

FIXED INCOME WEBINAR

Fixed Income Pricing

June 21, 2016



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Agenda

- Bond Market Context
- Valuation Pricing and Historical Trades
- Live Pricing
- Pricing and Trading Costs
- Summary

Bond Market Context

Comparing the Bond Market to the Stock Market

Characteristics	Bond	Stock
Market Size ¹	\$40 Trillion	\$33 Trillion
Daily Trading Volumes ²	\$785 Billion	\$188 Billion
# of Securities ³	2,500,000	5,300
Ford (example) Outstanding ⁴	\$133 Billion	\$54 Billion
Ford (example) Number of Issues ⁴	257	1

1. Bonds—SIFMA, Q4 2015, Equity NYSE, S&P 500, Dow, NASDAQ.

2. Bonds—SIFMA, Q4 2015, Equity AMEX/ARCA, NYSE, NASDAQ, BATS, DirectEdge.

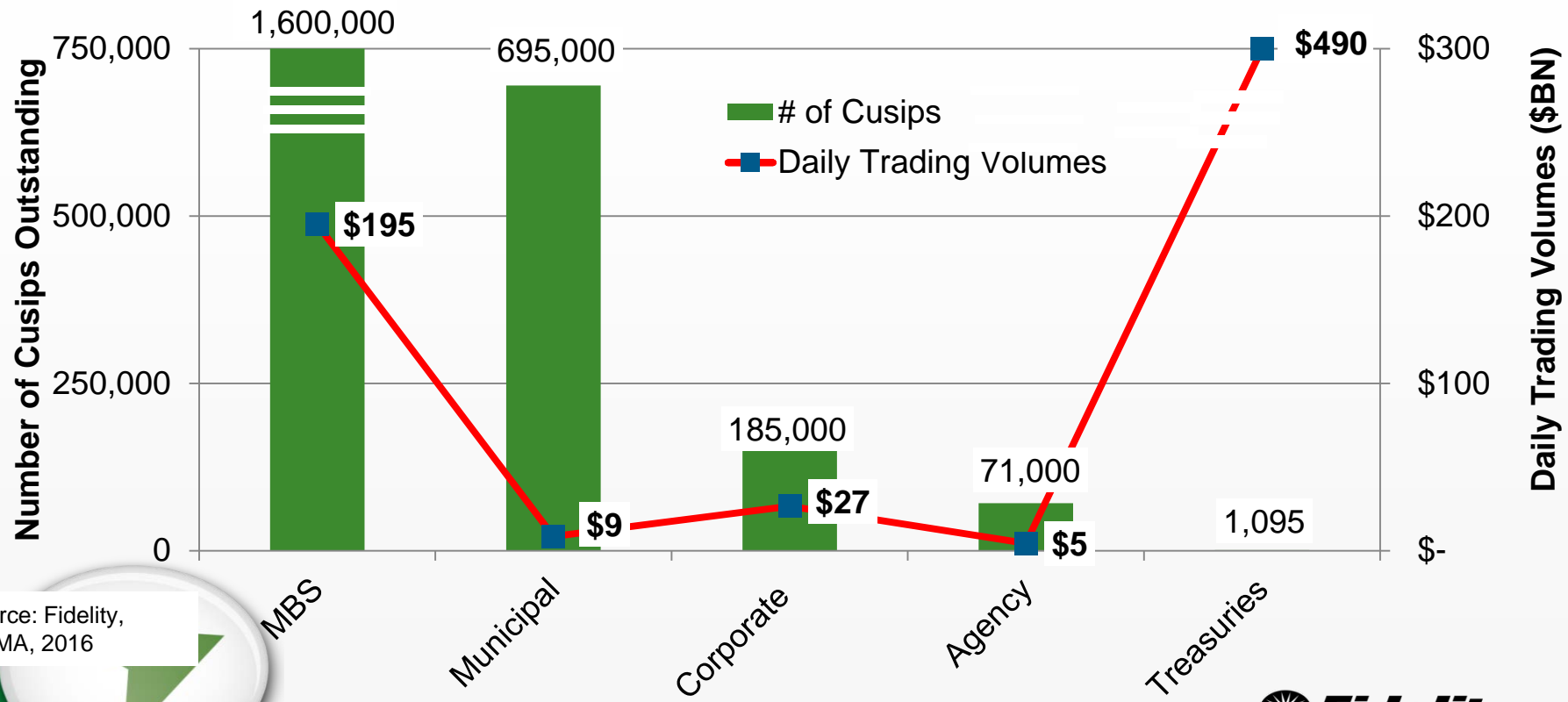
3. SEC Report 2012.

4. Bloomberg—Recent 10-K filing.

In general, the bond market is volatile, bond prices rise when interest rates fall and vice versa. This effect is usually pronounced for long-term securities. Any fixed-income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

Trading volume varies greatly across bond types

Bond Cusips Outstanding (Green bars) vs Daily Trading Volume (Red Line)



Source: Fidelity, SIFMA, 2016

Valuation Pricing and Historical Trades

Bond Valuation Pricing on Monthly Statements



Holdings (continued)

Bonds (continued)

Description	Maturity	Beginning Market Value May 1, 2016	Quantity May 31, 2016	Price Per Unit May 31, 2016
TENNESSEE VALLEY AUTH FED BE ZERO COUPON CUSIP: 88059EMX9	07/15/20	934.04	1,000.000	93.209

