

Fidelity® Government Income Fund

Investment Approach

- Fidelity® Government Income Fund provides investors exposure to the government and government-related sectors of the U.S. bond market. The strategy may invest in U.S. Treasuries, Treasury Inflation-Protected Securities, debt issued by government-related agencies (e.g., Fannie Mae, Freddie Mac), and mortgage-backed securities (MBS) issued by Fannie Mae, Freddie Mac and Ginnie Mae.
- Benchmarked against the Bloomberg 75% U.S. Government/25% U.S. MBS Blended Index, the fund seeks to deliver competitive, risk-adjusted performance commensurate with investor expectations of a core government 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 support the identification of both opportunities and risks.

PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOF ¹
Fidelity Government Income Fund Gross Expense Ratio: 0.45% ²	-1.01%	-1.01%	0.17%	-3.01%	-0.39%	0.82%
Bloomberg US Government Bond Index	-0.93%	-0.93%	0.13%	-2.68%	-0.04%	1.05%
Bloomberg 75% US Government/25% US Mortgage-Backed Securities Blended Index	-0.96%	-0.96%	0.45%	-2.71%	-0.12%	1.07%
Lipper General U.S. Government Funds Classification	-1.31%	-1.31%	-0.85%	-3.38%	-0.63%	0.60%
Morningstar Fund Intermediate Government	-0.82%	-0.82%	0.81%	-2.84%	-0.30%	0.73%

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 04/04/1979.

² 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, institutional.fidelity.com, or 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):

Franco Castagliuolo
Sean Corcoran

Trading Symbol:

FGOVX

Start Date:

April 04, 1979

Size (in millions):

\$2,574.13

Morningstar Category:

Fund Intermediate Government

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. 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. But, 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.

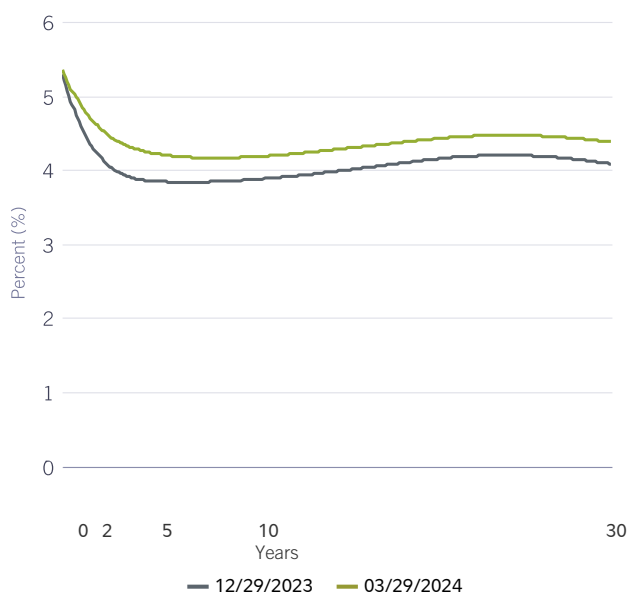
In his remarks, Powell maintained that the Fed was still planning for three quarter-percentage-point policy cuts by the end of 2024. Although this rate reduction was less than the market expected at the beginning of the year, the remarks were nevertheless viewed as dovish.

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



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: Non-Yield-Curve Positioning		Strategy: Duration and Yield Curve	
Market Environment	U.S. government securities posted a modestly negative return during the quarter. Government agency mortgage-backed securities underperformed U.S. Treasurys.	Market Environment	U.S. Treasury 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.
Fund Positioning (Impact vs. Benchmark)	<p>Non-yield-curve positioning contributed to the fund's return versus the Bloomberg 75% U.S. Government/25% U.S. Mortgage-Backed Securities Blended Index.</p> <ul style="list-style-type: none">Out-of-benchmark exposure to commercial mortgage-backed securities boosted the relative result. (Positive)Exposure to lower-coupon (2.0% and 2.5%) agency MBS also added value. (Positive)	Fund Positioning (Impact vs. Benchmark)	<p>Overall, yield-curve positioning contributed versus the index.</p> <ul style="list-style-type: none">The fund's exposure to floating-rate cash flows helped. (Positive)The fund had more interest rate sensitivity, as measured by its somewhat longer duration, than the index, which detracted from relative performance as rates moved higher during the quarter. (Negative)

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 its current 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.

At the end of the quarter, securities backed by the U.S. government continue to dominate the fund's investments.

In this dynamic market environment, we continue to find pockets of value, based on our view of pricing and fundamentals. Our goal remains to work with our experienced 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 and intentional emphasis on security selection, especially with consideration to the liquidity and financial resiliency of the issuer. Investing is a long-term endeavor, and we're focused on generating strong risk-adjusted performance over a full market cycle through our disciplined, risk-aware approach. ■

MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
U.S. Treasury	46.86%	73.47%	-26.61%	-7.73%
U.S. Agency	0.53%	1.58%	-1.05%	0.26%
Other Government Related (U.S. & Non-U.S.)	0.19%	0.02%	0.17%	0.04%
Corporate	0.00%	0.00%	0.00%	0.00%
MBS Pass-Through	29.54%	24.91%	4.63%	2.03%
ABS	0.00%	0.02%	-0.02%	0.03%
CMBS	8.45%	0.00%	8.45%	1.15%
CMOs	13.15%	0.00%	13.15%	2.94%
Cash	1.50%	0.00%	1.50%	0.31%
Net Other Assets	-0.22%	0.00%	-0.22%	0.97%
Futures, Options & Swaps	10.92%	0.00%	10.92%	3.28%

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	6.02 years	5.83 years
30-Day SEC Yield	3.86%	--
30-Day SEC Restated Yield	--	--
Net Asset Value	\$9.11	--

CREDIT-QUALITY DIVERSIFICATION

Credit Quality	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
U.S. Government	97.92%	99.99%	-2.07%	-1.22%
AAA	0.19%	0.00%	0.19%	0.05%
AA	0.00%	0.00%	0.00%	0.00%
A	0.00%	0.00%	0.00%	0.00%
BBB	0.00%	0.00%	0.00%	0.00%
BB	0.00%	0.00%	0.00%	0.00%
B	0.00%	0.00%	0.00%	0.00%
CCC & Below	0.00%	0.00%	0.00%	0.00%
Short-Term Rated	0.00%	0.00%	0.00%	0.00%
Not Rated/Not Available	-8.79%	0.01%	-8.80%	4.97%
Cash & Net Other Assets	10.68%	0.00%	10.68%	-3.80%

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 75% U.S. Government/25% U.S. Mortgage-Backed Securities Blend is a composite of unmanaged indexes combining the total returns of the Bloomberg U.S. Government Bond Index and Bloomberg U.S. MBS Index. The index weightings of the

component indexes are: Bloomberg U.S. Government Bond Index, 75%, and Bloomberg U.S. MBS Index, 25%.

Bloomberg U.S. Government Bond Index is a market-value-weighted index of U.S. Government fixed-rate debt issues with maturities of one year or more.

Bloomberg U.S. Aggregate Bond Index is a broad-based, market-value-weighted benchmark that measures the performance of the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Sectors in the index include Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS.

Bloomberg U.S. Treasury Inflation-Protected Securities (TIPS) Index (Series-L) is a market value-weighted index that measures the performance of inflation-protected securities issued by the U.S. Treasury.

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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