Fidelity Investments Statement on
Money Market Mutual Funds and Market Events
July 2, 2015

The following money market mutual fund update incorporates views on Federal Reserve policy, prospects for the U.S. economy, and what they may mean for short-term interest rates.

First, we can state unequivocally that Fidelity's money market mutual funds continue to provide security and safety for fund shareholders' cash investments. We are confident that our money market funds' holdings continue to represent minimal credit risk. We seek to provide shareholders with safety, liquidity, and yield, in that order. Our funds invest in money market securities of high quality, and our customers have full access to their investments anytime they wish.

The U.S. Interest Rate Environment

Since the financial crisis in 2008, the Federal Reserve (Fed) has sought to keep its key interest rate, the federal funds rate,[1] anchored at zero or near zero, leaving interest rates on longer maturity securities on the yield curve to pivot around this anchor.

The course of the economy, employment, and inflation remain the predominant factors used by the Fed to determine monetary policy and changes to the fed funds rate. During a speech on May 22, 2015, Fed Chair Janet Yellen cited her reliance on data: "If the economy continues to improve as expected, I think it will be appropriate to take the initial step to raise the federal funds rate target and begin the process of normalizing monetary policy. To support this step, however, I will need to see continued improvement in labor market conditions, and I will need to be reasonably confident that inflation will move back to two percent over the medium term." Chair Yellen went on to say that when the central bank did begin to raise the federal funds rate, she anticipated that the pace of normalization would likely be gradual.

The U.S. economy is showing signs of normalizing: the unemployment rate is down to 5.3%, consumer credit is beginning to grow modestly, there are early signs of upward pressure on wages, and reports of increases in household formation. We believe these favorable indicators support a case for higher rates, albeit as part of a modest interest rate cycle that is in line with muted inflation pressures in the U.S. and globally.

The consensus expectation is that the Fed will begin to raise rates at some point in 2015. We, too, believe the Fed will increase rates at some point in 2015. When the Fed begins to raise rates, it will be doing so with an unprecedentedly large balance sheet and using a new set of tools that could create volatility as they normalize rates. Money market investors are likely to benefit if the short term-yield curve steepens and investment yields rise.

[1] The fed funds rate is the interest rate paid at which depository institutions lend balances at the Federal Reserve to other depository institutions overnight.

Credit Environment
While the uncertainty in Greece has ignited considerable volatility in certain sectors of the global capital markets, the underlying credit environment has continued to improve, especially for the global financial companies that comprise the majority of the issuers that are active in the short term markets. These improvements have been driven by a number of factors including regulatory changes requiring higher levels of capital and liquidity, as well as actions by banks to pare down legacy businesses and reduce risk. That said, we continue to maintain a cautious stance in positioning our portfolios. Fidelity's money market mutual funds invest only in high quality U.S.-dollar-denominated, short-term debt instruments that represent minimal credit risk.

Fed Reverse Repo Facility
In December 2014, the Fed introduced a term reverse repo program to supplement the overnight program to help control the fed funds rate. Several Fidelity money market mutual funds meet the eligibility criteria and use the facility as an overnight investment alternative. The reverse repurchase agreement (repo) facility is part of an ongoing effort by the Fed to improve its ability to manage short-term interest rates, regardless of the size of its balance sheet, and to create a floor under short-term money market rates. The overnight program has been extended through January 2016, and the participation limits have been increased to $30 billion per counterparty and $300 billion for the overall program.

Investment Management and Research
Fidelity's money market mutual funds continue to invest only in issuers that represent minimal credit risk. Fidelity makes an independent credit assessment for each security, which includes a thorough, fundamental credit and cash flow analysis of the issuer, including its profitability, capitalization, cost structure, debt load, interest-rate sensitivity, capital intensiveness, sources of revenue, quality of assets and nature of liabilities.

Fidelity does not rely on rating agencies to make investment decisions. Fidelity's research team makes its own independent minimal credit risk determinations on every issuer or security in its money market mutual funds.

Fidelity has long made a significant investment in its research capabilities, including research on foreign banks and foreign governments. Fidelity has a fixed-income research team located in London that is dedicated to analyzing European and Asian financial institutions and the sovereigns within which they operate.

Fidelity's money market mutual fund holdings are publicly available. They are posted on Fidelity.com and are available for all to see.

Fidelity's money market mutual funds have significant liquidity. In addition, we have regularly stress tested our money market mutual funds, and we believe they can withstand significant market volatility. Stress testing is an ongoing process, which we review and update as part of our portfolio management strategies. In those tests, we take into account a variety of potential market scenarios and outcomes.

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Past performance is no guarantee of future results.
Current and future portfolio holdings are subject to risk.
Views may change based on market and other conditions.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

Before investing, consider the funds' investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

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