Source: Fidelity.com
Screen-print taken on 6/6/2016

For Illustrative Purposes Only



Nightly Valuation Price seen on Account Positions

All Accounts

Summary Positions Balances Activity & Orders Analysis

AS OF 06/06/2016 11:03 AM ET

Closed Positions Group by Account Show Open

Symbol	Last Price		Today's Gain/Loss	
	Price	Change	Dollar	Percent

INDIVIDUAL - X65781179

FCASH** CASH	\$1.00	\$0.00	n/a	n/a
34540TDZ2 FORD MOTOR CRED... 3.50000% 12/20/2022	100.007	+0.660	+\$6.60	+0.66%
36290SYJ4 GOVT NATL MTG AS... 5.00000% 05/15/2034	112.995	-0.000	-\$0.00	-0.00%
36962G3H5 GENERAL ELEC CA... 5.62500% 09/15/2017	105.881			
38147JRA2 GOLDMAN SACHS B... 1.45000% 01/03/2018	1.008			
64972GKS2 NEW YORK N Y CITY... 4.50000% 06/15/2033	100.078	-0.011	-\$0.05	-0.01%
88059EMX9 TENNESSEE VALLE... 0.00000% 07/15/2020	93.716	+0.498	+\$4.98	+0.53%

88059EMX9

TENNESSEE VALLE...

0.00000% 07/15/2020

93.716

+0.498

Source:
Fidelity.com
Screen-print
taken on
6/6/2016

For Illustrative Purposes Only



Valuation price also labeled as “Third Party Price”

TENNESSEE VALLEY AUTH FED BE
0.00000% 07/15/2020 GEN INT

Overview Price & Performance

Details		Issuer Information	
CUSIP	88059EMX9	Issue Date	
Pay Frequency	N/A	Dated Date	
Coupon	0.000	First Coupon Date	
Maturity Date	07/15/2020	Next Coupon	
Moody's Rating	--	Last Coupon	
S&P Rating	--	Workout Date	
Issuer Events	NO	Original Issue Amount	
Survivor Option	N/A	Issue Price	
Bond Type	Agency		
Interest Accrual Date	01/15/1998		

Redemptive Features

Call Protection	YES
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Coupon Information

Coupon Type	
Current Rate Effective Date	
Reset Frequency	

TENNESSEE VALLEY AUTH FED BE
0.00000% 07/15/2020 GEN INT

Overview **Price & Performance**

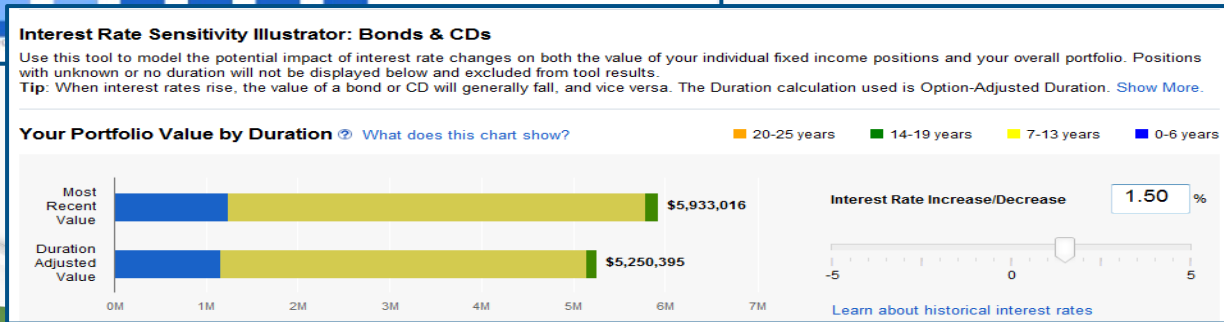
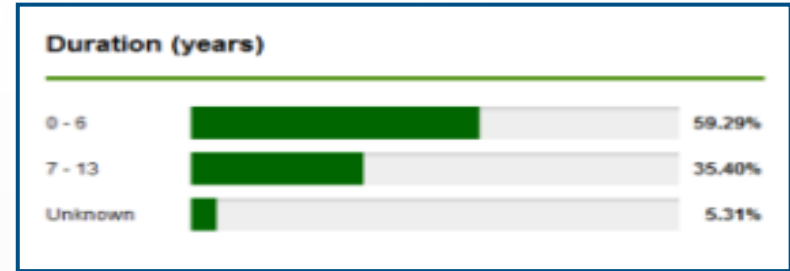
Basic Analytics		Complex Analytics	
Price (Bid)	N/A	Duration to Worst	
Price (Ask)	N/A	Option Adjusted Duration	
Depth of Book	--	Option Adjusted Spread	
Ask Yield to Worst	N/A	Convexity to Worst	
Ask Yield to Maturity	N/A	Option Adjusted Convexity	
Current Yield	--		
Third Party Price	93.716		
Spread to Treasuries	N/A		
Treasury Benchmark	N/A		
Recent Trade		View Recent Trades	

Source: Fidelity.com

For Illustrative Purposes Only



Valuation Prices vital for Fixed Income Analytics



Source: Fidelity.com

For Illustrative Purposes Only



“Recent Trades” indicative of trading liquidity

TENNESSEE VALLEY AUTH FED BE
0.00000% 07/15/2020 GEN INT

Overview **Price & Performance**

Basic Analytics

Price (Bid)	N/A
Price (Ask)	N/A
Depth of Book	--
Ask Yield to Worst	N/A
Ask Yield to Maturity	N/A
Current Yield	--
Third Party Price	93.716
Spread to Treasuries	N/A
Treasury Benchmark	N/A
Recent Trade	View Recent Trades

