



# **Fidelity Advantage Ether ETF™**

**Semi-Annual Management  
Report of Fund  
Performance**  
September 30, 2023

## **Caution Regarding Forward-looking Statements**

Certain portions of this report, including, but not limited to, “Results of Operations” and “Recent Developments”, may contain forward-looking statements about the Fund, including its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

It should be stressed that the above-mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

# Semi-Annual Management Report of Fund Performance as at September 30, 2023 Fidelity Advantage Ether ETF™

*This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements for the investment fund. You can get a copy of the semi-annual financial statements at your request, and at no cost, by calling 1-800-263-4077, by writing to us at Fidelity Investments, 483 Bay St. Suite 300, Toronto ON M5G 2N7 or by visiting our website at [www.fidelity.ca](http://www.fidelity.ca) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).*

*Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure relating to the investment fund.*

## Management Discussion of Fund Performance

### Results of Operations

Fidelity Advantage Ether ETF (Fund) returned -8.9%, after fees and expenses, for the six-month period ended September 30, 2023.

As a single-asset portfolio, the Fund's performance was driven solely by the performance of the ether cryptocurrency. Over the period under review, ether underperformed major stock and bond indexes. Fears of high inflation and a longer cycle for tight monetary policy continued to affect risk assets, including ether and other cryptocurrencies.

The period under review saw significant price volatility in the spot price of ether. Fear of regulatory uncertainty within the crypto ecosystem continued to pose risks to investors. In April of 2023, there was major uncertainty regarding ether's status, as SEC was asked questions about whether ether should be classified as a security. Ether and other cryptocurrencies fell to begin the period. The SEC also filed multiple lawsuits against the major crypto trading platforms, Binance and Coinbase. However, there were some positive developments in late August, with the announcement of a USD-pegged, ether-based stablecoin (PYUSD). Further, Grayscale won its legal case with the SEC to convert its Bitcoin Trust (BTC) into an ETF, potentially setting a precedent for new spot bitcoin ETFs, and subsequently, easier crypto access for investors. Despite these developments, ether continued to trend lower amid concerns of further tightening coming from the U.S. Federal Reserve, and regulatory hold-ups.

Portfolio changes:

During the period, the Fund's position in ether was increased in line with share creations, and trimmed in line with share redemptions.

### Recent Developments

Portfolio managers Edward Lui and Reetu Kumra continue to invest in line with the strategy set out in the Fund's investment objective.

The cryptocurrency space continues to evolve. There continues to be challenges related to lack of transparency and regulatory scrutiny. However, the portfolio managers believe recent developments with stablecoins and Grayscale could continue to support increased mainstream adoption of cryptocurrencies.

Effective September 19, 2023, Anne Bell of Mississauga, Ontario, became a member of the Independent Review Committee (IRC).

## Related Party Transactions

### Manager and Portfolio Adviser

The Fund is managed by Fidelity Investments Canada ULC (Fidelity). Fidelity is part of a broader group of companies collectively known as Fidelity Investments.

Fidelity provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, bookkeeping, record-keeping and other administrative services for the Fund.

Fidelity is the portfolio adviser to the Fund and it provides investment advisory services to the Fund. Fidelity provides investment advice with respect to the Fund's investment portfolio and arranges for the acquisition and disposition of portfolio investments, including all necessary brokerage arrangements.

The Fund pays Fidelity a monthly management and advisory fee for their services, based on the net asset value of each Series, calculated daily and payable monthly. The Fund paid Fidelity management and advisory fees of \$7,000 for the period ended September 30, 2023.

### Custodian

Fidelity, as manager of the Fund, has retained its affiliate, Fidelity Clearing Canada ULC (FCC), to act as custodian (Custodian) of this Fund and to hold its assets in safekeeping. FCC has retained the services of Fidelity Digital Asset Services, LLC to act as the ether sub-custodian (Sub-custodian) of the Fund and to subcustody the ether held by the Fund. The Sub-custodian is resident outside Canada and all or a substantial

## **Fidelity Advantage Ether ETF™**

### **Management Discussion of Fund Performance – continued**

portion of its assets are located outside Canada. The Fund has obtained exemptive relief from the securities regulatory authorities to permit the use of FCC as its custodian under NI 81-102. Also, the Fund, in respect of the ether that it purchases from or sells to FCC, enters into a contractual right to receive or an obligation to deliver, ether from/to FCC. Fund pays a monthly custodian fee for custodian services, based on the net asset value of the listed series, calculated daily and payable monthly. The Fund paid Custodian fees of \$5,000 for the period ended September 30, 2023.

