

# Fidelity® Investment Grade Bond Fund

## Investment Approach

- Fidelity® Investment Grade Bond Fund is a core fixed-income strategy providing investors one-stop access to a diverse group of U.S. high-grade bond sectors.
- Benchmarked against the Bloomberg U.S. Aggregate Bond Index, the fund seeks to deliver competitive risk-adjusted performance that is commensurate with investor expectations of a core bond fund.
- Utilizing a team-based investment process, the fund relies on experienced portfolio managers, research analysts and traders. We concentrate on areas where we believe we can repeatedly add value, including asset allocation, sector and security selection, yield-curve positioning and opportunistic trading.
- Robust governance and risk management, consisting of extensive quantitative modeling, formal and informal portfolio reviews, and proprietary tools, support the identification of both opportunities and risks.

## PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/LOF <sup>1</sup>
Fidelity Investment Grade Bond Fund Gross Expense Ratio: 0.45% <sup>2</sup>	-0.42%	-0.42%	2.54%	-2.05%	1.15%	2.01%
Bloomberg US Aggregate Bond Index	-0.78%	-0.78%	1.70%	-2.46%	0.36%	1.54%
Lipper Core Bond Funds Classification	-0.43%	-0.43%	2.26%	-2.50%	0.52%	1.49%
Morningstar Fund Intermediate Core Bond	-0.51%	-0.51%	2.01%	-2.45%	0.36%	1.43%

<sup>1</sup> Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 08/06/1971.

<sup>2</sup> This expense ratio is from the most recent prospectus and generally is based on amounts incurred during the most recent fiscal year, or estimated amounts for the current fiscal year in the case of a newly launched fund. It does not include any fee waivers or reimbursements, which would be reflected in the fund's net expense ratio.

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. Performance shown is that of the fund's Retail Class shares (if multiclass). You may own another share class of the fund with a different expense structure and, thus, have different returns. To learn more or to obtain the most recent month-end or other share-class performance, visit [fidelity.com/performance](https://www.fidelity.com/performance), [institutional.fidelity.com](https://www.institutional.fidelity.com), or [401k.com](https://www.401k.com). Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated.

For definitions and other important information, please see the Definitions and Important Information section of this Fund Review.

## FUND INFORMATION

**Manager(s):**  
Team Managed

**Trading Symbol:**  
FBNDX

**Start Date:**  
August 06, 1971

**Size (in millions):**  
\$9,812.83

**Morningstar Category:**  
Fund Intermediate Core Bond

*Fixed income investments entail interest rate risk (as interest rates rise bond prices usually fall), the risk of issuer default, issuer credit risk and inflation risk. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. Lower-quality bonds can be more volatile and have greater risk of default than higher-quality bonds. Leverage can increase market exposure and magnify investment risk.*



Not FDIC Insured • May Lose Value • No Bank Guarantee

## Taxable Bond Market Review

U.S. taxable investment-grade bonds, as measured by the Bloomberg U.S. Aggregate Bond Index, returned -0.78% in the first three months of 2024, as a late-2023 bond rally stalled amid stubborn monthly inflation levels and strong economic data.

In last year's final months, capital markets around the world surged after the U.S. Federal Reserve indicated that it was likely done with the interest-rate-hiking program it began in March of 2022, and that it hoped to pivot toward easing monetary policy in 2024. The Fed's comments, coupled with two consecutive milder-than-expected consumer price index reports, helped the Aggregate index gain 4.53% in November and a further 3.83% in December – the strongest two-month stretch since 1982.

The bond market began the year with investors anticipating six to seven 25-basis-point cuts to the federal funds rate over the course of 2024, with the first taking place in March. From the start, it was going to be difficult for the market to outperform such high expectations. During the quarter, stronger-than-expected employment, manufacturing and consumer spending data, coupled with CPI reads that showed most U.S. inflation metrics either moving sideways or ticking up in January and February, led investors to reassess the likely number and magnitude of cuts this year.

Against this backdrop, the Aggregate index returned -0.27% in January and -1.41% in February, as bond yields rose and prices fell in response to the new assumption of higher-for-longer interest rates. Bonds then gained 0.92% in March, helped by reassuring comments from Fed Chair Jerome Powell following the central bank's two-day committee meeting on March 19-20.