Complex Analytics

Duration to Worst
Option A
Option A
Convexit
Option A

Recent Trades

TENNESSEE VALLEY AUTH FED BE 0.00000% 07/15/2020 GEN INT

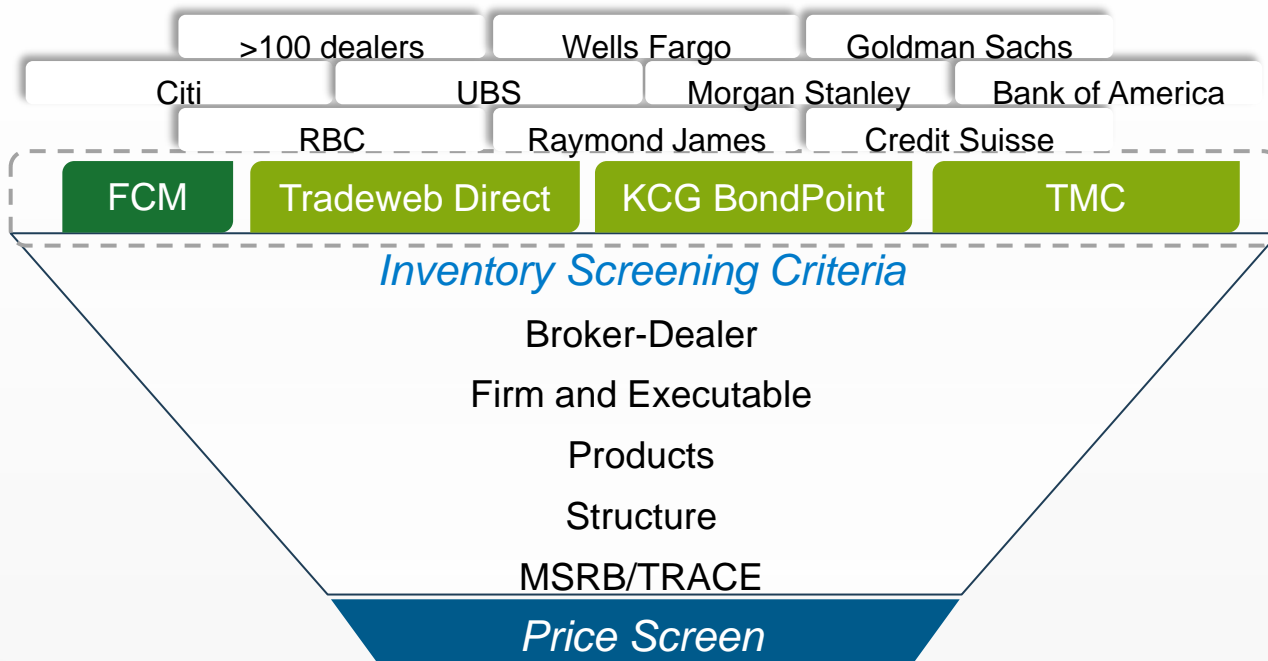
Display Recent Trades | Qty: 50 100 All

Price	Quantity	Yield	Date/Time	Buy/Sell
93.1101	8		05/03/2016 08:54:16	Customer Buy
93.1101	7		04/28/2016 11:27:38	Customer Buy
93.1101	10		04/27/2016 01:06:02	Customer Buy
92.179	25		04/26/2016 01:35:13	Customer Sell
93.164	25		02/29/2016 02:39:06	Customer Buy

Source: Fidelity.com
Screen-print taken on 6/6/2016

Live Pricing

Fidelity aggregates bonds from many dealers



~40,000 Unique Bonds Offered

~60,000 Total Offerings

Treasuries and most Corporate bonds display both live bid and offer prices

Description	Coupon	Maturity Date	Rating		Bid		Ask	
			Moody's	S&P	Yield	Price Qty(min)	Price Qty(min)	Yield to Worst
UNITED STATES TREAS NTS NOTE 1.62500% 05/15/2026	1.625	05/15/2026	AAA	--	1.688	99.421 1,000(1)	99.469 1,000(1)	1.683

- ▶ Bid Price: 99.421
- ▶ Ask Price: 99.469
- ▶ Yield Spread: 0.005%

Description	Coupon	Maturity Date	Rating		Bid		Ask	
			Moody's	S&P	Yield	Price Qty(min)	Price Qty(min)	Yield to Worst/ Yield to Sink
WELLS FARGO CO MTN BE 4.10000% 06/03/2026 FR	4.100	06/03/2026	A3	A-	3.398	105.904 75(10)	105.999 2(2)	3.387 --

- ▶ Bid Price: 105.904
- ▶ Ask Price: 105.999
- ▶ Yield Spread: 0.011%

Muni bond offerings rarely display bid prices

Bid		Ask	
Yield	Price Qty(min)	Price Qty(min)	Yield to Worst/ Yield to Sink
--	No Bid --	71.956 5(5)	3.120 --
--	No Bid --	106.893 45(10)	2.990 --

