



# Fidelity NorthStar Fund

## Quarterly Investment Review

December 31, 2024

165077-v2025128

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## Overview

**INCEPTION DATE:** October 31, 2002

**FUND MANAGER:** David Wolf, Daniel Dupont, Kyle Weaver, Morgen Peck, Samuel Chamovitz, Becky Baker

### OBJECTIVE

The Fund aims to achieve long-term capital growth.

It invests primarily in equity securities of companies anywhere in the world.

### APPROACH

- Offers an unconstrained strategy that seeks to invest in the best companies anywhere in the world.
- Managed by two veteran portfolio managers who are supported by Fidelity's global resources.
- Unique co-management approach aims to mitigate downside risk in volatile markets.

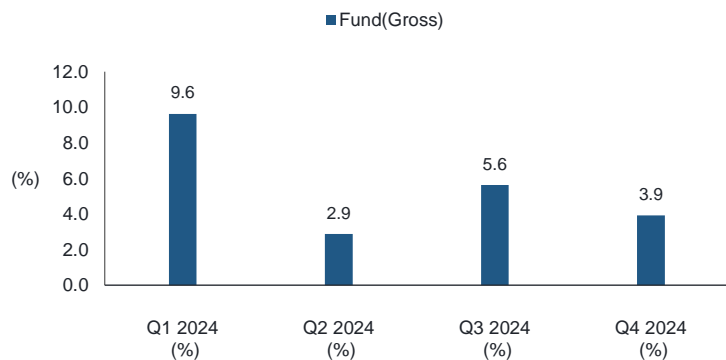
### PERFORMANCE RETURNS (%)

	Cumulative					Annualized				
	Q1 2024	Q2 2024	Q3 2024	Q4 2024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Fidelity NorthStar Fund - Series O	9.63	2.87	5.63	3.93	23.81	23.81	11.54	13.47	10.36	10.40

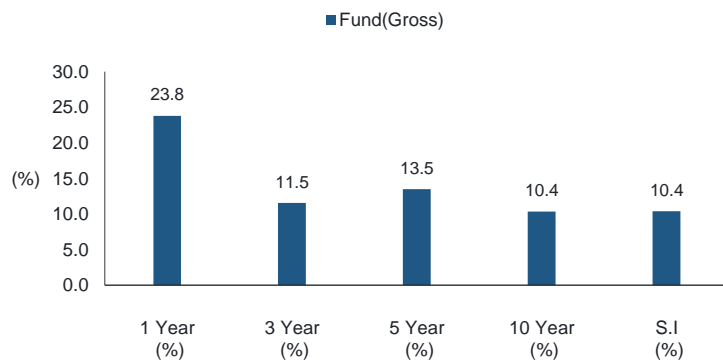
Performance returns are unaudited and time-weighted.

Note: Differences may be due to rounding.

### Cumulative Quarterly Performance



### Annualized as of December 31, 2024



## Overview

### PERFORMANCE RETURNS (%): CALENDAR YEAR RETURNS

	Calendar Year Returns									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fidelity NorthStar Fund - Series O	23.81	17.13	(4.31)	10.29	22.88	7.36	(2.88)	6.58	0.33	27.82

Performance returns are unaudited and time-weighted.

Note: Differences may be due to rounding.

## Quarterly Fund Commentary

- The Fund's investments in the information technology and financials sectors contributed to absolute performance.
- In information technology, investments in Nvidia and Marvell Technology boosted absolute returns the most. In financials, investments in Wells Fargo and Raymond James Financial were notable contributors. In other sectors, holdings in Amazon.com and Alphabet contributed to absolute performance.
- Investments in the health care and materials sectors were the largest absolute detractors.
- In health care, investments in Bayer and Elevance Health weighed on performance. In materials, holdings in SoulBrain and Celanese detracted from performance. In other sectors, investments in Nestlé and Rémy Cointreau also detracted.

## Annual Fund Commentary

- The Fund's investments in the information technology and financials sectors contributed to absolute performance.
- In information technology, holdings in Nvidia and Microsoft contributed to absolute performance. In financials, allocations to Wells Fargo and Raymond James Financial boosted absolute returns. In other sectors, investments in Meta Platforms and Amazon.com were notable contributors.
- There were no notable detractors over the year.

