

FIXED INCOME WEBINAR

Bonds, Bond Funds, and Bond ETFs

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Fidelity Brokerage Services LLC
Member NYSE, SIPC

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Smithfield, RI 02917

Agenda

Bond Market Update

Investing in Individual Bonds

Comparing Bond ETFs to Bond Mutual Funds

Summary and Next Steps

Q & A

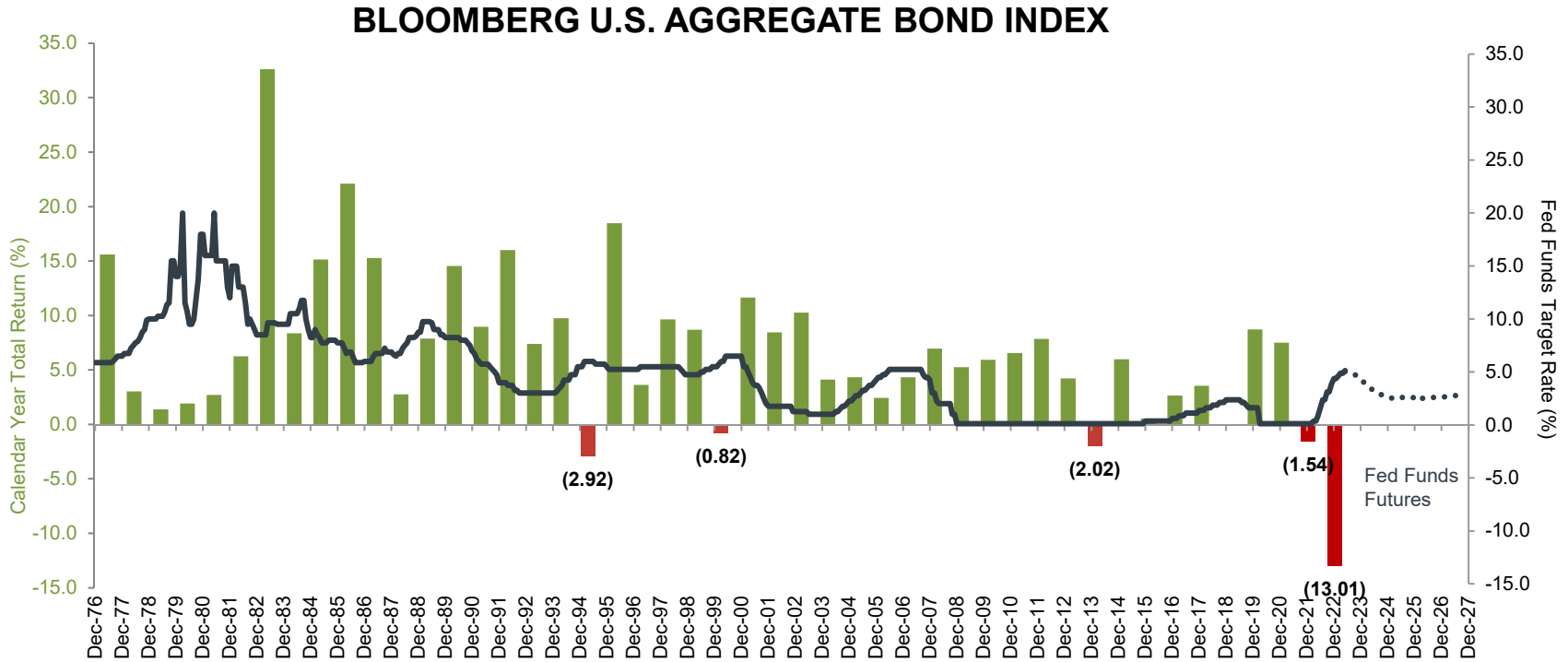


Bond Market Update

Christine Thorpe

Bond Returns During Various Rate Environments

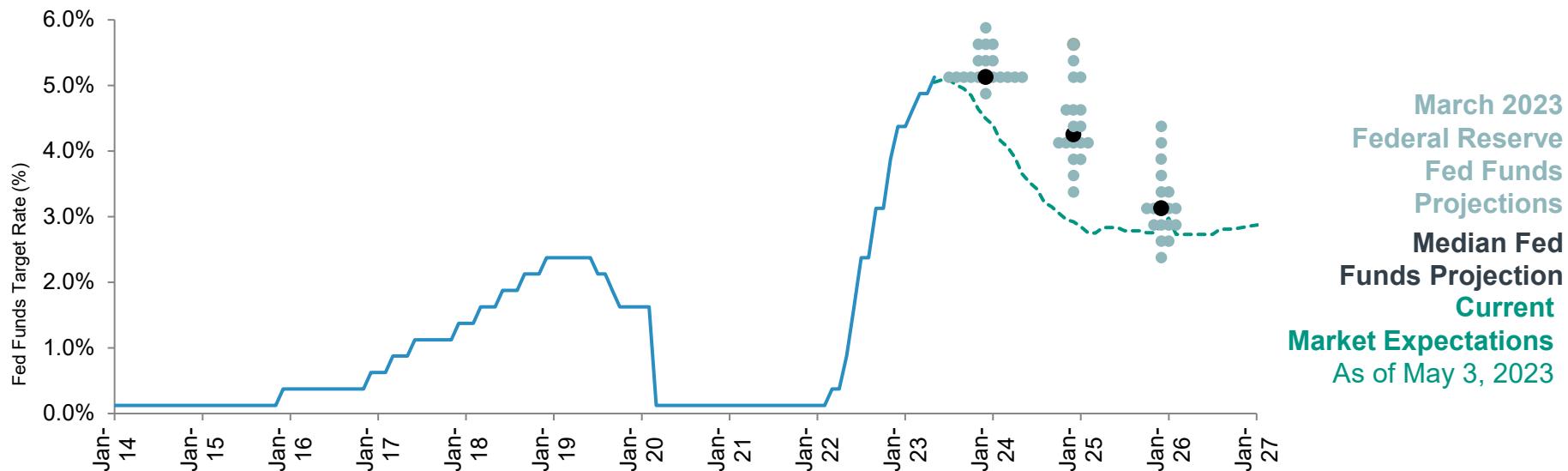
The power of the payoff function



Source: Bloomberg and Fidelity Investments, as of 5/4/23. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All market indices are unmanaged. Not intended to represent the performance of any Fidelity fund.



Fed Funds Target Rate: Market Expectations and Fed Projections

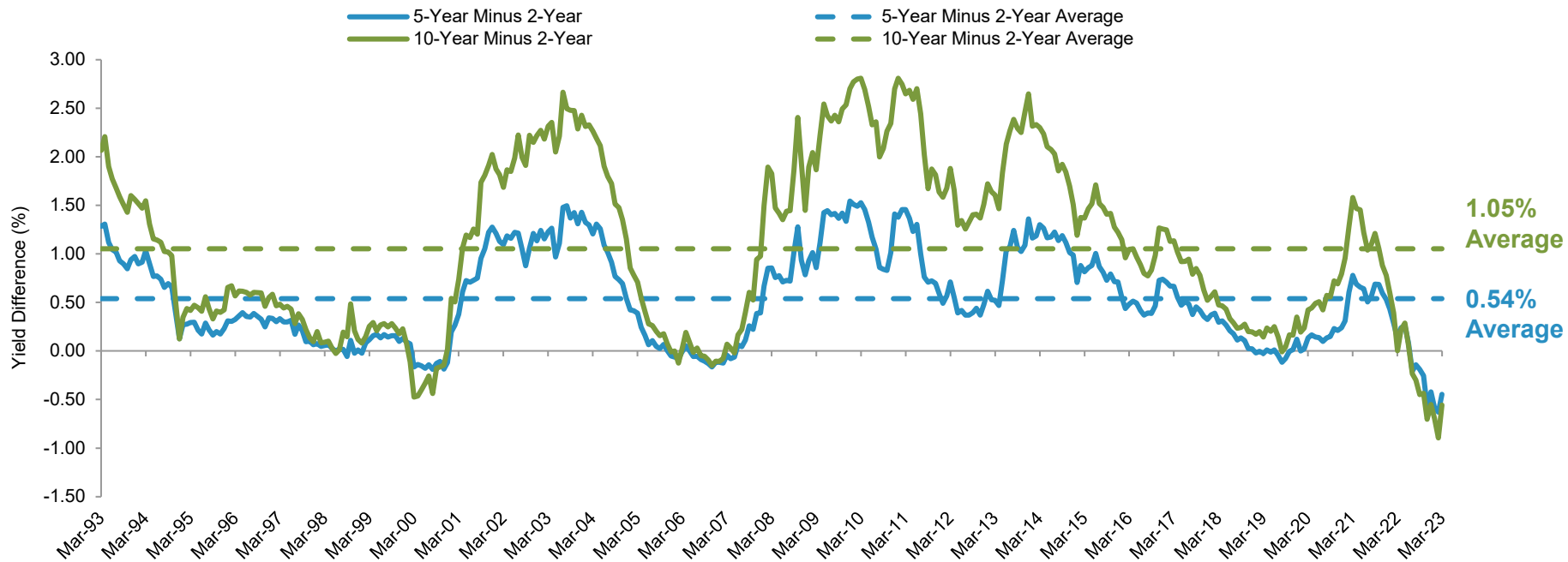


Source: Federal Reserve and Bloomberg, as of 5/3/23.

The Federal Open Market Committee (FOMC) is the branch of the Federal Reserve Board that determines the direction of monetary policy.



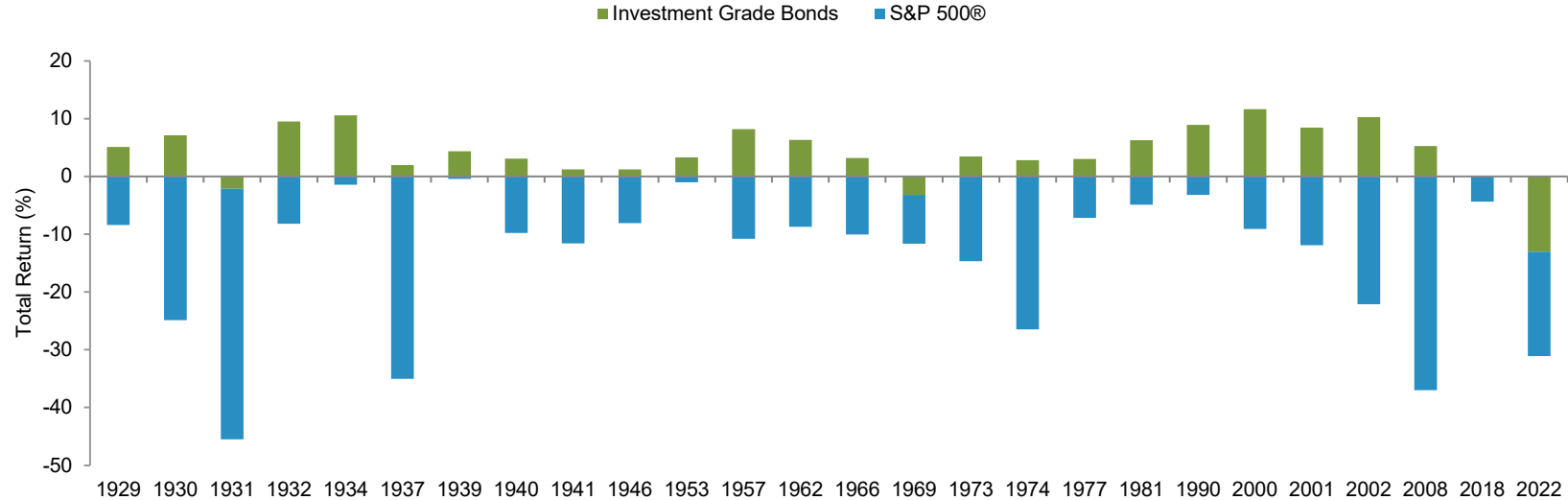
U.S. Treasury Curve Steepness



Source: Bloomberg, as of 3/31/23. Past performance is no guarantee of future results.