State	Description	Coupon	Maturity Date	Rating		Underlying Rating		Bid		Ask		
				Moody's	S&P	Moody's	S&P	Yield	Price Qty(min)	Price Qty(min)	Yield to Worst/ Yield to Sink	Yield to Maturity
IL	KENDALL KANE & WILL CNTYS ILL CMNTY UNIT00.00000% 02/01/2027SCH DIST NO 308 GO SCH BDS OSWEGO SER.	0.000	02/01/2027	AA2	NR	AA2	--	--	No Bid --	71.956 5(5)	3.120 --	3.120
NJ	NEW JERSEY ST HIGHERED ASSISTANCE AUTH 05.10000% 12/01/2026STUD LN STUD LN REV BDS STATE OF NEW	5.100	12/01/2026	AA2	AA	--	--	--	No Bid --	106.893 45(10)	2.990 --	4.276
IL	COOK CNTY ILL CMNTY COLLEGE DIST NO 508 05.25000% 12/01/2026ULTD TAX GO BDS CITYCOLLEGE OF CHICAGO	5.250	12/01/2026	--	AA	--	--	--	No Bid --	116.347 45(5)	2.807 --	3.382
IL	COOK CNTY ILL CMNTY COLLEGE DIST NO 508 05.25000% 12/01/2025ULTD TAX GO BDS CITYCOLLEGE OF CHICAGO	5.250	12/01/2025	--	AA	--	--	--	No Bid --	117.132 10(10)	2.700 --	3.143
IL	PINGREE GROVE ILL SPL SVC AREA NO 2 03.50000% 03/01/2026SPL TAX REF BDS CAMBRIDGE LAKES PROJ	3.500	03/01/2026	--	AA	--	--	--	No Bid --	106.578 10(10)	2.649 --	2.724
IL	WILL CNTY ILL CMNTY UNIT SCH DIST NO 00.00000% 11/01/2026365-U VY VIEW GO SCHBDS SER.2007 B	0.000	11/01/2026	AA2	AA	AA2	AA-	--	No Bid --	76.166 75(25)	2.640 --	2.640
IL	UNIVERSITY ILL UNIV REVS AUX FACS SYS 03.62500% 04/01/2027REV BDS SER. 2011	3.625	04/01/2027	AA3	AA-	AA3	--	--	No Bid --	105.191 15(5)	2.570 --	3.057
IL	WILCO AREA CAREER CTR ILL DEBT CTFS 02.37500% 12/01/2025SER.2016	2.375	12/01/2025	--	AA-	--	--	--	No Bid --	98.658 140(5)	2.535 --	2.535
IL	WILL CNTY ILL CMNTY UNIT SCH DIST NO 00.00000% 11/01/2025365-U VY VIEW CAP APPREC BDS SER.2005	0.000	11/01/2025	AA2	AA-	AA2	AA-	--	No Bid --	79.203 50(10)	2.501 --	2.501
CA	SALINAS CALIF UN HIGH SCH DIST GO BDS00.00000% 10/01/20262002 ELECTION SER. 2003 A	0.000	10/01/2026	AA2	AA-	AA2	A+	--	No Bid --	77.624 5(5)	2.475 --	2.475



Source: Fidelity.com

For Illustrative Purposes Only



More active bonds display “Depth of Book”

Description	Coupon	Maturity Date	Rating		Bid		Ask			Depth of Book
			Moody's	S&P	Yield	Price Qty(min)	Price Qty(min)	Yield to Worst/ Yield to Sink	Yield to Maturity	
WELLS FARGO CO MTN BE 4.10000% 06/03/2026 FR	4.100	06/03/2026	A3	A-	3.398	105.904 75(10)	105.999 2(2)	3.387 --	3.387	

Depth of Book as of 06/06/2016 at 11:33 am

Bids				Asks			
Action	Yield	Quantity(Min)	Price	Price	Quantity(Min)	Yield	Attributes
Sell*	3.398	75(10)	105.904	105.999	2(2)	3.387	IE CP SFP
Sell	3.402	250(10)	105.870	106.181	174(174)	3.366	IE CP SFP
Sell	3.405	324(1)	105.840	106.276	28(1)	3.355	IE CP SFP
Sell	3.407	65(25)	105.826	106.318	250(10)	3.350	IE CP SFP
Sell	3.447	100(1)	105.479	106.363	101(1)	3.345	IE CP SFP
Sell	3.460	200(1)	105.366	106.363	400(1)	3.345	IE CP SFP
				106.401	83(1)	3.341	IE CP SFP
				106.412	201(10)	3.339	IE CP SFP
				106.450	155(25)	3.335	IE CP SFP
				106.450	200(1)	3.335	IE CP SFP
				106.889	264(1)	3.285	IE CP SFP

- ▶ 6 dealers bidding
- ▶ Different quantities and prices

- ▶ 11 dealers offering
- ▶ Different quantities and prices

Source: Fidelity.com

For Illustrative Purposes Only



Compare “Depth of Book” prices with “Recent Trades” prices

Fidelity.com Print | Close

UNITEDHEALTH GROUP INC 4.70000% 02/15/2021 SR GLBL NT

Depth of Book as of 06/09/2016 at 16:08 pm

Bids				Asks			
Action	Yield	Quantity(Min)	Price	Price	Quantity(Min)	Yield	Attributes
Sell*	1.881	250(10)	111.902	112.388	18(2)	1.773	IE SFP
Sell	1.980	100(25)	111.456	112.974	500(5)	1.644	IE SFP
Sell	2.130	200(50)	110.786	113.082	100(25)	1.621	IE SFP

