

Return of your investments

The rate of return has been prepared using a time-weighted methodology recommended by the Investment Funds Institute of Canada. The return of your investments measures the performance of your money while invested in the fund (rather than simply how the fund performed). The time-weighted method takes into account the amount of time invested in the Fund and measures how an investment manager performs with the dollars you have invested. As a result, any applicable ISC/DSC charges on your units/shares are not factored into the rate of return calculations. Fund level rates of return are calculated using the currency you hold. Aggregate level rates of return (e.g. account level) are calculated using CDN\$.

Using the example below, return of your investments since inception would be calculated as follows:

STEP A – PURCHASE FUND(S) UNITS/SHARES

1. An initial deposit of \$10,000 on February 1, 1999, at a unit/share price of \$10.0000, would allow you to purchase 1,000 units/shares of a particular Fund(s).
2. A second deposit of \$2,000 on September 15, 2002, at a unit/share price of \$12.5000, would allow you to purchase 160 units/shares of a particular Fund(s).

STEP B – CALCULATE PERIODS BETWEEN CASH FLOWS

To calculate your rate of return, you need to determine your sub-period indices (S1, S2,...Sn) between cash flows. Cash flows are monies that are deposited or withdrawn from the Fund(s), excluding any distributions made to the Fund(s).

$$S1, S2, \dots, Sn = \frac{\text{market value of the Fund(s) at the end of the sub-period before the next cash flow}}{\text{market value of the Fund(s) at the beginning of the sub-period, including the next cash flow}}$$

1. S1 = period from February 1, 1999 (unit/share price of \$10.0000) to September 14, 2002 (unit/share price of \$12.5000)

$$S1 = \frac{1,000.00 \text{ units/shares} \times \$12.5000 \text{ per unit/share}}{1,000.00 \text{ units/shares} \times \$10.0000 \text{ per unit/share}} = \frac{\$12,500.00}{\$10,000.00} = 1.25$$

2. S2 = period from September 15, 2002 (unit/share price of \$12.5000) to statement date (unit/share price of \$16.0000)

$$S2 = \frac{1160 \text{ units/shares} \times \$16.0000 \text{ per unit/share}}{1160 \text{ units/shares} \times \$12.5000 \text{ per unit/share}} = \frac{\$18,560.00}{\$14,500.00} = 1.28$$

STEP C – CALCULATE RATE OF RETURN

To calculate your cumulative rate of return, we multiply each sub-period and convert to a percentage:

$ROR = [(S1 \times S2 \times \dots \times Sn) - 1] \times 100\% = [(1.25 \times 1.28) - 1] \times 100\% = (1.60 - 1) \times 100\% = 0.60 \times 100\% = 60\%$
since account inception.

We then annualize the cumulative return using the annualized rate of return formula for the specified period:

$$AROR = [(ROR+1)^{\frac{365}{\text{(number of days in period)}}} - 1] * 100\% = [(0.60+1)^{\frac{365}{2159}} - 1]$$

$$* 100\% = [(1.6)^{0.1691} - 1] * 100\% = [1.083 - 1] * 100\% = 0.083$$

$$* 100\% = 8.3\% \text{ since account inception.}$$

Please note that Fidelity only annualizes rates of return for three-, five-, ten-year and since-inception periods (if greater than one year).