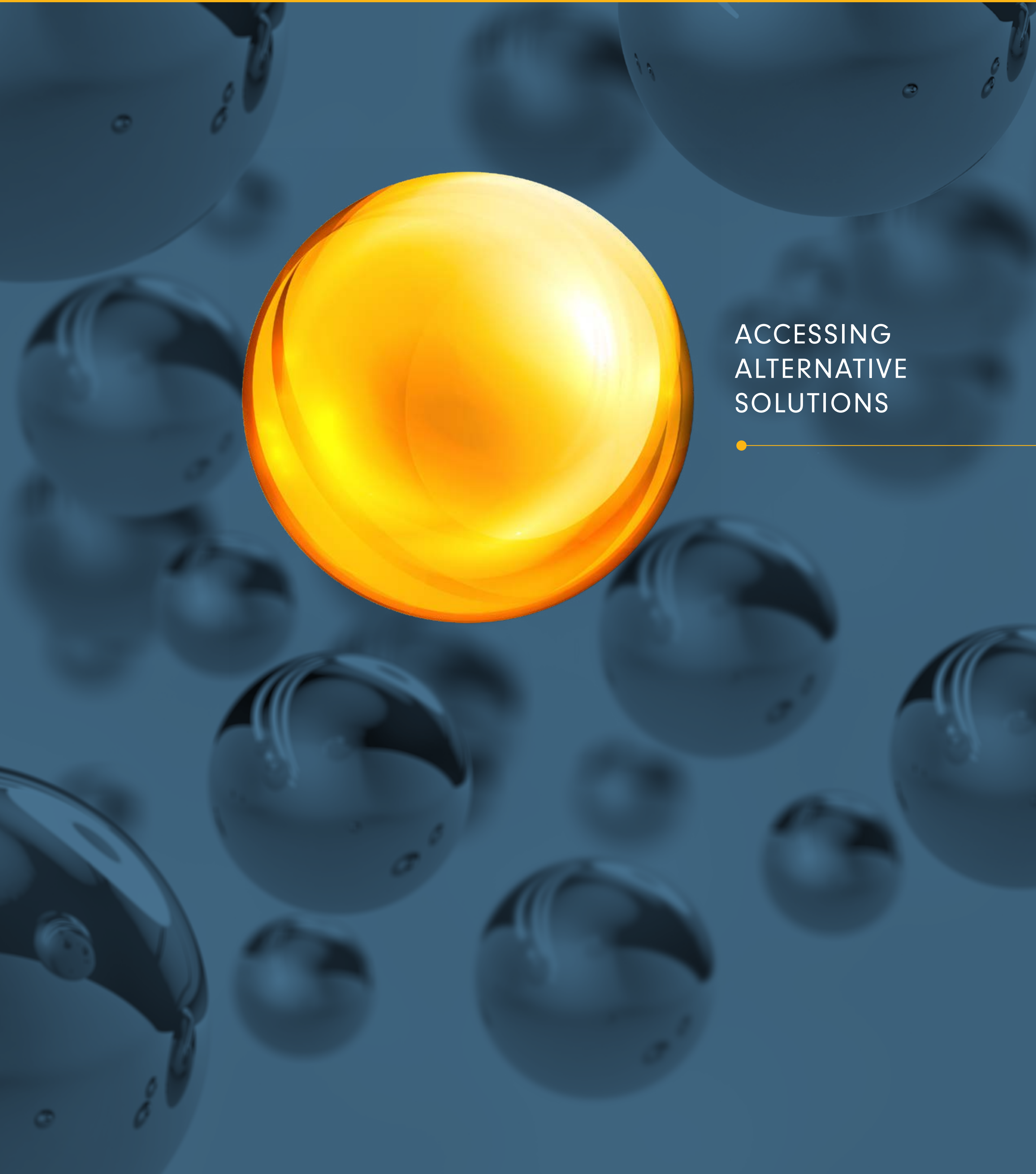
Fidelity liquid alternatives



ACCESSING ALTERNATIVE SOLUTIONS

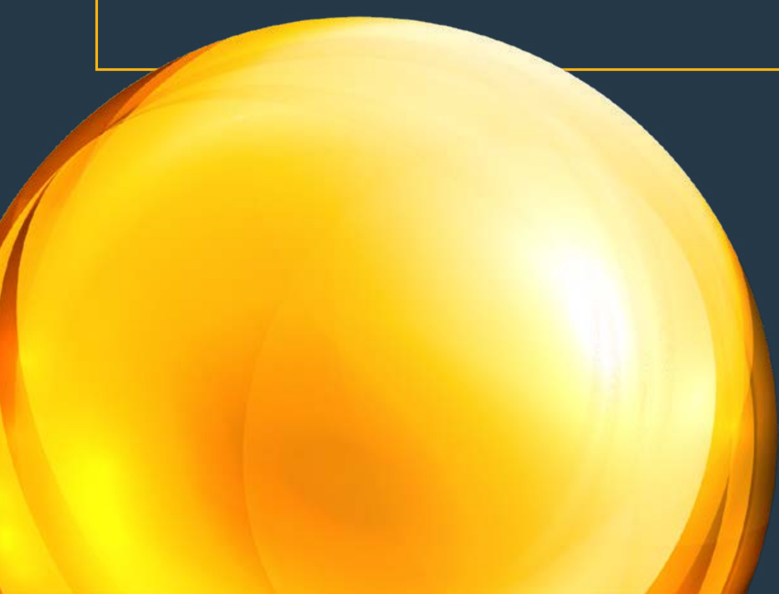
How can your portfolio benefit from liquid alternative mutual funds?

Alternative mutual funds widen the scope of strategies available to investors beyond long-only investing, as a result of these funds' additional flexibility to utilize certain investment techniques compared with conventional mutual funds. Adding liquid alternative strategies to a portfolio of stocks and bonds may provide several benefits:

Increased opportunity set	Portfolio diversification	Downside protection in market stress
Alternative mutual funds have more flexibility in terms of what they can invest in and the types of strategies they can use. This can provide a broader opportunity set for fund managers searching for attractive investment opportunities.	Many alternative mutual fund strategies target lower correlation with broad market factors compared with traditional long-only investing.	Historically, there has been evidence that liquid alternative strategies tend to experience less severe drawdowns over time compared to equities.