*Indicates best price

Recent Trades Display Recent Trades | Qty: 50 100

Price	Quantity	Yield	Date/Time	Buy/Sell
112.5208	136	1.743	06/09/2016 15:52:38	Dealer to Dealer
112.5208	136	1.743	06/09/2016 15:49:10	Customer Buy
112.204	3,000	1.813	06/09/2016 12:43:41	Customer Sell
112.22	12	1.812	06/08/2016 13:50:44	Customer Buy
112.4509	44	1.766	06/07/2016 15:47:09	Dealer to Dealer

- ▶ Best Offer: 112.388
- ▶ Best Bid: 111.902
- ▶ Yield Spread: 0.108

- ▶ Recent Trades
- ▶ Investor Bought earlier at 112.52
- ▶ Investor Sold earlier at 112.20

Source: Fidelity.com

For Illustrative Purposes Only



Compare & Contrast Corporate bonds with Muni bonds

Fidelity.com

Print | Close

EL PASO CNTY COLO SCH DIST NO 49 05.00000% 12/15/2026 FALCON CTF S PARTN REF COPS SER. 2015

Depth of Book as of 06/09/2016 at 16:11 pm

Bids				Asks			
Action	Yield	Quantity(Min)	Price	Price	Quantity(Min)	Yield	Attributes
				124.083	10(5)	2.180	ME SFP ER
				125.189	15(15)	2.067	ME SFP ER

*Indicates best price

Recent Trades

Display Recent Trades | Qty: 50 100

Price	Quantity	Yield	Date/Time	Buy/Sell
122.005	15	2.440	03/24/2016 10:55:21	Customer Sell
122.005	15	2.440	03/24/2016 10:55:21	Dealer to Dealer
120.785	25	2.650	10/19/2015 11:59:18	Customer Buy
120.785	25	2.650	10/19/2015 11:59:16	Dealer to Dealer
120.789	10	2.650	10/16/2015 14:14:14	Customer Buy
120.789	10	2.650	10/16/2015 14:14:12	Dealer to Dealer

▶ Best Offer: 124.083

▶ No Bids

▶ Trades often months apart

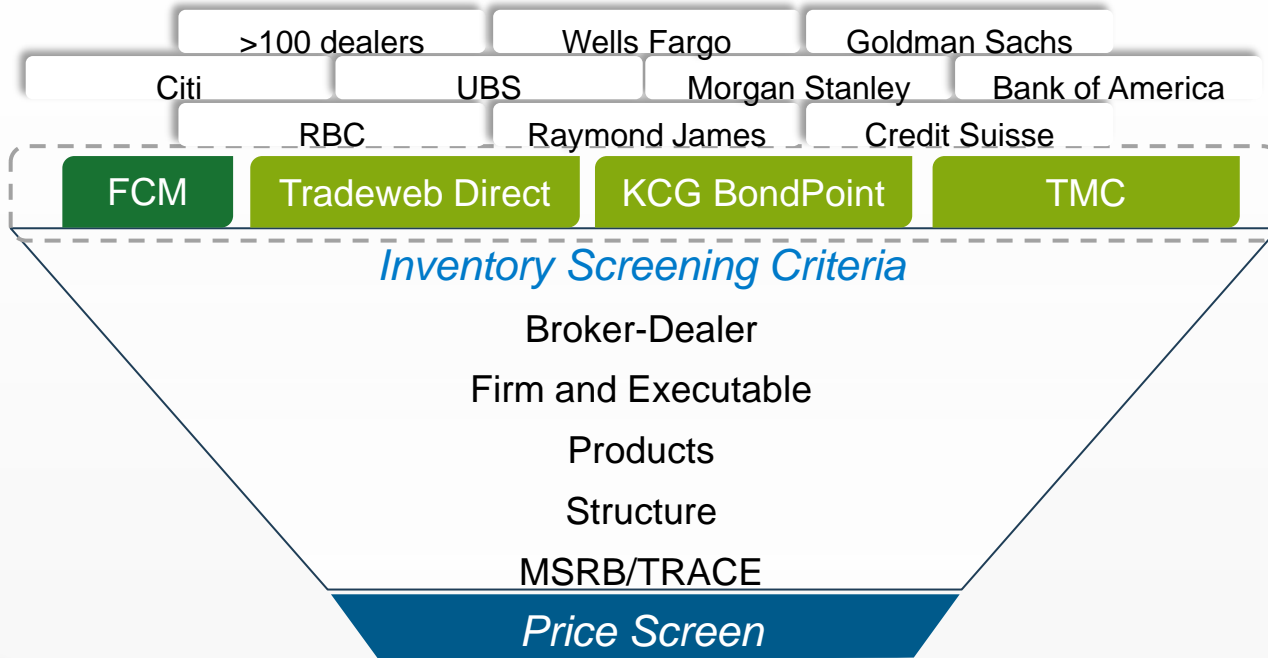
▶ Pricing increased over time, in line with general Muni market

Source: Fidelity.com

For Illustrative Purposes Only



Fidelity displays prices as we receive them



~40,000 Unique Bonds Offered

~60,000 Total Offerings



Live bond prices drive the Yield Table

Fidelity.com > Research > [Fixed Income Bonds & CDs](#)

- ▶ Quick and easy scan of 120 comparative yield data-points
- ▶ Derived every 15 minutes from live bond inventory
- ▶ Immediate, one-click, access to search results for that category

The screenshot shows the Fidelity.com research page for Fixed Income & Bonds. The page includes a search bar, navigation tabs for various bond categories, and a yield table. A red box highlights the yield table and the 'Pop out the yield table' link.