When Stocks Fall, Bonds Have Tended to help Stabilize Portfolio Returns

CALENDAR YEAR TOTAL RETURN (%)



Bond returns in years when stocks were down, 1926–2022

Source: Morningstar EnCorr, Fidelity Investments (AART).

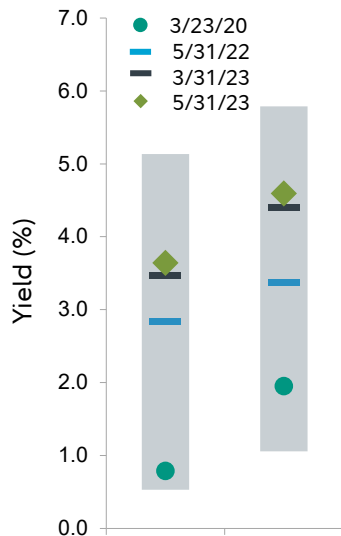
Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Index performance is not meant to represent that of any Fidelity mutual fund. Diversification does not ensure a profit or guarantee against loss. Bond returns represented by the performance of the Bloomberg U.S. Aggregate Bond Index from January 1976 and by a composite of the IA SBBI U.S. Intermediate-Term Government Bond Index (67%) and the IA SBBI U.S. Long-Term Corporate Bond Index (33%) from January 1926 through December 1975. Stock returns represented by the performance of the S&P 500 Index.



Fixed Income Yields and Spreads

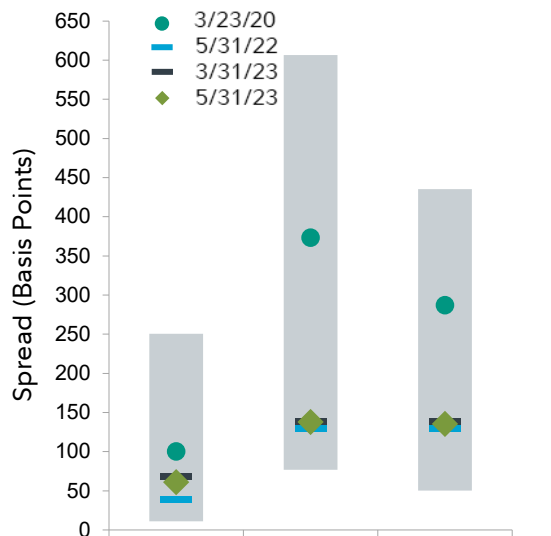
20-year rate and spread ranges

10-YR TREASURY / U.S. AGG



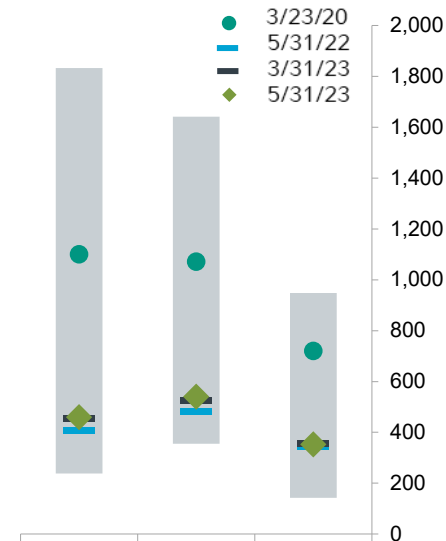
Asset Class	10-Year Treasury	U.S. Aggregate
Percentile Yield Rank	72	80

INVESTMENT GRADE SECTORS



Asset Class	Securitized	U.S. Corporate IG	International Credit
Percentile Spread Rank	75	61	67

HIGH YIELD SECTORS



Asset Class	U.S. Corporate High Yield	Leveraged Loans	Emerging Market Debt
Percentile Spread Rank	56	77	68

Notes: Data is for the month-end periods May 2003 – May 2023. Spread data are based on option-adjusted spread except for Leveraged Loans which is based on spread to maturity. Please see footnote 1 on page 37 for additional details.

Sources: Bloomberg and S&P as of 5/31/2023

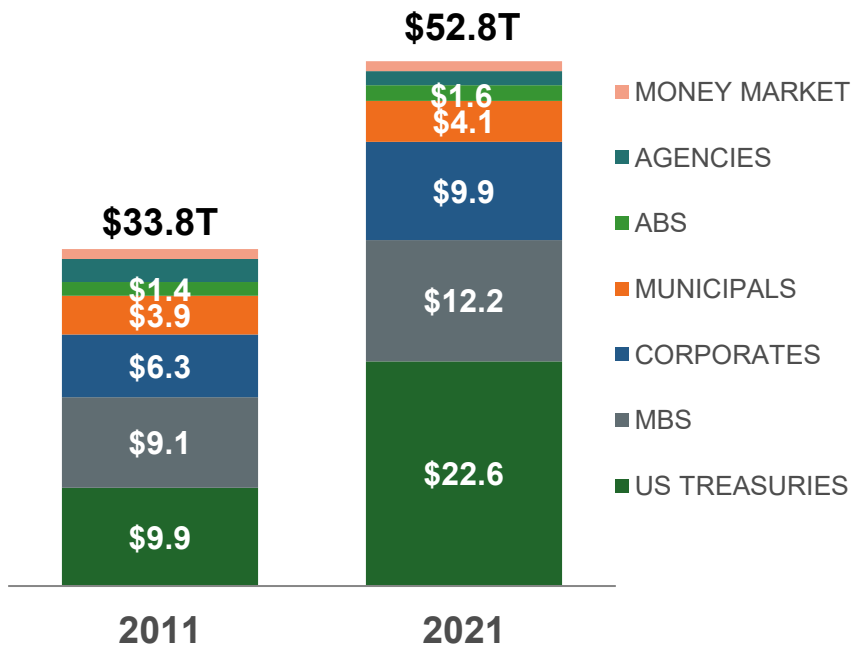




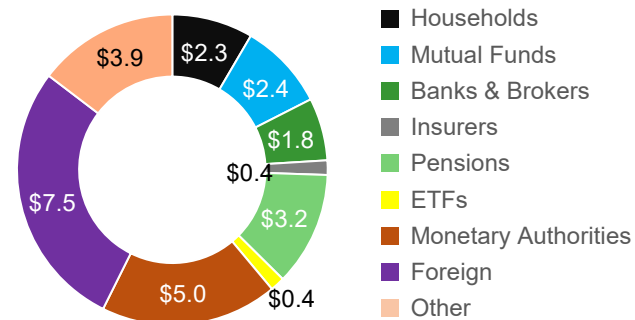
Investing in Individual Bonds

Brad Hanson

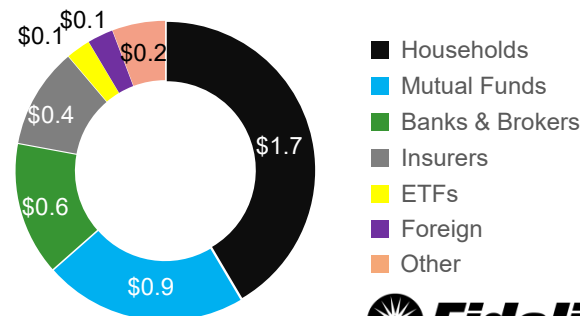
U.S. Bond Market by Product Types and Owners



U.S. TREASURIES OWNERSHIP (\$26.9T)



U.S. MUNI BOND OWNERSHIP (\$4.0T)

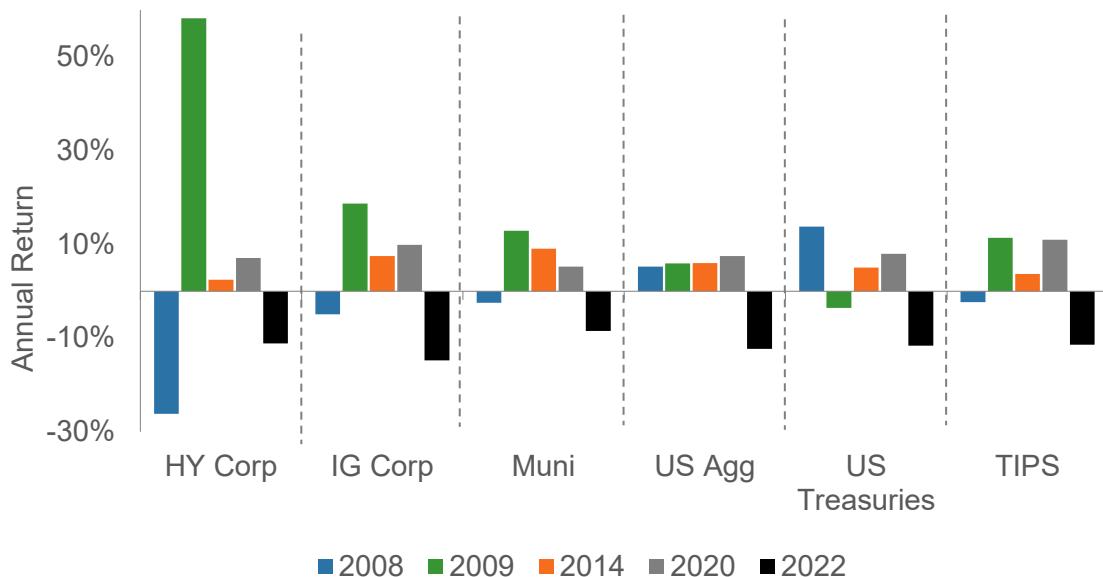


Source: SIFMA 2022; Federal Reserve, June 2023.

Bond Sub-Asset Classes Have Different Risk/Reward Characteristics

You manage credit review and reinvestment for individual bonds

BOND RETURNS VARY BY BOND SECTOR BY YEAR



Considerations when Investing in Bonds:

1. Assessing bond sectors and features
2. Assessing credit ratings
3. Assessing liquidity
4. Assessing diversification

HY Corp—Bloomberg U.S. High Yield Index, IG Corp—Bloomberg U.S. Corporate Investment Grade Index, Muni—Bloomberg Municipal Bond Index, U.S. Agg—Bloomberg U.S. Aggregate Index, U.S. Treasuries —Bloomberg U.S. Treasury Index, TIPS – Bloomberg U.S. Treasury Inflation Protected Securities Index.

Past performance is no guarantee of future results.

Source: Bloomberg. December 31, 2022.



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Search Bonds or Funds By CUSIP or Type (for bond name) Search by CUSIP

3 Yields | Bonds (161,872) | New Issues (312) | CDs & Ladders (3,823) | Annuities | Funds | ETFs | Managed Accounts

Bond types and ratings are listed in the left column, maturities across the top. The numerical values represent the high or median yield for each category based on offerings that may be available. Select a value to see bond search results and review the yields offered in the context of the structure and risks of specific offerings (requires login). Visit Investment Products > Fixed Income to read more about the advantages and risks of **brokered CDs** and the different **bond types** listed.