THE RESULTS

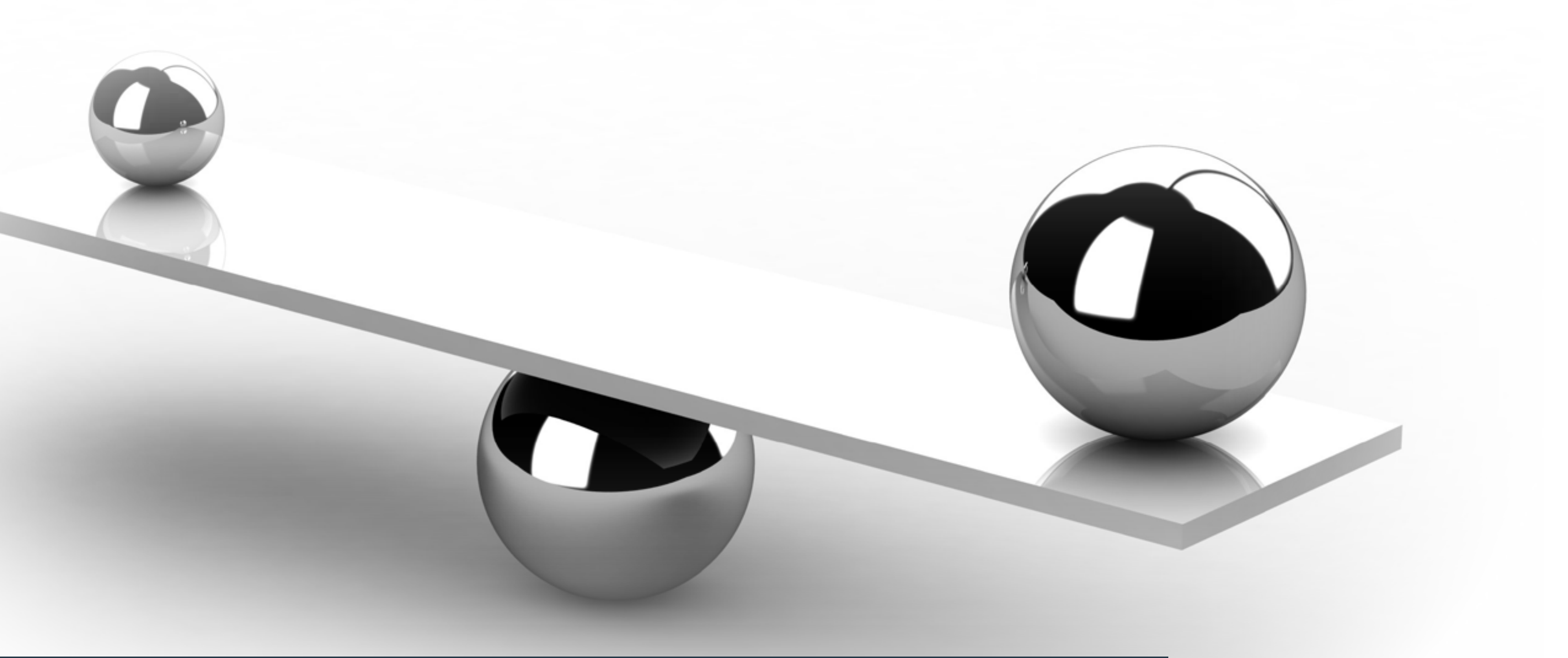
Potential to capture new sources of returns in your portfolio.	Increased portfolio diversification, potentially resulting in better risk-adjusted returns.	Better downside protection, especially in times of market stress.



WHAT ARE

LIQUID ALTERNATIVES?

The majority of investment strategies available today to most investors are "long-only" and generally made up of two distinct asset classes: equities (stocks) and fixed income (bonds).



But what if you're seeking greater diversification?

Portfolio diversification is especially important during times of higher market volatility. Correlations among asset classes tend to increase during