FIXED INCOME WEBINAR

Bonds, Bond Funds, and Bond ETFs

Beau Coash
Institutional Portfolio Manager

Lee Sterne
ETF Strategist

Mike Hodapp
Regional Brokerage Consultant, Fixed Income

Richard Carter
Vice President, Fixed Income Products
Agenda

Bond Market Context

Individual Bonds

Comparing Bond ETFs to Bond Mutual Funds

Summary and Next Steps
Bond Market Context

Beau Coash
Market Expectations and Fed Projections

Fed Funds Target Rate

Source: Federal Reserve and Bloomberg, as of 3/31/19.

The Federal Open Market Committee (FOMC) is the branch of the Federal Reserve Board that determines the direction of monetary policy.
Productivity and Labor Force Growth

REAL GDP COMPONENTS

<table>
<thead>
<tr>
<th></th>
<th>Scenarios for 4% Growth</th>
<th>20-Year AART Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Force Growth</td>
<td>2.3%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Labor Productivity</td>
<td>1.7%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Real GDP Growth</td>
<td>4.0%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Productivity Peak (1949–1969): 3.0%
Labor Force Peak (1962–1982): 2.3%

48% of labor force growth since 2000 comes from immigration

Labor Force Growth Forecast: 0.5%
Labor Productivity Forecast: 1.1%

Source and Forecasts: Fidelity Investments Asset Allocation Research Team (AART), as of 5/31/18.

The date range corresponding to the productivity peak in the late 1960s reflects the aftermath of World War II, when the U.S. converted from a military-industrial based economy to a consumer-based economy. The date range corresponding to the labor force peak in the early 1980s reflects the entrance of the baby boomer generation into the U.S. workforce.
Bond Returns vs. Interest Rates
(1940–2018)

AVERAGE ANNUAL RETURN: 5.3%

Source: Bloomberg, as of 12/31/18. Investment-grade bond returns are represented by the Bloomberg Barclays (BBgBarc) U.S. Aggregate Bond Index from January 1976 and by a composite of the IA SSB1 U.S. Intermediate-Term Government Bond Index (67%) and the IA SSB1 U.S. Long-Term Corporate Bond Index (33%) from January 1940 through December 1975. Shaded gray bars represent periods in which the U.S. was in a recession. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All market indices are unmanaged. Not intended to represent the performance of any Fidelity fund.
Historical Fed Funds and Treasury Yields

FED FUNDS TARGET RATE VS. HISTORICAL 10 YEAR TREASURY YIELD

Fed Funds / 10 Year Treasury Spread
10 Year Treasury Yield

Source: Bloomberg as of 3/31/19.
Shaded gray bars represent periods in which the U.S. was in a recession.
Past performance is no guarantee of future results.
Corporate Bond Market Remains Healthy

Outstanding IG Corporate Bonds*

- Total IG Corps
- IG Industrials Corps
- IG Industrials Corps Cash

IG Corporate Growth**

- IG Corporates
- BBB Financials
- BBB Industrials

Percentage IG Corporate Bonds Rated BBB

Outstanding IG Corporate Bonds*

Seven Names Drove Industrial BBB Growth*

AT&T, Verizon, InBev, CVS, GE, GM, Ford

Sources: (Top) Barclays as of 11/30/18. Non-financials cash source is FactSet as of 6/30/18. (Bottom): Fidelity and Barclays as of 11/30/18.
Fixed Income Evestment Categories Efficient Frontier

FIXED INCOME EVESTMENT CATEGORIES AVG 3YR RISK/RETURN

Past performance is no guarantee of future results. Standard deviation shows how much variation there is from the average (mean or expected value). Low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data is spread out over a large range of values. A higher standard deviation represents greater relative risk.

Source: Evestment as of 2/28/19.
Past performance is no guarantee of future results. Standard deviation shows how much variation there is from the average (mean or expected value). Low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data is spread out over a large range of values. A higher standard deviation represents greater relative risk.

