New to ETFs?
5 must-ask questions to get started

Discover the basics of exchange-traded funds, how they may benefit your portfolio and, where to learn more on fidelity.com
AGENDA – We’ll answer 5 questions

- What is an index?
- What is an exchange-traded fund?
- Why use ETFs?
- How do ETFs compare to mutual funds?
- Where can I research and learn more on Fidelity.com?
What is an index?
An index…

- IS designed to measure a particular market or a portion of it
- IS NOT a direct investment vehicle and is unmanaged

A few of the big U.S. indexes include:

- Dow Jones Industrial Average
- S&P 500®
- Nasdaq Composite
- Barclays U.S. Aggregate Bond

Keep in mind, there are thousands of indexes tracking nearly any market.

Most exchange-traded funds track an index.

Indexes are unmanaged. It is not possible to invest directly in an index.
An index fund...

- Allows investors to invest in securities representing market segments
- IS passively managed

Passive management
- A fund’s portfolio attempts to replicate the performance of a market index
- Also known as “index investing”

Active management
- A strategy where the manager makes specific investments based on research and analysis with the goal of outperforming an index

Where can I learn more?
Research > Learning Center > Index ETFs
What is an exchange-traded fund?
An exchange-traded fund (ETF) is...

- A basket of securities designed to offer exposure to a certain segment(s) of the market
- Can be either passively, enhanced or actively managed – most are passive
- An exchange-traded product

Have you heard of these passive ETFs?

- SPY – tracks S&P 500®
- IWM – tracks Russell 2000®
- QQQ – tracks Nasdaq-100
- AGG – tracks Barclays U.S. Aggregate Bond

Where can I learn more?

Research > Learning Center > What is an ETF?
Why use ETFs?
Product features that are driving the popularity of ETFs

- **DIVERSIFICATION**: A way to build a portfolio that meets specific asset allocation goals.
- **PRICING**: Continuous pricing and trading throughout the day.
- **TRANSPARENCY**: Typically disclose holdings daily.
- **LOWER COST**: Potentially lower expense ratios.
- **TAX EFFICIENCY**: Lower portfolio turnover and the ability to do in-kind redemptions.
How do ETFs compare to mutual funds?
Things to know about COSTS

<table>
<thead>
<tr>
<th>ETFs</th>
<th>Mutual Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Expense ratios</td>
<td>• Expense ratios</td>
</tr>
<tr>
<td>• Commissions (may be waived)</td>
<td>• Load and no-load</td>
</tr>
<tr>
<td>• Bid-Ask spreads</td>
<td>• Bought/Sold at NAV</td>
</tr>
<tr>
<td>• Premium/Discounts</td>
<td>• (may have redemption fees)</td>
</tr>
<tr>
<td></td>
<td>• Bought/Sold at NAV</td>
</tr>
<tr>
<td></td>
<td>• (no load funds)</td>
</tr>
</tbody>
</table>

Where can I learn more?

*Research > ETFs > ETF / ETP Screener*
Things to know about TRADING ATTRIBUTES

**ETFs**
- Intra-day trading on secondary market
- Allows Limit, Stop and Conditional Orders
- Allows Shorting and Margin

**Mutual Funds**
- Most transact once a day at close
- No Limit, Stop or Conditional Orders
- No Shorting (Margin 30 days)

Where can I learn more?

Research > Learning Center > Understanding how mutual funds, ETFs, and stocks trade
Things to know about ACCESS, TRANSPARENCY & TAXES

ETFs
- Many sub-sector and industry focused ETPs in addition to broader market ETPs
- Generally, daily transparency of all holdings
- Capital gains tend to be lower due to creation & redemption

Mutual Funds
- Most funds focus on broader markets; few sub-sector funds
- Holdings data usually at least 1 month old
- Less tax efficient structure, all shareholders bear tax burden

Where can I learn more?
Research > Learning Center > What’s in your ETF? Understanding ETF portfolio composition
Where can I research and learn more on Fidelity.com?

