

David Wolf on Monthly High Income ETFs

So I'm David Wolf. I am co-lead manager of Fidelity's multi-asset class mutual funds in Canada. And along with my colleagues, Geoff Stein and David Tulk, we're going to be managing the new Fidelity Canadian Monthly High Income and Global Monthly High Income ETFs for Canadian investors.

So the new Fidelity multi-asset class ETFs that we're going to be managing are seeking income, but also strong risk-adjusted total returns. The basic structure that we've developed to do that will be 60% equities, using Fidelity's Canadian, U.S. and international high-dividend ETFs, as well as 40% fixed income, across sovereign bonds, investment-grade and higher-yielding bonds, again, using Fidelity's ETF offerings.

There are two different versions. So the Canadian Monthly High Income ETF is going to be tilted, not surprisingly, toward Canadian assets, but actually both versions are going to have a mix of both domestic and foreign assets. And we think that's important – not only to drive returns but also, I think more importantly, to provide diversification and to manage risk for the portfolios as a whole. So we have the opportunity as lead managers to be quite flexible in terms of our allocations tactically, with respect to the different asset classes that we have available. And we also have the flexibility to go outside of that basic structure that I've described.

In short, I think that the best way to think about the new multi-asset ETFs is that we're going to be using the same established process that we've used for years – I think to great effect – in our asset allocation mutual funds. We're going to be doing it in this case with our Fidelity ETF building blocks, and frankly, we're looking forward to it.

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