Source: Evestment as of 2/28/19.
Fixed Income Evestment Categories Efficient Frontier

FIXED INCOME EVESTMENT CATEGORIES AVG 10YR RISK/RETURN

Past performance is no guarantee of future results. Standard deviation shows how much variation there is from the average (mean or expected value). Low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data is spread out over a large range of values. A higher standard deviation represents greater relative risk.

Source: Evestment as of 2/28/19.
Individual Bonds

Mike Hodapp
Bond Ownership Varies Across Bond Types

U.S. TREASURIES OWNERSHIP ($15.3T)

- Individuals: $6.22T
- Mutual Fund: $0.73T
- Banks: $0.65T
- Insurers: $0.69T
- Monetary Auth: $1.90T
- Foreign/Int’l: $2.06T
- State & Local: $2.22T
- Pensions: $0.73T
- Others: $0.57T

U.S. MUNI BOND OWNERSHIP ($3.8T)

- Individuals: $1.77T
- Mutual Fund: $0.57T
- Banks: $0.56T
- Insurers: $0.51T
- Monetary Auth: $0.96T
- Foreign/Int’l: $1.77T
- State & Local: $0.69T
- Pensions: $0.65T
- Others: $0.23T

GROWTH IN OUTSTANDING

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>12/2007</th>
<th>9/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasuries</td>
<td>$4.5T</td>
<td>$15.3T</td>
</tr>
<tr>
<td>Municipals</td>
<td>$3.5T</td>
<td>$3.8T</td>
</tr>
<tr>
<td>Corporates</td>
<td>$5.3T</td>
<td>$9.2T</td>
</tr>
</tbody>
</table>

Source: SIFMA; Federal Reserve.
As of September 2018.
Bond Sub-asset Classes Have Different Risk/Reward Characteristics

You manage credit review and reinvestment for individual bonds

BOND RETURNS VARY BY BOND SECTOR

Considerations when investing in Bonds:

1. Assessing bond sectors and features
2. Assessing credit ratings
3. Assessing liquidity
4. Assessing diversification

Source: Barclays 12/31/2018.

Using the Bond Yield Table on Fidelity.com

For illustrative purposes only.
Using the Bond Details Pages

Researching the bond’s features and attributes

Source: Fidelity.com, April 2019. For illustrative purposes only.
Issuer-Specific Credit Reports

Understand why a bond has its rating and potential risks

ST CLAIR CNTY ILL SCH DIST NO 119
05.020009% 04/01/2022 BELLE VY GO REF SCH BDS SER. 2017

Overview

Details
- CUSIP: 138291405
- Pay Frequency: Semi-Annually
- Coupon: 5.00%
- Maturity Date: 04/01/2022
- Insurer: ASRD QUARRY MUN CORP
- Obligor: Municipal
- Material Events: YES
- ISMA: YES
- Bond Type: Municipal
- Interest Accrual Date: 05/04/2017

Redemptive Features
- Call Protection: YES
- Community Callable: NO
- Call Deesased: --
- Called Bonds: NO
- Make Whole Callable: NO
- Setting Fund Protection: YES
- Sink Callable: NO
- Extraordinary Redemption: NO
- Special Voluntary Redemption: NO
- Special Optional Redemption: NO
- Put Option: NO
- Pre-Refunded: NO
- Pre-Refunded Price: NA
- Callable Date: --

Ratings
- Moody's Rating: --
  Effective Date: --
  Prior: --

Official Municipal Documents
- Offering Statement (PDF)
- DRC Data
- Access official municipal documents for this and other municipal bonds

Latest Municipal Reports
- Summary: St. Clair County School District No. 119 (Belle Valley), Illinois; General Obligation
- RATINGS:
  - Standard & Poor's: AA (Stable)
- Rationale:
  - Stability of Sales
  - Strong Frankfort Local Economy
  - Low Unemployment Rate
  - High Median Income
  - Strong Tax Base
  - Limited Debt

Source: Fidelity.com, April 2019. For illustrative purposes only.
Using Pricing Information to “See the Market”

Aggregated live “depth of book” and historical trading prices

Source: Fidelity.com, April 2019. For illustrative purposes only.
Understanding the Impact of Transaction Costs

Don’t get overcharged for bonds

Do you know how much your broker charges for bond trading? At Fidelity, our bond pricing is clear, transparent, and low. Explore our bonds, or learn more below.