## Positioning and Outlook

- The portfolio managers' distinctive but complementary investment approaches enable alpha generation throughout the market cycle.
- Global value portfolio managers Sam Chamovitz and Morgen Peck are implementing a pair trading strategy. Their investment decisions combine buying defensive, high-quality opportunistic stocks that have the potential to generate risk-adjusted returns over the long term, with simultaneously selling volatile stocks that have become overpriced. For instance, the managers have maintained the Fund's exposure to certain stable insurers and capital goods manufacturers with strong pricing power that can pass on policy price increases to customers.
- Given the constrained energy supply, Sam and Morgen seek large, economically resilient, well-established businesses that benefit from economies of scale and the new U.S. administration's pipeline deregulation.
- Geographically, the managers maintained their sleeve's overweight stance in Japan and Europe because they believe these regions hold ample investment opportunities in the small- and mid-capitalization segment with attributes that align well with the managers' investment philosophy. In the managers' view, the Fund is well-positioned to navigate the current volatile market environment because it benefits from a low beta profile, which is an outcome of the way they manage the Fund with patience and a long-term view.
- Amid rising concerns about the resurgence of inflation driven by President Trump's policies, portfolio manager Dan Dupont is taking a measured approach in selecting securities with appealing risk/reward profiles that are less affected by the current macroeconomic uncertainty. Accordingly, he is exploring defensive opportunities in Canadian and emerging markets telecommunication firms and consumer staples, specifically European beverage and tobacco manufacturers and grocers, influenced by the prospect of sustained high interest rates negatively affecting interest-rate-sensitive stocks.
- Additionally, Dan has been adding geographic diversification to the portfolio by finding value in overlooked markets such as the U.K., China and Brazil, which he sees as undervalued from a top-down perspective. Given Dan's strict focus on capital preservation and effective capital allocation, the Fund may offer an enhanced investor experience during periods of heightened market volatility.
- Growth portfolio co-managers Kyle Weaver and Becky Baker continue to focus on companies with strong fundamentals that are attractively valued based on a long-term investment horizon, typically three to seven years. They stress the importance of having a portfolio of stocks that are likely to behave differently during different types of markets, classifying them into three key growth profiles: resilient businesses, strong long-term growers and companies that may have breakthrough growth.
- The easing of monetary policy measures and new prospects for the incoming Republican government have provided a more favourable environment for the emerging growth area of the market that Kyle and Becky are focused on. The co-managers note that many companies have continued to show strong earnings results and have been rewarded with more premium multiples, but Kyle and Becky remain focused on overweighting holdings in the portfolio that they believe are cheap relative to their long-term earnings basis.
- The co-managers continue to maintain an offensive portfolio, while also realizing the benefits of more defensive positioning in their resilient growth bucket in sectors such as communication services. They continuously focus on how new trends, such as artificial intelligence, may affect the more growth-oriented sectors, such as information technology, and on finding opportunities across a wide variety of sectors.

## Performance Attribution

### SECTOR ATTRIBUTION SUMMARY - 3 MONTHS

Sector	Average Fund Weight (%)	Fund Return (%)	Total Absolute Contribution (bps)
INFORMATION TECHNOLOGY	21.41	8.82	182
FINANCIALS	10.60	15.32	154
COMMUNICATION SERVICES	7.92	9.46	72
CONSUMER DISCRETIONARY	11.24	5.10	54
CONSUMER STAPLES	14.06	0.90	14
ENERGY	3.63	1.49	5
INDUSTRIALS	10.29	0.03	1
MULTI SECTOR	0.02	4.67	0
REAL ESTATE	1.00	(0.42)	0
UTILITIES	1.68	(0.75)	(2)
MATERIALS	3.87	(6.89)	(27)
HEALTH CARE	9.87	(8.85)	(97)
<b>SUBTOTAL</b>	<b>95.58</b>	<b>3.69</b>	<b>357</b>
CASH AND OTHER	4.42	-	36
<b>TOTAL</b>	<b>100.00</b>	<b>3.93</b>	<b>393</b>

Note: Differences may be due to rounding.