4

View by:	Highest Yield	Median Yield	Pop out the yield table							
Understanding This Table	3mo	6mo	9mo	1yr	2yr	3yr	5yr	10yr	20yr	30yr+
CDs (New Issues)	5.35%	5.35%	5.35%	5.40%	5.30%	5.25%	5.20%	4.85%	--	--
BONDS										
U.S. Treasury	5.36%	5.39%	5.27%	5.26%	4.59%	4.19%	3.92%	3.73%	4.06%	3.90%
U.S. Treasury Zeros	5.05%	5.08%	5.17%	4.91%	4.46%	4.13%	3.90%	3.86%	4.19%	3.80%
Agency/GSE	5.34%	5.40%	5.32%	5.40%	5.60%	5.45%	5.87%	6.23%	5.49%	4.75%
Corporate (Aaa/AAA)	4.69%	5.02%	5.06%	5.00%	4.51%	4.18%	4.39%	5.35%	4.54%	4.57%
Corporate (Aa/AA)	3.51%	5.77%	5.47%	5.34%	4.73%	4.92%	4.34%	4.88%	5.11%	5.23%
Corporate (A/A)	6.48%	5.84%	6.44%	6.14%	5.78%	5.85%	5.72%	6.55%	5.87%	5.96%
Corporate (Baa/BBB)	5.85%	5.84%	7.70%	6.95%	8.08%	9.14%	11.59%	7.36%	7.31%	7.04%
Municipal (Aaa/AAA)	3.98%	3.52%	3.41%	3.40%	3.45%	3.46%	3.84%	4.19%	3.98%	4.15%
Municipal (Aa/AA)	4.00%	3.74%	3.77%	3.97%	3.91%	3.84%	3.99%	4.50%	4.54%	4.17%
Municipal (A/A)	4.04%	4.04%	3.85%	3.99%	3.81%	3.90%	4.17%	4.41%	4.85%	4.28%
Taxable Municipal*	5.25%	5.38%	5.54%	5.35%	5.37%	5.33%	5.00%	5.55%	5.30%	5.82%

AS OF 12:18 PM ET 06/08/2023. YIELDS MAY BE DELAYED UP TO 15 MINUTES.

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Fixed Income Service Messages

Productivity

Videos

- Conducting Fixed Income Analysis on Fidelity.com (2:29)
- Using the bond ladder tool (7:26)
- CD ladders: Discovering certificate of deposit strategies (4:10)

Tools

- Understanding MSRB & TRACE data
- Trading Bonds FAQs
- Review your Cash Flow by position (PDF)

- Participating in New Issue Offerings
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1

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Where can I learn more?

Research > **Fixed Income Bonds & CDs**



Using the Bond Details Pages—Municipals

Researching a bond's features and attributes

FLORIDA ST DEPT ENVIRONMENTAL PROTN
02.00000% 07/01/2028PRESERVATION REV FOREVER REV REF BDS

Buy Sell Fixed Income Alerts

Overview Price & Performance News & Documents

Details

CUSIP	34160WZM9
Pay Frequency	SEMI-ANNUALLY
Coupon	2.000
Maturity Date	07/01/2028
Insurer	N/A
Obligor	---
Material Events	YES
Leases	YES
Bond Type	Municipal
Interest Accrual Date	09/29/2016

Ratings

Moody's Rating	Current Effective Date	AA3	07/20/2016
Rating	---	---	---
Watchlist	---	---	---
Underlying Rating	---	---	---
Insured Rating	---	---	---
Enhanced Rating	---	---	---
S&P Rating	Current Effective Date	AA	05/08/2022
Rating	---	---	---
Credit Watch	---	---	---
Underlying Rating	---	---	---
Insurer Rating	---	---	---
School ICR	---	---	---
Obligor Rating	---	---	---

Official Municipal Documents

Offering Statement (PDF)

Latest Municipal Reports

NEW Click here for the latest Moody's Issuer Report (PDF)

NEW Latest Sector Reports

Public Finance – US: Western states agree on proposed Colorado River reductions through 2026, a credit positive

State Government – US: Declining capital gains taxes will hamper some states' budgeting

US Municipal Credit Events – Q1 2023: Municipal delinquencies slip to lowest level in years during Q1

Redemptive Features

Call Protection	View Schedule	NO
Continuously Callable		YES
Call Defeased		NO
Called Bonds		NO
Make Whole Call		NO
Conditional Call		NO
Sinking Fund Protection		YES
Sink Defeased		NO
Extraordinary Redemption		NO
Special Mandatory Redemption		NO
Special Optional Redemption		NO
Put Option		NO
Pre-Refunded		NO
Pre-Refunded Price		N/A
Escrow End Date		---

Coupon Information

Coupon Type	FIXED
Current Rate Effective Date	08/31/2016
Reset Frequency	---
Benchmark Reference	---
Benchmark Formula	---
Next Reset Date	---
Next Reset Rate	---
Minimum Rate	---
Maximum Rate	---

Issuer Information

Issue Date	09/29/2016
Dated Date	09/29/2016

Letter of Credit Information

Fidelity INVESTMENTS

MuniDOCS® Online

Click on the "Date" column to view the PDF version of the document.

Material Event Notices (8)

Date Filed	State	Filing Entity	Event Type
04/08/2022	FL	FLORIDA ST DEPT ENVIRONMENTAL PROTN REV Headline: Upgrade (S&P) Upgrade (S&P) - VARIOUS ISSUES	Rating Changes
04/09/2021	FL	Various Issuers Headline: UPDATED GENERAL REVENUE ESTIMATES - VARIOUS ISSUES	Other
12/23/2020	FL	State of Florida Headline: NOTICE REGARDING UPDATED GENERAL REVENUE ESTIMATES - VARIOUS ISSUES	Other
09/20/2020	FL	Various Issuers Headline: NOTICE REGARDING UPDATE OF GENERAL REVENUE ESTIMATES & COVID-19 IMPACTS - VARIOUS ISSUES	Other
08/05/2020	FL	Various Issuers Headline: NOTICE REGARDING REVENUE SHORTFALL & UPDATE OF COVID-19 IMPACTS - VARIOUS ISSUES	Other

View all results...

Primary Market Documents (1)

Dated Date	State	Issuer Name / Issue Description	Document Type	Par Amount
09/29/2016	FL	FLORIDA ST DEPT ENVIRONMENTAL PROTN REV REF-FLORIDA FOREVER SER A	Official Statement	\$159,765,000.00

Financials / Continuing Disclosures (48)

Doc Date	State	Document Description	Filing Type
06/30/2022	FL	FLORIDA DEPT OF ENVIR PROTECTION Obligor: FLORIDA DEPT OF ENVIR PROTECTION	Continuing Disclosure Report
06/30/2022	FL	FLORIDA DEPT OF ENVIR PROTECTION Obligor: FLORIDA DEPT OF ENVIR PROTECTION	Continuing Disclosure Report
06/30/2021	FL	FLORIDA DEPT OF ENVIR PROTECTION Obligor: FLORIDA DEPT OF ENVIR PROTECTION	Continuing Disclosure Report
06/30/2021	FL	FLORIDA DEPT OF ENVIR PROTECTION Obligor: FLORIDA DEPT OF ENVIR PROTECTION	Continuing Disclosure Report
06/30/2019	FL	FLORIDA STATE Obligor: FLORIDA DEPT OF ENVIR PROTECTION	Continuing Disclosure Report, CAFR

View all results...

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Issuer-Specific Credit Reports—Corporates

Understand why a bond has its rating and potential risks

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Research > Fixed Income > Individual Bonds > Search Results

INTEL CORP NOTE CALL MAKE WHOLE
4.87500% 02/10/2028

Buy Sell

Overview Price & Performance

Details		Issuer Information	
CUSIP	458140CE8	Issue Date	02/07/2023
ISIN	US458140CE86	Dated Date	02/10/2023
SEDOL	--	First Coupon Date	08/10/2023
Pay Frequency	SEMI-ANNUALLY	Next Coupon	08/10/2023
Coupon	4.875	Last Coupon	08/10/2027
Maturity Date	02/10/2028	Workout Date	01/01/0001
Moody's Rating	A2	Original Issue Amount	\$1,750,000,000.00
S&P Rating	A	Issue Price	--
Issuer Events	YES	NEW Corporate Bond Connect: Link to Issuer's Equity Research page	
FINRA	YES	Access equity research for this issuer, containing a company profile, financials, news and stock data.	
Survivor Option	N/A	Latest Company Reports	
Bond Type	Corporate	NEW Click here for the latest Moody's Company Report (PDF)	
Sector	ELECTRIC SERVICES	NEW Latest Sector Reports	
Interest Accrual Date	02/10/2023	Technology - Global: AI adoption increases growth potential but has mixed credit effect across sub-sectors	
Redemptive Features		DeFi and Digital Assets - Cross Region: IOSCO recommends standards for crypto asset service providers, a credit positive	
Call Protection	View Schedule NO	Top of Mind-Corporates: March 2023	
Continuously Callable	YES	NEW SEC EDGAR	
Called Bonds	NO	View a company's latest financial filing information.	
Make Whole Call	YES		
Conditional Call	NO		
Sinking Fund Protection	YES		

Moody's
INVESTORS SERVICE

Instrument Information

CUSIP: 458140CE8
Issuer: INTEL CORPORATION

This section details the Moody's ratings for CUSIP 458140CE8.

A2 Senior Unsecured Rating as of 02/07/2023

Investment Grade Non-Investment Grade

Instrument Long-Term Debt Rating as of 02/07/2023
Obligations rated A are considered upper-medium grade and are subject to low credit risk.

Upgrade Downgrade Uncertain Not on Watch

Instrument Watch Status
Moody's uses Watch Status to indicate that a rating is under review for possible change in the short-term.

Corporate Bond Information

Class	REG
Coupon	4.875
Maturity	10 Feb 2028
Rating Date	07 Feb 2023
Sale Date	07 Feb 2023
USD Face Value (in millions)	\$1750.000

INTEL CORPORATION INTL

A2 Long Term Rating as of 03 Feb 2023
Not on Watch

Negative Moody's Rating Outlook as of 03 Feb 2023

Moody's Opinion as of 08-Feb-2023

Summary

Intel has substantial scale and despite market share losses over the last few years, it has leading market shares in the client and data center microprocessor markets. Intel's addressable market is large and we expect strong secular growth in its addressable markets over the long term driven by increasing adoption of digital technologies, innovation in products, and new applications requiring greater compute performance and efficiency. But Intel has high business risks from its intensely competitive industry, cyclical businesses with high fixed costs, and the high capital intensity in its manufacturing operations. Intel is weakly positioned in the A2 rating category, which reflects its elevated risks in executing its long-term growth strategy to regain industry leadership in products and manufacturing. Intel's credit profile will be pressured by its substantial capital investments to expand its foundry business as part of its long-term growth plans. While Intel's manufacturing capacity can provide a time-to-market advantage, greater synergies across its businesses, and allow the company to capture greater economic value, Intel remains challenged in moving to smaller transistor nodes while its key competitor outsources manufacturing to the world's leading foundry. Slowing IT spending and our expectations for continuing share losses in the next 12 to 18 months, especially in the server market, will significantly pressure profitability and credit metrics. We expect total debt to EBITDA (Moody's adjusted) to exceed 4x over the next 12 to 18 months, assuming year-over-year EBITDA growth resumes in the second half of 2023. We expect Intel to maintain a robust cash position over the next 12 to 24 months.