View by:	Highest Yield	Median Yield	Pop out the yield table																	
	3mo	6mo	9mo	1yr	2yr	3yr	5yr	10yr	20yr	30yr+										
Understanding This Table																				
CDs (New Issues)	0.40%	0.50%	0.60%	0.65%	1.00%	1.15%	1.40%	2.20%	2.50%	--										
BONDS																				
U.S. Treasury	0.20%	0.37%	0.52%	0.64%	0.75%	0.90%	1.21%	1.65%	2.01%	2.48%										
U.S. Treasury Zeros	0.21%	0.37%	0.43%	0.59%	0.72%	0.93%	1.26%	1.80%	2.29%	--										
Agency/GSE	0.40%	0.52%	0.61%	0.72%	0.87%	1.01%	1.33%	2.18%	2.99%	--										
Corporate (Aaa/AAA)	--	--	0.36%	0.71%	0.92%	1.11%	1.42%	2.23%	3.00%	3.63%										
Corporate (Aa/AA)	0.39%	0.64%	0.70%	0.99%	1.09%	1.34%	1.76%	2.46%	3.50%	3.76%										
Corporate (A/A)	0.51%	0.52%	0.77%	0.97%	1.22%	1.41%	1.84%	2.69%	3.72%	3.63%										

Source: Fidelity.com

Using the Bond Yield Table on Fidelity.com

Bond types and ratings are listed in the left column, maturities across the top. The numerical values represent the high for each category based on offerings that may be available. Select a value to see bond search results.

► View by Highest or Median yields

View by: **Highest Yield** | Median Yield

Understanding This Table	3mo	6mo	9mo	1yr	2yr	3yr	5yr	10yr
CDs (New Issues)	0.40%	0.50%	0.60%	0.65%	1.00%	1.15%	1.40%	2.20%
BONDS								
U.S. Treasury	0.20%	0.37%	0.52%	0.64%	0.75%	0.90%	1.21%	1.65%
U.S. Treasury Zeros	0.21%	0.37%	0.43%	0.59%	0.72%	0.93%	1.26%	1.80%
Agency/GSE	0.40%	0.52%	0.61%	0.72%	0.87%	1.01%	1.33%	2.18%
Corporate (Aaa/AAA)	--	--	0.36%	0.71%	0.92%	1.11%	1.42%	2.23%
Corporate (Aa/AA)	0.39%	0.64%	0.70%	0.99%	1.09%	1.34%	1.76%	2.46%
Corporate (A/A)	0.51%	0.52%	0.77%	0.97%	1.22%	1.41%	1.84%	2.69%
Corporate (Baa/BBB)	0.60%	0.77%	1.06%	1.28%	1.65%	1.90%	2.43%	3.34%
Municipal (Aaa/AAA)	0.40%	0.40%	0.45%	0.68%	0.73%	0.85%	1.09%	1.56%

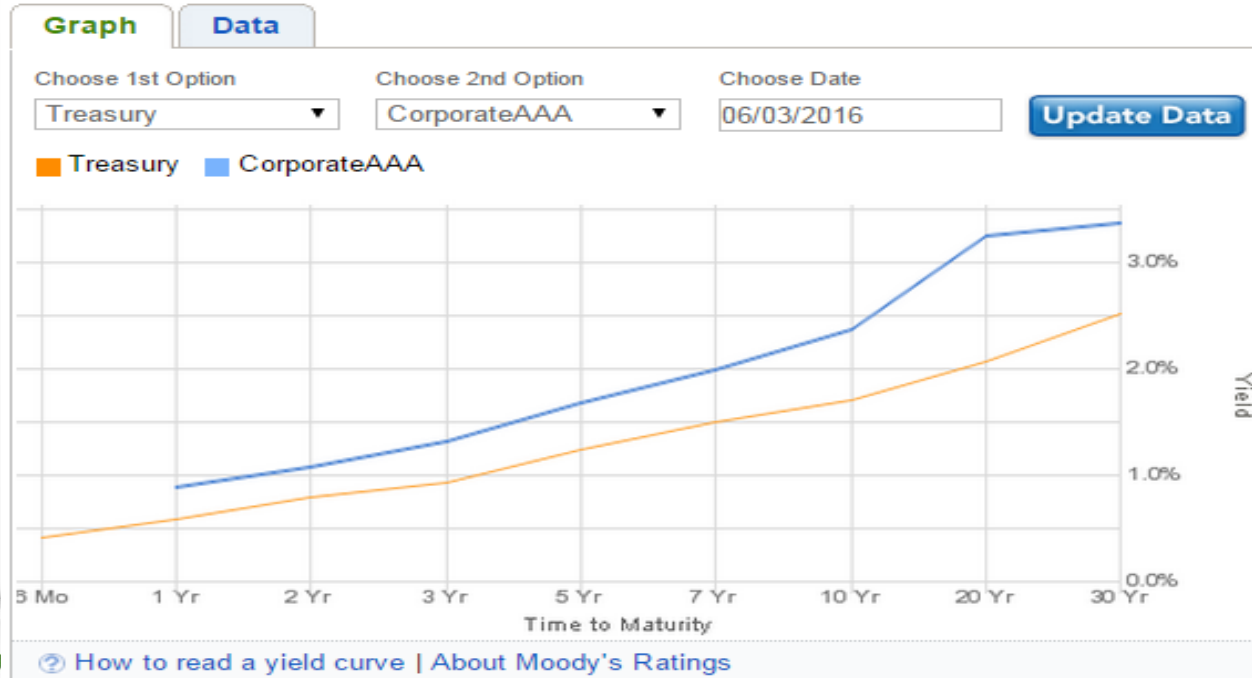
► Click on a yield to see offerings

Source: Fidelity.com

Prices and Yields distilled in the “Yield Curve”