Why pay more?

<table>
<thead>
<tr>
<th></th>
<th>Morgan Stanley</th>
<th>Wells Fargo</th>
<th>Merrill Lynch</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Corporate bond</td>
<td>$21.98</td>
<td>$36.88</td>
<td>$16.94</td>
</tr>
<tr>
<td>1 Municipal bond</td>
<td>$6.49</td>
<td>$11.84</td>
<td>$12.85</td>
</tr>
<tr>
<td>Example trade of 22 bonds</td>
<td>$140–$450</td>
<td>$260–$445</td>
<td>$260–$320</td>
</tr>
</tbody>
</table>

The average price differentials per bond in the table are taken from a March 2018 study by Corporate Insight, which was commissioned by Fidelity. This illustrates how you could save an average of $14 per bond by choosing Fidelity versus potentially spending essentially 15 times more elsewhere.

Where can I learn more?

fidelity.com/fixed-income-bonds/bond-pricing

See Footnote #2 on page 38 for details on this study.


Source: Fidelity.com, April 2019. For illustrative purposes only.
Source: Fidelity.com, April 2019. For illustrative purposes only.

News, commentary, and research reports are from third-party sources unaffiliated with Fidelity. Fidelity does not endorse or adopt their content. Fidelity makes no guarantees that the information supplied is accurate, complete, or timely, and does not provide any warranties regarding results obtained from its use.
Key Advantages of Individual Bonds
Using Fidelity’s proprietary tools to plan & monitor

Bonds mature
Plan for future expenses, real estate tax payment, college education, reinvestment

Cash flow planning
Bond valuations may fluctuate but cash flow is consistent, barring an issuer default

Research before you invest
Bond structure and pricing

Strive to lower costs
Use Depth of Book. Compare Fidelity to firms with significant markups. New issue products no charge at Fidelity¹

Monitor your holdings
Fixed Income Analysis; Alerts on maturities, ratings changes

Where can I learn more?
Research > Fixed Income Bonds & CDs > Bond Tools tab

For illustrative purposes only.
¹ Fidelity makes certain new issue products available without a separate transaction fee. Fidelity Brokerage Services LLC and National Financial Services LLC receive compensation for participating in the offering as a selling group member or underwriter.
How Do Bond ETFs Compare to Bond Mutual Funds?

Lee Sterne
Bond Fund Market Landscape

Source: Simfund and Morningstar Direct as of 3/31/19; includes both taxable and municipal bond Mutual Funds.
Bond ETF Market Landscape

FIXED INCOME ETF ASSET GROWTH

- **Assets**
- **YOY Asset Growth**

Ending Assets $705B

Source: Simfund and Morningstar Direct as of 3/31/19; includes both taxable and municipal bond ETFs.
# 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>Premium/discounts &amp; bid-ask spreads</td>
<td>Bought/sold at NAV</td>
</tr>
<tr>
<td></td>
<td>(may have redemption fees)</td>
</tr>
</tbody>
</table>

**Where can I learn more?**

*Research > ETFs > ETF Screener*
## Things to Know About Trading Attributes

<table>
<thead>
<tr>
<th>ETFs</th>
<th>Mutual Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intra-day</strong> trading on secondary market</td>
<td>Most transact <strong>once a day</strong> at close</td>
</tr>
<tr>
<td>Allow limit, stop and conditional orders</td>
<td>No limit, stop or conditional orders</td>
</tr>
<tr>
<td>Allow shorting and margin</td>
<td>No shorting (margin 30 days)</td>
</tr>
</tbody>
</table>

**Where can I learn more?**

Research > Learning Center > Understanding how mutual funds, ETFs, and stocks trade

