Fidelity American High Yield Fund

Quarterly Investment Review

December 31, 2023

FIDELITY CANADA INSTITUTIONAL™

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Overview

INCEPTION DATE: October 01, 2003
BENCHMARK: ICE BofA U.S. High Yield Constrained Index
FUND MANAGER: Harley J Lank, Alexandre Karam

OBJECTIVE

The Fund aims to achieve a combination of a high level of income and the potential for capital gains by investing primarily in higher yielding securities issued by U.S. companies.

APPROACH

- Offers the potential for higher yield and capital growth than an investment-grade fixed-income fund.
- Can enhance diversification in a fixed-income portfolio.
- Leverages Fidelity's global resources and expertise in high-income investing.

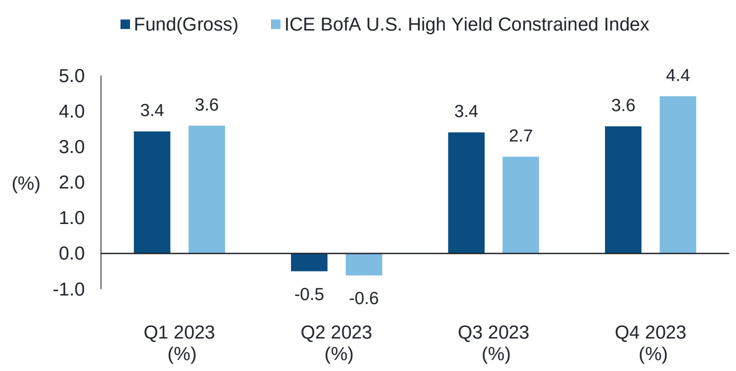
PERFORMANCE RETURNS (%)

	Cumulative					Annualized				
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Fidelity American High Yield Fund - Series O	3.43	(0.50)	3.40	3.57	10.21	10.21	5.65	5.69	7.64	7.12
ICE BofA U.S. High Yield Constrained Index	3.59	(0.62)	2.72	4.42	10.43	10.43	3.18	4.46	6.79	6.60
Relative Return	(0.16)	0.12	0.68	(0.85)	(0.22)	(0.22)	2.47	1.23	0.85	0.52

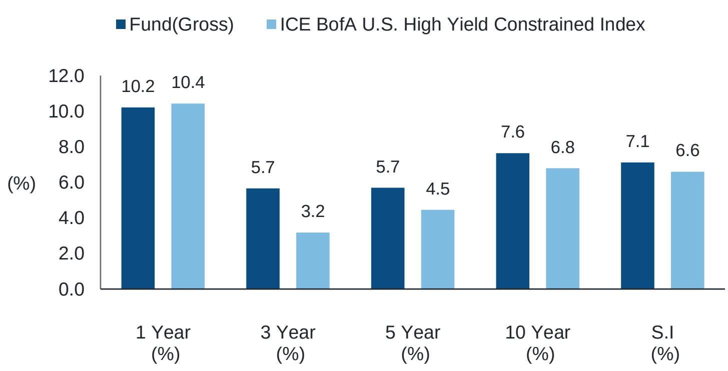
Performance returns are unaudited and time-weighted.

Note: Differences may be due to rounding.

Cumulative Quarterly Performance



Annualized as of December 31, 2023



FIDELITY CANADA INSTITUTIONAL™

Overview

PERFORMANCE RETURNS (%): CALENDAR YEAR RETURNS

	Calendar Year Returns									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fidelity American High Yield Fund - Series O	10.21	(1.16)	8.26	1.90	9.73	6.29	1.76	10.65	16.35	13.70
ICE BofA U.S. High Yield Constrained Index	10.43	(4.76)	4.45	4.21	8.63	6.54	0.42	13.42	14.40	11.75
Relative Return	(0.22)	3.60	3.81	(2.31)	1.10	(0.25)	1.34	(2.77)	1.95	1.95

Performance returns are unaudited and time-weighted.

Note: Differences may be due to rounding.

Quarterly Fund Commentary

- The Fund's security selection in the utility industry and the leisure industry contributed to relative returns over the quarter.
- In the utility industry, investments in Pacific Gas and Electric and in DPL were among the top contributors. In leisure, an investment in New Cotai contributed. In other industries, investments in Community Health Systems also contributed.
- The Fund's security selection in the energy industry and the media industry detracted from relative returns.
- In energy, investments in Denbury and California Resources detracted. In media, an investment in DISH Network was the primary detractor. In other industries, investments in First Quantum Minerals and Citigroup detracted.

Annual Fund Commentary

- The Fund's security selection in the technology and electronics industry and the services industry contributed to relative returns over the year.
- In technology and electronics, lack of exposure to an American network infrastructure provider and an investment in MicroStrategy contributed. In services, investments in Brand Energy and CoreLogic contributed. In other industries, investments in Vistra Operations and Community Health Systems also contributed.
- The Fund's security selection in the energy industry and the transportation industry detracted from relative returns over the year.
- In energy, investments in Mesquite Energy and Chesapeake Energy detracted. In transportation, an investment in Western Global Airlines detracted. In other industries, investments in Carvana and DISH Network detracted.

