

Diversify your investment opportunities with a call writing strategy that aims to provide monthly cash distributions, potentially capture some market upside and reduce portfolio volatility.



Enhance your cash flow opportunities.

Using a call writing strategy can create additional opportunities for cash flow compared to equity-only ETFs.



Capitalize on market potential.

Take advantage of equity market participation that can help increase the value of investments over time.



Reduce volatility.

Aims to achieve lower overall portfolio volatility compared to the S&P 500 Index.



Tax-efficient cash flow.

Option premiums are distributed monthly and are generally taxed as capital gains or treated as return of capital.

Expert portfolio construction using a team based approach for option ETFs

Combines the experience and expertise of the Quantitative Research and Investment team and the Asset Management Solutions team.

Options portfolio managers

DERIVATIVE OVERLAY

Derivatives-based solutions portfolio managers



Eric Granat, CAIA
Portfolio Manager
Hedging Solutions



Mitch Livstone, PhD, CFA
Portfolio Manager
Hedging Solutions



Equity portfolio managers

CORE EQUITY EXPOSURE

Quantitative Research and Investment (QRI) team



Anna Lester, CFA
Portfolio Manager
QRI Team



George Liu, CFA
Portfolio Manager
QRI Team



Shashi Naik, CFA
Portfolio Manager
QRI Team

Ticker codes

FEPY

Fidelity Equity Premium Yield ETF

FEPY.U

Fidelity Equity Premium Yield ETF US\$

Fidelity Equity Premium Yield ETF

Understanding cash-flow generation using a call writing strategy within an ETF

By writing call options while actively investing in stocks, the ETF (exchange-traded fund) seeks to generate income through premiums received from the sale of call options on an index representing the performance of large-cap companies (such as the S&P 500), while also providing the potential for long-term capital appreciation.

The sale of these call options can help generate additional cash flows, over and above dividends from the long equity exposure. This can enhance the overall investment characteristics of the ETF, including potentially higher returns. It can also provide some relief in market downturns and helps to reduce overall portfolio volatility.

Equity

The core part of a portfolio that is invested in the market.



Short call option

Call options are written (sold) on an underlying index or stock.



Potential cash flow + capital appreciation

A potentially income-generating strategy with upside participation and lower volatility.

For illustrative purposes only.

Fund details

Benchmark	Cboe S&P 500 2% OTM BuyWrite Index
Morningstar category	U.S. Equity
Distribution frequency	Monthly
Management fee	0.40%

For more information, visit fidelity.ca/CoveredCalls



Commissions, trailing commissions, management fees, brokerage fees and expenses may be associated with investments in mutual funds and ETFs. Please read the mutual fund's or ETF's prospectus, which contains detailed investment information, before investing. Mutual funds and ETFs are not guaranteed. Their values change frequently, and investors may experience a gain or a loss. Past performance may not be repeated.

Fidelity Equity Premium Yield ETF aims to provide income and long-term capital growth. In implementing an options-based strategy that aims to enhance cash flow and mitigate overall portfolio volatility, the ETF sells (writes) call options on an index representing the performance of companies with large market capitalizations, such as the S&P 500 Index. The ETF's ability to provide distributions to unitholders will depend on the yield available on the equity securities held by the ETF and the premiums received with respect to its written call options. There is no guarantee that the ETF will make regular distributions to its unitholders or that distributions to unitholders will remain consistent, and the amounts distributed to unitholders could vary based on the market or economic environment and other factors. Distributions in excess of the ETF's current and accumulated earnings and profits will be treated as a return of capital, which is a distribution from the unitholder's investment principal rather than net profits from the ETF's returns. Therefore, any portion of a distribution that is characterized as a return of capital should not be confused with the ETF's "yield" or "income." Writing call options also involves risks, including that the ETF may be required to sell the underlying asset or settle in cash an amount of equal value at a price below the market price at the time of exercise of an option. The premiums associated with writing covered call options may not exceed the returns that would have resulted if the ETF had remained directly invested in the securities subject to call options. Please read the ETF's prospectus for more details of these and other risks.

This information is for general knowledge only and should not be interpreted as tax advice or recommendations. Every individual's situation is unique and should be reviewed by his or her own personal legal and tax consultants.