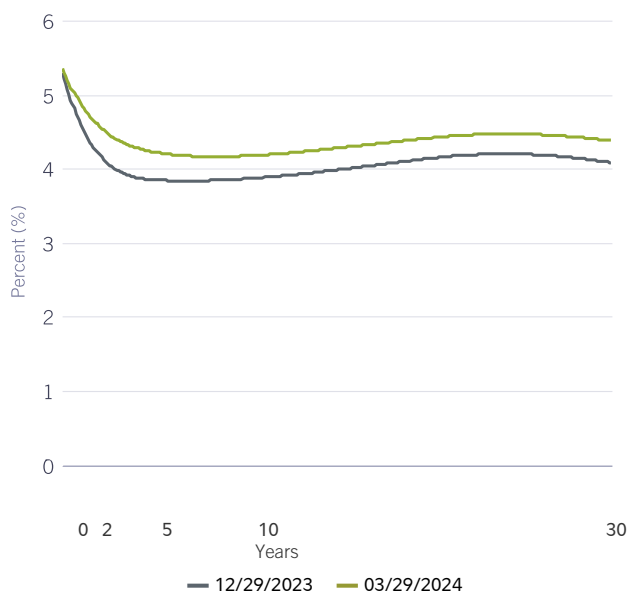
In his remarks, Powell maintained that the Fed was still planning for three quarter-percentage-point policy cuts by the end of 2024. Although this rate reduction was less than the market expected at the beginning of the year, the remarks were nevertheless viewed as dovish.

For the full three months, returns were mostly negative across major segments of the bond market, though there were pockets of strength. By quality rating, top-tier (AAA) investment-grade securities fared best and had modestly positive returns, while the lowest rung (BBB) saw a small decline but outperformed mid-range (AA and A) debt. Short-term maturities (1-3 Years) gained 0.45% and outpaced longer-term issues, which registered increasingly sharper declines across the maturity spectrum.

Yield-advantaged, credit-sensitive sectors largely delivered solid excess returns for the three months, but results were mixed on a total-return basis, with investment-grade corporate bonds (-0.40%) topping U.S. Treasuries (-0.96%) but slightly underperforming U.S. government-related securities (-0.37%). Among securitized segments, commercial mortgage-backed securities (+0.85%) continued a rebound that began in last year's second half; asset-backed securities (+0.68%), such as auto loan debt and credit card receivables, also ended in the black; and government agency mortgage-backed securities lagged (-1.04%).

Outside the Aggregate index, higher-risk segments such as U.S. high-income securities (+1.47%) showed relative strength in the rising-yield environment, with below-investment-grade emerging-markets debt (+4.72%) a particular standout. Meanwhile, U.S. Treasury Inflation-Protected Securities (-0.08%) treaded water, per Bloomberg. ■

### U.S. TREASURY YIELD CURVE



Source: Bloomberg

### THREE-MONTH FIXED-INCOME SECTOR RETURNS

Sector	Total Return	Excess Return*
Government-Related	-0.37%	0.39%
U.S. Mortgage-Backed Securities	-1.04%	-0.14%
Asset-Backed Securities	0.68%	0.54%
Commercial Mortgage-Backed Securities	0.85%	1.45%
U.S. Corporate Investment Grade	-0.40%	0.89%
U.S. Corporate High Yield	1.47%	1.59%
Emerging Markets: Investment Grade	-0.30%	0.90%
Emerging Markets: High Yield	4.72%	5.36%
U.S. Treasury	-0.96%	0.00%

Source: Bloomberg

\*Over similar-duration Treasuries

## Performance Review

### DETAILED FUND ATTRIBUTION RELATIVE TO BENCHMARK

Strategy: Sector Allocation		Strategy: Security Selection	
<b>Market Environment</b>	Most major market segments posted modest declines for the three months. Yield-advantaged, credit-sensitive sectors such as U.S. investment-grade corporate bonds and commercial mortgage-backed securities delivered solid excess returns over U.S. Treasurys.	<b>Market Environment</b>	Among investment-grade categories, high-quality, short-term securities held up best.
<b>Fund Positioning</b> (Impact vs. Benchmark)	<p>Overall, sector allocation had a positive performance impact versus the benchmark Bloomberg U.S. Aggregate Bond Index.</p> <ul style="list-style-type: none"> <li>Exposure to AAA-rated collateralized loan obligations contributed, as did exposure to single-asset, single borrower commercial mortgage-backed securities. <b>(Positive)</b></li> <li>An overweight in corporate bonds contributed modestly, driven primarily by holdings in financial institutions. <b>(Positive)</b></li> </ul>	<b>Fund Positioning</b> (Impact vs. Benchmark)	<p>Security selection aided the fund's relative performance.</p> <ul style="list-style-type: none"> <li>A holding in government-related energy firm Petróleos Mexicanos was the top contributor versus the benchmark. <b>(Positive)</b></li> <li>Larger-than-benchmark exposure to U.S. financial firm Capital One also added relative value. <b>(Positive)</b></li> </ul>
Strategy: Duration and Yield Curve			
<b>Market Environment</b>	Yields rose across the maturity spectrum during the quarter, with the front end (three- and five-year rates) rising most. The yield curve remained inverted for the seventh full quarter in a row.		
<b>Fund Positioning</b> (Impact vs. Benchmark)	<ul style="list-style-type: none"> <li>The fund's duration – a measure of its sensitivity to interest rate changes – was slightly longer than that of the benchmark, but yield-curve positioning had no material impact on relative performance. <b>(Neutral)</b></li> </ul>		

## Outlook and Positioning

Global disinflation trends continued in the first quarter of 2024, but progress remained uneven across different geographies. In several developed countries, including the U.S., U.K. and eurozone, persistent core inflation pressures contributed to overall inflation rates remaining above central-bank targets.