## Things to Know About *Access, Transparency, and Taxes*

<table>
<thead>
<tr>
<th>ETFs</th>
<th>Mutual Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Many sub-sector and industry focused ETPs, in addition to broader market ETPs</td>
<td>Most funds focus on broader markets; few sub-sector funds</td>
</tr>
<tr>
<td>Generally, daily transparency of holdings</td>
<td>Holdings data, usually at least 1 month old</td>
</tr>
<tr>
<td>Capital gains tend to be lower due to creation and redemption</td>
<td>Less tax efficient structure, all shareholders bear tax burden</td>
</tr>
</tbody>
</table>

### Where can I learn more?

*Research > Learning Center > What’s in your ETF? Understanding ETF portfolio composition*

Commonly used pages include:

**SUMMARY**
One-page summary with details on category, expense ratios, ratings, and objectives

**PORTFOLIO COMPOSITION**
View the Top 10 Holdings

**COMPARE**
Perform a side-by-side comparison of up to five different securities

Images are for illustrative purposes only.
ETF Research

**Detailed Quote**—Bid/Ask, Volume, and Yield
**Profile**—Summary of Holdings, Performance and Structure
**Compare**—side-by-side comparison of 5 similar ETFs
**Analyst Ratings**—FactSet, Morningstar, Ned Davis, XTF
**Fund Characteristics**—Avg. Duration, Avg. Maturity, SEC Yield

Images are for illustrative purposes only.
Detailed Quote: Essential Information for ETF Investors

ETF Trading Info:
- Bid/Ask, Volume, Range

Expense Ratio, Distribution Rates
- Price Performance

Premium Discount Info
- Distribution Dates & Amounts

Last Trade Indicative
- Intraday Value
- Net Asset Value (NAV)

Expense Ratio, Distribution Rates
- Dates & Amounts

Price Performance

Images are for illustrative purposes only.
Screener Tools

Build your screen by identifying criteria important to you

Launch ETF Screener to build your search by criteria important to you

Select a theme that best describes the type of ETF you are looking for

Free commission offer applies to online purchases of Fidelity ETFs and select iShares ETFs in a Fidelity brokerage account. The sale of ETFs is subject to an activity assessment fee (from $0.01 to $0.03 per $1,000 of principal).

Images are for illustrative purposes only.
## Bond Mutual Funds and ETFs on Fidelity.com

<table>
<thead>
<tr>
<th>Bond Mutual Funds</th>
<th>Bond ETFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>90 Fidelity Funds</td>
<td>78 iShares ETFs</td>
</tr>
<tr>
<td>5 Fidelity ETFs</td>
<td>83 Fidelity Funds</td>
</tr>
</tbody>
</table>

### No Transaction Fee¹

- **1,040**
- **1,962** Subject to Transaction Fees

### Commission Free²

- **287** Subject to Commission Fees
- **83**

¹ Certain FundsNetwork funds may be subject to separate and additional redemption fees imposed by the particular fund. Investors should refer to that fund’s current prospectus for details.

² Free commission offer applies to online purchases of Fidelity ETFs and select iShares ETFs in a Fidelity brokerage account. The sale of ETFs is subject to an activity assessment fee (from $0.01 to $0.03 per $1,000 of principal).

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. Please note, this security will not be marginable for 30 days from the settlement date, at which time it will automatically become eligible for margin collateral. 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.
# ETF Strategies Covering the Credit Spectrum

<table>
<thead>
<tr>
<th>INVESTMENT GRADE</th>
<th>CREDIT SPECTRUM</th>
<th>HIGH YIELD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ticker</strong></td>
<td><strong>FLDR</strong></td>
<td><strong>FLTB</strong></td>
</tr>
<tr>
<td><strong>FLTB</strong></td>
<td>FLDR</td>
<td>FBND</td>
</tr>
<tr>
<td><strong>FBND</strong></td>
<td>FLTB</td>
<td>FCOR</td>
</tr>
<tr>
<td><strong>FCOR</strong></td>
<td>FBND</td>
<td>FDHY</td>
</tr>
<tr>
<td><strong>FDHY</strong></td>
<td><strong>Ticker</strong></td>
<td><strong>Expense Ratio</strong>¹</td>
</tr>
<tr>
<td></td>
<td>0.15%</td>
<td>0.36%</td>
</tr>
<tr>
<td></td>
<td>0.36%</td>
<td>0.36%</td>
</tr>
<tr>
<td></td>
<td>0.36%</td>
<td>0.36%</td>
</tr>
<tr>
<td></td>
<td>0.36%</td>
<td>0.45%</td>
</tr>
<tr>
<td></td>
<td>0.45%</td>
<td>Factor/Model-based Active</td>
</tr>
</tbody>
</table>