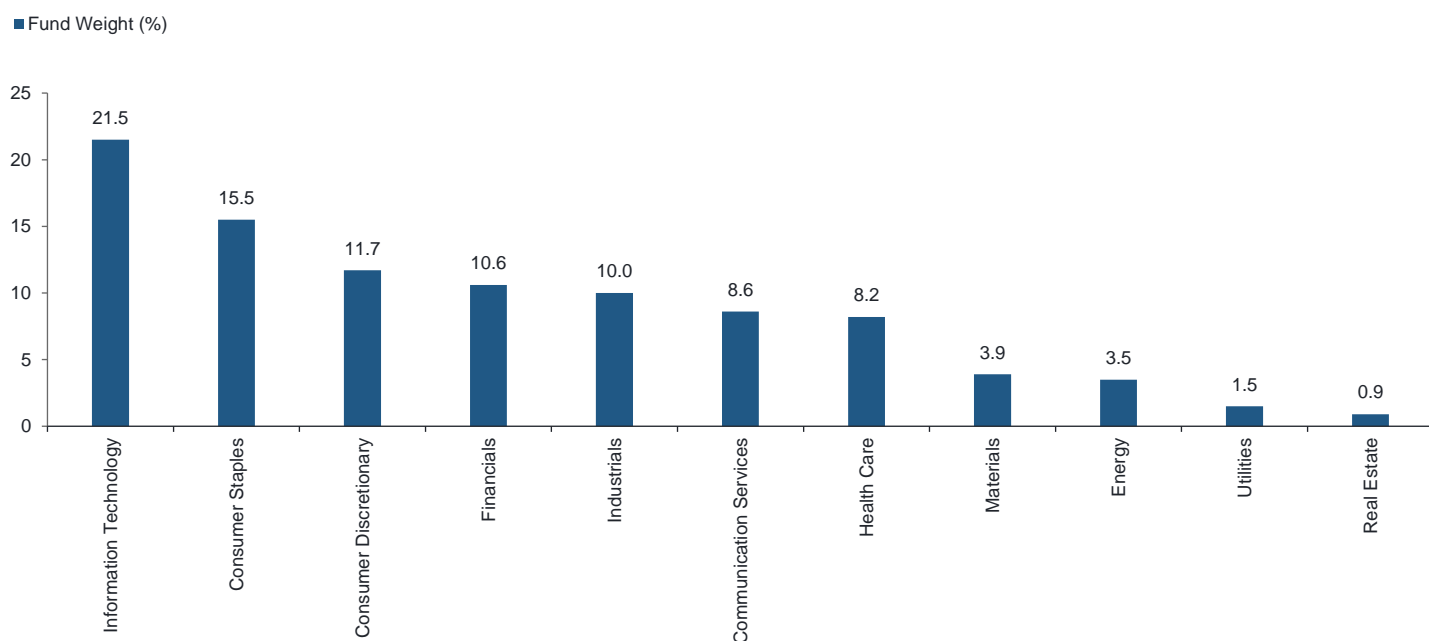
### SECTOR ATTRIBUTION SUMMARY - 1 YEAR

Sector	Average Fund Weight (%)	Fund Return (%)	Total Absolute Contribution (bps)
INFORMATION TECHNOLOGY	20.38	42.67	803
FINANCIALS	10.16	35.84	362
CONSUMER DISCRETIONARY	12.49	24.76	318
CONSUMER STAPLES	13.82	20.61	290
COMMUNICATION SERVICES	7.49	40.09	280
INDUSTRIALS	11.48	15.29	189
ENERGY	4.10	10.42	51
UTILITIES	1.41	27.55	38
REAL ESTATE	0.96	24.68	25
HEALTH CARE	11.17	0.33	10
MULTI SECTOR	0.05	10.39	2
MATERIALS	3.97	(10.86)	(50)
<b>SUBTOTAL</b>	<b>97.49</b>	<b>23.77</b>	<b>2,316</b>
CASH AND OTHER	2.51	-	65
<b>TOTAL</b>	<b>100.00</b>	<b>23.81</b>	<b>2,381</b>

Note: Differences may be due to rounding.