Fixed Income Market Data

[Yield Curve](#) | [Key Rates](#) | [Market Benchmarks](#)



Source: Fidelity.com

Lower-yielding bonds generally indicate lower risk

1773 Results Found As of 01/20/2015 at 6:15:51 PM

[Understanding this graph](#) | [Export results to spreadsheet](#) | [Learn More](#)



Source: Fidelity.com

For illustrative purposes only



Higher yielding bonds invariably mean higher risk

1773 Results Found As of 01/20/2015 at 6:15:51 PM

[Understanding this graph](#) | [Export results to spreadsheet](#) | [Learn More](#)



Source: Fidelity.com

For illustrative purposes only



Pricing and Trading Costs

Fidelity displays live prices as we receive them from dealers and charges \$1/ bond

Offerings seen by traders

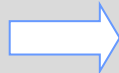
Prices seen by customers in Offerings

Prices seen by customers in Trade Ticket

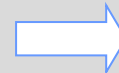
Fidelity Process: "Transparent Pricing"

A

Inventory (and prices) from dealers



Inventory (and prices) from dealers



Inventory (and prices) from dealers

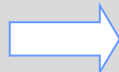
Disclosed Concession (\$1/Bond)

(\$1/Bond)

Markup Broker Process: "Undisclosed Pricing"

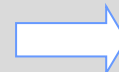
B

Inventory (and prices) from dealers



Undisclosed Concession (\$?/Bond)

Inventory (and prices) from dealers



Undisclosed Concession (\$?/Bond)

Inventory (and prices) from dealers

(\$?/Bond)

1

2

3

Fidelity
INVESTMENTS

Fidelity's \$1 per bond concession vs another broker's \$19.46 per bond markup

APPLE INC SR GLBL NT
3.45000% 05/06/2024

Overview

Price & Performance

Details

CUSIP

037833AS9

ISIN

--

SEDOL

Pay Frequency

Coupon

Maturity Date

Moody's Rating

S&P Rating

Issuer Events

Issuer Information

Issue Date

04/29/2014

Dated Date

05/06/2014

Fidelity.com

Recent Trades

APPLE INC SR GLBL NT 3.45000% 05/06/2024

Display Recent Trades | Qty: 50 100 All

Price	Quantity	Yield	Date/Time	Buy/Sell
101.963	100	3.195	06/08/2015 04:49:44	Customer Buy
101.863	100	3.208	06/08/2015 04:49:44	Dealer to Dealer
104.217	75	2.909	06/04/2015 11:11:59	Customer Buy
102.271	75	3.155	06/04/2015 11:11:53	Dealer to Dealer

Fidelity's \$1 per bond concession
(101.963 – 101.863)

Another broker's \$19.46 per bond markup
(104.217 – 102.271)

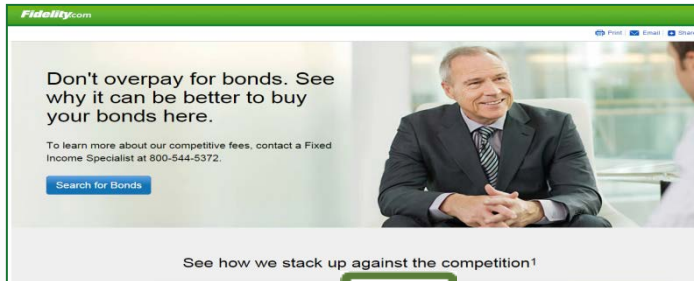
Source: Fidelity.com

For illustrative purposes only



Understanding the Impact of Transaction Costs

Compare Fidelity's \$1 per bond with mark-up competitors



<https://www.fidelity.com/go/bond>

See how we stack up against the competition¹

	Morgan Stanley average mark-up	Wells Fargo average mark-up	TD Ameritrade average mark-up	Merrill Lynch average mark-up	Fidelity concession
Corporate Bonds	\$23.28	\$20.19	\$14.04	\$11.04	\$1
Municipal Bonds	\$12.50	\$12.24	\$11.85	\$13.43	\$1
Example Trade Costs	\$275 - \$510	\$265 - \$440	\$260 - \$305	\$240 - \$295	\$22

Source: Fidelity.com

Summary

Next Steps

Contact Us



Visit: [Fidelity.com/fixedincome](https://www.fidelity.com/fixedincome) >
Service & Solutions

Fixed Income & Bonds

[Find Bonds & CDs](#) | [Research & Markets](#) | [Bond Tools](#) | [Service & Solutions](#) | [Understanding Bonds](#)

Whether you are an experienced bond investor or thinking about investing in bonds and CDs for the first time, we have the people to enable you to get the most out of Fidelity's bond resources. Give us a call and let's discuss how we can help.



Fixed Income Specialists (4:27)

Fixed Income Specialists

Strategically located in regional teams nationwide, our fixed income specialists work with you and your financial consultant to provide bond strategies and trading expertise when you need it.

- Build a bond ladder to create an income stream.
- Review your fixed income analysis report.
- Take advantage of our new issue offerings with minimal transaction costs.