At quarter end, the U.S. remains in the late-cycle expansion phase, supported by a solid consumer backdrop. The Federal Reserve's monetary tightening cycle appears to be over, but the pace of potential easing is uncertain. Since July, the Fed has maintained a target range of 5.25% to 5.5%, a 23-year high.

While U.S. bonds lost modest ground during the quarter, stocks continued to post robust gains and the overall market consensus of a "soft landing" for the economy – that is, the expectation that the Fed will complete its hiking cycle without triggering a recession – remains intact, though more uncertain than at the end of 2023.

As inflation continues to hover above 3%, it appears increasingly clear that the "last mile" of disinflation toward the Fed's 2% target

will be difficult to traverse. Alternative scenarios to the soft-landing consensus include an unanticipated uptick of inflation and the possibility of a greater-than-expected economic slowdown.

As of March 31, we are maintaining a large underweight to very short-maturity Treasuries, with a corresponding focus on intermediate and long maturities. We're overweighting short- and intermediate-maturity corporates, with a particular overweight in financials, especially large money-center banks, given their solid balance sheets. We are also underweight agency mortgage-backed securities in favor of what we see as better relative performance opportunities elsewhere.

Against this backdrop, we've increased the fund's diversification by reducing over- and underweights at the asset class level. Given high current bond yields, we think maintaining a diversified portfolio is prudent and offers us an opportunity to provide high income while simultaneously managing the fund's risk.

In short, we think present markets remain a strong environment for fixed-income investors. We'll be monitoring market conditions as they evolve, however, and won't hesitate to make shifts to the portfolio when we see compelling opportunities. ■

## MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
U.S. Treasury	45.36%	41.81%	3.55%	8.02%
U.S. Agency	0.00%	0.91%	-0.91%	0.07%
Other Government Related (U.S. & Non-U.S.)	0.98%	3.96%	-2.98%	-0.24%
Corporate	25.99%	25.20%	0.79%	-3.75%
MBS Pass-Through	14.12%	25.96%	-11.84%	-1.28%
ABS	6.72%	0.53%	6.19%	-0.67%
CMBS	6.89%	1.63%	5.26%	-0.90%
CMOs	1.07%	0.00%	1.07%	-0.26%
Cash	8.87%	0.00%	8.87%	-0.77%
Net Other Assets	-10.00%	0.00%	-10.00%	-0.22%
Futures, Options & Swaps	-0.80%	0.00%	-0.80%	-0.12%

*Net Other Assets can include fund receivables, fund payables, and offsets to other derivative positions, as well as certain assets that do not fall into any of the portfolio composition categories. Depending on the extent to which the fund invests in derivatives and the number of positions that are held for future settlement, Net Other Assets can be a negative number.*

## CHARACTERISTICS

	Portfolio	Index
Duration	6.16 years	6.03 years
30-Day SEC Yield	4.74%	--
30-Day SEC Restated Yield	--	--
Net Asset Value	\$7.15	--

## CREDIT-QUALITY DIVERSIFICATION

Credit Quality	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
U.S. Government	60.72%	69.51%	-8.79%	6.50%
AAA	9.37%	3.65%	5.72%	-1.41%
AA	2.00%	4.57%	-2.57%	-0.36%
A	7.66%	11.59%	-3.93%	-0.95%
BBB	18.92%	10.67%	8.25%	-3.20%
BB	1.50%	0.00%	1.50%	0.06%
B	0.06%	0.00%	0.06%	-0.03%
CCC & Below	0.06%	0.00%	0.06%	0.00%
Short-Term Rated	0.00%	0.00%	0.00%	0.00%
Not Rated/Not Available	0.10%	0.01%	0.09%	0.88%
Cash & Net Other Assets	-0.39%	0.00%	-0.39%	-1.49%

*Net Other Assets can include fund receivables, fund payables, and offsets to other derivative positions, as well as certain assets that do not fall into any of the portfolio composition categories. Depending on the extent to which the fund invests in derivatives and the number of positions that are held for future settlement, Net Other Assets can be a negative number.*

