



Breckinridge Intermediate Municipal Strategy

A separately managed account that seeks to limit risk to principal while generating federally tax-exempt interest income.¹

APPROPRIATE INVESTORS:

This strategy may be appropriate for investors in high tax brackets who are seeking federally tax-exempt interest income. This professionally managed account offers the following potential benefits:



Professional Money Management

The Breckinridge Intermediate Municipal Strategy combines the fixed-income capabilities of Breckinridge Capital Advisors, Inc. (Breckinridge), with the ongoing oversight of Fidelity Personal and Workplace Advisors LLC (FPWA).



Predictable Tax-Exempt Income

Portfolios have diversified maturities and intend to offer a predictable, federally tax-exempt income stream.



A Personal Approach

You'll receive a high level of service through ongoing communications, quarterly investment reviews on your account, and access to exclusive client content.

DESCRIPTION:

What you can expect with the Breckinridge Intermediate Municipal Strategy:

- 1. Extensive research and active portfolio management**

A knowledgeable and experienced municipal bond team strives to add value to your portfolio through fundamental, bottom-up credit research; efficient trading capabilities; and active portfolio management. Breckinridge does not rely solely on agency credit ratings, which allows its analysts to focus on overlooked credit risks. While bonds may be held to maturity, sales prior to maturity will occur to maintain overall duration targets or in response to market opportunities.
- 2. National or state-preference portfolios**

In addition to a national portfolio, there is a state-preference option available for residents of some states. With the state-preference option, state tax-exempt interest income is emphasized over national diversification. These portfolios may be subject to additional state-concentration risk.
- 3. Credit monitoring and portfolio oversight**

Your portfolio is constructed primarily with investment-grade municipal bonds.* Breckinridge continually monitors all bonds in your portfolio for credit quality and may sell a bond if the quality is deemed to be at risk. FPWA provides oversight and due diligence on an ongoing basis.
- 4. Account support**

You will have access to one or more Fidelity representatives who can answer questions about your account. A representative will reach out to you annually to review your investment objectives to help ensure your account stays aligned with your financial needs and goals over time.

*Investment-grade bonds are bonds rated BBB or higher by S&P, or Baa or higher by Moody's. Such ratings indicate that a municipal or corporate bond has a relatively low risk of default. Prerefunded and escrowed-to-maturity bonds are also considered eligible for funding and investment by Breckinridge, regardless of credit rating.

Who is Breckinridge Capital Advisors, Inc.?

Breckinridge is a registered investment adviser and fixed-income manager specializing in the management of municipal bond portfolios. The firm's in-depth experience in the municipal market leads to beneficial insights for clients and extensive relationships with municipal bond trading partners.

Its investment philosophy seeks to carefully analyze and manage risk, while investing opportunistically in an effort to improve incremental returns. Breckinridge strives to add value through efficient trading, bottom-up credit research, and proactive portfolio management, while avoiding what it views as excessive speculation. These strategies are balanced with a commonsense approach based on the seasoned judgment of its investment team.

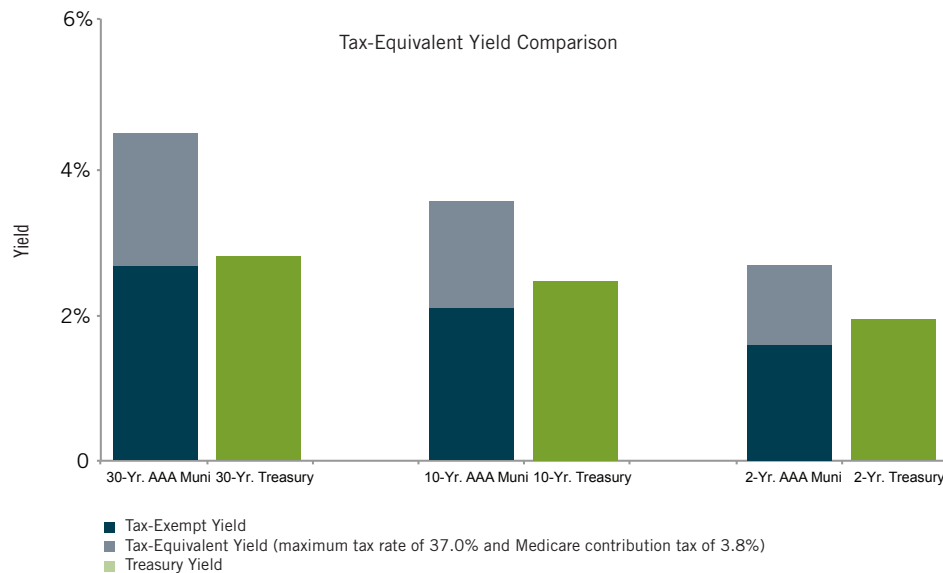
Breckinridge manages more than \$33 billion in assets as of 12/31/2017.