Credit strengths

- Leading market share in microprocessors that provides some incumbency advantages
- Large addressable markets with strong secular growth prospects
- We expect Intel to maintain strong liquidity

Credit challenges

Using Pricing Information to “See the Market”

Aggregated live offerings and historical trading prices

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Overview | **Price & Performance**

Basic Analytics

Price (Bid)	100.575
Price (Ask)	100.649
Depth of Book	View
Ask Yield to Worst	4.715%
Ask Yield to Maturity	4.717%
Current Yield	4.843%
Yield to Sink	--
Third Party Price	100.602
Spread to Treasuries	0.794

Complex Analytics

Duration to Worst
Option Adjusted Duration
Option Adjusted Spread
Convexity to Worst
Option Adjusted Convexity

Treasury Benchmark: 5Y TR (2.750% 02/15/2026)

Recent Trade [View Recent Trades](#)

Quantity	10
Date/Time	06/06/2023 12:16:01
Buy/Sell	CB

Fidelity | Depth of book and recent trades

INTEL CORP NOTE CALL MAKE WHOLE4.87500% 02/10/2028

As of 6/6/2023, 12:39:55 PM ET

Depth of book | **Recent trades**

Trade View Options

AS OF 12:39:55 PM ET 06/06/2023

Table Chart

Customer Buy/NMAB Customer Sell/NMAS Dealer to Dealer

Trade results from: 2/27/2023 - 6/6/2023

Price

Trade Date

Customer Buys/NMAB | Customer Sells/NMAS | Dealer to Dealer

Cancel | Rebill

Recent trade information contains actual trade data as reported to the Financial Industry Regulatory Authority (FINRA)'s Trade Reporting and Compliance Engine (TRACE) for Corporate Bonds, and from the Municipal Securities Rulemaking Board (MSRB) for Municipal bonds. The prices quoted provide insight into one rolling calendar year's worth of historical transaction levels and are not necessarily reflective of current market value. Fidelity reports TRACE and MSRB information on a real-time basis.

Understanding the Impact of Transaction Costs

Competitor bond prices vs. Fidelity. Why pay more?

You could save an average of \$15 per bond by choosing Fidelity versus potentially spending more elsewhere.

	Wells Fargo Price average higher vs. Fidelity	Morgan Stanley Price average higher vs. Fidelity	Merrill Lynch Price average higher vs. Fidelity	Fidelity Incremental purchase cost
1 Corporate bond	\$14.13	\$20.23	\$15.01	\$1.00
1 Municipal bond	\$10.37	\$16.71	\$14.35	\$1.00
Average Corporate/ Municipal bond price higher vs. Fidelity	\$12.25	\$18.47	\$14.68	—

Example of a hypothetical single bond purchased online based on average price differentials taken from the 2022 Corporate Insight study¹ commissioned by Fidelity.

When purchasing a bond online, there are incremental costs to the customer including mark-ups and other fees that a financial firm could charge the customer. Fidelity charges a \$1 mark-up per bond for online trades, which is added to the price displayed from the dealer. After factoring in Fidelity's \$1 per bond mark-up, the three brokers identified in the chart were asking, on average, \$15.14 more per bond for online trades than Fidelity.

Minimum markup or markdown of \$19.95 applies if traded with a Fidelity representative. For U.S. Treasury purchases traded with a Fidelity representative, a flat charge of \$19.95 per trade applies. A \$250 maximum applies to all trades, reduced to a \$50 maximum for bonds maturing in one year or less. Rates are for U.S. dollar-denominated bonds; additional fees and minimums apply for non-dollar bond trades. Other conditions may apply; see [Fidelity.com/commissions](https://www.fidelity.com/commissions) for details. Please note that markups and markdowns may affect the total cost of the transaction and the total, or "effective," yield of your investment. The offering broker, which may be our affiliate, National Financial Services LLC, may separately mark up or mark down the price of the security and may realize a trading profit or loss on the transaction.

(Markup - For secondary market bonds and CD purchases, the difference (dollar and %) between the Prevailing Market Price (PMP) and the trade price. Mark-up is calculated as: $\text{Mark-up} / \text{Total initial price} \times 100$. The mark-up includes, but may not be limited to, Fidelity's \$1 per bond pricing. Details available on our fee schedule.



Where can I learn more?

[fidelity.com/fixed-income-bonds/bond-pricing](https://www.fidelity.com/fixed-income-bonds/bond-pricing)

For illustrative purposes only
Source: Fidelity.com, June 2023
See footnote #2 on page 37 for details on this study

Access the 2022 Corporate Insight study at:
[fidelity.com/bin-public/060_www_fidelity_com/documents/BondPricingStudy.pdf](https://www.fidelity.com/bin-public/060_www_fidelity_com/documents/BondPricingStudy.pdf)

Read more about demystifying bond prices at:
<https://www.fidelity.com/viewpoints/investing-ideas/how-much-for-bonds>



Bond Market News and Reports

News and analysis from Fidelity and third parties

Fixed Income, Bonds & CDs

AGGREGATE: 1,993.29 0.17 (0.01%) | TREASURY: 2,232.47 0.58 (0.03%) | MUNICIPAL: 1,168.22 0.62 (0.05%)
 CORPORATE: 2,947.37 -0.78 (-0.03%) | AGENCY: 1,824.28 0.99 (0.05%)

Fixed Income Market Data

Yield Curve | Key Rates | Market Benchmarks

Graph | Data

DATA AS OF END OF PREVIOUS BUSINESS DAY - 06/05/2023

Aggregate
 Corporate
 Treasury
 Agency
 Municipal

Market data provided by FactSet. Powered and implemented by FactSet Digital Solutions. Legal Statement.

Economic Calendar

PROVIDED BY ECONDAY

Factory Orders
06/05/23 10:00 AM EDT

Spotlight

Competitive Studies
 Competitive Bond Pricing Study
 Outside Contributors
 FDIC Press Releases [NEW](#)
 Tax and Liquidity Considerations for Buying Discount Bonds [NEW](#)
 FINRA: Confirmation Disclosure FAQ [NEW](#)

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4-Month Bill Settlement
 4-Week Bill Settlement
 8-Month Bill Settlement
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 What to know about cash, banks and insurance.

How to earn steady income with bonds
 Ladders may offer predictable income and interest rate risk management.

- Participating in New Issue Offerings
- Learn about and sign up for fixed income alerts

Keeping your cash safe

Questions answered on the debt ceiling and cash.

FUND SPOTLIGHT • MAY 2023

PIMCO

Income Fund Update: Building Resilience and Harnessing Yield in High Quality Assets

Despite economic uncertainty, we see compelling value in high quality, liquid assets that we view as more resilient in the face of a potential recession.

AUTHORS

Dan Ivascyn
Group Chief
Investment Officer

Esteban Burbano
Fixed Income Strategist

Since the US government reached the limit of how much money it can borrow to fund its operations, including making principal and interest on government national debt levels bump-up against the ceiling, investors for the cash you hold in money market mutual funds or FDIC-insured banks (CDs). Here are some answers to questions you may have.

What is the debt ceiling?

The federal debt ceiling is a limit set by Congress on the amount of money the government's operations, including making principal and interest on government national debt levels bump-up against the ceiling, from the extraordinary measures to pay government obligations and suspending the ceiling has been raised or suspended numerous times over the years to avoid default. If no compromise is reached, the government may decide to test the ceiling periodically or indefinitely, until an agreement is reached that would allow the government to raise the debt ceiling.

Does Fidelity believe the US debt ceiling will be raised or suspended?

While we believe that Congress must either raise or temporarily suspend the debt ceiling on a political and economic basis, we do not have a specific view on the timing of any such action.

What can you tell me about the 'extraordinary measures' of the Treasury has taken?

The Treasury has taken extraordinary measures to avoid a default on the debt ceiling. These measures include suspending the debt ceiling on a temporary basis, which allows the government to continue to borrow money to fund its operations. However, these measures are only temporary and will eventually run out. We believe that Congress will eventually raise the debt ceiling, but we do not have a specific view on the timing of any such action.

- Amid sharply higher interest rates and a looming recession, we've increased our interest rate exposure slightly but remain somewhat defensive. We prefer shorter maturity, high quality fixed income, which offers better yields than we've seen in more than a decade and the potential for attractive total returns should interest rates decline.
- We remain conservatively positioned across the credit markets, focusing on high quality and more senior positions – especially in the securitized credit markets – where we can potentially earn yields in the 6% to 6.5% range without taking excessive risk.
- We have been steadily adding U.S. agency MBS. These securities are designed to offer a guarantee from the government or an agency of the government, ample liquidity, historically attractive spreads, and complexity that creates inherent inefficiencies – providing potential advantages for skilled active managers.
- Our corporate credit exposure is largely limited to select names and sectors in the

Source: Fidelity.com, June 2023. For illustrative purposes only.

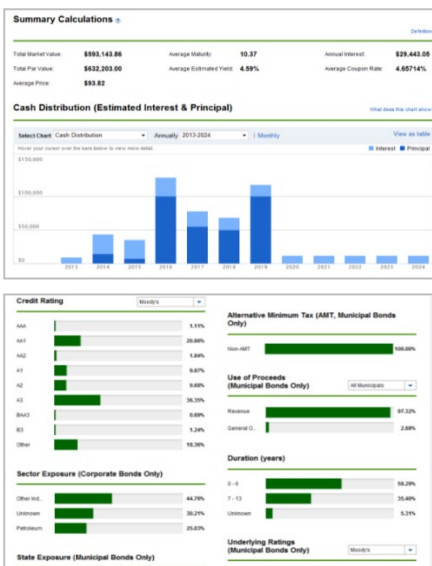
News, commentary, and research reports are from third-party sources unaffiliated with Fidelity. Fidelity does not endorse or adopt their content. Fidelity makes no guarantees that the information supplied is accurate, complete, or timely, and does not provide any warranties regarding results obtained from its use.



Fixed Income Analytics

Using Fidelity's proprietary tools to understand cash flows and risk

Fixed Income Analysis



For illustrative purposes only.

The Fixed Income Analysis tool is designed for educational purposes only and you should not rely on it as the primary basis for your investment, financial or tax planning decisions.

Fixed Income Analytics Service

Fixed Income Analytics Service

If you have a large, complex fixed income portfolio, we can provide in-depth analysis of your investments to help you maximize return potential while managing both risk and tax obligations.

[Open an Account](#)

Fixed Income Analytics Report

We'll look at every holding in your individual fixed income portfolio, and develop a comprehensive report that can help you make more informed investment decisions. Our Fixed Income Analytics Report includes the following categories:

Risk **Return** **Tax considerations**

A credit rating view identifies potential credit risk based on your holdings by showing the percentage of each rating for the portfolio.

- Product type assessments examine your exposure to specific sectors, markets, or geographical regions and can be used to help you make informed reallocation decisions.
- Interest rate sensitivity is represented by duration which measures the sensitivity of a bond's price to a change in interest rates.