¹ Expense Ratio is the fund's total annual fund operating expenses as available in each fund's prospectus and represents the expenses that you pay each year as a percentage of the value of your investment. Any applicable brokerage charges are not included in the expense ratio.
Summary and Next Steps
Why Buy Bonds at Fidelity?

Images are for illustrative purposes only.
A bond’s mark-up is the difference (dollar and %) between a bond’s Prevailing Market Price (PMP) and the trade price. The mark-up includes, but may not be limited to, Fidelity’s $1 per bond pricing. Details available on our fee schedule.

Further information about bond pricing and mark-ups may be found in this Fidelity Viewpoint.

1. Minimum mark-up or mark-down of $19.95 applies if traded with a Fidelity representative. For U.S. Treasury purchases traded with a Fidelity representative, a flat charge of $19.95 per trade applies. A $250 maximum applies to all trades, reduced to a $50 maximum for bonds maturing in one year or less. Rates are for U.S. dollar–denominated bonds; additional fees and minimums apply for non-dollar bond trades. Other conditions may apply; see Fidelity.com/commissions for details. Please note that mark-ups and mark-downs may affect the total cost of the transaction and the total, or “effective,” yield of your investment. The offering broker, which may be our affiliate, National Financial Services LLC, may separately mark-up or mark-down the price of the security and may realize a trading profit or loss on the transaction.

See disclosure # 2, 3 and 4 on page 38 for details of the information presented above.
## Awards & Recognition: Fixed Income

### Morningstar

<table>
<thead>
<tr>
<th>Fund Awards</th>
<th>Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income Manager of the Year Awards</td>
<td>Ford O’Neil and Team, Fidelity Total Bond</td>
</tr>
<tr>
<td></td>
<td>Franco Castagliuolo and Bill Irving</td>
</tr>
<tr>
<td></td>
<td>John Carlson</td>
</tr>
<tr>
<td>Fantastic 45 (2016)*</td>
<td>Fidelity Total Bond</td>
</tr>
<tr>
<td>Great 38 (2017)*</td>
<td>Fidelity Total Bond</td>
</tr>
<tr>
<td></td>
<td>Fidelity Mortgage Securities</td>
</tr>
<tr>
<td>Morningstar 4 &amp; 5 Stars†</td>
<td>65 Funds/Classes</td>
</tr>
</tbody>
</table>

### Lipper

<table>
<thead>
<tr>
<th>Fund Awards</th>
<th>Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 3-Year</td>
<td>Fidelity Capital &amp; Income</td>
</tr>
<tr>
<td></td>
<td>Fidelity Intermediate Government Income</td>
</tr>
<tr>
<td></td>
<td>Fidelity Real Estate High Income</td>
</tr>
<tr>
<td></td>
<td>Fidelity Spartan Long-Term Treasury Bond Index*</td>
</tr>
<tr>
<td></td>
<td>Fidelity Spartan Short-Term Treasury Bond Index*</td>
</tr>
<tr>
<td>2016 5-Year</td>
<td>Fidelity Intermediate Government Income</td>
</tr>
<tr>
<td></td>
<td>Fidelity Real Estate High Income</td>
</tr>
<tr>
<td></td>
<td>Fidelity Spartan Short-Term Treasury Bond Index*</td>
</tr>
<tr>
<td>2017 10-Year</td>
<td>Fidelity Intermediate Government Income</td>
</tr>
<tr>
<td>2017 5-Year</td>
<td>Fidelity Real Estate High Income</td>
</tr>
<tr>
<td>2018 10-Year</td>
<td>Fidelity Intermediate Government Income</td>
</tr>
<tr>
<td>2018 5-Year</td>
<td>Fidelity Capital &amp; Income</td>
</tr>
</tbody>
</table>

