

# Fidelity NorthStar Fund

## Quarterly Investment Review

March 31, 2025

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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.

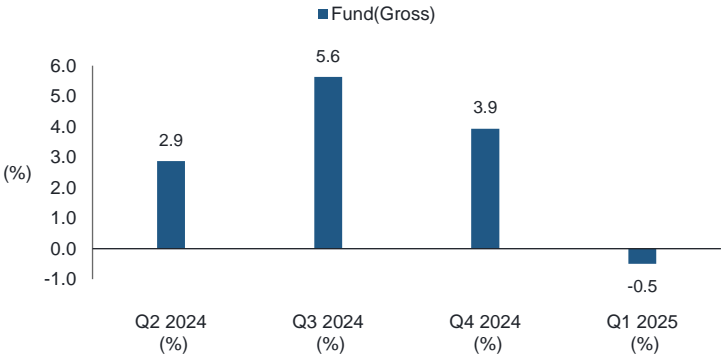
APPROACH

- 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.

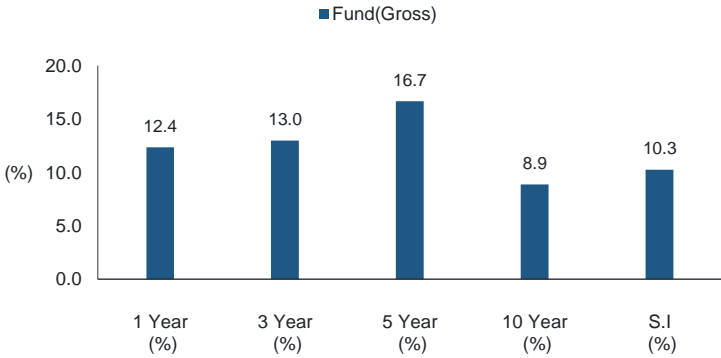
	Cumulative					Annualized				
	Q2 2024	Q3 2024	Q4 2024	Q1 2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Fidelity NorthStar Fund - Series O	2.87	5.63	3.93	(0.50)	(0.50)	12.36	12.99	16.67	8.88	10.25

Performance returns are unaudited and time-weighted.  
Note: Differences may be due to rounding.

Cumulative Quarterly Performance



Annualized as of March 31, 2025



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 consumer staples and health care sectors contributed to absolute performance.
- In consumer staples, investments in Imperial Brands and British American Tobacco boosted absolute returns the most. In health care, investments in CVS Health and Bayer were notable contributors. In other sectors, allocations to Alibaba Group Holding and T-Mobile US contributed to absolute performance.
- Investments in the information technology and consumer discretionary sectors were the largest absolute detractors.
- In information technology, investments in Nvidia and Broadcom weighed on performance. In consumer discretionary, holdings in Amazon.com and Tesla detracted from performance. In other sectors, investments in Alphabet and Diageo also detracted.

## 12 Month Fund Commentary

- The Fund's investments in the consumer staples and financials sectors contributed to absolute performance.
- In consumer staples, holdings in Imperial Brands and British American Tobacco contributed to absolute performance. In financials, allocations to Wells Fargo and TMX Group boosted absolute returns. In other sectors, investments in Nvidia and Alibaba Group Holding were notable contributors.
- Investments in the materials and energy sectors detracted from absolute performance.
- In materials, holdings in High Power Exploration and Soulbrain detracted from absolute returns. In energy, investments in Cenovus Energy and Peabody Energy weighed on performance. In other sectors, holdings in Diageo and Builders Firstsource also detracted.

## 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 represent a combination of defensive and high-quality opportunistic ideas with the potential of generating risk-adjusted returns over the long-term, while simultaneously selling off volatile stocks that have become overpriced with time.
- For instance, the managers have maintained the Fund's exposure to certain stable insurers, capital goods manufacturers, and semiconductor capital equipment and hardware companies with strong pricing power that can pass on price increases to customers. Given the constrained energy supply, the managers seek large, well-established, economically resilient 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 these regions hold ample investment opportunities in the small- and mid-capitalization segments with attributes that align well with the managers' investment philosophy.
- Prioritizing capital preservation, 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 telecommunications firms and in consumer staples, more specifically European beverage and tobacco manufacturers and grocers, influenced by the prospect of sustained high interest rates negatively affecting interest rate-sensitive stocks.
- Additionally, the manager 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 aim to achieve long-term capital growth by taking advantage of uncertainty. They note that we are currently in a stock-picking environment and stress the importance of having a portfolio of stocks that are likely to behave differently in various market environments, classifying them into three key growth profiles: resilient businesses, strong long-term growers and companies experiencing breakthrough growth.
- The easing of monetary policy measures and robust corporate earnings growth have provided a more favourable environment for the emerging growth area of the market that Kyle and Becky focus on. They continue to find a growing share of the portfolio's positioning in the breakthrough/tipping point high-growth bucket – these companies are trading at cheap valuations relative to their future long-term earnings potential and enjoy secular tailwinds.
- Although the managers maintain an offensive portfolio in trending areas such as artificial intelligence, they also realize the benefits of more defensive positioning in the Fund's resilient growth bucket in sectors such as communication services and health care.