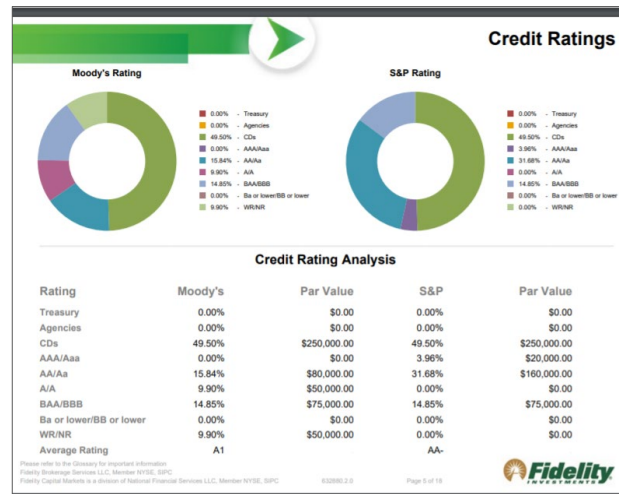
[View a sample report \(PDF\)](#)



Where can I learn more?

[Research > Fixed Income Bonds & CDs > Bond Tools tab](#)

[Research > Fixed Income Bonds & CDs > Service & Solutions tab](#)



Key Considerations of Individual Bond Investing

Using Fidelity's offering and support to help

Bonds mature

Plan for future expenses, real estate tax payment, college education, reinvestment

Cash flow planning

Bond valuations may fluctuate but cash flow is consistent, barring an issuer default

Research before you invest

Bond structure and pricing

Strive to lower costs

Use depth of book. Compare Fidelity to firms with significant markups.
New issue products no charge at Fidelity¹

Monitor your holdings

Fixed income analysis; alerts on maturities, ratings changes



Where can I learn more?

Research > Fixed Income Bonds & CDs:
www.Fidelity.com/fixedincome

Fixed Income, Bonds & CDs

[Find Bonds & CDs](#) | [Research & Markets](#) | [Bond Tools](#) | [Service & Solutions](#) | [Understanding Bonds](#)

Whether you are an experienced bond investor or thinking about investing in bonds and CDs for the first time, we have the people to enable you to get the most out of Fidelity's bond resources. Give us a call and let's discuss how we can help.



Fixed Income Specialists (4:22) [🔗](#)

Fixed Income Specialists & Consultants

Strategically located nationwide, our fixed income specialists work with you and your financial consultant to provide bond strategies and trading expertise when you need it.

- Build a bond ladder to create an income stream or review your bond holdings with a fixed income analysis report.
- Take advantage of our new issue offerings with minimal transaction costs.
- Meet with you and your financial consultant face-to-face, where available.

[Learn more about Fidelity's Fixed Income Analytics Service](#)

High Net Worth Bond Desk Services

If you have a large and complex bond portfolio and have over \$3 million in bonds or CDs to invest, then our High Net Worth Bond Desk could be right for you.

- Dedicated 1:1 relationship for your fixed income portfolio
- In-depth review of your bond holdings through your [fixed income analysis report](#)
- Automatic access for clients of Fidelity Private Wealth Management®

[Learn more about Fidelity's High Net Worth Bond Desk \(PDF\)](#)



High Net Worth Bond Desk Services (3:40) [🔗](#)

For illustrative purposes only.

¹ Fidelity makes certain new issue products available without a separate transaction fee. Fidelity Brokerage Services LLC and National Financial Services LLC receive compensation for participating in the offering as a selling group member or underwriter.

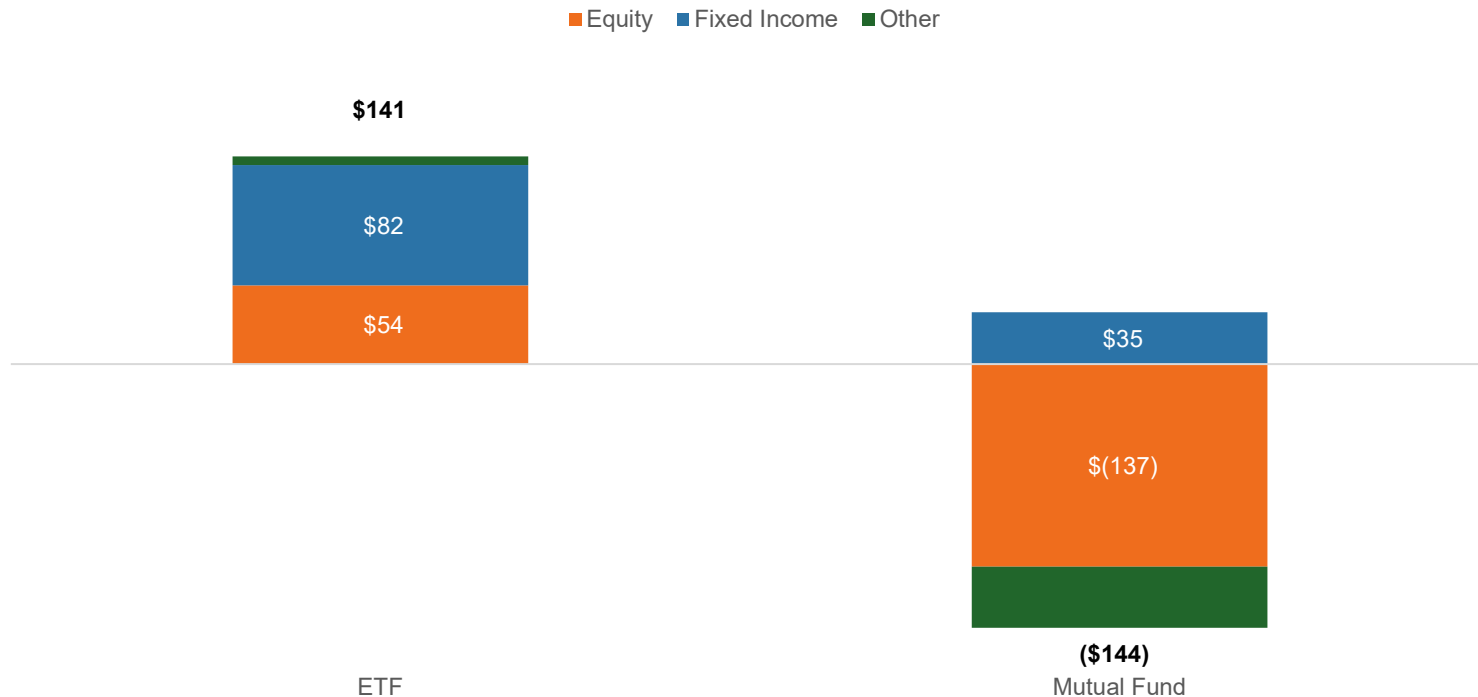


How Do Bond Exchange Traded Funds (ETFs) Compare to Bond Mutual Funds?

Montanna Saltsman

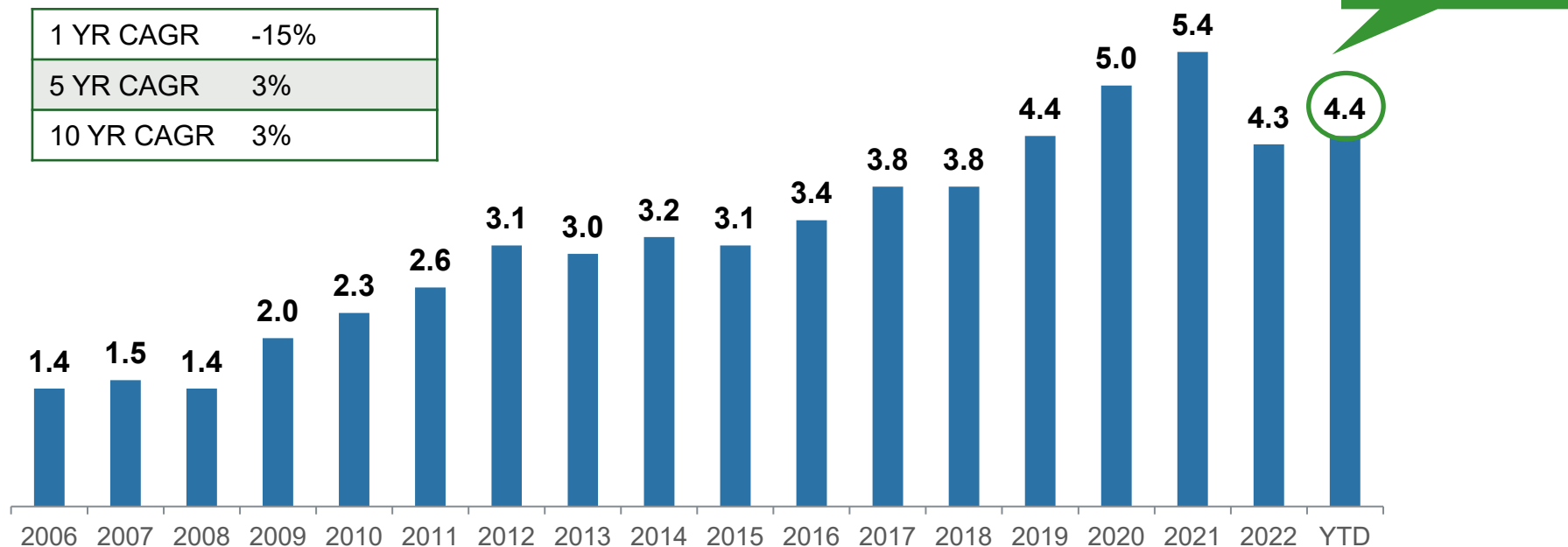
Managed Solutions Remain Popular for Bond Exposure

YTD Flows By Asset Class and Vehicle (\$B)



Bond Fund Market Landscape

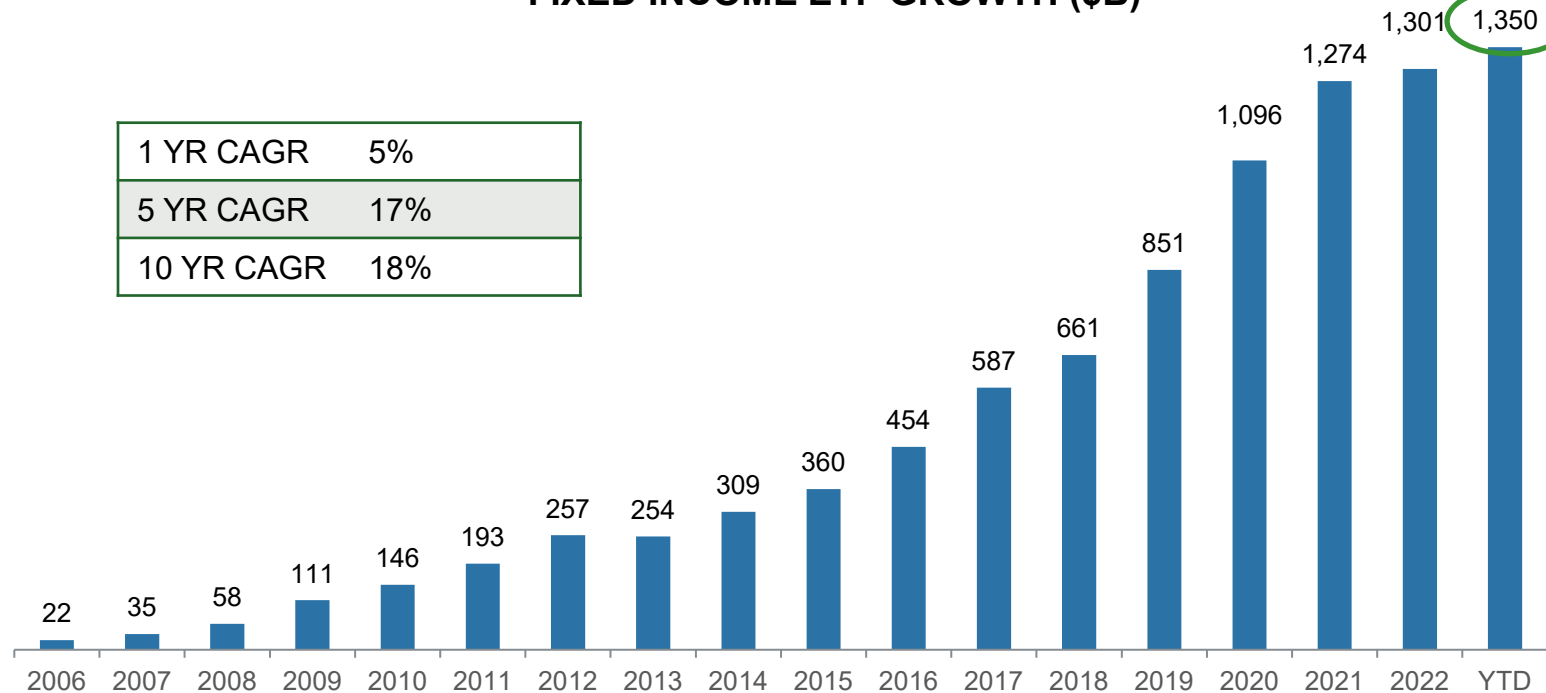
FIXED INCOME MUTUAL FUND GROWTH (\$)



CAGR: Compound Annual Growth Rate is an annualized average rate of growth for given years, assuming growth takes place at an exponentially compounded rate.