these periods, making it harder to achieve effective diversification using traditional strategies. That's where liquid alternatives can help.

In the past, investing in alternative asset classes has been more common among institutional and high net-worth investors. Higher minimum investments, along with the relative complexity and lack of liquidity of alternatives, explain why they have never really been a great fit for most retail investors. Canadians can now get access to some of the additional diversification benefits and flexibility that alternative strategies can offer to an investor's portfolio.

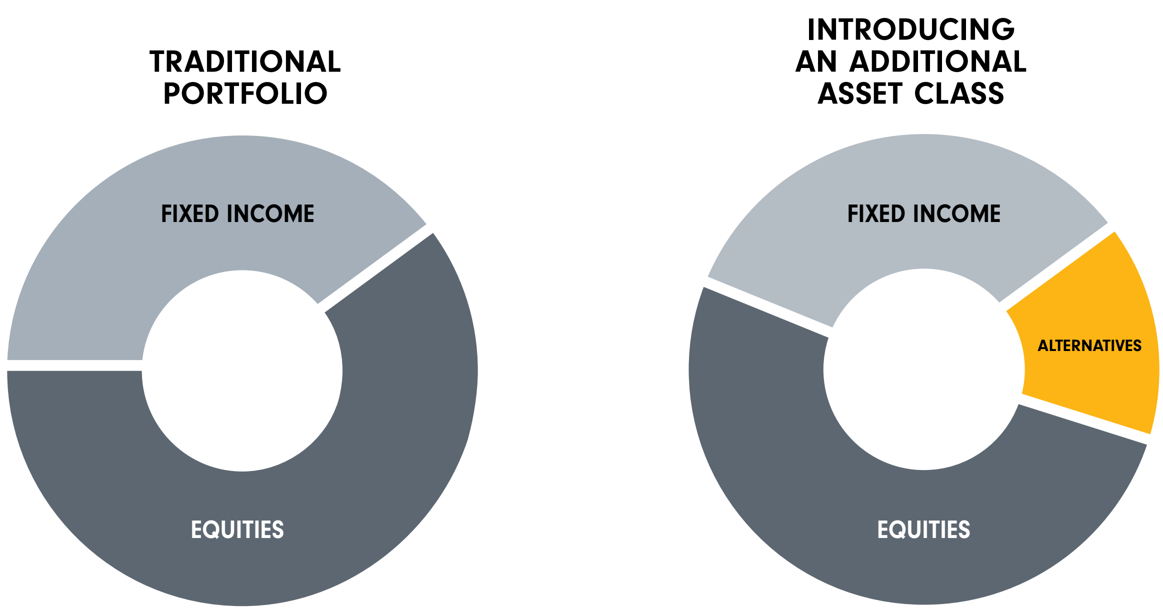
Adding liquid alternatives to your portfolio

