A. BACKGROUND

Fidelity Investments Canada ULC ("FIC") offers 8 Tax-Smart CashFlow series of units throughout a variety of its fund products.

The Funds' prospectuses outline the annual tolerance ranges, which are used to adjust payout amounts from time to time as described below.

FUND TYPE	SERIES	TARGET ANNUALIZED CASH FLOW PER UNIT*	TOLERANCE RANGE
Equity, including Fidelity Growth and Global Growth Portfolios	T5/S5/F5/I5**	5%	4–6%
	T8/S8/F8/I8***	8%	6–10%
Asset Allocation and Balanced, including Fidelity ClearPath® Retirement Portfolios and Fidelity Managed Portfolios (except Growth and Global Growth Portfolios)	T5/S5/F5/I5****	5%	4.5–5.5%
	T8/S8/F8/I8*****	8%	7.5–9%

* To determine the monthly cash flow per unit, the annualized target is divided by 12.
** Collectively referred to as the 5-Series.
*** Collectively referred to as the 8-Series.
**** Collectively referred to as the 5-Series.
***** Collectively referred to as the 8-Series.

FIC has established policies which seek to protect the preservation of investors' capital in Tax-Smart CashFlow while attempting to minimize the client-facing impact of changes in monthly cash flow.

These policies include an automatic reset for distributing funds each December; provisions for a potential rate reset in January; and monthly oversight, which may result in a rate reset during the year.

The following Overview and Q&A has been prepared to provide clarity on the monitoring process and to help answer some common questions.

B. POLICY OVERVIEW

1. Year-end distribution rate change

Year-end distributions paid in December are automatically reinvested in additional units. When the Funds pay their year-end distributions, their NAV per unit drops, all else held constant, by the distribution per unit, and investors receive additional units. Due to the additional units, the aggregate monthly Tax-Smart CashFlow cash flow received by each investor is increased. This is an unintended increase.

To mitigate the impact of the year-end distributions on the cash flow, the monthly per unit Tax-Smart CashFlow payment will be reduced by the same percentage as the year-end distribution, effective on the December 31 Tax-Smart CashFlow pay date.

Q. If a Fund is not distributing in December, will there be a rate change?

A. No, if a Fund is not distributing, there will not be a reduction in the monthly Tax-Smart CashFlow payout rate.

Q. Will all the Tax-Smart CashFlow series in a Fund be reset, even if only a few of those series have December distributions?

A. No, only the series that have a December distribution will be subject to a rate reduction.

2. January rate reset

Immediately following the December 31 valuation date of any year, the cash flow per unit of each series of each Fund will be compared to its tolerance range. In the event any series has exceeded the upper limit, or is below the stated lower limit, the cash flow per unit will be adjusted effective January 31 to the target annualized cash flow. To ensure consistency within the 5-Series products, if one of these series is to be reset, all of these series of the same Fund will also be reset. Similarly, within the 8-Series products, if one of these series is to be reset, all of these series of the same Fund will also be reset.

Q. What series of a Fund will be reset in January if, say, only the S5 series has breached the tolerance band as outlined in the simplified prospectus?

A. For example, if a S5 series has breached the tolerance band as of December 31, all other 5-Series products for a particular Fund will be reset effective January 31 of the new year to the target annualized cash flow of 5%. The 8-Series will be unadjusted.

Q. How many consecutive months does a series have to be outside the tolerance bands in order to be subject to a January rate change?

A. Zero: a series only needs to be in breach as of December 31 in order to be subject to a January 31 rate reset.

3. Intra-year review

The cash flow per unit of each series of each Fund will be compared to the tolerance range on a monthly basis using the month-end NAV. In the event any series has exceeded the upper limit, or is below the stated lower limit, for six consecutive months, the cash flow per unit will be adjusted effective the following month-end to the target annualized cash flow. To ensure consistency within the 5-Series products, if one of these series is to be reset, all of these series of the same Fund will also be reset. Similarly, within the 8-Series products, if one of these series is to be reset, all of these series of the same Fund will also be reset.

Due to the complexities involving the December rate change for distributing series, it is normally expected that a six-consecutive-month breach of the stated lower or upper limit, identified in the month of November, will be addressed in January of the following year as part of the January rate reset.

Q. If a series was already reset in January, is it possible for another reset to happen in the current year?

A. Yes, if a series falls outside the tolerance bands for six consecutive months after the January rate review, it will be subject to an additional rate change. The potential for a rate change, in addition to a January rate change, would not occur until July 31 at the earliest.

Q. If a series was not reset in January, is it possible for a reset to happen in the first quarter of the year?

A. No, a series must be outside the tolerance bands for six consecutive months before the rate will be adjusted effective the seventh month. If a series was not subject to a rate reset in January, it means that it had not fallen outside the tolerance bands as of December 31. The earliest a series could be outside the tolerance bands would be January 31, and it would have to continue to be in breach until June 30 for a July 31 rate reset.

Q. What is the maximum number of times a series may be subject to a rate reset in any given year?

A. Twice. Based on the current policy, a series may be subject to a rate reset at most two times during a calendar year: the first being a rate reset on January 31, due to a breach of the tolerance bands as of December 31, and the second occurring July 31 or later, as described above.

4. Stable cash flow option

If selected, a stable cash flow option is available where a set dollar amount per month is chosen.

Q. What happens if the the stable cash flow option is chosen, and the Tax-Smart CashFlow rate is adjusted below the set dollar amount?

A. If the rate is adjusted below the set dollar amount, you will receive the lower amount on a monthly basis.

For more information, contact your financial advisor or visit fidelity.ca/**TaxSmart**

Commissions, trailing commissions, management fees, brokerage fees and expenses may be associated with investments in mutual funds, asset allocation services 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.

A return of capital reduces an investor's adjusted cost base. Capital gains taxes are deferred until units are sold or until their ACB goes below zero. Investors should not confuse this cash-flow distribution with a fund's rate of return or yield. While investors in Fidelity's tax-efficient series (Tax-Smart CashFlow) will be able to defer some personal capital gains, they must still pay tax on capital gains distributions. Tax-Smart CashFlow will also pay a year-end distribution that must be reinvested in additional securities of the applicable fund. The monthly cash-flow distributions on Tax-Smart CashFlow are not guaranteed will be adjusted from time to time and may include income.

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