### **Licensing**

Fidelity has retained Fidelity Product Services LLC, an affiliate of Fidelity Investments, to license Fidelity Ethereum Index (the “Index”) data for the provision of pricing the Fund with net asset values that are, in whole or in part, calculated using the performance of the Index. The Fund pays a fixed monthly licensing fee for services, calculated daily and payable monthly. The Fund paid Licensing fees of \$63,000 for the period ended September 30, 2023.

### **Independent Review Committee, Cross-Trading and *In specie* Transactions**

#### Independent Review Committee

Fidelity has established an independent review committee (IRC) that acts as an impartial and independent committee to review and provide recommendations or, if appropriate, approvals respecting conflict of interest matters referred to it by Fidelity. The IRC prepares, at least annually, a report of its activities for securityholders of the Fund. The report is available at [www.fidelity.ca](http://www.fidelity.ca) or at the securityholder’s request at no cost by contacting Fidelity, using the contact information available on the final page of this document.

#### Cross-Trading and *In specie* Transactions

The Fund received the approval and standing instructions from the IRC in order to:

- (i) engage in cross-trading, which is a form of interfund trading. A cross-trade occurs when the Fund purchases or sells portfolio securities from or to another Fund, a U.S. fund or a separately managed account, through a broker;
- (ii) permit the Fund, in certain circumstances, to purchase and redeem Fund securities in consideration for securities rather than cash of another Fund, investment fund or a separately managed account, managed by Fidelity.

For each of the transactions in (i) and (ii) above, the IRC’s standing instructions require Fidelity to act in accordance with its associated policies and procedures and applicable law, and comply with the conditions in each of the exemptive relief orders received, which, in the case of cross-trading, requires additional periodic reporting to the Ontario Securities Commission. The standing instructions also require that investment decisions in respect of these transactions (a) are free from any influence by an entity related to Fidelity and without taking into account any consideration relevant to an entity related to Fidelity; (b) represent the business judgment of Fidelity uninfluenced by considerations other than the best interests of the Fund; (c) comply with the applicable policies and procedures of Fidelity; and (d) achieve a fair and reasonable result for the Fund.

### **Brokerage Commissions**

The Fund may place a portion of its portfolio transactions with brokerage firms which are affiliates of Fidelity Investments, including National Financial Services LLC, provided it determines that these affiliates’ trade execution abilities and costs are comparable to those of non–affiliated, qualified brokerage firms, on an execution–only basis. Commissions paid to brokerage firms that are affiliates of Fidelity Investments were \$0 for the period ended September 30, 2023. Fidelity receives standing instructions from the IRC in respect of policies and procedures governing best execution of transactions with affiliates, which includes brokers affiliated to Fidelity Investments, at least once per year.

# Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period end of the years shown. This information is derived from the Fund's audited annual and/or unaudited semi-annual financial statements. Please see the front page for information about how you can obtain the Fund's annual or semi-annual financial statements.