Investors can think of liquid alternatives as a third asset class to complement their existing portfolio, because alternatives can provide diversification beyond traditional asset classes.

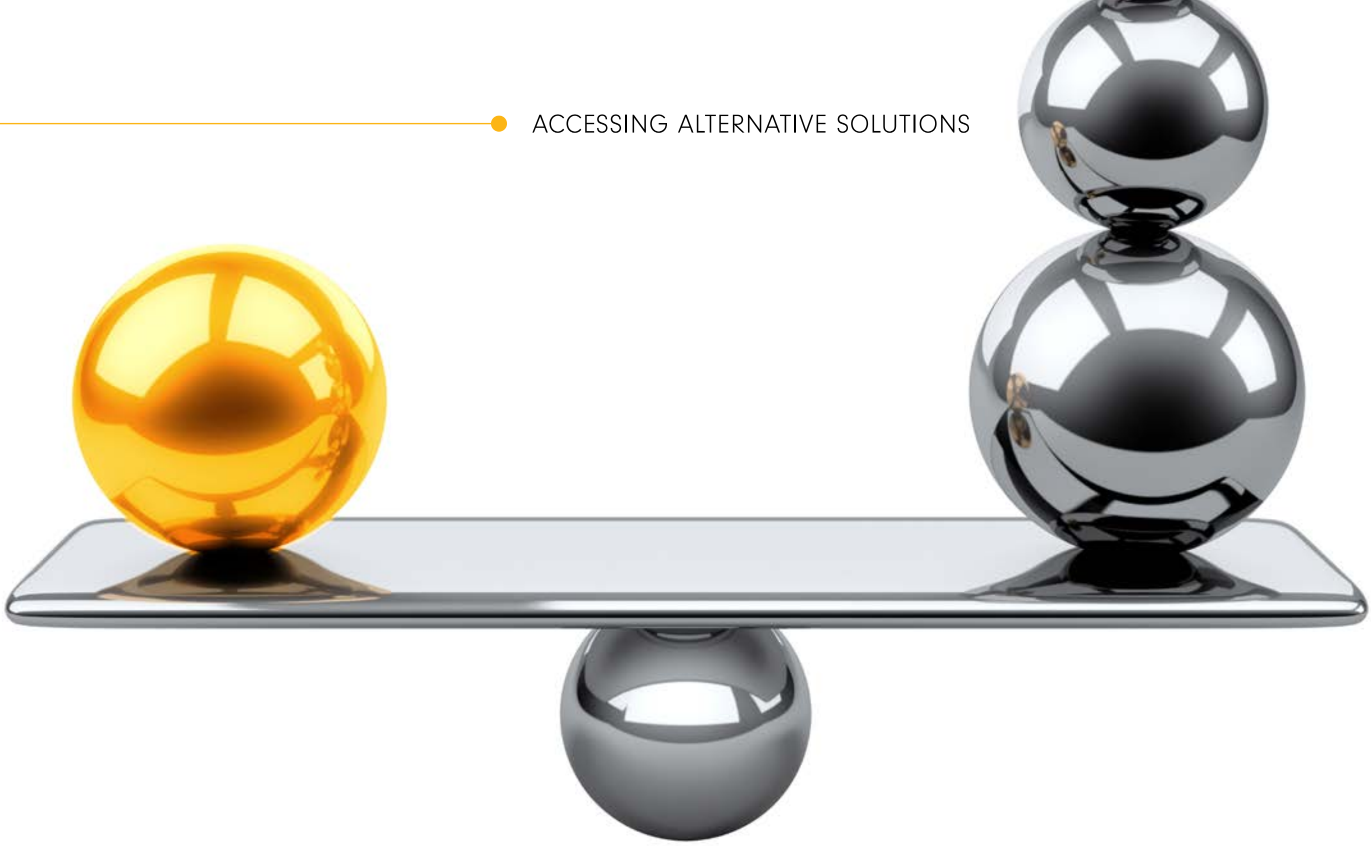
Liquid alternatives expand the opportunities in an investors' toolbox, and may offer benefits to those who wish to complement traditional portfolios that are composed primarily of equities and fixed income. Liquid alternatives have more flexibility in terms of what they can invest in, and may provide you with new sources of returns.