How it works

The Breckinridge Intermediate Municipal Strategy is a professionally managed portfolio of individual bonds, and is available as a national portfolio or, for certain states, as a state-preference portfolio.

Depending on your tax bracket, the after-tax return on municipal bonds may be more beneficial than those offered by taxable bonds. A key benefit of municipal bonds, particularly for investors in high tax brackets, is their ability to offer federally tax-exempt interest income. Interest income from some municipal bonds may also be free from state income tax, depending on your state of residency.

RELATIVE VALUE OF MUNICIPAL BONDS VERSUS TREASURIES



Source: Fidelity Investments, as of 12/31/2017.

Tax-equivalent yield: The interest rate that must be received on a taxable security to provide the holder the same after-tax return as that earned on a tax-exempt security.

Note: The yields and calculated tax-equivalent yields in the chart do not reflect the potential effects of the federal alternative minimum tax or state/local taxes, either of which could have a significant impact on the values shown.

DEFAULT RATES: 10-year average cumulative default rates (1970–2017)







	Moody's rating category ²	Municipal bonds	Corporate bonds
Investment-Grade	Aaa	0.00%	0.37%
	Aa	0.02%	0.81%
	A	0.11%	2.16%
	Baa	1.15%	3.76%
Non-Investment-Grade	Ba	3.73%	15.86%
	B	18.27%	35.54%
	Caa-C	26.00%	49.17%

Historically, defaults have been less common in the municipal bond market than in the corporate bond market. With higher-rated municipal bonds (A or higher), on average, the default rate has been less than 1%.*

*Source: Moody's Investors Service, "US Municipal Bond Defaults and Recoveries, 1970–2016," June 31, 2017.

Features and options

Based on your needs, you may benefit from the following services:

	<p>Investment of your assets</p> <p>You will receive an investment portfolio that seeks to limit risk to principal while generating federally tax-exempt interest income. With the state-preference option, state tax-exempt interest income is emphasized over national diversification.</p>
	<p>Institutional pricing</p> <p>Breckinridge seeks to obtain institutional pricing when buying or selling municipal bonds in your portfolio. When bonds are traded, Breckinridge attempts to pool bonds from various eligible accounts to help minimize trading costs.</p>
	<p>Account access and portfolio transparency</p> <p>Because you own each individual bond in the portfolio, you will have a clear picture of how your account is being managed, as well as the cost, duration, and maturity date for each of your bonds. We will keep you informed and up to date about your holdings and account activity. You may visit Fidelity.com for easy navigation to your portfolio positions, balance information, and market insights from your Investment Team.</p>
	<p>An annual review</p> <p>You will have the opportunity to review your account with your representative on an annual basis and make adjustments to your Investor Profile to help ensure your account is in line with your financial situation and long-term goals.</p>
	<p>Portfolio parameters</p> <p>Under normal market conditions, a significant portion of your portfolio will be diversified across maturities. Average duration^{3,4} of your portfolio is expected to be similar to that of the Bloomberg Barclays Managed Money Short/Intermediate (1–10 years) Municipal Bond Index.⁵</p>
	<p>Client funding</p> <p>Initial funding can be in the form of cash and/or eligible securities (investment-grade municipal bonds, pre-refunded municipal bonds, or escrowed-to-maturity municipal bonds). Breckinridge will make an effort to accommodate eligible, client-provided municipal bonds into a portfolio. If Breckinridge cannot incorporate eligible client-provided municipal bonds into a portfolio, the bonds will be sold and new municipal bonds will be purchased. Accounts can also be funded with cash.</p>

PRICING:

- Minimum Investment: \$500,000
- Annual advisory fee: from 0.35% to 0.40% based on your total assets invested.

Investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

¹As with any investment, your investment in the Breckinridge Intermediate Municipal Strategy could have tax consequences for you. The Breckinridge Intermediate Municipal Strategy seeks to earn income exempt from federal income tax. Income exempt from federal income tax may be subject to state or local tax. A portion of the income you receive may be subject to federal and state income taxes and may also be subject to the federal alternative minimum tax. You may also receive taxable income attributable to the sale of municipal bonds, because certain income, including short-term capital gains and gains on the sale of bonds characterized as market discount, is generally taxable as ordinary income, while long-term capital gains are typically taxable as capital gains. The municipal market can be affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal securities. Such changes can affect the tax treatment of municipal bonds. Investing in municipal bonds for the purpose of generating tax-exempt income may not be appropriate for investors in all tax brackets or account types. Tax laws are subject to change, and the preferential tax treatment of municipal bond interest income may be removed or phased out for investors at certain income levels. You should consult your tax advisor for questions pertaining to your specific situation.

