised concerns about the potential for sustained inflationary pressures and materially slower economic growth across major developed economies. Six of eleven GICS sectors posted positive returns, led by energy, utilities and materials, while consumer discretionary and communication services lagged.

Major central banks held rates steady during the quarter. The U.S. Federal Reserve Board acknowledged that inflation progress is expected to continue but more slowly than hoped, with energy prices expected to push up overall inflation. U.S. economic growth came in below expectations, reflecting weaker exports, household spending and business investment. In Europe, rising energy prices pushed annual inflation back above target in March.

Performance

Selection in the energy and consumer staples sectors contributed to performance during the quarter. From a regional perspective, the Fund's exposure to emerging markets and the Canada also contributed to performance.

Ovintiv Inc. contributed to performance, supported by the company's portfolio repositioning, including the closing of the NuVista Energy Ltd. acquisition and the announced sale of Anadarko assets, which sharpened the company's focus on higher-return assets and debt reduction. Target Corp. contributed to performance because of investor optimism around a new multi-year growth plan and management's expectation for a return to sales growth in 2026. TotalEnergies SE contributed to performance as the company was supported by its disciplined capital allocation, resilient refining results and continued shareholder returns, including a maintained dividend

Selection in the consumer discretionary and information technology sectors detracted from performance during the quarter. From a regional perspective, the Fund's exposure to the U.S. and Europe detracted from performance.

Microsoft Corp. detracted from performance because of investor concerns about the scale of artificial intelligence-related spending and the timing of returns, despite continued strength in the company's core business. AppLovin Corp. detracted from performance because of investor concerns that artificial intelligence (AI) advances could disrupt the advertising technology sector, particularly in mobile gaming, with fears that larger platforms could improve ad targeting and compress margins. Sea Ltd. Detracted from performance after quarterly earnings fell short of expectations, reinforcing concerns that intense competition could weigh on profitability even as revenue growth remained strong.

Portfolio activity

There were no notable trades made in the Fund during the quarter.

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Outlook

The sub-advisor continues to favour long-duration secular growth, with AI at the core of their thesis as companies accelerate investment across the value chain. In the sub-advisor's view, the most compelling opportunities are within infrastructure and semiconductor leaders with durable competitive advantages, while selectively adding to data centres and power-related names, where volatility has created opportunity. Connected TV remains a key theme for the sub-advisor, supported by the steady migration of advertising budgets toward digital platforms.

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April 30, 2026

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CAN Fidelity NorthStar 75/100

April 30, 2026

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The 7-day annualized yield is based on the annualized total return of the fund over the past seven calendar days and does not represent an actual one-year return. It's important to note that 7-day annualized yield is not an indicator of future performance of the fund.

^Deferred Sales Charge (DSC) purchase option is not available for new contributions given regulatory bans that came into effect June 1, 2023. For certain policies where DSC is the only sales charge option available, new contributions may be accepted. Additional disclosure may be required.

†Soft capped - Contributions are no longer accepted to new investors., ‡Hard capped - Contributions are no longer accepted.

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