Fixed Income ETFs Continued Growth Trajectory

FIXED INCOME ETF GROWTH (\$B)



1 YR CAGR	5%
5 YR CAGR	17%
10 YR CAGR	18%

Ending Assets
\$1.4T

CAGR: Compound Annual Growth Rate is an annualized average rate of growth for given years, assuming growth takes place at an exponentially compounded rate.

Comparing ETFs and Mutual Funds

Key Considerations: cost, trading, transparency and taxes



Associated Costs

ETFs	Mutual Funds
Expense Ratios	Expense Ratios
Commission (may be waived)	Load and no-load
Premium/discounts	Bought/Sold at NAV (may have redemption fees)



Trading Attributes

ETFs	Mutual Funds
Intra-day trading on secondary market	Most transact once a day at close
Allow limit, stop, and conditional orders	No limit, stop or conditional orders
Allow shorting and margin	No shorting (margin 30 days)



Transparency & Taxes

ETFs	Mutual Funds
Generally, daily transparency of all holdings	Holdings data usually at least 1 month old
Capital gains tend to be lower due to creation and redemption	Less tax efficient structure, all shareholders bear tax burden

Multiple ETF Options Help to Serve Income Needs



Diversification

Bond ETFs that cover the broad market can help add stability to your equity allocation

- Fidelity Total Bond ETF (**FBND**)
- Fidelity Investment Grade Bond ETF (**FIGB**)
- Fidelity Corporate Bond ETF (**FCOR**)
- iShares Core Aggregate US Bond ETF (**AGG**)
- iShares Core Total USD Bond ETF (**IUSB**)
- iShares iBoxx \$ Investment Grade Corporate Bond ETF (**LQD**)



Income

Offer exposure to bond market segments with consistent income potential

- Fidelity High Yield Factor ETF (**FDHY**)
- Fidelity Investment Grade Securitized ETF (**FSEC**)
- Fidelity Preferred Securities and Income ETF (**FPFD**)
- iShares J.P. Morgan USD Emerging Markets Bond (**EMB**)
- iShares iBoxx High Yield Corporate Bond ETF (**HYG**)



Putting Cash to Work

Short duration bond ETFs that can help you earn more from your cash

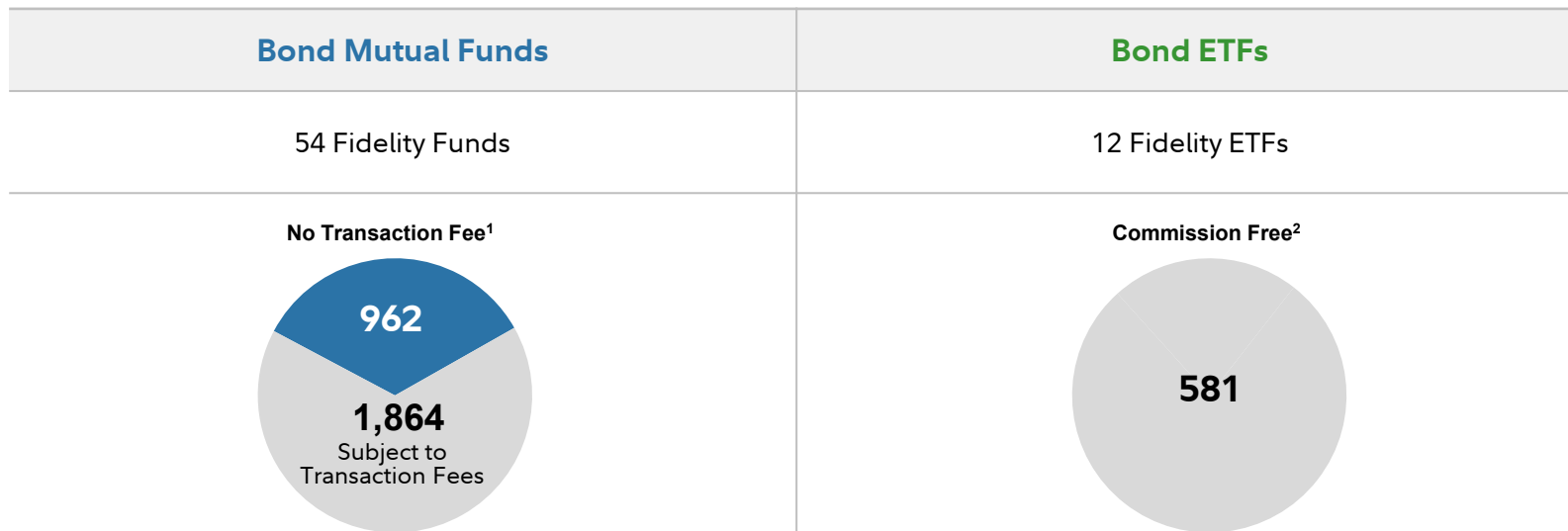
- Fidelity Limited Term Bond ETF (**FLTB**)
- Fidelity Low Duration Bond Factor ETF (**FLDR**)
- BlackRock Short Maturity Bond ETF (**NEAR**)
- iShares 1-5 Year Investment Grade Corporate Bond ETF (**IGSB**)

ETFs presented a sample based on associated objective. See ETF Screener on Fidelity.com for full listing of ETFs.

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible.



Bond Mutual Funds and ETFs on Fidelity.com



¹ Certain FundsNetwork funds may be subject to separate and additional redemption fees imposed by the particular fund. Investors should refer to that fund's current prospectus for details.

² Free commission offer applies to online purchases of ETFs in a Fidelity retail account. The sale of ETFs is subject to an activity assessment fee (from \$0.01 to \$0.03 per \$1,000 of principal).

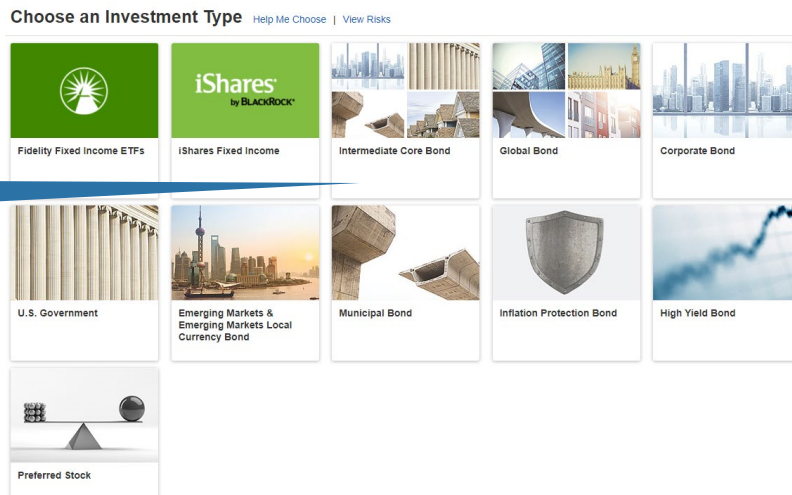
ETFs are subject to market fluctuation and the risks of their underlying investments. ETFs are subject to management fees and other expenses.

ETF Screener on Fidelity.com

1
Select the Fixed Income Tab



2
Select the theme



3

View results

Intermediate Core Bond Theme

Search Criteria		Basic Facts	Income Characteristics
Take action on selected...		<input type="button" value="Go"/>	
Action	Symbol	ETP Name	
<input type="checkbox"/>	BND	VANGUARD TOTAL BOND MARKET INDEX FUND ETF SHARES	
<input type="checkbox"/>	AGG	ISHARES CORE U.S. AGGREGATE BOND ETF	
<input type="checkbox"/>	IUSB	ISHARES CORE TOTAL USD BOND MARKET ETF	
<input type="checkbox"/>	BIV	VANGUARD INTERMEDIATE-TERM BOND INDEX FUND ETF SHARES	
<input type="checkbox"/>	SCHZ	SCHWAB U.S. AGGREGATE BOND ETF™	
<input type="checkbox"/>	SPAB	SPDR® PORTFOLIO AGGREGATE BOND ETF	
<input type="checkbox"/>	FIXD	FIRST TRUST TCW OPPORTUNISTIC FIXED INCOME ETF	
<input type="checkbox"/>	FBND	FIDELITY® TOTAL BOND ETF	

Free commission offer applies to online purchases of [ETFs](#) in a Fidelity retail account. The sale of ETFs is subject to an activity assessment fee (from \$0.01 to \$0.03 per \$1,000 of principal).

ETFs are subject to market fluctuation and the risks of their underlying investments. ETFs are subject to management fees and other expenses.



Mutual Fund Research on Fidelity.com

Fidelity CUSTOMER SERVICE | PROFILE | OPEN AN ACCOUNT | VIRTUAL ASSISTANT | LOG IN Search or go

Accounts & Trade Planning & Advice News & Research Products

Home » Research » Fixed Income » Help

Fixed Income, Bonds & CDs

Find Bonds & CDs | Research & Markets | Bond Tools | Service & Solutions | Understanding Bonds

Due to uncertainties surrounding the U.S. debt ceiling, market conditions may experience increased volatility. For the latest information and thought leadership from Fidelity, see resources on [market volatility](#) and the [debt ceiling debate](#).

Choose from 75,000 new issue and secondary market bonds and CDs, and over 120,000 total offerings quotations when including our depth of book. Only \$1 per bond mark-up/mark-down for secondary bond trading, \$0 for US Treasuries online.

Search Bonds or Funds Search by fund name, symbol, fund family or top holding.