The optimal portfolio allocation to alternatives depends on the nature of your portfolio, investment objectives, constraints and specific investment circumstances.

Alternatives provide diversification beyond traditional asset classes.



Note: Illustrative allocation only. The above is not meant as investment advice.



Getting the best of both worlds

Alternative mutual funds provide investors the ability to access hedge fund-type strategies through a traditional mutual fund vehicle. Alternative mutual funds combine the advantages of hedge funds and conventional mutual funds. They retain the high liquidity, high accessibility, low minimum investment and strong regulatory oversight of a conventional mutual fund, while offering access to the broader scope of strategies available to a hedge fund.

HEDGE FUNDS		ALTERNATIVE MUTUAL FUNDS (LIQUID ALTERNATIVES)		CONVENTIONAL MUTUAL FUNDS
STRATEGIES SUCH AS LONG/SHORT, ARBITRAGE, GLOBAL MACRO	→	STRATEGIES SUCH AS LONG/SHORT, ARBITRAGE, GLOBAL MACRO		TRADITIONAL LONG-ONLY INVESTMENTS IN STOCKS AND BONDS
ACCREDITED INVESTORS		RETAIL INVESTORS	←	RETAIL INVESTORS
HIGH MINIMUM INVESTMENT		LOW MINIMUM INVESTMENT	←	LOW MINIMUM INVESTMENT
LOW LIQUIDITY/ REDEMPTION FREQUENCY		HIGH LIQUIDITY/ REDEMPTION FREQUENCY	←	HIGH LIQUIDITY/ REDEMPTION FREQUENCY
OFFERING MEMORANDUM		SIMPLIFIED PROSPECTUS	←	SIMPLIFIED PROSPECTUS
LOWER REGULATORY OVERSIGHT		HIGHER REGULATORY OVERSIGHT	←	HIGHER REGULATORY OVERSIGHT
LEVERAGE FLEXIBILITY (SHORTS, DERIVATIVES, BORROWING)	→	LEVERAGE FLEXIBILITY (SHORTS, DERIVATIVES, BORROWING)		LOW LEVERAGE FLEXIBILITY

Liquid alternative strategies

LONG/SHORT STRATEGIES

Long/short strategies consist of buying undervalued securities (e.g., a stock) and shorting overvalued securities. Ideally, the long position will increase in value, and the short position will decline in value. For example, a "130/30" long/short strategy means that for every $130 in long positions, there is around $30 in short positions.

MARKET NEUTRAL STRATEGIES

Market neutral strategies aim to provide positive absolute returns independent of the direction of the underlying market. The resulting portfolios typically have very little exposure to selected forms of risk, notably market risk.

MULTI-STRATEGY FUNDS

Multi-strategy funds, as the name suggests, are made up of a variety of different strategies. This diversification offers multiple sources of return, as well as some diversification, which can help during times of volatility.

For more information, speak to your financial advisor today, or visit fidelity.ca/**Alternatives**

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