It is important to note that, while municipal bonds and U.S. Treasury bonds offer appealing tax advantages, these breaks come at a cost. Generally speaking, the higher your income tax bracket, the more advantageous the after-tax yield of municipal bonds may be for you. Tax-free income can be enticing to high-income investors, but tax-free municipal bonds offer a lower coupon rate than equivalent taxable bonds. Many corporate bonds, for example, offer higher coupon rates to compensate for the fact that the interest they pay is subject to income tax at the local, state, and federal level. When considering different bonds, the tax-equivalent yield is just one of a number of factors to consider (others being, for example, quality rating and term to maturity). Of course, as with any investment, your decision should take into account your personal investment objectives, needs, comfort with risk, and time horizon.

²Moody's long-term ratings are opinions of the relative credit risk of financial obligations with an original maturity of one year or more. The ratings address the possibility that a financial obligation will not be honored as promised. Such ratings use Moody's Global Scale and reflect both the likelihood of default and any financial loss suffered in the event of default.

³Duration estimates how much a bond's price fluctuates with changes in comparable interest rates. If rates rise 1%, for example, a bond or fund with a five-year duration is likely to lose about 5% of its value. For a bond with known cash flows, duration is computed using all cash flows until the bond's maturity. Duration monitoring entails conducting oversight to seek to ensure that portfolio duration is within an acceptable range of the index duration.

⁴Option-adjusted duration is used to monitor duration.

⁵Bloomberg Barclays Managed Money Short/Intermediate (1–10 years) Municipal Bond Index: The Short/Intermediate Managed Money component of the Bloomberg Barclays Municipal Bond Index is a rules-based, market value-weighted index engineered for the long-term tax-exempt bond market.

Indexes are unmanaged. It is not possible to invest directly in an index.

U.S. Treasury bonds and municipal bonds may be susceptible to some of the following risks:

Lower yields—U.S. Treasury bonds typically pay less interest than other bonds in exchange for lower default or credit risk.

Interest rate risk—U.S. Treasury bonds and municipal bonds may be susceptible to fluctuations in interest rates, with the degree of volatility increasing with the amount of time until maturity. As rates rise, prices will typically decline.

Call risk—Some U.S. Treasury and municipal bonds carry call provisions that allow the bonds to be retired prior to stated maturity. This typically occurs when rates fall.

Inflation risk—With relatively low yields, income produced by U.S. Treasury and municipal bonds may be lower than the rate of inflation. This does not apply to Treasury Inflation-Protected Securities (TIPS), which are inflation protected.

Credit or default risk—Investors need to be aware that all bonds have the risk of default. Investors should monitor current events, as well as the ratio of national debt to gross domestic product, Treasury yields, credit ratings, and the weaknesses of the dollar, for signs that default risk may be rising.

Additionally, municipal bonds can carry the following risk: The municipal market can be affected by adverse tax, legislative, or political changes, and the financial condition of the issuers of municipal securities. In comparison, U.S. Treasury bonds are backed by the full faith and credit of the U.S. government.

Interest income generated by U.S. territories is generally exempt from federal and state income taxes. Interest income generated by U.S. Treasury bonds and certain securities issued by possessions, agencies, and instrumentalities is generally exempt from state income tax but is generally subject to federal income and alternative minimum taxes and may be subject to state alternative minimum taxes.

Additional risks include:

State concentration risk—Unfavorable political or economic conditions within a particular state can affect the credit quality of issuers located in that state.

Issuer-specific changes—The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole. A decline in the credit quality of an issuer or a provider of credit support or a maturity-shortening structure for a security can cause the price of a security to decrease.

Small-account risk—Smaller-market-value accounts may be subject to greater risks than larger accounts. For example, a smaller account may be less diversified due to the possibility of holding fewer positions, and positions may be smaller in dollar size compared with those held by a larger account, potentially reducing their liquidity.

Liquidity risk—The strategy is not designed to allow for early withdrawals of principal. Withdrawal requests in excess of the cash available in your account would require FPWA or the subadvisor, as applicable, to sell one or more bonds from your account. Municipal bonds may be difficult to sell, and FPWA or the subadvisor may need additional time to sell your bonds, especially if you own a small amount of bonds of one or more issuers.

All investment strategies, including the investment strategy of the account, involve the risk of loss of a portion of or all assets. 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. **See the**

Program Fundamentals for additional information about material investment risks.

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 Investments does not provide legal or tax advice. Consult with an attorney or tax professional regarding your specific tax situation.

Fidelity® Strategic Disciplines provides discretionary investment management for a fee. Fidelity® Strategic Disciplines includes the Breckinridge Intermediate Municipal Strategy. Advisory services offered by Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser. Brokerage services provided by Fidelity Brokerage Services LLC (FBS), and custodial and related services provided by National Financial Services LLC (NFS), each a member NYSE and SIPC. FPWA, FBS, and NFS are Fidelity Investments companies.

FPWA has engaged Breckinridge Capital Advisors, Inc., to provide the day-to-day discretionary portfolio management of Breckinridge Intermediate Municipal Strategy accounts, including investment selection and trade execution, subject to FPWA's oversight and monitoring. Breckinridge is an independent registered investment adviser and is not affiliated with any Fidelity Investments company.

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