## Fidelity Advantage Ether ETF™ Series L

	Six-months ended September 30, 2023	Period ended March 31, 2023 <sup>A</sup>
<b>The Series' Net Assets per Security<sup>B</sup></b>		
Net Assets, beginning of the period <sup>C</sup>	\$ 33.61	\$ 25.00
<b>Increase (decrease) from operations:</b>		
Total revenue	—	—
Total expenses (excluding distributions)	(.16)	(.13)
Realized gains (losses)	.05	—
Unrealized gains (losses)	(2.89)	8.74
<b>Total Increase (decrease) from operations<sup>C</sup></b>	<b>(3.00)</b>	<b>8.61</b>
<b>Distributions:</b>		
From net investment income (excluding dividends)	—	—
From dividends	—	—
From capital gains	—	—
Return of capital	—	—
<b>Total Distributions<sup>C, D</sup></b>	<b>—</b>	<b>—</b>
<b>Net Assets, end of the period<sup>C</sup></b>	<b>\$ 30.61</b>	<b>\$ 33.61</b>
<b>Ratios and Supplemental Data</b>		
Net asset value (000s) <sup>E</sup>	\$ 3,061	\$ 3,361
Securities outstanding <sup>E</sup>	100	100
Management expense ratio <sup>F</sup>	.95%	.95%
Management expense ratio before waivers or absorptions <sup>F</sup>	13.04%	14.59%
Trading expense ratio <sup>G</sup>	—%	—%
Portfolio turnover rate <sup>H</sup>	—	0.39%
Net asset value per security, end of period	\$30.6105	\$33.6086

<sup>A</sup> For the period August 25, 2022 (inception date) to March 31, 2023.

<sup>B</sup> This information is derived from the Fund's audited annual and/or unaudited interim financial statements. The net assets attributable to securityholders per security presented in the financial statements may differ from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to financial statements. For reporting periods ending after January 1, 2017 per security comparative figures (except for net asset value per security, end of period) have been conformed to the current rounding presentation of two decimal places.

<sup>C</sup> Net assets and distributions are based on the actual number of securities outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of securities outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per security.

<sup>D</sup> Distributions were paid in cash or reinvested in additional securities of the Fund, or both, and excludes any applicable distributions of management fee reduction to securityholders. Distributions are presented based on management's best estimate of the tax character.

<sup>E</sup> This information is provided as at period end of the year shown.

<sup>F</sup> Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset values during the period, including the Fund's pro-rata share of estimated expenses incurred in any underlying investment fund, if applicable.

<sup>G</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period, including the Fund's pro-rata share of estimated trading costs incurred in any underlying investment fund, if applicable.

<sup>H</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Fund. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of the portfolio securities, excluding short-term securities. For periods greater than six months, but less than a full fiscal year, the portfolio turnover rate is annualized.

# Fidelity Advantage Ether ETF™

## Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

### Year-by-Year Returns

The following bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance was changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year. For each Series in the Year-by-Year Returns table below, the most recent returns stated are for the current six month period.



Commencement of Operations is September 26, 2022.

## Summary of Investment Portfolio as at September 30, 2023

Sector Mix			Top Issuers	
	% of Fund's Net Assets as at 9/30/23	% of Fund's Net Assets as at 3/31/23		% of Fund's Net Assets
Digital Assets	100.0	100.0	1. Ether	<u>100.0</u>
Cash and Cash Equivalents	0.1	0.0		<u>100.0</u>
Net Other Assets (Liabilities)	(0.1)	0.0		
			<i>Total Fund Net Assets \$3,061,000</i>	

Where applicable, the information in the above tables includes the Fund's pro-rata share of the investment in any Fidelity managed underlying fund.

Comparative balances, as applicable, have been reclassified from country of incorporation to country of risk to align with current period presentation.

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. The most recent annual report, semi-annual report, quarterly report, ETF facts document or prospectus for the investment fund and/or underlying fund is available at no cost, by calling 1-800-263-4077, by writing to us at Fidelity Investments Canada ULC, 483 Bay St. Suite 300, Toronto ON M5G 2N7 or by visiting our web site at [www.fidelity.ca](http://www.fidelity.ca) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).



Fidelity Investments Canada ULC  
483 Bay Street, Suite 300  
Toronto, Ontario M5G 2N7

### **Manager**

Fidelity Investments Canada ULC  
483 Bay Street, Suite 300  
Toronto, Ontario M5G 2N7

### **Custodian**

Fidelity Clearing Canada ULC  
Toronto, Ontario

### **Transfer Agent and Registrar**

State Street Trust Company of Canada  
Toronto, Ontario

### **Portfolio Adviser**

Fidelity Investments Canada ULC  
Toronto, Ontario

Visit us online at  
[www.fidelity.ca](http://www.fidelity.ca)  
or call Fidelity Client Services  
at 1-800-263-4077

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