

# 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>	0.86%	7.36%	7.36%	5.11%	-0.08%	2.74%
Bloomberg US Aggregate Bond Index	1.10%	7.30%	7.30%	4.66%	-0.36%	2.01%
Lipper Core Bond Funds Classification	0.99%	7.24%	7.24%	4.92%	-0.28%	2.11%
Morningstar Fund Intermediate Core Bond	1.02%	7.07%	7.07%	4.81%	-0.31%	2.00%

<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](http://fidelity.com/performance), [institutional.fidelity.com](http://institutional.fidelity.com), or [401k.com](http://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):

\$11,761.25

### 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.

## Taxable Bond Market Review

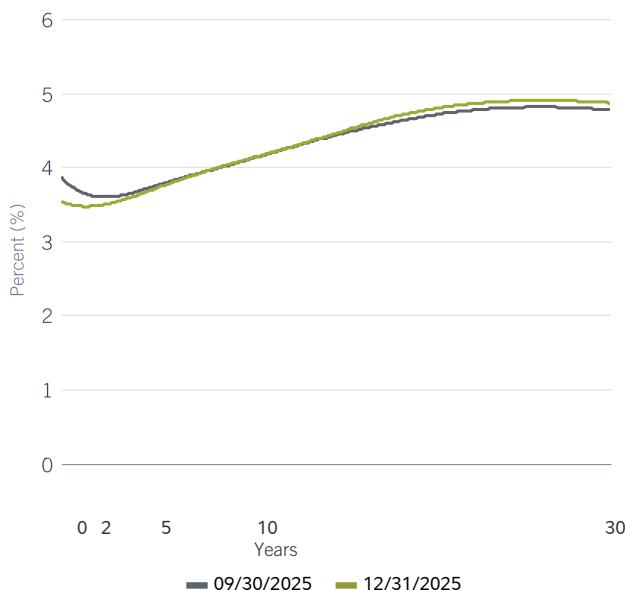
U.S. taxable investment-grade bonds advanced 1.10% in the fourth quarter of 2025, as measured by the Bloomberg U.S. Aggregate Bond Index. This result capped a year of elevated volatility, yet one in which the bond market posted gains in all four quarters. For the full year, the Aggregate index rose 7.30%, its best annual result since 2020.

Quarterly performance was fueled by a combination of elevated starting yields and price appreciation, as bond prices rose amid falling interest rates and investor demand, supported by stable fundamentals. The U.S. Federal Reserve, after resuming the monetary easing program it had paused from January until September of this year, followed through with additional policy rate reductions in October and December. The three rate cuts in 2025's second half, each of a quarter percentage point (25 basis points), brought the federal funds rate down to a target range of 3.5% to 3.75%, from a peak range of 5.25% to 5.5%, which the central bank maintained from July 2023 to September 2024.

The reductions drove short-term bond yields lower and contributed to gains for the investment-grade bond market in October and November (both +0.62%). Following its December meeting, though, Fed officials signaled they might hold steady for now. With progress on inflation stalled – monthly metrics continued to show U.S. consumer inflation moving within a tight range around 3%, above the Fed's 2% target – and labor-market statistics softening but remaining relatively resilient, Fed Chair Jerome Powell indicated a wait-and-see stance and said, "We're well-positioned to see how the economy evolves from here."

This announcement shifted the market's expectation for additional rate cuts deeper into 2026, and the Aggregate index took a small step back in December (-0.15%).

## U.S. TREASURY YIELD CURVE



For the three months, short-term bond yields fell in step with the benchmark interest rate, but long-term yields rose marginally, a function of the Fed's policy signals as well as heavy issuance of long-term Treasurys to fund U.S. government spending.

Due to this steepening of the yield curve, short- and intermediate-term issues fared best in Q4. Bonds with maturities of 7 to 10 years posted the strongest advance at 1.52%, while 1- to 3-year bonds rose 1.18%, 3- to 5-year maturities were up 1.32%, and 5- to 7-year bonds climbed 1.36%. Conversely, long-term securities of 10+ years were weakest (-0.00%). By credit rating, higher-quality bonds rated AAA and AA outperformed investment-grade debt rated A and BAA (the Bloomberg equivalent to BBB).

At the sector level, U.S. Treasurys (+0.90%) slightly outperformed investment-grade corporate bonds (+0.84%), which were constrained by historically tight credit spreads. (Notably, for the full year, corporates advanced 7.77%, comfortably besting the 6.38% gain for Treasurys). Other yield-advantaged, credit-sensitive sectors – including agency mortgage-backed securities (+1.71%), commercial mortgage-backed securities (+1.34%) and asset-backed securities (+1.25%) – exhibited relative strength in Q4, while government-related bonds (+1.12%) finished roughly in line with the broader market.