Bonds **Funds** Search Funds Saved Searches Bond Ladder @ Req Requests

Yields Bonds (196,303) New Issues (278) CDs & Ladders (3,351) Annuities **Funds** ETFs Managed Accounts

SEARCH AND COMPARE BOND FUNDS

SELECT BOND FUND TYPE by Class/Category

Asset Class: All Bond Asset Classes

Category: All Categories

Fidelity funds only

Fund Picks from Fidelity

No Transaction Fee funds only

OVERALL RATING* ★★★★★ Any Morningstar rating

RETURNS* LOW AVG HIGH Any Returns rating

EXPENSES* LOW AVG HIGH Any Expenses rating

Learn more * Compared to Morningstar category average

962 Matching Funds See Results

1

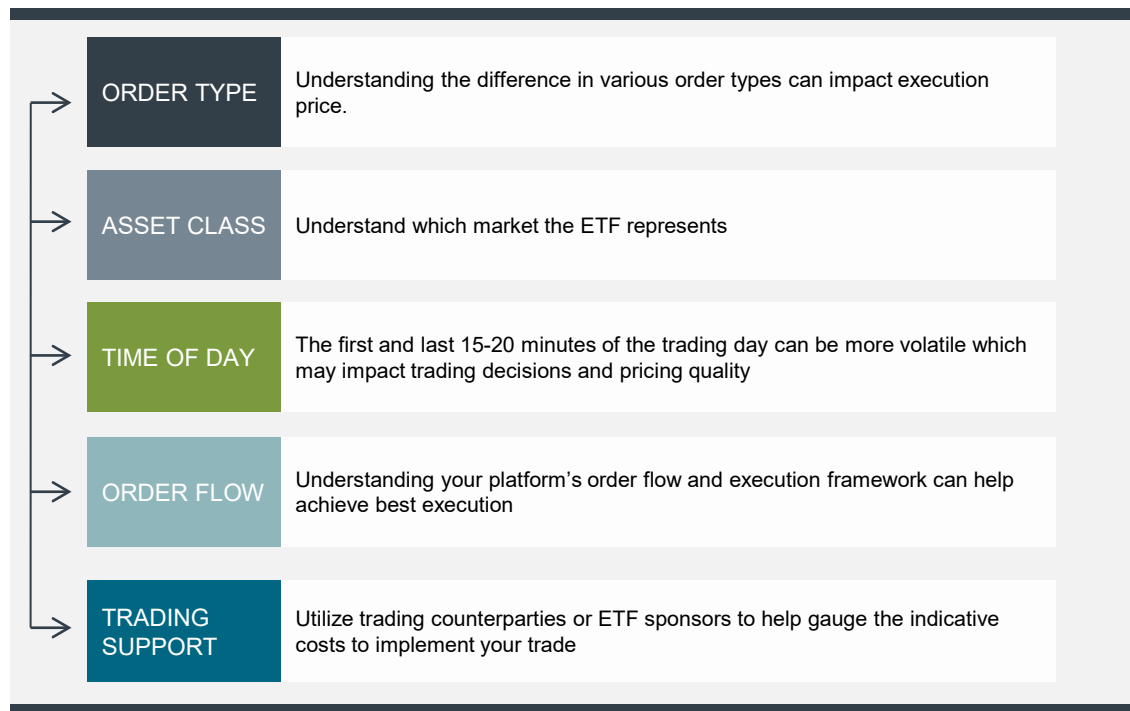
Select the Funds tab

2

Search for mutual funds that meet your objective



Best Practices to Consider When Trading ETFs



Fidelity Fixed Income ETFs

Fidelity Fixed Income ETFs

A robust lineup of bond ETFs reaching across duration and credit spectrums

	Investment Grade		CREDIT SPECTRUM					High Yield	
	Fidelity Low Duration Bond Factor ETF	Fidelity Limited Term Bond ETF	Fidelity Investment Grade Bond ETF	Fidelity Investment Grade Securitized ETF	Fidelity Corporate Bond ETF	Fidelity Total Bond ETF	Fidelity Tactical Bond ETF	Fidelity High Yield Factor ETF	Fidelity Preferred Securities & Income ETF
Ticker	FLDR	FLTB	FIGB	FSEC	FCOR	FBND	FTBD	FDHY	FPFD
Gross Expense Ratio	0.15%	0.25%	0.36%	0.36%	0.36%	0.36%	0.55%	0.45%	0.59%
Summary	Optimizes the balance of interest rate risk and credit risk such that both returns and risk measures may be improved relative to traditional U.S. investment grade floating rate note indices.	A credit-oriented ETF serving clients with shorter investment horizons.	A core fixed income ETF for investors seeking one-stop access to a diverse group of U.S. high-grade bond sectors.	A core fixed income ETF for investors seeking income and diversification from high-quality securitized products, including non-agency MBS, non-agency CMBS, and ABS.	For investors seeking income and diversification from high-quality corporate bonds.	A core fixed income ETF for clients seeking income and a measure of protection from stock market volatility.	Tactically allocates to fixed income subsectors while seeking a high level of current income and capital appreciation.	Seeks a high level of income and capital appreciation. Quantitative, rules-based approach to exploit market inefficiencies.	For risk-tolerant investors seeking high total return through a combination of current income and capital appreciation.

Source: Fidelity Investments, as of 3/31/23.

Expense Ratio is the fund's total annual fund operating expenses as available in each fund's prospectus and represents the expenses that you pay each year as a percentage of the value of your investment.

Diversification does not ensure a profit or guarantee against a loss.



Fidelity Fixed Income Sustainable ETFs

A sustainability focused lineup of bond ETFs

	CREDIT SPECTRUM		
	Investment Grade		High Yield
	Fidelity Sustainable Low Duration Bond ETF	Fidelity Sustainable Core Plus Bond ETF	Fidelity Sustainable High Yield ETF
Ticker	FSLD	FSBD	FSYD
Gross Expense Ratio	0.20%	0.36%	0.55%
Summary	A low duration bond ETF for investors seeking exposure to shorter maturity investment-grade debt securities believed to have positive environmental, social, governance (ESG) benefits.	A core fixed income ETF that provides exposure to debt securities of all types believed to have positive environmental, social, governance (ESG) benefits.	A core high yield bond ETF that invests in issuers with proven or improving sustainability practices based on an evaluation of their individual environmental, social, governance (ESG) profile.

Source: Fidelity Investments, as of 3/31/23.

Expense Ratio is the fund's total annual fund operating expenses as available in each fund's prospectus and represents the expenses that you pay each year as a percentage of the value of your investment.

Diversification does not ensure a profit or guarantee against a loss.

Application of FMR's ESG ratings process and/or its sustainable investing exclusion criteria may affect the fund's exposure to certain issuers, sectors, regions, and countries and may affect the fund's performance depending on whether certain investments are in or out of favor. Investing based on ESG factors may cause a strategy to forgo certain investment opportunities available to strategies that do not use such criteria. Because of the subjective nature of sustainable investing, there can be no guarantee that ESG criteria used by Fidelity will reflect the beliefs or values of any particular client.





Summary and Next Steps

Your Next Steps

Locating the products on Fidelity.com | More education and support services | How to buy

Individual Bonds

- 1 Fidelity.com > Research > Fixed Income
- 2 "Yields" tab or "Individual Bonds" tab

Fixed Income, Bonds & CDs

Fixed Bonds & CDs Research & Markets Bond Tools Service & Solutions Understanding Bonds

Click here to learn more about treasuries, and view our [NEW!](#) Treasury Trading Guides for help walking through the steps to buy at auction (PDSF) and on the secondary market (PDSF).

Choose from 75,000 new issue and secondary market bonds and CDs, and over 120,000 total offerings quotations when including our depth of book. Only \$1 per bond mark-up/mark-downs for secondary bond trading, \$0 for US Treasuries online.

Search Bonds or Funds by CUSIP or type the bond name Search by CUSIP

Yields Bonds New Issues CDs & Ladders Annuities Funds ETFs Managed Accounts

Yields tab highlighted

View by	Highest Yield	Median Yield	Filter and the yield same as												
Understanding the Table	30yr	20yr	10yr	5yr	3yr	1yr	3m	1m	30yr	20yr	10yr	5yr	3yr	1yr	3m
U.S. Treasury	5.33%	5.27%	5.22%	5.20%	4.95%	4.93%	3.95%	3.73%	4.0%	3.52%					
U.S. Treasury Zero	5.09%	5.06%	4.91%	4.81%	4.55%	4.21%	3.95%	3.91%	4.21%	3.62%					
Agency/IGM	5.38%	5.38%	5.19%	5.04%	5.06%	5.04%	5.67%	6.06%	5.71%	4.71%					
Corporate (AA+/AAA)	4.62%	4.69%	4.21%	4.07%	4.59%	4.26%	4.64%	5.87%	4.61%	4.61%					
Corporate (AA/AA)	4.48%	4.17%	3.52%	3.54%	4.54%	3.51%	4.55%	4.98%	3.10%	5.22%					
Corporate (A/A)	4.95%	4.49%	3.98%	3.47%	3.98%	3.63%	5.62%	5.14%	3.91%	5.93%					
Corporate (BBB/BB)	4.52%	3.84%	3.52%	3.48%	3.89%	3.39%	7.09%	5.29%	3.28%	7.83%					
Municipal (AAA/AA)	4.64%	3.54%	3.09%	3.11%	3.26%	3.59%	3.85%	4.02%	4.05%	4.15%					

Bond Mutual Funds

- 1 Fidelity.com > Research > Fixed Income
- 2 "Funds" tab

Fixed Income, Bonds & CDs

Fixed Bonds & CDs Research & Markets Bond Tools Service & Solutions Understanding Bonds

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Search Bonds or Funds Search by Bond name, symbol, bond family or top holding Search by CUSIP

Yields Bonds New Issues CDs & Ladders Annuities Funds ETFs Managed Accounts

SEARCH AND COMPARE BOND FUNDS

SELECT BOND FUND TYPE by Class/Category

Asset Class: All Bond Asset Classes

Category: US Corporate

Overall Rating: 5 stars

Return: 5.00%

Expense: 0.50%

962 Matching Funds

Bond ETFs

- 1 Fidelity.com > Research > Fixed Income
- 2 "ETFs" tab

Fixed Income, Bonds & CDs

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Yields Bonds New Issues CDs & Ladders Annuities Funds ETFs Managed Accounts

Choose an Investment Type

Choose an Investment Type

Fidelity Fixed Income ETFs

iShares Fixed Income Bond

Intermediate Core Bond

Global Bond

Corporate Bond

U.S. Government

Emerging Markets & Emerging Markets Local Currency Bond

Municipal Bond

Inflation Protection Bond

High Yield Bond

Why Buy Bonds at Fidelity?

The screenshot shows the Fidelity website interface. At the top, there's a navigation bar with 'Fidelity' logo and links for 'CUSTOMER SERVICE', 'PROFILE', 'OPEN AN ACCOUNT', 'VIRTUAL ASSISTANT', and 'LOG OUT'. Below that is a search bar and a secondary navigation bar with 'Accounts & Trade', 'Planning & Advice', 'News & Research', 'Products', and 'Why Fidelity'. The main content area is titled 'Why buy bonds & CDs at Fidelity' and includes sections for 'Low fees', 'Dedicated support', and 'Bond tools and resources'. A sidebar on the left lists various investment products like 'Fixed Income & Bonds Overview', 'Individual Bonds', 'Bond Funds', 'Bond ETFs', 'CDs', 'Fractional CDs', 'CD Ladders', 'Money Market Funds', 'Fixed Annuities', 'Separately Managed Accounts', 'Structured Products', and 'Other Income-Generating Products'. There are also 'PRODUCT RESOURCES' and 'Why Buy Bonds & CDs at Fidelity' links.