### Kiplinger

<table>
<thead>
<tr>
<th>25 Favorite No-load Mutual Funds</th>
<th>Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Fidelity Intermediate Muni Income</td>
</tr>
<tr>
<td></td>
<td>Fidelity New Markets Income</td>
</tr>
<tr>
<td>2017</td>
<td>Fidelity Intermediate Muni Income</td>
</tr>
<tr>
<td></td>
<td>Fidelity New Markets Income</td>
</tr>
<tr>
<td>2018</td>
<td>Fidelity Intermediate Muni Income</td>
</tr>
<tr>
<td></td>
<td>Fidelity New Markets Income</td>
</tr>
<tr>
<td></td>
<td>Fidelity Strategic Income</td>
</tr>
</tbody>
</table>

### Analyst Ratings:

- **7 GOLD** | Fidelity and FA California Municipal Income • Fidelity GNMA • Fidelity and FA Intermediate Municipal Income • Fidelity and FA Municipal Income • Fidelity and FA New York Municipal Income • Fidelity Tax-Free Bond • Fidelity and FA Total Bond
- **12 SILVER** | Fidelity Capital & Income • Fidelity Conservative Income Bond • Fidelity High Income Advantage • Fidelity Intermediate Bond • Fidelity and FA Investment Grade Bond • Fidelity Limited Term Bond • Fidelity and FA Limited Term Municipal Income • Fidelity and FA Mortgage Securities • Fidelity New Markets Income • Fidelity and FA Short-Term Bond • Fidelity and FA Strategic Income
- **5 BRONZE** | Fidelity and FA Floating Rate High Income • Fidelity and FA Government Income • Fidelity High Income • Fidelity and FA Real Estate Income • Fidelity U.S. Bond Index

† Morningstar. Analyst Ratings as of 1/7/19. See important information slide for more details.

*Each year, Morningstar's Director of Manager Research, Russ Kinnel, publishes his list of top funds that pass his rigorous screens. For 2017 “Great” and 2016 “Fantastic”, out of a universe of more than 8,000 funds, only 38 funds and 45 funds passed all of his hurdles (cheapest quintile of category, portfolio managers with at least $1 million invested, risk below “High” level, analyst rating of “Bronze” or higher, parent rating of “Positive,” and life-of-manager returns above benchmark).
Your Next Steps

Locating the Products on Fidelity.com | More education and support services | How to buy

**Individual Bonds**
1. Fidelity.com > Research > Fixed Income

**Bond Mutual Funds**
1. Fidelity.com > Research > Mutual Funds

**Bond ETFs**
1. Fidelity.com > Research > Launch ETF Screener
2. https://research2.fidelity.com/pi/etf-screener

Images are for illustrative purposes only.
Important Information

(from pages 19 and 35)

2. Fidelity commissioned Corporate Insight to study bond pricing, available online, for self-directed retail investors from five brokers that offer corporate and municipal bonds for comparison to Fidelity's standard online pricing. The study compared online bond prices for more than 40,000 municipal and corporate inventory matches from February 8 through February 14, 2018. It compared municipal and corporate inventories offered online in varying quantities. The study found that, on average, the three financial services firms identified in the chart were asking $14.55 more per bond. Corporate Insight determined the average price differential by calculating the difference between the prices of matching corporate and municipal bond inventory at Fidelity, including Fidelity's $1 per bond mark-up for online trades vs. the prices offered online for the same bonds from the three competitors in the table, then averaging the differences of the financial services firms. An order size of 22 bonds was selected to illustrate the hypothetical trade because this is the average for Fidelity's retail brokerage account holders who purchased individual municipal or corporate bonds for the 12 months ending February 2018.

3. Fidelity makes new issue CDs available without a separate transaction fee. Fidelity Brokerage Services LLC and National Financial Services LLC receive compensation for participating in the offering as a selling group member or underwriter.

