# Fidelity Advantage Ether ETF®

## Semi-Annual Management Report of Fund Performance

**September 30, 2024**

## 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, 2024
### 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 or SEDAR+ at 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® returned -27.7%, after fees and expenses, for the six-month period ended September 30, 2024.

As a single-asset portfolio, the Fund's performance was largely dependent on the performance of the ether cryptocurrency. Over the period under review, Ether underperformed major stock and bond indices. This underperformance comes on the heels of a period of strong outperformance and is largely related to issues directly impacting the ecosystem as well as broader uncertainty in markets.

The period under review saw significant price volatility in the spot price of cryptocurrencies. There have been many changes in the cryptocurrency ecosystem, including Bitcoin halving and the approval of Ethereum ETFs in the U.S.

Ether (ETH) has underperformed since the Dencun upgrade as mainnet fees were significantly reduced while Layer 2 solutions saw a boost in performance. Transaction fees were at a low and led to less ETH being burnt. This resulted in inflationary pressures for the token, resulting in its devaluation. Since the implementation of the upgrade, the ETH/BTC ratio is down nearly 18% in the past six months, indicating the continued dominance of Bitcoin over Ethereum. The Q3 return for Ethereum was the weakest it has performed in the past five years. Ethereum's negative performance has caused some to question the revenue accrual methodology following the Dencun upgrade. User growth on Layer 2 solutions have picked up greatly relative to growth on Ethereum resulting in a reduction of fees and the ability for the Network to accrue value to its holders. In addition to these sluggish on chain metrics, such as decreased user activity, Ethereum also faces competition from other networks which have much stronger on chain metrics, signaling that other tokens may have stronger value propositions.

In addition to the network specific factors that contributed to the Ethereum's performance, the threat of economic uncertainty, rising rates in Japan, and continued geopolitical tensions further weighed on the performance of major cryptocurrencies.

The cryptocurrency industry has witnessed many events which have resulted in increased volatility, such as the Mt. Gox bankruptcy, major governments such as Germany and the U.S. becoming large scale sellers, and the resulting influx of those coins into the market weighing heavily on market sentiment.

Additionally, in the case of Ethereum, the effect of the upgrade has also led to the question of if the Ethereum mainnet would be able to deliver on increasing revenues which would result in the value of the Ether token increasing over time. Layer 2 solutions appear to be preferred by users, due to efficiency and lower transaction costs.

Portfolio changes:

During the review 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 market continues to evolve. The portfolio managers believe that although regulatory challenges remain, the upcoming presidential election in U.S. is likely to play an important factor in the performance of the asset class. Additionally, following the interest rate cut in September, risk assets like Ether and Bitcoin may be favoured if economic momentum continues and rates continue to fall. The past six months also saw the SEC approve options to be traded on Bitcoin ETFs. These approvals indicate further institutionalization of digital assets, which may result in more efficiencies in the market.

### Related Party Transactions

#### Manager and Portfolio Adviser

The Fund is managed by Fidelity Investments Canada ULC (Fidelity). Fidelity is part of a broader collection 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 $37,000 for the period ended September 30, 2024.

#### 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 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 investment fund not governed by NI 81-102, 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.

# 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, 2024 | Periods ended March 31, 2024 | 2023 [A] |
|---|---|---|---|
| **The Series' Net Assets per Security** [B] | | | |
| Net assets, beginning of period [C] | $ 64.98 | $ 33.61 | $ 25.00 |
| **Increase (decrease) from operations:** | | | |
| Total revenue | – | – | – |
| Total expenses (excluding distributions) | (.20) | (.40) | (.13) |
| Realized gains (losses) | – | .07 | – |
| Unrealized gains (losses) | (20.12) | 49.72 | 8.74 |
| **Total increase (decrease) from operations** [C] | (20.32) | 49.39 | 8.61 |
| **Distributions:** | | | |
| From net investment income (excluding dividends) | – | – | – |
| From dividends | – | – | – |
| From capital gains | – | (.04) | – |
| Return of capital | – | – | – |
| **Total distributions** [C,D] | – | (.04) | – |
| **Net assets, end of period** [C] | $ 47.01 | $ 64.98 | $ 33.61 |
| **Ratios and Supplemental Data** | | | |
| Net asset value (000s) [E] | $ 20,216 | $ 18,409 | $ 3,361 |
| Securities outstanding [E] | 430,000 | 280,000 | 100,000 |
| Management expense ratio [F] | .73% | .95% | .95% |
| Management expense ratio before waivers or absorptions [F] | 1.55% | 5.91% | 14.59% |
| Trading expense ratio [G] | –% | –% | –% |
| Portfolio turnover rate [H] | 0.00% | 0.91% | 0.39% |
| Net asset value per security, end of period | $ 47.0143 | $ 64.9793 | $ 33.6086 |

A *For the period August 25, 2022 (inception date) to March 31, 2023.*

B *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.*

C *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.*

D *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.*

E *This information is provided as at period end of the year shown.*

F *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.*

G *The trading expense ratio represents total commissions, other portfolio transaction costs and dividends and interest expense on securities sold short 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.*

H *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 portfolio securities owned by the Fund, excluding short-term securities. The portfolio turnover rate includes any proceeds from a short sale in the value of sales of securities and the cost of covering a short sale in the value of purchases of securities. For periods greater than six months, but less than a full fiscal year, the portfolio turnover rate is annualized. The portfolio turnover rate excludes any adjustment for in-kind transactions.*

## Management and Advisory Fees

Fidelity serves as manager and investment advisor of the Fund. The Fund pays Fidelity a monthly management and advisory fee for its services, based on the net asset value of each Series, calculated daily and payable monthly. Fidelity uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund securities, as well as for the general investment management expenses. Dealer compensation represents cash commissions paid by Fidelity to registered dealers during the period and includes upfront deferred sales charge and trailing commissions. This amount may, in certain circumstances, exceed 100% of the fees earned by Fidelity during the period. For new Funds or Series the amounts presented may not be indicative of longer term operating periods.

| | Management Fees (%) | Dealer Compensation (%) | Investment management, administration and other (%) |
|---|---|---|---|
| Series L | 0.390 | - | 100.00 |

# 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.

### Series L

| Fiscal Years | 2023 | 2024 | 2024 |
|---|---|---|---|
| (%) | 34.4 | 93.4 | -27.7 |


*Commencement of Operations is September 26, 2022*

**Fidelity Advantage Ether ETF®**

# Summary of Investment Portfolio as at September 30, 2024

## Asset Mix

| | % of Fund's Net Assets as at September 30, 2024 | % of Fund's Net Assets as at March 31, 2024 |
|---|---|---|
| Digital Assets | 99.7 | 99.8 |
| Cash and Cash Equivalents | 0.0 | 0.2 |
| Net Other Assets (Liabilities) | 0.3 | 0.0 |

## Top Issuers

| | | % of Fund's Net Assets |
|---|---|---|
| 1. | Ether | 99.7 |

*Total Fund Net Assets $20,216,000*

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

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, fund facts document or simplified 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 or SEDAR+ at 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, 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***
or call Fidelity Client Services
at 1-800-263-4077





1.9383200.100
FICL-FETH-MRFPS-1124