Fixed Income, Bonds & CDs

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[Fixed Income Specialists \(4:22\)](#)

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[Learn more about Fidelity's High Net Worth Bond Desk \(PDF\)](#)



[High Net Worth Bond Desk Services \(3:40\)](#)

Images are for illustrative purposes only. Source: Fidelity.com

A bond's markup is the difference (dollar and %) between a bond's Prevailing Market Price (PMP) and the trade price. The markup includes, but may not be limited to, Fidelity's \$1 per bond pricing. Details available on our [fee schedule](#).

Further information about bond pricing and markups may be found in this [Fidelity Viewpoint](#).

1. Minimum markup or markdown of \$19.95 applies if traded with a Fidelity representative. For U.S. Treasury purchases traded with a Fidelity representative, a flat charge of \$19.95 per trade applies. A \$250 maximum applies to all trades, reduced to a \$50 maximum for bonds maturing in one year or less. Rates are for U.S. dollar-denominated bonds; additional fees and minimums apply for non-dollar bond trades. Other conditions may apply; see [Fidelity.com/commissions](#) for details. Please note that mark-ups and mark-downs may affect the total cost of the transaction and the total, or "effective," yield of your investment. The offering broker, which may be our affiliate, National Financial Services LLC, may separately mark up or mark down the price of the security and may realize a trading profit or loss on the transaction.

See disclosures 2 and 3 on page 37 for details of the information presented above.

What Distinguishes Fidelity Fixed Income?

Team Approach	Commitment to Research	Risk Management
<ul style="list-style-type: none">• Stable and experienced team• Team has been managing portfolios since 1992 and asset allocation strategies since 2000• A history of competitive results through a variety of market environments	<ul style="list-style-type: none">• Independent and proprietary• Spans the capital structure• Fundamental research complemented by macro insights <p>.....</p> <ul style="list-style-type: none">• Over 115 research professionals• Research analysts average 16 years of industry experience• Coordination with more than 175 equity research professionals <p>.....</p> <p>Annually:</p> <ul style="list-style-type: none">• 5,000 in-house meetings• 13,000 company contacts• 35,000 research notes	<ul style="list-style-type: none">• Focused on delivering competitive risk-adjusted returns that are consistent with client expectations• Integrated and empowered risk professionals• Multiple layers of oversight and risk infrastructure• Long-term commitment to risk infrastructure via technology (i.e., Risk Model)

Strategically aligns Fidelity with its **clients** and **shareholders**

Past performance is no guarantee of future results.

Source: Fidelity Investments as of 12/31/22. Data is unaudited.



Important Information

(from pages 8, 16 and 35)

1. Fixed Income Yields & Spreads: Data is for the month-end periods May 2003 – May 2023. Spread data are based on option-adjusted spread except for Leveraged Loans which is based on spread to maturity. The percentile rank is the rank over the stated time period with 100 representing the highest yield/spread and 0 representing the lowest yield/spread. Yield is the current yield on the 10yr Treasury and yield to worst for the indices except for leveraged loan which is yield to maturity. Spread is option adjusted spread and spread to maturity for leveraged loan. Yields and spreads are represented by the Bloomberg U.S. Aggregate Bond Index, Bloomberg U.S. Securitized Index, Bloomberg Corporate Investment Grade Index, Bloomberg Global Credit Index, Bloomberg U.S. Corporate High Yield Index, S&P/LSTA Leveraged Performing Loan Index, and Bloomberg Emerging Markets USD Aggregate Index. Past performance is no guarantee of future results.

2. Fidelity commissioned Corporate Insight to study bond pricing, available online, for self-directed retail investors from three brokers that offer corporate and municipal bonds for comparison to Fidelity's standard online pricing. The [study](#) compared online bond prices for more than 27,000 municipal and corporate inventory matches from February 4 through March 7, 2022. It compared municipal and corporate inventories offered online in varying quantities. The study found that, on average, the three online bond brokers identified in the chart were asking \$15.14 more per bond. Corporate Insight determined the average price differential by calculating the difference between the prices of matching corporate and municipal bond inventory at Fidelity, including Fidelity's \$1 per bond markup for online trades vs. the prices offered online for the same bonds from the three brokers in the table, then averaging the differences of the financial services firms. The analysis included investment grade corporate and municipal bonds only.

3. Fidelity makes new issue CDs available without a separate transaction fee. Fidelity Brokerage Services LLC and National Financial Services LLC receive compensation for participating in the offering as a selling group member or underwriter.

Important Information (Cont'd)

Before investing in any mutual fund or exchange traded fund, you should consider its investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus, an offering circular, or, if available, a summary prospectus containing this information. Read it carefully.

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible. Any fixed income security sold or redeemed prior to maturity may be subject to loss. High-yield/non-investment-grade bonds involve greater price volatility and risk of default than investment-grade bonds.

The municipal market can be adversely affected by tax, legislative, or political changes and the financial condition of the issuers of municipal securities. Investing in municipal bonds for the purpose of generating tax-exempt income may not be appropriate for investors in all tax brackets or for all account types. Tax laws are subject to change and the preferential tax treatment of municipal bond interest income may be revoked or phased out for investors at certain income levels. You should consult your tax adviser regarding your specific situation.

For iShares ETFs, Fidelity receives compensation from the ETF sponsor and/or its affiliates in connection with an exclusive long-term marketing program that includes promotion of iShares ETFs and inclusion of iShares funds in certain FBS platforms and investment programs. Please note, this security will not be marginable for 30 days from the settlement date, at which time it will automatically become eligible for margin collateral. Additional information about the sources, amounts, and terms of compensation can be found in the ETF's prospectus and related documents. Fidelity may add or waive commissions on ETFs without prior notice. BlackRock and iShares are registered trademarks of BlackRock Inc., and its affiliates.

Fidelity Brokerage Services receives compensation from the fund's advisor or its affiliates in connection with a marketing program that includes the promotion of this security and other ETFs to customers ("Marketing Program"). The Marketing Program creates incentives for Fidelity Brokerage Services to encourage the purchase of certain ETFs. Additional information about the sources, amounts, and terms of compensation is in the ETFs prospectus and related documents. Please note that this security will not be marginable for 30 days from the settlement date, at which time it will automatically become eligible for margin collateral.

Important Information (Cont'd)

ETFs are subject to market fluctuation and the risks of their underlying investments. ETFs are subject to management fees and other expenses. Unlike mutual funds, ETF shares are bought and sold at market price, which may be higher or lower than their NAV, and are not individually redeemed from the fund.

The tax information contained herein is general in nature, is provided for informational purposes only, and should not be construed as legal or tax advice. Fidelity does not provide legal or tax advice. Fidelity cannot guarantee that such information is accurate, complete, or timely. Laws of a particular state or laws that may be applicable to a particular situation may have an impact on the applicability, accuracy, or completeness of such information. Always consult an attorney or tax professional regarding your specific legal or tax situation.

The Fidelity ETF Screener and Mutual Fund Evaluator are research tools provided to help self-directed investors evaluate these types of securities. The criteria and inputs entered are at the sole discretion of the user, and all screens or strategies with preselected criteria (including expert ones) are solely for the convenience of the user. Expert Screeners are provided by independent companies not affiliated with Fidelity. Information supplied or obtained from these Screeners is for informational purposes only and should not be considered investment advice or guidance, an offer of or a solicitation of an offer to buy or sell securities, or a recommendation or endorsement by Fidelity of any security or investment strategy. Fidelity does not endorse or adopt any particular investment strategy or approach to screening or evaluating stocks, preferred securities, exchange traded products, or closed-end funds. Fidelity makes no guarantees that information supplied is accurate, complete, or timely, and does not provide any warranties regarding results obtained from its use. Determine which securities are right for you based on your investment objectives, risk tolerance, financial situation, and other individual factors, and reevaluate them on a periodic basis.

References to individual securities are for illustrative purposes only and should not be construed as investment advice.

Past performance is no guarantee of future results.

Important Information (Cont'd)

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Views expressed are as of the date indicated, based on the information available at that time, and may change based on market or other conditions. Unless otherwise noted, the opinions provided are those of the speaker or author and not necessarily those of Fidelity Investments or its affiliates. Fidelity does not assume any duty to update any of the information.

A bond ladder, depending on the types and amount of securities within it, may not ensure adequate diversification of your investment portfolio. While diversification does not ensure a profit or guarantee against loss, a lack of diversification may result in heightened volatility of your portfolio value. You must perform your own evaluation as to whether a bond ladder and the securities held within it are consistent with your investment objectives, risk tolerance, and financial circumstances. To learn more about diversification and its effects on your portfolio, contact a representative.

The Fixed Income Analysis tool is designed for educational purposes only and you should not rely on it as the primary basis for your investment, financial or tax planning decisions.

Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk. Nothing in this content should be considered to be legal or tax advice and you are encouraged to consult your own lawyer, accountant, or other advisor before making any financial decision.

Important Information (Cont'd)

Indices

All indexes are unmanaged, and performance of the indexes includes reinvestment of dividends and interest income, unless otherwise noted. Indexes are not illustrative of any particular investment, and it is not possible to invest directly in an index.

Bloomberg U.S. High Yield Index is a market value-weighted index that covers the universe of dollar-denominated, fixed-rate, non-investment-grade debt.

Bloomberg U.S. Corporate Investment Grade Index is a market value-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more.

Bloomberg Municipal Bond Index is an unmanaged index that includes investment-grade, tax-exempt, and fixed-rate bonds with maturities greater than two years selected from issues larger than \$75 million.

Bloomberg U.S. Aggregate Bond Index is an unmanaged index that tracks domestic investment-grade bonds, including corporate, government, and mortgage-backed securities.

Bloomberg U.S. Treasury Index is a market value-weighted index of public obligations of the U.S. Treasury with maturities of one year or more.

Bloomberg Emerging Markets USD Aggregate Index is a hard currency emerging markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate emerging market issuers.

Bloomberg Emerging Markets USD Aggregate Investment-Grade Index is a hard currency investment grade emerging markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate emerging market issuers.

Bloomberg Emerging Markets USD Aggregate High Yield Index is a hard currency high yield emerging markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate emerging market issuers.

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Indices

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IA SBBI US Intermediate Term Government Bond Index: The index measures the performance of a single issue of outstanding US Treasury note with a maturity term of around 5.5 years. It is calculated by Morningstar and the raw data is from Wall Street Journal.

IA SBBI US Long-Term Corporate Bond Index: The index measures the performance of US dollar-denominated bonds issued in the US investment-grade bond market including US and non-US corporate securities that have at least ten years to maturity and a credit rating of AAA/AA.

Standard & Poor's (S&P) 500® Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance.

Bloomberg US Securitized MBS/ABS/CMBS Index tracks agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC); investment grade debt asset backed securities; and investment grade commercial mortgage-backed securities.

The Bloomberg Barclays Global Aggregate Credit Index measures the global investment grade local currency corporate and government-related bond markets. This multi-currency benchmark includes fixed-rate bonds from both developed and emerging markets issuers. It is a component of the Global Aggregate Index, and was created in 2001, with index history backfilled to September 1, 2000.

The Bloomberg Emerging Markets USD Aggregate Bond Index is a flagship hard currency Emerging Markets debt benchmark that includes fixed and floating-rate US dollar-denominated debt issued from sovereign, quasi-sovereign, and corporate EM issuers. Country eligibility and classification as Emerging Markets is rules-based and reviewed annually using World Bank income group and International Monetary Fund (IMF) country classifications. This index was previously called Bloomberg US EM Index, and history is available back to 1993.

The Bloomberg U.S. TIPS Index is an unmanaged index that consists of inflation-protected securities issued by the U.S. Treasury

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