## Fund Positioning

### SECTOR ALLOCATION



Sector breakdowns are only applied to equities and convertibles and the allocation percentages may not add to 100%.

Fund weights are based on end weights as at each quarter end.

### TOP 10 HOLDINGS

Holding	Sector
NVIDIA CORP	INFORMATION TECHNOLOGY
MICROSOFT CORP	INFORMATION TECHNOLOGY
META PLATFORMS INC CL A	COMMUNICATION SERVICES
AMAZON.COM INC	CONSUMER DISCRETIONARY
ALPHABET INC CL C	COMMUNICATION SERVICES
IMPERIAL BRANDS PLC	CONSUMER STAPLES
METRO INC	CONSUMER STAPLES
BRITISH AMERICAN TOBACCO PLC	CONSUMER STAPLES
APPLE INC	INFORMATION TECHNOLOGY
ROKU INC CLASS A	COMMUNICATION SERVICES

## Investment Process

### Daniel Dupont – Process overview

- Bottom-up, fundamental company analysis is the primary driver of portfolio construction
- Employs a value oriented style by aiming to purchase stocks at significant discounts
- Looks for strong companies with unrealized growth potential trading at discounted prices
- Highly values quality management with a strong and consistent track record of effective execution
- Looks for stocks that will deliver high return on capital over time, with long-term sustainable businesses, that are trading at low valuation multiples
- Number of holdings typically between 20-50 names and will typically have low turnover; position size is a function of conviction and is considered in relative terms.
- Assesses relative value among stocks on the basis of relative upside potential and downside risk
- Buys/sells purely a function of relative valuation and company fundamentals

### Joel Tillinghast – Process overview

Because of his focus on discounted valuations relative to intrinsic value, most investment theses on the companies in which he invests tend to take time to play out.

Valuations assessment is focused on the balance sheet and income statement. Joel Tillinghast aims to seek out companies with little or no debt and primarily tangible assets. He also looks for companies that are growing faster than their peers. His evaluation process involves testing for quality of earnings, consistency of earnings, and stability of revenue. The ability of management to execute successfully on sound strategy is a key consideration in assessing the value of a company as well.

Key factors that are considered in the valuation process include:

- Discounted valuations
- Management quality
- Low debt-to-equity ratios
- High margin businesses
- Niche products/services and market leadership with strong evidence of a sustainable competitive advantage
- High levels of free cash flow
- Business models that target repeat or habitual purchases or that are based on repeatable fee-generating activities

### Kyle Weaver and Becky Baker– Process overview

Looking for good companies that can be owned for years or decades and are extremely cheap on a 3-7 year view of earnings.

U.S. focused with flexibility to seek investments globally

Seeks to buy companies with:

- Well positioned industries or niches
- Secular tailwinds
- Ability to build or unlock shareholder value
- Revenue that is growing and durable
- Profit margins that are stable or improving
- Above-average capital stewardship
- Valuation that is reasonable, or reflects skepticism or misunderstanding



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Performance results for individual accounts will differ from performance results for composites and representative accounts due to factors such as portfolio size, especially if currently only funded with affiliated fee paying seed capital, timing of investments, market conditions, account objectives and restrictions, and factors specific to a particular investment structure.

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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The securities, derivatives and currency markets of emerging market countries are generally smaller, less developed, less liquid, and more volatile than the securities, derivatives and currency markets of the United States and other developed markets and disclosure and regulatory standards in many respects are less stringent. There also may be a lower level of monitoring and regulation of markets in emerging market countries and the activities of investors in such markets and enforcement of existing regulations may be extremely limited. Government enforcement of existing market regulations may be limited, and any enforcement may be arbitrary and the results may be difficult to predict. Emerging market countries are more likely than developed market countries to experience political uncertainty and instability, due to factors such as war, terrorism, nationalization, limitations on the removal of funds or other assets, or diplomatic developments that affect investments in these countries. In many cases, governments of emerging market countries continue to exercise significant control over their economies. In addition, there is a heightened possibility of expropriation or confiscatory taxation, imposition of withholding taxes on interest payments, or other similar developments that could affect investments in those countries.

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