Online Demonstration
Buy online commission-free - Fidelity
Fidelity Sector ETFs

• **CHOICE:**
  11 passively managed sector ETFs and NASDAQ Composite Index

• **EXPERTISE:**
  30+ years of managing sector assets for shareholders

• **VALUE:**
  11 sector ETFs commission-free online with some of the lowest expense ratios in the industry\(^1\)

---

**Fidelity Sector ETFs**

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fidelity® MSCI Consumer Discret ETF (FDIS)</td>
<td></td>
</tr>
<tr>
<td>Fidelity® MSCI Consumer Staples ETF (FSTA)</td>
<td></td>
</tr>
<tr>
<td>Fidelity® MSCI Energy ETF (FENY)</td>
<td></td>
</tr>
<tr>
<td>Fidelity® MSCI Financials ETF (FNCL)</td>
<td></td>
</tr>
<tr>
<td>Fidelity® MSCI Health Care ETF (FHLC)</td>
<td></td>
</tr>
<tr>
<td>Fidelity® MSCI Industrials ETF (FIDU)</td>
<td></td>
</tr>
<tr>
<td>Fidelity® MSCI Information Tech ETF (FTEC)</td>
<td></td>
</tr>
<tr>
<td>Fidelity® MSCI Materials ETF (FMAT)</td>
<td></td>
</tr>
<tr>
<td>Fidelity® MSCI Telecommunication Src ETF (FCOM)</td>
<td></td>
</tr>
<tr>
<td>Fidelity® MSCI Utilities ETF (FUTY)</td>
<td></td>
</tr>
<tr>
<td>Fidelity® MSCI Real Estate ETF (FREL)</td>
<td></td>
</tr>
</tbody>
</table>

**Expense ratio information as of July 1, 2016 for Fidelity**

Images are for illustrative purposes only.

---

Free commission offer applies to online purchases of Fidelity ETFs in a Fidelity brokerage account with a minimum opening balance of $2,500. The sale of ETFs is subject to an activity assessment fee (of between $0.01 to $0.03 per $1000 of principal). Fidelity ETFs are subject to a short-term trading fee by Fidelity, if held less than 30 days.

1. Strategic Insight Simfund/FI Desktop, data as of 7/31/2013. Based on a comparison of 298 total expense ratios for U.S. sector level ETFs that have similar holdings and investment objectives classified within Morningstar’s Sector Stock asset class.

2. The percentage of fund assets used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund’s NAV. Sales charges are not included in the expense ratio.
Buy online commission-free - Fidelity
Fidelity Active Fixed Income ETFs

• **CHOICE:**
  3 actively managed fixed income ETFs

• **EXPERTISE:**
  Backed by Fidelity’s fixed income expertise and one of the deepest research teams in the industry

• **VALUE:**
  Buy commission-free online, competitively priced with total expense ratio of 0.45%.

Fidelity’s actively managed fixed income ETFs leverage our research-driven investment management to provide three new investment options for investors seeking income:

- Fidelity Total Bond ETF (FBND)
- Fidelity Limited Term Bond ETF (FLTB)
- Fidelity Corporate Bond ETF (FCOR)

Free commission offer applies to online purchases of Fidelity ETFs in a Fidelity brokerage account with a minimum opening balance of $2,500. The sale of ETFs is subject to an activity assessment fee (of between $0.01 to $0.03 per $1000 of principal). Fidelity ETFs are subject to a short-term trading fee by Fidelity, if held less than 30 days.

1. Expense Ratio is the total annual fund operating expense ratio from the fund's most recent prospectus.

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.

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.
Buy online commission-free - Fidelity
Fidelity Factor ETFs

- **CHOICE:**
  6 passively managed factor ETFs

- **EXPERTISE:**
  Fidelity’s legacy of fundamental research is united with factor-based insights to provide an outcome-oriented diversifier using a rules-based approach

- **VALUE:**
  Buy online 6 commission-free, low-cost factor ETFs

---

Free commission offer applies to online purchases of Fidelity ETFs in a Fidelity brokerage account with a minimum opening balance of $2,500. The sale of ETFs is subject to an activity assessment fee (of between $0.01 to $0.03 per $1000 of principal). Fidelity ETFs are subject to a short-term trading fee by Fidelity, if held less than 30 days.