4. For the purposes of FDIC insurance coverage limits, all depositary assets of the account holder at the institution that issued the CD will generally be counted toward the aggregate limit (usually $250,000) for each applicable category of account. FDIC insurance does not cover market losses. All of the new issue brokered CDs Fidelity offers are FDIC insured. In some cases, CDs may be purchased on the secondary market at a price that reflects a premium to their principal value. This premium is ineligible for FDIC insurance. For details on FDIC insurance limits, see www.fdic.gov.
Important Information (Cont’d)

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.

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.

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.

The Fidelity ETF Screener is a research tool provided to help self-directed investors evaluate these types of securities. The criteria and inputs entered are at the sole discretion of the user, and all screens or strategies with preselected criteria (including expert ones) are solely for the convenience of the user. Expert Screeners are provided by independent companies not affiliated with Fidelity. Information supplied or obtained from these Screeners is for informational purposes only and should not be considered investment advice or guidance, an offer of or a solicitation of an offer to buy or sell securities, or a recommendation or endorsement by Fidelity of any security or investment strategy. Fidelity does not endorse or adopt any particular investment strategy or approach to screening or evaluating stocks, preferred securities, exchange traded products, or closed-end funds. Fidelity makes no guarantees that information supplied is accurate, complete, or timely, and does not provide any warranties regarding results obtained from its use. Determine which securities are right for you based on your investment objectives, risk tolerance, financial situation, and other individual factors, and reevaluate them on a periodic basis.

References to individual securities are for illustrative purposes only, and should not be construed as investment advice. Past performance is no guarantee of future results.

**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, an offering circular, or, if available, a summary prospectus containing this information. Read it carefully.**
Important Information (Cont’d)

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Fidelity does not review the Morningstar data. For mutual fund performance information, you should check the fund’s current prospectus for the most up-to-date information concerning applicable loads, fees, and expenses.

Established in 1988, the Morningstar Fund Manager of the Year award recognizes portfolio managers who demonstrate excellent investment skill and the courage to differ from the consensus to benefit investors. To qualify for the award, managers’ funds must have not only posted impressive returns for the year, but the managers also must have a record of delivering outstanding long-term risk-adjusted performance and of aligning their interests with shareholders’. Nominated funds must be Morningstar Medalists—a fund that has garnered a Morningstar Analyst Rating™ of Gold, Silver, or Bronze. The Fund Manager of the Year award winners are chosen based on research and in-depth qualitative evaluation by Morningstar’s Manager Research Group. Morningstar’s Manager Research Group consists of various wholly owned subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC. Analyst Ratings are subjective in nature and should not be used as the sole basis for investment decisions. Analyst Ratings are based on Morningstar’s Manager Research Group’s current expectations about future events and therefore involve unknown risks and uncertainties that may cause such expectations not to occur or to differ significantly from what was expected. Analyst Ratings are not guarantees nor should they be viewed as an assessment of a fund’s or the fund’s underlying securities’ creditworthiness. The Morningstar Analyst Rating is a subjective, forward-looking evaluation that considers a combination of qualitative and quantitative factors to rate funds on five key pillars: process, performance, people, parent, and price. Gold is the highest of four Analyst Rating categories. For the full rating methodology, go to corporate.Morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf.