## Performance Attribution

### SECTOR ATTRIBUTION SUMMARY - 3 MONTHS

Sector	Average Fund Weight (%)	Fund Return (%)	Total Absolute Contribution (bps)
CONSUMER STAPLES	15.27	8.08	121
HEALTH CARE	8.67	7.25	60
FINANCIALS	10.89	3.07	35
INDUSTRIALS	10.55	1.56	14
ENERGY	3.52	(0.07)	1
MULTI SECTOR	0.04	(7.68)	0
REAL ESTATE	0.90	(0.78)	(1)
MATERIALS	3.53	(1.82)	(5)
UTILITIES	1.41	(5.81)	(8)
COMMUNICATION SERVICES	8.78	(2.92)	(20)
CONSUMER DISCRETIONARY	11.64	(3.09)	(31)
INFORMATION TECHNOLOGY	19.75	(11.48)	(224)
<b>SUBTOTAL</b>	<b>94.95</b>	<b>(0.74)</b>	<b>(58)</b>
CASH AND OTHER	5.05	-	8
<b>TOTAL</b>	<b>100.00</b>	<b>(0.50)</b>	<b>(50)</b>

Note: Differences may be due to rounding.

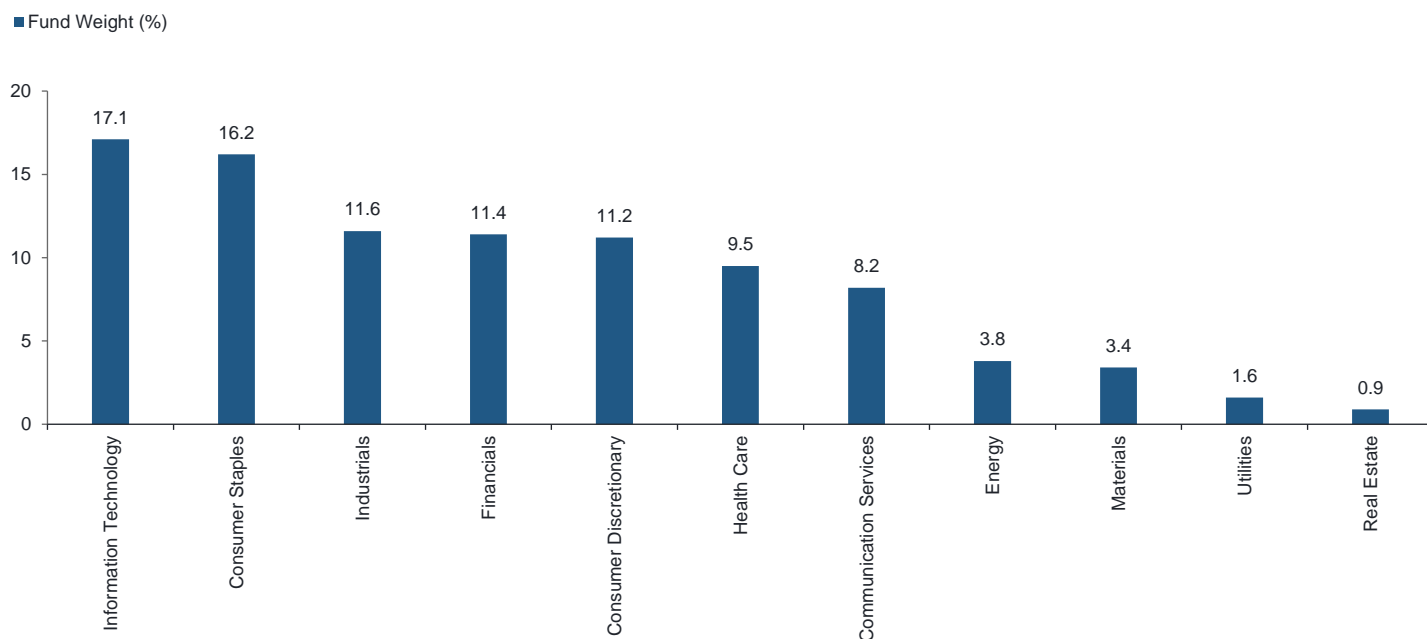
### SECTOR ATTRIBUTION SUMMARY - 1 YEAR

Sector	Average Fund Weight (%)	Fund Return (%)	Total Absolute Contribution (bps)
CONSUMER STAPLES	14.31	25.71	356
FINANCIALS	10.37	25.52	264
COMMUNICATION SERVICES	8.00	23.01	170
INFORMATION TECHNOLOGY	20.44	6.45	169
CONSUMER DISCRETIONARY	12.30	10.40	140
INDUSTRIALS	10.92	6.02	67
HEALTH CARE	10.32	5.36	53
UTILITIES	1.51	16.09	22
REAL ESTATE	0.95	23.27	21
MULTI SECTOR	0.05	(4.14)	0
ENERGY	3.83	(3.74)	(12)
MATERIALS	3.82	(16.32)	(71)
<b>SUBTOTAL</b>	<b>96.82</b>	<b>11.92</b>	<b>1,182</b>
CASH AND OTHER	3.18	-	54
<b>TOTAL</b>	<b>100.00</b>	<b>12.36</b>	<b>1,236</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
META PLATFORMS INC CL A	COMMUNICATION SERVICES
MICROSOFT CORP	INFORMATION TECHNOLOGY
AMAZON.COM INC	CONSUMER DISCRETIONARY
IMPERIAL BRANDS PLC	CONSUMER STAPLES
BRITISH AMERICAN TOBACCO PLC	CONSUMER STAPLES
ALPHABET INC CL C	COMMUNICATION SERVICES
APPLE INC	INFORMATION TECHNOLOGY
METRO INC	CONSUMER STAPLES
UNITEDHEALTH GROUP INC	HEALTH CARE



## 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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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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