The Fidelity Factor Indicies were created by FMRCo., Inc. using a rules-based proprietary index methodology and the performance of the funds and their indices may vary somewhat due to various factors including fees and expenses. You cannot invest directly in an index.
Buy online commission-free - iShares®

iShares® ETFs

- **CHOICE:**
  70 iShares® ETFs include all 10 iShares® core ETFs with broad and diverse asset classes

- **EXPERTISE:**
  Market leader in the management and development of ETFs*

- **VALUE:**
  Buy online 70 commission-free iShares® ETFs

---

**Table:**

<table>
<thead>
<tr>
<th>Domain</th>
<th>Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equity</td>
<td><strong>Growth</strong></td>
</tr>
<tr>
<td>Large-Cap</td>
<td>S&amp;P 500 Growth Index (IIVW)</td>
</tr>
<tr>
<td></td>
<td>Core U.S. Growth (IUSG)*</td>
</tr>
<tr>
<td>Mid-Cap</td>
<td>S&amp;P Mid-Cap 400 Growth Index (IJK)</td>
</tr>
<tr>
<td>Small-Cap</td>
<td>S&amp;P Small-Cap 600 Growth (IJT)</td>
</tr>
</tbody>
</table>

Images are for illustrative purposes only.

Free commission offer applies to online purchases of select iShares ETFs in a Fidelity account. Fidelity accounts may require minimum balances. The sale of ETFs is subject to an activity assessment fee (of between $0.01 and $0.03 per $1,000 of principal) and, subject to a short-term trading fee by Fidelity if held less than 30 days.

Source: BlackRock ETP Global Landscape Report 1/31/2013. Based on number of ETFs, AUM, and market share.

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. 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.

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.
ETF Research

Use the information available to learn more about an individual ETF or to compare an ETF to others.

Commonly used pages include:

- **Snapshot** – one-page summary
- **Detailed Quote** – interesting facts, such as: NAV, Bid/Ask, Short Interest, and Yield
- **Portfolio Composition** – view the Top 10 Holdings
- **Compare** – perform a side-by-side comparison of up to 5 different securities

Images are for illustrative purposes only.
ETF/ETP Screener: Two ways to get started

Build your own screen by identifying criteria that is important to you or select a theme that best describes the type of ETF you are looking for.

There when you need it - embedded education in the screener to help along the way.

Just a click away from results!
ETF/ETP Screener: Results

Read more about the theme to understand what is included as well as excluded.

Print, Download or Save your results

Look for the commission-free icon

Read the Theme Criteria to learn why a symbol is included in the results.

Images are for illustrative purposes only.
Use the Fidelity Learning Center at home to:

**Get more information**

Visit Fidelity.com - select **Research > Learning Center** and obtain even more information and insight on exchange-traded funds.

**Take a course**

Complete a course online to learn more about the basic concepts of exchange-traded funds.

**Example:** Getting started with ETFs/ETPs

**Watch videos**

Learn how to navigate and leverage Fidelity’s research and trading tools.

**Example:** Finding an ETF that’s right for you with Fidelity’s ETF/ETP Screener; Trading online with Fidelity

**Attend seminars/webinars**

Register for the next seminar in the ETF series *Putting ETFs to work in your portfolio*.

View one of our monthly webinars from Fidelity.com.
Let’s discuss how we can help you take the next step…

Speak to a representative

Call 800-544-5115

One of our knowledgeable representatives is waiting to assist you

Visit a Fidelity Investor Center

For a consultation with one of our investment professionals
Important Information

Diversification does not ensure a profit or guarantee against loss.

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.

Exchange-traded products (ETPs) are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments. Foreign securities are subject to interest rate, currency-exchange rate, economic, and political risks, all of which are magnified in emerging markets. Exchange-traded products (ETPs) that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETPs that use derivatives, leverage, or complex investment strategies are subject to additional risks. The return of an index ETP is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETP may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). Each ETP has a unique risk profile, which is detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

There is no guarantee that a factor-based investing strategy will enhance performance or reduce risk. Before investing, make sure you understand how the fund’s factor investment strategy may differ from more traditional index products. Depending on market conditions, fund performance may underperform compared to products that seek to track a more traditional index. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses and tracking error. An ETF may trade at a premium or discount to its Net Asset Value (NAV).

The 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.

Because of their narrow focus, sector funds tend to be more volatile than funds that diversify across many sectors and companies. Nondiversified sector funds may have additional volatility because they can invest a significant portion of assets in securities of a small number of individual issuers.

Margin trading entails greater risk, including, but not limited to, risk of loss and incurrence of margin interest debt, and is not suitable for all investors. Please assess your financial circumstances and risk tolerance before trading on margin. Margin credit is extended by National Financial Services, Member NYSE, SIPC.

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, offering circular, or, if available, a summary prospectus containing this information. Read it carefully.

Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917
748502.4.0