Positioning and Outlook

- Portfolio managers Harley Lank and Alexandre Karam note that high-yield securities had a strong fourth quarter in 2023 – spreads tightened noticeably given the pivot in November by the U.S. Federal Reserve (the Fed).
- During December's Fed meeting, Fed chair Jerome Powell acknowledged that the economy was slowing as expected and signalled interest rate cuts in 2024 following signs of a cooling labour market and slowing inflation.
- Harley and Alexandre note, however, that with a debt maturity wall still in 2025 and beyond, most issuers still have some time before interest expenses increase. The managers believe this backdrop could provide a tailwind for the sector in the short and intermediate terms.
- Upgrades relative to downgrades for the sector remain in line with their long-term averages; the managers therefore do not expect a large spike in defaults in the near term.
- The Fund's largest exposure is to the energy sector. Despite the sector detracting from relative returns in the fourth quarter, the managers remain optimistic because energy provides strong earnings and is structurally underinvested.
- The managers are making few new investments, instead adopting a wait-and-see approach to credit risk-taking.
- Harley and Alexandre have positioned the portfolio neutrally to slightly underweight relative to its benchmark from a risk perspective and remain prepared to take advantage of any volatility that may arise.

Investment Process

- Fidelity's American High Yield Fund employs an active management approach characterized by high-quality non-investment-grade debt securities, highly diversified portfolio exposures across industries and issuers, and a strict focus on controlling overall absolute and relative portfolio volatility. Company fundamentals are emphasized over yield, with particular focus on cash-flow-generating capability and strong capital structures.
- Portfolio construction is the culmination of the integrated contributions of the analysts and portfolio manager. The portfolio managers, Harley Lank and Alexandre Karam, are responsible for assimilating the recommendations of the research analysts into a portfolio that is diversified and risk-controlled. Individual positions are weighted in accordance with the manager's level of confidence with respect to the issuer's prospects. Consistent with our active investment style, portfolios are constantly monitored to determine whether new or secondary issues that may offer better value should replace existing holdings. Our large research team enables us to cover approximately 80% of the high yield universe on a market capitalization basis, including virtually all new issues brought to the market.
- The foundation of Fidelity's high yield bond investment process is fundamental, bottom-up credit research, combining quantitative and qualitative analysis. Quantitative analysis includes extensive financial modeling to properly assess a company's historical performance and formulating pro forma estimates for future operations. These models help analyze trends such as revenue growth, gross and net profit margins, and cash flow growth. Most importantly, this modeling enables us to determine whether current and future cash flows are sufficient to adequately service the company's liabilities. Qualitatively, our analysts perform extensive bottom-up research and rely on interaction with company management to discuss industry trends, business plans, and earnings and cashflow estimates. This is supplemented through the use of external consultants and industry surveys.
- The security selection process, done on both an absolute and relative basis, has the greatest influence on returns in the investment process. Once our fundamental analysis determines that a company is appealing, we determine whether the company's securities are attractively priced. We analyze the entire capital structure of each issuer ranging from senior bank debt to preferred stock/equity, and will invest where we believe the best risk/reward profile exists. The output of our analysts' research includes internal company ratings as well as comprehensive research that are published on a daily basis. Given our bottom-up focus, specific industries generally are not targeted for investment; however, industry overweighting or underweighting relative to the benchmark may occur when many companies within the same industry offer solid or deteriorating values. Mr. Lank and Mr. Karam reviews the portfolio continuously to ensure that imprudent exposure to individual industries is avoided.

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The value of a strategy's investments will vary day to day in response to many factors, including in response to adverse issuer, political, regulatory, market or economic developments. The value of an individual security or a particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. Nearly all accounts are subject to volatility in foreign exchange markets.

The performance of fixed income strategies will change daily based on changes in interest rates and market conditions and in response to other economic, political or financial developments. Debt securities are sensitive to changes in interest rates depending on their maturity, and may involve the risk that their prices may decline if interest rates rise or, conversely, if interest rates decline, their prices may increase. Debt securities carry the risk of default, prepayment risk and inflation risk. Changes specific to an issuer, which may involve its financial condition or economic environment, can affect the credit quality or value of an issuer's securities. Lower-quality debt securities (those of less than investment grade quality, also referred to as high yield debt securities) and certain types of other securities are more volatile and are often considered to be speculative and involve greater risk due to increased sensitivity to adverse issuer, political, regulatory and market developments, especially in periods of general economic difficulty. The value of mortgage securities may change due to shifts in the market's perception of issuers, changes in interest rates, or regulatory or tax changes.

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