Outside the Aggregate index, returns varied widely. U.S. Treasury Inflation-Protected Securities gained just 0.13%, per Bloomberg. But investor interest in higher-yielding assets drove strong results for higher-income categories. U.S. high-yield corporate bonds (+1.31%) outperformed investment-grade corporates, while high-yield emerging-markets debt (4.85%) delivered the bond market's best return. For the year, investment-grade and high-yield emerging-markets bonds led all categories, gaining 9.45% and 13.93%, respectively, aided by improving fundamentals and a weaker U.S. dollar. ■

## THREE-MONTH FIXED-INCOME SECTOR RETURNS

Sector	Total Return	Excess Return*
Government-Related	1.12%	0.11%
U.S. Mortgage-Backed Securities	1.71%	0.69%
Asset-Backed Securities	1.25%	0.16%
Commercial Mortgage-Backed Securities	1.34%	0.17%
U.S. Corporate Investment Grade	0.84%	-0.04%
U.S. Corporate High Yield	1.31%	0.16%
Emerging Markets: Investment Grade	0.98%	0.08%
Emerging Markets: High Yield	4.85%	3.82%
U.S. Treasury	0.90%	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>	Fixed-income assets advanced modestly in Q4. Most yield-advantaged sectors outperformed U.S. Treasuries, though investment-grade corporate bonds lagged amid historically tight credit spreads.	<b>Market Environment</b>	By term, intermediate bonds with maturities of 7 to 10 years had the strongest gain. By credit rating, higher-quality bonds rated AAA and AA outperformed lower-quality investment-grade debt.
<b>Fund Positioning</b> (Impact vs. Benchmark)	<p>Overall, sector allocation modestly detracted from the fund's performance versus the benchmark Bloomberg U.S. Aggregate Bond Index.</p> <ul style="list-style-type: none"> <li>An underweight in agency mortgage-backed securities hurt. <b>(Negative)</b></li> <li>In contrast, overweight positions in commercial mortgage-backed securities and asset-backed securities contributed. <b>(Positive)</b></li> </ul>	<b>Fund Positioning</b> (Impact vs. Benchmark)	Security selection had no material impact on relative performance in Q4. <b>(Neutral)</b>
Strategy: Duration and Yield Curve			
<b>Market Environment</b>	The U.S. Treasury yield curve steepened in Q4, with bond yields falling at the front end of the curve and rising at the long end.		
<b>Fund Positioning</b> (Impact vs. Benchmark)	<p>Yield-curve positioning was a neutral performance factor.</p> <ul style="list-style-type: none"> <li>The fund's duration – a measure of its sensitivity to interest-rate changes – was modestly longer than that of the benchmark. <b>(Neutral)</b></li> </ul>		

## Outlook and Positioning

At the end of 2025, the global and U.S. business cycles remained constructive, with U.S. monetary and fiscal easing likely to continue in 2026. U.S. trends included strong corporate fundamentals and earnings momentum, softening labor markets, and to date a resilient consumer sector.

Nominal 10-year U.S. Treasury yields ended Q4 effectively unchanged from the previous quarter at roughly 4.2%, after beginning the year around 4.6%. The Fed eased monetary policy in the second half of 2025, cutting its short-term policy rate by 75 basis points and ending quantitative tightening (after reducing its balance sheet by \$2.5 trillion since 2022).

The market currently anticipates two more Fed rate reductions in 2026, based on expectations for weakening employment trends and near-term inflation, though those cuts may not come until mid-year or later. The yield curve steepened in 2025 amid concerns over fiscal deficits, persistent inflation and Fed independence, all of which pressured long-term yields.

## MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
U.S. Treasury	46.78%	45.75%	1.03%	0.82%
U.S. Agency	0.00%	0.57%	-0.57%	0.05%
Other Government Related (U.S. & Non-U.S.)	0.74%	3.69%	-2.95%	-0.17%
Corporate	23.22%	24.04%	-0.82%	-1.65%
MBS Pass-Through	13.54%	24.05%	-10.51%	0.58%
ABS	9.22%	0.45%	8.77%	-0.62%
CMBS	5.43%	1.45%	3.98%	-0.39%
CMOs	1.54%	0.00%	1.54%	-0.12%
Cash	4.18%	0.00%	4.18%	0.86%
Net Other Assets	-4.65%	0.00%	-4.65%	0.64%
Futures, Options & Swaps	0.54%	0.00%	0.54%	-0.23%

*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	6.00 years	5.84 years
30-Day SEC Yield	4.14%	--
30-Day SEC Restated Yield	--	--
Net Asset Value	\$7.31	--

As of December 31, the fund was overweight U.S. Treasuries, including nominals and futures, as well as asset-backed securities and commercial mortgage-backed securities. The fund was underweight government-agency mortgage-backed securities. Among corporate bonds, the portfolio was overweight in short and intermediate investment-grade credit and underweight long-dated credit. The fund ended the quarter with a duration that was modestly longer than that of the benchmark.

In a dynamic environment, we continue to find pockets of value within the fixed-income market, based on our view of pricing and fundamentals. Our goal remains to work with our investment teams to try to find attractively priced bonds for the portfolio while maintaining a disciplined approach to risk management.

It is important to reiterate that the portfolio is constructed with a careful emphasis on security selection, especially with consideration to liquidity and financial resiliency. Investing is a long-term endeavor, and we're focused on generating strong risk-adjusted performance over a full market cycle. Given this focus, our long-term performance remains compelling. ■

## CREDIT-QUALITY DIVERSIFICATION

Credit Quality	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
U.S. Government	62.27%	71.11%	-8.84%	1.74%
AAA	10.04%	3.14%	6.90%	-0.66%
AA	2.31%	4.62%	-2.31%	-0.23%
A	7.85%	11.22%	-3.37%	-0.34%
BBB	16.11%	9.90%	6.21%	-1.29%
BB	1.40%	0.00%	1.40%	-0.22%
B	0.06%	0.00%	0.06%	-0.01%
CCC & Below	0.01%	0.00%	0.01%	0.00%
Short-Term Rated	0.00%	0.00%	0.00%	0.00%
Not Rated/Not Available	-3.00%	0.01%	-3.01%	-1.35%
Cash & Net Other Assets	2.95%	0.00%	2.95%	2.36%

*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

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### 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-backed 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.

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## 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.**

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