Morningstar's 2016 U.S. Fixed-Income Fund Manager of the Year award recognizes Ford O'Neil and team (Jeff Moore, Matt Conti, and Michael Foggin) for Fidelity Total Bond Fund (FTBFX), Fidelity Advisor Total Bond Fund Classes A, C, M, I, and Z are classes of Fidelity Total Bond Fund and have different expense and performance characteristics as well as eligibility requirements. See prospectus for more details. William Irving, Franco Castagliuolo, and Fidelity’s Taxable Bond Management Team were nominated for the 2011 Morningstar Fixed-Income Manager of the Year for Fidelity GNMA (FGMNX), William Irving and Franco Castagliuolo were nominated for the 2014 Morningstar Fixed-Income Manager of the Year for Fidelity GNMA (FGMNX) and Fidelity Government Income (FGOVX). Effective 1/1/18, William Irving was appointed Managing Director of Research (MDR) in Fidelity’s Global Asset Allocation (GAA) division. The 2003 Morningstar Fixed-Income Manager of the Year award was won by Fidelity’s Municipal Bond Fund Team, Fidelity Spartan Municipal Income. For the award, Morningstar evaluated 1,851 bond fund managers on long- and short-term returns, shareholder-friendly management style, and strength of conviction in investing decisions. The management team of Fidelity’s munici bond funds (all 16 funds) was nominated for the 2002 Morningstar Fixed-Income Manager of the Year. From Fidelity’s muni fund lineup, Christine Thompson, Mark Sommer, and Jamie Pagliocco’s team was nominated for the 2008 Morningstar Fixed-Income Manager of the Year. From Fidelity’s muni fund lineup, Mark Sommer, Jamie Pagliocco, and Kevin Ramundo’s team was nominated for the 2011 Morningstar Fixed-Income Manager of the Year. Effective 1/1/18, Christine Thompson was appointed Leader of Advanced Technologies for Investment Management for FMR Co. Effective 5/2/16, Jamie Pagliocco was appointed Head of Global Bond Trading for FMR Co. As manager of Fidelity New Markets Income Fund, John Carlson was chosen from among five nominees as Morningstar’s Fixed-Income Manager of the Year in 2011.
Important Information (Cont’d)

Lipper Fund Awards honor fund management firms and individual mutual funds that have outperformed peers based on risk-adjusted, consistent return. Lipper determined the award winners by calculating the highest Consistent Return over the 3-, 5-, and 10-year periods. Consistent Return is a quantitative metric that incorporates two characteristics: risk-adjusted return and the strength of the fund's performance trend. Fidelity Investments and Lipper are not affiliated. The third-party trademarks and service marks appearing herein are the property of their respective owners.

Kiplinger's magazine. Industry review of 25 no-load mutual funds. Each year, Kiplinger's Personal Finance compiles a list of their favorite no-load mutual funds. The list includes 25 funds with seasoned managers, a proven track record, and low fees.

The Morningstar RatingTM for funds, or “star rating,” is calculated for funds with at least a three-year history. (Exchange traded funds and open-end mutual funds are considered a single population for comparative purposes.) It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund’s monthly excess performance (excluding the effect of sales charges, if any), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each fund category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star.

Indices

All indexes are unmanaged, and performance of the indexes includes reinvestment of dividends and interest income, unless otherwise noted. Indexes are not illustrative of any particular investment, and it is not possible to invest directly in an index.

Bloomberg Barclays U.S. High Yield Index is a market value-weighted index that covers the universe of dollar-denominated, fixed-rate, non-investment-grade debt.

Bloomberg Barclays U.S. Corporate Investment Grade Index is a market value-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more.

Bloomberg Barclays Municipal Bond Index is an unmanaged index that includes investment-grade, tax-exempt, and fixed-rate bonds with maturities greater than two years selected from issues larger than $75 million.

Bloomberg Barclays U.S. Aggregate Index is an unmanaged index that tracks domestic investment-grade bonds, including corporate, government, and mortgage-backed securities.

Bloomberg Barclays U.S. Treasury Index is a market value-weighted index of public obligations of the U.S. Treasury with maturities of one year or more.

IA SBBI U.S. Long-Term Corporate Bond Index is a market value-weighted index which measures the performance of long-term U.S. corporate bonds.

IA SBBI U.S. Intermediate-Term Government Bond Index is an unweighted index which measures the performance of five-year maturity U.S. Treasury Bonds. Each year a one-bond portfolio containing the shortest noncallable bond having a maturity of not less than five years is constructed. Bonds with impaired negotiability or special redemption privileges are omitted, as are partially or fully tax-exempt bonds starting in 1943. To measure holding period returns for the one-bond portfolio, the bond is priced (with accrued coupons) over the holding period and total returns are calculated.

The S&P 500® is an unmanaged market value-weighted index including 500 leading companies and captures approximately 80% coverage of available market capitalization.

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