[Learn more about Fidelity's Fixed Income Analytics Service](#)

Fixed Income Specialists: 1-800-544-5372

- Help on finding bonds and navigating the fixed income pages
- Complimentary Fixed Income Analysis on holdings held here or outside

Get More Information



Visit: [Fidelity.com](https://www.fidelity.com) > Research >
Fixed Income Bonds & CDs

- Access to the Yield Table and bond offering visible on Fidelity.com

More on the Corporate Insight pricing Study:

- www.fidelity.com/go/bond

See how we stack up against the competition¹

	Morgan Stanley average mark-up	Wells Fargo average mark-up	TD Ameritrade average mark-up	Merrill Lynch average mark-up	Fidelity concession
Corporate Bonds	\$23.28	\$20.19	\$14.04	\$11.04	\$1
Municipal Bonds	\$12.50	\$12.24	\$11.85	\$13.43	\$1
Example Trade Costs	\$275 - \$510	\$265 - \$440	\$260 - \$305	\$240 - \$295	\$22

Appendix

Why Buy Bonds at Fidelity?

Why Buy Bonds & CDs at Fidelity

With industry-low fees, award-winning online tools, and dedicated support, it's easy to see why Fidelity is ranked A+ in bond investing.¹

Industry-low fees

Enjoy pricing that **beats markup-based bond brokers** over 98% of the time.²

- Trade new issues for free.³
- Trade secondary bonds for just \$1 per bond—a savings of \$13 per bond compared to the industry average.²
- Purchase U.S. Treasuries online for free or for a flat rate of just \$19.95 when placed with a representative.
- Pay a maximum concession of \$250 for individual bond orders or just \$50 for those maturing in a year or less.



Over 40,000 bonds and CDs

We offer one of the largest bond inventories available from a single brokerage firm.

- Choose from over 40,000 bonds and CDs, aggregated from hundreds of dealers around the country.
- Access a regular stream of new issue tax-exempt municipal offerings from various states - 44 different states in 2014.
- Select from over 100 FDIC-insured new issue CDs, from a variety of banks with multiple maturities and competitive rates.⁴



Bond tools and resources

Our tools and educational resources can help you succeed as a fixed income investor.



The screenshot shows the Fidelity website's 'Why Fidelity' page. At the top, there's a navigation bar with 'Fidelity' logo and links for 'CUSTOMER SERVICE', 'OPEN AN ACCOUNT', 'REFER A FRIEND', and 'LOG IN'. Below the navigation bar, there are tabs for 'Accounts & Trade', 'News & Insights', 'Research', 'Guidance & Retirement', and 'Investment Products'. The main content area features a headline: 'The award-winning tools and services to execute your trading strategy'. Below this, it states: 'Recently rated the #1 overall broker, it's not just what you invest in, but who you invest with. Open an account today and get 300 free trades.¹' There is an orange button that says 'Get Free Trades Now'. To the right, there is a large graphic that says '2016 BEST ONLINE BROKER' with five stars below it. Below the graphic, there are three award highlights: 1. 'BARRON'S Best Online Broker 2016' with a sub-headline 'Barron's² rated us #1 Online Broker in 2016. We also earned highest ratings for trading capabilities, investing tools, trade execution, and more. [Get details](#)'. 2. 'INVESTOR'S BUSINESS DAILY³ Named Top Online Brokerage Firm 2015 & 2016 by Investor's Business Daily' with a sub-headline 'For two years in a row, *Investor's Business Daily*³ named Fidelity the top online brokerage firm in its annual report. We also earned the top spot for research tools, investment research, and more. [Get details](#)'. 3. 'StockBrokers.com⁴ Rated #1 Overall Broker 2016 by StockBrokers.com' with a sub-headline 'StockBrokers.com⁴ rated Fidelity the #1 Overall Broker in their 2016 Online Broker'.

Images are for illustrative purposes only.

Thank you!

- 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. Any fixed-income security sold or redeemed prior to maturity may be subject to loss.
- Interest income earned from tax-exempt municipal securities generally is exempt from federal income tax, and may also be exempt from state and local income taxes if the investor is a resident in the state of issuance. A portion of the income received may be subject to federal and state income taxes, including the federal alternative minimum tax. In addition, investors may be subject to tax on amounts recognized in connection with the sale of municipal bonds, including capital gains and "market discount" taxed at ordinary income rates. "Market discount" arises when a bond is purchased on the secondary market for a price that is less than its stated redemption price by more than a statutory amount. Before making any investment, investors should review the official statement for the relevant offering for additional tax and other considerations.
- The tax information contained herein is general in nature, is provided for informational purposes only, and should not be construed as legal or tax advice. Fidelity does not provide legal or tax advice. Fidelity cannot guarantee that such information is accurate, complete, or timely. Laws of a particular state or laws that may be applicable to a particular situation may have an impact on the applicability, accuracy, or completeness of such information. Always consult an attorney or tax professional regarding your specific legal or tax situation.
- For secondary market fixed-income trades to which concessions apply, minimum charges for rep-assisted trades are \$19.95. The maximum charge applied to a fixed-income trade is \$250. The maximum charge will be reduced to \$50 for securities with a maturity date of one year or less.
- Please note that concessions may impact the total cost of the transaction and the total, or "effective," yield of your investment. The offering broker may separately mark up or mark down the price of the security and may realize a trading profit or loss on the transaction.
- Past performance is no guarantee of future results.