*Credit ratings for a rated issuer or security are categorized using the highest credit rating among the following three Nationally Recognized Statistical Rating Organizations ("NRSRO"): Moody's Investors Service (Moody's); Standard & Poor's Rating Services (S&P); or Fitch, Inc. Securities that are not rated by any of these three NRSRO's (e.g. equity securities) are categorized as Not Rated. All U.S. government securities are included in the U.S. Government category. The table information is based on the combined investments of the fund and its pro-rata share of any investments in other Fidelity funds.*

## Definitions and Important Information

Information provided in, and presentation of, this document are for informational and educational purposes only and are not a recommendation to take any particular action, or any action at all, nor an offer or solicitation to buy or sell any securities or services presented. It is not investment advice. Fidelity does not provide legal or tax advice.

Before making any investment decisions, you should consult with your own professional advisers and take into account all of the particular facts and circumstances of your individual situation. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in these materials because they have a financial interest in them, and receive compensation, directly or indirectly, in connection with the management, distribution, and/or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services.

### CHARACTERISTICS

**Duration** is a measure of a security's price sensitivity to changes in interest rates. Duration differs from maturity in that it considers a security's interest payments in addition to the amount of time until the security reaches maturity, and also takes into account certain maturity shortening features (e.g., demand features, interest rate resets, and call options) when applicable. Securities with longer durations generally tend to be more sensitive to interest rate changes than securities with shorter durations. A fund with a longer average duration generally can be expected to be more sensitive to interest rate changes than a fund with a shorter average duration.

**30-day SEC Yield** is a standard yield calculation developed by the Securities and Exchange Commission for bond funds. The yield is calculated by dividing the net investment income per share earned during the 30-day period by the maximum offering price per share on the last day of the period. The yield figure reflects the dividends and interest earned during the 30-day period, after the deduction of the fund's expenses. It is sometimes referred to as "SEC 30-Day Yield" or "standardized yield".

**30-Day SEC Restated Yield** is the fund's 30-day yield without applicable waivers or reimbursements, stated as of month-end.

**Net Asset Value** is the dollar value of one share of a fund; determined by taking the total assets of a fund, subtracting the total liabilities, and dividing by the total number of shares outstanding.

### IMPORTANT FUND INFORMATION

Relative positioning data presented in this commentary is based on the fund's primary benchmark (index) unless a secondary benchmark is provided to assess performance.

### INDICES

It is not possible to invest directly in an index. All indices represented are unmanaged. All indices include reinvestment of dividends and interest income unless otherwise noted.

**Bloomberg U.S. Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities,

mortgage-back securities (agency fixed-rate pass-throughs), asset-backed securities and collateralized mortgage-backed securities (agency and non-agency).

### LIPPER INFORMATION

Lipper Averages are averages of the performance of all mutual funds with their respective investment classification category. The number of funds in each category periodically changes. Lipper, a Refinitiv company, is a nationally recognized organization that ranks the performance of mutual funds.

### MARKET-SEGMENT WEIGHTS

Market-segment weights illustrate examples of sectors or industries in which the fund may invest, and may not be representative of the fund's current or future investments. They should not be construed or used as a recommendation for any sector or industry.

### MORNINGSTAR INFORMATION

© 2024 Morningstar, Inc. All rights reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or redistributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Fidelity does not review the Morningstar data and, for mutual fund performance, you should check the fund's current prospectus for the most up-to-date information concerning applicable loads, fees and expenses.

## YIELD CURVE

The relationship at a given point in time between yields on a group of fixed-income securities with varying maturities - commonly, Treasury bills, notes, and bonds. The curve typically slopes upward since longer maturities normally have higher yields, although it can be flat or even inverted.



***Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges, and expenses. For this and other information, call or write Fidelity for a free prospectus or, if available, a summary prospectus. Read it carefully before you invest.***

**Past performance is no guarantee of future results.**

Views expressed are through the end of the period stated and do not necessarily represent the views of Fidelity. Views are subject to change at any time based upon market or other conditions and Fidelity disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Fidelity fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Fidelity fund. The securities mentioned are not necessarily holdings invested in by the portfolio manager(s) or FMR LLC. References to specific company securities should not be construed as recommendations or investment advice.

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

S&P 500 is a registered service mark of Standard & Poor's Financial Services LLC.

Other third-party marks appearing herein are the property of their respective owners.

All other marks appearing herein are registered or unregistered trademarks or service marks of FMR LLC or an affiliated company.

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

Fidelity Distributors Company LLC, 500 Salem Street, Smithfield, RI 02917.

© 2024 FMR LLC. All rights reserved.

Not NCUA or NCUSIF insured. May lose value. No credit union guarantee.

656387.46.0